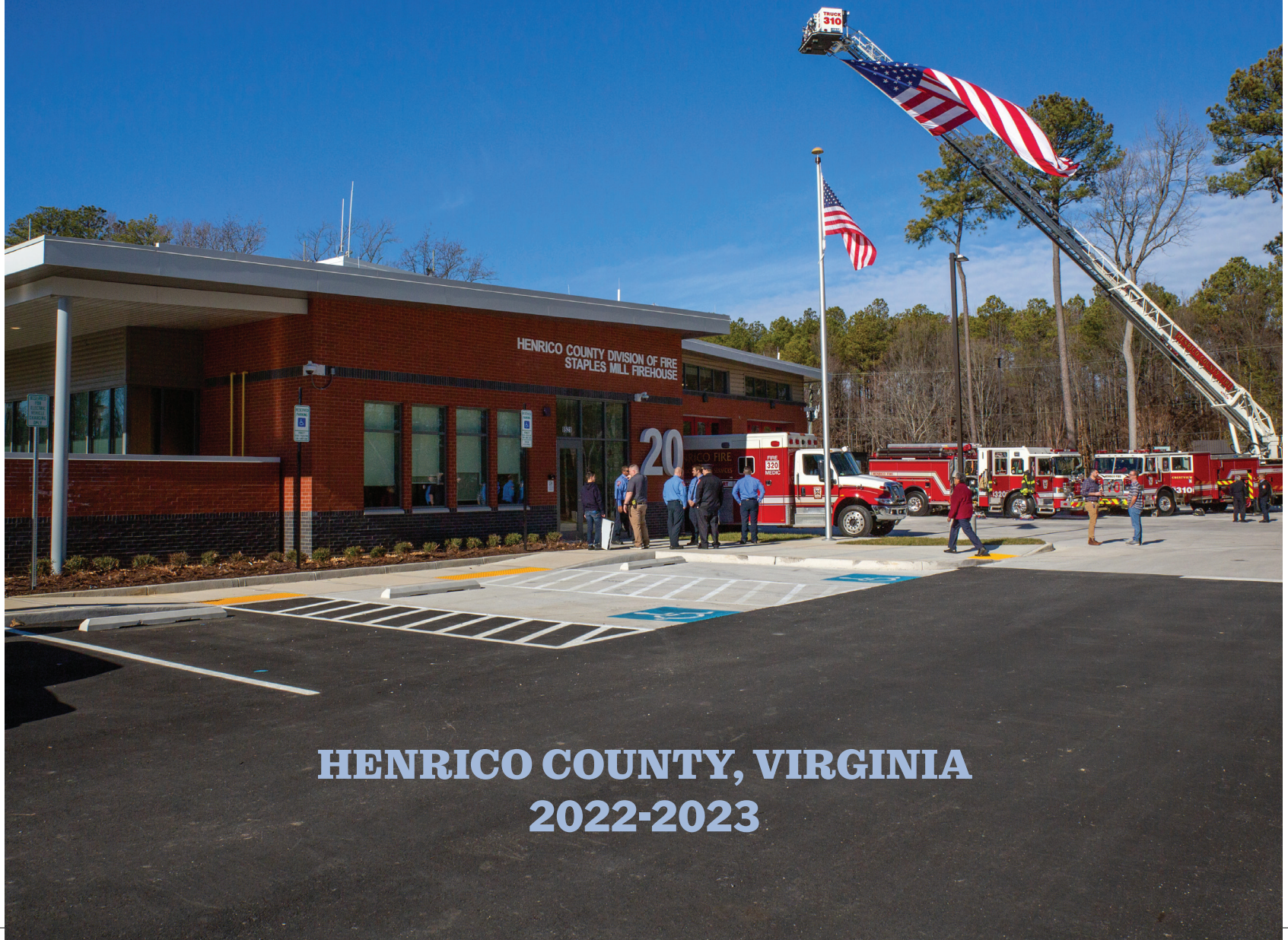


# Annual Comprehensive Financial Report

FOR THE FISCAL YEAR ENDED JUNE 30, 2023



**HENRICO COUNTY, VIRGINIA**  
**2022-2023**





**COUNTY OF HENRICO**

**VIRGINIA**



**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For The Fiscal Year Ended  
June 30, 2023**

**Prepared By  
The Director of Finance**

**HENRICO COUNTY, VIRGINIA  
ANNUAL COMPREHENSIVE FINANCIAL REPORT  
for the Fiscal Year Ended June 30, 2023**

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## **INTRODUCTORY SECTION**



COMMONWEALTH OF VIRGINIA  
COUNTY OF HENRICO



John A. Vithoulkas  
County Manager

November 28, 2023

The Honorable Board of Supervisors  
County of Henrico, Virginia

Honorable Members of the Board:

We are pleased to present the County of Henrico's (the County) Annual Comprehensive Financial Report (Report), as of and for the fiscal year ended June 30, 2023. This report is intended to provide informative and relevant financial data for the residents of the County, the Board of Supervisors (Board), investors, creditors, and any other interested readers. We believe it includes all financial statements and disclosures necessary for the reader to obtain a thorough understanding of the County's financial activities. The reader should pay particular attention to Management's Discussion and Analysis, a narrative overview and analysis of the financial statements included in this Annual Financial Report. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200 or [finance.info@henrico.us](mailto:finance.info@henrico.us). This report may also be found online at the County's website [www.henrico.us/finance/Public-data/](http://www.henrico.us/finance/Public-data/).

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

Cherry Bekaert LLP, a certified public accounting firm, audited the County's financial statements and certain other information within this report as documented in the enclosed Report of Independent Auditor. The independent auditors planned and performed the audit to obtain reasonable assurance about whether the financial statements of the County are free from material misstatement. Cherry Bekaert LLP has expressed unmodified opinions stating that, based on the audit evidence obtained, the County's basic financial statements, as of and for the fiscal year ended

The Honorable Board of Supervisors  
November 28, 2023

June 30, 2023, are fairly presented, in all material respects, in conformity with GAAP. The Report of Independent Auditor on the County's 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 is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing such engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal controls over compliance in accordance with 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). This Uniform Guidance information is available in a separately issued report, which is available upon request from the County's Department of Finance.

### **Profile of the Government**

The County is located in central Virginia and surrounds the City of Richmond on the north side of the James River and constitutes approximately one third of the population of the immediate Richmond area. The County's location in the middle of the eastern seaboard is within 750 miles of two-thirds of the nation's population and is ideal for commerce due to the presence of Interstates 95, 64, and 295 as well as Routes 895 and 288, major rail lines, and the James River, an international shipping channel. It is also home to Richmond International Airport, the primary airport for the Richmond Metropolitan Area. Henrico County is also convenient to nearby oceanic ports in the Tidewater region of Virginia. Based on recent county population estimates, over 345,000 Henrico County residents live in a well-planned community of 244 square miles that consists of highly developed urban and suburban areas, as well as undeveloped agricultural and forest land.

Captain Christopher Newport and a band of adventurers from Jamestown (consisting of Captain John Smith, George Percy and others) rowed ashore at the foot of the James River in Henrico in 1607. Captain Newport erected a cross and claimed the land for God and England. Four years after the discovery and exploration, Sir Thomas Dale, Deputy Governor of Virginia, founded Henrico and named it for Prince Henry Frederick, eldest son of King James I. In another four months, it was a bustling community as John Rolfe successfully cultivated a Spanish-type of tobacco similar to that produced in Varinas, Spain, giving birth to America's tobacco industry. In 1614, Rolfe married Princess Pocahontas, daughter of the Great Indian King Powhatan. Her profile now appears on the Henrico County seal as a symbol of Henrico's place in our nation's history. In 1634, Henrico became one of the original eight shires in the Virginia Colony. In 1934, Henrico County voters approved the County Manager form of government with five voter-elected members on the Board who serve four-year terms and represent five distinct magisterial districts. The Chairman of the Board is elected annually by the members of the Board and the Board also hires the County Manager who serves at their pleasure. The duties of the County Manager include implementing the approved ordinances and policies of the Board, appointing the County's Department Directors, and managing the day-to-day operations of the County government, while

also serving as the Director of Public Safety. The County government is responsible for providing a wide array of public services including public safety (fire and police protection, as well as building code enforcement), a full-service water and sewer system, the maintenance of County roads with Virginia Department of Transportation funds, and an array of recreational and cultural services. The County government also provides most of the funding for a nationally recognized public school system, though the schools are operated by a legally distinct entity and a separately elected School Board.

The financial reporting entity includes all the funds of the County, as the Primary Government, as well as two discretely presented component units - the County of Henrico School Board (School Board) and the James River Juvenile Detention Commission (JRJDC), which are both included in the reporting entity because of the County's financial accountability for these organizations. These component units are reported in separate columns in the County's basic financial statements. Additional information concerning these legally separate organizations can be found in the notes to the financial statements.

The annual budget serves as the foundation for the County's financial planning and control. The County Manager presents his proposed budget request to the Board in early March of each year. That body then undertakes an intensive review of the budget through a series of public meetings, referred to as the "Legislative Budget Reviews." The Board then holds a public hearing on the proposed budget in April prior to adopting the final budget. Budgetary restrictions are established at the governmental function level (e.g., Division of Police), with effective administrative controls maintained through detailed line-item budgets. It is County policy that the County Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total budgeted amounts and/or appropriations of any fund must be approved by the Board. Budget to actual comparisons are provided in this report for governmental funds where an appropriated annual budget has been legally adopted. These comparisons are presented in the Required and Other Supplementary Information Sections of this Annual Financial Report.

### **Economic Overview**

Henrico County offers a business-friendly environment with competitive tax rates and a cost of living below the national average. The County's triple-AAA bond rating, diverse economic base, efficient zoning, and centralized location within the Richmond metropolitan area contribute to the County's continued development and expansion. Henrico County's local economy is characterized by diversity with a healthy representation of businesses from numerous industries including information technology, retail, manufacturing, financial, insurance, health and life services, and more. The civilian workforce in the County is substantial and diverse and represents approximately one-fourth of the Richmond metropolitan statistical area (MSA).



Local and regional economic indicators indicate a healthy and stable economy that has recovered from pandemic economic impacts. With a long history of prudent financial management - and the distinction of being one of only 53 triple AAA rated counties in the country, Henrico County continues to exemplify excellence in local government finance and administration. While there is always uncertainty regarding future economic conditions, Henrico County has implemented measures for maximum resiliency in difficult economic conditions, and County leadership expects to sustain an environment conducive to stability and positive economic growth.

Henrico County residents live and work in a low-tax, high-quality community with one of the premier public school systems in the nation. The Board has established a culture which recognizes innovation, effective planning and financial prudence when allocating public resources, reduces tax burdens when economically feasible, and effects low impact revenue enhancements when necessary. With an emphasis on quality customer service, sound financial management, and sustainable economic development, Henrico County has been and will continue to be a community of choice.

Achievements such as this would not be possible without a strong infrastructure to support the existing large businesses in the area. Henrico County continues with a resilient local economy as evidenced by over 180,000 jobs that rank the County 2<sup>nd</sup> in Virginia. Henrico is home to over 25,000 businesses and six Fortune 1000 headquarters including Altria, Arko Corporation, ASGN, Brink's, Genworth Financial, and Markel Corporation. The County's diverse labor pool, low tax structure, low cost of operations, and strategic location collectively are just some of the components that make Henrico a desirable location for business location and expansion.

Henrico County's vibrant and diverse economy continues to drive employment statistics that compare favorably relative to national and state averages. Unemployment rates for both Virginia and Henrico have decreased over the past year. The County's unemployment rate has declined to 3.1 percent (August 2023, not seasonally adjusted), which matches the State's rate of 3.1 percent, and notably lower than that of the U.S. (3.9 percent). Continuing unemployment claims for Virginia remain stable and near historic lows.

The County's real estate tax base continued to experience unprecedented growth as the total taxable assessed value of real property as of January 2023 topped \$56.1 billion, representing an increase of about \$6.5 billion in growth compared to 2022. Existing residential and commercial property values grew by 13.24 percent more than the prior year, following an 11.27 percent increase from 2022 to 2023.

Continued shortfalls in available inventory and low mortgage rates continued to impact home prices regionally going into the 2023 reassessment. The median sales price for residential properties increased \$33,000, or 10.4 percent between December 2021 and December 2022. The median sales price for a single-family home in Henrico in December 2022 was \$356,100 and the average number days on the market for single family homes dipped to 15 from the previous year's average of 16, remaining at a record low due to limited inventory. Additionally, while the total

number of construction permits issued for the fiscal year ended June 30, 2023 decreased by 5.6 percent from the previous fiscal year, the total value of construction permits issued increased by 3.7 percent. Construction permits include permits for the construction of single family, residential and commercial dwellings.

Other revenue sources experienced robust growth in fiscal year 2021-2022. Henrico County remains one of the Commonwealth's leaders in retail sales, ranking fifth in total annual taxable sales, behind only the Counties of Loudoun, Fairfax, Prince William and City of Virginia Beach. However, Henrico ranks first in total taxable sales per capita when compared to the ten largest comparably rated localities in the Commonwealth. The most recent annual data from the Virginia Department of Taxation shows that Henrico County's annual taxable sales for calendar year 2022 were \$7.0 billion, \$0.7 billion higher than 2021. While localities throughout the region and state were also up, Henrico's noteworthy increase shows relative strength and is another indication that the County remains a destination for shoppers locally, regionally and from throughout the Commonwealth. Retail hubs in the County include Regency Square, Short Pump Town Center, White Oak Village in Eastern Henrico, and Short Pump Station in Western Henrico.

The County has an 8.0 percent transient occupancy tax on overnight lodging. During FY23, this brought in \$16.4 million, a 9.9 percent increase from FY22. This increase followed the 71.5 percent increase from the resumption of both business and personal post-pandemic travel in the prior fiscal year. With the opening of the County's new Sports and Entertainment Center in November 2023 and two co-located hotels planned for 2026, the County expects revenue from transient occupancy taxes to continue to increase. State-wide visitor spending is up 20.3 percent, with lodging activity increasing 19.0 percent state-wide. The County remains an active tourism location, and tourism, especially sports tourism, will continue to be an area of economic focus.

Ten years ago, voters in Henrico County approved a referendum that would allow the Board to impose a 4.0 percent tax on prepared food and beverages, commonly known as a "meals tax". Revenue generated by the meals tax is dedicated exclusively to the operational and capital project needs of Henrico's public schools. At the time, it was anticipated that the meals tax would generate approximately \$18.0 million in additional revenue. However, in the last five-year period from FY19 to FY23, the County has received an average of \$31.6 million annually to support Henrico County Public Schools.

Economic growth in Henrico would not be possible were it not for the favorable business environment that Henrico County has cultivated throughout the years. Since 1978, the Board has decreased the real estate tax rate seven times, including the most recent reduction for tax year 2022, reducing real estate tax rate from \$0.87 to \$0.85 per \$100 of assessed value. When a reduced tax rate wasn't enough to combat rapidly increasing home prices, the Board approved the first-of-its-kind 2 cent per \$100 assessed value tax credit payable directly to taxpayers in 2022, and then repeated the credit in fall 2023. In addition to these decreases, Henrico boasts the lowest residential tax burden among Virginia's ten largest localities.

In the past five years, Henrico has reduced tax rates on aircraft, machinery and tools, data center equipment and biotechnology and research equipment. These measures make Henrico more competitive and give Henrico the lowest effective tax rates in these industries among central Virginia localities. In addition, Henrico increased the Business Professional Occupancy License tax exemption from \$100,000 in 2018 to \$500,000 in FY21, providing additional tax relief to virtually every County business. Despite reductions in rates, total revenue from these sources has continued to increase, as the low tax rates foster increased economic activity. The low tax burden combined with a record of prudent fiscal management and excellent services creates an enticing, pro-business environment in Henrico County.

### **Financial Guidelines**

The following informal guidelines represent principles and practices that guide the County and help to strengthen the County's financial stability. These are not the only financial guidelines, but are those that have had a major impact in recent years or will have a major impact on Henrico's future financial position. For a complete listing of the County's Financial Guidelines, please see the County's Approved Budget at <http://www.henrico.us/finance/public-data/>.

#### **General Guidelines:**

The County maintains AAA/Aaa/AAA General Obligation Bond ratings with Standard & Poor's, Moody's Investor Service and Fitch IBCA, respectively. These highest possible bond ratings have two impacts on County residents. First, the County's financial management has been examined by three separate agencies that routinely analyze local government finances, and these organizations have determined Henrico worthy of the highest financial recognition available. Secondly, the County's high credit rating affords the ability to obtain the most competitive and lowest available interest rates when financing long-term capital improvement projects.

The County will utilize technological advances as a means of increasing employee productivity and reducing the need for new positions.

The County will allocate new dollars (after meeting fixed commitments such as debt service requirements and benefits changes) to the areas of education and public safety first.

The County will attempt to utilize benefits of new economic development successes as a means of maintaining the low tax rate environment our residents and businesses enjoy. In addition, the County will maintain a balance between the need for real estate tax relief for our residents with the long-term operational needs of the County.

#### **Capital Improvement Program Guidelines:**

Annually, the County will develop a Five-Year Capital Improvement Program (CIP), inclusive of the capital needs of the Henrico County Public Schools. The Board will approve a CIP after legal



The Honorable Board of Supervisors  
November 28, 2023

advertising and public hearing requirements have been met. (Note: The CIP is now a ten-year document.)

The County's CIP will utilize debt financing as a funding source only after it has been determined that the County can afford to service this debt and associated operating costs in subsequent years. The County will attempt to maximize the use of pay-as-you-go financing for capital projects.

The County will ensure that all operating costs arising from approved capital projects are accounted for in the operating budget, through the compilation of an annual crosswalk analysis that captures all such costs.

The County will maintain its physical assets at a level adequate to protect the County's capital investment and minimize future maintenance and replacement costs. The operating budget will provide for the adequate maintenance of these facilities and infrastructure.

#### **Debt Guidelines:**

A long-term debt affordability analysis will be completed on an annual basis as a means of ensuring that the County does not exceed its ability to service current and future debt requirements. This analysis will verify that the County is maintaining the following prescribed ratios and will be performed in conjunction with the County's Capital Improvement Program Process. The maximum guidelines that are utilized are as follows:

- Debt Service as a Percentage of General Fund Expenditures: 7.75%
- Net Bonded Debt as a Percentage of Assessed Value: 1.49%

The County will adopt annual water and sewer rates that will generate sufficient revenues to meet the legal requirements of related bond covenants. These rates will also allow for adequate capital replacement in the water and sewer systems.

#### **Revenue Guidelines:**

Multi-year revenue and expenditure forecasts for all County funds will be included as a part of the adopted budget.

The County will attempt to maintain a stable but diversified revenue base as a means of protecting it from fluctuations in the economy.

The County will continue to maintain a 70% residential – 30% commercial real estate tax base. Maintaining a healthy residential/commercial ratio will help the County maintain current tax rates while continuing to enhance service delivery efforts – particularly in the areas of education and public safety. While revenues are monitored continually, a report is compiled quarterly that depicts current year trends, receipts, and explains any unanticipated revenues variances.

### **Fund Balance Guidelines:**

The County has, over time, maintained a healthy unassigned fund balance – as compared to similar sized Virginia localities. The Board established the current 15% baseline of unassigned fund balance to expenditures in 2012. The County continues to evaluate this ratio during the annual budget process and will not use its unassigned fund balance to subsidize current operations.

As a percentage of actual General Fund expenditures, the County’s unassigned fund balance has been:

FY19: 15.0%  
FY20: 15.0%  
FY21: 15.0%  
FY22: 15.0%  
FY23: 15.0%

### **Major Initiatives and Accomplishments**

Henrico County has continued its commitment to delivering a quality and quantity of services that meet or exceed citizens’ expectations. Henrico continually expands its infrastructure to meet the growing needs of the County and, in prudently issuing debt to do so, has saved millions of dollars in debt service costs. County leaders have historically taken advantage of periods of low construction prices and low interest rates, augmented by the County’s triple-AAA bond rating.

Henrico County has earned reaffirmations of its AAA ratings from all three bond rating agencies for the past 21 years, maintaining its position as one of the best financially managed localities in the nation. Furthermore, Henrico County has maintained these AAA reaffirmation by all three rating agencies despite downgrades of the United States government by two of the three rating agencies. In addition, Henrico’s water and sewer revenue bonds earned a triple AAA rating from all 3 rating agencies, reaffirmed as recently as August 2022, making the County one of only 15 combined water & sewer utility issuers nationwide to achieve and maintain this highest-possible rating.

Henrico’s ongoing commitment to financial stewardship has resulted in the overwhelming passage of bond referendum questions by Henrico voters, most recently in 2016 and 2022. The renovation of Adams Elementary School is the final school project to be completed from the 2016 referendum, and a few remaining parks projects, including Tuckahoe Creek Park and Taylor Farm Park, are currently underway. The final approved fire station, Nine Mile Road Station #23, is currently under construction.

In 2022, Henrico County voters approved a \$511.4 million bond referendum, which included funding for schools; public safety; recreation and parks; and stormwater drainage. School projects which include the construction, rebuild, and renovation of eight educational buildings across the County make up two thirds, or \$340.5 million, of the referendum total. Nine public safety

construction, rebuild, and renovation projects total \$83.85 million. Recreation projects comprise \$37 million for the construction, addition, and improvement of three Henrico parks. Finally, \$50 million is dedicated to drainage improvement projects across all five magisterial districts. The first bond issuance under this referendum is anticipated in Spring 2024 and will fund the construction of an Environmental Education Living Building at Wilton Farm, the replacement of Jackson Davis and Longan Elementary Schools, the rebuilding of Quioccasin Middle School, and the Three Chopt Area Park and related road improvements. The relocation and construction of Firehouse #6 and partial funding for Phase II of Tuckahoe Creek Park are also planned in this debt issuance.

Other projects funded through financing include Henrico County's Cobbs Creek Reservoir and the Public Safety Emergency Communications projects. Cobbs Creek, located in nearby Cumberland County, is nearing completion and will begin filling in 2024. This 1,100-acre reservoir secures the County's water needs for at least the next 50 years and was financed through a series of Water and Sewer Revenue Bonds. The Public Safety Emergency Communications project is replacing an outdated and non-supported emergency communications system with a state-of-the art, regional communications network. Henrico County, the Cities of Richmond and Colonial Heights, the Counties of Chesterfield and Hanover, and the Capital Regional Airport Commission awarded individual contracts for this project in June 2016. The public safety system in each locality will be part of a larger regional network that provides a fully integrated land mobile radio system for all emergency incidents and functions in the County in and the region. The construction of towers to support the system is nearly complete and equipment has been installed to support the new system.

Private investment in Henrico continued at a rapid pace through fiscal year 2022-23, with multiple economic development announcements in the County. Businesses relying on global communications connectivity find that Henrico hosts the fastest data speeds available, thanks to ready access to four subsea cables, twenty network providers, over forty internet exchanges, approximately 3,000 networks, and over 500 data centers around the world. Energy giant BHE GT&S, a standalone subsidiary of Berkshire Hathaway Energy, announced the relocation of their headquarters to Henrico County's Innsbrook commercial center with the purchase of 192,000 square feet of class A office space. The insurance industry has taken notice of Henrico's prime location, with insurance companies Richmond National Group and Genworth announcing combined investments of \$27.4 million and a combined 157 new jobs in the County during the fiscal year.

In addition to offering a cutting-edge business environment, Henrico is a premiere sports tourism destination. In addition to roughly 180 athletic fields and multiple tournament venues, the County created the Henrico Sports and Entertainment Authority (HSEA) in 2022 and is constructing a 185,000 square foot indoor Sports and Events Center. The Sports and Events Center can be configured for 12 basketball or 24 volleyball courts, in addition to offering a 3,500 seat arena. The Sports and Events Center is scheduled to open in December 2023 and has booked numerous events in 2024, including the A-10 Women's Basketball Championship.



### **Future Challenges**

The post-pandemic economic environment has created unique challenges and uncertainty. The rapid pace of inflationary growth in 2022 and early 2023 had a significant impact on multiple facets of the national, state, and local economy. The federal government's quick fiscal and monetary policy responses to prevent an economic downturn associated with COVID-19 in March 2020 allowed for an extended period of cheap debt and available cash resulting in increased spending at all levels. In early 2022 the Federal Government shifted its economic strategy in order to combat excessive inflation, particularly in sectors of the economy such as housing, transportation, and energy.

Going into the end of calendar 2023, the national economy is working toward finding a new normal while dodging the lingering threats of recession. Labor market stability, low unemployment, and wage increases have helped ward off recessionary threats, but warning signs such as inversion of the yield curve, high inflation, and high interest rates remain. Home prices have leveled off and home sales volumes are dwindling as mortgage rates increase, while used car and oil prices have been trending downward toward pre-pandemic norms. Henrico County continues to closely monitor the effects of inflation, federal reserve policy, and economic trends into FY24. Continued analysis of leading, coincident, and lagging economic indicators provides the County vital information to adapt fiscal policy and procedures in response to economic changes in real-time.

Anticipation of future economic trends must be balanced with the need to address current economic realities. Inflationary pressures and tight labor markets have impacted the County's workforce. Retaining valuable employees in a time of historically low unemployment and rising average wages remains a priority. Henrico continues to emphasize employee compensation in a time where wages have been outpaced by prices. As such, the County provided 5% and 8.2% pay increases to all employees in July 2023 and July 2024, respectively. The efforts to retain a highly skilled and industrious workforce will continue into FY24 and beyond. The County's ongoing commitment to fiscal stewardship requires both preparedness and responsiveness to external economic forces in order to drive positive outcomes for the County.

Because economic indicators that have the greatest impact on the County's revenues often lag, County leadership continually examines opportunities to redefine the way Henrico does business. The efficiencies and savings identified because of this effort, combined with the conservative fiscal management routinely employed by Henrico County, allow the County to continue to provide the high quality and quantity of services to our citizens at the level they have come to expect and deserve.

### **Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a *Certificate of Achievement for Excellence in Financial Reporting* (Certificate) to the County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022.

The Honorable Board of Supervisors  
November 28, 2023

This was the forty-second consecutive year that the County has received this prestigious award. In order to be awarded a Certificate, a government must publish an easily readable, efficiently organized, and GAAP compliant CAFR, while also satisfying applicable legal requirements.

A Certificate is valid for a period of one year only. We believe the Annual Financial Report contained herein continues to meet the Certificate's requirements for financial reporting excellence.

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Henrico County Department of Finance. We would like to express our particular appreciation to all members of the Accounting Division who directly contributed to its preparation. We would also like to thank the Board of Supervisors for their interest, guidance and support in their oversight of the financial operations of the County in a responsible and prudent manner.

Respectfully submitted,



John A. Vithoukas  
County Manager



Sheila S. Minor, CPA  
Director of Finance



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Henrico  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

**COUNTY OF HENRICO, VIRGINIA**  
**Directory of Officials**  
**June 30, 2023**

**BOARD OF SUPERVISORS**

Frank J. Thornton, Chairman .....	Fairfield District
Tyrone E. Nelson, Vice Chairman .....	Varina District
Thomas M. Branin .....	Three Chopt District
Patricia S. O'Bannon .....	Tuckahoe District
Daniel J. Schmitt .....	Brookland District

**ADMINISTRATIVE OFFICIALS**

John A. Vithoulkas .....	County Manager
W. Brandon Hinton .....	Deputy Coounty Manger for Administration
Steven J. Yob .....	Deputy County Manager for Community Operations
Michael Y. Feinmel .....	Deputy County Manager for Public Safety
Monica L. Smith-Callahan .....	Deputy County Manager for Community Affairs
Cari M. Tretina .....	Chief of Staff
Sheila S. Minor .....	Director of Finance
Andrew R. Newby .....	County Attorney

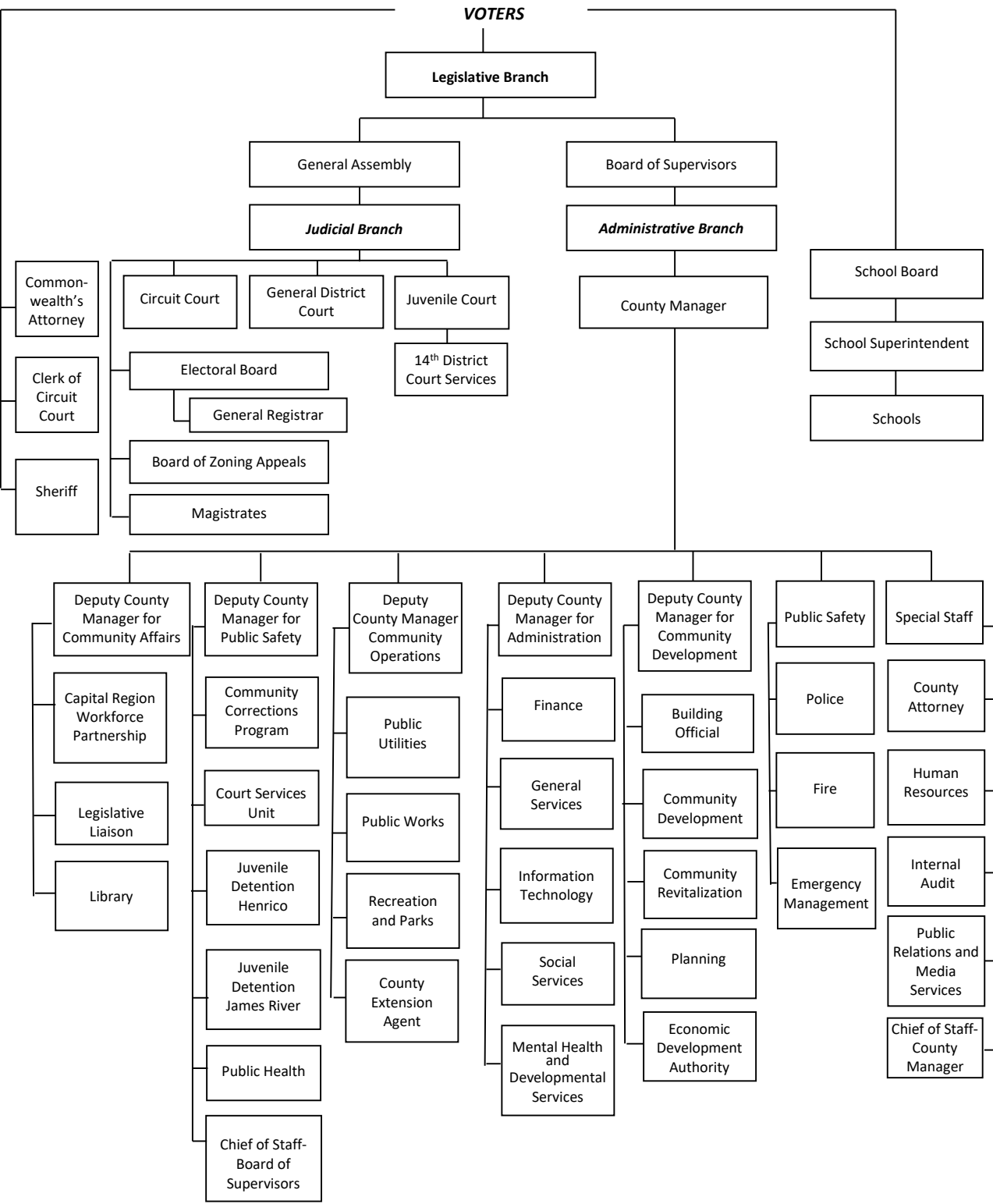
**ELECTED SCHOOL BOARD**

Kristi B. Kinsella, Chair .....	Brookland District
Alicia S. Atkins, Vice Chair .....	Varina District
Roscoe D. Cooper III .....	Fairfield District
Michelle F. "Micky" Ogburn .....	Three Chopt District
Marcie F. Shea .....	Tuckahoe District

**ADMINISTRATIVE OFFICIALS - SCHOOLS**

Dr. Amy E. Cashwell .....	Superintendent of Schools
Holly M. Coy .....	Chief of Staff
John B. Wack .....	Chief Financial Officer
Dr. Lesley L. Hughes .....	Chief Learning Officer
Lenny G. Pritchard .....	Chief of Operations
Adrienne Cole Johnson .....	Chief of Family and Community Engagement
Francine G. Bouldin .....	Chief Human Resources Officer
Eileen M. Cox .....	Chief of Communications and Community Engagement
Dr. Monica R. Manns .....	Chief of Equity, Diversity and Opportunity Officer
Dr. Ingrid G. Grant .....	Chief of School Leadership

# Organization Chart





## Report of Independent Auditor

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Henrico, Virginia (the "County"), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### ***Required Supplemental Information***

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

### ***Other Supplemental Information Schedules***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Other Supplemental Information Schedules, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplemental Information Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2023, 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.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 27, 2023

**HENRICO COUNTY, VIRGINIA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
(unaudited)**

The following discussion and analysis of the County's financial performance provides an overview of the County's financial activities, as of the end of fiscal year June 30, 2023 (FY 2023). Please read it in conjunction with the transmittal letter at the front of this report and the County's basic financial statements and related notes thereto, which follow this section.

**FINANCIAL HIGHLIGHTS FOR FY 2023**

On a government-wide basis for governmental activities, the County had expenses net of program revenues of \$765.4 million. General revenues of \$965.1 million exceeded expenses, net of program revenues, by \$199.7 million (Exhibit 2).

The County's total net position, excluding component units, on the government-wide basis totaled \$3,258.5 million at June 30, 2023 (Exhibit 1).

The General Fund, on a current financial resource basis, reported revenues and other financing sources in excess of expenditures by \$32.5 million (Exhibit 4) after making transfers out of \$147.1 million, which include transfers to the Capital Projects Fund for \$32.5 million, Special Revenue Fund for \$36.1 million and Debt Service Fund for \$78.5 million. In addition, the General Fund contributed \$319.3 million to the County's component units (Exhibit 12).

**OVERVIEW OF THE ANNUAL FINANCIAL REPORT**

The County's Annual Comprehensive Financial Report (ACFR) is comprised of three sections: Introductory, Financial, and Statistical. The Financial Section, which includes the audited basic financial statements, is comprised of four components: 1) the report of the independent auditor, 2) management's discussion and analysis (MD&A), 3) the basic financial statements, and 4) notes to the basic financial statements. This ACFR also contains required supplementary information, other than MD&A, and other supplementary information in addition to the basic financial statements themselves.

The primary focus of the basic governmental financial statements is on both the County as a whole (government-wide) and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the County's overall financial status. The fund financial statements focus on the individual components of the County government, reporting the County's operations in more detail than the government-wide statements. Both perspectives (government-wide and fund statements) allow the user to address relevant questions, broaden the basis of comparison (year to year or government to government) and enhance the County's financial accountability.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. One of the most important questions asked about the County's finances is, "Is the County as a whole in better financial condition or worse as a result of the year's activities?" The Statement of Net Position and the Statement of Activities, which are the government-wide financial statements, report information about the County as a whole and about its activities in a way that helps answer this question. These financial statements include all assets and deferred outflows of resources, and liabilities and deferred inflows of resources using the accrual basis of accounting,

which is similar to the accounting method used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two financial statements report the County's net position and the changes in net position. One can think of the County's net position – the difference between the total of assets and deferred outflows of resources, less the total of liabilities and deferred inflows of resources – as one way to measure the County's financial position. Over time, increases or decreases in the County's net position is one indicator of whether its financial position is improving or deteriorating. Other nonfinancial factors should also be considered, such as, changes in the County's property tax base and the physical condition of the County's infrastructure, to assess the overall financial position of the County.

In the Statement of Net Position and the Statement of Activities, we divide the County into three types of activities:

**Governmental Activities** – Most of the County's basic services are reported here: Police, Fire, Public Works, Recreation and Parks, and general administration. Property taxes, other local taxes, and state and federal grants finance most of these activities.

**Business-type Activities** – The County's operation, maintenance and construction of the County-owned water and wastewater (sewer) utility is reported here as the County charges a fee to customers to cover all or most of the cost of the services these operations provide.

**Discretely Presented Component Units** – The County includes two separate legal entities in its report – the County of Henrico School Board (School Board) and the James River Juvenile Detention Commission (JRJDC). Although legally separate, these "component units" are important because the County is financially accountable for them and provides operating and capital funding.

## FUND FINANCIAL STATEMENTS

The fund financial statements provide more information about the County's most significant funds, not the County as a whole.

The County has three types of funds:

**Governmental Funds** – The County's basic services are included in four major governmental funds. The General Fund, Special Revenue Fund, Debt Service Fund and Capital Projects Fund financial information is presented separately in the governmental funds' Balance Sheet and within the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance.

The governmental funds' financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *balances of spendable resources* available at the end of the fiscal year and provide a detailed short-term view that helps the reader determine whether there are more or less financial resources that can be spent in the near future to finance the County's programs. Since this information does not encompass the additional long-term focus of the government-wide financial statements, additional information is provided at the bottom of the governmental funds financial statements that explains the relationship (or reconciles the differences) between the two types of statements (Exhibits 3 and 4).

**Proprietary Funds** – Services for which the County charges customers a fee is generally reported in proprietary funds, which like the government-wide financial statements, provide both long-term and short-term financial information.

In fact, the County’s Enterprise Fund (one type of proprietary fund) is the same as the business-type activities included in the government-wide financial statements, but the fund financial statements provide more detail and additional information, such as cash flows. The County’s Enterprise Fund accounts for the operation of the County’s water and sewer utility.

The County uses Internal Service Funds (the other kind of proprietary fund) to report activities that provide supplies and services for the County’s other programs and activities. The Internal Service Funds account for the County’s Central Automotive Maintenance operations, the Technology Replacement Fund and the self-insured Healthcare Fund. Resources for these Funds come from interdepartmental charges.

**Fiduciary Funds** – The County is the trustee, or fiduciary, for Custodial Funds. The County is responsible for ensuring that the assets reported in these Funds are used for their intended purposes. All the County’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. The County excludes these activities from the County’s government-wide financial statements because the County cannot use the assets of these Funds to finance its own operations.

## FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

### Statement of Net Position

The following table reflects a summary of the County’s net position (in millions) at June 30, 2022, and 2023:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Component Units</b>	
	2022	2023	2022	2023	2022	2023	2022	2023
Current Assets	\$1,224.3	\$1,341.9	\$278.0	\$275.1	\$1,502.3	\$1,617.0	\$163.2	\$220.6
Noncurrent Other Assets	30.2	20.1	4.0	3.8	34.2	23.9	19.7	0.2
Capital and Intangible Assets	1,811.5	1,946.2	1,525.2	1,562.3	3,336.7	3,508.5	301.7	302.3
<b>Total Assets</b>	<b>3,066.0</b>	<b>3,308.2</b>	<b>1,807.2</b>	<b>1,841.2</b>	<b>4,873.2</b>	<b>5,149.4</b>	<b>484.6</b>	<b>523.1</b>
<b>Deferred Outflows of Resources</b>	103.1	93.3	37.0	34.2	140.1	127.4	147.2	133.0
Total Current Liabilities	264.3	340.8	50.4	45.2	314.7	386.0	94.3	98.0
Net Pension Liability	82.2	181.3	6.6	12.7	88.8	194.0	276.0	349.6
Net OPEB Liability	51.2	52.4	1.5	1.6	52.7	54.0	78.7	78.6
Liabilities due in more than a year	671.5	617.8	451.9	431.4	1,123.4	1,049.2	21.0	15.4
<b>Total Liabilities</b>	<b>1,069.2</b>	<b>1,192.3</b>	<b>510.4</b>	<b>490.9</b>	<b>1,579.6</b>	<b>1,683.2</b>	<b>470.0</b>	<b>541.6</b>
<b>Deferred Inflows of Resources</b>	421.2	330.7	11.9	4.4	433.1	335.1	230.6	87.7
Net Position:								
Net Investment in Capital Assets	1,272.2	1,428.2	1,088.5	1,138.0	2,360.7	2,566.2	282.7	302.6
Restricted	308.5	230.3	29.6	29.7	338.1	260.0	6.0	1.7
Unrestricted (deficit)	98.0	219.9	203.8	212.4	301.8	432.3	(357.5)	(277.5)
<b>Total Net Position (deficit)</b>	<b>\$1,678.7</b>	<b>\$1,878.4</b>	<b>\$1,321.9</b>	<b>\$1,380.1</b>	<b>\$3,000.6</b>	<b>\$3,258.5</b>	<b>\$(68.8)</b>	<b>\$26.8</b>

The County's net position increased by 8.6%, or \$258.0 million to \$3,258.5 million from 3,000.6 million. Both Governmental Activities and Business-type Activities contributed to the increase in net position (Exhibit 1). The net position of the County's governmental activities increased by 11.9%, or \$199.7 million to \$1,878.4 million (Exhibit 2).

The governmental Net Investment in Capital Assets increased by \$156.0 million. GAAP requires the County to report all assets financed by the issuance of general obligation bonds backed by the full faith and credit of the County. This is because the County has taxing authority to raise funds and pay the general obligation debt. This Included assets utilized by the School Board, a Component unit of the County. Such assets used by component units will be reported by the County until the debt matures. With debt retirements in fiscal year 2023, some assets that had been reported as County assets were recharacterized as School Board assets during the year.

Restricted net position decreased by \$78.2 million due to capitalizing projects and by additional funds reserved for grants. The unrestricted net position increased by \$121.9 million to \$219.9 million at June 30, 2023, due mainly to the changes in the deferred pension and OPEB outflows and inflows (Exhibit 1).

The net position of business-type activities increased by 4.4%, or \$58.2 million from \$1,321.9 million to \$1,380.1 million (Exhibit 2). Unrestricted net position available for the continuing operation of the water and sewer activities was \$212.4 million as of June 30, 2023 (Exhibit 1).

The net deficit of the aggregate discretely presented component units improved by 139.0%, or \$95.6 million from (\$68.8) million to \$26.8 million, due to increased General Fund contributions in the last two years. Net Investment in Capital Assets increased by \$19.9 million due to debt payments above and beyond the acquisition of new assets. Unrestricted net deficit improved by \$80.0 million to (\$277.5) million at June 30, 2023, compared to the prior year (Exhibit 1).

## Schedule of Activities

The following chart summarizes the revenues and expenses (in millions) of the County's activities for the fiscal years ended June 30, 2022, and 2023:

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>		<b>Component Units</b>	
	2022	2023	2022	2023	2022	2023	2022	2023
<b>Revenues:</b>								
<b>Program Revenues:</b>								
Charges for Services	\$45.1	\$48.0	\$134.9	\$141.6	\$180.0	\$189.6	\$6.3	\$10.2
Operating Grants and Contributions	152.4	194.7	-	-	152.4	194.7	411.8	443.6
Capital Grants and Contributions	-	-	14.9	15.0	14.9	15.0	-	-
<b>General Revenues:</b>								
Property Taxes	543.9	606.7	-	-	543.9	606.7	-	-
Other Taxes	228.4	228.4	-	-	228.4	228.4	-	-
Other	94.5	130.0	17.4	26.4	111.9	156.4	13.8	14.0
Payment from Primary Government	-	-	-	-	-	-	274.3	319.3
<b>Total Revenues</b>	<b>\$1,064.3</b>	<b>\$1,207.8</b>	<b>\$167.2</b>	<b>\$183.0</b>	<b>\$1,231.5</b>	<b>\$1,390.8</b>	<b>\$706.2</b>	<b>\$787.1</b>
<b>Expenses:</b>								
General Government	132.4	145.1	-	-	132.4	145.1	-	-
Judicial Administration	14.3	15.9	-	-	14.3	15.9	-	-
Public Safety	242.9	248.1	-	-	242.9	248.1	5.8	6.1
Public Works	89.7	92.0	-	-	89.7	92.0	-	-
Health and Welfare	73.5	80.8	-	-	73.5	80.8	-	-
Education	308.0	331.6	-	-	308.0	331.6	615.2	685.4
Parks, Recreation and Cultural	48.8	46.2	-	-	48.8	46.2	-	-
Community Development	32.3	35.3	-	-	32.3	35.3	-	-
Interest on Long-term Debt	14.4	13.1	-	-	14.4	13.1	-	-
Water and Sewer	-	-	115.1	124.8	115.1	124.8	-	-
<b>Total Expenses</b>	<b>\$956.3</b>	<b>\$1,008.1</b>	<b>\$115.1</b>	<b>\$124.8</b>	<b>\$1,071.3</b>	<b>\$1,132.9</b>	<b>\$621.0</b>	<b>\$691.6</b>
<b>Change in Net Position</b>	<b>108.0</b>	<b>199.7</b>	<b>52.1</b>	<b>58.2</b>	<b>160.1</b>	<b>257.9</b>	<b>85.2</b>	<b>95.6</b>
<b>Net Position (deficit), beginning of year</b>	<b>1,570.7</b>	<b>1,678.7</b>	<b>1,269.8</b>	<b>1,321.9</b>	<b>2,840.5</b>	<b>3,000.6</b>	<b>(154.0)</b>	<b>(68.8)</b>
<b>Net Position (deficit), end of year</b>	<b>\$1,678.7</b>	<b>\$1,878.5</b>	<b>\$1,321.9</b>	<b>\$1,380.1</b>	<b>\$3,000.6</b>	<b>\$3,258.5</b>	<b>(\$68.8)</b>	<b>\$26.8</b>

## REVENUES

For the fiscal year ended June 30, 2023, revenues from governmental activities totaled \$1,207.8 million, an increase of \$143.5 million from fiscal year 2022. Real estate tax revenue is the County's largest revenue source and reflects the recognition of the second half of calendar year 2022 and the first half of calendar year 2023 real property tax. The Real estate tax revenue collected during fiscal year 2023 was \$452.7 million, an increase of \$46.5 million or 11.4% from fiscal year 2022 (Exhibit 12). Property values increased approximately 13% in the thriving Henrico real estate market. The increase in assessed value for real estate



was offset slightly as the County Board of Supervisors reduced the real estate tax rate by 2 cents to 85 cents per \$100 of assessed value in calendar year 2022. The same rate was maintained in calendar year 2023. The County reduced the impact of rising real estate taxable values by providing a credit of 2 cents per \$100 of taxable value for the second consecutive year.

During fiscal year 2023, the County collected \$126.5 million in personal property tax revenue from County residents and received Personal Property Tax Relief from the Commonwealth of Virginia (the Commonwealth) of \$37.0 million for total personal property tax related receipts of \$163.5 million. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the Commonwealth's share of the local personal property tax payment for a calendar year was frozen at 70 percent for qualified vehicles. During the 2004 General Assembly, the Commonwealth's obligation for car tax relief was capped at \$950 million annually. Each jurisdiction's share of the \$950 million is based on the total 2004 reimbursement as of December 31, 2005. The County's share of \$37.0 million is paid in three installments. At June 30, 2022, the County accrued \$18.5 million for the first half of the calendar year.

The fiscal year 2023 property tax collections were up by \$16.2 million or 14.7% over fiscal year 2022 because the value of almost all vehicles was up for the year. A smaller used car inventory, and an increased demand for vehicles drove the motor vehicle valuations higher. Used vehicle wholesale prices increased by almost 12% in 2023.

Business-type activities produced total revenues of \$183.0 million, an increase of \$15.8 million from fiscal year 2022. The County's Water and Sewer activity produced \$141.6 million in charges for services and \$15.0 million in capital grants and contributions (Exhibit 2).

## **EXPENSES**

For the fiscal year ended June 30, 2023, expenses for governmental activities totaled \$1,008.1 million, an increase of \$51.8 million or 5.5% from fiscal year 2022 (Exhibit 2). Included in this activity are employee compensation and benefits, payments for educational expenses to the School Board, and the cost of general governmental activities such as public safety, recreation, and libraries. The largest expense increases occurred in Education, Public Works and Public Safety.

Education continues to be one of the County's highest priorities and commitments. Spending on Education was up \$23.6 million or 7.66% with a direct payment by the primary government of \$319.3 million for School operations (Exhibit 4). The increase is primarily for general raises for teachers, and market adjustments for administrative school positions.

Public Works expenses increased by \$2.3 million or 2.6%. Henrico's Public Works Department maintains over 3500 lane miles of road, the third largest road network in Virginia. Roads, bridges, and sidewalk projects account for most of the increase.

Parks and Recreation spending decreased by 2.6 million or 5.3%. The personnel component increased 7.3% because of adjusted salaries and rising benefit costs. The department has pushed to increase special events for the past two years. An emphasis on Sports and Entertainment is focused on promoting Henrico as a desirable destination for Sports Tourism and Entertainment.

Public Safety expenses increased by \$5.2 million or 2.1%. In addition to pay raises for Police Officers, Firefighters and Sheriff's Deputies and regular vehicle replacement, the County hired 25 additional Police Officers.

The expenses of business-type activities, the result of County Water and Sewer activity totaled \$124.8 million, an increase of \$9.7 million or 8.4% over fiscal year 2022 business-type activities (Exhibit 2).

## **FINANCIAL ANALYSIS OF THE FUND STATEMENTS**

For the fiscal year ended June 30, 2023, the governmental funds reflect a combined fund balance of \$793.3 million, a decrease of (\$16.3) million from fiscal year 2022 (Exhibit 4), driven by a (\$57.2) million net change in Capital Projects fund balance. The General Fund accounts for \$427.9 million (Exhibit 4) of the total combined balance. This is an increase of \$32.5 million or 8.2% from the General Fund balance of \$395.4 million recorded at June 30, 2022. The current General Fund Balance was impacted by General Fund Revenues, which increased by \$114.6 million or 12.4% from fiscal year 2022.

The largest increases occurred in General property taxes, which increased by \$69.5 million. Real property values increased approximately 13% in the thriving Henrico real estate market. Personal property appraisals were also up because of a smaller used car inventory, and an increased demand for vehicles which drove the motor vehicle valuations higher. Used vehicle wholesale prices increased by almost 12% in 2023. In addition to General property tax increases, the County benefited from a \$26.6 million increase in Interest revenue (Revenue from use of money & property).

At the same time, General Fund Expenditures increased by \$99.8 million or 13.1% from fiscal year 2022. The FY 2022 budget as a return to normal after COVID-19. The FY 2023 budget continued the post COVID trend, but was also a response to the inflationary pressure seen in the previous year (over 8% in calendar year 2022). Other Financing Uses decreased by (\$5.7) million or 3.7% from fiscal year 2022. Finally, the following items affected the fund balance and should be noted:

- The General Fund transferred \$32.5 million to the Capital Projects Fund to finance various capital projects, \$36.1 million to the Special Revenue Fund and \$78.5 Million for debt service. The total transfers were reduced \$7.4 million from the previous year.
- The General Fund contributed \$319.3 million to fund fiscal year 2023 School Board operations, an increase of \$45.0 million or 16.4% from the fiscal year 2022 contribution. School expenses increased 4.9% over FY 2022 (Schedule 9).

Highlights of other Governmental Funds are as follows:

- The Special Revenue Fund Balance of \$74.5 million (Exhibit 4) increased by \$8.3 million or 12.6% from fiscal year 2022. The increase is due to revenues of \$87.0 million and other financing sources of \$36.1 million exceeding expenditures of \$114.8 million. The major function of the Special Revenue Fund is to account for State and Federal grants received by the County, Social Services programs, and solid waste operations. State and Federal grants are received on a reimbursement basis and contributed \$54.9 million in revenues. The County's Social Services operations accounted for \$25.0 million in State and Federal grant revenues (Exhibit 12) and \$32.5 million in expenditures during fiscal year 2023 (Exhibit 13).
- The Debt Service Fund Balance remained at \$1.2 million in fiscal year 2023 (Exhibit 4). The fund received transfers from the General Fund of \$78.5 million to cover the scheduled debt payments in fiscal year 2023. The actual expenditures for the Debt Service Fund were \$78.4 million.
- The Capital Projects Fund Balance of \$289.7 million (Exhibit 4) is a decrease of \$57.2 million, or 16.5% in comparison to fiscal year 2022. During the fiscal year, expenditures for capital projects

were \$144.3 million, and revenues were \$54.6 million. Other financing sources include transfers from the General Fund of \$32.5 million during fiscal year 2023.

## GENERAL FUND BUDGETARY HIGHLIGHTS

	General Fund Budget (in millions)		
	<u>Original</u>	<u>Revised</u>	<u>Actual</u>
<b>Revenues:</b>			
Taxes	\$736.5	\$736.5	\$830.2
Intergovernmental	134.4	138.6	149.8
Other	<u>23.2</u>	<u>23.2</u>	<u>60.7</u>
Total Revenues	<u>\$894.1</u>	<u>\$898.3</u>	<u>\$1,040.6</u>
<b>Expenditures and Other Uses:</b>			
Expenditures	\$808.4	\$880.6	\$861.0
Other Financing Uses	<u>120.5</u>	<u>120.5</u>	<u>147.1</u>
Total Expenditures and Other Financing Uses	<u>928.9</u>	<u>1,001.1</u>	<u>1,008.1</u>
<b>Change in Fund Balance</b>	<u><u>(\$34.9)</u></u>	<u><u>(\$102.8)</u></u>	<u><u>\$32.5</u></u>

Revenues exceeded expenditures and other financing uses by \$32.5 million in the General Fund for fiscal year 2023.

Actual General Fund revenues were more than the original budgeted revenues by \$146.5 million during fiscal year 2023. Actual revenue collections exceeded the revised budget by \$142.3 million. This increase is attributable in part to collections of general property taxes such as real property and personal property taxes, which exceeded the revised budget by \$69.5 million, and other local taxes, such as meals tax and bank franchise taxes, which exceeded the revised budget by \$0.6 million (Exhibit 12). In addition, revenue from use of money and property exceeded revised budget by \$26.6 million (Exhibit 12). Actual General Fund expenditures were greater than the original budget by \$52.6 million, and less than the revised budget by (\$19.6) million.

During fiscal year 2023, the County Board of Supervisors amended the budget nine times. These budget amendments or supplemental appropriation resolutions were primarily for the following purposes:

- To reappropriate monies to pay for continuing programs whose fiscal year extended beyond June 30, 2022.
- To reappropriate grant revenues authorized in fiscal year 2022 or earlier, but not expended or encumbered as of June 30, 2022 and to appropriate grants or donation accepted or adjusted in fiscal year 2023.
- To appropriate funds for program enhancements, capital projects or other operational needs that were not anticipated in the original fiscal year budget.
- To appropriate Federal American Rescue Plan Act (ARPA) funds received in FY 2023 for COVID-19 related expenditures.

## CAPITAL AND INTANGIBLE ASSETS

The three tables below provide a summary of the County's capital and intangible assets. The County began reporting the right-to-use assets in fiscal year 2022. GASB Statement No. 87 is the lease accounting standard issued by the Governmental Accounting Standards Board, which requires all lease agreements to be classified as right-to-use finance leases. The accounting treatment for a finance lease is similar to a capital lease. The County implemented GASB statement No. 96 in fiscal year 2023 for Subscription-Based Information Technology Arrangements. The right-to-use a vendor's software is an intangible asset.

### Capital And Intangible Assets (in millions)

	Governmental Activities		Business-type Activities		Total		Component Units	
	2022	2023	2022	2023	2022	2023	2022	2023
<b>Non-Depreciable Assets:</b>								
Land	\$405.2	\$415.7	\$22.2	\$22.5	\$427.4	\$438.2	\$52.2	\$52.2
Construction in Progress	148.7	242.2	350.0	361.2	498.6	603.4	4.7	5.9
<b>Other Capital Assets:</b>								
Buildings	1,210.3	1,231.4	403.7	404.7	1,614.0	1,636.1	414.4	415.3
Infrastructure	757.3	808.0	1,308.6	1,362.7	2,065.9	2,170.7	-	-
Equipment	308.4	317.1	171.4	171.8	479.8	488.9	183.5	188.5
Improvements	131.4	138.9	1.4	1.4	132.9	140.3	42.6	39.4
Accumulated Depreciation								
On Other Capital Assets	(1,149.8)	(1,207.0)	(732.0)	(762.0)	(1,881.8)	(1,969.0)	(395.7)	(399.0)
<b>Total Net of Depreciation</b>	<b>\$1,811.5</b>	<b>\$1,946.2</b>	<b>\$1,525.3</b>	<b>\$1,562.3</b>	<b>\$3,336.7</b>	<b>\$3,508.6</b>	<b>\$301.7</b>	<b>\$302.3</b>

	Governmental Activities		Business-type Activities		Total		Component Units	
	2022	2023	2022	2023	2022	2023	2022	2023
<b>Right to Use Lease Assets:</b>								
Equipment	\$1.8	\$1.8	\$ -	\$ -	\$1.8	\$1.8	\$ -	\$ -
Building	11.8	11.7	-	-	11.8	11.7	4.7	4.4
Other	1.9	1.9	-	-	1.9	1.9	19.0	19.0
Accumulated Amortization	(2.9)	(5.2)	-	-	(2.9)	(5.2)	(4.1)	(9.6)
<b>Total Net of Amortization</b>	<b>\$12.6</b>	<b>\$10.1</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$12.6</b>	<b>\$10.1</b>	<b>\$19.6</b>	<b>\$13.8</b>

	Governmental Activities		Business-type Activities		Total		Component Units	
	2022	2023	2022	2023	2022	2023	2022	2023
<b>Right to Use Subscription Assets:</b>								
Subscription Assets	\$ -	\$24.0	\$ -	\$ -	\$ -	\$24.0	\$ -	\$9.4
Accumulated Amortization	-	(3.4)	-	-	-	(3.4)	-	(3.1)
<b>Total Net of Amortization</b>	<b>\$ -</b>	<b>\$20.6</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$20.6</b>	<b>\$ -</b>	<b>\$6.3</b>

At the end of fiscal year 2023, the County's governmental activities (including Internal Service Funds) had net capital assets totaling \$1,946.2 million, which represents a net increase of \$134.7 million or 7.4% over

the previous fiscal year-end balance. Infrastructure assets include roads, bridges, and water and wastewater systems.

The business-type net activities capital assets grew by \$37.0 million to \$1,562.3 million, an increase of 2.4% over the previous fiscal year. The County's business-type activities are made up of the County's water and sewer activities.

The Component Units' capital assets increased by \$0.6 million to \$302.3 million, a increase of 0.2% from the previous fiscal year. The School Board accounted for the major portion of the net increase. More detailed information about the County's capital and intangible assets is presented in Note 6 of the notes to the financial statements.

## **LONG-TERM DEBT**

At the end of fiscal year 2023, the County had \$530.3 million in outstanding General Obligation Bonds, a decrease of \$49.0 million, or 8.5 percent, over last fiscal year. More detailed information about the County's long-term liabilities is presented in Note 7 of the notes to the financial statements.

General obligation bonds are backed by the full faith and credit of the County and are issued primarily for construction in progress for various purposes. The County has no sinking fund or legal debt margin requirements. All general obligation bonds except VPSA (Virginia Public School Authority) bonds, have been authorized by public referendum. The VPSA bonds have been issued by the adoption of a resolution by the County Board of Supervisors.

## **OTHER INFORMATION**

The County participates in two defined benefit pension and four OPEB plans, including the following:

Single-employer plans:

- Healthcare (see Note 11 to the financial statements)
- Line of Duty (see Note 12 to the financial statements)

Multiple-employer plans through the Virginia Retirement System (VRS):

- VRS Retirement Plan (see Note 9 to the financial statements)
- Teacher Retirement Plan (see Note 10 to the financial statements)
- Group Life Insurance (see Note 13 to the financial statements)
- Teacher Health Insurance Credit Plan (see Note 14 to the financial statements)

The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund the healthcare single-employer plan. The County presents a Statement of Fiduciary Net Position (Schedule 9) and Statement of Changes in Fiduciary Net Position (Schedule 10) for its proportionate share of the Virginia Pooled OPEB Trust Fund. The Line of Duty plan is funded on a pay-as-you-go basis and therefore the plan has no fiduciary net position.

Funds of the Primary Government are invested in accordance with the County's Investment Guidelines which were created by the Director of Finance to ensure the effective management of the day-to-day investment activity of the County. The objective of these guidelines is to obtain the highest possible yield

on available financial resources, within the constraints imposed by safety objectives, cash flow considerations and the laws of the Commonwealth of Virginia that restrict the placement of public funds.

At June 30, 2023, the County's investment portfolio amounted to \$1,103.1 million, an increase of \$50.1 million. Henrico experienced a steady increase in Investment yields during fiscal year 2023 due to Federal Reserve rate hikes. In the rising rate environment, the fair value of County investments experienced declines. They are unrealized losses but will be reflected in the County Net Position at June 30<sup>th</sup>. The expectation is that County will hold the investments until maturity without actual losses. The County portfolio contained United States Treasury and Agency obligations, high quality municipal bonds, prime commercial paper and Commonwealth of Virginia Local Government Investment Pool shares. This strategy enabled the County to maximize returns without experiencing any significant adverse credit exposure. More detailed information about the County's investments is presented in Note 2 of the notes to the financial statements.

## **ECONOMIC FACTORS**

According to the Virginia Employment Commission, as of June 30, 2023, the County had a net decrease of 4,037 jobs since 2019, resulting in total employment of 186,931. The County's unemployment rate, which was reported at 2.8 percent as of June 30, 2023, matched the State's unemployment rate of 2.8 percent, and was below the federal rate of 3.8 percent. As of 2022 (the latest data available from the U.S. Bureau of Economic Analysis), the County's per capita income of \$76,327 registered higher than both the national average of \$65,470, and the Commonwealth of Virginia average of \$68,985.

