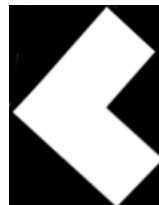


County of Henry, Virginia
Annual Comprehensive Financial Report
Year Ended June 30, 2023



***Creedle, Jones
& Associates, P.C.***
Certified Public Accountants

County of Henry, Virginia

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FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Henry, 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 discretely presented component units, and each major fund of the County of Henry, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Henry, Virginia's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. 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 of Henry, Virginia and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, Subscription-Based Information Technology Arrangements and No. 94, Public-Public Partnerships and Availability Payment Arrangements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, 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 of Henry, Virginia's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Henry, Virginia's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-8 and budgetary comparison information and schedules related to pension and OPEB on pages 102–111, 112-117, and 118-133 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 of Henry, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other 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.

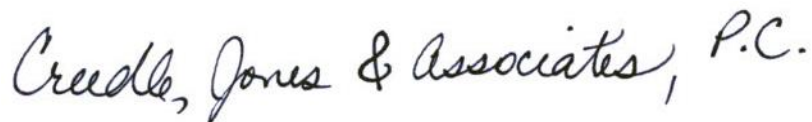
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the statistical section 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 December 14, 2023, on our consideration of the County of Henry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Henry, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Henry, Virginia's internal control over financial reporting and compliance.



Creddie, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 14, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Henry, Virginia presents the following discussion and analysis as an overview of the County of Henry, Virginia's financial activities for the fiscal year ending June 30, 2023. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

Financial Highlights

At the close of the fiscal year, the assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources by \$123,622,471. Of this amount, \$94,318,764 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by \$1,268,554 with an unrestricted balance of \$177,914.

The County's total net position increased by \$41,286,047 during the current fiscal year. Of this amount, an increase of \$41,329,436 is related to governmental activities and a decrease of \$43,389 is attributed to business-type activities.

As of June 30, 2023, the County's Governmental Funds reported combined ending fund balances of \$106,301,707, an increase of \$38,756,609 in comparison with the prior year. Approximately 35.77% of this amount is available for spending at the County's discretion (unassigned fund balance).

At the end of fiscal year 2023, the general fund's unassigned fund balance was \$38,023,250, or approximately 58.01% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information about the County as a whole using accounting methods similar to those found in the private sector. They also report the County's net position and how they have changed during the fiscal year.

Statement of Net Position: presents information on all of the County's assets and liabilities. The difference between a) assets and deferred outflows of resources and b) liabilities and deferred inflows of resources can be used as one way to measure the County's financial health or financial condition. Over time, increases or decreases in the net position can be one indicator of whether the County's financial condition is improving or deteriorating. Other nonfinancial factors will also need to be considered, such as changes in the County's property tax base and the condition of County facilities.

Statement of Activities: presents information using the accrual basis accounting method and shows how the County's net position changed during the fiscal year. All of the current year's revenues and expenses are shown in the Statement of Activities, regardless of when cash is received or paid.

The government-wide financial statements distinguish governmental activities from business-type activities identified as the primary government. The governmental activities of the County include general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation and cultural, community development, and education. Philpott Marina activities represent the business-type activities.

Furthermore, the government-wide financial statements include legally separate entities, the school board and the Industrial Development Authority, for which the County is financially accountable. The County is the fiscal agent for the Henry-Martinsville Social Services, which is supported by funds from the Federal government, Commonwealth of Virginia, County General Fund, and the City of Martinsville, Virginia. Financial information for component units is reported separately from the financial information presented for the primary government itself.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single aggregated presentation.

The County has 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 that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects Funds, all of which are considered to be major funds.

Proprietary Funds – The County uses an Enterprise Fund which operates in a manner similar to private business enterprises. Costs are recovered primarily through user charges. Proprietary Fund financial statements provide both long and short-term financial information. The County uses an Internal Service Fund to account for financing of goods and services provided by one department or agency to other departments or agencies of the County government.

Fiduciary Funds – The County is the trustee, or fiduciary, for the County's custodial funds. Custodial funds utilize the accrual basis of accounting described in the Governmental Fund presentation. Since by definition, these assets are being held for the benefit of a third party and cannot be used to support activities or obligations of the government, these funds are not incorporated into the government-wide financial statements.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information such as budgetary comparison schedules.

Governmental accounting and reporting standards also require reporting certain information about the County's other postemployment benefits as required supplementary information. The County has elected to include this information within the notes to the basic financial statements.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Assets						
Current and other assets	\$ 123,439,602	\$ 92,332,927	\$ 282,007	\$ 273,062	\$ 123,721,609	\$ 92,605,989
Capital assets (net)	121,776,014	125,607,444	1,090,640	1,165,508	122,866,654	126,772,952
Total Assets	245,215,616	217,940,371	1,372,647	1,438,570	246,588,263	219,378,941
Deferred Outflows of Resources	4,316,275	5,191,541	-	-	4,316,275	5,191,541
Total Assets and Deferred Outflows of Resources	\$ 249,531,891	\$ 223,131,912	\$ 1,372,647	\$ 1,438,570	\$ 250,904,538	\$ 224,570,482
Liabilities						
Current and other liabilities	\$ 4,919,426	\$ 15,529,974	\$ 104,093	\$ 126,627	\$ 5,023,519	\$ 15,656,601
Long-term liabilities	115,494,982	115,457,967	-	-	115,494,982	115,457,967
Total Liabilities	120,414,408	130,987,941	104,093	126,627	120,518,501	131,114,568
Deferred Inflows of Resources	5,495,012	9,850,936	-	-	5,495,012	9,850,936
Net Position						
Net investment in capital assets	22,504,209	26,292,952	1,090,640	1,165,508	23,594,849	27,458,460
Restricted	6,799,498	8,974,704	-	-	6,799,498	8,974,704
Unrestricted	94,318,764	47,025,379	177,914	146,435	94,496,678	47,171,814
Total Net Position	123,622,471	82,293,035	1,268,554	1,311,943	124,891,025	83,604,978
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 249,531,891	\$ 223,131,912	\$ 1,372,647	\$ 1,438,570	\$ 250,904,538	\$ 224,570,482

The County's combined net position at June 30, 2023 of \$124,891,025 represents an increase of \$41,286,047 from the combined net position at June 30, 2022. 18.89% of the County's net position is reflected in its net investment in capital assets. The County uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. 75.67% of total net position is unrestricted and available for providing services to the citizens of the County and satisfying creditors. The remaining 5.44% of net position is restricted for other capital projects.

Statement of Activities

The following table summarizes revenues and expenses for the primary government:

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Revenues						
Program Revenues						
Charges for services	\$ 731,221	\$ 575,541	\$ 208,705	\$ 217,755	\$ 939,926	\$ 793,296
Grants and contributions	36,911,613	13,465,153	-	-	36,911,613	13,465,153
General Revenues						
General property taxes, real and personal	31,419,465	30,293,383	-	-	31,419,465	30,293,383
Other taxes	24,235,316	20,894,156	-	-	24,235,316	20,894,156
Grants and contributions not restricted to specific programs	11,845,724	5,799,635	-	-	11,845,724	5,799,635
Unrestricted revenues from use of money and property	2,702,532	443,504	-	-	2,702,532	443,504
Miscellaneous	85,633	838,580	-	-	85,633	838,580
Total Revenues	107,931,504	72,309,952	208,705	217,755	108,140,209	72,527,707
Expenses						
General government administration	2,381,188	3,440,974	-	-	2,381,188	3,440,974
Judicial administration	3,288,201	3,399,134	-	-	3,288,201	3,399,134
Public safety	26,463,216	21,199,420	-	-	26,463,216	21,199,420
Public works	4,702,284	3,777,127	-	-	4,702,284	3,777,127
Health and welfare	5,662,337	5,350,881	-	-	5,662,337	5,350,881
Education	12,474,653	17,687,517	-	-	12,474,653	17,687,517
Parks, recreation, and cultural	2,295,922	2,578,597	262,749	254,261	2,558,671	2,832,858
Community development	5,636,216	5,746,618	-	-	5,636,216	5,746,618
Interest on long-term debt	3,687,396	3,421,495	-	-	3,687,396	3,421,495
Total Expenses	66,591,413	66,601,763	262,749	254,261	66,854,162	66,856,024
Change in Net Position Before Transfers	41,340,091	5,708,189	(54,044)	(36,506)	41,286,047	5,671,683
Transfers	(10,655)	-	10,655	-	-	-
Change in Net Position	41,329,436	5,708,189	(43,389)	(36,506)	41,286,047	5,671,683
Beginning Net Position	82,293,035	76,584,846	1,311,943	1,348,449	83,604,978	77,933,295
Ending Net Position	\$ 123,622,471	\$ 82,293,035	\$ 1,268,554	\$ 1,311,943	\$ 124,891,025	\$ 83,604,978

Governmental activities increased the County's net position by \$41,329,436 for fiscal year 2023. Revenues from governmental activities totaled \$107,931,504. Grants and contributions comprise the largest source of these revenues, totaling \$36,911,613 or 34.20% of all governmental activities revenue. Business-type activities revenues totaled \$208,705 and expenses totaled \$262,749, decreasing the net position by \$43,389.

The total cost of all governmental activities for this fiscal year was \$66,591,413. Public safety was the County's largest program with expenses totaling \$26,463,216. Education, which totals \$12,474,653, represents the second largest expense.

For the County's governmental activities, the net expense (total cost less fees generated by the activities and program-specific governmental aid) is illustrated in the following table:

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General government administration	\$ 2,381,188	\$ (1,796,903)	\$ 3,440,974	\$ (2,363,021)
Judicial administration	3,288,201	(1,772,207)	3,399,134	(1,990,886)
Public safety	26,463,216	4,466,929	21,199,420	(12,851,424)
Public works	4,702,284	(3,235,269)	3,777,127	(3,494,570)
Health and welfare	5,662,337	(2,817,507)	5,350,881	(2,796,102)
Parks, recreation, and cultural	2,295,922	(2,118,493)	2,578,597	(2,457,368)
Community development	5,636,216	(5,513,080)	5,746,618	(5,498,686)
Education	12,474,653	(12,474,653)	17,687,517	(17,687,517)
Interest on long-term debt	<u>3,687,396</u>	<u>(3,687,396)</u>	<u>3,421,495</u>	<u>(3,421,495)</u>
Total	<u>\$ 66,591,413</u>	<u>\$ (28,948,579)</u>	<u>\$ 66,601,763</u>	<u>\$ (52,561,069)</u>

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of \$106,301,707. The combined governmental fund balance increased \$38,756,609 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of \$38,023,250. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 58.01% of total fund expenditures, while total fund balance represents 161.84% of that same amount.

The General Fund contributed operating funds to finance the component units as follows: \$14,877,331 School Board operations, \$2,914,931 to finance the Industrial Development Authority, and \$971,529 to the Social Services Board.

The Special Grant Projects Fund has a total fund balance of \$163,106, all of which is assigned for ongoing and future grant projects.

BUDGETARY HIGHLIGHTS

General Fund

The following table provides a comparison of original budget, final budget, and actual revenues and expenditures in the General Fund:

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2023 and 2022

	<u>2023</u>			<u>2022</u>		
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues						
Taxes	\$ 30,113,162	\$ 29,691,310	\$ 31,296,370	\$ 29,006,699	\$ 29,006,699	\$ 29,890,472
Other	26,908,070	29,825,538	31,223,520	23,488,060	24,342,150	26,096,129
Intergovernmental	15,076,198	43,516,530	44,107,252	11,801,511	23,747,259	16,031,534
Total	72,097,430	103,033,378	106,627,142	64,296,270	77,096,108	72,018,135
Expenditures	69,882,396	130,054,473	65,542,424	63,756,282	120,757,709	81,887,621
Excess (Deficiency) of Revenues Over Expenditures	2,215,034	(27,021,095)	41,084,718	539,988	(43,661,601)	(9,869,486)
Other Financing Sources (Uses)						
Subscription liabilities issued	-	-	6,761	-	-	-
Transfers in (out)	(2,215,034)	(2,821,873)	(2,300,131)	(1,936,211)	(2,513,842)	(2,127,411)
Total	(2,215,034)	(2,821,873)	(2,293,370)	(1,936,211)	(2,513,842)	(2,127,411)
Net Change in Fund Balance Before Transfer from Surplus	-	(29,842,968)	38,791,348	(1,396,223)	(46,175,443)	(11,996,897)
Transfer from Surplus Funds	-	29,842,968	-	1,396,223	46,175,443	-
Change in Fund Balance	\$ -	\$ -	\$ 38,791,348	\$ -	\$ -	\$ (11,996,897)

Final amended budget revenues exceeded the original budget by \$30,935,948.

The final amended budget appropriations for expenditures exceeded the original appropriation by \$60,172,077 primarily due to appropriations carried forward on encumbrances, open grants, incomplete capital projects and new funding from the American Rescue Plan Act.

Actual revenues were more than final budget amounts by \$3,593,764, or 3.49%, while actual expenditures were \$64,512,049, or 49.60% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2023, the County's governmental activities net capital assets after allocation of net school buildings with outstanding debt total \$121,776,014, which represents a net decrease of \$3,831,430 or 3.06% over the previous fiscal year-end balance. The business-type activities net capital assets total \$1,090,640, a decrease of \$74,868 or 6.42% over the previous fiscal year.

Change in Capital Assets

Primary Government

Governmental Activities

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Land	\$ 3,450,814	\$ (80,000)	\$ 3,370,814
Construction-in-progress	1,426,100	(88,807)	1,337,293
Land improvements	6,672,732	-	6,672,732
Buildings and improvements	93,177,975	379,853	93,557,828
Furniture, equipment, and vehicles	23,179,691	192,280	23,371,971
Total Capital Assets	127,907,312	403,326	128,310,638
Less: Accumulated depreciation and amortization	(34,496,855)	(3,107,869)	(37,604,724)
Total Capital Assets, Net Before Allocation of Schools	<u>\$ 93,410,457</u>	<u>\$ (2,704,543)</u>	<u>90,705,914</u>
Allocation of net school buildings with outstanding debt			<u>30,940,340</u>
Total Capital Assets, Net			<u>\$ 121,646,254</u>
Lease assets	\$ 374,067	\$ -	\$ 374,067
Less: Accumulated amortization	(124,689)	(124,689)	(249,378)
Total Lease Assets, Net	<u>\$ 249,378</u>	<u>\$ (124,689)</u>	<u>\$ 124,689</u>
SBITA assets	\$ -	\$ 6,761	\$ 6,761
Less: Accumulated amortization	-	1,690	1,690
Total SBITA Assets, Net	<u>\$ -</u>	<u>\$ 5,071</u>	<u>\$ 5,071</u>

Business-Type Activities

	<u>Balance July 1, 2022</u>	<u>Net Additions and Deletions</u>	<u>Balance June 30, 2023</u>
Land and land improvements	\$ 90,468	\$ -	\$ 90,468
Buildings and improvements	1,390,505	-	1,390,505
Furniture, equipment, and vehicles	201,534	-	201,534
Total Capital Assets	1,682,507	-	1,682,507
Less: Accumulated depreciation and amortization	(516,999)	(74,868)	(591,867)
Total Capital Assets, Net	<u>\$ 1,165,508</u>	<u>\$ (74,868)</u>	<u>\$ 1,090,640</u>

Long-Term Debt

As of June 30, 2023, the County's long-term obligations total \$109,421,370.

	Balance July 1, 2022	Net Additions and Deletions	Balance June 30, 2023
Governmental Activities			
General obligation bonds	\$ 18,492,660	\$ (1,622,212)	\$ 16,870,448
Moral obligation bonds	1,003,663	(119,248)	884,415
Lease Revenue Public Facility	66,300,000	(105,000)	66,195,000
Grant Revenue Anticipation Notes	19,515,000	-	19,515,000
Landfill obligation	277,954	19,735	297,689
Compensated absences	<u>2,964,255</u>	<u>222,362</u>	<u>3,186,617</u>
	108,553,532	(1,604,363)	106,949,169
Add: Premiums	3,342,301	(277,957)	3,064,344
Less: Discounts	<u>(613,806)</u>	<u>21,663</u>	<u>(592,143)</u>
Total Governmental Activities	<u>\$111,282,027</u>	<u>\$ (1,860,657)</u>	<u>\$ 109,421,370</u>

General obligation indebtedness must be approved by voter referendum prior to issuance except for debt incurred from the State Literary Fund or the Virginia Public School Authority.

More detailed information on the County's long-term obligations is presented in Note 11 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2024 budget.

The average unemployment rate for the County of Henry, Virginia in June 2023 was 3.5%, an increase of 0.3% from June 2022. This compares unfavorably to the state's rate of 2.8% and favorably to the national rate of 3.8%.

The latest estimate by University of Virginia Weldon Cooper Center for Public Service is a population of 48,835 a decrease of 4.1% from the 2020 U.S. Census.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2024, which accounts for most of the County's operational costs. The fiscal year 2024 Adopted Budget anticipates General Fund revenues and expenditures to be \$76,785,031, a 6.50% increase over the fiscal year 2023 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, 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. Questions concerning this report or requests for additional information should be directed to the County of Henry, Chief Financial Officer, P. O. Box 7, Collinsville, Virginia 24078-0007, telephone 276-634-4630, or visit the County's website at www.henrycountyva.gov.

