

# ANNUAL COMPREHENSIVE FINANCIAL REPORT



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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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CHESTERFIELD COUNTY, VIRGINIA



# COUNTY OF CHESTERFIELD, VIRGINIA



## ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023

Prepared by  
Accounting Department, Finance and Administration



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# Chesterfield County, Virginia

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## BOARD OF SUPERVISORS

**KEVIN P. CARROLL, CHAIR**

Matoaca District

**JIM A. INGLE, VICE CHAIR**

Bermuda District

**CHRISTOPHER M. WINSLOW**

Clover Hill District

**JAMES M. “Jim” HOLLAND**

Dale District

**MARK S. MILLER, Ph.D.**

Midlothian District

November 3, 2023

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

Honorable Members of the Board of Supervisors:

We are pleased to submit to you the Annual Comprehensive Financial Report (ACFR) of Chesterfield County, Virginia (the County), as of and for the fiscal year ended June 30, 2023. State law requires that local governments have all their accounts and records, including accounts and records of their constitutional officers, that comprise the financial statements be audited annually as of June 30 by an independent certified public accountant and that they submit an audited financial report on or before December 15 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). The County's Accounting Department has prepared this report in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board and the APA.

The ACFR was prepared with an emphasis on full disclosure of the financial activities of the County. Responsibility for both the completeness and the reliability of the content rests with County management. To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework that is designed both to protect the County's assets from loss, theft, or misuse and to compile reliable information for the preparation of the County's financial statements in conformity with United States (U.S.) generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Cherry Bekaert LLP, a firm of licensed certified public accountants, audited the County's financial statements as of and for the fiscal year ended June 30, 2023. The independent auditors planned and performed the audit to obtain reasonable assurance that the financial statements of the County, as of and for the fiscal year ended June 30, 2023, are free from material misstatement. The independent audit involved performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors concluded, based on the evidence obtained while following all applicable auditing standards, that there was a reasonable basis for forming and expressing unmodified opinions, that the County's financial statements as of and for the year ended June 30, 2023, are fairly presented, in all material respects, in conformity with GAAP. The report of the independent auditor on the financial statements is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the Schedule of Expenditures of Federal Awards in relation to the audited financial statements, but also on the audited government’s compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control over compliance in accordance with the U.S. Office of Management and Budget’s Uniform Guidance. The independent auditors’ report on the Uniform Guidance for the County is available in the Compliance Section of this report.

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

### **Profile of the County**

The County is in the mid-Atlantic region of the U.S. in east-central Virginia and is part of the Richmond Metropolitan Statistical Area (MSA). Residents enjoy a location that is within a two-hour drive of the Virginia beaches, the Blue Ridge Parkway, and Washington D.C. Area businesses are within a one-day commute of 50% of the nation’s population, 60% of the nation’s corporate headquarters and 65% of the nation’s manufacturing operations in the country. In 2021 Money Magazine ranked Chesterfield as one of the top places to live in the country. The County’s major transportation routes include the I-95 and I-295 corridors with Route 288, Route 76 (Powhite Parkway), and Route 150 (Chippenham Parkway) as connecting routes providing quick access to I-64 to the north and I-85 to the south. This strategic location has been a catalyst for residential, commercial and industrial growth. The land area of the County totals 446 square miles. A large portion of land in the County, especially in the southwestern area, remains rural. The County’s population is estimated at approximately 378,000.

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

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

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

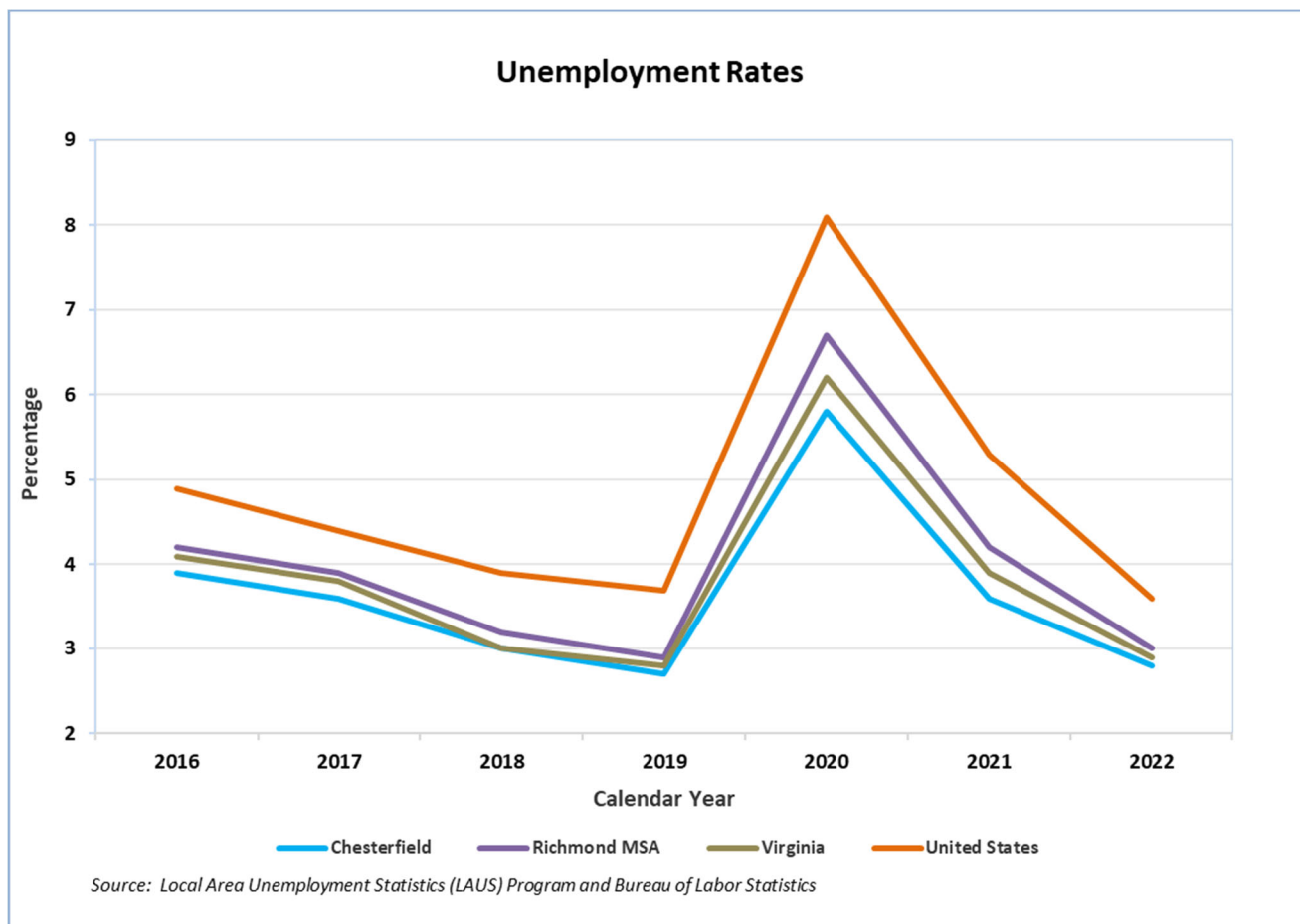
The financial reporting entity includes all funds of the County, the primary government, and its component units. Two discretely presented component units (i.e., School Board and Chippenham Place Community Development Authority) and one blended component unit (Economic Development Authority) are included in the reporting entity because of the County’s financial accountability for these organizations. The discretely presented component units are reported separately within the County’s basic financial statements while the blended component unit is presented as though it were a fund of the County. The Chippenham Place Community Development Authority completed its organizational purpose and was dissolved during fiscal year 2023 (FY2023). Additional information concerning these legally separate organizations can be found in Note 1 to the financial statements.

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

### Local Economy

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

The County's ability to attract a highly skilled labor force to quality jobs in the region creates prosperity during healthy economic times and allows for weathering the downside in a slower economy. The County added 4,708 new workers, marking a 3.58% employment growth rate. In addition, the County's annual unemployment rate continued decreasing, dropping to 2.8% in calendar year 2022 (CY2022). The County's annual unemployment rate compared favorably to the Richmond MSA and the Commonwealth's rates of 3.0% and 2.9%, respectively, as well as the U.S. rate of 3.6%. Unemployment data for August 2023 reflects a return to pre-pandemic unemployment rates, reporting the County's unemployment rate at 3.1% compared to the Richmond MSA's rate of 3.2% and the Commonwealth's rate of 3.1% with the U.S. unemployment rate at 3.8%. To compare, unemployment data for August 2019 reported the County's unemployment rate at 3.0%, Richmond MSA's rate at 3.2%, the Commonwealth's rate at 2.9% and the U.S. at 3.8%. These figures highlight the county's resilience and appeal as a place to live and work.



The County is committed to cultivating a vibrant economy that enhances economic opportunities by attracting new business capital investment and encouraging reinvestment by established businesses, with both creating new jobs. The County's Department of Economic Development (Economic Development) works to attract significant new business and assists existing County businesses in expanding their operations. During FY2023, new and expanding industrial and commercial businesses announced investments of \$743.6 million including the creation of over 750 new job opportunities in the community and the addition of over 815,000 square feet of commercial space.

Chesterfield County's Meadowville Technology Park (MTP) continues to be one of Virginia's largest, most innovative and connected employment centers, with its location at the junction of Interstate 295 and the historic James River, and the completion of the Meadowville interchange has attracted substantial investment bringing hundreds of jobs to the County and has increased the assessed property value from below \$10 million initially to more than \$330 million. MTP's master plan allows a variety of uses including technology/R&D, corporate/general office, data centers, life sciences, micro-electronics, manufacturing and assembly, and biotech/pharmaceutical operations. Design guidelines and architectural standards have been put in place to ensure a first-class development. Amazon Fulfillment, Niagra Bottling, Medline and Digital Fortress have operational facilities at the site, and in the last year, LEGO, Civica Inc, and Plenty have announced significant investments.

LEGO has begun construction on its new carbon neutral factory at Meadowville Technology Park, it's second in the United States and its only toy manufacturing facility in the U.S. The global toy manufacturer plans a 1.7 million square foot facility that will employ 1,760 people. Once completed in 2025, the 340-acre site will have rooftop and ground solar panels and an on-site solar plant. The goal is for one hundred percent of its day-to-day energy needs to be matched by the renewable energy generated. The site will also be designed to minimize energy consumption and use of non-renewable resources.

Plenty Unlimited, Inc. will build the world's largest indoor vertical farming campus, a \$300 million investment in Meadowville Technology Park. The company secured \$400 million in a Series E financing round, the largest investment for an indoor farming company. Plenty has developed the world's most advanced indoor farm, powered by the company's more than 200 patent assets, to efficiently and sustainably grow clean, flavorful produce year-round on its more than 30-foot grow towers. The company's first farm on this site, a dedicated Driscoll's berry farm to be completed in 2024, will be the first to grow indoor, vertically farmed strawberries at scale.

Springline at District 60 will include a blend of residential, retail, office and entertainment use at the site of the former Spring Rock Green property, which was acquired by the Chesterfield Economic Development Authority in September of 2021. The Chesterfield Economic Development Authority announced that Collins Enterprises will develop the first phase of initial mixed-use residential and commercial properties. Collins will develop 300 residential units, 27,000 square feet of commercial space, and a secure, enclosed parking facility. The total investment from Collins for this portion of the project is approximately \$85 million. In addition, Timmons Group announced they will develop a 150,000-square-foot office building to serve as their new corporate headquarters within the Springline at District 60 mixed-use project. The \$50 million, five-story Class A office building is fully leased and will be the new home for Timmons Group employees and employees from the Chesterfield County Public Schools and the Department of Economic Development.

Civica Inc. announced it will invest \$27.8 million to establish a new laboratory testing facility at Meadowville Technology Park. The company will construct a 55,000-square-foot facility to support Civica's Petersburg pharmaceutical manufacturing operation through quality testing and the development of new products. The Civica project will create 51 new jobs. In addition, it will host a scale-up manufacturing facility operated by Virginia Commonwealth University's Medicines for All Institute, which will generate additional employment.

Weidmüller Group, a provider of smart industrial connectivity products and solutions that connect and automate electrical power and signaling for components, machines, and installations worldwide, announced it will invest \$16.4 million to expand its existing operation in Chesterfield. As part of its 'Made in America' commitment, Weidmüller will increase its engineering and production footprint in the U.S. by 24,000 square feet, allowing the company to engineer and manufacture products to meet growing North American customer demand and strengthen its supply chain. Virginia successfully competed with other states for the project, which will create more than 100 new jobs.

OrthoVirginia, the largest orthopedic practice in Virginia, announced it would partner with Lingerfelt and Hourigan to create a new \$50 million, 77,000-square-foot orthopedics destination at Watkins Centre in western Chesterfield. The project will create 50 new jobs.

Church & Dwight, whose portfolio includes Arm & Hammer, OxiClean, Orajel and Zicam to name a few, announced a \$27 million investment to expand its plant to produce a new laundry product. The County was able to secure this project through a partnership with the Virginia Economic Development Partnership.

Other project announcements included Coca-Cola Consolidated (\$881,000), The LAKE (\$170 million), and MedRVA at Ironbridge Commons (\$15.4 million). These investments validate Chesterfield's strong position in attracting distribution, mixed-use, and healthcare operations.

Trends in taxable retail sales in the County continue to compare favorably to the Richmond MSA and the Commonwealth. The average annual percentage increase in the County's taxable retail sales was 4.3% for the period 2013 to 2022 and compared favorably to increases of 4.3% and 3.4% for the Richmond MSA and the Commonwealth, respectively, during the same period. As remote and hybrid work opportunities become commonplace, spending locally continues to increase.

**Taxable Retail Sales**  
(\$ in 000's)

Calendar Year	Chesterfield County	%	Richmond MSA	%	Commonwealth	
					of Virginia	% Change
2013	3,750,484	1.0 %	15,129,668	1.3 %	94,597,894	1.4 %
2014	3,943,519	5.1	15,698,529	3.8	96,243,827	1.7
2015	4,073,926	3.3	16,440,786	4.7	100,219,957	4.1
2016	4,179,659	2.6	16,641,946	1.2	101,678,812	1.5
2017	4,394,824	5.1	17,266,789	3.8	103,741,107	2.0
2018	4,533,449	3.2	18,138,765	5.1	106,075,147	2.2
2019	4,495,031	(0.8)	17,941,752	(1.1)	107,779,678	1.6
2020	4,594,965	2.2	18,125,259	1.0	104,359,825	(3.2)
2021	5,211,996	13.4	20,665,063	14.0	118,653,893	13.7
2022	5,597,147	7.4	22,614,670	9.4	129,002,040	8.7

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

The County continues to expand its revenue base by attracting a diversified pool of taxpayers and employers. During the year ended June 30, 2023, the top ten taxpayers accounted for 3.6% of the County's total assessed value tax base. The County's taxpayer and employment bases contain a broad range of industries including healthcare, retail sales, utilities, and manufacturing. Detailed information regarding the top ten taxpayer statistics and employer diversity can be found on Statistical Tables VIII and XIV, respectively.

The County's real estate market remains strong with the value of real property, including changes in the values of existing properties and gains from new construction, increasing 7.8% for fiscal year 2023. This increase is lower than the prior year increase of 15.03%. Calendar year 2023 assessments shows a slowdown in growth for aggregate value of existing residential properties as values increased 8.8% compared to 11.9% over the prior year. Trend data shows a slowdown in growth of home values nationally, and all localities in the Richmond region have shown a decrease to single digit increases from 12-13% increases a year ago. The slowdown can be attributed to sustained high mortgage rates and inflationary pressures. Revaluation of existing residential property is expected to return to pre-pandemic levels of two to four percent.

Chesterfield has become one of the top tourist destinations in Virginia and the broader mid-Atlantic over the last decade with River City Sportsplex, the nationally recognized premier sports tourism venue, generating \$276.5 million in economic impact for the Richmond region since 2018. In 2022, River City Sportsplex expanded its entertainment offerings as the host site for the Chesterfield After Hours concert series. In FY2023, the County hosted 83 events with over 300,000 participants and spectators, including its first FIFA-sanctioned international soccer friendly, and has over 80 sports events booked for FY2024. Sports tourism generated \$48.2 million in direct economic impact and \$1.8 million in local tax revenue in FY2023. To further enhance and maximize the experience of visitors to River City Sportsplex and the region, the County's bond referendum approved last November includes funding for stadium seating, turf replacements and new fields at River City Sportsplex, as well as two new boat ramps and increased public access to water resources for boating and other recreational activities. In addition to River City Sportsplex, the County has numerous venues making it attractive for destination-based travel such as Pocahontas State Park, Henricus Historical Park, Metro Richmond Zoo, SwimRVA aquatic center, Richmond Volleyball Club, The First Tee, Perkinson Center for the Arts and Education, the Children's Museum, Virginia State



University's Multi-Purpose Center and the Lake, a mixed use development that will feature a six-acre surf park, amphitheater, and two hotels. The County has hired its first Executive Director of Sports, Visitation and Entertainment to strategically continue the momentum in this tourism space while also focusing on quality of life for residents. Being an attractive destination for visitors results in increased tax revenues which is appealing to companies that in turn create jobs and give back to the community. According to an annual study released by the Virginia Tourism Corp. (VTC) in September 2023, visitors spent more than \$582 million in Chesterfield in 2022, eclipsing the previous year's total by \$46.7 million or 8.7%. In 2022, tourism in Chesterfield supported more than 6,051 jobs with a combined payroll income of nearly \$163.8 million, while generating local tax receipts of about \$28.5 million.

### **Long-term Financial Planning**

The County provides a high quality of life, unparalleled public safety and a school system nationally recognized for its quality of education. The County's strategic plan, Blueprint Chesterfield, demonstrates the County's vision to deliver services that make it an extraordinary and innovative community in which to live, learn, work, and play. The current strategic goals are:

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

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

Fiscal integrity is a top priority for the County. The County's financial policies establish the framework for financial planning and management, facilitate evaluating future funding and spending proposals, and provide guidelines to measure budgetary performance. These financial policies further ensure that the County continues to achieve everyday excellence in government by providing direction in the areas of revenues, operating expenditures, capital expenditures, and debt management. The Board reviews all County financial policies at least every five years, with the last full review occurring with the fiscal year 2018 adopted budget. The most recent updates occurred during the development of the FY2024 budget.

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

Real and personal property tax revenues are the County's principal funding source, representing 66.1% of the budget for General Fund revenues in FY2024. Total real property revenues are budgeted at \$514.9 million, an increase of \$41.5 million, or 8.8%, from the FY2023 adopted budget. For the tenth consecutive year, the aggregate value of existing homes in the County has increased. This increase is slightly lower than the 11.9% last year, but more than double the 2-3% experienced pre-pandemic. The County is projected to return to long run average levels of 3-4% year over year growth in the near future. Personal property taxes are another major source of local revenues for the County and were budgeted in FY2024 at \$113.2 million, an increase of \$5.9 million, or 5.5%, from the FY2023 budget. While overall car values have declined, continued growth in new car values and the 4.7% increase in the County's population over the last two years are key drivers to the projected increase. Personal property is consistently one of the County's most variable revenue sources given its sensitivity to unpredictable variables such as supply chain disruptions, gas prices, manufacturer incentives, natural disasters, as well as the due date which is late in the fiscal year. Unlike homes, cars and trucks are more liquid assets that can be easily substituted in-and-out

to respond to changing market conditions. Forecasting personal property revenue is challenging and, therefore, typically requires a very conservative course when projecting vehicle-related revenues.

In recognition of the economic pressures our citizens and business community face, the County continues to adjust the traditional programs providing relief for the elderly and disabled through real estate tax relief, personal property tax relief for low valued vehicles, and for our business community through our Business, Professional and Occupational License (BPOL) tax thresholds. With shifting demographics in the County, the state's decision to grant 100% relief to all fully service-disabled veterans, and the County's decision to increase thresholds, participation in the real estate tax relief program has more than doubled since FY2020 and is expected to increase 5.0% year over year. In addition to the traditional real estate tax relief program, the County approved a one-time rebate reducing every tax bill due in June 2023 by 5% worth \$12.6 million in relief. In the FY2024 budget process, the County adopted personal property relief at 50% which will provide an additional \$15 million in relief for vehicle owners. The FY2024 budget also includes adjustments to the BPOL thresholds making two-thirds of businesses exempt.

The County continues to make historic investments in education, tax relief, our workforce and capital improvements. General fund expenditures for FY2024 were budgeted to increase \$48.4 million, or 5.3%, over the prior year's budget. The commitment to investing in our schools and the workforce represent approximately 90% of the year over year growth. The FY2024 budget includes an all-time high \$338.4 million total dollar transfer to schools, a \$20 million increase over last year, and over \$34 million to fully fund public safety and general government pay plans, a \$23.6 million increase in compensation funding over last year. In addition to these investments, the FY2024 budget includes over \$38.6 million in tax relief for citizens and businesses, and historic high investment of \$147.1 million in our capital facilities. While the investments in these core areas is unprecedented, the County five-year plan is more reserved than prior years with a focus on sustained stability in this uncertain economic climate. The county has not been immune to the effects of inflation and labor market conditions. Lead times for goods and services and our purchasing power have been hampered like many households in the county. To attract and retain talent, the County must contend with non-traditional competitors and the market is forcing significant shifts in salary offers to job seekers. It is critical that we maintain our position in the market to provide high quality services. As to not diminish the significant investments made in compensation, the County is using one-time funding to reduce the cost of healthcare increases for the workforce. The plan strikes the right balance between tax policies that are sustainable, investments that are essential, and stability that is paramount.

### **Relevant Financial Policies**

The County's financial policies adopt a prudent approach toward financial and debt management. As of June 30, 2023, the portion of the County's operating expenditures dedicated to the repayment of debt, capped by policy at 10% of general government expenditures, was 6.9%. With the FY2024 budget, the County continues to meet the target to reinvest 2.5% of the calculated replacement value of its facilities into major maintenance per the policy amendment adopted with the FY2018 budget. It is important that funding levels for this program continue to be monitored as new facilities come online and existing facilities continue to age. Each year, the County targets 8% of total General Fund expenditures to unassigned fund balance to provide the ability to cope with unexpected financial emergencies and eliminate the need for short-term borrowing, ensure that current obligations including debt payments can be met, and provide a cushion against the potential impact of significant unexpected changes in revenues. The actual ratio for the year ended June 30, 2023, was 8.7%. The County strives to repay new debt issues using a level principal repayment structure over the life of the issue to help maintain accelerated payout ratio goals.

The County's fiscally responsible financial policies, solid financial results and sound management were reaffirmed in May of 2023, as the County issued general obligation improvement bonds in June 2023 with Standard and Poor's, Moody's, and Fitch Ratings rating the bonds as "AAA", the highest attainable bond ratings. The County has held a triple-AAA bond rating for the past twenty-six years due to its robust and diverse economy, record of fiscal conservatism, and strong financial management. Fitch Ratings analytical conclusion referenced healthy reserves, and moderately low debt and pension liabilities as demonstration of the County's robust financial management, and expectations for resilient operations throughout economic cycles due to the County's strong revenue framework and expenditure flexibility. The triple-AAA rating ensures the County can borrow funds for the community's capital and infrastructure needs at the lowest available interest rates. The County saved \$4.1 million on the sale of bonds in June 2023 by accessing a rate only available due to our triple-AAA rating and a \$20 million savings is expected over the next two decades as the County repays these bonds. The rating agency reviews provide residents and businesses with thorough, independent assessments of the County's financial and management practices. The County, along with Chesterfield Utilities, is in the one percent class of localities nationwide that hold the distinct honor of having a "AAA" bond rating from all three rating agencies. As investors increasingly focus on environmental, social and governance (ESG) factors, credit rating agencies are systemically

and transparently working to incorporate material ESG issues into their ratings of municipal debt. Their methods include assessing issuers' risks related to environmental factors such as climate change, carbon transition, water management, waste and pollution and natural capital; social factors such as access to basic services, demographics, education, health and safety, housing and labor and income; and governance factors such as institutional structure, policy creditability and effectiveness, budget management and transparency and disclosure. As rating agencies expand their ratings methodology to include ESG factors, we anticipate the County will continue to achieve the highest possible ratings assigned to local governments.

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

### **Major Initiatives**

The County continuously has numerous initiatives underway to enhance the quality of life for our residents and to be a destination to live, learn, work and play. This section highlights some of these initiatives and, along with the awards highlighted in the Awards and Acknowledgements section of this letter provides examples that showcase the breadth and quality of our services, culture of innovation and our commitment to community partnerships.

*Affordable Housing and Economic Mobility.* The County has always valued the diverse communities residing within its borders and strive to ensure that our services meet the needs of the entire community including the pursuit of opportunities to assist those populations with the most need. The County's Community Enhancement department in collaboration with the Corporation of Supportive Housing has drafted a plan for \$2 million in HOME-ARP federal funds administered by HUD to be used towards housing and services for those experiencing homelessness. Many in our community, while they may not be homeless, are significantly impacted by the rising cost of housing, food and other household necessities. In partnership with Maggie Walker Community Land Trust, a 10-unit single family subdivision is being developed to create affordable home ownership opportunities in the Village of Ettrick for households earning between approximately \$35,000 and \$75,000 per year. As part of the International City/County Management Association's (ICMA) new Economic Mobility and Opportunity (EMO) cohort, the County has been selected to receive a \$35,000 grant from the Bill & Melinda Gates Foundation's EMO program to provide tools and resources that will help economically vulnerable residents to increase their economic mobility. As the nation was forced to work and learn from home during the pandemic, it became more evident that internet access is an essential utility. The County's Information System Technology (IST) department has partnered with All Points Broadband and Dominion Power with the goal to provide broadband internet across the county, particularly to underserved areas.

*Community Facilities.* In November 2022, with an approval rating of 77%, voters approved a bond referendum authorizing issuance of general obligation bonds with a total amount of \$540 million. The bonds will fund a finite list of projects over the next five years in the Community Facilities plan ranging from new school facilities to new fire stations to new libraries and parks facilities with \$165 million allocated to County projects and \$375 million allocated to schools. A data-driven approach was used to strategically identify the projects to be funded with a focus on a commitment to public safety, community revitalization, the replacement of aging facilities that no longer meet demands and investment in new facilities for growth areas. Environmental impacts are a focal point in the county's facility planning process. The county has completed solar installations at the Eanes-Pittman Public Safety Training Center and Beulah Elementary School with several properties zoned for utility scale solar fields in the county.

*Community Engagement.* With significant shifts in the local media market, the county placed emphasis on finding innovative ways to continue to promote transparency and provide direct engagement opportunities with citizens. To maximize resources and effectiveness, the County merged the Office of Constituent Services and the office of Communications and Media to form the new office of Constituent and Media Services. In addition to the recent deployments of web portals, the podcast series, Chesterfield Behind the Mic, and a blog, Chesterfield On Point, the county is launching an enhanced marketing strategy including the branding campaigns Experience Chesterfield and Play Chesterfield to showcase county assets starting with constituents sharing unique qualities that make the county a great place to live, work, and stay. The Community Engagement and Resources department (formerly Citizen information and Resources) assists residents, businesses, and visitors to connect with the community and access resources through a variety of engagement-focused offices and programs. One such program is My Chesterfield Academy, a program to empower residents, particularly those from multicultural communities, to understand and navigate resources offered by County government and community partners.

*Economic Development.* The County remains diligent in preparing for future growth by identifying and preparing project ready sites for commercial development and approving plans to address residential demands. The 1,728-acre Upper Magnolia site in western Chesterfield is positioned to be the largest contiguous industrial technology park to support an ever-growing population with additional high paying jobs, new residential construction, as well as three new schools and a library. The site has been awarded a \$25 million grant under the Virginia Business Ready Sites Program (VBRSP) and has been identified by local and state officials as one of the premier locations ripe for economic development. The funds from this grant will be used for infrastructure design with a target for site readiness by 2025. Most recently, this site was one of the final five locations considered by Intel for a \$20 billion semiconductor plant. Skilled workers are key to attracting more advanced manufacturing and higher paying jobs. The County is uniquely positioned to create a pipeline of talent as one of two localities in Virginia that has two community college campuses within its borders. Other key projects include revitalization of such properties as Adaline Acres, Southside Speedway and Springline at District 60 (formerly Spring Rock Green).

*Transportation and mobility services.* While the Commonwealth is responsible for building and maintaining primary and secondary roads in the County, transportation needs in our community continue to be a priority. The project to address drainage problems on Otterdale Road is in the final phase to complete the third and final crossing by December 2023. The Powhite Parkway extension project is the county's top transportation project to address congestion issues due to rapid growth, as well as the planned and anticipated development at Upper Magnolia Green site. The project will be implemented in two phases. Phase I is the extension to Woolridge Road. With the FY2024 budget, Phase I is fully funded and construction is expected to begin in FY2026. Phase II will link Woolridge Road to Hull Street. The county has already committed \$8 million in funding for Phase II. In addition to local road projects, there will be nineteen lane miles of the 43-mile regional Fall Line Trail in Chesterfield. This is the largest lane mile portion of all seven localities that the trail will pass through from Chesterfield to Ashland. In its partnership with Greater Richmond Transit Corporation (GRTC), the County continues to explore opportunities to expand access to public transportation in the county. Most recently, GRTC is piloting their LINK service, a rideshare zone-based on-demand transit service, in Chesterfield to support the workforce with launch planned in February 2024. The pilot will be for three years, and during that period riders will not be charged. Other key initiatives in progress include the Nash Road extension to Route 10, the Hull Street and 288 corridor ramp improvements, Henricus Park Access Road, Beulah to Chippenham Parkway connector for which the county was one of four localities in Virginia to receive a federal RAISE grant and improvements at the Ettrick Train Station in partnership with Virginia Department of Rail and Public Transportation. Connectivity of our communities remains a priority with strategic transportation projects planned to connect neighborhoods with each other, businesses, and local assets, such as parks, schools and libraries, via roads, trails and sidewalks.

*Schools.* Students in the County's public schools (CCPS), the fifth largest school system in Virginia and the largest in Central Virginia, enjoy a high-quality educational experience with 100% of schools accredited. CCPS achieved a 91.5% on-time graduation rate and 93% daily attendance rate. CCPS includes seven National Blue Ribbon Schools, seven National Title I Distinguished Schools and seven Middle Schools to Watch. The new Falling Creek Middle School slated to welcome students for the 2024-2025 school year and a brand-new West Area middle school to be located in Upper Magnolia Green slated to welcome students for the 2025-2026 school year will be the largest middle schools in Central Virginia.

### **Awards and Acknowledgements**

The County continued to be recognized for excellence in operational and financial management during fiscal year 2023. The County's focus on its vision statement, "Providing a FIRST CHOICE community through excellence in public service", is illustrated through the awards received for services and programs described in this section.

During this fiscal year, the County's Fleet Services Division has received multiple honors from industry associations. National Association of Fleet Administrators (NAFA), the world's largest fleet management association, has named the division as a Top 100 Fleet and Top 50 Green Fleet. The division has been recognized with the Green Fleet award for the third consecutive year, at its highest ranking to date, and also receiving special recognition for "Best Fuel Technology Integration" this year. In addition to these accolades, the division has been named the number 16 Leading Fleet by Government Fleet Magazine and the American Public Works Association marking its second appearance in the Top 20 within the last three years. The division is just one of eleven public fleets and only two in Virginia to be a Top 20 Leading Fleet and one of the Top 50 Best Fleets in 2023. This honor recognizes organizations that execute groundbreaking and inventive programs for their green initiatives.

For the 14<sup>th</sup> consecutive year, the County continued to set an example for the innovative use of technology in local government, earning a fourth-place spot in the 2023 Digital Counties Survey among counties nationwide with populations between 250,000 and 499,000. The County has placed in the top ten of that survey each year since

2010, with eight consecutive years in the top five. The Digital Counties Survey is conducted by the Center for Digital Government and the National Association of Counties. The survey looks at the best technology practices among US counties, including initiatives that enhance cybersecurity, streamline delivery of government services, promote open data, collaboration, shared services, and contribute to disaster response and recovery efforts. This honor affirms the County's commitment to providing innovative, safe, and efficient technology-enabled services.

The County received 36 National Association of Counties (NACo) 2023 Achievement Awards, recognizing the ways the County provides better, more innovative services to residents and strengthens its communities. Departments receiving Achievement Awards include Citizen Information and Resources, Constituent and Media Services, Economic Development, Fire and EMS, Information Systems and Technology, Internal Audit, Libraries, Mental Health Support Services, Parks and Recreation, Police, the Sheriff's Office, Social Services and Utilities, as well as CCPS and the Chesterfield Health District. Citizen Information and Resources received recognition for "Leveraging Organic and Locally Grown Community Partnerships" program to identify a new approach to ensure the County is truly reaching all segments of our population. The County established a strategic communications framework with the help of community partnerships creating opportunities for organic community engagement as we tackle complex topics.

The County received 5 Virginia Association of Counties (VaCo) 2023 Achievement Awards, including the program's highest recognition, the "Best Large County Achievement Award" for "Chesterfield Recovery Academy", a regional school to support students in recovery from substance abuse. This is the 7<sup>th</sup> consecutive year that Chesterfield County has received one of the top honors. In addition to this top honor, the County received awards recognizing the "Boots on the Ground" program, the "Davis Child Advocacy Center Multidisciplinary Team" program, "RECON (Rapid Engagement Correctional Outreach Navigators)" and the program "Third Party Notification Program for Chesterfield County Utilities Customers". The VaCo Achievement Awards highlight innovative programs focused on addressing high priority issues presently challenging counties. The County tops the all-time Achievement Awards list with 49 and has won an award in each year of the 21-year history of the program.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its ACFR for the fiscal year ended June 30, 2022. This was the 42nd consecutive year that the County has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe this comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented the County with an award for Outstanding Achievement in the Popular Annual Financial Reporting for its Popular Annual Financial Report (PAFR) for the fiscal year ended June 30, 2022. This program recognizes state and local governments that produce high quality reports designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance using information extracted from their ACFR. The County has received this award three consecutive years representing each year that we have produced a PAFR beginning with the report for fiscal year 2020. We will publish a PAFR for fiscal year ended June 30, 2023 and submit it to GFOA to determine its eligibility for another award.

The GFOA presented an award for Distinguished Budget Presentation to the County for the annual budget for the fiscal year beginning July 1, 2022. This program recognizes that the budget document meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The fiscal year 2023 budget represents the 37th consecutive year that Chesterfield County has received this award. The County received overall ratings as proficient or outstanding in all review categories. We believe the fiscal year 2024 budget conforms to program requirements and submitted it to GFOA to determine its eligibility for another award. This is the highest form of recognition for excellence in government budgeting.

The GFOA has named the County a Triple Crown award winner for fiscal year 2021 reporting. This is the second consecutive year that the County has received this significant designation. The GFOA Triple Crown designation recognizes governments who have met the high standards of all three GFOA award programs, GFOA's Certificate of Achievement for Excellence in Financial Reporting, Popular Annual Financial Reporting Award, and Distinguished Budget Presentation Award in the same fiscal year. Last year was the inaugural year that GFOA awarded this designation beginning with reporting for fiscal year 2020, Chesterfield was one of just 317 governments to receive the award in its inaugural year.

CCPS was awarded the Association of School Business Officials (ASBO) International's Meritorious Budget Award for excellence in budget presentation for FY2022-2023. The Meritorious Budget Awards program promotes

and recognizes excellence in school budget presentation and enhances school business officials' skills in developing, analyzing and presenting a school system budget. The GFOA presented the Distinguished Budget Presentation Award to CCPS for the FY2022-2023 budget. The GFOA award recognizes individual government and school systems that succeed in achieving the GFOA's best practices on budgeting. CCPS intends to submit the FY2023-2024 budget for both the ASBO and GFOA awards.

Money Magazine included the County in its "Top 50 Best Places to Live in 2021". In making its determination of the top 50, the magazine looked at nine categories including the cost of living, economic opportunity, diversity, education, amenities, health and safety, the housing market, income and personal finances and the quality of life the community has to offer and considered communities with populations ranging from 25,000 up to 500,000. One of approximately 1,300 locations reviewed, our County was cited for its top-notch public schools, for attracting new residents faster than Virginia overall, for a 10% increase in jobs from 2015 to 2020, for remaining an affordable community to live and for planning a historic \$25 million investment in our public parks to improve outdoor spaces available to our residents.

Our ability to deliver excellent customer service and new, innovative programs is directly linked to our dedicated, talented workforce. For the second consecutive year, TopWorkplaces.com recognized the County with a Top Workplaces USA Award, awarded to organizations with the greatest employee engagement among employers of similar size. The Top Workplaces USA award is based entirely on feedback from an independent, employee engagement survey. In addition to these national awards, the County received the Richmond Times-Dispatch Top Workplaces Award. Forbes magazine recognized the County as one of America's Best-In-State employers for 2023. In this year's award list, the county ranked 56th out of all employers in Virginia, 30 spots higher than its last ranking in 2021. The county was one of only four local government entities in Virginia to make the list. It was also one of only three localities in the Commonwealth where both the government and school division each made the rankings. The list is compiled through surveys of 70,000 employers working for companies with 500 or more employees. The survey considers every aspect of an employees' experience such as working conditions, salary, potential for growth, and diversity. Of the thousands of companies eligible for this recognition, only a select few are awarded in each state. This recognition reinforces the County's reputation, at the local and national level, as an organization that provides excellent employment opportunities.

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

Respectfully submitted,



Dr. Joseph P. Casey  
County Administrator



Consuela Wilson, CPFO  
Director of Accounting







Government Finance Officers Association

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in Financial  
Reporting

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Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

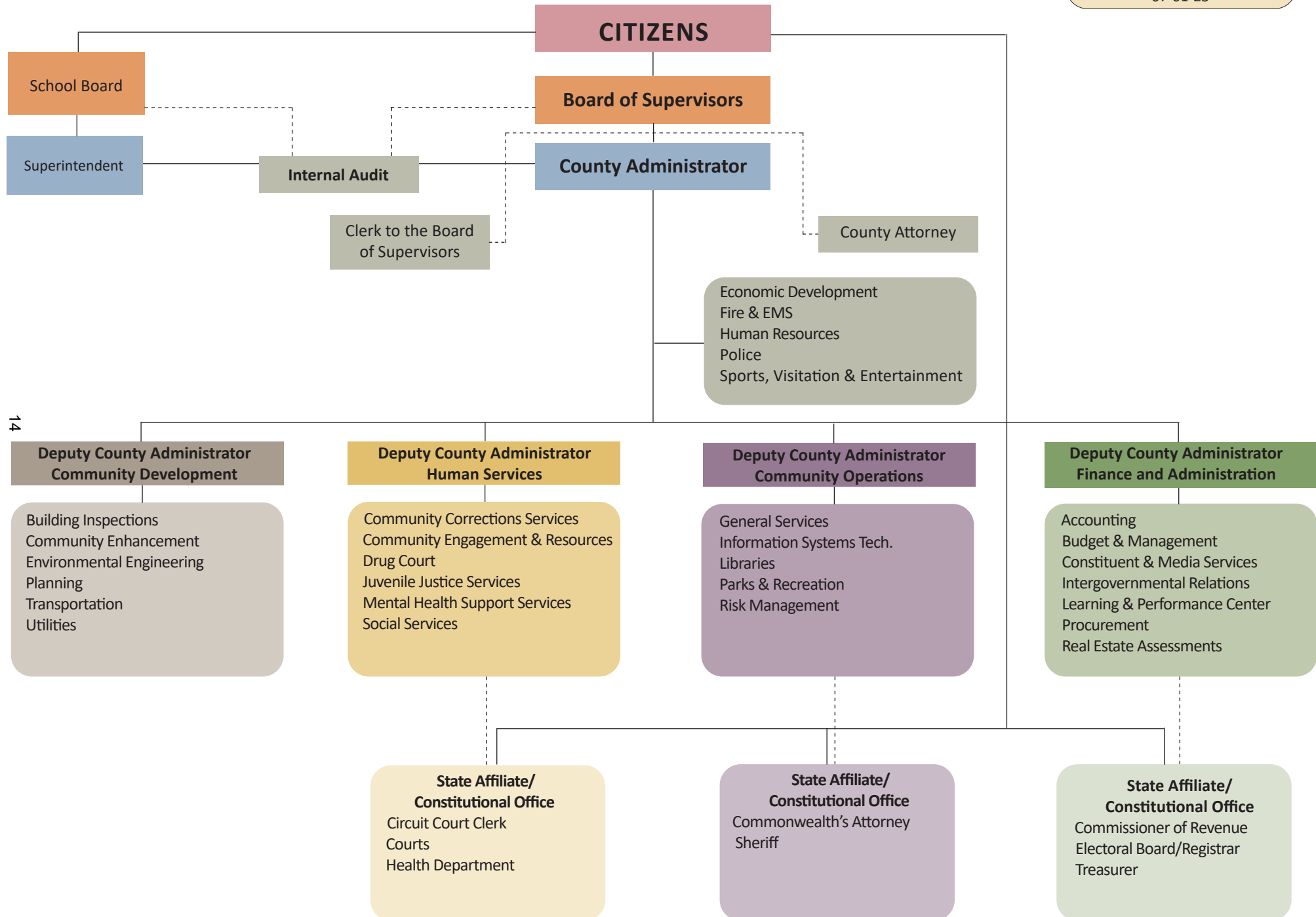
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# CHESTERFIELD COUNTY ORGANIZATIONAL STRUCTURE

Approved Structure  
07-01-23



**County of Chesterfield, Virginia**  
**Directory of Officials**  
**June 30, 2023**

**Primary Government Officials**

**BOARD OF SUPERVISORS**

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

**CONSTITUTIONAL OFFICERS**

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

**ADMINISTRATIVE OFFICERS**

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

**School Board Component Unit Officials**

**SCHOOL BOARD**

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

**ADMINISTRATIVE OFFICERS**

Dr. Mervin B. Daugherty ..... Superintendent  
Dr. Joseph Tylus ..... Deputy Superintendent  
Dr. Lisa High ..... Chief of Schools  
Dr. Sharon Pope ..... Chief Academic Officer  
Robert Meister ..... Chief Financial Officer  
Josh Davis ..... Chief Operations Officer  
Shawn Smith ..... Chief Communications & Community Engagement Officer  
Dr. Kimberly Hough ..... Chief of Human Resources and Talent Acquisition  
Dr. Timothy Tillman ..... Chief Technology Officer  
Wendell Roberts ..... School Board Attorney



## FINANCIAL SECTION



## Report of Independent Auditor

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

### Report on the 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 Chesterfield, 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof, and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statement balances of the Central Virginia Transportation Authority (the "CVTA") as reflected on Schedules A-12 and A-13, which represent 25.4%, 28.4%, and 35.1% of the total assets, fund balance/net position, and revenues, respectively, of the aggregate remaining fund information of the County. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for CVTA, is based solely on the report of the other auditors.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying Supplementary Information (Primary Government Combining Statements and Schedules, Capital Assets Used in the Operation of Governmental Funds, School Board Component Unit Financial Statements and Schedules) and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit and the report of the other auditors, the Supplementary Information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the 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 3, 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 County's internal control over financial reporting and compliance.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 3, 2023

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

As management of the County of Chesterfield, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

### **FINANCIAL HIGHLIGHTS**

- ◆ The County's total net position increased approximately \$229.7 million (8.1%). Net position of the governmental-type activities increased \$105.6 million (7.8%) and net position of the business-type activities increased \$124.1 million (8.3%).
- ◆ The County's unrestricted net position increased approximately \$66.8 million (8.2%). Unrestricted net position of the governmental-type activities increased \$20.9 million (7.1%) and unrestricted net position of the business-type activities increased \$45.9 million (8.8%).
- ◆ The County's program and general revenues (including taxes) of \$1,264.4 million for governmental-type activities exceeded expenses of \$1,124.2 million by \$140.2 million.
- ◆ In the County's business-type activities, revenues increased 38.4% to \$227.1 million while expenses increased 30.6% to \$137.6 million.
- ◆ The total cost of the primary government's programs increased approximately \$119.2 million (10.4%) to \$1,261.8 million.
- ◆ The General Fund reported an ending fund balance amount of \$554.3 million, an increase of \$24.2 million (4.6%) in comparison with the prior year. Of the ending fund balance amount, \$73.8 million was unassigned.
- ◆ The County's outstanding debt increased by \$76.0 million (9.2%). The County reported \$139.8 million in proceeds from new debt issued during the year and retired debt of \$71.5 million, including debt service and amortization of premiums.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(unaudited)**

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

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

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

### **Government-wide Financial Statements**

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

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

- ◆ Governmental activities - Most of the County's basic services, such as police, fire, social services, parks and recreation, and general administration, are included in governmental activities. Property taxes and state and federal funding finance the majority of expenses for governmental activities.
- ◆ Business-type activities - Activities that are intended to recover all or a significant portion of their costs through user fee charges to parties external to the County for goods or services are included in the business-type activities. The Economic Development Authority of Chesterfield County (EDA) is included as a blended component unit in the business-type activities.
- ◆ Component units - The County includes two other entities in its report as discretely presented component units: Chesterfield County Public School System (School Board) and Chippenham Place Community Development Authority (Chippenham Place CDA). Although legally separate, the County demonstrates financial accountability for these entities by providing operating, capital or tax increment financing. The School Board is included in the management's discussion and analysis because it does not issue separately audited financial statements. Chippenham Place issues separately audited financial statements, the most recent being dated June 29, 2023, the date that entity was dissolved.

### **Fund Financial Statements**

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The County reports three types of funds:

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

### FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

**Net position.** The Primary Government's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$3.1 billion at the close of the most recent fiscal year, representing an 8.1% increase over the prior year.

At the end of both the current and prior fiscal years, the County reported positive balances in all three categories of net position for the primary government including governmental and business-type activities. The largest portion of the County's net position (63.9%) at June 30, 2023, is its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure, and intangible assets) less accumulated depreciation and amortization and debt and other liabilities used to acquire those assets that remains outstanding at year-end. The County uses its capital assets to provide services to residents. Consequently, these assets are not available to fund spending in current or future budgets. Although the County's investment in capital assets is reported net of related debt, it should be noted that resources required to repay the debt must be provided from other sources, as capital assets generally are not liquidated for that purpose. An additional portion of the County's net position (7.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is referred to as unrestricted net position (28.7%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

Liabilities and deferred inflows of resources for the School Board component unit exceeded assets and deferred outflows of resources by \$394.9 million at the end of the current fiscal year, a decrease in the deficit of \$88.5 million (18.3%) compared to the prior year. Net investment in capital assets increased \$5.1 million primarily due to capital outlay for machinery and equipment. These investments included \$4.4 million invested in school security enhancements, procurement of 50 new school buses, and the purchase of 165 ultraviolet germicidal irradiation devices to enhance protection from harmful pathogens. The School Board component unit's deficit unrestricted net position is primarily due to reporting net pension liabilities of \$390.1 million and net other postemployment benefits liabilities of \$183.4 million at year end, a net increase of \$71.7 million (14.3%) compared to those liabilities estimated in the prior year. The largest portion of net pension and other postemployment benefits liabilities is related to the VRS teachers' cost-sharing pension and other postemployment benefits programs where benefits and funding decisions are made by the Commonwealth of Virginia (Commonwealth). As such, local governments, and school boards, as participants, have no ability to take actions to improve the funding position for their proportionate shares of the cost-sharing pool. Notes 12



# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (unaudited)

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

TABLE 1  
Chesterfield County's Net Position  
June 30, 2023 and 2022  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	2023	2022	2023	2022	2023	2022	2023	2022
<b>Assets</b>								
Current and other assets	\$ 1,689.4	\$ 1,549.7	\$ 636.5	\$ 573.8	\$ 2,325.9	\$ 2,123.5	\$ 164.1	\$ 161.4
Capital assets	<u>1,467.0</u>	<u>1,401.9</u>	<u>1,053.5</u>	<u>997.7</u>	<u>2,520.5</u>	<u>2,399.6</u>	<u>90.1</u>	<u>84.6</u>
<b>Total assets</b>	<u>3,156.4</u>	<u>2,951.6</u>	<u>1,690.0</u>	<u>1,571.5</u>	<u>4,846.4</u>	<u>4,523.1</u>	<u>254.2</u>	<u>246.0</u>
<b>Deferred outflows of resources</b>								
Deferred charge on refunding	2.6	3.4	0.3	0.6	2.9	4.0	-	-
Pensions	84.4	95.3	3.2	3.5	87.6	98.8	138.3	149.2
Other postemployment benefits	<u>14.3</u>	<u>10.6</u>	<u>0.6</u>	<u>0.5</u>	<u>14.9</u>	<u>11.1</u>	<u>19.6</u>	<u>18.9</u>
<b>Total deferred outflows of resources</b>	<u>101.3</u>	<u>109.3</u>	<u>4.1</u>	<u>4.6</u>	<u>105.4</u>	<u>113.9</u>	<u>157.9</u>	<u>168.1</u>
<b>Liabilities</b>								
Long-term liabilities	1,206.8	1,049.6	34.2	38.4	1,241.0	1,088.0	613.0	540.5
Other liabilities	<u>269.3</u>	<u>258.6</u>	<u>21.0</u>	<u>18.0</u>	<u>290.3</u>	<u>276.6</u>	<u>66.9</u>	<u>70.2</u>
<b>Total liabilities</b>	<u>1,476.1</u>	<u>1,308.2</u>	<u>55.2</u>	<u>56.4</u>	<u>1,531.3</u>	<u>1,364.6</u>	<u>679.9</u>	<u>610.7</u>
<b>Deferred inflows of resources</b>								
Deferred revenues	246.1	232.6	-	-	246.1	232.6	-	-
Pensions	43.1	138.5	1.7	5.8	44.8	144.3	86.5	235.1
Other postemployment benefits	23.8	25.0	1.7	1.8	25.5	26.8	40.6	51.7
Leases	<u>14.2</u>	<u>7.8</u>	<u>8.9</u>	<u>9.6</u>	<u>23.1</u>	<u>17.4</u>	<u>-</u>	<u>-</u>
<b>Total deferred inflows of resources</b>	<u>327.2</u>	<u>403.9</u>	<u>12.3</u>	<u>17.2</u>	<u>339.5</u>	<u>421.1</u>	<u>127.1</u>	<u>286.8</u>
<b>Net position</b>								
Net investment in capital assets	941.7	922.2	1,028.5	969.9	1,970.2	1,892.1	79.5	74.4
Restricted	195.9	130.7	31.9	12.3	227.8	143.0	22.8	20.1
Unrestricted (deficit)	<u>316.8</u>	<u>295.9</u>	<u>566.2</u>	<u>520.3</u>	<u>883.0</u>	<u>816.2</u>	<u>(497.2)</u>	<u>(577.9)</u>
<b>Total net position (deficit)</b>	<u>\$ 1,454.4</u>	<u>\$ 1,348.8</u>	<u>\$ 1,626.6</u>	<u>\$ 1,502.5</u>	<u>\$ 3,081.0</u>	<u>\$ 2,851.3</u>	<u>\$ (394.9)</u>	<u>\$ (483.4)</u>

# MANAGEMENT'S DISCUSSION AND ANALYSIS

## (unaudited)

**Changes in net position.** The Primary Government's total revenues increased over the prior year by \$184.4 million (14.1%) to \$1,491.5 million. The total cost of all programs increased over the prior year by \$119.2 million (10.4%) to \$1,261.8 million.

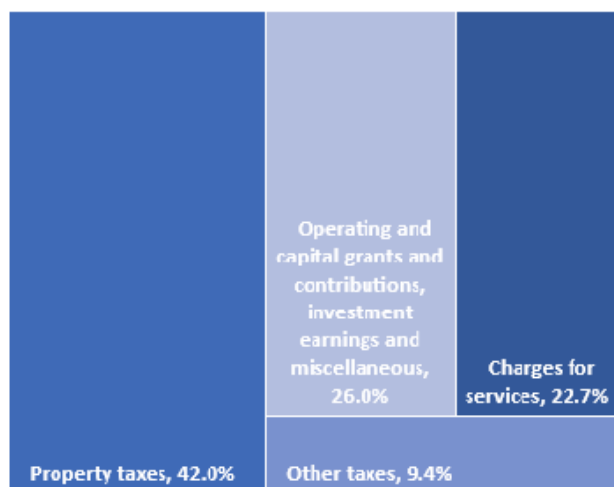
**TABLE 2**  
**Changes in Chesterfield County's Net Position**  
**For the Years Ended June 30, 2023 and 2022**  
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
<b>Revenues:</b>								
<b>Program revenues:</b>								
Charges for services	\$ 199.3	\$ 183.0	\$ 139.2	\$ 122.0	\$ 338.5	\$ 305.0	\$ 13.5	\$ 4.5
Operating grants and contributions	84.5	85.3	-	1.6	84.5	86.9	265.2	215.0
Capital grants and contributions	100.4	91.6	76.5	55.6	176.9	147.2	17.1	9.2
<b>General revenues:</b>								
Property taxes	626.1	594.3	-	-	626.1	594.3	-	-
Other taxes	139.8	135.2	-	-	139.8	135.2	-	-
Payment from County	-	-	-	-	-	-	308.4	316.3
Grants and contributions not restricted to specific programs	79.6	63.6	-	-	79.6	63.6	297.0	288.2
Other	<u>34.7</u>	<u>(10.0)</u>	<u>11.4</u>	<u>(15.1)</u>	<u>46.1</u>	<u>(25.1)</u>	<u>9.4</u>	<u>6.9</u>
<b>Total revenues</b>	<b><u>1,264.4</u></b>	<b><u>1,143.0</u></b>	<b><u>227.1</u></b>	<b><u>164.1</u></b>	<b><u>1,491.5</u></b>	<b><u>1,307.1</u></b>	<b><u>910.6</u></b>	<b><u>840.1</u></b>
<b>Expenses:</b>								
General government	175.0	167.3	-	-	175.0	167.3	-	-
Administration of justice	15.7	13.9	-	-	15.7	13.9	-	-
Public safety	255.0	219.7	-	-	255.0	219.7	-	-
Public works	98.8	92.3	-	-	98.8	92.3	-	-
Health and welfare	114.9	99.1	-	-	114.9	99.1	-	-
Parks, recreation and cultural	46.8	31.3	-	-	46.8	31.3	-	-
Education - School Board	362.7	356.3	-	-	362.7	356.3	822.1	708.1
Community development	26.4	37.0	-	-	26.4	37.0	-	-
Interest on long-term debt	28.9	20.3	-	-	28.9	20.3	-	-
Water	-	-	53.1	49.5	53.1	49.5	-	-
Wastewater	-	-	50.4	45.5	50.4	45.5	-	-
Non-major business activities	-	-	34.1	10.4	34.1	10.4	-	-
<b>Total expenses</b>	<b><u>1,124.2</u></b>	<b><u>1,037.2</u></b>	<b><u>137.6</u></b>	<b><u>105.4</u></b>	<b><u>1,261.8</u></b>	<b><u>1,142.6</u></b>	<b><u>822.1</u></b>	<b><u>708.1</u></b>
<b>Increase in net position before transfers</b>	<b>140.2</b>	<b>105.8</b>	<b>89.5</b>	<b>58.7</b>	<b>229.7</b>	<b>164.5</b>	<b>88.5</b>	<b>132.0</b>
Transfers	<u>(34.6)</u>	<u>(28.0)</u>	<u>34.6</u>	<u>28.0</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Increase in net position after transfers</b>	<b>105.6</b>	<b>77.8</b>	<b>124.1</b>	<b>86.7</b>	<b>229.7</b>	<b>164.5</b>	<b>88.5</b>	<b>132.0</b>
<b>Net position (deficit) - beginning of year</b>	<b><u>1,348.8</u></b>	<b><u>1,271.0</u></b>	<b><u>1,502.5</u></b>	<b><u>1,415.8</u></b>	<b><u>2,851.3</u></b>	<b><u>2,686.8</u></b>	<b><u>(483.4)</u></b>	<b><u>(615.4)</u></b>
<b>Net position (deficit) - end of year</b>	<b><u>\$ 1,454.4</u></b>	<b><u>\$ 1,348.8</u></b>	<b><u>\$ 1,626.6</u></b>	<b><u>\$ 1,502.5</u></b>	<b><u>\$ 3,081.0</u></b>	<b><u>\$ 2,851.3</u></b>	<b><u>\$ (394.9)</u></b>	<b><u>\$ (483.4)</u></b>

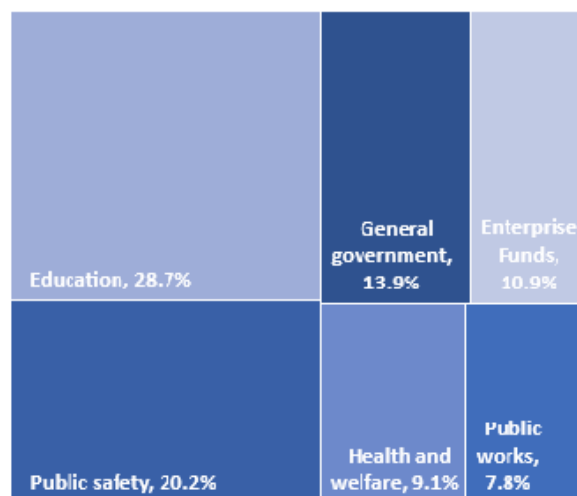
Approximately 42.0% of the County's revenues came from property taxes and approximately 9.4% came from other taxes. Another 22.7% of the total revenues came from charges for services. The remaining 25.9% of revenues are operating and capital grants and contributions, investment earnings and miscellaneous revenues. The County's expenses cover a range of services with approximately 71.9% related to public safety, education, general government and health and welfare. Program revenues of the County's governmental activities covered 34.2% of its expenses.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

**FIGURE A-1  
CHESTERFIELD COUNTY  
SOURCES OF REVENUE FOR FISCAL YEAR 2023**



**FIGURE A-2  
CHESTERFIELD COUNTY  
EXPENSES BY FUNCTION FOR FISCAL YEAR 2023**



Compared to the prior year, the School Board's total revenues increased \$70.5 million (8.4%) to \$910.6 million. Total expenses for all School programs and services increased over the prior year by \$114.0 million (16.1%) to \$822.1 million. Program revenues of School Board activities covered 36% of its expenses.

### Governmental Activities

Governmental activities increased the net position by \$105.6 million and accounted for 46.0% of the total growth in the total net position of the County. Revenues for governmental activities increased \$121.4 million (10.6%) and total expenses increased \$87.0 million (8.4%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Property tax revenues increased \$31.8 million (5.4%) primarily due to a 7.8% increase in the total assessed valuation of taxable property over the prior year. The assessed valuation for real property increased 9.9% with residential real property assessed values increasing by 11.0% and commercial and industrial real property assessed valuations increasing by 7.3%. Commercial and industrial property comprised 20.9% of the assessed value of taxable real property. The real estate tax rate of \$0.92 per \$100 of assessed value was lowered to \$0.91 for the second half of FY2023. Calendar year 2023 (CY2023) assessments were developed using sales data through December 2022. State Code mandates that "annual assessments shall be made at 100% of fair market value." Personal property assessed valuations decreased by 4.7% over the prior year.
- ◆ Grants and contributions not restricted to specific programs increased \$16.0 million (25.2%) primarily attributable to the Commonwealth's award of \$16.5 million from the School Construction Grants Program.
- ◆ Charges for services increased \$16.3 million (8.9%) of which \$6.7 million is attributable to increases in Medicare waiver rates, \$3.2 million due to an increase in rebates of transient occupancy taxes received from Greater Richmond Convention Center, and \$3.6 million recognized as revenue from opioid settlements from distributors.
- ◆ Other general revenues increased \$44.7 million (447.0%) due to increased interest earnings on investments resulting from higher interest rates overall as well as an increase in the total funds invested by the County.

Overall, expenses of governmental activities increased \$87.0 million (8.4%). In FY2023, the County made strategic investments in the workforce and the cost of those investments can be seen in the increase in wage and benefit expenditures across most functional areas. The governmental activities of the primary government saw an average increase in employee wages of 14.8% and an average increase in employee

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(unaudited)**

benefits of 34.1%. Total expenses of the governmental activities of the primary government increased \$87.0 million (8.4%) over prior year. Functional areas most heavily impacted by these investments include:

- ◆ Public Safety total expenses increased \$35.3 million (16.1%). Of that total, 60.0% is attributable to increases in wages and benefits expenses of \$15.8 million and \$6.2 million respectively.
- ◆ Health and Welfare expenses increased \$15.8 million (15.9%) primarily due to salary increases and correlating increases in benefits due to the implementation of Phase I of the General Government Pay Plan. Of that total, 85.4% is attributable to increases in wages and benefits expenses of \$10.7 million and \$2.8 million respectively.

Other key elements impacting changes in governmental activity expenses are as follows:

- ◆ Parks, Recreation, Libraries and Cultural expenses increased \$15.5 million (49.5%) primarily due to non-capital expenses incurred related to projects such as the construction of the new Midlothian library and the repurposing of the former Beulah Elementary School.
- ◆ Community Development expenses decreased \$10.6 million (28.6%) of which \$8.2 million (80.0%) is due to the end of the emergency rental assistance grant(s).
- ◆ Interest and other costs of long-term debt increased \$8.6 million (42.4%) to \$28.9 million over that of the prior year (\$20.3 million). The increase is largely due to the increase in arbitrage liability of \$3.1 million due to increases in bond proceeds due to recent debt issuances, including the 2023 General Obligation issuance of \$116.8 million, and rising interest rates earned on the same. Interest expense increased year over year by \$1.4 million (5.0%).