## **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 funds it receives. Any individual with comments or questions concerning this report is encouraged to contact the County's Department of Finance at (804) 501-5200. This report may also be found online at the County's official website [www.henrico.us/finance/Public-data/](http://www.henrico.us/finance/Public-data/).

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF NET POSITION  
JUNE 30, 2023**

**Exhibit 1**

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Current assets:				
Cash, cash equivalents, and temporary investments	\$ 954,275,702	\$ 189,247,276	\$ 1,143,522,978	\$ 143,063,002
Receivables, net	266,281,948	29,406,676	295,688,624	54,753
Due from other governments	54,958,314	-	54,958,314	57,091,310
Internal balances	(1,175,354)	1,175,354	-	-
Due from component unit	35,979,905	-	35,979,905	-
Inventories	842,818	1,352,084	2,194,902	153,913
Restricted cash and cash equivalents	-	53,864,998	53,864,998	55,261
Noncurrent assets:				
Other assets	20,090,336	3,753,762	23,844,098	155,299
Capital and intangible assets:				
Right to use assets, net	30,705,399	4,729	30,710,128	20,212,697
Land and construction in progress	657,862,151	383,705,370	1,041,567,521	58,032,100
Other capital assets, net	1,288,372,525	1,178,614,743	2,466,987,268	244,260,747
Capital assets, net	1,946,234,676	1,562,320,113	3,508,554,789	302,292,847
<b>Total Assets</b>	<b>3,308,193,744</b>	<b>1,841,124,992</b>	<b>5,149,318,736</b>	<b>523,079,082</b>
<b>Deferred Outflows of Resources:</b>				
Contributions after measurement date	45,117,115	2,569,827	47,686,942	66,606,738
Change in proportionate share allocation	1,519,348	31,709	1,551,057	7,619,477
Change of assumptions	27,740,142	1,720,357	29,460,499	34,892,377
Difference between actual and expected experience	18,896,090	927,755	19,823,845	23,876,132
Deferred loss on debt refunding, net	-	28,921,565	28,921,565	-
<b>Total Deferred Outflows of Resources</b>	<b>93,272,695</b>	<b>34,171,213</b>	<b>127,443,908</b>	<b>132,994,724</b>
<b>Total Assets and Deferred Outflows of Resources</b>	<b>3,401,466,439</b>	<b>1,875,296,205</b>	<b>5,276,762,644</b>	<b>656,073,806</b>
Current liabilities:				
Accounts payable	75,925,742	13,553,484	89,479,226	6,735,247
Deposits payable	-	1,003,840	1,003,840	-
Accrued liabilities	73,881,035	2,839,868	76,720,903	1,639,365
Amounts held for others	13,342,651	-	13,342,651	83,866
Unearned revenues	67,246,095	9,685,797	76,931,892	34,135,571
Due to Primary Government	-	-	-	35,979,905
Long-term liabilities due within one year	110,445,785	18,106,065	128,551,850	19,384,678
<b>Total current liabilities</b>	<b>340,841,308</b>	<b>45,189,054</b>	<b>386,030,362</b>	<b>97,958,632</b>
Noncurrent liabilities:				
Net pension liability	181,262,718	12,651,927	193,914,645	349,589,584
Net OPEB liability	52,397,184	1,601,232	53,998,416	78,598,268
Long-term liabilities due in more than one year	617,808,856	431,414,991	1,049,223,847	15,410,715
<b>Total non-current liabilities</b>	<b>851,468,758</b>	<b>445,668,150</b>	<b>1,297,136,908</b>	<b>443,598,567</b>
<b>Total Liabilities</b>	<b>1,192,310,066</b>	<b>490,857,204</b>	<b>1,683,167,270</b>	<b>541,557,199</b>
<b>Deferred Inflows of Resources:</b>				
Change in proportionate share allocation	399,704	418,602	818,306	2,013,946
Difference between actual and expected experience	14,662,812	1,032,640	15,695,452	27,332,841
Difference between projected and actual earnings	38,346,027	2,379,124	40,725,151	45,481,855
Change of assumptions	16,739,938	475,340	17,215,278	12,726,195
Other - leases	9,021,332	75,503	9,096,835	169,601
Deferred revenues	251,521,216	-	251,521,216	-
<b>Total Deferred Inflows of Resources</b>	<b>330,691,029</b>	<b>4,381,209</b>	<b>335,072,238</b>	<b>87,724,438</b>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>1,523,001,095</b>	<b>495,238,413</b>	<b>2,018,239,508</b>	<b>629,281,637</b>
<b>Net Position:</b>				
Net investment in capital assets	1,428,128,023	1,137,996,527	2,566,124,550	302,568,499
Restricted for:				
Highways, streets and buildings	154,767,489	-	154,767,489	-
Debt service	1,197,897	29,663,629	30,861,526	-
Grants	74,460,971	-	74,460,971	1,809,428
Unrestricted net position (deficit)	219,910,964	212,397,636	432,308,600	(277,585,758)
<b>Total Net Position</b>	<b>\$ 1,878,465,344</b>	<b>\$ 1,380,057,792</b>	<b>\$ 3,258,523,136</b>	<b>\$ 26,792,169</b>

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

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government:</b>			
Governmental Activities:			
General government	\$ 145,091,106	\$ 16,176,448	\$ 1,489,943
Judicial administration	15,934,260	1,075,945	5,147,157
Public safety	248,057,820	4,520,211	37,763,947
Public works	92,020,402	2,719,135	96,253,078
Health and welfare	80,814,996	10,754,144	43,051,887
Education	331,606,321	-	-
Parks, recreation and culture	46,167,634	740,670	307,221
Community development	35,284,066	12,011,308	10,695,908
Interest on long-term debt	13,118,434	-	-
Total Governmental Activities	1,008,095,039	47,997,861	194,709,141
<b>Business-type activities:</b>			
Water and Sewer	124,788,913	141,596,042	-
Total Business-type Activities	124,788,913	141,596,042	-
<b>Total Primary Government</b>	<b>\$ 1,132,883,952</b>	<b>\$ 189,593,903</b>	<b>\$ 194,709,141</b>
<b>Component Units:</b>			
School Board	\$ 685,379,541	\$ 4,058,071	\$ 443,495,165
James River Juvenile Detention Commission	6,148,159	6,110,273	154,127
<b>Total Component Units</b>	<b>\$ 691,527,700</b>	<b>\$ 10,168,344</b>	<b>\$ 443,649,292</b>

**General Revenues:**

Taxes:

Property

Local sales and use

Business licenses

Hotel and motel

Bank franchise

Other

Interest and investment earnings

Grants and contributions not restricted to specific programs

Recovered costs

Miscellaneous

Payment from Primary Government

Total general revenues

Change in net position

**Total Net Position (Deficit) at June 30, 2022**

**Total Net Position (Deficit) at June 30, 2023**

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



Exhibit 2

Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position				Component Units
	Governmental Activities	Business-type Activities	Total		
\$ -	\$ (127,424,715)	\$ -	\$ (127,424,715)	\$ -	-
-	(9,711,158)	-	(9,711,158)	-	-
-	(205,773,662)	-	(205,773,662)	-	-
-	6,951,811	-	6,951,811	-	-
-	(27,008,965)	-	(27,008,965)	-	-
-	(331,606,321)	-	(331,606,321)	-	-
-	(45,119,743)	-	(45,119,743)	-	-
-	(12,576,850)	-	(12,576,850)	-	-
-	(13,118,434)	-	(13,118,434)	-	-
-	(765,388,037)	-	(765,388,037)	-	-
14,979,526	-	31,786,655	31,786,655	-	-
14,979,526	-	31,786,655	31,786,655	-	-
\$ 14,979,526	\$ (765,388,037)	\$ 31,786,655	\$ (733,601,382)	\$ -	-
\$ -	\$ -	\$ -	\$ -	\$ (237,826,305)	-
-	-	-	-	116,241	-
\$ -	\$ -	\$ -	\$ -	\$ (237,710,064)	-
	\$ 606,671,132	\$ -	\$ 606,671,132	\$ -	-
	92,752,491	-	92,752,491	-	-
	51,162,465	-	51,162,465	-	-
	16,430,064	-	16,430,064	-	-
	4,754,596	-	4,754,596	-	-
	63,334,579	-	63,334,579	-	-
	34,828,508	3,123,195	37,951,703	222,640	-
	93,482,240	22,649,990	116,132,230	-	-
	1,136,532	-	1,136,532	585,892	-
	570,633	607,985	1,178,618	13,194,485	-
	-	-	-	319,339,248	-
	965,123,240	26,381,170	991,504,410	333,342,265	-
	199,735,203	58,167,825	257,903,028	95,632,201	-
	1,678,730,141	1,321,889,967	3,000,620,108	(68,840,032)	-
	\$ 1,878,465,344	\$ 1,380,057,792	\$ 3,258,523,136	\$ 26,792,169	-

**HENRICO COUNTY, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2023**

**Exhibit 3**

	<b>General Fund</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and temporary investments	\$ 463,130,910	\$ 76,330,606	\$ 1,197,897	\$ 365,749,953	\$ 906,409,366
Receivables, net	255,293,471	8,863,333	-	-	264,156,804
Due from other governmental units	38,487,595	4,573,428	-	11,897,291	54,958,314
Due from component unit	35,954,105	-	-	-	35,954,105
Other assets	6,705,162	2,665,457	-	-	9,370,619
<b>Total assets</b>	<u>\$ 799,571,243</u>	<u>\$ 92,432,824</u>	<u>\$ 1,197,897</u>	<u>\$ 377,647,244</u>	<u>\$ 1,270,849,208</u>
<b>Liabilities:</b>					
Accounts payable	\$ 67,542,364	\$ 1,465,419	\$ -	\$ 6,491,212	\$ 75,498,995
Accrued liabilities	24,425,591	3,714,304	-	19,096,335	47,236,230
Amounts held for others	13,342,651	-	-	-	13,342,651
Unearned revenues	385,081	5,759,848	-	61,101,166	67,246,095
Due to other funds	1,352,856	278,078	-	1,282,532	2,913,466
<b>Total liabilities</b>	<u>\$ 107,048,543</u>	<u>\$ 11,217,649</u>	<u>\$ -</u>	<u>\$ 87,971,245</u>	<u>\$ 206,237,437</u>
<b>Deferred Inflows of Resources:</b>					
Other - leases	6,402,298	2,619,034			9,021,332
Unavailable revenues	258,203,541	4,135,170	-	-	262,338,711
<b>Total deferred inflows of resources</b>	<u>264,605,839</u>	<u>6,754,204</u>	<u>-</u>	<u>-</u>	<u>271,360,043</u>
<b>Fund Balances:</b>					
Restricted	9,903,705	49,152,538	-	-	59,056,243
Committed	36,400,000	-	-	289,675,999	326,075,999
Assigned	216,076,786	25,308,433	1,197,897	-	242,583,116
Unassigned	165,536,370	-	-	-	165,536,370
<b>Total fund balances</b>	<u>427,916,861</u>	<u>74,460,971</u>	<u>1,197,897</u>	<u>289,675,999</u>	<u>793,251,728</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 799,571,243</u>	<u>\$ 92,432,824</u>	<u>\$ 1,197,897</u>	<u>\$ 377,647,244</u>	

**Adjustments for the Statement of Net Position:**

Capital assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6)	\$ 1,932,231,968
Right to use assets used in government activities are not current financial resources and, therefore, are not reported as assets in the governmental funds. (Note 6)	30,702,611
Unearned revenues that have not been recognized as revenue in the current period and, therefore, are reported as liabilities in the governmental funds. (Note 3)	10,817,495
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. (Note 7)	(727,941,939)
Net pension liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(178,526,944)
Accrued interest on bonds payable, is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(9,355,052)
Deferred outflows and inflows of resources are not recorded as deferred outflows and inflows of resources in the governmental funds.	22,919,449
Net OPEB liability is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(52,074,311)
Internal service funds are used to charge the costs of equipment maintenance and, therefore, the assets and liabilities are included in the government activities in the Statement of Net Position.	50,942,022
Internal service funds, net profit allocation to business-type activities and component units is included in the Statement of Net Position as accounts receivable, but is not included in the governmental funds.	5,498,317
<b>Total Net Position of Governmental Activities</b>	<u>\$ 1,878,465,344</u>

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

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 4**

	General Fund	Special Revenue	Debt Service	Capital Projects	Total Governmental Funds
<b>Revenues:</b>					
General property taxes	\$ 607,588,432	\$ -	\$ -	\$ -	\$ 607,588,432
Other local taxes	222,617,999	-	-	-	222,617,999
Licenses and permits	9,760,443	-	-	-	9,760,443
Fines and forfeitures	1,683,002	-	-	-	1,683,002
Revenue from use of money and property	28,345,062	349,279	-	6,680,373	35,374,714
Charges for services	3,393,168	28,537,756	-	-	31,930,924
Miscellaneous	10,775,062	1,600,346	-	570,633	12,946,041
Recovered costs	6,711,737	1,668,178	-	-	8,379,915
Intergovernmental	149,763,682	54,854,794	-	47,357,090	251,975,566
<b>Total Revenues</b>	<b>1,040,638,587</b>	<b>87,010,353</b>	<b>-</b>	<b>54,608,096</b>	<b>1,182,257,036</b>
<b>Expenditures:</b>					
Current operating:					
General government	91,178,588	5,649,481	-	-	96,828,069
Judicial administration	14,355,903	1,585,574	-	-	15,941,477
Public safety	246,457,389	6,073,128	-	-	252,530,517
Public works	60,438,358	16,821,315	-	-	77,259,673
Health and social services	3,130,561	77,552,827	-	-	80,683,388
Parks, recreation, and culture	46,157,149	41,327	-	-	46,198,476
Community development	29,243,094	5,913,862	-	-	35,156,956
Education	319,339,248	-	-	-	319,339,248
Miscellaneous	48,974,386	-	31,841	-	49,006,227
Debt service:					
Principal	1,614,302	1,149,682	54,435,000	-	57,198,984
Interest and other charges	100,138	29,551	23,966,959	-	24,096,648
Capital outlay	-	-	-	144,340,250	144,340,250
<b>Total Expenditures</b>	<b>860,989,116</b>	<b>114,816,747</b>	<b>78,433,800</b>	<b>144,340,250</b>	<b>1,198,579,913</b>
Excess (deficiency) of revenues over (under) expenditures	179,649,471	(27,806,394)	(78,433,800)	(89,732,154)	(16,322,877)
<b>OTHER FINANCING (USES) SOURCES:</b>					
Transfers in	-	36,138,617	78,452,484	32,518,878	147,109,979
Transfers out	(147,109,979)	-	-	-	(147,109,979)
Total other financing (uses) sources, net	(147,109,979)	36,138,617	78,452,484	32,518,878	-
Net change in fund balance	32,539,492	8,332,223	18,684	(57,213,276)	(16,322,877)
<b>Total Fund Balances - June 30, 2022</b>	<b>395,377,369</b>	<b>66,128,748</b>	<b>1,179,213</b>	<b>346,889,275</b>	<b>809,574,605</b>
<b>Total Fund Balances - June 30, 2023</b>	<b>\$ 427,916,861</b>	<b>\$ 74,460,971</b>	<b>\$ 1,197,897</b>	<b>289,675,999</b>	<b>\$ 793,251,728</b>

**Adjustments for the Statement of Activities:**

Net change in fund balances - total governmental funds	\$ (16,322,877)
Repayment of bond principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	57,198,984
Revenues not in governmental funds that do provide current financial resources are reported as revenues in the Statement of Activities. (Note 3)	(917,300)
Governmental funds report capital outlays as expenditures while governmental activities capitalize those outlays to allocate those expenditures over the asset life.	204,605,217
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	(745,377)
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds. (Note 6)	(68,023,559)
Amortization expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(6,306,404)
Interest expense on bonds payable, is not due and payable in the current period and, therefore, is not reported as expenditures in the governmental funds. (Note 7)	10,978,214
Pension/OPEB activity is recorded as a expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	9,321,908
Internal service funds charge the costs of maintenance and healthcare services to governmental funds and are a reduction of expenses in the Statement of Activities.	8,735,457
Internal service funds' revenues and expenses not recorded in the governmental funds.	1,210,940
Change in Net Position of Governmental Activities	<u>\$ 199,735,203</u>

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

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

**Exhibit 5**

	<b>Business-type Activities Enterprise Fund Water and Sewer Revenue</b>	<b>Internal Service Funds</b>
<b>Assets:</b>		
Current assets:		
Cash and cash equivalents	\$ 189,247,276	\$ 47,866,336
Receivables, net	29,406,676	2,125,144
Due from other funds	1,282,532	1,763,893
Due from component unit	-	25,800
Inventories	1,352,084	842,818
Restricted cash and cash equivalents	53,864,998	-
<b>Total current assets</b>	<b>275,153,566</b>	<b>52,623,991</b>
Noncurrent assets:		
Other assets	3,753,762	-
Capital and intangible assets:		
Right to use assets	4,729	2,788
Land and construction in progress	383,705,370	-
Other capital assets, net	1,178,614,743	14,002,708
Capital assets, net	1,562,320,113	14,002,708
<b>Total non-current assets</b>	<b>1,566,078,604</b>	<b>14,005,496</b>
<b>Total assets</b>	<b>1,841,232,170</b>	<b>66,629,487</b>
<b>Deferred Outflows of Resources:</b>		
Contributions after measurement date	2,569,827	575,059
Change in proportionate share allocation	31,709	6,647
Difference between projected and actual earnings	-	-
Change of assumptions	1,720,357	361,624
Difference between actual and expected experience	927,755	194,304
Deferred loss on debt refunding, net	28,921,565	-
<b>Total deferred outflows of resources</b>	<b>34,171,213</b>	<b>1,137,634</b>
<b>Total assets and deferred outflows     of resources</b>	<b>1,875,403,383</b>	<b>67,767,121</b>
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	13,553,484	426,747
Deposits payable	1,003,840	-
Due to other funds	107,178	25,780
Accrued liabilities	2,839,868	12,068,353
Unearned revenues	9,685,797	-
Long-term liabilities due within one year	18,106,065	270,444
<b>Total current liabilities</b>	<b>45,296,232</b>	<b>12,791,324</b>
Noncurrent liabilities:		
Net pension liability	12,651,927	2,735,774
Net OPEB liability	1,601,232	322,873
Long-term liabilities due in more than one year	431,414,991	42,258
<b>Total non-current liabilities</b>	<b>445,668,150</b>	<b>3,100,905</b>
<b>Total liabilities</b>	<b>490,964,382</b>	<b>15,892,229</b>
<b>Deferred Inflows of Resources:</b>		
Change in proportionate share allocation	418,602	101,786
Difference between actual and expected experience	1,032,640	216,977
Difference between projected and actual earnings	2,379,124	504,196
Change of assumptions	475,340	109,911
Other - leases	75,503	-
<b>Total deferred inflows of resources</b>	<b>4,381,209</b>	<b>932,870</b>
<b>Total liabilities and deferred inflows     of resources</b>	<b>495,345,591</b>	<b>16,825,099</b>
<b>Net Position:</b>		
Net investment in capital assets	1,137,996,527	14,005,496
Restricted for debt service	29,663,629	-
Unrestricted net position	212,397,636	36,936,526
<b>Total net position</b>	<b>\$ 1,380,057,792</b>	<b>\$ 50,942,022</b>

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

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 6**

	<b>Business-type Activities Enterprise Fund Water and Sewer Revenue</b>	<b>Internal Service Funds</b>
<b>Operating Revenues:</b>		
Charges for services:		
Water system	\$ 71,241,566	\$ -
Sewer system	70,354,476	-
Interdepartmental charges	-	23,369,295
Contributions	-	147,516,251
Other	607,985	3,798,564
<b>Total operating revenues</b>	142,204,027	174,684,110
<b>Operating Expenses:</b>		
Purchased services	14,641,487	-
Utility charges	7,640,199	184,986
Personnel services and benefits	19,047,286	142,744,031
Professional services	15,275,050	197,837
Materials and supplies	10,019,207	15,131,648
Maintenance and repairs	4,869,364	4,195,690
Other expenses	7,320,233	1,541,310
Depreciation and amortization	33,610,084	2,339,980
<b>Total operating expenses</b>	112,422,910	166,335,482
Operating income	29,781,117	8,348,628
<b>Nonoperating Revenues (Expenses):</b>		
Investment income	3,123,195	1,114,023
Connection fees	20,552,335	-
Contributions	2,097,655	-
Interest expense	(12,199,690)	-
Gain on sale of equipment	-	96,917
Other	(166,313)	-
<b>Total nonoperating revenues, net</b>	13,407,182	1,210,940
Income before capital contributions	43,188,299	9,559,568
Capital contributions - donated assets	14,979,526	-
Change in net position	58,167,825	9,559,568
<b>Total net position - June 30, 2022</b>	1,321,889,967	41,382,454
<b>Total net position - June 30, 2023</b>	<u>\$ 1,380,057,792</u>	<u>\$ 50,942,022</u>

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

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 7**

	<b>Business-type Activities Enterprise Fund Water and Sewer Revenue</b>	<b>Internal Service Funds</b>
<b>Cash Flows From Operating Activities:</b>		
Receipts from customers	\$ 140,585,190	\$ 174,396,716
Payments to suppliers	(63,710,118)	(161,082,569)
Payments to employees	(17,149,821)	(4,380,733)
Net cash provided by operating activities	<u>59,725,251</u>	<u>8,933,414</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase of capital assets	(59,722,081)	(3,085,850)
Proceeds from sale of capital assets	679,709	96,917
Connection fees paid by contractors	19,607,755	-
Contributions	2,418,288	-
Virginia Nutrient Removal Credits	117,164	-
Interest paid on bonds	(12,340,803)	-
Principal paid on debt	(17,325,000)	-
Net cash used in capital and related financing activities	<u>(66,564,968)</u>	<u>(2,988,933)</u>
<b>Cash Flows From Investing Activities:</b>		
Investment income received	3,123,195	1,114,023
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	<u>(3,716,522)</u>	<u>7,058,504</u>
<b>Total Cash and Cash Equivalents - June 30, 2022</b>	246,828,796	40,807,832
<b>Total Cash and Cash Equivalents - June 30, 2023</b>	<u>\$ 243,112,274</u>	<u>\$ 47,866,336</u>
<b>Reconciliation of Operating Income (loss) to Net Cash Provided by (Used in) Operating Activities:</b>		
Operating income	\$ 29,781,117	\$ 8,348,628
net cash provided by operating activities:		
Depreciation	33,610,084	2,339,980
Amortization	-	1,662
Increase in accounts and notes receivable	(910,978)	(3,196)
Increase in inventories	(128,135)	134,933
Increase in due from other funds	-	(279,857)
Increase in due from component unit	-	(4,341)
Decrease in deferred outflows of resources	832,283	89,880
Decrease in accounts payable	(1,476,128)	(547,627)
Increase (decrease) in accrued liabilities	158,537	(838,119)
Decrease in accrued compensated absences	(42,067)	-
Increase in due to other fund	-	2,334
Increase in net pension liability	6,051,041	1,265,177
Increase in net OPEB liability	56,207	8,581
Decrease in deferred inflows of resources	(7,546,838)	(1,584,621)
Decrease in unearned revenues	(654,891)	-
<b>Net cash provided by operating activities</b>	<u>\$ 59,730,232</u>	<u>\$ 8,933,414</u>
<b>Reconciliation to Cash and Cash Equivalents on the Statement of Net Position:</b>		
Cash and cash equivalents	\$ 189,247,276	\$ 47,866,336
Restricted cash and cash equivalents	53,864,998	-
<b>Total Cash and Cash Equivalents - June 30, 2023</b>	<u>\$ 243,112,274</u>	<u>\$ 47,866,336</u>

**Supplemental disclosure of noncash investing and financing activities:**

The Water and Sewer Fund received donated assets in the form of infrastructure provided by developers of new subdivision throughout the County. The value of the assets received during the year was \$14,979,526.

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

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF FIDUCIARY  
NET POSITION  
JUNE 30, 2023**

**Exhibit 8**

	<b>Healthcare OPEB Trust</b>	<b>Custodial Funds</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ -	\$ 1,336,149
Investments:		
Pooled funds	94,790,520	-
Total investments	94,790,520	-
Accounts receivable	-	84
Prepaid	-	459
Due from other governments	-	93,125
Deferred outflows	-	1,395,208
Right to use asset, net	-	16,769
<b>Total Assets</b>	<b>94,790,520</b>	<b>2,841,794</b>
<b>Liabilities:</b>		
Accounts payable	-	97,450
<b>Total Liabilities</b>	<b>-</b>	<b>97,450</b>
<b>Fiduciary Net Position:</b>		
Funds restricted for postemployment		
benefits other than pensions	94,790,520	-
Funds restricted for others	-	2,744,344
	<u>\$ 94,790,520</u>	<u>\$ 2,744,344</u>

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

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Exhibit 9

	<u>Healthcare OPEB Trust</u>	<u>Custodial Funds</u>
<b>Additions:</b>		
Contributions		
Employer	\$ 9,604,420	\$ -
Members	-	1,345,624
Total contributions	9,604,420	1,345,624
Tuition income	-	3,681,950
State and federal grants	-	189,631
Pass-through funds	-	384,389
Miscellaneous	-	18,988
Investment income	6,132,316	17
Less investment expenses	(60,226)	-
Net, investment income	6,072,090	17
Total additions, net	\$ 15,676,510	\$ 5,620,599
<b>Deductions:</b>		
Benefit payments/refunds	\$ 5,721,012	\$ 1,961,004
Administrative expenses	500	-
Operations expenses	-	3,510,663
Total deductions	5,721,512	5,471,667
Net increase in fiduciary net position	9,954,998	148,932
<b>Fiduciary net position restricted for postemployment benefits other than pensions and other beneficiaries:</b>		
Total Fiduciary Net Position at June 30, 2022	84,835,522	2,595,412
Total Fiduciary Net Position at June 30, 2023	\$ 94,790,520	\$ 2,744,344

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



**HENRICO COUNTY, VIRGINIA  
STATEMENT OF NET POSITION  
COMPONENT UNITS  
JUNE 30, 2023**

**Exhibit 10**

	<b>School Board</b>	<b>James River Juvenile Detention Commission</b>	<b>Total</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 138,737,713	\$ 4,325,289	\$ 143,063,002
Restricted cash	-	55,261	55,261
Due from other governmental units	56,943,289	148,021	57,091,310
Inventories	153,913	-	153,913
Receivables net	1,143	53,610	54,753
Other assets	155,299	-	155,299
<b>Total current assets</b>	<u>195,991,357</u>	<u>4,582,181</u>	<u>200,573,538</u>
Capital and intangible assets:			
Right to use assets, net	20,208,845	3,852	20,212,697
Land and construction in progress	57,835,514	196,586	58,032,100
Other capital assets, net	239,931,833	4,328,914	244,260,747
<b>Capital and intangible assets, net</b>	<u>297,767,347</u>	<u>4,525,500</u>	<u>302,292,847</u>
<b>Total assets</b>	<u>513,967,549</u>	<u>9,111,533</u>	<u>523,079,082</u>
<b>Deferred Outflows of Resources:</b>			
Change in proportionate share allocation	7,563,756	55,721	7,619,477
Contributions after measurement date	66,031,810	574,928	66,606,738
Change in assumptions	34,493,596	398,781	34,892,377
Difference between expected and actual experience	23,671,181	204,951	23,876,132
<b>Total deferred outflows of resources</b>	<u>131,760,343</u>	<u>1,234,381</u>	<u>132,994,724</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>645,727,892</u>	<u>10,345,914</u>	<u>656,073,806</u>
<b>Liabilities:</b>			
Accounts payable	6,697,376	37,871	6,735,247
Accrued liabilities	1,421,565	217,800	1,639,365
Amount held for others	83,866	-	83,866
Unearned revenues	34,135,571	-	34,135,571
Due to other funds	-	25,800	25,800
Due to Primary Government	35,326,985	627,120	35,954,105
Long-term liabilities due within one year	19,124,792	259,886	19,384,678
<b>Total current liabilities</b>	<u>96,790,155</u>	<u>1,168,477</u>	<u>97,958,632</u>
Noncurrent liabilities:			
Net pension liability	346,923,106	2,666,478	349,589,584
Net OPEB liability	78,252,666	345,602	78,598,268
Long-term liabilities due in more than one year	15,410,013	702	15,410,715
<b>Total liabilities</b>	<u>440,585,785</u>	<u>3,012,782</u>	<u>443,598,567</u>
<b>Total liabilities</b>	<u>537,375,940</u>	<u>4,181,259</u>	<u>541,557,199</u>
<b>Deferred Inflows of Resources:</b>			
Change in proportionate share allocation	1,930,042	83,904	2,013,946
Difference between expected and actual experience	27,130,924	201,917	27,332,841
Difference between projected and actual pension earnings	44,863,026	618,829	45,481,855
Change in assumptions	12,617,250	108,945	12,726,195
Other - leases	169,601	-	169,601
<b>Total deferred inflows of resources</b>	<u>86,710,843</u>	<u>1,013,595</u>	<u>87,724,438</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u>624,086,783</u>	<u>5,194,854</u>	<u>629,281,637</u>
<b>Net Position (deficit):</b>			
Net investment in capital assets	298,043,652	4,524,847	302,568,499
Restricted grants	1,646,606	162,822	1,809,428
Unrestricted (deficit)	(278,049,149)	463,391	(277,585,758)
<b>Total Net Position (Deficit)</b>	<u>\$ 21,641,109</u>	<u>\$ 5,151,060</u>	<u>\$ 26,792,169</u>

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

**HENRICO COUNTY, VIRGINIA  
STATEMENT OF ACTIVITIES  
COMPONENT UNITS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 11**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Grants and Contributions	Grants and Contributions	School Board	JRJDC	
<b>Governmental Activities:</b>							
School Board:							
Instructional	\$ 685,379,541	\$ 4,058,071	\$ 443,495,165	\$ -	\$ (237,826,305)	\$ -	\$ (237,826,305)
Total School Board	685,379,541	4,058,071	443,495,165	-	(237,826,305)	-	(237,826,305)
<b>Business-type Activities:</b>							
James River Juvenile Detention Commission	6,148,159	6,110,273	154,127	-	-	116,241	116,241
<b>Total Component Units</b>	<u>\$ 691,527,700</u>	<u>\$ 10,168,344</u>	<u>\$ 443,649,292</u>	<u>\$ -</u>	<u>\$ (237,826,305)</u>	<u>\$ 116,241</u>	<u>\$ (237,710,064)</u>
<b>General revenues:</b>							
Interest and investment earnings					\$ -	\$ 222,640	\$ 222,640
Recovered costs					585,892	-	585,892
Miscellaneous					13,194,485	-	13,194,485
Payment from Primary Government					319,339,248	-	319,339,248
Total general revenues					<u>333,119,625</u>	<u>222,640</u>	<u>333,342,265</u>
Change in net position					95,293,320	338,881	95,632,201
<b>Total Net Position (deficit) at June 30, 2022</b>					(73,652,211)	4,812,179	(68,840,032)
<b>Total Net Position (deficit) at June 30, 2023</b>					<u>\$ 21,641,109</u>	<u>\$ 5,151,060</u>	<u>\$ 26,792,169</u>

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

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the County of Henrico, Virginia ("County") conform to accounting principles generally accepted in the United States of America ("GAAP") applicable to governmental units promulgated by the Governmental Accounting Standards Board ("GASB"). The following is a summary of the County's more significant accounting policies:

**A. Reporting Entity**

As required by GAAP, the County's financial statements present the Primary Government and its component units, entities for which the government is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of a government's operations and so data from these units are combined with data of the primary government. The County has no component units that meet the requirements for blending. The discretely presented component units, on the other hand, are reported in a separate column in the government-wide statements to emphasize they are legally separate from the primary government. Each of the County's discretely presented component units has a June 30 fiscal year-end.

In accordance with GAAP, the County has presented those entities which comprise the reporting entity (the primary government and discretely presented component units) in the government-wide statements.

**Discretely Presented Component Units:**

**School Board**

The County of Henrico School Board ("School Board" or "School") is a legally separate organization providing elementary and secondary public education to residents within the County's jurisdiction and is fiscally dependent on the County, receiving nearly 50 percent of its funding from the County. The nature and significance of the relationship between the County and the School Board is such that excluding the School Board would cause the County's financial statements to be misleading and incomplete. The School Board has not prepared a separate financial report.

**James River Juvenile Detention Commission**

The James River Juvenile Detention Commission ("JRJDC" or "Commission") is a separate organization established to provide a juvenile detention facility for the Counties of Goochland, Henrico and Powhatan. There are five voting members of the Commission, of which three members represent the County and one each represents the Counties of Goochland and Powhatan. Their respective county boards appoint the five Commission members. The Commission is financially dependent on the member jurisdictions. The operating costs are allocated among the member jurisdictions based on proportionate usage. The Commission does not prepare a separate financial report.

**Joint Ventures:**

**Capital Region Airport Commission**

The Capital Region Airport Commission is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 21.

**Greater Richmond Convention Center Authority**

The Greater Richmond Convention Center Authority is an intergovernmental joint venture and issues separate financial statements. The required information for the joint venture is presented in Note 21.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**B. Government-wide and Fund Financial Statements**

In accordance with GAAP, the County's financial statements are comprised of the following components:

Government-wide Financial Statements - The reporting model includes financial statements prepared using full accrual accounting for all the County's activities. This approach includes not just current assets and liabilities (such as cash and accounts payable), but also capital assets and long-term liabilities (such as buildings and infrastructure, including bridges and roads, and general obligation debt). Accrual accounting also reports all of the revenues and cost of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position - The Statement of Net Position is designed to display the financial position of the primary government (government and Business-type activities) and its discretely presented component units. The *Statement of Net Position* presents information on all the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the resulting difference reported as *net position*. The County reports all capital assets, including infrastructure, net of accumulated depreciation, in the government-wide Statement of Net Position and reports depreciation expense – the cost of “using up” capital assets – in the Statement of Activities. The net position of the County is broken down into three categories: 1) net investment in capital assets; 2) restricted net position; and 3) unrestricted net position.

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

Fund Financial Statements - The Fund financial statements organize and report the financial transactions and balances of the County based on fund categories. Separate financial statements for each of the County's three fund categories – Governmental (General, Special Revenue, Debt Service and Capital Projects), Proprietary (Water and Sewer Revenue) and Fiduciary are presented. Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. For the governmental funds, the financial statements consist of a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances, which are presented on current financial resources and modified accrual basis of accounting. This is how these funds are normally budgeted.

For the proprietary funds, the financial statements consist of a Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows. For the fiduciary funds, the financial statements consist of a Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position.

Reconciliation of Government-wide and Fund Financial Statements - Since the Governmental funds' financial statements are presented on a different measurement focus and basis of accounting than the government-wide financial statements, a summary reconciliation of the difference between total fund balances as reflected on the governmental funds' Balance Sheet and total governmental activities Statement of Net Position as shown on the Government-wide Statement of Net Position is presented in Exhibit 3. In addition, a summary reconciliation of the difference between the total net change in fund balances as reflected on the governmental funds' Statement of Revenues, Expenditures and Changes in Fund Balances and the change in net position of Governmental activities as shown on the Government-wide Statement of Activities is presented in Exhibit 4.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. Both the government-wide and fund financial statements (within the basic financial statements) categorize primary activities as either governmental or Business-type. In the government-wide Statement of Net Position, both the governmental and Business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables, as well as long-term debt and obligations.

The Statement of Net Position presents the County's net investment in capital assets, restricted net position and unrestricted net position. Net investment in capital assets, consists of net capital assets less related long-term liabilities, plus unspent bond proceeds, plus deferred loss on debt refunding, net. Restricted net position consists of amounts restricted by external sources related to capital projects, debt service and amounts received in the Special Revenue 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 they are needed.

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

Program revenues include charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function and grants and contributions that are restricted to meeting the operation or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants include operating-specific and discretionary grants while the capital grants column reflects capital-specific grants.

The governmental funds' financial statements are presented on a current financial resource measurement focus and the modified accrual basis of accounting, which is how these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental column, a reconciliation is presented, which briefly explains the adjustments necessary to reconcile the fund financial statements with the government-wide financial statements.

The County's fiduciary funds, which consist of custodial funds, are presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party (e.g., private parties, long-term disability participants, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements.

The focus of the government-wide model is on the County as a whole and the fund financial statements, including the major individual funds of the governmental and Business-type categories, as well as the fiduciary funds, (by category) and the component units. Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

In the fund financial statements, financial transactions and accounts of the County are organized based on funds which are considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate. The funds are grouped in the fund financial statements in fund types as follows:

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**NOTES TO FINANCIAL STATEMENTS**  
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Governmental Funds:

General Fund

The General Fund accounts for all revenues and expenditures of the County which are not accounted for in the other funds. Revenues are primarily derived from general property taxes, local sales taxes, license and permit fees, and revenues received from the Commonwealth of Virginia (“Commonwealth” or “State”).

A significant part of the General Fund's revenues is used to maintain and operate the general government or is transferred to other funds principally to fund debt service requirements and capital projects. General Fund revenues are used to reduce long-term liabilities including claims payable, accrued compensated absences and pension liabilities. Expenditures include, among other things, those for public safety, highways and streets, welfare, culture and recreation. The General Fund is considered a major fund for reporting purposes.

Special Revenue Fund

The Special Revenue Fund accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The Special Revenue Fund consists mainly of state and federal grants that have specific grant restrictions imposed. A portion of the revenues received in this fund are used to reduce the landfill liability each year. The Special Revenue Fund is considered a major fund for reporting purposes.

Debt Service Fund

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on all governmental funds' long-term debt except for accrued compensated absences and lease obligations for equipment, which are paid by the fund incurring such expenditures. Debt Service Fund resources are derived from transfers from the General Fund. The Debt Service Fund is considered a major fund for reporting purposes.

Capital Projects Fund

The Capital Projects Fund includes activity for all general government and school related capital projects which are financed through a combination of proceeds from general obligation bonds and transfers from the General Fund. The Capital Projects Fund is considered a major fund for reporting purposes.

Proprietary Funds:

Enterprise Fund

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the County is that the cost of providing services to the general public be financed or recovered through charges to users of such services. All assets and deferred outflows, liabilities and deferred inflows, net position, revenues, expenses, and payments relating to the government's business activities are accounted for through these funds. The measurement focus is on determination of change in net position, financial position, and cash flows. Operating revenues include charges for services and are used to pay for compensated absences, pension costs and other operating expenses. Operating expenses include costs of services, as well as materials, contracts, personnel, and depreciation. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

This major fund includes the operation, maintenance and construction of the County-owned water and wastewater (“sewer”) utility (considered a single segment for financial reporting purposes) and is presented as a Business-type activity in the government-wide financial statements.

The County's Belmont Park Golf Course reported operations as an enterprise fund as of June 30, 2020, and prior years. On December 10, 2019, the County signed an agreement with First Tee - Greater Richmond

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**NOTES TO FINANCIAL STATEMENTS**  
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("First Tee") to take over the operation and management of Belmont Golf Course. The agreement is for 20 years, and First Tee retains the right to establish all fees and has rights to all the revenues received during the management agreement. Henrico County continues to retain the ownership of all the property at Belmont Golf Course during the term of the agreement with First Tee. On January 1, 2020, Belmont Golf Course was closed to the public to undergo extensive renovations. Belmont Golf Course reopened for the public on May 29, 2021. As of June 30, 2021, the County has discontinued reporting the operations of Belmont Golf Course as an enterprise fund.

Internal Service Funds

The Internal Service Funds account for the County's Central Automotive Maintenance operations, Technology Replacement operations and self-funded health insurance fund. Resources for these funds come from interdepartmental charges. The effect of the interdepartmental activity has been eliminated from the government-wide financial statements using a net profit (loss) allocation method. The excess revenue for the fund is allocated to the appropriate functional activity within governmental, Business-type and component unit activities. The Internal Service Funds are included in governmental activities for government-wide reporting purposes. Inter-fund services that are provided and used are not eliminated in the process of consolidation. External revenues received are reported within governmental activities for government-wide reporting purposes.

Fiduciary Funds:

Custodial Funds account for fiduciary funds administered by the County and are custodial in nature (assets equal liabilities and fiduciary net position) and have full accrual measurement focus. The County Custodial Funds consist of the Jail Inmate Fund, Special Welfare, Mental Health and Developmental Services (MHDS), Non-Judicial Sales Tax Funds and Code RVA. The Jail Inmate Fund accounts for receipts and disbursement of monies for jail inmates for use in the jail commissary. The Special Welfare Fund accounts for the receipts and disbursements of monies maintained in individual accounts for certain County welfare recipients. The MHDS Fund accounts for receipts and disbursements of monies maintained for individual clients. The Non-Judicial Tax Sales Fund accounts for receipts and disbursements of monies received from delinquent tax sales. Code RVA accounts for the receipts and disbursement of monies received from School Boards and State Agencies to operate the Code RVA Technical School. The Healthcare OPEB Plan Trust Fund accumulates assets to pay future healthcare postretirement benefits other than pensions.

The accounting and reporting treatment applied to the capital assets and long-term liabilities associated with a fund are determined by its measurement focus. All Governmental Funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on their Balance Sheet. Their reported fund balance ("net current assets") is considered a measure of "available resources to be spent". Governmental Funds' operating statements present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available expendable resources" during a period. Capital assets and long-term liabilities are not recorded in the fund financial statements; however, a reconciliation of the fund balance to the Statement of Net Position for the governmental activities in the government-wide financial statements is provided to account for the differences between the two statements and measurement focuses (e.g., capital assets and long-term liabilities, etc.).

All Proprietary Funds are accounted for on a cost of services or economic resources measurement focus. This means that all assets and deferred outflows of resources and all liabilities and deferred inflows of resources (whether current or non-current) associated with their activity are included on their statement of net position. Each of their reported net position is segregated into net investment in capital assets, restricted and unrestricted net position. Proprietary Fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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C. Capital and Right to Use Assets

Capital outlays are recorded as expenditures of the General, Special Revenue and Capital Projects Funds. Capital assets are recorded in the government-wide financial statements to the extent the County's capitalization threshold of \$10,000 for equipment and \$25,000 for buildings, improvements, infrastructure, and software are met. All land is capitalized. Depreciation is recorded on general capital assets on a governmental-wide basis using the straight-line method. The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Estimated historical cost was primarily used for land costs (for which the historical assessment records of the County were used). Donated capital assets are valued at their acquisition value on the date donated. When capital assets are sold or retired, their costs are removed from the accounts and the gain or loss for the disposal is reflected in the statement of activities.

The initial measurement of right to use lease assets includes the initial lease liability and initial direct costs. The initial lease liability consists of the present value of future lease payments and the present value of any purchase options. Initial direct costs are incremental costs that would not have been incurred if the lease had not been executed. Right to use assets are amortized over the shorter of the life of the asset or the lease term. Right to use assets useful life are the same as capital assets noted above.

The County adopted Senate Bill 276 that was added to the Code of Virginia in 2002, which revised the reporting of local school capital assets and related debt for financial statement purposes. Under the law, local governments have a "tenancy in common" with the School Board whenever the locality incurs any financial obligation for any school property, which is payable over more than one fiscal year. This legislation permits the County to report the portion of the school property related to general obligation bonds outstanding, eliminating any potential deficit from capitalizing school capital assets financed with debt.

Proprietary Funds

Capital assets for the Proprietary Funds are stated at cost, net of accumulated depreciation. Right to use assets are stated at cost, net of accumulated amortization and are amortized over the shorter of the life of the asset or the lease term. Right to use assets useful life are the same as capital assets noted below. Gifts, donations, or contributions of capital assets are recorded at their acquisition value at date of receipt and are recorded as contribution revenues. Depreciation of all exhaustible capital assets used by Proprietary Funds is charged as an expense against their operations. Accumulated depreciation is reported as a contra-asset account on the Proprietary Funds' Statement of Net Position. Depreciation has been provided over the estimated useful lives using the straight-line method.

The estimated useful lives are as follows:

Buildings	25 - 50 years
Improvements	20 - 50 years
Equipment	4 - 30 years
Infrastructure	10 - 65 years

When Proprietary Funds' assets are sold or retired, their costs and related accumulated depreciation are removed from the accounts and the gains or losses are reflected in the statement of revenues, expenses and changes in net position.



**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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D. 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 and reported amounts of revenues and expenditures/expenses during the reporting period. Management may also make estimates of commitments and contingencies at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

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

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Government-Wide Financial Statements

The government-wide financial statements consist of separate statements of net position and of activities. 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. 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. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of these activities are included on the Statement of Net Position.

Governmental Funds' Financial Statements

Governmental funds' financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. Revenues and related assets are recorded when susceptible to accrual, (i.e., both measurable and available to finance operations during the year.) Accordingly, real and personal property taxes are recorded as receivables when billed and recognized as revenues when available and collected, net of allowances for uncollectible amounts. As required by Virginia statute, property taxes not collected within 60 days after year end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the State and public utilities and subsequently remitted to the County, are recognized as revenues and receivables when collected by the State and the utility (generally in the month preceding receipt by the County). Licenses, permits, and fines are recorded as revenues when received. Intergovernmental revenues, consisting primarily of Federal, state and other grants used for the purpose of funding specific expenditures, are recognized when earned (i.e., fiscal year in which all eligibility requirements, including time requirements, if any, have been satisfied) or at the time of the specific expenditure. Revenues from general-purpose grants are recognized in the period to which the grant applies. 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 are recorded when paid.

Proprietary Funds

The accrual basis of accounting is used for the Enterprise and Internal Service Funds. Under the accrual method, revenues are recognized in the accounting period in which they are earned, while expenses are recognized in the accounting period in which they are incurred.

Custodial Funds

Custodial Funds use the economic resources measurement focus.

**HENRICO COUNTY, VIRGINIA**  
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F. Budgets and Budgetary Accounting

Required Supplementary Information - Budgetary Comparison Schedules - Demonstrating compliance with the adopted budget is an important component of the County's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons. In accordance with GAAP reporting requirements, governments provide budgetary comparison information in their annual reports by disclosing the government's original budget to the current comparison of final budget and actual results (see Exhibits 13 and 14).

The County adheres to the following procedures in establishing the budgetary data reflected in the supplementary financial information and schedules:

In January, the Superintendent of Schools submits a proposed budget to the School Board, which conducts public hearings to obtain taxpayer comments. The School Board will then adopt a School Budget and submit it to the County Board of Supervisors before March 1<sup>st</sup>.

Prior to April 1<sup>st</sup>, the County Manager submits to the County Board of Supervisors (the "Board") a proposed operating budget for the fiscal year commencing July 1<sup>st</sup>, which includes the proposed school budget. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments. The Board will hold a public hearing on the total County budget (including Schools) and then adopt the County budget before the end of April. Prior to May 1<sup>st</sup>, the budget is legally enacted through passage of a resolution. Prior to July 1<sup>st</sup>, the Board approves the Appropriations Resolution (the "Resolution"). The Resolution places legal restrictions on expenditures at the function level.

The County Manager is authorized to transfer budgeted amounts between departments within any fund; however, the Board must approve any revisions that alter the total budgeted amounts and/or appropriations of any fund. Although legal restrictions on expenditures are established at the function level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.

Budgets are adopted on a basis consistent with GAAP. Annual operating budgets are adopted for all Governmental Funds (including Schools) except for the Capital Projects Fund, in which effective budgetary control is achieved on a project-by-project basis when funding sources become available. Budgeted amounts shown are amended by the Board during the course of the fiscal year.

All appropriations lapse at year-end, except those for the Capital Projects Fund. It is the intention of the Board that appropriations for Capital Projects continue until completion of the project. The Board, in an appropriation Board paper, reaffirms this each year.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund, Special Revenue Fund and Capital Projects Fund. While appropriations lapse at the end of the fiscal year for the General Fund and Special Revenue Fund, the succeeding year's budget ordinance specifically provides for the re-appropriation of year-end encumbrances.

H. Inventories and Prepaid Expenses

Proprietary Funds

Inventories consist mainly of supplies and spare parts held for consumption, which are valued by methods, which approximate average cost. Prepaid expenses represent a deposit made to an outside company for postage for the weekly mailing of utility bills. Amounts are expensed under the consumption method as the bills are mailed.

**HENRICO COUNTY, VIRGINIA**  
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**I. Interest Costs**

In accordance with GAAP, the cost of properties for the Water and Sewer Revenue Fund includes net interest costs incurred during the construction period on funds borrowed to finance the acquisition or construction of major facilities. For the year ended June 30, 2023, the Water and Sewer Revenue Fund incurred interest costs of \$12,199,690.

**J. Accrued Compensated Absences**

Annual leave is granted to all permanent County employees and certain permanent County School System ("School") employees. County and School employees can earn annual leave at the rate of 4 hours for every 80 standard hours worked up to a maximum of 9 hours for every 80 standard hours after 25 years of service. While there is no requirement that annual leave be taken, the maximum permissible accumulation is 468 hours for County employees and 52 days for School employees. Accumulated annual leave vests and the County is obligated to make payment even if the employee terminates. The current and non-current liability for unused and unpaid annual leave attributable to the County's Governmental Funds is recorded in the government-wide financial statements. The amounts attributable to the Proprietary Funds (Enterprise and Internal Service Funds) are charged to expense and corresponding liabilities established in the applicable Proprietary Funds.

County and School Board employees in the Virginia Retirement System (VRS) Plan 1 or 2, can earn sick leave at the rate of 4 hours for every 80 standard hours worked and 13 days per year, respectively, without limitation on accumulation. Sick leave is non-vesting except for employees retiring from service. Retiring employees are vested at a rate of \$4.00 for every hour of sick leave earned with a maximum payment of \$15,000. County and School Board employees in the VRS Hybrid Plan can earn sick leave at the rate of 3 hours for every 80 hours, not to exceed 78 hours at any time. In accordance with GAAP, the sick leave liability has been recorded using the termination payment method.

Compensated absences are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund for Business-type Activities and the Schools and JRJDC Funds for Component Unit Activities.

**K. Deferred Outflows/Inflows of Resources**

The County reports deferred outflows of resources and deferred inflows of resources on its statement of Net Position. Deferred outflows of resources represent a consumption of net assets that applies to future periods and is not recognized as an outflow of resources (expense) until the applicable period. Deferred inflows of resources represent an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until a future period.

Employer contributions made after the measurement date of the net pension liability and net OPEB liability of June 30, 2022, for the VRS pension and OPEB plans and prior to the reporting date of June 30, 2023, have been reported as deferred outflows of resources in the Statement of Net Position as of June 30, 2023. Deferred outflows of resources of \$45,117,115, \$2,569,827, and \$66,606,738 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively, for such contributions made after the measurement date. Employer contributions made to the VRS are charged to the General Fund and Internal Service Funds for Governmental Activities, the Water and Sewer Fund for Business-type Activities and the Schools and JRJDC Funds for Component Unit Activities.

Changes in the proportionate share allocation between the beginning of the year measurement date of the net pension liability and net OPEB liability and the end of the year measurement date have been reported as either a deferred outflows of resources or deferred inflows of resources in the Statement of Net Position as of June 30, 2023. The County has reported deferred outflows of resources of \$1,519,348, \$31,709, and \$7,619,477 and deferred inflows of resources of \$399,704, \$418,602, and \$2,013,946 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively for such changes in proportionate share allocation.

**HENRICO COUNTY, VIRGINIA**  
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Changes of assumptions as of the measurement dates have been reported as deferred outflows and inflows of resources. Deferred outflows of resources of \$27,740,142, \$1,720,357, and \$34,892,377 and deferred inflows of resources of \$16,739,938, \$475,340, and \$12,726,195 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively, for such changes in assumptions.

Differences between actual and expected experience as of the measurement date have been reported as either a deferred outflow of resources or deferred inflow of resources. The County has reported deferred outflows of \$18,896,090, \$927,755, and \$23,876,132 and deferred inflows of resources of \$14,662,812, \$1,032,640, and \$27,332,841 in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively, for such differences between actual and projected experience.

Differences between the projected and actual earnings on pension and OPEB plan investments during the measurement years have been reported as a deferred inflow of resources in the Statement of Net Position as of June 30, 2023. Deferred inflows of resources of \$38,346,027, 2,379,124 and \$45,481,855 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively, for such differences between projected and actual earnings.

Deferred inflows of resources of \$9,021,332, \$75,503, and \$169,601 have been reported in Governmental Activities, Business-type Activities and Component Units' Statement of Net Position as of June 30, 2023, respectively, for lease receivables deferred inflows of resources.

The Water and Sewer Revenue Fund reports a deferred loss on debt refunding, net as a deferred outflow of resources presented on the Business-type Activities and Proprietary Funds' Statements of Net Position. The deferred loss on refunding results from the net difference in the carrying value of refunded debt and its reacquisition price of the refunding debt. This net difference amount is deferred and amortized over the shorter of the life of the refunded debt or the refunding debt. The County has reported a deferred loss on the refunding of debt of \$28,921,565 as a deferred outflow of resources on both the Business-type Activities and Proprietary Funds' Statements of Net Position as of June 30, 2023.

The County has reported deferred inflows of resources of \$271,360,043 as a deferred inflows of resources on the Governmental Funds' Balance Sheet as of June 30, 2023 and includes \$9,021,332 in deferred lease revenue, unavailable revenues consist of \$28,916,058 in tax collections received in advance (due December 5, 2023), \$229,287,483 in unearned tax revenues representing uncollected tax billings not available for funding of current expenditures and \$4,135,170 in advanced grant funding received as of June 30, 2023.

**L. Nonspendable, Restricted, Committed, Assigned and Unassigned Fund Balance**

The County's governmental funds' balance classifications are categorized as nonspendable, restricted, committed assigned and unassigned based on the constraints placed on those resources by various levels of authority both within and external to the County. The County spends restricted fund balance amounts first, then committed fund balance amounts, then assigned fund balance amounts and then unassigned fund balance amounts.

Nonspendable fund balance includes amounts that cannot be spent because they are either not in a spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories, long-term loans and notes receivable. The County does not have nonspendable fund balance at June 30, 2023.

Restricted fund balances are amounts that are restricted for specific purposes by external parties such as creditors, grantors, constitutional provisions or through enabling legislation. Enabling legislation authorizes the government to levy, assess, or charge external resource providers and includes a legally enforceable requirement that the resources be used for a particular purpose specified in the legislation.

Committed fund balances are amounts that can only be used for specific purposes pursuant to formal action of the government's highest level of decision-making authority (i.e., the County's Board of Supervisors). Committed amounts cannot be used for any other purpose unless the commitment is changed by similar action of the Board of Supervisors and the committing action must be taken prior to year-end although the exact dollar amount may

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be determined in a subsequent period. The highest level of formal action approved by the County's Board of Supervisors to establish, modify, or rescind a fund balance commitment can be either a resolution or ordinance. Both an ordinance and resolution are equally binding, and a majority vote is required by the County's Board of Supervisors to change an ordinance or amend a resolution.

Assigned fund balances are amounts that are constrained by the government's intent to be used for specific purposes but are neither restricted nor committed. The intent should be expressed by the governing body itself, or subordinate high-level body, or official possessing such authority in accordance with government's policy. The expression of intent does not have to be made prior to year-end. Intent is stipulated by actions taken by a majority vote of the County's Board of Supervisors where those actions provide the County Manager and the Director of Finance the authority to assign fund balances.

Unassigned fund balance is the residual fund balance amount for the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes. Unassigned fund balance is only shown in the County's and School's General Fund balances. Effective with the implementation of GAAP relating to unassigned fund balances, the County's previous policy related to "unreserved fund balance" was redefined to be a policy for "unassigned fund balance." Unassigned fund balance is maintained at a level of 15.0 percent of General Fund expenditures. The policy of maintaining this reserve is examined annually during the budget process.

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The County's fund balance consists of the following balances:

	<u><b>General Fund</b></u>	<u><b>Special Revenue Fund</b></u>	<u><b>Debt Service Fund</b></u>	<u><b>Capital Projects Fund</b></u>
<b>Fund balances:</b>				
<b>Restricted for:</b>				
Road Construction	\$ 9,632,753	\$ -	\$ -	\$ -
Imaging System Upgrades	270,952	-	-	-
Drug Enforcement	-	1,634,892	-	-
Public Safety	-	18,167	-	-
Mental Health Programs	-	26,631,501	-	-
Social Service Programs	-	20,867,978	-	-
Total Restricted	<u>9,903,705</u>	<u>49,152,538</u>	<u>-</u>	<u>-</u>
<b>Committed</b>				
Public Works	2,500,000	-	-	68,661,892
Technology Improvements	1,650,000	-	-	1,366,623
Building and Grounds	7,500,000	-	-	2,711,322
Road Maintenance	-	-	-	93,724,379
Community Development	-	-	-	9,371,806
Community Revitalization	4,750,000	-	-	-
Landfill Expansion	-	-	-	48,886,739
Public Safety Projects	-	-	-	12,303,665
Parks and Recreation	2,000,000	-	-	36,661,444
Libraries	-	-	-	404,980
Education Projects	<u>18,000,000</u>	<u>-</u>	<u>-</u>	<u>15,583,149</u>
Total Committed	<u>36,400,000</u>	<u>-</u>	<u>-</u>	<u>289,675,999</u>
<b>Assigned to:</b>				
Public Works	12,300,020	21,827,886	-	-
General Government	110,206,461	3,480,547	-	-
Capital projects	92,625,328	-	-	-
Debt Service	-	-	1,197,897	-
Total Assigned	<u>215,131,809</u>	<u>25,308,433</u>	<u>1,197,897</u>	<u>-</u>
<b>Unassigned</b>	<u><u>166,481,347</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

In the General Fund, the County has \$9,903,705 restricted for various projects to include \$9,632,753 restricted for public works projects and \$270,952 restricted for circuit court enhancements to imaging systems for land records. In the Special Revenue Fund, the County has \$49,152,538 restricted for various programs to include \$1,634,892 for drug enforcement, \$18,167 for commissary operations, \$26,631,501 for mental health programs and \$20,867,978 for social services programs. The County also has \$36,400,000 committed for various capital projects in the County's General Fund which include \$2,500,000 for countywide pedestrian improvements, \$1,650,000 for information technology projects, \$7,500,000 for various building and grounds rehabilitation and improvement projects, \$4,750,000 for neighborhood revitalization projects and investment programs, \$2,000,000 for recreation facility renovations and \$18,000,000 for various high school, middle school, and elementary projects for use in future fiscal years.

In the Capital Projects Fund, the County has \$289,675,999 committed for various projects to include \$68,661,892 for public works, \$1,366,623 for computer and technology improvements, \$2,711,322 for rehabilitation and

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renovations to various buildings and grounds, \$93,724,379 for road maintenance and drainage, \$9,371,806 for community development projects, \$48,886,739 for landfill expansion and development, \$12,303,665 for public safety, \$36,661,444 for parks and recreation additions and improvements, \$404,980 for library renovations and additions and \$15,583,149 for various high school, middle school and elementary projects.

In the General Fund, the County has a public works reserve for \$12,300,020 and \$110,206,461 assigned for general government operations, which include a \$10,000,000 self-insurance reserve, a \$4,788,290 sports tourism reserve, a \$16,476,074 reserve for future operating costs of new facilities, a \$27,000,000 reserve for future vehicle replacements and a \$51,942,097 reserve for various operational costs in future years. The County also has \$92,625,328 assigned for capital projects, which includes \$3,005,703 for a new facility, \$5,000,000 for a radio communication system, \$6,000,000 for financial system upgrades, \$17,000,000 for future economic development, and \$61,619,625 for future capital projects. In the Special Revenue Fund, the County has \$25,308,433 assigned for various operations to include \$21,827,886 for public works for the County's solid waste operations and \$3,480,547 for economic and workforce development within the County. In the Debt Service Fund, the County has \$1,197,897 assigned for future debt service payments. The County has \$166,481,347 in unassigned fund balance in the County's General Fund.

School has \$34,786,982 in assigned fund balance in the Schools' General Fund. Schools also have restricted fund balance for various education program grants of \$1,646,606 in the Schools' Special Revenue Fund. Schools also have committed fund balance in the Schools' Capital Projects Fund of \$85,704,270 for various high school, middle school and elementary school construction and renovation projects.

**M. Statement of Cash Flows**

The County has presented a statement of cash flows for the Proprietary Funds. For purposes of this statement, cash and cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and investments with original maturities of 90 days or less.

**N. Pension Plans**

In accordance with GAAP, the County recognizes a net pension liability (asset) on the Statement of Net Position for the net funded status of pension plans as employees earn their pension benefits and recognizes annual pension cost under an "earnings" approach rather than a "funding" approach. Accordingly, the County's Governmental Activities, Business-type Activities, and Component Units have recorded the impact of the related net pension liability (asset), deferred outflows of resources, deferred inflows of resources, and pension expense in the accompanying financial statements in accordance with GAAP. For further information regarding the reporting entity's defined benefit pension plans, refer to notes 9 and 10 of the accompanying notes to the financial statements.