BASIC FINANCIAL STATEMENTS



County of Henry, Virginia

Statement of Net Position

At June 30, 2023

	Primary Government			Component Units		
	Governmental	Business-Type	Total	School	Industrial	Henry-
	Activities	Activities	Primary	Board	Development	Martinsville
			Government		Authority	Social Services
Assets						
Current assets						
Cash	\$ 93,529,592	\$ 200	\$ 93,529,792	\$ 4,174,253	\$ 1,769,597	\$ 112,903
Cash - restricted	6,799,498	-	6,799,498	46,436	-	-
Investments	9,854,323	-	9,854,323	-	-	-
Receivables, net	6,815,761	416	6,816,177	92,764	-	3,735
Due from County of Henry, Virginia - primary government	-	-	-	-	1,087,814	-
Internal balances	(267,880)	267,880	-	-	-	-
Due from component units	154,166	-	154,166	-	-	-
Due from other governments/agencies	5,517,752	-	5,517,752	6,494,915	252,858	1,085,415
Lease receivables, current portion	186,401	-	186,401	-	-	-
Inventory	30,518	13,511	44,029	-	18,469,867	-
Investment in CCAT Leveraged Lender, LLC	-	-	-	-	3,753,639	-
Total Current Assets	122,620,131	282,007	122,902,138	10,808,368	25,333,775	1,202,053
Noncurrent Assets						
Lease receivable, noncurrent	707,018	-	707,018	-	-	-
Capital Assets						
Nondepreciable assets	4,708,107	-	4,708,107	7,200,375	-	-
Depreciable assets, net	116,938,147	1,090,640	118,028,787	36,360,471	-	104,921
Lease assets, net	124,689	-	124,689	-	-	-
Subscription assets, net	5,071	-	5,071	103,536	-	-
Capital Assets, Net	121,776,014	1,090,640	122,866,654	43,664,382	-	104,921
Total Noncurrent Assets	122,483,032	1,090,640	123,573,672	43,664,382	-	104,921
Other Assets						
Net OPEB asset	112,453	-	112,453	-	-	136,820
Net pension asset	-	-	-	-	-	-
Total Other Assets	112,453	-	112,453	-	-	136,820
Total Assets	245,215,616	1,372,647	246,588,263	54,472,750	25,333,775	1,443,794
Deferred Outflows of Resources						
OPEB	497,094	-	497,094	2,197,871	-	117,636
Pension	3,819,181	-	3,819,181	11,439,946	-	954,795
Total Deferred Outflows of Resources	4,316,275	-	4,316,275	13,637,817	-	1,072,431
Total Assets and Deferred Outflows of Resources	\$ 249,531,891	\$ 1,372,647	\$ 250,904,538	\$ 68,110,567	\$ 25,333,775	\$ 2,516,225
Liabilities						
Current Liabilities						
Accounts payable	\$ 1,265,027	\$ 8,255	\$ 1,273,282	\$ 1,448,566	\$ 105,801	\$ -
Accrued payroll and other liabilities	453,651	6,605	460,256	5,287,459	-	62,757
Accrued interest	831,244	-	831,244	-	-	-
Claims payable	1,162,979	-	1,162,979	-	-	-
Unearned rents	-	89,233	89,233	-	-	-
Unearned grants	1,206,525	-	1,206,525	114,777	927,307	-
Due to other governments/agencies	-	-	-	-	-	-
Due to County of Henry, Virginia - primary government	-	-	-	102,684	-	1,139,296
Total Current Liabilities	4,919,426	104,093	5,023,519	6,953,486	1,033,108	1,202,053
Long-Term Liabilities						
Due within one year						
Bonds, loans, other	22,057,069	-	22,057,069	86,143	-	56,701
Leases	129,269	-	129,269	-	-	-
Subscription	1,592	-	1,592	54,373	-	-
Due in more than one year						
Landfill obligation	267,920	-	267,920	-	-	-
Compensated absences	2,867,955	-	2,867,955	775,285	-	510,306
Net pension liability	5,032,254	-	5,032,254	42,628,118	-	1,258,064
Leases	-	-	-	-	-	-
Subscription	3,378	-	3,378	-	-	-
Net OPEB liability	907,119	-	907,119	10,643,756	-	226,779
Bonds, loans, other	84,228,426	-	84,228,426	-	-	-
Total Long-Term Liabilities	115,494,982	-	115,494,982	54,187,675	-	2,051,850
Total Liabilities	120,414,408	104,093	120,518,501	61,141,161	1,033,108	3,253,903
Deferred Inflows of Resources						
Held for scholarships	-	-	-	56,436	-	-
Leases	865,136	-	865,136	-	-	-
OPEB	562,616	-	562,616	1,959,768	-	92,472
Pension	4,067,260	-	4,067,260	10,176,500	-	1,016,815
Total Deferred Inflows of Resources	5,495,012	-	5,495,012	12,192,704	-	1,109,287
Net Position						
Net investment in capital assets	22,504,209	1,090,640	23,594,849	43,610,009	-	104,921
Restricted	6,799,498	-	6,799,498	-	-	-
Unrestricted (deficit)	94,318,764	177,914	94,496,678	(48,833,307)	24,300,667	(1,951,886)
Total Net Position (Deficit)	123,622,471	1,268,554	124,891,025	(5,223,298)	24,300,667	(1,846,965)
Total Liabilities, Deferred Inflows of Resources, and Net Position	\$ 249,531,891	\$ 1,372,647	\$ 250,904,538	\$ 68,110,567	\$ 25,333,775	\$ 2,516,225

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

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

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government Business-Type Activities	Total	School Board	Industrial Development Authority	Henry-Martinsville Social Services
Primary Government										
Governmental Activities										
General government administration	\$ 2,381,188	\$ 99,810	\$ 484,475	\$ -	\$ (1,796,903)		\$ (1,796,903)			
Judicial administration	3,288,201	10,435	1,505,559	-	(1,772,207)		(1,772,207)			
Public safety	26,463,216	409,986	30,520,159	-	4,466,929		4,466,929			
Public works	4,702,284	93,567	1,373,448	-	(3,235,269)		(3,235,269)			
Health and welfare	5,662,337	-	2,844,830	-	(2,817,507)		(2,817,507)			
Parks, recreation, and cultural	2,295,922	117,423	60,006	-	(2,118,493)		(2,118,493)			
Community development	5,636,216	-	123,136	-	(5,513,080)		(5,513,080)			
Education - local school	12,412,239	-	-	-	(12,412,239)		(12,412,239)			
Education - community college	62,414	-	-	-	(62,414)		(62,414)			
Interest on long-term debt	3,687,396	-	-	-	(3,687,396)		(3,687,396)			
Total Governmental Activities	66,591,413	731,221	36,911,613	-	(28,948,579)		(28,948,579)			
Business-Type Activities										
Philpott Marina - Parks, Recreation, and Cultural	262,749	208,705	-	-		\$ (54,044)	(54,044)			
Total Business-Type Activities	262,749	208,705	-	-		(54,044)	(54,044)			
Total Primary Government	\$ 66,854,162	\$ 939,926	\$ 36,911,613	\$ -			(29,002,623)			
Component Units										
School Board										
Instruction	\$ 50,421,040	\$ 506,370	\$ 88,675,209	\$ -				\$ 38,760,539		
Administration, attendance, and health	3,858,841	-	-	-				(3,858,841)		
Pupil transportation	7,035,248	-	-	-				(7,035,248)		
Operation and maintenance	7,751,671	-	-	-				(7,751,671)		
School food service - cafeterias	6,263,177	426,269	5,977,893	-				140,985		
Special grants	11,688,852	-	-	-				(11,688,852)		
Facilities	5,426,340	-	-	-				(5,426,340)		
Technology	3,101,701	-	440,000	-				(2,661,701)		
Interest on long-term debt	1,938	-	-	-				(1,938)		
Total School Board	95,548,808	932,639	95,093,102	-				476,933		
Industrial Development Authority										
Economic development	6,435,550	-	3,581,097	-					\$ (2,854,453)	
Interest	-	-	-	-					-	
Total Industrial Development Authority	6,435,550	-	3,581,097	-					(2,854,453)	
Henry-Martinsville Social Services										
Health and welfare	8,956,905	-	8,387,633	-						\$ (569,272)
Total - Component Units	\$ 110,941,263	\$ 932,639	\$ 107,061,832	\$ -						(2,946,792)
General Revenues (Unrestricted)										
General property taxes					31,419,465	-	31,419,465	-	-	-
Other local taxes					24,235,316	-	24,235,316	-	-	-
Payments - County of Henry, Virginia					-	-	-	12,412,239	2,914,931	971,529
Unrestricted revenues from use of money and property					2,702,532	-	2,702,532	59,545	38,306	-
Miscellaneous					85,633	-	85,633	2,288,171	500,000	14,922
Grants and contributions not restricted to specific programs					11,845,724	-	11,845,724	-	8,643	-
Transfers in (out)					(10,655)	10,655	-	-	-	-
Total General Revenues and Transfers					70,278,015	10,655	70,288,670	14,759,955	3,461,880	986,451
Change in Net Position					41,329,436	(43,389)	41,286,047	15,236,888	607,427	417,179
Net Position (Deficit) - Beginning of Year					82,293,035	1,311,943	83,604,978	(20,460,186)	23,693,240	(2,264,144)
Net Position (Deficit) - End of Year					\$ 123,622,471	\$ 1,268,554	\$ 124,891,025	\$ (5,223,298)	\$ 24,300,667	\$ (1,846,965)

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

County of Henry, Virginia
Balance Sheet
Governmental Funds
At June 30, 2023

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Fieldale Sanitary District Fund	Special Grant Projects Fund	Total Governmental Funds
Assets							
Cash	\$ 85,026,499	\$ 7,891	\$ -	\$ -	\$ -	\$ -	\$ 85,034,390
Cash - restricted	6,799,498	-	-	-	-	-	6,799,498
Investments	9,854,323	-	-	-	-	-	9,854,323
Receivables - net							
Taxes	2,502,760	-	-	-	-	-	2,502,760
Licenses	12,371	-	-	-	-	-	12,371
Accounts	2,915,008	-	-	991	-	-	2,915,999
Due from other funds	946,188	-	-	63,086	-	153,531	1,162,805
Due from component units	1,245,732	-	-	-	-	-	1,245,732
Due from other governments/agencies	3,482,483	974,217	541,346	-	-	519,706	5,517,752
Lease receivable	893,419	-	-	-	-	-	893,419
Inventory	30,518	-	-	-	-	-	30,518
Total Assets	<u>\$ 113,708,799</u>	<u>\$ 982,108</u>	<u>\$ 541,346</u>	<u>\$ 64,077</u>	<u>\$ -</u>	<u>\$ 673,237</u>	<u>\$ 115,969,567</u>
Liabilities							
Accounts payable	\$ 533,305	\$ 548,780	\$ 8,905	\$ 1,072		\$ 124,756	\$ 1,216,818
Accrued liabilities	434,071	-	19,580	-	-	-	453,651
Due to other funds	484,496	433,328	512,861	-	-	-	1,430,685
Due to component units	1,091,566	-	-	-	-	-	1,091,566
Unavailable revenue - unearned grants	821,150	-	-	-	-	385,375	1,206,525
Total Liabilities	<u>3,364,588</u>	<u>982,108</u>	<u>541,346</u>	<u>1,072</u>	<u>-</u>	<u>510,131</u>	<u>5,399,245</u>
Deferred Inflows of Resources							
Unavailable revenue - taxes and licenses	2,275,623	-	-	-	-	-	2,275,623
Unavailable revenue - opioid settlement	1,127,856	-	-	-	-	-	1,127,856
Leases	865,136	-	-	-	-	-	865,136
Total Deferred Inflows of Resources	<u>4,268,615</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,268,615</u>
Fund Balances							
Nonspendable							
Inventories	30,518	-	-	-	-	-	30,518
Leases	28,283	-	-	-	-	-	28,283
Restricted	20,137,897	-	-	63,005	-	-	20,200,902
Committed							
Education	51,732	-	-	-	-	-	51,732
Public safety	50,000	-	-	-	-	-	50,000
Capital projects	451,509	-	-	-	-	-	451,509
Debt service	21,629,451	-	-	-	-	-	21,629,451
General government administration	-	-	-	-	-	-	-
Revenue stabilization reserve	4,803,548	-	-	-	-	-	4,803,548
Assigned	20,869,408	-	-	-	-	163,106	21,032,514
Unassigned	38,023,250	-	-	-	-	-	38,023,250
Total Fund Balances	<u>106,075,596</u>	<u>-</u>	<u>-</u>	<u>63,005</u>	<u>-</u>	<u>163,106</u>	<u>106,301,707</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 113,708,799</u>	<u>\$ 982,108</u>	<u>\$ 541,346</u>	<u>\$ 64,077</u>	<u>\$ -</u>	<u>\$ 673,237</u>	<u>\$ 115,969,567</u>

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

County of Henry, Virginia

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

At June 30, 2023

Total Fund Balances for Governmental Funds \$ 106,301,707

Total net position reported for governmental activities in the Statement of Net Position is different because:

Capital assets net of accumulated depreciation and amortization used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:

Land and construction in progress	\$ 3,370,814
Construction-in-progress	1,337,293
School assets associated with debt held by County	30,940,340
Land improvements	5,889,161
Buildings and improvements, net	75,386,860
Furniture, equipment, and vehicles, net	4,721,786
Lease assets, net	124,689
Subscription assets, net	<u>5,071</u>

Total Capital Assets 121,776,014

Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

Unavailable revenue - taxes and licenses	2,275,623
Unavailable revenue - opioid settlement	<u>1,127,856</u>

3,403,479

Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows of resources related to pensions	3,819,181
Deferred inflows of resources related to pensions	(4,067,260)
Deferred outflows of resources related to OPEB	497,094
Deferred inflows of resources related to OPEB	<u>(562,616)</u>

Total Deferred Outflows and Inflows of Resources (313,601)

Internal service funds are used by the County to charge the cost of health insurance benefits to individual funds and the component units. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

8,668,645

Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Bonds, financed purchase obligations, and notes payable with related premiums	(105,937,064)
Accrued interest payable	(831,244)
OPEB (obligation) asset	(794,666)
Net pension liability	(5,032,254)
Lease liabilities	(129,269)
Subscription liabilities	(4,970)
Landfill closure and post-closure liability	(297,689)
Compensated absences	<u>(3,186,617)</u>

Total (116,213,773)

Total Net Position of Governmental Activities \$ 123,622,471

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

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2023

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Fieldale Sanitary District Fund	Special Grant Projects Fund	Total Governmental Funds
Revenues							
General property taxes	\$ 31,296,370	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 31,296,370
Other local taxes	23,107,460	-	-	-	-	-	23,107,460
Permits, privilege fees, and regulatory licenses	189,573	-	-	-	-	-	189,573
Fines and forfeitures	126,817	-	-	-	-	-	126,817
Use of money and property	2,702,516	-	-	-	16	-	2,702,532
Charges for services	409,559	-	-	5,272	-	-	414,831
Miscellaneous	85,633	-	-	-	-	-	85,633
Recovered costs	4,601,962	-	522,372	2,353	-	301,061	5,427,748
<i>Intergovernmental</i>							
Revenue from the Commonwealth of Virginia	35,569,877	2,725,689	559,045	-	-	-	38,854,611
Revenue from the Federal Government	8,537,375	119,141	-	-	-	1,246,210	9,902,726
Total Revenues	106,627,142	2,844,830	1,081,417	7,625	16	1,547,271	112,108,301
Expenditures							
Current							
General government administration	3,763,293	-	-	-	-	-	3,763,293
Judicial administration	3,677,056	-	-	17,806	-	-	3,694,862
Public safety	24,426,868	-	1,926,472	-	-	-	26,353,340
Public works	4,775,058	-	-	-	15,318	-	4,790,376
Health and welfare - social services component unit	971,529	-	-	-	-	-	971,529
Health and welfare	1,106,309	4,157,164	-	-	-	-	5,263,473
Education	62,414	-	-	-	-	-	62,414
Education - school board component unit	14,877,331	-	-	-	-	-	14,877,331
Parks, recreation, and cultural	2,348,764	-	-	-	-	-	2,348,764
Community development - IDA component unit	2,914,931	-	-	-	-	-	2,914,931
Community development	2,454,559	-	-	-	-	1,556,527	4,011,086
Nondepartmental	46,478	-	-	-	-	-	46,478
<i>Debt service</i>							
Principal	106,791	-	124,209	-	-	-	231,000
Interest and other charges	3,071,081	-	7,878	-	-	-	3,078,959
Capital outlay	939,962	-	-	-	-	-	939,962
Total Expenditures	65,542,424	4,157,164	2,058,559	17,806	15,318	1,556,527	73,347,798
Excess (Deficiency) of Revenues Over Expenditures	41,084,718	(1,312,334)	(977,142)	(10,181)	(15,302)	(9,256)	38,760,503
Other Financing Sources (Uses)							
Subscription liabilities issued	6,761	-	-	-	-	-	6,761
Transfers in	-	1,312,334	977,142	-	-	-	2,289,476
Transfers out	(2,300,131)	-	-	-	-	-	(2,300,131)
Total Other Financing Sources (Uses)	(2,293,370)	1,312,334	977,142	-	-	-	(3,894)
Net Change in Fund Balances	38,791,348	-	-	(10,181)	(15,302)	(9,256)	38,756,609
Fund Balances - Beginning of Year	67,284,248	-	-	73,186	15,302	172,362	67,545,098
Fund Balances - End of Year	\$ 106,075,596	\$ -	\$ -	\$ 63,005	\$ -	\$ 163,106	\$ 106,301,707

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

County of Henry, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds \$ 38,756,609

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.

Net capital outlays and dispositions of assets	\$ 1,074,461	
Depreciation expense	<u>(3,779,004)</u>	(2,704,543)

Lease and subscription asset capital outlay expenditures which were capitalized	6,761	
Amortization expense for intangible assets	<u>(126,379)</u>	(119,618)

Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts recorded as revenues in the fund statements versus the Statement of Activities on a year-to-year basis.

1,250,951

Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance.

In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities.

Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.

Repayment of principal and adjustment to bond premiums and discounts	2,102,754	
Lease liabilities issued/paid, net	124,209	
Subscription liabilities issued/paid, net	(4,970)	
Change in accrued interest	<u>30,831</u>	
Net Adjustment		2,252,824

Change in allocation of school's capital assets (new school buildings) that have debt held and payable by the County associated with the buildings.

Change in net school assets allocated to County	<u>(1,007,269)</u>	(1,007,269)
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Internal service funds are used by the County to charge the cost of health insurance benefits. This is the net income from these funds.