### **Business-type Activities**

Business-type activities increased the County's total net position by \$124.1 million, accounting for 54.0% of the overall growth. Revenues for business-type activities increased \$63.0 million (38.4%) and expenses increased \$32.2 million (30.6%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Charges for services increased \$17.2 million (14.1%) over the prior year primarily due to the EDA incurring reimbursable infrastructure construction costs under the Virginia Business Ready Site Program Grant Performance Agreement and an Infrastructure Improvement Agreement between the County/Economic Development Authority and the Commonwealth/Virginia Economic Development Partnership. Utilities funds also contributed to the increase in total year over year charges for services, with increases to rates contributing \$3.3 million (25.0%) for (15.9%) of the change.
- ◆ Capital grants and contributions increased \$20.9 million (37.6%) over the prior year primarily due to increases in pipe contributions of \$15.5 million for significant wastewater projects including \$10.4 million attributable to the Tomahawk Creek project.
- ◆ Other general revenues increased \$26.5 million (175.5%) over prior year primarily due to increased investment earnings.
- ◆ Expenses for business-type activities increased \$32.2 million (30.6%) primarily due to reimbursable infrastructure construction costs incurred by the EDA of \$14.1 million. Additional increases in EDA infrastructure development costs of \$4.9 million and increases in the cost of wages and benefits of \$2.1 million (24.0%) in the Water fund and \$1.9 million (23.3%) in the Wastewater funds also contributed.

### **Component Unit School Board**

- ◆ Program revenues covered 36.0% of program expenses in fiscal year 2023 in contrast to 32.3% coverage in the prior year.
- ◆ Charges for services increased \$9.0 million (200.0%) primarily due to the increase in school nutrition charges for student meals. In the prior year, student meals were primarily funded by COVID-19 related federal food programs.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(unaudited)**

- ◆ Operating grants and contributions increased \$50.2 million (23.3%) due to increases of \$59.9 million (16.2%) in certain instructional grant programs which offset decreases of \$10.0 million (43.3%) due to the end of enhanced federal food programs.
- ◆ Capital grants and contributions increased \$7.9 million (85.9%) primarily due to the increase in spending of Coronavirus State and Local Federal Relief funds.
- ◆ Education expenses increased \$114.0 million (16.1%) primarily due to increases in wages across all functions. Current year wages increased \$45.9 million (10.7%) to \$475.5 million compared to \$429.6 million in the prior year. Corresponding increases were seen across employee benefit costs but were moderated by the impact of the Commonwealth's non-employer contribution to pooled Virginia Retirement System pension and OPEB plans, with the Component Unit School Board's proportional share being \$16.0 million. Additional expense increases include \$11.1 million in replacement HVAC and water source equipment transferred to the primary government when installed at Alberta Smith Elementary, Ecoff Elementary, Clover Hill Elementary and Woolridge Elementary schools.

## **FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS**

### **Governmental Funds**

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

As of June 30, 2023, the County's governmental funds reported a combined fund balance of \$1.0 billion, an increase of \$83.5 million (8.8%) from the previous year. Of this combined fund balance amount, \$481.2 (46.7%) constitutes restricted fund balance; \$2.4 million (0.2%) represents committed fund balance; \$473.4 million (45.9%) represents assigned fund balance; and \$73.8 million (7.2%) is unassigned fund balance. Assigned fund balance includes funding set aside by the County Board through formal action for needs such as unexpended appropriations for transfers to capital project funds, specific uses in the subsequent year's adopted budget and encumbrances carried over to the subsequent year. Other assignments of fund balance include reserves for potential revenue shortfalls in future fiscal years' budgets, which serves as an informal revenue stabilization, or "rainy day", fund. Note 2 of the notes to the financial statements provides details about fund balances and a discussion of the criteria used by the County to classify categories of fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the combined assigned and unassigned fund balance of the General Fund was \$518.6 million and total fund balance was \$554.3 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balance to total fund expenditures. Combined assigned and unassigned fund balance represents 61.2% of total General Fund expenditures. Unassigned fund balance of \$73.8 million represents 8.7% of total General Fund expenditures. Maintaining a ratio that exceeds the target ratio of 8.0% is an indicator of the County's ability to cope with unexpected or unusual financial scenarios including fluctuations in revenue cycles. Total fund balance of the General Fund represents 65.4% of General Fund expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Fund balance of the General Fund increased by \$24.1 million (4.6%) as current year positive revenue results outpaced uses of prior year reserves expended for one-time expenditures including:

- Land acquisition and other County capital expenditures - \$21.7 million
- Replacement revenue to support FY2023 real estate tax credit - \$10.0 million
- County and Schools shared warehouse space - \$8.0 million
- County contribution to classroom conversions and safety enhancements - \$5.0 million
- Tax-relief for the elderly and disabled - \$5.0 million
- Buy down of County employee paid premiums for healthcare coverage - \$2.6 million

Overall, functional expenditures in the General Fund increased \$41.3 million (5.1%) while expenditures in the County Capital Projects, Schools Capital Projects and non-major governmental funds increased \$34.4 million (32.6%), \$13.2 million (1.3%), and \$3.4 million (3.8%), respectively. Expenditure categories not already discussed that also factored into this increase are as follows:

- ◆ Public Safety saw the largest increase, \$29.0 million (13.5%) over the prior year. In addition to the increased investment in workforce compensation previously discussed, public safety departments expended \$19.8 million on the purchase and/or construction of longer-lived assets, an increase of \$9.9 million (99.9%) over the prior year. These expenditures include \$3.2 million for land for the replacement Chester fire station, \$7.6 million for construction of the replacement Midlothian fire station, and \$3.4 million for the purchase of 96 police vehicles.
- ◆ Expenditures in the Parks, Recreation and Cultural function, which includes libraries, increased \$2.0 million (7.6%). This increase is, in part, due to the gradual conversion of certain library positions from part-time to full-time. Additional increases are attributable to investment in capital assets including current year expenditures for the re-purposing of the former Beulah Elementary School to house Parks and Recreation offices and flex-space (\$4.8 million), Midlothian Library (\$12.7 million) and land purchases for future facilities (\$7.3 million). These expenditures are discussed in further detail later in this document.
- ◆ Debt service expenditures increased approximately \$10.2 million (11.6%) in part due to the implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements (SBITAs)*, which requires expenditures for certain contractual obligations to be reported as payments of principal and interest when reported in governmental funds. \$4.0 million of the increase in governmental activities principal payments are attributable to this change in reporting standards. GASB 96 implementation is responsible for 39.5% of the year over year increase in debt service principal payments.
- ◆ New lease and subscription arrangements resulted in a year over year increase to expenditures for capital outlay and a corresponding increase of other financing sources in the governmental funds of \$2.5 million and \$1.9 million respectively.

At fiscal year-end, the County's Capital Projects Fund had fund balance of \$124.3 million that consisted primarily of unspent bond proceeds and cash proffers, both of which are restricted for use on specific County projects and functions. The School Capital Projects Fund had fund balance of \$228.3 million that consisted primarily of unspent bond proceeds restricted for use on School projects. Fund balance of Other Governmental Funds increased \$30.9 million (33.2%) of which \$23.8 million (77.0%) is attributable to the accumulation of regional sales and vehicle fuels tax allocated to the County and reported in the CVTA Local Special Revenue Fund.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

### General Fund Budgetary Highlights

The overall difference between the original budget and the amended budget for revenues and other financing sources reflected an increase of \$28.5 million (3.3%). The final amended budget for expenditures and other financing uses was greater than the original budget by \$242.6 million (26.5%). Some of the key budget adjustments are summarized as follows:

The County follows a conservative practice of not appropriating the use of restricted funds until those funds are received, and of taking a generally conservative approach when estimating year-over-year increases in revenues. As such, the original budget was amended for additional funding received during the year as follows: personal property taxes, \$15.0 million (14.0%); business licenses \$10.0 million (59.3%); investment earnings and other uses of money and property \$4.7 million (113.3%); and increase in charges generated from services such as courthouse maintenance fees, employee medical fees, and police officer fees totaling \$1.6 million (10.3%).

The original budget for expenditures was increased by \$21.3 million (4.5%). Of the total increase, \$8.9 million was attributable to the reappropriation of amounts reserved in the prior year. The appropriated use of prior year reserves include a \$5.0 million increase for tax relief programs for veterans and the elderly or disabled, \$1.0 million to Fire and EMS for increases in the cost of planned purchases of fire equipment and \$0.8 million for the buyback of excess leave balances of general fund funded employees. Additional increases include \$2.1 million in community development for increased appropriations to Greater Richmond Convention Center Authority due to stronger than anticipated transient occupancy taxes. Health and Welfare appropriations increased \$1.7 million, primarily due to a \$3.6 million increase in the Tax Relief Program to accommodate the greater than expected participation in the expanded Tax Relief Program. Public Safety expenditures budget increased \$17.6 million to support the continued implementation of the public safety pay plan step increases amongst other increases in the cost of providing these services with \$11.6 million attributable to Police, \$10.8 million attributable to Fire and EMS and \$3.2 million attributable to Sheriff.

The original budget for other financing uses increased by \$221.3 million (50.5%). Transfers out to the County Capital Projects, Schools Capital Projects, Stormwater, Fleet, and Airport Funds increased \$146.5 million, \$0.2 million, \$3.1 million, \$0.8 million, and \$1.7 million, respectively due to the re-appropriation, in accordance with the appropriation resolution, of appropriated transfers that were not spent on capital projects in the prior year due to timing and the long-term aspect of capital projects. Additional prior year reserves of \$14.0 million were appropriated as transfers to the County Capital Projects Fund to fund gaps in existing project funding due to inflationary pressures and to facilitate a catch-up on critical projects within the information technology portfolio.

The transfer to the School Board component unit increased \$27.0 million with the appropriation of \$21.3 million in prior year reserves appropriated for school needs including:

- Buy-down of Schools employee paid premiums for healthcare coverage - \$5.0 million
- Local portion of state-funded School employee bonuses - \$3.0 million
- School capital projects - \$5.8 million
- School bus replacements - \$2.0 million
- Additional fuel and energy costs - \$2.5 million
- Maintenance and facilities costs - \$3.0 million

Actual revenues were \$34.1 million (3.8%) greater than the amended budget. A summary of some key variances includes the following:

- ◆ The collection of general property taxes was \$13.2 million higher than the amended budget primarily due to conservatively projecting estimates for the increase in assessed value of real and personal property for both the adopted and amended budget.
- ◆ Other local taxes were \$4.7 million greater than expected primarily due to the County's methodology for budgeting business and professional license (BPOL) taxes and greater than expected collections of local sales and use taxes, recordation taxes and transient occupancy taxes.

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(unaudited)**

- ◆ Revenue generated through the use of money and property was \$6.9 million greater than expected due to increases in interest rates and investment returns driven by the current economic environment as well as due to increases in amount of funds being invested.

Actual expenditures and other financing uses were \$244.4 million (21.1%) less than the amended budget amount.

Transfers to other funds resulted in a \$230.0 million positive variance. Transfers to the County Capital Projects Fund, the Stormwater Fund, the Schools Capital Projects Fund, the Grants Special Revenue Fund, and the Airport Fund were \$204.2 million, \$3.1 million, \$0.2 million, \$1.8 million, \$1.8 million, respectively, less than the amended budget due to the timing difference between budgeted and actual expenditures for long-term projects and grants that cross fiscal years. Unused transfers for these funds were assigned at year-end and re-appropriated as a part of the amended budget for fiscal year 2024. The Schools Operating Fund transfer had a positive variance of \$19.1 million. This amount was assigned at year-end, as directed by the County Board, for use in future years' school budgets.

### **CAPITAL/INTANGIBLE ASSETS AND DEBT ADMINISTRATION**

#### **Overview**

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

#### **Capital and Intangible Assets**

At the end of the fiscal year, the County had an investment of \$2.5 billion in a broad range of capital and intangible assets net of accumulated depreciation and amortization, including school and public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net increase of \$120.9 million (5.0%) over the prior year. More detailed information about the County's capital and intangible assets is presented in Note 8 of the notes to the financial statements. The net investment in capital assets of governmental activities includes \$856.4 million for school buildings and real property used by the School Board in its operations.



# MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

**TABLE 3**  
**Chesterfield County's Capital and Intangible Assets**  
**June 30, 2023 and 2022**  
**(net of depreciation and amortization, in millions of dollars)**

	Governmental		Business-type		Total		Total Percentage
	Activities		Activities		Total		Change
	2023	2022	2023	2022	2023	2022	2023 - 2022
<b>Non-depreciable assets:</b>							
Land	\$ 121.1	\$ 102.7	\$ 66.2	\$ 64.1	\$ 187.3	\$ 166.8	12.3%
Construction in progress	104.9	103.7	49.9	44.6	154.8	148.3	4.4%
Subscriptions in progress	0.6	-	-	-	0.6	-	100.0%
<b>Depreciable assets:</b>							
Buildings	1,062.7	1,023.2	138.0	137.0	1,200.7	1,160.2	3.5%
Improvements other than buildings	55.9	53.1	19.8	19.8	75.7	72.9	3.8%
Machinery and equipment	75.6	81.9	704.0	658.0	779.6	739.9	5.4%
Infrastructure	30.2	29.9	5.6	8.0	35.8	37.9	-5.5%
<b>Amortizable assets:</b>							
Capacity rights and other intangible assets			70.0	66.2	70.0	66.2	5.7%
Right-to-use assets	8.4	7.4			8.4	7.4	13.5%
Right-to-use-subscriptions	7.6	-	-	-	7.6	-	100.0%
<b>Total</b>	<b>\$ 1,467.0</b>	<b>\$ 1,401.9</b>	<b>\$ 1,053.5</b>	<b>\$ 997.7</b>	<b>\$ 2,520.5</b>	<b>\$ 2,399.6</b>	<b>5.0%</b>

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

- ◆ Completed major County projects:
  - Former Buelah Elementary School Revitalization and Repurposing - \$11.0 million
  - Midlothian Fire Station - \$7.6 million
  - Land acquisition for Chester Fire Station - \$3.2 million
  - Future facility land acquisitions - \$3.3 million
  - Fleet Services Heavy Vehicles Shop and Administration Building - \$10.1 million
- ◆ Additions to major County construction in progress projects:
  - Midlothian Library Replacement - \$12.7 million
  - Park Improvements and Major Maintenance - \$6.2 million
  - Matoaca Fire Station - \$4.6 million
  - 800 MHZ Radio System Replacement - \$2.5 million
  - Harrowgate Park Replacement - \$2.0 million
- ◆ Completed major School Board component unit projects:
  - Magnolia Green (Moseley) Elementary School - \$28.4
  - Water Source and Heat Pump Systems Refresh - \$9.1 million
  - Middle Schools Centralized Security CCTV - \$1.9 million
  - Elementary Schools Centralized Security CCTV - \$1.5 million
  - Playground Equipment - \$1.3 million
- ◆ Additions to major School Board component unit construction in progress projects:
  - Falling Creek Middle School - \$24.1 million
  - Roof Top HVAC Units Refresh - \$6.1 million
  - 360 West Middle School - \$2.7 million
- ◆ Completed major Utilities - Water and Wastewater projects:
  - Huguenot Water Line - \$12.6 million
  - Huguenot Pump Station - \$7.3 million
  - Proctor's Creek Secondary Clarifier Rehabilitation - \$4.6 million
  - Floc and Effluent Replacement and Intake Gate - \$3.1 million

## MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- Falling Creek Wastewater Treatment Plant Digester Conversion - \$2.4 million
- Swift Creek Reservoir Dam Carp Barrier - \$1.6 million
- ◆ Additions to major Utilities - Water and Wastewater construction in progress projects:
  - Advanced Meter Infrastructure - \$15.1million
  - Harrowgate Water Line - \$3.3 million
  - Turner Pump Station and Force Main Rehabilitation - \$3.1 million
  - Addison-Evans Water Treatment Plant Floodwall - \$1.2 million
  - Proctor Creek Clarifier Rehabilitation - \$1.1 million

The County's capital improvement program budget appropriated \$302.1 million in planned funding for capital projects in FY2024, which includes \$167.7 million for the primary government and \$134.5 million for the School Board. The FY2024-FY2028 Capital Improvement Program (CIP) maintains a targeted focus on the care and maintenance of existing infrastructure and the communities these assets support by maintaining adequate replacement cycles. The CIP remains attentive to the need to replace or renovate older facilities to ensure more uniform service delivery across the County, all while controlling the financial impact on the operating budget. It is also important to note that the County's maintenance programs include technology and stormwater areas where it's necessary for these networks to properly function. FY2024 appropriations included funding for the Powhite Parkway Extension, Enon Library replacement, general major maintenance, major maintenance and enhancement projects in existing parks, airport enhancements, River City Sportsplex enhancements, road projects, technology major maintenance, ERP modernization, rebuilds of AM Davis and Bensley Elementary Schools as well as new west area elementary, middle school and high schools, and planned rehabilitations and upgrades at both the Addison-Evans Water Treatment Plant and the Proctors Creek and Falling Creek Wastewater Treatment Plants. The County intends new debt, resources provided by the CVTA and current budgets to partially finance these and other projects as identified in the CIP.

### Long-term Debt

**TABLE 4**  
**Chesterfield County's Outstanding Debt**  
**June 30, 2023 and 2022**  
**(in millions of dollars)**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>		<b>Total Percentage Change</b>
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2022 - 2023</u></b>
General obligation bonds, net (backed by the County)	\$ 679.2	\$ 616.5	\$ -	\$ -	\$ 679.2	\$ 616.5	10.2%
Revenue bonds, net	167.9	179.8	17.9	24.6	185.8	204.4	-9.1%
Certificates of participation	1.9	3.9	0.1	0.2	2.0	4.1	-51.2%
Direct borrowing	56.3	29.1	-	-	56.3	29.1	93.5%
Other	-	-	1.5	1.6	1.5	1.6	-6.3%
<b>Total</b>	<b><u>\$ 905.3</u></b>	<b><u>\$ 829.3</u></b>	<b><u>\$ 19.5</u></b>	<b><u>\$ 26.4</u></b>	<b><u>\$ 924.8</u></b>	<b><u>\$ 855.7</u></b>	<b>8.1%</b>

At fiscal year-end, the County reported \$924.8 million in bonds and other long-term debt outstanding, an increase of \$69.1 million (8.1%) compared to the prior year. More detailed information about the County's long-term liabilities is presented in Note 9 of the notes to the financial statements. Outstanding debt of the governmental activities includes \$558.2 million in debt outstanding related to School Board activities and \$4.9 million in outstanding debt for the EDA's development of infrastructure in the Meadowville Technology Park.

A key debt policy established by the County Board is the ratio of debt service (principal and interest) costs to governmental fund expenditures. This ratio was 6.9% for the current year comparing favorably to the policy target of 10.0%. Governmental fund expenditures for purposes of this calculation include expenditures for all governmental fund types of both the primary government and the School Board component unit,

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

### **(unaudited)**

excluding capital project funds and payments between the primary government and the School Board component unit.

The County voters approved the \$540 million bond referendum in November 2022. The referendum plan provides \$375 million for school facilities \$45.7 million for libraries, \$42 million for fire stations, \$39.1 million for police stations, and \$38.2 million for Parks. The referendum passed with a 77% approval rating.

The County's "AAA" general obligation bond rating from all three major rating agencies was affirmed when it issued its \$104.8 million General Obligation Public Improvement Bonds, Series 2023 in June 2023. The proceeds will be used to finance various capital improvements for the (i) public school system, (ii) public safety (iii) public library and (iv) parks and recreation including but not limited to (A) enhancements to River City Sportsplex (B) development of Horner Park, (C) replacement of the Chester Fire and Rescue Station, (D) development of Stonebridge Police Station, (E) replacement of the Enon Library, (F) development of conservation areas, (G) replacement of the A.M. Davis Elementary School and Bensley Elementary School and (H) development of a new elementary school, a new middle school and a new high school in the western area of the County. Approximately 1% of counties nationwide have earned a triple "AAA" credit rating designation which the County has maintained annually since 1997.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The County's annual unemployment rate for calendar year 2022 (CY2022) averaged 2.8%, a decrease from the previous calendar year's average rate of 3.6%. As the local economy continues to recover from the COVID-19 pandemic, unemployment rates are trending towards pre-pandemic levels. The County's rate continues to compare favorably to the region and the Commonwealth's rates of 3.0% and 2.9%, respectively, for the same time period.

The County developed a Financial Plan for fiscal year 2024 that was adopted on April 5, 2023, with a subsequent amendment on June 28, 2023. The FY2024 adopted budget (FY2024 budget), totaling \$1.9 billion, represents an increase of \$164.2 million (9.3%) over the FY2023 adopted budget. The County budget recognizes the uncertain economic picture and is built to maintain stability while retaining maximum flexibility should economic conditions deteriorate. The FY2024 budget, five-year plan and CIP revolve around recognizing the workforce, investing in our children's future, diversifying, and bolstering the County's economic base, enhancing quality of life, strengthening investment in infrastructure, a continuing commitment to public safety and broad tax relief measures.

The FY2024 budget builds upon historic investments made in schools, attracting, and retaining employees, a continuing commitment to public safety and financing a new era of capital infusion into our community. The local transfer for education was increased by \$20.0 million over the FY2023 adopted budget to a historic high of \$383.4 million reflecting the increasing investment required to attract and retained a highly qualified workforce as well as inflationary pressures on other costs of education. Other investments in the workforce factored into the FY2024 budget include implementation of phase two of the general County employee pay plan totaling \$7.9 million, a 3.5% merit increase, effective January 1 to recognize the effect of inflation on real wages of employees, continued support of Career Development Plans, and enhancements to the public safety pay plan including a 10% increase to public safety starting salaries. The FY2024 budget includes broad tax relief measures, building upon other recent relief measures including adjustments to the real estate tax relief program for the elderly and disabled enacted in FY2022 and the FY2023 rebate on the real estate taxes billed. FY2024 relief measures include a reduction to the real estate tax rate per \$100 of assessed value from \$0.92/100 of assessed value to \$0.91/100 assessed value and an increase in tax relief thresholds for businesses, homeowners, and vehicle owners.

### **CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

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

# FINANCIAL STATEMENTS

**County of Chesterfield, Virginia**  
**Statement of Net Position**  
**June 30, 2023**

***Exhibit I***

	<b>Primary Government</b>				
	<b>Governmental</b>	<b>Business-type</b>		<b>Component</b>	<b>Total</b>
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>	<b>Units</b>	<b>Reporting Entity</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 399,298,779	\$ 113,645,025	\$ 512,943,804	\$ 14,999,400	\$ 527,943,204
Investments	874,374,749	484,317,650	1,358,692,399	186,123	1,358,878,522
Receivables, net of allowance for uncollectibles	407,565,778	38,405,447	445,971,225	28,170,014	474,141,239
Due from Primary Government	-	-	-	120,640,764	120,640,764
Internal balances	1,467,282	(1,467,282)	-	-	-
Inventories	1,339,171	1,560,113	2,899,284	83,702	2,982,986
Prepays	5,329,947	-	5,329,947	-	5,329,947
Capital assets, not being depreciated or amortized	226,557,088	116,144,707	342,701,795	205,432	342,907,227
Other capital and intangible assets, net of depreciation or amortization	1,240,458,609	937,378,888	2,177,837,497	89,925,344	2,267,762,841
Total assets	3,156,391,403	1,689,984,548	4,846,375,951	254,210,779	5,100,586,730
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	2,587,197	315,473	2,902,670	-	2,902,670
Deferred outflows related to pensions	84,457,921	3,172,673	87,630,594	138,270,440	225,901,034
Deferred outflows related to other postemployment benefits	14,290,711	646,375	14,937,086	19,636,972	34,574,058
Total deferred outflows of resources	101,335,829	4,134,521	105,470,350	157,907,412	263,377,762
<b>LIABILITIES</b>					
Accounts payable and accrued expenses	91,356,205	18,979,498	110,335,703	65,484,596	175,820,299
Due to component unit	120,640,764	-	120,640,764	-	120,640,764
Unearned revenues	57,260,108	-	57,260,108	1,386,977	58,647,085
Deposits and advances	-	25,000	25,000	-	25,000
Developers' connection fees refundable	-	1,799,414	1,799,414	-	1,799,414
Prepaid connection fees	-	142,800	142,800	-	142,800
Non-current liabilities:					
Due within one year	100,584,130	7,398,883	107,983,013	9,134,678	117,117,691
Due in more than one year	1,106,238,457	26,840,811	1,133,079,268	603,937,854	1,737,017,122
Total liabilities	1,476,079,664	55,186,406	1,531,266,070	679,944,105	2,211,210,175
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	246,149,279	-	246,149,279	-	246,149,279
Deferred inflows related to pensions	43,060,923	1,731,862	44,792,785	86,483,961	131,276,746
Deferred inflows related to other postemployment benefits	23,831,219	1,678,262	25,509,481	40,646,262	66,155,743
Deferred inflows related to leases	14,156,555	8,917,467	23,074,022	-	23,074,022
Total deferred inflows of resources	327,197,976	12,327,591	339,525,567	127,130,223	466,655,790
<b>NET POSITION</b>					
Net investment in capital assets	941,772,816	1,028,467,822	1,970,240,638	79,473,860	2,049,714,498
Restricted for:					
Capital projects	49,355,123	-	49,355,123	-	49,355,123
Contractual agreement	-	25,000	25,000	-	25,000
Debt covenants	203,931	31,867,486	32,071,417	-	32,071,417
Grantor programs	17,943,850	-	17,943,850	22,834,999	40,778,849
Legislated programs	125,479,080	-	125,479,080	-	125,479,080
Public safety programs	2,911,135	-	2,911,135	-	2,911,135
Total restricted	195,893,119	31,892,486	227,785,605	22,834,999	250,620,604
Unrestricted (deficit)	316,783,657	566,244,764	883,028,421	(497,264,996)	385,763,425
Total net position	\$ 1,454,449,592	\$ 1,626,605,072	\$ 3,081,054,664	\$ (394,956,137)	\$ 2,686,098,527

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

**County of Chesterfield, Virginia**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

**Exhibit II**

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Component Units	Total Reporting Entity
					Governmental Activities	Business-type Activities	Total		
<b>Primary government</b>									
<b>Governmental activities</b>									
General government	\$ 175,039,218	\$ 117,677,634	\$ 1,757,163	\$ 879,910	\$ (54,724,511)	\$ -	\$ (54,724,511)	\$ -	\$ (54,724,511)
Administration of justice	15,667,030	1,851,188	5,366,654	-	(8,449,188)	-	(8,449,188)	-	(8,449,188)
Public safety	254,948,574	23,086,259	18,132,946	3,606,153	(210,123,216)	-	(210,123,216)	-	(210,123,216)
Public works	98,754,799	11,261,937	1,191,892	69,921,247	(16,379,723)	-	(16,379,723)	-	(16,379,723)
Health and welfare	114,923,779	31,976,955	47,703,727	-	(35,243,097)	-	(35,243,097)	-	(35,243,097)
Parks, recreation and cultural	46,835,064	2,657,244	(352,113)	5,685,384	(38,844,549)	-	(38,844,549)	-	(38,844,549)
Education - School Board	362,677,246	-	7,842,294	18,011,866	(336,823,086)	-	(336,823,086)	-	(336,823,086)
Community development	26,401,538	10,745,492	2,895,585	2,308,771.00	(10,451,690)	-	(10,451,690)	-	(10,451,690)
Interest on long-term debt	28,896,059	-	-	-	(28,896,059)	-	(28,896,059)	-	(28,896,059)
Total governmental activities	<u>1,124,143,307</u>	<u>199,256,709</u>	<u>84,538,148</u>	<u>100,413,331</u>	<u>(739,935,119)</u>	<u>-</u>	<u>(739,935,119)</u>	<u>-</u>	<u>(739,935,119)</u>
<b>Business-type activities</b>									
Water	53,140,251	64,618,668	-	35,634,578	-	47,112,995	47,112,995	-	47,112,995
Wastewater	50,436,519	57,490,891	-	39,833,994	-	46,888,366	46,888,366	-	46,888,366
Non-major business activities	34,067,151	17,107,886	-	1,032,396	-	(15,926,869)	(15,926,869)	-	(15,926,869)
Total business-type activities	<u>137,643,921</u>	<u>139,217,445</u>	<u>-</u>	<u>76,500,968</u>	<u>-</u>	<u>78,074,492</u>	<u>78,074,492</u>	<u>-</u>	<u>78,074,492</u>
Total primary government	<u>\$ 1,261,787,228</u>	<u>\$ 338,474,154</u>	<u>\$ 84,538,148</u>	<u>\$ 176,914,299</u>	<u>(739,935,119)</u>	<u>78,074,492</u>	<u>(661,860,627)</u>	<u>-</u>	<u>(661,860,627)</u>
<b>Component units</b>	<u>\$ 825,652,426</u>	<u>\$ 13,548,483</u>	<u>\$ 265,162,445</u>	<u>\$ 17,105,722</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(529,835,776)</u>	<u>(529,835,776)</u>
General revenues:									
Taxes:									
Property taxes, levied for general purposes					626,134,334	-	626,134,334	-	626,134,334
Utility taxes					8,629,878	-	8,629,878	-	8,629,878
Sales taxes					72,552,490	-	72,552,490	-	72,552,490
Motor vehicle licenses					8,908,956	-	8,908,956	-	8,908,956
Business license taxes					30,575,045	-	30,575,045	-	30,575,045
Other					19,072,366	-	19,072,366	-	19,072,366
Payment from CPCDA					3,331,721	-	3,331,721	-	3,331,721
Payment from Primary Government					-	-	-	317,870,171	317,870,171
Grants and contributions not restricted to specific programs					79,565,588	-	79,565,588	296,991,114	376,556,702
Investment earnings					29,897,995	11,379,307	41,277,302	911,325	42,188,627
Miscellaneous					1,515,650	-	1,515,650	8,457,299	9,972,949
Transfers					(34,630,666)	34,630,666	-	-	-
Total general revenues and transfers					<u>845,553,357</u>	<u>46,009,973</u>	<u>891,563,330</u>	<u>624,229,909</u>	<u>1,515,793,239</u>
Change in net position					105,618,238	124,084,465	229,702,703	94,394,133	324,096,836
Total net position (deficit) July 1, 2022					<u>1,348,831,354</u>	<u>1,502,520,607</u>	<u>2,851,351,961</u>	<u>(489,350,270)</u>	<u>2,362,001,691</u>
Total net position (deficit) June 30, 2023					<u>\$ 1,454,449,592</u>	<u>\$ 1,626,605,072</u>	<u>\$ 3,081,054,664</u>	<u>\$ (394,956,137)</u>	<u>\$ 2,686,098,527</u>

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

**County of Chesterfield, Virginia**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

**Exhibit III**

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 185,404,721	\$ 32,150,555	\$ 21,225,622	\$ 75,294,028	\$ 314,074,926
Cash, cash equivalents and investments with fiscal agents	203,931	39,278,175	-	-	39,482,106
Investments	494,195,937	76,978,283	223,850,421	40,071,933	835,096,574
Receivables, net of allowances for uncollectibles of \$21,769,579	319,099,459	964,951	-	15,318,943	335,383,353
Due from other funds	-	3,141,775	-	-	3,141,775
Due from other governments	42,502,526	17,931,040	-	11,622,950	72,056,516
Total assets	<u>\$ 1,041,406,574</u>	<u>\$ 170,444,779</u>	<u>\$ 245,076,043</u>	<u>142,307,854</u>	<u>\$ 1,599,235,250</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,506,343	\$ 28,517,973	\$ 14,804,668	\$ 3,946,539	\$ 56,775,523
Due to other funds	1,674,493	-	-	-	1,674,493
Due to component unit - School Board	120,640,764	-	-	-	120,640,764
Accrued liabilities	9,225,916	5,914	-	1,444,772	10,676,602
Retainages payable	-	2,115,913	1,934,134	172,301	4,222,348
Unearned revenues	55,354,309	-	-	1,905,799	57,260,108
Deposits payable	376,430	2,732,224	-	-	3,108,654
Total liabilities	<u>196,778,255</u>	<u>33,372,024</u>	<u>16,738,802</u>	<u>7,469,411</u>	<u>254,358,492</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues	243,785,782	-	-	2,363,497	246,149,279
Unavailable revenues	32,399,253	12,820,080	-	8,535,384	53,754,717
Deferred inflows related to leases	14,156,555	-	-	-	14,156,555
Total deferred inflows of resources	<u>290,341,590</u>	<u>12,820,080</u>	<u>-</u>	<u>10,898,881</u>	<u>314,060,551</u>
<b>FUND BALANCES</b>					
Restricted	33,249,401	124,252,675	228,337,241	95,361,304	481,200,621
Committed	2,393,360	-	-	-	2,393,360
Assigned	444,843,568	-	-	28,578,258	473,421,826
Unassigned	73,800,400	-	-	-	73,800,400
Total fund balances	<u>554,286,729</u>	<u>124,252,675</u>	<u>228,337,241</u>	<u>123,939,562</u>	<u>1,030,816,207</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,041,406,574</u>	<u>\$ 170,444,779</u>	<u>\$ 245,076,043</u>	<u>\$ 142,307,854</u>	<u>\$ 1,599,235,250</u>
<b>Reconciliation of total fund balances for governmental funds to total net position of governmental activities:</b>					
Total fund balances for governmental funds					\$ 1,030,816,207
Amounts reported for governmental activities in the Statement of Net Position are different because:					
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are not reported in the funds.					
					1,449,117,927
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:					
Uncollected taxes receivable				\$ 28,015,473	
Uncollected receivables from other governments				23,878,350	
Uncollected miscellaneous receivables				<u>1,860,894</u>	53,754,717
Prepaid and deferred items:					
Prepaid capital asset				5,329,947	
Deferred charge on refunding				2,587,197	
Deferred outflows related to pensions				83,041,102	
Deferred outflows related to other postemployment benefits				<u>14,100,539</u>	105,058,785
Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicles and communications, and capital projects management to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position.					
					82,029,038
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds:					
Net bonds, certificates of participation, public facility lease, taxable redevelopment facility note, support agreements and financed purchase obligations				(905,254,490)	
Lease obligations				(8,116,571)	
Subscription obligations				(5,873,741)	
Judgments and claims				(7,107,721)	
Landfill				(701,232)	
Arbitrage				(3,071,694)	
Net pension liabilities				(173,057,020)	
Net other postemployment benefits liabilities				(52,077,654)	
Compensated absences				(33,690,730)	
Deferred inflows related to pensions				(42,287,531)	
Deferred inflows related to other postemployment benefits				(23,379,247)	
Interest payable				<u>(11,709,451)</u>	(1,266,327,082)
Total net position of governmental activities					<u>\$ 1,454,449,592</u>

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

**County of Chesterfield, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>					
From local sources:					
General property taxes	\$ 630,589,572	\$ -	\$ -	\$ -	\$ 630,589,572
Other local taxes	140,301,459	-	-	29,753,780	170,055,239
Permits, privilege fees and regulatory licenses	9,601,195	-	-	-	9,601,195
Fines and forfeitures	2,464,907	-	-	-	2,464,907
Use of money and property	15,734,886	3,723,967	7,450,865	2,597,409	29,507,127
Contributions from developers	-	4,937,052	-	-	4,937,052
Charges for services	15,738,660	176,470	-	43,272,095	59,187,225
Miscellaneous	4,313,750	602,285	-	1,648,757	6,564,792
Recovered costs	8,019,373	-	-	1,197,543	9,216,916
Donations and contributions	90,577	7,375	-	113,526	211,478
From component unit: Chippenham Place CDA	3,331,721	-	-	-	3,331,721
From component unit: School Board	-	-	13,926,745	5,143,200	19,069,945
From other governments	104,801,413	23,794,801	16,545,822	29,575,348	174,717,384
Total revenues	934,987,513	33,241,950	37,923,432	113,301,658	1,119,454,553
<b>Expenditures</b>					
Current:					
General government	72,297,874	-	-	100,000	72,397,874
Administration of justice	13,089,750	-	-	1,352,367	14,442,117
Public safety	245,675,895	-	-	11,717,074	257,392,969
Public works	25,018,851	-	-	510,322	25,529,173
Health and welfare	44,408,685	-	-	72,756,233	117,164,918
Parks, recreation and cultural	28,136,306	-	-	92,966	28,229,272
Education - School Board	308,207,867	-	148,457	-	308,356,324
Community development	12,888,934	-	-	2,823,050	15,711,984
Debt service:					
Retirement of principal	67,372,018	-	1,120,574	1,215,646	69,708,238
Interest	27,663,899	-	38,059	46,519	27,748,477
Other	580,347	-	-	-	580,347
Capital outlay	1,569,766	140,000,283	62,511,409	1,541,079	205,622,537
Total expenditures	846,910,192	140,000,283	63,818,499	92,155,256	1,142,884,230
Excess (deficiency) of revenues over (under) expenditures	88,077,321	(106,758,333)	(25,895,067)	21,146,402	(23,429,677)
<b>Other financing sources (uses)</b>					
Leases issued	1,232,705	-	2,133,204	-	3,365,909
Subscriptions issued	337,061	-	-	1,541,079	1,878,140
Transfers in	3,176,500	42,701,686	-	19,958,695	65,836,881
Transfers out	(92,179,926)	-	-	(11,756,027)	(103,935,953)
Bonds issued	23,000,000	54,800,000	50,000,000	-	127,800,000
Premium on bonds issued	506,328	5,879,746	5,634,900	-	12,020,974
Total other financing sources (uses), net	(63,927,332)	103,381,432	57,768,104	9,743,747	106,965,951
Net change in fund balances	24,149,989	(3,376,901)	31,873,037	30,890,149	83,536,274
Total fund balances, July 1, 2022	530,136,740	127,629,576	196,464,204	93,049,413	947,279,933
Total fund balances, June 30, 2023	\$ 554,286,729	\$ 124,252,675	\$ 228,337,241	\$ 123,939,562	\$ 1,030,816,207

(Continued)



**County of Chesterfield, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

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

Net change in fund balances - total governmental funds.	\$	83,536,274
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capitalized assets	\$	90,280,507	
Depreciation and amortization		(55,564,117)	
Right-to-use assets		8,883,850	
Right-to-use amortization		(7,672,115)	35,928,125

In the Statement of Activities, only the gain on the sale of surplus assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus the change in net position differs from the change in fund balances by the net book value of the surplus assets sold.		(2,125,731)
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Donations of capital assets increase revenues in the Statement of Changes in Net Position, but do not appear in the governmental funds because they are not financial resources.		23,365,151
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		13,338,119
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Payments	63,005,290	
Amortization of debt premiums	8,526,330	
Amortization of bond discounts	(2,896)	
Amortization of deferred charge on refunding	(858,275)	
Assumption of CDA debt	(7,639,543)	
Proceeds	(139,820,974)	(76,790,068)

Lease/SBITA proceeds provide current financial resources to governmental funds, but issuing leases/SBITAs increase long-term liabilities in the Statement of Net Position. Repayment of lease/SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Payments	6,702,949	
Proceeds	(5,244,049)	1,458,900

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

Judgment and claims	(1,606,119)	
Landfill	(40,113)	
Pension expense	5,564,741	
Other postemployment benefits expense	10,166,935	
Compensated absences	2,780,468	
Arbitrage	(3,071,694)	
Interest payable	297,070	14,091,288

Internal service funds are used by management to charge the costs of insurance, vehicles and communications and capital projects management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		12,816,180
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Change in net position of governmental activities.	\$	105,618,238
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*The accompanying notes are an integral part of the financial statements.*

**County of Chesterfield, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
From local sources:				
General property taxes current	\$ 592,224,600	\$ 592,224,600	\$ 586,143,499	\$ (6,081,101)
General property taxes delinquent	18,200,000	25,200,000	44,446,073	19,246,073
Other local taxes	135,772,000	145,772,000	150,422,344	4,650,344
Permits, privilege fees and regulatory licenses	8,886,200	9,591,200	9,601,195	9,995
Fines and forfeitures	1,231,200	2,068,200	2,464,907	396,707
Use of money and property	4,138,000	8,827,027	15,734,886	6,907,859
Charges for services	16,059,800	17,707,200	15,738,660	(1,968,540)
Miscellaneous	1,378,500	2,618,183	4,313,750	1,695,567
Recovered costs	4,399,200	5,110,458	11,351,094	6,240,636
Donations and contributions	57,200	58,752	90,577	31,825
From other governments	87,834,500	89,534,784	92,521,926	2,987,142
Total revenues	870,181,200	898,712,404	932,828,911	34,116,507
<b>Expenditures</b>				
Current:				
General government	79,287,889	75,904,268	72,723,185	3,181,083
Administration of justice	12,245,265	13,476,290	13,145,924	330,366
Public safety	234,160,616	251,809,086	244,668,908	7,140,178
Public works	26,152,881	26,774,438	25,018,851	1,755,587
Health and welfare	44,460,849	46,162,673	44,413,185	1,749,488
Parks, recreation and cultural	28,548,856	28,996,894	28,136,306	860,588
Community development	23,109,501	26,022,999	27,060,526	(1,037,527)
Non-departmental	382,200	474,467	-	474,467
Debt service:				
Retirement of principal	19,334,300	19,334,300	19,264,279	70,021
Interest	7,560,800	7,560,800	7,674,885	(114,085)
Other	199,800	259,800	267,586	(7,786)
Total expenditures	475,442,957	496,776,015	482,373,635	14,402,380
Excess of revenues over expenditures	394,738,243	401,936,389	450,455,276	48,518,887
<b>Other financing sources (uses)</b>				
Transfers in	3,176,500	3,176,500	3,176,500	-
Transfers out	(438,521,200)	(659,775,640)	(429,746,546)	230,029,094
Premium on bonds issued	-	-	264,759	264,759
Total other financing uses, net	(435,344,700)	(656,599,140)	(426,305,287)	230,293,853
Net change in fund balance	(40,606,457)	(254,662,751)	24,149,989	278,812,740
Fund balance, July 1, 2022	530,136,740	530,136,740	530,136,740	-
Fund balance, June 30, 2023	\$ 489,530,283	\$ 275,473,989	\$ 554,286,729	\$ 278,812,740

(Continued)

**County of Chesterfield, Virginia**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

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

**Revenues**

Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	\$ 932,828,911
Revenues related to State and Local Fiscal Recovery Funds are not reported on a budgetary basis.	<u>2,158,602</u>
Total revenues of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 934,987,513</u>

**Expenditures**

Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	\$ 482,373,635
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(440,096)
Expenditures related to State and Local Fiscal Recovery Funds are not reported on a budgetary basis.	2,158,602
Budgetary transfers to component unit, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes.	308,263,367
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	(10,869,058)
Issuance costs paid on behalf of the blended component unit are expenditures for financial reporting purposes.	110,000
Right-to-use capital outlay	1,232,705
Subscription capital outlay	337,061
Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes.	<u>63,743,976</u>
Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 846,910,192</u>

**Other financing sources (uses), net**

Total other financing uses, net, on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	\$ (426,305,287)
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(440,096)
Right to use proceeds	1,232,705
Subscription Proceeds	337,061
Budgetary transfers to component units are expenditures for financial reporting purposes.	371,765,774
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	(10,869,058)
Proceeds, net of issuance costs distributed to the blended component unit are considered transfers for financial reporting purposes	(22,890,000)
Net proceeds from debt issued "on behalf" of the School Board and EDA component units are considered other financing sources and/or uses for the primary government for financial reporting purposes.	<u>23,241,569</u>
Total other financing uses, net, of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ (63,927,332)</u>

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

**County of Chesterfield, Virginia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

***Exhibit VI***

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 36,376,898	\$ 35,114,771	\$ 6,398,530	\$ 77,890,199	\$ 85,019,922
Investments	207,327,742	276,989,908	-	484,317,650	-
Restricted cash equivalents with trustees	-	-	22,647,209	22,647,209	-
Receivables, net of allowances for uncollectibles of \$768,834					
Accounts	10,932,409	9,115,129	98,006	20,145,544	118,600
Special assessments	10,324	33,819	-	44,143	-
Leases	113,035	-	375,226	488,261	-
Total net receivables	11,055,768	9,148,948	473,232	20,677,948	118,600
Accrued interest	1,821,764	2,078,404	9,290	3,909,458	-
Due from other governments	193,729	-	4,626,304	4,820,033	7,309
Due from other funds	-	-	1,674,493	1,674,493	-
Inventories	1,560,113	-	-	1,560,113	1,339,171
Total current assets	258,336,014	323,332,031	35,829,058	617,497,103	86,485,002
Non-current assets:					
Accrued interest receivable	-	161,148	-	161,148	-
Special assessments receivable	20,392	186,677	-	207,069	-
Lease receivable	3,290,782	-	5,339,009	8,629,791	-
Restricted cash and cash equivalents	7,242,317	5,865,300	-	13,107,617	-
Capital and intangible assets:					
Capacity rights and other intangibles, net	65,577,093	1,545,398	2,830,412	69,952,903	-
Land and land improvements	12,515,001	5,384,900	48,353,481	66,253,382	-
Buildings	81,968,603	159,373,039	8,939,656	250,281,298	10,488,493
Improvements other than buildings	10,925,358	19,740,504	30,356,753	61,022,615	1,801,909
Infrastructure	-	-	7,250,802	7,250,802	-
Machinery and equipment	595,512,783	648,690,242	4,171,122	1,248,374,147	20,359,534
Construction in progress	27,038,098	21,603,552	1,249,675	49,891,325	161,394
Total capital and intangible assets	793,536,936	856,337,635	103,151,901	1,753,026,472	32,811,330
Less accumulated depreciation	(271,577,104)	(397,593,048)	(30,332,725)	(699,502,877)	(14,913,560)
Total capital and intangible assets, net of accumulated depreciation	521,959,832	458,744,587	72,819,176	1,053,523,595	17,897,770
Total non-current assets	532,513,323	464,957,712	78,158,185	1,075,629,220	17,897,770
Total assets	790,849,337	788,289,743	113,987,243	1,693,126,323	104,382,772
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on refunding	60,146	254,457	870	315,473	-
Deferred outflows related to pensions	1,592,864	1,521,906	57,903	3,172,673	1,416,819
Deferred outflows related to other postemployment benefits	288,303	347,602	10,470	646,375	190,172
Total deferred outflows of resources	1,941,313	2,123,965	69,243	4,134,521	1,606,991

*(Continued)*

**County of Chesterfield, Virginia**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2023**

***Exhibit VI***

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	\$ 5,939,775	\$ 3,241,714	\$ 328,370	\$ 9,509,859	\$ 4,573,286
Due to other funds	-	-	3,141,775	3,141,775	-
Accrued liabilities:					
Wages and benefits	419,660	337,484	711	757,855	285,341
Interest	46,247	94,401	221,932	362,580	-
Other	2,045,753	31,661	3,824,154	5,901,568	-
Total accrued liabilities	2,511,660	463,546	4,046,797	7,022,003	285,341
Compensated absences	170,712	150,140	4,548	325,400	83,504
Judgments and claims	79,798	23,149	-	102,947	11,575,475
Certificates of participation, net	-	-	60,986	60,986	-
Airport Revolving Loan Fund	-	-	92,300	92,300	-
Revenue bonds payable, net	3,485,078	3,326,926	5,246	6,817,250	-
Total current liabilities	12,187,023	7,205,475	7,680,022	27,072,520	16,517,606
Non-current liabilities:					
Developers' connection fees refundable	136,636	1,662,778	-	1,799,414	-
Deposits and advances	-	-	25,000	25,000	-
Retainages payable	923,101	620,031	904,504	2,447,636	5,000
Prepaid connection fees	-	142,800	-	142,800	-
Compensated absences	1,080,170	947,642	31,364	2,059,176	535,818
Judgments and claims	101,251	29,373	-	130,624	1,336,337
Net pension liabilities	3,951,360	3,678,886	111,496	7,741,742	3,117,331
Net other postemployment benefit liabilities	1,990,019	2,334,356	67,674	4,392,049	1,223,269
Certificates of participation, net	-	-	12,888	12,888	-
Airport Revolving Loan Fund	-	-	1,384,500	1,384,500	-
Revenue bonds payable, net	2,281,557	8,823,789	14,486	11,119,832	-
Total non-current liabilities	10,464,094	18,239,655	2,551,912	31,255,661	6,217,755
Total liabilities	22,651,117	25,445,130	10,231,934	58,328,181	22,735,361
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	869,494	830,759	31,609	1,731,862	773,392
Deferred inflows related to other postemployment benefits	767,365	885,823	25,074	1,678,262	451,972
Deferred inflows related to leases	3,301,131	-	5,616,336	8,917,467	-
Total deferred inflows of resources	4,937,990	1,716,582	5,673,019	12,327,591	1,225,364
<b>NET POSITION</b>					
Net investment in capital assets	513,227,796	444,172,931	71,067,095	1,028,467,822	17,892,770
Restricted:					
Contractual agreements	-	-	25,000	25,000	-
Debt covenants	7,242,317	5,865,300	18,759,869	31,867,486	-
Total restricted	7,242,317	5,865,300	18,784,869	31,892,486	-
Unrestricted	244,731,430	313,213,765	8,299,569	566,244,764	64,136,268
Total net position	\$ 765,201,543	\$ 763,251,996	\$ 98,151,533	\$ 1,626,605,072	\$ 82,029,038

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

**County of Chesterfield, Virginia**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

*Exhibit VII*

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
<b>Operating revenues</b>					
Charges for services	\$ 62,588,187	\$ 57,359,834	\$ 3,847,680	\$ 123,795,701	\$ 178,568,394
Sale of supplies	1,898,636	-	-	1,898,636	-
Rental fees	90,160	-	-	90,160	-
From other governments	-	-	14,335,571	14,335,571	-
Other	41,685	131,057	424,635	597,377	1,391,913
Total operating revenues	64,618,668	57,490,891	18,607,886	140,717,445	179,960,307
<b>Operating expenses</b>					
Salaries and wages	10,884,471	10,088,292	283,627	21,256,390	9,154,201
Contractual services	15,670,279	5,407,693	1,150,737	22,228,709	2,229,032
Amortization	2,556,128	118,877	-	2,675,005	-
Materials and supplies	4,885,312	6,962,924	30,074	11,878,310	13,150,398
Heat, light and power	2,119,253	3,693,998	108,509	5,921,760	96,593
Depreciation	14,522,293	20,672,280	1,879,560	37,074,133	1,726,699
Repairs and maintenance	906,029	1,526,088	163,554	2,595,671	2,078,588
Insurance	-	-	-	-	4,075,802
Claims	-	-	-	-	139,808,365
Other	363,659	170,208	16,508,267	17,042,134	51,267
Total operating expenses	51,907,424	48,640,360	20,124,328	120,672,112	172,370,945
Operating income (loss)	12,711,244	8,850,531	(1,516,442)	20,045,333	7,589,362
<b>Non-operating revenues (expenses) net</b>					
Investment income	5,442,981	5,519,128	417,198	11,379,307	1,986,565
Lease revenue	-	-	140,175	140,175	-
Interest expense	(153,064)	(315,424)	(46,274)	(514,762)	-
Gain (loss) on disposal of capital assets	(171,674)	(47,767)	(400,749)	(620,190)	(132,596)
Other	(908,089)	(1,432,968)	(13,495,800)	(15,836,857)	(316,340)
Net non-operating revenues (expenses)	4,210,154	3,722,969	(13,385,450)	(5,452,327)	1,537,629
Income (loss) before contributions and transfers	16,921,398	12,573,500	(14,901,892)	14,593,006	9,126,991
Capital contributions	35,634,578	39,833,994	8,035,376	83,503,948	220,783
Transfers in	-	-	25,987,511	25,987,511	3,468,406
Change in net position	52,555,976	52,407,494	19,120,995	124,084,465	12,816,180
Total net position-July 1, 2022	712,645,567	710,844,502	79,030,538	1,502,520,607	69,212,858
Total net position-June 30, 2023	\$ 765,201,543	\$ 763,251,996	\$ 98,151,533	\$ 1,626,605,072	\$ 82,029,038

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

**County of Chesterfield, Virginia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
<b>Cash flows from operating activities</b>					
Receipts from customers	\$ 64,860,479	\$ 57,569,156	\$ 2,669,745	\$ 125,099,380	\$ 180,101,633
Lease interest receipts	-	-	123,928	123,928	-
Payments to suppliers	(24,731,168)	(19,167,320)	(2,433,311)	(46,331,799)	(23,136,158)
Payments to employees	(11,900,472)	(11,174,152)	(315,416)	(23,390,040)	(9,880,922)
Claims paid	-	-	-	-	(138,423,603)
Net cash provided by operating activities	28,228,839	27,227,684	44,946	55,501,469	8,660,950
<b>Cash flows from non-capital financing activities</b>					
Transfers in	-	-	268,632	268,632	3,468,406
State non-employer contribution to OPEB plans	9,571	12,835	-	22,406	8,096
Net cash provided by non-capital financing activities	9,571	12,835	268,632	291,038	3,476,502
<b>Cash flows from capital and related financing activities</b>					
Transfers in	-	-	30,922,771	30,922,771	-
Purchase of capital assets	(26,957,936)	(17,154,894)	(28,582,680)	(72,695,510)	(5,353,181)
Purchase of capacity rights	(3,569,187)	-	-	(3,569,187)	-
Payments to developers for utility assets	(200,955)	(258,717)	-	(459,672)	-
Retainages paid to contractors	(901,471)	(223,215)	(18,972)	(1,143,658)	-
Proceeds from sale of capital assets	10,100	-	-	10,100	143,434
Capital contributions	17,634,870	14,442,723	8,895,639	40,973,232	-
Interest paid on bonds, certificates of participation and other liabilities	(358,250)	(640,250)	(70,692)	(1,069,192)	-
Principal paid on bonds, certificates of participation and other liabilities	(3,170,000)	(2,830,000)	(172,997)	(6,172,997)	-
Payment of other debt expenses	(1,265)	(1,485)	-	(2,750)	-
Net cash provided by (used in) capital and related financing activities	(17,514,094)	(6,665,838)	10,973,069	(13,206,863)	(5,209,747)
<b>Cash flows from investing activities</b>					
Purchase of investments	(70,974,928)	(65,914,727)	-	(136,889,655)	-
Proceeds from sale of investments	23,517,178	10,537,200	-	34,054,378	-
Interest received	4,155,207	4,362,818	415,201	8,933,226	1,986,565
Net cash provided by (used in) investing activities	(43,302,543)	(51,014,709)	415,201	(93,902,051)	1,986,565
Net increase (decrease) in cash and cash equivalents	(32,578,227)	(30,440,028)	11,701,848	(51,316,407)	8,914,270

(Continued)

**County of Chesterfield, Virginia**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2023**

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total Non-major Enterprise Funds	Total	
Cash and cash equivalents, June 30, 2022:					
Cash and cash equivalents	\$ 69,228,275	\$ 66,100,382	\$ 8,045,711	\$ 143,374,368	\$ 76,105,652
Investments	159,793,978	221,655,375	-	381,449,353	-
Less: Investments with maturities greater than 90 days when purchased	(159,793,978)	(221,655,375)	-	(381,449,353)	-
Restricted cash and cash equivalents	6,969,167	5,319,717	-	12,288,884	-
Restricted cash and cash equivalents with trustees	-	-	9,298,180	9,298,180	-
Total cash and cash equivalents, June 30, 2022	<u>76,197,442</u>	<u>71,420,099</u>	<u>17,343,891</u>	<u>164,961,432</u>	<u>76,105,652</u>
Cash and cash equivalents, June 30, 2023:					
Cash and cash equivalents	36,376,898	35,114,771	6,398,530	77,890,199	85,019,922
Investments	207,327,742	276,989,908	-	484,317,650	-
Less: Investments with maturities greater than 90 days when purchased	(207,327,742)	(276,989,908)	-	(484,317,650)	-
Restricted cash and cash equivalents	7,242,317	5,865,300	-	13,107,617	-
Restricted cash and cash equivalents with trustees	-	-	22,647,209	22,647,209	-
Total cash and cash equivalents, June 30, 2023	<u>\$ 43,619,215</u>	<u>\$ 40,980,071</u>	<u>\$ 29,045,739</u>	<u>\$ 113,645,025</u>	<u>\$ 85,019,922</u>
<b>Reconciliation of operating income (loss) to net cash provided by operating activities:</b>					
Operating income (loss)	\$ 12,711,244	\$ 8,850,531	\$ (1,516,442)	\$ 20,045,333	\$ 7,589,362
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:					
Depreciation	14,522,293	20,672,280	1,879,560	37,074,133	1,726,699
Amortization	2,556,128	118,877	-	2,675,005	-
Changes in assets and liabilities:					
Receivables, net	169,342	67,281	(88)	236,535	141,326
Inventories	(304,393)	-	-	(304,393)	(336,693)
Accounts and other payables	(1,425,775)	(2,481,285)	(68,084)	(3,975,144)	(459,743)
Unearned revenue	-	-	(250,000)	(250,000)	-
Net cash provided by operating activities	<u>\$ 28,228,839</u>	<u>\$ 27,227,684</u>	<u>\$ 44,946</u>	<u>\$ 55,501,469</u>	<u>\$ 8,660,951</u>
<b>Noncash transactions related to financing, capital and investing activities:</b>					
Contributions of capital assets	\$ 17,999,708	\$ 25,378,436	\$ 7,143,155	\$ 50,521,299	\$ 220,783
Economic development incentives	-	-	(6,726,339)	(6,726,339)	-
Issuance of developer contracts	79,955	1,009,512	-	1,089,467	-
Unrealized loss on investments	76,014	(42,994)	-	33,020	-
Interest receivable	1,211,760	1,199,304	-	2,411,064	-

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



**County of Chesterfield, Virginia**  
**Statement of Fiduciary Net Position**  
**June 30, 2023**

	<b>Pension and Other Postemployment Benefits</b>	
	<b><u>Trust Funds</u></b>	<b><u>Custodial Funds</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 7,084,123	\$ 137,237,848
Accounts receivable	88,959	353,442
Due from other governments	-	96,800
Due from broker	5,560	-
Restricted assets:		
Cash and cash equivalents	-	8,540,242
Investments	-	8,147,109
Cash, cash equivalents, and investments with trustee	-	12,266,979
Due from other governments	-	3,248,641
Interest receivable	-	1,456,224
Total restricted assets	<u>-</u>	<u>33,659,195</u>
Investments:		
Mutual funds	8,994,159	-
Common and preferred stocks	10,558,033	-
Certificate of Deposits	-	49,856,229
Corporate bonds	5,121,588	-
Corporate notes	-	9,997,758
Municipal bonds	60,913	-
U.S. government and agency securities	5,356,802	9,748,668
Exchange traded funds	8,195,479	-
Collateralized mortgage obligations	593,765	-
Fund of funds	6,592,599	-
Pooled funds	83,450,961	-
Total investments	<u>128,924,299</u>	<u>69,602,655</u>
Total assets	<u>136,102,941</u>	<u>240,949,940</u>
<b>LIABILITIES</b>		
Accounts payable	-	272,800
Wages and benefits	-	300,125
Unearned revenue	-	243,000
Due to Chesterfield County	-	278,399
Due to other governments	-	20,778,959
Total liabilities	<u>-</u>	<u>21,873,283</u>
<b>FIDUCIARY NET POSITION</b>		
Restricted for:		
Pension benefits	48,848,212	-
Other postemployment benefits	87,254,729	-
Individuals, other governments and entities	-	219,076,657
Total fiduciary net position	<u>\$ 136,102,941</u>	<u>\$ 219,076,657</u>

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

**County of Chesterfield, Virginia**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2023**

	<b>Pension and Other Postemployment Benefits</b>	
	<u><b>Trust Funds</b></u>	<u><b>Custodial Funds</b></u>
<b>Additions:</b>		
Receipts:		
Contributions - employer	\$ 31,544,583	\$ -
Deposits received on behalf of others	-	1,901,115
Contributions from participating entities and other governments	-	251,429,759
Other	-	487,739
Investment earnings:		
Interest and dividends	2,285,184	7,196,240
Net increase (decrease) in the fair value of investments	<u>6,441,188</u>	<u>(311,112)</u>
Total investment income	8,726,372	6,885,128
Less investment expenses	<u>(258,068)</u>	<u>(620)</u>
Net investment income	<u>8,468,304</u>	<u>6,884,508</u>
Total additions, net	<u>40,012,887</u>	<u>260,703,121</u>
<b>Deductions:</b>		
Payments to beneficiaries and participating entities	26,397,435	179,168,829
General and administrative expenses	101,672	515,566
Other payments	<u>-</u>	<u>44,577</u>
Total deductions	<u>26,499,107</u>	<u>179,728,972</u>
Net increase in fiduciary net position	13,513,780	80,974,149
Fiduciary net position - July 1, 2022	<u>122,589,161</u>	<u>138,102,508</u>
Fiduciary net position - June 30, 2023	<u>\$ 136,102,941</u>	<u>\$ 219,076,657</u>

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

**County of Chesterfield, Virginia**  
**Statement of Net Position**  
**Discretely Presented Component Units**  
**June 30, 2023**

	<u>School Board</u>	Non-major Component Unit Chippenham Place Community Development <u>Authority</u>	Total Component Units
<b>ASSETS</b>			
Cash and cash equivalents	\$ 14,999,400	\$ -	\$ 14,999,400
Investments	186,123	-	186,123
Receivables	28,170,014	-	28,170,014
Due from Primary Government	120,640,764	-	120,640,764
Inventories	83,702	-	83,702
Capital assets, not being depreciated or amortized	205,432	-	205,432
Other capital assets, net of depreciation and amortization	89,925,344	-	89,925,344
Total assets	<u>254,210,779</u>	<u>-</u>	<u>254,210,779</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflows related to pensions	138,270,440	-	138,270,440
Deferred outflows related to other postemployment benefits	<u>19,636,972</u>	<u>-</u>	<u>19,636,972</u>
Total deferred outflows of resources	<u>157,907,412</u>	<u>-</u>	<u>157,907,412</u>
<b>LIABILITIES</b>			
Accounts payable and other liabilities	65,484,596	-	65,484,596
Unearned revenues	1,386,977	-	1,386,977
Non-current liabilities:			
Due within one year	9,134,678	-	9,134,678
Due in more than one year	<u>603,937,854</u>	<u>-</u>	<u>603,937,854</u>
Total liabilities	<u>679,944,105</u>	<u>-</u>	<u>679,944,105</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	86,483,961	-	86,483,961
Deferred inflows related to other postemployment benefits	<u>40,646,262</u>	<u>-</u>	<u>40,646,262</u>
Total deferred inflows of resources	<u>127,130,223</u>	<u>-</u>	<u>127,130,223</u>
<b>NET POSITION</b>			
Net investment in capital assets	79,473,860	-	79,473,860
Restricted for grantor programs	22,834,999	-	22,834,999
Unrestricted (deficit)	<u>(497,264,996)</u>	<u>-</u>	<u>(497,264,996)</u>
Total net position (deficit)	<u>\$ (394,956,137)</u>	<u>\$ -</u>	<u>\$ (394,956,137)</u>

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

County of Chesterfield, Virginia  
Statement of Activities  
Discretely Presented Component Units  
For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Non-major Component Unit Chippenham Place Community Development Authority	Total Component Units
School Board	\$ 822,118,023	\$ 13,548,483	\$ 265,162,445	\$ 17,105,722	\$ (526,301,373)	\$ -	\$ (526,301,373)
Non-major Component Units	3,534,403	-	-	-	-	(3,534,403)	(3,534,403)
Total	<u>\$ 825,652,426</u>	<u>\$ 13,548,483</u>	<u>\$ 265,162,445</u>	<u>\$ 17,105,722</u>	<u>(526,301,373)</u>	<u>(3,534,403)</u>	<u>(529,835,776)</u>
General revenues:							
Payment from County of Chesterfield					308,411,825	9,458,346	317,870,171
Grants and contributions							
not restricted to specific programs					296,991,114	-	296,991,114
Investment earnings					898,654	12,671	911,325
Miscellaneous					8,457,299	-	8,457,299
Total general revenues					<u>614,758,892</u>	<u>9,471,017</u>	<u>624,229,909</u>
Change in net position (deficit)					88,457,519	5,936,614	94,394,133
Total net position (deficit) - July 1, 2022					<u>(483,413,656)</u>	<u>(5,936,614)</u>	<u>(489,350,270)</u>
Total net position (deficit) - June 30, 2023					<u>\$ (394,956,137)</u>	<u>\$ -</u>	<u>\$ (394,956,137)</u>

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



**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

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

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

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

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

1. The Chesterfield County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four-year term. The members of the current School Board were elected in November 2019. The School Board functions independently of the County Board and County Administration, but is fiscally dependent, as it receives significant funding from the County. The nature and significance of the financial relationship between the County and the School Board is such that it would be misleading to exclude the School Board from the County's financial statements. The School Board does not publish a separate financial report; therefore, the fund financial statements of the School Board are included in the supplementary information section.
2. The Chippenham Place Community Development Authority (Chippenham Place CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Authority was created to fund public infrastructure improvements at the former Cloverleaf Mall site. The Authority's improvements are part of a mixed-use development project that provides residential, retail, commercial and office components. Complete financial statements for the Chippenham Place CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

The Chippenham Place CDA has completed the purposes for which it was created and the dissolution of the Chippenham Place CDA was authorized effective June 29, 2023. As a result

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
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of the dissolution, the County assumed responsibility for the Chippenham Place CDA's outstanding debt and the Chippenham Place CDA transferred its cash deposits to the County.