**O. Other Postemployment Benefit Plans**

The County participates in four other postemployment benefit (OPEB) plans, for which GAAP requirements are used for financial reporting:

Single – employer defined benefit OPEB plans:

- Healthcare (see Note 11 to the financial statements)
- Line of Duty (see Note 12 to the financial statements)

Multiple-employer defined benefit cost-sharing plans through the VRS:

- Group Life Insurance ("GLI") (see Note 13 to the financial statements)
- Teacher Health Insurance Credit Plan ("HIC") (see Note 14 to the financial statements)

The County participates in the Virginia Pooled OPEB Trust Fund, an irrevocable trust established for the purpose of accumulating assets to fund the Healthcare single-employer plan. The County presents a Statement of Fiduciary

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Net Position (Exhibit 8) and Statement of Changes in Fiduciary Net Position (Exhibit 9) for its proportionate share of the Virginia Pooled OPEB Trust Fund. The Line of Duty plan is not administered through a trust or equivalent arrangement and is funded on a pay-as-you-go basis and, therefore, the plan has no fiduciary net position and the County reports the total OPEB liability on its Statement of Net Position as of the measurement date.

**P. New Accounting Pronouncements**

In March 2020, GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The County has not entered into any public-private or public-public partnerships or availability payment arrangements for fiscal year ending June 30, 2023.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources. This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information. Under this Statement, a government should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability (see Note 7).

A government should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable.



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A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

In April 2022, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The practice issues addressed by this Statement are as follows:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.
- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP)
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statements.
- Terminology updates related to certain provisions of Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position
- Terminology used in Statement 53 to refer to resource flows statements.

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The requirements of this Statement that are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective for the fiscal year ending June 30, 2022.
- The requirements related to leases, PPPs, and SBITAs are effective for the fiscal year ending June 30, 2023.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for the fiscal year ending June 30, 2024.

**Q. Future Accounting Pronouncements**

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability.

This Statement defines *accounting changes* as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. As part of those descriptions, for (1) certain changes in accounting principles and (2) certain changes in accounting estimates that result from a change in measurement methodology, a new principle or methodology should be justified on the basis that it is preferable to the principle or methodology used before the change. That preferability should be based on the qualitative characteristics of financial reporting—understandability, reliability, relevance, timeliness, consistency, and comparability. This Statement also addresses corrections of errors in previously issued financial statements.

This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate number of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated.

Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). For periods that are earlier than those included in the basic financial statements, information presented in RSI or SI should be restated for error corrections, if practicable, but not for changes in accounting principles. The County will adopt the requirements set forth in this Statement for the fiscal year ending June 30, 2024.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

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This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities.

With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The County will adopt the requirements of this statement for the fiscal year ending June 30, 2025.

**NOTE 2. DEPOSITS AND INVESTMENTS**

The County utilizes a pooled cash and investments approach where each fund participates on a dollar equivalent and daily transaction basis. Interest is distributed based on average monthly balances. Use of current banking processes provides for daily sweeps of deposits made to County accounts, resulting in an instantaneous transfer to the investment account. Thus, the majority of funds in the County's general account are invested at all times. Exceptions to this are funds in the JRJDC checking account and the Schools' Student Activity Fund, which are not under County control. The County's pooled portfolio also excludes pension and OPEB plans, maintained by the VRS, and unspent bond proceeds maintained in the State Non-Arbitrage Pool for Virginia (SNAP), the Virginia Local Government Investment Pool (LGIP) and participating localities investments in LGIP.

The County maintains a cash and temporary investment pool that is available for use by all funds, except Schools' Activity Agency Funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and temporary investments". In addition, cash and investments are separately held for several of the County's funds. Highly liquid investments with maturities of 90 days or less from date of purchase are considered cash equivalents. In accordance with GAAP, investments are shown at fair value except for commercial paper, bankers' acceptances, Treasury and Agency obligations and investments in SNAP and LGIP that have a remaining maturity at the time of purchase of one year or less, which are shown at amortized cost. As of June 30, 2023, the difference between amortized cost and the fair value of those securities held at amortized cost is immaterial to the basic financial statements. Fair value is based on quoted market prices, which are provided by the County's Investment Manager, Sterling Capital, as of June 30, 2023. The net increase in fair value of investments during the year ended June 30, 2023, was \$89,454,901. This amount considers all changes in fair value that occurred during the fiscal year.

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Deposits - Bank

At June 30, 2023, the carrying value of the County's deposits with banks was \$65,161,249 and the bank balance was \$67,155,910. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act"). Under the Act, banks holding public deposits in excess of the amounts insured by FDIC must pledge collateral in the amount of 50 percent of excess deposits to a collateral pool in the name of the State Treasury Board. The State Treasury Board is responsible for monitoring compliance with the collateralization and reporting requirements of the Act and for notifying local governments of compliance by banks. A multiple financial institution collateral pool that provides for additional assessments is similar to depository insurance. If any member financial institution fails, the entire collateral pool becomes available to satisfy the claims of governmental entities. 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.

The carrying amount of deposits for the School Board, a discretely presented component unit, was \$5,732,918 and the bank balance was \$9,285,749. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act. The carrying amount of deposits for the James River Juvenile Detention Commission, a discretely presented component unit, was \$438,157 and the bank balance was \$438,244. All the bank balance was covered by Federal Depository Insurance or collateralized in accordance with the Act.

Deposits – Fiscal Agent

At June 30, 2023, the County had deposits of \$30,165,052 with fiscal agents representing funds to meet debt service requirements in accordance with various bond resolutions and trust indentures. These deposits were collateralized in accordance with the provision of the Act.

Investments

State statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of any city, county, or town situated in any one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers' acceptances, repurchase agreements, money market mutual funds that invest exclusively in securities specifically permitted under the Virginia Code, and the LGIP. The County's current investment guidelines do not permit the investment of funds in repurchase agreements. During the fiscal year, the County had investments in municipal bonds, money market mutual funds, obligations of the United States and agencies thereof, and LGIP.

The County's investment guidelines establish limitations on holdings, in order to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury Securities). The maximum percentage of the portfolio permitted in each security is as follows:

U.S. Treasury Obligations (bills, notes and bonds)	100%
U.S. Government Agency Securities and Instrumentalities	70%
Bankers' Acceptances (BA's)	40%
Money Market	40%
Certificates of Deposit (CD's) Commercial Banks	90%
Certificates of Deposit (CD's) Savings & Loan Associations	10%
Commercial Paper	35%
Local Government Investment Pool	75%
Municipal Bonds	70%
Corporate Notes	20%

The County further limits a maximum of 5 percent of the portfolio for any single bankers' acceptance or commercial paper issuer. The County maintains bond proceeds in the SNAP, an SEC-registered money market and investment fund. The County's total investment percentages in comparison to the investment guidelines are as follows:

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**Primary Government**

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 26,234,519	70%	2.39%
U.S. Government Agencies	51,163,182	70%	4.64%
Commercial Paper	48,863,005	35%	4.43%
Treasury Bills	45,256,387	100%	4.10%
Treasury Notes	270,642,323	100%	24.54%
U.S. Government Money Market Funds	154,589,442	40%	14.02%
Local Government Investment Pool	506,214,357	75%	45.89%
Total Investments	<u>\$ 1,102,963,215</u>		<u>100.00%</u>

**School Board**

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Municipal Bonds	\$ 3,627,486	70%	2.72%
U.S. Government Agencies	7,074,410	70%	5.32%
Commercial Paper	6,756,361	35%	5.08%
Treasury Bills	6,257,669	100%	4.70%
Treasury Notes	37,422,122	100%	28.14%
U.S. Government Money Market Funds	1,870,725	40%	1.41%
Local Government Investment Pool	69,995,022	75%	52.63%
Total Investments	<u>\$ 133,003,795</u>		<u>100.00%</u>

**James River Juvenile Detention Center**

	<u>Fair Value</u>	<u>Policy</u>	<u>Percent of Portfolio</u>
Treasury Bills	\$ 1,069,154	100%	27.12%
Treasury Notes	1,040,949	100%	26.41%
U.S. Government Money Market Funds	19,355	75%	0.49%
Local Government Investment Pool	1,812,435	100%	45.98%
Total Investments	<u>\$ 3,941,893</u>		<u>100.00%</u>

**Fair Value Hierarchy Disclosures**

The County categorizes its fair value measurements within the fair value hierarchy. The hierarchy is based on the valuation inputs used to measure fair value of the assets. Level 1 inputs are quoted prices in an active market for identical assets. Level 2 inputs are inputs (other than quoted market prices included within Level 1) that are observable for the asset either directly or indirectly. Level 2 observable inputs can be either prices for similar assets in active markets or prices for identical assets in non-active markets. Level 3 inputs are significant unobservable inputs (the County does not value any of its investments using level 3 inputs).

The following is a summary of the fair value hierarchy of the fair value of investments of the County reporting entity as of June 30, 2023:

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**Primary Government**

		<b>Fair Value Measurement Using</b>		
		<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
	<b>Total June 30, 2023</b>			
Municipal Bonds	\$ 26,234,519	\$ -	\$ 26,234,519	\$ -
U.S. Government Agencies	51,163,182	51,163,182	-	-
Commercial Paper	48,863,005	-	48,863,005	-
Treasury Bills	45,256,387	45,256,387	-	-
Treasury Notes	270,642,323	270,642,323	-	-
U.S. Government Money Market Funds	154,589,442	154,589,442	-	-
Local Government Investment Pool	417,011,381	-	417,011,381	-
LGIP Extended Maturity	89,202,976	-	89,202,976	-
Total Investments	<u>\$ 1,102,963,215</u>	<u>\$ 521,651,334</u>	<u>\$ 492,108,905</u>	<u>\$ -</u>

**School Board**

		<b>Fair Value Measurement Using</b>		
		<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
	<b>Total June 30, 2023</b>			
Municipal Bonds	\$ 3,627,486	\$ -	\$ 3,627,486	\$ -
U.S. Government Agencies	7,074,410	7,074,410	-	-
Commercial Paper	6,756,361	-	6,756,361	-
Treasury Bills	6,257,669	6,257,669	-	-
Treasury Notes	37,422,122	37,422,122	-	-
U.S. Government Money Market Funds	1,870,725	1,870,725	-	-
Local Government Investment Pool	57,660,792	-	57,660,792	-
LGIP Extended Maturity	12,334,230	-	12,334,230	-
Total Investments	<u>\$ 133,003,795</u>	<u>\$ 52,624,926</u>	<u>\$ 68,044,639</u>	<u>\$ -</u>

**James River Juvenile Detention Center**

		<b>Fair Value Measurement Using</b>		
		<b>Quoted Prices Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
	<b>Total June 30, 2023</b>			
U.S. Treasury Bills	\$ 1,069,154	\$ 1,069,154	\$ -	\$ -
Treasury Notes	1,040,949	1,040,949	-	-
U.S. Government Money Market Funds	19,355	19,355	-	-
Local Government Investment Pool	1,558,592	-	1,558,592	-
LGIP Extended Maturity	253,843	-	253,843	-
Total Investments	<u>\$ 3,941,893</u>	<u>\$ 2,129,458</u>	<u>\$ 1,812,435</u>	<u>\$ -</u>

Investments classified in Level 1 of the fair value hierarchy are valued using quoted prices in active markets. Fair value in an active market is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**HENRICO COUNTY, VIRGINIA**  
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Investments classified in Level 2 of the fair value hierarchy are valued using matrix pricing techniques maintained by various pricing vendors. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by our investment manager, Sterling Capital. Fair value is described as the exit price that assumes a transaction takes place in the County's most advantageous market in the absence of a principle market.

Investments classified in Level 3 of the fair value hierarchy are valued using significant unobservable inputs to the extent that observable inputs are not available. The County does not have any investments classified as Level 3.

**Investment Risk Disclosures**

The County's portfolio manager, Sterling Capital, provided the day-to-day management of investments during fiscal year 2023. In addition, the County's contract with the portfolio manager requires that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, Branch Banking and Trust (BB&T) Bank. The County and its discretely presented component units' investments are subject to interest rate, credit and custodial risk as described below:

*Interest Rate Risk* – As a means of limiting exposure to fair value losses arising from rising interest rates, the County's investment guidelines establish limits on the County's investment portfolio for maturities of less than one year and limit investments longer than one year. Per the investment guidelines, the maximum permissible maturity for any individual security is five years.

*Credit Risk* – State Statutes authorize the County to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivision thereof, obligations of any city, county, or town situated in one of the states of the United States, commercial paper rated A-1 by Standard and Poor's Corporation or P-1 by Moody's Commercial Paper Record, bankers acceptances, repurchase agreements, money market mutual funds and LGIP. During the fiscal year, the County made investments in obligations of the United States and agencies thereof, municipal bonds, commercial paper and money market funds. All investments are in compliance with the State Statutes governing investments of Public funds. The credit quality of obligations of U.S. government agencies held in the portfolio for the Federal National Mortgage Association (FNMA), the Federal Home Loan Banks (FHLB), and the Federal Home Loan Mortgage Corporation (FHLMC), received AAA ratings from Moody's and AA+ ratings from Standard & Poor. The credit quality of the municipal bonds held in the portfolio received ratings from Moody's and Standard & Poor's ranged from Aa2 to AAA. The commercial paper held in the portfolio received ratings from Moody's and Standard & Poor's of P-1 and A-1. The County used one money market mutual fund during the fiscal year, the State Non-Arbitrage Pool is rated AAA by Standard and Poor's, and BB&T Collateralized Deposit Program for Virginia Public Depositors.

*Custodial Risk* – For an investment, custodial risk is the risk that in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County's investment guidelines require that at the time funds are invested, collateral will be received and held in the County's name in the Trust Department of the County's independent third-party custodian, BB&T Bank, thereby minimizing custodial risk.

**HENRICO COUNTY, VIRGINIA**  
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**Investment Maturities**

As of June 30, 2023, the County reporting entity had the following investments and maturities:

**Primary Government**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Municipal Bonds	\$ 26,234,519	\$ 13,416,227	\$ 12,818,292
U.S. Government Agencies	51,163,182	30,189,737	20,973,445
Commercial Paper	48,863,005	48,863,005	-
Treasury Bills	45,256,387	45,256,387	-
Treasury Notes	270,642,323	164,597,764	106,044,559
U.S. Government Money Market Funds	154,589,442	154,589,442	-
Local Government Investment Pool	417,011,381	417,011,381	-
LGIP Extended Maturity	89,202,976	-	89,202,976
Total Investments	<u>\$ 1,102,963,215</u>	<u>\$ 873,923,943</u>	<u>\$ 229,039,272</u>
Total Deposits - Bank	\$ 65,161,249		
Total Deposits - Fiscal Agent	30,165,052		
Total Cash on Hand	97,671		
Total Deposits and Investments	<u>\$ 1,198,387,187</u>		

**Component Units:**

**School Board**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
Municipal Bonds	\$ 3,627,486	\$ 1,855,082	\$ 1,772,404
U.S. Government Agencies	7,074,410	-	7,074,410
Commercial Paper	6,756,361	6,756,361	-
Treasury Bills	6,257,669	6,257,669	-
Treasury Notes	37,422,122	22,759,181	14,662,941
U.S. Government Money Market Funds	1,870,725	1,870,725	-
Local Government Investment Pool	57,660,792	57,660,792	-
LGIP Extended Maturity	12,334,230	-	12,334,230
Total Investments	<u>\$ 133,003,795</u>	<u>\$ 97,159,810</u>	<u>\$ 35,843,985</u>
Total Deposits - Bank	\$ 5,732,918		
Total Cash on Hand	1,000		
Total Deposits and Investments	<u>\$ 138,737,713</u>		

**James River Juvenile Detention Commission**

	<b>Investment Maturities (in years)</b>		
	<b>Fair Value</b>	<b>Less than 1 year</b>	<b>1-5 years</b>
U.S. Treasury Bills	\$ 1,069,154	\$ 1,069,154	\$ -
U.S. Government Money Market Funds	19,355	19,355	-
Treasury Notes	1,040,949	-	1,040,949
Local Government Investment Pool	1,558,592	1,558,592	-
LGIP Extended Maturity	253,843	-	253,843
	<u>\$ 3,941,893</u>	<u>\$ 2,647,101</u>	<u>\$ 1,294,792</u>
Total Deposits	\$ 438,157		
Total Cash on Hand	500		
Total Deposits and Investments	<u>\$ 4,380,550</u>		
Total Deposit and Investments-Reporting Entity	<u>\$ 1,341,505,450</u>		



**HENRICO COUNTY, VIRGINIA**  
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The Mental Health and Developmental Services Fund cash of \$160,178 and Jail Inmate Fund cash of \$176,762 are not under the control of the Director of Finance, are not pooled with the Reporting Entity cash and investments and, therefore, are not included in the above presentation. These deposits were covered by Federal Depository Insurance or collateralized in accordance with the Virginia Security for Public Deposits Act.

**Healthcare OPEB Plan Investments**

In an effort to assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the Virginia Pooled OPEB Trust Fund (Trust Fund). The Trust Fund is an irrevocable trust offered to local governments. The Trust Fund issues a separate report, which can be obtained by requesting a copy from the plan administrator, Virginia Municipal League (“VML”) at P.O. Box 12164, Richmond, Virginia 23241. The County has included its proportionate share of the Trust Fund in its Fiduciary Funds financial statements (exhibits 9 and 10).

The Trust Fund is governed by a Board of Trustees composed of nine members. Trustees are elected by participants of the Trust Fund, whose votes are weighted according to each participating employer’s share of the total Trust Fund assets. 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 percent after inflation, in a manner consistent with prudent risk-taking. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor and evaluate the performance of the investments and the Trust Fund’s investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance.

As of June 30, 2023, the fair value of the Healthcare OPEB Plan’s interest in the Trust Fund was \$94,790,520. There were no other deposits or 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 balance of the Healthcare OPEB investments is unsecured and uncollateralized.

A government is permitted in certain circumstances to establish the fair value of investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investments. Investments in the Trust Fund are valued using NAV per share, which is determined by dividing the total value of the Trust Fund by the number of outstanding shares. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days’ written notice.

**NOTE 3. RECEIVABLES**

Receivables as of June 30, 2023 consist of the following:

**Primary Government**

	<b><u>Governmental Activities</u></b>		<b><u>Business-type Activities</u></b>	
	<u>General</u>	<u>Special Revenue</u>	<u>Enterprise Funds</u>	<u>Total</u>
Receivables:				
Interest	\$ 7,192,284	\$ -	\$ -	\$ 7,192,284
Taxes	254,061,011	-	-	254,061,011
Accounts	<u>2,758,537</u>	<u>13,432,791</u>	<u>32,756,676</u>	<u>48,948,004</u>
Gross Receivables	264,011,832	13,432,791	32,756,676	310,201,299
Less: Allowances for				
Doubtful Accounts	<u>8,718,361</u>	<u>4,569,458</u>	<u>3,350,000</u>	<u>16,637,819</u>
Receivables, net	<u>\$255,293,471</u>	<u>\$ 8,863,333</u>	<u>\$ 29,406,676</u>	<u>\$ 293,563,480</u>

Central Automotive Maintenance has a receivable of \$20,337 as of June 30, 2023, which is included on a government-wide basis. Long-term assets on a government-wide basis also include taxes receivable of \$229,287,483 that is not available to pay for current period expenditures and, therefore, are included in unearned revenues for the governmental

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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funds. Tax revenues reported in the government-wide statements include \$917,300 of revenues that do not provide current financial resources and, therefore, are not included in the governmental funds.

Component Unit receivables totaling \$54,753 consist of Schools' and JRJDS miscellaneous receivables of \$1,143 and \$53,610, respectively as of June 30, 2023.

**Component Units**

<u>Receivables:</u>	<u>School Board</u>	<u>JRJDC</u>	<u>Total</u>
Intergovernmental	\$ 56,943,289	\$ 148,021	\$ 57,091,310

Receivables are presented net of appropriate allowances for doubtful accounts. The County calculates its allowances using historical collection data, specific account analysis and management's judgment. All the Component Units' receivables are considered collectible.

**NOTE 4. PROPERTY TAXES**

Real Estate taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes on real estate are levied in April and are payable in two installments on June 5<sup>th</sup> and December 5<sup>th</sup>. Real estate taxes reported as revenue are the second installment (December 5<sup>th</sup>) of the levy on assessed value at January 1, 2021 and the first installment (June 5<sup>th</sup>) of the levy on assessed value at January 1, 2022. The County bills and collects its own property taxes. Property taxes levied are recorded as receivables, net of allowance for estimated uncollectible accounts, to the extent that they are currently due.

The Virginia General Assembly passed SB 4005, the Personal Property Tax Relief Act ("PPTRA") in April 1998. The bill provides for the State to reimburse a portion of the tangible Personal Property Tax levied on personal use cars, motorcycles, and trucks. In 1998, the reimbursement was 12.5 percent of the tax on the first \$20,000 of the value of the qualifying vehicle. The reimbursement rate was 27.5 percent for tax year 1999 and increased to 47.5 percent for tax year 2000 and 70.0 percent for tax years 2001 through 2005. The reimbursement rate for 2006 and thereafter is determined by each locality based upon their share of the \$950 million allocated by the Commonwealth for personal property tax relief on qualifying vehicles. For tax year 2023, the State reimbursement receivable is reflected as a due from other governments. Revenue for the State reimbursement is recorded as non-categorical aid from the State. Localities will continue to assess and administer the Personal Property Tax Relief program.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**NOTE 5. DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units for Governmental Funds at June 30, 2023 include:

	<u><b>General</b></u>	<u><b>Special Revenue</b></u>	<u><b>Capital Projects</b></u>
<b>Commonwealth of Virginia:</b>			
<b>Non-categorical aid for:</b>			
Local Sales and Use Tax	\$ 9,079,039	\$ -	\$ -
PPTRA	18,460,463	-	-
Richmond Center	4,104,455	-	-
<b>Categorical aid for:</b>			
Public Works	-	-	9,342,261
Public Safety	1,339,221	68,514	-
Social Services	-	734,200	-
Correction & Detention	504,078	30,342	-
Finance	73,321	-	-
Mental Health & Development Services	-	504,228	-
Community Development	-	500,000	-
Commonwealth's Attorney	<u>213,436</u>	<u>75,150</u>	<u>-</u>
Total due from the Commonwealth of Virginia	<u>33,833,160</u>	<u>1,912,434</u>	<u>9,342,261</u>
<b>Federal Government Categorical Aid:</b>			
Work Training Grants (CRWP)	-	1,000,716	-
Finance	4,550,491	-	-
Public Safety	-	143,474	-
Public Works	-	-	2,555,030
Library	103,944	-	-
Social Services	-	1,135,591	-
Correction & Detention	-	67,792	-
Community Development Block Grant	<u>-</u>	<u>313,421</u>	<u>-</u>
Total due from the Federal government	<u>4,654,435</u>	<u>2,660,994</u>	<u>2,555,030</u>
Total due from other governmental units	<u>\$ 38,487,595</u>	<u>\$ 4,573,428</u>	<u>\$11,897,291</u>

JRJDC has \$148,021 in amounts due from other governmental units consisting of \$117,008 due from other localities and \$31,013 in grants receivable. Amounts due from other governmental units for the School Board Component Unit at June 30, 2023 include:

	<u><b>School Board</b></u>
<b>Commonwealth of Virginia:</b>	
<b>Non-categorical aid for:</b>	
State Sales and Use Tax	\$ 5,995,186
<b>Categorical aid for:</b>	
Education	<u>1,265,842</u>
Total due from the Commonwealth of Virginia	<u>7,261,028</u>
<b>Federal Government Categorical Aid:</b>	
Education	<u>49,682,261</u>
Total due from the Federal government	<u>49,682,261</u>
Total due from other governmental units	<u>\$ 56,943,289</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 6. CAPITAL AND INTANGIBLE ASSETS**

**Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2023, follows:

<b>Governmental Activities</b>	<b>Balance June 30, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
Capital Assets Not Being Depreciated:				
Land	\$ 405,239,197	\$ 10,814,135	\$ 376,226	\$ 415,677,106
Construction in progress	148,660,948	146,679,314	53,155,217	242,185,045
Total Capital Assets Not Being Depreciated	<u>553,900,145</u>	<u>157,493,449</u>	<u>53,531,443</u>	<u>657,862,151</u>
Other Capital Assets:				
Buildings	1,210,278,742	23,763,683	2,663,578	1,231,378,847
Infrastructure	757,250,709	50,733,979	-	807,984,688
Equipment	308,400,279	22,496,639	13,817,216	317,079,702
Improvements	131,442,785	8,057,220	603,180	138,896,825
Total Other Capital Assets	<u>2,407,372,515</u>	<u>105,051,521</u>	<u>17,083,974</u>	<u>2,495,340,062</u>
Less Accumulated Depreciation for:				
Buildings	(298,716,789)	(23,878,513)	(26,037)	(322,569,265)
Infrastructure	(573,276,269)	(20,824,259)	-	(594,100,528)
Equipment	(218,303,514)	(19,380,489)	(12,848,383)	(224,835,620)
Improvements	(59,516,862)	(6,280,278)	(335,016)	(65,462,124)
Total Accumulated Depreciation	<u>(1,149,813,434)</u>	<u>(70,363,539)</u>	<u>(13,209,436)</u>	<u>(1,206,967,537)</u>
Total Net of Depreciation	<u>\$ 1,811,459,226</u>	<u>\$ 192,181,431</u>	<u>\$ 57,405,981</u>	<u>\$ 1,946,234,676</u>

The adjustment from modified to full accrual for capital assets net of accumulated depreciation at June 30, 2023 are comprised of the following:

General Capital Assets, Net	\$1,946,234,676
Internal Service Fund Capital Assets, Net	(14,002,708)
Combined Adjustment	<u>\$1,932,231,968</u>

The adjustment from modified to full accrual for depreciation for the fiscal year ended June 30, 2023 is comprised of the following:

General Government Administration	\$ 7,859,938
Judicial Administration	121,665
Public Safety	11,039,555
Public Works	23,957,950
Education	17,487,979
Health and Welfare	611,639
Parks and Recreation	9,104,698
Community Development	180,115
Total Depreciation	<u>\$ 70,363,539</u>
Internal Service Fund Depreciation	<u>(2,339,980)</u>
Combined Adjustment	<u>\$ 68,023,559</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

<b>Business-Type Activities</b>	<b>Balance June 30, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
<b>Water and Sewer:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 22,177,196	\$ 340,000	\$ -	\$ 22,517,196
Construction in progress	349,987,208	55,860,989	44,660,023	361,188,174
Total Capital Assets Not Being Depreciated	372,164,404	56,200,989	44,660,023	383,705,370
Other Capital Assets:				
Buildings	403,709,963	2,447,509	1,409,385	404,748,087
Infrastructure	1,308,621,129	54,425,658	359,155	1,362,687,632
Equipment	171,360,860	3,296,617	2,864,274	171,793,203
Improvements	1,410,152	-	-	1,410,152
Total Other Capital Assets	1,885,102,104	60,169,784	4,632,814	1,940,639,074
Less Accumulated Depreciation for:				
Buildings	(160,187,186)	(8,035,541)	(810,803)	(167,411,924)
Infrastructure	(435,688,771)	(20,164,333)	(139,324)	(455,713,780)
Equipment	(134,814,081)	(5,365,558)	(2,659,392)	(137,520,247)
Improvements	(1,338,709)	(39,671)	-	(1,378,380)
Total Accumulated Depreciation	(732,028,747)	(33,605,103)	(3,609,519)	(762,024,331)
Total Net of Depreciation	\$ 1,525,237,761	\$ 82,765,670	\$ 45,683,318	\$ 1,562,320,113

<b>Component Units</b>	<b>Balance June 30, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
<b>School Board:</b>				
Capital Assets Not Being Depreciated:				
Land	\$ 52,120,141	\$ -	\$ -	\$ 52,120,141
Construction in progress	4,624,025	12,405,366	11,314,018	5,715,373
Total Capital Assets Not Being Depreciated	56,744,166	12,405,366	11,314,018	57,835,514
Other Capital Assets:				
Buildings	405,138,329	1,396,890	501,238	406,033,981
Improvements	42,298,689	1,419,620	4,538,691	39,179,618
Equipment	182,630,952	13,916,754	8,949,812	187,597,894
Total Other Capital Assets	630,067,970	16,733,264	13,989,741	632,811,493
Less Accumulated Depreciation for:				
Buildings	(229,303,543)	(7,091,095)	(370,712)	(236,023,926)
Improvements	(25,173,965)	(1,329,700)	(4,246,408)	(22,257,257)
Equipment	(135,350,905)	(7,837,824)	(8,590,252)	(134,598,477)
Total Accumulated Depreciation	(389,828,413)	(16,258,619)	(13,207,372)	(392,879,660)
Total Net of Depreciation	\$ 296,983,723	\$ 12,880,011	\$ 12,096,387	\$ 297,767,347

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

	<b>Balance</b>			<b>Balance</b>
<b><u>James River Juvenile Detention Center:</u></b>	<b>June 30, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>June 30, 2023</b>
Capital Assets Not Being Depreciated:				
Land	\$ 30,000	\$ -	\$ -	\$ 30,000
Construction in progress	110,488	56,098	-	166,586
Total Capital Assets Not Being Depreciated	140,488	56,098	-	196,586
Other Capital Assets:				
Buildings	9,243,433	69,642	-	9,313,075
Improvements	269,547	-	-	269,547
Equipment	884,021	-	-	884,021
Total Other Capital Assets	10,397,001	69,642	-	10,466,643
Less Accumulated Depreciation for:				
Buildings	(4,892,919)	(232,014)	-	(5,124,933)
Improvements	(239,985)	(3,564)	-	(243,549)
Equipment	(711,023)	(58,224)	-	(769,247)
Total Accumulated Depreciation	(5,843,927)	(293,802)	-	(6,137,729)
Total Net of Depreciation	<u>\$ 4,693,562</u>	<u>\$ (168,062)</u>	<u>\$ -</u>	<u>\$ 4,525,500</u>
<b><u>Combined Component Units:</u></b>				
Capital Assets Not Being Depreciated:				
Land	\$ 52,150,141	\$ -	\$ -	\$ 52,150,141
Construction in progress	4,734,513	12,461,464	11,314,018	5,881,959
Total Capital Assets Not Being Depreciated	56,884,654	12,461,464	11,314,018	58,032,100
Other Capital Assets:				
Buildings	414,381,762	1,466,532	501,238	415,347,056
Improvements	42,568,236	1,419,620	4,538,691	39,449,165
Equipment	183,514,973	13,916,754	8,949,812	188,481,915
Total Other Capital Assets	640,464,971	16,802,906	13,989,741	643,278,136
Less Accumulated Depreciation for:				
Buildings	(234,196,462)	(7,323,109)	(370,712)	(241,148,859)
Improvements	(25,413,950)	(1,333,264)	(4,246,408)	(22,500,806)
Equipment	(136,061,928)	(7,896,048)	(8,590,252)	(135,367,724)
Accumulated Depreciation	(395,672,340)	(16,552,421)	(13,207,372)	(399,017,389)
Total Net of Depreciation	<u>\$ 301,677,285</u>	<u>\$ 12,711,949</u>	<u>\$ 12,096,387</u>	<u>\$ 302,292,847</u>

The County's governmental activities right to use assets of \$30,705,399 (Exhibit 1) consist of right to use lease assets of \$10,133,215 and subscription right to use assets of \$20,572,184. The County's school board component unit right to use assets of \$20,208,845 (Exhibit 10) consists of right to use lease assets of \$13,884,575 and subscription right to use assets of \$6,324,270.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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The County is a lessee in various lease contracts and has the following classes of lease right to use assets for the fiscal year ending June 30, 2023:

**Amount of Lease Assets by Major Classes of Underlying Asset**

<u>Asset Class</u>	<u>Lease Asset Value</u>	<u>Accumulated Amortization</u>
Equipment	\$ 1,823,295	\$ 1,223,200
Building	16,119,499	5,206,084
Other	1,857,755	233,211
Computer Equipment	19,028,128	8,139,811
Total Leases	<u>\$ 38,828,677</u>	<u>\$ 14,802,306</u>

**Governmental Activities**

	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Right to Use Assets:				
Equipment	\$ 1,792,397	\$ -	\$ 28,643	\$ 1,763,754
Building	11,843,272	416,000	531,835	11,727,438
Other	1,857,755	-	-	1,857,755
Total Right to Use Assets	<u>\$ 15,493,425</u>	<u>\$ 416,000</u>	<u>\$ 560,478</u>	<u>\$ 15,348,947</u>
Less Accumulated Amortization for:				
Equipment	\$ (610,791)	\$ (606,999)	\$ (28,643)	\$ (1,189,147)
Building	(2,156,364)	(2,168,845)	(531,835)	(3,793,374)
Other	(116,605)	(116,605)	-	(233,211)
Total Net of Accumulated Amortization	<u>(2,883,761)</u>	<u>(2,892,449)</u>	<u>(560,478)</u>	<u>\$ (5,215,732)</u>
Total Net of Amortization	<u>\$ 12,609,664</u>	<u>\$ (2,476,449)</u>	<u>\$ -</u>	<u>\$ 10,133,215</u>

**Business-type Activities**

<u>Water and Sewer:</u>	<u>Balance June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2023</u>
Right to Use Assets:				
Equipment	\$ 14,947	\$ -	\$ 2,246	\$ 12,701
Total Right to Use Assets	<u>14,947</u>	<u>-</u>	<u>2,246</u>	<u>12,701</u>
Less Accumulated Amortization for:				
Equipment	(5,234)	(4,981)	(2,243)	(7,972)
Total Net of Accumulated Amortization	<u>(5,234)</u>	<u>(4,981)</u>	<u>(2,243)</u>	<u>(7,972)</u>
Total Net of Amortization	<u>\$ 9,713</u>	<u>\$ (4,981)</u>	<u>\$ 3</u>	<u>\$ 4,729</u>

**HENRICO COUNTY, VIRGINIA**  
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**Component Units**

	<b>Balance</b>			<b>Balance</b>
<b>Schools</b>	<b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2023</b>
Right to Use Assets:				
Equipment	\$ 24,413	\$ 16,457	\$ 4,486	\$ 36,384
Building	4,700,484	-	308,423	4,392,061
Computer Equipment	19,028,128	-	-	19,028,128
Total Right to Use Assets	\$ 23,753,025	\$ 16,457	\$ 312,909	\$ 23,456,573
Less Accumulated Amortization for:				
Equipment	\$ (11,161)	\$ (12,802)	\$ (4,486)	\$ (19,477)
Building	(681,952)	(1,039,181)	(308,423)	(1,412,710)
Computer Equipment	(3,380,431)	(4,759,380)	-	(8,139,811)
Total Net of Accumulated Amortization	(4,073,544)	(5,811,363)	(312,909)	(9,571,998)
Total Net of Amortization	\$ 19,679,481	\$ (5,794,906)	\$ -	\$ 13,884,575

	<b>Balance</b>			<b>Balance</b>
<b>James River Juvenile Detention Commission</b>	<b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2023</b>
Right to Use Assets:				
Equipment	\$ 10,456	\$ -	\$ -	\$ 10,456
Total Right to Use Assets	\$ 10,456	\$ -	\$ -	\$ 10,456
Less Accumulated Amortization for:				
Equipment	\$ (3,302)	\$ (3,302)	\$ -	\$ (6,604)
Total Net of Accumulated Amortization	(3,302)	(3,302)	-	(6,604)
Total Net of Amortization	\$ 7,154	\$ (3,302)	\$ -	\$ 3,852

The County Reporting Entity is a lessee in various lease software contracts and has the following class of lease subscription assets:

**Amount of Subscription Assets by Major Classes of Underlying Asset**

<b>Asset Class</b>	<b>Subscription Asset Value</b>	<b>Accumulated Amortization</b>
Software	\$ 33,395,652	\$ 6,499,198
Total Subscriptions	\$ 33,395,652	\$ 6,499,198

	<b>Balance</b>			<b>Balance</b>
<b>Governmental Activities</b>	<b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>June 30, 2023</b>
Right to Use Assets				
Subscription Assets	\$ -	\$ 23,987,782	\$ 29,870	\$ 23,957,912
Less Accumulated Amortization	-	(3,415,598)	(29,870)	(3,385,728)
Total Subscription Assets	\$ -	\$ 20,572,184	\$ -	\$ 20,572,184



**HENRICO COUNTY, VIRGINIA**  
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<b>Component Units - School Board</b>	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
Right to Use Assets				
Subscription Assets	\$ -	\$ 12,500,651	\$ 3,062,911	\$ 9,437,740
Less Accumulated Amortization	-	(6,176,381)	(3,062,911)	(3,113,470)
Total Subscription Assets	\$ -	\$ 6,324,270	\$ -	\$ 6,324,270

**NOTE 7. LONG-TERM DEBT**

**Governmental Activities**

The following is a summary of the changes in the County's total long-term liabilities, including net pension and OPEB liabilities, for the year ended June 30, 2023:

	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
General obligation (GO) bonds	\$579,345,000	\$ -	\$ 49,065,000	\$ 530,280,000
VRA special revenue bond	11,080,000	-	2,560,000	8,520,000
EDA lease revenue bonds	54,485,000	-	2,810,000	51,675,000
Lease liability	12,814,473	416,000	2,763,984	10,466,489
SBITA liability	-	23,947,932	5,051,428	18,896,504
Accrued claims payable	29,272,000	21,308,264	20,934,264	29,646,000
Accrued compensated absences	31,515,223	29,002,279	28,878,796	31,638,706
Net pension liability	82,223,381	145,850,319	46,810,982	181,262,718
Line of Duty OPEB liability	24,100,476	2,181,381	966,579	25,315,278
Net GLI OPEB liability	12,216,735	4,323,543	3,320,823	13,219,455
Net Healthcare OPEB liability	14,902,776	5,599,489	6,639,814	13,862,451
Landfill postclosure costs	3,754,797	266,591	-	4,021,388
Total	<u>855,709,861</u>	<u>\$232,895,000</u>	<u>\$169,801,670</u>	<u>918,803,989</u>
Premium on bonds	53,121,561	\$ -	\$ 10,011,007	43,110,554
Total long-term liabilities	908,831,422			961,914,543
Current Maturities	(103,864,272)			(110,445,785)
Net long-term liabilities	<u>\$804,967,150</u>			<u>\$ 851,468,758</u>

The current maturity of long-term liabilities at June 30, 2023 consists of the following:

General obligation bonds	\$ 48,485,000
VRA special revenue bonds	2,695,000
EDA lease revenue bonds	2,855,000
Lease obligations	2,663,748
SBITA obligations	3,854,864
Accrued claims payable	20,900,224
Accrued compensated absences	28,991,949
Total current maturities	<u>\$ 110,445,785</u>

Long-term liabilities applicable to the County's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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All liabilities, both current and long-term, are reported in the Statement of Net Position. The adjustment from modified accrual to full accrual at June 30, 2023 is as follows:

Long-term liabilities (detail above)	\$ 961,914,543
Net pension liability (detail above)	(181,262,718)
Net OPEB liabilities (detail above)	(52,397,184)
Internal Service Fund long-term liabilities	<u>(312,702)</u>
Combined adjustment	<u>\$ 727,941,939</u>

In addition, interest on long-term debt is recognized under the modified accrual basis of accounting when due, rather than as it accrues. The adjustment from modified accrual to full accrual is \$10,978,214, which represents the decrease in accrued interest on bonds payable of \$967,207 and amortization of bond premium of \$10,011,007 for the year ended June 30, 2023.

In November 2000, March 2005 and November 2016, the County's voters authorized the issuance of general obligation bonds. In 2000, voters authorized \$237,000,000, of which \$236,948,800 has been issued as of June 30, 2020. In 2005, voters authorized an additional \$349,300,000 in bonds, of which \$339,700,000 has been issued as of June 30, 2021. In 2016, voters authorized \$419,800,000, of which \$412,745,000 has been issued as of June 30, 2021. In November 2022, voters authorized \$511,350,000 of which \$0 has been issued as of June 30, 2023.

On May 3, 2010, the County issued \$119,735,000 General Obligation Public Improvement Refunding Bonds – Series 2010 to refund, prior to maturity, portions of the following bonds: General Obligation Public Improvement Bonds Series 2004, 2005, 2006, 2008 and 2008A and General Obligation Public Improvement and Refunding Bonds Series 2003. The interest rate on the 2010 bond issue is between 3 percent and 5 percent and the final maturity will occur on July 15, 2025. The principal payments range from \$475,000 to \$18,040,000. The County reduced its aggregate debt service payments by approximately \$3.9 million over the next 15 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$6.5 million. The proceeds of the 2010 Refunding Issue were deposited in a trust fund and were used to purchase U. S. Government Obligations that will mature and bear interest payable at times and in amounts sufficient to pay interest when due on the Refunded Bonds to their respective redemption dates and to pay the redemption prices of the Refunded Bonds on such dates. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which is fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 20, 2010, the County issued General Obligation Public Improvement Bonds, Series 2010A in the aggregate principal amount of \$72,205,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1<sup>st</sup> in each of the years 2011 through 2030.

On September 1, 2011, the County issued General Obligation Public Improvement Bonds, Series 2011 in the aggregate principal amount of \$66,075,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, fire stations, recreation and park facilities improvements and various road projects in the County, pursuant to the voter authorizations at elections held in the County on March 8, 2005. The interest rates on these bonds range from 2 percent to 5 percent. The Bonds mature on August 1<sup>st</sup> in each of the years 2012 through 2031.

On September 19, 2012, the County issued General Obligation Public Improvement Refunding Bonds, Series 2012 in the aggregate principal amount of \$37,500,000. The proceeds of the Bonds will be applied (i) to advance refund and defeased \$19,450,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2005, dated August 17, 2005 and maturing on July 15<sup>th</sup> in each of the years 2021 through 2025, which are subject to redemption and are to be redeemed on July 15, 2015, (ii) to advance refund and defeased \$17,975,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2006, dated November 15, 2006, and maturing on December 1<sup>st</sup> in each of the years 2022 through 2026, which are subject to redemption and are to be redeemed on December 1, 2016, and (iii) to advance refund and defeased \$2,155,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated August 10, 2010, and maturing on August 1, 2013, which were paid at their stated maturity on August 1, 2013. The Bonds mature on February 1, 2013, and on August 1<sup>st</sup> in each of the years 2014 through 2026. The County reduced its aggregate debt service payments by approximately \$2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$2.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which was fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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On March 31, 2015, the County issued General Obligation Public Improvement Refunding Bonds, Series 2015, in the aggregate principal amount of \$50,485,000. The proceeds of the Bonds will be applied (i) to advance refund and defeased \$8,950,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008, dated January 31, 2008, and maturing on December 1st in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on December 1, 2017, (ii) to advance refund and defeased \$13,955,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2008A, dated November 14, 2008, and maturing on December 1<sup>st</sup> in each of the years 2026 through 2028, which are subject to redemption and are to be redeemed on December 1, 2018, and (iii) to advance refund and defeased \$31,090,000 outstanding principal amount of the County's Virginia Public School Authority (VPSA) Special Obligation School Financing Bonds, Series 2008, dated July 2, 2008, and maturing on July 15<sup>th</sup> in each of the years 2015 through 2028. The County reduced its aggregate debt service payments by approximately \$2.5 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$3.3 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (which was fully defeased) nor the assets placed in the trust fund are reflected in the County's financial statements.

In April 2016, the Economic Development Authority (EDA) of Henrico County, Virginia entered into a Note Purchase and Lease Acquisition Agreement, leasing to the County a \$34,000,000 emergency communications system. The Notes were purchased by Banc of America Capital Corp. at a fixed interest rate of 1.699%, with equal principal payments of \$3,400,000 due April 1, 2017 through April 1, 2026. Interest payments are due semi-annually October 1 and April 1, beginning October 1, 2016.

On May 31, 2017, the County issued General Obligation Public Improvement Bonds, Series 2017A, in the aggregate principal amount of \$102,255,000. The proceeds of the Bonds will be used to finance capital school improvement projects, fire facilities, and recreation and park facilities improvements in the County, pursuant to the voter authorizations at elections held in the County on November 8, 2016. The interest rates on these bonds range from 3 percent to 5 percent. The Bonds mature on August 1<sup>st</sup> in each of the years 2018 through 2037.

On May 31, 2017, the County issued General Obligation Public Improvement Refunding Bonds, Series 2017B, in the aggregate principal amount of \$53,755,000. The proceeds of the Bonds will be applied (i) to advance refund and defeased \$36,100,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2010A, dated July 20, 2010, and maturing on August 1st in each of the years 2021 through 2030, which are subject to redemption and are to be redeemed on August 1, 2020, and (ii) to advance refund and defeased \$19,830,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011, dated September 1, 2011 and maturing on August 1<sup>st</sup> in each of the years 2022 through 2027, which are subject to redemption and are to be redeemed on August 1, 2021. The County reduced its aggregate debt service payments by approximately \$2.8 million over the next 14 years and obtained an economic gain of (difference between the present value of the old and new debt service payments) of \$3.4 million. For legal and accounting purposes, the Refunded Debt is considered to have been paid, and neither the debt (of which \$55,930,000 remained outstanding at June 30, 2019) nor the assets placed in the trust fund are reflected in the County's financial statements.

On July 31, 2018, the County issued General Obligation Public Improvement Bonds, Series 2018, in the aggregate principal amount of \$99,395,000. The proceeds of the Bonds will be used to finance capital school improvement projects, fire stations and facilities, and recreation and parks facilities in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1<sup>st</sup> in each of the years 2019 through 2038. The interest ranges from 3 percent to 5 percent.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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On October 9, 2019, the County issued General Obligation Public Improvement Bonds, Series 2019 in the aggregate principal amount of \$105,115,000. The proceeds of the Bonds will be used to finance capital school improvement projects, library facilities, recreation and parks facilities and roads in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1st in each of the years 2021 through 2039. The interest ranges from 3 percent to 5 percent.

On April 16, 2020, the County sold General Obligation Public Improvement Refunding Bonds, Series 2020 in the aggregate principal amount of \$24,930,000. The proceeds of the Bonds will be used to refund in advance of their stated maturities certain outstanding bonds of the General Obligation Public Improvement Bonds Series 2010. The Bonds mature on July 15<sup>th</sup> in each of the years 2022 through 2025. The interest rate is 5 percent.

On July 2, 2020, the County sold General Obligation Public Improvement Bonds, Series 2020A in the aggregate principal amount of \$105,980,000. The proceeds of the Bonds will be used to finance school capital improvement projects, road improvements, fire stations and facilities projects, and recreation and parks facilities in the County pursuant to the voter authorizations at elections held in the County on November 8, 2016. The Bonds mature on August 1<sup>st</sup> in each of the years 2022 through 2040. The interest ranges from 2 percent to 5 percent.

On July 2, 2020, the County issued General Obligation Public Improvement Refunding Bonds, Series 2020B in the aggregate principal amount of \$15,545,000. The bonds were issued to refund and defeased \$14,720,000 outstanding principal amount of the County's General Obligation Public Improvement Bonds, Series 2011. The Bonds mature on August 1<sup>st</sup> in each of the years 2021 through 2031. The interest ranges from 0.49 percent to 1.430 percent.

On October 12, 2021, the County sold VPSA Special Obligation School Financing Bonds, Series 2021 in the aggregate principal amount of \$48,115,000. The proceeds of the Bonds will be used to finance various school capital improvement projects. The bonds mature on August 15<sup>th</sup> in each of the years 2022 through 2041. The interest ranges from 1.625 percent to 5 percent.

As of June 30, 2022, the County's bonds are subject to the provisions of the Internal Revenue Service Code of 1986 related to arbitrage and interest income tax regulations under those provisions. The County has recorded an estimated arbitrage rebate liability in the Governmental activities of \$22,833 at June 30, 2023.

**General Obligation Bonds**

Details of general obligation bonds for the County at June 30, 2023 are as follows:

	<b><u>Interest Rates</u></b>	<b><u>Date Issued</u></b>	<b><u>Final Maturity Date</u></b>	<b><u>Amount of Original Issue</u></b>	<b><u>Balance</u></b>
2012 GO. Bonds	2.00-5.00	10/03/12	08/01/26	\$ 37,500,000	\$ 25,735,000
2015 GO. Bonds	2.00-5.00	03/31/15	08/01/28	50,485,000	32,970,000
2017A GO. Bonds	3.00-5.00	05/31/17	08/01/37	102,255,000	76,680,000
2017B GO. Bonds	2.00-5.00	05/31/17	08/01/30	53,755,000	43,305,000
2018 GO. Bonds	3.00-5.00	07/31/18	08/01/38	99,395,000	79,510,000
2019 GO. Bonds	3.00-5.00	10/09/19	08/01/39	105,115,000	93,435,000
2020A GO. Bonds	2.00-5.00	07/02/20	08/01/40	105,980,000	100,060,000
2020B GO. Bonds	.049-1.43	07/02/20	08/01/31	15,545,000	15,040,000
2020R GO. Bonds	5.00	04/16/20	07/15/25	24,930,000	17,840,000
2021 VPSA Bonds	1.625-5.00	10/12/21	08/15/41	48,115,000	<u>45,705,000</u>
<b>TOTAL</b>					<b><u>\$ 530,280,000</u></b>

**HENRICO COUNTY, VIRGINIA**  
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Debt service for the County on the foregoing bonds is payable during future fiscal years ending June 30 as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 48,485,000	\$ 20,108,772
2025	48,515,000	17,803,137
2026	46,670,000	15,500,864
2027	42,850,000	13,327,001
2028	39,270,000	11,326,247
2029-2033	148,540,000	34,055,550
2034-2038	115,060,000	12,941,601
2039-2042	<u>40,890,000</u>	<u>1,248,619</u>
<b>TOTAL</b>	<b><u>\$ 530,280,000</u></b>	<b><u>\$ 126,311,791</u></b>

General obligation bonds are backed by the full faith and credit of the County and are issued primarily for construction in progress for various purposes. The County has no sinking fund or legal debt margin requirements. All general obligation bonds except VPSA (Virginia Public School Authority) bonds, have been authorized by public referendum. The VPSA bonds have been issued by the adoption of a resolution by the County Board of Supervisors. The County is independent of any city, town or other political jurisdiction; therefore, there is no overlapping debt or taxing power.

Virginia Resources Authority (VRA) Special Revenue Bonds

On May 26, 2021, the County issued VRA Special Revenue Bonds in the aggregate principal amount of \$13,560,000. The proceeds of the bonds will be used for general government projects. The Bonds mature on October 1<sup>st</sup> in each of the years 2022 through 2025. The interest rate is 5.125%.

Debt service for the County on the foregoing bonds is payable during future fiscal years ending June 30 as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,695,000	\$ 367,591
2025	2,840,000	225,756
2026	<u>2,985,000</u>	<u>76,491</u>
<b>TOTAL</b>	<b><u>\$ 8,520,000</u></b>	<b><u>\$ 669,838</u></b>

Economic Development Authority (EDA) Lease Revenue Bonds

On November 1, 2019 the EDA issued Lease Revenue Bonds, Series 2019 in the aggregate principal amount of \$10,115,000. The proceeds of the bonds were used to purchase Wilton Farm. The Bonds mature on January 15<sup>th</sup> in each of the years 2020 through 2034. The interest rate is 1.98%.

On April 2, 2020 the EDA issued Lease Revenue Bonds, Series 2020A in the aggregate principal amount of \$50,000,000. The proceeds of the bonds were used to construct an indoor sports facility. The Bonds mature on August 1st in each of the years 2020 through 2039. The interest rate is between 1.352% and 2.749%.

**HENRICO COUNTY, VIRGINIA**  
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EDA Lease Revenue Bonds

Details of lease revenue bonds for the County at June 30, 2023 are as follows:

	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance</u>
2019 Lease Revenue Bonds	1.98%	11/1/2019	01/15/2034	\$ 10,115,000	\$ 8,210,000
2020A Lease Revenue Bonds	1.352-2.749%	04/2/2020	08/1/2039	50,000,000	<u>43,465,000</u>
<b>TOTAL</b>					<u>\$ 51,675,000</u>

Debt service for the County on the foregoing bonds is payable during future fiscal years ending June 30 as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 2,855,000	\$ 1,088,558
2025	2,905,000	1,043,742
2026	2,950,000	996,457
2027	3,000,000	945,677
2028	3,055,000	891,143
2029-2033	16,210,000	3,513,264
2034-2038	14,645,000	1,734,907
2039-2041	<u>6,055,000</u>	<u>166,874</u>
<b>TOTAL</b>	<u>\$ 51,675,000</u>	<u>\$ 10,380,623</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Business-type Activities**

A summary of the changes in the Water and Sewer Fund ("Fund") long-term liabilities, including net pension liability, for the year ended June 30, 2023 are as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2023</u></b>
<b>Water and Sewer Revenue Bonds:</b>				
2013 Refunding Bonds - \$68,410,000, 2.00% to 5.00%	\$ 2,835,000	\$ -	\$ 2,835,000	\$ -
2014 Revenue Bonds - \$74,165,000, 1.00% to 5.00%	7,750,000	-	1,810,000	5,940,000
2016 Revenue and Refunding Bonds - \$123,625,000, 1.50% to 5.00%	28,105,000	-	6,580,000	21,525,000
2018 Revenue Bonds - \$102,410,000, 3.125% to 5.00%	94,765,000	-	2,130,000	92,635,000
2019 Revenue and Refunding Bonds - \$78,085,000, 3.125% to 5.00%	73,975,000	-	1,380,000	72,595,000
2020A Revenue and Refunding Bonds - \$25,705,000, 3.00% to 5.00%	25,705,000	-	-	25,705,000
2020B Revenue and Refunding Bonds - \$118,675,000, 0.227% to 2.417%	115,240,000	-	1,300,000	113,940,000
2021 Revenue and Refunding Bonds - \$85,680,000, 1.00% to 2.70%	<u>83,770,000</u>	<u>-</u>	<u>1,290,000</u>	<u>82,480,000</u>
Total bonds payable	<u>\$ 432,145,000</u>	<u>\$ -</u>	<u>\$ 17,325,000</u>	<u>\$ 414,820,000</u>
<b>Other Liabilities:</b>				
Lease liability	\$ 10,112	\$ -	\$ 5,017	\$ 5,095
Accrued compensated absences	1,613,269	-	42,067	1,571,202
Net Healthcare OPEB liability	641,849	351,114	346,865	646,098
Net GLI OPEB liability	903,176	224,036	172,078	955,134
Net pension liability	<u>6,600,886</u>	<u>8,911,068</u>	<u>2,860,027</u>	<u>12,651,927</u>
Total	<u>\$ 441,914,292</u>	<u>\$ 9,486,218</u>	<u>\$ 20,751,054</u>	<u>\$ 430,649,456</u>
Premium on bonds payable	<u>35,604,780</u>	<u>-</u>	<u>2,480,021</u>	<u>33,124,759</u>
Total long-term liabilities	<u>\$ 477,519,072</u>	<u>9,486,218</u>	<u>23,231,075</u>	<u>\$ 463,774,215</u>
Current maturities	<u>(17,476,544)</u>			<u>(18,106,065)</u>
Net long-term liabilities	<u>\$ 460,042,528</u>			<u>\$ 445,668,150</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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Current maturities of long-term liabilities at June 30, 2023 consist of the following:

Revenue bonds	\$ 18,060,000
Lease obligations	5,095
Accrued compensated absences	<u>40,970</u>
Total current maturities	<u>\$ 18,106,065</u>

The Water and Sewer Revenue Fund (the “Fund”) may issue additional bonds payable, which may be collateralized equally with the outstanding bonds for any purpose connected with or pertaining to the Fund, upon compliance with the following conditions, among others:

- One-half of the net operating revenues of the Fund, as defined, during any 24 consecutive months out of the 30 months immediately preceding the issuance of the additional bonds, shall have been not less than 1.25 times the maximum annual debt service requirement on all bonds then outstanding and the proposed additional bonds; and the
- Net operating revenues of the Fund, as defined, during the first full fiscal year following the date upon which the project or undertaking for which the proposed additional bonds are being issued is anticipated to be completed, shall be estimated by a nationally recognized consulting engineer to be not less than 1.25 times the annual debt service requirement on account of all bonds then outstanding and the proposed additional bonds.

On February 19, 2009, the County issued \$70,360,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the 1999 bond series. The interest rate on these bonds is between 2.25% and 5% and the final maturity will occur on May 1, 2028. The principal payments range from \$315,000 to \$5,065,000. The advance refunding resulted in the recognition of an accounting gain of \$2,150,208 for the year ended June 30, 2010. The Fund reduced its aggregate debt service payments by approximately \$5,650,606 over the next 20 years and obtained an economic gain (difference between the present value of the old and new debt service payments) of \$5,406,608. The interest due on the bonds as of July 1 has been accrued as of June 30, in accordance with the related covenants. Cash has been restricted for these accruals. In addition, net position has been restricted and cash has been restricted in an amount equal to the maximum annual debt service requirement for the bonds.

On December 22, 2009, the County issued \$22,915,000 of Water and Sewer Refunding Bonds to refund the entire outstanding balance of the Variable Rate Series 1997 VRA Bonds. The interest rate on these bonds is between 2% and 5% and the final maturity will occur on May 1, 2028. The principal payments range from \$1,175,000 to \$2,050,000. The Water and Sewer Revenue Fund reduced its aggregate debt service payments by \$44,418,268 over the next 20 years.

On February 20, 2013, the County issued \$68,410,000 of Water and Sewer Refunding Revenue Bonds to refund \$65,945,000 outstanding principal amount of the 2006A Series Water and Sewer System Revenue Bonds. The interest rate on these bonds is between 2% and 5% and the final maturity will occur on May 1, 2036. The principal payments range from \$100,000 to \$4,800,000. The Water and Sewer Revenue Fund reduced debt service payments by \$44,418,268 over the next 20 years.

On March 20, 2014, the County issued \$74,165,000 of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 1% and 5% and the final maturity will occur on May 1, 2044. The principal payments range from \$370,000 to \$2,875,000.

On May 17, 2016, the County issued \$123,625,000 of Water and Sewer Revenue Refunding Bonds to refund outstanding principal amounts of \$35,985,000 of the 2009A and \$15,310,000 of the 2009 Series Water and Sewer System Revenue Bonds, finance improvements, additions and extensions to the County’s water and sewer system and to fund the Cobbs Creek Reservoir project. The interest rate on these bonds is between 1.75% and 5% and the final maturity will occur on May 1, 2046. The principal payments range from \$480,000 to \$7,875,000.

On May 9, 2018, the County issued \$102,410,000 of Water and Sewer Revenue Bonds to finance improvements, additions and extensions to the water and sewer system in the County. The interest rate on these bonds is between 3% and 5% and the final maturity will occur on May 1, 2048. The principal payments range from \$1,840,000 to \$5,515,000.

On June 26, 2019, the County issued \$78,085,000 of Water and Sewer Revenue and Refunding Bonds to refund outstanding principal amount of \$9,800,000 of the 2009B of the 2009 Series Water and Sewer System Revenue Bonds, finance improvements, additions and extensions to the County’s water and sewer system and to fund the Cobbs Creek Reservoir



**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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project. The interest rate on these bonds is between 2.75% and 5% and the final maturity will occur on May 1, 2049. The principal payments range from \$1,250,000 to \$3,645,000.

On October 13, 2020 the County sold Water and Sewer System Revenue Bonds, Series 2020A, in the principal amount \$25,705,000, to provide the funds needed to finance improvements, additions and extensions to the County's Water and Sewer System. The Bonds mature on May 1st in each of the years 2029 through 2050. The interest rate is between 3 and 5 percent.

On October 13, 2020, the County sold Water and Sewer System Refunding Bonds, Series 2020B in the aggregate principal amount of \$118,675,000. The proceeds of the Bonds will be used to refund in advance of their stated maturities certain outstanding bonds of the Water and Sewer System Refunding Bonds, Series 2013 and the Water and Sewer System Refunding Bonds, Series 2014. The Bonds mature on May 1<sup>st</sup> in each of the years 2021 through 2044. The interest rate is between 0.227 and 2.417 percent.

On September 22, 2021, the County sold Water and Sewer System Refunding Revenue Bonds, Series 2021 (Federally Taxable), in the principal amount of \$85,680,000. The proceeds of the Bonds will be used to advance refund \$72,950,000 in outstanding principal from the Water and Sewer System Revenue and Refunding Bonds, Series 2016 and pay certain costs associated with 2021 bonds. The Bonds mature on May 1st in each of the years 2022 through 2046. The interest rate is between 1 and 2.7 percent.

In fiscal year 2022 and prior years, the County defeased certain Water and Sewer Revenue Bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not reflected in the County's financial statements. At June 30, 2023, \$235,106,638 of Water and Sewer System Revenue Bonds are considered fully defeased.