1,281,586

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in the following accounts are as follows:

Net pension liability	(2,054,914)	
Deferred inflows - pension	4,550,896	
Deferred outflows - pension	(998,667)	
Deferred outflows - OPEB	123,401	
Deferred inflows - OPEB	178,585	
Other postemployment benefits	61,692	
Landfill obligation - closure monitoring	(19,735)	
Compensated absences	<u>(222,362)</u>	
Net Adjustment		<u>1,618,896</u>

Change in Net Position of Governmental Activities \$ 41,329,436

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

County of Henry, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2023

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Assets		
Current Assets		
Cash	\$ 200	\$ 8,495,202
Receivables, net	416	1,384,631
Inventory	13,511	-
Due from other funds	267,880	-
Total Current Assets	282,007	9,879,833
Noncurrent Assets		
Capital assets, net	1,090,640	-
Total Noncurrent Assets	1,090,640	-
Total Assets	<u>\$ 1,372,647</u>	<u>\$ 9,879,833</u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 8,255	\$ 48,209
Accrued payroll and other liabilities	6,605	-
Claims payable	-	1,162,979
Unearned rents	89,233	-
Total Current Liabilities	104,093	1,211,188
Total Liabilities	104,093	1,211,188
Net Position		
Net investment in capital assets	1,090,640	-
Unrestricted	177,914	8,668,645
Total Net Position	<u>1,268,554</u>	<u>8,668,645</u>
Total Liabilities, Deferred Inflows of Resources, and Net Position	<u>\$ 1,372,647</u>	<u>\$ 9,879,833</u>

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

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities - <u>Enterprise Fund</u> <u>Philpott Marina</u> <u>Fund #51</u>	<u>Internal</u> <u>Service Fund</u> <u>Self-insurance</u> <u>Fund #58</u>
Operating Revenues		
Charges for services, premiums collected	\$ -	\$ 14,420,115
Charges for services, net - fuel and store sales	92,735	-
Charges for services, net - rentals	<u>115,970</u>	<u>-</u>
Total Operating Revenues	208,705	14,420,115
Operating Expenses		
Personal services	76,575	-
Fringe benefits	7,067	-
Repairs and maintenance	3,903	-
Food and store purchases for resale	22,639	-
Fuel purchases for resale	49,953	-
Utilities	13,949	-
Office expenses	4,677	-
Insurance	680	-
Other supplies and charges	363	-
Small construction and equipment purchases	8,075	-
Depreciation	74,868	-
Insurance claims paid and transaction fees	<u>-</u>	<u>13,352,778</u>
Total Operating Expenses	<u>262,749</u>	<u>13,352,778</u>
Operating Income (Loss)	(54,044)	1,067,337
Nonoperating Revenues (Expenses)		
Interest income	<u>-</u>	<u>214,249</u>
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>214,249</u>
Income (Loss) Before Transfers	(54,044)	1,281,586
Operating Transfers In	<u>10,655</u>	<u>-</u>
Net Operating Transfers	<u>10,655</u>	<u>-</u>
Change in Net Position	(43,389)	1,281,586
Total Net Position - Beginning of Year	<u>1,311,943</u>	<u>7,387,059</u>
Total Net Position - End of Year	<u>\$ 1,268,554</u>	<u>\$ 8,668,645</u>

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

County of Henry, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2023

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Cash Flows from Operating Activities		
Receipts from customers	\$ 210,874	\$ 14,598,839
Receipts from EDC	(30,000)	-
Payments for personnel and related costs	(82,514)	-
Payments to suppliers and other operating costs	(104,468)	(13,334,752)
Net Cash Provided by (Used in) Operating Activities	(6,108)	1,264,087
Cash Flows from Noncapital Financing Activities		
Payments on Due to/Due from General Fund	(4,547)	-
Transfers from other funds	10,655	-
Net Cash Provided by Noncapital Financing Activities	6,108	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	-	-
Net Cash Used in Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities		
Interest income	-	214,249
Net Cash Provided by Investing Activities	-	214,249
Net Increase in Cash and Cash Equivalents	-	1,478,336
Cash and Cash Equivalents - Beginning of Year	200	7,016,866
Cash and Cash Equivalents - End of Year	<u>\$ 200</u>	<u>\$ 8,495,202</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities		
Operating income (loss)	\$ (54,044)	\$ 1,067,337
<i>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities</i>		
Depreciation expense	74,868	-
<i>Changes in assets and liabilities</i>		
Receivables, net	(311)	178,724
Inventory	(4,087)	-
Accounts payable	3,858	18,026
Unearned grants	(30,000)	-
Accrued expenses and payroll liabilities	1,128	-
Unearned rents	2,480	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ (6,108)</u>	<u>\$ 1,264,087</u>

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

County of Henry, Virginia

Statement of Fiduciary Net Position

Fiduciary Funds

At June 30, 2023

	<u>OPEB Trust</u>	<u>Custodial Funds</u>
Assets		
Cash and cash equivalents	\$ 4,364,057	\$ 174,968
Total Assets	<u>\$ 4,364,057</u>	<u>\$ 174,968</u>
Liabilities		
Accounts payable and accrued liabilities	\$ -	\$ -
Net Position		
Restricted for:		
Other postemployment benefits	4,364,057	-
Individuals, organizations, and other governments	<u>-</u>	<u>174,968</u>
Total Net Position	<u>4,364,057</u>	<u>174,968</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 4,364,057</u>	<u>\$ 174,968</u>

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

County of Henry, Virginia

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2023

	<u>OPEB Trust</u>	<u>Custodial Funds</u>
Additions		
Contributions from employer	\$ 364,300	\$ -
Investment gains	287,647	-
Local grant funds and other donations	-	133,851
Housing fees	-	128,181
Canteen and telephone fees	-	371,679
	<hr/>	<hr/>
Total additions	651,947	633,711
Deductions		
Program and administrative expenses	5,434	198,849
Housing fees remitted to County	-	118,043
Telephone fees	-	84,255
Canteen purchases	-	207,577
	<hr/>	<hr/>
Total deductions	5,434	608,724
Net Increase in Fiduciary Net Position	646,513	24,987
Net Position - Beginning	<hr/> 3,717,544	<hr/> 149,981
Net Position - Ending	<u><u>\$ 4,364,057</u></u>	<u><u>\$ 174,968</u></u>

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

County of Henry, Virginia

Notes to the Financial Statements

Year Ended June 30, 2023

1 Summary of Significant Accounting Policies

Narrative Profile

The County of Henry, Virginia (the "County") has a population of approximately 50,000 living within an area of 382 square miles. The County is located in the foothills of the Blue Ridge Mountains, in the southern Piedmont region of Virginia. The borders are shared with Patrick County to the west, Franklin County to the north, Pittsylvania County to the east, and the North Carolina line to the south.

The County was named for Patrick Henry, who lived there from 1780 to 1784. They originally were part of Pittsylvania County, but then went on their own in 1777.

The County of Henry, Virginia (the "County") is governed under the County Administration-Board of Supervisors form of government. The County engages in a comprehensive range of municipal services, including general government administration, judicial administration, public safety, public works, health and welfare, parks, recreation, and cultural, community development, and education.

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

1-A. Financial Reporting Entity

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

Individual Component Unit Disclosures

Discretely Presented Component Units

Henry County School Board

Henry County School Board (the "School Board") is organized as an independently governed school system for operating the public schools in the County. Citizens of the County elect school board members. The School Board is financially dependent on

appropriations by the County Board of Supervisors for current operations, with any surplus funds returned to the County annually. In addition, major capital improvements are financed by long-term debt issued by the County. In accordance with requirements of the Auditor of Public Accounts of the Commonwealth of Virginia, the School Board is considered to be a major component unit of the County. The government-wide statements are shown on the Statement of Net Position and the Statement of Activities, and the School Board governmental fund combining statements are shown in the Other Supplementary Information section.

Industrial Development Authority of Henry County, Virginia

The Industrial Development Authority of Henry County, Virginia (the "IDA") operates as an enterprise activity by assisting local industry with bond financing. The IDA is a legally separate organization; however, the Board of Supervisors of the County appoints all of the IDA's Board, and the County is legally obligated for the debts of the IDA. The IDA is presented as a discretely presented component unit for reporting purposes. The government-wide statements are shown on the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Fund Net Position and the governmental fund statements are shown in the Other Supplementary Information section.

Henry-Martinsville Social Services Board

The Henry-Martinsville Social Services Board (the "HMSS") operates the Department of Social Services for both the County and the City. This joint entity was established June 1, 1997. Of the nine Board members, the County appoints six. The County is financially accountable for HMSS because it appoints a majority of the Board members and because the County is legally obligated to finance the deficits of and provide financial support to the Board. The County and the City have an agreement in which the City will reimburse the County for their share of administrative, operating, and maintenance costs that are unreimbursed by state or federal grants. The government-wide statements are shown on the Statement of Net Position and the Statement of Revenues, Expenditures, and Changes in Fund Balances, and the governmental fund statements are shown in the Other Supplementary Information section. These entities are collectively included and referred to as the "County."

Exclusions from the Reporting Entity

Related Organization

Henry County Public Service Authority

The primary function of Henry County Public Service Authority (the "HCPSA") is to provide water and sewer services to areas of the County. The HCPSA Board of Directors approves its own budget and maintains oversight of all programs. Most of the funding for HCPSA comes from state and federal grants as well as from charges for services. The County provides some financial assistance, but HCPSA is not financially dependent on the County. The Board of Supervisors appoints a Board member to the HCPSA from each County district. While not a component unit of the County, HCPSA is considered to be a related organization since the County has determinable ongoing financial interests in or responsibilities for HCPSA.

1-B. Financial Reporting Model

The County's Annual Comprehensive Financial Report includes management's discussion and analysis, the basic financial statements, required and other supplementary information, described as follows:

Management's Discussion and Analysis – The basic financial statements are accompanied by a narrative introduction as well as an analytical overview of the County's financial activities.

Government-wide Financial Statements – The government-wide financial statements include the Statement of Net Position and the Statement of Activities. These statements report financial information for the County as a whole. The primary government and the component units are presented separately within these financial statements with the focus on the primary government. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. The fiduciary funds of the primary government are not included in the government-wide financial statements.

The Statement of Net Position presents the financial position of the governmental and business-type activities of the County and its discretely presented component units at year end.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and, therefore, clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the Statement of Activities.

The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not considered to be program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

Fund Financial Statements – During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary, and fiduciary funds.

Major individual governmental and proprietary funds are reported in separate columns.

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

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments over the course of the year. The County and many other governments revise their original budgets over the course of the year for a variety of reasons.

GASB-Required Supplementary Pension – GASB issued Statement No. 68–*Accounting and Financial Reporting for Pensions—an amendment of GASB No. 27*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions.

1-C. Financial Statement Presentation

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

- **Governmental Funds** – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between its governmental fund assets and deferred outflows of resources and its liabilities and deferred inflows of resources as fund balance. The following are the County's major governmental funds:

- **General Fund**

The General Fund is the primary operating fund of the County and accounts for all revenues and expenditures applicable to the general operations of the County which are not accounted for in other funds. Revenues are derived primarily from property and other local taxes, licenses, permits, charges for services, use of money and property, and intergovernmental grants. The General Fund is considered a major fund for financial reporting purposes. A significant part of the General Fund's revenue is transferred to other funds and component units, principally to finance the operations of the County's Public Schools.

- *Special Revenue Funds*

Special Revenue Funds account for the proceeds of specific revenue sources (other than those derived from special assessments, expendable trusts, or dedicated for major capital projects) requiring separate accounting due to legal or regulatory provisions or administrative action. Special Revenue Funds include the following:

- *Children's Services Act Fund*

The Children's Services Act Fund accounts for revenue derived from the Commonwealth of Virginia for the care of the localities' special needs children. This special revenue fund is considered a major governmental fund for reporting purposes.

- *E-911 Central Dispatch Fund*

The E-911 Central Dispatch Fund accounts for the financial transactions associated with the operation of the County's 911 Emergency Services Center. Revenues are primarily derived from reimbursements from the City of Martinsville, Virginia, County of Henry, Virginia, the State Compensation Board, and Virginia Wireless Board. This special revenue fund is considered a major governmental fund for reporting purposes.

- *Law Library Fund*

The Law Library Fund accounts for revenue received from other funds for the use of the library. This special revenue fund is considered a major governmental fund for reporting purposes.

- *Fieldale Sanitary District Fund*

Fieldale Sanitary District – This fund accounted for money held in trust for the benefit of the Fieldale Sanitary District through June 30, 2013. Effective July 1, 2013, the Fieldale Sanitary District Board gifted to the County the remaining cash assets of the District. These funds are accounted for as a special revenue fund to be used for street lights and curb maintenance for the community of Fieldale.

- **Proprietary Funds** – Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The County has one enterprise fund at this time, Philpott Marina Fund, which accounts for activities of the Marina for recreational use by the citizens of Henry County and the surrounding area. The Component Unit – IDA Fund is also accounted for as a proprietary fund.

- **Internal Service Funds** – Internal service funds account for financing of goods and services provided by one department or agency to other departments or agencies of the County government. Internal service funds consist of the following:

- *Self-Insurance*

This fund accounts for costs associated with providing health insurance benefits to employees of the County, School Board, and Social Services and with managing claims pertaining thereto.

- **Capital Projects Funds** – Capital Projects Funds account for financial resources to be used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds. Capital Projects Funds include the following:

- *Special Grant Projects Fund*

The Special Grant Projects Fund accounts for all financial resources used for recording activity for CDBG and related type grants. This fund is considered a major governmental fund for reporting purposes.

- ***Fiduciary Funds (Custodial Funds)*** – Fiduciary funds account for assets held by the County in a trustee capacity or as an agent or custodian for individuals, private organizations, other governmental units, or other funds. Custodial funds utilize the accrual basis of accounting. Since by definition, these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide financial statements. The County maintains the following fiduciary funds:

- **Special Welfare Fund** – The Special Welfare Fund is used to reimburse the Children's Service Act Fund, State Agencies, and others for expenses incurred on behalf of Henry-Martinsville Social Services welfare clients. Income is derived primarily from the Social Security Administration and other local organizations on behalf of the Social Services' clients.
- **Jail Inmate Fund** – This fund is comprised of cash on inmates of the Henry County Jail at the time of their arrest or contributions to them from their family members. These funds can only be used for the health and welfare of specific County inmates.
- **OPEB Trust Fund** – This fund is comprised of the money held in trust to fund post-retiree benefits of health insurance for the County, the School Board, and Henry-Martinsville Social Services.

Component Unit (Henry County School Board)

The Henry County School Board has the following funds:

School Fund – The School Fund accounts for the general operations and activities of the schools with the exception of the textbook purchases and cafeteria operations.

School Textbook Fund – The School Textbook Fund handles purchases of textbooks for the school system.

School Cafeteria Fund – The School Cafeteria Fund accounts for all school cafeteria operations including federal and state grants, meal charges, and food purchases.

School Activity Fund – The School Activity Fund accounts for funds used to support co-curricular and extracurricular student activities.

1-D. Measurement Focus and Basis of Accounting

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses

are recorded when a liability is incurred, regardless of timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Equity

1-E-1 Cash and Cash Equivalents

The County operates a cash and investment pool which most funds utilize. The County pools money from several funds to facilitate disbursement and investment and to maximize investment income.

1-E-2 Investments

Investments are stated at fair value which approximates market; no investments are valued at cost. Certificates of deposit and short-term repurchase agreements are reported in the accompanying financial statements as cash and cash equivalents.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, State Treasurer's Local Government Investment Pool (LGIP), and the State Non-Arbitrage Program (SNAP).

1-E-3 Receivables and Payables

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

The County levies real estate taxes on all real property on a fiscal year basis, at a rate enacted by the County Board of Supervisors on the assessed value of property (except public utility property) as determined by the Commissioner of Revenue of Henry County. The Commonwealth of Virginia assesses public utility property. Neither the County nor the Commonwealth of Virginia imposes a limitation on the tax rate. All property is assessed at 100 percent of fair market value and real estate is reassessed every four years. The Commissioner of Revenue prorates billings for property incomplete as of January 1, but completed during the year. Any taxes paid after the due date is subject to a 10 percent penalty and an 8 percent interest charge.

Real estate taxes are billed annually and due by December 5. Liens are placed on the property on the date real estate taxes are delinquent, and interest at the rate of 10 percent per annum is added to the delinquent tax and penalty, and must be satisfied prior to the sale or transfer of the property. Any uncollected amounts from previous years' levies are incorporated in the taxes receivable balance.

Personal property tax assessments on tangible business property are based on a declining graduated percent of cost based on year of acquisition. All motor vehicles are based on 100 percent of loan value of the property as of January 1 of each year. Personal property taxes do not create a lien on property. Any taxes paid after the due date is subject to a 10 percent penalty and an 8 percent interest charge.

Property taxes receivable are included as unavailable revenue in the fund financial statements since these taxes are not considered to be available to liquidate liabilities of the current period.

Any uncollected amounts from prior year levies are incorporated in the taxes receivable balance. Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), the County receives taxpayers' payments in fiscal year 2021 from the State for its share of the local personal property tax payment (for personal use motor vehicles), with the remainder collected by the County.

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30 are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is reported as nonspendable as this amount is not available for general appropriation.

1-E-5 Capital Assets

General capital assets are those capital assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide Statement of Net Position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the enterprise funds' Statement of Net Position.

Capital outlays are recorded as expenditures of the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects funds and as assets in the government-wide financial statements to the extent the County's capitalization thresholds are met. The capitalization thresholds for capitalizing capital assets are \$5,000 and \$100,000 for building additions. All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Depreciation is recorded on general capital assets on a government-wide basis.

In the fund financial statements, maintenance, repairs, and minor equipment costs are charged to operations when incurred. Expenditures that meet the County's capitalization policy and materially change capacities or extend useful lives are capitalized in the government-wide financial statements. Upon sale or retirement of land, buildings, or equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts, and any resulting gain or loss is included in current year's operations.

Capital assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Lives</u>
Buildings	15-40 years
Equipment	3-15 years

1-E-6 Leases

As lessee, the County recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements and recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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 its useful life.

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 uses its estimated incremental borrowing rate as the discount rate for leases. The County's estimated incremental borrowing rate is based on historical market data and credit spread based on market data points compared to the lease commencement date.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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 debt on the statement of net position.

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

1-E-7 Subscription-Based IT Arrangements

The County has various subscription-based IT arrangements (SBITAs) requiring recognition. A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

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

Key estimates and judgments related to subscription-based IT arrangements include how the County determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The County uses the interest rate stated in the subscription contract. When the interest rate charged is not provided, the County uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

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

Subscription assets are reported with other capital assets and subscription liabilities are reported with long-term debt on the statement of net position.