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

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

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

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

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

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

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

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

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

The County reports the following major governmental funds:

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

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

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

The non-major governmental funds of the County are:

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

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

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

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

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

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



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

**Enterprise Funds:**

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

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

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

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

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

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

**Trust Funds:**

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

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

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

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

**Custodial Funds:**

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

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

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

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

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

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

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

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

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

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

The connection fee charged to connect to the County's water and wastewater system consists of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation. In accordance with industry practice, capital recovery charges of \$16,958,936 and \$14,395,858 in fiscal year 2023 have been recorded as capital contributions in the Water and Wastewater Enterprise Funds, respectively, and the meter installation fees have been classified as charges for services in the Water Enterprise Fund.

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

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

**1. Cash and Cash Equivalents**

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

**2. Investment Policy**

The reporting entity follows a deposit and investment policy in accordance with the Commonwealth's statutes. Investments with a maturity date of more than one year from the date of purchase are stated at fair value and investments with a maturity date of one year or less from the date of purchase are stated at amortized cost. Deposit and investment instruments include certificates of deposit, savings accounts, money market funds, Virginia State Non-Arbitrage Program (SNAP),

**County of Chesterfield, Virginia**  
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bankers' acceptances, corporate notes, commercial paper, the Commonwealth of Virginia Local Government Investment Pool (LGIP), the Virginia Investment Pool Trust Fund (VIP) and United States (U.S.) government securities. Investments are generally on deposit with banks and savings and loan institutions and are collateralized under the provisions of the Virginia Security for Public Deposits Act, Section 2.1-359 et seq. Securities are held in safekeeping by the respective financial institutions. Investment income is reported in the same fund that reports the investment.

**3. Allowances for Uncollectibles**

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

**4. Inventories**

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

**5. Restricted Assets - Enterprise Funds**

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

**6. Capacity Rights - Enterprise Funds**

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

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

**7. Capital Assets**

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

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

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

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

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

## **8. Leases and Subscription-Based Information Technology Arrangements (SBITAs)**

### **A. Leases:**

The County is a lessee for noncancellable leases of land and buildings. The County recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are comprised of fixed payments and any purchase option price that the County is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

Payments due under the lease contracts are fixed payments and include any incremental payment increases over the term of the lease.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

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Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed payments less any lease incentive receivables, amounts expected to be payable by the County under residual value guarantees, the exercise price of a purchase option if it is reasonably certain the option will be executed and payments of penalties for terminating the lease, if the lease term reflects the County exercising that option. Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The County is a lessor of noncancellable leases of land, building and equipment. The County recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund and governmental fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the term of the lease.

Key estimates and judgments include how the County determines (1) discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

The County uses its estimated incremental borrowing rate as the discount rate for the leases.

The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is comprised of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**B. SBITAs:**

The County is committed under various subscription-based information technology arrangements (SBITAs). SBITAs are identified as a contract that conveys control of the right to use a SBITA vendor's information technology (IT) software, alone or in combination with tangible capital assets, as specified in a contract for a period of time in an exchange or exchange-like transaction. A contract conveys control of the right to use the underlying IT asset if it has both of the following:

- (i) The right to obtain the present service capacity from use of the underlying IT asset as specified in the contract.
- (ii) The right to determine the nature and manner of use of the underlying IT asset specified in the contract.

The County recognizes the right -to-use subscription asset, which is an intangible capital asset, and a corresponding subscription liability at the commencement of the subscription term. The commencement of the subscription term occurs when the initial implementation state is completed and thus the asset is placed into service.

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

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding, amounts related to pensions and amounts related to other postemployment benefits (OPEB) in the government-wide Statement of Net Position. The deferred charge on refunding results from the

**County of Chesterfield, Virginia**  
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difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows for pensions and OPEB result from changes in actuarial assumptions, pension/OPEB trust investment returns that exceed projected earnings, change in the proportionate share of total VRS Teachers' Pool liability and VRS OPEB programs, actual economic experience that is different than estimated, and pension/OPEB contributions made subsequent to the measurement date. Deferred outflows of resources for contributions made subsequent to the measurement date are expensed in the next fiscal year. Deferred outflows related to investment experience are amortized over a closed five-year period. All other deferred outflows of resources are amortized over the remaining service life of all plan participants, including retirees whose remaining service life is zero.

The Statement of Net Position reports a separate section for deferred inflows of resources in addition to liabilities. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in expected and actual experience, investment results, changes in actuarial assumptions and changes in proportionate share are deferred and amortized. Changes in deferred inflows of resources are amortized over the remaining service life of all plan participants with the exception of investment experience amounts, which are deferred and amortized over a closed five-year period. The County has also recorded amounts associated with long term receivables, primarily related to leases, as deferred inflows.

#### **10. Compensated Absences**

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

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

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

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

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**11. Retirement Plans**

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

**12. Other Postemployment Benefits Plans**

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

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

**13. Long-term Obligations**

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

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

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

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**14. Use of Estimates**

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

**E. New Accounting Pronouncements**

In fiscal year 2023, the County implemented the following new accounting pronouncements:

**1. GASB Statement No. 91 (GASB 91) "Conduit Debt Obligations"**

This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (a) commitments extended by issuers, (b) arrangements associated with conduit debt obligations and (c) related note disclosures. The Statement clarifies the existing definition of a conduit debt obligation, i.e., that it is not a liability of the issuer, but it is a debt instrument having all the following characteristics: At least three parties involved including an issuer, a third-party obligor, and a debt holder or debt trustee; the issuer and third-party obligor are not within the same financial reporting entity; the debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer; the third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance; and the third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation.

**2. GASB Statement No. 94 (GASB 94) "Public-Private and Public-Public Partnerships and Availability Payment Arrangements"**

This statement defines and provides guidance on accounting and financial reporting for public-private and public-public partnership arrangements (PPPs) and service concession arrangement (SCA). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset for a period of time in an exchange or exchange-like transaction. A service concession arrangement (SCA) is a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. The County has not identified any arrangement that meet the definition of a PPP or SCA.

**3. GASB Statement No. 96 (GASB 96) "Subscription Based Information Technology Arrangements (SBITAs)"**

This Statement provides guidance on the accounting and financial reporting for a SBITA that is defined as a contract that conveys the control of the right to use another party's information technology software, along 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. It establishes a single model for IT subscription accounting based upon the foundational principle that software subscriptions are financings of the right-to-use an underlying asset. SBITAs where the maximum possible lease term is one year or less continue to be reported as operating subscriptions.



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**4. GASB Statement No. 99 (GASB 99) "Omnibus 2022"**

This statement addresses practice issues identified after other standards have been approved for implementation. This statement also addresses GASB 87, GASB 94, and GASB 96.

**5. GASB Statement No. 100 (GASB100) "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62"**

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 and other events that constitute those changes. This statement also prescribes the accounting and financial reporting for each type of accounting changed and error corrections in previously issued financial statements.

**6. Implementation Guide No. 2023-1**

This guide contains new questions and answers in addition to amending previously issued questions and answers from past implementation guides covering topics such as leases, SBITAs.

**2. Stewardship, Compliance, and Accountability**

**A. Budgetary Accounting**

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

- ◆ Prior to budget submission, department directors develop departmental performance plans, which include items such as objectives, performance measures, initiatives and work plans for the coming year.
- ◆ In early fall, the School Board and County departments receive an expenditure target. Budgets are prepared with work plans consistent with the resources available.
- ◆ Departments submit budgets and work plans to the County Administrator for review in December and January. The County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to inform them on details of the budget.
- ◆ No later than March 1, the School Board submits its approved budget to the County Administrator.
- ◆ Prior to April 1, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenues for financing them.
- ◆ A public hearing is conducted in March to obtain taxpayer comments on the proposed budget. Constituent meetings are also held around the County to provide information to citizens and to receive community input on the County Administrator's proposed budget.
- ◆ Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated July 1 generally at the function level for the General Fund, at the fund level for the Children's Services Fund, and at the major expenditure category for the School Operating Fund of the School Board component unit, through passage of an appropriation resolution. The resolution establishes the levels of control at which expenditures may not legally exceed appropriation. The expenditure categories for the School Operating Fund are: instruction, administration, pupil transportation, operations and maintenance, technology, food service and debt service.

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- ◆ Appropriations for the General Fund, Stormwater Fund operations, Mental Health Fund, Children's Services Fund, CVTA Fund, School Operating Fund, Internal Service Funds, and Enterprise Funds lapse at fiscal year-end. Appropriations for Capital Project funds, Grant funds and Stormwater Fund capital projects are continued until the completion of the applicable project or grant, even when the project or grant extends beyond the end of the fiscal year. Expenditures from the Jail Canteen Fund are directed by the Sheriff and do not require budgetary approval by the County Board.
- ◆ Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are legally adopted annually for the County's General Fund, the Children's Services Fund, Stormwater Fund, Mental Health Fund, CVTA Fund and the School Operating Fund. The appropriations resolution specifies that Trust and Custodial Fund disbursements must be for the purpose for which the fund was established.
- ◆ A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the School Capital Projects Fund, projects are appropriated as funds become available on a fiscal year basis. The appropriations resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the Grants Fund and County Capital Projects Fund and at the total appropriation level in the School Capital Projects Fund.
- ◆ Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by the County Board, School Board, County Administrator or the School Superintendent. The statements include an explanation of differences between actual amounts on the budgetary basis and GAAP basis.
- ◆ The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, and up to \$50,000 between appropriation categories. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, refunds or reimbursements made to the County for which the County has expended funds directly related to that refund or reimbursement, and other revenues not to exceed \$50,000; (2) appropriate funds from asset forfeiture accounts consistent with spending requirements; (3) increase the General Fund appropriation to the School Board, contingent upon available funds and consideration of other expenditures up to \$12.0 million; (4) transfer funds to departments for workers' compensation, supplemental retirement, healthcare, career development plans, part-time salaries and other compensation related costs as well as for transfers to cover energy/fuel costs; (5) reallocate funding sources for specific programs, and; (6) within the healthcare fund, may appropriate use of reserves, interest earnings, and additional employee or employer contributions in any amount to pay claims, deductibles, settlements, and any cost associated with healthcare. Otherwise, the County Board must approve amendments that increase the total appropriation of any function level. During the year, the County Board approved several amendments to the various appropriations. The County is required to hold a public hearing for any single amendment that exceeds 1% of the County's currently adopted budget.
- ◆ The Superintendent and/or School Board have the authority to make transfer amendments within major appropriation categories in the school budget. The Superintendent and/or School Board are authorized to approve amendments in the school budget that cross major appropriation categories up to \$499,999. Any amendment that crosses major appropriation categories in excess of \$499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries, reimbursements and other revenue of the School Board for amounts up to \$50,000.

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**B. Fund balances**

**1. Primary Government**

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

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

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

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

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

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

**Unassigned fund balance** - Unassigned fund balance is the residual classification of fund balance. Only the General Fund can report a positive unassigned fund balance. The County Board has established a minimum fund balance policy, which is the ratio of unassigned General Fund balance to General Fund expenditures. The County's minimum unassigned fund balance target is 8.0% with a floor of 6.0% for fiscal year 2023.

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The County had the following classifications of fund balances at June 30, 2023:

	<u>General Fund</u>	<u>County Capital Projects Fund</u>	<u>School Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>Restricted for:</b>					
General government	\$ 324,008	\$ 3,990,255	\$ -	\$ -	\$ 4,314,263
Public, education and government access	9,120,470	-	-	-	9,120,470
Administration of justice	579,989	-	-	(28,199)	551,790
Public safety	6,483	43,098,891	-	85,951	43,191,325
Law enforcement	2,629,581	-	-	-	2,629,581
Public works	738,802	34,029,964	-	70,342,622	105,111,388
Stormwater management facility	1,082,644	-	-	-	1,082,644
Health and welfare	22,417	(2,093)	-	2,131,971	2,152,295
Chesapeake Bay Watershed/TMDL	-	-	-	22,443,874	22,443,874
Parks, recreation and cultural	45,723	38,648,740	-	292,453	38,986,916
Education - School Board	-	948,097	214,705,619	-	215,653,716
Economic development	3,051,109	538,826	-	92,632	3,682,567
Future capital projects	203,931	-	-	-	203,931
Tax increment financing and special assessments	14,987,952	-	-	-	14,987,952
Debt service	456,292	2,999,995	13,631,622	-	17,087,909
Total restricted	<u>33,249,401</u>	<u>124,252,675</u>	<u>228,337,241</u>	<u>95,361,304</u>	<u>481,200,621</u>
<b>Committed to:</b>					
Community contracts	40,312	-	-	-	40,312
District improvement funds	513,099	-	-	-	513,099
Economic development	287,727	-	-	-	287,727
Public safety	147,069	-	-	-	147,069
Public works	1,405,153	-	-	-	1,405,153
Total committed	<u>2,393,360</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,393,360</u>
<b>Assigned to:</b>					
General government	1,826,107	-	-	-	1,826,107
Other post employment benefits	1,100,000	-	-	-	1,100,000
Telecommunications	1,193,551	-	-	-	1,193,551
Workers compensation	2,400,000	-	-	-	2,400,000
Administration of justice	36,172	-	-	-	36,172
Public safety	2,773,193	-	-	9,952,860	12,726,053
Public safety compensation plan	9,849,551	-	-	-	9,849,551
Fire apparatus	2,386,853	-	-	-	2,386,853
Local match for grants	1,812,070	-	-	-	1,812,070
Police vehicles	1,597,257	-	-	-	1,597,257
Public works	1,094,996	-	-	-	1,094,996
Road construction	10,689,046	-	-	-	10,689,046
Motor vehicle registration fees for transportation	759,036	-	-	-	759,036
Health and welfare	284,631	-	-	18,625,398	18,910,029
Parks, recreation and cultural	698,381	-	-	-	698,381
Economic development	17,301,957	-	-	-	17,301,957
Airport	1,763,739	-	-	-	1,763,739
Construction	204,206,773	-	-	-	204,206,773
Debt service	9,567,193	-	-	-	9,567,193
Chesapeake Bay Watershed/TMDL	3,061,053	-	-	-	3,061,053
Fiscal year 2024 adopted budget	30,380,900	-	-	-	30,380,900
Future capital projects	3,078,685	-	-	-	3,078,685
Future revenue shortfall - County	112,820,264	-	-	-	112,820,264
Future revenue shortfall - Schools	19,071,166	-	-	-	19,071,166
Education - School construction	1,468,395	-	-	-	1,468,395
Education - School debt service	3,622,599	-	-	-	3,622,599
Total assigned	<u>444,843,568</u>	<u>-</u>	<u>-</u>	<u>28,578,258</u>	<u>473,421,826</u>
<b>Unassigned</b>	<u>73,800,400</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>73,800,400</u>
Total fund balances	<u>\$ 554,286,729</u>	<u>\$ 124,252,675</u>	<u>\$ 228,337,241</u>	<u>\$ 123,939,562</u>	<u>\$ 1,030,816,207</u>

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**2. Component Unit - School Board**

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

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

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

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

**Committed fund balance** - Committed fund balance requires expressed formal action of the School Board and then by the County Board by a resolution that identifies the specific circumstances under which resources can be expended. The School Board can only modify the specified use of commitments with County approval by resolution. At June 30, 2023, the School Board had no committed fund balance.

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

**Unassigned fund balance** - Unassigned fund balance is the residual classification of fund balance. At June 30, 2023, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2023

**Component Unit - School Board**

<b>Nonspendable:</b>	
Inventories	\$ 83,703
<b>Restricted for:</b>	
Food service	<u>22,824,570</u>
Total restricted	<u>22,824,570</u>
<b>Assigned to:</b>	
Instruction	8,071,209
Administration, attendance and health	1,333,503
Transportation	2,082,295
and maintenance	55,326,558
Technology	958,056
School activity funds	<u>6,667,247</u>
Total assigned	<u>74,438,868</u>
Total fund balances	<u><u>\$ 97,347,141</u></u>

**County of Chesterfield, Virginia**  
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**3. Significant Transactions of the County and Component Units**

**A. School Board**

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

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

**B. Economic Development Authority**

**1. Primary Government**

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

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

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On December 8, 2022, the EDA issued a tax-exempt revenue bond to in the amount of \$23,000,000 to finance the design, acquisition, construction and equipping of certain public infrastructure and open space improvements in the County related to the Spring Rock Green Development project, now known as Springline at District 60 and to pay the costs of issuance. Debt service related to these revenue bonds is payable solely from support payments made by the County, pursuant to a support agreement between the EDA and the County also dated December 8, 2022.

For debt issued by the EDA on behalf of the County, the Primary Government's budgeting process provides funding to the EDA component unit for debt service payments or may make debt service payments directly from the County's General Fund. GAAP requires that component units where the Primary Government pays substantially all of the debt service on behalf of the component unit be reported as a blended component unit. Payments for debt service for obligations issued by the EDA on behalf of the County are eliminated in the Combining Statement of Revenues, Expenditures and Changes Net Position - Non-major Enterprise Funds. Debt obligations and related offsetting receivables for debt issued on behalf of the County are eliminated in the Combining Statement of Changes in Net Position - Non-major Enterprise Funds.

The EDA maintains bond proceeds for County sewer line improvements and makes payments for the costs of the project on behalf of the County. On June 30, 2023, the EDA non-major Enterprise Fund reported a restricted cash balance of \$3,143,625 and amounts due to the County Capital Projects Fund of \$3,141,775.

**2. Chippenham Place Community Development Authority**

On October 1, 2011, the EDA entered into a Financing Agreement with the Chippenham Place CDA. In accordance with the Financing Agreement, the EDA issued a Tax-Exempt Revenue Note in an amount up to \$8 million and provided the proceeds of the Note to the Chippenham Place CDA to finance the infrastructure improvements at the former Cloverleaf Mall site. The outstanding amount of the Special Assessment Revenue Note, Series 2011, at December 1, 2014 was \$6,670,000. On December 1, 2014, the EDA entered into a new Financing Agreement with the CDA. In accordance with the new Financing Agreement, the EDA issued a Tax-Exempt Revenue Note, Series 2014B, in an amount of \$12,577,548, the proceeds of which were used to pay the outstanding balance of the Special Assessment Revenue Note, Series 2011; reimburse the County for infrastructure improvements; and pay the costs of issuing the Note. On May 1, 2017, the EDA entered into a new Financing Agreement with the Chippenham Place CDA. In accordance with the new Financing Agreement, the EDA issued a Special Assessment Revenue Note, Series 2017, in an amount of \$11,774,028, the proceeds of which were used to pay the outstanding principal balance and interest on the EDA's Note solely from the revenues and other property pledged to the payment of this Note. The Chippenham Place CDA dissolved on June 29, 2023. As a result of the dissolution, the County assumed the outstanding Series 2017 Revenue Refunding Bond, with a balance of \$7,639,543.

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**4. Deposits and Investments**

**A. Primary Government:**

As of June 30, 2023, the carrying value of the County's deposits and investments, excluding Trust Funds, but including Custodial Funds, with their respective credit ratings, was as follows:

<b>Asset Type</b>	<b>Credit Quality Rating</b>				
	<b>Fair Value</b>	<b>AAA/AAAm</b>	<b>AA</b>	<b>A1</b>	<b>N/A</b>
Demand deposits	\$ 112,356,271	\$ -	\$ -	\$ -	\$ 112,356,271
LGIP	128,660,058	128,660,058	-	-	-
VIP Stable NAV Liquidity Pool	420,692,210	420,692,210	-	-	-
SNAP	340,310,810	340,310,810	-	-	-
VIP 1 - 3 Year High Quality Bond Fund	48,565,646	-	48,565,646	-	-
Negotiable certificates of deposit	160,059,490	-	30,053,297	130,006,193	-
Commercial paper	14,726,346	-	9,914,320	4,812,026	-
Corporate notes	460,588,418	149,540,292	311,048,126	-	-
Municipal bonds	5,553,822	-	5,553,822	-	-
Treasury Bill	19,497,333	-	19,497,333	-	-
Federal Home Loan Bank	293,268,022	16,651,860	276,616,162	-	-
Federal Farm Credit Bank	103,152,610	4,663,810	98,488,800	-	-
<b>Total</b>	<b>\$ 2,107,431,036</b>	<b>\$ 1,060,519,040</b>	<b>\$ 799,737,506</b>	<b>\$ 134,818,219</b>	<b>\$ 112,356,271</b>

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

**Credit Risk:**

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

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

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



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The VIP is a Section 115 governmental trust fund created under the Joint Exercise of Powers statute of the Commonwealth to provide political subdivisions with an investment vehicle to pool surplus funds and to invest such funds into one or more investment portfolios under the direction and daily supervision of a professional fund manager. The VIP is governed by a Board of Trustees. The VIP is committed to managing certain risk limiting provisions of the VIP Stable NAV Liquidity Pool to maintain a stable net asset value (NAV) at \$1 per share, daily liquidity and a competitive yield. The VIP 1 - 3 Year High Quality Bond Fund is designed for funds that can be invested generally for one year or longer. This fund incorporates a diversified portfolio of security types authorized by the Code of Virginia and its returns are benchmarked against the ICE Bank of America Merrill Lynch 1 - 3 Year AAA/AA Corporate & Government Index. The VIP Stable NAV Liquidity Pool reports the fair value of investments, which approximates amortized costs, to its participants. The VIP 1 - 3 Year High Quality Bond Fund is a fluctuating NAV fund that is measured at fair value for financial reporting purposes. The County reports the VIP Stable NAV Liquidity Pool at amortized cost and the VIP 1 - 3 Year High Quality Bond Fund at fair value, as provided by the VIP trustee.

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

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

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

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

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**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2023, all demand deposits were insured or collateralized.

**Concentration of Credit Risk:**

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

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

As of June 30, 2023, the portion of the County's portfolio, excluding demand deposits and SNAP, that represents 5% or more of the total portfolio is as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
Corporate notes	27.8%
VIP Stable NAV Liquidity Pool	25.4%
Federal Home Loan Bank	17.7%
Negotiable certificates of deposit	9.7%
LGIP	7.8%
Federal Farm Credit Bank	6.2%

**Interest Rate Risk:**

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than 5 years from the date of purchase. Proceeds from the sale of bonds must be invested in compliance with the specific requirements of the bond covenants and may be invested in securities with longer maturities.

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As of June 30, 2023, the County had the following pooled deposits and investments:

<u>Asset Type</u>	<u>Fair Value/NAV</u>	<u>Investment Maturity</u>			
		<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 3 Years</u>	<u>3 - 4 Years</u>
LGIP	\$ 128,660,058	\$ 128,660,058	\$ -	\$ -	\$ -
VIP Stable NAV Liquidity Pool	420,692,210	420,692,210	-	-	-
SNAP	340,310,810	340,310,810	-	-	-
VIP 1 - 3 Year High Quality Bond Fund	48,565,646	-	48,565,646 (a)	-	-
Commercial paper	14,726,346	14,726,346	-	-	-
Corporate notes	460,588,418	238,439,624	174,797,331 (b)	44,680,872 (c)	2,670,591
Municipal bonds	5,553,822	3,759,473	1,794,349	-	-
Treasury Bill	19,497,333	19,497,333	-	-	-
Federal Home Loan Bank	293,268,021	41,143,551 (c)	106,442,279 (d)	145,682,191	-
Federal Farm Credit Bank	103,152,611	78,530,921 (e)	24,621,690 (f)	-	-
Negotiable certificates of deposit	160,059,490	160,059,490	-	-	-
Total	<u>\$ 1,995,074,765</u>	<u>\$ 1,445,819,815</u>	<u>\$ 356,221,295</u>	<u>\$ 190,363,063</u>	<u>\$ 2,670,591</u>

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

(b) \$15,708,885 of these bonds have a call date of March 11, 2024.

(c) \$31,391,751 of these bonds have call dates from one time to September 29, 2023.

(d) These bonds have quarterly call dates from current to September 30, 2023.

(e) These bonds have continuous call dates to July 25, 2023.

(f) \$19,957,880 of these bonds have a call date of September 6, 2023.

**Fair Value Hierarchy:**

The County's portfolio categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs). The County's portfolio has the following recurring fair value measurements for debt securities as of June 30, 2023:

<u>Investments by fair value - Level 2</u>	<u>Fair Value</u>
Negotiable certificates of deposit	\$ 160,059,490
Commercial paper	14,726,346
Corporate notes	460,588,418
Municipal bonds	5,553,822
Treasury Bill	19,497,333
Federal Home Loan Bank	293,268,021
Federal Farm Credit Bank	103,152,611
Federal National Mortgage Association	\$ 1,056,846,041
Total investments by fair value - Level 2	

**Investments measured at the net asset value (NAV)**

VIP 1 - 3 Year High Quality Bond Fund	\$ 48,565,646
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The VIP 1 - 3 Year Bond Fund (Portfolio) is a fixed income investment portfolio designed to provide a pooled investment alternative with an investment horizon greater than that of money market instruments, typically one year or longer. The Portfolio measures its returns against the ICE Bank of America Merrill

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Lynch 1 - 3 Year AAA/AA U. S. Corporate and Government Index and aims to exceed the return of the benchmark over three-year periods while preserving participant capital. The Portfolio is managed as a variable NAV pool. Fair value and NAV are determined on the 15<sup>th</sup> and the last business day of each month. If the 15<sup>th</sup> is not a business day, the fair value and the NAV will be determined on the preceding business day. The pool transacts with participants based on a floating NAV per share that is determined by the market, the same as reporting. Redemptions must be at least \$10,000 and may be made twice per month on the first business day following the portfolio valuation.

**Chesterfield County Supplemental Retirement Plan:**

As of June 30, 2023, the carrying value of the County Supplemental Retirement Plan Pension Trust Fund's (Plan) deposits and investments was as follows:

<b><u>Asset Type</u></b>	<b><u>Fair Value</u></b>
Demand deposits	\$ 3,284,123
Mutual funds	8,994,159
Common and preferred stocks	10,558,033
Corporate bonds	5,121,588
Municipal bonds	60,913
Funds of funds	6,592,599
Exchange traded funds	8,195,479
Collateralized mortgage backed securities	593,765
U. S. Treasuries	1,468,063
Federal National Mortgage Association	1,886,610
Federal Home Loan Mortgage Corporation	1,189,857
Government National Mortgage Association	812,272
Total deposits and investments	<u>\$ 48,757,461</u>

The Plan's investments include funds of funds, which are investment funds that use a strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities, resulting in greater portfolio diversification. At June 30, 2023, the underlying investments in the Plan's funds of funds consisted primarily of equities and fixed income securities.

**Credit Risk:**

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

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession

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of outside party. Of the Plan's \$3,284,123 of demand deposits, \$2,784,124 is invested in bank deposits or money market funds that are uninsured and uncollateralized.

**Concentration of Credit Risk:**

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

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

**Interest Rate Risk:**

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

At June 30, 2023, the Plan had investments of \$593,765 (1.31% of total portfolio excluding demand deposits) in collateralized mortgage backed securities. These securities are based on cash flows from interest and principal payments on underlying mortgages of commercial income producing properties and, therefore, are sensitive to interest rate changes.

As of June 30, 2023, the Plan held the following investments and maturities:

<b><u>Asset Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Investment Maturity</u></b>		
		<b><u>0 - 5 Years</u></b>	<b><u>5 - 10 Years</u></b>	<b><u>10 - 30 Years</u></b>
Corporate bonds and collateralized mortgage backed securities	\$ 5,715,353	\$ 1,815,420	\$ 1,546,816	\$ 2,353,117
Municipal bonds	60,913	-	-	60,913
U. S. Treasuries	1,468,063	652,586	46,217	769,260
Federal National Mortgage Association	1,886,610	-	-	1,886,610
Federal Home Loan Mortgage Corporation	1,189,857	-	19,899	1,169,958
Government National Mortgage Association	812,272	6,101	-	806,171
Total	<u>\$ 11,133,068</u>	<u>\$ 2,474,107</u>	<u>\$ 1,612,932</u>	<u>\$ 7,046,029</u>

**Fair Value Hierarchy:**

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

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

The Plan's portfolio has the following recurring fair value measurements as of June 30, 2023:

	<u>Fair Value Measurements Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)
<u>Investments by fair value level</u>	<u>Fair Value</u>		
Debt securities:			
U. S. Treasuries	\$ 1,468,063	\$ -	\$ 1,468,063
U. S. agencies and sponsored enterprises	3,888,739	-	3,888,739
Municipal bonds	60,913	-	60,913
Collateralized mortgage-backed securities	593,765	-	593,765
Corporate bonds	5,121,588	-	5,121,588
Total debt securities	11,133,068	-	11,133,068
Equity securities:			
Common and preferred stocks	10,558,033	10,558,033	-
Exchange traded funds	8,195,479	8,195,479	-
Mutual funds	8,994,159	8,994,159	-
Total equity securities	27,747,671	27,747,671	-
Total investments by fair value level	38,880,739	\$ 27,747,671	\$ 11,133,068
<u>Investments measured at the net asset value (NAV)</u>			
Multi-strategy alternative funds	6,592,599		
Total investments measured at fair value	<u>\$ 45,473,338</u>		

	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
<u>Investments measured at the NAV</u>				
(1) Multi-strategy alternative investment	\$ 1,279,455	\$ 308,339	None	N/A
(2) Multi-strategy alternative investment	1,052,900	876,420	None	N/A
(3) Multi-strategy alternative investment	1,986,489	None	Semi-annual	95 days
(4) Multi-strategy alternative investment	2,273,756	None	Quarterly	100 days
Total investments measured at fair value	<u>\$ 6,592,599</u>			

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

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- (2) *Multi-strategy alternative investment.* This investment's objective is to provide liquidity, capital and partnering solutions to private equity investors and managers. It funds source opportunities from around the world, acquiring and structuring portfolios of private equity partnerships and underlying portfolio companies across leveraged buyout, credit, distressed, growth capital, real asset and venture capital strategies. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.
- (3) *Multi-strategy alternative investment.* This investment's objective is capital appreciation with limited variability of returns. This includes relative value strategies that attempt to capture pricing anomalies between assets that for all economic purposes are identical; market neutral and low net equity strategies that involve the purchase of a stock or basket of stocks that is relatively underpriced as well as selling short a stock or basket of stocks that is relatively overpriced; and event driven strategies that involve the assessment of how, when and if specific transactions will be completed and the effect on corporations and financial assets. A common event driven strategy is merger arbitrage. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.
- (4) *Multi-strategy alternative investment.* This investment's objective is to achieve a substantial return on capital with limited volatility through investments in a broadly diversified portfolio of securities. The fund seeks to achieve this through an actively managed, opportunistic, multi-strategy portfolio of hedge fund investments to produce consistent alpha through a full market cycle by focusing on fundamentally-oriented managers with the skills and adaptability to generate returns in a broad range of market conditions and by maintaining flexible research and implementation processes. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

**Investment Policy and Long-term Rate of Return:**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Style Target</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>
U.S. Large Cap Equity	25.0%		
Large Cap Growth		12.5%	9.4%
Large Cap Value		12.5%	9.2%
U.S. Small Cap Equity	10.0%		
Small Cap Growth		5.0%	9.2%
Small Cap Value		5.0%	10.1%
International Developed and Emerging Markets	20.0%		
Developed International Equity		15.0%	8.3%
Emerging Markets Equity		5.0%	10.1%
Fixed Income - U.S. Core Broad	25.0%		3.9%
Alternative Investments	15.0%		
Hedge funds		10.0%	6.5%
Private Equity		5.0%	11.9%
Real Estate (Investment Trusts)	<u>5.0%</u>		14.0%
Total	<u>100.0%</u>		7.8%

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

As of June 30, 2023, the carrying value of the County Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<b><u>Asset Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Credit Rating</u></b>
Investment in pooled funds	\$ 42,412,079	N/A

As of June 30, 2023, the carrying value of the School Board Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<b><u>Asset Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Credit Rating</u></b>
Cash	\$ 1,000,000	
Investment in pooled funds	27,284.556	N/A
Total	<u>\$28,284,556</u>	

As of June 30, 2023, the carrying value of the County Line of Duty OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<b><u>Asset Type</u></b>	<b><u>Fair Value</u></b>	<b><u>Credit Rating</u></b>
Cash	\$ 2,800,000	
Investment in pooled funds	13,754.326	N/A
Total	<u>\$16,554,326</u>	

As of June 30, 2023, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire pooled funds in the County and School Board Retiree Healthcare OPEB Funds and the County Line of Duty OPEB Fund are uninsured and uncollateralized.

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



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**Investment Policy and Long-term Rate of Return:**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>
Equity:		
Large Cap	21.0%	7.2%
Small Cap	10.0%	8.6%
International	13.0%	8.1%
Emerging Markets	5.0%	9.3%
Private	10.0%	10.6%
Long/Short Equity	6.0%	5.8%
Fixed Income:		
Core Bonds	5.0%	2.6%
Core Plus	11.0%	2.9%
Liquid Absolute Return	4.0%	3.3%
Real Assets:		
Core Real Estate	10.0%	6.5%
Opportunitstic Real Estate	<u>5.0%</u>	9.5%
Total	<u>100%</u>	7.01%

To assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 8 E Canal Street, Suite 10, Richmond, Virginia 23219.

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**B. Component Unit - School Board**

As of June 30, 2023, the carrying value of the School Board operating and custodial funds' deposits with their respective credit rating were as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$ 14,999,400	N/A
SNAP	186,123	AAAm
Total	<u>\$ 15,185,523</u>	

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2023, excluding the demand deposits, School Board investments were limited to SNAP. Descriptions of credit risk, concentration of credit risk and interest rate risk for SNAP investments is included Note 4.A. Primary Government.

**School Board Supplemental Retirement Program:**

As of June 30, 2023, the carrying value of the School Board Supplemental Retirement Program Pension Trust Fund's (Program) deposits and investments, with their respective credit ratings, was as follows:

<u>Asset Type</u>	<u>Fair Value</u>
Demand Deposits	\$ 1,204,942
Common stocks	20,346,098
Mutual funds - equity	8,637,274
Mutual funds - fixed income	27,947,393
Exchange traded funds - equity	14,484,144
Exchange traded funds - fixed income	2,081,565
Total deposits and investments	<u>\$ 74,701,416</u>

**Credit Risk:**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Minimum Allocation</u>	<u>Maximum Allocation</u>
Global Equity:			
U.S. Large Cap Equity	32.0%	20.0%	40.0%
U.S. Small/Mid Cap Equity	12.0%	5.0%	15.0%
International Developed Equity	11.0%	5.0%	15.0%
Emerging Markets Equity	5.0%	0.0%	10.0%
Global Fixed Income	<u>40.0%</u>	30.0%	50.0%
Total	<u>100.0%</u>		

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**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the money market accounts held by the program, \$825,607 is uninsured and uncollateralized.

**Concentration of Credit Risk:**

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

**Interest Rate Risk:**

Program investments sensitive to interest rate risk are managed by an investment manager specializing in global fixed income investments. The investment manager is responsible for monitoring economic outlook and investment strategy and has discretionary authority to buy, sell, or hold individual securities within the guidelines of the stated methodology. Performance of the investments is reviewed, monitored, and evaluated quarterly by the Committee. As of June 30, 2023, the Program held the following investments and maturities:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Investment Maturity<sup>(1)</sup></u>	
		<u>0 - 5</u>	<u>5 - 13 Years</u>
Exchange traded funds fixed income	\$ 2,081,565	\$ 2,081,565	\$ -
Mutual funds - fixed income	<u>27,947,393</u>	<u>18,315,941</u>	<u>9,631,452</u>
Total	<u>\$ 30,028,958</u>	<u>\$ 20,397,506</u>	<u>\$ 9,631,452</u>

<sup>(1)</sup> Estimated using average effective maturity.

**Fair Value Hierarchy:**

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Program has the following recurring fair value measurements using quoted market prices (Level 1 inputs) as of June 30, 2023:

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<u>Investments by Fair Value</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>	
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>
Common stocks	\$ 20,346,098	\$ 20,346,098	\$ -
Mutual funds - equity	8,637,274	8,637,274	-
Mutual funds - fixed income	27,947,393	16,053,950	11,893,443
Exchange traded funds - equity	14,484,144	14,484,144	-
Exchange traded funds - fixed income	2,081,565	2,081,565	-
Total	<u>\$ 73,496,474</u>	<u>\$ 61,603,031</u>	<u>\$ 11,893,443</u>

**Investment Policy and Long-term Rate of Return:**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Style Target</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>
Equity:			
U.S. Large Cap Equity	32.0%		
Large Cap Growth		13.0%	9.4%
Large Cap Value		19.0%	9.2%
U.S. Small/Mid Cap Equity	12.0%		
Mid Cap Growth		3.0%	9.8%
Mid Cap Value		5.0%	9.8%
Small Cap Growth		1.0%	9.2%
Small Cap Value		3.0%	10.1%
International Developed Equity	11.0%		8.3%
Emerging Markets Equity	5.0%		10.1%
Global Fixed Income	40.0%		
Ultra-Short Term Fixed Income		4.0%	3.1%
Short-term Fixed Income		11.0%	3.5%
U. S. Taxable Core		14.0%	3.9%
Inflation Linked Securities		3.0%	5.0%
Global Fixed Income Other		8%	3.8%
Total	<u>100.0%</u>		7.8%

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**5. Receivables**

**A. Real and Personal Property Taxes**

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to setting the current tax rate. The tax rate is set by the County Board in March or April and is applied to the assessed value as of January 1 of the calendar year. The assessed value of all classes of property approximates market value. January 1 is also the date an enforceable legal claim to the asset applies. Real Property taxes are due June 5th and December 5th in two equal installments. Installments due on June 5, 2023, are levied for fiscal year 2023 and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on December 5, 2023, are levied for fiscal year 2024 and, therefore, are unearned and reported as deferred inflows of resources.

Personal property taxes, which do not create a lien on property, are due on June 5th and levied for fiscal year 2023 on property with situs in the County as of January 1st. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs after January 1.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$41,092,048, which the County received during the year ended June 30, 2023. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

**B. Stormwater Utility Fees**

Stormwater utility fees are billed to each property owner subject to the fee in the same manner as the real property tax. Stormwater utility fees are due June 5th and December 5th in two equal installments. Installments due on June 5, 2023, are levied for fiscal year 2023 and, when unavailable in the current period, are reported as deferred inflows of resources in the fund statements. Installments due on December 5, 2023, are levied for fiscal year 2024 and are reported as deferred inflows of resources in the fund statements and government-wide statements.

**C. Leases**

The County leases land, building, office space and equipment to third parties which are presented with accounts receivable on the financial statements. As of June 30, 2023, the County's lease receivables were valued at \$23,477,481 and the deferred inflow of resources associated with these leases that will be recognized as revenue over the term of the leases was \$23,074,022.

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

The lease receivables reported in Receivables, net of allowance for uncollectibles, for Governmental and Business-Type Activities at June 30, 2023 were as follows:

**GOVERNMENTAL ACTIVITIES**

Land leases - annual lease payments totaling \$140,008 plus interest at rates ranging from 0.980% to 3.446%, due dates ranging from July 24, 2023 to October 31, 2052.	\$ 1,729,513
Infrastructure leases - annual lease payments totaling \$218,404 plus interest at rates ranging from 0.980% to 3.446%, due dates ranging from July 1, 2023 to December 31, 2059.	1,418,925
Building and office space leases - annual lease payments totaling \$997,932 plus interest at rates ranging from 0.814% to 3.489%, due dates ranging from July 1, 2023 to June 30, 2067.	<u>11,210,991</u>
Total Governmental Activities Lease Receivables	\$ <u>14,359,429</u>

**BUSINESS-TYPE ACTIVITIES**

Land leases - annual lease payments totaling \$11,397 plus interest at rates ranging from 1.296% to 2.425%, due dates ranging from November 1, 2023 to January 31, 2060.	\$ 406,017
Infrastructure leases - annual lease payments totaling \$113,035 plus interest at rates ranging from 1.872% to 2.343%, due dates ranging from September 1, 2023 to September 30, 2047.	3,403,818
Building and office space leases - annual lease payments totaling \$281,769 plus interest at rates ranging from 0.435% to 2.425%, due dates ranging from October 1, 2023 to January 31, 2060.	<u>5,308,217</u>
Total Business-Type Activities Lease Receivables	\$ <u>9,118,052</u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**D. Receivables**

Receivables at June 30, 2023 were as follows:

<b>Governmental Activities</b>	<b>General Fund</b>	<b>County Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
Taxes	\$ 299,440,909	-	\$ 2,435,841	\$ -	\$ 301,876,750
Accounts	15,748,884	964,951	19,822,073	118,600	36,654,508
Leases	14,359,429	-	-	-	14,359,429
Interest	2,404,116	-	1,142,866	-	3,546,982
Lease interest	51,147	-	-	-	51,147
Special assessments	782,716	-	-	-	782,716
Commonwealth of Virginia	42,473,945	14,194,985	9,051,013	7,309	65,727,252
Federal government	<u>28,581</u>	<u>3,736,055</u>	<u>2,571,937</u>	<u>-</u>	<u>6,336,573</u>
Gross receivables	375,289,727	18,895,991	35,023,730	125,909	429,335,357
Less: Allowance for uncollectibles	<u>(13,687,742)</u>	<u>-</u>	<u>(8,081,837)</u>	<u>-</u>	<u>(21,769,579)</u>
Net receivables	<u>\$ 361,601,985</u>	<u>\$ 18,895,991</u>	<u>\$ 26,941,893</u>	<u>\$ 125,909</u>	<u>\$ 407,565,778</u>

<b>Business-type Activities</b>	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total</b>
Accounts	\$ 11,366,731	\$ 9,449,641	\$ 98,006	\$ 20,914,378
Leases	3,403,817	-	5,714,235	9,118,052
Interest	1,821,764	2,239,552	9,290	4,070,606
Special assessments	30,716	220,496	-	251,212
Commonwealth of Virginia	-	-	4,464,478	4,464,478
Federal government	<u>193,729</u>	<u>-</u>	<u>161,826</u>	<u>355,555</u>
Gross receivables	16,816,757	11,909,689	10,447,835	39,174,281
Less: Allowance for uncollectibles	<u>(434,322)</u>	<u>(334,512)</u>	<u>-</u>	<u>(768,834)</u>
Net receivables	<u>\$ 16,382,435</u>	<u>\$ 11,575,177</u>	<u>\$ 10,447,835</u>	<u>\$ 38,405,447</u>

<b>Component Unit</b>	<b>School Board</b>
Accounts	\$ 2,409,744
Commonwealth of Virginia	10,033,023
Federal government	<u>15,727,247</u>
Gross receivables	<u>\$ 28,170,014</u>

Special assessments of \$20,392 and \$186,677, respectively, in the Water and Wastewater funds, in addition to \$161,148 of accrued interest on those special assessments in the Wastewater fund, are not expected to be collected within one year.

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**6. Payables**

Payables at June 30, 2023, were as follows:

**Governmental Activities**

	<b>General Fund</b>	<b>County Capital Projects Fund</b>	<b>School Capital Projects Fund</b>	<b>Other Governmental Funds</b>	<b>Internal Service Funds</b>	<b>Total</b>
Vendors	\$ 9,506,343	\$ 28,517,973	\$ 14,804,668	\$ 3,946,539	\$ 4,573,286	\$ 61,348,809
Wages and benefits	9,225,916	5,914	-	1,444,772	285,341	10,961,943
Retainages	-	2,115,913	1,934,134	172,301	5,000	4,227,348
Deposits	376,430	2,732,224	-	-	-	3,108,654
Total	<u>\$ 19,108,689</u>	<u>\$ 33,372,024</u>	<u>\$ 16,738,802</u>	<u>\$ 5,563,612</u>	<u>\$ 4,863,627</u>	79,646,754
					Accrued interest	11,709,451
					Total per government-wide	<u>\$ 91,356,205</u>

**Business-type Activities**

	<b>Water Fund</b>	<b>Wastewater Fund</b>	<b>Non-major Enterprise Funds</b>	<b>Total</b>
Vendors	\$ 5,939,775	\$ 3,241,714	\$ 328,370	\$ 9,509,859
Wages and benefits	419,660	337,484	711	757,855
Accrued interest	46,247	94,401	221,932	362,580
Retainages	923,101	620,031	904,504	2,447,636
Other	2,045,753	31,661	3,824,154	5,901,568
Total	<u>\$ 9,374,536</u>	<u>\$ 4,325,291</u>	<u>\$ 5,279,671</u>	<u>\$ 18,979,498</u>

**Component Unit**

	<b>School Board</b>
Vendors	\$ 11,182,171
Wages and benefits	53,548,991
Retainages	614,724
Accrued interest	138,711
Total	<u>\$ 65,484,597</u>



County of Chesterfield, Virginia  
Notes to Financial Statements  
June 30, 2023

**7. Reporting Entity - Internal Transactions**

Internal receivable and payable balances at June 30, 2023, were as follows:

Fund	Internal Receivables	Internal Payables
<b>Internal Receivables/Payables Other Funds</b>		
<b>Governmental Activities:</b>		
General Fund	\$ -	\$ 1,674,493
County Capital Projects Fund	3,141,775	-
<b>Business-type Activities:</b>		
Non-major Economic Development Authority	1,674,493	3,141,775
Total primary government	<u>\$ 4,816,268</u>	<u>\$ 4,816,268</u>
<b>Receivables/Payables Primary Government and Component Units</b>		
<b>Primary Government:</b>		
General Fund	\$ -	\$ 120,640,764
<b>Discretely Presented Component Unit:</b>		
School Board	120,640,764	-
Total	<u>\$ 120,640,764</u>	<u>\$ 120,640,764</u>

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

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to use revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization and (3) to provide funding for capital expenditures or budgeted subsidies for operations. Interfund transfers in the fund financial statements during fiscal year 2023 were as follows:

**Transfers In:**

**Governmental Funds**

General Fund from:

Grants Fund	\$ 2,871,300	
Mental Health Fund	<u>305,200</u>	\$ 3,176,500

County Capital Projects Fund from:

General Fund	34,489,685	
Central Virginia Transportation Authority - Local	7,960,548	
Mental Health Fund	<u>251,453</u>	42,701,686

Grants Fund from:

General Fund	2,299,402	
Mental Health Fund	339,526	
Jail Canteen Fund	<u>28,000</u>	2,666,928

Children's Services Fund from:

General Fund		1,907,700
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Mental Health Fund from:

General Fund		15,384,067
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**Proprietary Funds**

Economic Development Authority from:

General Fund		33,759,058
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Airport Fund from:

General Fund		871,608
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**Internal Service Funds**

Vehicle and Communications Maintenance Fund from:

General Fund		848,006
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Risk Management Fund from:

General Fund		20,400
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Healthcare Fund from:

General Fund	<u>2,600,000</u>	
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Total transfers in		<u><u>\$ 103,935,953</u></u>
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**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**Transfers Out:**

**Governmental Funds**

General Fund to:

County Capital Projects Fund	\$34,489,685	
Grants Fund	2,299,402	
Children's Services Fund	1,907,700	
Healthcare Fund	2,600,000	
Mental Health Fund	15,384,067	
Economic Development Authority	33,759,058	
Airport Fund	871,608	
Vehicle and Communications Maintenance Fund	848,006	
Risk Management Fund	<u>20,400</u>	\$ 92,179,926

Central Virginia Transportation Authority - Local Fund to:

County Capital Projects Fund	7,960,548
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Grants Fund to:

General Fund	2,871,300
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Mental Health Fund to:

General Fund	305,200	
County Capital Projects Fund	251,453	
Grants Fund	<u>339,526</u>	896,179

Jail Canteen Fund to:

Grants Fund	<u>28,000</u>
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Total transfers out	<u>\$ 103,935,953</u>
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**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**8. Capital and Intangible Assets**

**A. Governmental Activities**

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Balance</u> <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2023</u>
Capital assets, not being depreciated:				
Land	\$ 102,731,011	\$ 18,366,353	\$ 18,000	\$ 121,079,364
Construction in progress	103,725,563	94,580,919	93,376,776	104,929,706
Subscriptions in progress	<u>-</u>	<u>548,018</u>	<u>-</u>	<u>548,018</u>
Total assets, not being depreciated	<u>206,456,574</u>	<u>113,495,290</u>	<u>93,394,776</u>	<u>226,557,088</u>
Capital assets, being depreciated and or amortized:				
Buildings	1,585,600,342	74,533,287	2,163,360	1,657,970,269
Improvements other than buildings	120,641,069	7,670,196	194,713	128,116,552
Machinery and equipment	231,590,680	12,874,292	16,211,777	228,253,195
Infrastructure	43,740,494	1,002,536	-	44,743,030
Right-to-use land	124,030	-	-	124,030
Right-to-use buildings	9,380,719	2,973,033	310,269	12,043,483
Right-to-use equipment	24,468	961,954	24,468	961,954
Right-to-use subscriptions	<u>-</u>	<u>12,426,493</u>	<u>-</u>	<u>12,426,493</u>
Total at historical cost	<u>1,991,101,802</u>	<u>112,441,791</u>	<u>18,904,587</u>	<u>2,084,639,006</u>
Less accumulated depreciation and amortization for:				
Buildings	562,378,356	34,780,933	1,831,441	595,327,848
Improvements other than buildings	67,568,200	4,721,626	118,413	72,171,413
Machinery and equipment	149,738,479	17,147,096	14,229,458	152,656,117
Infrastructure	13,862,556	641,161	-	14,503,717
Right-to-use land	37,209	37,209	-	74,418
Right-to-use buildings	2,134,481	2,647,016	310,269	4,471,228
Right-to-use equipment	12,234	188,592	24,468	176,358
Right-to-use subscriptions	<u>-</u>	<u>4,799,298</u>	<u>-</u>	<u>4,799,298</u>
Total accumulated depreciation/ amortization	<u>795,731,515</u>	<u>64,962,931</u>	<u>16,514,049</u>	<u>844,180,397</u>
Total capital assets, being depreciated, net	<u>1,195,370,287</u>	<u>47,478,860</u>	<u>2,390,538</u>	<u>1,240,458,609</u>
<b>Governmental activities capital assets, net</b>	<u><u>\$ 1,401,826,861</u></u>	<u><u>\$ 160,974,150</u></u>	<u><u>\$ 95,785,314</u></u>	<u><u>\$ 1,467,015,697</u></u>

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2023, are comprised of the following:

General capital assets, net	\$ 1,449,117,927
Internal Service Funds capital assets, net	<u>17,897,770</u>
Total	<u><u>\$ 1,467,015,697</u></u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

Depreciation and amortization expense was charged to the following functions:

General government	\$ 7,981,149
Administration of justice	1,662,655
Public safety	14,288,501
Public works	1,682,869
Health and welfare	2,181,897
Education - School Board	28,119,325
Parks, recreation and cultural	5,938,370
Community development	1,381,466
Capital assets held by the County's Internal Service Funds	<u>1,726,699</u>
Total depreciation expense	<u><u>\$ 64,962,931</u></u>

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

<b>Function</b>	<b>Committed at June 30, 2023</b>
General government	\$ 6,238,403
Administration of justice	1,055,361
Public safety	69,972,021
Public works	17,699,102
Parks, recreation and cultural	53,491,239
Education - School Board	182,322,937
Community development	<u>2,552,207</u>
Total construction in progress commitments	<u><u>\$ 333,331,270</u></u>

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

<b>Function</b>	<b>Committed at June 30, 2023</b>
General government	\$ 269,472
Community development	<u>278,547</u>
Total subscriptions in progress commitments	<u><u>\$ 548,019</u></u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**B. Business-type Activities**

Intangible and capital asset activity for the year ended June 30, 2023, was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
<b>Water Fund</b>				
Intangible assets:				
Capacity rights, net of amortization	\$ 64,564,034	\$ 3,569,187	\$ 2,556,128	\$ 65,577,093
Capital assets, not being depreciated:				
Land	11,157,959	1,357,042	-	12,515,001
Construction in progress	30,479,512	23,658,062	27,099,476	27,038,098
Total assets, not being depreciated	41,637,471	25,015,104	27,099,476	39,553,099
Capital assets, being depreciated:				
Buildings	76,175,196	6,040,900	247,493	81,968,603
Improvements other than buildings	9,245,021	1,766,856	86,519	10,925,358
Machinery and equipment	555,386,276	40,500,950	374,443	595,512,783
Totals at historical cost	640,806,493	48,308,706	708,455	688,406,744
Less accumulated depreciation for:				
Buildings	30,013,782	1,852,338	172,120	31,694,000
Improvements other than buildings	6,933,637	277,736	49,509	7,161,864
Machinery and equipment	220,698,925	12,392,219	369,904	232,721,240
Total accumulated depreciation	257,646,344	14,522,293	591,533	271,577,104
Total capital assets, being depreciated, net	383,160,149	33,786,413	116,922	416,829,640
Water capital and intangible assets, net	\$ 489,361,654	\$ 62,370,704	\$ 29,772,526	\$ 521,959,832
<b>Wastewater Fund</b>				
Intangible assets:				
Capacity rights, net of amortization	\$ 1,664,275	\$ -	\$ 118,877	\$ 1,545,398
Capital assets, not being depreciated:				
Land	4,699,178	685,722	-	5,384,900
Construction in progress	13,474,914	16,809,075	8,680,437	21,603,552
Total assets, not being depreciated	18,174,092	17,494,797	8,680,437	26,988,452
Capital assets, being depreciated:				
Buildings	158,763,914	609,125	-	159,373,039
Improvements other than buildings	19,734,128	6,376	-	19,740,504
Machinery and equipment	615,477,377	34,711,628	1,498,763	648,690,242
Totals at historical cost	793,975,419	35,327,129	1,498,763	827,803,785
Less accumulated depreciation for:				
Buildings	72,847,589	3,529,337	-	76,376,926
Improvements other than buildings	10,833,015	482,280	-	11,315,295
Machinery and equipment	294,691,159	16,660,663	1,450,995	309,900,827
Total accumulated depreciation	378,371,763	20,672,280	1,450,995	397,593,048
Total capital assets, being depreciated, net	415,603,656	14,654,849	47,768	430,210,737
Wastewater capital and intangible assets, net	\$ 435,442,023	\$ 32,149,646	\$ 8,847,082	\$ 458,744,587

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
<b>Non-major</b>				
Intangible assets:				
Capacity rights, net of amortization	\$ -	\$ 2,830,412	\$ -	\$ 2,830,412
Capital assets, not being depreciated:				
Land and improvements	\$ 48,238,534	\$ 6,095,432	\$ 5,980,485	\$ 48,353,481
Construction in progress	692,145	1,977,777	1,420,247	1,249,675
Total assets, not being depreciated	48,930,679	8,073,209	7,400,732	49,603,156
Capital assets, being depreciated:				
Buildings	9,023,372	-	83,716	8,939,656
Improvements other than buildings	30,228,394	128,359	-	30,356,753
Machinery and equipment	4,010,542	170,469	9,889	4,171,122
Infrastructure	9,887,662	-	2,636,860	7,250,802
Totals at historical cost	53,149,970	298,828	2,730,465	50,718,333
Less accumulated depreciation for:				
Buildings	4,035,131	213,340	57,521	4,190,950
Improvements other than buildings	21,649,863	1,104,401	-	22,754,264
Machinery and equipment	1,559,537	209,413	9,889	1,759,061
Infrastructure	1,891,311	352,406	615,267	1,628,450
Total accumulated depreciation	29,135,842	1,879,560	682,677	30,332,725
Total capital assets, being depreciated, net	24,014,128	(1,580,732)	2,047,788	20,385,608
Non-major business-type activities capital assets, net	\$ 72,944,807	\$ 9,322,889	\$ 9,448,520	\$ 72,819,176
<b>Total Business-type Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>
Intangible assets:				
Capacity rights, net of amortization	\$ 66,228,309	\$ 6,399,599	\$ 2,675,005	\$ 69,952,903
Capital assets, not being depreciated:				
Land	64,095,671	8,138,196	5,980,485	66,253,382
Construction in progress	44,646,571	42,444,914	37,200,160	49,891,325
Total assets, not being depreciated	108,742,242	50,583,110	43,180,645	116,144,707
Capital assets, being depreciated:				
Buildings	243,962,482	6,650,025	331,209	250,281,298
Improvements other than buildings	59,207,543	1,901,591	86,519	61,022,615
Machinery and equipment	1,174,874,195	75,383,047	1,883,095	1,248,374,147
Infrastructure	9,887,662	-	2,636,860	7,250,802
Totals at historical cost	1,487,931,882	83,934,663	4,937,683	1,566,928,862
Less accumulated depreciation for:				
Buildings	106,896,502	5,595,015	229,641	112,261,876
Improvements other than buildings	39,416,515	1,864,417	49,509	41,231,423
Machinery and equipment	516,949,621	29,262,295	1,830,788	544,381,128
Infrastructure	1,891,311	352,406	615,267	1,628,450
Total accumulated depreciation	665,153,949	37,074,133	2,725,205	699,502,877
Total capital assets, being depreciated, net	822,777,933	46,860,530	2,212,478	867,425,985
Total business-type activities capital and intangible assets, net	\$ 997,748,484	\$ 103,843,239	\$ 48,068,128	\$ 1,053,523,595

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

Water	\$ 2,556,128
Wastewater	118,877
Total amortization expense	<u>\$ 2,675,005</u>
Water	\$ 14,522,293
Wastewater	20,672,280
Non-major funds	1,879,560
Total depreciation expense	<u>\$ 37,074,133</u>

**C. Component Unit - School Board**

Capital asset activity for the year ended June 30, 2023, for the School Board component unit was as follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Construction in progress	\$ 680,525	\$ 205,431	\$ 680,524	\$ 205,432
Capital assets, being depreciated:				
Machinery and equipment	183,492,400	23,673,157	2,287,553	204,878,004
Right-to-use buildings	2,052,740	221,018	153,365	2,120,393
Right-to-use equipment	81,538	-	-	81,538
Right-to-use subscriptions	-	5,722,994	-	5,722,994
Total at historical cost	<u>185,626,678</u>	<u>29,617,169</u>	<u>2,440,918</u>	<u>212,802,929</u>
Less accumulated depreciation and amortization for:				
Machinery and equipment	101,416,037	21,453,132	1,797,744	121,071,425
Right-to-use buildings	267,055	302,534	153,365	416,224
Right-to-use equipment	18,918	25,125	-	44,043
Right-to-use subscriptions	-	1,345,893	-	1,345,893
Less accumulated depreciation/amortization	<u>101,702,010</u>	<u>23,126,684</u>	<u>1,951,109</u>	<u>122,877,585</u>
Total capital assets, being depreciated, net	<u>83,924,668</u>	<u>6,490,485</u>	<u>336,444</u>	<u>89,925,344</u>
School Board capital assets, net	<u>\$ 84,605,193</u>	<u>\$ 6,695,916</u>	<u>\$ 1,016,968</u>	<u>\$ 90,130,776</u>

Current year depreciation and amortization on capital assets of the School Board was \$23,126,684.