Principal and interest payment on the Bonds for the next five fiscal years, subsequent to June 30, 2023, and thereafter are as follows:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 18,060,000	\$ 11,588,861
2025	18,610,000	11,039,168
2026	19,280,000	10,368,982
2027	19,965,000	9,680,046
2028	20,360,000	9,303,629
2029-2033	86,110,000	40,252,840
2034-2038	84,720,000	29,131,811
2039-2043	76,670,000	18,511,795
2044-2048	64,335,000	7,123,739
2049-2051	<u>6,710,000</u>	<u>298,450</u>
<b>Total</b>	<b><u>\$ 414,820,000</u></b>	<b><u>\$ 147,299,320</u></b>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Component Units**

**School Board:**

A summary of the changes in the School Board's long-term liabilities, including net pension liability, for the year ended June 30, 2023 is as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2023</u></b>
Lease liability	\$ 19,055,430	\$ 16,458	\$ 5,976,266	\$ 13,095,622
SBITA liability	-	12,490,650	6,299,841	6,190,809
Accrued claims payable	5,933,000	2,442,296	2,377,296	5,998,000
Net pension liability	274,688,193	167,751,971	95,517,058	346,923,106
Net Healthcare OPEB liability	17,016,155	8,153,247	8,619,767	16,549,635
Net GLI OPEB liability	18,500,799	5,510,032	4,596,113	19,414,718
Net HIC OPEB liability	42,836,769	4,961,272	5,509,728	42,288,313
Accrued compensated absences	<u>9,469,048</u>	<u>7,220,074</u>	<u>7,438,748</u>	<u>9,250,374</u>
Total School Board	\$ 387,499,394	<u>\$208,546,000</u>	<u>\$ 136,334,817</u>	\$ 459,710,577
Current Maturities	<u>(13,483,248)</u>			<u>(19,124,792)</u>
Net long-term liabilities	<u>\$ 374,016,146</u>			<u>\$ 440,585,785</u>

Current maturities of long-term liabilities at June 30, 2023, consist of the following:

Lease obligations	\$ 6,079,074
SBITA obligations	3,375,416
Accrued claims payable	2,403,341
Accrued compensated absences	<u>7,266,961</u>
Total current maturities	<u>\$ 19,124,792</u>

**James River Juvenile Detention Commission:**

A summary of the changes in JRJDC's long-term liabilities, including net pension liability, for the year ended June 30, 2023, is as follows:

	<b><u>Balance</u></b> <b><u>June 30, 2022</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>June 30, 2023</u></b>
Lease obligations	\$ 7,704	\$ -	\$ 3,199	\$ 4,505
Net pension liability	1,325,530	1,974,747	633,799	2,666,478
Net Healthcare OPEB liability	148,437	67,903	70,064	146,276
Net GLI OPEB liability	187,766	49,843	38,283	199,326
Accrued compensated absences	<u>283,272</u>	<u>285,209</u>	<u>312,478</u>	<u>256,083</u>
Total JRJDC	\$ 1,952,709	<u>\$ 2,377,782</u>	<u>\$ 1,057,823</u>	\$ 3,272,668
Current Maturities	<u>(284,799)</u>			<u>(259,886)</u>
Net long-term liabilities	<u>\$ 1,667,910</u>			<u>\$ 3,012,782</u>

Current maturities of long-term liabilities at June 30, 2023, consist of the following:

Lease obligations	\$ 3,803
Accrued compensated absences	<u>256,803</u>
Total current maturities	<u>\$ 259,886</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Leases Liability**

A lease is defined as a contractual agreement that conveys control of the right to use another entity's nonfinancial asset, for a minimum contractual period of greater than one year, in an exchange or exchange-like transaction. A lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County leases real estate, certain data processing equipment, computer equipment and other equipment under various long-term lease agreements for periods ranging from one to fifteen years. Interest rates on the agreements range from .17% to 26.65%. The related obligations are presented in the amounts equal to the present value of lease payments, payable during the remaining lease term. The County recognizes a lease liability, and the associated right to use lease asset, on the government-wide Statement of Net Position.

The County has a variety of variable payment clauses, within its lease arrangements, which include payments dependent on indexes and rates (such as the Consumer Price Index, Incremental Borrowing Rate, and a market interest rates), including variable payments based on future performance and usage of the underlying asset. Components of variable payments that are fixed in substance are included in the measurement of the lease liability presented in the table below. The County did not incur expenses related to its leasing activities related to residual value guarantees, lease termination penalties or losses due to impairment. As a lessee, the County has no agreements that include sale-leaseback and lease-leaseback transactions. For additional information, refer to the disclosures below.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Principal and Interest Requirements to Maturity**

**Governmental Activities**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 2,663,748	\$ 87,394	\$ 2,751,142
FY2025	2,123,848	63,635	2,187,483
FY2026	1,438,446	49,384	1,487,830
FY2027	1,077,510	38,926	1,116,436
FY2028	864,779	30,100	894,879
FY2029-2033	1,712,354	67,145	1,779,499
FY2034-2038	585,804	14,962	600,766
Total Governmental Activities	<u>\$ 10,466,489</u>	<u>\$ 351,546</u>	<u>\$ 10,818,035</u>

**Business-Type Activities**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 5,095	\$ 503	\$ 5,598
Total Business-Type Activities	<u>\$ 5,095</u>	<u>\$ 503</u>	<u>\$ 5,598</u>

**Component Units**

**School Board:**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 6,079,074	\$ 81,608	\$ 6,160,682
FY2025	1,256,357	49,673	1,306,030
FY2026	1,168,555	17,705	1,186,260
FY2027	1,210,537	6,312	1,216,849
FY2028	479,139	-	479,139
FY2029-2033	2,620,128	-	2,620,128
FY2034-2038	281,832	-	281,832
Total School Board	<u>\$ 13,095,622</u>	<u>\$ 155,298</u>	<u>\$ 13,250,920</u>

**James River Juvenile Detention Commission:**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 3,803	\$ 503	\$ 4,306
FY2025	702	16	718
Total James River Juvenile Detention Commission	<u>\$ 4,505</u>	<u>\$ 519</u>	<u>\$ 5,024</u>
<b>Total Component Units:</b>	<u>\$ 13,100,127</u>	<u>\$ 155,817</u>	<u>\$ 13,255,944</u>
<b>Grand Total</b>	<u>\$ 23,571,711</u>	<u>\$ 507,866</u>	<u>\$ 24,079,577</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
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**Leases Receivable**

For the year ended June 30, 2023, the County is the lessor of real estate and other equipment under various lease agreements for periods ranging from one to fifty years. The cost and accumulated depreciation on leased property at June 30, 2023, was \$38,828,677 and \$14,802,305, respectively.

Future minimum lease receivable payments for fiscal years ending after June 30, 2023, are as follows:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 838,905	\$ 106,829	\$ 957,434
FY2025	702,299	100,183	802,483
FY2026	551,068	93,966	645,034
FY2027	513,084	88,065	601,149
FY2028	515,334	82,249	597,583
FY2029-2033	2,604,206	318,686	2,922,892
FY2034-2038	2,026,011	169,970	2,195,982
FY2039-2043	1,563,794	45,897	1,609,691
Total Governmental Activities	<u>\$ 9,314,702</u>	<u>\$ 1,005,846</u>	<u>\$ 10,332,248</u>

**Business-Type Activities**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 27,368	\$ 454	\$ 27,822
FY2025	27,514	308	27,822
FY2026	27,661	161	27,822
FY2027	708	12	720
FY2028	714	6	720
Total Business-Type Activities	<u>\$ 83,965</u>	<u>\$ 941</u>	<u>\$ 84,906</u>

**Component Unit - School Board**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 68,297	\$ 774	\$ 69,072
FY2025	70,731	413	71,144
FY2026	16,270	39	16,310
Total Component Unit - School Board	<u>\$ 155,299</u>	<u>\$ 1,227</u>	<u>\$ 156,526</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Governmental Activities**

The following is a summary of changes in the County's lease receivables for the year ended June 30, 2023:

	<b>Balance</b> <b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2023</b>
Building	\$ 5,633,958	\$ -	\$ 2,368,921	\$ 3,265,037
Land	599,037	-	54,103	544,935
Other	6,049,267	-	544,537	5,504,730
Total Lease Receivable	<u>\$ 12,282,262</u>	<u>\$ -</u>	<u>\$ 2,967,560</u>	<u>\$ 9,314,702</u>

**Business-type Activities**

The following is a summary of changes in the Water and Sewer lease receivables for the year ended June 30, 2023:

<u>Water and Sewer:</u>	<b>Balance</b> <b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2023</b>
Other	\$ 111,186	\$ -	\$ 27,222	\$ 83,965
Total Lease Receivable	<u>\$ 111,186</u>	<u>\$ -</u>	<u>\$ 27,222</u>	<u>\$ 83,965</u>

**Component Units**

The following is a summary of changes in the School Board lease receivables for the year ended June 30, 2023:

<u>School Board:</u>	<b>Balance</b> <b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2023</b>
Land	\$ 243,647	\$ -	\$ 88,348	\$ 155,299
Total Lease Receivable	<u>\$ 243,647</u>	<u>\$ -</u>	<u>\$ 88,348</u>	<u>\$ 155,299</u>

	<b>Balance</b> <b>June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance</b> <b>June 30, 2023</b>
Building	\$ 5,553,868	\$ -	\$ 2,371,926	\$ 3,181,942
Land	603,929	-	65,687	538,241
Other	5,952,565	-	651,416	5,301,149
Total Deferred Inflows of Resources	<u>\$ 12,110,362</u>	<u>\$ -</u>	<u>\$ 3,089,029</u>	<u>\$ 9,021,332</u>

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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**Business-type activities**

The following is a summary of changes in the Water and Sewer Fund's deferred inflows for lease receivables for the year ended June 30, 2023:

<u>Water and Sewer:</u>	<b>Balance June 30, 2021</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2022</b>
Building	\$ -	\$ 46,079	\$ 46,079	\$ -
Other	111,969	-	36,466	75,503
Land	10,482	-	10,482	-
Total Deferred Inflows of Resources	<u>\$ 122,451</u>	<u>\$ 46,079</u>	<u>\$ 93,027</u>	<u>\$ 75,503</u>

**Component Units**

The following is a summary of changes in the School Board's deferred inflows for lease receivables for the year ended June 30, 2023:

<u>School Board:</u>	<b>Balance June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance June 30, 2023</b>
Land	\$ 249,576	\$ -	\$ 79,975	\$ 169,601
Total Deferred Inflows of Resources	<u>\$ 249,576</u>	<u>\$ -</u>	<u>\$ 79,975</u>	<u>\$ 169,601</u>

**Subscriptions Liability**

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The subscription term includes the period during which a government has a non-cancellable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option). Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability.

County of Henrico should recognize the subscription liability at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the county, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. County of Henrico should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods. The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. County of Henrico should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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For additional information, refer to the disclosures below.

**Principal and Interest Requirements to Maturity**

**Governmental Activities**

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 3,854,864	\$ 460,387	\$ 4,315,251
FY2025	3,329,472	371,973	3,701,445
FY2026	2,117,471	293,859	2,411,330
FY2027	1,517,936	244,684	1,762,621
FY2028	1,539,581	206,908	1,746,489
FY2029-2033	6,537,180	426,065	6,963,245
Total Governmental Activities	<u>\$ 18,896,504</u>	<u>\$ 2,003,877</u>	<u>\$ 20,900,380</u>

**Component Units**

School Board:

<b>Years</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
FY2024	\$ 3,375,416	\$ 119,622	\$ 3,495,038
FY2025	1,245,422	51,864	1,297,287
FY2026	723,044	28,757	751,802
FY2027	435,984	15,938	451,922
FY2028	410,942	7,783	418,725
FY2029-2033	-	-	-
Total School Board	<u>\$ 6,190,809</u>	<u>\$ 223,964</u>	<u>\$ 6,414,773</u>
<b>Grand Total</b>	<u><b>\$ 25,087,313</b></u>	<u><b>\$ 2,227,841</b></u>	<u><b>\$ 27,315,153</b></u>

**NOTE 8. CONTINGENCIES AND COMMITMENTS**

A. Litigation

The County and School Board are named as defendants in several cases including tax assessment, construction contract, personal injury, special education, civil rights, and other contract cases. The maximum exposure amount that can be reasonably estimated is approximately \$31,500 for cases and potential counter claims where the County is the plaintiff. These claims are covered under the County's self-insurance program as discussed in note 8C. The County intends to defend its position in these claims vigorously. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred as a result of claims existing as of June 30, 2023, will not be material to the County's financial statements.



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**B. Federal Grant Awards**

The County and School Board participate in a number of federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the County expects such amounts, if any, would not have a material effect on the County's financial statements.

**C. Risk Management**

The County and School Board maintain a self-insurance program ("Program") for workers' compensation claims, certain property and casualty risks, health care and other claims. Insurance carriers cover workers' compensation claims in excess of \$1,000,000 per occurrence. Virginia Association of Counties Group Self-Insurance Risk Pool (VaCOR), through the Travelers Insurance Company, covers property claims in excess of \$1,000,000 per occurrence. VaCOR, through Genesis Insurance Company, covers liability claims between \$2,000,000 and \$7,000,000 per occurrence. The County's estimated and recorded liability for claims payable at June 30, 2023, includes actuarial estimates of probable losses on claims received and claims incurred but not reported. The liability also includes non-incremental claims adjustment expenses. The County has recorded expenditures of \$6,848,065 in the General Fund to reflect the liability for the estimated settlement value of all reported workers' compensation and property and casualty claims covered by the Program at June 30, 2023, that are expected to be liquidated with current resources. The amount of settlements has not exceeded insurance coverage in each of the past three years.

Effective January 1, 2008, the County began participating in a self-funded health care program covering medical and prescription drug costs. The County pays all covered claims up to \$500,000 per individual per year. Individual claims that exceed \$500,000 per year are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of projected claims for the year are covered by aggregate excess risk insurance. The carrier of the excess risk policy is Coventry Health and Life Insurance Company. The County has recorded \$11,499,000 for health care claims incurred but not reported in the Health Care Fund at June 30, 2023.

In addition, the County has recorded \$18,147,000 for the County and \$5,998,000 for the School Board in the Government-wide Statement of Net Position to reflect the liability for the estimated settlement value of workers' compensation and property and casualty claims covered by the Program at June 30, 2021, that are not expected to be liquidated with current resources. Also, the County has assigned \$10,000,000 of the June 30, 2023 General Fund's Fund balance as a self-insurance reserve.

At June 30, 2023 and 2022, the County and Schools had accrued claims payable in long-term liabilities as follows:

	<b><u>FY 2023</u></b>		<b><u>FY 2022</u></b>	
	<b><u>County</u></b>	<b><u>Schools</u></b>	<b><u>County</u></b>	<b><u>Schools</u></b>
Balance, July 1	\$ 29,272,000	\$ 5,933,000	\$ 27,461,921	\$ 6,037,169
Current year claims and changes in estimates	21,308,264	2,442,296	22,155,405	1,303,597
Claim payments	<u>(20,934,264)</u>	<u>(2,377,296)</u>	<u>(20,345,326)</u>	<u>(1,407,766)</u>
Balance, June 30	<u>\$ 29,646,000</u>	<u>\$ 5,998,000</u>	<u>\$ 29,272,000</u>	<u>\$ 5,933,000</u>

**HENRICO COUNTY, VIRGINIA**  
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**D. Commitments**

At June 30, 2023, the County had contractual commitments for the construction of various projects as follows:

	<b><u>Primary Government</u></b>	<b><u>Component Unit-Schools</u></b>
Capital Projects Funds:		
Computer and Technology Improvements	\$ 8,822,702	\$ -
Buildings and Grounds	1,921,336	-
Road Maintenance	57,738,480	-
Landfill Development & Utilities Projects	4,391,045	-
Public Safety Projects	9,796,497	-
Public Works	18,522,384	-
Parks and Recreation	33,347,797	-
Community Development	887,449	-
Libraries	220,031	-
Education Projects	<u>30,223,330</u>	<u>84,553,532</u>
<b>Total</b>	<b><u>\$ 165,871,051</u></b>	<b><u>\$ 84,553,532</u></b>
Enterprise Funds:		
Wastewater Treatment Projects	\$ 75,282,353	
Water Plant Projects	9,266,047	
Computer and Information Systems	<u>6,501,256</u>	
<b>Total</b>	<b><u>\$ 91,049,656</u></b>	

**Encumbrances**

As discussed in Note 1.G, encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At June 30, 2023, the County had encumbrances expected to be honored upon performance by vendors in the next year as follows:

General Fund	\$ 8,419,627
Special Revenue Fund	4,287,996
Capital Projects Fund	<u>192,938,655</u>
Total	<b><u>\$205,646,278</u></b>

**G. Contingent Liabilities**

**Capital Region Airport Commission**

See Note 21, "Joint Ventures" for a discussion of the County's contingent liability relating to the Capital Region Airport Commission.

**Environmental Risk**

The County is the owner of closed landfills, underground storage tanks, sewage lagoons and other potential sources of toxic substances. Ownership of these properties exposes the County to risk of third-party pollution liability. At this time, no claim exists nor is there knowledge of any condition which impairs a third party's property or person.

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**NOTE 9. DEFINED BENEFIT PENSION PLAN – AGENT MULTIPLE-EMPLOYER**

**A. Plan Description**

The County and School Board Non-Professional Group contribute to an agent multiple-employer defined benefit pension plan administered by the VRS. All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local government employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs)) payable monthly for life in an amount equal to 1.7 percent (Plan 1 members) and 1.65% (Plan 2 members) of their average final compensation ("AFC") for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

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Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuations, the following employees were covered by the benefit terms of the pension plan:

	<u>County*</u>	<u>School Board Non-Professional Group</u>
Inactive members or their beneficiaries currently receiving benefits	3,767	105
Inactive members:		
Vested	766	19
Non-vested	1,751	77
Active elsewhere in VRS	<u>1,231</u>	<u>96</u>
Total inactive members	3,748	192
Active members	<u>5,072</u>	<u>28</u>
Total	<u>12,587</u>	<u>325</u>

\*includes School Board Construction and Maintenance (C&M) Group – See note 9B for further information

VRS issues a publicly available ACFR that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

VRS Plan 1 and 2 members are required by Title 51.1 of the Code of Virginia (1950), as amended, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The County has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the County and School Board Non-Professional Group are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia and approved by the VRS Board of Trustees. The County and School Board Non-Professional Group's contribution rates for the fiscal year ended 2023 were 16.53 percent and 39.75 percent, respectively, of annual covered employee compensation. The County and School Board contributions for the fiscal year ended 2023 were \$40,749,052 and \$192,256, respectively. These rates, when combined with employee contributions, were expected to finance the costs of benefits earned by the employees during the year, with an additional amount to finance any unfunded accrued liability.

**C. Net Pension Liability and Pension Expense**

At June 30, 2023, the County and School Board Non-Professional Group reported a net pension liability of \$220,260,826 and \$3,346,528, respectively. The County's net pension liability was allocated based on respective contribution proportionate shares to the employees in the County General Government, Water and Sewer Revenue Fund and Central Automotive Maintenance (CAM), which are reported as part of the County's Primary Government, and JRJDC and School Board Construction and Maintenance (School Board C&M), which are reported as part of the County's Component Units.

**HENRICO COUNTY, VIRGINIA**  
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The net pension liability for the County General Government, Water and Sewer Revenue Fund, JRJDC, CAM, School Board C&M and School Board Non-Professional Group employees was \$178,526,944, \$12,651,927, \$2,666,478, \$2,735,774, \$23,679,703, and \$3,346,528, respectively. The net pension liability was measured as of June 30, 2022. The total pension liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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**Change in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>Governmental Activities</b>			
Balances at June 30, 2022	\$1,398,417,473	\$1,316,194,092	\$82,223,381
Changes for the year:			
Service cost	33,036,473	-	33,036,473
Interest	97,170,762	-	97,170,762
Difference between expected and actual experience	13,454,669	-	13,454,669
Changes of assumptions	-	-	-
Contributions-employer	-	34,721,214	(34,721,214)
Contributions-employee	-	12,048,194	(12,048,194)
Net investment income	-	(1,346,899)	1,346,899
Benefit payments, including refunds of employee contributions	(71,361,150)	(71,361,150)	-
Administrative expense	-	(841,516)	841,516
Other changes	-	41,574	(41,574)
Net changes	72,300,754	(26,738,583)	99,039,337
Balances at June 30, 2023	<u>\$1,470,718,227</u>	<u>\$1,289,455,509</u>	<u>\$181,262,718</u>
<b>Business-type Activities</b>			
Balances at June 30, 2022	\$95,554,860	\$88,953,974	\$6,600,886
Changes for the year:			
Service cost	2,018,441	-	2,018,441
Interest	5,936,876	-	5,936,876
Difference between expected and actual experience	822,045	-	822,045
Changes of assumptions	-	-	-
Contributions-employer	-	2,121,374	(2,121,374)
Contributions-employee	-	736,113	(736,113)
Net investment income	-	(82,292)	82,292
Benefit payments, including refunds of employee contributions	(4,359,977)	(4,359,977)	-
Administrative expense	-	(51,414)	51,414
Other changes	-	2,540	(2,540)
Net changes	4,417,385	(1,633,656)	6,051,041
Balances at June 30, 2023	<u>\$99,972,245</u>	<u>\$87,320,318</u>	<u>\$12,651,927</u>
<b>Total Primary Government</b>			
Balances at June 30, 2022	\$1,493,972,333	\$1,405,148,066	\$88,824,267
Changes for the year:			
Service cost	35,054,914	-	35,054,914
Interest	103,107,638	-	103,107,638
Difference between expected and actual experience	14,276,714	-	14,276,714
Changes of assumptions	-	-	-
Contributions-employer	-	36,842,588	(36,842,588)
Contributions-employee	-	12,784,307	(12,784,307)
Net investment income	-	(1,429,191)	1,429,191
Benefit payments, including refunds of employee contributions	(75,721,127)	(75,721,127)	-
Administrative expense	-	(892,930)	892,930
Other changes	-	44,114	(44,114)
Net changes	76,718,139	(28,372,239)	105,090,378
Balances at June 30, 2023	<u>\$1,570,690,472</u>	<u>\$1,376,775,827</u>	<u>\$193,914,645</u>

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**Change in the Net Pension Liability**

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>School Board C&amp;M</b>			
Balances at June 30, 2022	\$177,523,465	\$163,645,672	\$13,877,793
Changes for the year:			
Service cost	3,269,615	-	3,269,615
Difference between expected and actual experience	1,331,607	-	1,331,607
Changes of assumptions	-	-	-
Interest	9,616,978	-	9,616,978
Contributions-employer	-	3,436,354	(3,436,354)
Contributions-employee	-	1,192,408	(1,192,408)
Net investment income	-	(133,302)	133,302
Benefit payments, including refunds of employee contributions	(7,062,604)	(7,062,604)	-
Administrative expense	-	(83,285)	83,285
Other changes	-	4,115	(4,115)
Net changes	7,155,596	(2,646,314)	9,801,910
Balances at June 30, 2023	\$184,679,061	\$160,999,358	\$23,679,703

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>School Board Non-Professional Group</b>			
Balances at June 30, 2022	\$8,722,998	\$5,499,931	\$3,223,067
Changes for the year:			
Service cost	54,568	-	54,568
Difference between expected and actual experience	(284,130)	-	(284,130)
Changes of assumptions	-	-	-
Interest	569,590	-	569,590
Contributions-employer	-	192,256	(192,256)
Contributions-employee	-	25,398	(25,398)
Net investment income	-	2,323	(2,323)
Benefit payments, including refunds of employee contributions	(678,391)	(678,391)	-
Administrative expense	-	(3,528)	3,528
Other changes	-	118	(118)
Net changes	(338,363)	(461,824)	123,461
Balances at June 30, 2023	\$8,384,635	\$5,038,107	\$3,346,528

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
<b>James River Juvenile Detention Center</b>			
Balances at June 30, 2022	\$21,092,728	\$19,767,198	\$1,325,530
Changes for the year:			
Service cost	447,299	-	447,299
Difference between expected and actual experience	182,170	-	182,170
Changes of assumptions	-	-	-
Interest	1,315,648	-	1,315,648
Contributions-employer	-	470,109	(470,109)
Contributions-employee	-	163,127	(163,127)
Net investment income	-	(18,236)	18,236
Benefit payments, including refunds of employee contributions	(966,198)	(966,198)	-
Administrative expense	-	(11,394)	11,394
Other changes	-	563	(563)
Net changes	978,919	(362,029)	1,340,948
Balances at June 30, 2023	\$22,071,647	\$19,405,169	\$2,666,478

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**D. Actuarial Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total pension liability, total fiduciary net position, net pension liability and annual pension expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The total pension liability at the June 30, 2022 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Discount Rate	6.75%
Inflation	2.5%
Payroll Growth	3.0%
Projected Salary Increases	3.50% to 5.35% per year for general government employees 3.50% to 4.75% per year for public safety employees
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Adjustment	2.50% per year for Plan 1 employees and 2.25% for Plan 2 employees

Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately .06 percent of the fair market value of 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 percent. However, since the difference was minimal, and a more conservative 6.75 percent 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 percent to simplify preparation of pension liabilities.

Mortality rates were based on the PUB2010 public sector mortality tables adjusted for future mortality improvements using a modified MP-2-2- mortality improvement scale.

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. The actuarial cost method used was the entry age method and the amortization method used was the level percentage of payroll closed method. The remaining amortization period is 2-24 years and the asset valuation method used was the 5-year smoothed market.

**E. Long-Term Expected Rate of Return**

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the VRS for use in the last actuarial experience study for the four-year period ending June 30, 2020 are summarized in the following table:



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

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

\*\* On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater.

From July 1, 2022 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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**G. Sensitivity of the Employer's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.**

The following presents the County's Governmental Activities, Business-type Activities, School Board C&M's proportionate share and the School Board Non-Professional Group's net pension liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
Governmental Activities proportionate share of the net pension liability	\$382,374,542	\$181,262,718	\$27,529,228
Business-type Activities proportionate share of the net pension liability	\$23,362,071	\$12,651,927	\$1,681,963
Total Primary Government	\$405,736,613	\$193,914,645	\$29,211,191
School Board C&M proportionate share of the net pension liability	\$37,843,559	\$23,679,703	\$2,724,564
School Board Non-Professional Group	\$4,157,530	\$3,346,528	\$2,661,761
James River Juvenile Detention Center proportionate share of the net pension liability	\$5,177,178	\$2,666,478	\$372,733
Total Component Units	\$47,178,267	\$29,692,709	\$5,759,058

**H. Deferred Outflows and Inflows of Resources and Pension Expense**

The County's Governmental Activities, Business-type Activities, School C&M and JRJDC have recognized deferred outflows of resources of \$43,277,157, \$2,488,743, \$4,368,423, and \$556,761, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

At June 30, 2023, the County's Governmental Activities, Business-type Activities, School Board C&M and JRJDC employee allocation, reported a net pension liability of \$181,262,718, \$12,651,927, \$23,679,703, and \$2,666,478 respectively, for its proportionate share of the net pension liability. The School Board Non-Professional Group reported a net pension liability of \$3,346,528. At June 30, 2023, the Governmental Activities, Business-type Activities, JRJDC and Schools C&M proportion of the County of Henrico was 85.21 percent, 5.21 percent, 1.15 percent, and 8.43 percent, respectively. The County's Governmental Activities, Business-type Activities, Schools C&M and JRJDC recognized pension expenses of \$37,475,869, \$2,289,676, \$3,708,982, and \$507,406, respectively. The total pension expense for the County's Primary Government is \$39,765,545. The School Board Non-Professional Group recognized pension income of \$103,385.

The County's Governmental Activities, Business-type Activities, School Board and JRJDC reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><u>Primary Government</u></b>		
<b>Governmental Activities</b>		
Change in pension proportionate share allocation	\$ 912,246	\$ 125,743
Difference between expected and actual experience	13,852,204	8,341,103
Changes of assumptions	27,248,123	-
Difference between projected and actual earnings on pension plan investments	-	38,112,269
Pension contributions after the measurement date	43,277,157	-
Total	<u>\$ 85,289,730</u>	<u>\$ 46,579,115</u>
<b>Business-Type Activities</b>		
Change in pension proportionate share allocation	\$ -	\$ 403,830
Difference between expected and actual experience	859,789	516,864
Changes of assumptions	1,688,455	-
Difference between projected and actual earnings on pension plan investments	-	2,369,721
Pension contributions after the measurement date	2,488,743	-
Total	<u>\$ 5,036,987</u>	<u>\$ 3,290,415</u>
<b><u>Total Primary Government</u></b>		
Change in pension proportionate share allocation	\$ 912,246	\$ 529,573
Difference between expected and actual experience	14,711,993	8,857,967
Changes of assumptions	28,936,578	-
Difference between projected and actual earnings on pension plan investments	-	40,481,990
Pension contributions after the measurement date	45,765,900	-
	<u>\$ 90,326,717</u>	<u>\$ 49,869,530</u>
<b><u>Component Units</u></b>		
<b>Schools C&amp;M</b>		
Change in pension proportionate share allocation	\$ -	\$ 350,773
Difference between expected and actual experience	1,384,734	842,297
Changes of assumptions	2,751,557	-
Difference between projected and actual earnings on pension plan investments	-	3,962,736
Pension contributions after the measurement date	4,368,423	-
Total	<u>\$ 8,504,714</u>	<u>\$ 5,155,806</u>
<b>Schools Non-Professional Group</b>		
Difference between projected and actual earnings on pension plan investments	\$ -	\$ 172,048
Pension contributions after the measurement date	239,485	-
Total	<u>\$ 239,485</u>	<u>\$ 172,048</u>
<b>James River Juvenile Detention Center</b>		
Change in pension proportionate share allocation	\$ 48,670	\$ 80,570
Difference between expected and actual experience	189,557	119,884
Changes of assumptions	391,627	-
Difference between projected and actual earnings on pension plan investments	-	615,404
Pension contributions after the measurement date	556,761	-
Total	<u>\$ 1,186,615</u>	<u>\$ 815,858</u>

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The change in the proportionate share allocation, difference between expected and actual experience, changes of assumptions and difference between projected and actual earnings on pension plan investments will be recognized in pension expense as follows:

Year Ending June 30:	Governmental Activities	Business-Type Activities	Schools C&M	Schools Non- Professional Group	JRJDC
2024	\$ 2,636,762	\$ (58,771)	\$ 6,407	\$ (61,649)	\$ (12,224)
2025	(2,644,911)	(347,220)	(441,199)	(66,658)	(56,743)
2026	(22,929,594)	(1,458,613)	(2,402,920)	(114,394)	(365,776)
2027	18,371,201	1,122,433	1,818,197	70,653	248,739
	<u>\$ (4,566,542)</u>	<u>\$ (742,171)</u>	<u>\$ (1,019,515)</u>	<u>\$ (172,048)</u>	<u>\$ (186,004)</u>

**NOTE 10. DEFINED BENEFIT PENSION PLAN – COST-SHARING MULTIPLE-EMPLOYER**

**A. Plan Description**

The School Board Teachers contributes to a cost-sharing multiple-employer defined benefit pension plan administered by VRS, known as the Teacher Retirement Plan. All full-time, salaried permanent employees must participate in the VRS. Benefits vest after five years of service. VRS administers three different benefit plans for local school employees – Plan 1, Plan 2 and a Hybrid Plan. Each plan has a different eligibility and benefit structure as described below.

VRS Plan 1 and Plan 2 are defined benefit plans and the retirement benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. Employees are eligible for VRS Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013. VRS Plan 1 and Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

VRS members are eligible for an unreduced retirement benefit at age 65 for Plan 1 members and at normal social security retirement age for Plan 2 members with 5 years of service (age 60 for participating local law enforcement officers, firefighters, and sheriffs or at age 50 with at least 30 years of service if elected by the employer (age 50 with at least 25 years of service for participating local law enforcement officers, firefighters, and sheriffs) payable monthly for life in an amount equal to 1.7 percent (Plan 1 members) and 1.65% (Plan 2 members) of their average final compensation ("AFC") for each year of credited service (1.85 percent to Sheriffs and if the employer elects, to other employees in hazardous positions receiving enhanced benefits). Benefits are actuarially reduced for retirees who retire prior to becoming eligible for full retirement benefits. In addition, retirees qualify for annual cost-of-living increases limited to 5 percent (Plan 1 members) and 3% (Plan 2 members) per year beginning in their second year of retirement. AFC is defined as the highest consecutive 36 months for Plan 1 members and 60 months for Plan 2 members, of reported annual compensation. Participating local law enforcement officers, firefighters, and sheriffs may receive a monthly benefit supplement if they retire prior to age 65. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. Members hired on or after January 1, 2014 are in this plan, as well as VRS Plan 1 and VRS Plan 2 members who were eligible and opted into the plan during the special election window. The defined benefit is based on a member's age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees. Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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Hybrid members are eligible for an unreduced retirement benefit at normal social security retirement age with 5 years of service or when their age and service equal 90. The defined benefit component has a 1.0 percent multiplier to produce approximately a 30% salary replacement rate after 30 years of service. Hybrid member's average final compensation is the highest consecutive 60 months of reported annual compensation. Retirees qualify for annual cost-of-living increases limited to 3% per year beginning in their second year of retirement.

VRS issues a publicly available ACFR that includes financial statements and required supplementary information for VRS. A copy of that report may be downloaded from their website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or obtained by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**B. Funding Policy**

VRS Plan 1 and VRS Plan 2 members are required by Title 51.1-145 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly, to contribute 5 percent of their annual salary to the VRS. Hybrid Plan members have a 4 percent mandatory defined benefit contribution and a 1 percent mandatory contribution to the defined contribution plan and up to an additional 4 percent voluntary contribution to the defined contribution plan. The School Board Teachers Plan has a mandatory 1 percent match to the defined contribution plan, plus a 100 percent match on the first 1 percent elected by the employee, plus a 50 percent matching contribution on the next 3 percent elected by the employee. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund.

In addition, the School Board Teachers are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the Code of Virginia (1950) and approved by the VRS Board of Trustees. Each school division's contractually required employer contribution rate for the year ended June 30, 2023, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, is expected to finance the costs of benefits earned by the employee during the year, with an additional amount to finance any unfunded accrued liability. The School Board Teachers' contributions to VRS for the years ending 2023, 2022, and 2021 were \$55,462,951, \$52,604,971, and \$49,068,666, respectively, and are equal to the required contributions for each year.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act and is classified as a non-employer contribution. The School Board Teacher's portion of the special contribution was \$14,863,890 for the fiscal year ending June 30, 2023.

**C. Net Pension Liabilities and Pension Expense**

For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, pension expense and the fiduciary net position of the Teacher Retirement Plan and the additions to/deductions from the VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were 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. Investments are reported at fair value.

At June 30, 2023, the County's Component Unit's, the School Board and JRJDC, reported a net pension liability of \$346,923,106 and \$2,666,478, respectively. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The School Board's proportion of the net pension liability and pension expense related to the Teacher Retirement Plan was based on a projection of the School Board's long-term share of contributions to the Teacher Retirement Plan relative to the projected contributions of all participating employers. JRJDC's proportion of the net pension liability and pension expense related to the County's retirement plan was based on a projection of JRJDC's long-term share of contributions to the County's retirement plan relative to the projected contributions in the future.

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The School Board net pension liability of \$346,923,106 is made up of three groups of employees. The Teachers' net pension liability of \$319,896,875, the School Board Non-Professional Group net pension liability of \$3,346,528 and the School C&M net pension liability of \$23,679,703. For the year ended June 30, 2023, the Teacher Retirement Plan, School Board Non-Professional Group and School's C&M Group reported pension expense of \$18,099,976, (\$103,385), and \$3,708,982, respectively. The School Board's participation in the VRS cost-sharing plan was 3.36% as of June 30, 2023.

As of June 30, 2023, the School Board's net pension liability for VRS plans is as follows:

<u>Teachers</u>	
Total pension liability	\$1,803,501,207
Fiduciary net position	<u>1,483,604,332</u>
Net pension liability	<u>\$ 319,896,875</u>
 <u>Schools Non-Professional Group</u>	
Total pension liability	\$ 8,384,635
Fiduciary net position	<u>5,038,107</u>
Net pension liability	<u>\$ 3,346,528</u>
 <u>Schools C&amp;M</u>	
Total pension liability	\$ 184,679,060
Fiduciary net position	<u>160,999,357</u>
Net pension liability	<u>\$ 23,679,703</u>
 <u>Total Schools</u>	
Total pension liability	\$1,996,564,902
Fiduciary net position	<u>1,649,641,796</u>
Net pension liability	<u>\$ 346,923,106</u>
 Plan fiduciary net position as a percentage of the total pension liability	
	82.62%

**D. Actuarial Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total pension liability, total fiduciary net position, net pension liability and annual pension expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Discount Rate	6.75%
Inflation	2.5%
Payroll Growth	3.0%
Projected Salary Increases	3.50% to 5.95% per year
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year for Plan 1 employees and 2.25% for Plan 2 employees

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Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately .06 percent of the fair market value of 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 percent. However, since the difference was minimal, and a more conservative 6.75 percent 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 percent to simplify preparation of pension liabilities.

Mortality rates are based on the PUB2010 public sector mortality tables, as appropriate, with rate adjustments for mortality improvements projected generationally with a modified Mortality MP-2020 Improvement Scale that is 75% of the MP-2020 rates. Mortality rates for pre-retirement are based on the Pub-2010 amount weighted teacher employee rates projected generationally; 110% of rates for males. Mortality rates for post-retirement are based on the Pub-2010 amount weighted teachers healthy retiree rates projected generationally; males set forward 1 year; 105% of rates for females. Mortality rates for post-disablement are based on the Pub-2010 amount weighted teachers disabled rates projected generationally; 110% of rates for males and females. Mortality rates for beneficiaries and survivors are based on the Pub-2010 amount weighted teachers contingent annuitant rates projected generationally.

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. The actuarial cost method used was the Entry Age Normal Cost Method and the contribution was developed using level percent of pay amortization of the unfunded liability with a closed amortization period. The remaining amortization period is 30 years and the asset valuation method used was the 5-year smoothed market. Changes to the actuarial assumptions as a result of the experience study included an update to a more current public sector mortality table (PUB2010), adjusted retirement rates to better fit experience for Plan 1, set separate retirement rates based on experience for Plan2/Hybrid, changed final retirement age from 75 to 80 and adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service. No changes were made to disability rates, salary scale and the discount rate.

**E. Long-Term Expected Rate of Return**

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for the four-year period ending June 30, 2020, are summarized in the following table:

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

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 medial return of 6.72%, including expected inflation of 2.50%.

\*\*On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of the expected long-term results of the VRS fund asset allocation at that time, providing a medial return of 7.11%, including expected inflation of 2.50%.

**F. Discount Rate**

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate.

From July 1, 2022 on, school divisions are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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



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	1% Decrease (5.75.0%)	Discount Rate (6.75%)	1% Increase (7.75%)
<b><u>School Board</u></b>			
Teachers' proportionate share of the net pension liability	\$ 571,360,308	\$ 319,896,875	\$ 115,150,343
School Board Non-Professional Group net pension liability	4,157,530	3,346,528	2,661,761
School Board C&M's proportionate share of the net pension liability	<u>37,843,559</u>	<u>23,679,703</u>	<u>2,724,564</u>
Total all Schools	<u><u>\$ 613,361,397</u></u>	<u><u>\$ 346,923,106</u></u>	<u><u>\$ 120,536,668</u></u>

**H. Deferred Outflows and Inflows of Resources Related to Pensions**

The School Board has recognized deferred outflows of resources of \$60,070,859 resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. The School Board has recognized deferred outflows of resources of \$6,275,560 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2022. The School Board has recognized deferred outflows of resources of \$32,498,673 resulting from changes of assumptions. The School Board has recognized deferred outflows of resources of \$1,384,733 resulting from the difference between expected and actual experience.

The School Board has recognized deferred inflows of resources of \$1,713,724 resulting from a change in the proportionate share allocation of the beginning net pension liability for the actuarial measurement date June 30, 2022. The School Board has recognized deferred inflows of resources of \$22,806,059 resulting from the difference between expected and actual experience. The School Board has recognized net deferred inflows of resources of \$44,144,850 resulting from the difference between projected and actual earnings on pension plan investments.

As of June 30, 2023, the School Board's deferred outflows and inflows of resources is as follows:

<b><u>Deferred Outflows of Resources</u></b>	
Teachers – employer contributions	\$ 55,462,951
Teachers – proportionate share	6,275,560
Teachers – changes of assumptions	29,747,116
Schools Non-Professional Group – employer contributions	239,485
Schools C&M – employer contributions	4,368,423
Schools C&M – changes of assumptions	2,751,557
Schools C&M – difference in experience	<u>1,384,733</u>
Total Deferred Outflows of Resources	<u><u>\$ 100,229,825</u></u>
<b><u>Deferred Inflows of Resources</u></b>	
Teachers – difference in experience	\$ 21,963,762
Teachers – difference in earnings	40,010,066
Teachers – difference in proportionate share	1,362,951
Schools Non-Professional Group – difference in earnings	172,048
Schools C&M – difference in experience	842,297
Schools C&M – difference in earnings	3,962,736
Schools C&M – difference in proportionate share	<u>350,773</u>
Total Deferred Inflows of Resources	<u><u>\$ 68,664,633</u></u>

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These deferred outflows and deferred inflows resulting from the difference between projected and actual earnings, changes in the proportionate share allocation and the difference between expected and actual experience will be recognized in pension expense as follows:

**School Board**

Year Ending June 30:	School Board			
	Teachers	Non-Professional Group	School Board C&M	Total
2024	\$ (8,006,772)	\$ (61,649)	\$ 6,407	\$ (8,062,014)
2025	(12,674,507)	(66,658)	(441,199)	(13,182,364)
2026	(25,507,826)	(114,394)	(2,402,920)	(28,025,140)
2027	18,875,002	70,653	1,818,196	20,763,851
2028	-	-	-	-
	<u>\$ (27,314,103)</u>	<u>\$ (172,048)</u>	<u>\$ (1,019,516)</u>	<u>\$ (28,505,667)</u>

**I. Employer Contributions**

The County's Component Unit proportionate shares were calculated on the basis of historical employer contributions. Although GAAP encourages the use of the projected long-term contribution effort to the retirement plan, allocating on the basis of historical employer contributions is considered acceptable. Employer contributions recognized by the VRS Teacher Retirement Plan that are not representative of future contribution effort are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions toward the purchase of employee service, contributions for adjustments for prior periods, and supplemental employer contributions.

The employer contributions used in the determination of employers' proportionate shares of collective pension amounts reported in the Schedule of Employer Allocations was based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2022. The County's Teacher portion was \$52,042,466. Of this amount, \$2,126,634 was transferred to MissionSquare as the employer cost of the defined contribution component for employees covered by the Hybrid Retirement Plan benefit structure and \$49,915,832 was retained by the defined benefit plan. The employer contributions of \$49,907,005 reported in the VRS Teacher Employee's Retirement Plan's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects this net amount minus approximately \$8,827 in other employer contribution adjustments that were not representative of future contribution efforts.

**NOTE 11. HEALTHCARE OPEB PLAN – SINGLE EMPLOYER**

**A. Plan Description**

The County provides other postemployment healthcare benefits for retired employees through the County of Henrico Post Retirement Benefits Plan, a single-employer defined benefit OPEB plan ("Plan"). The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

As described in Note 2, the County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund postemployment healthcare benefits other than pensions.

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Healthcare Benefits

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

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

Current Henrico County retirees who qualify for health benefits receive an implicit rate subsidy by participating in the active employee health care risk pool. The County also provides a retiree health care supplement for retirees who meet the following eligibility conditions:

1. Retirees who are not eligible for the VRS health care credit.
2. Retirees must have a minimum of 20 full years of VRS service, 10 of which must be with the County.
3. The supplement will be paid only to eligible retirees who choose to remain in the County's group plan.
4. Employees retiring on a VRS disability will receive the monthly supplement for the greater of 30 years or their actual years of VRS service.

Effective January 1, 2006, the monthly supplement is \$3.00 for each full year of service. The former cap of 30 years of service has been removed. Therefore, all VRS service will be recognized for the supplement. Upon the death of a retiree, surviving spouses may elect to remain in the County's plan.

Membership

At June 30, 2023, membership for the postemployment healthcare benefits consisted of:

Active employees	10,756
Retirees	1,069
Disabled's	40
Retiree Spouses and Beneficiaries	<u>41</u>
Total participants	<u>11,906</u>

B. Funding Policy

The County currently contributes amounts to the Virginia Pooled OPEB Trust Fund for the postemployment healthcare benefits. The Board of the Trust Fund establishes rates based on an actuarially determined rate. Contributions are irrevocable and shall be dedicated to providing other postemployment benefits or to defray reasonable expenses of the Trust Fund. For the year ended June 30, 2023, the County's contribution to the OPEB Trust Fund was \$9,604,420 and the average contribution rate was 1.1 percent of covered employee payroll. The County's Governmental Activities, Business-type Activities, School Board and JRJDC's contributions to the OPEB Trust Fund were \$3,585,977, \$254,773, \$5,717,646, and \$46,024.

C. Net OPEB Liability and OPEB Expense

For purposes of measuring the net postemployment healthcare OPEB liability, deferred outflows and deferred inflows of resources, OPEB expense and the additions to/deductions from net fiduciary position have been determined on the same basis as they were reported as of June 30, 2023. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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At June 30, 2023, the County's Governmental Activities, Business-type Activities, School Board and JRJDC's employee allocation, reported a net postemployment healthcare OPEB liability of \$13,862,451, \$646,098, \$16,549,635, and \$146,276 respectively, for its proportionate share of the net pension liability. At June 30, 2023, the Governmental Activities, Business-type Activities, School Board and JRJDC proportion of the County of Henrico was 44.42 percent, 2.07 percent, 53.04 percent, and .47 percent, respectively.

For the year ended June 30, 2023, the County's Governmental Activities, Business-type Activities, School Board and JRJDC recognized healthcare OPEB expense of \$1,263,712, \$164,376, \$3,202,607, and \$24,717, respectively. The total OPEB expense for the County's Primary Government is \$1,428,088.

As of June 30, 2023, the County's Primary Government net Healthcare OPEB liability is as follows:

<u>Governmental Activities</u>	
Total Healthcare OPEB liability	\$ 55,972,744
Fiduciary net position	<u>42,110,293</u>
Net Healthcare OPEB liability	<u>\$ 13,862,451</u>
 <u>Business-type Activities</u>	
Total Healthcare OPEB liability	\$ 2,608,765
Fiduciary net position	<u>1,962,667</u>
Net Healthcare OPEB liability	<u>\$ 646,098</u>
 <u>Total Primary Government</u>	
Total Healthcare OPEB liability	\$ 58,581,509
Fiduciary net position	<u>44,072,960</u>
Net Healthcare OPEB liability	<u>\$ 14,508,549</u>
 Plan fiduciary net position as a percentage of the total Healthcare OPEB liability	
	75.23%

As of June 30, 2023, the County's Component Unit Net Healthcare OPEB liability is as follows:

<u>Schools</u>	
Total Healthcare OPEB liability	\$ 66,822,848
Fiduciary net position	<u>50,273,213</u>
Net Healthcare OPEB liability	<u>\$ 16,549,635</u>
 <u>JRJDC</u>	
Total Healthcare OPEB liability	\$ 590,623
Fiduciary net position	<u>444,347</u>
Net Healthcare OPEB liability	<u>\$ 146,276</u>
 <u>Total Component Unit</u>	
Total Healthcare OPEB liability	\$ 67,413,471
Fiduciary net position	<u>50,717,560</u>
Net Healthcare OPEB liability	<u>\$ 16,695,911</u>
 Plan fiduciary net position as a percentage of the total net Healthcare OPEB liability	
	75.23%

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**Change in the Net Healthcare OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>Governmental Activities</b>			
Balances at June 30, 2022	\$53,555,024	\$38,652,248	\$14,902,776
Changes for the year:			
Service cost	1,937,493	-	1,937,493
Interest	3,661,768	-	3,661,768
Contributions-employer	-	3,585,977	(3,585,977)
Net investment income	-	3,053,837	(3,053,837)
Benefit payments, including refunds of employee contributions	(3,181,541)	(3,181,541)	-
Administrative expense	-	(228)	228
Net changes	2,417,720	3,458,045	(1,040,325)
Balances at June 30, 2023	\$55,972,744	\$42,110,293	\$13,862,451
<b>Business-type Activities</b>			
Balances at June 30, 2022	\$2,306,566	\$1,664,717	\$641,849
Changes for the year:			
Service cost	180,437	-	180,437
Interest	170,667	-	170,667
Contributions-employer	-	254,773	(254,773)
Net investment income	-	92,092	(92,092)
Benefit payments, including refunds of employee contributions	(48,905)	(48,905)	-
Administrative expense	-	(10)	10
Net changes	302,199	297,950	4,249
Balances at June 30, 2023	\$2,608,765	\$1,962,667	\$646,098
<b>Total Primary Government</b>			
Balances at June 30, 2022	\$55,861,590	\$40,316,965	\$15,544,625
Changes for the year:			
Service cost	2,117,930	-	2,117,930
Interest	3,832,435	-	3,832,435
Contributions-employer	-	3,840,750	(3,840,750)
Net investment income	-	3,145,929	(3,145,929)
Benefit payments, including refunds of employee contributions	(3,230,446)	(3,230,446)	-
Administrative expense	-	(238)	238
Net changes	2,719,919	3,755,995	(1,036,076)
Balances at June 30, 2023	\$58,581,509	\$44,072,960	\$14,508,549

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**Change in the Net Healthcare OPEB Liability**

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (a) - (b)
<b>School Board</b>			
Balances at June 30, 2022	\$61,149,722	\$44,133,567	\$17,016,155
Changes for the year:			
Service cost	3,781,399	-	3,781,399
Interest	4,371,588	-	4,371,588
Contributions-employer	-	5,717,646	(5,717,646)
Net investment income	-	2,902,121	(2,902,121)
Benefit payments, including refunds of employee contributions	(2,479,861)	(2,479,861)	-
Administrative expense	-	(260)	260
Net changes	5,673,126	6,139,646	(466,520)
Balances at June 30, 2023	\$66,822,848	\$50,273,213	\$16,549,635
<b>James River Juvenile Detention Center</b>			
Balances at June 30, 2022	\$533,427	\$384,990	\$148,437
Changes for the year:			
Service cost	29,262	-	29,262
Interest	38,639	-	38,639
Contributions-employer	-	46,024	(46,024)
Net investment income	-	24,040	(24,040)
Benefit payments, including refunds of employee contributions	(10,705)	(10,705)	-
Administrative expense	-	(2)	2
Net changes	57,196	59,357	(2,161)
Balances at June 30, 2023	\$590,623	\$444,347	\$146,276
<b>Total Component Unit</b>			
Balances at June 30, 2022	\$61,683,149	\$44,518,557	\$17,164,592
Changes for the year:			
Service cost	3,810,661	-	3,810,661
Interest	4,410,227	-	4,410,227
Contributions-employer	-	5,763,670	(5,763,670)
Net investment income	-	2,926,161	(2,926,161)
Benefit payments, including refunds of employee contributions	(2,490,566)	(2,490,566)	-
Administrative expense	-	(262)	262
Net changes	5,730,322	6,199,003	(468,681)
Balances at June 30, 2023	\$67,413,471	\$50,717,560	\$16,695,911

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**D. Actuarial Methods and Assumptions**

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

In the June 30, 2022 actuarial valuation, which was used for the June 30, 2023 measurement date for postemployment healthcare benefits, the Entry Age Normal Actuarial Cost Method was used. The actuarial assumptions included a 7 percent discount rate of return, salary increases of 2.5 percent annually and an annual healthcare cost trend rate of 6.0 percent graded uniformly to 5.5% over 2 years and following the Getzen model thereafter to an ultimate rate of 4.04% in the year 2075. The remaining closed amortization period beginning July 1, 2017, for the calculation of contributions, was 20 years. Experience gains or losses are amortized over the average working lifetime of all participants, which is 8 years for the current period. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5-year period. Changes in actuarial assumptions are amortized over the average working lifetime of all participants. The County plans to continue to fund the OPEB Trust annually and has no plans to currently pay any benefits out of the OPEB Trust.

**Mortality Rates**

Mortality rates for the postemployment healthcare benefits are as follows:

Mortality rates – pre-commencement

*County:*

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

*Schools:*

- RP-2014 White Collar Employee Mortality Table projected with Scale BB to 2020.

Mortality rates – post-commencement

*County:*

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

*Schools:*

- RP-2014 White Collar Healthy Annuitant Mortality Table projected with Scale BB to 2020; then set back 3 years for females. Males have 1% increase compounded from ages 70 to 90. Females have 1.5% increase compounded from ages 65 to 75 and 2% increase compounded from ages 75 to 90.

Mortality rates – post – disablement

*County:*

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

*Schools:*

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

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**E. Long-Term Expected Rate of Return**

**Investment policy**

The Board of the Trust Fund has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board monitors and evaluates the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this. The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	36%
Fixed Income	25%
Foreign equity	18%
Long/Short equity	6%
Real assets	10%
Private equity	5%
Total	100%

For the year ended June 30, 2023, the long-term expected rate of return on postemployment Healthcare plan investments was determined using the annual money-weighted rate of return on investments, net of investment expenses, which was 7.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The capital market assumptions use the building block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic and are used as inputs for the mode to arrive at the median returns for the portfolio, which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. The County's best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2023, are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-Term Expected Real Rate of Return</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Domestic Equity	36.00%	7.78%	2.80%
Fixed Income	25.00%	2.86%	0.72%
Foreign Equity	18.00%	8.82%	1.59%
Long/Short equity	6.00%	5.46%	0.33%
Real Assets	10.00%	6.72%	0.67%
Private Equity	5.00%	10.44%	0.52%
Total	100.00%		6.63%
	Inflation		3.00%
	* Expected arithmetic nominal return		9.63%



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**F. Discount Rate**

The discount rate used to measure the total Healthcare OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made equal to the actuarially determined contribution rates. Based on those assumptions, the Healthcare OPEB plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

**G. Sensitivity of the net Healthcare OPEB liability to changes in the discount rate**

The following presents the County's Governmental Activities, Business-type Activities and School Board proportionate share and JRJDC's net Healthcare OPEB liability calculated using the discount rate of 7 percent, as well as what the proportionate share of the net Healthcare OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (6 percent) or 1- percentage point higher (8 percent) than the current rate:

	<u>1% Decrease (6.0%)</u>	<u>Discount Rate (7.0%)</u>	<u>1% Increase (8.0%)</u>
<b>Healthcare OPEB</b>			
Governmental Activities proportionate share of the net OPEB liability	\$ 19,817,990	\$ 13,862,451	\$ 8,739,655
Business-type Activities proportionate share of the net OPEB liability	<u>\$ 925,060</u>	<u>\$ 646,098</u>	<u>\$ 405,180</u>
Total Primary Government	<u>\$ 20,743,050</u>	<u>\$ 14,508,549</u>	<u>\$ 9,144,835</u>
School Board proportionate share of the net OPEB liability	\$ 24,320,777	\$ 16,549,635	\$ 9,892,350
James River Juvenile Detention Center proportionate share of the net OPEB liability	<u>\$ 203,071</u>	<u>\$ 146,276</u>	<u>\$ 96,195</u>
Total Component Units	<u>\$ 24,523,848</u>	<u>\$ 16,695,911</u>	<u>\$ 9,988,545</u>

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**H. Sensitivity of the net Healthcare OPEB liability to changes in the healthcare cost trend rate**

The following presents the County's Governmental Activities, Business-type Activities and School Board and JRJDC's proportionate share of net Healthcare OPEB liability, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate.

	1% Decrease 5.0% decreasing to 4.5% over 12 years	Current Rate 6.0% decreasing to 5.5% over 12 years	1% Increase 7.0% decreasing to 6.5% over 12 years
<b>Healthcare OPEB</b>			
Governmental Activities proportionate share of the net OPEB liability	\$ 9,504,145	\$ 13,862,451	\$ 18,991,858
Business-type Activities proportionate share of the net OPEB liability	<u>\$ 433,157</u>	<u>\$ 646,098</u>	<u>\$ 896,499</u>
Total Primary Government	<u><u>\$ 9,937,302</u></u>	<u><u>\$ 14,508,549</u></u>	<u><u>\$ 19,888,357</u></u>
School Board proportionate share of the net OPEB liability	\$ 10,289,272	\$ 16,549,635	\$ 23,968,398
James River Juvenile Detention Center proportionate share of the net OPEB liability	<u>\$ 105,368</u>	<u>\$ 146,276</u>	<u>\$ 192,591</u>
Total Component Unit	<u><u>\$ 10,394,640</u></u>	<u><u>\$ 16,695,911</u></u>	<u><u>\$ 24,160,989</u></u>

**HENRICO COUNTY, VIRGINIA**  
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**I. Deferred Outflows and Inflows of Resources Related to Healthcare OPEB**

The County's Governmental Activities, Business-type Activities, School Board and JRJDC reported deferred outflows of resources and deferred inflows of resources related to healthcare OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b><u>Primary Government</u></b>		
<b><u>Governmental Activities</u></b>		
Difference between expected and actual experience	\$ 1,940,314	\$ 2,062,037
Changes of assumptions	-	9,384,031
Difference between projected and actual earnings on OPEB plan investments	551,783	-
Total	<u>\$ 2,492,097</u>	<u>\$ 11,446,068</u>
<b><u>Business-type Activities</u></b>		
Difference between expected and actual experience	\$ 6,002	\$ 486,689
Changes of assumptions	-	407,931
Difference between projected and actual earnings on OPEB plan investments	26,990	-
Total	<u>\$ 32,992</u>	<u>\$ 894,620</u>
<b><u>Total Primary Government</u></b>		
Difference between expected and actual experience	\$ 1,946,316	\$ 2,548,726
Changes of assumptions	-	9,791,962
Difference between projected and actual earnings on OPEB plan investments	578,773	-
Total	<u>\$ 2,525,089</u>	<u>\$ 12,340,688</u>
<b><u>Component Units</u></b>		
<b><u>School Board</u></b>		
Difference between expected and actual experience	\$ 20,764,093	\$ 1,856,445
Changes of assumptions	-	10,618,316
Difference between projected and actual earnings on OPEB plan investments	436,588	-
Total	<u>\$ 21,200,681</u>	<u>\$ 12,474,761</u>
<b><u>JRJDC</u></b>		
Difference between expected and actual experience	\$ 1,327	\$ 75,584
Changes of assumptions	-	93,525
Difference between projected and actual earnings on OPEB plan investments	5,844	-
Total	<u>\$ 7,171</u>	<u>\$ 169,109</u>
<b><u>Total Component Units</u></b>		
Difference between expected and actual experience	\$ 20,765,420	\$ 1,932,029
Changes of assumptions	-	10,711,841
Difference between projected and actual earnings on OPEB plan investments	442,432	-
Total	<u>\$ 21,207,852</u>	<u>\$ 12,643,870</u>

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The change in the difference between expected and actual experience, changes of assumptions and difference between projected and actual earnings on OPEB plan investments will be recognized in healthcare OPEB expense as follows:

Year Ending June 30:	Governmental Activities	Business-Type Activities	School Board	JRJDC	Total
2024	\$ (3,090,223)	\$ (228,540)	\$ (82,602)	\$ (42,882)	\$ (3,444,247)
2025	(1,137,212)	(124,140)	1,785,707	(23,346)	501,009
2026	(1,137,212)	(124,140)	1,785,707	(23,346)	501,009
2027	(1,164,190)	(126,215)	1,760,834	(23,717)	446,712
2028	(1,195,803)	(127,715)	1,738,147	(24,048)	390,581
Thereafter	(1,229,331)	(130,878)	1,738,127	(24,599)	353,319
	<u>\$ (8,953,971)</u>	<u>\$ (861,628)</u>	<u>\$ 8,725,920</u>	<u>\$ (161,938)</u>	<u>\$ (1,251,617)</u>

**NOTE 12. LINE OF DUTY OPEB PLAN – SINGLE EMPLOYER**

**A. Line of Duty OPEB Plan Benefits**

The County provides death and disability benefits for public safety officers or their beneficiaries due to death or disability resulting from the performance of duties. The County provides a one-time death benefit to a beneficiary in the amount of \$100,000 for death due to unnatural causes and \$25,000 for death due to specified work-related illnesses. The County provides health insurance coverage for a permanently disabled officer, spouse and dependent children.

At June 30, 2023, membership for the postemployment line of duty benefits consisted of:

Active employees	1,631
Disabled and surviving spouses	<u>56</u>
Total participants	<u>1,687</u>

**B. Funding Policy**

The Line of Duty plan is not administered through a trust or equivalent arrangement and is funded on a pay-as-you-go basis and therefore the plan has no fiduciary net position and the County reports the total OPEB liability on its Statement of Net Position as of the measurement date.

**C. OPEB Liability and OPEB Expense**

The County's Governmental Activities reported a total line of duty OPEB liability of \$25,315,278 and OPEB expense of \$1,717,017 at June 30, 2023.

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**Change in the Net Line of Duty OPEB Liability**

<b>Governmental Activities</b>	<b>Total OPEB Liability</b>
Balances at June 30, 2022	\$ 24,100,476
Changes for the year:	
Service cost	1,186,670
Interest	994,711
Contributions-employer	(966,579)
Net changes	<u>1,214,802</u>
Balances at June 30, 2023	<u><u>\$ 25,315,278</u></u>

**D. Actuarial Assumptions**

In the July 1, 2022 actuarial valuation for postemployment line of duty benefits, which was used for the June 30, 2023 measurement date, the Entry Age Normal Actuarial Cost Method was used with attribution to the event that caused the death or disability. The actuarial assumptions included a 4.09 percent discount rate, and salary increases of 3 percent annually. The assumed trend rate for the medial claims was changed from 7.5% graded uniformly to 6.75% over 3 years to 6.00% graded uniformly down to 5.50% over 2 years and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in year 2075. Medical health care assumptions were based on a closed group and dental care assumptions were based on 5 percent per annum. No provision is made for future hires.