1-E-8 Deferred Outflows/Inflows of Resources

The Statement of Net Position includes a separate section for deferred outflows of resources. This represents the usage of net position applicable to future periods and will be recognized as expenditures in the future period to which it applies. This category also includes amounts related to pensions for certain actuarially determined differences between projected and actual investment earnings.

The Statement of Net Position also includes a separate section for deferred inflows of resources. This represents an acquisition of net position applicable to future periods and will be recognized as revenue in the future period to which it applies. Currently, this category includes revenues received in advance, amounts related to pensions for certain actuarially determined differences between projected and actual experience, and lease deferrals.

Deferred inflows of resources in the Governmental Funds Balance Sheet include unavailable revenue. Unavailable revenue consists primarily of special assessment, loans and notes receivable. The County considers revenues available if they are collected within 60 days of the end of the fiscal year.

1-E-9 Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the County will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated absence liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level when paid.

1-E-10 Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources

related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's and VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-11 Group Life Insurance Program

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

1-E-12 Health Insurance Credit Program

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

1-E-13 Teacher Employee Health Insurance Credit Program

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

1-E-14 Other Postemployment Benefit Plans

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the County of Henry, Virginia's OPEB Plan for Retiree's Health Insurance and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. See Notes to the financial statement for more information regarding the Plan.

1-E-15 Fund Equity

Fund equity at the governmental fund financial reporting level is classified as fund balance. Fund equity for all other reporting is classified as net position.

Governmental Fund Balances – Generally, governmental fund balances represent the difference between the current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. Governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which resources can be spent. Fund balances are classified as follows:

Nonspendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

Unassigned – all amounts not classified as nonspendable, restricted, committed, or assigned.

Net Position – Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

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

Fund Balance Flow Assumptions – Sometimes the County will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the County's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-16 Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for Philpott Marina. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All other items that do not directly relate to the principal and usual activity of the fund are recorded as nonoperating revenues and expenses. These items include investment earnings and gains or losses on the disposition of capital assets.

1-E-17 Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after the non-operating revenues/expenses section in proprietary funds.

1-E-18 Long-Term Obligations

In the Government-wide financial statements and propriety fund types in the Fund 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, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond insurance costs are reported as deferred charges and amortized over the term of the related debt.

In the Fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

1-E-19 Encumbrances

Encumbrance accounting, the recording of purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, is employed as an extension of formal budgetary integration in the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects funds.

1-E-20 Land and Building – Held for Sale

The IDA has land and building that are held for resale to potential industries in the County. The assets are recorded at cost. Periodically, incidental rent is received for the use of these facilities.

1-E-21 Unearned Revenues

This account includes amounts recognized as receivables but not revenues in governmental funds because the revenue recognition criteria have not been met.

1-E-22 Adoption of New GASB Statements

During the fiscal year ended June 30, 2023, the County adopted the following GASB statements:

In March 2020, GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. The primary objective of this statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. GASB Statement No. 94 is effective for fiscal years beginning after June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the County.

In May 2020, Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). GASB Statement No. 96 is effective for fiscal year ending June 15, 2022. The requirements of this statement are effective for the fiscal year ending June 30, 2023 for the County.

1-F. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The Board of Supervisors annually adopts budgets for the various funds of the primary government and component units. All appropriations are legally controlled at the department level for the primary Government Funds. The School Board appropriation is determined by the Board of Supervisors and controlled in total by the primary government. Unexpended and unencumbered appropriations lapse at the end of each fiscal year except as allowed by the Appropriations Resolution.

Budgetary Data

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

1. Prior to April 18, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Supplemental Appropriations are adopted if necessary during the fiscal year.
8. The County Administrator is authorized to transfer budgeted amounts within general government departments subject to limitations set in the Appropriations Resolution; however, the School Board and Henry-Martinsville Social Services are authorized to transfer budgeted amounts within each of their respective budget categories.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations at the fund level.

Fund Deficits

There are no fund deficits.

3 Deposits and Investments

Deposits

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

Investments

Investment Policy

In accordance with state statutes, the current investment policy of the County authorizes investments in obligations of the United States and agencies thereof, Bankers' Acceptances, commercial paper, repurchase agreements, tax exempt and taxable Municipal Bonds, the Virginia State Non-Arbitrage Program (SNAP) or other authorized Arbitrage Investment Management programs, and the State Treasurer's Local Government Investment Pool (the Virginia LGIP, a 2a-7 like pool). Both SNAP and LGIP are not registered with the SEC but are overseen by the Treasurer of Virginia and the State Treasury Board. The fair value of the County's position in the pools is the same as the value of the pool shares.

The County's investments are subject to credit risk, concentration of credit risk, interest rate risk, and custodial risk as described below. The County's investments are not subject to foreign currency risk.

Credit Risk

As required by State statute, the policy requires that commercial paper have a short-term debt rating of no less than "A-1" or "P-1" or "F-1" (or its equivalent) from Moody's Investors Service or Standard & Poor's or Fitch. Municipal Bonds must have a rating of "AA" or higher by at least two of the following National Credit Rating Agencies: Moody's Investors Service, Standard & Poor's or Fitch.

Although state statute does not impose credit standards on repurchase agreement counterparties, bankers' acceptances, or money market mutual funds, the County has established stringent credit standards for these investments to minimize portfolio risk.

Concentration of Credit Risk

The Policy establishes limitations on portfolio composition by issuer in order to control concentration of credit risk. The Policy establishes limitations on the holdings as follows:

1. The portfolio will be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or Agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit.
2. The maximum percentage of the Investment Portfolio in each eligible security type is limited as follows:

U.S. Treasury	100%
Agency Securities (no more than 35% in any one agency)	100%
Money Market Mutual Funds	100%
Repurchase Agreements	40%
Municipal Obligations (no more than 5%* in any one issuer)	20%
Bankers Acceptances (no more than 5%* in any one bank)	20%
Negotiable Certificates of Deposit (no more than 5%* in any one bank)	20%
Commercial Paper (no more than 5%* in any one issuing corporation)	20%
Virginia Local Government Investment Pool	100%
Virginia State Non-Arbitrage Program	100% of Bond Proceeds
<i>*or \$1 Million, whichever is greater</i>	

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 five years from the date of purchase.

Custodial Credit Risk

The Policy requires that all investment securities purchased by the County be held by a third-party custodial agent who may not otherwise be counterparty to the investment transaction. As of June 30, all of the County's investments are held in a custodian's trust department in the County's name.

The County's investments consist of the following:

	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Municipal bonds	\$ 1,675,175	2.30
U.S. Government bonds	6,931,596	2.50
Collateralized Money Market - Trustee	142,624	N/A
Money Market - SNAP	6,799,498	N/A
Certificates of deposit	<u>18,372,894</u>	1.00
	<u>\$ 33,921,787</u>	

County's investments by credit rating consist of the following:

<u>Rating (Moody's or S&P)</u>	<u>Fair Value</u>
AA+ or higher	\$ 8,606,771
Unrated	<u>25,315,016</u>
	<u>\$33,921,787</u>

Cash and investments are reflected in the financial statements as follows:

	<u>Component Units</u>					
	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>	<u>Total</u>
Deposits and Investments						
Cash on hand	\$ 1,325	\$ -	\$ -	\$ -	\$ -	\$ 1,325
Demand deposits	83,202,623	174,968	4,220,689	1,769,597	112,903	89,480,780
Bonds	8,606,771	-	-	-	-	8,606,771
Certificates of deposit	18,372,894	-	-	-	-	18,372,894
OPEB Trust	-	4,364,057	-	-	-	4,364,057
	<u>\$ 110,183,613</u>	<u>\$ 4,539,025</u>	<u>\$ 4,220,689</u>	<u>\$ 1,769,597</u>	<u>\$ 112,903</u>	<u>\$ 120,825,827</u>

Statement of Net Position

Deposits and Investments

Cash and cash equivalents	\$ 110,183,613	\$ -	\$ 4,220,689	\$ 1,769,597	\$ 112,903	\$ 116,286,802
Fiduciary fund cash	-	4,539,025	-	-	-	4,539,025
	<u>\$ 110,183,613</u>	<u>\$ 4,539,025</u>	<u>\$ 4,220,689</u>	<u>\$ 1,769,597</u>	<u>\$ 112,903</u>	<u>\$ 120,825,827</u>

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments by Fair Value Level				
Municipal bonds	\$ -	\$ 1,675,175	\$ -	\$ 1,675,175
U.S. Government bonds	-	6,931,596	-	6,931,596
	<u>\$ -</u>	<u>\$ 8,606,771</u>	<u>\$ -</u>	<u>\$ 8,606,771</u>

The Component Unit – IDA owns 42.80% of CCAT Leveraged Lender, LLC. The capital account balance per the Schedule K-1 as of June 30, 2023 is \$3,753,639.

4 Receivables

Receivables at June 30, 2023 consist of the following:

	<u>Primary Government</u>			<u>Component Units</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Henry-Martinsville Social Services</u>	<u>Custodial Funds</u>
Accounts Receivable						
Property taxes	\$ 4,137,525	\$ -	\$ -	\$ -	\$ -	\$ -
Business licenses	12,371	-	-	-	-	-
Meals taxes	19,935	-	-	-	-	-
Other miscellaneous	4,280,695	416	92,764	-	3,735	-
Total	8,450,526	416	92,764	-	3,735	-
Allowance for uncollectibles	(1,634,765)	-	-	-	-	-
Net Accounts Receivable	<u>\$ 6,815,761</u>	<u>\$ 416</u>	<u>\$ 92,764</u>	<u>\$ -</u>	<u>\$ 3,735</u>	<u>\$ -</u>

Note: The Self-Insurance Fund receivable of \$1,384,631 is in Governmental Activities per GASB 34 for Exhibit 1.

5 Interfund Transfers

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
County of Henry, Virginia		
General Fund		
From General Fund to Central Dispatch Fund	\$ -	\$ 977,142
From General Fund to Philpott Marina Fund	-	10,655
From General Fund to Children's Services Act Fund	-	1,312,334
Children's Services Act Fund		
From General Fund to Children's Services Act Fund	1,312,334	-
Philpott Marina Fund		
From General Fund to Philpott Marina Fund	10,655	-
Central Dispatch Fund		
From General Fund to Central Dispatch Fund	977,142	-
Total Governmental Funds	<u>2,300,131</u>	<u>2,300,131</u>
Total	<u>\$ 2,300,131</u>	<u>\$ 2,300,131</u>

Transfers between major governmental funds were primarily to support operations of the funds.

6 Transfer to Component Units/Transfer from Primary Government

Details of the primary government due to component units as of June 30, 2023 are as follows:

	Transfers <u>In</u>	Transfers <u>Out</u>
County of Henry, Virginia to Component Units		
Primary Government - County of Henry, Virginia		
To Component Unit - Social Services	\$ -	\$ 971,529
To Component Unit - Industrial Development Authority	-	2,914,931
To Component Unit - School Board	-	14,877,331
Component Unit - Social Services		
From Primary Government - County of Henry, Virginia	971,529	-
Component Unit - Industrial Development Authority		
From Primary Government - County of Henry, Virginia	2,914,931	-
Component Unit - School Board		
From Primary Government - County of Henry, Virginia	14,877,331	-
	<u>\$ 18,763,791</u>	<u>\$ 18,763,791</u>
Component Unit - School Board - Transfers		
School Fund		
From School to School Textbook Fund	\$ -	\$ 688,863
From School to School Cafeteria Fund	-	96,940
School Textbook Fund		
From School to School Textbook Fund	688,863	-
School Cafeteria Fund		
From School to School Cafeteria Fund	96,940	-
	<u>\$ 785,803</u>	<u>\$ 785,803</u>

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7 Due from/to Other Funds

Details of the primary government interfund receivables and payables as of June 30, 2023 are as follows:

	<u>Due From</u>	<u>Due To</u>
County of Henry, Virginia		
Governmental Funds		
General Fund to Philpott Marina	\$ -	\$ 267,880
Children's Services Act Fund to General Fund	433,328	433,328
E-911 Central Dispatch Fund to General Fund	512,861	512,861
Law Library Fund from General Fund	63,086	63,086
Special Grant Projects Fund from General Fund	<u>153,530</u>	<u>153,530</u>
	1,162,805	1,430,685
Proprietary Funds		
Philpott Marina from General Fund	<u>267,880</u>	-
Totals	<u>\$ 1,430,685</u>	<u>\$ 1,430,685</u>
Primary Government and Component Units - Interfund Accounts		
Primary Government		
Due to Industrial Development Authority from County	\$ -	\$ 414,222
Due to Industrial Site Project from County	-	673,592
Due to School Cafeteria Fund from County	-	3,752
Due from Social Services to County	1,139,296	-
Due from School Fund to County	103,070	-
Due from Textbook Fund to County	<u>3,366</u>	-
Total	<u>1,245,732</u>	1,091,566
Net Due from Component Units to Primary Government	154,166	
Component Unit - Industrial Development Authority		
Due to Industrial Development Authority from County	414,222	-
Due to Industrial Site Project from County	<u>673,592</u>	-
Total	<u>1,087,814</u>	-
Net Due from Primary Government to Component Unit IDA	1,087,814	
Component Unit - Social Services		
Due from Social Services to County	-	<u>1,139,296</u>
Total	-	<u>1,139,296</u>
Net Due to Primary Government from Component Unit Social Services		1,139,296
Component Unit - School Board		
Due to School Cafeteria Fund from County	3,752	-
Due from School Fund to County	-	103,070
Due from Textbook Fund to County	<u>-</u>	<u>3,366</u>
Total	3,752	<u>106,436</u>
Net Due to Primary Government from Component Unit School Board		<u>102,684</u>
Total Net Due from/to Primary Government and Component Units	<u>\$ 1,241,980</u>	<u>\$ 1,241,980</u>

8 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2023, are as follows:

	Governmental Activities	School Board	Henry- Martinsville Social Services	IDA
Commonwealth of Virginia				
State and local sales taxes	\$ 2,085,741	\$ 1,472,301	\$ -	\$ -
Communications tax	255,813	-	-	-
Auto rental tax	11,415	-	-	-
Compensation Board	995,453	-	-	-
Comprehensive services	974,217	-	-	-
911 funds	48,109	-	-	-
Victim witness	6,094	-	-	-
Mobile home titling tax	48,890	-	-	-
Other reimbursements	31,873	6,577	-	-
Security equipment	-	250,000	-	-
Public assistance	-	-	235,864	-
	<u>4,457,605</u>	<u>1,728,878</u>	<u>235,864</u>	<u>-</u>
Federal Government				
Title VIB Flow-Through	-	931,319	-	-
Title VI Rural and Low Income	-	17,207	-	-
Preschool Handicapped	-	27,486	-	-
Title I	-	610,677	-	-
Title II	-	127,952	-	-
Title III	-	30,842	-	-
Title IV	-	175,052	-	-
School food program	-	243,411	-	-
CTE federal payments - Carl Perkins	-	154,811	-	-
ESSER/GEER	-	2,332,201	-	-
Law enforcement	24,346	-	-	-
Community development grants	519,706	-	-	-
Victim witness	14,219	-	-	-
Public assistance	-	-	421,356	-
Other reimbursements	<u>8,639</u>	<u>115,079</u>	<u>-</u>	<u>252,858</u>
	<u>566,910</u>	<u>4,766,037</u>	<u>421,356</u>	<u>252,858</u>
Other Governmental Entities				
City of Martinsville, VA	<u>493,237</u>	<u>-</u>	<u>428,195</u>	<u>-</u>
	<u>\$ 5,517,752</u>	<u>\$ 6,494,915</u>	<u>\$ 1,085,415</u>	<u>\$ 252,858</u>

9 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Balance June 30, 2023</u>
Capital Assets Not Being Depreciated					
Land	\$ 3,450,814	\$ -	\$ 80,000	\$ -	\$ 3,370,814
Construction-in-progress	<u>1,426,100</u>	<u>397,296</u>	<u>486,103</u>	<u>-</u>	<u>1,337,293</u>
Total Capital Assets Not Being Depreciated	4,876,914	397,296	566,103	-	4,708,107
Capital Assets, Depreciable					
Land improvements	6,672,732	-	-	-	6,672,732
Buildings and improvements	93,177,975	886,033	506,180	-	93,557,828
Furniture, equipment, and vehicles	<u>23,179,691</u>	<u>1,074,577</u>	<u>882,297</u>	<u>-</u>	<u>23,371,971</u>
Total Capital Assets - Depreciable	123,030,398	1,960,610	1,388,477	-	123,602,531
Less: Accumulated depreciation for					
Land improvements	613,042	170,529	-	-	783,571
Buildings and improvements	16,158,184	2,169,911	157,127	-	18,170,968
Furniture, equipment, and vehicles	<u>17,725,629</u>	<u>1,438,564</u>	<u>514,008</u>	<u>-</u>	<u>18,650,185</u>
Total Accumulated Depreciation	<u>34,496,855</u>	<u>3,779,004</u>	<u>671,135</u>	<u>-</u>	<u>37,604,724</u>
Other Capital Assets, Net	<u>88,533,543</u>	<u>(1,818,394)</u>	<u>717,342</u>	<u>-</u>	<u>85,997,807</u>
Net Capital Assets before Allocation from School	<u>\$93,410,457</u>	<u>\$ (1,421,098)</u>	<u>\$ 1,283,445</u>	<u>\$ -</u>	<u>90,705,914</u>
Add: Net school buildings allocated to County with outstanding debt					<u>30,940,340</u>
Net Capital Assets					<u>\$ 121,646,254</u>

Depreciation expense was allocated as follows:

General government administration	\$ 272,404
Judicial administration	251,228
Public safety	2,978,758
Public works	91,534
Health and welfare	33,006
Parks, recreation, and cultural	<u>152,074</u>
Total Depreciation Expense	<u>\$ 3,779,004</u>

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

Governmental Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Lease Assets				
Equipment	\$ 374,067	\$ -	\$ -	\$ 374,067
Less: accumulated amortization for				
Equipment	<u>124,689</u>	<u>124,689</u>	<u>-</u>	<u>249,378</u>
Lease Assets, Net	<u>\$ 249,378</u>	<u>\$ (124,689)</u>	<u>\$ -</u>	<u>\$ 124,689</u>