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**9. Long-term Obligations**

**A. General Obligation Bonds**

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and including those used by the School Board component unit. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The general obligation bonds are payable from the General Fund. In the event of default on payment of principal or interest on these bonds and upon the affidavit of any bond owner or any paying agent of the bonds, the Governor must take certain actions through the State Aid Intercept Program. These actions could include directing the Comptroller of the Commonwealth to withhold its payments to the County until such default is cured. At June 30, 2023, general obligation bonds offered for public sale were outstanding as follows:

	<b>Original Issue Amount</b>	<b>Interest Rates</b>	<b>Future Principal Requirements</b>	<b>Total Outstanding</b>
<b>General Obligation Bonds</b>				
2011A School, due 2032	\$ 15,630,000	4.05 - 5.05%	\$780,000	\$ 7,020,000
2012B School, due 2033	18,595,000	3.05 - 5.05%	925,000 - 930,000	9,295,000
2013A School, due 2034	18,305,000	3.05 - 5.05%	915,000	10,065,000
2014 General Improvement & Refunding, due 2025	60,645,000	4.00 - 5.00%	3,115,000 - 3,855,000	6,970,000
2015 General Improvement & Refunding, due 2029	92,110,000	3.00 - 5.00%	1,735,000 - 11,930,000	44,720,000
2016 General Improvement & Refunding, due 2036	86,480,000	2.125 - 5.00%	2,095,000 - 5,370,000	48,250,000
2017B General Improvement, due 2037	82,270,000	3.00 - 5.00%	4,110,000 - 4,115,000	57,580,000
2018A General Improvement, due 2038	51,450,000	3.00 - 5.00%	2,570,000 - 2,575,000	38,575,000
2018B School, due 2039	13,735,000	3.55 - 5.05%	685,000 - 690,000	10,975,000
2019A General Improvement, due 2039	69,925,000	2.50 - 5.00%	3,495,000 - 3,500,000	55,925,000
2020A School, due 2041	38,340,000	2.90%	1,915,000 - 1,920,000	34,500,000
2020 General Improvement, due 2040	59,755,000	2.00 - 5.00%	2,985,000 - 2,990,000	50,790,000
2020B General Improvement, due 2035	41,485,000	0.55 - 1.55%	1,760,000 - 5,935,000	37,135,000
2022 School, due 2042	116,605,000	2.00 - 5.00%	5,830,000 - 5,835,000	110,775,000
2023 General Improvement, due 2043	104,800,000	4.00 - 5.00%	2,740,000 - 5,375,000	104,800,000
Total general obligation bonds				627,375,000
Add: Premium				51,845,260
Net general obligation bonds				<u>\$ 679,220,260</u>

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

<b>Year Ending</b>	<b>General Obligation Bonds</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
<b>June 30</b>			
2024	\$ 50,310,000	\$ 21,325,591	\$ 71,635,591
2025	52,800,000	21,659,630	74,459,630
2026	48,980,000	19,377,370	68,357,370
2027	45,580,000	17,291,229	62,871,229
2028	41,845,000	15,292,436	57,137,436
2029-2033	179,600,000	51,754,664	231,354,664
2034-2038	142,195,000	22,953,454	165,148,454
2039-2043	66,065,000	5,215,063	71,280,063
Total	<u>\$ 627,375,000</u>	<u>\$ 174,869,437</u>	<u>\$ 802,244,437</u>

In August 2017, the VPSA sold a refunding bond series that refinanced a series of Local School Bonds, including the County's 2011A and 2012B issues. In March 2019, the VPSA refinanced a series of Local School Bonds, including the County's 2002B issue. In October 2020, the VPSA refinanced a series of Local School Bonds, including the County's 2013A issue. The savings are being passed on to localities in the form of interest rebates, allocated and paid over the remaining amortization periods. The County continues to be responsible for its full debt service payments in accordance with the original amortization schedule and, once received, the VPSA will then disburse the credit to the County. The expected interest rebate amounts are as follows:

<b>Year Ending</b>	<b>Schedule of</b>			
	<b>Expected Interest Credits</b>			
<b>June 30</b>	<b>2011A</b>	<b>2012B</b>	<b>2013A</b>	<b>Total</b>
2024	\$ 52,275	\$ 46,425	\$ 21,968	\$ 120,668
2025	55,025	45,175	76,437	176,637
2026	50,325	43,925	73,997	168,247
2027	51,125	42,675	70,965	164,765
2028	52,175	45,025	68,250	165,450
2029-2033	212,825	217,725	308,989	739,539
2034	-	-	56,098	56,098
Total	<u>\$ 473,750</u>	<u>\$ 440,950</u>	<u>\$ 676,704</u>	<u>\$ 1,591,404</u>

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**B. Revenue Bonds**

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

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

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

Revenue bonds outstanding at June 30, 2023, are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Future Principal Requirements</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>				
2019 EDA Public Facility Revenue Bonds, due 2039	\$ 45,705,000	3.00 - 5.00%	\$2,285,000	\$ 36,560,000
2020 EDA Public Facility Revenue Bonds, due 2041	85,000,000	2.00 - 5.00%	4,250,000	76,500,000
Total governmental-type activities revenue bonds				113,060,000
Add: Premium				13,782,710
Net governmental-type activities				126,842,710
<b>Business-type Activities</b>				
<b>Major Enterprise Funds</b>				
2016 Water and Sewer, due 2027	\$ 53,695,000	5.00%	\$2,005,000 - 6,315,000	16,970,000
Add: Premium				947,350
Net business-type activities				17,917,350
Total revenue bonds				\$ 144,760,060

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

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Total revenue bonds	\$ 5,580,000	\$ 11,390,000	\$ 16,970,000
Net revenue bonds	5,766,635	12,150,715	17,917,350

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

Year Ending June 30	Governmental Activities			Business-type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 6,535,000	\$ 4,221,700	\$ 10,756,700	\$ 6,315,000	\$ 690,625	\$ 7,005,625
2025	6,535,000	3,894,950	10,429,950	5,365,000	398,625	5,763,625
2026	6,535,000	3,568,200	10,103,200	3,285,000	182,375	3,467,375
2027	6,535,000	3,241,450	9,776,450	2,005,000	50,125	2,055,125
2028	6,535,000	2,914,700	9,449,700	-	-	-
2029-2033	32,675,000	9,832,200	42,507,200	-	-	-
2034-2038	32,675,000	4,048,500	36,723,500	-	-	-
2039-2041	15,035,000	578,550	15,613,550	-	-	-
Total	<u>\$ 113,060,000</u>	<u>\$ 32,300,250</u>	<u>\$ 145,360,250</u>	<u>\$ 16,970,000</u>	<u>\$ 1,321,750</u>	<u>\$ 18,291,750</u>

**C. Special Subfund Revenue Bonds**

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

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

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

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

The County has a moral obligation to appropriate and pay the amounts due for subfund revenue bonds issued by the VRA from the General Fund. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. Amounts outstanding as of June 30, 2023 for the Special Subfund Revenue Bonds are:

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	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Future Principal Requirements</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>				
2016A Virginia Resource Authority, due 2037	\$19,760,324	3.807 - 5.125%	\$330,000 - 2,034,203	\$ 10,071,521
2017A Virginia Resource Authority, due 2037	6,550,000	3.125 - 5.125%	285,000 - 475,000	5,320,000
2017B Virginia Resource Authority, due 2037	7,185,000	3.125 - 5.125%	375,000 - 380,000	5,290,000
2017C Virginia Resource Authority, due 2037	2,675,000	3.125 - 5.125%	140,000 - 145,000	1,965,000
2018A Virginia Resource Authority, due 2039	14,775,000	4.125 - 5.125%	735,000 - 740,000	11,815,000
2018B Virginia Resource Authority, due 2039	4,710,000	3.407 - 4.407%	235,000	3,760,000
Total governmental special subfund revenue bonds				38,221,521
Add: Premium				2,818,043
Less: Discount				(22,098)
Net governmental activities				41,017,466
<b>Business-type Activities</b>				
2016A Virginia Resource Authority due 2028	\$ 44,676	4.476 - 5.125%	\$ 2,618 - 5,797	18,479
Add: Premium				1,253
Net business-type activities				19,732
Total special subfund revenue bonds				\$ 41,037,198

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

<b>Year Ending</b>	<b>Primary Government</b>					
	<b>Governmental Activities</b>			<b>Business-type Activities</b>		
<b>June 30</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 3,505,274	\$ 1,638,933	\$ 5,144,207	\$ 4,726	\$ 792	\$ 5,518
2025	3,829,203	1,454,966	5,284,169	5,797	522	6,319
2026	2,932,314	1,287,300	4,219,614	2,686	309	2,995
2027	2,937,348	1,144,049	4,081,397	2,652	181	2,833
2028	2,942,382	1,004,501	3,946,883	2,618	58	2,676
2029-2033	11,060,000	3,434,192	14,494,192	-	-	-
2034-2038	10,045,000	1,083,203	11,128,203	-	-	-
2039-2043	970,000	20,338	990,338	-	-	-
Total	\$ 38,221,521	\$ 11,067,482	\$ 49,289,003	\$ 18,479	\$ 1,862	\$ 20,341

**D. Public Facility Lease Revenue Bonds and Certificates of Participation**

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

Under an agreement dated March 1, 2004, the County leases real property incorporating a new Community Development Building, a replacement Chester House Rehabilitative Facility, and an

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

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

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

Amounts outstanding as of June 30, 2023 on the Certificates of Participation are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Future Principal Requirements</u>	<u>Amount Outstanding</u>
<b>Governmental Activities</b>				
2012 Certificates of Participation -				
Refunding, due 2025	\$ 19,011,905	4.00 - 5.00%	\$327,211 - 1,539,815	\$ 1,867,026
Add: Premium				22,602
Net governmental activities				<u>1,889,628</u>
<b>Business-type Activities</b>				
2012 Certificates of Participation -				
Refunding, due 2025	\$ 743,095	4.00 - 5.00%	\$ 12,789 - 60,185	72,974
Add: Premium				900
Net business-type activities				<u>73,874</u>
Total certificates of participation				<u>\$ 1,963,502</u>

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

<u>Year Ending</u>	<u>Primary Government</u>					
	<u>Governmental Activities</u>			<u>Business-Type Activities</u>		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,539,815	\$ 43,885	\$ 1,583,700	\$ 60,185	\$ 1,715	\$ 61,900
2025	327,211	6,544	333,755	12,789	256	13,045
Total	<u>\$ 1,867,026</u>	<u>\$ 50,429</u>	<u>\$ 1,917,455</u>	<u>\$ 72,974</u>	<u>\$ 1,971</u>	<u>\$ 74,945</u>

**E. Direct Borrowings**

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

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

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

In December 2022, in accordance with the Support Agreement, the EDA issued bonds to finance the design, acquisition, construction and equipping of certain public infrastructure and open space improvements in the County related to the Spring Rock Green Development project. In the event of default, the lender may, without further demand or notice, declare the entire unpaid balance as due and payable.

The Chippenham Place CDA dissolved on June 29, 2023. As a result of the dissolution, the County assumed the outstanding Series 2017 Revenue Refunding Bond, with a balance of \$7,639,543.

Direct borrowings as of June 30, 2023 are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Future Principal Requirements</u>	<u>Total Outstanding</u>
<b>Governmental Activities</b>				
Chippenham Place Special Assessment Note, due 2032	\$ 11,774,028	2.89%	\$755,367 - \$948,731	\$ 7,639,543
2019 EDA Tax Exempt Revenue Bond, due 2032	15,000,000	2.35%	691,000 - 1,459,000	11,457,000
Chester Arts Community Center, due 2032	6,899,800	3.09	459,987	4,139,883
2020C EDA Refunding Bond, due 2030	5,659,000	1.00	389,000 - 790,000	3,606,000
2020D EDA Refunding Bond, due 2025	2,611,000	0.75	638,000 - 642,000	1,280,000
2020E EDA Refunding Bond, due 2035	6,246,000	2.00	385,000 - 479,000	5,162,000
2022 EDA Spring Rock Green Loan, due 2043	23,000,000	4.34	599,000 - 1,694,000	23,000,000
Total governmental activities				<u>\$ 56,284,426</u>

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

<u>Year Ending</u>	<u>Governmental Activities</u>		
	<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$	4,869,354	\$ 1,802,900
2025		5,096,183	1,614,663
2026		4,189,645	1,492,950
2027		4,279,755	1,376,618
2028		4,373,533	1,257,191
2029-2033		18,484,956	4,443,770
2034-2038		7,211,000	2,419,989
2039-2043		7,780,000	873,425
Total	\$	<u>56,284,426</u>	<u>\$ 15,281,506</u>

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**F. Financed Purchases - School Board**

The School Board has acquired equipment under financed purchases arrangements. Financed Purchases are liquidated by the School Operating Fund. In the event of default, the lessor may declare the entire unpaid principal of and interest on the leases due and payable or take repossession of the leased equipment. Amounts outstanding as of June 30, 2023 are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Future Principal Requirements</u>	<u>Amount Outstanding</u>
Chromebooks	\$ 11,617,038	3.48%	3,889,470	\$ 3,889,470
Total School Board financed purchases				<u>\$ 3,889,470</u>

Future minimum lease payments at June 30, 2023 for these financed purchases are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Component Unit</u> <u>School Board</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,889,470	\$ 124,217	\$ 4,013,687

**G. Airport Revolving Loan**

In November 2017, the County procured a loan from the Virginia Airports Revolving Fund in an amount up to \$1,846,000 to design and replace the existing fuel farm at the County Airport. Obligations for this loan will be liquidated by revenues generated by the Airport. The County agreed that each year's annual budget will include rates, rentals, fees and other charges sufficient to generate revenues that cover operations, maintenance, repairs, replacements, improvements, debt service and other purposes as well as any amount transferred from the General Fund to maintain rate covenant requirements. The County covenants that, in each fiscal year, the Airport's net revenues available for debt service will be at least equal to 100% of the amount required to pay debt service on the loan. If the Airport fails to make debt service payments when due, the County has a moral obligation to appropriate and pay the amount due from the General Fund to cure the deficiency. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment.

As of June 30, 2023, \$1,476,800 remained outstanding on the loan. Projected future debt service payments on the full amount of the loan are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 92,300	\$ 20,749	\$ 113,049
2025	92,300	38,904	131,204
2026	92,300	36,311	128,611
2027	92,300	33,717	126,017
2028	92,300	31,124	123,424
2029-2033	461,500	116,713	578,213
2034-2038	461,500	51,873	513,373
2039	92,300	2,594	94,894
Total	<u>\$ 1,476,800</u>	<u>\$ 331,985</u>	<u>\$ 1,808,785</u>



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**H. Defeased Debt**

In prior years, the County defeased certain general obligation bonds by placing funds in irrevocable escrow accounts to provide for future debt service payments on the defeased debt. Accordingly, the escrow account assets and the liability for the defeased debt are not included in the County's financial statements. At June 30, 2023, the outstanding balance of the defeased debt was \$17,690,000.

**I. Conduit Debt Obligations**

To further economic development in the County, the EDA has issued the following industrial development bonds that meet the definition of a conduit debt obligation. No commitments beyond the collateral, the payments from the private-sector facility, and maintenance of the tax-exempt status of the conduit debt obligation were extended by the EDA for the bonds. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements.

Retirement Facilities First Mortgage Revenue Bonds to finance construction of facilities for the residence and care of the aged. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector facility. On June 30, 2023, the bonds had an outstanding principal balance of \$29,775,913.

Multifamily Housing Revenue Bonds to finance the acquisition, construction and equipping of multi-family housing developments. The properties financed are pledged as collateral, and the bonds are payable solely from payments received from the private-sector facility. On June 30, 2023, the outstanding principal balance was \$34,075,363 with \$4,330,637 remaining on a draw down structure issue.

**J. Compensated Absences Payable**

The County recorded a liability for compensated absences in the Statement of Net Position of the government-wide statements for the Primary Government and the School Board component unit and in the fund financial statements of the proprietary funds. The governmental activities of the primary government recorded \$31,048,850 and \$3,261,202 for accrued vacation and sick leave benefits, respectively, and the business-type activities of the Primary Government recorded \$2,035,348 and \$349,228 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded \$18,249,147 and \$7,502,317 for accrued vacation/personal leave and sick leave benefits, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

**K. Judgments and Claims**

The County recorded a liability for workers' compensation claims in the government-wide statements for the Primary Government and the School Board component unit and in the fund financial statements of the proprietary funds. The workers' compensation liability recorded is \$7,664,429 for the governmental activities of the Primary Government, \$233,571 for the business-type activities of the Primary Government and \$5,014,000 for the School Board component unit. A liability of \$4,124,104 has been recorded for judgment and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2023, and b) liabilities for claims incurred but not reported as of June 30, 2023. These liabilities have been estimated based upon a case-by-case review, investigation and historical experience. Payments for workers' compensation liabilities are recorded as a charge to the fund that incurred the liability. Judgments and claims recorded in the Risk Management Fund are payable from the Risk Management Fund.

Effective January 1, 2014, the County and School Board began participating in a self-insured health care program covering medical and prescription drug costs. Medical and drug claims that exceed \$300,000 per member are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of expected medical and drug claims are covered by aggregate excess

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risk insurance. Claims paid by the third party claims administrator, but not reimbursed by the County as of June 30, 2023, are reported as accounts payable in the Healthcare Fund. An estimate of claims incurred but not reported as of June 30, 2023 is reported as a current claims liability in the Healthcare Fund in the amount of \$8,231,000.

In October 1991, the U. S. Environmental Protection Agency (EPA) issued a rule establishing municipal solid waste landfills (MSWLF) closure requirements for all MSWLF's that accepted solid waste after October 9, 1991 and postclosure requirements for all MSWLF's that accepted solid waste after October 9, 1993. The County operated one landfill, which was closed on October 8, 1993, and completed the final cover during fiscal year 1995. The County has met the Commonwealth's ten-year requirement to perform maintenance and monitoring postclosure functions at the site and has applied for certification from the Commonwealth to release it from further maintenance and monitoring requirements. The County anticipates it will incur an additional postclosure care liability of \$701,232 at June 30, 2023. This amount represents the estimated total current cost of landfill postclosure care for an additional ten years, based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Actual costs may be lower if the County is released from postclosure maintenance and monitoring by the Commonwealth. Payments for this liability will be recorded as a charge to the General Fund. The County is not required by state and federal laws or regulations to make annual contributions to a trust to finance postclosure care. The County expects to pay additional postclosure care cost from the General Fund with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund assigned fund balance.

GAAP require that the County estimate the financial liabilities associated with pollution remediation obligations when certain obligating events occur. One such obligating event is being named by a regulator as a potentially responsible party for remediation. The U.S. Department of Interior National Park Service (NPS) has named the County as a Primary Responsible Party (PRP) for cleanup efforts for a landfill site that was closed in 1972 and subsequently transferred to the NPS by the County. As a current owner of the landfill site, the NPS is also a potentially responsible party, with the liability for paying for the costs of cleanup. In December 2015, an Engineering Evaluation and Cost Analysis report was released by the NPS estimating the future cost of cleanup. In January 2016, the County received a cost package summarizing the response costs incurred by the NPS to date. However, neither document apportions liability between the NPS and the County. Therefore, as of June 30, 2023, the County's portion of the liability of the shared costs of cleanup is not reasonably estimable.

**L. Net Pension Liabilities**

As required by GAAP, a long-term liability has been recorded for the VRS Plan, the County Supplemental Retirement Plan and the School Board Supplemental Retirement Program for the cumulative difference between the total pension liabilities and fiduciary net position as of the measurement date. The governmental activities of the Primary Government recorded net pension liabilities of \$168,856,007 for the VRS Local Plan and \$7,318,344 for the County Supplemental Retirement Plan. The business-type activities of the Primary Government recorded net pension liabilities of \$7,741,742 the VRS Local Plan. The School Board component unit recorded net pension liabilities of \$7,527,866 and \$374,120,493 for the VRS Local and Teachers' Pool Plans and \$8,415,065 for the School Board Supplemental Retirement Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

**M. Other Postemployment Benefits Liabilities**

As required by GAAP, a long-term liability has been recorded for the County and Schools OPEB - Retiree Healthcare, the County Line of Duty Plan, the County and Schools VRS Group Life Insurance Plan and the Schools VRS cost-sharing Teachers' Pool Health Insurance Credit Program for the cumulative difference between the total OPEB liabilities and fiduciary net position as of the measurement date. The governmental activities of the Primary Government recorded net OPEB liabilities of \$36,070,510 for OPEB-Retiree Healthcare, \$5,720,158 for OPEB-Line of Duty, and

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\$11,510,255 for the County's share of VRS cost-sharing Group Life Insurance Plan. The business-type activities of the Primary Government recorded net OPEB liabilities of \$3,488,311 for OPEB-Retiree Healthcare and \$903,738 for the County's share of VRS cost-sharing Group Life Insurance Plan. The School Board component unit recorded net OPEB liabilities of \$112,514,248 for OPEB-Retiree Healthcare, \$21,736,469 for the School Board's share of VRS cost-sharing Group Life Insurance Plan, and \$49,141,862 for the School Board's share of the VRS cost-sharing Teachers' Pool Health Insurance Credit Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

**N. Changes in Long-term Obligations**

The following is a summary of long-term obligation transactions for the year ended June 30, 2023:

<b>Governmental Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>	<b>Amounts Due Within One Year</b>
General obligation bonds	\$ 570,320,000	\$ 104,800,000	\$ 47,745,000	\$ 627,375,000	\$ 50,310,000
Add: Premium	46,146,224	12,020,974	6,321,938	51,845,260	6,919,904
Net bonds payable	616,466,224	116,820,974	54,066,938	679,220,260	57,229,904
Revenue bonds payable	119,595,000	-	6,535,000	113,060,000	6,535,000
Add: Premium	15,388,575	-	1,605,865	13,782,710	1,517,177
Net bonds payable	134,983,575	-	8,140,865	126,842,710	8,052,177
Subfund revenue bonds	41,487,560	-	3,266,039	38,221,521	3,505,274
Add: Premium	3,356,748	-	538,705	2,818,043	475,188
Less: Discount	(24,994)	2,896	-	(22,098)	(2,718)
Net subfund revenue bonds payable	44,819,314	2,896	3,804,744	41,017,466	3,977,744
Certificates of participation	3,830,290	-	1,963,264	1,867,026	1,539,815
Add: Premium	82,424	-	59,822	22,602	20,128
Net certificates of participation	3,912,714	-	2,023,086	1,889,628	1,559,943
Direct borrowings	29,140,870	30,639,543	3,495,987	56,284,426	4,869,354
Total bonds and loans	829,322,697	147,463,413	71,531,620	905,254,490	75,689,122
Other liabilities:					
Compensated absences	37,168,264	3,651,346	6,509,558	34,310,052	4,796,349
Judgments and claims:					
Workers' compensation and risk claims	10,514,032	1,938,377	663,876	11,788,533	6,477,223
Healthcare claims	8,467,000	-	236,000	8,231,000	8,231,000
Landfill	661,119	40,113	-	701,232	138,629
Arbitrage	-	3,071,694	-	3,071,694	-
Total judgements and claims	19,642,151	5,050,184	899,876	23,792,459	14,846,852
Leases Payable	7,423,561	3,365,909	2,672,899	8,116,571	1,920,805
Subscriptions Payable	-	9,903,791	4,030,050	5,873,741	3,331,002
Net pension liabilities	97,352,349	82,037,754	3,215,752	176,174,351	-
Net other postemployment benefits obligations	58,804,232	843,564	6,346,873	53,300,923	-
Total other liabilities	220,390,557	104,852,548	23,675,008	301,568,097	24,895,008
Total long-term liabilities	\$ 1,049,713,254	\$ 252,315,961	\$ 95,206,628	\$ 1,206,822,587	\$ 100,584,130

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end, \$619,322 for compensated absences, \$12,911,812 for judgments and claims, \$3,117,331 for net pension liabilities, and \$1,223,269 for net OPEB liabilities for internal service funds are included in the above amounts. Except for the amounts for internal service funds, the long-term liabilities for governmental activities are generally liquidated by the General Fund.

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	Balance <u>July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2023</u>	Amounts Due Within <u>One Year</u>
<b>Business-type Activities</b>					
<b><u>Water Fund</u></b>					
Revenue bonds payable	\$ 8,750,000	\$ -	\$ 3,170,000	\$ 5,580,000	\$ 3,340,000
Add: Premium	452,489	-	265,854	186,635	145,078
Net bonds payable	<u>9,202,489</u>	<u>-</u>	<u>3,435,854</u>	<u>5,766,635</u>	<u>3,485,078</u>
Other liabilities:					
Compensated absences	1,297,411	113,772	160,301	1,250,882	170,712
Judgments and claims	181,237	-	188	181,049	79,798
Net pension liabilities	2,228,111	1,723,249	-	3,951,360	-
Net other postemployment benefits obligations	<u>2,252,204</u>	<u>21,351</u>	<u>283,536</u>	<u>1,990,019</u>	<u>-</u>
Total other liabilities	<u>5,958,963</u>	<u>1,858,372</u>	<u>444,025</u>	<u>7,373,310</u>	<u>250,510</u>
Total long-term liabilities	<u>15,161,452</u>	<u>1,858,372</u>	<u>3,879,879</u>	<u>13,139,945</u>	<u>3,735,588</u>
<b><u>Wastewater Fund</u></b>					
Revenue bonds payable	14,220,000	-	2,830,000	11,390,000	2,975,000
Add: Premium	1,215,794	-	455,079	760,715	351,926
Net bonds payable	<u>15,435,794</u>	<u>-</u>	<u>3,285,079</u>	<u>12,150,715</u>	<u>3,326,926</u>
Other liabilities:					
Compensated absences	1,218,555	114,016	234,789	1,097,782	150,140
Judgments and claims	36,578	15,944	-	52,522	23,149
Net pension liabilities	2,032,407	1,646,479	-	3,678,886	-
Net other postemployment benefits obligations	<u>2,627,136</u>	<u>28,631</u>	<u>321,411</u>	<u>2,334,356</u>	<u>-</u>
Total other liabilities	<u>5,914,676</u>	<u>1,805,070</u>	<u>556,200</u>	<u>7,163,546</u>	<u>173,289</u>
Total long-term liabilities	<u>21,350,470</u>	<u>1,805,070</u>	<u>3,841,279</u>	<u>19,314,261</u>	<u>3,500,215</u>
<b><u>Non-major</u></b>					
Certificates of participation	149,710	-	76,736	72,974	60,185
Add: Premium	3,283	-	2,383	900	801
Net certificates of participation	<u>152,993</u>	<u>-</u>	<u>79,119</u>	<u>73,874</u>	<u>60,986</u>
Subfund revenue bonds	22,440	-	3,961	18,479	4,726
Add: Premium	1,913	-	660	1,253	520
Net subfund revenue bonds payable	<u>24,353</u>	<u>-</u>	<u>4,621</u>	<u>19,732</u>	<u>5,246</u>
Airport Revolving Loan Fund	<u>1,569,100</u>	<u>-</u>	<u>92,300</u>	<u>1,476,800</u>	<u>92,300</u>
Total certificates of participation, revolving loan funds and revenue bonds payable	<u>1,746,446</u>	<u>-</u>	<u>176,040</u>	<u>1,570,406</u>	<u>158,532</u>
Other liabilities:					
Compensated absences	41,109	220	5,417	35,912	4,548
Net pension liabilities	48,851	62,645	-	111,496	-
Net other postemployment benefits obligations	<u>75,541</u>	<u>980</u>	<u>8,847</u>	<u>67,674</u>	<u>-</u>
Total other liabilities	<u>165,501</u>	<u>63,845</u>	<u>14,264</u>	<u>215,082</u>	<u>4,548</u>
Total long-term liabilities	<u>1,911,947</u>	<u>63,845</u>	<u>190,304</u>	<u>1,785,488</u>	<u>163,080</u>

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<b>Total Business-type Activities</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>	<b>Amounts Due Within One Year</b>
Revenue bonds payable	\$ 22,970,000	\$ -	\$ 6,000,000	\$ 16,970,000	\$ 6,315,000
Add: Premium	1,668,283	-	720,933	947,350	497,004
Net bonds payable	24,638,283	-	6,720,933	17,917,350	6,812,004
Certificates of participation	149,710	-	76,736	72,974	60,185
Add: Premium	3,283	-	2,383	900	801
Net certificates of participation	152,993	-	79,119	73,874	60,986
Subfund revenue bonds	22,440	-	3,961	18,479	4,726
Add: Premium	1,913	-	660	1,253	520
Net subfund revenue bonds payable	24,353	-	4,621	19,732	5,246
Airport Revolving Loan Fund	1,569,100	-	92,300	1,476,800	92,300
Total bonds, certificates of participation revolving fund loans and revenue bonds payable	26,384,729	-	6,896,973	19,487,756	6,970,536
Other liabilities:					
Compensated absences	2,557,075	228,008	400,507	2,384,576	325,400
Judgments and claims	217,815	15,944	188	233,571	102,947
Net pension liabilities	4,309,369	3,432,373	-	7,741,742	-
Net other postemployment benefits obligations	4,954,881	50,962	613,794	4,392,049	-
Total other liabilities	12,039,140	3,727,287	1,014,489	14,751,938	428,347
Total long-term liabilities	\$ 38,423,869	\$ 3,727,287	\$ 7,911,462	\$ 34,239,694	\$ 7,398,883

Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2023, are as follows:

<b>School Board</b>	<b>Balance July 1, 2022</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2023</b>	<b>Amounts Due Within One Year</b>
Financed purchases	\$ 8,289,318	\$ -	\$ 4,399,848	\$ 3,889,470	\$ 3,889,470
Compensated absences	23,897,807	4,309,327	2,455,670	25,751,464	1,804,136
Judgments and claims	4,524,000	490,000	-	5,014,000	2,209,934
Leases payable	1,878,690	221,018	300,196	1,799,512	295,133
Subscription payable	-	5,191,135	2,029,052	3,162,083	936,005
Net pension liabilities	311,311,877	82,293,867	3,542,320	390,063,424	-
Net other postemployment benefits obligations	190,442,398	1,813,981	8,863,800	183,392,579	-
Total long-term liabilities	\$ 540,344,090	\$ 94,319,328	\$ 21,590,886	\$ 613,072,532	\$ 9,134,678

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

According to State law, the School Board component unit is not allowed to issue general obligation debt and, therefore, is not legally obligated to repay general obligation debt issued on its behalf by the Primary Government. Debt from general obligation bonds of \$513,175,019 is reported in the government-wide statements of the Primary Government on behalf of the School Board component unit. In addition, revenue bonds of \$45,000,000, issued by EDA on behalf of the County for use on Schools projects, are also reported in the government-wide statements on behalf of the School Board component unit.

In addition to the general obligation debt and financed purchase obligations, the Primary Government has also recorded accrued interest payable of \$8,847,210 in the government-wide financial

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statements on behalf of the School Board component unit; \$8,353,926 for the general obligation bonds and \$410,246 for the revenue bonds issued by the EDA on behalf of the County for use on School projects. The School Board component unit has recorded accrued interest payable of \$83,038 in the government-wide financial statements.

**P. Lease Payable**

The County is a lessee for noncancellable leases of land, building, office space and equipment. At June 30, 2023, the County's lease payable of \$8,116,571 was composed of the following:

**Governmental Activities**

Land leases - annual payments totaling \$37,602 plus interest at a rate of .648%.	\$ 49,906
Building and office space leases - annual payments totaling \$1,802,844 plus interest at rates ranging from .435% to 2.656%.	7,274,229
Vehicles and equipment - annual payments totaling \$34,837 plus interest at a rate of .435%.	<u>792,436</u>
Total Governmental Activities Lease Payable	\$ <u>8,116,571</u>

The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending	Governmental Activities		
June 30	Principal	Interest	Total
2024	\$ 1,920,805	\$ 123,420	\$ 2,044,225
2025	1,746,141	93,525	1,839,666
2026	1,492,785	65,422	1,558,207
2027	1,119,870	40,821	1,160,691
2028	537,617	23,951	561,568
2029-2032	<u>1,299,353</u>	<u>32,035</u>	<u>1,331,388</u>
Total	\$ <u>8,116,571</u>	\$ <u>379,174</u>	\$ <u>8,495,745</u>

The School Board Component Unit is a lessee for non-cancelable leases for building, office space, and equipment. At June 30, 2023, the School's lease payable of \$1,799,512 was composed of the following:

**School Board Component Unit**

Building and office space leases - annual payments totaling \$303,316 plus interest at rates ranging from .308% to 1.714%.	\$ 1,761,735
Vehicles and equipment - annual payments totaling \$19,094 plus interest at rates ranging from .435% to .948%.	<u>37,777</u>
Total School Board Component Unit Activities Lease Payable	\$ <u>1,799,512</u>

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The future principal and interest lease payments as of June 30, 2023, were as follows:

Year Ending	School Component Unit		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 295,133	\$ 27,277	\$ 322,410
2025	224,185	21,638	245,823
2026	188,824	18,517	207,341
2027	191,373	15,602	206,975
2028	200,669	12,570	213,239
2029-2032	<u>699,328</u>	<u>18,181</u>	<u>717,509</u>
Total	\$ <u>1,799,512</u>	\$ <u>113,785</u>	\$ <u>1,913,297</u>

**Q. Subscription Payable**

The County has entered into agreements for subscription software with annual payments totaling \$3,455,014 plus interest rates ranging from 1.58% to 3.07% for Governmental Activities and \$996,171 plus interest rates ranging from 1.89% to 2.84% for School Board Component Unit.

The future principal and interest subscription payments as of June 30, 2023 were as follows:

Year Ending	Governmental Activities			School Component Unit		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,331,002	\$ 124,012	\$ 3,455,014	\$ 936,005	\$ 60,166	\$ 996,171
2025	1,211,318	56,067	1,267,385	975,397	54,083	1,029,480
2026	845,429	30,369	875,798	729,099	28,413	757,512
2027	355,174	11,476	366,650	389,556	12,233	401,789
2028	20,890	3,290	24,180	132,026	3,202	135,228
2029-2033	<u>109,928</u>	<u>7,493</u>	<u>117,421</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	\$ <u>5,873,741</u>	\$ <u>232,707</u>	\$ <u>6,106,448</u>	\$ <u>3,162,083</u>	\$ <u>158,097</u>	\$ <u>3,320,180</u>

**10. Commitments and Contingent Liabilities**

**A. Other Commitments**

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

**B. Contingent Liabilities**

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

The County and School Board have received a number of Federal and State grants. Amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may

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be disallowed by the grantors cannot be determined at this time, although the County expects such amounts, if any, would not have a material effect on the financial position of the County.

## **11. Risk Management - Claims Liability**

The Risk Management Fund (an Internal Service Fund) accounts for property, casualty and liability claims for the County and School Board. Third party coverage is obtained for real and personal property and some liability risks, including cyber liability insurance. Third party property and casualty coverage is maintained for the Fire Department. The County maintains a broad form Public Officials Liability insurance policy to provide catastrophe coverage for individual claims in excess of \$2,000,000 excluding property and workers' compensation. For property, the County maintains a deductible of \$250,000 per occurrence. Administration of claims impacting this coverage is reviewed routinely by the insurance company that provides the policies. There were no reductions in commercial insurance coverage from the prior year and the amount of settlements in each of the past three years did not exceed the commercial insurance. Risk Management Fund revenues are generated by charges to the departments and School Board for management's estimate of the cost of predictable losses, the cost for administering these losses, a pro rata share of insurance premiums paid, actuarial estimates for incurred but not reported claims and the Risk Management Department's operational costs. Significant claims paid by the Risk Management Fund which exceed the premium charged will be covered by increased premiums in future years to the departments and School Board. Liabilities for unpaid claims are based upon the estimate of the ultimate cost of the claims, pursuant to known information. The estimate of the claims liability does not include amounts for non-incremental claims adjustment expenses. On disputed cases, where the chances of prevailing on the legal and medical issues are less than 50%, the claim is recorded at the full exposure amount. The confidence level estimated percentage used to determine the risk management liability is 65% for property, automobile, general, professional, medical and law enforcement liabilities.

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

Workers' compensation claims are funded annually by appropriations in the various funds. The County maintains an excess insurance policy for claims greater than self-insured retention. The self-insured retention as of January 1, 2023 was \$750,000 for non-public safety county employees, \$1,000,000 for public safety employees and \$750,000 for public school employees. Claims are administered by Risk Management staff with an independent claims audit conducted periodically. Environmental, Health and Safety professionals and representatives of the third-party insurance companies provide additional loss prevention consultation.

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

	<b>County</b>		<b>School Board</b>	
	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2022</u></b>
<b>Workers' Compensation:</b>				
Liability, July 1	\$ 6,940,000	\$ 6,755,196	\$ 4,524,000	\$ 4,220,465
Current year claims	2,956,000	2,740,000	2,079,000	1,156,000
Changes in estimates	2,409,825	1,172,457	186,751	1,061,925
Claim payments	<u>(4,407,825)</u>	<u>(3,727,653)</u>	<u>(1,775,751)</u>	<u>(1,914,390)</u>
Liability, June 30	<b><u>\$ 7,898,000</u></b>	<b><u>\$ 6,940,000</u></b>	<b><u>\$ 5,014,000</u></b>	<b><u>\$ 4,524,000</u></b>



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

	<u>2023</u>	<u>2022</u>
<b>Risk Management Fund:</b>		
Liability, July 1	\$ 3,791,847	\$ 2,576,293
Current year claims	3,471,034	3,573,034
Changes in estimates	(1,522,179)	987,654
Claim payments	<u>(1,616,598)</u>	<u>(3,345,134)</u>
Liability, June 30	<u>\$ 4,124,104</u>	<u>\$ 3,791,847</u>

## 12. Retirement Plans

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

#### 1. Plan Description and Membership

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

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

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credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least five years of service credit.

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.7% for non-hazardous duty employees and 1.85% for hazardous duty employees. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier for non-hazardous duty employees is 1.65% and 1.85% for hazardous duty employees. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%.

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

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

	Primary Government	Component Unit - School Board
Inactive members or their beneficiaries		
currently receiving benefits	2,779	979
Inactive members:		
Vested	660	154
Non-vested	1,067	485
Active elsewhere in VRS	1,064	261
Total inactive members	2,791	900
Active members	3,597	719
Total	9,167	2,598

VRS issues a publicly available Annual Comprehensive Financial Report (ACFR) that includes financial statements, required supplementary information and detailed information about the fiduciary net position of the VRS plans. A copy of that report may be downloaded from their web site at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

## **2. Contributions**

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

### **a. VRS Local Plans**

The County's and School Board's actual contributions of \$43,027,384 and \$2,102,568, representing contribution rates of 17.12% and 8.97% of covered employee compensation, respectively, were equal to contractually required contributions. The contractually required contribution rates were determined as part of the June 30, 2021, actuarial valuation. This

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rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

**b. VRS Teachers' Pool**

The School Board's actual contribution to the VRS Teachers' Pool for fiscal year 2023 was \$64,494,566. The contractually required contribution rate for the year ended June 30, 2023, excluding the 5% member rate, was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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's share of this non-employer contribution was \$17,383,370.

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

**a. VRS Local Plans**

**Primary Government**

At June 30, 2023, the County reported a net pension liability of \$176,597,749 measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2023, the County recognized pension expense of \$35,637,338. Deferred outflows of resources and deferred inflows of resources related to the VRS Local Plan were reported from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 33,705,659
Difference between expected and actual experience	11,403,282	9,419,652
Contributions subsequent to the measurement date	43,027,384	-
Changes of assumptions	24,572,564	-
Total	<u>\$ 79,003,230</u>	<u>\$ 43,125,311</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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<u>Year ending June 30:</u>	<u>Deferred (Inflows)/Outflows of Resources</u>
2024	\$ 1,133,249
2025	(4,056,395)
2026	(20,488,273)
2027	16,261,955
Total	<u>\$ (7,149,464)</u>

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

	<u>1% Decrease 5.75%</u>	<u>Current Discount 6.75%</u>	<u>1% Increase 7.75%</u>
Net pension liability	\$ 355,906,788	\$ 176,597,749	\$ 29,556,845

**Component Unit - School Board**

At June 30, 2023, the School Board reported a net pension liability of \$7,527,866 measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

For the year ended June 30, 2023, the School Board recognized pension income of \$721,696. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ -	\$ 1,647,953
Difference between expected and actual experience	-	3,562,470
Contributions subsequent to the measurement date	2,102,568	-
Changes of assumptions	43,187	-
Total	<u>\$ 2,145,755</u>	<u>\$ 5,210,423</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

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Year ending June 30:	Deferred (Inflows)/Outflows of Resources
2024	\$ (2,957,132)
2025	(1,423,161)
2026	(2,382,185)
2027	1,595,242
Total	<u>\$ (5,167,236)</u>

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

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net pension liability	\$ 21,136,490	\$ 7,527,866	\$ (3,799,600)

**b. VRS Teachers' Pool**

At June 30, 2023, the School Board reported a net pension liability of \$374,120,493 for its proportionate share of the net pension liability in the VRS Teachers' Pool. 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 June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The School Board's proportionate share of net pension liability was based on actual contributions made to the plan during the measurement period. At the measurement date, the School Board's proportionate share was 3.92959%, which was an increase of 0.12715% from June 30, 2022.

For the year ended June 30, 2023, the School Board recognized pension expense of \$26,131,594. Deferred outflows of resources and deferred inflows of resources to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ 48,777,477
Difference between expected and actual experience	-	25,797,087
Changes in proportionate share of contributions	21,105,508	2,272,780
Contributions subsequent to the measurement date	64,494,566	-
Changes of assumptions	<u>35,272,026</u>	<u>-</u>
Total	<u>\$ 120,872,100</u>	<u>\$ 76,847,344</u>

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Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Deferred (Inflows)/Outflows of Resources
2024	\$ (6,854,283)
2025	(11,885,610)
2026	(26,626,028)
2027	24,896,111
Total	<u>\$ (20,469,810)</u>

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

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net Pension Liability	\$ 668,207,840	\$ 374,120,493	\$ 134,668,721

#### 4. Actuarial Assumptions

Total pension liabilities in the VRS plans were 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.

##### a. VRS Local Plans

##### 1. Non-hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2022, applied to the total pension liabilities for non-hazardous employees in the County and School Board VRS Local Plans:

Inflation .....	2.50%
Salary increases,	
including inflation .....	3.50% - 5.35%
Investment rate of return.....	6.75%, net of pension plan investment expenses
Mortality rates:	20% of deaths are assumed to be service related
Pre-retirement.....	Pub-2010 Amount Weighted Safety Employee
	Rates projected generationally; 95% of rates for
	males; 105% of rates for females set forward 2
	years
Post-retirement .....	Pub-2010 Amount Weighted Safety Healthy Retiree
	Rates projected generationally; 110% of rate for
	males; 105% of rates for females set forward 3
	years

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Post-disablement.....	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
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**2. Hazardous Duty**

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2022, applied to the total pension liability for hazardous duty employees in the County VRS Local Plan:

Inflation .....	2.50%
Salary increases, including inflation .....	3.50% - 4.75%
Investment rate of return.....	6.75%, net of pension plan investment expense, including inflation
Mortality rates:	70% of deaths are assumed to be service related
Pre-retirement.....	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-retirement .....	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110 % of rates for males; 105% of rates for females set forward 3 years
Post-disablement.....	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

**b. VRS Teachers' Pool**

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2022, applied to the total pension liability for employees in the School Board VRS Teachers' Pool Plan:

Inflation .....	2.50%
Salary increases, including inflation .....	3.50% - 5.95%
Investment rate of return.....	6.75%, net of pension plan investment expense, including inflation
Mortality rates:	
Pre-retirement.....	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
Post-retirement .....	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-disablement.....	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

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

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

<b>Asset Class (Strategy)</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return*</b>
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	<u>3.00%</u>	6.55%	<u>0.20%</u>
Total	<u>100.00%</u>		<u>5.33%</u>
	Inflation		<u>2.50%</u>
			<u>7.83%</u>

\*Expected arithmetic nominal return

\*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 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%.

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. 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 continue to contribute 100% of the actuarially determined contribution rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of



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current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**5. Changes in Net Pension Liabilities**

**a. VRS Local Plan - Primary Government**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balance at June 30, 2021	\$ 1,287,171,815	\$ 1,196,044,193	\$ 91,127,622
Service Cost	30,587,307	-	30,587,307
Interest	86,866,400	-	86,866,400
Difference between expected and actual experience	9,028,885	-	9,028,885
Contributions - employer	-	32,237,745	(32,237,745)
Contributions - employee	-	10,722,370	(10,722,370)
Net investment income	-	(1,233,341)	1,233,341
Benefit payments, including refunds of employee contributions	(61,698,983)	(61,698,983)	-
Administrative expense	-	(741,927)	741,927
Other changes	-	27,618	(27,618)
Net changes	<u>64,783,609</u>	<u>(20,686,518)</u>	<u>85,470,127</u>
Balance at June 30, 2022	<u>\$ 1,351,955,424</u>	<u>\$ 1,175,357,675</u>	<u>\$ 176,597,749</u>

**b. VRS Local Plan - School Board Component Unit**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balance at June 30, 2021	\$ 123,887,472	\$ 119,720,100	\$ 4,167,372
Changes:			
Service cost	1,662,841	-	1,662,841
Interest	8,210,649	-	8,210,649
Difference between expected and actual experience	(3,497,194)	-	(3,497,194)
Contributions - employer	-	2,085,968	(2,085,968)
Contributions - employee	-	1,062,855	(1,062,855)
Net investment income	-	(55,453)	55,453
of employee contributions	(7,822,138)	(7,822,138)	-
Administrative expense	-	(75,309)	75,309
Other changes	-	(2,259)	2,259
Net Changes	<u>(1,445,842)</u>	<u>(4,806,336)</u>	<u>3,360,494</u>
Balance at June 30, 2022	<u>\$ 122,441,630</u>	<u>\$ 114,913,764</u>	<u>\$ 7,527,866</u>

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**6. Payables to the VRS Plans**

At June 30, 2023, the County and the School Board component unit owed the following amounts to the VRS plans due to the timing of when contractually required contributions payments become due.

VRS Local plan - Primary Government	\$2,640,785
VRS Local plan - School Board	70,828
VRS Teachers' Pool - School Board	3,504,321

**B. Supplemental Retirement Plan - Primary Government**

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

**1. Summary of Significant Accounting Policies**

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

**2. Plan Description and Membership**

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

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

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

- b) Membership: Membership of the Plan consisted of the following at June 30, 2023:

Active members	1,353
Terminated members with vested rights	59
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	<u>371</u>
Total	<u>1,783</u>

**3. Contributions**

The Plan provides for annual employer contributions at actuarially determined amounts, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The actuarially determined contribution for the fiscal year ended June 30, 2023 was determined as part of the June 30, 2022 actuarial valuation. The County contributed \$3,869,688, which was greater than the actuarially determined contribution.

**4. Rate of Return**

As of June 30, 2023, the annual money-weighted rate of return on cash flows on the plan investments, net of pension plan investment expense, was 7.87%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: The County reported a net pension liability of \$7,318,344. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.
- b) Pension expense: For the year ended June 30, 2023, the County recognized pension expense of \$5,265,700.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions:  
Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on plan investments	\$ 3,076,795	\$ -
Difference between expected and actual experience	4,520,119	1,667,474
Change in assumptions	<u>1,030,450</u>	<u>-</u>
Total	<u>\$ 8,627,364</u>	<u>\$ 1,667,474</u>

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

<u>Year ending June 30:</u>	<b>Deferred (Inflows)/ Outflows of Resources</b>
2024	\$ 3,662,413
2025	1,671,841
2026	1,554,074
2027	71,562
Total	<u>\$ 6,959,890</u>

**6. Changes in Net Pension Liability**

	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
Balance at June 30, 2022	\$55,528,003	\$44,993,907	\$ 10,534,096
Service cost	453,634	-	453,634
Interest	3,556,824	-	3,556,824
Change in assumptions	1,373,934	-	1,373,934
Contributions - employer	-	3,869,688	(3,869,688)
Net investment income	-	2,607,329	(2,607,329)
Administrative expenses	-	(100,172)	100,172
Difference between expected and actual experience	(2,223,299)	-	(2,223,299)
Benefit payments	<u>(2,522,540)</u>	<u>(2,522,540)</u>	<u>-</u>
Net changes	<u>638,553</u>	<u>3,854,305</u>	<u>(3,215,752)</u>
Balance at June 30, 2023	<u>\$56,166,556</u>	<u>\$48,848,212</u>	<u>\$ 7,318,344</u>

**7. Actuarial Methods and Significant Assumptions**

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

Measurement date..... June 30, 2023  
Actuarial cost method ..... Entry age normal  
Valuation date..... July 1, 2023  
Investment rate of return..... 6.5%  
Projected salary increases, including inflation..... 3.5%-5%  
Inflation rate ..... 4.0% for 2023, 2.5% for 2024, 2.4%  
for 2025 and thereafter

**County of Chesterfield, Virginia**  
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Mortality (post-retirement) ..... Pub-2010 General Amount-Weighted mortality table, with future generational mortality improvements projected according to Scale MP-21

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

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

	1% Decrease 5.5%	Current Discount 6.5%	1% Increase 7.5%
Net pension liability	\$ 14,796,992	\$ 7,318,344	\$ 1,142,570

**Fiduciary Net Position**

As of June 30, 2023, the Plan fiduciary net position of \$48,848,212, as a percentage of the total pension liability, was 86.97%.

**Chesterfield County, Virginia**  
**Supplemental Retirement**  
**Pension Trust**

Assets	
Cash and cash equivalents	\$ 3,284,123
Accounts receivable	85,191
Due from broker	5,560
Investments	45,473,338
Total assets	<u>48,848,212</u>
Fiduciary net position	
Restricted for pension benefits	<u>\$ 48,848,212</u>
Additions:	
Contributions	\$ 3,869,688
Investment earnings	2,808,134
Less investment expenses	<u>(200,805)</u>
Net investment income	<u>2,607,329</u>
Total additions, net	<u>6,477,017</u>
Deductions:	
Benefit payments	2,522,540
Administrative expenses	<u>100,172</u>
Total deductions	<u>2,622,712</u>
Increase in net position restricted for pension benefits	3,854,305
Fiduciary net position - July 1, 2022	<u>44,993,907</u>
Fiduciary net position - June 30, 2023	<u>\$ 48,848,212</u>

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**C. Supplemental Retirement Program - Component Unit - School Board**

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

**1. Summary of Significant Accounting Policies**

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

**2. Program Description and Membership**

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

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

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b) Membership: Membership of the Program consisted of the following at June 30, 2023:

Active participants	2,370
Retirees (vested)	486
Retirees (non-vested)	<u>136</u>
Total	<u>2,992</u>

**3. Contributions**

The Program provides for annual employer contributions based on actuarially determined rates. The actuarially determined contribution for the fiscal year ended June 30, 2023, was determined as part of the June 30, 2023 valuation. Actual contributions, by policy, are expected to be the actuarially determined amount or the amount of expected benefit payments, if higher. The School Board contributed \$4,715,000, which was greater than the actuarially determined contribution, to the Program.

**4. Rate of Return**

As of June 30, 2023, the annual money-weighted rate of return on cash flows on the Program's long-term investments, net of investment expense, was 13.36%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

a) Pension liabilities: As of June 30, 2023, the School Board reported a net pension liability of \$8,415,065, measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by the June 30, 2023 actuarial valuation date.

b) Pension expense: For the year ended June 30, 2023, the School Board recognized pension expense of \$4,552,128.

c) Deferred outflows of resources and deferred inflows of resources related to pensions:  
Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 1,159,581	\$ -
Difference between expected and actual experience	9,291,438	1,971,893
Change in assumptions	<u>4,801,566</u>	<u>2,454,301</u>
Total	<u>\$ 15,252,585</u>	<u>\$ 4,426,194</u>

**County of Chesterfield, Virginia**  
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Amounts reported as deferred outflows of resources deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Deferred (Inflows)/ Outflows of Resources
2024	\$ 2,604,965
2025	1,410,882
2026	3,204,666
2027	1,852,128
2028	1,753,750
Thereafter	-
Total	<u>\$ 10,826,391</u>

**6. Changes in Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2022	\$ 81,708,058	\$ 69,750,673	\$ 11,957,385
Service cost	1,140,205	-	1,140,205
Interest	5,160,201	-	5,160,201
Differences between expected and actual experience	2,167,670	-	2,167,670
Contributions - employer	-	4,715,000	(4,715,000)
Net investment income	-	7,543,486	(7,543,486)
Administrative expenses	-	(248,090)	248,090
Benefit payments	(6,921,101)	(6,921,101)	-
Net changes	<u>1,546,975</u>	<u>5,089,295</u>	<u>(3,542,320)</u>
Balance at June 30, 2023	<u>\$ 83,255,033</u>	<u>\$ 74,839,968</u>	<u>\$ 8,415,065</u>

**7. Actuarial Method and Significant Assumptions**

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at June 30, 2023. Assumptions were determined from an experience study dated May 19, 2022.

Actuarial cost method ..... Entry age normal  
Projected salary increase, including inflation ..... 3.25-4.75%  
Inflation rate ..... 2.0%  
Mortality ..... Pub-2010 General Amount-Weighted  
mortality table, with future  
generational improvements projected  
according to Scale MP-19

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



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

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

	1% Decrease 5.5%	Current Discount 6.5%	1% Increase 7.5%
Net pension liability	\$ 13,937,133	\$ 8,415,065	\$ 3,349,960

## 8. Fiduciary Net Position

As of June 30, 2023, the Plan fiduciary net position of \$74,839,968 as a percentage of the pension total liability was 89.89%.

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

Assets	
Cash, cash equivalents and investments	\$ 74,701,416
Interest Receivable	108,442
Due from broker	46,112
Total assets	<u>74,855,970</u>
Liabilities	
Due to broker	16,002
Fiduciary Net Position	
Restricted for pension benefits	<u>\$ 74,839,968</u>
Additions:	
Contributions	\$ 4,715,000
Investment earnings	7,543,486
Total additions	<u>12,258,486</u>
Deductions:	
Benefit payments	6,921,101
Administrative expenses	248,090
Total deductions	<u>7,169,191</u>
Increase in net position restricted for pension benefits	5,089,295
Fiduciary net position - July 1, 2022	<u>69,750,673</u>
Fiduciary net position - June 30, 2023	<u>\$ 74,839,968</u>

**County of Chesterfield, Virginia**  
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**D. Summary of Deferred Outflows of Resources and Deferred Inflows of Resources by Retirement Plan**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Deferred Outflows of Resources related to Pensions</b>				
Deferred contributions:				
VRS Local Plan	\$ 41,299,455	\$ 1,727,928	\$ 43,027,383	\$ 2,102,568
VRS Teachers' Pool	-	-	-	64,494,566
Deferred investment experience:				
Supplemental Retirement Plan	3,076,795	-	3,076,795	1,159,581
Deferred pension difference between expected and actual:				
VRS Local Plan	10,945,341	457,941	11,403,282	-
Supplemental Retirement Plan	4,520,119	-	4,520,119	9,291,438
Deferred change in assumptions:				
VRS Local Plan	23,585,761	986,804	24,572,565	43,187
VRS Teachers Pool	-	-	-	35,272,026
Supplemental Retirement Plan	1,030,450	-	1,030,450	4,801,566
Deferred change in proportionate share:				
VRS Teachers' Pool	-	-	-	21,105,508
Total deferred outflows of resources related to pensions	<u>\$ 84,457,921</u>	<u>\$ 3,172,673</u>	<u>\$ 87,630,594</u>	<u>\$ 138,270,440</u>

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Deferred Inflows of Resources related to Pensions</b>				
Deferred investment experience:				
VRS Local Plan	\$ 32,352,079	\$ 1,353,580	\$ 33,705,659	\$ 3,562,470
VRS Teachers' Pool	-	-	-	48,777,477
Deferred pension difference between expected and actual:				
VRS Local Plan	9,041,370	378,282	9,419,652	1,647,953
VRS Teachers' Pool	-	-	-	25,797,087
Supplemental Retirement Plan	1,667,474	-	1,667,474	1,971,893
Deferred change in assumptions:				
Supplemental Retirement Plan	-	-	-	2,454,301
Deferred change in proportionate share:				
VRS Teachers' Pool	-	-	-	2,272,780
Total deferred inflows of resources related to pensions	<u>\$ 43,060,923</u>	<u>\$ 1,731,862</u>	<u>\$ 44,792,785</u>	<u>\$ 86,483,961</u>

**County of Chesterfield, Virginia**  
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Enterprise funds	<u>Water</u>	<u>Wastewater</u>	<u>Non-major Airport</u>	<u>Total</u>
<b>Deferred Outflows of Resources related to Pensions</b>				
Deferred contributions:				
VRS Local Plan	\$ 867,518	\$ 828,872	\$ 31,538	\$ 1,727,928
Deferred pension difference between expected and actual:				
VRS Local Plan	229,914	219,670	8,357	457,941
Deferred change in assumptions:				
VRS Local Plan	<u>495,432</u>	<u>473,364</u>	<u>18,008</u>	<u>986,804</u>
Total deferred outflows of resources related to pensions	<u>\$ 1,592,864</u>	<u>\$ 1,521,906</u>	<u>\$ 57,903</u>	<u>\$ 3,172,673</u>

Enterprise funds	<u>Water</u>	<u>Wastewater</u>	<u>Non-major Airport</u>	<u>Total</u>
<b>Deferred Inflows of Resources related to Pensions</b>				
Deferred investment experience:				
VRS Local Plan	\$ 679,572	\$ 649,302	\$ 24,706	\$ 1,353,580
Deferred pension difference between expected and actual:				
VRS Local Plan	<u>189,922</u>	<u>181,457</u>	<u>6,903</u>	<u>378,282</u>
Total deferred inflows of resources related to pensions	<u>\$ 869,494</u>	<u>\$ 830,759</u>	<u>\$ 31,609</u>	<u>\$ 1,731,862</u>

Internal Service funds	<u>Vehicle and Communications</u>	<u>Risk Management</u>	<u>Total</u>
<b>Deferred Outflows of Resources related to Pensions</b>			
Deferred contributions:			
VRS Local Plan	\$ 610,447	\$ 161,192	\$ 771,639
Deferred pension difference between expected and actual:			
VRS Local Plan	161,783	42,720	204,503
Deferred change in assumptions:			
VRS Local Plan	<u>348,620</u>	<u>92,057</u>	<u>440,677</u>
Total deferred outflows of resources related to pensions	<u>\$ 1,120,850</u>	<u>\$ 295,969</u>	<u>\$ 1,416,819</u>

**County of Chesterfield, Virginia**  
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Internal Service funds	Vehicle and Communications	Risk Management	Total
<b>Deferred Inflows of Resources related to Pensions</b>			
Deferred investment experience:			
VRS Local Plan	\$ 478,197	\$ 126,265	\$ 604,462
Deferred pension difference between expected and actual:			
VRS Local Plan	<u>133,637</u>	<u>35,293</u>	<u>168,930</u>
Total deferred inflows of resources related to pensions	<u>\$ 611,834</u>	<u>\$ 161,558</u>	<u>\$ 773,392</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Net Pension Liability</b>				
VRS Local	\$ 168,856,007	\$ 7,741,742	\$ 176,597,749	\$ 7,527,866
VRS Local - Teachers' Pool	-	-	-	374,120,493
Supplemental Retirement	<u>7,318,344</u>	<u>-</u>	<u>7,318,344</u>	<u>8,415,065</u>
Total net pension liability	<u>\$ 176,174,351</u>	<u>\$ 7,741,742</u>	<u>\$ 183,916,093</u>	<u>\$ 390,063,424</u>
<b>Pension Expense</b>				
VRS Local	\$ 34,206,186	\$ 1,431,152	\$ 35,637,338	\$ (721,696)
VRS Local - Teachers' Pool	-	-	-	26,131,594
Supplemental Retirement	<u>5,265,700</u>	<u>-</u>	<u>5,265,700</u>	<u>4,552,128</u>
Total pension expense	<u>\$ 39,471,886</u>	<u>\$ 1,431,152</u>	<u>\$ 40,903,038</u>	<u>\$ 29,962,026</u>

Enterprise funds	Water	Wastewater	Non-major Airport	Total
<b>Net Pension Liability</b>				
VRS Local	<u>\$ 3,951,360</u>	<u>\$ 3,678,886</u>	<u>\$ 111,496</u>	<u>\$ 7,741,742</u>
<b>Pension Expense</b>				
VRS Local	<u>\$ 718,520</u>	<u>\$ 686,511</u>	<u>\$ 26,121</u>	<u>\$ 1,431,152</u>

Internal Service funds	Vehicle and Communications	Risk Management	Total
<b>Net Pension Liability</b>			
VRS Local	<u>\$ 2,763,411</u>	<u>\$ 353,920</u>	<u>\$ 3,117,331</u>
<b>Pension Expense</b>			
VRS Local	<u>\$ 505,600</u>	<u>\$ 133,507</u>	<u>\$ 639,107</u>

**County of Chesterfield, Virginia**  
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**13. Other Postemployment Benefits Plans**

**A. Postemployment Retiree Healthcare Benefits - Primary Government**

**1. Plan Description**

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

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

County contributions for pre-65 health and dental benefits at June 30, 2023 are:

<b>Years of Service</b>	<b>Grandfathered</b>	<b>Non-grandfathered</b>
0 to 9	-	-
10 to 14	50%	-
15 to 19	100%*	\$216 per month
20 to 24	100%*	\$323 per month
25+	100%*	\$430 per month

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

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

All retired employees, active employees who are age 65 and over, public safety employees with 25 or more years of service and non-public safety employees with 30 or more years of service (all as of January 1, 2009), will receive a County contribution toward their post-Medicare coverage no greater than \$255 per month indexed at 3% per year plus \$40 reimbursement for prescription coverage. For all other retirees, with the exception of access only, the County limits its contribution toward post-Medicare coverage based on years of service. The County will contribute \$4 per month for each year of service plus a static \$40 per month for a Medicare Part D plan cost reimbursement.