Mortality rates for the line of duty benefits are as follows:

Mortality rates – pre-commencement

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

Mortality rates – post -commencement

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

Mortality rates – post - disablement

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

**E. Discount Rate**

The discount rate of 4.09% is based on the S&P Municipal Bond 20 Year High Grade Rate Index as of June 30, 2023.

**F. Sensitivity of the Line of Duty OPEB liability to changes in the discount rate**

The following presents the County's Line of Duty OPEB liability calculated using the discount rate of 4.09 percent, as well as what the Line of Duty OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09 percent) or 1- percentage point higher (5.09 percent) than the current rate:

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	1% Decrease (3.09%)	Discount Rate (4.09%)	1% Increase (5.09%)
<b>Line of Duty OPEB</b>			
Governemntal acivities - OPEB liability	\$28,477,555	\$25,315,278	\$22,669,862

**G. Sensitivity of the Line of Duty OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the County's Line of Duty OPEB liability calculated using the healthcare cost trend rate, as well as what the Line of Duty OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1- percentage point lower or 1- percentage point higher than the current rate:

	1% Decrease 5.0% decreasing to 4.5% over 2 years	Current 6.0% decreasing to 5.5% over 2 years	1% Increase 7.0% decreasing to 6.5 % over 2 years
Governemntal acivities - OPEB liability	\$21,911,013	\$25,315,278	\$29,511,177

**H. Deferred Outflows and Inflows of Resources Related to Line of Duty OPEB**

The County's Governmental Activities reported deferred outflows of resources and deferred inflows of resources related to line of duty OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
<b><u>Primary Government</u></b>		
<b>Governmental Activities</b>		
Difference between expected and actual experience	\$ 2,056,837	\$ 3,707,240
Change of assumptions	-	6,073,241
Total	\$ 2,056,837	\$ 9,780,481

The change in the difference between expected and actual experience will be recognized in line of duty OPEB expense as follows:

**Primary Government**

Year ended June 30th	Governmental Activities
2024	\$ (464,364)
2025	(464,364)
2026	(464,364)
2027	(464,364)
2028	(464,364)
Thereafter	(5,401,824)
Total	\$ (7,723,644)

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**NOTE 13. OTHER POSTEMPLOYMENT BENEFITS – VRS GLI PROGRAM**

A. Plan Description

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

All full-time, salaried permanent employees of the County are automatically covered the VRS GLI Program upon employment. This plan is administered by the Virginia Retirement System (the System). In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI coverage, the insurer bills employers directly for the premiums. The Optional GLI Program is a separate and fully insured program and is not included as part of the GLI Program OPEB.

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

The benefits payable under the GLI Program have several components.

- Natural Death Benefit – the natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides, under specific circumstances, accidental dismemberment benefits, safety belt benefits, repatriation benefits, felonious assault benefits and accelerated death benefit options.

The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,984 as of June 30, 2023.

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2021 ACFR. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

B. Funding Policy

The contribution requirements for the GLI Program are governed by Title 51.1 of the *Code of Virginia* (1950), as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%). Employers may elect to

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pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Governmental Activities contributions to the GLI Program for the VRS for the years ending June 30, 2023 and 2022 were \$1,839,958 and \$1,993,592, respectively, and are equal to the required contributions for each year. Business-type Activities contributions to the GLI Program for the VRS for the years ended June 30, 2023 and 2022 were \$81,084 and \$80,174 respectively and are equal to the required contributions for each fiscal year. School Board contributions to the GLI Program for the VRS for the years ended June 30, 2023 and 2022 were \$1,785,571 and \$1,678,408 for Teachers, \$169,322 and \$159,206 for School Board C&M and \$3,578 and \$3,350 for the School Board Non-Professional Group, respectively, and are equal to the required contributions for each fiscal year. JRJDC contributions to the GLI Program for the VRS for the years ended June 30, 2023 and 2022 were \$18,167 and \$17,837 respectively and are equal to the required contributions for each fiscal year.

**C. Net OPEB Liabilities and OPEB Expense**

For purposes of measuring the net GLI OPEB liability, deferred outflows and deferred inflows of resources related to GLI OPEB, GLI OPEB expense and the fiduciary net position of the VRS GLI Plan and the additions to/deductions from the VRS GLI Plan's net fiduciary position have been determined on the same basis as they were 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. Investments are reported at fair value.

At June 30, 2023, the County's Governmental Activities, Business-type Activities, School Board and JRJDC reported a net GLI OPEB liability of \$13,219,455, \$955,134, \$19,414,718, and \$199,326 respectively. The net GLI OPEB liability was measured as of June 30, 2022, and the total GLI OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The County's Governmental Activities and Business-type Activities proportion of the net GLI OPEB liability and GLI OPEB expense related to the County's GLI plan was based on a projection of long-term share of contributions to the County's GLI plan relative to the projected contributions in the future. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized opeb expense of \$522,318, \$27,065, \$727,821, and \$6,021 respectively. The total OPEB expense for the County's Primary Government is \$549,383.

As of June 30, 2023, the County's Primary Government Net GLI OPEB liability is as follows:

<u>Governmental Activities</u>	
Total GLI OPEB liability	\$ 40,691,078
Fiduciary net position	<u>27,471,623</u>
Net GLI OPEB liability	<u>\$ 13,219,455</u>
 <u>Business-type Activities</u>	
Total GLI OPEB liability	\$ 2,680,490
Fiduciary net position	<u>1,725,356</u>
Net GLI OPEB liability	<u>\$ 955,134</u>
 <u>Total Primary Government</u>	
Total GLI OPEB liability	\$ 43,371,568
Fiduciary net position	<u>29,196,979</u>
Net GLI OPEB liability	<u>\$ 14,174,589</u>

Plan fiduciary net position as a percentage of the total GLI OPEB liability	67%
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The School Board's proportion of the net GLI OPEB liability and GLI OPEB expense related to the VRS GLI Program was based on a projection of the School Board's long-term share of contributions to the VRS GLI Program relative to the projected contributions of all participating employers. JRJDC's proportion of the net GLI OPEB liability and GLI OPEB expense related to the County's GLI plan was based on a projection of JRJDC's long-term share of contributions to the County's GLI plan relative to the projected contributions in the future.

The School Board Net GLI OPEB liability of \$19,414,718 is made up of three groups of employees. The Teacher's net GLI OPEB liability of \$17,514,425, the School Board Non-Professional Group net GLI OPEB liability of \$34,317 and the School C&M net GLI OPEB liability of \$1,865,976. The School C&M proportion of the net GLI OPEB liability and expense was based on the School C&M employer contributions as a percentage of the total employer contributions of \$1,820,113 as of the measurement date of June 30, 2022. For the year ended June 30, 2023, the School Board C&M proportion share allocation was 9.61 percent. For the year ended June 30, 2023, the Teacher Plan, School Board Non-Professional Group and Schools C&M Group reported GLI OPEB expense of \$670,219, (\$1,435), and \$59,037, respectively. The total School Board OPEB expense is \$727,821. The School Board's participation in the VRS cost-sharing plan for the Teacher Plan and School Board Non-Professional Group was 1.45% and .0029%, respectively as of June 30, 2023.

As of June 30, 2023, the School Board's net GLI OPEB liability is as follows:

<u>Teachers</u>	
Total GLI OPEB liability	\$ 53,413,051
Fiduciary net position	<u>35,898,626</u>
Net GLI OPEB liability	<u>\$ 17,514,425</u>
 <u>Schools Non-Professional Group</u>	
Total GLI OPEB liability	\$ 104,654
Fiduciary net position	<u>70,337</u>
Net GLI OPEB liability	<u>\$ 34,317</u>
 <u>Schools C&amp;M</u>	
Total GLI OPEB liability	\$ 5,272,735
Fiduciary net position	<u>3,406,759</u>
Net GLI OPEB liability	<u>\$ 1,865,976</u>
 <u>Total Schools</u>	
Total GLI OPEB liability	\$ 58,790,440
Fiduciary net position	<u>39,375,722</u>
Net GLI OPEB liability	<u>\$ 19,414,718</u>
 Plan fiduciary net position as a percentage of the total net GLI OPEB liability	
	67%

JRJDC's proportion of the net GLI OPEB liability and expense was based on JRJDC's employer contributions as a percentage of the total employer contributions of \$1,820,113 as of the measurement date of June 30, 2022. As of June 30, 2023, JRJDC's proportion share was .98 percent. For the year ended June 30, 2023, JRJDC reported Net GLI OPEB liability of \$199,326 and GLI OPEB expense of \$6,021.

**D. Actuarial Assumptions**

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment and mortality. The amounts determined from the actuarial study regarding the total OPEB liability, total fiduciary net position, net OPEB liability and annual OPEB expense of the County are subject to continued revision as actual results are compared with past expectations and new estimates are made about the future.

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The total OPEB liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022:

Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Discount Rate	6.75%
Inflation	2.5%
Payroll Growth	2.0%
Projected Salary Increases	3.50% to 5.95% per year – Teachers
Projected Salary Increases	3.50% to 5.35% per year – Locality – General Employees
Projected Salary Increases	3.50% to 4.75% per year – Locality – Hazardous Duty Employees
Investment Rate of Return	6.75% net of pension plan investment expense
Cost of Living Adjustment	2.5% per year

Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately .06 percent of the fair value of 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 percent. However, since the difference was minimal, and a more conservative 6.75 percent 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 percent to simplify preparation of pension liabilities.

**Mortality rates – Teachers**

Pre-Retirement:

- Pub-2010 amount weighted Teachers employee rates projected generationally; 110% of rates for males

Post-Retirement:

- Pub-2010 amount weighted Teachers healthy retiree rates projected generationally; males set forward 1 year, 105% of rates for females

Post-Disablement:

- Pub-2010 amount weighted Teachers disable rates projected generationally; 110% of rates for males and females

Beneficiaries and Survivors:

- Pub-2010 amount weighted Teachers contingent annuitant rates projected generationally

Mortality Improvement Scale:

- Rates projected generationally with modified MP-2improvement scale that is 75% of the MP-2020 rates

**Mortality rates – General Employees**

Pre-Retirement:

- Pub-2010 amount weighted safety employee rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years

Post-Retirement:

- Pub-2010 amount weighted safety healthy retiree rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year

Post-Disablement:

- Pub-2010 amount weighted general disabled rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years

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Beneficiaries and Survivors:

- Pub-2010 amount weighted safety contingent annuitant rates projected generationally

Mortality Improvement Scale:

- Rates projected generationally with modified MP-2020 improvement scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and the VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

E. Long-Term Expected Rate of Return

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class as provided by the System for use in the last actuarial experience study for the four-year period ending June 30, 2020, are summarized in the following table:

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

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected 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 medial return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

**F. Discount Rate**

The discount rate used to measure the total OPEB liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by employers for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2022, on, employers are assumed to contribute 100 percent of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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G. Sensitivity of the County's Governmental Activities, Business-type Activities and Component Unit Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate.

The following presents the County's Governmental Activities, Business-type Activities, School Board and JRJDC's proportionate share of the net GLI OPEB liability calculated using the discount rate of 6.75 percent, as well as what the proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1- percentage point lower (5.75 percent) or 1- percentage point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
<b><u>Primary Government</u></b>			
Governmental Activities proportionate share of the net GLI OPEB liability	\$ 20,087,952	\$ 13,219,455	\$ 8,727,592
Business-type Activities proportionate share of the net GLI OPEB liability	1,040,911	955,134	452,244
Total Primary Government	<u>\$ 21,128,863</u>	<u>\$ 14,174,589</u>	<u>\$ 9,179,836</u>
<b><u>School Board</u></b>			
Teachers' proportionate share of the net GLI OPEB liability	\$ 25,485,539	\$ 17,514,425	\$ 11,072,675
School Board Non-Professional Group net GLI OPEB liability	49,935	34,317	21,695
School Board C&M's proportionate share of the net GLI OPEB liability	2,270,500	1,865,976	986,462
Total all Schools	<u>\$ 27,805,974</u>	<u>\$ 19,414,718</u>	<u>\$ 12,080,832</u>
<b><u>James River Juvenile Detention Center</u></b>			
James River Juvenile Detention Center proportionate share of the net GLI OPEB liability	\$ 231,577	\$ 199,326	\$ 100,613

H. Deferred Outflows and Inflows of Resources Related to GLI OPEB

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$1,839,958, \$81,084, \$1,958,471, and \$18,167, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2024. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$607,102, \$31,709, \$474,895, and \$7,051 respectively, resulting from changes in proportionate share. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$1,046,735, \$61,964, \$1,522,355, and \$14,067 respectively, resulting from the difference between expected and actual experience. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred outflows of resources of \$492,019, \$31,902, \$704,273, and \$7,154 respectively, resulting from the changes in assumptions.

The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$552,432, \$29,087, \$753,430, and \$6,449 respectively, resulting from the

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difference between expected and actual experience. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$1,282,666, \$67,409, \$1,835,934, and \$15,420 respectively, resulting from changes of assumptions. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized deferred inflows of resources of \$273,961, \$14,772, \$61,505, and \$3,334 respectively, resulting from changes in proportionate share. The County's Governmental Activities, Business-type Activities, School Board and JRJDC have recognized net deferred inflows of resources of \$785,541, \$36,393, \$1,118,193, and \$9,269 respectively, resulting from the difference between projected and actual earnings on pension plan investments.

As of June 30, 2023, the County's Primary Government deferred outflows and inflows of resources is as follows:

Deferred Outflows of Resources

Governmental Activities – employer contributions	\$ 1,839,958
Governmental Activities – proportionate share	607,102
Governmental Activities – difference in experience	1,046,735
Governmental Activities – change of assumptions	492,019
Business-type Activities – employer contributions	81,084
Business-type Activities – proportionate share	31,709
Business-type Activities – difference in experience	61,964
Business-type Activities – change of assumptions	<u>31,902</u>
Total Primary Government	\$ <u>4,192,473</u>

Deferred Inflows of Resources

Governmental Activities – difference in experience	\$ 552,432
Governmental Activities – change of assumptions	1,282,666
Governmental Activities – difference in earnings	785,541
Governmental Activities – proportionate share	273,961
Business-type Activities – difference in experience	29,087
Business-type Activities – change of assumptions	67,409
Business-type Activities – difference in earnings	36,393
Business-type Activities – proportionate share	<u>14,772</u>
Total Primary Government	\$ <u>3,042,261</u>

These deferred outflows and deferred inflows will be recognized in OPEB expense as follows:

Year Ending June 30:	Governmental Activities	Business-type Activities	Total Primary Government
2024	\$ (140,159)	\$ 1	\$ (140,158)
2025	(123,198)	1,172	(122,026)
2026	(489,075)	(23,563)	(512,638)
2027	106,630	5,636	112,266
2028	(102,942)	(5,332)	(108,274)
Thereafter	<u>-</u>	<u>-</u>	<u>-</u>
	\$ <u>(748,744)</u>	\$ <u>(22,086)</u>	\$ <u>(770,830)</u>

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As of June 30, 2023, the School Board's deferred outflows and inflows of resources are as follows:

<u>Deferred Outflows of Resources</u>	
Teachers – employer contributions	\$ 1,785,571
Teachers – difference in experience	1,395,874
Teachers – proportionate share	404,715
Teachers – change of assumptions	639,778
Schools Non-Professional Group – employer contributions	3,578
Schools Non-Professional Group – difference in experience	3,154
Schools Non-Professional Group – change of assumptions	1,470
Schools Non-Professional Group – proportionate share	1,382
Schools C&M – employer contributions	169,322
Schools C&M – difference in experience	123,327
Schools C&M – change of assumptions	63,025
Schools C&M – proportionate share	68,798
Total Deferred Outflows of Resources	<u>\$4,659,994</u>

<u>Deferred Inflows of Resources</u>	
Teachers – difference in experience	\$ 689,061
Teachers – change of assumptions	1,696,329
Teachers – difference in earnings	1,055,720
Teachers – proportionate share	21,660
Schools Non-Professional Group – difference in experience	1,383
Schools Non-Professional Group – change of assumptions	4,186
Schools Non-Professional Group – difference in earnings	2,184
Schools Non-Professional Group – proportionate share	9,760
Schools C&M – difference in experience	62,986
Schools C&M – change of assumptions	135,419
Schools C&M – difference in earnings	60,289
Schools C&M – proportionate share	30,085
Total Deferred Inflows of Resources	<u>\$3,769,062</u>

These deferred outflows and deferred inflows will be recognized in OPEB expense as follows:

Year Ending June 30:	School Board			Total
	Teachers	Non-Professional Group	C&M	
2024	\$ (140,599)	\$ (4,353)	\$ 2,823	\$ (142,129)
2025	(164,533)	(4,115)	5,050	(163,598)
2026	(717,361)	(3,023)	(43,709)	(764,093)
2027	130,482	238	13,819	144,539
2028	(130,392)	(254)	(11,612)	(142,258)
Thereafter	-	-	-	-
	<u>\$ (1,022,403)</u>	<u>\$ (11,507)</u>	<u>\$ (33,629)</u>	<u>\$ (1,067,539)</u>

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Year Ending June 30:	James River Juvenile Detention Center
2024	\$ (335)
2025	(200)
2026	(5,660)
2027	1,179
2028	(1,184)
Thereafter	-
	\$ <u>(6,200)</u>

**I. Employer Contributions**

Employers' proportionate shares were calculated based on historical employer contributions. Although GAAP encourages the use of the employer's projected long-term contribution effort to the Other Post-Employment Benefit plan, allocating based on historical employer contributions is considered acceptable. Employer contributions recognized by the VRS GLI OPEB Plan that are not representative of future contribution efforts are excluded in the determination of employers' proportionate shares. Examples of employer contributions not representative of future contribution efforts are contributions for adjustments for prior periods. The employer contributions used in the determination of employers' proportionate shares of collective Other Postemployment Benefit amounts reported in the Schedule of Employer Allocations were based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2022. This total was \$1,600,504, \$1,442,162, and \$3,286 for the Teachers, County and School Board Non-Professional Group, respectively. The employer contributions of \$1,604,915, \$1,446,136 and \$3,295 for the Teachers, County and School Board Non-Professional Group reported in the VRS GLI OPEB Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount plus approximately \$4,411, \$3,974 and \$9 for the Teachers, County and School Board Non-Professional Group, respectively, in employer contribution adjustments that were not representative of future contribution efforts.

**NOTE 14. OTHER POSTEMPLOYMENT BENEFITS – TEACHER - SCHOOL BOARD NON-PROFESSIONAL GROUP EMPLOYEE HIC PROGRAM**

**A. Plan Description**

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



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All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

Detailed information about the VRS Teacher Employee HIC Program's Fiduciary Net Position is available in the separately issued VRS 2022 ACFR. A copy of that report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

The specific information for the Teacher HIC Program OPEB, including eligibility, coverage, and benefits is set out in the table below:

<p><b>Eligible Employees</b></p> <p>The Teacher Employee Retiree HIC Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"><li>• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</li></ul>
<p><b>Benefit Amounts</b></p> <p>The Teacher Employee Retiree HIC Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"><li>• <b>At Retirement</b> – For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.</li><li>• <b>Disability Retirement</b> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:<ul style="list-style-type: none"><li>○ \$4.00 per month, multiplied by twice the amount of service credit, or</li><li>○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</li></ul></li></ul>
<p><b>HIC Program Notes:</b></p> <ul style="list-style-type: none"><li>• The monthly HIC benefit cannot exceed the individual premium amount.</li><li>• Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the HIC as a retiree.</li></ul>

The School Non-Professional Group has a total membership of 64 consisting of 28 active members, 34 retirees and beneficiaries and 2 inactive vested members as of the valuation date of June 30, 2021 and measurement date of June 30, 2022.

**B. Funding Policy**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted because of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021 was 1.20% of covered employee compensation for employees in the VRS Teacher Employee HIC Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially

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determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Program were \$3,568,077 and \$3,513,433 for the years ended June 30, 2022 and June 30, 2021, respectively.

The employer contributions used in the determination of employers' proportionate shares of collective other post-employment benefit amounts reported in the schedule of employer allocations was based on the total employer contributions using the plan's contribution rates and the employer's covered payroll for June 30, 2021. This total was \$107,171,678. The employer contributions of \$3,568,077 reported in the VRS Teacher HIC OPEB Program's Statement of Changes in Net Position (per the System's separately issued financial statements) reflects the calculated amount.

For the School Board Non-Professional Group net HIC OPEB liability, the projection of cash flows used to determine the discount rate assumed that plan member contributions will be made per the VRS Statutes, and the employer contributions will be made in accordance with the VRS fund policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board and the member rate. The employer projected contributions reflect the funding policy adopted by the Board of Trustees in June 2013 which includes an additional funding contribution, which is the additional contribution rate needed to allow for the use of the 6.75% investment rate of return as the single equivalent investment return assumption to calculate the net HIC OPEB liability as of the measurement date of June 30, 2022.

**C. School Division HIC Program OPEB Liabilities and OPEB Expense**

At June 30, 2023, the school division reported a net Teacher HIC OPEB liability of \$42,085,748 for its proportionate share of the VRS Teacher Employee HIC Program Net OPEB Liability. The Net VRS Teacher Employee HIC Program OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC Program OPEB liability used to calculate the Net VRS Teacher Employee HIC Program OPEB Liability was determined by an actuarial valuation as of June 30, 2021. The school division's proportion of the Net VRS Teacher Employee HIC Program OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC Program OPEB plan for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC Program was 3.37% as compared to 3.32% at June 30, 2022.

At June 30, 2023, the school division reported a net School Board Non-Professional Group net HIC OPEB liability of \$202,565 and \$39,793 OPEB expense as of the measurement date of June 30, 2022 and an actuarial valuation date of June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Program OPEB expense of \$3,466,079. Since there was a change in proportionate share between June 30, 2022 and June 30, 2023, a portion of the VRS Teacher Employee HIC Program Net OPEB expense was related to deferred amounts from changes in proportion.

The net OPEB liability for the Teacher Employee HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2022, net OPEB liability amounts for the VRS Teacher Employee HIC Program is as follows (in thousands):

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	<b>Teacher Employee HIC OPEB <u>Plan</u></b>
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	<u>221,845</u>
Teacher Employee net HIC OPEB Liability	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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

The School Division has a total net HIC OPEB liability of \$42,288,313 made up of the Teacher Employee net HIC OPEB liability of \$42,085,748 and the School Board net HIC OPEB liability of \$202,565.

**D. Actuarial Assumptions**

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Program was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

- Inflation - 2.5 percent
- Salary increases, including inflation – Teacher Employees 3.5 percent – 5.95 percent
- Investment rate of return – 6.75 percent, net of plan investment expenses, including inflation\*

\* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the fair value of 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, 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 preparation of OPEB liabilities.

**Mortality rates – Teachers**

**Pre-Retirement:**

- Pub-2010 amount weighted Teachers employee rates projected generationally; 110% of rates for males

**Post-Retirement:**

- Pub-2010 amount weighted Teachers healthy retiree rates projected generationally; males set forward 1 year, 105% of rates for females

**Post-Disablement:**

- Pub-2010 amount weighted Teachers disable rates projected generationally; 110% of rates for males and females

**Beneficiaries and Survivors:**

- Pub-2010 amount weighted Teachers contingent annuitant rates projected generationally

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Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

**E. Long-Term Expected Rate of Return**

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

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

\* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

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\*\* On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

**F. Discount Rate**

The discount rate used to measure the total Teacher and School Non-Professional Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

**G. Sensitivity of the School Division's Proportionate Share of the Teacher Employee and School Non-Professional HIC Net OPEB Liability to Changes in the Discount Rate**

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

	<u>1% Decrease (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Teachers' proportionate share of the net HIC OPEB liability	\$47,431,121	\$42,085,748	\$37,554,610
School non-professional net HIC OPEB liability	<u>\$215,489</u>	<u>\$202,565</u>	<u>\$191,256</u>
Total School HIC OPEB liability	<u><u>\$47,646,610</u></u>	<u><u>\$42,288,313</u></u>	<u><u>\$37,745,866</u></u>

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**H. Deferred Inflows and Outflows of Resources Related to HIC OPEB**

At June 30, 2023, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS HIC Program OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
<b>Teacher Employee</b>		
Difference between projected and actual earnings on OPEB		
plan investments	\$ -	\$ 36,668
Changes of assumptions	1,215,483	163,000
Changes in proportionate share	813,301	154,813
Difference between expected and actual experience	-	1,707,836
Employer contributions subsequent to the measurement date	4,002,480	-
Total	<u>\$ 6,031,264</u>	<u>\$ 2,062,317</u>
<b>School Non-Professional</b>		
Difference between projected and actual earnings on OPEB		
plan investments	\$ 97	\$ -
Changes of assumptions	75,167	-
Difference between expected and actual experience	-	7,154
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 75,264</u>	<u>\$ 7,154</u>
<b>School Board</b>		
Difference between projected and actual earnings on OPEB		
plan investments	\$ 97	\$ 36,668
Changes of assumptions	1,290,650	163,000
Changes in proportionate share	813,301	154,813
Difference between expected and actual experience	-	1,714,990
Employer contributions subsequent to the measurement date	4,002,480	-
Total	<u>\$ 6,106,528</u>	<u>\$ 2,069,471</u>

The Henrico Teacher plan and School non-professional group recognized deferred outflows of resources of \$4,002,480 and \$0, respectively, resulting from employer contributions subsequent to the measurement date that will be recognized as a reduction of the net HIC OPEB liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

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<b>Year Ending June 30:</b>	<b>Teacher Employee</b>	<b>School Board Non-Professional Group</b>
2024	\$ (25,775)	\$ 32,428
2025	6,989	31,537
2026	29,557	4,059
2027	75,961	86
2028	(52,508)	-
Thereafter	(67,757)	-
	<u>\$ (33,533)</u>	<u>\$ 68,110</u>

**NOTE 15. DEFINED COMPENSATION PLAN**

The School Board participates in an Early Retirement Program (the “Program”) for eligible employees. All full-time employees of the School Board are eligible to participate in the Program at age 50 up to their full Social Security retirement age. Retirees must have the last 10 years of employment with Henrico County Public Schools and at least 16 years of coverage under the Virginia Retirement System. Eligible retirees can be involuntarily taken out of the Program for disability or performance issues. The Program can be terminated for lack of funds.

Eligible retirees receive 20 percent of their final compensation annually for a period not to exceed 7 years or until they reach full, unreduced Social Security retirement age, whichever occurs first. Retirees’ final compensation includes regular pay, including supplements but does not include overtime. Retirement compensation is adjusted pro-rata for the cost-of-living increases or decreases that are approved by the School Board. As a condition of the Program, participants are required to work 28 days per year. The total maximum days worked is limited to 196 days over a 7-year period. During the fiscal year ended June 30, 2023, an expenditure of \$149 was recognized in the government-wide financial statements for the compensation paid under the Early Retirement Program during the current year.

**NOTE 16. INTERFUND AND COMPONENT UNIT OBLIGATIONS**

The Water and Sewer Fund has a receivable due from the Capital Projects Fund for a loan. The Health Care Fund has a receivable due from each of the funds listed below for health care contributions due as of June 30, 2023.

Receivables and payables balances at June 30, 2023, were as follows:

	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
General Fund	\$ -	\$ 1,352,856
Special Revenue Fund	-	278,078
Water and Sewer Fund	1,282,532	107,179
Capital Projects Fund	-	1,282,532
Central Automotive Maintenance	-	25,780
Health Care Fund	1,763,893	-
	<u>\$ 3,046,425</u>	<u>\$ 3,046,425</u>

The General Fund has a receivable due from JRJDC for operating expenses paid by the General Fund. The Capital Projects Fund has a payable to Schools for a loan. Component unit receivables and payables balances at June 30, 2023, were as follows:

	<b><u>Receivables</u></b>	<b><u>Payables</u></b>
Health Care Fund	\$ 25,800	\$ -
JRJDC	-	25,800
	<u>\$ 25,800</u>	<u>\$ 25,800</u>

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**NOTE 17. FUND TRANSFERS**

Transfers within the County are made between the General Fund, Special Revenue Fund, Debt Service Fund and the Capital Projects Fund. The transfers are made primarily for the payment of debt and interest, construction in progress and to support educational and special revenue activities.

Inter-fund transfers for the year ended June 30, 2023 were as follows:

	<b><u>Transfers Out</u></b>	<b><u>Transfers In</u></b>
Governmental Funds:		
General Fund	\$ 147,109,979	\$ -
Special Revenue Fund	-	36,138,617
Debt Service Fund	-	78,452,484
Capital Projects Fund	-	32,518,878
	<u>\$ 147,109,979</u>	<u>\$ 147,109,979</u>

**NOTE 18. RELATED-PARTY TRANSACTIONS**

During fiscal year 2023, the County contributed \$7,281,900 to the Economic Development Authority (the “Authority”) of Henrico County, Virginia to foster economic development within the County and the County received \$257,859 from the Capital Region Airport Commission for water and sewer services.

During fiscal year 2023, the Authority sold property formerly known as the Best Products Site to Green City. The total sales price was \$6,221,400. Under a memorandum of understanding with Henrico County, all proceeds related to the sale of this property are to be reimbursed to the County. The County received \$500,000 from the Authority during the fiscal year 2023. The County will receive the remaining sales proceeds due of \$5,721,400 in fiscal years 2024 and 2025. The County will receive \$500,000 in fiscal year 2024 and \$5,221,400 in fiscal year 2025.

**NOTE 19. UNEARNED REVENUES**

Unearned revenues represent amounts for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Under the modified accrual basis of accounting, such amounts are measurable, but not available. Unearned revenues related to the County’s governmental funds and the School Board component unit totaling \$101,381,666 are comprised of the following:

**A. Advance Grant Funding**

This represents a liability incurred by the County for monies accepted from a grantor using an advancement method for payments. The liability is reduced and revenue is recorded when expenditures are made in accordance with the grantor's requirements. Advanced grant funding at June 30, 2023 totaled \$385,081 and \$61,101,166 in the County’s General Fund and Capital Projects Fund, respectively, and \$5,759,848 and \$33,109,361 in the Special Revenue Fund for the County and the School Board, respectively.

**B. Other Unearned Revenues**

This represents grant monies that the County is entitled to but is not yet an available resource at June 30, 2023. Unearned revenue at June 30, 2023, totaled \$872,297 in the School General Fund for monies received in advance of expenditures being made as of June 30, 2023. Unearned grant revenues for the Schools’ Special Revenue Fund totaled \$153,913 for USDA donated food inventory on hand at June 30, 2023.

Also, the Water and Sewer Revenue Fund recorded unearned revenues in the amount of \$9,685,797, which consists of an advance payment from a customer of \$4,541,834 for water capacity, amounts held for contractors of \$5,143,963.



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**NOTE 20. SURETY BONDS**

Surety bonds covered the following constitutional officers and County employees at June 30, 2022:

Constitutional Officers - Self-Insurance Plan, Commonwealth of Virginia

Heidi S. Barshinger – Clerk of the Circuit Court and Employees of the Clerk of the Circuit Court	\$ 1,120,000
Sheila Minor – Director of Finance and Employees of the Director of Finance	\$ 1,000,000
Alisa Gregory – Sheriff and Employees of the Sheriff's Office	\$ 30,000

Travelers Casualty and Surety Company of America

All County positions	\$ 1,000,000
All School positions	\$ 1,000,000

Fidelity and Deposit Company of Maryland

John Vithoulkas – County Manager	\$ 100,000
Jamie Massey – Director of Department of General Services	\$ 100,000
Monica Smith - Callahan – Deputy County Manager for Community Affairs	\$ 100,000
W. Brandon Hinton – Deputy County Manager for Administration	\$ 100,000
Steve Yob – Deputy County Manager for Community Operations	\$ 100,000
Michael Feinmel – Deputy County Manager for Public Safety	\$ 100,000
Cari Tretina – Chief of Staff	\$ 100,000
Gretchen Brown– Director of Department of Social Services	\$ 100,000
Mark J. Coakley – Registrar	\$ 100,000
Debra Hargrave – School Board Deputy Agent	\$ 10,000
Deborah N. Ward – School Board Clerk	\$ 10,000
Cathy Harris – School Board Deputy Clerk	\$ 10,000
Dr. Amy E. Cashwell – School Superintendent and Deputy Agent	\$ 10,000
John Wack – School Board Agent	\$ 10,000

**NOTE 21. JOINT VENTURES**

**A. The Capital Region Airport Commission**

The Capital Region Airport Commission (the "Commission") was created in 1975 pursuant to Virginia statute. On January 1, 1976, the County and the City of Richmond, Virginia (the "City") entered into an intergovernmental joint venture for the operation of the Richmond International Airport (the "Airport") by the Commission. As part of the venture, the City conveyed the Airport property to the Commission and the Commission in turn agreed to reimbursement of the outstanding debt of the City relating to the property. The County also made a contribution to the Commission for an interest in the venture. The Counties of Chesterfield and Hanover became Commission participants in fiscal year 1984 and fiscal year 1986, respectively.

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City, the County of Henrico and the County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates its revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia statute requires that the Commission annually submit a budget showing estimated revenues and expenditures to the governing bodies of the City and the three counties for their approval. After approval of the proposed budget by the governing bodies, if the Commission's budget contains estimated expenditures, which exceed estimated

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revenues, then the governing bodies are required to fund the deficit in proportion to their financial interests in the Commission. If, however, actual revenues are less than estimated revenues (resulting in a deficit), the City and the three counties may, at their discretion, appropriate funds necessary to fund the deficit. There was no deficit at the airport for the County to fund at June 30, 2023.

The percentage shares of the jurisdictions involved include the following:

City of Richmond	29.27%
County of Henrico	31.44%
County of Chesterfield	30.17%
County of Hanover	9.12%
	<u>100.00%</u>

This financial interest is determined by applying the percentage of the total approximate population of each jurisdiction to the combined total population of all jurisdictions. The above percentages are based on the final 1990 census figures provided by the Richmond Regional Planning District Commission.

Complete financial statements for the Capital Region Airport Commission can be obtained from its administrative office at South Airport Drive, Richmond, Virginia 23231.

**B. The Greater Richmond Convention Center Authority**

The Greater Richmond Convention Center Authority (“Convention Authority”), a political subdivision of the Commonwealth of Virginia, was created on January 9, 1998, pursuant to the Public Recreational Facilities Authorities Act, Chapter 56 of Title 15.2 of the Code of Virginia (1950). The political subdivisions participating in the incorporation of the Convention Authority are the City of Richmond and the Counties of Henrico, Chesterfield and Hanover. 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.

The Convention Authority was created to acquire, finance, expand, renovate, construct, lease, operate and maintain the facility and grounds of a visitors and convention center or centers including the facility and grounds currently known as the Richmond Centre. The primary purpose of the Convention Authority is to issue revenue bonds to finance the expansion of the Richmond Centre facility and to construct access, streetscape, or other on-site/off-site improvements. Once the expansion is complete, the Convention Authority will have responsibility for the operation and maintenance of the convention center.

The Convention Authority has issued \$158,415,000 in Hotel Tax Revenue Bonds, which are secured by an 8 percent transient occupancy tax imposed and collected by the localities. The County recorded an expenditure of \$16,672,050 for transient occupancy tax to the Convention Authority during the year ended June 30, 2023.

Complete financial statements for the Convention Authority can be obtained from the Chesterfield County Accounting Department, P.O. Box 40, Chesterfield, VA 23832.

**NOTE 22. LANDFILL CLOSURE AND POSTCLOSURE CARE LIABILITY**

State and Federal laws and regulations require the County to place a final cover on each phase of its Springfield Road landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the Springfield and Charles City Road Landfill site for thirty years after closure. A balance of \$4,021,388 has been reported as landfill closure and postclosure care liability in the County’s financial statements at June 30, 2023. This balance represents the cumulative amount reported to date based on the use of 100 percent of the estimated capacity of the Eastern Phase, Phase I, Phase II, Phase III and Phase IV. The Springfield Landfill is now closed for post-closure costs. This amount includes closure for the transfer station at the Springfield site. These amounts are based on what it would cost to perform all closure and post-closure care in 2022. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

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The County plans to meet all Federal laws, regulations, and tests of financial assurance related to the financing of closure and post-closure care. The County received a final sanitary landfill certification of full closure on November 2, 2016. The post-closure period begins on this certification date. The transfer station remains in operation.

**NOTE 23. JOINTLY GOVERNED ORGANIZATIONS**

**A. Central Virginia Waste Management Authority**

The Central Virginia Waste Management Authority (the “CVWM Authority”) was established under the provision of the Virginia Water and Sewer Authorities Act. The CVWM 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 and Richmond, and the Town of Ashland. The 20-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The CVWM Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions 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 was \$2,961,924 for the year ended June 20, 2023.

The CVWM Authority has entered into a special project service agreement with the Counties of Goochland, Hanover, Henrico, New Kent, and Powhattan, the Cities of Colonial Heights, Hopewell, Petersburg and Richmond, and the Town of Ashland for residential recycling and drop off processing services. The CVWM Authority will perform, through a contract with a Contractor, residential recycling services which consists of residential recycling collection for eligible dwelling units and processing and marketing of recyclable material collected. The agreement is for a ten-year period beginning on July 1, 2023 and ending on June 30, 2023. The CVWM Authority and Participating Local Jurisdictions have two additional options to renew for 5 years commencing on July 1, 2033 if the CVWM Authority extends the existing contract with the Contractor.

**B. 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 one representative serving on the Greater Richmond Partnership’s Board of Directors and the County contributed \$385,000 for the year ended June 30, 2023.

**C. Richmond Region Tourism**

The Richmond Region Tourism (“RRT”) serves the City of Richmond and the Counties of Chesterfield, Hanover and Henrico 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 County has six representatives serving on RRT’s Board of Directors and contributed \$2,140,742 to RRT for the year ended June 30, 2023.

**D. Richmond Regional Planning District Commission**

The Richmond Regional Planning District Commission (“RRPDC”) is comprised of 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 functions 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 future development. The County has six representatives serving on the RRPDC and paid total dues of \$680 for the year ended June 30, 2023.

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**NOTE 24. TAX ABATEMENTS**

The Real Estate Assessment Division administers a countywide Partial Real Estate Tax Credit program for qualifying rehabilitated or renovated multifamily, commercial/industrial, and hotel/motel properties to enhance structures with the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Multifamily residential rental real estate, commercial, industrial, hotel and motel real estate shall be deemed to be substantially rehabilitated when the structure, which is at least 26 years old and no more than 39 years old, has been so improved as to increase the assessed value of the structure by no less than 50 percent, but without increasing the total footage of such structure by more than 100 percent. As a requisite for qualifying for the partial tax exemption, the owner of the structure shall, prior to or simultaneously with making application for a building permit to rehabilitate such structure, file with the Director of Finance, an application to qualify such structure as a rehabilitated structure. Upon receipt of an application for tax exemption, the Director of Finance shall determine a base fair market value assessment (base value) of the structure prior to commencement of rehabilitation. The tax assessment of the improvements located upon the qualifying real estate shall be considered in determining the base value. The base value shall serve as a basis for determining whether the rehabilitation increases the assessed value of such structure by at least 50 percent. A total of 46 commercial property owners have received \$2,331,277 in tax credits in 2023.

The Real Estate Assessment Division also administers a “Reinvest” residential rehabilitation program, initiated January 1, 2010, for qualifying rehabilitated residential property to enhance homes within the County for the benefit of citizens, neighborhoods and to provide future tax revenue to the County. Reinvest is a partial tax exemption program for residential real estate (excluding multifamily rental units). This residential rehabilitation program encourages rehabilitation, renovation, or replacement of qualifying structures through a property tax incentive. It is designed to protect and preserve mature and settled neighborhoods. By improving the condition and appearance of these properties, Henrico County will continue to be an appealing place for existing and future homeowners to invest. In order to qualify for the Reinvest Program, the home must be a minimum of 40 years old with a maximum assessed value of \$250,000. Any improvement, renovation or addition must increase the base structure value (meaning the structure only, not including the property) by a minimum of 20 percent and may not increase the original square footage of the structure by more than 100 percent. The added assessed value of the improvement, renovation or addition will be tax-free for seven years. A total of 108 properties have been completed with a total tax credit of \$90,878 as of June 30, 2023.

The County’s Economic Development Authority (the “Authority”) and 1420 N Parham Road, LC (“Company”) entered into an agreement on November 18, 2016, to provide economic development incentives to assist in the redevelopment of the property known as Regency Square Mall (the “Site”). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, and it wishes to stimulate investment in the County to provide economic growth and development opportunities. The redevelopment of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to construct road improvements adjacent to the Site. The Company invested approximately \$45 million into the redevelopment of the Site, including \$7.3 million dollars in road improvements. Tax revenues from the Site in the 10 years following the completion of the road project are expected to exceed \$15 million. The road project was completed in 2018. The Authority will pay grants to the Company in the amount equal to the tax revenue up to an aggregate maximum of \$7.3 million, beginning January 1, 2018 through December 2028. The grant payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2018, for the tax period January 1 through June 30, 2018. The grant payment dates of September 30, 2022 and March 30, 2023 were for the tax periods of January 1 through June 30, 2022 and July 1 through December 31, 2022, respectively. The grant payment date of September 30, 2023 will be for the tax period January 1 through June 30, 2023.

The Authority and 2001 Maywill LLC ( the “Maywill Company”) entered into an agreement on April 29, 2019, to provide economic development incentives to assist the Company in the development of a portion of the property in the Westwood area known as 2013 Maywill Street (the “Site”). The Authority is vitally interested in the economic welfare of County citizens and the creation and maintenance of sustainable jobs, as it wishes to stimulate investment in the County to provide economic growth and development opportunities. The development of the Site will benefit the County and the Authority has offered economic development incentives to induce the Company to build an apartment complex and the construction of an office building and parking facility. The Group will invest approximately \$90 million into the redevelopment of the Site. Tax revenues from the Site in the 10 years following the completion of the parking facility and office and retail space will be approximately \$7.0 million. The project was completed in calendar year 2022. The Authority will pay grants to the Group in the amount equal to eighty-five percent (85%) of the tax revenues up to an aggregate maximum of \$6 million, beginning September 30, 2022 through March 30, 2031. The grant

**HENRICO COUNTY, VIRGINIA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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payment dates are March 30 and September 30 of each taxable calendar year beginning September 30, 2022, for the tax period January 1 through June 30, 2022. The grant payment date of March 30, 2023 is for the tax period July 1 through December 31, 2022. The grant payment date of September 30, 2023 is for the tax period January 1 through June 30, 2023.

**REQUIRED SUPPLEMENTAL INFORMATION OTHER THAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 12**  
**Page 1 of 3**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
General property taxes:				
Current real property taxes	\$ 425,001,500	\$ 425,001,500	\$ 452,674,470	\$ 27,672,970
Current personal property taxes	102,068,217	102,068,217	126,539,842	24,471,625
Delinquent real property taxes	3,000,000	3,000,000	7,253,386	4,253,386
Delinquent personal property taxes	11,000,000	11,000,000	20,342,662	9,342,662
Interest	350,000	350,000	778,072	428,072
Total general property taxes	541,419,717	541,419,717	607,588,432	66,168,715
Other local taxes:				
County recordation taxes	5,000,000	5,000,000	5,338,758	338,758
Local sales and use taxes	80,250,000	80,250,000	92,752,491	12,502,491
Consumer utility taxes	2,750,000	2,750,000	3,320,358	570,358
Business and professional license taxes	40,000,000	40,000,000	51,162,465	11,162,465
Motor vehicle license taxes	7,500,000	7,500,000	7,527,292	27,292
Meals Tax	28,000,000	28,000,000	38,113,933	10,113,933
Hotel and motel taxes	14,000,000	14,000,000	16,430,064	2,430,064
Bank franchise taxes	15,000,000	15,000,000	4,754,596	(10,245,404)
Grantor's taxes	1,400,000	1,400,000	1,690,214	290,214
Daily and short term rental tax	60,000	60,000	122,120	62,120
Consumption tax	1,100,000	1,100,000	1,405,708	305,708
Total other local taxes	195,060,000	195,060,000	222,617,999	27,557,999
Permits, privilege fees and regulatory licenses:				
Municipal library court fees	130,000	130,000	140,680	10,680
Transfer fees	7,700	7,700	8,352	652
Zoning application fees	150,000	150,000	172,838	22,838
Structure and equipment permits	5,500,000	5,500,000	8,640,705	3,140,705
Septic tank permits	4,000	4,000	4,949	949
Taxi cab certificates	10,000	10,000	6,010	(3,990)
Permits to purchase precious metal	8,000	8,000	6,000	(2,000)
Dog licenses	50,000	50,000	29,757	(20,243)
Other	494,300	494,300	751,152	256,852
Total permits, privilege fees and regulatory licenses	6,354,000	6,354,000	9,760,443	3,406,443
Fines and forfeitures:				
False alarm penalties	65,000	65,000	69,955	4,955
Traffic violations	2,000,000	2,000,000	1,594,200	(405,800)
Parking violations	20,000	20,000	18,847	(1,153)
Total fines and forfeitures	2,085,000	2,085,000	1,683,002	(401,998)
Revenue from use of money and property:				
Sale of equipment and publications	93,200	93,200	143,246	50,046
Rented county property	718,500	718,500	1,167,704	449,204
Use of money	1,170,000	1,170,000	27,034,112	25,864,112
Total revenue from use of money and property	1,981,700	1,981,700	28,345,062	26,363,362
Charges for services:				
Public works	190,000	190,000	194,900	4,900
Library	400,000	400,000	250,563	(149,437)
Sheriff fees	1,641,000	1,641,000	1,614,105	(26,895)
Commonwealth's Attorney fees	25,000	25,000	20,345	(4,655)
Public safety	27,000	27,000	17,872	(9,128)
Finance charges	65,000	65,000	87,520	22,520
Recreation	567,000	567,000	401,363	(165,637)
Information technology	800,000	800,000	806,500	6,500
Total charges for services	3,715,000	3,715,000	3,393,168	(321,832)

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 12**  
**Page 2 of 3**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous	\$ 3,716,000	\$ 3,716,000	\$ 10,775,062	\$ 7,059,062
Total miscellaneous	3,716,000	3,716,000	10,775,062	7,059,062
Recovered costs:				
Finance	2,732,000	2,732,000	2,763,980	31,980
General services	1,205,000	1,205,000	2,687,584	1,482,584
Public works	30,000	30,000	857	(29,143)
Sheriff	1,400,000	1,400,000	1,259,316	(140,684)
Total recovered costs	5,367,000	5,367,000	6,711,737	1,344,737
Total revenue from local sources	759,698,417	759,698,417	890,874,905	131,176,488
<b>Intergovernmental:</b>				
Revenue from the Commonwealth:				
Non-categorical aid:				
Rolling stock	150,000	150,000	161,613	11,613
Recovery of central costs	600,000	600,000	637,963	37,963
Mobile home sales and use tax	7,000	7,000	5,784	(1,216)
Motor vehicle rental tax	3,300,000	3,300,000	5,010,836	1,710,836
PPTRA revenue	37,001,783	37,001,783	37,001,783	-
Communications sales and use tax - HB568	9,500,000	9,500,000	9,123,367	(376,633)
Total non-categorical aid	50,558,783	50,558,783	51,941,346	1,382,563
Shared expenses:				
Sheriff	13,700,000	13,700,000	16,294,072	2,594,072
Commonwealth's Attorney	2,390,000	2,390,000	2,535,353	145,353
Election commission	75,000	75,000	125,440	50,440
Finance	870,000	870,000	877,416	7,416
Circuit court	1,900,000	2,276,909	2,060,602	(216,307)
Total shared expenses	18,935,000	19,311,909	21,892,883	2,580,974
Categorical aid:				
Library	210,000	210,000	261,629	51,629
Public safety	13,835,000	14,699,933	14,325,801	(374,132)
Public works	50,162,865	53,146,017	55,813,284	2,667,267
Juvenile and domestic relations	653,000	653,000	754,715	101,715
Information Technology	-	-	186,045	186,045
Total categorical aid	64,860,865	68,708,950	71,341,474	2,446,479
Total revenue from the Commonwealth	134,354,648	138,579,642	145,175,703	6,410,016
Revenue from the Federal government:				
Public safety	-	-	4,587,979	4,587,979
Total revenue from the Federal government	-	-	4,587,979	4,587,979
Total intergovernmental	134,354,648	138,579,642	149,763,682	10,997,995
<b>Total General Fund</b>	<b>\$ 894,053,065</b>	<b>\$ 898,278,059</b>	<b>\$ 1,040,638,587</b>	<b>\$ 142,174,483</b>



**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF REVENUES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 12**  
**Page 3 of 3**

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Special Revenue Fund:</b>				
Revenue from use of money and property	\$ 177,500	\$ 177,500	\$ 349,279	\$ 171,779
Charges for services:				
Miscellaneous charges for services	12,960,820	13,161,357	10,748,082	(2,413,275)
Refuse collection billing	12,000,000	12,000,000	11,712,414	(287,586)
Landfill weighing fees	-	-	-	-
Recycle fees	401,000	401,000	360,703	(40,297)
Bulky waste collection fees	1,730,000	1,730,000	2,085,347	355,347
Leaf collection	3,371,409	3,371,409	3,371,409	-
Charges for street lights	84,100	84,100	259,801	175,701
Total charges for services	30,547,329	30,747,866	28,537,756	(2,210,110)
Miscellaneous revenues	1,789,197	2,078,016	1,600,346	(477,670)
Recovered costs:				
Recovered costs	621,708	651,005	1,602,699	951,694
Recoveries and rebates	59,846	59,846	65,479	5,633
Total recovered costs	681,554	710,851	1,668,178	957,327
Total revenue from local sources	33,195,580	33,714,233	32,155,559	(1,558,674)
Intergovernmental:				
Revenue from the Commonwealth:				
Division of litter control	35,000	35,000	68,258	33,258
Social services	9,195,364	10,172,125	12,208,846	2,036,721
Mental health and developmental services	11,884,771	13,190,293	13,236,288	45,995
Virginia department of corrections	1,737,262	1,740,878	1,792,977	52,099
Commonwealth's Attorney	295,643	295,643	355,360	59,717
Miscellaneous state grants	1,441,115	1,946,121	1,331,286	(614,835)
Total revenue from the Commonwealth	24,589,155	27,380,061	28,993,015	1,612,954
Revenue from the Federal government:				
Workforce investment	4,380,708	5,133,488	5,884,828	751,340
Social Services	13,248,372	14,217,249	12,825,318	(1,391,931)
Community development block grants	-	2,966,321	3,118,858	152,537
Public safety	-	470,104	625,579	155,475
Mental health and developmental services	1,927,850	3,658,434	2,191,795	(1,466,639)
Miscellaneous federal grants	685,238	1,519,560	1,215,401	(304,159)
Total revenue from the Federal government	20,242,168	27,965,156	25,861,779	(2,103,377)
Total intergovernmental	44,831,323	55,345,216	54,854,794	(490,422)
<b>Total Special Revenue Fund</b>	<b>\$ 78,026,903</b>	<b>\$ 89,059,449</b>	<b>\$ 87,010,353</b>	<b>\$ (2,049,096)</b>
<b>Total Revenues - Governmental Funds</b>	<b>\$ 972,079,968</b>	<b>\$ 987,337,508</b>	<b>\$ 1,127,648,940</b>	<b>\$ 140,125,387</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 13**  
**Page 1 of 4**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>General Fund:</b>				
General government:				
Legislative:				
Board of Supervisors	\$ 1,219,174	\$ 1,255,774	\$ 1,255,617	\$ 157
Total legislative	1,219,174	1,255,774	1,255,617	157
General and financial administration:				
County Manager	4,204,468	4,733,366	4,495,592	237,774
County Attorney	3,005,188	3,249,180	3,250,213	(1,033)
Human Resources	7,672,909	7,686,444	7,345,650	340,794
Finance	16,314,317	16,657,278	16,442,773	214,505
General Services	14,492,908	16,572,355	15,530,362	1,041,993
Internal Audit	708,991	710,321	629,881	80,440
Information Technology	18,535,074	19,687,120	17,498,472	2,188,648
Risk Management	10,524,109	16,532,296	21,899,639	(5,367,343)
Total general and financial administration	75,457,964	85,828,360	87,092,582	(1,264,222)
Board of Elections:				
Election Commission	2,130,969	2,889,683	2,830,389	59,294
Total Board of Elections	2,130,969	2,889,683	2,830,389	59,294
Total general government administration	78,808,107	89,973,817	91,178,588	(1,204,771)
Judicial administration:				
Courts:				
Circuit Court	3,812,219	4,367,214	4,142,455	224,759
General District Court	497,782	497,782	374,325	123,457
Juvenile and Domestic Relations Court	2,859,346	3,017,776	2,949,199	68,577
Total Courts	7,169,347	7,882,773	7,465,979	416,794
Commonwealth's Attorney:				
Commonwealth's Attorney	6,497,092	6,884,733	6,889,924	(5,191)
Total Commonwealth's Attorney	6,497,092	6,884,733	6,889,924	(5,191)
Total judicial administration	13,666,439	14,767,506	14,355,903	411,603
Public safety:				
Law enforcement:				
Police Department	90,883,745	99,109,406	97,902,376	1,207,030
Total law enforcement	90,883,745	99,109,406	97,902,376	1,207,030
Fire services:				
Fire Department	79,164,724	84,398,870	84,167,943	230,927
Total fire services	79,164,724	84,398,870	84,167,943	230,927
Correction and detention:				
Sheriff	47,418,558	51,433,032	51,372,168	60,864
Juvenile and Domestic Relations District Court	3,624,201	3,624,201	3,624,201	-
Total correction and detention	51,042,759	55,057,233	54,996,369	60,864
Inspections:				
Building	5,420,220	5,350,404	5,097,402	253,002
Total inspections	5,420,220	5,350,404	5,097,402	253,002
Other protection:				
Emergency Management	1,059,447	1,126,397	1,061,114	65,283
Animal Protection	2,226,038	2,339,787	2,337,236	2,551
Building Security	1,559,628	921,601	894,949	26,652
Total other protection	4,845,113	4,387,785	4,293,299	94,486
Total public safety	231,356,561	248,303,698	246,457,389	1,846,309

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 13**  
**Page 2 of 4**

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Public works:				
Maintenance of highways and streets:				
General Administration	\$ 2,068,577	\$ 2,394,277	\$ 2,301,784	\$ 92,493
Mass Transit	10,229,953	12,300,555	6,665,265	5,635,290
Design	2,485,924	3,320,396	2,829,392	491,004
Construction and Maintenance	35,696,292	47,955,367	38,031,713	9,923,654
Traffic Engineering	4,745,011	5,480,565	3,974,251	1,506,314
Miscellaneous	3,186,394	3,545,454	3,264,544	280,910
Total maintenance of highways and streets	58,412,151	74,996,614	57,066,949	17,929,665
Sanitation and waste removal:				
Leaf Collection	3,371,409	3,371,409	3,371,409	-
Total sanitation and waste removal	3,371,409	3,371,409	3,371,409	-
Total public works	61,783,560	78,368,023	60,438,358	17,929,665
Health:				
Public Health Department	2,967,497	3,130,561	3,130,561	-
Total health	2,967,497	3,130,561	3,130,561	-
Parks, recreation and cultural:				
Parks and recreation:				
Department of Recreation and Parks	23,291,786	25,279,598	24,138,794	1,140,804
Sandston Community House	14,000	14,000	13,493	507
Total parks and recreation	23,305,786	25,293,598	24,152,287	1,141,311
Sports and Entertainment Authority				
Sports and Entertainment Authority	665,347	1,062,372	1,046,416	15,956
Total Sports and Entertainment Authority	665,347	1,062,372	1,046,416	15,956
Library:				
Library Public Services	22,389,665	21,431,770	20,958,446	473,324
Total library	22,389,665	21,431,770	20,958,446	473,324
Total parks, recreation and cultural	46,360,798	47,787,741	46,157,149	1,630,592
Community Development:				
Planning and community development:				
Economic Development	21,620,735	24,499,157	24,293,479	205,678
Planning and Rezoning	5,139,389	5,582,635	4,526,185	1,056,450
Total planning and community development	26,760,124	30,081,792	28,819,664	1,262,128
Cooperative extension program:				
Agriculture	420,787	423,451	423,430	21
Total cooperative extension program	420,787	423,451	423,430	21
Total community development	27,180,911	30,505,243	29,243,094	1,262,149
Education:				
School Board	319,339,248	319,339,248	319,339,248	-
Total education	319,339,248	319,339,248	319,339,248	-

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 13**  
**Page 3 of 4**

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>General Fund, continued:</b>				
Miscellaneous:				
Cooperative Projects	\$ 25,250,701	\$ 46,716,719	\$ 48,974,386	\$ (2,257,667)
Total miscellaneous	25,250,701	46,716,719	48,974,386	(2,257,667)
Debt service:				
Lease principal	1,614,302	1,614,302	1,614,302	-
Lease interest	100,138	100,138	100,138	-
Total debt service	1,714,440	1,714,440	1,714,440	-
<b>Total General Fund</b>	<b>\$ 808,428,263</b>	<b>\$ 880,606,996</b>	<b>\$ 860,989,116</b>	<b>\$ 19,617,880</b>
<b>Special Revenue Fund:</b>				
General government:				
General and financial administration:				
Workforce Investment	\$ 4,151,095	\$ 7,950,276	\$ 5,649,481	\$ 2,300,795
Total general government administration	4,151,095	7,950,276	5,649,481	2,300,795
Judicial administration:				
Courts:				
Circuit Court	-	57,382	57,382	-
Commonwealth's Attorney:				
Commonwealth's Attorney	1,411,969	1,848,481	1,528,192	320,289
Total judicial administration	1,411,969	1,905,863	1,585,574	320,289
Public safety:				
Law enforcement:				
Traffic Accident Investigation	1,666,448	5,525,840	2,057,114	3,468,726
Total law enforcement	1,666,448	5,525,840	2,057,114	3,468,726
Fire	-	392,031	240,539	151,492
Emergency Management	-	78,513	77,819	694
Correction and detention:				
Community Diversion Program	2,552,631	2,660,930	2,379,822	281,108
Juvenile and Domestic Relations District Court	1,109,967	1,160,599	1,144,788	15,811
Sheriff	-	381,372	173,046	208,326
Total correction and detention	3,662,598	4,202,902	3,697,656	505,246
Total public safety	5,329,047	10,199,285	6,073,128	4,126,157
Public works:				
General Administration	897,000	971,807	-	971,807
Maintenance of Highways and Streets	83,100	83,100	72,988	10,112
Solid Waste Collection and Disposal	18,258,738	20,316,653	16,748,327	3,568,326
Total public works	19,238,838	21,371,559	16,821,315	4,550,244
Health and social services:				
Social Services	31,379,614	37,081,012	32,468,539	4,612,473
Mental health and developmental services:				
Related Services	7,674,726	9,342,518	7,538,367	1,804,151
Mental Health	14,866,081	19,124,977	14,328,593	4,796,384
Developmental Services	14,106,838	15,165,801	13,189,337	1,976,464
Substance Abuse	3,593,992	6,905,969	4,174,361	2,731,608
MH/DS Administration	5,700,883	6,550,165	5,853,630	696,535
Total mental health and developmental services	45,942,520	57,089,431	45,084,288	12,005,143
Total health and social services	77,322,134	94,170,443	77,552,827	16,617,616

**HENRICO COUNTY, VIRGINIA**  
**EXHIBIT OF EXPENDITURES - BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Exhibit 13**  
**Page 4 of 4**

<b>Function, Activity, Element</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Primary Government:</b>				
<b>Special Revenue Fund, continued:</b>				
Parks, recreation and culture:				
Parks and Recreation grants	\$ -	\$ 110,518	\$ 41,327	\$ 69,191
Total parks, recreation and culture	-	110,518	41,327	69,191
Community development:				
Planning and Community Development	-	10,899,377	3,279,735	7,619,642
Economic Development	-	6,429,674	2,634,127	3,795,547
Total community development	-	17,329,051	5,913,862	11,415,189
Debt service:				
Capital lease principal	1,149,682	1,149,682	1,149,682	-
Capital lease interest	29,551	29,551	29,551	-
Total debt service	1,179,233	1,179,233	1,179,233	-
<b>        Total Special Revenue Fund</b>	<b>\$ 108,632,315</b>	<b>\$ 154,216,228</b>	<b>\$ 114,816,747</b>	<b>\$ 39,399,481</b>
<b>Total Expenditures - Governmental Funds</b>	<b>\$ 917,060,578</b>	<b>\$ 1,034,823,224</b>	<b>\$ 975,805,863</b>	<b>\$ 59,017,361</b>

See accompanying independent auditor's report.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)**  
**GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES**  
**LAST NINE FISCAL YEARS\***