	Amortization Expense
Public safety	<u>\$ 124,689</u>
Total	<u>\$ 124,689</u>

Subscription-Based Information Technology Arrangements (SBITA) asset activity for the year ended June 30, 2023 was as follows:

Governmental Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
SBITA Assets				
Software arrangements	\$ -	\$ 6,761	\$ -	\$ 6,761
Less: accumulated amortization for				
Software arrangements	<u>-</u>	<u>1,690</u>	<u>-</u>	<u>1,690</u>
SBITA Assets, Net	<u>\$ -</u>	<u>\$ 5,071</u>	<u>\$ -</u>	<u>\$ 5,071</u>

	Amortization Expense
Public works	<u>\$ 1,690</u>
Total	<u>\$ 1,690</u>

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Business-Type Activities

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital Assets Not Being Depreciated				
Land	\$ -	\$ -	\$ -	\$ -
Total Capital Assets Not Being Depreciated	-	-	-	-
Capital Assets, Depreciable				
Land improvements	90,468	-	-	90,468
Buildings and improvements	1,390,505	-	-	1,390,505
Furniture, equipment, and vehicles	201,534	-	-	201,534
Total Capital Assets - Depreciable	1,682,507	-	-	1,682,507
Less: Accumulated depreciation for				
Land improvements	24,379	5,588	-	29,967
Buildings and improvements	346,845	49,126	-	395,971
Furniture, equipment, and vehicles	145,775	20,154	-	165,929
Total Accumulated Depreciation	516,999	74,868	-	591,867
Other Capital Assets, Net	1,165,508	(74,868)	-	1,090,640
Net Capital Assets	<u>\$ 1,165,508</u>	<u>\$ (74,868)</u>	<u>\$ -</u>	<u>\$ 1,090,640</u>
Depreciation expense was allocated as follows:				
Marina expenses	\$ 74,868			
Total Depreciation Expense	<u>\$ 74,868</u>			

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Component Unit - School Board

	Balance July 1, 2022	Increases	Decreases	Transfers	Balance June 30, 2023
Capital Assets Not Being Depreciated					
Land	\$ 1,062,127	\$ -	\$ -	\$ -	\$ 1,062,127
Construction in progress - school renovations	3,823,600	5,627,628	3,312,980	-	6,138,248
Total Capital Assets Not Being Depreciated	4,885,727	5,627,628	3,312,980	-	7,200,375
Capital Assets, Depreciable					
Land improvements	315,500	-	-	-	315,500
Buildings and improvements	110,685,555	5,080,748	-	-	115,766,303
Furniture, equipment, and vehicles	15,809,023	871,248	78,719	-	16,601,552
Total Capital Assets, Depreciable	126,810,078	5,951,996	78,719	-	132,683,355
Less: Accumulated depreciation for					
Land improvements	27,830	6,833	-	-	34,663
Buildings and improvements	50,004,764	2,521,527	-	-	52,526,291
Furniture, equipment, and vehicles	12,085,316	814,993	78,719	-	12,821,590
Total Accumulated Depreciation	62,117,910	3,343,353	78,719	-	65,382,544
Other Capital Assets, Net	64,692,168	2,608,643	-	-	67,300,811
Net Capital Assets before Allocation to County	\$ 69,577,895	\$ 8,236,271	\$ 3,312,980	\$ -	74,501,186
Less: Net school buildings allocated to County with outstanding debt					(30,940,340)
Net Capital Assets					\$ 43,560,846

Subscription-Based Information Technology Arrangements (SBITA) asset activity for the Component Unit - School Board for the year ended June 30, 2023 was as follows:

School Board Component Unit

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
SBITA Assets				
Software arrangements	\$ -	\$ 195,741	\$ -	\$ 195,741
Less: accumulated amortization for				
Software arrangements	-	92,205	-	92,205
SBITA Assets, Net	\$ -	\$ 103,536	\$ -	\$ 103,536
		Amortization Expense		
Education	\$ 92,205			
Total	\$ 92,205			

Component Unit - IDA

	Balance July 1, 2022	Increases	Transfer to Henry County/ Decreases	Balance June 30, 2023
Capital Assets - Depreciable				
Equipment	\$ 6,305	\$ -	\$ -	\$ 6,305
Total Capital Assets - Depreciable	6,305	-	-	6,305
Less: Accumulated depreciation for				
Equipment	6,305	-	-	6,305
Total Accumulated Depreciation	6,305	-	-	6,305
Net Capital Assets	\$ -	\$ -	\$ -	\$ -

Component Unit - Henry-Martinsville Social Services

	Balance July 1, 2022	Increases	Transfer to Henry County/ Decreases	Balance June 30, 2023
Other Capital Assets				
Machinery and equipment	\$ 397,587	\$ 32,299	\$ 18,961	\$ 410,925
Total Other Capital Assets	397,587	32,299	18,961	410,925
Less: Accumulated depreciation for				
Machinery and equipment	289,491	35,474	18,961	306,004
Total Accumulated Depreciation	289,491	35,474	18,961	306,004
Other Capital Assets, Net	108,096	(3,175)	-	104,921
Net Capital Assets	\$ 108,096	\$ (3,175)	\$ -	\$ 104,921

10 Compensated Absences

County employees earn vacation based on length of service and sick leave at the rate of one day per month. Twenty-five percent of the amount for unused sick leave is paid for upon termination. All accumulated unused vacation is paid upon termination.

11 Long-Term Debt

A. Long-term Debt Payable

The schedule below represents long-term debt payable at June 30, 2023:

Primary Government

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2023
Va. Public School Authority Bonds - 2007B	\$ 2,711,471	\$ 153,210	5.10	2028	\$ 812,691
Va. Public School Authority Bonds - 2006	6,009,728	344,154	4.60-5.10	2027	1,427,542
Va. Public School Authority Bonds - 2005	2,342,487	140,464	4.60-5.10	2026	432,749
VML/VACO Moral Obligation Refunding Bond - 2021	1,120,500	122,449	1.75	2030	884,415
VPSA QSCB Recovery Act Bonds - 2011	3,400,000	279,367	0.00	2027	1,117,466
Va. Public School Authority Bonds - 2021A	14,625,000	770,000	2.05-5.05	2036	13,080,000
Lease Revenue Bonds - 2018	60,615,000	-	3.62-5.00	2051	60,615,000
Lease Revenue Bonds - 2019A	5,785,000	110,000	3.00-5.00	2051	5,580,000
Grant Revenue Anticipation Notes - 2019B	19,515,000	19,515,000	2.00	2024	19,515,000
					\$ 103,464,863

Component Unit - Schools

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2023
Financed Purchase Obligation Dated 4/15/19	\$ 582,216	\$ -	0.00	2023	\$ -
Financed Purchase Obligation Dated 12/1/19	275,056	-	2.781	2023	-
					<u>\$ -</u>

B. Governmental Obligation

The following table is a summary of the changes in long-term liabilities that are recorded in the Statement of Net Position for the year ended June 30, 2023:

Primary Government

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Due Within One Year
Lease Revenue bonds	\$ 66,300,000	\$ -	\$ 105,000	\$ 66,195,000	\$ 110,000
Grant Revenue Anticipation notes	19,515,000	-	-	19,515,000	19,515,000
Subtotal - County	85,815,000	-	105,000	85,710,000	19,625,000
General obligation bonds	18,492,660	-	1,622,212	16,870,448	1,687,195
Moral obligation bonds	1,003,663	-	119,248	884,415	122,449
Subtotal - School-related debt	19,496,323	-	1,741,460	17,754,863	1,809,644
Subtotal - County and school	105,311,323	-	1,846,460	103,464,863	21,434,644
Add: Bond premiums	3,342,301	-	277,957	3,064,344	252,331
Less: Bond discounts	(613,806)	-	(21,663)	(592,143)	21,663
Subtotal after premiums and discounts	108,039,818	-	2,102,754	105,937,064	21,708,638
Landfill closure monitoring	277,954	19,735	-	297,689	29,769
Compensated absences	2,964,255	2,227,374	2,005,012	3,186,617	318,662
	<u>\$ 111,282,027</u>	<u>\$ 2,247,109</u>	<u>\$ 4,107,766</u>	<u>\$ 109,421,370</u>	<u>\$ 22,057,069</u>

Compensated absences expenses are allocated by department and by fund. The change in compensated absences for the Statement of Activities is charged to general government.

Debt service on the preceding long-term debt in future years is as follows:

Primary Government

Fiscal Year Ending June 30,	Grant Anticipation Notes/ Lease Revenue Bonds County		General Obligation Bonds School Board		Moral Obligation Bonds School Board		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 19,625,000	\$ 2,867,781	\$ 1,687,195	\$ 655,570	\$ 122,449	\$ 15,477	\$ 21,434,644	\$ 3,538,828
2025	110,000	2,668,231	1,758,430	585,061	120,530	13,334	1,988,960	3,266,626
2026	115,000	2,663,731	1,830,672	510,766	123,578	11,225	2,069,250	3,185,722
2027	355,000	2,653,156	1,666,796	438,459	126,084	9,063	2,147,880	3,100,678
2028	635,000	2,629,631	1,067,355	377,224	128,440	6,856	1,830,795	3,013,711
2029-2033	5,135,000	12,498,456	5,200,000	1,127,140	263,334	6,930	10,598,334	13,632,526
2034-2038	9,505,000	11,159,994	3,660,000	138,205	-	-	13,165,000	11,298,199
2039-2043	16,330,000	8,458,081	-	-	-	-	16,330,000	8,458,081
2044-2048	19,890,000	4,897,703	-	-	-	-	19,890,000	4,897,703
2049-2053	14,010,000	867,150	-	-	-	-	14,010,000	867,150
	<u>\$ 85,710,000</u>	<u>\$ 51,363,914</u>	<u>\$ 16,870,448</u>	<u>\$ 3,832,425</u>	<u>\$ 884,415</u>	<u>\$ 62,885</u>	<u>\$ 103,464,863</u>	<u>\$ 55,259,224</u>

C. Component Units

Following is a summary of the changes in long-term liabilities that are recorded in the component units for the year ended June 30, 2023:

	<u>Balance July 1, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
School Board					
Financed Purchase Obligation dated 4/15/19	\$ 145,554	\$ -	\$ 145,554	\$ -	\$ -
Financed Purchase Obligation Dated 12/1/19	<u>69,681</u>	<u>-</u>	<u>69,681</u>	<u>-</u>	<u>-</u>
Subtotal	215,235	-	215,235	-	-
Compensated absences	<u>834,912</u>	<u>584,439</u>	<u>557,923</u>	<u>861,428</u>	<u>86,143</u>
Total	<u>\$ 1,050,147</u>	<u>\$ 584,439</u>	<u>\$ 773,158</u>	<u>\$ 861,428</u>	<u>\$ 86,143</u>
Henry-Martinsville Social Services					
Compensated absences	<u>\$ 536,974</u>	<u>\$ 305,383</u>	<u>\$ 275,350</u>	<u>\$ 567,007</u>	<u>\$ 56,701</u>
Total	<u>\$ 536,974</u>	<u>\$ 305,383</u>	<u>\$ 275,350</u>	<u>\$ 567,007</u>	<u>\$ 56,701</u>

12 Leases

County as Lessor

The County has entered into an agreement as lessor for various cellular towers. The lease agreements are summarized as follows:

<u>Property Description</u>	<u>Original Date</u>	<u>Renewal Payment Terms</u>	<u>Next Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>
6445 Fairystone Park Highway (AT&T)	7/1/12	5 years	\$ 31,560	4.00%	\$ 121,649
6445 Fairystone Park Highway (US Cellular)	9/1/10	38 months	31,720	4.00%	66,769
Route 781, Chestnut Knob (American Towers)	5/1/94	142 months	17,302	4.00%	151,904
Chestnut Knob (GSC Electronics and Communications)	8/1/00	37 months	9,332	4.00%	18,623
Chestnut Knob (US Cellular)	4/1/96	45 months	6,058	4.00%	15,751
1450 Axton School Road (Verizon)	7/1/08	5 years	31,308	4.00%	150,571
6445 Fairystone Park Highway (Verizon)	4/1/08	5 years	30,137	4.00%	137,318
1024 Dupont Road (PRCJTA)	8/29/2006	20 years	61,776	4.00%	<u>230,834</u>
Totals					<u>\$ 893,419</u>

Remaining amounts to be received associated with these leases are as follows:

<u>Fiscal Year</u>	<u>Receivable Received</u>	<u>Interest Income</u>	<u>Total</u>
2024	\$ 186,401	\$ 32,793	\$ 219,194
2025	198,482	25,689	224,171
2026	172,858	18,152	191,010
2027	173,060	11,428	184,488
2028	72,734	5,055	77,789
2029-2033	75,728	10,782	86,510
2034	14,156	261	14,417
	<u>\$ 893,419</u>	<u>\$ 104,160</u>	<u>\$ 997,579</u>

County as Lessee

Lease agreements resulting in lease liabilities are summarized as follows:

<u>Description</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>
E911 Console System - GCS Electronics & Communications	7/1/2018	72 months	\$ 11,007	4.00%	\$ 129,269
					<u>\$ 129,269</u>

	<u>Balance July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Lease Liabilities	\$ 253,478	\$ -	\$ 124,209	\$ 129,269	\$ 129,269

<u>Lease Expense</u>	<u>Year Ending June 30, 2023</u>
Amortization expense by class of underlying asset	
Equipment	\$ 124,689
Interest on lease liabilities	<u>7,878</u>
Total	<u>\$ 132,567</u>

Remaining principal and interest payments on leases are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 129,269	\$ 2,818	\$ 132,087
	<u>\$ 129,269</u>	<u>\$ 2,818</u>	<u>\$ 132,087</u>

13 Subscription-Based Information Technology Arrangements

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the County are summarized as follows:

Governmental Activities

<u>Description</u>	<u>Date</u>	<u>Subscription Terms</u>	<u>Next Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>
Coencorp Fuel Software	7/1/2022	4 years	\$1,791	4.00%	\$ 4,970

Future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Subscriptions</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,592	\$ 199	\$ 1,791
2025	1,656	135	1,791
2026	1,722	69	1,791
	<u>\$ 4,970</u>	<u>\$ 403</u>	<u>\$ 5,373</u>

Amortization expense by class of underlying asset is as follows:

	<u>Year Ending June 30, 2023</u>
Software	<u>\$ 1,690</u>
Total	<u>\$ 1,690</u>

Summary of changes in SBITA agreements is as follows:

	<u>Balance July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Subscriptions	\$ -	\$ 6,761	\$ 1,791	\$ 4,970	\$ 1,592

Subscription-Based Information Technology Arrangements (SBITA) liabilities for the Component Unit – School Board are summarized as follows:

Component Unit School Board

<u>Description</u>	<u>Date</u>	<u>Subscription Terms</u>	<u>Next Annual Payment Amount</u>	<u>Interest Rate</u>	<u>Balance June 30, 2023</u>
Classkick Pro	7/1/2022	2 years	\$ -	4.00%	\$ -
IXL	8/16/2021	3 years	56,548	4.00%	54,373
Quizizz	2/1/2023	2 years	-	4.00%	-
Stormwind Software	3/24/2022	2 years	-	4.00%	-
					<u>\$ 54,373</u>

Future subscription payments under SBITA agreements are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Subscriptions Interest</u>	<u>Total</u>
2024	\$ 54,373	\$ 2,175	\$ 56,548

Amortization expense by class of underlying asset is as follows:

	<u>Year Ending June 30, 2023</u>
Software	\$ 92,205
Total	\$ 92,205

Summary of changes in SBITA agreements is as follows:

	<u>Balance July 1, 2022</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2023</u>	<u>Due Within One Year</u>
Subscriptions	\$ -	\$ 195,741	\$ 141,368	\$ 54,373	\$ 54,373

14 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2023 is determined as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>School Board</u>	<u>Industrial Development Authority</u>	<u>Social Services</u>
Net Investment in Capital Assets					
Cost of capital assets	\$ 159,631,806	\$ 1,682,507	\$ 109,139,131	\$ 6,305	\$ 410,925
Less: Accumulated depreciation/amortization	(37,855,792)	(591,867)	(65,474,749)	(6,305)	(306,004)
Book value	121,776,014	1,090,640	43,664,382	-	104,921
Less: Capital related debt	(96,665,365)	-	-	-	-
Less: Lease liabilities	(129,269)	-	-	-	-
Less: Subscription liabilities	(4,970)	-	(54,373)	-	-
Less: Bond premiums	(3,064,344)	-	-	-	-
Add: Bond discounts	592,143	-	-	-	-
Net Investment in Capital Assets	\$ 22,504,209	\$ 1,090,640	\$ 43,610,009	\$ -	\$ 104,921

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15 Deferred Inflows of Resources

Deferred inflows of resources from unavailable property taxes and other local taxes and licenses are comprised of the following:

Governmental Funds	
Delinquent taxes not collected within 60 days	\$ 2,156,380
Lease receivables	865,136
Opioid settlement	1,127,856
Other liabilities	86,937
Delinquent business licenses	12,371
Delinquent meals taxes	<u>19,935</u>
Total Deferred Inflows of Resources - Governmental Funds	<u>\$ 4,268,615</u>
Governmental Activities - Primary Government	
Deferred inflows for OPEB	\$ 562,616
Deferred inflows for pension liability	4,067,260
Deferred inflows for leases	<u>865,136</u>
Total Deferred Inflows of Resources - Governmental Activities	<u>\$ 5,495,012</u>
School Board - Fund Basis	
Held for scholarships	\$ 56,436
	<u>\$ 56,436</u>
School Board - Component Unit - Governmental Activities	
Held for scholarships	\$ 56,436
Deferred inflows for OPEB	1,959,768
Deferred inflows for pension liability	<u>10,176,500</u>
	<u>\$ 12,192,704</u>
Henry-Martinsville Social Services	
Deferred inflows for OPEB	\$ 92,472
Deferred inflows for pension liability	<u>1,016,815</u>
	<u>\$ 1,109,287</u>

16 Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The County joined together with other local governments in Virginia to form the Virginia Risk Sharing Association and Virginia Association of Counties Group Self-Insurance Risk Pool, both public entity risk pools currently operating as a common risk management and insurance program for participating local governments. In the event of a loss deficit and depletion of all available excess insurance, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County continues to carry commercial insurance for all other risks of loss, including employee dishonesty and employee health and accident insurance. The component units carry commercial insurance for all risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Surety Bond coverage is as follows:

Treasurer	\$ 750,000
Commissioner of Revenue	3,000
Clerk of Circuit Court	124,000
Sheriff	30,000
Employees of above officers - blanket bond	1,000,000
County Administrator	1,000,000
Employees of County and Board members - blanket bond	1,000,000
Clerk of the School Board	10,000
Director of Public Welfare	100,000
Employees of Social Services - blanket bond	100,000

17 Commitments and Contingencies

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the 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). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

18 Litigation

In a prior fiscal year, the City of Martinsville had initiated proceedings in the Martinsville Circuit Court in which it sought authorization to transition to town status. Reversion would have brought the residents of the City within the County. Reversion would have come at a significant cost to the County and impacted the services that were provided by the County. The City of Martinsville's lawsuit to revert from an independent city to a town within the County was dismissed by a special court considering the matter in fiscal year 2023.