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

**County of Chesterfield, Virginia**  
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Employees covered by the benefit terms of the Other Postemployment Benefit Plan are as follows:

	<b>Primary Government</b>
Inactive members or their beneficiaries currently receiving benefits	1,321
Active members	<u>3,759</u>
Total	<u><u>5,080</u></u>

**2. Contributions**

As of June 30, 2023, the County has \$42,412,080 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$8,564,180, which was greater than the actuarially determined contribution (ADC) of \$6,359,758. The County intends to fully fund the ADC in future fiscal years. Actual contributions to the plan are appropriated on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

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

At June 30, 2023, the County reported a net OPEB liability of \$39,558,821, measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2023, the County recognized OPEB expense of \$608,751. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on plan investments	\$ 1,339,739	\$ -
Difference between expected and actual experience	803,376	8,258,659
Change in assumptions or other inputs	<u>2,474,256</u>	<u>8,691,888</u>
Total	<u>\$ 4,617,371</u>	<u>\$ 16,950,547</u>

**County of Chesterfield, Virginia**  
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Amounts reported as deferred inflows of resources related to pensions will be recognized in OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Deferred (Inflows) of Resources</u>
2024	\$ (3,549,827)
2025	(3,806,144)
2026	(1,967,496)
2027	(1,877,630)
2028	(819,514)
Thereafter	<u>(312,565)</u>
Total	<u>\$ (12,333,176)</u>

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

<b>Net OPEB liability</b>			
<b>Discount Rate</b>			
	<b>1% Decrease</b>	<b>Current Discount</b>	<b>1% Increase</b>
	<b>6%</b>	<b>7%</b>	<b>8%</b>
<b>Net OPEB liability</b>	\$ 46,294,353	\$ 39,558,821	\$ 33,616,414

<b>Net OPEB liability</b>			
<b>Health Care Cost Trend</b>			
	<b>1% Decrease</b>	<b>Current Cost Trend</b>	<b>1% Increase</b>
<b>Net OPEB liability</b>	\$ 34,935,413	\$ 39,558,821	\$ 44,849,643

#### 4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government were based on an actuarial valuation as of June 30, 2023, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP. The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date .....	June 30, 2023
Investment rate of return .....	7.00%
Inflation.....	2.70%
Salary increases.....	3.50% - 5.35%; based on Top 10 non-Hazardous Duty and Top 10 Hazardous Duty assumption used in the June 30, 2021 VRS valuation
Healthcare cost trend rates .....	6.80% for 2023 decreasing to and ultimate rate of 4.14% by 2076

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

Mortality-locality non-hazardous duty employees:

Pre-retirement .....	Pub-2010 General Employees Headcount- Weighted Mortality Table projected fully generationally using scale MP-2021
Post-retirement .....	Pub-2010 General Retirees Headcount- Weighted Mortality Table projected fully generationally using scale MP-2021

Mortality-locality hazardous duty employees:

Pre-retirement .....	Pub-2010 Public Safety Employees Headcount- Weighted Mortality Table projected fully generationally using scale MP-2021
Post-retirement .....	Pub-2010 Public Safety Retirees Headcount- Weighted Mortality Table projected fully generationally using scale MP-2021

- a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the County to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Real Rate</u>
Total Equity		
Large Cap Equity	21.00%	7.17%
Small Cap Equity	10.00%	8.61%
International Equity	13.00%	8.06%
Emerging Markets Equity	5.00%	9.33%
Private Equity	10.00%	10.55%
Long/Short Equity	6.00%	5.77%
Fixed Income		
Core Bonds	5.00%	2.58%
Core Plus	11.00%	2.89%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Core Real Estate	10.00%	6.54%
Opportunistic Real Estate	<u>5.00%</u>	9.54%
Total	<u>100.00%</u>	7.01%



**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**5. Changes to Net OPEB Liability**

	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance at July 1, 2022	\$ 85,955,347	\$ 39,435,859	\$ 46,519,488
Service cost	977,095	-	977,095
Interest	5,790,594	-	5,790,594
Change in assumptions	2,648,613	-	2,648,613
Differences in expected and actual experience	(4,836,568)	-	(4,836,568)
Net investment income	-	2,976,721	(2,976,721)
Administrative expenses	-	(500)	500
Employer contributions	-	8,564,180	(8,564,180)
Benefit payments	(8,564,180)	(8,564,180)	-
Net changes	<u>(3,984,446)</u>	<u>2,976,221</u>	<u>(6,960,667)</u>
Balance at June 30, 2023	<u>\$ 81,970,901</u>	<u>\$ 42,412,080</u>	<u>\$ 39,558,821</u>

**6. OPEB Liability**

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2023, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 7.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2023 were as follows:

	<b><u>Net OPEB Liability</u></b>
Total OPEB liability	\$ 81,970,901
Plan fiduciary net position	<u>(42,412,080)</u>
Net OPEB liability	<u>\$ 39,558,821</u>
Fiduciary net position as a percent of total OPEB liability	51.74%

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
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**Chesterfield County, Virginia**  
**Postemployment Retiree Healthcare**  
**Benefits Trust - County**

Assets	
Cash, investments and receivable	<u>\$ 42,412,080</u>
Fiduciary net position	
Restricted for other postemployment benefits	<u>\$ 42,412,080</u>
Additions:	
Contributions	\$ 8,564,180
Investment earnings	3,005,894
Less investment expenses	<u>(29,173)</u>
Net investment income	<u>2,976,721</u>
Total additions, net	<u>11,540,901</u>
Deductions:	
Benefit payments	8,564,180
Administrative expenses	<u>500</u>
Total deductions	<u>8,564,680</u>
Increase in net position restricted for other postemployment benefits	2,976,221
Fiduciary net position - July 1, 2022	<u>39,435,859</u>
Fiduciary net position - June 30, 2023	<u>\$ 42,412,080</u>

**B. Other Postemployment Benefit Plan - Primary Government - Line of Duty**

**1. Plan Description**

The OPEB - Line of Duty Trust, created during fiscal year 2012, is a single employer defined benefit plan that provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. There were approximately 1,569 participants in the program in fiscal year 2023. A Board of Trustees, appointed by the County Board, administers the plan. The OPEB - Line of Duty Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the VML/VACo Trust Fund for the purpose of investing OPEB contributions. VML/VACo issues audited financial statements which can be obtained by contacting the VML/VACo Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
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**2. Contributions**

As of June 30, 2023, the County had \$16,557,404 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$3,762,808 which was greater than the actuarially determined contribution (ADC) of \$1,704,305. The County intends to fund at least the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

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

At June 30, 2023, the County reported a net OPEB liability of \$5,720,158, measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2023, the County recognized OPEB expense of \$1,810,395. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on plan investments	\$ 548,096	\$ -
Difference between expected and actual experience	2,642,411	2,662,425
Change in assumptions	3,843,291	3,375,101
Total	<u>\$ 7,033,798</u>	<u>\$ 6,037,526</u>

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

<b><u>Year ending June 30:</u></b>	<b>Deferred Outflows/ (Inflows) of Resources</b>
2024	\$ 129,970
2025	50,484
2026	515,169
2027	55,353
2028	50,720
Thereafter	194,576
Total	<u>\$ 996,272</u>

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

Net OPEB liability			
Discount Rate			
	1% Decrease	Current Discount	1% Increase
	6%	7%	8%
Net OPEB liability	\$ 8,085,305	\$ 5,720,158	\$ 3,696,307

Net OPEB liability			
Health Care Cost Trend			
	1% Decrease	Current Cost Trend	1% Increase
Net OPEB liability	\$ 2,793,370	\$ 5,720,158	\$ 9,264,560

#### 4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government - Line of Duty were based on an actuarial valuation as of June 30, 2023, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

Actuarial Method and Significant Assumptions: The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date .....	June 30, 2023
Investment rate of return .....	7.0%
Inflation.....	2.70%
Salary increases.....	3.50% - 4.75%; based on top 10 Hazardous Duty assumption used in the June 30, 2021 VRS LODA valuation
Healthcare cost trend rates .....	6.80% for 2023 and decreasing to an ultimate rate of 4.14% by 2076
Pre-retirement mortality.....	Pub-2010 Public Safety Employees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021
Post-retirement mortality .....	Pub-2010 Public Safety Retirees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021
Disabled .....	Pub-2010 Public Safety Disabled Retirees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the County to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Real Rate</u>
Total Equity		
Large Cap Equity	21.00%	7.17%
Small Cap Equity	10.00%	8.61%
International Equity	13.00%	8.06%
Emerging Markets Equity	5.00%	9.33%
Private Equity	10.00%	10.55%
Long/Short Equity	6.00%	5.77%
Fixed Income		
Core Bonds	5.00%	2.58%
Core Plus	11.00%	2.89%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Core Real Estate	10.00%	6.54%
Opportunistic Real Estate	<u>5.00%</u>	9.54%
Total	<u>100.00%</u>	7.01%

**5. Changes to Net OPEB Liability**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ 18,315,142	\$ 12,789,484	\$ 5,525,658
Service cost	1,287,800	-	1,287,800
Interest	1,339,078	-	1,339,078
Change in assumptions	3,165,231	-	3,165,231
Differences in expected and actual experience	(866,881)	-	(866,881)
Net investment income	-	968,420	(968,420)
Administrative expenses	-	(500)	500
Employer contributions	-	3,762,808	(3,762,808)
Benefit payments	<u>(962,808)</u>	<u>(962,808)</u>	<u>-</u>
Net changes	<u>3,962,420</u>	<u>3,767,920</u>	<u>194,500</u>
Balance at June 30, 2023	<u>\$ 22,277,562</u>	<u>\$ 16,557,404</u>	<u>\$ 5,720,158</u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**6. OPEB Liability**

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2023, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 7.57%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2023 were as follows:

	<u>Net OPEB Liability</u>
Total OPEB liability	\$ 22,277,562
Plan fiduciary net position	<u>(16,557,404)</u>
Net OPEB liability	<u>\$ 5,720,158</u>
 Fiduciary net position as a percent of total OPEB liability	  74.32%

**Chesterfield County, Virginia**  
**Postemployment Retiree Healthcare**  
**Benefits Trust - Schools**

<b>Assets</b>	
Cash, investments and receivable	<u>\$ 28,285,245</u>
<b>Fiduciary Net Position</b>	
Restricted for other postemployment benefits	<u>\$ 28,285,245</u>
<b>Additions:</b>	
Contributions	\$ 15,347,907
Investment earnings	1,934,435
Less investment expenses	<u>(18,601)</u>
Net investment income	<u>1,915,834</u>
Total additions, net	<u>17,263,741</u>
<b>Deductions:</b>	
Benefit payments	14,347,907
Administrative expenses	<u>500</u>
Total deductions	<u>14,348,407</u>
Increase in net position restricted for other postemployment benefits	2,915,334
Fiduciary net position - July 1, 2022	<u>25,369,911</u>
Fiduciary net position - June 30, 2023	<u>\$ 28,285,245</u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**C. Other Postemployment Benefit Plan - Retiree Medical - School Board Component Unit**

**1. Plan Description**

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

Employees with a combination of age and fulltime service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or disabled with at least 15 years of full-time Chesterfield County Public Schools service. Employees retiring between age 50 - 55 with at least 30 years of full-time Chesterfield County Public Schools service will be allowed to purchase retiree healthcare at the School Board's group rate with no School Board contribution from the time of retirement until age 55. At age 55, they will begin to receive the School Board contribution based on years of service. School Board contributions for pre-65 health and dental benefits at July 1, 2022 are:

<b>Years of Service</b>	<b>Grandfathered</b>	<b>Non-grandfathered</b>
0 to 9	-	-
10 to 14	100%*	-
15 to 19	100%*	\$227 per month
20 to 24	100%*	\$340 per month
25+	100%*	\$454 per month

*\*as a percentage of the School Boards contribution, not the total premium*

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

All retired and active employees who receive or are eligible for a pre-65 contribution and had 30 or more years of service (all as of January 1, 2009), will receive a School Board contribution toward their post-Medicare coverage at age 65 no greater than \$232 per month indexed at 3% per year plus \$40 contribution for prescription coverage. For all other employees, the School Board limits its contribution toward post-Medicare coverage based on years of service. The School Board will contribute \$2 per month for those receiving a VRS health credit or \$4 per month for those not receiving the VRS health credit for each year of service plus a static \$40 per month contribution for a Medicare Part D plan cost.

Employees hired or rehired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time Chesterfield County Public Schools service, will be permitted to purchase retiree health benefits for themselves and their dependents at the School Board's group rate, but will receive no School Board contribution toward the cost. Access to health insurance ends at age 65 due to Medicare eligibility.

Retirees who met eligibility for health insurance contributions will receive a contribution toward dental coverage equal to the amount the School Board contributes toward an active employee.

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

**2. Contributions**

As of June 30, 2023, the School Board has \$28,285,245 in plan fiduciary net position accumulated for payment of future benefits. The School Board made contributions and paid premiums to the trust totaling \$15,347,907 which was greater than the actuarially determined contribution (ADC) of \$11,906,200. At a minimum, the School Board intends to fund the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

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

At June 30, 2023, the School Board reported a net OPEB liability of \$112,514,248, measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2023. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2023, the School Board recognized OPEB expense of \$(724,683). Deferred outflows of resources and deferred inflows of resources related to the School Board's OPEB - Retiree Healthcare was reported from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Net difference between projected and actual earnings on plan investments	\$ 904,451	\$ -
Difference between expected and actual experience	448,127	25,729,237
Change in assumptions	<u>2,445,455</u>	<u>7,663,318</u>
Total	<u>\$ 3,798,033</u>	<u>\$ 33,392,555</u>

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

<u>Year ending June 30:</u>	<u>Deferred Outflows/ (Inflows) of Resources</u>
2024	\$ (10,394,058)
2025	(8,278,754)
2026	(6,190,344)
2027	(4,233,005)
2028	<u>(498,361)</u>
Total	<u>\$ (29,594,522)</u>



**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

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

Net OPEB liability			
Discount Rate			
	1% Decrease	Current Discount	1% Increase
	6%	7%	8%
Net OPEB liability	\$ 123,708,160	\$ 112,514,248	\$ 102,649,790

Net OPEB liability			
Health Care Cost Trend			
	1% Decrease	Current Cost Trend	1% Increase
Net OPEB liability	\$ 105,325,870	\$ 112,514,248	\$ 120,625,984

#### 4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for Retiree Healthcare - School Board were based on an actuarial valuation as of June 30, 2023, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

Actuarial Method and Significant Assumptions: The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date .....	June 30, 2023
Investment rate of return.....	7.0%
Inflation.....	2.70%
Salary increases .....	3.50% - 5.95% for Teachers (based on Teachers assumption used in the June 30, 2021 VRS valuation) 3.50% - 5.35% for non-Teachers (based on Top 10 non-Hazardous Duty assumption used in the June 30, 2021 VRS valuation)
Healthcare cost trend rates.....	6.80% for 2023 decreasing to and ultimate rate of 4.14% by 2076
Pre-retirement mortality .....	Teachers: Pub-2010 Teachers Employees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021 Non-Teachers: Pub-2010 General Employees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021
Post-retirement mortality.....	Teachers: Pub-2010 Teachers Retirees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021 Non-Teachers: Pub-2010 General Retirees Headcount-Weighted Mortality Table projected fully generationally using scale MP-2021

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
**June 30, 2023**

- a) **Discount Rate:** The discount rate used to measure the total OPEB liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made at current contribution rates. Based on the current and historical commitment of the School Board to fully fund actuarially determined contribution amounts, the Plan's fiduciary net position combined with future contributions is sufficient to cover all projected future payments. The long-term expected rate of return on plan investments is 7.00% and, when applied to the periods of projected benefit payments, it is not anticipated that the plan's assets will be exhausted; therefore, the expected municipal bond rate was not applied in determining the discount rate.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Real Rate</u>
Total Equity		
Large Cap Equity	21.00%	7.17%
Small Cap Equity	10.00%	8.61%
International Equity	13.00%	8.06%
Emerging Markets Equity	5.00%	9.33%
Private Equity	10.00%	10.55%
Long/Short Equity	6.00%	5.77%
Fixed Income		
Core Bonds	5.00%	2.58%
Core Plus	11.00%	2.89%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Core Real Estate	10.00%	6.54%
Opportunistic Real Estate	<u>5.00%</u>	9.54%
Total	<u>100.00%</u>	7.01%

**5. Changes to Net OPEB Liability**

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2022	\$ 146,747,958	\$ 25,369,911	\$ 121,378,047
Service cost	1,505,537	-	1,505,537
Interest	9,884,061	-	9,884,061
Change in assumptions	689,007	-	689,007
Differences in expected and actual experience	(3,679,163)	-	(3,679,163)
Net investment income	-	1,915,834	(1,915,834)
Administrative expenses	-	(500)	500
Employer contributions	-	15,347,907	(15,347,907)
Benefit payments	<u>(14,347,907)</u>	<u>(14,347,907)</u>	<u>-</u>
Net changes	<u>(5,948,465)</u>	<u>2,915,334</u>	<u>(8,863,799)</u>
Balance at June 30, 2023	<u>\$ 140,799,493</u>	<u>\$ 28,285,245</u>	<u>\$ 112,514,248</u>

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
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**6. OPEB Liability**

Additional note disclosure and related required supplementary information about the Plan's investment performance, total OPEB liability, net OPEB liability and contributions as required under GAAP, are as follows below and in the required supplementary information section.

- a) Rate of Return: As of June 30, 2023, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 7.55%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2023 were as follows:

	<u><b>Net OPEB Liability</b></u>
Total OPEB liability	\$ 140,799,493
Plan fiduciary net position	<u>(28,285,245)</u>
Net OPEB liability	<u><u>\$ 112,514,248</u></u>
Fiduciary net position as a percent of total OPEB liability	
	20.09%

**Chesterfield County, Virginia**  
**Postemployment Retiree Healthcare**  
**Benefits Trust - Schools**

<b>Assets</b>	
Cash, investments and receivable	<u>\$ 28,285,245</u>
<b>Fiduciary Net Position</b>	
Restricted for other postemployment benefits	<u>\$ 28,285,245</u>
<b>Additions:</b>	
Contributions	\$ 15,347,907
Investment earnings	1,934,435
Less investment expenses	<u>(18,601)</u>
Net investment income	<u>1,915,834</u>
Total additions, net	<u>17,263,741</u>
<b>Deductions:</b>	
Benefit payments	14,347,907
Administrative expenses	<u>500</u>
Total deductions	<u>14,348,407</u>
Increase in net position restricted for other postemployment benefits	2,915,334
Fiduciary net position - July 1, 2022	<u>25,369,911</u>
Fiduciary net position - June 30, 2023	<u><u>\$ 28,285,245</u></u>

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**D. Other Postemployment Benefits - Group Life Insurance Program**

**1. Plan Description**

The County and School Board component unit participate in the VRS GLI Program, a multiple employer, cost-sharing defined benefit plan. Upon employment, all full-time, salaried and permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by GLI Program. Coverage ends for employees who leave their positions before retirement eligibility or who take a refund of their member contributions and accrued interest. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the GLI Program's fiduciary net position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at [VRS ACFR for the Fiscal Year Ended June 30, 2022 \(varetire.org\)](https://varetire.org) or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) **Benefit** - The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides benefits provided under specific circumstances that include accidental dismemberment, safety belt, repatriation and felonious assault benefits and an accelerated death benefit option. The benefit amounts provided are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015, increased annually based on the VRS Plan 2 (pension plan) cost of living adjustment and is currently \$8,984.
- b) **Contribution** - The total contribution rate for the GLI Program was 1.34% of covered employee compensation. This rate was allocated into an employee and an employer component using a 60/40 split. Although not required, the County and School Board component unit elected to pay the employee component, which is separate from the contractually required employer contribution. Each participating employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was determined from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program for the years ended June 30, 2023 and June 30, 2022 by the County and School Board component unit are as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
County	\$1,419,348	\$1,211,011
School Board - non-professional	146,180	131,343
School Board - professional	2,209,987	1,986,082

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

- c) **Liabilities** - At June 30, 2023, the County, School Board component unit non-professional and Professional groups reported liabilities of \$12,413,993, \$1,349,551 and \$20,386,918, respectively, for their proportionate shares of the net Group Life Insurance Program OPEB (GLI OPEB) liability. The net GLI OPEB liability was measured as of June 30, 2022 and the total GLI

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OPEB liability used to calculate the net GLI OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. The proportion for the County, School Board component unit non-professional and professional groups for the years ended June 30, 2023 and June 30, 2022 were as follows:

<u>Description</u>	<u>2023</u>	<u>2022</u>
County	1.03098%	1.00612%
School Board - non-professional	0.11208%	0.09994%
School Board - professional	1.69313%	1.63459%

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$466,043 and School Board component unit non-professional group recognized GLI OPEB expense of \$38,324. The School Board component unit professional group recognized GLI OPEB expense of \$1,033,407. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the County, School Board component unit non-professional and professional groups reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

(i) County:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 983,032	\$ 498,020
Net difference between projected and actual earnings on GLI OPEB program investments	-	775,692
Change in assumptions	463,022	1,209,173
Changes in proportion	420,515	38,523
Employer contributions subsequent to measurement date	1,419,348	-
Total	<u>\$ 3,285,917</u>	<u>\$ 2,521,408</u>

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(ii) School Board - non-professional group:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 106,867	\$ 54,141
Net difference between projected and actual earnings on GLI OPEB program investments	-	84,327
Change in assumptions	50,336	131,452
Changes in proportion	266,136	108,686
Employer contributions subsequent to the measurement date	146,180	-
Total	<u>\$ 569,519</u>	<u>\$ 378,606</u>

(iii) School Board - professional group:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 1,614,387	\$ 817,874
Net difference between projected and actual earnings on GLI OPEB program investments	-	1,273,882
Change in assumptions	760,400	1,985,768
Changes in proportion	1,402,607	192,649
Employer contributions subsequent to the measurement date	2,209,987	-
Total	<u>\$ 5,987,381</u>	<u>\$ 4,270,173</u>

County, School Board component unit non-professional and professional contributions of \$1,419,348, \$146,180, and \$2,209,987, respectively, made subsequent to the measurement date and recognized as deferred outflows of resources related to the GLI OPEB will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

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<b>Year ended</b>			<b>School Board</b>	<b>School Board</b>
<b>June 30</b>	<b>County</b>		<b>Non-Professional</b>	<b>Professional</b>
2024	\$ (141,189)	\$	11,372	\$ (19,854)
2025	(118,758)		36,394	(80,717)
2026	(533,654)		(44,873)	(797,237)
2027	173,943		23,804	421,769
2028	(35,181)		18,036	(16,740)
Thereafter	-		-	-
Total	<u>\$ (654,839)</u>	<u>\$</u>	<u>44,733</u>	<u>\$ (492,779)</u>

- d) Actuarial assumptions - The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021 using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation .....	2.50%
Salary increased, including inflation:	
Locality general purpose employees .....	3.50% - 5.35%
Locality hazardous duty employees .....	3.50% - 4.75%
Teachers .....	3.50% - 5.95%
Investment rate of return .....	6.75%, net of investment expenses, including inflation

- 1) Mortality rates - locality general employees (County and School Board - non-professional groups):

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

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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP- 2020
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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

2) Mortality rates - locality hazardous duty employees:

Pre-retirement .....	PUB2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% for females set forward 2 years
Post-retirement.....	PUB2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-disablement .....	PUB2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement rates.....	Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70 for all
Withdrawal rates .....	Decreased rates
Disability rates .....	No change
Salary scale.....	No change
Line of duty disability .....	No change
Discount rate .....	No change

3) Mortality rates - School Board - professional:

Pre-retirement .....	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
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Post-retirement.....	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-disablement .....	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females

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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (all).....	Updated to 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 Plan1; set separate rates based on experience for Plan2/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) Net GLI OPEB Liabilities - The net GLI OPEB liability represents the GLI program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date June 30, 2022, the net GLI OPEB liability is as follows:

<b>Total for the Cost-Sharing Employer Plans - GLI (all employers)</b>	<b>Group Life Insurance OPEB Program</b>
Total GLI OPEB Liability	\$ 3,672,085,295
Plan Fiduciary Net Position	<u>(2,467,988,880)</u>
Employers' Net GLI OPEB Liability	<u>\$ 1,204,096,415</u>
Plan Fiduciary Net Position as a % of the Total GLI OPEB Liability	67.21%

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

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

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and best arithmetic real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long-term Expected Rate of Return</b>
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	<u>3.00%</u>	6.55%	<u>0.20%</u>
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 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%.

- g) Discounts - The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by participating entities for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate.

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

- h) Sensitivity - The following presents the employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

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<u>Employer's proportionate share of the net GLI OPEB liability</u>	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$18,063,813	\$12,413,993	\$7,848,166
School Board - non-professional	1,963,755	1,349,551	853,191
School Board - professional	29,665,352	20,386,918	12,888,673

- i) Payables - At June 30, 2023, the County and School Board component unit owed the following amounts to the VRS GLI Program due to the timing of when contractually required contribution payments become due.

County	\$ 120,426
School Board - non-professional	12,294
School Board - professional	197,205

**E. Other Postemployment Benefits - Health Insurance Credits**

**1. Plan Description**

Professional staff of the School Board component unit participate in the VRS Teacher Employee HIC Program, a multiple employer, cost-sharing defined benefit plan. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. The benefit vests with eligible employees who retire with at least 15 years of service credit. The benefit ends upon the retiree's death. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the HIC Program's fiduciary net position is available in the separately issued VRS 2022 ACFR. A copy of the 2022 VRS ACFR may be downloaded from the VRS website at [VRS Annual Comprehensive Financial Report for the Fiscal Year Ended June 30, 2022 \(varetire.org\)](https://varetire.org) or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) Benefit - Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to the VRS. The HIC is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering spouses or dependents, and cannot exceed the actual amount of the premium paid. For teacher and other professional school employees who retire, the monthly benefit is \$4 per year of service per month with no cap on the benefit amount. For teachers and other professional employees who retire on disability, the monthly benefit is either \$4 per month multiplied by twice the amount of service credit or \$4 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
- b) Contribution - Each school division's contractually required employer contribution rate for the year ended June 30, 2022 and 2023 was 1.21% 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, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the HIC Program were \$4,937,179 and \$4,436,922 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a

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budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

- c) **Liabilities** - At June 30, 2023, the School Board component unit reported a liability of \$49,141,862 for its proportionate share of the net HIC Program OPEB (HIC OPEB) liability. The net HIC OPEB liability was measured as of June 30, 2022 and the total HIC Program OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The School Board component unit's proportionate share of the net HIC OPEB liability was based on the school division's actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board component unit's proportion of the HIC Program was 3.93% compared to 3.81% at June 30, 2021.

For the year ended June 30, 2023, the School Board component unit recognized HIC OPEB expense of \$4,425,954. Since there was a change in proportionate share between June 30, 2021 and June 30, 2022, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the School Board component unit reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ -	\$ 2,003,100
Net difference between projected and actual earnings on HIC OPEB program investments	-	49,325
Change in assumptions	1,435,685	125,492
Changes in proportion	2,909,175	427,011
Employer contributions subsequent to measurement date	4,937,179	-
<b>Total</b>	<b><u>\$ 9,282,039</u></b>	<b><u>\$ 2,604,928</u></b>

\$4,937,179 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

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Year ended June 30	School Board Professional
2024	\$ 348,655
2025	349,018
2026	271,422
2027	371,883
2028	270,159
Thereafter	128,795
Total	<u>\$ 1,739,932</u>

- d) Actuarial assumptions - The total HIC OPEB liability 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%
Salary increased, including inflation:	
Teachers .....	3.50% - 5.95%
Investment rate of return .....	6.75%, net of investment expenses, including inflation*

Mortality rates:

Pre-retirement.....	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
Post-retirement .....	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-disablement.....	Pub-2010 Amount Weighted Teachers Disable Rates projected generationally; 110% rates for males and females
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 period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Updated 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

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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) Net HIC OPEB Liabilities - The net HIC OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2022, the net HIC OPEB liability is as follows:

<b>Total for the Cost-Sharing Employer Plans - HIC (all employers)</b>	<b>Teachers' Health Insurance Credit Program</b>
Total HIC OPEB Liability	\$ 1,470,891,106
Plan Fiduciary Net Position	<u>(221,844,577)</u>
Employers' Net HIC OPEB Liability	<u>\$ 1,249,046,529</u>
Plan Fiduciary Net Position as a % of the Total HIC OPEB Liability	15.08%

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Arithmetic Long-term Expected Rate of Return</b>	<b>Weighted Average Long- term Expected Rate of Return</b>
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	<u>3.00%</u>	6.55%	<u>0.20%</u>
Total	<u>100.00%</u>		5.33%

Inflation 2.50%

\*Expected arithmetic nominal return 7.83%

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\*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 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%.

- g) Discounts - The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by participating entities for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's Program's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.
- h) Sensitivity - The following presents the employers proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
Employer's proportionate share of the net HIC OPEB liability	\$55,383,443	\$49,141,862	\$43,851,032

- i) Payables - At June 30, 2023, the School Board component unit owed \$439,543 to the VRS HIC Program due to the timing of when contractually required contribution payments become due.

**County of Chesterfield, Virginia**  
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**F. Summary of Deferred Outflows of Resources and Deferred Inflows of Resources by OPEB Plan**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Deferred Outflows of Resources related to OPEB</b>				
Deferred investment experience:				
Other Postemployment Benefit Trust	\$ 1,221,601	\$ 118,138	\$ 1,339,739	\$ 904,451
Other Postemployment Benefit Trust - Line of Duty	548,096	-	548,096	-
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	732,534	70,842	803,376	448,127
Other Postemployment Benefit Trust - Line of Duty	2,642,411	-	2,642,411	-
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,614,387
VRS cost-sharing Group Life Insurance Plan	911,468	71,564	983,032	106,867
Deferred change in assumptions:				
Other Postemployment Benefit Trust	2,256,076	218,180	2,474,256	2,445,455
Other Postemployment Benefit Trust - Line of Duty	3,843,291	-	3,843,291	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	1,435,685
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	760,400
VRS cost-sharing Group Life Insurance Plan	429,313	33,709	463,022	50,336
Deferred change in proportionate share:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	2,909,175
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,402,607
VRS cost-sharing Group Life Insurance Plan	389,901	30,614	420,515	266,136
Deferred contributions:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	4,937,179
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	2,209,987
VRS cost-sharing Group Life Insurance Plan	1,316,020	103,328	1,419,348	146,180
Total deferred outflows of resources related to OPEB	<u>\$ 14,290,711</u>	<u>\$ 646,375</u>	<u>\$ 14,937,086</u>	<u>\$ 19,636,972</u>



**County of Chesterfield, Virginia**  
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	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Deferred Inflows of Resources related to OPEB</b>				
Deferred investment experience:				
VRS cost-sharing Teacher Health Insurance Credit Program				\$ 49,325
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool				1,273,882
VRS cost-sharing Group Life Insurance Plan	\$ 719,224	\$ 56,468	\$ 775,692	84,327
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	7,530,407	728,252	8,258,659	25,729,237
Other Postemployment Benefit Trust - Line of Duty	2,662,425	-	2,662,425	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	2,003,100
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	817,874
VRS cost-sharing Group Life Insurance Plan	461,763	36,257	498,020	54,141
Deferred change in assumptions:				
Other Postemployment Benefit Trust	7,925,435	766,453	8,691,888	7,663,318
Other Postemployment Benefit Trust - Line of Duty	3,375,101	-	3,375,101	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	125,492
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,985,768
VRS cost-sharing Group Life Insurance Plan	1,121,145	88,028	1,209,173	131,452
Deferred change in proportionate share:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	427,011
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	192,649
VRS cost-sharing Group Life Insurance Plan	35,719	2,804	38,523	108,686
Total deferred inflows of resources related to OPEB	<u>\$ 23,831,219</u>	<u>\$ 1,678,262</u>	<u>\$ 25,509,481</u>	<u>\$ 40,646,262</u>
<b>Enterprise funds</b>	<b>Water</b>	<b>Wastewater</b>	<b>Non-major Airport</b>	<b>Total</b>
<b>Deferred Outflows of Resources related OPEB</b>				
Deferred investment experience:				
Other Postemployment Benefit Trust	\$ 54,572	\$ 61,863	\$ 1,703	\$ 118,138
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	32,726	37,093	1,023	70,842
VRS cost-sharing Group Life Insurance Plan	29,983	40,206	1,375	71,564
Deferred change in assumptions:				
Other Postemployment Benefit Trust	100,785	114,250	3,145	218,180
VRS cost-sharing Group Life Insurance Plan	14,122	18,939	648	33,709
Deferred change in proportionate share:				
VRS cost-sharing Group Life Insurance Plan	12,825	17,200	589	30,614
Deferred contributions:				
VRS cost-sharing Group Life Insurance Plan	43,290	58,051	1,987	103,328
Total deferred outflows of resources related to OPEB	<u>\$ 288,303</u>	<u>\$ 347,602</u>	<u>\$ 10,470</u>	<u>\$ 646,375</u>

**County of Chesterfield, Virginia**  
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Enterprise funds	Water	Wastewater	Non-major Airport	Total
<b>Deferred Inflows of Resources related to OPEB</b>				
Deferred investment experience:				
VRS cost-sharing Group Life Insurance Plan	\$ 23,659	\$ 31,724	\$ 1,085	\$ 56,468
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	336,408	381,347	10,497	728,252
VRS cost-sharing Group Life Insurance Plan	15,189	20,370	698	36,257
Deferred change in assumptions:				
Other Postemployment Benefit Trust	354,055	401,348	11,050	766,453
VRS cost-sharing Group Life Insurance Plan	36,880	49,456	1,692	88,028
Deferred change in proportionate share:				
VRS cost-sharing Group Life Insurance Plan	1,174	1,578	52	2,804
Total deferred inflows of resources related to OPEB	<u>\$ 767,365</u>	<u>\$ 885,823</u>	<u>\$ 25,074</u>	<u>\$ 1,678,262</u>

Internal Service funds	Vehicle and Communications	Risk Management	Total
<b>Deferred Outflows of Resources related to OPEB</b>			
Deferred investment experience:			
Other Postemployment Benefit Trust	\$ 27,291	\$ 3,289	\$ 30,580
Deferred OPEB difference between expected and actual:			
Other Postemployment Benefit Trust	16,363	1,975	18,338
VRS cost-sharing Group Life Insurance Plan	19,661	5,701	25,362
Deferred change in assumptions:			
Other Postemployment Benefit Trust	50,401	6,078	56,479
VRS cost-sharing Group Life Insurance Plan	9,260	2,686	11,946
Deferred change in proportionate share:			
VRS cost-sharing Group Life Insurance Plan	8,410	2,438	10,848
Deferred contributions:			
VRS cost-sharing Group Life Insurance Plan	28,387	8,232	36,619
Total deferred outflows of resources related to OPEB	<u>\$ 159,773</u>	<u>\$ 30,399</u>	<u>\$ 190,172</u>

**County of Chesterfield, Virginia**  
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Internal Service funds	Vehicle and Communications	Risk Management	Total
<b>Deferred Inflows of Resources related to OPEB</b>			
Deferred investment experience:			
VRS cost-sharing Group Life Insurance Plan	\$ 15,515	\$ 4,501	\$ 20,016
Deferred OPEB difference between expected and actual:			
Other Postemployment Benefit Trust	168,232	20,284	188,516
VRS cost-sharing Group Life Insurance Plan	9,960	2,887	12,847
Deferred change in assumptions:			
Other Postemployment Benefit Trust	177,057	21,347	198,404
VRS cost-sharing Group Life Insurance Plan	24,184	7,013	31,197
Deferred change in proportionate share:			
VRS cost-sharing Group Life Insurance Plan	771	221	992
Total deferred inflows of resources related to OPEB	<u>\$ 395,719</u>	<u>\$ 56,253</u>	<u>\$ 451,972</u>

**G. Summary of Net OPEB Liability and Expense by OPEB Plan**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
<b>Net OPEB Liability</b>				
Postemployment Retiree Healthcare Benefits	\$ 36,070,510	\$ 3,488,311	\$ 39,558,821	\$ 112,514,248
Line of Duty	5,720,158	-	5,720,158	-
Group Life Insurance Plan	11,510,255	903,738	12,413,993	1,349,551
Group Life Insurance Plan - Teachers' Pool	-	-	-	20,386,918
Health Insurance Credits	-	-	-	49,141,862
Total net OPEB liability	<u>\$ 53,300,923</u>	<u>\$ 4,392,049</u>	<u>\$ 57,692,972</u>	<u>\$ 183,392,579</u>
<b>OPEB Expense</b>				
Postemployment Retiree Healthcare Benefits	\$ 555,071	\$ 53,680	\$ 608,751	\$ (724,683)
Line of Duty	1,810,395	-	1,810,395	-
Group Life Insurance Plan	432,116	33,927	466,043	38,324
Group Life Insurance Plan - Teachers' Pool	-	-	-	1,033,407
Health Insurance Credits	-	-	-	4,425,954
Total OPEB expense	<u>\$ 2,797,582</u>	<u>\$ 87,607</u>	<u>\$ 2,885,189</u>	<u>\$ 4,773,002</u>

**County of Chesterfield, Virginia**  
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Enterprise funds	Water	Wastewater	Non-major Airport	Total
<b>Net OPEB Liability</b>				
Postemployment Retiree Healthcare Benefits	\$ 1,611,392	\$ 1,826,625	\$ 50,294	\$ 3,488,311
Group Life Insurance Plan	378,627	507,731	17,380	903,738
Total net OPEB liability	<u>\$ 1,990,019</u>	<u>\$ 2,334,356</u>	<u>\$ 67,674</u>	<u>\$ 4,392,049</u>
<b>OPEB Expense</b>				
Postemployment Retiree Healthcare Benefits	\$ 24,797	\$ 28,109	\$ 774	\$ 53,680
Group Life Insurance Plan	14,214	19,061	652	33,927
Total OPEB expense	<u>\$ 39,011</u>	<u>\$ 47,170</u>	<u>\$ 1,426</u>	<u>\$ 87,607</u>

Internal Service funds	Vehicle and Communications	Risk Management	Total
<b>Net OPEB Liability</b>			
Postemployment Retiree Healthcare Benefits	\$ 805,829	\$ 97,159	\$ 902,988
Group Life Insurance Plan	248,280	72,001	320,281
Total net OPEB liability	<u>\$ 1,054,109</u>	<u>\$ 169,160</u>	<u>\$ 1,223,269</u>
<b>OPEB Expense</b>			
Postemployment Retiree Healthcare Benefits	\$ 12,401	\$ 1,495	\$ 13,896
Group Life Insurance Plan	9,321	2,703	12,024
Total OPEB expense	<u>\$ 21,722</u>	<u>\$ 4,198</u>	<u>\$ 25,920</u>

## 14. Tax Abatements

### A. General

Incentive Program for Rehabilitation of Commercial Properties - The County has adopted an ordinance granting a partial tax exemption for certain commercial or industrial structures that have been rehabilitated, renovated or replaced. This program is established under the authority provided by the Code of Virginia §58.1-3221. Upon approval, the partial exemption will be in effect for seven years. The amount of the exemption is based solely on the increase in assessed value and does not change over the seven-year period. Generally, to qualify, the commercial or industrial structures must be no less than 25 years of age, the increase in assessed value must be 15% or more and the taxpayer must apply for the exemption within 12 months after the filing date of the building permit application for the rehabilitation, renovation or replacement structure. Because real property taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. In fiscal year 2023, tax abatements for the County's incentive program for rehabilitation of commercial properties totaled \$198,801. No other commitments are made by the County as part of these agreements.

### B. Technology Zone Programs

The County has five technology zones, which are distinct geographical areas of the County, that provide a package of incentives designed to encourage business expansion and recruitment. This program is established under the authority provided by the Code of Virginia §58.1-3245.

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Machinery and Tools – Any business which after January 1, 2006 either locates in a technology zone or undergoes a facility expansion or renovation which results in an increase of 15% or \$50,000, whichever is greater, in the assessed value of its machinery and tools over the value of its machinery and tools from the previous year can qualify for a 100% rebate of the increase in machinery and tools taxes for five consecutive years. The taxpayer must apply for and access the rebate within one year of start of operations in the technology zone, or within one year of a qualifying facility expansion or renovation in order to receive the rebate. In fiscal year 2023, tax abatements for the County's Technology Zone Programs for Machinery and Tools taxes totaled \$68,142. No other commitments are made by the County as part of these agreements.

Business License – Any business required to obtain a license based on gross receipts or purchases and is located in or makes improvements to a building within a technology zone, on or after the date on which the technology zone was established, may be qualified to receive tax relief of the increase in gross receipts or purchases over the business' gross receipts or purchase during the base year. To qualify for the relief, the business must apply within one year of start of operations in the zone. The tax and fee relief period will begin in the tax year after the business qualifies for the relief and will last for four additional tax years, or for so long as the business remains within any technology zone, whichever period is shorter. In fiscal year 2023, tax abatements for the County's Technology Zone Programs for Business License fees totaled \$75,962. No other commitments are made by the County as part of these agreements.

**C. Tourism, Public Entertainment and Recreation, and Other Grants**

Under the authority provided by the Code of Virginia §15.2-4905, the Board may approve, through local resolution, individual incentive packages to encourage growth that provides significant economic benefits to the County in terms of capital investment, sports tourism and/or public entertainment and recreation. Economic Development staff negotiate the terms of these agreements and the County agrees to rebate a portion of agreed upon taxes and, in exchange, the taxpayer agrees to meet certain performance measures, which typically include a minimum capital investment and the creation of a minimum number of new, full-time jobs. Each performance agreement specifies the duration of the tax abatement period and other any terms or conditions that apply to the transaction. There were no rebates paid in fiscal year 2023.

**D. Tax Increment Financing**

Under the authority of Code of Virginia §58.1-3245.2, the County adopted various tax increment financing agreements with community development authorities that were created by the County for the purpose of financing, planning, acquisition and construction of infrastructure improvements within each authority's designated development district. The authorities have pledged the tax increments to pay debt service on long-term debt issued to finance infrastructure improvements. Based on the individual agreements, the County has agreed to pay a range of 64% to 100% of incremental real estate taxes that exceed base amounts to each authority. In fiscal year 2023, the County paid \$1,256,086 in real property tax increments. The County also agreed to pay from 34% to 100% of its the local portion of sales tax revenue collected each calendar year from retail establishments within the districts to each authority. For fiscal year 2023, the County paid \$562,717 in sales tax revenues related to calendar year 2022.

**E. Land Trust**

Under the authority of Code of Virginia §15.2-7501 the County designated Maggie Walker Community Land Trust to carry out the functions of a land bank entity for the purpose of assisting the County to address vacant, abandoned, and tax delinquent properties in the County. Under the authority of Code of Virginia §15.2-7509 when real property is conveyed by the land bank entity, fifty percent of the real property taxes collected on such property shall be remitted to the land bank entity. Such remittance of real property taxes collected shall commence with the first taxable year following

**County of Chesterfield, Virginia**  
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the date of conveyance and continue for a period of ten years. The remittance shall not be renewed at the conclusion of the ten-year period. There were no remittances to the Land Bank in fiscal year 2023.

**15. Joint Ventures**

**A. Appomattox River Water Authority**

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority and for improvements and expansion to meet the current and future demands of the participating jurisdictions.

The County retains an ongoing financial responsibility for the joint venture due to the requirement to purchase water and the capacity rights, (note 1.D.6), received in connection with the expansion of the treatment plant. The County's purchases of water for the year ended June 30, 2023 were \$8,510,080. Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, South Chesterfield, Virginia 23803.

**B. Capital Region Airport Commission**

The County, together with the City of Richmond and the Counties of Henrico and Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. The Commission's budget submittal must identify any deficits and the proportion of the deficit to be borne by, or requested of, each participating locality's governing body. Allocation of the Commission's deficit among the participating localities shall be proportionate to their respective populations. If a participating locality's governing body approves the Commission's operating and capital budgets with deficits, the locality shall appropriate to the Commission its share of the deficit. If during any fiscal year the Commission shall receive general fund revenues in excess of those estimated in its approved operating budget, the budgeted deficit shall be reduced and so shall the proportionate appropriation of the participating localities unless otherwise agreed upon by the parties. No contribution was made by the County in fiscal year 2023. Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, 1 Richard E. Byrd Terminal Dr., Suite A, Richmond, VA 23250.

**County of Chesterfield, Virginia**  
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**C. Greater Richmond Convention Center Authority**

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President of the InUnison (<https://inunison.org/>).

Each participating jurisdiction is authorized to levy an 8% transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of \$7,070,316 for transient occupancy tax to the Convention Authority during the year ended June 30, 2023.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Interlocal Agreement. The County received \$5,755,425 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2023.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting and financial advisory services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of \$134,890 to the County for the year ended June 30, 2023. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement. Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, VA 23832.

**D. Greater Richmond Transit Company**

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

The Board of Directors is comprised of nine members, with three members each representing the jurisdictions of the City of Richmond, Chesterfield County and Henrico County. The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. A \$250,057 contribution was made by the County in fiscal year 2023. Complete financial statements for GRTC can be obtained from GRTC at 301 East Belt Blvd., Richmond, VA, 23224.

**County of Chesterfield, Virginia**  
**Notes to Financial Statements**  
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**E. Riverside Regional Jail Authority**

The Riverside Regional Jail Authority (RRJA) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. RRJA is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs RRJA. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2023 were \$7,289,434. Complete financial statements for RRJA can be obtained from the Riverside Regional Jail Authority's office at 500 Folar Trail, North Prince George, VA 23860.

**F. South Central Wastewater Authority**

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Authorities Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

The County paid \$4,786,709 on July 2, 1996, representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement. The County's purchases of wastewater services for the year ended June 30, 2023 were \$786,015. Complete financial statements for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

**16. Related Organizations and Jointly Governed Organizations**

**A. Health Center Commission for the County of Chesterfield**

The Health Center Commission for the County of Chesterfield (Health Center Commission) was created on January 13, 1993 by the County Board, pursuant to Chapter 37, Title 15.1 of the Code of Virginia, for the purpose of operating a long-term care facility and independent living campus (Lucy Corr Village). The seven members of the Health Center Commission are appointed by the Board; however there is no ability of the Board to direct the members of the Health Center Commission with respect to carrying out the Health Center Commission's fiscal and management functions and the Health Center Commission has no significant financial benefit or financial burden relationship with the County. The County provides support services to the Health Center Commission on a cost basis. For fiscal year 2023, the County received \$25,798 from the Health Center Commission for providing support services.



**County of Chesterfield, Virginia**  
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**B. Central Virginia Waste Management Authority**

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg, Hopewell and Richmond and the Town of Ashland. The nineteen member board is comprised of no less than one and up to no more than four members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2023 were \$3,726,746.

**C. Greater Richmond Partnership**

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has two representatives serving on the Greater Richmond Partnership's fifteen member Board of Directors and contributed \$385,000 for the year ended June 30, 2023.

**D. Richmond Region Tourism**

Richmond Region Tourism (RRT), formerly the Richmond Metropolitan Convention and Visitors Bureau, serves the Cities of Richmond and Colonial Heights, the Town of Ashland and the Counties of Chesterfield, Hanover, Henrico, and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The RRT has twenty-four members and the County has one representative serving on RRT's Board of Directors and contributed \$556,500 for the year ended June 30, 2023.

**E. Plan RVA**

Plan RVA, (formerly Richmond Regional Planning District Commission) is comprised of thirty-three members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major objectives of Plan RVA 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, Plan RVA promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has seven representatives serving on Plan RVA and paid total dues of \$191,761 for the year ended June 30, 2023.

**F. Lower Magnolia Green Community Development Authority**

Lower Magnolia Green Community Development Authority (LMGCDA) was established by an ordinance adopted by the County's Board of Supervisors on August 22, 2007 at the request of the owner of the property at that time, and pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5152 of the Code of Virginia. The sole purpose of the LMGCD is to finance, construct and maintain certain public improvements within the Lower Magnolia Green Special Assessment District (LMGSAD). The operating revenue of LMGCD is primarily from Special Assessments collected by the County on behalf of LMGCD against the taxable real property in the LMGSAD. The County agreed to manage the construction of road improvements to be paid for by

**County of Chesterfield, Virginia**  
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LMGCDA. The total cost of the project is estimated to be \$25,000,000. In fiscal year 2023, the County received reimbursements for expenditures relating to the LMGCD road widening project in the amount of \$25,200.



## REQUIRED SUPPLEMENTARY INFORMATION

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System - Local Plan**  
**Schedule of Changes in Net Pension Liability and Related Ratios\***

	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Total pension liability</b>									
Service cost	\$ 22,359,979	\$ 22,190,584	\$ 22,272,468	\$ 23,239,284	\$ 23,782,639	\$ 23,887,734	\$ 26,311,332	\$ 26,220,272	\$ 30,587,307
Interest	60,537,206	63,626,498	65,494,255	67,908,912	70,546,359	73,176,982	75,395,644	79,713,046	86,866,400
Changes of assumptions	-	-	-	2,022,586	-	33,012,481	-	48,781,987	-
Difference between expected and actual experience	-	(17,191,373)	(8,183,531)	(6,527,022)	(3,619,063)	(2,807,910)	20,446,165	(18,700,096)	9,028,885
Benefit payments, including refunds of member contributions	(37,609,453)	(39,919,429)	(43,967,501)	(46,208,684)	(51,723,215)	(54,535,995)	(56,828,478)	(59,554,807)	(61,698,983)
Net change in total pension liability	45,287,732	28,706,280	35,615,691	40,435,076	38,986,720	72,733,292	65,324,663	76,460,402	64,783,609
Plan total pension liability - beginning	883,621,959	928,909,691	957,615,971	993,231,662	1,033,666,738	1,072,653,458	1,145,386,750	1,210,711,413	1,287,171,815
Plan total pension liability - ending	\$ 928,909,691	\$ 957,615,971	\$ 993,231,662	\$ 1,033,666,738	\$ 1,072,653,458	\$ 1,145,386,750	\$ 1,210,711,413	\$ 1,287,171,815	\$ 1,351,955,424
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 26,084,703	\$ 26,685,876	\$ 27,306,288	\$ 23,642,700	\$ 24,044,622	\$ 25,567,311	\$ 26,735,004	\$ 29,952,331	\$ 32,237,745
Contributions - employee	8,820,383	8,787,349	9,096,346	9,245,876	9,212,218	9,462,407	9,910,875	10,001,761	10,722,370
Net investment income	103,473,934	34,502,076	13,653,023	95,910,844	64,159,374	60,814,725	18,184,370	259,941,671	(1,233,341)
Benefit payments, including refunds of member contributions	(37,609,453)	(39,919,429)	(43,967,501)	(46,208,684)	(51,723,215)	(54,535,995)	(56,828,478)	(59,554,807)	(61,698,983)
Administrative expense	(554,506)	(469,584)	(484,906)	(555,458)	(558,774)	(606,813)	(625,503)	(648,038)	(741,927)
Other changes	5,455	(7,320)	(5,789)	(85,337)	(56,997)	(38,278)	(21,791)	21,064	27,618
Net change in Plan fiduciary net position	100,220,516	29,578,968	5,597,461	81,949,941	45,077,228	40,663,357	(2,645,523)	239,713,982	(20,686,518)
Plan fiduciary net position - beginning	655,888,263	756,108,779	785,687,747	791,285,208	873,235,149	918,312,377	958,975,734	956,330,211	1,196,044,193
Plan fiduciary net position - ending	\$ 756,108,779	\$ 785,687,747	\$ 791,285,208	\$ 873,235,149	\$ 918,312,377	\$ 958,975,734	\$ 956,330,211	\$ 1,196,044,193	\$ 1,175,357,675
Plan net pension liability - ending	\$ 172,800,912	\$ 171,928,224	\$ 201,946,454	\$ 160,431,589	\$ 154,341,081	\$ 186,411,016	\$ 254,381,202	\$ 91,127,622	\$ 176,597,749
Plan fiduciary net position as a percentage of the total pension liability	81.40%	82.05%	79.67%	84.48%	85.61%	83.73%	78.99%	92.92%	86.94%
Covered payroll	\$ 173,942,815	\$ 175,451,036	\$ 181,566,910	\$ 184,361,751	\$ 187,590,142	\$ 202,738,683	\$ 202,618,965	\$ 218,503,269	\$ 258,376,156
Plan net pension liability as a percentage of covered payroll	99.34%	97.99%	111.22%	87.02%	82.28%	91.95%	125.55%	41.71%	68.35%

## Notes to Schedule:

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

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

\* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available.  
Additional years will be included as they become available.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System - Local Plan**

**Schedule of Changes in Net Pension Liability and Related Ratios\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>Total pension liability</b>									
Service cost	\$ 2,949,849	\$ 2,915,998	\$ 2,651,127	\$ 2,018,689	\$ 1,479,580	\$ 1,744,280	\$ 1,829,998	\$ 1,836,935	\$ 1,662,841
Interest	7,295,839	7,583,876	7,846,485	7,895,142	7,789,094	7,694,378	7,676,782	7,763,263	8,210,649
Difference between expected and actual experience	-	406,101	(1,687,860)	(2,853,536)	(2,665,360)	(532,711)	(211,953)	(1,107,815)	(3,497,194)
Changes of assumptions	-	-	-	(400,345)	-	2,931,319	-	4,361,917	-
Benefit payments, including refunds of member contributions	(5,762,476)	(6,499,271)	(7,809,560)	(8,419,736)	(7,930,103)	(7,982,718)	(8,070,970)	(7,956,272)	(7,822,138)
Net change in total pension liability	4,483,212	4,406,704	1,000,192	(1,759,786)	(1,326,789)	3,854,548	1,223,857	4,898,028	(1,445,842)
Plan total pension liability - beginning	107,107,506	111,590,718	115,997,422	116,997,614	115,237,828	113,911,039	117,765,587	118,989,444	123,887,472
Plan total pension liability - ending	<u>\$ 111,590,718</u>	<u>\$ 115,997,422</u>	<u>\$ 116,997,614</u>	<u>\$ 115,237,828</u>	<u>\$ 113,911,039</u>	<u>\$ 117,765,587</u>	<u>\$ 118,989,444</u>	<u>\$ 123,887,472</u>	<u>\$ 122,441,630</u>
<b>Plan fiduciary net position</b>									
Contributions - employer	\$ 3,168,042	\$ 2,839,204	\$ 2,166,394	\$ 1,485,751	\$ 1,585,825	\$ 2,490,225	\$ 2,478,507	\$ 1,775,380	\$ 2,085,968
Contributions - employee	1,388,336	1,317,080	994,249	772,643	815,103	999,604	970,747	921,367	1,062,855
Net investment income	12,967,640	4,266,413	1,577,265	10,957,663	7,077,891	6,456,989	1,896,056	26,368,154	(55,453)
Benefit payments, including refunds of member contributions	(5,762,476)	(6,499,271)	(7,809,560)	(8,419,736)	(7,930,103)	(7,982,718)	(8,070,970)	(7,956,272)	(7,822,138)
Administrative expense	(70,338)	(59,811)	(61,331)	(67,765)	(64,350)	(66,968)	(67,564)	(68,836)	(75,309)
Other changes	683	(897)	(685)	(9,587)	(6,181)	(4,052)	(3,378)	2,249	(2,259)
Net change in Plan fiduciary net position	11,691,887	1,862,718	(3,133,668)	4,718,969	1,478,185	1,893,080	(2,796,602)	21,042,042	(4,806,336)
Plan fiduciary net position - beginning	82,963,489	94,655,376	96,518,094	93,384,426	98,103,395	99,581,580	101,474,660	98,678,058	119,720,100
Plan fiduciary net position - ending	<u>\$ 94,655,376</u>	<u>\$ 96,518,094</u>	<u>\$ 93,384,426</u>	<u>\$ 98,103,395</u>	<u>\$ 99,581,580</u>	<u>\$ 101,474,660</u>	<u>\$ 98,678,058</u>	<u>\$ 119,720,100</u>	<u>\$ 114,913,764</u>
Plan net pension liability - ending	<u>\$ 16,935,342</u>	<u>\$ 19,479,328</u>	<u>\$ 23,613,188</u>	<u>\$ 17,134,433</u>	<u>\$ 14,329,459</u>	<u>\$ 16,290,927</u>	<u>\$ 20,311,386</u>	<u>\$ 4,167,372</u>	<u>\$ 7,527,866</u>
Plan fiduciary net position as a percentage of the total pension liability	84.82%	83.21%	79.82%	85.13%	87.42%	86.17%	82.93%	96.64%	93.85%
Covered payroll	\$ 27,158,776	\$ 25,240,789	\$ 19,762,536	\$ 16,006,363	\$ 17,089,386	\$ 20,822,912	\$ 21,813,838	\$ 20,159,457	\$ 26,972,026
Plan net pension liability as a percentage of covered payroll	62.36%	77.17%	119.48%	107.05%	83.85%	78.24%	93.11%	20.67%	27.91%

Notes to Schedule:

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

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

\* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System - Teachers' Pool**

**Schedule of School Board's Proportionate Share of the Net Pension Liability\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's proportion of the Net Pension Liability	3.65792%	3.68087%	3.64488%	3.68164%	3.75075%	3.72883%	3.70121%	3.80244%	3.92959%
Employer's proportionate share of the Net Pension Liability	\$ 442,048,000	\$ 463,287,000	\$ 510,798,000	\$ 452,768,000	\$ 441,087,000	\$ 490,735,218	\$ 538,623,255	\$ 295,187,120	\$ 374,120,493
Employer's covered payroll	267,338,117	273,364,177	277,791,240	290,256,816	303,034,105	312,334,155	323,215,546	336,644,633	370,997,230
Employer's proportionate share of the Net Pension Liability as a percentage of its covered payroll	165.35%	169.48%	183.88%	155.99%	145.56%	157.12%	166.65%	87.69%	100.84%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%	71.48%	85.82%	82.51%

Notes to Schedule:

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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County of Chesterfield, Virginia  
 Required Supplementary Information (Unaudited)  
 Primary Government & School Board Component Unit  
 (See Accompanying Report of the Independent Auditor)  
 Schedule of Employer VRS Contributions