**Exhibit 14**  
**Page 1 of 2**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>									
<b>Total pension liability</b>									
Service cost	\$ 23,796,971	\$ 23,884,723	\$ 24,801,703	\$ 25,098,225	\$ 26,412,598	\$ 26,669,998	\$ 29,771,676	\$ 29,776,955	\$ 33,036,473
Interest on total pension liability	65,367,508	69,217,236	71,893,739	75,416,152	78,641,385	81,609,627	84,178,813	88,814,534	97,170,762
Change of assumptions	-	-	-	3,600,205	-	35,221,964	-	55,338,972	-
Difference between expected and actual experience	-	(15,888,024)	(3,762,008)	(13,129,434)	(2,495,542)	(5,237,540)	18,002,646	(16,940,177)	13,454,670
Benefit payments, including refunds of employee contributions	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)	(60,174,533)	(65,005,434)	(70,197,879)	(71,361,150)
Other	-	-	-	-	-	-	2,075,678	-	-
Net change in total pension liability	46,087,238	29,911,388	42,427,504	37,391,292	44,607,044	78,089,516	69,023,379	86,792,405	72,300,755
Total pension liability - beginning	964,087,706	1,010,174,944	1,040,086,332	1,082,513,836	1,119,905,128	1,164,512,172	1,242,601,688	1,311,625,067	1,398,417,472
Total pension liability - ending (a)	\$ 1,010,174,944	\$ 1,040,086,332	\$ 1,082,513,836	\$ 1,119,905,128	\$ 1,164,512,172	\$ 1,242,601,688	\$ 1,311,625,067	\$ 1,398,417,472	\$ 1,470,718,227
<b>Total fiduciary net position</b>									
Contributions - employer	\$ 27,496,460	\$ 28,290,290	\$ 29,374,797	\$ 26,184,817	\$ 26,807,419	\$ 28,277,430	\$ 29,403,784	\$ 31,636,840	\$ 34,721,214
Contributions - employee	9,281,980	9,452,120	9,798,397	10,254,955	10,318,099	10,537,974	11,048,961	11,138,818	12,048,194
Net investment income	113,606,404	38,115,473	15,148,200	107,128,844	72,308,202	68,371,688	20,632,319	293,769,294	(1,346,899)
Benefit payments	(43,077,241)	(47,302,547)	(50,505,930)	(53,593,856)	(57,951,397)	(60,174,533)	(65,005,434)	(70,197,879)	(71,361,150)
Administrative expense	(612,154)	(522,704)	(541,959)	(622,456)	(628,498)	(681,327)	(707,937)	(737,023)	(841,516)
Other	5,986	(8,071)	(6,430)	(95,261)	(64,229)	(43,116)	1,730,042	(27,666)	41,575
Net change in plan fiduciary net position	106,701,435	28,024,561	3,267,075	89,257,043	50,789,596	46,288,116	(2,898,265)	265,582,384	(26,738,582)
Plan fiduciary net position - beginning	729,182,146	835,883,581	863,908,142	867,175,217	956,432,260	1,007,221,856	1,053,509,972	1,050,611,707	1,316,194,091
Plan fiduciary net position - ending (b)	\$ 835,883,581	\$ 863,908,142	\$ 867,175,217	\$ 956,432,260	\$ 1,007,221,856	\$ 1,053,509,972	\$ 1,050,611,707	\$ 1,316,194,091	\$ 1,289,455,509
<b>Net pension liability - ending (a)-(b)</b>	\$ 174,291,363	\$ 176,178,190	\$ 215,338,619	\$ 163,472,868	\$ 157,290,316	\$ 189,091,716	\$ 261,013,360	\$ 82,223,381	\$ 181,262,718
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.75%	83.06%	80.11%		86.49%	84.78%	80.10%	94.12%	87.68%
<b>Covered payroll</b>	\$ 188,575,531	\$ 191,276,453	\$ 199,857,968	\$ 202,991,663	\$ 209,182,401	\$ 217,281,758	\$ 228,391,980	\$ 228,761,767	\$ 248,997,875
<b>Net pension liability as a percentage of covered payroll</b>	92.43%	92.11%	107.75%	80.53%	75.19%	87.03%	114.28%	35.94%	72.80%
<b>Business-type Activities:</b>									
<b>Total pension liability</b>									
Service cost	\$ 1,715,200	\$ 1,683,447	\$ 1,721,019	\$ 1,727,978	\$ 1,778,119	\$ 1,786,600	\$ 1,921,651	\$ 1,845,156	\$ 2,018,441
Interest on total pension liability	4,711,454	4,878,582	4,988,789	5,192,297	5,294,205	5,466,957	5,433,428	5,503,473	5,936,876
Change of assumptions	-	-	-	247,869	-	2,359,489	-	3,429,129	-
Difference between expected and actual experience	-	(1,119,823)	(261,050)	(903,943)	(168,002)	(350,858)	1,162,004	(1,049,713)	822,045
Benefit payments, including refunds of employee contributions	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)	(4,195,858)	(4,349,875)	(4,359,977)
Other	-	-	-	-	-	-	(2,075,678)	-	-
Net change in total pension liability	3,321,802	2,108,219	2,944,094	2,574,338	3,002,984	5,231,148	2,245,547	5,378,170	4,417,385
Total pension liability - beginning	68,748,558	72,070,360	74,178,579	77,122,673	79,697,011	82,699,995	87,931,143	90,176,690	95,554,860
Total pension liability - ending (a)	\$ 72,070,360	\$ 74,178,579	\$ 77,122,673	\$ 79,697,011	\$ 82,699,995	\$ 87,931,143	\$ 90,176,690	\$ 95,554,860	\$ 99,972,245

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)  
GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES  
LAST NINE FISCAL YEARS\*

Exhibit 14  
Page 2 of 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Total fiduciary net position</b>									
Contributions - employer	\$ 1,981,845	\$ 1,993,960	\$ 2,038,351	\$ 1,802,788	\$ 1,804,698	\$ 1,894,281	\$ 1,897,905	\$ 1,960,405	\$ 2,121,374
Contributions - employee	669,012	666,206	679,922	706,039	694,623	705,930	713,169	690,227	736,113
Net investment income	8,188,339	2,686,461	1,051,151	7,375,672	4,867,851	4,580,160	1,331,739	18,203,680	(82,292)
Benefit payments	(3,104,852)	(3,333,987)	(3,504,664)	(3,689,862)	(3,901,338)	(4,031,040)	(4,195,858)	(4,349,875)	(4,359,977)
Administrative expense	(44,121)	(36,841)	(37,607)	(42,855)	(42,311)	(45,641)	(45,695)	(45,670)	(51,414)
Other	431	(569)	(446)	(6,559)	(4,324)	(2,888)	(1,759,728)	(1,714)	2,540
Net change in plan fiduciary net position	7,690,654	1,975,230	226,707	6,145,223	3,419,199	3,100,802	(2,058,468)	16,457,053	(1,633,656)
Plan fiduciary net position - beginning	51,997,574	59,688,228	61,663,458	61,890,165	68,035,388	71,454,587	74,555,389	72,496,921	88,953,974
Plan fiduciary net position - ending (b)	\$ 59,688,228	\$ 61,663,458	\$ 61,890,165	\$ 68,035,388	\$ 71,454,587	\$ 74,555,389	\$ 72,496,921	\$ 88,953,974	\$ 87,320,318
<b>Net pension liability - ending (a)-(b)</b>	\$ 12,382,132	\$ 12,515,121	\$ 15,232,508	\$ 11,661,623	\$ 11,245,408	\$ 13,375,754	\$ 17,679,769	\$ 6,600,886	\$ 12,651,927
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.82%	83.13%	80.25%	85.37%	86.40%	84.79%	80.39%	93.09%	87.34%
<b>Covered payroll</b>	\$ 13,395,158	\$ 13,305,310	\$ 13,763,763	\$ 13,845,688	\$ 14,070,332	\$ 14,347,719	\$ 14,987,107	\$ 14,192,534	\$ 15,140,165
<b>Net pension liability as a percentage of covered payroll</b>	92.44%	94.06%	110.67%	84.23%	79.92%	93.23%	117.97%	46.51%	83.57%
<b>Total Activities:</b>									
<b>Total pension liability</b>									
Service cost	\$ 25,512,171	\$ 25,568,170	\$ 26,522,722	\$ 26,826,203	\$ 28,190,717	\$ 28,456,598	\$ 31,693,327	\$ 31,622,111	\$ 35,054,914
Interest on total pension liability	70,078,962	74,095,818	76,882,528	80,608,449	83,935,590	87,076,584	89,612,241	94,318,007	103,107,638
Change of assumptions	-	-	-	3,848,074	-	37,581,453	-	58,768,101	-
Difference between expected and actual experience	-	(17,007,847)	(4,023,058)	(14,033,377)	(2,663,544)	(5,588,398)	19,164,650	(17,989,890)	14,276,715
Benefit payments, including refunds of employee contributions	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)	(69,201,292)	(74,547,754)	(75,721,127)
Other	-	-	-	-	-	-	-	-	-
Net change in total pension liability	49,409,040	32,019,607	45,371,598	39,965,630	47,610,028	83,320,664	71,268,926	92,170,575	76,718,140
Total pension liability - beginning	1,032,836,264	1,082,245,304	1,114,264,911	1,159,636,509	1,199,602,139	1,247,212,167	1,330,532,831	1,401,801,757	1,493,972,332
Total pension liability - ending (a)	\$ 1,082,245,304	\$ 1,114,264,911	\$ 1,159,636,509	\$ 1,199,602,139	\$ 1,247,212,167	\$ 1,330,532,831	\$ 1,401,801,757	\$ 1,493,972,332	\$ 1,570,690,472
<b>Total fiduciary net position</b>									
Contributions - employer	\$ 29,478,305	\$ 30,284,250	\$ 31,413,148	\$ 27,987,605	\$ 28,612,117	\$ 30,171,711	\$ 31,301,689	\$ 33,597,245	\$ 36,842,588
Contributions - employee	9,950,992	10,118,326	10,478,319	10,960,994	11,012,722	11,243,904	11,762,130	11,829,045	12,784,307
Net investment income	121,794,743	40,801,934	16,199,351	114,504,516	77,176,053	72,951,848	21,964,058	311,972,974	(1,429,191)
Benefit payments	(46,182,093)	(50,636,534)	(54,010,594)	(57,283,718)	(61,852,735)	(64,205,573)	(69,201,292)	(74,547,754)	(75,721,127)
Administrative expense	(656,275)	(559,545)	(579,566)	(665,311)	(670,809)	(726,968)	(753,632)	(782,693)	(892,930)
Other	6,417	(8,640)	(6,876)	(101,820)	(68,553)	(46,004)	(29,686)	(29,380)	44,115
Net change in plan fiduciary net position	114,392,089	29,999,791	3,493,782	95,402,266	54,208,795	49,388,918	(4,956,733)	282,039,437	(28,372,238)
Plan fiduciary net position - beginning	781,179,720	895,571,809	925,571,600	929,065,382	1,024,467,648	1,078,676,443	1,128,065,361	1,123,108,628	1,405,148,065
Plan fiduciary net position - ending (b)	\$ 895,571,809	\$ 925,571,600	\$ 929,065,382	\$ 1,024,467,648	\$ 1,078,676,443	\$ 1,128,065,361	\$ 1,123,108,628	\$ 1,405,148,065	\$ 1,376,775,827
<b>Net pension liability - ending (a)-(b)</b>	\$ 186,673,495	\$ 188,693,311	\$ 230,571,127	\$ 175,134,491	\$ 168,535,724	\$ 202,467,470	\$ 278,693,129	\$ 88,824,267	\$ 193,914,645
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.75%	83.07%	80.12%	85.40%	86.49%	84.78%	80.12%	94.05%	87.65%
<b>Covered payroll</b>	\$ 201,970,689	\$ 204,581,763	\$ 213,621,731	\$ 216,837,351	\$ 223,252,733	\$ 231,629,477	\$ 243,379,087	\$ 242,954,301	\$ 264,138,040
<b>Net pension liability as a percentage of covered payroll</b>	92.43%	92.23%	107.93%	80.77%	75.49%	87.41%	114.51%	36.56%	73.41%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)  
SCHOOL BOARD NON-PROFESSIONAL GROUP  
LAST NINE FISCAL YEARS\*

Exhibit 15

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>School Board Non-Professional Group</b>									
<b>Total pension liability</b>									
Service cost	\$ 72,260	\$ 69,746	\$ 67,970	\$ 58,711	\$ 56,131	\$ 56,136	\$ 45,896	\$ 59,644	\$ 54,568
Interest on total pension liability	582,852	580,111	567,282	571,638	554,959	539,048	534,571	539,205	569,590
Change of assumptions	-	-	-	44,778	-	182,613	-	383,505	-
Difference between expected and actual experience	-	(139,895)	108,818	(226,614)	(134,067)	157,842	216,758	119,836	(284,130)
Benefit payments, including refunds of employee contributions	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)	(722,303)	(734,835)	(678,391)
Net change in total pension liability	(34,501)	(188,962)	56,540	(227,640)	(220,400)	224,423	74,922	367,355	(338,363)
Total pension liability - beginning	8,671,261	8,636,760	8,447,798	8,504,338	8,276,698	8,056,298	8,280,721	8,355,643	8,722,998
Total pension liability - ending (a)	<u>\$ 8,636,760</u>	<u>\$ 8,447,798</u>	<u>\$ 8,504,338</u>	<u>\$ 8,276,698</u>	<u>\$ 8,056,298</u>	<u>\$ 8,280,721</u>	<u>\$ 8,355,643</u>	<u>\$ 8,722,998</u>	<u>\$ 8,384,635</u>
<b>Total fiduciary net position</b>									
Contributions - employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 209,478	\$ 165,901	\$ 182,491	\$ 193,314	\$ 192,256
Contributions - employee	31,303	31,253	30,289	30,785	31,431	26,749	29,681	25,221	25,398
Net investment income	804,061	251,841	85,861	614,333	387,642	334,328	95,468	1,230,914	2,323
Benefit payments	(689,613)	(698,924)	(687,530)	(676,153)	(697,423)	(711,216)	(722,303)	(734,835)	(678,391)
Administrative expense	(4,544)	(3,822)	(3,655)	(3,892)	(3,645)	(3,782)	(3,624)	(3,466)	(3,528)
Other	43	(54)	(39)	(534)	(335)	(208)	(108)	113	118
Net change in plan fiduciary net position	513,391	(181,231)	(337,571)	163,837	(72,852)	(188,228)	(418,395)	711,261	(461,824)
Plan fiduciary net position - beginning	5,309,719	5,823,110	5,641,879	5,304,308	5,468,145	5,395,293	5,207,065	4,788,670	5,499,931
Plan fiduciary net position - ending (b)	<u>\$ 5,823,110</u>	<u>\$ 5,641,879</u>	<u>\$ 5,304,308</u>	<u>\$ 5,468,145</u>	<u>\$ 5,395,293</u>	<u>\$ 5,207,065</u>	<u>\$ 4,788,670</u>	<u>\$ 5,499,931</u>	<u>\$ 5,038,107</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 2,813,650</u>	<u>\$ 2,805,919</u>	<u>\$ 3,200,030</u>	<u>\$ 2,808,553</u>	<u>\$ 2,661,005</u>	<u>\$ 3,073,656</u>	<u>\$ 3,566,973</u>	<u>\$ 3,223,067</u>	<u>\$ 3,346,528</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	67.42%	66.79%	62.37%	66.07%	66.97%	62.88%	57.31%	63.05%	60.09%
<b>Covered payroll</b>	\$ 627,880	\$ 602,637	\$ 632,258	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037	\$ 652,343	\$ 649,714
<b>Net pension liability as a percentage of covered payroll</b>	448.12%	465.61%	506.13%	426.22%	379.53%	429.02%	452.07%	494.08%	515.08%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.



COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS (VRS PLAN)  
JRJDC  
LAST NINE FISCAL YEARS\*

Exhibit 16

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>JRJDC</b>									
<b>Total pension liability</b>									
Service cost	\$ 369,875	\$ 364,654	\$ 370,481	\$ 360,293	\$ 404,395	\$ 391,959	\$ 418,389	\$ 427,973	\$ 447,299
Interest on total pension liability	1,016,003	1,056,757	1,073,928	1,082,622	1,204,053	1,199,387	1,182,989	1,276,498	1,315,648
Change of assumptions	-	-	-	51,682	-	517,644	-	795,366	-
Difference between expected and actual experience	-	(242,566)	(56,196)	(188,477)	(38,208)	(76,974)	252,996	(243,475)	182,170
Benefit payments, including refunds of employee contributions	(669,547)	(722,180)	(754,443)	(769,356)	(887,275)	(884,363)	(913,539)	(1,008,928)	(966,198)
Net change in total pension liability	716,331	456,665	633,770	536,764	682,965	1,147,653	940,835	1,247,434	978,919
Total pension liability - beginning	14,730,311	15,446,642	15,903,307	16,537,077	17,073,841	17,756,806	18,904,459	19,845,294	21,092,728
Total pension liability - ending (a)	<u>\$ 15,446,642</u>	<u>\$ 15,903,307</u>	<u>\$ 16,537,077</u>	<u>\$ 17,073,841</u>	<u>\$ 17,756,806</u>	<u>\$ 18,904,459</u>	<u>\$ 19,845,294</u>	<u>\$ 21,092,728</u>	<u>\$ 22,071,647</u>
<b>Total fiduciary net position</b>									
Contributions - employer	\$ 427,376	\$ 431,915	\$ 438,793	\$ 375,891	\$ 410,440	\$ 415,583	\$ 413,219	\$ 454,705	\$ 470,109
Contributions - employee	144,269	144,308	146,365	147,213	157,977	154,873	155,274	160,094	163,127
Net investment income	1,765,778	581,918	226,279	1,537,867	1,107,087	1,004,834	289,952	4,222,237	(18,236)
Benefit payments	(669,547)	(722,180)	(754,443)	(769,356)	(887,275)	(884,363)	(913,539)	(1,008,928)	(966,198)
Administrative expense	(9,514)	(7,980)	(8,095)	(8,935)	(9,623)	(10,013)	(9,949)	(10,593)	(11,394)
Other	93	(123)	(96)	(1,368)	(983)	(634)	(392)	(398)	563
Net change in plan fiduciary net position	1,658,455	427,858	48,803	1,281,312	777,623	680,280	(65,435)	3,817,117	(362,029)
Plan fiduciary net position - beginning	11,141,185	12,799,640	13,227,498	13,276,301	14,557,613	15,335,236	16,015,516	15,950,081	19,767,198
Plan fiduciary net position - ending (b)	<u>\$ 12,799,640</u>	<u>\$ 13,227,498</u>	<u>\$ 13,276,301</u>	<u>\$ 14,557,613</u>	<u>\$ 15,335,236</u>	<u>\$ 16,015,516</u>	<u>\$ 15,950,081</u>	<u>\$ 19,767,198</u>	<u>\$ 19,405,169</u>
<b>Net pension liability - ending (a)-(b)</b>	<u>\$ 2,647,002</u>	<u>\$ 2,675,809</u>	<u>\$ 3,260,776</u>	<u>\$ 2,516,228</u>	<u>\$ 2,421,570</u>	<u>\$ 2,888,943</u>	<u>\$ 3,895,213</u>	<u>\$ 1,325,530</u>	<u>\$ 2,666,478</u>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	82.86%	83.17%	80.28%	85.26%	86.36%	84.72%	80.37%	93.72%	87.92%
<b>Covered payroll</b>	\$ 2,827,621	\$ 2,895,657	\$ 2,933,358	\$ 2,873,696	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,603	\$ 3,347,370
<b>Net pension liability as a percentage of covered payroll</b>	93.61%	92.41%	111.16%	87.56%	76.52%	92.72%	123.56%	41.43%	79.66%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS (VRS PLAN)**  
**PENSION PLAN**  
**LAST NINE FISCAL YEARS\***

**Exhibit 17**

	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>									
Contractually determined contribution of employer	\$ 27,496,460	\$ 28,290,290	\$ 29,374,797	\$ 26,184,817	\$ 28,477,541	\$ 29,700,868	\$ 29,403,784	\$ 31,636,840	\$ 34,721,215
Contribution in relation to determined contributions	<u>27,496,460</u>	<u>28,290,290</u>	<u>29,374,797</u>	<u>26,184,817</u>	<u>28,477,541</u>	<u>29,700,868</u>	<u>29,403,784</u>	<u>31,636,840</u>	<u>34,721,215</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	191,276,453	199,857,968	202,991,663	209,182,401	217,281,758	228,391,980	228,761,767	248,997,875	268,122,875
Contributions as a percentage of covered payroll	14.38%	14.16%	14.47%	12.52%	13.11%	13.00%	12.85%	12.71%	12.95%
<b>Business-type Activities:</b>									
Contractually determined contribution of employer	\$ 1,981,845	\$ 1,993,960	\$ 2,038,351	\$ 1,802,788	\$ 1,894,281	\$ 1,940,247	\$ 1,897,905	\$ 1,960,405	\$ 2,121,374
Contribution in relation to determined contributions	<u>1,981,845</u>	<u>1,993,960</u>	<u>2,038,351</u>	<u>1,802,788</u>	<u>1,894,281</u>	<u>1,940,247</u>	<u>1,897,905</u>	<u>1,960,405</u>	<u>2,121,374</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	13,305,310	13,763,763	13,845,688	14,070,332	14,347,719	14,987,107	14,192,534	15,140,165	15,513,378
Contributions as a percentage of covered payroll	14.90%	14.49%	14.72%	12.81%	13.20%	12.95%	13.37%	12.95%	13.67%
<b>Total Primary Government:</b>									
Contractually determined contribution of employer	\$ 29,478,305	\$ 30,284,250	\$ 31,413,148	\$ 27,987,605	\$ 30,371,822	\$ 31,641,115	\$ 31,301,689	\$ 33,597,245	\$ 36,842,589
Contribution in relation to determined contributions	<u>29,478,305</u>	<u>30,284,250</u>	<u>31,413,148</u>	<u>27,987,605</u>	<u>30,371,822</u>	<u>31,641,115</u>	<u>31,301,689</u>	<u>33,597,245</u>	<u>36,842,589</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	204,581,763	213,621,731	216,837,351	223,252,733	231,629,477	243,379,087	242,954,301	264,138,040	283,636,253
Contributions as a percentage of covered payroll	14.41%	14.18%	14.49%	12.54%	13.11%	13.00%	12.88%	12.72%	12.99%
<b>School Board Non-Professional Group:</b>									
Contractually determined contribution of employer	\$ 372,141	\$ 238,475	\$ 237,503	\$ 199,298	\$ 156,828	\$ 172,720	\$ 182,491	\$ 193,314	\$ 192,256
Contribution in relation to determined contributions	<u>372,141</u>	<u>238,475</u>	<u>237,503</u>	<u>199,298</u>	<u>156,828</u>	<u>172,720</u>	<u>182,491</u>	<u>193,314</u>	<u>192,256</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered payroll	\$ 602,637	\$ 632,258	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037	\$ 652,343	\$ 649,714	\$ 689,164
Contributions as a percentage of covered payroll	61.75%	37.72%	36.04%	28.43%	21.89%	21.89%	27.97%	29.75%	27.90%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOLS' PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHERS' PENSION PLAN  
LAST NINE FISCAL YEARS\*

Exhibit 18

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Schools' proportion of the net pension liability	3.29%	3.28%	3.30%	3.28%	3.29%	3.31%	3.34%	3.32%	3.36%
Schools' proportionate share of the net pension liability	\$ 398,595,000	\$ 413,109,000	\$ 463,076,000	\$ 403,402,000	\$ 386,870,000	\$ 435,169,982	\$ 485,351,912	\$ 257,587,334	\$ 319,896,875
Schools' covered payroll	\$ 268,691,850	\$ 273,853,673	\$ 281,366,433	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598
Schools' proportionate share of the net pension liability as a percentage of its covered payroll	148.35%	150.85%	164.58%	139.74%	130.99%	141.96%	150.53%	80.16%	92.98%
Plan fiduciary net position	\$ 970,083,754	\$ 995,953,131	\$ 996,863,280	\$ 1,086,397,116	\$ 1,144,446,408	\$ 1,195,470,062	\$ 1,193,017,414	\$ 1,497,247,875	\$ 1,483,604,332
Plan fiduciary net position as a percentage of the total pension liability	70.88%	70.68%	68.28%	72.92%	74.74%	73.51%	71.08%	85.32%	82.26%

See accompanying independent auditor's report.

Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOLS' CONTRIBUTIONS  
TEACHERS' PENSION PLAN  
LAST NINE FISCAL YEARS\*

Exhibit 19

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 28,125,017	\$ 35,384,284	\$ 35,423,318	\$ 37,325,862	\$ 42,535,556	\$ 42,356,571	\$ 44,283,188	\$ 46,988,755	\$ 49,915,832
Contribution in relation to the contractually required contribution	\$ 28,125,017	\$ 35,384,284	\$ 35,423,318	\$ 37,325,862	\$ 42,535,556	\$ 42,356,571	\$ 44,283,188	\$ 46,988,755	\$ 49,915,832
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-
Schools' covered payroll	\$ 273,853,673	\$ 281,366,433	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598	\$ 362,765,952
Contributions as a percentage of covered payroll	10.27%	12.58%	12.27%	12.64%	13.88%	13.14%	13.78%	13.66%	13.76%

See accompanying independent auditor's report.

Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CONTRIBUTIONS (VRS PLAN)  
JRJDC PENSION PLAN  
LAST NINE FISCAL YEARS\*

Exhibit 20

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually determined contribution of employer	\$ 427,376	\$ 431,915	\$ 438,793	\$ 375,891	\$ 410,440	\$ 415,583	\$ 413,219	\$ 454,705	\$ 470,109
Contribution in relation to determined contributions	427,376	431,915	438,793	375,891	410,440	415,583	413,219	454,705	470,109
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 2,895,657	\$ 2,933,358	\$ 2,873,696	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,603	\$ 3,347,370	\$ 3,461,244
Contributions as a percentage of covered payroll	14.76%	14.72%	15.27%	11.88%	13.17%	13.18%	12.91%	13.58%	13.58%

See accompanying independent auditor's report.

\* Fiscal year 2015 was the first year of GASB 68 implementation; therefore, only nine years are shown herein.

## COUNTY OF HENRICO, VIRGINIA

### Notes to Required Supplementary Pension Information

For the Year Ended June 30, 2023

#### **Defined Benefit Pension Plans**

The following assumptions apply to both the VRS Plan and the Teacher Retirement Plan.

**Changes of benefit terms** - There have been no significant changes to the System benefit provisions since the prior actuarial valuation. A hybrid plan with changes to the defined benefit plan structure and a new defined contribution component was adopted in 2012. The hybrid plan applies to most new employees hired on or after January 1, 2014 and not covered by enhanced hazardous duty benefits.

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

Largest 10 - Non-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

Largest 10-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decreased withdrawal rates

All Others (Non 10 Largest) - Non-LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years

All Others (Non 10 Largest) - LEOS:

- Update mortality table
- Adjusted retirement rates to better fit experience for Plan 1; set separate rates for Plan2/Hybrid; changed final retirement age
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS  
HEALTHCARE OPEB TRUST FUND  
LAST SEVEN FISCAL YEARS\*

Exhibit 21

	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>							
Service cost	\$ 4,146,771	\$ 3,781,739	\$ 4,627,235	\$ 4,858,597	\$ 4,522,411	\$ 4,827,674	\$ 5,928,591
Interest on total OPEB liability	7,708,898	7,990,226	6,187,930	6,605,248	7,032,983	7,485,426	8,242,662
Differences between expected and actual experience	-	(28,205,844)	-	449,044	-	29,381,155	-
Change of assumptions	-	(5,679,980)	-	-	-	(26,256,505)	-
Benefit payments, including refunds of employee contributions	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)	(5,466,200)	(5,397,181)	(5,721,012)
Net change in total OPEB liability	5,316,874	(26,260,827)	6,336,440	6,828,052	6,089,194	10,040,569	8,450,241
Total OPEB liability - beginning	109,194,437	114,511,311	88,250,484	94,586,924	101,414,976	107,504,170	117,544,739
Total OPEB liability - ending (a)	<u>\$ 114,511,311</u>	<u>\$ 88,250,484</u>	<u>\$ 94,586,924</u>	<u>\$ 101,414,976</u>	<u>\$ 107,504,170</u>	<u>\$ 117,544,739</u>	<u>\$ 125,994,980</u>
<b>Total plan fiduciary net position</b>							
Contributions - employer	\$ 7,765,131	\$ 6,846,584	\$ 7,303,945	\$ 5,823,822	\$ 7,824,778	\$ 8,077,011	\$ 9,604,420
Net investment income	7,296,432	5,272,202	4,390,670	346,106	4,955,612	5,207,141	6,072,090
Benefit payments	(6,538,795)	(4,146,968)	(4,478,725)	(5,084,837)	(5,466,200)	(5,397,181)	(5,721,012)
Administrative expense	-	(500)	(500)	(500)	(500)	(500)	(500)
Net change in plan fiduciary net position	8,522,768	7,971,318	7,215,390	1,084,591	7,313,690	7,886,471	9,954,998
Plan fiduciary net position - beginning	44,841,294	53,364,062	61,335,380	68,550,770	69,635,361	76,949,051	84,835,522
Plan fiduciary net position - ending (b)	<u>\$ 53,364,062</u>	<u>\$ 61,335,380</u>	<u>\$ 68,550,770</u>	<u>\$ 69,635,361</u>	<u>\$ 76,949,051</u>	<u>\$ 84,835,522</u>	<u>\$ 94,790,520</u>
<b>Net OPEB liability - ending (a)-(b)</b>	<u>\$ 61,147,249</u>	<u>\$ 26,915,104</u>	<u>\$ 26,036,154</u>	<u>\$ 31,779,615</u>	<u>\$ 30,555,119</u>	<u>\$ 32,709,217</u>	<u>\$ 31,204,460</u>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	46.60%	69.50%	72.47%	68.66%	71.58%	72.17%	75.23%
<b>Covered-employee payroll</b>	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495	\$ 566,666,632	\$ 629,542,342	\$ 645,280,901
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	11.41%	5.11%	4.83%	5.75%	5.39%	5.20%	4.84%

See accompanying independent auditor's report.

\* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only seven years are shown herein.

\*\* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CONTRIBUTIONS  
HEALTHCARE OPEB TRUST FUND  
LAST SEVEN FISCAL YEARS\***

Exhibit 22

	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 10,161,876	\$ 9,491,736	\$ 7,303,945	\$ 7,527,997	\$ 7,824,778	\$ 8,120,688	\$ 9,604,420
Contributions in relation to the actuarially determined contribution	\$ 7,765,131	\$ 6,846,584	\$ 7,172,948	\$ 5,823,822	\$ 5,403,719	\$ 8,077,011	\$ 9,604,420
Contribution deficiency	2,396,745	2,645,152	130,997	1,704,175	2,421,059	43,677	-
Covered-employee payroll	\$ 536,071,713	\$ 526,206,301	\$ 539,361,459	\$ 552,845,495	\$ 566,666,632	\$ 629,542,342	\$ 645,280,901
Contributions as a percentage of covered-employee payroll	1.45%	1.30%	1.33%	1.05%	0.95%	1.28%	1.49%

\*Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only four years are shown herein.

**Notes to Schedule**

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2022.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Experience gains or losses are amortized over the average working lifetime of all participants which for the current period is 8 years. Plan amendments are recognized immediately. Investment gains or losses are amortized over a 5 year period. Changes in the actuarial assumptions are amortized over the average working lifetime of all participants.
Amortization period	20 years
Asset valuation method	Fair value
Inflation	3 percent
Healthcare cost trend rates	6% initial, decreasing down to 5.5% over 2 years following the Getzen mode thereafter.
Salary increases	2.5 percent per annum
Retirement age	In the 2018 actuarial valuation, expected retirement ages of general employees were adjusted to more closely reflect actual experience.
Mortality	In the 2018 actuarial valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 Healthy Annuitant Mortality Table. In prior years, those assumptions were based on the 1994 Group Annuity Mortality Table and the RP-2000 Healthy Annuitant Mortality Table.

See accompanying independent auditor's report.

\* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.



COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF INVESTMENT RETURNS  
HEALTHCARE OPEB TRUST FUND  
LAST SEVEN FISCAL YEARS\*

Exhibit 23

	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return on investments, net of investment expense	12.87%	9.52%	4.50%	3.00%	30.08%	-9.23%	7.64%

See accompanying independent auditor's report.  
\* Fiscal year 2017 was the first year of GASB 74 implementation; therefore, only seven years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS**  
**GOVERNMENTAL ACTIVITIES AND BUSINESS-TYPE ACTIVITIES**  
**LAST FIVE FISCAL YEARS\***

**Exhibit 24**

	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>						
<b>Total OPEB liability</b>						
Service cost	\$ 1,917,454	\$ 1,487,911	\$ 2,736,312	\$ 2,079,053	\$ 2,199,555	\$ 1,937,493
Interest on total pension liability	4,051,282	3,137,464	3,242,279	3,911,751	4,129,440	3,661,768
Change of assumptions	(2,879,919)	-	-	-	(11,962,830)	-
Difference between expected and actual experience	(14,301,201)	-	7,555,337	-	2,396,411	-
Benefit payments, including refunds of employee contributions	(2,102,636)	(1,313,667)	(4,534,813)	(3,312,789)	(3,001,453)	(3,181,541)
Other	-	-	59,447	-	-	-
Net change in total OPEB liability	(13,315,020)	3,311,708	9,058,562	2,678,015	(6,238,877)	2,417,720
Total OPEB liability - beginning	58,060,636	44,745,616	48,057,324	57,115,886	59,793,901	53,555,024
Total OPEB liability - ending (a)	\$ 44,745,616	\$ 48,057,324	\$ 57,115,886	\$ 59,793,901	\$ 53,555,024	\$ 55,972,744
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 3,471,421	\$ 3,217,843	\$ 3,279,917	\$ 3,922,813	\$ 4,013,239	\$ 3,585,977
Net investment income	2,673,163	2,226,200	194,923	10,511,695	(12,698,676)	3,053,837
Benefit payments	(2,102,636)	(1,313,667)	(4,534,813)	(3,312,789)	(3,001,453)	(3,181,541)
Administrative expense	(254)	(254)	(282)	(282)	(228)	(228)
Other	-	-	5,049,203	-	-	-
Net change in plan fiduciary net position	4,041,695	4,130,122	3,988,948	11,121,437	(11,687,118)	3,458,045
Plan fiduciary net position - beginning	27,057,164	31,098,859	35,228,981	39,217,929	50,339,366	38,652,248
Plan fiduciary net position - ending (b)	\$ 31,098,859	\$ 35,228,981	\$ 39,217,929	\$ 50,339,366	\$ 38,652,248	\$ 42,110,293
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 13,646,757</b>	<b>\$ 12,828,343</b>	<b>\$ 17,897,957</b>	<b>\$ 9,454,535</b>	<b>\$ 14,902,776</b>	<b>\$ 13,862,451</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	73.31%	68.66%	84.19%	72.17%	75.23%
<b>Covered-employee payroll</b>	<b>\$ 209,182,401</b>	<b>\$ 217,281,758</b>	<b>\$ 228,391,980</b>	<b>\$ 228,761,767</b>	<b>\$ 248,997,875</b>	<b>\$ 268,122,875</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	6.52%	5.90%	7.84%	4.13%	5.99%	5.17%
<b>Business-type Activities:</b>						
<b>Total OPEB liability</b>						
Service cost	\$ 102,559	\$ 154,943	\$ 129,858	\$ 200,345	\$ 94,733	\$ 180,437
Interest on total pension liability	216,691	167,814	189,621	200,314	217,738	170,667
Change of assumptions	(154,039)	-	-	-	(515,228)	-
Difference between expected and actual experience	(764,929)	-	(247,379)	(291,343)	(506,486)	-
Benefit payments, including refunds of employee contributions	(112,464)	(205,678)	(45,840)	(49,278)	(46,137)	(48,905)
Net change in total OPEB liability	(712,182)	117,079	26,260	60,038	(755,380)	302,199
Total OPEB liability - beginning	3,105,497	2,393,315	2,510,394	2,536,654	2,596,692	1,841,312
Total OPEB liability - ending (a)	\$ 2,393,315	\$ 2,510,394	\$ 2,536,654	\$ 2,596,692	\$ 1,841,312	\$ 2,143,511
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 185,676	\$ 194,738	\$ 155,656	\$ -	\$ 308,618	\$ 254,773
Net investment income	142,981	119,073	9,251	474,566	(1,175,549)	92,092
Benefit payments	(112,464)	(205,678)	(45,840)	(49,278)	(46,137)	(48,905)
Administrative expense	(14)	(13)	(13)	(13)	(10)	(10)
Other	-	-	(203,297)	-	-	-
Net change in plan fiduciary net position	216,179	108,120	(84,243)	425,275	(913,078)	297,950
Plan fiduciary net position - beginning	1,447,210	1,663,389	1,771,509	1,687,266	2,112,541	1,199,463
Plan fiduciary net position - ending (b)	\$ 1,663,389	\$ 1,771,509	\$ 1,687,266	\$ 2,112,541	\$ 1,199,463	\$ 1,497,413
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 729,926</b>	<b>\$ 738,885</b>	<b>\$ 849,388</b>	<b>\$ 484,151</b>	<b>\$ 641,849</b>	<b>\$ 646,098</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	70.57%	66.52%	81.36%	65.14%	69.86%
<b>Covered-employee payroll</b>	<b>\$ 14,070,332</b>	<b>\$ 14,347,719</b>	<b>\$ 14,987,107</b>	<b>\$ 14,192,534</b>	<b>\$ 15,140,165</b>	<b>\$ 15,513,378</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	5.19%	5.15%	5.67%	3.41%	4.24%	4.16%
<b>Total Primary Government:</b>						
<b>Total OPEB liability</b>						
Service cost	\$ 2,020,013	\$ 1,642,854	\$ 2,866,170	\$ 2,279,398	\$ 2,294,288	\$ 2,117,930
Interest on total pension liability	4,267,973	3,305,278	3,431,900	4,112,065	4,347,178	3,832,435
Change of assumptions	(3,033,958)	-	-	-	(12,478,058)	-
Difference between expected and actual experience	(15,066,130)	-	7,307,958	(291,343)	1,889,925	-
Benefit payments, including refunds of employee contributions	(2,215,100)	(1,519,345)	(4,580,653)	(3,362,067)	(3,047,590)	(3,230,446)
Other	-	-	59,447	-	-	-
Net change in total OPEB liability	(14,027,202)	3,428,787	9,084,822	2,738,053	(6,994,257)	2,719,919
Total OPEB liability - beginning	61,166,133	47,138,931	50,567,718	59,652,540	62,390,593	55,396,336
Total OPEB liability - ending (a)	\$ 47,138,931	\$ 50,567,718	\$ 59,652,540	\$ 62,390,593	\$ 55,396,336	\$ 58,116,255
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 3,657,097	\$ 3,412,581	\$ 3,435,573	\$ 3,922,813	\$ 4,321,857	\$ 3,840,750
Net investment income	2,816,144	2,345,273	204,174	10,986,261	(13,874,225)	3,145,929
Benefit payments	(2,215,100)	(1,519,345)	(4,580,653)	(3,362,067)	(3,047,590)	(3,230,446)
Administrative expense	(268)	(267)	(295)	(295)	(238)	(238)
Other	-	-	4,845,906	-	-	-
Net change in plan fiduciary net position	4,257,874	4,238,242	3,904,705	11,546,712	(12,600,196)	3,755,995
Plan fiduciary net position - beginning	28,504,374	32,762,248	37,000,490	40,905,195	52,451,907	39,851,711
Plan fiduciary net position - ending (b)	\$ 32,762,248	\$ 37,000,490	\$ 40,905,195	\$ 52,451,907	\$ 39,851,711	\$ 43,607,706
<b>Net OPEB liability - ending (a)-(b)</b>	<b>\$ 14,376,683</b>	<b>\$ 13,567,228</b>	<b>\$ 18,747,345</b>	<b>\$ 9,938,686</b>	<b>\$ 15,544,625</b>	<b>\$ 14,508,549</b>
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	73.17%	68.57%	84.07%	71.94%	75.04%
<b>Covered-employee payroll</b>	<b>\$ 223,252,733</b>	<b>\$ 231,629,477</b>	<b>\$ 243,379,087</b>	<b>\$ 242,954,301</b>	<b>\$ 264,138,040</b>	<b>\$ 283,636,253</b>
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	6.44%	5.86%	7.70%	4.09%	5.89%	5.12%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

\*\* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CHANGES IN THE NET HEALTHCARE OPEB LIABILITY AND RELATED RATIOS  
COMPONENT UNITS  
LAST SIX FISCAL YEARS\*

Exhibit 25

	2018	2019	2020	2021	2022	2023
<b>School Board</b>						
<b>Total OPEB liability</b>						
Service cost	\$ 1,742,334	\$ 2,954,189	\$ 1,963,746	\$ 2,210,314	\$ 2,511,478	\$ 3,781,399
Interest on total pension liability	3,681,281	2,850,922	3,136,097	2,877,314	3,090,765	4,371,588
Change of assumptions	(2,616,898)	-	-	-	(13,659,293)	-
Difference between expected and actual experience	(12,995,083)	-	(6,947,615)	-	27,564,463	-
Benefit payments, including refunds of employee contributions	(1,910,604)	(2,917,809)	(708,700)	(2,095,688)	(2,339,492)	(2,479,861)
Net change in total OPEB liability	(12,098,970)	2,887,302	(2,556,472)	2,991,940	17,167,921	5,673,126
Total OPEB liability - beginning	52,758,001	40,659,031	43,546,333	40,989,861	43,981,801	61,149,722
Total OPEB liability - ending (a)	\$ 40,659,031	\$ 43,546,333	\$ 40,989,861	\$ 43,981,801	\$ 61,149,722	\$ 66,822,848
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 3,154,379	\$ 3,854,690	\$ 2,353,870	\$ 3,558,222	\$ 3,699,958	\$ 5,717,646
Net investment income	2,429,025	2,022,883	139,889	7,419,932	5,745,907	2,902,121
Benefit payments	(1,910,604)	(2,917,809)	(708,700)	(2,095,688)	(2,339,492)	(2,479,861)
Administrative expense	(230)	(230)	(202)	(202)	(260)	(260)
Other	-	-	(4,857,825)	-	-	-
Net change in plan fiduciary net position	3,672,570	2,959,534	(3,072,968)	8,882,264	7,106,113	6,139,646
Plan fiduciary net position - beginning	24,586,054	28,258,624	31,218,158	28,145,190	37,027,454	44,133,567
Plan fiduciary net position - ending (b)	\$ 28,258,624	\$ 31,218,158	\$ 28,145,190	\$ 37,027,454	\$ 44,133,567	\$ 50,273,213
<b>Net OPEB liability - ending (a)-(b)</b>	\$ 12,400,407	\$ 12,328,175	\$ 12,844,671	\$ 6,954,347	\$ 17,016,155	\$ 16,549,635
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	71.69%	68.66%	84.19%	72.17%	75.23%
<b>Covered-employee payroll</b>	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886	\$ 356,201,760	\$ 381,512,006	\$ 401,342,565
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	3.86%	3.59%	3.57%	1.95%	4.46%	4.12%
<b>JRJDC</b>						
<b>Total OPEB liability</b>						
Service cost	\$ 19,392	\$ 30,192	\$ 28,681	\$ 32,699	\$ 21,908	\$ 29,262
Interest on total pension liability	40,971	31,730	37,251	43,604	47,483	38,639
Change of assumptions	(29,125)	-	-	-	(119,154)	-
Difference between expected and actual experience	(144,631)	-	29,254	-	(73,233)	-
Benefit payments, including refunds of employee contributions	(21,264)	(41,571)	30,607	(8,445)	(10,099)	(10,705)
Net change in total OPEB liability	(134,657)	20,351	125,793	67,858	(133,095)	57,196
Total OPEB liability - beginning	587,177	452,520	472,871	598,664	666,522	533,427
Total OPEB liability - ending (a)	\$ 452,520	\$ 472,871	\$ 598,664	\$ 666,522	\$ 533,427	\$ 590,623
<b>Total fiduciary net position</b>						
Contributions - employer	\$ 35,107	\$ 36,672	\$ 34,379	\$ 52,400	\$ 55,196	\$ 46,024
Net investment income	27,034	22,514	2,043	106,115	(221,237)	24,040
Benefit payments	(21,264)	(41,571)	30,607	(8,445)	(10,099)	(10,705)
Administrative expense	(3)	(3)	(3)	(3)	(2)	(2)
Other	-	-	11,919	-	-	-
Net change in plan fiduciary net position	40,874	17,612	78,945	150,067	(176,142)	59,357
Plan fiduciary net position - beginning	273,634	314,508	332,120	411,065	561,132	384,990
Plan fiduciary net position - ending (b)	\$ 314,508	\$ 332,120	\$ 411,065	\$ 561,132	\$ 384,990	\$ 444,347
<b>Net OPEB liability - ending (a)-(b)</b>	\$ 138,012	\$ 140,751	\$ 187,599	\$ 105,390	\$ 148,437	\$ 146,276
<b>Plan fiduciary net position as a percentage of total OPEB liability</b>	69.50%	70.23%	68.66%	84.19%	72.17%	75.23%
<b>Covered-employee payroll</b>	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604	\$ 3,347,370	\$ 3,461,244
<b>Net OPEB liability as a percentage of covered-employee payroll</b>	4.36%	4.52%	5.95%	3.29%	4.43%	4.23%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

\*\* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CONTRIBUTIONS  
HEALTHCARE OPEB TRUST FUND  
LAST SIX FISCAL YEARS\***

Exhibit 26

	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>						
Actuarially determined contribution of employer	\$ 2,639,247	\$ 2,815,552	\$ 3,497,853	\$ 3,922,813	\$ 4,013,239	\$ 3,585,977
Contributions in relation to the actuarially determined contributions	<u>2,639,247</u>	<u>2,815,552</u>	<u>3,497,853</u>	<u>3,922,813</u>	<u>4,013,239</u>	<u>3,585,977</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	209,182,401	217,281,758	228,391,980	228,761,767	248,997,875	268,122,875
Contributions as a percentage of covered-employee payroll	1.26%	1.30%	1.53%	1.71%	1.61%	1.34%
<b>Business-type Activities:</b>						
Actuarially determined contribution of employer	\$ 214,237	\$ 228,548	\$ 65,591	\$ 291,343	\$ 308,618	\$ 254,773
Contributions in relation to the actuarially determined contributions	<u>214,237</u>	<u>228,548</u>	<u>65,591</u>	<u>291,343</u>	<u>308,618</u>	<u>254,773</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	14,070,332	14,347,719	14,987,107	14,192,534	15,140,165	15,513,378
Contributions as a percentage of covered-employee payroll	1.52%	1.59%	0.44%	2.05%	2.04%	1.64%
<b>Total Primary Government:</b>						
Actuarially determined contribution of employer	\$ 2,853,484	\$ 3,044,100	\$ 3,563,444	\$ 4,214,156	\$ 4,321,857	\$ 3,840,750
Contributions in relation to the actuarially determined contributions	<u>2,853,484</u>	<u>3,044,100</u>	<u>3,563,444</u>	<u>4,214,156</u>	<u>4,321,857</u>	<u>3,840,750</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	223,252,733	231,629,477	243,379,087	242,954,301	264,138,040	283,636,253
Contributions as a percentage of covered-employee payroll	1.28%	1.31%	1.46%	1.73%	1.64%	1.35%
<b>School Board:</b>						
Actuarially determined contribution of employer	\$ 3,951,724	\$ 4,215,705	\$ 2,248,160	\$ 3,558,222	\$ 3,699,958	\$ 5,717,646
Contributions in relation to the actuarially determined contributions	<u>3,951,724</u>	<u>4,215,705</u>	<u>2,248,160</u>	<u>3,558,222</u>	<u>3,699,958</u>	<u>5,717,646</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 321,499,476	\$ 342,940,655	\$ 359,974,886	\$ 356,201,760	\$ 381,512,006	\$ 401,342,565
Contributions as a percentage of covered-employee payroll	1.23%	1.23%	0.62%	1.00%	0.97%	1.42%
<b>JRJDC:</b>						
Actuarially determined contribution of employer	\$ 41,376	\$ 44,140	\$ 12,218	\$ 52,400	\$ 55,196	\$ 46,024
Contributions in relation to the actuarially determined contributions	<u>41,376</u>	<u>44,140</u>	<u>12,218</u>	<u>52,400</u>	<u>55,196</u>	<u>46,024</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Covered-employee payroll	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604	\$ 3,347,370	\$ 3,461,244
Contributions as a percentage of covered-employee payroll	1.31%	1.42%	0.39%	1.64%	1.65%	1.33%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

\*\* Healthcare OPEB contributions are not made based on employee payroll. Employer contributions are made to the trust each year based on the annual budgeted contribution.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE TOTAL LINE OF DUTY OPEB LIABILITY AND RELATED RATIOS**  
**LAST SIX FISCAL YEARS\***

**Exhibit 27**

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
<b>Governmental Activities:</b>											
<b>Total OPEB liability</b>											
Service cost	\$ 1,292,690	\$	1,357,325	\$	1,425,191	\$	1,623,389	\$	1,666,571	\$	1,186,670
Interest on total pension liability	769,784		809,350		758,199		866,437		909,559		994,711
Difference between expected and actual experience	-		-		2,644,505		-		(4,170,646)		-
Change of assumptions	-		-		-		-		(6,832,397)		-
Benefit payments, including refunds of employee contributions	<u>(740,191)</u>		<u>(799,406)</u>		<u>(890,219)</u>		<u>(956,985)</u>		<u>(911,867)</u>		<u>(966,579)</u>
Net change in total OPEB liability	1,322,283		1,367,269		3,937,676		1,532,841		(9,338,780)		1,214,802
Total OPEB liability - beginning	<u>25,279,187</u>		<u>26,601,470</u>		<u>27,968,739</u>		<u>31,906,415</u>		<u>33,439,256</u>		<u>24,100,476</u>
Total OPEB liability - ending (a)	<u>\$ 26,601,470</u>	\$	<u>27,968,739</u>	\$	<u>31,906,415</u>	\$	<u>33,439,256</u>	\$	<u>24,100,476</u>	\$	<u>25,315,278</u>
<b>Covered-employee payroll</b>	\$ 83,876,238	\$	87,761,787	\$	91,192,626	\$	92,984,632	\$	102,951,245	\$	109,437,812
<b>Total OPEB liability as a percentage of covered-employee payroll</b>	31.72%		31.87%		34.99%		35.96%		23.41%		23.13%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF CONTRIBUTIONS FOR THE LINE OF DUTY OPEB PLAN**  
**LAST SIX FISCAL YEARS\***

**Exhibit 28**

	<u>2018</u>		<u>2019</u>		<u>2020</u>		<u>2021</u>		<u>2022</u>		<u>2023</u>
<b>Governmental Activities:</b>											
Actuarially determined contribution of employer	\$ 2,983,108	\$	3,204,246	\$	3,446,814	\$	3,971,611	\$	4,315,460	\$	3,146,159
Contributions in relation to the actuarially determined contributions	<u>740,191</u>		<u>799,406</u>		<u>890,219</u>		<u>956,985</u>		<u>911,867</u>		<u>966,579</u>
Contribution deficiency	<u>\$ 2,242,917</u>	\$	<u>2,404,840</u>	\$	<u>2,556,595</u>	\$	<u>3,014,626</u>	\$	<u>3,403,593</u>	\$	<u>2,179,580</u>
Covered-employee payroll	\$ 83,876,238	\$	87,761,787	\$	91,192,626	\$	92,984,632	\$	102,951,245	\$	109,437,812
Contributions as a percentage of covered-employee payroll	0.88%		0.91%		0.98%		1.03%		0.89%		0.88%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
SCHOOLS HEALTH INSURANCE CREDIT OPEB PLAN  
LAST SIX FISCAL YEARS\*

Exhibit 29

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
School's proportion of the net OPEB liability	3.28%	3.29%	3.31%	3.33%	3.32%	3.37%
School's proportionate share of the net OPEB liability	\$ 41,657,000	\$ 41,825,000	\$ 43,352,981	\$ 43,567,329	\$ 42,836,769	\$ 42,288,313
School's covered payroll	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	14.43%	14.16%	14.14%	13.51%	13.33%	12.29%
Plan fiduciary net position as a percentage of the total OPEB liability	7.04%	8.08%	8.95%	9.83%	13.15%	15.08%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S CONTRIBUTIONS  
HEALTH INSURANCE CREDIT OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 30**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Teachers:</b>						
Contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265	\$ 3,513,433	\$ 3,513,433	\$ 3,568,077
Contributions in relation to the contractually required contribution	\$ 2,876,495	\$ 3,330,461	\$ 3,333,265	\$ 3,513,433	\$ 3,513,433	\$ 3,568,077
Contribution deficiency (excess)	-	-	-	-	-	-
School's covered payroll	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598	\$ 362,765,952
Contributions as a percentage of covered payroll	0.97%	1.09%	1.03%	1.09%	1.02%	0.98%
<b>School Board Non-Professional Group:</b>						
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 5,628	\$ 5,569
Contributions in relation to the contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ 5,628	\$ 5,569
Contribution deficiency (excess)	-	-	-	-	-	-
School's covered payroll	\$ -	\$ -	\$ -	\$ -	\$ 218,535	\$ 592,489
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	2.58%	0.94%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

\*\*For fiscal year ending June 30 2022, the school non-professional group had a new OPEB HIC plan with a measurement date of June 2021.



**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
GROUP LIFE INSURANCE OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 31**

	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>						
Proportion of the net OPEB liability	82.37%	82.45%	82.71%	82.91%	85.59%	85.01%
Proportionate share of the net OPEB liability	\$ 16,472,124	\$ 16,449,312	\$ 17,736,413	\$ 18,082,979	\$ 12,216,735	\$ 13,219,455
Covered payroll	\$ 202,991,663	\$ 209,182,401	\$ 217,281,758	\$ 228,391,980	\$ 228,761,767	\$ 248,997,875
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.11%	7.86%	8.16%	7.92%	5.34%	5.31%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.71%	52.18%	52.99%	68.72%	67.51%
<b>Business-type Activities:</b>						
Proportion of the net OPEB liability	5.64%	5.55%	5.48%	5.39%	4.44%	4.40%
Proportionate share of the net OPEB liability	\$ 1,128,296	\$ 1,126,760	\$ 1,211,970	\$ 1,207,724	\$ 903,176	\$ 955,134
Covered payroll	\$ 13,845,688	\$ 14,070,332	\$ 14,347,719	\$ 14,987,107	\$ 14,192,534	\$ 15,140,165
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.15%	8.01%	8.45%	8.06%	6.36%	6.31%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.66%	52.12%	52.92%	65.21%	64.37%
<b>Schools' C&amp;M Activities:</b>						
Proportion of the net OPEB liability	10.81%	10.73%	10.61%	10.55%	8.94%	9.61%
Proportionate share of the net OPEB liability	\$ 2,162,379	\$ 2,159,409	\$ 2,324,485	\$ 2,365,393	\$ 1,752,639	\$ 1,865,976
Covered payroll	\$ 25,507,180	\$ 25,445,827	\$ 35,671,866	\$ 36,750,912	\$ 34,217,262	\$ 36,829,694
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.48%	8.49%	6.52%	6.44%	5.12%	5.07%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	50.86%	52.15%	52.94%	65.56%	64.61%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CONTRIBUTIONS  
GROUP LIFE INSURANCE OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 32**

	2018	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>						
Contractually determined contribution of employer	\$ 1,049,923	\$ 1,504,688	\$ 1,567,194	\$ 1,807,124	\$ 1,993,592	\$ 1,839,958
Contribution in relation to the determined contributions	<u>1,049,923</u>	<u>1,504,688</u>	<u>1,567,194</u>	<u>1,807,124</u>	<u>1,993,592</u>	<u>1,839,958</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 209,182,401	 \$ 217,281,758	 \$ 228,391,980	 \$ 228,761,767	 \$ 248,997,875	 \$ 268,122,875
Contributions as a percentage of covered payroll	0.50%	0.69%	0.69%	0.79%	0.80%	0.69%
<b>Business-type Activities:</b>						
Contractually determined contribution of employer	\$ 71,917	\$ 71,947	\$ 75,690	\$ 72,763	\$ 80,174	\$ 81,084
Contribution in relation to the determined contributions	<u>71,917</u>	<u>71,947</u>	<u>75,690</u>	<u>72,763</u>	<u>80,174</u>	<u>81,084</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 14,070,332	 \$ 14,347,719	 \$ 14,987,107	 \$ 14,192,534	 \$ 15,140,165	 \$ 15,513,378
Contributions as a percentage of covered payroll	0.51%	0.50%	0.51%	0.51%	0.53%	0.52%
<b>Total Primary Government:</b>						
Contractually determined contribution of employer	\$ 1,121,840	\$ 1,576,635	\$ 1,642,884	\$ 1,879,887	\$ 2,073,766	\$ 1,921,042
Contribution in relation to the determined contributions	<u>1,121,840</u>	<u>1,576,635</u>	<u>1,642,884</u>	<u>1,879,887</u>	<u>2,073,766</u>	<u>1,921,042</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 223,252,733	 \$ 231,629,477	 \$ 243,379,087	 \$ 242,954,301	 \$ 264,138,040	 \$ 283,636,253
Contributions as a percentage of covered payroll	0.50%	0.68%	0.68%	0.77%	0.79%	0.68%
<b>School's C&amp;M:</b>						
Contractually determined contribution of employer	\$ 137,829	\$ 139,114	\$ 143,049	\$ 146,399	\$ 159,206	\$ 169,322
Contribution in relation to the determined contributions	<u>137,829</u>	<u>139,114</u>	<u>143,049</u>	<u>146,399</u>	<u>159,206</u>	<u>169,322</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered payroll	 \$ 25,445,827	 \$ 35,671,866	 \$ 36,750,912	 \$ 34,217,262	 \$ 36,829,694	 \$ 37,887,449
Contributions as a percentage of covered payroll	0.54%	0.39%	0.39%	0.43%	0.43%	0.45%

See accompanying independent auditor's report.

\* Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
TEACHERS' GROUP LIFE INSURANCE OPEB PLAN  
LAST SIX FISCAL YEARS\*

Exhibit 33

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
School's proportion of the net OPEB liability	1.42%	1.41%	1.42%	1.43%	1.43%	1.45%
School's proportionate share of the net OPEB liability	\$ 21,300,000	\$ 21,416,000	\$ 23,180,788	\$ 23,883,217	\$ 16,713,814	\$ 17,514,425
School's covered payroll	\$ 288,681,379	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598
School's proportionate share of the net OPEB liability as a percentage of its covered payroll	7.38%	7.25%	7.56%	7.41%	5.20%	5.09%
Plan fiduciary net position as a percentage of the total OPEB liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S CONTRIBUTIONS  
TEACHERS' GROUP LIFE INSURANCE OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 34**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 1,357,662	\$ 1,394,307	\$ 1,452,146	\$ 1,550,249	\$ 1,678,408	\$ 1,785,571
Contribution in relation to the contractually required contribution	\$ 1,357,662	\$ 1,394,307	\$ 1,452,146	\$ 1,550,249	\$ 1,678,408	\$ 1,785,571
Contribution deficiency (excess)	-	-	-	-	-	-
School's covered payroll	\$ 295,352,515	\$ 306,552,352	\$ 322,434,937	\$ 321,332,155	\$ 344,032,598	\$ 362,765,952
Contributions as a percentage of covered payroll	0.46%	0.45%	0.45%	0.48%	0.49%	0.49%

See accompanying independent auditor's report.  
Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
NON-PROFESSIONAL GROUP LIFE OPEB PLAN  
LAST SIX FISCAL YEARS\*

Exhibit 35

	2018	2019	2020	2021	2022	2023
School's proportion of the net OPEB liability	.0038%	.0032%	.0033%	.0034%	0.0029%	0.0029%
School's proportionate share of the net OPEB liability	\$ 57,000	\$ 59,000	\$ 53,212	\$ 57,741	\$ 34,346	\$ 34,317
School's covered payroll	\$ 658,947	\$ 701,134	\$ 716,437	\$ 789,037	\$ 652,343	\$ 649,714
Schools' proportionate share of the net OPEB liability as a percentage of its covered payroll	8.65%	8.41%	7.43%	7.32%	5.27%	5.28%
Plan fiduciary net position as a percentage of the total OPEB liability	49.11%	51.24%	52.06%	52.64%	67.45%	67.21%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF SCHOOL'S CONTRIBUTIONS  
NON-PROFESSIONAL GROUP LIFE OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 36**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 3,670	\$ 3,834	\$ 3,335	\$ 3,237	\$ 3,350	\$ 3,578
Contributions in relation to the contractually required contribution	\$ 3,670	\$ 3,834	\$ 3,335	\$ 3,237	\$ 3,350	\$ 3,578
Contribution deficiency (excess)	-	-	-	-	-	-
School's covered payroll	\$ 701,134	\$ 716,437	\$ 789,037	\$ 652,343	\$ 649,714	\$ 689,164
Contributions as a percentage of covered payroll	0.52%	0.54%	0.42%	0.50%	0.52%	0.52%

See accompanying independent auditor's report.  
Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF PROPORTIONATE SHARE  
OF THE NET OPEB LIABILITY  
JRJDC GROUP LIFE OPEB PLAN  
LAST SIX FISCAL YEARS\*

Exhibit 37

	2018	2019	2020	2021	2022	2023
Proportion of the net OPEB liability	1.17%	1.26%	1.20%	1.15%	1.02%	0.98%
Proportionate share of the net OPEB liability	\$ 234,869	\$ 234,519	\$ 253,260	\$ 257,727	\$ 187,766	\$ 199,326
Covered payroll	\$ 2,873,696	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604	\$ 3,347,370
Proportionate share of the net OPEB liability as a percentage of its covered payroll	8.17%	7.41%	8.13%	8.18%	5.87%	5.95%
Plan fiduciary net position as a percentage of the total OPEB liability	48.92%	54.96%	55.17%	54.39%	67.18%	65.04%

See accompanying independent auditor's report.

Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.

**COUNTY OF HENRICO, VIRGINIA  
SCHEDULE OF CONTRIBUTIONS  
JRJDC GROUP LIFE OPEB PLAN  
LAST SIX FISCAL YEARS\***

**Exhibit 38**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Contractually required contribution	\$ 16,388	\$ 16,240	\$ 16,185	\$ 16,715	\$ 17,837	\$ 18,167
Contributions in relation to the contractually required contribution	\$ 16,388	\$ 16,240	\$ 16,185	\$ 16,715	\$ 17,837	\$ 18,167
Contribution deficiency (excess)	-	-	-	-	-	-
Covered payroll	\$ 3,164,600	\$ 3,115,813	\$ 3,152,453	\$ 3,199,604	\$ 3,347,370	\$ 3,347,370
Contributions as a percentage of covered payroll	0.52%	0.52%	0.51%	0.52%	0.53%	0.54%

See accompanying independent auditor's report.  
Fiscal year 2018 was the first year of GASB 75 implementation; therefore, only six years are shown herein.



**COUNTY OF HENRICO, VIRGINIA**  
Notes to Required Supplementary OPEB Information  
For the Year Ended June 30, 2023

**Other Postemployment Benefits**

**Plan Description**

*Plan administration.* The County provides other postemployment health care benefits ("OPEB") for all retired permanent full-time employees through a single-employer defined benefit plan ("Plan"). The County participates in the Virginia Pooled OPEB Trust Fund ("Trust Fund"), an irrevocable trust established for the purpose of accumulating assets to fund OPEB.

The Trust Fund is governed by a Board of Trustees ("Board") composed of nine members. Trustees are elected by participants in the Pooled Trust, whose votes are weighted according to each Participating Employer's share of total Trust Fund assets.

*Plan membership.* At June 30, 2023 plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefit payments	599
Active plan members	9,623
	<hr/> 10,222 <hr/>

*Benefits provided.* The Plan provides health and dental insurance during retirement for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of benefits is covered by the plan. The benefit levels, employee contributions and employer contributions are governed by the County and can be amended by the County.

*Contributions.* The Board of the Trust establishes rates based on an actuarially determined rate. For the year ended June 30, 202, the County's average contribution rate was 1.1 percent of covered-employee payroll.

**Investments**

*Investment policy.* The Board has the responsibility for managing the investment process. In fulfilling this responsibility, the Board will establish and maintain investment policies and objectives. Within this framework, the Board will monitor and evaluate the investment managers, bank custodian, and other parties, to monitor whether operations conform to the guidelines and actual results meet objectives. If necessary, the Board is responsible for making changes to achieve this.

The investment objective is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The following was the Board's adopted asset allocation policy as June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
Core Bonds	5%
Core Plus	11%
Liquid Absolute Return	4%
U.S. Large Cap Equity	21%
U.S. Small Cap Equity	10%
International Developed Equity	13%
Emerging Market Equity	5%
Long/Short Equity	6%
Private Equity	10%
Core Real Estate	10%
Opportunistic Real Estate	5%
Total	<u>100%</u>

*Rate of return.* For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.64 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

#### **Net OPEB Liability of the County**

The components of the net OPEB liability of the County at June 30, 2023, were as follows:

Total OPEB liability	\$ 125,994,980
Plan fiduciary net position	(94,790,520)
County's net OPEB liability	<u>\$ 31,204,460</u>

Plan fiduciary net position as a percentage of the total OPEB liability	75.23%
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*Actuarial assumptions.* The total OPEB liability was determined by an actuarial valuation as of June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	2.5 percent
Investment rate of return	7 percent
Healthcare cost trend rates	6.00% for 2022, graded to 5.50% over 2 years and following the Getzen model thereafter

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

The capital market assumptions use the building-block method to help calculate the OPEB Trust's long-term rate of return. The long-term rates of return are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the long-term rates for all years thereafter. Best estimates of arithmetic real rates of return for each major asset class included in the target

asset allocation as of June 30, 2023 (see the discussion of the Board of Trustees investment policy) are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>
Core Bonds	2.58%
Core Plus	2.89
Liquid Absolute Return	3.25
U.S. Large Cap Equity	7.17
U.S. Small Cap Equity	8.61
International Developed Equity	8.06
Emerging Market Equity	9.33
Long/Short Equity	5.77
Private Equity	10.55
Core Real Estate	6.54
Opportunistic Real Estate	9.54

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that County contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

*Sensitivity of the net OPEB liability to changes in the discount rate.* The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	<b>1% Decrease 6.00%</b>	<b>Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
Net OPEB liability	\$ 45,266,898	\$ 31,204,460	\$ 19,133,380

*Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates.* The following presents the net OPEB liability of the County, as well as what the County's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<b>1% Decrease 5.00% decreasing to 4.50% over 2 years and following the Getzen mode after</b>	<b>Healthcare Cost Current Rate 6.00% decreasing to 5.50% over 2 years and following the Getzen mode after</b>	<b>1% Increase 7.00% decreasing to 6.50% over 2 years and following the Getzen mode after</b>
Net OPEB liability	\$ 20,331,942	\$ 31,204,460	\$ 44,049,346

**OTHER SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

## **HENRICO COUNTY, VIRGINIA**

### **DEBT SERVICE FUND**

Debt Service Fund - To account for the accumulation of financial resources for payment of interest and principal on long-term governmental debt. Provided here to demonstrate compliance at the legal level of budgetary control.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES - BUDGET AND ACTUAL**  
**DEBT SERVICE FUND**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Schedule 1**

Function, Activity, Element	Original	Revised	Actual	Variance
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Miscellaneous revenues	\$ -	\$ -	\$ -	\$ -
Total Debt Service Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
DEBT SERVICE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 2

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
<b>Primary Government:</b>				
<b>Debt Service Fund:</b>				
Miscellaneous	\$ 50,000	\$ 350,000	\$ 31,841	\$ 318,159
Debt Service:				
Principal payments	54,435,001	54,435,001	54,435,000	1
Interest payments	23,967,483	23,967,484	23,966,959	525
Total Debt Service	78,402,484	78,402,485	78,401,959	526
<b>Total Debt Service Fund</b>	<u>\$ 78,452,484</u>	<u>\$ 78,752,485</u>	<u>\$ 78,433,800</u>	<u>\$ 318,685</u>

See accompanying independent auditor's report.

# **COUNTY OF HENRICO**

## **VIRGINIA**

### **INTERNAL SERVICE FUNDS**

#### **Financial Statements**

Central Automotive Maintenance Fund - To account for the operating activities of the Central Motor Pool and Central Automotive Maintenance of County vehicles.

Technology Replacement Fund - To centralize the purchasing of computer equipment for participating County Agencies.

Healthcare Fund - To account for the health and dental care benefits provided to employees, retirees, and dependents.



**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**JUNE 30, 2023**

Schedule 3

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Healthcare Fund</b>	<b>Total</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,432,258	\$ 3,834,908	\$ 42,599,170	\$ 47,866,336
Receivables, net	20,337	-	2,104,807	2,125,144
Due from other funds	-	-	1,763,893	1,763,893
Due from component unit	-	-	25,800	25,800
Inventories	842,818	-	-	842,818
<b>Total current assets</b>	<b>2,295,413</b>	<b>3,834,908</b>	<b>46,493,670</b>	<b>52,623,991</b>
Capital and intangible assets:				
Right to use assets, net	2,788	-	-	2,788
Other capital assets, net	14,002,708	-	-	14,002,708
Capital and intangible assets, net	14,005,496	-	-	14,005,496
<b>Total assets</b>	<b>16,300,909</b>	<b>3,834,908</b>	<b>46,493,670</b>	<b>66,629,487</b>
<b>Deferred Outflows of Resources:</b>				
Change in proportionate share allocation	6,647	-	-	6,647
Difference between projected and actual earnings	-	-	-	-
Change of assumptions	361,624	-	-	361,624
experience	194,304	-	-	194,304
Contributions after measurement date	575,059	-	-	575,059
<b>Total deferred outflows of resources</b>	<b>1,137,634</b>	<b>-</b>	<b>-</b>	<b>1,137,634</b>
<b>Total assets and deferred outflows     of resources</b>	<b>17,438,543</b>	<b>3,834,908</b>	<b>46,493,670</b>	<b>67,767,121</b>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable	404,200	10,648	11,899	426,747
Accrued liabilities	188,001	-	11,880,352	12,068,353
Due to other funds	25,780	-	-	25,780
Long-term liabilities due within one year	270,444	-	-	270,444
<b>Total current liabilities</b>	<b>888,425</b>	<b>10,648</b>	<b>11,892,251</b>	<b>12,791,324</b>
Noncurrent liabilities:				
Net pension liability	2,735,774	-	-	2,735,774
Net OPEB liability	322,873	-	-	322,873
Long-term liabilities due in more than one year	42,258	-	-	42,258
<b>Total non-current liabilities</b>	<b>3,100,905</b>	<b>-</b>	<b>-</b>	<b>3,100,905</b>
<b>Total liabilities</b>	<b>3,989,330</b>	<b>10,648</b>	<b>11,892,251</b>	<b>15,892,229</b>
<b>Deferred Inflows of Resources:</b>				
Change in proportionate share allocation	101,786	-	-	101,786
Difference between actual and expected experience	216,977	-	-	216,977
Difference between projected and actual earnings	504,196	-	-	504,196
Change of assumptions	109,911	-	-	109,911
<b>Total deferred inflows of resources</b>	<b>932,870</b>	<b>-</b>	<b>-</b>	<b>932,870</b>
<b>Total liabilities and deferred inflows     of resources</b>	<b>4,922,200</b>	<b>10,648</b>	<b>11,892,251</b>	<b>16,825,099</b>
<b>Net Position:</b>				
Net investment in capital assets	14,005,496	-	-	14,005,496
Unrestricted (deficit)	(1,489,153)	3,824,260	34,601,419	36,936,526
<b>Total net position</b>	<b>\$ 12,516,343</b>	<b>\$ 3,824,260</b>	<b>\$ 34,601,419</b>	<b>\$ 50,942,022</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule 4

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Healthcare Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>				
Charges for services:				
Interdepartmental charges	\$ 23,369,295	\$ -	\$ -	\$ 23,369,295
Contributions:				
Employer	-	-	118,548,167	118,548,167
Employee	-	-	28,968,084	28,968,084
Other	141,789	3,000,000	656,775	3,798,564
<b>Total operating revenues</b>	<b>23,511,084</b>	<b>3,000,000</b>	<b>148,173,026</b>	<b>174,684,110</b>
<b>Operating Expenses:</b>				
Utility charges	184,986	-	-	184,986
Personnel services and benefits	4,810,518	-	137,933,513	142,744,031
Professional services	4,489	-	193,348	197,837
Materials and supplies	12,167,685	2,963,963	-	15,131,648
Maintenance and repairs	4,195,690	-	-	4,195,690
Other expenses	334,967	-	1,206,343	1,541,310
Depreciation	2,339,980	-	-	2,339,980
<b>Total operating expenses</b>	<b>24,038,315</b>	<b>2,963,963</b>	<b>139,333,204</b>	<b>166,335,482</b>
Operating (loss) income	(527,231)	36,037	8,839,822	8,348,628
<b>Nonoperating Revenues:</b>				
Gain on sale of equipment	96,917	-	-	96,917
Investment income	-	-	1,114,023	1,114,023
<b>Total nonoperating revenues</b>	<b>96,917</b>	<b>-</b>	<b>1,114,023</b>	<b>1,210,940</b>
Income (loss) before capital contributions	(430,314)	36,037	9,953,845	9,559,568
Change in net position	(430,314)	36,037	9,953,845	9,559,568
<b>Total net position - June 30, 2022</b>	<b>12,946,657</b>	<b>3,788,223</b>	<b>24,647,574</b>	<b>41,382,454</b>
<b>Total net position - June 30, 2023</b>	<b>\$ 12,516,343</b>	<b>\$ 3,824,260</b>	<b>\$ 34,601,419</b>	<b>\$ 50,942,022</b>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

Schedule 5

	<b>Governmental Activities - Internal Service Funds</b>			
	<b>Central Automotive Maintenance</b>	<b>Technology Replacement Fund</b>	<b>Healthcare Fund</b>	<b>Total</b>
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers	\$ 23,507,888	\$ 3,000,000	\$ 147,888,828	\$ 174,396,716
Payments to suppliers	(17,939,136)	(3,008,503)	(140,134,930)	(161,082,569)
Payments to employees	(4,380,733)	-	-	(4,380,733)
Net cash provided by (used in) operating activities	1,188,019	(8,503)	7,753,898	8,933,414
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	(3,085,850)	-	-	(3,085,850)
Proceeds from sale of capital assets	96,917	-	-	96,917
Net cash used in capital and related financing activities	(2,988,933)	-	-	(2,988,933)
<b>Cash Flows From Investing Activities:</b>				
Investment income received	-	-	1,114,023	1,114,023
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	(1,800,914)	(8,503)	8,867,921	7,058,504
<b>Cash and cash equivalents - June 30, 2022</b>	3,233,172	3,843,411	33,731,249	40,807,832
<b>Cash and cash equivalents - June 30, 2023</b>	<u>\$ 1,432,258</u>	<u>\$ 3,834,908</u>	<u>\$ 42,599,170</u>	<u>\$ 47,866,336</u>
<b>Reconciliation of Operating (Loss) Income to Net Cash Provided by (Used in) Operating Activities:</b>				
Operating (loss) income	\$ (527,231)	\$ 36,037	\$ 8,839,822	\$ 8,348,628
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	2,339,980	-	-	2,339,980
Amortization	1,662	-	-	1,662
Change in assets and liabilities:				
Increase in accounts receivable	(3,196)	-	-	(3,196)
Decrease in inventories	134,933	-	-	134,933
Increase in due from other funds	-	-	(279,857)	(279,857)
Increase in due from component unit	-	-	(4,341)	(4,341)
(Decrease) increase in accounts payable	(514,156)	(44,540)	11,069	(547,627)
Decrease in accrued liabilities	(25,324)	-	(812,795)	(838,119)
Increase in due to other funds	2,334	-	-	2,334
Increase in net pension liability	1,265,177	-	-	1,265,177
Increase in net opeb liability	8,581	-	-	8,581
Decrease in deferred outflows/inflows of resources	(1,584,621)	-	-	(1,584,621)
<b>Net cash provided by (used in) operating activities</b>	<u>\$ 1,188,019</u>	<u>\$ (8,503)</u>	<u>\$ 7,753,898</u>	<u>\$ 8,933,414</u>

See accompanying independent auditor's report.

# **COUNTY OF HENRICO**

## **VIRGINIA**

### **CUSTODIAL FUNDS**

#### **Financial Statements**

Jail Inmate Funds - To account for the receipt and disbursement of funds in the inmate canteen fund.

Special Welfare - To account for receipts and disbursements of monies maintained in individual accounts for certain County welfare recipients.

Mental Health and Developmental Services - To account for receipts and disbursements of monies maintained for individual clients.

Non-Judicial Tax Sales - To account for receipts and disbursements of monies received from delinquent tax sales.

Code RVA - To account for receipts and disbursements of monies received from School Boards and State Agencies to operate Code RVA as fiscal agent.

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**JUNE 30, 2023**

**Schedule 6**

	<b>Jail Inmate Fund</b>	<b>Special Welfare</b>	<b>Mental Health and Developmental Services</b>	<b>Non-Judicial Tax Sales</b>	<b>Code RVA</b>	<b>Total</b>
<b>Assets:</b>						
Cash and cash equivalents	\$ 176,762	\$ 4,174	\$ 160,178	\$ 106,075	\$ 888,960	\$ 1,336,149
Accounts receivable	-	84	-	-	-	84
Prepaid	-	-	-	-	459	459
Due from other Governments	-	-	-	-	93,125	93,125
Deferred outflows	-	-	-	-	1,395,208	1,395,208
Right to use asset, net	-	-	-	-	16,769	16,769
<b>Total Assets</b>	<u>176,762</u>	<u>4,258</u>	<u>160,178</u>	<u>106,075</u>	<u>2,394,521</u>	<u>2,841,794</u>
<b>Liabilities:</b>						
Accounts payable	-	-	-	-	97,450	97,450
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>97,450</u>	<u>97,450</u>
<b>Fiduciary Net Position:</b>						
Funds restricted for others	176,762	4,258	160,178	106,075	2,297,071	2,744,344
<b>Total Net Position</b>	<u>\$ 176,762</u>	<u>\$ 4,258</u>	<u>\$ 160,178</u>	<u>\$ 106,075</u>	<u>\$ 2,297,071</u>	<u>\$ 2,744,344</u>

See accompanying independent auditor's report.

**HENRICO COUNTY, VIRGINIA**  
**STATEMENT OF CHANGES IN NET POSITION**  
**CUSTODIAL FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Schedule 7**

	<b>Jail Inmate Fund</b>	<b>Special Welfare Fund</b>	<b>Mental Health and Developmental Services</b>	<b>Non-Judicial Tax Sales</b>	<b>Code RVA</b>	<b>Totals</b>
<b>Additions:</b>						
Contributions						
Members	\$ 1,345,624	\$ -	\$ -	\$ -	\$ -	\$ 1,345,624
Total contributions	1,345,624	-	-	-	-	1,345,624
Tuition income	-	-	-	-	3,681,950	3,681,950
State and federal grants	-	-	-	-	189,631	189,631
Pass-through funds	-	110,217	274,172	-	-	384,389
Miscellaneous	-	-	-	18,988	-	18,988
Investment income	-	-	-	17	-	17
Total additions	1,345,624	110,217	274,172	19,005	3,871,581	5,620,599
<b>Deductions:</b>						
Benefit payments/refunds	1,448,629	134,470	270,147	107,758	-	1,961,004
School operations	-	-	-	-	3,510,663	3,510,663
Total deductions	1,448,629	134,470	270,147	107,758	3,510,663	5,471,667
Net (decrease) increase in fiduciary net position	(103,005)	(24,253)	4,025	(88,753)	360,918	148,932
<b>Net fiduciary net position restricted for the benefit of others:</b>						
Total Fiduciary Net Position at June 30, 2022	279,767	28,511	156,153	194,828	1,936,153	2,595,412
Total Fiduciary Net Position at June 30, 2023	\$ 176,762	\$ 4,258	\$ 160,178	\$ 106,075	\$ 2,297,071	\$ 2,744,344

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

**COUNTY OF HENRICO**

**VIRGINIA**

**DISCRETELY PRESENTED COMPONENT UNIT -**  
**SCHOOL BOARD**

**Financial Statements**

**HENRICO COUNTY, VIRGINIA  
COMBINING BALANCE SHEET  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
JUNE 30, 2023**

**Schedule 8**

	Governmental Funds			Totals
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
<b>Assets:</b>				
Cash and cash equivalents	\$ 30,468,018	\$ 21,851,550	\$ 86,418,145	\$ 138,737,713
Inventories	-	153,913	-	153,913
Receivables, net	947	196	-	1,143
Other assets	-	155,299	-	155,299
Due from other governmental units	7,565,041	49,378,248	-	56,943,289
<b>Total assets</b>	<u>\$ 38,034,006</u>	<u>\$ 71,539,206</u>	<u>\$ 86,418,145</u>	<u>\$ 195,991,357</u>
<b>Liabilities:</b>				
Accounts payable	\$ 1,625,866	\$ 888,818	\$ 201,227	\$ 2,715,911
Accrued liabilities	664,995	243,922	512,648	1,421,565
Amounts held for others	83,866	-	-	83,866
Unearned revenues	872,297	33,263,274	-	34,135,571
Due to Primary Government	-	35,326,985	-	35,326,985
<b>Total liabilities</b>	<u>\$ 3,247,024</u>	<u>\$ 69,722,999</u>	<u>\$ 713,875</u>	<u>\$ 73,683,898</u>
<b>Deferred Inflows of Resources:</b>				
Other - leases	-	169,601	-	169,601
<b>Fund balances:</b>				
Restricted	-	1,646,606	-	1,646,606
Committed	-	-	85,704,270	85,704,270
Assigned	34,786,982	-	-	34,786,982
<b>Total fund balances</b>	<u>34,786,982</u>	<u>1,646,606</u>	<u>85,704,270</u>	<u>122,137,858</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 38,034,006</u>	<u>\$ 71,539,206</u>	<u>\$ 86,418,145</u>	<u>\$ 195,991,357</u>

**Adjustments for the Statement of Net Position:**

Internal service fund net profit allocation to the School Board is included in the Statement of Net Position as accounts payable, but is not included in the governmental funds.	\$ (3,981,465)
Capital assets used in School Board activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	297,767,347
Right to use assets, are not current financial resources, therefore, are not reported as assets in governmental funds. (Note 7)	20,208,845
Deferred outflows - change in proportionate share allocation	7,563,756
Deferred outflows - contributions after measurement date are not current financial resources and, therefore, are not reported as assets in the governmental funds.	66,031,810
Deferred outflows - changes of assumptions are not current financial resources and, therefore, are not reported as assets in the governmental funds.	34,493,596
Deferred outflows - differences between expected and actual experience are not current financial resources and, therefore, are not reported as assets in the governmental funds.	23,671,181
Pension liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(346,923,106)
OPEB liability is not due and payable in the current period and, therefore, is not reported as liabilities in the governmental funds.	(78,252,666)
Deferred inflows - change in proportionate share allocation	(1,930,042)
Deferred inflows - differences between expected and actual experience are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(27,130,924)
Deferred inflows - differences between projected and actual earnings are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(44,863,026)
Deferred inflows - changes of assumptions are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(12,617,250)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(34,534,805)

Net Position of Discretely Presented Component Unit - School Board	<u>\$ 21,641,109</u>
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See accompanying independent auditor's report.



**HENRICO COUNTY, VIRGINIA  
COMBINING STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES  
DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

**Schedule 9**

	Governmental Funds			Total
	School General Fund	School Special Revenue Fund	School Capital Projects Fund	
<b>Revenues:</b>				
Permits, privilege fees and regulatory licenses	\$ 299,040	\$ -	\$ -	\$ 299,040
Charges for services	65,550	3,992,521	-	4,058,071
Miscellaneous	11,094,477	1,800,968	-	12,895,445
Recovered costs	585,892	-	-	585,892
Intergovernmental:				
Federal	-	77,531,051	-	77,531,051
State	333,254,690	20,824,201	11,885,223	365,964,114
Total revenues	<u>345,299,649</u>	<u>104,148,741</u>	<u>11,885,223</u>	<u>461,333,613</u>
<b>Expenditures:</b>				
Education	597,804,990	113,841,223	-	711,646,213
Capital projects	-	-	29,933,087	29,933,087
Debt service:				
Principal retirement	12,276,107	-	-	12,276,107
Interest	141,993	-	-	141,993
Total expenditures	<u>610,223,090</u>	<u>113,841,223</u>	<u>29,933,087</u>	<u>753,997,400</u>
Deficiency of revenues under expenditures	<u>(264,923,441)</u>	<u>(9,692,482)</u>	<u>(18,047,864)</u>	<u>(292,663,787)</u>
<b>Other Financing Sources (Uses):</b>				
Lease obligations incurred	12,507,108	-	-	12,507,108
Transfers in	-	-	23,500,000	23,500,000
Transfers out	(23,500,000)	-	-	(23,500,000)
Payment from Primary Government	277,858,019	5,382,507	36,098,722	319,339,248
Total other financing sources, net	<u>266,865,127</u>	<u>5,382,507</u>	<u>59,598,722</u>	<u>331,846,356</u>
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	1,941,686	(4,309,975)	41,550,858	39,182,569
<b>Total Fund Balances - June 30, 2022</b>	<u>32,845,296</u>	<u>5,956,581</u>	<u>44,153,412</u>	<u>82,955,289</u>
<b>Total Fund Balances - June 30, 2023</b>	<u>\$ 34,786,982</u>	<u>\$ 1,646,606</u>	<u>\$ 85,704,270</u>	<u>\$ 122,137,858</u>

**Adjustments for the Statement of Activities:**

Excess of revenues and other sources over expenditures and other uses	\$ 39,182,569
Repayment of debt principal is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	12,276,107
Depreciation expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(16,258,619)
Amortization expense is reported in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	(11,987,744)
Governmental funds report capital outlays as expenditures while School Board activities capitalize those outlays to allocate those expenditures over the life of the assets.	29,559,351
Lease proceeds are recorded as other financing source in governmental funds, but are not reported as revenues in the Statement of Activities.	(12,507,108)
Internal service funds are used to charge the costs of maintenance to governmental funds and are a reduction of related expense in the Statement of Activities.	(144,352)
Pension/OPEB expense is recorded as an expense in the Statement of Activities, but is not reported as an expenditure in the governmental funds.	55,019,442
Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	153,674
Change in Net Position of Discretely Presented Component Unit - School Board	<u>\$ 95,293,320</u>

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
COMPONENT UNIT - SCHOOL BOARD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 10  
Page 1 of 2

Fund, Major and Minor Revenue Sources	Original Budget	Revised Budget	Actual	Variance
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Revenue from local sources:				
Permits, privilege fees and regulatory licenses:				
High school parking fees	\$ 100,000	\$ 100,000	\$ 105,055	\$ 5,055
Facilities rental	300,000	300,000	193,985	(106,015)
Total permits, privilege fees and regulatory licenses	400,000	400,000	299,040	(100,960)
Charges for services:				
School fees and tuitions	15,000	15,000	65,550	50,550
Total charges for services	15,000	15,000	65,550	50,550
Recovered cost:				
Sale of vehicles, textbooks and equipment	100,000	100,000	403,922	303,922
Recovered cost - student activities	180,000	180,000	181,970	1,970
Total recovered cost	280,000	280,000	585,892	305,892
Miscellaneous revenues	11,094,477	11,094,477	11,094,477	-
Total revenue from local sources	11,789,477	11,789,477	12,044,959	255,482
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Talented and gifted program	1,500,000	1,500,000	1,538,632	38,632
English as a second language	3,800,000	3,800,000	3,984,711	184,711
General appropriation - basic aid	148,400,000	148,400,000	148,057,922	(342,078)
Foster child reimbursement	650,000	650,000	411,756	(238,244)
Textbooks	3,670,000	3,670,000	3,703,348	33,348
Social security reimbursement	8,790,000	8,790,000	8,952,042	162,042
Retirement reimbursement	20,500,000	20,500,000	20,841,473	341,473
Life insurance reimbursement	610,000	610,000	643,428	33,428
Remedial education	6,100,000	6,100,000	5,147,424	(952,576)
Share of State sales tax - schools	70,200,000	71,700,000	77,967,128	6,267,128
SOQ - basic special education	17,860,000	17,860,000	18,015,984	155,984
Special education - homebound	117,000	117,000	279,119	162,119
Vocational education - local administrative and supervisory	900,000	900,000	925,201	25,201
Vocational education - SOQ occupational	2,400,000	2,400,000	2,489,787	89,787
Handicapped - foster home	200,000	200,000	764,405	564,405
Salary incentive K-3	6,300,000	6,300,000	6,253,179	(46,821)
R.O.T.C.	385,000	385,000	358,082	(26,918)
At risk	11,800,000	11,800,000	12,284,168	484,168
Education State Compensation	9,600,000	9,600,000	9,190,484	(409,516)
Other categorical aid	125,000	125,000	131,833	6,833
State lottery proceeds	11,200,000	11,200,000	11,301,704	101,704
Total categorical aid	325,107,000	326,607,000	333,241,810	6,634,810
Non-categorical aid:				
Miscellaneous	-	-	12,880	12,880
Total revenue from the Commonwealth	325,107,000	326,607,000	333,254,690	6,647,690
<b>Total Component Unit - General Fund</b>	<b>\$ 336,896,477</b>	<b>\$ 338,396,477</b>	<b>\$ 345,299,649</b>	<b>\$ 6,903,172</b>

HENRICO COUNTY, VIRGINIA  
SCHEDULE OF REVENUES - BUDGET AND ACTUAL  
COMPONENT UNIT - SCHOOL BOARD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 10  
Page 2 of 2

<b>Fund, Major and Minor Revenue Sources</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Special Revenue Fund:</b>				
Revenue from local sources:				
Charges for services:				
Cafeteria receipts	\$ 7,180,000	\$ 7,180,000	\$ 3,933,226	\$ (3,246,774)
School fees and tuitions	-	-	59,295	59,295
Total charges for services	<u>7,180,000</u>	<u>7,180,000</u>	<u>3,992,521</u>	<u>(3,187,479)</u>
Miscellaneous:				
Miscellaneous	862,684	862,684	157,563	(705,121)
Recoveries and rebates	<u>7,825,559</u>	<u>7,825,559</u>	<u>1,643,405</u>	<u>(6,182,154)</u>
Total miscellaneous	<u>8,688,243</u>	<u>8,688,243</u>	<u>1,800,968</u>	<u>(6,887,275)</u>
Total revenue from local sources	<u>15,868,243</u>	<u>15,868,243</u>	<u>5,793,489</u>	<u>(10,074,754)</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Juvenile detention center	1,833,430	1,833,430	1,965,062	131,632
Technology	1,800,000	1,800,000	1,068,467	(731,533)
Summer school	2,361,544	2,361,544	286,460	(2,075,084)
General adult education	126,784	126,784	1,847,626	1,720,842
At Risk	9,017,493	9,017,493	6,252,881	(2,764,612)
Other state educational grants	20,641,723	20,641,723	9,403,705	(11,238,018)
Total revenue from the Commonwealth	<u>35,780,974</u>	<u>35,780,974</u>	<u>20,824,201</u>	<u>(14,956,773)</u>
Revenue from the Federal Government:				
Title I	14,278,544	14,278,544	12,510,788	(1,767,756)
Title VI-B	9,752,297	9,752,297	10,788,626	1,036,329
Vocational federal act	-	-	521,201	521,201
Head start	1,290,231	1,290,231	1,438,489	148,258
Pre-school	584,180	584,180	135,019	(449,161)
School lunch program	12,231,779	12,231,779	14,722,252	2,490,473
School breakfast program	4,500,000	4,500,000	4,321,049	(178,951)
Other Federal educational grants	10,313,036	10,513,036	33,093,627	22,580,591
Total revenue from the Federal government	<u>52,950,067</u>	<u>53,150,067</u>	<u>77,531,051</u>	<u>24,380,984</u>
Total intergovernmental	<u>88,731,041</u>	<u>88,931,041</u>	<u>98,355,252</u>	<u>9,424,211</u>
<b>Total Component Unit - Special Revenue Fund</b>	<u>\$ 104,599,284</u>	<u>\$ 104,799,284</u>	<u>\$ 104,148,741</u>	<u>\$ (650,543)</u>
<b>Total Revenues - Component Unit - School Board</b>	<u>\$ 441,495,761</u>	<u>\$ 443,195,761</u>	<u>\$ 449,448,390</u>	<u>\$ 6,252,629</u>

See accompanying independent auditor's report.

HENRICO COUNTY, VIRGINIA  
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL  
COMPONENT UNIT - SCHOOL BOARD  
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Schedule 11

Function, Activity, Element	Original Budget	Revised Budget	Actual	Variance
<b>Component Unit - School Board:</b>				
<b>General Fund:</b>				
Education:				
Administration of schools:				
Administration	\$ 72,908,001	\$ 91,793,289	\$ 72,020,823	\$ 19,772,466
Instructional	439,871,962	430,901,408	424,642,362	6,259,046
Transportation	33,852,736	33,451,249	33,333,466	117,783
Operation and maintenance	53,960,315	62,859,370	55,301,231	7,558,139
Total administration of schools	600,593,014	619,005,316	585,297,882	33,707,433
Debt Service:				
Principal retirement	12,276,107	12,276,107	12,276,107	-
Interest	141,993	141,993	141,993	-
Total debt service	12,418,100	12,418,100	12,418,100	-
Total education	613,011,114	631,423,416	597,715,982	33,707,433
<b>Total Component Unit - General Fund</b>	<b>\$ 613,011,114</b>	<b>\$ 631,423,416</b>	<b>\$ 597,715,982</b>	<b>\$ 33,707,433</b>
<b>Special Revenue Fund:</b>				
Education:				
Instruction	\$ 61,199,081	\$ 137,529,730	\$ 67,087,470	\$ 70,442,260
Other educational programs	8,802,328	11,255,444	1,643,962	9,611,482
Transportation	-	1,422,943	648,514	774,429
Operation and maintenance	14,459,103	33,868,527	19,872,436	13,996,091
Total education	84,460,512	184,076,644	89,252,382	94,824,262
School food service	25,641,197	26,387,102	24,588,841	1,798,261
<b>Total Component Unit - Special Revenue Fund</b>	<b>\$ 110,101,709</b>	<b>\$ 210,463,746</b>	<b>\$ 113,841,223</b>	<b>\$ 96,622,523</b>
<b>Total Component Unit - School Board</b>	<b>\$ 723,112,823</b>	<b>\$ 841,887,162</b>	<b>\$ 711,557,205</b>	<b>\$ 130,329,956</b>

**Explanation of difference between actual amounts on the budgetary basis and GAAP basis:**

Total Expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	\$ 597,715,982
Right-to-use capital outlay	12,507,108
Total Expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balances - General Fund	<u>\$ 610,223,090</u>

See accompanying independent auditor's report.

## **Statistical Section**

This component of the County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the basic financial statements, note disclosures, and required supplementary information indicate about the County's financial health over an extended period of time.

The goal of the statistical section is to be the chief source of information regarding the County's economic condition. For a more complete understanding of the data summarized herein, please refer to the County's previous Annual Comprehensive Financial Reports as well as the accompanying transmittal letter, management's discussion and analysis and the aforementioned basic financial statements, in their entirety (including the note disclosures and required supplementary information).

## **Contents**

### **Financial Trends**

### **Tables I-V**

These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.

### **Revenue Capacity**

### **Tables V - VIII**

These schedules contain information to help the reader assess the County's most significant local revenue sources, the real and personal property tax.

### **Debt Capacity**

### **Tables IX - X**

These schedules present information which help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.

### **Demographic and Economic Information**

### **Tables XI - XII**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.

### **Operating Information**

### **Tables XIII - XV**

These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.

**HENRICO COUNTY, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(accrual basis of accounting)*  
*(\$ in thousands)*

Table I

	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022	2023
<b>Governmental Activities:</b>										
Net Investment in Capital Assets	\$ 1,049,919	\$ 1,082,833	\$ 1,093,486	\$ 1,102,415	\$ 1,168,862	\$ 1,208,373	\$ 1,245,252	\$ 1,284,958	\$ 1,272,215	\$ 1,428,128
Restricted For:										
Highways, Streets and Buildings	75,283	65,924	74,460	128,255	75,065	120,048	76,830	107,047	241,224	154,767
Debt Service	35,187	35,729	35,283	33,318	38,889	42,912	771	320	1,179	1,198
Grants	47,264	47,142	51,010	51,309	44,380	49,044	50,673	61,632	66,129	74,461
Unrestricted	125,687	(75,487)	(99,933)	(76,034)	(78,587)	(66,470)	23,622	116,735	97,984	219,911
<b>Total Governmental Activities Net Position</b>	<b>\$ 1,333,340</b>	<b>\$ 1,156,141</b>	<b>\$ 1,154,306</b>	<b>\$ 1,239,263</b>	<b>\$ 1,248,609</b>	<b>\$ 1,353,908</b>	<b>\$ 1,397,148</b>	<b>\$ 1,570,692</b>	<b>\$ 1,678,730</b>	<b>\$ 1,878,465</b>
<b>Business-type Activities:</b>										
Net Investment in Capital Assets	\$ 1,015,261	\$ 1,006,550	\$ 1,045,556	\$ 1,049,633	\$ 1,040,062	\$ 1,059,884	\$ 1,026,920	\$ 1,030,014	\$ 1,088,419	\$ 1,137,997
Debt Service	17,005	17,002	21,532	21,532	27,247	30,421	30,376	30,353	29,649	29,664
Unrestricted	31,682	47,360	27,843	58,476	89,177	94,644	167,398	209,377	203,822	212,398
<b>Total Business-type Activities Net Position</b>	<b>\$ 1,063,948</b>	<b>\$ 1,070,912</b>	<b>\$ 1,094,931</b>	<b>\$ 1,129,641</b>	<b>\$ 1,156,486</b>	<b>\$ 1,184,949</b>	<b>\$ 1,224,694</b>	<b>\$ 1,269,744</b>	<b>\$ 1,321,890</b>	<b>\$ 1,380,058</b>
<b>Primary Government:</b>										
Net Investment in Capital Assets	\$ 2,065,180	\$ 2,089,383	\$ 2,139,042	\$ 2,152,048	\$ 2,208,923	\$ 2,268,258	\$ 2,272,173	\$ 2,314,972	\$ 2,360,634	\$ 2,566,125
Restricted For:										
Highways, Streets, and Buildings	75,283	65,924	74,460	128,255	75,065	120,048	76,830	107,047	241,224	154,767
Debt Service	52,192	52,731	56,815	54,850	66,136	73,333	31,147	30,673	30,828	30,862
Grants	47,264	47,142	51,010	51,309	44,380	49,044	50,673	61,632	66,129	74,461
Unrestricted	157,369	(28,127)	(72,091)	(17,558)	10,590	28,174	191,020	326,112	301,806	432,309
<b>Total Primary Government Net Position</b>	<b>\$ 2,397,288</b>	<b>\$ 2,227,053</b>	<b>\$ 2,249,236</b>	<b>\$ 2,368,904</b>	<b>\$ 2,405,094</b>	<b>\$ 2,538,857</b>	<b>\$ 2,621,842</b>	<b>\$ 2,840,436</b>	<b>\$ 3,000,620</b>	<b>\$ 3,258,523</b>

**Note:** Table may not foot due to rounding

**Source:** County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit I

(1) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(2) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(accrual basis of accounting)  
(\$ in thousands)

Table II

	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022	2023
<b><u>Expenses</u></b>										
Governmental Activities:										
General Government	\$ 86,769	\$ 101,642	\$ 129,491	\$ 97,783	\$ 91,002	\$ 94,497	\$ 157,135	\$ 137,237	\$ 132,424	\$ 145,091
Judicial Administration	10,916	11,215	11,298	11,889	12,267	12,845	13,143	13,671	14,342	15,934
Public Safety	179,030	181,590	186,839	198,047	198,269	205,319	212,937	218,442	242,851	248,058
Public Works	77,624	82,583	80,918	89,386	87,221	91,603	87,460	78,804	89,729	92,020
Health and Welfare	58,681	61,796	66,956	70,840	74,941	79,862	82,090	68,770	73,514	80,815
Education	200,483	217,148	251,840	249,223	235,170	239,957	269,087	215,144	307,955	331,606
Parks, Recreation and Culture	34,159	35,058	37,434	40,309	42,123	43,429	45,451	44,371	48,759	46,168
Community Development	27,681	31,813	29,868	28,640	30,396	28,681	28,518	24,735	32,263	35,284
Interest on Long-term Debt	15,854	17,195	11,941	12,302	12,069	13,623	12,496	15,075	14,428	13,118
Total Governmental Activities Expenses	691,197	740,040	806,585	798,419	783,458	809,815	908,317	816,249	956,265	1,008,095
Business-type Activities:										
Water and Sewer	96,918	102,977	107,950	105,919	108,696	112,548	113,127	115,833	115,145	124,789
Belmont Park Golf Course (3)	1,150	965	1,082	1,001	926	896	552	-	-	-
Total Business-type Activities Expenses	98,068	103,942	109,032	106,920	109,622	113,444	113,678	115,833	115,145	124,789
<b>Total Primary Government Expenses</b>	<b>\$ 789,265</b>	<b>\$ 843,982</b>	<b>\$ 915,617</b>	<b>\$ 905,339</b>	<b>\$ 893,080</b>	<b>\$ 923,259</b>	<b>\$ 1,021,995</b>	<b>\$ 932,082</b>	<b>\$ 1,071,409</b>	<b>\$ 1,132,884</b>
<b><u>Program Revenues</u></b>										
Governmental Activities:										
Charges for services:										
General Government	\$ 11,118	\$ 13,164	\$ 11,969	\$ 13,659	\$ 16,613	\$ 14,225	\$ 16,202	\$ 15,703	\$ 18,633	\$ 16,176
Judicial Administration	124	185	957	982	972	1,015	955	913	781	1,076
Public Safety	2,951	3,197	2,878	5,029	3,142	3,791	3,434	4,980	3,616	4,520
Public Works	14,851	3,392	3,464	3,085	2,572	2,693	2,487	1,836	2,659	2,719
Health and Welfare	11,255	10,764	11,317	11,096	11,223	12,231	11,741	11,311	13,819	10,754
Parks, Recreation and Culture	1,446	1,360	1,250	1,249	1,208	1,237	761	382	646	741
Community Development	6,479	7,561	7,843	8,615	9,853	9,872	8,945	6,747	4,917	12,011
Operating grants and contributions	117,403	137,434	152,903	155,163	148,000	157,835	178,550	185,025	152,361	194,709
Total Governmental Activities Revenues	165,627	177,057	192,581	198,878	193,583	202,899	223,076	226,898	197,431	242,707
Business-type Activities:										
Water and Sewer	108,725	121,201	128,219	133,724	134,199	123,057	131,878	133,294	149,797	156,576
Belmont Park Golf Course (3)	797	853	823	694	697	782	459	-	-	-
Total Business-type Activities Revenues	109,522	122,054	129,042	134,418	134,896	123,839	132,336	133,294	149,797	156,576
<b>Total Primary Government Revenues</b>	<b>\$ 275,149</b>	<b>\$ 299,111</b>	<b>\$ 321,623</b>	<b>\$ 333,296</b>	<b>\$ 328,479</b>	<b>\$ 326,738</b>	<b>\$ 355,412</b>	<b>\$ 360,192</b>	<b>\$ 347,228</b>	<b>\$ 399,283</b>

**Note:** Table may not foot due to rounding

**Source:** County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 2

(1) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(2) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

(3) The First Tee of Greater Richmond is leasing Belmont Golf Course for twenty years, effective January 1, 2020.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN NET POSITION**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(accrual basis of accounting)  
(\$ in thousands)

Table II (Cont'd)

	2014	2015 (1)	2016	2017	2018 (2)	2019	2020	2021	2022	2023
<b><u>Net (Expense) Revenue</u></b>										
Governmental Activities:										
General Government	\$ (74,645)	\$ (86,565)	\$ (115,290)	\$ (82,401)	\$ (71,887)	\$ (76,100)	\$ (139,463)	\$ (120,048)	\$ (112,337)	\$ (127,425)
Judicial Administration	(5,505)	(5,454)	(4,694)	(4,906)	(5,297)	(5,776)	(6,271)	(7,770)	(8,322)	(9,711)
Public Safety	(146,844)	(150,739)	(155,208)	(163,389)	(166,276)	(172,147)	(164,262)	(159,316)	(209,336)	(205,774)
Public Works	(15,234)	(14,734)	(3,916)	(12,399)	(20,316)	(22,168)	(11,734)	(7,495)	(15,275)	6,952
Health and Welfare	(20,749)	(16,612)	(21,119)	(24,174)	(25,558)	(26,640)	(25,637)	(11,145)	(23,609)	(27,009)
Education	(200,483)	(217,148)	(251,840)	(249,223)	(235,170)	(239,957)	(269,087)	(215,144)	(307,955)	(331,606)
Parks, Recreation and Culture	(32,502)	(33,359)	(35,984)	(38,845)	(40,701)	(39,077)	(43,503)	(43,757)	(47,850)	(45,120)
Community Development	(13,754)	(21,178)	(14,010)	(11,901)	(12,600)	(11,427)	(12,788)	(9,600)	(19,722)	(12,577)
Interest on Long-term Debt	(15,854)	(17,195)	(11,941)	(12,302)	(12,069)	(13,623)	(12,496)	(15,075)	(14,428)	(13,118)
Total Governmental Activities Net Expense	(525,570)	(562,984)	(614,002)	(599,540)	(589,874)	(606,916)	(685,241)	(589,351)	(758,834)	(765,388)
Business-type Activities:										
Water and Sewer	11,806	18,224	20,270	27,805	25,503	10,509	18,751	17,462	34,653	31,787
Belmont Park Golf Course (3)	(353)	(112)	(259)	(307)	(229)	(114)	(93)	-	-	-
Total Business-type Activities Net Revenue	11,453	18,112	20,011	27,498	25,274	10,395	18,658	17,462	34,653	31,787
<b>Total Primary Government Net Expense</b>	<b>\$ (514,117)</b>	<b>\$ (544,872)</b>	<b>\$ (593,991)</b>	<b>\$ (572,042)</b>	<b>\$ (564,600)</b>	<b>\$ (596,521)</b>	<b>\$ (666,583)</b>	<b>\$ (571,890)</b>	<b>\$ (724,181)</b>	<b>\$ (733,601)</b>
<b><u>General Revenues and Other Changes in Net Position</u></b>										
Governmental Activities:										
Taxes										
Property	\$ 367,971	\$ 377,406	\$ 387,744	\$ 403,164	\$ 420,886	\$ 446,944	\$ 468,650	\$ 489,264	\$ 543,940	\$ 606,671
Local Sales and Use	55,825	58,095	62,286	64,666	68,256	68,775	69,908	75,613	87,994	92,752
Business License	29,828	32,086	33,521	35,432	35,618	38,308	39,627	38,591	46,330	51,162
Hotel and Motel	11,008	12,193	13,169	13,448	13,898	14,045	11,275	8,890	14,944	16,430
Bank Franchise	9,138	11,482	12,133	17,318	17,775	18,241	16,508	18,148	17,980	4,755
Other	21,250	46,344	48,614	49,828	50,948	52,026	50,229	51,465	61,157	63,335
Interest and Investment Earnings	1,946	2,271	2,945	2,045	5,305	18,052	15,303	2,127	911	34,829
Grants and Contributions	51,143	50,727	50,633	55,243	50,576	50,983	51,918	77,944	92,460	93,482
Miscellaneous/Donated Assets	2,131	2,591	1,121	4,976	1,685	4,840	5,063	1,148	1,155	1,707
Total Governmental Activities	550,240	593,195	612,166	646,120	664,947	712,215	728,481	763,190	866,872	965,123
Business-type Activities:										
Interest and Investment Earnings	2,075	799	1,020	975	1,122	1,037	3,684	339	94	3,123
Grants and Contributions	1,611	1,608	1,650	1,608	1,609	15,336	16,548	24,961	16,800	22,650
Miscellaneous/Donated Assets	1,051	1,214	1,340	1,923	1,712	1,695	855	1,184	599	608
Total Business-type Activities	4,737	3,621	4,010	4,506	4,443	18,069	21,087	26,484	17,493	26,381
<b>Total Primary Government</b>	<b>\$ 554,977</b>	<b>\$ 596,816</b>	<b>\$ 616,176</b>	<b>\$ 650,626</b>	<b>\$ 669,390</b>	<b>\$ 730,283</b>	<b>\$ 749,568</b>	<b>\$ 789,675</b>	<b>\$ 884,365</b>	<b>\$ 991,504</b>
<b><u>Change in Net Position</u></b>										
Governmental Activities	\$ 24,670	\$ 30,211	\$ (1,836)	\$ 46,580	\$ 75,073	\$ 105,299	\$ 43,240	\$ 173,839	\$ 108,038	\$ 199,735
Business-type Activities	16,190	21,733	24,021	32,004	29,717	28,464	39,745	43,946	52,146	58,168
<b>Total Primary Government Net Position</b>	<b>\$ 40,860</b>	<b>\$ 51,944</b>	<b>\$ 22,185</b>	<b>\$ 78,584</b>	<b>\$ 104,790</b>	<b>\$ 133,763</b>	<b>\$ 82,985</b>	<b>\$ 217,785</b>	<b>\$ 160,184</b>	<b>\$ 257,903</b>

**Note:** Table may not foot due to rounding

**Source:** County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 2

(1) The County adopted GASB Statement Nos. 68 and 71 in fiscal year 2015. Fiscal years prior to the year ended June 30, 2015 have not been restated for the effects of GASB Statement Nos. 68 and 71.

(2) The County adopted GASB Statement No. 75 in fiscal year 2018. Fiscal years prior to the year ended June 30, 2018 have not been restated for the effects of GASB Statement No. 75.

(3) The First Tee of Greater Richmond is leasing Belmont Golf Course for twenty years, effective January 1, 2020.

See accompanying independent auditors' report.



**HENRICO COUNTY, VIRGINIA**  
**FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(modified accrual basis of accounting)  
(\$ in thousands)

Table III

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>General Fund:</b>										
Nonspendable	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ -	\$ -	\$ -
Restricted	6,812	7,321	5,277	6,886	3,966	1,692	3,308	7,192	7,761	9,904
Committed	18,842	28,204	33,206	35,454	65,937	56,630	8,579	28,201	41,750	36,400
Assigned	61,822	61,511	62,420	77,076	69,467	75,745	115,498	213,844	191,415	216,077
Unassigned	115,034	117,489	119,346	123,934	127,744	133,163	138,252	134,164	154,451	165,536
<b>Total General Fund</b>	<b>202,623</b>	<b>214,638</b>	<b>220,362</b>	<b>243,463</b>	<b>267,227</b>	<b>267,342</b>	<b>265,750</b>	<b>383,401</b>	<b>395,377</b>	<b>427,917</b>
<b>All Other Governmental Funds:</b>										
Restricted	30,253	28,973	29,018	26,844	20,853	25,137	28,482	43,441	45,663	49,153
Committed	148,380	119,743	140,570	242,931	211,810	280,751	355,128	338,363	346,889	289,676
Assigned	17,768	19,298	23,139	24,668	24,705	24,150	22,961	18,511	21,645	26,506
<b>Total All Other Governmental Funds</b>	<b>196,401</b>	<b>168,014</b>	<b>192,727</b>	<b>294,443</b>	<b>257,368</b>	<b>330,037</b>	<b>406,572</b>	<b>400,315</b>	<b>414,197</b>	<b>365,335</b>
<b>Total Fund Balances</b>	<b>\$ 399,024</b>	<b>\$ 382,652</b>	<b>\$ 413,089</b>	<b>\$ 537,906</b>	<b>\$ 524,595</b>	<b>\$ 597,380</b>	<b>\$ 672,322</b>	<b>\$ 783,717</b>	<b>\$ 809,575</b>	<b>\$ 793,252</b>

**Notes:** The Governmental Funds Fund Balances do not include the School Board or JRJDC component units to be consistent with the ACFR Financial Section.  
GASB 54 classification of fund balances was implemented in fiscal year 2011.

**Source:** County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 3

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(modified accrual basis of accounting)  
(\$ in thousands)

Table IV

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues:</b>										
General Property Taxes	\$ 367,120	\$ 375,685	\$ 387,388	\$ 402,026	\$ 420,786	\$ 447,469	\$ 466,198	\$ 487,532	\$ 538,135	\$ 607,588
Other Local Taxes	125,113	158,824	165,920	176,154	182,032	186,844	183,291	188,049	222,553	222,618
Licenses and Permits	3,732	6,052	4,744	5,385	9,811	7,368	8,221	8,611	11,136	9,760
Fines and Forfeitures	2,649	2,523	1,945	2,110	2,161	2,147	1,885	1,679	1,675	1,683
Use of Money and Property	3,335	3,534	4,194	3,295	6,286	19,023	15,739	3,523	2,516	35,375
Charges for Services	28,783	28,383	29,317	31,325	29,196	30,451	29,885	27,581	34,480	31,931
Miscellaneous	8,807	9,360	10,681	12,628	12,306	16,549	13,617	6,753	5,405	12,946
Recovered Costs	5,635	5,821	5,599	7,617	6,313	6,670	7,444	8,228	7,052	8,380
Intergovernmental Revenue	167,242	172,485	180,066	188,030	184,786	189,626	209,132	247,742	229,143	251,976
<b>Total Government Revenues</b>	<b>712,416</b>	<b>762,667</b>	<b>789,854</b>	<b>828,570</b>	<b>853,677</b>	<b>906,146</b>	<b>935,412</b>	<b>979,699</b>	<b>1,052,093</b>	<b>1,182,257</b>
<b>Expenditures:</b>										
General Government	69,093	71,123	71,692	82,816	77,501	76,033	76,231	77,318	79,632	96,828
Judicial Administration	10,918	11,125	11,212	11,801	12,182	12,755	13,255	13,701	14,175	15,941
Public Safety	170,382	175,250	178,206	187,857	192,828	201,996	211,279	216,505	239,074	252,531
Public Works	59,730	63,621	61,463	66,543	69,029	70,318	70,176	61,188	66,504	77,260
Health and Welfare	58,616	61,614	66,583	70,532	74,643	79,599	82,336	68,710	72,637	80,683
Parks, Recreation and Culture	30,024	30,520	32,431	35,962	36,546	37,094	37,788	36,149	40,576	46,198
Community Development	27,548	31,497	29,648	28,412	30,185	28,517	28,406	24,560	32,021	35,157
Education	188,849	205,157	211,399	223,786	223,845	228,648	266,525	207,841	274,331	319,339
Miscellaneous	15,494	16,987	18,373	8,146	20,141	24,991	22,691	25,225	45,755	49,006
Debt Service - Principal	37,999	38,670	38,935	41,963	40,305	44,493	49,642	48,202	54,922	57,199
Debt Service - Interest	21,168	19,077	17,488	16,765	17,167	19,728	21,143	24,472	25,351	24,097
Capital Outlay	53,716	54,864	56,145	45,478	75,029	117,730	165,577	184,370	137,300	144,340
<b>Total Government Expenditures</b>	<b>743,537</b>	<b>779,505</b>	<b>793,575</b>	<b>820,061</b>	<b>869,401</b>	<b>941,902</b>	<b>1,045,049</b>	<b>988,243</b>	<b>1,082,278</b>	<b>1,198,580</b>
Excess (Deficiency) of Revenues										
Over (Under) Expenditures	(31,121)	(16,838)	(3,721)	8,509	(15,724)	(35,755)	(109,636)	(8,544)	(30,184)	(16,323)
<b>Other Financing Sources (Uses):</b>										
Transfers-in	87,589	107,121	123,971	109,542	123,601	161,744	146,589	113,816	154,464	147,110
Transfers-out	(87,589)	(107,121)	(123,971)	(109,542)	(123,601)	(161,744)	(146,589)	(113,816)	(154,464)	(147,110)
Issuance of Bonds	-	50,485	-	156,010	-	99,395	195,690	135,085	48,115	-
Issuance of Bond Premiums	-	9,645	-	20,766	-	9,065	22,558	17,903	6,268	-
Loan Financing	-	-	34,000	-	-	-	-	-	-	-
Capital Lease Obligations Incurred	101	95	158	913	2,415	80	535	322	1,660	-
Payments to Escrow Agent	-	(59,758)	-	(61,386)	-	-	(34,204)	(32,414)	-	-
Total Other Financing Sources, Net	101	467	34,158	116,303	2,415	108,540	184,579	120,896	56,042	-
Net Change in Fund Balances	<u>\$ (31,020)</u>	<u>\$ (16,371)</u>	<u>\$ 30,437</u>	<u>\$ 124,812</u>	<u>\$ (13,309)</u>	<u>\$ 72,785</u>	<u>\$ 74,943</u>	<u>\$ 112,352</u>	<u>\$ 25,858</u>	<u>\$ (16,323)</u>
Debt service as a percentage of noncapital expenditures	<u>8.64%</u>	<u>8.07%</u>	<u>7.37%</u>	<u>7.54%</u>	<u>7.36%</u>	<u>7.86%</u>	<u>7.84%</u>	<u>9.13%</u>	<u>8.47%</u>	<u>8.18%</u>

**Note:** Table may not foot due to rounding

**Source:** County of Henrico, Virginia Annual Comprehensive Financial Reports Exhibit 4

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
(\$ in thousands)

Table V

Year	Real Property					Personal Property					Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Value of Taxable Property
	Residential Property	Commercial Property (1)	Public (3) Service Corp.	Total Real Property	Real Property Tax Rate (2)	Personal Property	Public (3) Service Corp.	Total Personal Property	Personal Property Tax Rate (2)				
	Property	Property (1)	Service Corp.	Real Property	Tax Rate (2)	Property	Service Corp.	Property	Tax Rate (2)				
2014	\$ 21,988,906	\$ 9,919,518	\$ 908,401	\$ 32,816,825	\$ 0.87	\$ 3,585,703	\$ 3,305	\$ 3,589,008	\$ 3.50	\$ 36,405,833	\$ 7.37	(4)	\$ 36,405,833
2015	22,810,890	10,292,187	962,217	34,065,294	0.87	3,766,963	2,529	3,769,492	3.50	37,834,786	6.57	(5)	37,834,786
2016	23,518,182	10,657,341	1,004,054	35,179,577	0.87	4,013,147	2,222	4,015,369	3.50	39,194,946	5.47	(6)	39,194,946
2017	24,611,556	11,130,742	1,129,400	36,871,698	0.87	4,087,035	2,130	4,089,165	3.50	40,960,863	5.47	(6)	40,960,863
2018	26,117,583	11,776,171	1,162,001	39,055,755	0.87	4,241,370	1,994	4,243,364	3.50	43,299,119	5.47	(6)	43,299,119
2019	27,424,613	12,779,275	1,195,272	41,399,160	0.87	4,610,809	2,225	4,613,034	3.50	46,012,194	5.47	(6)	46,012,194
2020	28,778,727	13,879,253	1,229,029	43,887,009	0.87	4,557,328	1,796	4,559,124	3.50	48,446,133	5.47	(6)	48,446,133
2021	30,410,639	13,707,745	1,212,770	45,331,154	0.87	5,345,993	1,716	5,347,709	3.50	50,678,863	5.47	(6)	50,678,863
2022	33,930,579	15,628,350	1,273,603	50,832,533	0.85	6,586,172	1,411	6,587,583	3.50	57,420,116	5.45	(6)	57,420,116
2023	38,995,183	17,125,970	1,460,793	57,581,947	0.85	6,985,525	1,764	6,987,289	3.50	64,569,236	5.45	(6)	64,569,236

**Source:** County of Henrico Director of Finance

**Notes:** The County assesses property annually. Property is assessed at market value in accordance with State law, except as noted below in Virginia's Land Use Code.

(1) Includes commercial, industrial, manufacturing and agriculture

(2) Per \$100 of assessed value

(3) Source: State Corporation Commission and Department of Taxation

(4) Includes Machinery and Tools (\$1.00), Aircraft (\$1.60) and Semi-Conductor (\$.40)

(5) Includes Machinery and Tools (\$.30), Aircraft (\$1.60) and Semi-Conductor (\$.30)

(6) Includes Machinery and Tools (\$.30), Aircraft (\$.50) and Semi-Conductor (\$.30)

Title 58.1-3201 of the Code of Virginia provides for the assessment of real property at 100% of fair market value.

Title 58.1-3230 through 3244 of the Code of Virginia provides for the assessment of land based on use value rather than market value.

Use value is the assessment of the land for a specific purpose and is generally lower than market value. This is a local option statute adopted by Henrico County in 1976.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**DIRECT TAX RATES**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**  
*(rate per \$100 of assessed value)*

Table VI

Tax Year	Real Property	Tangible Personal Property	Machinery and Tools	Aircraft	Semi- Conductor	Total Direct Rate
2023	\$ 0.85	\$ 3.50	\$ 0.30	\$ 0.50	\$ 0.30	\$ 5.45
2022	0.85	3.50	0.30	0.50	0.30	5.45
2021	0.87	3.50	0.30	0.50	0.30	5.47
2020	0.87	3.50	0.30	0.50	0.30	5.47
2019	0.87	3.50	0.30	0.50	0.30	5.47
2018	0.87	3.50	0.30	0.50	0.30	5.47
2017	0.87	3.50	0.30	0.50	0.30	5.47
2016	0.87	3.50	0.30	0.50	0.30	5.47
2015	0.87	3.50	0.30	1.60	0.30	6.57
2014	0.87	3.50	1.00	1.60	0.40	7.37

**Source:** County of Henrico Director of Finance

**Notes:** There are no overlapping tax rates within County of Henrico.

Qualifying volunteer rescue squad and fire department vehicles are taxed at the rate of \$1.00 per \$100 of assessed value.