At June 30, 2023, there were no other matters of litigation involving the County which would materially affect the County's financial position should any court decisions or pending matters not be favorable to such entities.

19 Performance Agreements

The County has signed performance agreements with various companies that have located within the County. As part of many of these agreements, the County has agreed to pay cash incentives to the companies. As of June 30, 2023, the County had no outstanding commitments for future payments under these agreements.

20 Legal Compliance

The Virginia Public Finance Act contains state law for issuance of long-term and short-term debt. The Act states, in part, that no municipality may issue bonds or other interest-bearing obligations, including existing indebtedness, which will at any time exceed ten percent of the assessed valuation on real estate as shown by the last preceding assessment for taxes. Short-term revenue anticipation bonds/notes, general obligation bonds approved in a referendum, revenue bonds, and contract obligations for publically owned or regional projects should not be included in the debt limitation.

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	<u>\$ 2,957,569,009</u>
Debt Limits per Constitution of Virginia - 10% Assessed Value	\$ 295,756,901
<i>Amount of Debt Applicable to Debt Limit</i>	
Gross Debt	<u>103,464,863</u>
Legal Debt Margin - June 30, 2023	<u>\$ 192,292,038</u>

Note: Includes all long-term general obligation bonded debt and Literary Fund Loans. Excludes capital leases, landfill closure, and compensated absences.

21 Appropriation to School from General Fund

Following is a summary of adjustments made to the local school appropriation when converting from fund financial statements to government-wide financial statements:

	<u>School Board</u>
Appropriation from General Fund	\$ 14,877,331
Net fixed asset and depreciation adjustment on the school buildings still owned by the County until the debt is paid off	1,007,269
Adjustment for the net allocation of internal service self-insurance fund services and costs	(835,339)
Adjustment for long-term debt paid by School on buildings owned by the County until the debt is paid off	<u>(2,637,022)</u>
Appropriation to School Fund per Government-Wide Statements	<u>\$ 12,412,239</u>

22 Pension Plan

Plan Description

All full-time, salaried permanent (professional) employees of the political subdivision are automatically covered by a VRS Retirement Plan upon employment. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This plan is administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

Eligible Members

Members are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.

Hybrid Opt-In Election

VRS non-hazardous duty covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

Members are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. *Teachers:* Members are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Members are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.

Hybrid Opt-In Election

Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014.

The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014.

If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.

Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.

- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.

- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

Members are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:

- Political subdivision employees*
- School division employees
- Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1 - April 30, 2014; the plan's effective date for opt-in members was July 1, 2014

**Non-Eligible Members*

Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:

- Political subdivision employees who are covered by enhanced benefits for hazardous duty employees

Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

PLAN 1

Retirement Contributions

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

Service Credit

Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Vesting

Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.

Members are always 100% vested in the contributions that they make.

PLAN 2

Retirement Contributions

Same as Plan 1.

Service Credit

Same as Plan 1.

Vesting

Same as Plan 1.

HYBRID RETIREMENT PLAN

Retirement Contributions

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

Service Credit

Defined Benefit Component:

Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.

Defined Contributions Component:

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

Vesting

Defined Benefit Component:

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

Defined Contributions Component:

Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.

Members are always 100% vested in the contributions that they make.

PLAN 1

Calculating the Benefit

The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.

An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.

Average Final Compensation

A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.

Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.

Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.

PLAN 2

Calculating the Benefit

See definition under Plan 1.

Average Final Compensation

A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.

Service Retirement Multiplier

VRS: Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.

Sheriffs and regional jail superintendents: Same as Plan 1.

Political subdivision hazardous duty employees: Same as Plan 1.

HYBRID RETIREMENT PLAN

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

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

Distributions not required, except as governed by law.

Calculating the Benefit

Defined Benefit Component:

See definition under Plan 1.

Defined Contribution Component:

The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.

Average Final Compensation

Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.

Service Retirement Multiplier

Defined Benefit Component:

VRS: The retirement multiplier for the defined benefit component is 1.00%.

For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.

Sheriffs and regional jail superintendents: Not applicable.

Political subdivision hazardous duty employees: Not applicable.

Defined Contribution Component

Not applicable.

<p><u>PLAN 1</u> <i>Normal Retirement Age</i></p>	<p><u>PLAN 2</u> <i>Normal Retirement Age</i></p>	<p><u>HYBRID RETIREMENT PLAN</u> <i>Normal Retirement Age</i></p>
<p>VRS: Age 65.</p>	<p>VRS: Normal Social Security retirement age.</p>	<p>Defined Benefit Component: VRS: Same as Plan 2.</p>
<p>Political subdivisions hazardous duty employees: Age 60.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable.</p>
<p><i>Earliest Unreduced Retirement Eligibility</i> VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p>	<p><i>Earliest Unreduced Retirement Eligibility</i> VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equal 90.</p>	<p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Political subdivisions hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p><i>Earliest Unreduced Retirement Eligibility</i> Defined Benefit Component: VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age and service equal 90.</p>
<p><i>Earliest Reduced Retirement Eligibility</i> VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><i>Earliest Reduced Retirement Eligibility</i> VRS: Age 60 with at least five years (60 months) of service credit.</p>	<p>Political subdivisions hazardous duty employees: Not applicable.</p>
<p>Political subdivisions hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p><i>Earliest Reduced Retirement Eligibility</i> Defined Benefit Component: VRS: Age 60 with at least five years (60 months) of service credit.</p>
<p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Political subdivisions hazardous duty employees: Not applicable</p>
<p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p><i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p><i>Cost-of-Living Adjustment (COLA) in Retirement</i> The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p><i>Cost-of-Living Adjustment (COLA) in Retirement</i> Defined Benefit Component: Same as Plan 2</p>
<p>Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p>	<p>Political subdivisions hazardous duty employees: Same as Plan 1.</p>	<p>Defined Contribution Component: Not applicable</p>
<p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p>	<p>Eligibility: Same as Plan 1</p>	<p>Eligibility: Same as Plan 1 and Plan 2</p>

PLAN 1

Exceptions to COLA Effective Dates:

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

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

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

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

PLAN 2

Exceptions to COLA Effective Dates:

Same as Plan 1

Disability Coverage

Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.

Purchase of Prior Service

Same as Plan 1

HYBRID RETIREMENT PLAN

Exceptions to COLA Effective Dates:

Same as Plan 1 and Plan 2

Disability Coverage

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

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

Purchase of Prior Service

Defined Benefit Component:

Same as Plan 1, with the following exceptions:

- Hybrid Retirement Plan members are ineligible for ported service.

Defined Contribution Component:

Not applicable

Employees Covered by Benefit Terms

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

	Primary Government - County	School Board - General Employees
	<u>Number</u>	<u>Number</u>
Inactive members or their beneficiaries currently receiving benefits	329	225
Inactive members:		
Vested inactive members	59	17
Non-vested inactive members	104	39
LTD	0	0
Inactive members active elsewhere in VRS	<u>145</u>	<u>53</u>
Total inactive members	308	109
Active members	<u>401</u>	<u>163</u>
Total covered employees	<u>1038</u>	<u>497</u>

Contributions

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

If the employer used the certified rate: The County of Henry, Virginia's political subdivision contractually required contribution rate for the year ended June 30, 2023 was 13.01% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The County of Henry, Virginia school board – general employees' contribution rate was 8.10%.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Henry, Virginia for the County employees were \$3,048,566 and \$2,483,140 for the years ended June 30, 2023 and June 30, 2022, respectively.

For the County of Henry, Virginia school board – general employees, employer contributions were \$274,308 and \$274,102 for the years ended June 30, 2023 and June 30, 2022, respectively.

Each school divisions - teachers contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, which combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Henry, Virginia school division - teachers were \$7,145,095 and \$6,560,912 for the years ended June 30, 2023 and June 30, 2022, respectively.

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.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For County of Henry, Virginia, the net pension liability was 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.

Net Pension Liability – Teacher Employee Retirement Plan

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	\$ 54,732,329
Plan Fiduciary Net Position	<u>45,211,731</u>
Employer's Net Pension Liability (Asset)	<u><u>\$ 9,520,598</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

Actuarial Assumptions – General Employees and School Division - Teachers

The total pension liability for General Employees in the Political Subdivision's Retirement Plan and VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

	<u>General Employees</u>	<u>Teachers</u>
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation	6.75%, net of pension plan investment expenses, including inflation

Political Subdivisions

Mortality rates:

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 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:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
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
Line of Duty Disability	No change
Discount rate	No change

School Divisions

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan 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 increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

All Others (Non 10 Largest) – Hazardous Duty; 45% of deaths are assumed to be service related.

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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:

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	<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. These 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 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2022, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. 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, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 102,312,290	\$ 98,590,615	\$ 3,721,675
Changes for the Year			
Service cost	2,112,181	-	2,112,181
Interest	6,877,496	-	6,877,496
Benefit changes	-	-	-
Assumption changes	-	-	-
Differences between expected and actual experience	(3,122,374)	-	(3,122,374)
Contributions - employer	-	2,483,140	(2,483,140)
Contributions - employee	-	981,410	(981,410)
Net investment income	-	(106,926)	106,926
Benefit payments, including refunds of employee contributions	(5,071,286)	(5,071,286)	-
Administrative expenses	-	(61,239)	61,239
Other changes	-	2,275	(2,275)
Net Changes	796,017	(1,772,626)	2,568,643
Balances at June 30, 2022	<u>\$ 103,108,307</u>	<u>\$ 96,817,989</u>	<u>\$ 6,290,318</u>

NOTE: This Net Pension Liability is allocated between the Primary Government Henry County and the Component Unit Henry - Martinsville Social Services.

**Component Unit School Board -
General Employees**

		<u>Total Pension Liability (a)</u>	<u>Increase (Decrease) Plan Fiduciary Net Position (b)</u>	<u>Net Pension Liability (a) - (b)</u>
Balances at June 30, 2021	\$	20,392,872	\$ 20,882,442	\$ (489,570)
Changes for the Year				
Service cost		294,270	-	294,270
Interest		1,349,770	-	1,349,770
Benefit changes		-	-	-
Assumptions changes		-	-	-
Differences between expected and actual experience		(587,856)	-	(587,856)
Contributions - employer		-	(40,540)	40,540
Contributions - employee		-	38,897	(38,897)
Net investment income		-	14,101	(14,101)
Benefit payments, including refunds of employee contributions		(1,381,102)	(1,381,102)	-
Administrative expenses		-	(13,367)	13,367
Other changes		-	458	(458)
Net Changes		<u>(324,918)</u>	<u>(1,381,553)</u>	<u>1,056,635</u>
Balances at June 30, 2022	\$	<u>20,067,954</u>	\$ <u>19,500,889</u>	\$ <u>567,065</u>

***Sensitivity of the County of Henry, Virginia's and County of Henry, Virginia School Division's
– Teacher Proportionate Share of the Net Pension Liability to Changes in the Discount Rate***

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

	<u>1.00% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1.00% Increase (7.75%)</u>
Primary Government - County (includes Component Unit - Henry-Martinsville Social Services)			
Political subdivision's Net Pension Liability	\$ <u>19,769,576</u>	\$ <u>6,290,318</u>	\$ <u>(4,736,179)</u>
Component Unit School Board - General Employees	\$ <u>2,557,853</u>	\$ <u>567,065</u>	\$ <u>(1,106,660)</u>
School Division's Proportionate Share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	\$ <u>75,124,260</u>	\$ <u>42,061,053</u>	\$ <u>15,140,331</u>

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

For the year ended June 30, 2023, the County of Henry, Virginia recognized pension expense of \$(1,176,923).

For the year ended June 30, 2023, the County of Henry, Virginia school board - general employees recognized pension expense of \$(48,871).

At June 30, 2023, the County of Henry, Virginia school division - teachers reported a liability of \$42,061,053 for its proportionate share of the Net Pension Liability. 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 performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The County of Henry, Virginia school division - teachers' proportion of the Net Pension Liability was based on the County of Henry, Virginia school division - teachers actuarially determined employer contributions to the pension 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 division - teachers' proportion was 0.44179% as compared to 0.44391% at June 30, 2021.

For the year ended June 30, 2023, the County of Henry, Virginia school division - teachers recognized pension expense of \$1,708,648. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2023, the County of Henry, Virginia, County of Henry, Virginia school division – general employees and County of Henry, Virginia school division - teachers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)		
Differences between expected and actual experience	\$ 151,801	\$ 2,277,173
Change in assumptions	1,573,609	-
Net difference between projected and actual earnings on pension plan investments	-	2,806,902
Employer contributions subsequent to the measurement date	<u>3,048,566</u>	<u>-</u>
Total - County and Social Services	<u>\$ 4,773,976</u>	<u>\$ 5,084,075</u>

Note: Amounts allocated between the Primary Government and the Component Unit – Henry- Martinsville Social Services.

	<u>Deferred Outflows</u> <u>of Resources</u>	<u>Deferred Inflows</u> <u>of Resources</u>
Component Unit School Board - General Employees		
Differences between expected and actual experience	\$ -	\$ 278,692
Change in assumptions	54,076	-
Net difference between projected and actual earnings on pension plan investments	-	653,147
Employer contributions subsequent to the measurement date	<u>274,308</u>	<u>-</u>
Total	<u>\$ 328,384</u>	<u>\$ 931,839</u>

Component Unit School Board - Teachers

Differences between expected and actual experience	\$ -	\$ 2,900,276
Change in assumptions	3,965,510	-
Net difference between projected and actual earnings on pension plan investments	-	5,483,880
Changes in proportion and differences between Employer contributions and proportionate share of contributions	957	860,505
Employer contributions subsequent to the measurement date	<u>7,145,095</u>	<u>-</u>
Total	<u>\$ 11,111,562</u>	<u>\$ 9,244,661</u>

\$3,048,566 for the County, \$274,308 for School Board General Employees and \$7,145,095 for the Teachers reported as deferred outflows of resources related to pensions resulting from the County of Henry, Virginia and the County of Henry, Virginia school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year Ended
June 30,

**Primary Government -
County (Includes Component Unit -
Henry-Martinsville Social Services)**

2024	\$ (856,363)
2025	(1,532,945)
2026	(2,310,473)
2027	1,341,116
2028	-
Thereafter	-

**Year Ended
June 30,**

**Component Unit School Board -
General Employees**

2024	\$ (467,783)
2025	(256,001)
2026	(423,652)
2027	269,673
2028	-
Thereafter	-

**Component Unit School Board -
Teachers**

2024	\$ (1,812,036)
2025	(2,133,110)
2026	(3,767,704)
2027	2,434,656
2028	-
Thereafter	-

Pension Plan Fiduciary Net Position

Detailed information about the VRS Political Subdivision's and Teacher Retirement Plans' Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

The political subdivision, school board general employees, and teachers recognize \$350,180, \$42,434, and \$890,187, respectively of payables to a pension plan outstanding at the end of the reporting period. This amount represents June 2023 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

Aggregate Pension Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension Asset	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability	Net Pension (Asset)	Pension Expense
VRS Pension Plans										
Primary Government	\$ 4,773,976	\$ 5,084,075	\$ 6,290,318	\$ -	\$ 1,176,923	\$ -	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	-	328,384	931,839	567,065	-	(48,871)
School Board - Teachers	-	-	-	-	-	11,111,562	9,244,661	42,061,053	-	1,708,648
Totals	\$ 4,773,976	\$ 5,084,075	\$ 6,290,318	\$ -	\$ 1,176,923	\$ 11,439,946	\$ 10,176,500	\$ 42,628,118	\$ -	\$ 1,659,777

23 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the Group Life Insurance Program have several components.</p> <ul style="list-style-type: none"> • <i>Natural Death Benefit:</i> The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <i>Accidental Death Benefit:</i> The accidental death benefit is double the natural death benefit. • <i>Other Benefit Provisions:</i> In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> Accidental dismemberment benefit Safety belt benefit Repatriation benefit Felonious assault benefit Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.</p>

Contributions

The contribution requirements for the Group Life Insurance Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the Group Life Insurance Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee

component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% 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. Contribution to the Group Life Insurance Program from the County were \$131,046 and \$110,611 for the years ended June 30, 2023 and June 30, 2022, respectively.

For the component unit school board – general employees, contributions to the Group Life Insurance Program were \$20,807 and \$19,165 for the years ended June 30, 2023 and June 30, 2022, respectively.

For the component unit school board – teacher, contributions to the Group Life Insurance Program were \$242,574 and \$221,439 for the years ended June 30, 2023 and June 30, 2022, respectively.

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.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, the participating employer reported a liability of \$1,133,898 for the political subdivision, \$196,509 for the component unit school board – general employees, and \$2,269,963 for the component unit school board – teacher for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation 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 employer contributions to the Group Life Insurance Program 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 participating employer's proportion was .09417% for the political subdivision, .01632% for the school board – general employees, and .18852% for the school board – teacher as compared to .08743% for the political subdivision, .01816% for the component unit school board – general employees, and .18960% for the component unit school board – teacher at June 30, 2021.