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>Primary Government*</b>					
2015	\$ 26,685,876	\$ 26,685,876	\$ -	\$ 175,451,036	15.21%
2016	27,306,288	27,306,288	-	181,566,910	15.04
2017	23,642,700	23,642,700	-	184,361,751	12.82
2018	24,044,622	24,044,622	-	187,590,142	12.82
2019	25,567,311	25,567,311	-	202,738,683	12.61
2020	26,735,004	26,735,004	-	202,618,965	13.19
2021	29,952,322	29,952,322	-	218,503,269	13.71
2022	32,237,731	32,237,731	-	258,376,156	12.48
2023	43,027,384	43,027,384	-	261,445,033	16.46
<b>School Board Component Unit - Non-professional*</b>					
2015	\$ 2,839,204	\$ 2,839,204	\$ -	\$ 25,240,789	11.25%
2016	2,166,394	2,166,394	-	19,762,536	10.96
2017	1,485,751	1,485,751	-	16,006,363	9.28
2018	1,585,825	1,585,825	-	17,089,386	9.25
2019	2,490,225	2,490,225	-	20,822,912	11.96
2020	2,478,507	2,478,507	-	21,813,838	11.36
2021	1,775,565	1,775,565	-	20,159,457	8.63
2022	2,085,968	2,085,968	-	26,972,026	7.73
2023	2,102,568	2,102,568	-	26,838,927	7.83
<b>School Board Component Unit - Professional (Teachers)*</b>					
2015	\$ 39,521,472	\$ 39,521,472	\$ -	\$ 273,364,177	14.46%
2016	38,757,881	38,757,881	-	277,791,240	13.95
2017	41,864,534	41,864,534	-	290,256,816	14.42
2018	48,478,812	48,478,812	-	303,034,105	16.00
2019	47,755,750	47,755,750	-	312,334,155	15.29
2020	48,971,623	48,971,623	-	323,215,546	15.15
2021	53,746,776	53,746,776	-	336,644,633	15.97
2022	58,258,828	58,258,828	-	370,997,230	15.70
2023	64,494,566	64,494,566	-	408,031,322	15.81

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



**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government & School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System**  
**Notes to VRS Required Supplemental Information**

**Change in benefit terms -**

**Primary Government and School Board Component Unit Non-professional:**

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

**Changes of assumptions -**

**Primary Government and School Board Component Unit Non-professional:**

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

**Largest 10 - Non-Hazardous Duty:**

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

**Largest 10 - Hazardous Duty:**

- Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted rates to better fit experience and changed final retirement age from 65 to 70
- Decreased withdrawal rates
- No change to disability rates
- No change to salary scale
- No change to line of duty disability
- No change to discount rate

**VRS Teachers Pool:**

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

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

**Methods and assumptions used to determine contribution rates:**

**Primary Government and School Board Component Unit - Non-professional:**

	<b><u>Non-Hazardous</u></b>	<b><u>Hazardous Duty</u></b>
Actuarial cost method	Entry Age	Entry Age
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	14-23 years	14-23 years
Asset valuation method	5-year smoothed fair value	5-year smoothed fair value
Inflation rate	2.5%	2.5%
Projected salary increases	3.50% - 5.35%	3.50% - 4.75 %
Investment rate of return	6.75%	6.75%

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government**  
**(See Accompanying Report of the Independent Auditor)**  
**Supplemental Retirement Plan**

**Schedule of Changes in Net Pension Liability and Related Ratios\***

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total pension liability</b>										
Service cost	\$ 436,406	\$ 403,634	\$ 389,168	\$ 341,753	\$ 276,487	\$ 278,100	\$ 282,413	\$ 267,803	\$ 376,731	\$ 453,634
Interest	2,175,203	2,230,938	2,246,553	2,356,749	2,328,557	2,390,185	2,474,123	2,623,719	3,121,684	3,556,824
Difference between expected and actual experience	(326,029)	(771,910)	314,521	(1,267,047)	272,174	690,599	(1,741,882)	6,964,276	5,558,100	(2,223,299)
Changes of assumptions	-	-	-	-	-	-	3,491,791	-	-	1,373,934
Benefit payments, including refunds of member contributions	(1,380,465)	(1,467,615)	(1,574,809)	(1,753,487)	(1,846,337)	(2,015,074)	(2,128,601)	(2,252,109)	(2,355,365)	(2,522,540)
Net change in total pension liability	905,115	395,047	1,375,433	(322,032)	1,030,881	1,343,810	2,377,844	7,603,689	6,701,150	638,553
Plan total pension liability - beginning	34,117,066	35,022,181	35,417,228	36,792,661	36,470,629	37,501,510	38,845,320	41,223,164	48,826,853	55,528,003
Plan total pension liability - ending	<u>\$ 35,022,181</u>	<u>\$ 35,417,228</u>	<u>\$ 36,792,661</u>	<u>\$ 36,470,629</u>	<u>\$ 37,501,510</u>	<u>\$ 38,845,320</u>	<u>\$ 41,223,164</u>	<u>\$ 48,826,853</u>	<u>\$ 55,528,003</u>	<u>\$ 56,166,556</u>
<b>Plan fiduciary net position</b>										
Contributions - employer	\$ 2,400,000	\$ 2,200,000	\$ 1,779,372	\$ 1,614,144	\$ 1,210,600	\$ 734,151	\$ 711,711	\$ 1,554,869	\$ 6,687,871	\$ 3,869,688
Net investment income (loss)	3,988,515	836,727	(68,103)	3,212,058	2,482,713	2,287,966	1,197,704	8,807,696	(5,340,399)	2,607,329
Benefit payments, including refunds of member contributions	(1,292,402)	(1,467,615)	(1,574,809)	(1,753,487)	(1,846,337)	(2,015,074)	(2,128,601)	(2,252,109)	(2,355,365)	(2,522,540)
Administrative expense	(88,063)	(76,370)	(77,676)	(78,142)	(92,337)	(81,499)	(82,843)	(84,400)	(90,758)	(100,172)
Net change in Plan fiduciary net position	5,008,050	1,492,742	58,784	2,994,573	1,754,639	925,544	(302,029)	8,026,056	(1,098,651)	3,854,305
Plan fiduciary net position - beginning	26,134,199	31,142,249	32,634,991	32,693,775	35,688,348	37,442,987	38,368,531	38,066,502	46,092,558	44,993,907
Plan fiduciary net position - ending	<u>\$ 31,142,249</u>	<u>\$ 32,634,991</u>	<u>\$ 32,693,775</u>	<u>\$ 35,688,348</u>	<u>\$ 37,442,987</u>	<u>\$ 38,368,531</u>	<u>\$ 38,066,502</u>	<u>\$ 46,092,558</u>	<u>\$ 44,993,907</u>	<u>\$ 48,848,212</u>
Plan net pension liability - ending	<u>\$ 3,879,932</u>	<u>\$ 2,782,237</u>	<u>\$ 4,098,886</u>	<u>\$ 782,281</u>	<u>\$ 58,523</u>	<u>\$ 476,789</u>	<u>\$ 3,156,662</u>	<u>\$ 2,734,295</u>	<u>\$ 10,534,096</u>	<u>\$ 7,318,344</u>
Plan fiduciary net position as a percentage of the total pension liability	88.92%	92.14%	88.86%	97.86%	99.84%	98.77%	92.34%	94.40%	81.03%	86.97%
Covered payroll	\$ 152,639,449	\$ 146,058,394	\$ 137,953,101	\$ 127,044,622	\$ 126,065,622	\$ 122,908,897	\$ 113,542,877	\$ 111,878,471	\$ 120,058,140	\$ 119,379,659
Plan net pension liability as a percentage of covered payroll	2.54%	1.90%	2.97%	0.62%	0.05%	0.39%	2.78%	2.44%	8.77%	6.13%

Notes to Schedule:

There were no benefit changes or changes to actuarial assumptions or methods for the 2014-2016 Plan year. In 2017, the inflation rate was changed to 2%.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Annual money-weighted rate of return	16.08%	3.37%	0.30%	11.34%	6.94%	6.39%	3.02%	23.60%	(11.20%)	7.87%

\* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Supplemental Retirement Program**

**Schedule of Changes in Net Pension Liability and Related Ratios\***

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>Total pension liability</b>										
Service cost	\$ 1,938,164	\$ 1,668,165	\$ 1,915,218	\$ 2,888,145	\$ 1,000,515	\$ 926,887	\$ 874,851	\$ 860,716	\$ 836,867	\$ 1,140,205
Interest	6,885,837	5,057,421	4,964,736	5,476,927	6,582,063	5,110,745	4,864,125	4,704,307	4,774,409	5,160,201
Change in benefit terms	-	-	-	-	(7,428,337)	-	-	-	-	-
Difference between expected and actual experience	(5,862,476)	-	8,053,289	3,425,955	(5,915,675)	3,648,076	1,465,604	3,510,913	2,258,905	2,167,670
Changes of assumptions	3,954,534	(2,088,417)	10,225,013	(11,095,641)	(2,062,950)	-	1,021,847	-	4,416,348	-
Benefit payments, including refunds of member contributions	<u>(12,252,008)</u>	<u>(12,268,111)</u>	<u>(11,252,201)</u>	<u>(12,270,541)</u>	<u>(14,402,588)</u>	<u>(15,072,710)</u>	<u>(11,782,929)</u>	<u>(9,559,129)</u>	<u>(6,388,086)</u>	<u>(6,921,101)</u>
Net change in total pension liability	<u>(5,335,949)</u>	<u>(7,630,942)</u>	<u>13,906,055</u>	<u>(11,575,155)</u>	<u>(22,226,972)</u>	<u>(5,387,002)</u>	<u>(3,556,502)</u>	<u>(483,193)</u>	<u>5,898,443</u>	<u>1,546,975</u>
Program total pension liability - beginning	<u>91,811,165</u>	<u>86,475,216</u>	<u>105,132,384</u>	<u>119,038,439</u>	<u>107,463,284</u>	<u>85,236,312</u>	<u>79,849,310</u>	<u>76,292,808</u>	<u>75,809,615</u>	<u>81,708,058</u>
Program total pension liability - ending	<u>\$ 86,475,216</u>	<u>\$ 78,844,274</u>	<u>\$ 119,038,439</u>	<u>\$ 107,463,284</u>	<u>\$ 85,236,312</u>	<u>\$ 79,849,310</u>	<u>\$ 76,292,808</u>	<u>\$ 75,809,615</u>	<u>\$ 81,708,058</u>	<u>\$ 83,255,033</u>
<b>Program fiduciary net position</b>										
Contributions - employer	\$ 9,386,241	\$ 11,161,699	\$ 10,305,625	\$ 14,840,273	\$ 16,270,315	\$ 15,947,949	\$ 14,523,844	\$ 13,123,712	\$ 34,300,000	\$ 4,715,000
Net investment income	3,277,353	522,611	72,592	1,954,218	1,965,443	2,580,666	1,509,679	10,428,903	(7,099,525)	7,543,486
Benefit payments, including refunds of member contributions	(12,252,008)	(12,268,111)	(11,252,201)	(12,270,641)	(14,402,588)	(15,072,710)	(11,782,929)	(9,559,129)	(6,388,086)	(6,921,101)
Other	-	-	-	-	2,187	-	-	-	-	-
Administrative expense	<u>(63,582)</u>	<u>(84,314)</u>	<u>(73,670)</u>	<u>(85,363)</u>	<u>(109,809)</u>	<u>(140,253)</u>	<u>(181,632)</u>	<u>(210,888)</u>	<u>(233,202)</u>	<u>(248,090)</u>
Net change in Program fiduciary net position	<u>348,004</u>	<u>(668,115)</u>	<u>(947,654)</u>	<u>4,438,487</u>	<u>3,725,548</u>	<u>3,315,652</u>	<u>4,068,962</u>	<u>13,782,598</u>	<u>20,579,187</u>	<u>5,089,295</u>
Program fiduciary net position - beginning	<u>21,108,004</u>	<u>21,456,008</u>	<u>20,787,893</u>	<u>19,840,239</u>	<u>24,278,726</u>	<u>28,004,274</u>	<u>31,319,926</u>	<u>35,388,888</u>	<u>49,171,486</u>	<u>69,750,673</u>
Program fiduciary net position - ending	<u>\$ 21,456,008</u>	<u>\$ 20,787,893</u>	<u>\$ 19,840,239</u>	<u>\$ 24,278,726</u>	<u>\$ 28,004,274</u>	<u>\$ 31,319,926</u>	<u>\$ 35,388,888</u>	<u>\$ 49,171,486</u>	<u>\$ 69,750,673</u>	<u>\$ 74,839,968</u>
Program net pension liability - ending	<u>\$ 65,019,208</u>	<u>\$ 58,056,381</u>	<u>\$ 99,198,200</u>	<u>\$ 83,184,558</u>	<u>\$ 57,232,038</u>	<u>\$ 48,529,384</u>	<u>\$ 40,903,920</u>	<u>\$ 26,638,129</u>	<u>\$ 11,957,385</u>	<u>\$ 8,415,065</u>
Program fiduciary net position as a percentage of the total pension liability	24.81%	26.37%	16.67%	22.59%	32.85%	39.22%	46.39%	64.86%	85.37%	89.89%
Covered payroll	\$ 258,789,820	\$ 267,847,464	\$ 205,589,540	\$ 212,785,174	\$ 188,769,652	\$ 176,753,714	\$ 167,675,124	\$ 163,038,026	\$ 161,614,324	\$ 161,248,804
Program net pension liability as a percentage of covered payroll	25.12%	21.68%	48.25%	39.09%	30.32%	27.46%	24.39%	16.34%	7.40%	5.22%

Notes to Schedule:

Beginning balance for FY2016 was adjusted to correct for the application of retirement eligibility criteria consistent with the Program.

Changes in assumptions: Projected salary increases were changed from 3.5% to 3.0% effective June 30, 2016.

The increase in assumed contribution as a percentage of the recommended contribution is based on the actual experience over the last five years. Eligibility criteria and benefits were amended July 1, 2018.

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Discount rate used to estimate total pension liability	6.16%	6.60%	4.73%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%	6.50%
Annual money-weighted rate of return	15.75%	2.36%	0.33%	9.63%	6.30%	6.45%	4.49%	29.49%	(15.30%)	13.36%

County of Chesterfield, Virginia  
 Required Supplementary Information (Unaudited)  
 Primary Government & School Board Component Unit  
 (See Accompanying Report of the Independent Auditor)  
 Schedule of Employer SRP Contributions

Date	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>Primary Government*</b>					
2014	\$ 1,850,332	\$ 2,400,000	\$ (549,668)	\$ 152,639,449	1.57%
2015	1,703,209	2,200,000	(496,791)	146,058,394	1.51
2016	1,579,372	1,779,372	(200,000)	137,953,101	1.29
2017	1,614,144	1,614,144	-	123,324,780	1.31
2018	736,003	1,210,600	(474,597)	126,065,622	0.96
2019	734,151	734,151	-	123,343,213	0.60
2020	711,711	711,711	-	113,542,877	0.63
2021	854,869	1,554,869	(700,000)	111,878,471	1.39
2022	1,337,871	6,687,871	(5,350,000)	120,058,140	5.57
2023	1,451,688	3,869,688	(2,418,000)	119,379,659	3.24
<b>School Board Component Unit*</b>					
2014	\$ 14,424,056	\$ 9,386,241	\$ 5,037,815	\$ 258,789,820	3.63%
2015	13,306,271	11,161,699	2,144,572	267,847,464	4.17
2016	13,352,847	10,305,625	3,047,222	205,589,540	5.01
2017	12,367,273	14,840,273	(2,473,000)	212,785,174	6.97
2018	9,965,431	16,270,315	(6,304,884)	188,769,652	8.62
2019	9,028,451	15,947,949	(6,919,498)	176,753,714	9.02
2020	8,240,043	14,523,844	(6,283,801)	167,675,127	8.66
2021	7,536,373	13,123,712	(5,587,339)	163,038,026	8.05
2022	5,933,497	34,300,000	(28,366,503)	161,614,324	21.22
2023	2,714,288	4,715,000	(2,000,712)	161,248,804	2.92

## Notes to Schedule:

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

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government & School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Notes to Supplemental Retirement Plan**

**Methods and assumptions used to determine contribution rates:**

The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

	<u>Primary Government:</u>	<u>School Board Component Unit:</u>
Actuarial Cost Method	Entry Age Method	Entry Age Normal Cost Method, Level %
Amortization Method	Level dollar	Level dollar
Amortization period	20 years	12 years closed
Asset Valuation Method	Fair Value of Assets	Fair Value of Assets
Inflation Rates	3% (2014-2016); 2% (2017-2022); 4% for 2023; 2.5% for 2024; 2.4% for 2025 and thereafter	2%
Annual Pay Increases	5% per year (age 30-39); 4.5% per year (age 40-44); 4.0% per year (age 45-59); 3.5% per year (age 60+)	3.5% (2014-2016); 3.0% (2017); 3.0-4.5% (2018-2021); 3.25-4.5% (2022-2023)

Interest Rates - Expected Long Term Rate of Return	6.5% net of investment expenses	7.5% (2014-2017); 6.5% (2018-2023)
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Retirement Rates	Less than 30 years of service	More than 30 years of service	Reduced retirement	Unreduced retirement
	<u>Age</u>	<u>Age</u>	<u>Age</u>	<u>Age</u>
	55 5%	55 10%	55-59 10%	55-59 30%
	56 5%	56 10%	60-64 15%	60-64 25%
	57 5%	57 10%	65-69 N/A	65-69 35%
	58 5%	58 15%		
	59 5%	59 15%		
	60 5%	60 20%		
	61 15%	61 20%		
	62 15%	62 20%		
	63 15%	63 20%		
	64 15%	64 20%		
	65 30%	65 40%		
	66 40%	66 40%		
	67 40%	67 30%		
	68 40%	68 30%		
	69 40%	69 30%		
	70+ 100%	70+ 100%		

Mortality Rates	PUB-2010 General Amount-weighted mortality table, with future generational mortality improvements projected according to Scale MP-21.	PUB-2010 General Amount-Weighted mortality table, with future generational improvements projected according to Scale MP-19
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**Other information:**

The Plan was closed to all Primary Government employees hired or rehired with an effective date on or after July 1, 2012. The Program was closed to all School Board Component Unit employees hired or rehired with an effective date on or after July 1, 2013.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government**  
**(See Accompanying Report of the Independent Auditor)**  
**Other Postemployment Benefits Plan - Retiree Healthcare**  
**Schedule of Changes in Net OPEB Liability and Related Ratios\***

<b>Total OPEB liability</b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Service cost	\$ 927,910	\$ 890,903	\$ 861,270	\$ 960,293	\$ 969,038	\$ 1,049,858	\$ 977,095
Interest	8,038,741	8,564,885	7,081,545	6,335,601	6,183,125	6,150,197	5,790,594
Difference between expected and actual experience	-	(2,083,231)	(3,376,015)	756,151	838,797	(2,729,064)	(4,836,568)
Changes of assumptions	-	(13,070,740)	(7,295,365)	(1,639,704)	357,028	(819,561)	2,648,613
Benefit payments, including refunds of member contributions	<u>(8,620,676)</u>	<u>(8,738,195)</u>	<u>(7,786,765)</u>	<u>(8,275,080)</u>	<u>(8,934,721)</u>	<u>(8,862,469)</u>	<u>(8,564,180)</u>
Net change in total OPEB liability	345,975	(14,436,378)	(10,515,330)	(1,862,739)	(586,733)	(5,211,039)	(3,984,446)
Plan total OPEB liability - beginning	<u>118,221,591</u>	<u>118,567,566</u>	<u>104,131,188</u>	<u>93,615,858</u>	<u>91,753,119</u>	<u>91,166,386</u>	<u>85,955,347</u>
Plan total OPEB liability - ending	<u>\$ 118,567,566</u>	<u>\$ 104,131,188</u>	<u>\$ 93,615,858</u>	<u>\$ 91,753,119</u>	<u>\$ 91,166,386</u>	<u>\$ 85,955,347</u>	<u>\$ 81,970,901</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 9,120,677	\$ 9,368,195	\$ 8,186,765	\$ 8,612,080	\$ 9,841,721	\$ 8,862,469	\$ 8,564,180
Net investment income	2,954,980	2,519,903	1,341,593	934,117	9,817,235	(4,045,596)	2,976,721
Benefit payments, including refunds of member contributions	<u>(8,620,677)</u>	<u>(8,738,195)</u>	<u>(7,786,765)</u>	<u>(8,275,080)</u>	<u>(8,934,721)</u>	<u>(8,862,469)</u>	<u>(8,564,180)</u>
Administrative expense	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>
Net change in Plan fiduciary net position	3,454,480	3,149,403	1,741,093	1,270,617	10,723,735	(4,046,096)	2,976,221
Plan fiduciary net position - beginning	<u>23,142,627</u>	<u>26,597,107</u>	<u>29,746,510</u>	<u>31,487,603</u>	<u>32,758,220</u>	<u>43,481,955</u>	<u>39,435,859</u>
Plan fiduciary net position - ending	<u>\$ 26,597,107</u>	<u>\$ 29,746,510</u>	<u>\$ 31,487,603</u>	<u>\$ 32,758,220</u>	<u>\$ 43,481,955</u>	<u>\$ 39,435,859</u>	<u>\$ 42,412,080</u>
Plan net OPEB liability - ending	<u>\$ 91,970,459</u>	<u>\$ 74,384,678</u>	<u>\$ 62,128,255</u>	<u>\$ 58,994,899</u>	<u>\$ 47,684,431</u>	<u>\$ 46,519,488</u>	<u>\$ 39,558,821</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.43%	28.57%	33.63%	35.70%	47.70%	45.88%	51.74%
Covered payroll	\$ 181,884,658	\$ 188,928,493	193,640,564	203,568,979	202,192,740	219,426,121	261,357,268
Plan net OPEB liability as a percentage of covered payroll	50.57%	39.37%	32.08%	28.98%	23.58%	21.20%	15.14%

Notes to Schedule:

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

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%	30.00%	(9.30%)	7.55%

\* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government**  
**(See Accompanying Report of the Independent Auditor)**  
**Other Postemployment Benefits Plan - Line of Duty**  
**Schedule of Changes in Net OPEB Liability and Related Ratios\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Total OPEB liability</b>							
Service cost	\$ 601,750	\$ 792,650	\$ 766,287	\$ 1,017,086	\$ 1,026,697	\$ 1,141,895	\$ 1,287,800
Interest	945,421	975,937	852,476	1,126,955	1,116,343	1,185,232	1,339,078
Difference between expected and actual experience	-	1,125,285	1,928,493	(1,459,176)	(1,163,500)	975,881	(866,881)
Changes of assumptions	-	(4,886,754)	689,110	(70,620)	701,804	(383,053)	3,165,231
Benefit payments	(368,000)	(650,950)	(430,589)	(706,164)	(847,139)	(776,477)	(962,808)
Net change in total OPEB liability	1,179,171	(2,643,832)	3,805,777	(91,919)	834,205	2,143,478	3,962,420
Plan total OPEB liability - beginning	13,088,262	14,267,433	11,623,601	15,429,378	15,337,459	16,171,664	18,315,142
Plan total OPEB liability - ending	<u>\$ 14,267,433</u>	<u>\$ 11,623,601</u>	<u>\$ 15,429,378</u>	<u>\$ 15,337,459</u>	<u>\$ 16,171,664</u>	<u>\$ 18,315,142</u>	<u>\$ 22,277,562</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 959,000	\$ 1,080,950	\$ 730,589	\$ 1,432,164	\$ 1,647,139	\$ 776,477	\$ 3,762,808
Net investment income	773,132	702,889	385,669	274,013	3,067,393	(1,311,960)	968,420
Benefit payments	(368,000)	(650,950)	(430,589)	(706,164)	(847,139)	(776,477)	(962,808)
Administrative expense	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Net change in Plan fiduciary net position	1,363,632	1,132,389	685,169	999,513	3,866,893	(1,312,460)	3,767,920
Plan fiduciary net position - beginning	6,054,348	7,417,980	8,550,369	9,235,538	10,235,051	14,101,944	12,789,484
Plan fiduciary net position - ending	<u>\$ 7,417,980</u>	<u>\$ 8,550,369</u>	<u>\$ 9,235,538</u>	<u>\$ 10,235,051</u>	<u>\$ 14,101,944</u>	<u>\$ 12,789,484</u>	<u>\$ 16,557,404</u>
Plan net OPEB liability - ending	<u>\$ 6,849,453</u>	<u>\$ 3,073,232</u>	<u>\$ 6,193,840</u>	<u>\$ 5,102,408</u>	<u>\$ 2,069,720</u>	<u>\$ 5,525,658</u>	<u>\$ 5,720,158</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.99%	73.56%	59.86%	66.73%	87.20%	69.83%	74.32%
Covered payroll	\$ 65,181,494	\$ 67,756,971	\$ 67,615,562	\$ 73,410,549	\$ 75,017,926	\$ 87,967,796	\$ 98,033,921
Plan net OPEB liability as a percentage of covered payroll	10.51%	4.54%	9.16%	6.95%	2.76%	6.28%	5.83%

## Notes to Schedule:

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

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%	30.00%	(9.30%)	7.57%

\* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia  
Required Supplementary Information (Unaudited)  
School Board Component Unit  
(See Accompanying Report of the Independent Auditor)  
Other Postemployment Benefits Plan - Retiree Healthcare  
Schedule of Changes in Net OPEB Liability and Related Ratios\*

	2017	2018	2019	2020	2021	2022	2023
<b>Total OPEB liability</b>							
Service cost	\$ 1,806,182	\$ 1,342,954	\$ 1,298,283	\$ 1,695,437	\$ 1,507,807	\$ 1,658,089	\$ 1,505,537
Interest	14,953,724	14,878,280	13,615,717	12,490,441	12,061,650	11,561,650	9,884,061
Difference between expected and actual experience	-	2,742,227	(20,512,870)	(2,322,927)	(115,678)	(21,208,196)	(3,679,163)
Changes of assumptions	-	(22,407,529)	4,990,088	(1,932,185)	(5,284,318)	(1,073,020)	689,007
Benefit payments, including refunds of member contributions	(15,784,000)	(16,279,013)	(15,769,337)	(15,961,410)	(15,772,821)	(15,141,717)	(14,347,907)
Net change in total OPEB liability	975,906	(19,723,081)	(16,378,119)	(6,030,644)	(7,603,360)	(24,203,194)	(5,948,465)
Plan total OPEB liability - beginning	219,710,450	220,686,356	200,963,275	184,585,156	178,554,512	170,951,152	146,747,958
Plan total OPEB liability - ending	<u>\$ 220,686,356</u>	<u>\$ 200,963,275</u>	<u>\$ 184,585,156</u>	<u>\$ 178,554,512</u>	<u>\$ 170,951,152</u>	<u>\$ 146,747,958</u>	<u>\$ 140,799,493</u>
<b>Plan fiduciary net position</b>							
Contributions - employer	\$ 17,652,329	\$ 17,279,013	\$ 16,769,337	\$ 16,961,410	\$ 16,772,821	\$ 16,141,717	\$ 15,347,907
Net investment income	1,403,555	1,351,473	749,403	544,814	5,965,480	(2,499,723)	1,915,835
Benefit payments, including refunds of member contributions	(15,784,000)	(16,279,013)	(15,769,337)	(15,961,410)	(15,772,821)	(15,141,717)	(14,347,907)
Administrative expense	(500)	(500)	(500)	(500)	(500)	(500)	(500)
Net change in Plan fiduciary net position	3,271,384	2,350,973	1,748,903	1,544,314	6,964,980	(1,500,223)	2,915,335
Plan fiduciary net position - beginning	10,989,579	14,260,963	16,611,936	18,360,839	19,905,153	26,870,133	25,369,910
Plan fiduciary net position - ending	<u>\$ 14,260,963</u>	<u>\$ 16,611,936</u>	<u>\$ 18,360,839</u>	<u>\$ 19,905,153</u>	<u>\$ 26,870,133</u>	<u>\$ 25,369,910</u>	<u>\$ 28,285,245</u>
Plan net OPEB liability - ending	<u>\$ 206,425,393</u>	<u>\$ 184,351,339</u>	<u>\$ 166,224,317</u>	<u>\$ 158,649,359</u>	<u>\$ 144,081,019</u>	<u>\$ 121,378,048</u>	<u>\$ 112,514,248</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.46%	8.27%	9.95%	11.15%	15.72%	17.29%	20.09%
Covered payroll	\$ 319,003,486	\$ 323,355,357	335,848,117	343,080,214	354,671,638	387,128,329	435,677,331
Plan net OPEB liability as a percentage of covered payroll	64.71%	57.01%	49.49%	46.24%	40.62%	31.35%	25.83%

## Notes to Schedule:

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

	2017	2018	2019	2020	2021	2022	2023
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%	30.00%	(9.30%)	7.55%

\* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.



County of Chesterfield, Virginia  
Required Supplementary Information (Unaudited)  
Primary Government & School Board Component Unit  
(See Accompanying Report of the Independent Auditor)  
Schedule of Employer OPEB Contributions - Retiree Healthcare and Line of Duty

Date	Actuarially Determined Contribution	Contributions in Relation to Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
<b>Primary Government - Retiree Healthcare*</b>					
2017	\$ 8,409,418	\$ 9,120,677	\$ (711,259)	\$ 181,884,658	5.01%
2018	8,534,872	9,368,195	(833,323)	188,928,493	4.96
2019	7,298,780	8,186,765	(887,985)	193,640,564	4.23
2020	6,869,108	8,612,080	(1,742,972)	203,568,979	4.23
2021	6,919,321	9,841,721	(2,922,400)	202,192,740	4.87
2022	6,195,120	8,862,469	(2,667,349)	219,426,121	4.04
2023	6,359,768	8,564,180	(2,204,412)	261,357,268	3.28
<b>School Board Component Unit - Retiree Healthcare*</b>					
2017	\$ 15,478,605	\$ 17,652,329	\$ (2,173,724)	\$ 319,003,486	5.53%
2018	15,895,413	17,279,013	(1,383,600)	323,355,357	5.34
2019	14,182,931	16,769,337	(2,586,406)	335,848,117	4.99
2020	14,234,480	16,961,410	(2,726,930)	343,080,214	4.94
2021	13,940,805	16,772,821	(2,832,016)	354,671,638	4.73
2022	13,451,395	16,141,717	(2,690,322)	387,128,329	4.17
2023	11,906,200	15,347,907	(3,441,707)	435,677,331	3.52
<b>Primary Government - Line of Duty*</b>					
2017	\$ 999,464	\$ 959,000	\$ 40,464	\$ 65,181,494	1.47%
2018	1,011,363	1,080,950	(69,587)	67,756,971	1.60
2019	957,372	730,589	226,783	67,615,562	1.08
2020	1,431,687	1,432,164	(477)	73,410,549	1.95
2021	1,387,159	1,647,139	(259,980)	75,017,926	2.20
2022	1,341,382	776,477	564,905	87,967,796	0.88
2023	1,704,305	3,762,808	(2,058,503)	98,033,921	3.84

### Notes to Schedule

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

#### Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Percent of Pay
Asset valuation method	Fair value
Healthcare cost trend rate	5.80-4.14% (2017); 5.50-3.84% (2018); 5.40-3.94% (2019); 4.70-4.04% (2020) 6.00-4.04% (2021); 6.00-3.94% (2022) 6.80-4.14% (2023)
Projected long-term salary increases	3.50-4.75%
Investment rate of return	7.0% per annum, compounded annually

#### Remaining amortization period:

Primary Government-Retiree Healthcare	12 years
School Board Component Unit-Retiree Healthcare	17 years
Primary Government-Line of Duty	28 years

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

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System - Group Life Insurance Program**  
**Schedule of Employers' Proportionate Share of the Net OPEB Liability\***

**Primary Government**

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Employer's proportion of the Net GLI OPEB Liability	1.00018%	0.99337%	0.99219%	0.99689%	1.00612%	1.03098%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 15,052,000	\$ 15,087,000	\$ 16,145,572	\$ 16,636,462	\$ 11,713,967	\$ 12,413,993
Employer's covered payroll	184,488,316	188,887,754	194,504,842	205,164,275	207,726,561	224,265,166
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%	5.54%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**Component Unit - School Board - Non-professional Plan**

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Employer's proportion of the Net GLI OPEB Liability	0.08521%	0.09024%	0.10825%	0.10526%	0.09994%	0.11208%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 1,282,000	\$ 1,371,000	\$ 1,761,516	\$ 1,756,617	\$ 1,163,573	\$ 1,349,551
Employer's covered payroll	15,718,215	17,158,846	21,219,445	21,663,068	20,663,804	24,379,756
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%	5.64%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

**Component Unit - School Board - Professional Plan**

	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
Employer's proportion of the Net GLI OPEB Liability	1.57670%	1.59756%	1.59763%	1.57354%	1.63459%	1.69313%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 23,727,000	\$ 24,263,000	\$ 25,997,693	\$ 26,259,806	\$ 19,031,063	\$ 20,386,918
Employer's covered payroll	290,828,580	303,772,620	313,188,521	323,840,126	337,481,425	368,299,777
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%	8.11%	5.64%	5.54%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%	52.64%	67.45%	67.21%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

\* Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Primary Government & School Board Component Unit**  
**(See Accompanying Report of the Independent Auditor)**  
**Schedule of Employer OPEB-VRS Group Life Insurance Contributions**

<b>Date</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Employer's Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
<b>Primary Government*</b>					
2017	\$ 959,339	\$ 959,339	\$ -	\$ 184,488,316	0.52%
2018	982,216	982,216	-	188,887,754	0.52
2019	1,011,422	1,011,422	-	194,504,842	0.52
2020	1,066,854	1,066,854	-	205,164,275	0.52
2021	1,121,723	1,121,723	-	207,726,561	0.54
2022	1,211,011	1,211,011	-	224,265,166	0.54
2023	1,419,348	1,419,348	-	262,661,163	0.54
<b>School Board Component Unit - Non-professional*</b>					
2017	\$ 81,735	\$ 81,735	\$ -	\$ 15,718,215	0.52%
2018	89,226	89,226	-	17,158,846	0.52
2019	110,341	110,341	-	21,219,445	0.52
2020	112,648	112,648	-	21,663,068	0.52
2021	111,423	111,423	-	20,663,804	0.54
2022	131,343	131,343	-	24,379,756	0.54
2023	146,180	146,180	-	27,070,430	0.54
<b>School Board Component Unit - Professional (Teachers)*</b>					
2017	\$ 1,512,309	\$ 1,512,309	\$ -	\$ 290,828,580	0.52%
2018	1,579,618	1,579,618	-	303,772,620	0.52
2019	1,628,580	1,628,580	-	313,188,521	0.52
2020	1,683,969	1,683,969	-	323,840,126	0.52
2021	1,822,400	1,822,400	-	337,481,425	0.54
2022	1,986,082	1,986,082	-	368,299,777	0.54
2023	2,209,987	2,209,987	-	409,256,847	0.54

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

**County of Chesterfield, Virginia  
Required Supplementary Information (Unaudited)  
Primary Government & School Board Component Unit  
(See Accompanying Report of the Independent Auditor)  
Other Postemployment Benefits - Group Life Insurance Program  
Notes to VRS Required Supplemental Information**

**Change in benefit terms -**

**Primary Government and School Board Component Unit:**

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

**Changes of assumptions -**

**Primary Government and School Board Component Unit Non-professional:**

The 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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 - Non-Hazardous Duty:**

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

**Largest 10 - Hazardous Duty:**

- Updated to Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Adjusted retirement rates to better fit experience and changed final retirement age from 65 to 70
- Decreased termination rates
- No change to disability rates
- No change to line of duty disability rate
- No change to the discount rate

**VRS Teachers Pool:**

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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

**County of Chesterfield, Virginia**  
**Required Supplementary Information (Unaudited)**  
**Component Unit - School Board**  
**(See Accompanying Report of the Independent Auditor)**  
**Virginia Retirement System - Teacher Health Insurance Credit Plan**  
**Schedule of School Board's Proportionate Share of the Net OPEB Liability\***

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Employer's proportion of the Net HIC OPEB Liability	3.68064%	3.74939%	3.72923%	3.68972%	3.80733%	3.93435%
Employer's proportionate share of the Net HIC OPEB Liability	\$ 46,693,000	\$ 47,605,000	\$ 48,819,247	\$ 48,133,006	\$ 48,869,714	\$ 49,141,862
Employer's covered payroll	290,476,817	303,227,835	312,796,215	323,468,947	336,718,341	366,687,755
Employer's proportionate share of the Net HIC OPEB Liability as a percentage of its covered payroll	16.07%	15.70%	15.61%	14.88%	14.51%	13.40%
Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability	7.04%	8.08%	8.97%	9.95%	13.15%	15.08%

Notes to Schedule:

Per GAAP, Net HIC OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date. Schedule is intended to show information for 10 years.

\*Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

County of Chesterfield, Virginia  
Required Supplementary Information (Unaudited)  
School Board Component Unit  
(See Accompanying Report of the Independent Auditor)  
Schedule of Employer VRS Teacher Health Insurance Credit Plan Contributions

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
School Board Component Unit					
2017	\$ 3,224,293	\$ 3,224,293	\$ -	\$ 290,476,817	1.11%
2018	3,729,702	3,729,702	-	303,227,835	1.23
2019	3,753,555	3,753,555	-	312,796,215	1.20
2020	3,881,627	3,881,627	-	323,468,947	1.20
2021	4,074,292	4,074,292	-	336,718,341	1.21
2022	4,436,922	4,436,922	-	366,687,755	1.21
2023	4,937,179	4,937,179	-	408,031,322	1.21

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

**County of Chesterfield, Virginia  
Required Supplementary Information (Unaudited)  
School Board Component Unit  
(See Accompanying Report of the Independent Auditor)  
Virginia Retirement System - Teacher Health Insurance Credit Plan  
Notes to VRS Required Supplemental Information**

**Change in benefit terms -**

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

**Changes of assumptions -**

The 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 as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

**Largest 10 - Non-Hazardous Duty:**

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

## SUPPLEMENTARY INFORMATION





# Non-major Governmental Funds

## Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of revenue sources that are legally restricted to expenditure for specified purposes.

**Grants Fund** - This fund reflects revenues and expenditures related to various federal and state programs such as the federal government's Department of Housing and Urban Development grants, Community Corrections and Supervision grants and Virginia Juvenile Community Crime Control Act.

**Children's Services Fund** - This fund reflects the revenues and expenditures of providing child-centered, family focused and locally based services for at-risk youth.

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

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

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

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

County of Chesterfield, Virginia  
Combining Balance Sheet  
Non-major Governmental Funds  
June 30, 2023

	Special Revenue Funds						Total Non-major Governmental Funds
	Central Virginia Transportation Authority Local	Stormwater	Grants	Mental Health	Children's Services	Jail Canteen	
<b>ASSETS</b>							
Cash and cash equivalents	\$ 24,235,906	\$ 22,630,509	\$ 10,860,662	\$ 11,612,656	\$ 5,689,842	\$ 264,453	\$ 75,294,028
Investments	40,071,933	-	-	-	-	-	40,071,933
Accounts receivable, net	1,142,866.00	2,435,841	6,866,156	4,494,691	353,689	25,700	15,318,943
Due from other funds	-	-	-	-	-	-	-
Due from other governments	4,891,917	-	4,657,510	7,217	2,066,306	-	11,622,950
Total assets	<u>\$ 70,342,622</u>	<u>\$ 25,066,350</u>	<u>\$ 22,384,328</u>	<u>\$ 16,114,564</u>	<u>\$ 8,109,837</u>	<u>\$ 290,153</u>	<u>\$ 142,307,854</u>
<b>LIABILITIES</b>							
Accounts payable	\$ -	\$ 14,334	\$ 1,333,245	\$ 463,231	\$ 2,127,130	\$ 8,599	\$ 3,946,539
Accrued liabilities	-	-	207,544	1,237,228	-	-	1,444,772
Retainages payable	-	172,301	-	-	-	-	172,301
Unearned revenues	-	-	867,639	1,038,160	-	-	1,905,799
Total liabilities	<u>-</u>	<u>186,635</u>	<u>2,408,428</u>	<u>2,738,619</u>	<u>2,127,130</u>	<u>8,599</u>	<u>7,469,411</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenues	-	2,363,497	-	-	-	-	2,363,497
Unavailable revenues	-	72,344	7,729,786	627,633	105,621	-	8,535,384
Total deferred inflows of resources	<u>-</u>	<u>2,435,841</u>	<u>7,729,786</u>	<u>627,633</u>	<u>105,621</u>	<u>-</u>	<u>10,898,881</u>
<b>FUND BALANCES</b>							
Restricted	70,342,622	22,443,874	2,574,808	-	-	-	95,361,304
Assigned	-	-	9,671,306	12,748,312	5,877,086	281,554	28,578,258
Total fund balances	<u>70,342,622</u>	<u>22,443,874</u>	<u>12,246,114</u>	<u>12,748,312</u>	<u>5,877,086</u>	<u>281,554</u>	<u>123,939,562</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 70,342,622</u>	<u>\$ 25,066,350</u>	<u>\$ 22,384,328</u>	<u>\$ 16,114,564</u>	<u>\$ 8,109,837</u>	<u>\$ 290,153</u>	<u>\$ 142,307,854</u>

See accompanying independent auditors' report.

**County of Chesterfield, Virginia**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Non-major Governmental Funds**  
**For the Year Ended June 30, 2023**

	Special Revenue Funds						Total Non-major Governmental Funds
	Central Virginia Transportation Authority Local	Stormwater	Grants	Mental Health	Children's Services	Jail Canteen	
<b>Revenues</b>							
From local sources:							
Use of money and property	\$ 2,026,449	\$ 564,211	\$ 6,749	\$ -	\$ -	\$ -	\$ 2,597,409
Charges for services	-	4,895,316	10,247,034	28,069,745	60,000	-	43,272,095
Miscellaneous	-	-	1,319,346	163,317	-	166,094	1,648,757
Recovered costs	-	-	137,873	147,974	911,696	-	1,197,543
Donations and contributions	-	-	112,907	619	-	-	113,526
From component unit - School Board	-	-	-	-	5,143,200	-	5,143,200
Local sales and use tax	21,118,586	-	-	-	-	-	21,118,586
Local vehicle fuels tax	8,635,194	-	-	-	-	-	8,635,194
From other governments	-	-	11,153,388	7,701,109	10,720,851	-	29,575,348
Total revenues	<u>31,780,229</u>	<u>5,459,527</u>	<u>22,977,297</u>	<u>36,082,764</u>	<u>16,835,747</u>	<u>166,094</u>	<u>113,301,658</u>
<b>Expenses</b>							
Current:							
General government	-	-	100,000	-	-	-	100,000
Administration of justice	-	-	1,352,367	-	-	-	1,352,367
Public safety	-	-	11,579,583	-	-	137,491	11,717,074
Public works	-	510,322	-	-	-	-	510,322
Health and welfare	-	-	5,092,398	49,978,899	17,684,936	-	72,756,233
Parks, recreation and cultural	-	-	92,966	-	-	-	92,966
Community development	-	-	2,823,050	-	-	-	2,823,050
Debt Service:							
Principal	-	-	598,026	617,620	-	-	1,215,646
Interest	-	-	19,559	26,960	-	-	46,519
Capital Outlay	-	-	1,541,079	-	-	-	1,541,079
Total expenditures	<u>-</u>	<u>510,322</u>	<u>23,199,028</u>	<u>50,623,479</u>	<u>17,684,936</u>	<u>137,491</u>	<u>92,155,256</u>
Excess (deficiency) of revenues over (under) expenditures	<u>31,780,229</u>	<u>4,949,205</u>	<u>(221,731)</u>	<u>(14,540,715)</u>	<u>(849,189)</u>	<u>28,603</u>	<u>21,146,402</u>
<b>Other financing sources (uses)</b>							
Subscriptions	-	-	1,541,079	-	-	-	1,541,079
Transfers in	-	-	2,666,928	15,384,067	1,907,700	-	19,958,695
Transfers out	(7,960,548)	-	(2,871,300)	(896,179)	-	(28,000)	(11,756,027)
Total other financing sources (uses), net	<u>(7,960,548)</u>	<u>-</u>	<u>1,336,707</u>	<u>14,487,888</u>	<u>1,907,700</u>	<u>(28,000)</u>	<u>9,743,747</u>
Net change in fund balances	<u>23,819,681</u>	<u>4,949,205</u>	<u>1,114,976</u>	<u>(52,827)</u>	<u>1,058,511</u>	<u>603</u>	<u>30,890,149</u>
Total fund balances, July 1, 2022	<u>46,522,941</u>	<u>17,494,669</u>	<u>11,131,138</u>	<u>12,801,139</u>	<u>4,818,575</u>	<u>280,951</u>	<u>93,049,413</u>
Total fund balances, June 30, 2023	<u>\$ 70,342,622</u>	<u>\$ 22,443,874</u>	<u>\$ 12,246,114</u>	<u>\$ 12,748,312</u>	<u>\$ 5,877,086</u>	<u>\$ 281,554</u>	<u>\$ 123,939,562</u>

See accompanying independent auditors' report.



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

## **General Fund**

This fund reflects the general operations of the government and is used to account for all financial resources except those required to be accounted for in another fund.

County of Chesterfield, Virginia  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
From local sources:				
General property taxes:				
Real property taxes current	\$ 470,310,100	\$ 462,310,100	\$ 453,006,780	\$ (9,303,320)
Real property taxes delinquent	3,000,000	3,000,000	18,363,250	15,363,250
Real and personal public service corporation taxes current	17,044,300	17,044,300	16,072,822	(971,478)
Personal property taxes current	92,117,700	100,117,700	101,559,098	1,441,398
Personal property taxes delinquent	15,200,000	22,200,000	26,082,823	3,882,823
Machinery and tools taxes current	5,494,500	5,494,500	3,348,088	(2,146,412)
Penalties and interest	4,844,700	4,844,700	6,941,767	2,097,067
Special assessments and service districts	2,413,300	2,413,300	5,214,944	2,801,644
Total general property taxes	<u>610,424,600</u>	<u>617,424,600</u>	<u>630,589,572</u>	<u>13,164,972</u>
Other local taxes:				
Bank stock tax	2,600,000	2,600,000	3,000,477	400,477
Business license taxes	20,280,000	30,280,000	30,575,045	295,045
Consumer utility taxes	8,530,900	8,530,900	8,629,878	98,978
Incremental sales tax	535,000	535,000	562,717	27,717
Local sales and use taxes	71,645,000	71,645,000	72,552,490	907,490
Motor vehicle licenses	8,150,000	8,150,000	8,908,956	758,956
Recordation tax	8,768,000	8,768,000	7,903,899	(864,101)
Short-term rental tax	650,000	650,000	1,097,681	447,681
Telecommunications tax	9,598,200	9,598,200	10,120,885	522,685
Transient occupancy tax	5,014,900	5,014,900	7,070,316	2,055,416
Total other local taxes	<u>135,772,000</u>	<u>145,772,000</u>	<u>150,422,344</u>	<u>4,650,344</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	84,000	84,000	47,673	(36,327)
Building permits	6,543,200	7,168,200	7,253,925	85,725
Erosion control fees	130,000	130,000	94,792	(35,208)
Permits and other licenses	1,029,600	1,029,600	999,298	(30,302)
Plan review fees	282,000	282,000	346,145	64,145
Planning fees	817,400	897,400	859,362	(38,038)
Total permits, privilege fees and regulatory licenses	<u>8,886,200</u>	<u>9,591,200</u>	<u>9,601,195</u>	<u>9,995</u>
Fines and forfeitures	<u>1,231,200</u>	<u>2,068,200</u>	<u>2,464,907</u>	<u>396,707</u>
Use of money and property:				
Use of money	3,049,700	7,609,127	14,361,244	6,752,117
Use of property	1,088,300	1,217,900	1,373,642	155,742
Total use of money and property	<u>4,138,000</u>	<u>8,827,027</u>	<u>15,734,886</u>	<u>6,907,859</u>
Charges for services:				
Annual recycling fees	2,627,200	2,627,200	1,130,397	(1,496,803)
Building inspection administrative fee	45,000	45,000	42,066	(2,934)
Building rental	726,100	826,100	922,568	96,468
Courthouse maintenance fees	54,000	54,000	56,104	2,104
DMV stop fees	400,000	864,000	866,689	2,689
Employee Medical Center	621,000	831,000	835,412	4,412
False alarm charges	60,000	82,000	71,613	(10,387)
Juvenile Detention Home fees	40,000	60,000	177,845	117,845
Landfill fees	1,964,200	1,964,200	1,854,793	(109,407)
Law Library	100,000	100,000	126,998	26,998
Library fines and services	131,300	131,300	65,746	(65,554)
Med-flight services	475,200	503,200	504,125	925

(Continued)

**County of Chesterfield, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Charges for services: (continued)				
Parks and Recreation fees	\$ 750,600	\$ 808,000	\$ 1,200,816	\$ 392,816
Police miscellaneous fees	91,200	91,200	95,337	4,137
Police officers fees	1,169,100	1,490,100	1,532,730	42,630
Recycling proceeds	219,300	219,300	205,837	(13,463)
Sale of publications and maps	2,400	2,400	1,231	(1,169)
Sheriff fees	843,600	843,600	804,641	(38,959)
Traffic offenses	370,000	370,000	407,094	37,094
Treasurer's administrative fees	2,077,000	2,382,000	2,375,428	(6,572)
Other	3,292,600	3,412,600	2,461,190	(951,410)
Total charges for services	16,059,800	17,707,200	15,738,660	(1,968,540)
Miscellaneous:				
Public phone commission	90,000	90,000	271,862	181,862
Other miscellaneous	1,288,500	2,528,183	4,041,888	1,513,705
Total miscellaneous	1,378,500	2,618,183	4,313,750	1,695,567
Recovered costs:				
Interfund reimbursements	1,077,700	1,128,958	1,171,538	42,580
Reimbursed by other localities	945,800	955,800	943,057	(12,743)
Other	2,375,700	3,025,700	9,236,499	6,210,799
Total recovered costs	4,399,200	5,110,458	11,351,094	6,240,636
Donations and contributions	57,200	58,752	90,577	31,825
Total revenues from local sources	782,346,700	809,177,620	840,306,985	31,129,365
From other governments:				
From the Commonwealth:				
Non-categorical aid:				
Clerk's excess fees	653,200	653,200	373,671	(279,529)
Mobile home sales tax	39,600	39,600	111,272	71,672
Personal property tax relief	41,092,000	41,092,000	41,092,048	48
Rolling stock tax	95,000	95,000	99,138	4,138
Vehicle rental tax	1,720,000	1,720,000	2,193,341	473,341
Total non-categorical aid	43,599,800	43,599,800	43,869,470	269,670
Shared expenditures:				
Clerk of Circuit Court	1,394,000	1,394,000	1,511,532	117,532
Commissioner of the Revenue	573,300	608,300	623,219	14,919
Commonwealth's Attorney	2,439,800	2,589,800	2,566,022	(23,778)
Sheriff	4,219,900	4,469,900	4,441,385	(28,515)
Treasurer	535,600	535,600	545,291	9,691
Other	136,000	136,000	127,386	(8,614)
Total shared expenditures	9,298,600	9,733,600	9,814,835	81,235
From other governments:				
From the Commonwealth:				
Categorical aid:				
Annexation House Bill 599	8,855,000	8,855,000	9,120,209	265,209
Chesterfield County Jail	751,700	751,700	656,704	(94,996)
Emergency medical services	355,000	360,000	739,305	379,305



County of Chesterfield, Virginia  
 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
 General Fund  
 For the Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
From other governments: (continued)				
From the Commonwealth:				
Categorical aid:				
Fire programs	\$ 1,205,200	\$ 1,462,200	\$ 1,462,606	\$ 406
Juvenile Detention Home	1,913,800	1,913,800	2,013,894	100,094
Library	235,200	235,200	268,352	33,152
Sheriff programs	2,205,900	2,205,900	2,440,915	235,015
Welfare	5,712,400	5,822,400	5,675,722	(146,678)
Other	3,339,300	3,626,270	5,046,236	1,419,966
Total categorical aid	24,573,500	25,232,470	27,423,943	2,191,473
Total from the Commonwealth	77,471,900	78,565,870	81,108,248	2,542,378
From the federal government:				
Categorical aid:				
Public safety	26,400	26,400	43,192	16,792
Welfare	10,255,200	10,315,200	11,120,862	805,662
Other	81,000	627,314	249,624	(377,690)
Total from the federal government	10,362,600	10,968,914	11,413,678	444,764
Total revenues from other governments	87,834,500	89,534,784	92,521,926	2,987,142
Total revenues	870,181,200	898,712,404	932,828,911	34,116,507
<b>Expenditures</b>				
General government:				
Accounting	4,766,313	4,674,395	4,632,954	41,441
Board of Supervisors	378,550	424,550	419,749	4,801
Budget and Management	1,216,630	1,153,437	1,137,666	15,771
Commissioner of the Revenue	3,636,300	3,816,300	3,788,368	27,932
Communications and Media	1,158,640	1,128,640	1,096,024	32,616
Constituent Services	992,616	1,066,007	1,039,181	26,826
County Administration	2,170,487	2,313,358	2,276,855	36,503
County Attorney	2,258,992	2,396,383	2,307,819	88,564
Employee benefits	18,223,500	13,084,700	11,422,014	1,662,686
General Services	597,200	547,200	490,141	57,059
Human Resource Management	4,458,599	4,385,874	4,382,748	3,126
Information Systems Technology	23,414,641	23,125,263	22,352,889	772,374
Interest paid on tax refunds	30,000	70,000	94,951	(24,951)
Internal Audit	1,177,648	1,062,648	1,027,241	35,407
Learning and Performance Center	1,699,125	1,575,983	1,553,361	22,622
Procurement	2,462,860	2,322,777	2,308,876	13,901
Real Estate Assessments	3,623,700	3,685,141	3,637,566	47,575
Registrar	2,029,120	3,158,120	2,939,359	218,761
Treasurer	4,992,968	5,913,492	5,815,423	98,069
Total general government	79,287,889	75,904,268	72,723,185	3,181,083

**County of Chesterfield, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Administration of justice:				
Circuit Court Clerk	\$ 4,820,100	\$ 5,009,000	\$ 4,959,671	\$ 49,329
Circuit Court Judges	938,410	987,410	899,387	88,023
Commonwealth's Attorney	5,795,900	6,727,451	6,622,903	104,548
General District Court	288,955	323,953	281,240	42,713
Juvenile and Domestic Relations Court	262,700	289,076	267,411	21,665
Law Library	132,600	132,100	108,168	23,932
Magistrate	6,600	7,300	7,144	156
Total administration of justice	<u>12,245,265</u>	<u>13,476,290</u>	<u>13,145,924</u>	<u>330,366</u>
Public safety:				
Building Inspections	5,969,163	6,472,158	6,375,791	96,367
Community Corrections	4,126,379	4,463,945	4,303,966	159,979
Emergency Communications Center	9,514,926	8,721,925	8,158,567	563,358
Fire and EMS	76,831,773	84,374,485	82,108,166	2,266,319
Juvenile Detention Home	6,537,574	7,126,547	7,121,669	4,878
Juvenile Probation	87,800	147,800	74,691	73,109
Police	89,295,582	96,560,192	93,843,187	2,717,005
Regional Jail	9,096,100	7,796,100	7,289,434	506,666
Sheriff and Jail	32,701,319	36,145,934	35,393,437	752,497
Total public safety	<u>234,160,616</u>	<u>251,809,086</u>	<u>244,668,908</u>	<u>7,140,178</u>
Public works:				
Buildings and Grounds	9,366,683	9,815,584	9,481,359	334,225
Capital Projects Management	1,023,500	987,347	946,180	41,167
Environmental Engineering	7,146,659	6,777,513	6,634,328	143,185
Right of Way	20,000	80,000	77,240	2,760
Street lights and road improvements	898,490	987,418	944,100	43,318
Waste and Resource Recovery	7,697,549	8,126,576	6,935,644	1,190,932
Total public works	<u>26,152,881</u>	<u>26,774,438</u>	<u>25,018,851</u>	<u>1,755,587</u>
Health and welfare:				
Citizen Information	3,134,300	3,401,272	3,393,350	7,922
Health	2,512,100	2,822,100	2,747,305	74,795
Social Services	25,030,049	22,534,901	21,995,031	539,870
Tax relief for the elderly	13,784,400	17,404,400	16,277,499	1,126,901
Total health and welfare	<u>44,460,849</u>	<u>46,162,673</u>	<u>44,413,185</u>	<u>1,749,488</u>
Parks, recreation and cultural:				
Community Contracts	1,001,800	1,008,800	1,001,300	7,500
District Improvements Funds	167,500	80,180	-	80,180
Library	11,475,626	11,166,608	11,149,381	17,227
Parks and Recreation	15,903,930	16,741,306	15,985,625	755,681
Total parks, recreation and cultural	<u>28,548,856</u>	<u>28,996,894</u>	<u>28,136,306</u>	<u>860,588</u>

**County of Chesterfield, Virginia**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual**  
**General Fund**  
**For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Community development:				
Community Enhancement	\$ 2,833,625	\$ 2,973,973	\$ 2,914,709	\$ 59,264
Convention Center	5,014,900	7,114,900	7,104,668	10,232
Cooperative Extension	541,251	422,550	394,190	28,360
Economic Development	4,030,211	4,803,703	4,710,488	93,215
Economic development incentives	210,000	210,000	1,600,000	(1,390,000)
Planning	5,389,673	5,478,788	4,937,618	541,170
Tax increment financing payments	3,013,400	3,013,400	3,497,921	(484,521)
Transportation	2,076,441	2,005,685	1,900,932	104,753
Total community development	23,109,501	26,022,999	27,060,526	(1,037,527)
Non-departmental	382,200	474,467	-	474,467
Debt service:				
Retirement of principal	19,334,300	19,334,300	19,264,279	70,021
Interest	7,560,800	7,560,800	7,674,885	(114,085)
Other	199,800	259,800	267,586	(7,786)
Total debt service	27,094,900	27,154,900	27,206,750	(51,850)
Total expenditures	475,442,957	496,776,015	482,373,635	14,402,380
Excess of revenues over expenditures	394,738,243	401,936,389	450,455,276	48,518,887
<b>Other financing sources (uses)</b>				
Transfers in:				
Grants Fund	2,871,300	2,871,300	2,871,300	-
Mental Health Fund	305,200	305,200	305,200	-
Total transfers in	3,176,500	3,176,500	3,176,500	-
Transfers out:				
County Capital Projects Fund	(55,401,800)	(238,696,459)	(34,489,685)	204,206,774
Stormwater Fund	(800.00)	(3,061,053)	-	3,061,053
School Capital Projects Fund	-	(158,395)	-	158,395
Grants Fund	(1,413,200)	(3,627,273)	(1,859,306)	1,767,967
Children's Services Fund	(1,907,700)	(1,907,700)	(1,907,700)	-
Healthcare Fund	-	(2,600,000)	(2,600,000)	-
Mental Health Fund	(15,258,500)	(15,384,067)	(15,384,067)	-
Vehicle and Communications Fund	(76,000)	(848,006)	(848,006)	-
Airport Fund	(598,500)	(2,635,347)	(871,608)	1,763,739
Risk Management Fund	(20,400)	(20,400)	(20,400)	-
School Operating Fund	(363,844,300)	(390,836,940)	(371,765,774)	19,071,166
Total transfers out	(438,521,200)	(659,775,640)	(429,746,546)	230,029,094
Proceeds from bonds issued	-	-	-	-
Premium on bonds issued	-	-	264,759	264,759
Total other financing uses, net	(435,344,700)	(656,599,140)	(426,305,287)	230,293,853
Net change in fund balance	(40,606,457)	(254,662,751)	24,149,989	278,812,740
Fund balance, July 1, 2022	530,136,740	530,136,740	530,136,740	-
Fund balance, June 30, 2023	\$ 489,530,283	\$ 275,473,989	\$ 554,286,729	\$ 278,812,740

See accompanying independent auditors' report.

## Non-major Enterprise Funds

Enterprise Funds are used to account for the County's ongoing organizations and activities similar to those often found in the private sector.

**Economic Development Authority of the County of Chesterfield (EDA)** - This fund reflects the operations of the EDA, a blended component unit of the County. The EDA was created to, among other activities, issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth of Virginia.

**Airport Fund** - This fund reflects the operations of the County's Airport.

County of Chesterfield, Virginia  
Combining Statement of Net Position  
Non-major Enterprise Funds  
June 30, 2023

	Enterprise Funds		
	Economic Development Authority	Airport	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 5,445,864	\$ 952,666	\$ 6,398,530
Restricted cash equivalents with trustees	22,647,209	-	22,647,209
Receivables	21,926	76,080	98,006
Lease receivable	82,060	293,166	375,226
Interest receivable	1,310	7,980	9,290
Due from other governments	4,346,164	280,140	4,626,304
Due from other funds	1,674,493	-	1,674,493
Total current assets	34,219,026	1,610,032	35,829,058
Non-current assets:			
Lease receivable	-	5,339,009	5,339,009
Capital assets:			
Intangible asset	2,830,412	-	2,830,412
Land and land improvements	44,685,210	3,668,271	48,353,481
Buildings	-	8,939,656	8,939,656
Improvements other than buildings	1,936,874	28,419,879	30,356,753
Infrastructure	7,250,802	-	7,250,802
Machinery and equipment	-	4,171,122	4,171,122
Construction in progress	-	1,249,675	1,249,675
Total capital assets	56,703,298	46,448,603	103,151,901
Less accumulated depreciation	(2,754,686)	(27,578,039)	(30,332,725)
Net capital assets	53,948,612	18,870,564	72,819,176
Total non-current assets	53,948,612	24,209,573	78,158,185
Total assets	88,167,638	25,819,605	113,987,243
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred charge on refunding	-	870	870
Deferred outflows related to pensions	-	57,903	57,903
Deferred outflows related to other postemployment benefits	-	10,470	10,470
Total deferred outflows of resources	-	69,243	69,243

(Continued)

County of Chesterfield, Virginia  
Combining Statement of Net Position  
Non-major Enterprise Funds  
June 30, 2023

	Enterprise Funds		
	Economic Development Authority	Airport	Total
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	126,437	201,933	328,370
Due to other funds	3,141,775	-	3,141,775
Accrued liabilities	3,815,049	231,748	4,046,797
Compensated absences	-	4,548	4,548
Certificates of participation, net	-	60,986	60,986
Airport Revolving Loan Fund	-	92,300	92,300
Revenue bonds payable, net	-	5,246	5,246
Total current liabilities	7,083,261	596,761	7,680,022
Non-current liabilities:			
Deposits and advances	-	25,000	25,000
Retainages payable	898,767	5,737	904,504
Compensated absences	-	31,364	31,364
Net pension liabilities	-	111,496	111,496
Net other postemployment benefit liabilities	-	67,674	67,674
Certificates of participation, net	-	12,888	12,888
Airport Revolving Loan Fund	-	1,384,500	1,384,500
Revenue bond payable, net	-	14,486	14,486
Total non-current liabilities	898,767	1,653,145	2,551,912
Total liabilities	7,982,028	2,249,906	10,231,934
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	-	31,609	31,609
Deferred inflows related to other postemployment benefits	-	25,074	25,074
Deferred inflows related to leases	81,769	5,534,567	5,616,336
Total deferred inflows of resources	81,769	5,591,250	5,673,019
<b>NET POSITION</b>			
Net investment in capital assets	53,948,612	17,118,483	71,067,095
Restricted by contractual agreements	25,000	-	25,000
Restricted by debt covenants	18,759,869	-	18,759,869
Unrestricted	7,370,360	929,209	8,299,569
Total net position	\$ 80,103,841	\$ 18,047,692	\$ 98,151,533

See accompanying independent auditors' report.