Specially equipped vehicles for disabled veterans and for the handicapped are taxed at the rate of \$.01 per \$100 of assessed value.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR, PRIOR YEAR AND TEN YEARS AGO  
(Unaudited)**

Table VII

Taxpayer	Type of Business	Calendar Year 2023			Calendar Year 2022			Calendar Year 2014		
		Real/Personal Property Assessed	Rank	Percent of Total	Real/Personal Property Assessed	Rank	Percent of Total	Real/Personal Property Assessed	Rank	Percent of Total
		Valuation		Valuation	Valuation		Valuation	Valuation		Valuation
Scout Development LLC (2)	Data Center	\$ 1,902,671,844	1	2.95%	\$ 1,359,531,360	1	2.37%	\$ -	N/A	\$ -
Virginia Power Company	Utility	1,013,976,824	2	1.57%	842,366,522	2	1.47%	492,287,626	1	1.35%
Short Pump Town Centers LLC (Queensland) (1)	Mall	311,500,800	3	0.48%	307,750,100	3	0.54%	-	N/A	-
Quality Investment Prop Richmond LLC (3)	Data Center	241,684,600	4	0.37%	-	N/A	-	-	N/A	-
Raceway Commerce Center Project LLC (4)	Distribution Center	193,322,100	5	0.30%	-	N/A	-	-	N/A	-
Verizon	Telecommunication	180,355,130	6	0.28%	182,275,544	4	0.32%	224,264,870	5	0.62%
HCA Health Services of VA	Hospital & Medical Offices	151,979,387	7	0.24%	142,537,020	7	0.25%	176,107,056	8	0.48%
Highwoods Properties	Offices and Warehouses	151,843,500	8	0.24%	150,025,400	6	0.26%	252,115,000	3	0.69%
Bank of America	Data Center & Bank	132,661,200	9	0.21%	129,064,300	9	0.22%	-	N/A	-
PFI VPN Portfolio	Offices	132,436,900	10	0.21%	127,594,200	10	0.22%	-	N/A	-
Liberty Property, LP	Offices and Warehouses	-	N/A	-	180,247,100	5	0.31%	-	N/A	-
IBM Credit LLC	Personal Property Leasing	-	N/A	-	133,297,752	8	0.23%	-	N/A	-
Forest City (Short Pump TC, White Oak, etc) (1)	Retail and Offices	-	N/A	-	-	N/A	-	270,597,900	2	0.74%
The Wilton Companies	Offices, Retail and Warehouses	-	N/A	-	-	N/A	-	220,243,100	6	0.61%
General Services Corporation	Apartments	-	N/A	-	-	N/A	-	230,479,500	4	0.63%
Weinstein Family	Apartments	-	N/A	-	-	N/A	-	181,384,200	7	0.50%
Excel Realty Holdings (West Broad Village)	Offices	-	N/A	-	-	N/A	-	128,490,700	10	0.35%
United Dominion Realty Trust	Apartments	-	N/A	-	-	N/A	-	132,713,200	9	0.37%
Totals		<u>\$ 4,412,432,285</u>		<u>6.83%</u>	<u>\$ 3,554,689,298</u>		<u>6.19%</u>	<u>\$ 2,308,683,152</u>		<u>6.34%</u>
<b>Total Assessed Values</b>		<u>\$ 64,569,235,699</u>			<u>\$ 57,420,115,849</u>			<u>\$ 36,405,832,733</u>		

**Source:** County of Henrico Director of Finance

(1) Short Pump Town Centers LLC bought Forest City in July 2018.

(2) Scout Development LLC bought and developed the site that is home to the Facebook, Inc. data center.

(3) Quality Investment Prop Richmond LLC includes the expansion of the QTS data center at White Oak Technology Park.

(4) Raceway Commerce Center Project LLC includes the new Amazon fulfillment center near the Richmond Raceway.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table VIII

Year	Original Fiscal Year Levy	Collections within the Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 361,689,033	\$ 358,676,284	99.2%	\$ 2,067,461	\$ 360,743,745	99.7%
2015	373,457,423	357,897,136	95.8%	14,263,496	372,160,632	99.7%
2016	376,051,530	370,592,134	98.5%	5,220,897	375,813,031	99.9%
2017	389,341,072	384,815,669	98.8%	4,288,915	389,104,584	99.9%
2018	409,079,914	404,970,529	99.0%	3,002,249	407,972,778	99.7%
2019	433,549,534	429,914,099	99.2%	1,516,567	431,430,666	99.5%
2020	455,725,784	433,994,901	95.2%	19,385,830	453,380,731	99.5%
2021	479,221,598	463,357,848	96.7%	13,226,643	476,584,491	99.4%
2022	529,024,451	502,526,040	95.0%	12,214,935	514,740,975	97.3%
2023	589,480,761	566,810,027	96.2%	N/A (1)	566,810,027	96.2%

**Notes:**

(1) PPTRA amounts are no longer included in Levy or Collections as of FY2007.

(1) Fiscal year 2023 collections in subsequent years will be available as of the next reporting period.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**RATIOS OF OUTSTANDING DEBT BY TYPE (1)**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table IX

General Bonded Debt							Percentage of				Component Units		
Fiscal Year	General	EDA	VRA	Less, Amounts	Net Bonded	Percentage of Personal	Estimated Actual	Per Capita	Capital	School Board		JRJDC	
	Obligation Bonds (2)	Lease Revenue Bonds	Special Revenue Bonds	Designated for Principal Payments						Income (3)	Value of Taxable Property	Debt	Leases
2014	\$ 459,391,297	\$ -	\$ -	\$ 757,411	\$ 458,633,886	2.5%	1.3%	\$ 1,427	\$ 27,654,285	\$ 42,682,213	\$ 1,270,000	\$ -	
2015	424,098,966	-	-	1,129,065	422,969,901	2.2%	1.1%	1,300	23,515,198	31,573,304	650,000	8,244	
2016	384,048,359	-	-	1,148,179	382,900,180	1.9%	1.0%	1,163	53,336,713	25,965,793	-	6,508	
2017	461,714,254	-	-	202,833	461,511,421	2.2%	1.1%	1,389	46,420,396	26,086,650	-	4,333	
2018	421,919,118	-	-	1,178,658	420,740,460	2.0%	1.0%	1,255	41,643,906	14,835,498	-	1,610	
2019	485,511,538	-	-	242,103	485,269,435	2.1%	1.1%	1,431	34,939,140	26,976,897	-	-	
2020	558,035,689	-	-	770,870	557,264,819	2.4%	1.2%	1,623	88,116,739	16,651,291	-	-	
2021	632,990,481	-	13,560,000	319,820	646,230,661	2.6%	1.3%	1,908	61,844,395	6,946,638	-	10,411	
2022	632,466,561	54,485,000	11,080,000	1,179,213	696,852,348	2.7%	1.2%	2,041	12,814,473	19,055,430	-	7,704	
2023	573,390,554	51,675,000	8,520,000	1,197,897	632,387,657	2.3%	1.0%	1,829	10,466,489	13,095,622		4,505	

Fiscal Year	Governmental-Type Activities				Business-Type Activities			Total Primary Government	Percentage of Personal Income (3)	Percentage of Estimated Actual Value of Taxable Property	Per Capita Debt
	General	EDA	VRA	Capital Leases	Water & Sewer Revenue Bonds (2)	Capital Leases					
	Obligation Bonds (2)	Lease Revenue Bonds	Special Revenue Bonds								
2014	\$ 459,391,297	\$ -	\$ -	\$ 27,654,285	\$ 239,236,344	\$ 28,148	\$ 726,310,074	4.0%	2.0%	\$ 2,260	
2015	424,098,966	-	-	23,515,198	231,360,899	35,173	679,010,236	3.5%	1.8%	2,087	
2016	384,048,359	-	-	53,336,713	321,833,554	20,769	759,239,395	3.8%	1.9%	2,306	
2017	461,714,254	-	-	46,420,396	310,040,991	25,885	818,201,526	3.9%	2.0%	2,462	
2018	421,919,118	-	-	41,643,906	404,656,626	13,303	868,232,953	4.0%	2.0%	2,590	
2019	485,511,538	-	-	34,939,140	463,978,992	15,285	984,444,955	4.3%	2.1%	2,902	
2020	558,035,689	-	-	88,116,739	448,256,027	13,155	1,094,421,610	4.7%	2.3%	3,188	
2021	632,990,481	-	13,560,000	61,844,395	474,903,035	15,140	1,183,313,051	4.8%	2.3%	3,495	
2022	632,466,561	54,485,000	11,080,000	12,814,473	467,749,780	10,112	1,178,605,926	4.5%	2.1%	3,453	
2023	573,390,554	51,675,000	8,520,000	10,466,489	447,944,759	5,095	1,092,001,897	4.0%	1.7%	3,159	

**Notes:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) There are no limitations imposed by State Law or Local Ordinance on the amount of general obligation debt that may be issued either directly or indirectly.

However, with certain exceptions, all debt, which is secured by the general obligation of a county, must be approved at public referendum prior to issuance.

(2) The Bond (plus Literary Loans, if applicable), net of related premium and discounts.

(3) Calculations based on calculated trend (see Table XI Sources).

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**PLEDGED REVENUE COVERAGE <sup>(1)</sup>**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table X

Fiscal Year	Operating Revenues	Operating Expenses (2)	Net Revenue Available for Debt Service	Principal	Interest	Total	Coverage
2014	\$ 97,868,671	\$ 61,678,495	\$ 36,190,176	\$ 8,025,000	\$ 7,044,891	\$ 15,069,891	2.40
2015	104,597,706	60,062,988	44,534,718	7,230,000	9,767,118	16,997,118	2.62
2016	107,480,177	66,069,889	41,410,288	7,705,000	9,300,077	17,005,077	2.44
2017	112,157,060	62,813,358	49,343,702	9,740,000	11,578,096	21,318,096	2.31
2018	115,946,048	64,393,573	51,552,475	9,460,000	12,069,272	21,529,272	2.39
2019	119,911,922	65,281,033	54,630,889	11,630,000	15,616,588	27,246,588	2.01
2020	127,586,484	67,089,381	60,497,103	13,385,000	17,035,992	30,420,992	1.99
2021	128,450,586	69,202,142	59,248,444	15,610,000	14,311,305	29,921,305	1.98
2022	137,065,315	70,425,114	66,640,201	17,265,000	12,389,660	29,654,660	2.25
2023	144,250,176	78,817,807	65,432,369	17,325,000	12,320,998	29,645,998	2.21

**Notes:** Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Water and Sewer Fund only.

(2) The calculation of bond coverage operating expenses has been reduced by depreciation.

See accompanying independent auditors' report.



**HENRICO COUNTY, VIRGINIA  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table XI

Year	County Population (1)	Total Personal Income (2) (\$000)	Per Capita Income	Average Daily Student Enrollment (3)	Unemployment Rate (4)
2014	321,374	\$ 18,279,888	\$ 56,880	49,812	5.3%
2015	325,283	19,226,939	59,108	50,370	4.5%
2016	329,227	19,861,551	60,328	50,173	3.7%
2017	332,368	20,818,763	62,638	50,330	3.7%
2018	335,283	21,526,316	64,203	50,182	3.2%
2019	339,191	22,927,990	67,596	50,406	2.9%
2020	343,258	23,380,013	68,112	50,486	8.7%
2021	338,620	24,899,824	73,533	48,702	4.6%
2022	341,365	26,055,248 (5)	76,327	48,977	3.0%
2023	345,734	27,264,288 (5)	78,859	48,936	2.8%

**Sources:**

- (1) Henrico County 3-C Reports. Estimates from these reports are as of December 31 of the previous year.
- (2) U.S. Department of Commerce (Bureau of Economic Analysis in Henrico County, Annual)
- (3) Henrico County Public Schools Adopted/Approved Annual Financial Plan
- (4) Virginia Employment Commission (Henrico County Economic Profile 6/30/2023)
- (5) Based on a trend average 2017 - 2021

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**TOP TWENTY PRINCIPAL EMPLOYERS**  
**LAST FIVE FISCAL YEARS**  
**(Unaudited)**

Table XII

<b>Employer</b>	2023 (1)			2022			2021			2020			2019		
	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment	Employees	Rank	Percent of Total Employment
Henrico County School Board	5,000-9,999	1	4.0%	5,000-9,999	1	3.9%	5,000-9,999	1	4.0%	5,000-9,999	1	3.7%	5,000-9,999	1	3.7%
County of Henrico	1,000-4,999	2	2.3%	1,000-4,999	2	2.3%	1,000-4,999	2	2.4%	1,000-4,999	3	2.2%	1,000-4,999	2	2.2%
Bon Secours Richmond Health System (2)	1,000-4,999	3	1.6%	1,000-4,999	3	1.6%	1,000-4,999	3	1.7%	1,000-4,999	2	1.6%	1,000-4,999	3	1.6%
Henrico Doctors' Hospital (HCA)	1,000-4,999	4	1.6%	1,000-4,999	4	1.6%	1,000-4,999	4	1.7%	1,000-4,999	4	1.6%	1,000-4,999	4	1.6%
Ppd Development	1,000-4,999	5	1.6%	1,000-4,999	8	1.6%	500-999	11	0.4%	500-999	12	0.4%	500-999	14	0.4%
Walmart	1,000-4,999	6	1.6%	1,000-4,999	5	1.6%	1,000-4,999	7	1.7%	1,000-4,999	7	1.6%	1,000-4,999	7	1.6%
United States Postal Service	1,000-4,999	7	1.6%	1,000-4,999	6	1.6%	1,000-4,999	8	1.7%	1,000-4,999	9	1.6%	1,000-4,999	9	1.6%
Bank of America	1,000-4,999	8	1.6%	1,000-4,999	11	1.6%	1,000-4,999	10	1.7%	500-999	11	0.4%	1,000-4,999	11	1.6%
Anthem (Blue Cross & Blue Shield)	1,000-4,999	9	1.6%	1,000-4,999	7	1.6%	1,000-4,999	6	1.7%	1,000-4,999	5	1.6%	1,000-4,999	5	1.6%
Apex Systems, Inc.	1,000-4,999	10	1.6%	1,000-4,999	10	1.6%	500-999	15	0.4%	1,000-4,999	10	1.6%	1,000-4,999	10	1.6%
Ensemble Rcm, LLC	1,000-4,999	11	1.6%	500-999	14	0.4%	500-999	12	0.4%	-	N/A	-	-	N/A	-
Amazon	1,000-4,999	12	1.6%	500-999	19	0.4%	-	N/A	-	-	N/A	-	-	N/A	-
Wells Fargo Bank NA	1,000-4,999	13	1.6%	1,000-4,999	12	1.6%	1,000-4,999	9	1.7%	1,000-4,999	8	1.6%	1,000-4,999	8	1.6%
Publix Nc Employee Services, LLC	1,000-4,999	14	1.6%	500-999	16	0.4%	500-999	14	0.4%	500-999	14	0.4%	500-999	19	0.4%
Kroger	500-999	15	0.4%	500-999	15	0.4%	500-999	13	0.4%	500-999	13	0.4%	500-999	12	0.4%
Abacus Corporation	500-999	16	0.4%	500-999	13	0.4%	500-999	16	0.4%	-	N/A	-	-	N/A	-
Capital One Bank	500-999	17	0.4%	1,000-4,999	9	1.6%	1,000-4,999	5	1.7%	1,000-4,999	6	1.6%	1,000-4,999	6	1.6%
Markel Service, Inc	500-999	18	0.4%	500-999	17	0.4%	500-999	18	0.4%	500-999	17	0.4%	500-999	15	0.4%
Virginia Department of Social Services	500-999	19	0.4%	500-999	20	0.4%	-	N/A	-	500-999	19	0.4%	500-999	18	0.4%
Access America	500-999	20	0.4%	-	N/A	-	-	N/A	-	500-999	20	0.4%	500-999	20	0.4%
T Mobile USA, Inc.	-	N/A	-	500-999	18	0.4%	500-999	20	0.4%	500-999	18	0.4%	500-999	16	0.4%
GNA Corporation	-	N/A	-	-	N/A	-	500-999	17	0.4%	500-999	16	0.4%	500-999	13	0.4%
Truist Financial (BB&T & SunTrust Banks)	-	N/A	-	-	N/A	-	500-999	19	0.4%	500-999	15	0.4%	500-999	17	0.4%
Totals			28.0%			25.7%			23.8%			22.3%			23.5%
<b>Total County Employment (3)</b>	<b>186,931</b>			<b>185,186</b>			<b>180,323</b>			<b>192,305</b>			<b>190,968</b>		

**Source:** Virginia Employment Commission

Employees and percentage of employment based on size code as published by VEC

(1) 2023 Data as of 1st Qtr 2023

(2) Non-Resident Employer of Henrico County Citizens

(3) VEC Monthly (June) Not Seasonally Adjusted Labor Force

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA**  
**GOVERNMENT EMPLOYEES BY DEPARTMENT (1)**  
**LAST TEN FISCAL YEARS**  
**(Unaudited)**

Table XIII

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Agriculture & Home Extension	2	2	2	2	2	2	2	2	2	2
Belmont Golf Course	9	8	8	8	8	8	-	-	-	-
Board of Supervisors	4	4	4	4	4	4	4	4	4	4
Building Inspections	53	52	53	55	55	58	58	58	58	58
Central Automotive Maintenance	67	67	67	67	70	71	71	71	71	72
Circuit Court Services	8	8	8	8	8	10	48	50	50	50
Commonwealth's Attorney	56	56	56	56	57	57	62	61	62	62
Community Corrections	2	2	2	2	2	2	2	4	4	5
Community Revitalization	16	16	17	18	18	19	19	19	20	20
County Attorney	19	19	20	20	20	21	21	21	22	23
County Manager	13	13	14	13	13	12	12	12	12	12
Electoral Board	8	8	8	8	9	9	10	10	9	10
Emergency Communications (7)	-	-	-	-	-	-	-	-	-	-
Emergency Management (3)	-	-	-	-	-	-	-	8	8	8
Finance	169	168	168	163	163	163	170	163	165	163
Fire	548	548	548	562	589	596	606	621	626	638
General Services	120	119	119	118	118	118	118	118	111	104
Human Resources	58	56	57	57	58	58	47	48	48	51
Hold Complement (2)	36	22	6	3	7	1	7	2	4	3
Information Technology	88	90	90	97	97	98	99	107	113	114
Internal Audit	4	4	4	4	4	4	6	6	6	6
Juvenile Detention & VJCCCA	33	33	33	33	33	34	34	34	34	34
Library	161	171	197	206	206	210	228	228	228	227
Mental Health	219	219	219	219	219	222	222	222	216	218
Permit Centers	16	16	16	16	16	16	16	16	16	15
Planning	44	44	45	45	45	45	45	45	45	44
Police	807	817	827	842	852	855	864	864	872	894
Public Relations & Media Services	19	19	19	19	19	20	20	20	20	19
Public Utilities	306	306	307	307	309	312	314	309	307	316
Public Works	254	257	259	259	262	263	269	269	288	295
Real Property (6)	7	7	7	7	7	7	7	7	-	-
Recreation & Parks	173	172	170	170	177	177	186	183	181	190
Risk Management (4)	-	-	-	-	-	-	-	7	7	8
Sheriff	371	373	390	390	394	394	396	396	396	397
Social Services	168	172	177	185	192	201	213	213	216	216
Solid Waste	69	69	69	69	67	66	69	69	69	71
Sports and Entertainment Authority (5)	-	-	-	-	-	-	-	-	4	6
<b>Sub-total General Government</b>	<b>3,927</b>	<b>3,937</b>	<b>3,986</b>	<b>4,032</b>	<b>4,100</b>	<b>4,133</b>	<b>4,245</b>	<b>4,267</b>	<b>4,294</b>	<b>4,355</b>
<b>Education</b>	<b>6,643</b>	<b>6,686</b>	<b>6,762</b>	<b>6,832</b>	<b>6,868</b>	<b>6,972</b>	<b>7,116</b>	<b>7,146</b>	<b>7,288</b>	<b>7,441</b>
<b>Total Government Employees</b>	<b>10,570</b>	<b>10,623</b>	<b>10,748</b>	<b>10,864</b>	<b>10,968</b>	<b>11,105</b>	<b>11,361</b>	<b>11,413</b>	<b>11,582</b>	<b>11,796</b>

**Source:** County of Henrico, Virginia Department of Human Resources (Education complement verified by School Finance Office)

(1) The County's personnel complement reflected here includes only those positions funded either wholly or in part with County funds. Positions funded 100% by other agencies (306 as of January 3, 2023) are not included. General Government positions are based on headcount while Education positions are measured using FTE.

(2) Certain approved, vacant and frozen positions have been removed from the department where previously assigned and are being held in the Hold Complement until reassignment is made.

(3) Prior to 2021, Emergency Management and Workplace Safety fell under the Division of Fire.

(4) Prior to 2021, Risk Management fell under the Department of Finance.

(5) The Sports & Entertainment Authority was established in April 2021.

(6) Real Property was absorbed by Public Works in November 2021.

(7) Emergency Communications became a Department on July 1, 2023.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table XIV

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (1)
<b>General Government</b>										
<b>Finance:</b>										
Standard & Poor's G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Moody's Investor Service G.O. Bond Rating	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa	Aaa
Fitch IBCA G.O. Bond Rating	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA	AAA
Land Parcels Reviewed	113,641	114,370	114,840	115,532	116,482	117,845	118,300	119,000	120,550	120,800
Vehicles Assessed	351,318	363,776	364,000	389,491	383,083	398,815	405,798	397,458	403,824	396,252
GFOA Award Budget - # of Years	25	26	27	28	29	30	31	32	33	34
GFOA Award ACFR - # of Years (2)	32	33	34	36	37	38	39	40	41	42
GFOA Award PAFR - # of Years (9)	-	-	-	-	-	-	1	2	3	4
<b>General Services:</b>										
Fleet Annual Miles Driven	23,708,593	25,119,814	24,262,178	25,273,320	17,956,232	24,805,401	22,527,054	18,352,586	20,557,130	21,150,000
Gallons of Fuel Consumed	2,809,075	2,901,549	2,974,784	3,045,532	2,982,165	3,029,706	2,612,758	2,030,793	2,762,704	2,750,000
Total Work Orders Completed	20,048	21,253	20,676	20,782	21,995	22,729	26,500	22,997	23,893	25,250
<b>Information Technology (4)</b>										
Support Desk - Tickets	-	4,589	5,035	7,419	8,859	10,402	10,823	13,729	17,782	18,500
Support Desk - Call Queue	-	-	-	-	6,322	6,127	5,286	6,227	6,976	7,500
Systems - Virtual Servers	-	273	310	375	354	348	331	486	507	552
Systems - Physical Servers	-	96	99	104	77	78	78	60	202	182
Systems - Onsite Storage in TB	-	224	310	451	318	322	550	1,182	1,500	947
Systems - Cloud Storage in TB	-	5	6	6	7	8	16	17	20	21
<b>Judicial Administration</b>										
<b>Clerk of Circuit Court:</b>										
Deed Book Entries	51,257	36,443	43,000	42,752	43,000	40,194	42,750	57,027	64,339	41,520
Civil Cases	3,237	3,475	4,000	4,659	4,100	5,493	2,467	2,383	4,909	4,971
Criminal Cases	5,375	5,073	5,650	6,650	5,600	5,554	5,551	4,660	5,450	6,075
<b>General District Courts:</b>										
New Criminal Cases Filed	13,158	14,289	14,574	15,573	15,402	16,962	16,851	13,481	13,130	14,260
New Civil Cases Filed	36,025	34,114	34,411	36,935	36,223	38,862	38,497	24,553	27,711	24,606
New Traffic Cases Filed	64,844	62,844	54,325	53,817	54,784	56,173	54,785	36,244	46,481	50,070
<b>Commonwealth's Attorney:</b>										
Criminal Cases	35,687	40,597	41,890	45,037	45,284	46,175	50,108	47,538	47,538	47,550
Traffic Cases	90,598	88,907	79,778	76,134	77,622	77,022	92,375	78,521	78,521	78,525
<b>Public Safety</b>										
<b>Police:</b>										
Calls for Service	197,502	203,330	211,832	212,154	217,971	208,950	194,591	187,276	195,368	185,691
Criminal Arrests	27,671	20,059	20,111	22,689	20,969	21,519	21,188	36,283	25,444	24,270
Traffic Arrests	40,935	49,195	43,149	44,613	40,931	47,191	41,786	31,354	32,942	31,130
<b>Fire Protection:</b>										
Calls For Service	43,143	46,233	47,948	49,235	50,287	48,004	46,006	48,080	48,080	53,918
EMS and Rescue Calls	35,662	38,408	39,660	41,216	41,688	39,965	38,296	40,259	40,259	45,422
Fire Incidents	777	809	764	768	774	637	806	7,821	7,821	8,496
<b>Sheriff:</b>										
Civil Papers Served	105,120	112,078	117,462	122,337	123,896	120,566	121,907	68,588	89,124	132,000
Annual Commitments to Jail	14,094	16,143	15,613	15,049	14,516	14,741	13,368	11,275	11,796	12,500
Average Daily Inmate Population	1,175	1,221	1,177	1,350	1,436	1,403	1,337	1,178	1,037	1,200
<b>Building Inspections:</b>										
Total Permits Issued	13,972	13,577	13,700	15,773	16,322	15,998	15,724	16,624	11,252	15,493
Total Inspections	70,990	68,861	69,931	81,983	92,685	96,611	87,157	91,157	65,489	67,200
<b>Public Works</b>										
<b>Public Works:</b>										
Lane Miles Maintained	3,454	3,468	3,498	3,516	3,524	3,533	3,547	3,555	3,563	3,573
Traffic Signals Maintained	150	150	150	154	155	156	161	169	175	180
Development Plans Reviewed	875	1,568	1,828	1,922	2,315	1,929	1,606	882	1,404	1,000
<b>Health and Social Services</b>										
<b>Public Health:</b>										
Nursing Home Screening (5)	645	666	707	729	703	663	700	606	622	700
WIC Average Monthly Participation (6)	N/A	N/A	5,099	4,776	4,671	4,583	4,800	5,279	5,113	4,800
Patient Visits	28,090	15,258	13,787	15,117	14,259	14,472	14,100	7,033	8,334	9,000
<b>Social Services:</b>										
Clients Entering Employment	675	694	436	511	527	414	292	161	197	219
Family Foster Child Home Recruitment (10)	30	13	10	8	12	21	31	28	30	35
<b>Education</b>										
<b>Schools:</b>										
Cost Per Student	\$ 8,978	\$ 9,305	\$ 9,644	\$ 9,790	\$ 10,051	\$ 10,586	\$ 10,848	\$ 11,375	\$ 12,981	\$ 13,354
Teaching Positions	3,741	3,780	3,833	3,906	3,917	3,993	4,056	4,076	4,181	4,212
Student/Teacher Ratio	13.3	13.3	13.1	12.9	12.8	12.6	12.4	11.9	11.7	11.6

**HENRICO COUNTY, VIRGINIA  
OPERATING INDICATORS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table XIV

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (1)
<b>Parks, Recreation and Cultural:</b>										
<b>Recreation:</b>										
Park Visitation	3,333,223	3,295,348	3,334,908	3,570,480	3,492,505	3,756,148	4,091,180	5,250,825	6,295,787	6,700,000
Program Participants	23,223	30,404	40,350	25,804	97,487	97,726	84,530	31,510	41,574	105,663
Recreation Programs	1,197	2,762	1,199	1,147	1,322	1,311	1,215	480	975	1,344
<b>Library:</b>										
Customer Visits	2,032,388	1,986,263	1,958,700	2,137,664	2,145,850	2,055,948	1,386,023	550,665	1,100,350	1,232,392
Annual Circulation of Materials	3,935,828	3,936,061	4,051,024	4,201,479	4,164,126	4,147,567	3,394,797	2,551,085	3,333,305	3,499,970
<b>Community Development</b>										
<b>Economic Development (3):</b>										
Square Footage of New Businesses	-	89,409	208,544	81,897	1,145,045	1,564,114	248,150	3,133,600	1,200,000	1,500,000
New Jobs Created	1,212	36	163	173	433	320	978	1,417	1,271	452
<b>Planning:</b>										
Reviews Completed	284	322	342	314	360	288	323	282	347	350
Petitions and Permits Processed	126	118	92	123	103	121	103	148	152	155
Maps Prepared	1,191	1,364	1,154	1,296	979	1,274	1,207	1,178	1,142	1,050
<b>Community Development (con't)</b>										
<b>Community Revitalization:</b>										
Community Maintenance Cases	10,609	11,170	12,496	13,040	11,170	12,793	10,581	7,580	8,638	10,287
Inspections Completed	27,273	30,451	32,532	35,600	30,451	37,117	30,929	21,868	27,199	27,989
Volunteers Hours Worked (8)	3,478	2,256	4,638	4,336	2,256	3,099	475	-	504	550
<b>Permit Center:</b>										
Permit Applications Received	5,085	4,437	5,519	5,214	4,004	5,616	5,248	4,933	7,432	7,715
Permit Applications Reviewed	10,930	9,136	10,283	9,178	8,724	6,509	7,550	9,244	6,925	9,275
Permits Issued	5,472	5,058	5,375	4,718	5,201	4,264	4,911	4,444	4,688	6,333
Inquiries	15,278	17,917	16,345	15,556	17,935	11,916	14,056	14,773	10,178	10,453
<b>Public Utilities</b>										
<b>Solid Waste:</b>										
Number of Customers	43,728	45,167	46,586	47,955	49,088	50,127	50,730	52,472	53,735	54,000
Tons of Waste Collected (7)	95,748	44,624	47,511	52,774	50,340	55,384	55,235	58,296	57,597	57,750
Tons Deposited in Public Use Areas	29,942	23,946	23,903	27,836	25,504	26,791	29,075	32,530	29,095	30,000
<b>Water and Sewer:</b>										
Number of Water Customers	95,097	95,994	96,811	97,546	98,527	99,435	100,259	100,964	101,667	102,500
Number of Sewer Customers	92,125	93,087	93,939	94,538	95,493	96,383	97,208	97,892	98,591	99,400
Fire Hydrants in Service	12,464	12,611	12,880	13,011	13,236	13,388	13,513	13,668	13,849	13,950

Source: Approved County Budget

- (1) FY2023 column data is revised budget not actual, where actual data is not yet available.  
(2) Error reported in previous years was corrected in 2017.  
(3) New metrics used beginning in 2018. Data for prior years listed when obtainable.  
(4) New metrics used beginning in 2018. Data for prior years listed when obtainable.  
(5) New metric used beginning in 2020. Data for prior years listed.  
(6) New metric used beginning in 2020. Data for prior years listed when obtainable.  
(7) Bulky waste pickups and neighborhood cleanups were halted during FY21 in response to COVID-19. Bulky waste pickups are now being performed by contractors.  
(8) In response to COVID-19, all volunteer assistance programs were suspended beginning in March 2020.  
(9) Received a GFOA Award for the 2019 PAFR during 2020. The 2019 PAFR was Henrico County's first issuance.  
(10) New metric used beginning in 2021. Data for prior years listed when obtainable.

See accompanying independent auditors' report.

**HENRICO COUNTY, VIRGINIA  
CAPITAL ASSET STATISTICS BY FUNCTION  
LAST TEN FISCAL YEARS  
(Unaudited)**

Table XV

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 (1)
<b>General Government</b>										
Vehicles	920	567	482	602	598	611	493	594	612	631
Building Square Footage	2,672,574	2,680,779	2,810,500	2,810,500	2,821,706	2,914,383	2,930,423	2,944,374	2,944,374	2,944,374
Food Service Facilities (5)	1	1	1	1	1	1	1	1	1	1
<b>Public Safety</b>										
<b>Police:</b>										
Vehicles	1,064	825	778	803	820	830	865	829	842	833
Police Stations	3	3	3	3	3	3	3	3	3	3
Police Field Offices	2	2	2	2	2	2	2	1	1	2
<b>Sheriff:</b>										
Vehicles	61	67	71	75	75	76	68	84	84	85
Prisoner Facilities	2	2	2	2	2	2	2	2	2	2
<b>Juvenile &amp; Domestic Relations</b>										
Juvenile Detention Facilities	2	2	2	2	2	2	2	2	2	2
<b>Fire Protection:</b>										
Vehicles	179	192	226	205	210	209	205	210	219	235
Stations	20	20	20	20	21	21	21	21	21	22
<b>Public Works:</b>										
Vehicles	335	336	357	347	346	349	343	361	364	359
Miles of Maintained Roads	1,357	1,360	1,370	1,376	1,379	1,382	1,390	1,392	1,393	1,399
Miles of Storm Drainage	1,547	2,096	1,553	1,600	1,636	1,639	1,666	1,686	1,691	1,693
<b>Education</b>										
<b>Schools:</b>										
Vehicles	1,184	1,186	1,203	1,220	1,184	1,179	1,186	1,184	1,158	1,201
School Facilities	74	72	72	72	72	72	72	74	75	75
<b>Recreation and Cultural</b>										
<b>Recreation:</b>										
Recreation/Community Centers	14	21	21	21	21	20	20	20	20	20
Developed Park Acreage	2,539	2,584	2,584	2,584	2,792	3,346	3,355	3,364	3,364	3,364
Athletic Fields/Courts	227	199	200	200	210	225	235	248	248	248
County Golf Courses (4)	1	1	1	1	1	1	-	-	-	-
<b>Library:</b>										
Number of Libraries (3)	11	11	11	10	10	10	10	10	10	10
Titles in Collection	338,485	328,918	329,139	328,026	276,482	315,711	335,919	341,035	334,197	328,261
Volumes in Collection	903,125	839,037	833,141	741,877	754,993	809,032	873,939	913,188	865,646	878,980
<b>Public Utilities</b>										
<b>Water and Sewer:</b>										
Vehicles	380	373	393	370	376	380	343	390	398	407
Miles of Water Mains	1,582	1,595	1,607	1,622	1,634	1,641	1,647	1,657	1,670	1,683
Miles of Sewer Mains	1,470	1,481	1,491	1,504	1,514	1,522	1,528	1,532	1,540	1,551
Landfills (2)	1	-	-	-	-	-	-	-	-	-

**Source:** Approved County Budget

(1) FY2023 column data is revised budget not actual, where actual data is not yet available.

(2) The Springfield Landfill was closed June 30, 2014.

(3) As of 2017, bookmobile no longer included in total.

(4) The First Tee of Greater Richmond is leasing Belmont Golf Course for twenty years, effective January 1, 2020.

(5) Café 1611 closed during the COVID-19 pandemic and hasn't reopened yet.

See accompanying independent auditors' report.

# **COUNTY OF HENRICO, VIRGINIA**

## **COMPLIANCE REPORTS**

*As of and for the Year Ended June 30, 2023*

*And Reports of Independent Auditor*

COUNTY OF HENRICO, VIRGINIA  
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**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 Henrico, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of 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 Henrico, Virginia (the "County"), as of and for the year ended June 30, 2023, 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 27, 2023.

**Report on 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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether 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.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 27, 2023

## **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 Henrico, Virginia

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Program***

We have audited the County of Henrico, Virginia's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. 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.

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, 2023.

#### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

#### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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

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

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

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

### **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, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 27, 2023, which contained unmodified opinions on those financial statements. Our audit was performed 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.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 27, 2023

## 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 Henrico, 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 Henrico, Virginia (the "County"), as of and for the year ended June 30, 2023, 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 27, 2023.

### 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	Highway Maintenance Funds

The results of our tests disclosed instances of noncompliance required to be reported in accordance with the Specifications as described in the accompanying schedule of findings and questioned costs as items 2023-001 through 2023-004.

### County's Responses to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### 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.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 27, 2023

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE		AMOUNTS	
GRANT PROGRAM/GRANT NUMBER	LISTING	FEDERAL	PASSED-THROUGH	TOTAL FEDERAL
	NUMBER	EXPENDITURES	TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE:				
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF EDUCATION:				
SCHOOL BREAKFAST PROGRAM	10.553	\$ 4,321,049	\$ -	\$ 4,321,049
NATIONAL SCHOOL LUNCH PROGRAM	10.555	14,722,252	-	14,722,252
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		<u>\$ 19,043,301</u>	<u>\$ -</u>	<u>\$ 19,043,301</u>
STATE DEPARTMENT OF SOCIAL SERVICES:				
STATE ADMIN MATCHING GRANT FOR THE SUPPLEMENTAL NUTRITION ASSIST PRGM	* 10.561	\$ 3,654,006	\$ -	\$ 3,654,006
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		<u>\$ 3,654,006</u>	<u>\$ -</u>	<u>\$ 3,654,006</u>
STATE DEPARTMENT OF JUVENILE JUSTICE:				
NATIONAL SCHOOL LUNCH PROGRAM	10.555	\$ 132,529	\$ -	\$ 132,529
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF JUVENILE JUSTICE		<u>\$ 132,529</u>	<u>\$ -</u>	<u>\$ 132,529</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE		AMOUNTS	
GRANT PROGRAM/GRANT NUMBER	LISTING	FEDERAL	PASSED-THROUGH	TOTAL FEDERAL
	NUMBER	EXPENDITURES	TO SUBRECIPIENTS	EXPENDITURES
NON-CASH AWARDS:				
STATE DEPARTMENT OF AGRICULTURE:				
NATIONAL SCHOOL LUNCH PROGRAM	10.555	\$ 1,970,265	\$ -	\$ 1,970,265
SUBTOTAL NON-CASH AWARDS STATE DEPARTMENT OF AGRICULTURE		\$ 1,970,265	\$ -	\$ 1,970,265
TOTAL NATIONAL SCHOOL LUNCH PROGRAM	10.555	\$ 16,825,046	\$ -	\$ 16,825,046
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>		<b>\$ 24,800,101</b>	<b>\$ -</b>	<b>\$ 24,800,101</b>
U.S. DEPARTMENT OF EDUCATION:				
DIRECT AWARDS:				
FEDERAL PELL GRANT PROGRAM	84.063	\$ 323,885	\$ -	\$ 323,885
TOTAL DIRECT AWARDS		\$ 323,885	\$ -	\$ 323,885
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF EDUCATION:				
EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981:				
ADULT EDUCATION BASIC GRANTS TO STATES	84.002	\$ 3,422	\$ -	\$ 3,422
TITLE I GRANTS TO LOCAL EDUCATION AGENCIES	* 84.010	12,554,848	-	12,554,848
TITLE I PROGRAM FOR NEGLECTED AND DELINQUENT CHILDREN	84.013	106,588	-	106,588
TOTAL EDUCATIONAL CONSOLIDATION AND IMPROVEMENT ACT OF 1981		\$ 12,664,858	\$ -	\$ 12,664,858



**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

**YEAR ENDED JUNE 30, 2023**

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE			AMOUNTS	
GRANT PROGRAM/GRANT NUMBER	LISTING	FEDERAL	PASSED-THROUGH	TOTAL FEDERAL	
	NUMBER	EXPENDITURES	TO SUBRECIPIENTS	EXPENDITURES	
TITLE VI:					
ASSISTANCE TO STATES FOR EDUCATION OF					
HANDICAPPED CHILDREN:					
SPECIAL EDUCATION GRANTS TO STATES	* 84.027	\$ 9,037,435	\$ -	\$ 9,037,435	
INDIVIDUALS WITH DISABILITIES EDUCATION (ARP)	* 84.027X	1,760,066	-	1,760,066	
SPECIAL EDUCATION PRESCHOOL-GRANT	* 84.173	135,019	-	135,019	
TOTAL TITLE VI		<u>\$ 10,932,520</u>	<u>\$ -</u>	<u>\$ 10,932,520</u>	
TITLE VI-B:					
VOCATIONAL EDUCATION:					
CAREER AND TECHNICAL EDUCATION-BASIC GRANTS TO STATES	84.048	\$ 1,484,743	\$ -	\$ 1,484,743	
TOTAL VOCATIONAL EDUCATION		<u>\$ 1,484,743</u>	<u>\$ -</u>	<u>\$ 1,484,743</u>	
EDUCATION STABILIZATION FUND:					
EDUCATION STABILIZATION FUND	* 84.425	\$ 32,403	\$ -	\$ 32,403	
GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND	* 84.425C	59,347	-	59,347	
ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	* 84.425D	10,721,727	-	10,721,727	
AMERICAN RESCUE PLAN - ELEMENTARY AND SECONDARY SCHOOL					
EMERGENCY RELIEF (ARP-ESSER)	* 84.425U	8,276,589	-	8,276,589	
TOTAL CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT		<u>\$ 19,090,066</u>	<u>\$ -</u>	<u>\$ 19,090,066</u>	
SPECIAL PROJECTS:					
EDUCATION FOR HOMELESS CHILDREN AND YOUTH	84.196	255,980	-	255,980	
ENGLISH LANGUAGE ACQUISITION GRANTS	84.365	374,248	-	374,248	
IMPROVING TEACHER QUALITY STATE GRANTS	84.367	1,822,043	-	1,822,043	
SCHOOL IMPROVEMENT GRANTS	84.377	156,232	-	156,232	
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424	634,495	-	634,495	
TOTAL SPECIAL PROJECTS		<u>3,242,998</u>	<u>-</u>	<u>3,242,998</u>	
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF EDUCATION		<u>47,415,185</u>	<u>-</u>	<u>47,415,185</u>	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>		<u><b>\$ 47,739,070</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 47,739,070</b></u>	

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE LISTING NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
GRANT PROGRAM/GRANT NUMBER				
<b>U.S. DEPARTMENT OF ENERGY</b>				
FEDERAL COMMUNICATIONS COMMISSION:				
ENERGY CONNECTIVITY FUNDS	32.009	\$ 2,679,020	\$ -	\$ 2,679,020
<b>TOTAL U.S. DEPARTMENT OF ENERGY</b>		<u>\$ 2,679,020</u>	<u>\$ -</u>	<u>\$ 2,679,020</u>
<b>U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES:</b>				
DIRECT AWARDS:				
VIRGINIA COMMISSION FOR THE ARTS:				
PROMOTION OF THE HUMANITIES CHALLENGE GRANTS	45.130	\$ 9,000	\$ -	\$ 9,000
GRANTS TO STATES	45.310	<u>18,626</u>	<u>-</u>	<u>18,626</u>
<b>TOTAL U.S. DEPARTMENT OF FOUNDATION ON THE ARTS AND HUMANITIES</b>		<u>\$ 27,626</u>	<u>\$ -</u>	<u>\$ 27,626</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>				
DIRECT AWARDS:				
ADMINISTRATION FOR CHILDREN, YOUTH & FAMILIES - HEAD START	93.600	\$ 1,438,489	\$ -	\$ 1,438,489
<b>TOTAL DIRECT AWARDS</b>		<u>\$ 1,438,489</u>	<u>\$ -</u>	<u>\$ 1,438,489</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE		AMOUNTS	
GRANT PROGRAM/GRANT NUMBER	LISTING	FEDERAL	PASSED-THROUGH	TOTAL FEDERAL
	NUMBER	EXPENDITURES	TO SUBRECIPIENTS	EXPENDITURES
PASS-THROUGH AWARDS:				
STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION:				
SPECIAL EDUCATION GRANTS FOR INFANTS AND FAMILIES	84.181	\$ 315,818	\$ -	\$ 315,818
OPIOID STATE TARGETED RESPONSE	93.788	248,787	-	248,787
BLOCK GRANTS FOR COMMUNITY MENTAL HEALTH SERVICES	93.958	641,735	-	641,735
BLOCK GRANTS FOR PREVENTION AND TREATMENT OF SUBSTANCE ABUSE	93.959	918,846	-	918,846
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF MENTAL HEALTH AND MENTAL RETARDATION		<u>\$ 2,125,186</u>	<u>\$ -</u>	<u>\$ 2,125,186</u>
STATE DEPARTMENT OF SOCIAL SERVICES:				
PASS-THROUGH AWARDS:				
GUARDIANSHIP ASSISTANCE	93.090	\$ 59,368	\$ -	\$ 59,368
TITLE IV-E PREVENTION PROGRAM	93.472	31,118	-	31,118
PROMOTING SAFE AND STABLE FAMILIES	93.556	125,257	-	125,257
TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	93.558	2,011,342	-	2,011,342
REFUGEE AND ENTRANT ASSISTANCE-STATE ADMINISTERED PROGRAMS	93.566	57,929	-	57,929
LOW-INCOME HOME ENERGY ASSISTANCE	93.568	267,572	-	267,572
CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOP FUND	93.596	322,566	-	322,566
CHAFEE EDUCATION AND TRAINING VOUCHERS	93.599	13,576	-	13,576
ADOPTION AND LEGAL GUARDIANSHIP INCENTIVE PAYMENTS	93.603	4,700	-	4,700
FOSTER CARE-TITLE IV-E	93.658	1,451,657	-	1,451,657
TOTAL FOSTER CARE		<u>\$ 1,451,657</u>	<u>\$ -</u>	<u>\$ 1,451,657</u>
ADOPTION ASSISTANCE	93.659	1,418,097	-	1,418,097
TOTAL ADOPTION ASSISTANCE		<u>\$ 1,418,097</u>	<u>\$ -</u>	<u>\$ 1,418,097</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE		AMOUNTS	
GRANT PROGRAM/GRANT NUMBER	LISTING	FEDERAL	PASSED-THROUGH	TOTAL FEDERAL
	NUMBER	EXPENDITURES	TO SUBRECIPIENTS	EXPENDITURES
STEPHANIE TUBBS JONES CHILD WELFARE SERVICES	93.645	\$ 2,508	\$ -	\$ 2,508
SOCIAL SERVICES BLOCK GRANT	93.667	1,398,754	-	1,398,754
CHAFEE FOSTER CARE INDEPENDENCE PROGRAM	93.674	27,897	-	27,897
CHILDREN'S HEALTH INSURANCE PROGRAM	93.767	23,727	-	23,727
MEDICAL ASSISTANCE PROGRAM	93.778	2,070,409	-	2,070,409
SUBTOTAL PASS-THROUGH STATE DEPARTMENT OF SOCIAL SERVICES		<u>\$ 9,286,477</u>	<u>\$ -</u>	<u>\$ 9,286,477</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>		<u>\$ 12,850,152</u>	<u>\$ -</u>	<u>\$ 12,850,152</u>
<b>DEPARTMENT OF HOMELAND SECURITY:</b>				
PASS THROUGH AWARDS:				
STATE DEPARTMENT OF EMERGENCY SERVICES:				
DISASTER GRANTS - PUBLIC ASSISTANCE	* 97.036	\$ 4,550,490	\$ -	\$ 4,550,490
EMERGENCY MANAGEMENT PERFORMANCE GRANTS	97.042	70,369	-	70,369
HOMELAND SECURITY GRANT PROGRAM	97.067	245,905	-	245,905
SUBTOTAL STATE DEPARTMENT OF EMERGENCY SERVICES		<u>\$ 4,866,764</u>	<u>\$ -</u>	<u>\$ 4,866,764</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>		<u>\$ 4,866,764</u>	<u>\$ -</u>	<u>\$ 4,866,764</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:</b>				
DIRECT AWARDS:				
COMMUNITY DEVELOPMENT BLOCK GRANTS/ENTITLEMENT GRANTS	14.218	\$ 650,520	\$ 1,821,489	\$ 2,472,009
EMERGENCY SOLUTIONS GRANT	14.231	32,334	336,968	369,302
HOME INVESTMENT PARTNERSHIPS PROGRAM	14.239	129,174	523,610	652,784
<b>TOTAL U.S. OF HOUSING AND URBAN DEVELOPMENT</b>		<u>\$ 812,028</u>	<u>\$ 2,682,067</u>	<u>\$ 3,494,095</u>

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)**

YEAR ENDED JUNE 30, 2023

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY		ASSISTANCE	FEDERAL	AMOUNTS	TOTAL FEDERAL
GRANT PROGRAM/GRANT NUMBER		LISTING	EXPENDITURES	PASSED-THROUGH	EXPENDITURES
		NUMBER		TO SUBRECIPIENTS	
DIRECT AWARDS:					
RESIDENTIAL SUBSTANCE ABUSE TREATMENT FOR STATE PRISONERS GRANT (RS	16.593	\$	71,739	\$ -	\$ 71,739
STATE CRIMINAL ALIEN ASSISTANCE PROGRAM	16.606		37,489		37,489
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738		62,659	-	62,659
TOTAL DIRECT AWARDS		\$	171,887	\$ -	\$ 171,887
PASS-THROUGH AWARDS:					
STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES:					
CORONAVIRUS EMERGENCY SUPPLEMENTAL FUNDING	16.034	\$	133,628	\$ -	\$ 133,628
JUVENILE JUSTICE AND DELINQUENCY PREVENTION TITLE II GRANT	16.540		1,946	-	1,946
CRIME VICTIM ASSISTANCE	16.575		547,586	-	547,586
SUBTOTAL STATE DEPARTMENT OF CRIMINAL JUSTICE SERVICES			683,160	-	683,160
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>		\$	855,047	\$ -	\$ 855,047
<b>U. S. DEPARTMENT OF LABOR:</b>					
PASS-THROUGH AWARDS:					
WIA ADULT PROGRAM	17.258	\$	775,403	\$ 1,555,700	\$ 2,331,103
WIA YOUTH ACTIVITIES	17.259		375,077	1,599,822	1,974,899
WIA DISLOCATED WORKERS	17.278		130,996	1,453,528	1,584,524
SUBTOTAL COMMUNITY COLLEGE SYSTEM		\$	1,281,476	\$ 4,609,050	\$ 5,890,526
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>		\$	1,281,476	\$ 4,609,050	\$ 5,890,526
<b>U.S. DEPARTMENT OF TRANSPORTATION:</b>					
PASS-THROUGH AWARDS:					
STATE DEPARTMENT OF MOTOR VEHICLES:					
STATE AND COMMUNITY HIGHWAY SAFETY	20.600	\$	398,757	\$ -	\$ 398,757
STATE DEPARTMENT OF TRANSPORTATION:					
HIGHWAY PLANNING AND CONSTRUCTION	20.205		5,973,045	-	5,973,045
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>		\$	6,371,802	\$ -	\$ 6,371,802
<b>U.S. DEPARTMENT OF TREASURY:</b>					
PASS-THROUGH AWARDS:					
STATE DEPARTMENT OF ACCOUNTS:					
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	* 21.027	\$	9,717,324	\$ -	\$ 9,717,324
SUBTOTAL STATE DEPARTMENT OF ACCOUNTS			9,717,324	-	9,717,324
<b>TOTAL U.S. DEPARTMENT OF TREASURY</b>		\$	9,717,324	\$ -	\$ 9,717,324
<b>TOTAL FEDERAL EXPENDITURES</b>		\$	112,000,410	\$ 7,291,117	\$ 119,291,527

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)**

*YEAR ENDED JUNE 30, 2023*

FEDERAL GRANTING AGENCY/RECIPIENT STATE AGENCY	ASSISTANCE LISTING NUMBER	FEDERAL EXPENDITURES	AMOUNTS PASSED-THROUGH TO SUBRECIPIENTS	TOTAL FEDERAL EXPENDITURES
GRANT PROGRAM/GRANT NUMBER				

NOTES:

\* - DENOTES MAJOR FEDERAL PROGRAM

(A) BASIS OF ACCOUNTING - THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE IS PREPARED ON THE MODIFIED ACCRUAL BASIS. EXPENDITURES ARE RECOGNIZED WHEN THEY BECOME A DEMAND ON CURRENT AVAILABLE FINANCIAL RESOURCES. CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS ARE IN THE FORM OF NONCASH AWARDS(SEE NOTE D). FEDERAL FINANCIAL ASSISTANCE PROVIDED TO SUBRECIPIENT IS TREATED AS AN EXPENDITURE WHEN IT IS PAID TO THE SUBRECIPIENT.

(B) REPORTING ENTITY - THE COUNTY OF HENRICO, VIRGINIA, FOR PURPOSE OF THE SUPPLEMENTARY SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE INCLUDES ALL THE FUNDS OF THE PRIMARY GOVERNMENT AS DEFINED BY GAAP. THE COUNTY OF HENRICO, VIRGINIA ADMINISTERS CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS THROUGH SUBRECIPIENTS. THOSE SUBRECIPIENTS ARE ALSO NOT CONSIDERED PART OF THE COUNTY OF HENRICO, VIRGINIA, REPORTING ENTITY.

(C) PASS-THROUGH AWARDS-THE COUNTY OF HENRICO, VIRGINIA, RECEIVES CERTAIN FEDERAL FINANCIAL ASSISTANCE FROM PASS-THROUGH AWARDS OF THE COMMONWEALTH OF VIRGINIA. THE AMOUNTS RECEIVED ARE SEPERATELY IDENTIFIED.

(D) NONCASH AWARDS - CERTAIN FEDERAL FINANCIAL ASSISTANCE PROGRAMS DO NOT INVOLVE CASH AWARDS TO THE COUNTY OF HENRICO, VIRGINIA. THESE PROGRAMS ARE DONATED COMMODITIES AND FOOD STAMPS AS FOLLOWS:

U. S. DEPARTMENT OF AGRICULTURE:  
DONATED COMMODITIES CFDA # 10.555  
VALUE OF COMMODITIES ISSUED \$ 1,964,542  
VALUE OF COMMODITIES ON HAND \$ 153,913  
DONATED COMMODITIES CFDA # 10.555  
VALUE OF COMMODITIES ISSUED \$ 5,723  
VALUE OF COMMODITIES ON HAND \$ 0

(E) THE COUNTY DID NOT ELECT TO USE THE 10% DE MINIMUS COST RATE

Totals by Clusters:

Child Nutrition Cluster (CFDA 10.553, 10.555)	\$	21,146,095
WIA Cluster (CFDA 17.258, 17.259, 17.278)		5,890,526
Special Education Cluster (CFDA 84.027, 84.173)		10,932,520

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*YEAR ENDED JUNE 30, 2023*

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**A. 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 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**
8. Any audit findings which are required to be reported in accordance with 200.516(a) of the Uniform Guidance: **No**
9. The programs tested as major programs were:

**Assistance Listing**

**Name of Federal Program or Cluster**

84.425, 84.425 (C), 84.425 (D), 84.425 (U)

Elementary and Secondary School Emergency Relief Fund

97.036

FEMA Disaster Grants-Public Assistance

21.027

Coronavirus State and Local Fiscal Recovery Funds

84.027/84.027X/84.173 Cluster

Individuals with Disabilities Education Act

84.010

Title 1 Grant

10.561

Supplemental Nutrition Assistance Program (SNAP)

10. Dollar threshold used to distinguish between type A and type B programs: **\$3,000,000**
11. County of Henrico qualified as a low-risk auditee under in accordance with 200.516(a) of the Uniform Guidance: **No**

**B. Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

None reported.

**C. Findings and Questioned Costs Relating to Federal Awards**

None reported.

**D. Findings and Questioned Costs Related to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts and Grants**

**2023-001 – Conflict of Interest - County (Repeat Area of Non-compliance – See Finding 2022-003)**

**Criteria:** Section 2.2-3115 of the Code of Virginia ("Code") requires members of local boards, commissions, and councils, and employees meeting defined criteria to, upon assuming office and annually thereafter, file financial disclosure documents. In accordance with the requirements set forth in Section 2.2-3118.2 of the Code, such disclosure shall be filed as a condition prior to assuming office or employment and, thereafter, shall be filed annually with the clerk of the governing body of such county on or before February 1.

# COUNTY OF HENRICO, VIRGINIA

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2023

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**Condition:** Of the sixty-three (63) officials and employees who filed a completed Disclosure Report, we noted:

- Five (5) County officials who filed a SOEI form did not complete the form;
- One (2) County personnel who filed a DREH form did not complete the form.

**Cause:** Compliant forms were not filed in accordance with the Code.

**Effect:** The County is not in compliance with Section 2.2-3115 of the Code and non-compliance may result in action by the Commonwealth.

**Questioned Cost:** Non-financial.

**Recommendation:** Local government officials and employees should file the reports in accordance with Section 2.2-3118.2 of the Code.

**Views of Responsible Officials and Planned Corrective Actions:** The State and Local Conflict of Interests Act (Section 2.2-3100, et seq., of the Code of Virginia) requires certain County officials to file periodic disclosure forms with the Clerk of the Board of Supervisors. It is the responsibility of the individuals filing the disclosures to ensure that they are filed in the appropriate place, at the appropriate time, and in the appropriate form. The Clerk's responsibility is to receive the disclosure forms and maintain them as public records for five years. The Clerk has taken on the additional responsibility of reviewing the disclosure forms for completeness - within limits. For instance, the Clerk cannot ensure the accuracy of the forms or whether all relevant disclosures have been made by the disclosing official.

This year, the external audit revealed that several individuals who filed timely disclosures with the Clerk neglected to check one or more boxes requiring a response from the individual or omitted a response about the individual's "Title or Position Held."

For the most common error (i.e., not checking a box on Schedule E), staff discovered that the fillable PDF form used to make the disclosure does not allow the user to check a box. Staff has alerted the state agency responsible for generating the form of the error and requested it be remedied.

The County remains committed to reviewing forms as they are received to allow individuals to correct apparent omissions. Additional staff have been added to the review process. The County's Freedom of Information Officer will aid in the review of disclosure forms for apparent omissions. The County expects this additional review will help catch inadvertent omissions early in the filing process.

Finally, in circulating disclosure forms to officials, the Clerk will reemphasize the need to complete all aspects of the forms that apply to local officials, including checking the appropriate box even if the corresponding table will be left blank.

### 2023-002 – Virginia Initiative for Education and Work ("VIEW") Program – County

**Criteria:** Section 63.2 of the Code of Virginia ("Code") oversees the operation of social service programs administered at the local level. Eligibility is determined at the local level using guidelines and procedures set forth in the Virginia Department of Social Services ("VDSS") guides. Guideline 51 of the VIEW Program Spending Funds Guide for local departments of social services states that VIEW funds cannot be used for clients that are in an inactive status.

**Condition:** Of the twenty-five (25) expenditures, we noted one (1) instance where VIEW funds were used for an inactive participant.

**Cause:** Documentation was not adequately maintained and reviewed before authorizing payment.



**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

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**Effect:** The County is not in compliance with Section 63.2 of the Code and non-compliance may result in action by the Commonwealth.

**Recommendation:** Local government officials and employees should review participant status before authorizing payment.

**Views of Responsible Officials and Planned Corrective Actions:** The VIEW Supervisor is now reviewing all funding requests for the following details: the client is enrolled in the VIEW program and the client has an active Activity and Service Plan during the time that purchased services are provided.

The VIEW Supervisor spoke with the regional TANF/VIEW consultant on November 2, 2023. During the conversation, the regional specialist stated that clients could be assigned to English classes as their VIEW activity. English classes are considered a “non-core activity” and policy states that clients need to be assigned to a “core activity” as well; however, an exception can be made for newcomers since it is difficult for them to participate in core activities such as job searching when language is a barrier. Had this client been assigned to the English classes, the payment would not have been an issue.

Once the error was found, the financial team reimbursed the VIEW funds and paid for this service with local emergency needs funding.

**2023-003 – Highway Maintenance Funds – County**

**Criteria:** Section 33.2-319 of the Code of Virginia (“Code”) and the Urban Construction and Maintenance Program (“Urban Manual”) require local governments that receive street maintenance funds to submit an annual Weldon Cooper Center Local Finance Survey to the Weldon Cooper Center by the requested date. Payments and expenditures claimed on the annual report must reconcile to the local government’s accounting system and must be supported by detailed documentation.

**Condition:** The Motor vehicle license taxes, or the “decals”, erroneously omitted a digit and misstated the balance by \$6,701,000 on the form and submitted to the Weldon Cooper Center.

**Cause:** The Weldon Cooper Center Local Finance Survey was not properly reviewed before submission.

**Effect:** The County is not in compliance with Section 33.2-319 of the Code and non-compliance may result in action by the Commonwealth.

**Questioned Cost:** Non-financial.

**Recommendation:** Local government officials and employees should thoroughly review the form before submission occurs.

**Views of Responsible Officials and Planned Corrective Actions:** The staff member responsible for reporting general revenues on the Weldon Cooper Center Local Finance Survey was on leave during the preparation of the FY22 report. As such, the report was completed by her supervisor, who typically reviews the report prior to submission. A typographical error was made in the report, resulting in the misstated balance, and not caught on self-review. In the future, a second person will review the report and tie it to audited financial statements prior to submission.

**COUNTY OF HENRICO, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*YEAR ENDED JUNE 30, 2023*

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**2023-004 – Children’s Services Act (“CSA”) Funds – County**

**Criteria:** Section 2.2-5211 of the Code of Virginia (“Code”), pool funds may only be used for services for specific eligible children and their families. Administrative costs, interagency coordinators, and services billable to other funding sources are not allowable.

**Condition:** Of the twenty-five disbursements, we noted two (2) instances of payment for unauthorized services as determined by the Individualized Education Plan (“IEP”).

**Cause:** Changes to the IEP were not reviewed and implemented in a timely manner.

**Effect:** The County is not in compliance with Section 2.2-5211 of the Code and non-compliance may result in action by the Commonwealth.

**Questioned Cost:** \$895 known questioned costs from a sample of expenditures of \$117,081 and a population approximating \$16,540,432.

**Recommendation:** Local government officials and employees should timely review the updated IEP and update their procedures according to adjusted requirements.

**Views of Responsible Officials and Planned Corrective Actions:** The County is committed to reviewing the eligibility for student payments through the Children’s Service Act in accordance with local and state requirements. County school officials will review findings with the school’s Children’s Services Act team. More oversight will be provided by the team to review the submission of individualized educational program documentation and financial purchase orders to ensure purchased services are aligned with IEP services. When IEP teams submit new annual IEPs or addendums for student services, we have identified a person to review the old and new documents to complete a service comparison. If student services have been changed, this person will initiate the termination of the existing purchase order, in order to create new purchase order and EAF for the newly consented to services. Purchase orders and EAFs will not be generated when there is a discrepancy until the change has been confirmed or amended by the school-based IEP team.

**E. Status of Prior Year Findings**

**2022-001 – Material Weakness and Compliance Qualification – Allowable Costs – Education Stabilization Fund – Elementary and Secondary School Emergency Relief (“ESSER”) Fund (ALN 84.425D and 84.425U) – Finding not repeated.**

**2022-002 – Material Weakness and Nonmaterial Noncompliance – Allowable Costs – Coronavirus State and Local Fiscal Recovery Funds (“CSLFRF”) (ALN 21.027) – Finding not repeated.**

**2022-003 – Conflict of Interest – Nonmaterial Noncompliance – Finding repeated – See 2023-001.**