For the year ended June 30, 2023, the participating employer recognized GLI OPEB expenses of \$55,380 for the political subdivision, \$2,865 for the component unit school board – general employees, and \$56,740 for component unit school board – teacher. 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 employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Political Subdivision

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 89,790	\$ 45,489
Net difference between projected and actual earnings on GLI OPEB program investments	-	70,852
Change in assumptions	42,293	110,446
Changes in proportionate share	85,990	3,805
Employer contributions subsequent to the measurement date	131,046	-
Total	<u>\$ 349,119</u>	<u>\$ 230,592</u>

**Component Unit School Board
General Employees**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 15,561	\$ 7,883
Net difference between projected and actual earnings on GLI OPEB program investments	-	12,279
Change in assumptions	7,329	19,141
Changes in proportionate share	2,374	26,810
Employer contributions subsequent to the measurement date	<u>20,807</u>	<u>-</u>
Total	<u>\$ 46,071</u>	<u>\$ 66,113</u>

Component Unit School Board Teacher

Differences between expected and actual experience	\$ 179,752	\$ 91,065
Net difference between projected and actual earnings on GLI OPEB program investments	-	141,839
Change in assumptions	84,666	221,103
Changes in proportionate share	1,616	51,004
Employer contributions subsequent to the measurement date	<u>242,574</u>	<u>-</u>
Total	<u>\$ 508,608</u>	<u>\$ 505,011</u>

\$131,046 for the political subdivision, \$20,807 for school board – general employees, and \$242,574 for school board – teacher reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 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:

Political Subdivision

**Year Ended
June 30,**

2024	\$ (706)
2025	(1,087)
2026	(41,665)
2027	23,803
2028	7,136
Thereafter	-

**Component Unit School Board
General Employees**

**Year Ended
June 30,**

2024	\$ (8,215)
2025	(9,234)
2026	(14,666)
2027	(3,003)
2028	(5,731)
Thereafter	-

**Component Unit School Board
Teacher**

**Year Ended
June 30,**

2024	\$ (57,519)
2025	(52,172)
2026	(122,153)
2027	12,327
2028	(19,460)
Thereafter	-

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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 (Pre-retirement, post-retirement healthy, and disabled)	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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,989</u>
GLI Net OPEB Liability (Asset)	<u>\$ 1,204,096</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.71%	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. These 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 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability - Political Subdivision	\$ 1,649,954	\$ 1,133,898	\$ 716,854
Net OPEB Liability - School Division	285,943	196,509	124,233
Net OPEB Liability - Teacher	3,303,061	2,269,963	1,435,077

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

The political subdivision, school board general employees, and teachers recognize \$27,149, \$4,934, and \$58,214, respectively of payables to a group life insurance OPEB plan outstanding at the end of the reporting period. This amount represents June 2023 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

24 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

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

The specific information about the Political Subdivision Health Insurance Credit Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS	
Eligible Employees	<p>The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts	<p>The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> <i>At Retirement:</i> For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. <i>Disability Retirement:</i> For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
Health Insurance Credit Program Notes:	<ul style="list-style-type: none"> The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government - County	School Board - General Employees
	Number	Number
Inactive members or their beneficiaries currently receiving benefits	35	104
Inactive members:		
Vested inactive members	4	1
Non-vested inactive members	-	-
Inactive members active elsewhere in the System	-	-
Total inactive members	39	105
Active members	134	163
Total covered employees	173	268

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County of Henry, Virginia's contractually required employer contribution rate for the year ended June 30, 2023 was 0% of covered employee compensation and 1.29% for the component unit school board-general employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Henry, Virginia to the Political Subdivision Health Insurance Credit Program were \$0- and \$3,769 for the years ended June 30, 2023 and June 30, 2022, respectively.

For the component unit school board – general employees, contributions to the Health Insurance Credit Program were \$49,450 and \$35,848 for the years ended June 30, 2023 and 2022, respectively.

Net HIC OPEB Liability

The County of Henry, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality rates – Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 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 (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest Ten Locality Employers – Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

Rates projected generationally with Modified MP-2021 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 (Pre-retirement, post-retirement healthy, and disabled)	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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	<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. These 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 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity 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 continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

	<u>Increase (Decrease)</u>		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 278,025	\$ 366,788	\$ (88,763)
Changes for the Year			
Service cost	5,258	-	5,258
Interest	18,149	-	18,149
Benefit changes	-	-	-
Assumption changes	72,287	-	72,287
Differences between expected and actual experience	(8,041)	-	(8,041)
Contributions - employer	-	3,770	(3,770)
Net investment income	-	979	(979)
Benefit payments	(28,827)	(28,827)	-
Administrative expenses	-	(619)	619
Other changes	-	23,251	(23,251)
Net Changes	<u>58,826</u>	<u>(1,446)</u>	<u>60,272</u>
Balances at June 30, 2022	<u>\$ 336,851</u>	<u>\$ 365,342</u>	<u>\$ (28,491)</u>

**Component Unit School Board -
General Employees**

		<u>Increase (Decrease)</u>	
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2021	\$ 518,271	\$ 42,843	\$ 475,428
Changes for the Year			
Service cost	4,078	-	4,078
Interest	34,522	-	34,522
Benefit changes	-	-	-
Assumption changes	69,098	-	69,098
Differences between expected and actual experience	(26,716)	-	(26,716)
Contributions - employer	-	31,497	(31,497)
Net investment income	-	(262)	262
Benefit payments	(21,812)	(21,812)	-
Administrative expenses	-	(85)	85
Other changes	-	281	(281)
Net Changes	59,170	9,619	49,551
Balances at June 30, 2022	<u>\$ 577,441</u>	<u>\$ 52,462</u>	<u>\$ 524,979</u>

Sensitivity of the Political Subdivision Health Insurance Credit Net OPEB Liability to Changes in the Discount Rate

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

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Primary Government - County (includes Component Unit - Henry- Martinsville Social Services)			
Public Subdivision			
Net HIC OPEB Liability (Asset)	\$ 10,306	\$ (28,491)	\$ (61,340)
Component Unit School Board - General Employees			
Net HIC OPEB Liability (Asset)	\$ 568,399	\$ 524,979	\$ 486,971

Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Health Insurance Credit Program OPEB

For the year ended June 30, 2023, the County of Henry, Virginia recognized Health Insurance Credit Program OPEB expense \$(16,422) for the political subdivision and \$52,276 for the component unit school board – general employees. At June 30, 2023, the County of Henry, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Henry, Virginia's Health Insurance Credit Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)		
Differences between expected and actual experience	\$ 10,538	\$ 10,348
Change in assumptions	67,315	1,063
Net difference between projected and actual earnings on HIC OPEB program investments	-	9,800
Employer contributions subsequent to the measurement date	-	-
Total	<u>\$ 77,853</u>	<u>\$ 21,211</u>
Component Unit School Board - General Employees		
Differences between expected and actual experience	\$ 1	\$ 18,288
Change in assumptions	53,284	-
Net difference between projected and actual earnings on HIC OPEB program investments	526	-
Employer contributions subsequent to the measurement date	49,450	-
Total	<u>\$ 103,261</u>	<u>\$ 18,288</u>

\$-0- for the political subdivision and \$49,450 for the component unit school board – general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Henry, Virginia’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:

Year Ended
June 30,

**Primary
Government -
County (Includes
Component Unit -
Henry-Martinsville
Social Services)**

2024	\$ 7,935
2025	9,010
2026	6,289
2027	16,854
2028	11,522
Thereafter	5,032

**Year Ended
June 30,**

**Component Unit
School Board -
General Employees**

2024	\$	17,097
2025		15,509
2026		2,218
2027		699
2028		-
Thereafter		-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

The political subdivision and school board-general employees recognize \$-0- and \$4,730, respectively of payables to a health insurance credit program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2023 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

25 Other Post-Employment Benefits - Teacher Employee Health Insurance Credit Program

Plan Description

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS

Eligible Employees

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

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts

The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:

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

Health Insurance Credit Program Notes:

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Henry, Virginia school division to the VRS Teacher Employee Health Insurance Credit Program were \$543,512 and \$496,059 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 budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Teacher Employee Health Insurance Credit Program OPEB Liabilities, Teacher Employee Health Insurance Credit Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Teacher Employee Health Insurance Credit Program OPEB

At June 30, 2023, the County of Henry, Virginia's school division reported a liability of \$5,494,181 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program 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 County of Henry, Virginia school

division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the County of Henry, Virginia school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County of Henry, Virginia school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.43987% as compared to 0.44246% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of \$401,623. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2023, the County of Henry, Virginia school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 223,951
Change in assumptions	160,513	14,030
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	-	5,515
Changes in proportionate share and differences between actual and expected contributions	-	137,824
Employer contributions subsequent to the measurement date	<u>543,512</u>	<u>-</u>
Total	<u>\$ 704,025</u>	<u>\$ 381,320</u>

\$543,512 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

**Year Ended
June 30,**

2024	\$ (54,229)
2025	(51,315)
2026	(45,408)
2027	(16,598)
2028	(27,365)
Thereafter	(25,892)

Actuarial Assumptions

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

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

Mortality rates – Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

**Teacher
Employee
HIC OPEB
Plan**

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

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

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-Term Expected Rate of Return</u>	<u>Weighted Average Long-Term Expected Rate of Return*</u>
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	<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. These 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 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 6,192,005	\$ 5,494,181	\$ 4,902,653

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at [varetire.org/Pdf/Publications/2022 annual-report.pdf](http://varetire.org/Pdf/Publications/2022%20annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Health Insurance Credit Program OPEB Plan

The school division – teacher recognize \$52,567 of payables to a teacher health insurance program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2023 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

26 Other Postemployment Benefits (OPEB)–Healthcare

General Information About the OPEB Plan

Summary of Plan Provisions

The following is our understanding of the plan provisions for retiree coverage. Where the following differs from the official plan rules, the valuation should be revised.

Eligibility Conditions

A retiring employee participating in the Employer's medical program with at least 15 years of County service, and retires under the VRS plan is eligible to elect post-retirement coverage.

Eligibility for VRS Retirement

Early Retirement – Plan 1

- The employee must have 10 years of service and 50 years of age; or,
- The employee must have 5 years of service and 55 years of age.

Full Retirement – Plan 1

- The employee must have 65 years of age and vested in VRS; or,
- The employee must have 30 years of service and 50 years of age.

Early Retirement – Plan 2&Hybrid

- The employee must have 5 years of service and 60 years of age.

Full Retirement – Plan 2&Hybrid

- The employee must have reached Normal Social Security retirement age with at least 5 years of service; or,
- Age and service must equal 90.

Covered Employees

All full time employees (must be covered by the active plan at the time of retirement). Coverage ceases at age 65 for new retirees.

Type of Coverage	Employee	Spouse
Life Insurance	No post-retirement life insurance is valued.	Not Applicable
Dental Coverage	Post-retirement dental coverage is provided on an Access only basis, retirees pay the active rate.	Same as Employee
Vision Coverage	Post-retirement vision coverage is provided on an Access only basis (COBRA – 18 months). Retirees pay retiree rate.	Same as Employee
Medical Coverage <ul style="list-style-type: none">➤ Employee Cost Sharing➤ Coverage Ceases	Active employees and retirees charged the same rate. Retiree pays 100% of this blended premium. Effective July 1, 2020, coverage ceases upon the earlier of death or attainment of Medicare eligibility.	Employee pays 100% of blended spousal premium Spouse coverage ceases upon earlier of retiree death or Medicare eligibility. Surviving spouses are offered COBRA to age 65.
Disability Coverage	No post-retirement disability insurance is valued.	Not Applicable
Long Term Care Coverage	No post-retirement long term care insurance is valued.	Not Applicable

Amendments

The Employer reserves the right to amend the Plan at any time subject to Board action.

Commonwealth of Virginia

The Commonwealth of Virginia reimburses County retirees' an amount equal to \$1.50 times their years of service up to 30 years. The Commonwealth of Virginia reimburses retired School administrators and teachers an amount equal to \$4.00 times their years of service up to 30 years. This credit has no effect on the Employer's medical contribution or OPEB obligation.

Employees covered by benefit terms. At July 1, 2022 (the valuation date) the following employees were covered by the benefit terms:

County	<u>Count</u>	<u>Total OPEB Liability</u>
Inactive employees or beneficiaries currently receiving benefits	5	\$ 124,705
Active employees	<u>372</u>	<u>891,882</u>
Total	<u>377</u>	<u>\$ 1,016,587</u>
Henry-Martinsville Social Services		
Inactive employees or beneficiaries currently receiving benefits	0	\$ -
Active employees	<u>92</u>	<u>162,916</u>
Total	<u>92</u>	<u>\$ 162,916</u>
School Board		
Inactive employees or beneficiaries currently receiving benefits	42	\$ 720,606
Active employees	<u>973</u>	<u>3,754,777</u>
Total	<u>1015</u>	<u>\$ 4,475,383</u>

Employer Contributions

The funding policy of the plan sponsor is to contribute annually an amount sufficient to satisfy benefit payment requirements to participants.

Employee Contributions

None

Net OPEB Liability

The employer's net OPEB liability is reported herein as of June 30, 2023 for the employer fiscal year and reporting period of July 1, 2022 to June 30, 2023. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2022 and the corresponding measurement period of July 1, 2021 to July 1, 2022 for GASB 75 and a measurement date of June 30, 2023 and corresponding measurement period of July 1, 2022 to June 30, 2023 for GASB 74. The measurement of the total OPEB liability is based on a valuation date of July 1, 2022.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	6.75% for GASB 75 6.75% for GASB 74
Salary Scale	2.50%
Healthcare Cost Trend Rates	6.75% for fiscal year 2023, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality	RP-2014 Mortality Table, fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method	Entry Age Actuarial Cost Method

Expected Return on Assets

6.75%

Discount Rate

- The discount rate for GASB 75 has been set equal to 6.75% which is the rate of return on assets.
- The discount rate for GASB 74 has been set equal to 6.75% which is the rate of return on assets.

Changes in the Net OPEB Liability

	<u>Increase (Decrease)</u>		
County	Total OPEB Retiree HI Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Retiree HI Liability (Asset) (a) - (b)
Balances at July 1, 2022	\$ 1,311,245	\$ 1,180,461	\$ 130,784
Changes for the Year			
Service cost	31,557	-	31,557
Interest	88,598	-	88,598
Difference between expected and actual experience	(268,371)	-	(268,371)
Contributions - employer*	-	95,569	(95,569)
Contributions - employee	-	-	-
Net investment income	-	(112,236)	112,236
Benefit payments**	(61,469)	(61,469)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(1,776)	1,776
Other changes	(84,973)	-	(84,973)
Net Changes	(294,658)	(79,912)	(214,746)
Balances at June 30, 2023***	<u>\$ 1,016,587</u>	<u>\$ 1,100,549</u>	<u>\$ (83,962)</u>
Henry-Martinsville Social Services			
Balances at July 1, 2022	\$ 189,403	\$ 309,014	\$ (119,611)
Changes for the Year			
Service cost	6,479	-	6,479
Interest	13,222	-	13,222
Difference between expected and actual experience	(30,382)	-	(30,382)
Contributions - employer*	-	20,000	(20,000)
Contributions - employee	-	-	-
Net investment income	-	(28,446)	28,446
Benefit payments**	-	-	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(832)	832
Other changes	(15,806)	-	(15,806)
Net Changes	(26,487)	(9,278)	(17,209)
Balances at June 30, 2023***	<u>\$ 162,916</u>	<u>\$ 299,736</u>	<u>\$ (136,820)</u>
School Board			
Balances at July 1, 2022	\$ 4,978,455	\$ 2,556,256	\$ 2,422,199
Changes for the Year			
Service cost	159,053	-	159,053
Interest	335,860	-	335,860
Differences between expected and actual experience	(631,257)	-	(631,257)
Contributions - employer*	-	328,993	(328,993)
Contributions - employee	-	-	-
Net investment income	-	(235,752)	235,752
Benefit payments**	(328,993)	(328,993)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(3,245)	3,245
Other changes	(37,735)	-	(37,735)
Net Changes	(503,072)	(238,997)	(264,075)
Balances at June 30, 2023***	<u>\$ 4,475,383</u>	<u>\$ 2,317,259</u>	<u>\$ 2,158,124</u>

* This is contribution plus "pay-as-you-go" cost

**This is the "pay-as-you-go" cost

*** Measurement date is July 1, 2022

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

The following presents the Net OPEB liability (asset) of the employer as of the measurement date calculated using the discount rate, as well as what the employer's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00% Decrease</u>	<u>Current Discount Rate</u>	<u>1.00% Increase</u>
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ 5,376	\$ (83,962)	\$ (163,733)
Henry-Martinsville Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (123,127)	\$ (136,820)	\$ (149,158)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$2,550,251	\$ 2,158,124	\$1,802,224

Sensitivity of the Net OPEB Liability to Changes in the Trend Rate

The following presents the Net OPEB liability (asset) of the employer as of the measurement date calculated using the trend rate, as well as what the employer's net OPEB liability would be if it were calculated using a trend rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1.00% Decrease</u>	<u>Current Trend Rate</u>	<u>1.00% Increase</u>
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (169,629)	\$ (83,962)	\$ 12,721
Henry-Martinsville Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$ (150,420)	\$ (136,820)	\$ (121,494)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	\$1,737,933	\$ 2,158,124	\$2,639,214

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

For the year ended June 30, 2023, under GASB 75 the employer OPEB expense is \$(165,291) for the County, \$(22,461) for Henry-Martinsville Social Services, and \$(48,520) for the School Board. The deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2023 from various sources are as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
County		
Differences between expected and actual experience	\$ 3,117	\$ 244,701
Changes of assumptions	52,095	112,231
Net difference between projected and actual earnings on OPEB plan investments	50,433	-
Employer contributions after measurement date but prior to fiscal year end	<u>34,300</u>	<u>-</u>
Total	<u>\$ 139,945</u>	<u>\$ 356,932</u>
Henry-Martinsville Social Services		
Differences between expected and actual experience	\$ -	\$ 34,559
Changes of assumptions	5,181	11,794
Net difference between projected and actual earnings on OPEB plan investments	12,632	-
Employer contributions after measurement date but prior to fiscal year end	<u>30,000</u>	<u>-</u>
Total	<u>\$ 47,813</u>	<u>\$ 46,353</u>
School Board		
Differences between expected and actual experience	\$ 223,382	\$ 582,015
Changes of assumptions	216,326	407,021
Net difference between projected and actual earnings on OPEB plan investments	96,198	-
Employer contributions after measurement date but prior to fiscal year end	<u>300,000</u>	<u>-</u>
Total	<u>\$ 835,906</u>	<u>\$ 989,036</u>