County of Chesterfield, Virginia  
Combining Statement of Revenues, Expenses and Changes in Net Position  
Non-major Enterprise Funds  
For the Year Ended June 30, 2023

	Enterprise Funds		
	Economic Development Authority	Airport	Total
<b>Operating revenues</b>			
Charges for services	\$ 2,921,795	\$ 925,885	\$ 3,847,680
From other governments	14,314,125	21,446	14,335,571
Other	204,794	219,841	424,635
Total operating revenues	<u>17,440,714</u>	<u>1,167,172</u>	<u>18,607,886</u>
<b>Operating expenses</b>			
Salaries and wages	-	283,627	283,627
Contractual services	1,008,051	142,686	1,150,737
Materials and supplies	-	30,074	30,074
Heat, light and power	-	108,509	108,509
Depreciation	479,194	1,400,366	1,879,560
Repairs and maintenance	-	163,554	163,554
Other	16,459,669	48,598	16,508,267
Total operating expenses	<u>17,946,914</u>	<u>2,177,414</u>	<u>20,124,328</u>
Operating Income (Loss)	<u>(506,200)</u>	<u>(1,010,242)</u>	<u>(1,516,442)</u>
<b>Non-operating (expenses)</b>			
Interest and dividend income	417,198	-	417,198
Lease revenue	140,175	-	140,175
Interest expense	-	(46,274)	(46,274)
Gain on disposal of capital assets	(374,554)	(26,195)	(400,749)
Other	(13,154,852)	(340,948)	(13,495,800)
Total non-operating expenses, net	<u>(12,972,033)</u>	<u>(413,417)</u>	<u>(13,385,450)</u>
Loss before capital contributions and transfers	(13,478,233)	(1,423,659)	(14,901,892)
Capital contributions	7,143,155	892,221	8,035,376
Transfers in	25,115,903	871,608	25,987,511
Change in net position	18,780,825	340,170	19,120,995
Total net position - July 1, 2022	61,323,016	17,707,522	79,030,538
Total net position - June 30, 2023	<u>\$ 80,103,841</u>	<u>\$ 18,047,692</u>	<u>\$ 98,151,533</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia  
Combining Statement of Cash Flows  
Non-major Enterprise Funds  
For the Year Ended June 30, 2023

	Enterprise Funds		
	Economic Development Authority	Airport	Total
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 1,707,808	\$ 961,937	\$ 2,669,745
Lease interest receipts	-	123,928	123,928
Payments to suppliers	(1,951,243)	(482,068)	(2,433,311)
Payments to employees	-	(315,416)	(315,416)
Net cash provided by (used in) operating activities	(243,435)	288,381	44,946
<b>Cash flows from non-capital financing activities</b>			
Transfers in	100,000	168,632	268,632
Net cash provided by non-capital financing activities	100,000	168,632	268,632
<b>Cash flows from capital and related financing activities</b>			
Transfers in	30,922,771	-	30,922,771
Purchase of capital assets	(26,235,590)	(2,347,090)	(28,582,680)
Capital contributions	7,143,155	1,752,484	8,895,639
Retainages paid to contractors	-	(18,972)	(18,972)
Interest paid on certificates of participation and revenue bonds	-	(70,692)	(70,692)
Principal paid on certificates of participation and revenue bonds	-	(172,997)	(172,997)
Net cash provided by (used in) capital and related financing activities	11,830,336	(857,267)	10,973,069
<b>Cash flows from investing activities</b>			
Interest received	415,201	-	415,201
Net cash provided by investing activities	415,201	-	415,201
Net increase (decrease) in cash and cash equivalents	12,102,102	(400,254)	11,701,848
Cash and cash equivalents, July 1, 2022	15,990,971	1,352,920	17,343,891
Cash and cash equivalents, June 30, 2023	\$ 28,093,073	\$ 952,666	\$ 29,045,739
<b>Reconciliation of operating loss to net cash provided by (used in) operating activities:</b>			
Operating loss	\$ (506,200)	\$ (1,010,242)	\$ (1,516,442)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	479,194	1,400,366	1,879,560
Changes in assets and liabilities:			
Receivables, net	81,219	(81,307)	(88)
Accounts and other payables	(47,648)	(20,436)	(68,084)
Unearned revenue	(250,000)	-	(250,000)
Net cash provided by (used in) operating activities	\$ (243,435)	\$ 288,381	\$ 44,946
<b>Noncash transactions related to financing, capital and investing activities:</b>			
Contributions of capital assets	\$ 7,143,155	\$ -	\$ 7,143,155
Economic development incentives	(6,726,339)	-	(6,726,339)

See accompanying independent auditors' report.





## Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one County department to other County departments and to other governmental units, on a cost-reimbursement basis.

**Vehicle and Communications Maintenance Fund** - This fund reflects operations of the County's garage and radio shop, which maintains County vehicles and communication equipment. Revenues are derived from interfund charges and charges to the School Board on a cost-reimbursement basis. Major expenses consist primarily of salaries and wages and materials and supplies.

**Risk Management Fund** - This fund reflects operations of the County's risk management function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services for providing risk financing and recoveries. Major expenses consist of reinsurance costs and claims.

**Healthcare Fund** - This fund reflects operations of the County's self-insured healthcare function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services used to pay medical claims and administrative fees.

**County of Chesterfield, Virginia**  
**Combining Statement of Net Position**  
**Internal Service Funds**  
**June 30, 2023**

	<b>Vehicle and Communications Maintenance</b>	<b>Risk Management</b>	<b>Healthcare</b>	<b>Total</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 17,166,388	\$ 21,406,943	\$ 46,446,591	\$ 85,019,922
Receivables	3,288	115,312	-	118,600
Due from other governments	7,309	-	-	7,309
Inventories	1,339,171	-	-	1,339,171
Total current assets	<u>18,516,156</u>	<u>21,522,255</u>	<u>46,446,591</u>	<u>86,485,002</u>
Non-current assets:				
Capital assets:				
Buildings	10,488,493	-	-	10,488,493
Improvements other than buildings	1,801,909	-	-	1,801,909
Machinery and equipment	19,937,633	421,901	-	20,359,534
Construction in progress	161,394	-	-	161,394
Total capital assets	32,389,429	421,901	-	32,811,330
Less accumulated depreciation	(14,501,611)	(411,949)	-	(14,913,560)
Net capital assets	17,887,818	9,952	-	17,897,770
Total assets	<u>36,403,974</u>	<u>21,532,207</u>	<u>46,446,591</u>	<u>104,382,772</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	1,120,850	295,969	-	1,416,819
Deferred outflows related to other postemployment benefits	159,773	30,399	-	190,172
Total deferred outflows of resources	<u>1,280,623</u>	<u>326,368</u>	<u>-</u>	<u>1,606,991</u>
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	2,372,448	57,833	2,143,005	4,573,286
Retainage payable	-	-	-	-
Accrued liabilities	222,845	62,496	-	285,341
Compensated absences	65,171	18,333	-	83,504
Judgments and claims	245,371	3,099,104	8,231,000	11,575,475
Total current liabilities	<u>2,905,835</u>	<u>3,237,766</u>	<u>10,374,005</u>	<u>16,517,606</u>
Non-current liabilities:				
Retainage payable	5,000	-	-	5,000
Compensated absences	435,850	99,968	-	535,818
Judgments and claims	311,337	1,025,000	-	1,336,337
Net pension liabilities	2,763,411	353,920	-	3,117,331
Net other postemployment benefit obligations	1,054,109	169,160	-	1,223,269
Total non-current liabilities	4,569,707	1,648,048	-	6,217,755
Total liabilities	<u>7,475,542</u>	<u>4,885,814</u>	<u>10,374,005</u>	<u>22,735,361</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	611,834	161,558	-	773,392
Deferred inflows related to other postemployment benefits	395,719	56,253	-	451,972
Total deferred inflows of resources	<u>1,007,553</u>	<u>217,811</u>	<u>-</u>	<u>1,225,364</u>
<b>NET POSITION</b>				
Investment in capital assets	17,882,818	9,952	-	17,892,770
Unrestricted	11,318,684	16,744,998	36,072,586	64,136,268
Total net position	<u>\$ 29,201,502</u>	<u>\$ 16,754,950</u>	<u>\$ 36,072,586</u>	<u>\$ 82,029,038</u>

See accompanying independent auditors' report.

**County of Chesterfield, Virginia**  
**Combining Statement of Revenues, Expenses and Changes in Net Position**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	<b><u>Vehicle and Communications Maintenance</u></b>	<b><u>Risk Management</u></b>	<b><u>Healthcare</u></b>	<b><u>Total</u></b>
<b>Operating revenues</b>				
Charges for services	\$ 26,001,890	\$ 11,140,300	\$ 141,426,204	\$ 178,568,394
Other	38,431	1,353,482	-	1,391,913
Total operating revenues	<u>26,040,321</u>	<u>12,493,782</u>	<u>141,426,204</u>	<u>179,960,307</u>
<b>Operating expenses</b>				
Salaries and wages	7,108,213	2,045,988	-	9,154,201
Contractual services	858,098	1,370,934	-	2,229,032
Materials and supplies	13,126,601	23,797	-	13,150,398
Heat, light and power	96,593	-	-	96,593
Depreciation	1,684,768	41,931	-	1,726,699
Repairs and maintenance	1,949,936	128,652	-	2,078,588
Insurance	-	4,075,802	-	4,075,802
Claims	-	2,426,388	137,381,977	139,808,365
Other	33,549	17,718	-	51,267
Total operating expenses	<u>24,857,758</u>	<u>10,131,210</u>	<u>137,381,977</u>	<u>172,370,945</u>
Operating income	<u>1,182,563</u>	<u>2,362,572</u>	<u>4,044,227</u>	<u>7,589,362</u>
<b>Non-operating revenues (expenses)</b>				
Interest and dividend income	488,289	637,966	860,310	1,986,565
Loss on disposal of capital assets	(132,596)	-	-	(132,596)
Other	(318,160)	1,820	-	(316,340)
Total non-operating revenues, net	<u>37,533</u>	<u>639,786</u>	<u>860,310</u>	<u>1,537,629</u>
Income (loss) before capital contributions and transfers	1,220,096	3,002,358	4,904,537	9,126,991
Capital contributions	220,783	-	-	220,783
Transfers in	848,006	20,400	2,600,000	3,468,406
Change in net position	2,288,885	3,022,758	7,504,537	12,816,180
Total net position - July 1, 2022	<u>26,912,617</u>	<u>13,732,192</u>	<u>28,568,049</u>	<u>69,212,858</u>
Total net position - June 30, 2023	<u>\$ 29,201,502</u>	<u>\$ 16,754,950</u>	<u>\$ 36,072,586</u>	<u>\$ 82,029,038</u>

**County of Chesterfield, Virginia**  
**Combining Statement of Cash Flows**  
**Internal Service Funds**  
**For the Year Ended June 30, 2023**

	<u>Vehicle and Communications Maintenance</u>	<u>Risk Management</u>	<u>Healthcare</u>	<u>Total</u>
<b>Cash flows from operating activities</b>				
Receipts from customers	\$ 26,181,647	\$ 12,493,782	\$ 141,426,204	\$ 180,101,633
Payments to suppliers	(17,016,487)	(6,119,671)	-	(23,136,158)
Payments to employees	(7,700,018)	(2,180,904)	-	(9,880,922)
Claims paid	-	(2,204,349)	(136,219,254)	(138,423,603)
Net cash provided by operating activities	<u>1,465,142</u>	<u>1,988,858</u>	<u>5,206,950</u>	<u>8,660,950</u>
<b>Cash flows from non-capital financing activities</b>				
Transfers In	848,006	20,400	2,600,000	3,468,406
State non-employer contribution to OPEB GLI plan	6,276	1,820	-	8,096
Net cash provided by non-capital financing activities	<u>854,282</u>	<u>22,220</u>	<u>2,600,000</u>	<u>3,476,502</u>
<b>Cash flows from capital and related financing activities</b>				
Purchase of capital assets	(5,353,181)	-	-	(5,353,181)
Proceeds from sale of capital assets	143,434	-	-	143,434
Capital contributions	-	-	-	-
Net cash used in capital and related financing activities	<u>(5,209,747)</u>	<u>-</u>	<u>-</u>	<u>(5,209,747)</u>
<b>Cash flows from investing activities</b>				
Interest received	488,289	637,966	860,310	1,986,565
Net increase (decrease) in cash and cash equivalents	(2,402,034)	2,649,044	8,667,260	8,914,270
Cash and cash equivalents, July 1, 2022	19,568,422	18,757,899	37,779,331	76,105,652
Cash and cash equivalents, June 30, 2023	<u>\$ 17,166,388</u>	<u>\$ 21,406,943</u>	<u>\$ 46,446,591</u>	<u>\$ 85,019,922</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income	\$ 1,182,563	\$ 2,362,572	\$ 4,044,227	\$ 7,589,362
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,684,768	41,931	-	1,726,699
Changes in assets and liabilities:				
Receivables, net	141,326	-	-	141,326
Inventories	(226,475)	(110,218)	-	(336,693)
Accounts and other payables	(1,317,039)	(305,427)	1,162,723	(459,743)
Net cash provided by operating activities, net	<u>\$ 1,465,143</u>	<u>\$ 1,988,858</u>	<u>\$ 5,206,950</u>	<u>\$ 8,660,951</u>
<b>Noncash transactions related to financing, capital and investing activities are as follows:</b>				
Contributions of capital assets	\$ 220,783	\$ -	\$ -	\$ 220,783

See accompanying independent auditors' report.

# Fiduciary Funds

## Trust Funds

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

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

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

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

## Custodial Funds

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

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

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

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

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

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

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

**County of Chesterfield, Virginia**  
**Combining Statement of Fiduciary Net Position**  
**Trust Funds**  
**June 30, 2023**

	Supplemental Retirement Plan Pension Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust Schools	Pooled Postemployment Line of Duty Benefits Trust County	Total Trust Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 3,284,123	\$ -	\$ 1,000,000	\$ 2,800,000	\$ 7,084,123
Accounts receivable	85,191	1	689	3,078	88,959
Due from broker	5,560	-	-	-	5,560
Investments:					
Mutual funds	8,994,159	-	-	-	8,994,159
Common and preferred stocks	10,558,033	-	-	-	10,558,033
Corporate bonds	5,121,588	-	-	-	5,121,588
Municipal bonds	60,913	-	-	-	60,913
U. S. government and agency securities	5,356,802	-	-	-	5,356,802
Exchange traded funds	8,195,479	-	-	-	8,195,479
Collateralized mortgage backed securities	593,765	-	-	-	593,765
Fund of funds	6,592,599	-	-	-	6,592,599
Pooled funds	-	42,412,079	27,284,556	13,754,326	83,450,961
Total investments	45,473,338	42,412,079	27,284,556	13,754,326	128,924,299
Total assets	48,848,212	42,412,080	28,285,245	16,557,404	136,102,941
<b>LIABILITIES</b>					
Due to broker	-	-	-	-	-
Total liabilities	-	-	-	-	-
<b>FIDUCIARY NET POSITION</b>					
Restricted for:					
Pension benefits	48,848,212	-	-	-	48,848,212
Other postemployment benefits	-	42,412,080	28,285,245	16,557,404	87,254,729
Total net position	\$ 48,848,212	\$ 42,412,080	\$ 28,285,245	\$ 16,557,404	\$ 136,102,941

See accompanying independent auditors' report.

**County of Chesterfield, Virginia**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Trust Funds**  
**For the Year Ended June 30, 2023**

	<b>Supplemental Retirement Plan Pension Trust County</b>	<b>Pooled Postemployment Retiree Healthcare Benefits Trust County</b>	<b>Pooled Postemployment Retiree Healthcare Benefits Trust Schools</b>	<b>Pooled Postemployment Line of Duty Benefits Trust County</b>	<b>Total Trust Funds</b>
<b>Additions:</b>					
Contributions					
Employer	\$ 3,869,688	\$ 8,564,180	\$ 15,347,907	\$ 3,762,808	\$ 31,544,583
Investment earnings:					
Interest and dividends	2,253,964	15,602	8,486	7,132	2,285,184
Net increase in the fair value of investments	<u>554,170</u>	<u>2,990,292</u>	<u>1,925,949</u>	<u>970,777</u>	<u>6,441,188</u>
Total investment income	2,808,134	3,005,894	1,934,435	977,909	8,726,372
Less investment expenses	<u>(200,805)</u>	<u>(29,173)</u>	<u>(18,601)</u>	<u>(9,489)</u>	<u>(258,068)</u>
Net investment earnings	<u>2,607,329</u>	<u>2,976,721</u>	<u>1,915,834</u>	<u>968,420</u>	<u>8,468,304</u>
Total additions, net	<u>6,477,017</u>	<u>11,540,901</u>	<u>17,263,741</u>	<u>4,731,228</u>	<u>40,012,887</u>
<b>Deductions:</b>					
Benefit payments	2,522,540	8,564,180	14,347,907	962,808	26,397,435
Administrative expenses	<u>100,172</u>	<u>500</u>	<u>500</u>	<u>500</u>	<u>101,672</u>
Total deductions	<u>2,622,712</u>	<u>8,564,680</u>	<u>14,348,407</u>	<u>963,308</u>	<u>26,499,107</u>
Increase in net position restricted for pensions/other postemployment benefits	3,854,305	2,976,221	2,915,334	3,767,920	13,513,780
Fiduciary net position - July 1, 2022	<u>44,993,907</u>	<u>39,435,859</u>	<u>25,369,911</u>	<u>12,789,484</u>	<u>122,589,161</u>
Fiduciary net position - June 30, 2023	<u>\$ 48,848,212</u>	<u>\$ 42,412,080</u>	<u>\$ 28,285,245</u>	<u>\$ 16,557,404</u>	<u>\$ 136,102,941</u>

See accompanying independent auditors' report.



County of Chesterfield, Virginia  
Combining Statement of Fiduciary Net Position  
Custodial Funds  
June 30, 2023

	Greater Richmond Convention Center Authority	Special Welfare	MHSS SSA	Police Safekeeping	Inmate Trust	Central Virginia Transportation Authority	Appomattox Regional Governor's School	Total
<b>ASSETS</b>								
Cash and cash equivalents	\$ 17,623,218	\$ 27,099	\$ 156,198	\$ 931,869	\$ 115,646	\$ 116,497,077	\$ 1,886,741	\$ 137,237,848
Investments with fiscal agent	-	-	-	-	-	69,602,655	-	69,602,655
Accounts receivable	345,492	-	-	-	7,608	-	342	353,442
Due from other governments	-	-	-	-	-	-	96,800	96,800
Restricted assets:								
Cash and cash equivalents	8,540,242	-	-	-	-	-	-	8,540,242
Investments	8,147,109	-	-	-	-	-	-	8,147,109
Cash, cash equivalents and investments with trustee	12,266,979	-	-	-	-	-	-	12,266,979
Due from other governments	3,248,641	-	-	-	-	-	-	3,248,641
Interest receivable	23,641	-	-	-	-	1,432,583	-	1,456,224
Total restricted assets	32,226,612	-	-	-	-	1,432,583	-	33,659,195
Total assets	50,195,322	27,099	156,198	931,869	123,254	187,532,315	1,983,883	\$ 240,949,940
<b>LIABILITIES</b>								
Accounts payable	37,698	-	-	9,000	100,284	103,152	22,666	272,800
Wages and benefits	-	-	-	-	-	-	300,125	300,125
Unearned revenue	-	-	-	-	-	-	243,000	243,000
Due to Chesterfield County	-	367	-	-	6,722	271,310	-	278,399
Due to other governments	20,774,716	4,243	-	-	-	-	-	20,778,959
Total liabilities	20,812,414	4,610	-	9,000	107,006	374,462	565,791	21,873,283
<b>NET POSITION</b>								
Restricted for individuals, other governments and entities	\$ 29,382,908	\$ 22,489	\$ 156,198	\$ 922,869	\$ 16,248	\$ 187,157,853	\$ 1,418,092	\$ 219,076,657

See accompanying independent auditors' report.

**County of Chesterfield, Virginia**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Year Ended June 30, 2023**

	Greater Richmond Convention Center Authority	Special Welfare	MHSS SSA	Police Safekeeping	Inmate Trust	Central Virginia Transportation Authority	Appomattox Regional Governor's School	Total
<b>ADDITIONS</b>								
Receipts:								
Deposits from and on behalf of others	\$ -	\$ -	\$ -	\$ 597,112	\$ 1,304,003	\$ -	\$ -	\$ 1,901,115
Social Security Administration deposits	-	18,709	818,793	-	-	-	-	837,502
Local sales and use tax collections	-	-	-	-	-	159,040,315	-	159,040,315
Fuel tax collections	-	-	-	-	-	51,094,780	-	51,094,780
Transient occupancy tax collections	35,378,789	-	-	-	-	-	-	35,378,789
Food stamp recoupment	-	6,993	-	-	-	-	-	6,993
From other governments	-	-	-	-	-	-	1,712,373	1,712,373
Tuition deposits from localities	-	-	-	-	-	-	3,366,000	3,366,000
Other	457,636	948	15,807	4,566	534	-	1,255	480,746
Investment earnings:								
Interest and dividends	1,109,316	13	1,569	-	-	6,085,342	-	7,196,240
Net decrease in the fair value of investments	(59,047)	-	-	-	-	(252,065)	-	(311,112)
Total investment income	1,050,269	13	1,569	-	-	5,833,277	-	6,885,128
Less investment expense	-	-	-	-	-	(620)	-	(620)
Net investment earnings	1,050,269	13	1,569	-	-	5,832,657	-	6,884,508
Total additions, net	36,886,694	26,663	836,169	601,678	1,304,537	215,967,752	5,079,628	\$ 260,703,121
<b>DEDUCTIONS</b>								
Operational payments	4,061,504	-	-	-	-	-	4,841,664	\$ 8,903,168
Debt service payments	9,476,780	-	-	-	-	-	-	9,476,780
Payments to beneficiaries and participating entities	20,774,716	29,299	848,088	1,339,246	1,297,973	136,499,559	-	160,788,881
General and administrative expenses	134,890	-	-	-	-	380,676	-	515,566
Other payments	-	-	23,656	-	20,921	-	-	44,577
Total deductions	34,447,890	29,299	871,744	1,339,246	1,318,894	136,880,235	4,841,664	\$ 179,728,972
Increase (decrease) in net position	2,438,804	(2,636)	(35,575)	(737,568)	(14,357)	79,087,517	237,964	80,974,149
Fiduciary net position, July 1, 2022	26,944,104	25,125	191,773	1,660,437	30,605	108,070,336	1,180,128	138,102,508
Fiduciary net position, June 30, 2023	\$ 29,382,908	\$ 22,489	\$ 156,198	\$ 922,869	\$ 16,248	\$ 187,157,853	\$ 1,418,092	\$ 219,076,657

See accompanying independent auditors' report.



**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**

**County of Chesterfield, Virginia**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**by Function and Activity**  
**June 30, 2023**

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
<b>General government:</b>						
Accountin	\$ 24,379	\$ -	\$ -	\$ -	\$ 24,379	\$ -
Board of Supervisors	7,933	-	-	-	7,933	-
Budget and Management	7,135	-	-	-	7,135	-
Capital Projects Management	39,530	-	14,992	-	24,538	-
Communications and Media	11,222	-	-	-	11,222	-
Commissioner of the Revenue	121,590	-	-	-	121,590	-
County Administration	2,214,678	-	248,128	37,511	1,929,039	-
County Attorney	24,466	-	-	-	24,466	-
General Services	14,617,608	1,134,006	12,739,625	344,721	399,256	-
Human Resource Management	39,555	-	-	-	39,555	-
Information Systems Technolog	30,571,147	129,800	6,825,448	162,719	23,453,180	-
Internal Audit	14,790	-	-	-	14,790	-
Learning and Performance Center	122,897	-	-	-	122,897	-
License Inspector	35,393	-	-	-	35,393	-
Real Estate Assessments	559,011	85,500	442,144	-	31,367	-
Registrar	1,421,949	-	-	-	1,421,949	-
Treasurer	7,344,293	-	-	-	7,344,293	-
Total general government	57,177,576	1,349,306	20,270,337	544,951	35,012,982	-
<b>Administration of justice:</b>						
Circuit Court Clerk	2,045,932	-	-	-	2,045,932	-
Circuit Court Judges	25,084	-	-	-	25,084	-
Commonwealth's Attorney	245,540	-	114,474	-	131,066	-
Community Corrections	2,020,780	336,091	1,557,689	-	127,000	-
General District Court	33,446,197	22,441	32,333,555	118,080	972,121	-
Juvenile and Domestic Relations Court	18,265,578	53,173	18,107,972	-	104,433	-
Total administration of justice	56,049,111	411,705	52,113,690	118,080	3,405,636	-
<b>Public safety:</b>						
Animal Control	4,195,754	181,324	3,234,631	96,150	683,649	-
Building Inspections	221,731	105,932	110,100	-	5,699	-
Emergency Communications Center	38,481,189	71,740	63,857	-	38,345,592	-
Fire and EMS	132,672,338	6,623,823	58,099,194	4,404,942	63,544,379	-
Jail	32,611,335	19,950	31,199,905	-	1,391,480	-
Juvenile Detention Home	17,596,869	14,000	17,032,310	25,800	524,759	-
Juvenile Probation	41,884	-	-	-	41,884	-
Police	77,890,406	1,607,606	43,843,983	143,790	32,295,027	-
Sherif	4,053,148	-	9,719	-	4,043,429	-
Chesterfield Adolescent Reporting Program	895,050	-	839,609	-	55,441	-
Total public safet	308,659,704	8,624,375	154,433,308	4,670,682	140,931,339	-
<b>Public works:</b>						
Buildings and Grounds	58,319,229	40,961,332	12,145,136	2,653,070	2,559,691	-
Environmental Engineerin	47,609,396	1,100	382,168	7,850	2,830,527	44,387,751
Stormwater	1,310,355	1,310,355	-	-	-	-
Waste and Resource Recover	12,011,882	800,254	662,025	8,256,484	2,293,119	-
Total public works	119,250,862	43,073,041	13,189,329	10,917,404	7,683,337	44,387,751
<b>Health and welfare:</b>						
Citizen Information	45,933	-	-	-	45,933	-
Health	388,569	-	329,123	-	59,446	-
Mental Health Support Services	17,109,718	28,000	14,808,143	-	2,273,575	-
Social Services	24,792,865	297,200	22,414,396	-	2,081,269	-
Total health and welfare	42,337,085	325,200	37,551,662	-	4,460,223	-

**County of Chesterfield, Virginia**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**by Function and Activity**  
**June 30, 2023**

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
<b>Parks, recreation and cultural:</b>						
Library	\$ 71,864,966	\$ 3,568,393	\$ 62,763,547	\$ 365,968	\$ 5,167,058	\$ -
Parks and Recreation	142,522,285	26,566,144	36,161,227	72,313,285	7,126,350	355,279
Total parks, recreation and cultural	<u>214,387,251</u>	<u>30,134,537</u>	<u>98,924,774</u>	<u>72,679,253</u>	<u>12,293,408</u>	<u>355,279</u>
<b>Education:</b>						
School Board	1,321,463,674	32,055,299	1,252,024,102	37,384,273	-	-
<b>Community development:</b>						
Community Development	27,664,185	4,611,401	18,974,574	-	4,078,210	-
Economic Development	6,098	-	-	-	6,098	-
Transportation	516,928	494,500	-	-	22,428	-
Total community development	<u>28,187,211</u>	<u>5,105,901</u>	<u>18,974,574</u>	<u>-</u>	<u>4,106,736</u>	<u>-</u>
Total governmental funds' capital assets allocated by function	2,147,512,474	<u>\$ 121,079,364</u>	<u>\$ 1,647,481,776</u>	<u>\$ 126,314,643</u>	<u>\$ 207,893,661</u>	<u>\$ 44,743,030</u>
<b>Construction in progress</b>	<u>104,768,312</u>					
Total governmental funds' capital assets	<u>\$ 2,252,280,786</u>					

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

**County of Chesterfield, Virginia**  
**Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds**  
**by Function and Activity**  
**For the Year Ended June 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>General government:</b>				
Accounting	\$ 18,204	\$ 6,175	\$ -	\$ 24,379
Board of Supervisors	7,933	-	-	7,933
Budget and Management	7,135	-	-	7,135
Capital Projects Management	39,530	-	-	39,530
Communications and Media	11,222	-	-	11,222
Commissioner of the Revenue	49,432	72,158	-	121,590
County Administration	2,005,872	253,856	45,050	2,214,678
County Attorney	24,466	-	-	24,466
General Services	14,665,749	-	48,141	14,617,608
Human Resource Management	39,555	-	-	39,555
Information Systems Technology	30,612,654	811,157	852,664	30,571,147
Internal Audit	14,790	-	-	14,790
Learning and Performance Center	134,911	-	12,014	122,897
License Inspector	35,393	-	-	35,393
Procurement	55,000	-	55,000	-
Real Estate Assessments	2,460,527	6,780	1,908,296	559,011
Registrar	1,166,645	267,704	12,400	1,421,949
Treasurer	7,538,993	28,663	223,363	7,344,293
Total general government	<u>58,888,011</u>	<u>1,446,493</u>	<u>3,156,928</u>	<u>57,177,576</u>
<b>Administration of justice:</b>				
Circuit Court Clerk	2,120,423	-	74,491	2,045,932
Circuit Court Judges	25,084	-	-	25,084
Commonwealth's Attorney	260,440	-	14,900	245,540
Community Corrections	1,664,325	363,599	7,144	2,020,780
General District Court	33,446,197	-	-	33,446,197
Juvenile and Domestic Relations Court	18,242,367	23,211	-	18,265,578
Total administration of justice	<u>55,758,836</u>	<u>386,810</u>	<u>96,535</u>	<u>56,049,111</u>
<b>Public safety:</b>				
Animal Control	4,159,053	58,900	22,199	4,195,754
Building Inspections	2,148,097	-	1,926,366	221,731
Emergency Communications Center	38,175,582	321,167	15,560	38,481,189
Fire and EMS	124,953,471	13,227,805	5,508,938	132,672,338
Jail	32,604,330	7,005	-	32,611,335
Juvenile Detention Home	17,504,044	92,825	-	17,596,869
Juvenile Probation	41,884	-	-	41,884
Police	76,068,218	6,040,474	4,218,286	77,890,406
Sheriff	3,922,157	152,814	21,823	4,053,148
Chesterfield Adolescent Reporting Program	885,470	28,941	19,361	895,050
Total public safety	<u>300,462,306</u>	<u>19,929,931</u>	<u>11,732,533</u>	<u>308,659,704</u>

(Continued)

**County of Chesterfield, Virginia**  
**Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds**  
**by Function and Activity**  
**For the Year Ended June 30, 2023**

	<u>Balance</u> <u>July 1, 2022</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2023</u>
<b>Public works:</b>				
Buildings and Grounds	\$ 52,236,586	\$ 11,131,081	\$ 5,048,438	\$ 58,319,229
Environmental Engineering	46,471,560	1,137,836	-	47,609,396
Stormwater	1,310,355	-	-	1,310,355
Waste and Resource Recovery	12,059,272	33,067	80,457	12,011,882
Total public works	<u>112,077,773</u>	<u>12,301,984</u>	<u>5,128,895</u>	<u>119,250,862</u>
<b>Health and welfare:</b>				
Citizen Information	45,933	-	-	45,933
Health	388,569	-	-	388,569
Mental Health Support Services	17,158,752	57,255	106,289	17,109,718
Social Services	24,792,865	-	-	24,792,865
Total health and welfare	<u>42,386,119</u>	<u>57,255</u>	<u>106,289</u>	<u>42,337,085</u>
<b>Parks, recreation and cultural:</b>				
Library	71,966,201	10,980	112,215	71,864,966
Parks and Recreation	119,660,562	23,139,942	278,219	142,522,285
Total parks, recreation and cultural	<u>191,626,763</u>	<u>23,150,922</u>	<u>390,434</u>	<u>214,387,251</u>
<b>Education:</b>				
School Board	<u>1,273,793,831</u>	<u>48,323,756</u>	<u>653,913</u>	<u>1,321,463,674</u>
<b>Community development:</b>				
Community Development	27,667,162	24,991	27,968	27,664,185
Economic Development	6,098	-	-	6,098
Transportation	516,928	-	-	516,928
	<u>28,190,188</u>	<u>24,991</u>	<u>27,968</u>	<u>28,187,211</u>
<b>Construction in progress</b>	<u>95,449,678</u>	<u>87,614,910</u>	<u>78,296,276</u>	<u>104,768,312</u>
Total governmental funds' capital assets	<u>\$ 2,158,633,505</u>	<u>\$ 193,237,052</u>	<u>\$ 99,589,771</u>	<u>\$ 2,252,280,786</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

*See accompanying independent auditors' report.*



**County of Chesterfield, Virginia**  
**Schedule of Capital Assets Used in the Operation of Governmental Funds**  
**by Source**  
**June 30, 2023**

**Governmental funds' capital assets:**

Land	\$ 121,079,364
Buildings	1,647,481,776
Improvements other than buildings	126,314,643
Machinery and equipment	207,893,661
Infrastructure	44,743,030
Construction in progress	104,768,312
Total governmental funds' capital assets	<u>\$ 2,252,280,786</u>

**Investment in governmental funds' capital assets by source:**

General obligation bonds	\$ 1,525,019,321
General government revenues	505,186,580
Federal and State grants	38,063,545
Capital lease purchases	84,460,529
Special Revenue Fund revenues	10,135,264
Contributions from public	89,415,547
Total investment in governmental funds' capital assets	<u>\$ 2,252,280,786</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

*See accompanying independent auditors' report.*

# **School Board Discretely Presented Component Unit**

## **Governmental Fund**

### **Special Revenue Fund**

**School Operating Fund** - This fund reflects the activity related to the operations of the County's public school system.

**School Activity Fund** - This fund reflects monies held for students to use for educational, recreational, or cultural purposes.

## **Fiduciary Funds**

### **Pension Trust Fund**

**Supplemental Retirement Program Fund** - This fund reflects activity related to pension trust assets to provide certain qualified School Board employees with additional retirement benefits.

County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
Balance Sheet - Governmental Fund  
June 30, 2023

	Special Revenue Funds		
	School Operating	Non-major School Activity Funds	Total School Board
<b>ASSETS</b>			
Cash and cash equivalents	\$ 8,197,052	\$ 6,802,348	\$ 14,999,400
Investments	186,123	-	186,123
Accounts receivable	2,322,559	87,185	2,409,744
Due from other governments	25,760,270	-	25,760,270
Due from primary government	120,640,764	-	120,640,764
Inventories	83,703	-	83,703
Total assets	<u>\$ 157,190,471</u>	<u>\$ 6,889,533</u>	<u>\$ 164,080,004</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 10,959,885	\$ 222,286	\$ 11,182,171
Accrued liabilities	53,548,991	-	53,548,991
Retainages payable	614,724	-	614,724
Unearned revenues	1,386,977	-	1,386,977
Total liabilities	<u>66,510,577</u>	<u>222,286</u>	<u>66,732,863</u>
<b>FUND BALANCE</b>			
Nonspendable	83,703	-	83,703
Restricted	22,824,570	-	22,824,570
Assigned	67,771,621	6,667,247	74,438,868
Total fund balance	<u>90,679,894</u>	<u>6,667,247</u>	<u>97,347,141</u>
Total liabilities and fund balance	<u>\$ 157,190,471</u>	<u>\$ 6,889,533</u>	<u>\$ 164,080,004</u>

**Reconciliation of total fund balances for governmental funds to total net position (deficit) of governmental activities:**

Total fund balance for School Board Funds		97,347,141
Amounts reported for the School Board's governmental activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation/amortization, used in governmental activities are not financial resources and, therefore, are not reported in the funds.		90,130,776
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds:		
Deferred outflows related to pensions	\$ 138,270,440	
Deferred outflows related to other postemployment benefits	<u>19,636,972</u>	157,907,412
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment combines the net changes of the following balances:		
Right-to-use asset obligations	(4,961,595)	
Financed purchase obligations	(3,889,470)	
Compensated absences	(25,751,464)	
Judgments and claims	(5,014,000)	
Net pension liabilities	(390,063,424)	
Net other postemployment benefits obligation liabilities	(183,392,579)	
Interest payable	<u>(138,711)</u>	(613,211,243)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:		
Deferred inflows related to pensions	(86,483,961)	
Deferred inflows related to other postemployment benefits	<u>(40,646,262)</u>	(127,130,223)
Total net position (deficit) of the School Board's governmental activities		<u>\$ (394,956,137)</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund  
For the Year Ended June 30, 2023

	Special Revenue Funds		
	School Operating	Non-major School Activity Funds	School Board Total
<b>Revenues</b>			
From local sources:			
Use of money and property	\$ 1,160,784	\$ 35,962	\$ 1,196,746
Charges for services	10,805,132	2,445,259	13,250,391
Donations	816,566	842,843	1,659,409
Miscellaneous	2,352,054	6,163,586	8,515,640
Payment from Primary Government	308,411,824	-	308,411,824
From other governments	553,714,268	-	553,714,268
Total revenues	<u>877,260,628</u>	<u>9,487,650</u>	<u>886,748,278</u>
<b>Expenditures</b>			
Current:			
Education	847,974,999	9,246,442	857,221,441
Debt service	7,093,984	-	7,093,984
Payment to Primary Government	18,926,745	-	18,926,745
Total expenditures	<u>873,995,728</u>	<u>9,246,442</u>	<u>883,242,170</u>
Excess of revenues over expenditures	3,264,900	241,208	3,506,108
<b>Other financing sources</b>			
Proceeds from right-to-use asset transactions	2,659,521	-	2,659,521
Transfers in	-	105,927	105,927
Transfers out	(105,927)	-	(105,927)
Total other financing sources, net	<u>2,553,594</u>	<u>105,927</u>	<u>2,659,521</u>
Net change in fund balance	5,818,494	347,135	6,165,629
Total fund balance, July 1, 2022	<u>84,861,400</u>	<u>6,320,112</u>	<u>91,181,512</u>
Total fund balance, June 30, 2023	<u>\$ 90,679,894</u>	<u>\$ 6,667,247</u>	<u>\$ 97,347,141</u>

(Continued)

**County of Chesterfield, Virginia**  
**Discretely Presented Component Unit - School Board**  
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund**  
**For the Year Ended June 30, 2023**

**Reconciliation of Fund Balance of Governmental Funds to the Statement of Activities:**

Net change in fund balance	\$	6,165,629
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Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense:

Capitalized assets	\$ 23,878,588		
Depreciation/amortization	(21,453,132)		
Right-to-use lease and subscription assets	5,944,012		
Right-to-use lease and subscription amortization	<u>(1,673,552)</u>		6,695,916

The net effect of miscellaneous transactions involving capital assets (prepayments, trade-ins, donations, and disposals) increased net position.		(1,170,333)
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Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Payments		4,399,848
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Lease and subscription proceeds provide current financial resources to governmental funds, but issuing leases and subscriptions increases long-term liabilities in the Statement of Net Position. Repayment of lease and subscription principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:

Payments	2,329,248		
Proceeds	<u>(5,412,153)</u>		(3,082,905)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund, such as:

Compensated absences	(1,853,657)		
Judgments and claims	(490,000)		
Other postemployment benefits expense	18,899,399		
Pension expense	58,851,496		
Interest payable	<u>42,126</u>		75,449,364

Change in net position of governmental activities	\$	<u>88,457,519</u>
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*See accompanying independent auditors' report.*

County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
School Operating Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
From local sources:				
Use of money and property	\$ 1,527,216	\$ 1,527,216	\$ 2,531,466	\$ 1,004,250
Charges for services	13,230,294	13,233,158	11,432,813	(1,800,345)
Donations	948,400	951,234	816,566	(134,668)
Miscellaneous	2,077,090	2,123,415	2,352,054	228,639
Recovered costs	110,000	110,000	482,655	372,655
From the Commonwealth	469,121,500	466,622,371	458,996,884	(7,625,487)
From the federal government	45,304,100	131,979,851	94,717,384	(37,262,467)
Total revenues	<u>532,318,600</u>	<u>616,547,245</u>	<u>571,329,822</u>	<u>(45,217,423)</u>
<b>Expenditures</b>				
Current:				
Education:				
Instruction	614,653,275	683,654,259	621,758,948	61,895,311
Administration, attendance and health	30,891,479	30,868,401	29,833,686	1,034,715
Pupil transportation	48,859,076	53,035,453	50,215,753	2,819,700
Operations and maintenance	70,355,574	101,169,710	88,109,173	13,060,537
Technology	26,876,909	33,925,424	27,428,886	6,496,538
Food service	31,189,400	31,593,093	32,923,019	(1,329,926)
Debt service	68,446,000	68,446,000	68,470,918	(24,918)
Total expenditures	<u>891,271,713</u>	<u>1,002,692,340</u>	<u>918,740,383</u>	<u>83,951,957</u>
Deficiency of revenues under expenditures	<u>(358,953,113)</u>	<u>(386,145,095)</u>	<u>(347,410,561)</u>	<u>38,734,534</u>
<b>Other financing sources (uses)</b>				
Transfers in:				
General Fund	351,844,300	390,836,940	371,765,774	(19,071,166)
School Capital Projects Fund	62,500	148,457	148,457	-
Total transfers in	<u>351,906,800</u>	<u>390,985,397</u>	<u>371,914,231</u>	<u>(19,071,166)</u>
Transfers out:				
County Healthcare Fund	-	(5,000,000)	(5,000,000)	-
School Capital Projects Fund	(6,869,100)	(69,043,278)	(13,926,745)	55,116,533
Children's Services Fund	-	-	-	-
Total transfers out	<u>(6,869,100)</u>	<u>(74,043,278)</u>	<u>(18,926,745)</u>	<u>55,116,533</u>
Premium on bonds issued	-	-	241,569	241,569
Total other financing sources, net	<u>345,037,700</u>	<u>316,942,119</u>	<u>353,229,055</u>	<u>36,286,936</u>
Net change in fund balance	<u>(13,915,413)</u>	<u>(69,202,976)</u>	<u>5,818,494</u>	<u>75,021,470</u>
Fund balance, July 1, 2022	<u>84,861,400</u>	<u>84,861,400</u>	<u>84,861,400</u>	<u>-</u>
Fund balance, June 30, 2023	<u>\$ 70,945,987</u>	<u>\$ 15,658,424</u>	<u>\$ 90,679,894</u>	<u>\$ 75,021,470</u>

County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
School Operating Fund  
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual  
For the Year Ended June 30, 2023

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

**Revenues**

Total revenues on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 571,329,822
Budgetary intrafund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(2,481,018)
Budgetary transfers from the primary government, excluding transfers for payment of debt "on behalf" of the School Board, are revenues for financial reporting purposes.	308,411,824
Transactions from non-major School Activity Funds are not reported on budgetary basis statements	<u>9,487,650</u>
Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 886,748,278</u>

**Expenditures**

Total expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 918,740,383
For budgetary purposes, interfund reimbursements, recovered costs, and transfers to grants and food service are accounted for as expenditures but are eliminated for financial reporting purposes.	(2,481,018)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	18,926,745
Budgetary expenditures for disbursements made to the non-major special revenue fund - School Activity funds are accounted for as transfers and eliminated on combining statements for financial reporting purposes.	(105,927)
Expenditures of School Activity Funds are not reported on budgetary basis statements.	9,246,442
Capital outlay related to lease and subscription obligations are expenditures for financial reporting purposes	2,659,521
Payments of debt "on behalf" of the School Board are eliminated for financial reporting purposes	<u>(63,743,976)</u>
Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 883,242,170</u>

**Other financing sources (uses)**

Total other financing sources on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 353,229,055
Budgetary transfers from the primary government are revenues for financial reporting purposes.	(371,914,231)
Net proceeds from debt issued by the primary government "on behalf" of the School Board are eliminated for financial reporting purposes.	(241,569)
Proceeds from new lease obligations are other financing sources for financial reporting purposes.	2,659,521
Budgetary transfers to the primary government are expenditures for financial reporting purposes	<u>18,926,745</u>
Total other financing sources on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 2,659,521</u>

*See accompanying independent auditors' report.*

County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
Statement of Net Position  
Fiduciary Fund  
June 30, 2023

	<u>Pension Trust Fund</u>
	<u>Supplemental Retirement Program Fund</u>
<b>ASSETS</b>	
Cash and cash equivalents with trustee	\$ 1,204,942
Investments with trustee	73,496,474
Interest receivable	108,442
Due from broker	46,112
Total assets	<u>74,855,970</u>
<b>LIABILITIES</b>	
Due to Broker	<u>16,002</u>
Total Liabilities	<u>16,002</u>
<b>NET POSITION</b>	
Restricted for pension benefits	<u>\$ 74,839,968</u>

*See accompanying independent auditors' report.*



**County of Chesterfield, Virginia  
Discretely Presented Component Unit - School Board  
Statement of Changes in Net Position  
Fiduciary Fund  
For the Year Ended June 30, 2023**

	<u>Pension Trust Fund</u>
	<u>Supplemental Retirement Program</u>
<b>Additions</b>	
Contributions	\$ 4,715,000
Investment earnings:	
Interest and dividends	2,312,202
Net increase in the fair value of investments	<u>5,231,284</u>
Net investment earnings	<u>7,543,486</u>
Total additions	<u>12,258,486</u>
 <b>Deductions</b>	
Benefit payments	6,921,101
Administrative expenses	<u>248,090</u>
Total deductions	<u>7,169,191</u>
 Increase in net position	 5,089,295
 Net position - July 1, 2022	 <u>69,750,673</u>
Net position - June 30, 2023	<u>\$ 74,839,968</u>

*See accompanying independent auditors' report.*

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES**

County of Chesterfield, VA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)	Assistance Listing #	Total Federal Expenditures
<b>Department of Agriculture</b>		
Pass-through payments:		
Department of Agriculture & Consumer Services:		
National School Lunch Program (211VA347N2535)	10.555	\$ 2,238,823
Department of Education:		
National School Lunch Program (202222N119941)	10.555	17,118,638
Department of Juvenile Justice:		
National School Lunch Program (Commodities)	10.555	86,385
Total - National School Lunch Program - 10.555		\$ 19,443,846
Department of Education:		
School Breakfast Program (202222N119941)	10.553	5,823,545
Total - School Breakfast Program - 10.553		5,823,545
Summer Food Service Program for Children (202221N119941) (202221N202041)	10.559	615,904
Total - Summer Food Service Program for Children - 10.559		615,904
Fresh Fruit and Vegetable Program (202221L 160341)	10.582	589,980
Total - Fresh Fruit and Vegetable Program - 10.582		589,980
Total Child Nutrition Cluster - 10.553/10.555/10.559/10.582		26,473,275
Department of Health:		
Child and Adult Care Food Program (10309)	10.558	74,207
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (0010123)	10.561	3,385,336
Total Supplemental Nutrition Assistance Program Cluster - 10.561		3,385,336
<b>Total Department of Agriculture</b>		<b>29,932,818</b>
<b>Department of Defense</b>		
Direct payments:		
JROTC	12.U01	252,689
<b>Total Department of Defense</b>		<b>252,689</b>
<b>Department of Education</b>		
Direct payments:		
Impact Aid	84.041	17,592
Pass-through payments:		
City of Richmond School Board:		
Adult Education - Basic Grants to States (V002A210047) (V002A220047) (APE42801) (APE61111)	84.002	531,542

**County of Chesterfield, VA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Schedule D-1**

<b>Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)</b>	<b>Assistance Listing #</b>	<b>Total Federal Expenditures</b>
<b>Department of Education (continued)</b>		
College of William and Mary:		
Education for Homeless Children and Youth (S196A210048) (S196A220048)	84.196	\$ 45,983
Department of Behavioral Health and Development Service:		
Special Education - Grants for Infants and Families (720-4955-08)	84.181 <sup>(1)</sup>	402,048
Special Education - Grants for Infants and Families ARPA (720-4515-08)	84.181 <sup>(1)</sup>	90,966
Department of Education:		
Career and Technical Education - Basic Grants to States (V048A210046)	84.048	808,326
English Language Acquisition State Grants (S365A190046) (S365A200046) (S365A210046) (S365A220046)	84.365	586,440
Improving Teacher Quality State Grants (S367A190044) (S367A200044) (S367A210044) (S367A220044)	84.367	1,357,188
Special Education Grants to States (DOE870042) (H027A200107) (H027A210107) (H027A220107) (H027X210107)	84.027	\$ 12,114,283
Special Education Preschool Grants (H173A200112) (H173A210112) (H173X210112)	84.173	<u>207,213</u>
Total Special Education Cluster (IDEA) - 84.027 and 84.173		12,321,496
Student Support and Academic Enrichment Program (S424A200048) (S424A210048) (S424A220048)	84.424	697,110
COVID-19 - Education Stabilization Fund (S425D200008) (S425D210008) (S425U210008) (S425W210048)	84.425	20,607,647
Title I Grants to Local Educational Agencies (S010A190046) (S010A200046) (S010A210046) (S010A220046)	84.010	9,660,121

(1) ALN 84.181 Total \$493,014

**County of Chesterfield, VA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Schedule D-1**

<b>Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)</b>	<b>Assistance Listing #</b>	<b>Total Federal Expenditures</b>
<b>Department of Education (continued)</b>		
Title I State Agency Program for Neglected and Delinquent Children and Youth (S010A210046) (S013A210046)	84.013	\$ 4,168
Twenty-First Century Community Learning Centers (021-60565-S287C200047) (021-60565-S287C210047) (021-60565-S287C220047)	84.287	1,433,764
<b>Total Department of Education</b>		<b>48,564,391</b>
<b>Federal Communications Commission</b>		
Direct payments:		
COVID-19 - Emergency Connectivity Fund Program	32.009	35,650
<b>Total Federal Communications Commission</b>		<b>35,650</b>
<b>Department of Health and Human Services</b>		
Direct payments:		
Head Start	93.600	\$ 1,820,951
COVID19 - Head Start	93.600	221,087
Total Head Start Cluster - 93.600		2,042,038
Pass-through payments:		
Department of Behavioral Health and Development Service:		
Block Grants for Community Mental Health Services (50125) (50165) (D1559.755)	93.958	115,160
Block Grants for Prevention and Treatment of Substance Abuse (50165) (50195)	93.959 <sup>(2)</sup>	767,372
COVID19 - Block Grants for Prevention and Treatment of Substance Abuse (B08TIO83547) (B08TIO83972)	93.959 <sup>(2)</sup>	270,010
Opioid STR (H79TIO85746) (1H79TIO83296-01) (5H79TIO81682-02)	93.788	557,721
Department of Education:		
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response (NU90TP922153)	93.354	75,457
Department of Health:		
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC) (CTFSST610-GY23)	93.323	852,773
Department of Social Services:		
Guardianship Assistance (1110123)	93.090	711
Title IV-E Prevention Program (1140123)	93.472	27,437
(2) ALN 93.959 Total \$1,037,382		

**County of Chesterfield, VA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Schedule D-1**

<b>Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)</b>	<b>Assistance Listing #</b>	<b>Total Federal Expenditures</b>
<b>Department of Health and Human Services (continued)</b>		
Temporary Assistance for Needy Families (0400123)	93.558	\$ 1,576,337
Child Care and Development Block Grant (0773121)	93.575	\$ 39,877
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (0760123)	93.596	<u>300,385</u>
Total Child Care Development Fund Cluster - 93.575 and 93.596		340,262
Adoption Assistance (1120123)	93.659	1,210,999
Chafee Education and Training Vouchers Program (ETV) (9160122)	93.599	8,043
John H Chafee Foster Care Program for Successful Transition to Adulthood (9150122)	93.674	51,088
COVID19 - Elder Abuse Prevention Interventions Program (8000221)	93.747	24,440
Children's Health Insurance Program (0540123)	93.767	14,530
Foster Care Title IV-E (1100123)	93.658	1,314,914
Low-Income Home Energy Assistance (0600423)	93.568	245,544
Medical Assistance Program (1200123)	93.778	<u>1,743,480</u>
Total Medicaid Cluster - 93.778		1,743,480
MaryLee Allen Promoting Safe and Stable Families Program (0950122)	93.556	180,201
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (0500123)	93.566	15,730
Social Services Block Grant (1000123)	93.667	1,316,237
Stephanie Tubbs Jones Child Welfare Services Program (0900122)	93.645	<u>2,354</u>
<b>Total Department of Health and Human Services</b>		<b><u>12,752,838</u></b>
<b>Department of Homeland Security</b>		
Direct payments:		
Port Security Grant Program	97.056	72,454
Pass-through payments:		
Department of Emergency Management:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) No Grand ID	97.036 <sup>(3)</sup>	73,823
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters) FEMA-4512-DR-VA	97.036 <sup>(3)</sup>	335,041

(3)ALN 97.036 Total \$408,868

County of Chesterfield, VA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)	Assistance Listing #	Total Federal Expenditures
<b>Department of Homeland Security (continued)</b>		
Emergency Management Performance Grants (47) (63)	97.042	\$ 95,683
Pre-Disaster Mitigation Grant Program (PDMC-PJ-03-VA-2018-008)	97.047	193,729
Homeland Security Grant Program (5) (19) (21) (36) (71) (84) (8612) (8614) (8615) (8622) (8645)	97.067	<u>379,120</u>
<b>Total Department of Homeland Security</b>		<u>1,149,850</u>
<b>Department of Housing and Urban Development</b>		
Direct payments:		
Community Development Block Grants/Entitlement Grants	14.218 <sup>(4)</sup>	\$ 1,580,122
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218 <sup>(4)</sup>	<u>316,643</u>
Total Community Development Block Grants Entitlement Grants Cluster - 14.218		1,896,765
Home Investment Partnerships Program	14.239 <sup>(5)</sup>	352,980
ARPA - Home Investment Partnerships Program	14.239 <sup>(5)</sup>	44,858
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900 <sup>(6)</sup>	236,207
Section 8 Housing Choice Vouchers	14.871	<u>182,044</u>
Total Housing Voucher Cluster - 14.871		<u>182,044</u>
<b>Total Department of Housing and Urban Development</b>		<u>2,712,854</u>
<b>The Institute of Museum and Library Services</b>		
Pass-through payments:		
Library of Virginia:		
ARPA - Grants to States (LS-250242-OLS-21)	45.310	<u>1,551</u>
<b>Total The Institute of Museum and Library Services</b>		<u>1,551</u>
<b>Department of the Interior</b>		
Direct payments:		
National Wildlife Refuge Fund	15.659	4,227
Civil War Battlefield Land Acquisition Grants	15.928	<u>30,191</u>
<b>Total Department of the Interior</b>		<u>34,418</u>
<b>Department of Justice</b>		
Direct payments:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738 <sup>(7)</sup>	74,797
Equitable Sharing Program	16.922	45,654
Public Safety Partnership and Community Policing Grants	16.710	664,086
State Criminal Alien Assistance Program	16.606	123,983
Comprehensive Opioid, Stimulant, and Substance Abuse Program	16.838 <sup>(8)</sup>	380,254
Stop School Violence	16.839	2,200

County of Chesterfield, VA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)	Assistance Listing #	Total Federal Expenditures
<b>Department of Justice (continued)</b>		
Pass-through payments:		
Department of Criminal Justice Services:		
Edward Byrne Memorial Justice Assistance Grant Program (9575)	16.738 <sup>(7)</sup>	\$ 23,234
Crime Victim Assistance (23-O1003VW19) (22-C4705VP20)	16.575	516,120
Violence Against Women Formula Grants (22-Z9370VA21) (22-Y9371VA21) (22-Y9845VA21) (23-A9370VA21) (23-Z9371VA21) (23-Z9845V121)	16.588	149,126
Juvenile Justice and Delinquency Prevention (489793)	16.540	15,721
Institute for Intergovernmental Research:		
Building Bridges Between Jails and Community-Based Treatment for Opioid Use Disorder (2020-BRIDGES-0061)	16.838 <sup>(8)</sup>	38,713
<b>Total Department of Justice</b>		<b>2,033,888</b>
<b>Department of Transportation</b>		
Direct payments:		
Airport Improvement Program	20.106	\$ 451,342
COVID-19 - Airport Improvement Program	20.106	480
Total - Airport Improvement Program - 20.106		451,822
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	22,658
Total FMCSA Cluster - 20.237		22,658
Pass-through payments:		
Department of Motor Vehicles:		
Alcohol Open Container Requirements (ENF-AL-2023-53227-2322) (154AL-2022-52226-22226)	20.607	105,122
National Priority Safety Programs (SFHLE-2023-53234-23234)	20.616	4,669
State and Community Highway Safety (BPT-2023-53230-23230) (FSC-2022-52231-22231) (FPS-2022-52232-22232)	20.600	151,566
Total Highway Safety Cluster - 20.600 and 20.616		156,235

(4) Total Payments to Subrecipients ALN 14.218 was \$1,611,825

(5) Total Payments to Subrecipients ALN 14.239 was \$352,980

(6) Total Payments to Subrecipients ALN #14.900 was \$222,317

(7) ALN 16.738 Total \$98,031

(8) ALN 16.838 Total \$418,967



County of Chesterfield, VA  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023

Schedule D-1

Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)	Assistance Listing #	Total Federal Expenditures
<b>Department of Transportation (continued)</b>		
Department of Conservation and Recreation:		
Recreation Trails Program	20.219	\$ 31,482
(VRT-325-D-190)		
Department of Transportation:		
Highway Planning and Construction	20.205	22,084,867
(101020)		
(104886)		
(104889)		
(104890)		
(108639)		
(108885)		
(108887)		
(109229)		
(109322)		
(111105)		
(111467)		
(111712)		
(111713)		
(111714)		
(111715)		
(113439)		
(113440)		
(113843)		
(113846)		
(114200)		
(115053)		
(115208)		
(115415)		
(115534)		
(115783)		
(115784)		
(116126)		
(118066)		
(118067)		
(118068)		
(118144)		
(118145)		
(119600)		
Department of Rail & Public Transportation:		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	\$ 219,602
(44022-15)		
VA-2022-029		
ARPA - Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	37,101
VA-2022-032		
Total Transit Services Programs Cluster - 20.513		256,703
<b>Total Department of Transportation</b>		<b>23,108,889</b>

**County of Chesterfield, VA**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Schedule D-1**

<b>Federal Granting Agency/Recipient State Agency/Grant Program/ (Grant ID)</b>	<b>Assistance Listing #</b>	<b>Total Federal Expenditures</b>
<b>Department of Treasury</b>		
Direct payments:		
COVID-19 - Emergency Rental Assistance Program	21.023 <sup>(9)</sup>	\$ 7,818
ARPA - Emergency Rental Assistance Program	21.023 <sup>(9)</sup>	156,561
Coronavirus State and Local Fiscal Recovery Funds	21.027 <sup>(10)(11)</sup>	8,308,297
Pass-through payments:		
Department of Behavioral Health and Development Service:		
Coronavirus State and Local Fiscal Recovery Funds (D0839.755) (D1465.755)	21.027 <sup>(10)</sup>	414,212
Department of Criminal Justice Services:		
Coronavirus State and Local Fiscal Recovery Funds (11993) (22-A4705ARRF) (ZNTTNLCC5NL 1)	21.027 <sup>(10)</sup>	515,032
Department of Education:		
Coronavirus State and Local Fiscal Recovery Funds (SLFRP1026) (APE600540)	21.027 <sup>(10)(11)</sup>	16,853,954
Department of Social Services:		
Coronavirus State and Local Fiscal Recovery Funds (9122222)	21.027 <sup>(10)</sup>	6,932
<b>Total Department of Treasury</b>		<b><u>26,262,806</u></b>
<b>Grand Total</b>		<b><u>\$ 146,842,642</u></b>

<sup>(9)</sup>Total Payments to Subrecipients ALN #21.023 was \$150,944

<sup>(10)</sup> ALN 21.027 Total \$26,098,427

<sup>(11)</sup> Total Payments to Subrecipients ALN 21.027 was \$496,800

**County of Chesterfield, Virginia**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**1. General**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal assistance programs of the primary government and the School Board.

**2. Basis of Accounting**

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds and accrual basis of accounting for proprietary funds, both of which is described in Note 1 to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**3. Relationship to Financial Statements**

Federal expenditures are reported in the County's basic financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
<b><u>Primary Government</u></b>	
<b>Governmental Activities</b>	
General Fund	\$ 13,591,703
County Capital Projects Fund	28,698,348
Non-major - Children's Services Fund	238,799
Non-major - Grants Fund	7,821,902
Non-major - Mental Health Fund	1,108,046
Total Governmental Activities	51,458,798
<b>Business-type Activities</b>	
Water Fund	193,729
Non-major - Airport Fund	451,822
Total Business-type Activities	645,551
Total Primary Government	52,104,349
<b><u>Component Unit</u></b>	
<b>Governmental Activities</b>	
School Operating Fund	94,738,293
Total	<u>\$ 146,842,642</u>

**4. Use of Indirect Cost Rate**

The County did not elect to use the 10% de minimus cost rate.

## STATISTICAL SECTION

# STATISTICAL SECTION

## (Unaudited)

This part of Chesterfield County's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial position.

	<u>Pages</u>
<b>Financial Trends</b> .....	245-249
<i>These schedules contain trend information to help the reader understand how Chesterfield's financial performance and well-being have changed over time.</i>	
<b>Revenue Capacity</b> .....	250-254
<i>These schedules contain information to help the reader assess Chesterfield's most significant local revenue source, property tax.</i>	
<b>Debt Capacity</b> .....	255-257
<i>These schedules present information to help the reader assess the affordability of Chesterfield's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
<b>Demographic and Economic Information</b> .....	258-259
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Chesterfield operates.</i>	
<b>Operating Information</b> .....	260-262
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services Chesterfield provides and the activities it performs.</i>	

**Sources:** Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

Table I

**County of Chesterfield, Virginia**  
**Net Position by Component**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(unaudited)**

	<u>2014</u>	<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>
<b>Governmental activities <sup>(1)</sup></b>										
Net investment in capital assets	\$ 645,911,815	\$ 655,698,497	\$ 689,654,404	\$ 735,341,966	\$ 780,470,955	\$ 814,462,269	\$ 850,405,014	\$ 901,172,315	\$ 922,258,513	\$ 941,772,816
Restricted	58,156,804	67,370,966	70,554,116	56,082,770	50,758,262	60,771,285	49,267,277	84,527,153	130,702,552	195,893,119
Unrestricted	<u>12,913,401</u>	<u>31,322,429</u>	<u>87,873,727</u>	<u>28,288,647</u>	<u>83,769,679</u>	<u>142,943,579</u>	<u>221,113,923</u>	<u>285,287,817</u>	<u>295,870,289</u>	<u>316,783,657</u>
Total governmental activities net position	<u>\$ 716,982,020</u>	<u>\$ 754,391,892</u>	<u>\$ 848,082,247</u>	<u>\$ 819,713,383</u>	<u>\$ 914,998,896</u>	<u>\$ 1,018,177,133</u>	<u>\$ 1,120,786,214</u>	<u>\$ 1,270,987,285</u>	<u>\$ 1,348,831,354</u>	<u>\$ 1,454,449,592</u>
<b>Business-type activities <sup>(1)</sup></b>										
Net investment in capital assets	\$ 787,859,447	\$ 795,520,705	\$ 809,352,317	\$ 821,397,739	\$ 823,755,861	\$ 835,285,972	\$ 863,656,676	\$ 912,962,124	\$ 969,931,589	\$ 1,028,467,822
Restricted	15,838,389	16,053,703	9,237,200	9,423,700	9,650,000	10,114,333	10,437,550	13,525,708	12,313,884	31,892,486
Unrestricted	<u>178,869,952</u>	<u>204,092,283</u>	<u>236,886,193</u>	<u>270,950,710</u>	<u>323,244,774</u>	<u>381,001,243</u>	<u>447,439,752</u>	<u>489,337,561</u>	<u>520,275,134</u>	<u>566,244,764</u>
Total business-type activities net position	<u>\$ 982,567,788</u>	<u>\$ 1,015,666,691</u>	<u>\$ 1,055,475,710</u>	<u>\$ 1,101,772,149</u>	<u>\$ 1,156,650,635</u>	<u>\$ 1,226,401,548</u>	<u>\$ 1,321,533,978</u>	<u>\$ 1,415,825,393</u>	<u>\$ 1,502,520,607</u>	<u>\$ 1,626,605,072</u>
<b>Primary government <sup>(1)</sup></b>										
Net investment in capital assets	\$ 1,433,771,262	\$ 1,451,219,202	\$ 1,499,006,721	\$ 1,556,739,705	\$ 1,604,226,816	\$ 1,649,748,241	\$ 1,714,061,690	\$ 1,814,134,439	\$ 1,892,190,102	\$ 1,970,240,638
Restricted	73,995,193	83,424,669	79,791,316	65,506,470	60,408,262	70,885,618	59,704,827	98,052,861	143,016,436	227,785,605
Unrestricted	<u>191,783,353</u>	<u>235,414,712</u>	<u>324,759,920</u>	<u>299,239,357</u>	<u>407,014,453</u>	<u>523,944,822</u>	<u>668,553,675</u>	<u>774,625,378</u>	<u>816,145,423</u>	<u>883,028,421</u>
Total Primary Government net position <sup>(1)</sup>	<u>\$ 1,699,549,808</u>	<u>\$ 1,770,058,583</u>	<u>\$ 1,903,557,957</u>	<u>\$ 1,921,485,532</u>	<u>\$ 2,071,649,531</u>	<u>\$ 2,244,578,681</u>	<u>\$ 2,442,320,192</u>	<u>\$ 2,686,812,678</u>	<u>\$ 2,851,351,961</u>	<u>\$ 3,081,054,664</u>

(1) 2014 net position was restated to reflect the adoption of GASB Statement 68. 2017 net position was restated to reflect the adoption of GASB Statement 75. 2020 net position was restated to reflect the adoption of GASB Statement 84.

**County of Chesterfield, Virginia**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(unaudited)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
<b>Governmental activities:</b>										
General government	\$ 96,779,940	\$ 117,197,913	\$ 125,427,912	\$ 126,708,814	\$ 125,580,003	\$ 144,275,963	\$ 144,847,040	\$ 155,326,544	\$ 167,321,705	\$ 175,039,218
Administration of justice	11,684,376	10,653,019	11,101,741	10,896,810	10,957,857	11,127,032	12,355,336	13,895,646	13,876,993	15,667,030
Public safety	176,699,204	175,196,278	173,299,691	183,370,852	178,417,303	182,033,985	197,866,264	222,267,096	219,699,082	254,948,574
Public works	31,041,438	42,172,196	40,504,952	45,072,932	53,275,901	57,560,844	85,545,961	80,214,637	92,246,480	98,754,799
Health and welfare	74,100,466	76,361,327	80,438,889	84,390,086	89,977,088	90,421,955	94,363,474	96,786,251	99,138,739	114,923,779
Parks, recreation and cultural	23,224,544	23,582,693	24,321,586	26,351,945	27,912,496	28,426,360	26,551,663	27,953,929	31,310,767	46,835,064
Education - School Board <sup>(2)</sup>	278,232,715	303,960,336	291,984,801	308,043,018	321,030,368	279,510,506	284,364,549	301,488,394	356,264,344	362,677,246
Community development	19,393,334	20,536,333	19,903,410	21,062,911	23,234,184	25,172,733	23,114,692	35,259,749	36,988,846	26,401,538
Interest on long-term debt	16,870,029	16,000,836	14,212,999	14,269,395	15,326,987	16,544,732	18,780,607	20,193,563	20,276,554	28,896,059
Total governmental activities expenses	<u>728,026,046</u>	<u>785,660,931</u>	<u>781,195,981</u>	<u>820,166,763</u>	<u>845,712,187</u>	<u>835,074,110</u>	<u>887,789,586</u>	<u>953,385,809</u>	<u>1,037,123,510</u>	<u>1,124,143,307</u>
<b>Business-type activities:</b>										
Water	38,375,432	38,754,527	40,998,118	40,873,429	41,633,594	44,734,748	46,809,824	48,016,333	49,475,931	53,140,251
Wastewater	39,090,012	38,114,324	39,897,750	39,030,892	40,566,705	41,049,411	42,090,099	44,008,120	45,502,660	50,436,519
Non-major funds	<u>4,055,728</u>	<u>10,335,478</u>	<u>2,850,847</u>	<u>5,561,422</u>	<u>4,135,956</u>	<u>3,173,621</u>	<u>4,106,814</u>	<u>9,555,258</u>	<u>10,394,896</u>	<u>34,067,151</u>
Total business-type activities expenses	<u>81,521,172</u>	<u>87,204,329</u>	<u>83,746,715</u>	<u>85,465,743</u>	<u>86,336,255</u>	<u>88,957,780</u>	<u>93,006,737</u>	<u>101,579,711</u>	<u>105,373,487</u>	<u>137,643,921</u>
Total Primary Government expenses	<u>\$ 809,547,218</u>	<u>\$ 872,865,260</u>	<u>\$ 864,942,696</u>	<u>\$ 905,632,506</u>	<u>\$ 932,048,442</u>	<u>\$ 924,031,890</u>	<u>\$ 980,796,323</u>	<u>\$ 1,054,965,520</u>	<u>\$ 1,142,496,997</u>	<u>\$ 1,261,787,228</u>
<b>Program Revenues</b>										
<b>Governmental activities:</b>										
Charges for services:										
General government	\$ 66,075,291	\$ 74,618,852	\$ 87,579,064	\$ 89,880,633	\$ 92,966,265	\$ 106,181,986	\$ 103,894,653	\$ 103,439,746	\$ 112,489,028	\$ 117,677,634
Public safety	16,485,692	18,371,561	18,657,124	19,565,438	18,588,424	21,687,330	19,773,290	23,263,146	22,196,324	23,086,259
Health and welfare	22,804,250	23,781,553	22,882,370	24,742,209	30,813,568	26,160,024	24,955,947	22,854,304	24,057,350	31,976,955
Other activities <sup>(1)</sup>	14,743,719	17,153,696	16,427,067	20,830,090	14,807,815	20,836,311	22,968,270	24,149,717	24,266,298	26,515,861
Operating grants and contributions <sup>(2)</sup>	98,916,691	102,888,009	124,992,376	119,088,730	120,872,849	61,667,457	72,649,328	139,730,077	85,307,387	84,538,148
Capital grants and contributions	<u>21,062,977</u>	<u>25,298,534</u>	<u>22,966,675</u>	<u>33,389,320</u>	<u>38,957,791</u>	<u>39,517,908</u>	<u>59,709,830</u>	<u>80,630,575</u>	<u>91,614,747</u>	<u>100,413,331</u>
Total governmental activities program revenues	<u>240,088,620</u>	<u>262,112,205</u>	<u>293,504,676</u>	<u>307,496,420</u>	<u>317,006,712</u>	<u>276,051,016</u>	<u>303,951,318</u>	<u>394,067,565</u>	<u>359,931,134</u>	<u>384,208,188</u>
<b>Business-type activities:</b>										
Charges for services:										
Water	38,445,173	42,259,584	43,582,483	47,735,250	50,258,066	51,994,177	56,821,001	57,308,263	62,398,994	64,618,668
Wastewater	38,392,347	41,235,104	43,742,327	46,868,841	49,402,056	50,582,323	52,388,858	54,323,838	57,311,163	57,490,891
Non-major funds	994,995	1,310,723	1,010,202	1,592,940	1,269,885	1,205,041	1,233,014	1,560,256	2,344,652	17,107,886
Operating grants and contributions	-	5,500,000.00	-	-	-	-	-	1,080,885.00	1,558,863	-
Capital grants and contributions	<u>29,325,331</u>	<u>28,249,364</u>	<u>33,153,748</u>	<u>39,834,148</u>	<u>37,817,134</u>	<u>45,948,164</u>	<u>60,764,954</u>	<u>56,436,537</u>	<u>55,666,679</u>	<u>76,500,968</u>
Total business-type activities program revenues	<u>107,157,846</u>	<u>118,554,775</u>	<u>121,488,760</u>	<u>136,031,179</u>	<u>138,747,141</u>	<u>149,729,705</u>	<u>171,207,827</u>	<u>170,709,779</u>	<u>179,280,351</u>	<u>215,718,413</u>
Total Primary Government program revenues	<u>\$ 347,246,466</u>	<u>\$ 380,666,980</u>	<u>\$ 414,993,436</u>	<u>\$ 443,527,599</u>	<u>\$ 455,753,853</u>	<u>\$ 425,780,721</u>	<u>\$ 475,159,145</u>	<u>\$ 564,777,344</u>	<u>\$ 539,211,485</u>	<u>\$ 599,926,601</u>

(Continued)

Table II

**County of Chesterfield, Virginia**  
**Changes in Net Position**  
**Last Ten Fiscal Years**  
**(accrual basis of accounting)**  
**(unaudited)**

	2013	2014	2015	2016	2017	2018	2020	2020	2022	2023
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (501,751,159)	\$ (487,937,426)	\$ (523,548,726)	\$ (487,691,305)	\$ (512,670,343)	\$ (559,023,094)	\$ (583,838,268)	\$ (583,838,268)	\$ (677,192,376)	\$ (739,935,119)
Business-type activities	11,118,815	25,636,674	31,350,446	37,742,045	50,565,436	60,771,925	78,201,090	78,201,090	73,906,864	78,074,492
Total primary government net expense	<u>\$ (490,632,344)</u>	<u>\$ (462,300,752)</u>	<u>\$ (492,198,280)</u>	<u>\$ (449,949,260)</u>	<u>\$ (462,104,907)</u>	<u>\$ (498,251,169)</u>	<u>\$ (505,637,178)</u>	<u>\$ (505,637,178)</u>	<u>\$ (603,285,512)</u>	<u>\$ (661,860,627)</u>
<b>General Revenues and Other Changes in Net Position</b>										
<b>Governmental activities:</b>										
Taxes:										
Property taxes, levied for general purposes	\$ 357,536,014	\$ 370,147,198	\$ 384,534,312	\$ 401,858,578	\$ 421,227,697	\$ 439,570,375	\$ 466,036,351	\$ 488,202,356	\$ 534,368,072	\$ 626,134,334
Property taxes, levied for special purposes	1,633,193	1,951,192	1,881,961	2,667,960	3,224,211	3,221,313	2,643,307	1,755,786	-	-
Utility taxes	7,692,460	7,802,992	7,927,826	7,867,528	8,043,759	8,216,114	8,329,669	8,283,882	8,498,528	8,629,878
Sales taxes	42,293,047	42,924,462	44,938,389	45,306,831	47,915,376	50,014,870	51,659,170	54,492,560	62,333,768	72,552,490
Motor vehicle licenses	7,097,823	12,194,196	14,167,545	14,275,048	13,944,691	15,210,404	15,240,626	15,072,427	15,882,533	8,908,956
Business license taxes	17,250,726	18,351,123	19,756,323	20,742,026	20,580,987	21,217,270	22,538,092	24,487,081	24,184,161	30,575,045
Other	10,662,930	10,261,244	11,315,246	13,122,548	13,777,956	15,141,786	15,857,572	15,314,188	18,929,955	19,072,366
Payment from School Board	7,988,893	5,375,603	10,293,109	9,427,230	-	-	-	-	-	-
Payment from CPCDA	-	-	-	-	-	-	-	-	-	3,331,721.00
Unrestricted grants and contributions	65,943,441	66,119,764	65,959,716	65,104,169	65,462,954	65,744,743	65,072,971	64,249,477	62,731,149	79,565,588
Investment earnings	633,538	540,383	322,164	1,121,270	1,549,802	4,422,305	12,958,675	14,916,037	1,866,005	29,897,995
Miscellaneous	814,327	15,663	859,804	603,354	260,951	1,454,046	2,229,273	943,379	1,030,756	1,515,650
Transfers	(2,154,078)	(183,577)	(997,797)	(714,882)	(749,313)	(222,238)	(364,375)	(1,484,250)	(20,305,612)	(34,630,666)
Total governmental activities	<u>517,392,314</u>	<u>535,500,243</u>	<u>560,958,598</u>	<u>581,381,660</u>	<u>595,239,071</u>	<u>623,990,988</u>	<u>662,201,331</u>	<u>686,232,923</u>	<u>709,519,315</u>	<u>845,553,357</u>
<b>Business-type activities:</b>										
Investment earnings	264,515	463,468	750,660	1,352,092	974,328	2,245,362	8,614,613	7,511,850	880,812	11,379,307
Miscellaneous	-	3,866,638	-	-	3,328,675	-	-	7,935,240	3,974,923	-
Transfers	2,154,078	183,577	997,797	714,882	749,313	222,238	364,375	1,484,250	20,305,612	34,630,666
Total business-type activities	<u>2,418,593</u>	<u>4,513,683</u>	<u>1,748,457</u>	<u>2,066,974</u>	<u>5,052,316</u>	<u>2,467,600</u>	<u>8,978,988</u>	<u>16,931,340</u>	<u>25,161,347</u>	<u>46,009,973</u>
Total Primary Government	<u>\$ 519,810,907</u>	<u>\$ 540,013,926</u>	<u>\$ 562,707,055</u>	<u>\$ 583,448,634</u>	<u>\$ 600,291,387</u>	<u>\$ 626,458,588</u>	<u>\$ 671,180,319</u>	<u>\$ 703,164,263</u>	<u>\$ 734,680,662</u>	<u>\$ 891,563,330</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 15,641,155	\$ 47,562,817	\$ 37,409,872	\$ 93,690,355	\$ 82,568,728	\$ 95,285,513	\$ 103,178,237	\$ 102,394,655	\$ 150,201,071	\$ 105,618,238
Business-type activities	13,537,408	30,150,357	33,098,903	39,809,019	55,617,752	54,878,486	69,750,913	95,132,430	94,291,415	124,084,465
Total Primary Government	<u>\$ 29,178,563</u>	<u>\$ 77,713,174</u>	<u>\$ 70,508,775</u>	<u>\$ 133,499,374</u>	<u>\$ 138,186,480</u>	<u>\$ 150,163,999</u>	<u>\$ 172,929,150</u>	<u>\$ 197,527,085</u>	<u>\$ 244,492,486</u>	<u>\$ 229,702,703</u>

(1) Other activities: Administration of Justice, Public Works, Parks, Recreation and Cultural, Education and Community development.

(2) Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.



Table III

**County of Chesterfield, Virginia**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(unaudited)**

	<u>2014</u>	<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>
<b>General Fund</b>										
Restricted	\$ 14,600,770	\$ 16,031,238	\$ 19,074,127	\$ 18,168,690	\$ 19,209,996	\$ 23,244,157	\$ 24,120,378	\$ 25,281,349	\$ 29,440,785	\$ 33,249,401
Committed	710,785	725,267	1,484,040	1,468,131	1,680,987	1,694,052	1,735,315	1,933,701	2,149,815	2,393,360
Assigned	198,068,805	197,476,873	233,819,201	263,559,665	276,746,618	295,638,016	350,483,633	456,225,565	427,745,740	444,843,568
Unassigned	<u>55,000,000</u>	<u>58,000,000</u>	<u>58,668,400</u>	<u>60,004,400</u>	<u>60,004,400</u>	<u>63,004,400</u>	<u>63,004,400</u>	<u>64,800,400</u>	<u>70,800,400</u>	<u>73,800,400</u>
Total General Fund	<u>\$ 268,380,360</u>	<u>\$ 272,233,378</u>	<u>\$ 313,045,768</u>	<u>\$ 343,200,886</u>	<u>\$ 357,642,001</u>	<u>\$ 383,580,625</u>	<u>\$ 439,343,726</u>	<u>\$ 548,241,015</u>	<u>\$ 530,136,740</u>	<u>\$ 554,286,729</u>
<b>All Other Governmental Funds <sup>(1)</sup></b>										
Nonspendable	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	95,619,953	78,588,171	149,020,985	205,384,023	154,872,844	208,516,708	224,439,518	299,024,362	390,023,415	447,951,220
Assigned, reported in:										
School Capital Projects Fund	153,848	228,029	150,352	-	-	-	-	-	-	-
Special Revenue Funds	<u>4,609,034</u>	<u>6,049,972</u>	<u>5,432,814</u>	<u>10,813,637</u>	<u>15,914,420</u>	<u>17,189,479</u>	<u>21,585,989</u>	<u>24,292,259</u>	<u>27,119,778</u>	<u>28,578,258</u>
Total all other governmental funds	<u>\$ 100,387,835</u>	<u>\$ 84,871,172</u>	<u>\$ 154,609,151</u>	<u>\$ 216,197,660</u>	<u>\$ 170,787,264</u>	<u>\$ 225,706,187</u>	<u>\$ 246,025,507</u>	<u>\$ 323,316,621</u>	<u>\$ 417,143,193</u>	<u>\$ 476,529,478</u>

(1) 2020 fund balance was restated to reflect the adoption of GASB Statement 84.

Table IV

**County of Chesterfield, Virginia**  
**Changes in Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(unaudited)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
General property taxes	\$ 371,300,388	\$ 387,980,769	\$ 403,863,868	\$ 422,283,775	\$ 446,596,315	\$ 468,733,553	\$ 494,113,384	\$ 536,016,017	\$ 591,477,097	\$ 630,589,572
Other local taxes	92,145,704	98,580,358	102,101,705	105,016,089	110,964,756	114,448,075	118,150,668	150,504,608	165,043,462	170,055,239
Permits, fees and licenses	4,760,670	6,821,163	6,764,863	7,425,213	7,824,332	9,264,481	8,911,771	10,005,208	10,773,435	9,601,195
Fines and forfeitures	3,204,800	2,496,443	1,811,841	2,171,101	2,245,952	2,273,900	1,884,988	2,932,862	2,236,780	2,464,907
Use of money and property	1,262,769	866,562	1,818,019	2,280,980	5,174,673	13,717,652	15,450,011	2,833,467	(9,367,383)	29,507,127
Charges for services	37,172,314	39,271,152	41,805,240	46,833,619	51,553,451	53,532,424	53,820,363	50,223,414	51,770,976	59,187,225
Donations and miscellaneous	19,100,597	11,069,175	10,402,779	14,756,966	9,195,955	10,652,219	12,359,572	10,822,080	9,860,840	11,713,322
Recovered costs	12,155,299	12,440,763	12,988,894	10,892,720	7,115,564	8,027,131	6,345,080	5,491,221	5,811,263	9,216,916
From component unit - School Board	5,375,603	10,293,109	9,427,230	12,945,526	11,329,125	11,940,962	15,385,079	21,727,448	16,037,376	19,069,945
From component unit - Other <sup>(1)</sup>	-	552,324.00	-	-	-	-	-	-	-	3,331,721
From other governments <sup>(2)</sup>	177,141,197	184,495,752	195,931,063	191,395,432	205,072,874	148,515,925	168,469,862	231,849,668	180,971,127	174,717,384
Total revenues	723,619,341	754,867,570	786,915,502	816,001,421	857,072,997	841,106,322	894,890,778	1,022,405,993	1,024,614,973	1,119,454,553
<b>Expenditures</b>										
General government	46,364,334	45,747,255	46,519,517	47,014,959	56,277,595	55,235,275	56,743,310	65,183,959	66,631,050	72,397,874
Administration of justice	9,448,941	9,511,417	10,195,274	9,739,559	10,217,442	10,402,310	11,430,290	11,848,037	12,503,261	14,442,117
Public safety	172,409,410	174,546,991	177,339,678	180,405,571	183,280,257	191,755,977	193,899,623	213,494,484	225,760,325	257,392,969
Public works	16,660,840	16,707,503	17,329,618	18,210,063	19,836,094	22,520,412	24,929,889	24,975,738	23,156,899	25,529,173
Health and welfare	73,968,332	76,045,471	81,622,971	83,973,130	86,974,554	91,457,127	93,279,373	94,043,767	99,865,873	117,164,918
Parks, recreation and cultural	18,635,571	18,352,707	19,258,487	20,747,230	21,634,902	22,939,896	22,172,944	21,055,569	26,324,591	28,229,272
Education - School Board <sup>(2)</sup>	251,029,300	271,952,519	268,106,031	282,418,123	294,272,019	249,338,696	237,716,856	242,810,581	316,274,508	308,356,324
Community development	18,567,487	20,104,987	19,727,695	20,882,779	23,343,007	25,204,301	22,715,885	34,051,370	35,860,140	15,711,984
Debt service:										
Principal	45,917,114	49,466,021	41,579,430	42,473,914	47,879,070	48,331,385	54,142,371	55,494,864	60,859,915	69,708,238
Interest	20,734,214	18,269,647	17,737,591	17,730,105	19,373,255	20,610,711	23,581,413	25,919,362	26,235,740	27,748,477
Other	427,758	110,342	1,275,819	683,442	584,745	1,021,664	893,492	1,121,953	764,686	580,347
Capital outlay	73,868,935	69,836,981	76,490,074	93,304,435	135,661,606	127,051,427	244,460,098	192,655,108	156,270,486	205,622,537
Total expenditures	748,032,236	770,651,841	777,182,185	817,583,310	899,334,546	865,869,181	985,965,544	982,654,792	1,050,507,474	1,142,884,230
Excess (deficiency) of expenditures over (under) revenues	(24,412,895)	(15,784,271)	9,733,317	(1,581,889)	(42,261,549)	(24,762,859)	(91,074,766)	39,751,201	(25,892,501)	(23,429,677)
<b>Other Financing Sources (Uses)</b>										
Leases	-	-	-	-	-	-	-	-	863,227.00	3,365,909
Subscriptions	-	-	-	-	-	-	-	-	-	1,878,140
Transfers in	24,769,872	30,229,920	24,801,835	28,874,860	54,709,089	55,271,237	55,602,762	38,738,677	47,837,589	65,836,881
Transfers out	(24,824,689)	(31,214,517)	(25,194,469)	(34,467,073)	(54,654,921)	(56,135,612)	(56,939,765)	(57,824,444)	(77,834,390)	(103,935,953)
Bonds issued	16,157,318	-	100,910,386.00	98,917,642	11,238,100	106,484,781	168,279,764	165,551,399	130,748,372	127,800,000
Refunding bonds issued	51,645,470.00	-	134,941,531	20,224,000	-	-	-	56,046,879	-	12,020,974
Payments to escrow agent	(51,587,953.00)	-	(134,642,231)	(20,223,913)	-	-	-	(56,075,309)	-	-
Sale of redevelopment asset	3,453,705	5,105,223	-	-	-	-	-	-	-	-
Total other financing sources, net	19,613,723	4,120,626	100,817,052	93,325,516	11,292,268	105,620,406	166,942,761	146,437,202	101,614,798	106,965,951
Net change in fund balances	\$ (4,799,172)	\$ (11,663,645)	\$ 110,550,369	\$ 91,743,627	\$ (30,969,281)	\$ 80,857,547	\$ 75,867,995	\$ 186,188,403	\$ 75,722,297	\$ 83,536,274
Debt service as a percentage of noncapital expenditures	9.57%	9.18%	8.14%	7.98%	8.41%	8.88%	9.50%	9.60%	8.93%	9.26%

## Notes:

(1) Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government, historical balances have not been restated.  
(2) Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.

Table V

**County of Chesterfield, Virginia**  
**General Governmental Tax Revenue by Source**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**  
**(unaudited)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Real property taxes	\$ 289,899,514	\$ 302,662,551	\$ 313,731,924	\$ 325,839,487	\$ 342,996,966	\$ 359,077,665	\$ 380,157,963	\$ 407,965,771	\$ 440,922,104	\$ 471,370,030
Property taxes for special purposes	3,184,749	3,331,972	3,865,636	5,336,834	6,032,778	5,850,237	4,304,486	3,917,962	6,465,771	5,214,944
Personal property taxes <sup>(1)</sup>	98,447,249	102,263,777	106,926,822	109,572,215	115,288,966	120,556,841	124,656,488	137,105,307	158,630,244	127,641,921
Real and personal public										
service corporation taxes	12,709,368	12,681,584	12,861,027	13,885,590	14,610,625	15,436,481	17,807,558	16,980,324	16,240,147	16,072,822
Machinery and tools taxes	4,773,224	4,912,750	4,564,090	5,372,984	5,039,046	4,950,362	4,670,316	6,094,602	5,857,184	3,348,088
Local sales and use tax <sup>(2)</sup>	43,536,148	45,413,418	46,094,554	48,668,697	50,856,685	52,482,114	54,993,090	62,870,360	69,052,751	72,552,490
Business license taxes	18,351,123	19,756,323	20,742,026	20,580,987	21,539,767	22,538,092	24,487,081	24,184,161	26,756,039	30,575,045
Consumer utility tax	7,802,992	7,927,826	7,867,528	8,043,759	8,216,114	8,329,669	8,283,882	8,498,528	8,611,855	8,629,878
Emergency 911 tax <sup>(3)</sup>	-	-	-	-	-	-	-	-	-	-
Motor vehicle licenses	12,194,196	14,167,545	14,275,048	13,944,691	15,210,404	15,240,626	15,072,427	15,882,533	9,865,854	8,908,956
Recordation tax	4,209,707	4,715,219	5,655,737	5,892,181	6,383,590	6,849,708	7,747,979	11,065,086	10,829,796	7,903,899
Transient occupancy tax	4,072,726	4,463,850	4,931,324	5,186,616	5,757,601	5,746,917	4,528,009	4,583,087	6,642,030	7,070,316
Other taxes <sup>(3)</sup>	5,357,144	5,356,360	5,541,905	6,067,871	6,720,577	7,214,963	6,646,822	8,325,881	8,427,641	21,723,527
Total	<u>\$ 504,538,140</u>	<u>\$ 527,653,175</u>	<u>\$ 547,057,621</u>	<u>\$ 568,391,912</u>	<u>\$ 598,653,119</u>	<u>\$ 624,273,675</u>	<u>\$ 653,356,101</u>	<u>\$ 707,473,602</u>	<u>\$ 768,301,416</u>	<u>\$ 781,011,916</u>

(1) Includes reimbursement to the County by the Commonwealth for personal property as defined in the Personal Property Tax Relief Act of 1998. Amount is reported as non-categorical aid from the Commonwealth in the financial statements.

(2) Includes Watkins Centre and Chippenham Place Community Development Authorities incremental sales tax.

(3) Includes penalties and interest on property taxes.

**County of Chesterfield, Virginia**  
**Assessed and Estimated Market Values of Taxable Property <sup>(1)</sup>**  
**Last Ten Fiscal Years**  
**(unaudited)**

Fiscal Year	Assessed Values						Total Direct Tax Rate
	Real Estate <sup>(2)</sup>		Personal property	Machinery and tools	Public service	Total	
	Residential	Commercial/ industrial					
2014	24,137,868,679	6,750,914,605	3,495,271,898	478,934,270	1,326,654,615	36,189,644,067	1.21
2015	25,216,056,226	6,978,880,525	3,678,673,795	492,208,390	1,306,718,575	37,672,537,511	1.22
2016	26,301,749,013	7,275,677,327	3,825,378,513	464,611,380	1,346,367,453	39,213,783,686	1.22
2017	27,654,285,819	7,404,623,041	3,990,515,453	524,819,940	1,450,194,577	41,024,438,830	1.22
2018	29,253,035,058	7,736,277,161	4,146,470,073	501,803,911	1,529,828,157	43,167,414,360	1.21
2019	30,818,731,062	8,253,803,629	4,359,510,990	501,394,015	1,581,748,714	45,515,188,410	1.20
2020	32,720,941,603	8,805,491,124	4,479,031,443	503,009,315	1,776,001,979	48,284,475,464	1.20
2021	34,936,770,700	9,100,506,927	5,213,955,792	738,446,268	1,797,799,425	51,787,479,112	1.22
2022	39,694,948,750	10,865,160,129	6,674,408,509	581,580,788	1,757,456,119	59,573,554,295	1.22
2023	44,059,989,974	11,661,167,061	6,359,104,613	370,092,202	1,774,180,040	64,224,533,890	1.18

Source: County Assessor's Office

- (1) Property in the County is assessed each year. Assessed values of all classes of property approximate market value except for public service property, which is determined by the State Corporation Commission.
- (2) Real estate assessed values include both halves of the year's assessments.
- (3) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.

**County of Chesterfield, Virginia**  
**Property Tax Rates (Per \$100 of assessed value)**  
**Last Ten Fiscal Years**  
**(unaudited)**

Personal Property											
Fiscal Year	Real estate <sup>(5)</sup>	Airplanes	Motor vehicles clean special fuels	Motor <sup>(1)</sup> vehicles of voluntary personnel	Wild or exotic animals	Special equipped motor vehicles physically handicap	Vehicle <sup>(2)</sup> trailer and semi-trailer	All <sup>(3)</sup> others	Data <sup>(7)</sup> center	Machinery and tools	Total <sup>(6)</sup> direct tax rate
2014	0.95/0.96 (4)	\$ 0.50	\$ 3.24	\$ 0.96	\$ 0.01	\$ 0.01	\$ 0.96	\$ 3.60	\$ -	\$ 1.00	\$ 1.21
2015	0.96	0.50	3.24	0.96	0.01	0.01	0.96	3.60	-	1.00	1.22
2016	0.96	0.50	3.24	0.96	0.01	0.01	0.96	3.60	-	1.00	1.22
2017	0.96	0.50	3.24	0.96	0.01	0.01	0.96	3.60	-	1.00	1.22
2018	0.96/0.95 (4)	0.50	3.24	0.96	0.01	0.01	0.96	3.60	-	1.00	1.21
2019	0.95	0.50	3.24	0.96	0.01	0.01	0.96	3.60	0.24	1.00	1.20
2020	0.95	0.50	3.24	0.96	0.01	0.01	0.96	3.60	0.24	1.00	1.20
2021	0.95	0.50	3.24	0.96	0.01	0.01	0.96	3.60	0.24	1.00	1.22
2022	0.95/0.92 (4)	0.50	3.24	0.96	0.01	0.01	0.96	3.60	0.24	1.00	1.22
2023	0.92/0.91 (4)	0.50	3.24	0.96/0.91 (4)	0.01	0.01	0.96/0.91 (4)	3.60	0.24	1.00	1.18

Source: Chesterfield County Accounting Department

- (1) Includes motor vehicles owned by members of volunteer rescue squads, volunteer fire departments, volunteer police chaplains, and auxiliary police officers.
- (2) Includes motor vehicles, trailers, and semi-trailers with a gross vehicle weight of 10,000 pounds or more to transport property for hire by a motor carrier engaged in interstate commerce.
- (3) Includes automobiles (except those mentioned above), boats, boat trailers, other motor vehicles and all tangible personal property used or held with any mining, manufacturing or other business, trade, occupation or profession, including furnishings, furniture, and appliances in rental units, with the exception of computer equipment and peripherals used in a data center. The tax rate shown does not factor in depreciation on tangible personal property, which is \$2.52 for the first year the equipment is in service
- (4) The tax rate was different for each half of the fiscal year.
- (5) In 2006, the County initiated a supplemental property tax in the Powhite-Charter Colony Parkway Interchange Service District. Real property in the district is charged a supplemental tax rate of \$0.15 per \$100 in addition to the real estate rate.
- (6) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.
- (7) The tax rate for this category is calculated using a depreciation factor based on years in service. The tax rate shown is for the first year the equipment is in service.

Table VIII

**County of Chesterfield, Virginia  
Principal Property Taxpayers  
Current Year and Nine Years Ago  
(unaudited)**

<u>Taxpayer</u>	<u>2023</u>			<u>2014</u>		
	<u>Assessed value <sup>(1)</sup></u>	<u>Percentage of total assessed valuation</u>	<u>Rank</u>	<u>Assessed value <sup>(2)</sup></u>	<u>Percentage of total assessed valuation</u>	<u>Rank</u>
Dominion Virginia Power	\$ 1,290,015,300	2.01 %	1	\$ 874,357,678	2.42 %	1
Bon Secours St. Francis Medical Center	154,498,200	0.24	2	131,495,400	0.36	4
Columbia Gas of Virginia, Inc.	147,583,231	0.23	3	69,183,525	0.19	10
Verizon Communications	137,358,674	0.21	4	224,831,440	0.62	3
RPI Chesterfield, LLC	121,235,800	0.19	5	-	-	
Philip Morris USA	98,281,400	0.15	6	113,137,320	-	6
Element at Stonebridge	94,631,900	0.15	7	-	-	
Swift Creek Associates	94,343,800	0.15	8	-	-	
Occidental Development LTD	92,243,800	0.14	9	-	-	
Rivermont Station Apartments	<u>91,452,000</u>	<u>0.14</u>	10	-	-	
E. I. duPont De Nemours and Company				247,546,690	0.68	2
Zaremba Metropolitan Mid LLC				78,907,700	0.22	9
Brandywine Operating Partnership				92,921,400	0.26	7
Cole Real Estate Investors				85,939,700	0.24	8
Macerich Partnership				<u>128,629,700</u>	<u>0.36</u>	5
	<u>\$ 2,321,644,105</u>	<u>3.60%</u>		<u>\$ 2,046,950,553</u>	<u>5.65%</u>	

Source: Assessor, Chesterfield County and State Corporation Commission

(1) Includes real estate and public service assessed value.

(2) Includes real estate, personal property, machinery and tools and public service assessed value.

**County of Chesterfield, Virginia  
Property Tax Levies and Collections  
Last Ten Fiscal Years  
(unaudited)**

Fiscal year	Taxes levied for the fiscal year (original levy)	Net Adjustments & Supplemental Billings <sup>(1)</sup>	Total adjusted levy	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of original levy		Amount	Percentage of adjusted levy
2014	\$ 409,264,558	\$ (1,289,213)	\$ 407,975,345	391,757,210	95.72 %	\$ 15,379,486	\$ 407,136,696	99.78%
2015	426,586,417	(1,523,738)	425,062,679	408,501,369	95.76	15,733,207	424,234,576	99.81
2016	444,012,047	(1,746,161)	442,265,886	424,981,949	95.71	16,944,560	441,926,509	99.92
2017	461,670,404	6,877,937	468,548,341	438,741,489	95.03	28,710,125	467,451,614	99.77
2018	474,416,085	2,484,178	476,900,263	461,398,602	97.26	14,255,308	475,653,910	99.74
2019	495,525,767	5,641,530	501,167,297	479,959,172	96.86	19,572,042	499,531,214	99.67
2020	518,633,584	6,886,406	525,519,990	502,242,424	96.84	21,191,992	523,434,416	99.60
2021	556,501,159	6,079,510	562,580,669	538,928,836	96.84	20,481,033	559,409,869	99.44
2022	638,365,382	(24,909,368)	613,456,014	612,576,241	95.96	(6,145,232)	606,431,009	98.85
2023	666,465,095	-	666,465,095	642,375,617	96.39	-	642,375,617	96.39

Source: Chesterfield County Treasurer's Office

Includes taxes levied on real estate, personal property, mobile homes and machinery and tools. Includes the supplemental property taxes in the Powhite-Charter Colony Parkway Interchange Service District, Chesterfield Towne Center - Southport Area Service District, Eastern Midlothian Turnpike Corridor Service District and the reimbursement to the County by the Commonwealth of Virginia for personal property tax relief.

(1) Beginning July 1, 2017, due to a system conversion, supplemental tax billings are accounted for by tax year (calendar year). Accordingly, supplemental billings are recorded in the tax year billed. Previous to July 1, 2017, supplemental tax billings were accounted for by fiscal year.

Table X

**County of Chesterfield, Virginia**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**  
**(unaudited)**

Fiscal year	Governmental Activities						Business-type Activities					
	General obligation bonds	Other <sup>(1)(4)</sup>	Support & Other Agreements	Public facility lease revenue bonds	Certificates of participation	Capital leases	Revenue bonds <sup>(2)</sup>	Certificates of participation	Other <sup>(3)</sup>	Total primary government	Percentage of personal income	Debt per capita
2014	411,873,615	-	17,205,000	5,070,833	59,505,802	573,493	78,486,034	1,014,588	-	573,729,365	3.82	328,000
2015	371,651,300	-	15,890,000	4,169,249	48,468,654	424,086	74,452,824	901,665	-	515,957,778	3.31	332,000
2016	423,290,121	30,422,731	14,560,000	3,292,722	29,079,233	263,624	63,872,739	742,019	-	565,523,189	3.42	335,000
2017	472,910,798	36,586,858	13,220,000	2,441,134	25,039,681	90,613	57,155,952	654,194	-	608,099,230	3.55	339,000
2018	411,408,111	67,355,041	11,865,000	1,614,369	14,073,959	-	50,802,534	550,724	259,715	557,929,453	3.11	344,000
2019	440,589,980	93,761,263	10,500,000	802,338	11,477,993	-	44,374,367	449,055	558,187	602,513,183	3.22	349,000
2020	511,771,898	133,497,557	9,130,000	-	8,922,691	-	37,879,491	349,014	1,753,700	703,304,351	3.62	353,000
2021	534,555,496	225,497,401	-	-	6,399,102	-	31,312,242	250,255	1,661,400	799,675,896	3.90	365,000
2022	616,466,224	208,943,759	-	-	3,912,714	-	24,662,636	152,993	1,569,100	855,707,426	4.01	371,000
2023	679,220,260	224,144,602	-	-	1,889,628	-	17,937,083	73,874	1,476,800	924,742,247	4.16	378,000

(1) Includes revenue bonds, subfund revenue bonds and direct borrowings.

(2) Includes revenue bonds, subfund revenue bonds.

(3) Includes revenue bonds, Airport Revolving Loan Fund.

(4) In FY2018, the County early implemented GASB 88. Some outstanding amounts were reclassified however historical information was not restated.

**Note:**

The County has no legal debt margin and there are no jurisdictions with overlapping general obligation debt incurring powers.

Population and personal income data are found on Table XIII.

N/A = not available



**County of Chesterfield, Virginia**  
**Ratios of General Obligation Bonded Debt Outstanding**  
**Last Ten Fiscal Years**  
**(unaudited)**

<b>Fiscal year</b>	<b>General obligation bonds outstanding</b>	<b>Estimated population <sup>(1)</sup></b>	<b>Per capita</b>	<b>Assessed value of taxable property <sup>(3)</sup></b>	<b>Ratio to assessed value</b>
2014	411,873,615	328,000	1,256	36,189,644,067	1.14
2015	371,651,300	332,000	1,119	37,672,537,511	0.99
2016	423,290,121	335,000	1,264	39,213,783,686	1.08
2017	472,910,798	339,000	1,395	41,024,438,830	1.15
2018	425,704,111	344,000	1,238	43,167,414,360	0.99
2019	449,187,980	349,000	1,287	45,515,188,410	0.99
2020	516,342,898	353,000	1,463	48,284,475,464	1.07
2021	535,276,496	365,000	1,467	51,787,479,112	1.03
2022	616,466,224	371,000	1,662	59,573,554,295	1.03
2023	679,220,260	378,000	1,797	64,224,533,890	1.06

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*Source:*

*(1) U.S. Census Bureau.*

*(2) Assessed value of taxable property - Chesterfield County Assessor's office.*

**County of Chesterfield, Virginia  
Pledged Revenue Coverage  
Last Ten Fiscal Years  
(unaudited)**

**Water and Sewer Revenue Bonds**

<b>Fiscal Year</b>	<b>Gross revenues <sup>(1)</sup></b>	<b>Less operating expenses <sup>(2)</sup></b>	<b>Net revenues available for debt service</b>	<b>Debt Service</b>		<b>Coverage</b>
				<b>Principal</b>	<b>Interest</b>	
2014	96,431,708	43,675,137	52,756,571	3,805,000	3,115,606	762
2015	97,137,443	43,572,048	53,565,395	3,935,000	2,979,931	775
2016	105,244,822	45,358,971	59,885,851	4,080,000	2,844,330	865
2017	114,862,024	46,368,663	68,493,361	4,855,000	2,130,832	980
2018	122,754,614	47,481,191	75,273,423	4,665,000	2,325,375	1077
2019	137,268,139	51,034,577	86,233,562	4,910,000	2,086,000	1233
2020	148,214,173	53,833,975	94,380,198	5,160,000	1,834,250	1349
2021	150,424,147	57,381,365	93,042,782	5,425,000	1,569,625	1330
2022	135,948,162	56,459,437	79,488,725	5,710,000	1,291,250	1135
2023	164,443,940	62,678,206	101,765,734	6,000,000	998,500	1454

*(1) Operating revenues, interest and connection fees as described in Note.*

*(2) Net of depreciation and amortization.*

**Note:**

Beginning September 1985, the Chesterfield County Utilities Department operated under the terms and conditions of bond resolutions requiring the County to fix, establish, and maintain rates and charges (including interest) sufficient to produce revenue of not less than the total of budgeted operating expenses and 115% of the debt service to become due during such fiscal year. The above revenues, expenses, and debt service relationships existed for the last ten fiscal years.

**County of Chesterfield, Virginia  
Demographic Statistics  
Last Ten Years  
(unaudited)**

<u>Year</u>	<u>Population</u> <sup>(1)</sup>	<u>Personal income</u> <sup>(2)</sup> <u>(\$000)</u>	<u>Per capita income</u> <sup>(2)</sup>	<u>Unemployment rate</u> <sup>(3)</sup>	<u>Median age</u> <sup>(1)</sup>
2014	328,000	\$ 15,032,924	\$ 45,886	5.2 %	37.5
2015	332,000	15,610,023	47,005	4.5	37.9
2016	335,000	16,536,584	49,375	4.0	38.0
2017	339,000	17,105,523	50,536	3.7	38.2
2018	344,000	17,927,605	52,225	3.1	38.6
2019	349,000	18,703,417	53,702	2.7	38.8
2020	353,000	19,428,723	55,070	8.5	38.9
2021	365,000	20,524,361	56,231	4.3	38.9
2022	371,000	21,341,503	57,524	2.9	39.2
2023	378,000	22,232,980	58,817	2.8	39.2

**Sources:**

(1) U. S. Census Bureau.

(2) U. S. Bureau of Economic Analysis (BEA) (prior years' estimates are updated periodically). Per Capita Income for 2021 and 2022 is based on a trend average of 2013 - 2020. Personnel income amounts for 2022-2023 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.

(3) Virginia Employment Commission (prior years' rates are updated periodically).

County of Chesterfield, Virginia  
Principal Private Employers  
Current Year and Nine Years Ago  
(unaudited)

<u>Employer</u>	2023 <sup>(1)</sup>			2013 <sup>(2)</sup>		
	<u>Employee Class Size</u>	<u>Rank<sup>(4)</sup></u>	<u>Percentage<sup>(3)</sup> of total civilian labor force</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of total civilian labor force</u>
Amazon Com KYDC Inc.	1000 and over	1	0.98%	1,100	8	0.62%
Maximus Services LLD	1000 and over	1	0.98			
United Parcel Service	1000 and over	1	0.98	1,967	2	1.11
HCA Virginia Health System/C.J.W. Medical Center	1000 and over	1	0.98	1,267	4	0.71
E.I. duPont De Nemours Co.	1000 and over	1	0.98	2,482	1	1.40
Wal-Mart Stores Inc.	1000 and over	1	0.98	1,555	3	0.88
Hill Phoenix	1000 and over	1	0.98	1,250	5	0.70
Kroger	1000 and over	1	0.98	1,225	6	0.69
Food Lion	1000 and over	1	0.98			
Bon Secours Health System/St. Francis Medical Center	1000 and over	1	<u>0.98</u>	1,150	7	0.65
Capital One Financial Corp.				1,069	9	0.60
Ukrop's/Martin's Super Markets, Inc.				1,059	10	<u>0.60</u>
Estimated total	<u>20,000</u>		<u>10.70 %</u>	<u>14,124</u>		<u>7.96%</u>
Total civilian labor force <sup>(1)</sup>	203,602			177,669		

Source: (1) Virginia Employment Commission

(2) Chesterfield County Economic Development Department reported as of January 2013

(3) Percentages are based on the midpoint of the employment range

(4) Rankings are based on the midpoint of the employment range

**County of Chesterfield, Virginia**  
**Full-time County Employees by Function**  
**Last Ten Fiscal Years**  
**(unaudited)**

<u>Function</u>	<u>2014</u>	<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>
<b>Governmental activities</b>										
General government	459	467	478	478	467	477	476	462	470	470
Administration of justice	156	150	158	159	153	161	162	170	171	171
Public safety:										
Fire	469	466	488	495	486	490	513	519	535	535
Police	595	601	608	621	608	609	653	669	672	672
Sheriff	253	250	269	256	256	257	268	267	275	275
Other	184	198	200	196	194	198	203	198	195	195
Total public safety	<u>1,501</u>	<u>1,515</u>	<u>1,565</u>	<u>1,568</u>	<u>1,544</u>	<u>1,554</u>	<u>1,637</u>	<u>1,653</u>	<u>1,677</u>	<u>1,677</u>
Public works	138	136	140	142	141	154	148	154	156	156
Health and welfare	574	570	576	544	585	600	621	589	612	612
Parks, recreation and cultural	165	164	162	179	175	189	186	193	204	204
Community development	71	75	73	77	87	89	85	86	87	87
Total governmental activities	<u>3,064</u>	<u>3,077</u>	<u>3,151</u>	<u>3,147</u>	<u>3,151</u>	<u>3,224</u>	<u>3,315</u>	<u>3,307</u>	<u>3,377</u>	<u>3,377</u>
<b>Business-type activities <sup>(1)</sup></b>										
Water	148	149	150	152	151	152	151	153	151	151
Wastewater	124	129	129	122	125	130	128	128	122	122
Airport	3	3	3	3	3	3	2	3	3	3
Total business-type activities	<u>275</u>	<u>281</u>	<u>282</u>	<u>277</u>	<u>279</u>	<u>285</u>	<u>281</u>	<u>284</u>	<u>276</u>	<u>276</u>
 Grand total	 <u>3,339</u>	 <u>3,358</u>	 <u>3,433</u>	 <u>3,424</u>	 <u>3,430</u>	 <u>3,509</u>	 <u>3,596</u>	 <u>3,591</u>	 <u>3,653</u>	 <u>3,653</u>
 Number of County employees per 1,000 population	 10.2	 10.1	 10.2	 10.1	 10.0	 10.1	 10.2	 9.8	 9.8	 9.7

Source: Chesterfield County Accounting Department

(1) Economic Development Authority has no employees.

**County of Chesterfield, Virginia**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years**  
**(unaudited)**

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Police</b>										
Police Activities <sup>(1)</sup>	730,179	693,517	677,212	683,042	652,326	620,027	665,250	637,749	597,920	587,390
IBR Group A Incidents/Part 1 Offenses	16,242	16,044	16,432	16,588	16,147	16,147	15,462	13,885	14,116	15,200
IBR Group A Clearance Rate/Uniform Clearance Rate <sup>(9)</sup>	53%	50%	51%	48%	48%	46%	49%	44%	44%	N/A
Average Response Time for Priority 1 (life threatening calls)	3.93 min.	3.79 min.	3.57 min.	3.57 min.	4.19 min.	4.07 min.	3.97 min.	4.08 min.	4.28 min.	4.51 min.
<b>Fire and EMS</b>										
Emergency operations dispatches	36,881	38,184	39,756	41,725	42,532	43,107	42,699	44,794	49,627	49,996
Emergency medical ambulance dispatches	28,319	29,122	29,731	32,515	34,586	34,235	33,297	34,694	39,124	38,859
Fire engine medical support calls	11,218	11,107	11,178	13,491	14,489	15,435	15,204	17,416	18,757	14,902
Firefighter staffed ambulance calls	24,789	24,372	25,598	27,633	28,737	29,787	29,162	30,493	35,013	35,325
Building inspections conducted	3,092	2,675	3,277	3,190	3,354	3,313	3,372	4,323	4,217	4,141
Construction plans reviewed	911	1,100	1,150	1,222	1,362	1,276	1,307	1,006	1,101	1,285
<b>Library</b> <sup>(2) (5)</sup>										
Total circulation <sup>(3)</sup>	5,081,592	6,472,601	5,348,564	5,674,592	2,798,632	2,837,082	2,276,766	2,205,169	2,550,426	2,902,941
Number of visitors <sup>(6)</sup>	3,927,804	3,661,350	3,214,190	3,242,218	4,098,014	4,883,712	5,741,044	4,537,955	6,535,181	7,164,966
Number of reference and general assistance questions <sup>(6) (8)</sup>	3,355,392	10,180,296	10,280,044	13,654,770	5,107,832	4,871,570	5,677,695	4,481,580	6,291,501	7,028,284
Number of public access computer sessions <sup>(4)</sup>	565,293	698,891	440,464	622,933	802,629	423,168	292,135	90,154	118,971	128,572
<b>Elections</b>										
Registered voters	222,826	220,903	228,605	234,134	239,116	242,291	250,266	260,274	265,633	268,840
<b>Utilities</b>										
Water customers serviced	104,447	105,847	107,212	108,949	110,584	112,475	114,660	117,233	119,240	120,978
Wastewater customers serviced	88,122	89,406	90,660	92,223	93,874	95,604	97,570	99,998	101,858	103,348
<b>Parks and Recreation</b>										
Number of park visitors	N/A <sup>(7)</sup>	5,335,987	5,810,922	6,383,686	6,676,771	6,392,693	6,630,991	6,995,353	6,412,610	6,200,000
Cost per visitor	N/A <sup>(7)</sup>	0.27 \$	0.22 \$	0.15	N/A	N/A	N/A	N/A	N/A	N/A

Source: County Departments providing the service

(1) Fiscal years 2011 and 2012 counts were updated in fiscal year 2013 to reflect consistent reporting. Beginning in fiscal year 2017, this category included written warnings.

(2) Beginning on July 1, 2011, libraries were open one less day per week. Library hours were restored in September 2016.

(3) Beginning in fiscal year 2012, includes traditional and electronic total circulation.

(4) Beginning in fiscal year 2012, is also included in total circulation.

(5) Beginning in fiscal year 2013, all library statistics include digital patronage.

(6) The Bon Air Library was closed for renovations for half of fiscal year 2014.

(7) Visitor counts are not available for fiscal year 2014.

(8) Beginning in fiscal year 2015, adjustments were made to the method of capturing customer initiated metrics.

(9) Beginning on January 1, 2019, IBR Group A Incidents include Animal Cruelty. FY23 Data is unavailable.

N/A = Not available

**County of Chesterfield, Virginia  
Capital Asset Statistics by Function  
Last Ten Fiscal Years  
(unaudited)**

	<u>2014</u>	<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>
<b>Airport</b>										
Number of airplane hangars	110	110	110	110	110	110	110	110	110	110
<b>Police</b>										
Number of stations	4	4	4	5	5	5	5	5	5	5
<b>Fire Protection</b>										
Number of fire companies	21	22	22	22	22	22	22	23	23	23
<b>Library</b>										
Number of facilities	9	9	10	10	10	10	10	10	10	10
<b>Utilities</b>										
Water line in system (miles)	1,902	1,920	1,946	1,971	1,993	2,014	2,048	2,068	2,090	2,121
Wastewater line in system (miles)	2,000	2,022	2,044	2,077	2,104	2,126	2,165	2,190	2,210	2,243
<b>Parks and Recreation</b> <sup>(1)</sup>										
Number of parks	52	52	54	56	57	57	62	65	67	67
Park acreage	4,535	4,561	4,625	4,863	5,131	5,131	5,165	5,240	5,138	5,165
Number of athletic complexes maintained	11	11	11	12	12	12	11	11	12	12

*Source: County Departments providing the*

*(1) Information includes sites and acreage available to the public as a result of partnership agreements.*

## COMPLIANCE SECTION



**Report of Independent Auditor on Internal Control over Financial Reporting and on  
Compliance with Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 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 3, 2023. Our report includes a reference to other auditors who audited the financial statements of the Central Virginia Transportation Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered 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* and one matter required to be reported in accordance with the *Specifications for Audits of Counties, Cities, and Towns*, as described in the accompanying schedule of findings and questioned costs as item 2023-001.

**County's Response to Finding**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 3, 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 Chesterfield, Virginia

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the County of Chesterfield, 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.

*Cherry Bekaert LLP*

Richmond, Virginia  
November 3, 2023

**COUNTY OF CHESTERFIELD, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

*FOR THE YEAR ENDED JUNE 30, 2023*

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**A. Section I – Summary of Auditor’s Results**

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of the financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>AL Number</u>	<u>Name of Federal Program and Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
21.027	COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (ARPA)
84.010	Title I, Part A
84.425	COVID-19 – Education Stabilization Fund

10. Dollar threshold used to distinguish between type A and type B programs: **\$3,000,000**
11. County of Chesterfield qualifies as a low-risk auditee under Section 530 of Uniform Guidance

**B. Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards**

None reported.

**C. Section III – Findings and Questioned Costs Relating to Federal Awards**

None reported.

**COUNTY OF CHESTERFIELD, VIRGINIA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)**

*FOR THE YEAR ENDED JUNE 30, 2023*

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**D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants**

**2023-001: Non-material Noncompliance – Statement of Economic Interests**

**Criteria:** Section 2.2-3115 of the *Code of Virginia* requires local officials to file a Statement of Economic Interests, Real Estate Disclosure Form, or Financial Disclosure Form, as applicable, with the clerk of the governing body by February 1<sup>st</sup> or prior to assuming office or taking employment to disclose personal financial interests that may cause conflicts. Additionally, the Virginia Conflict of Interest and Ethics Advisory Council requires that the local official may not sign, date, or submit a form for the regular annual filing period prior to January 1<sup>st</sup> each year.

**Condition:** One (1) member of the County's Board of Supervisors (the "Board") did not file a required Statement of Economic Interests prior to assuming office on November 16, 2022.

**Cause:** The County has a process in place to ensure that Statement of Economic Interests, Real Estate Disclosure Form or Financial Disclosure Forms, as applicable, are filed with the Clerk to the Board of Supervisors (the "Clerk") by February 1<sup>st</sup> or prior to assuming office when elected during the typical election cycle. The time span between the special election and the incumbent assuming office was less than 10 days whereas the Clerk is required to provide the official with the relevant forms no less than 20 days prior to the filing deadline pursuant to Section 2-3115 D. The required forms were filed with the Clerk to the governing body within 12 days of the election and 4 days after the Board member being sworn in.

**Effect:** Noncompliance may result in a penalty imposed on the Board member.

**Questioned Cost:** Non-financial finding.

**Recommendation:** Local government officials should complete the Statement of Economic Interests, Real Estate Disclosure Forms, or Financial Disclosure Statement, as applicable, in accordance with prescribed requirements.

**Views of Responsible Officials and Planned Corrective Action:**

**Responsible Person:** Clerk to the Board, Sara Hall

**Estimated Completion:** November 3, 2023

**Corrected Action:** Elected official on-boarding checklist has been updated to include requirements for off-cycle elections including Section 2.2-3115 *Code of Virginia* time requirements for filing Statement of Economic Interests, Real Estate Disclosure Form or Financial Disclosure Forms. Staff responsible for coordinating the filing of these forms have been reminded of the requirements and will continue to support elected officials by making them aware of these requirements and providing them with the required forms no less than 20 days prior to the filing deadline for a typical election cycle or prior to the elected official assuming office for an off-cycle election.

**E. Section V – Status of Prior Year Findings**

None reported.

This report was prepared by the Accounting Department  
Chesterfield County, Chesterfield, Virginia, 23832

## ACCOUNTING DEPARTMENT EMPLOYEES

*Russ Abernathy  
June Albrecht  
Debbie Baicy  
Patricia Baskerville  
Gina Borrero  
Angela Borum  
Mattie Brown  
Stephanie Burton  
Rebecca Clements  
Wendy Clements  
Kimberly Collette  
Kathy Cyckowski*

*Dana Davis  
Michael Davis  
Elizabeth Fritts  
Kimberly Ganzert  
Anna Hall  
Whitley Hooker  
Susan Kern  
Lorraine Kosobucki  
Susan Kern  
Diane Lanier  
Kiara Lewis  
Tiffany Millis*

*Kathy Morris  
Loretta Otey  
John Palco  
Kevin Payne  
Shelly Pignona  
Bridget Pillow  
Maria Quijano  
Nicole Reilly  
Martha Reiss  
Drecilla Smith  
Kristie Smith  
LeShan Smith*

*Zoie Smith  
Kristie Szafranski  
Jessica Tankersley  
Lindsey Thornton  
Logan Tollison  
Iesha Waller-Morris  
Peggy Walsh  
Connor Westerfield  
Catie Wilson  
Consuela Wilson  
Susan Worrell*

*Cover photo:*

*Chesterfield County awarded 2023 Regional Top Workplace Award  
Chesterfield County Fair  
Magnolia Green Fire Station Dedication  
River City Sportsplex Community Cup  
Economic Initiatives at Meadowville Technology Park*



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# ANNUAL COMPREHENSIVE FINANCIAL REPORT



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FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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CHESTERFIELD COUNTY, VIRGINIA

This document was prepared by the Accounting Department.  
For comments or questions call 804-748-1673 or email [contactacctg@chesterfield.gov](mailto:contactacctg@chesterfield.gov)