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

**Year Ended
June 30,**

County

2024	\$ (128,635)
2025	(82,305)
2026	(80,513)
2027	40,166
2028	-

**Henry-Martinsville
Social Services**

2024	\$ (12,937)
2025	(13,440)
2026	(12,316)
2027	10,153
2028	-

School Board

2024	\$ (343,937)
2025	13,202
2026	(82,208)
2027	(40,187)
2028	-

27 Aggregate OPEB Information

	Primary Government					Component Unit School Board				
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	Net OPEB (Asset)	OPEB Expense
VRS OPEB Plans										
<i>Group Life Insurance</i>										
Primary Government	\$ 349,119	\$ 230,592	\$ 1,133,898	\$ -	\$ 55,380	\$ -	\$ -	\$ -	\$ -	\$ -
School Board - General Employees	-	-	-	-	-	46,071	66,113	196,509	-	2,865
School Board - Teachers	-	-	-	-	-	508,608	505,011	2,269,963	-	56,740
<i>Health Insurance Credit</i>										
Primary Government	77,853	21,211	-	(28,491)	(16,422)	-	-	-	-	-
School Board - General Employees	-	-	-	-	-	103,261	18,288	524,979	-	52,276
School Board - Teachers	-	-	-	-	-	704,025	381,320	5,494,181	-	401,623
Retiree Health Insurance										
County and Social Services	187,758	403,285	-	(220,782)	(187,752)	-	-	-	-	-
School Board	-	-	-	-	-	835,906	989,036	2,158,124	-	(48,520)
Totals	\$ 614,730	\$ 655,088	\$ 1,133,898	\$ (249,273)	\$ (148,794)	\$ 2,197,871	\$ 1,959,768	\$ 10,643,756	\$ -	\$ 464,984

28 Fund Balances – Governmental Funds

As of June 30, 2023, fund balances are composed of the following:

		<u>Primary Government</u>				
	<u>General Fund</u>	<u>E-911 Central Dispatch Fund</u>	<u>Law Library Fund</u>	<u>Fieldale Sanitary District Fund</u>	<u>Special Grant Projects Fund</u>	<u>Total Governmental Funds</u>
Nonspendable - inventory and leases	\$ 58,801	\$ -	\$ -	\$ -	\$ -	\$ 58,801
Restricted for specific use	20,137,897	-	63,005	-	-	20,200,902
Committed to special projects	553,241	-	-	-	-	553,241
Committed to debt service	21,629,451	-	-	-	-	21,629,451
Committed fund balance -						
revenue stabilization reserve	4,803,548	-	-	-	-	4,803,548
Assigned for specific projects	20,869,408	-	-	-	163,106	21,032,514
Unassigned	38,023,250	-	-	-	-	38,023,250
	<u>\$ 106,075,596</u>	<u>\$ -</u>	<u>\$ 63,005</u>	<u>\$ -</u>	<u>\$ 163,106</u>	<u>\$ 106,301,707</u>

29 Landfill Post-Closure Care Cost

The County maintains a landfill, which was closed in 1993. In accordance with state and federal laws and regulations, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions at the site for a minimum of ten years after closure. The County is currently in compliance with the landfill gas regulations and is no longer required to operate an active system and reverted back to quarterly monitoring in fiscal year 2015. The County is currently in compliance with the groundwater protection standards and, as such, DEQ has allowed the County to stop groundwater monitoring. The County applied to DEQ for termination of post-closure care in November 2016. The County has satisfied all of the prior land, surface and gas regulatory issues with DEQ and terminating post-closure care is expected to take place in early 2024.

The \$297,689 reported as landfill post-closure care liability at June 30, 2023 represents what it would cost to perform all future post-closure care. Also, actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from general revenues. The County uses the financial test method of demonstrating assurance for post-closure care cost.

30 Revenue Sharing Agreements

The County of Henry, Virginia and the Henry County Industrial Development Authority have entered into three revenue sharing agreements with the City of Martinsville, Virginia.

Two of the agreements, one dated April 30, 2002 and one dated August 31, 2009, are related to the Patriot Centre Industrial Park. The third dated September 25, 2007 is related to the Commonwealth Crossing Business Centre Industrial Park and land currently being referred to as the Bryant Property which is located adjacent to the Patriot Centre Industrial Park.

All these agreements state that the County agrees when a business locates on one of the designated sites in these industrial parks, it will pay the City one-third of all revenues generated from real estate, personal property, machinery & tools, and consumer utility taxes. No revenues will be shared until such time the County has recovered the cumulative costs of developing and maintaining the parks.

Based on the businesses currently located on revenue sharing lots in the Patriot Centre Industrial Park, it is estimated it will be within five years before the County recovers its costs in order to share revenues.

Based on the businesses currently located on revenue sharing lots at the Commonwealth Crossing Business Centre Industrial Park, it is estimated it will be within five years before the County recovers its costs in order to share revenues.

31 Enterprise Zone Incentive Program

The County has two Enterprise Zones as established by the Commonwealth of Virginia which provides existing and new companies locating in these zones both state and local incentives for meeting applicable investment and employment criteria.

Under the local program, the County provides funding to the Industrial Development Authority to provide refunds of local property taxes for qualified companies making investments for modernization, plant expansion or new operations. In addition, the County will waive building permit fees for the companies making the minimum required investments for the purpose of creating or retaining jobs.

Investments by applicable companies must be made in one or more of three categories: Real Estate, Machinery & Tools, or Furniture, Fixtures & Equipment. To qualify, the business must make investments in one or more of these categories with an assessed value of at least \$50,000. The tax refunds are calculated on the County's assessment and taxes on the company's new investments, it is verified the company paid all taxes, and the company's employment levels are equal to or greater than when the application for refund was submitted.

The qualifying companies are refunded 100% of the local taxes applicable to the new investments in year one. In years two through five, the companies are refunded 50% of the local taxes applicable to the new investments. All refunds are made through the Industrial Development Authority which is funded by the County.

During the year ended June 30, 2023, the Industrial Development Authority provided Enterprise Zone Incentive Program tax refunds of \$644,529 to sixteen qualifying companies.

32 Industrial Development Authority Investment

In an effort by the County to further develop the Commonwealth Crossing Business Centre industrial park by constructing an industrial training facility, a water storage tank, water lines and a sewer lift station, the County, through the Industrial Development Authority, in partnership with the Martinsville-Henry County Economic Development Corporation, entered into a Federal New Markets Tax Credit transaction on December 7, 2017. This transaction allowed the County with its local funding partners to leverage existing commitments to this project of approximately \$9.1 million to obtain additional funding of approximately \$2.7 million. As a part of this transaction, an investor invested funds into the project in exchange for the federal tax credits. As a part of structuring this transaction to comply with Internal Revenue Service regulations, the Industrial Development Authority made an initial investment of \$3,741,200 for a 42.8% interest in CCAT Leveraged Lender, LLC with the Martinsville-Henry County Economic Development Corporation having the other 57.2% interest. At the closing of this transaction, the County General Fund transferred \$2,772,070 to the Industrial Development Authority and the Henry County Public Service Authority transferred assets valued at \$1,111,279 to the Industrial Development Authority, both of which were used as the source of the investment. As a part of the structure of this transaction an entity named CCAT, Inc. constructed and owns these assets. This investment had a carrying value at June 30, 2023 of \$3,753,639 based on the capital account for the Industrial Development Authority on Form 1065 K-1 of the tax return of CCAT Leveraged Lender, LLC.

33 Upcoming Announcements

GASB Statement No. 99, *Omnibus 2022*. This Statement will enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The requirements in paragraphs 11–25 related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. The requirements in paragraphs 4–10 related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections*. An Amendment of GASB Statement No. 62 – will be effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences* - requires recording compensation due to employees as a liability if not paid at the date of the financial statements. The amount due should be calculated at the employee's pay rate as of the date of financials. The Statement reduces the note disclosure and excludes certain compensated absences such as parental leave, military leave, and jury duty from the calculated liability. This Statement is effective for fiscal years beginning after December 15, 2023.

34 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2023 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2023. Management has performed their analysis through December 14, 2023.

REQUIRED SUPPLEMENTARY INFORMATION



County of Henry, Virginia
Budgetary Comparison Schedule
Year Ended June 30, 2023
General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Property taxes - all years	\$ 29,623,162	\$ 29,258,238	\$ 30,599,955	\$ 1,341,717
Penalties - all tax years	300,000	300,000	556,322	256,322
Interest - all tax years	190,000	133,072	140,093	7,021
Total General Property Taxes	30,113,162	29,691,310	31,296,370	1,605,060
Other Local Taxes				
Local sales and use taxes	5,925,000	5,925,000	6,740,744	815,744
Local sales and use taxes - School	4,740,000	5,613,656	5,613,655	(1)
Consumer utility tax	2,820,000	2,820,000	2,845,117	25,117
Business license taxes	1,725,000	1,704,531	2,083,500	378,969
Motor vehicle licenses	1,050,000	1,050,000	228,075	(821,925)
Bank franchise taxes	310,000	310,000	383,267	73,267
Transient occupancy taxes	132,000	132,000	165,497	33,497
Taxes on recordation and wills	320,000	320,000	540,700	220,700
Restaurant food taxes	4,125,000	4,125,000	4,506,905	381,905
Total Other Local Taxes	21,147,000	22,000,187	23,107,460	1,107,273
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	4,500	4,500	3,613	(887)
Building and related permits	45,000	45,000	176,082	131,082
Other permits, licenses, and fees	8,500	8,500	9,878	1,378
Total Permits, Privilege Fees, and Regulatory Licenses	58,000	58,000	189,573	131,573
Fines and Forfeitures				
Court fines and forfeitures	129,000	129,000	126,817	(2,183)
Revenue from Use of Money and Property				
Revenue from use of money	486,000	856,851	2,132,289	1,275,438
Investment gain/(loss)	100,000	100,000	(141,989)	(241,989)
Revenue from use of property	640,153	640,153	712,216	72,063
Total Revenue from Use of Money and Property	1,226,153	1,597,004	2,702,516	1,105,512
Charges for Services				
Sheriff fees	28,454	28,454	32,541	4,087
Commonwealth's attorney	3,300	3,300	5,163	1,863
County and hired attorneys	102,000	102,000	89,331	(12,669)
Law enforcement and traffic control	-	54,845	61,055	6,210
Sanitation and waste removal	76,500	76,500	78,401	1,901
Treasurer's administrative collection fees	2,200	2,200	1,556	(644)
Parks and recreation fees	25,000	25,000	38,033	13,033
Parks and recreation - special events	-	79,391	79,390	(1)
Utility bill collection	14,000	14,000	15,166	1,166
Jail monitoring	14,000	14,000	-	(14,000)
Miscellaneous other charges for services	1,700	1,700	8,923	7,223
Total Charges for Services	267,154	401,390	409,559	8,169

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Recovered Costs				
Jail costs - Commonwealth of Virginia	500,000	500,000	467,977	(32,023)
Inmate housing fees	150,000	150,000	128,181	(21,819)
House other inmates	400,000	190,000	192,190	2,190
Salary - court secretary	30,000	30,000	64,118	34,118
City share of extension services	7,756	7,756	7,756	-
School share of school resource officer	312,144	312,144	312,144	-
EMS fees for service	1,200,000	1,200,000	1,203,100	3,100
M/HC Economic Development Corporation	919,501	919,501	967,532	48,031
Local and special grants	-	1,627,675	137,020	(1,490,655)
Transport prisoners	-	17,500	20,385	2,885
Transportation grants	59,418	76,596	60,261	(16,335)
Other recovered costs	-	17,500	43,411	25,911
Insurance recoveries	-	52,170	146,288	94,118
Legal settlements	-	-	363,664	363,664
Miscellaneous refunds	401,944	437,115	487,935	50,820
Total Recovered Costs	3,980,763	5,537,957	4,601,962	(935,995)
Miscellaneous	100,000	102,000	85,633	(16,367)
Intergovernmental				
<i>Revenue from the Commonwealth of Virginia</i>				
<i>Noncategorical Aid</i>				
Rolling stock taxes - motor vehicle carriers tax	39,000	39,000	39,063	63
Mobile home titling tax	-	-	109,473	109,473
Auto rental sales tax	40,000	40,000	66,130	26,130
Personal Property Tax Relief Act funds	1,771,828	1,771,828	1,771,828	-
Para mutual tax	120,000	120,000	204,627	84,627
Communication tax	1,660,000	1,660,000	1,611,100	(48,900)
Total Noncategorical Aid	3,630,828	3,630,828	3,802,221	171,393
<i>Categorical Aid</i>				
<i>Shared Expenses</i>				
Commonwealth's Attorney	754,480	754,480	738,312	(16,168)
Sheriff	9,351,792	9,417,083	10,121,565	704,482
Commissioner of the Revenue	219,060	219,060	198,449	(20,611)
Treasurer	197,254	197,254	198,911	1,657
Electoral Board and General Registrar	73,400	73,400	82,954	9,554
Clerk of Circuit Court	533,128	533,128	599,240	66,112
Total Categorical Aid	11,129,114	11,194,405	11,939,431	745,026
<i>Other Categorical Aid</i>				
Fire programs fund	-	201,392	201,392	-
Volunteer fire grants	-	-	-	-
Victim witness program	42,302	42,302	50,402	8,100
Transportation grant funds	28,438	28,438	28,438	-
Litter control program	25,731	25,731	30,855	5,124
Emergency services grants	-	-	-	-
EMS 4 for life	-	55,423	55,423	-
Library of Virginia grant	-	96,060	60,006	(36,054)
Law enforcement grants	-	-	-	-
VPBA jail construction reimbursement program	-	18,875,216	18,875,216	-
Asset forfeiture funds	-	281,872	526,493	244,621
Total Other Categorical Aid	96,471	19,606,434	19,828,225	221,791

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Total Revenue from the Commonwealth of Virginia	14,856,413	34,431,667	35,569,877	1,138,210
Revenue from the Federal Government				
Payments in lieu of taxes	3,500	3,500	4,161	661
Coronavirus state and local fiscal recovery fund	-	8,043,503	8,043,503	-
Community development	-	151,887	123,136	(28,751)
Emergency services	26,164	26,164	26,161	(3)
Other federal grants	-	50,000	-	(50,000)
Law enforcement grants	-	556,201	78,846	(477,355)
Victim witness program	126,908	126,908	117,605	(9,303)
Asset forfeiture funds	-	-	45,163	45,163
Transportation grants	63,213	126,700	98,800	(27,900)
Total Revenue from the Federal Government	<u>219,785</u>	<u>9,084,863</u>	<u>8,537,375</u>	<u>(547,488)</u>
Total Intergovernmental Revenue	<u>15,076,198</u>	<u>43,516,530</u>	<u>44,107,252</u>	<u>590,722</u>
Total Revenues	72,097,430	103,033,378	106,627,142	3,593,764

Expenditures

Current

General Government Administration

Board of Supervisors	382,043	414,318	220,526	193,792
County Administrator	454,098	472,365	462,673	9,692
Independent auditor	62,000	62,000	39,168	22,832
Human resources/training	98,384	89,390	66,332	23,058
County Attorney	202,038	212,630	209,863	2,767
Commissioner of Revenue	627,948	630,914	544,988	85,926
Assessors	150,580	155,352	154,381	971
Treasurer	612,734	610,909	593,991	16,918
Finance	463,792	483,395	476,277	7,118
Information services	390,715	409,584	392,339	17,245
Central purchasing	248,822	257,215	254,205	3,010
Board of Elections - registrar	386,939	402,187	348,550	53,637
Total General Government Administration	<u>4,080,093</u>	<u>4,200,259</u>	<u>3,763,293</u>	<u>436,966</u>

Judicial Administration

Circuit Court	157,641	147,488	142,332	5,156
General District Court	20,320	20,320	7,656	12,664
Magistrate	3,210	3,210	4,064	(854)
Juvenile and Domestic Relations	5,790	5,790	6,344	(554)
Clerk of the Circuit Court	840,081	986,373	966,627	19,746
Sheriff Civil and Court Security	1,163,899	1,244,722	1,227,348	17,374
Victim/Witness Assist	186,091	191,209	191,964	(755)
Commonwealth's Attorney	1,228,387	1,226,077	1,130,721	95,356
Total Judicial Administration	<u>3,605,419</u>	<u>3,825,189</u>	<u>3,677,056</u>	<u>148,133</u>

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
<i>Public Safety</i>				
Law enforcement and traffic control	6,748,463	7,490,882	7,333,002	157,880
Law enforcement and traffic control - grants	-	529,391	74,656	454,735
School resource officer	312,144	312,144	312,144	-
Fire and rescue services	649,547	1,239,044	970,561	268,483
Emergency services training	322,030	331,077	277,103	53,974
Emergency services operations	2,377,653	2,900,012	2,538,001	362,011
Fire prevention	214,610	221,379	214,199	7,180
Correction and detention	11,572,015	11,551,040	11,294,115	256,925
Correction and detention - grants	-	26,810	4,211	22,599
Probation	382,425	382,425	324,982	57,443
Code enforcement	367,519	604,111	382,357	221,754
Public safety	208,353	213,364	210,225	3,139
Electronic monitoring	18,030	18,030	27	18,003
Animal control	220,545	291,022	288,097	2,925
Asset forfeiture	-	281,872	191,521	90,351
SPCA	11,667	11,667	11,667	-
Total Public Safety	23,405,001	26,404,270	24,426,868	1,977,402
<i>Public Works</i>				
Maintenance of highways, streets, bridges, sidewalks	9,000	9,000	15,460	(6,460)
Refuse collection	1,909,731	2,198,521	2,000,379	198,142
Refuse disposal - closure maintenance	10,500	10,500	6,025	4,475
<i>Maintenance of buildings and grounds</i>				
General engineering	324,614	293,187	264,230	28,957
Communication equipment	82,256	84,653	83,209	1,444
Administrative building	544,208	662,626	594,124	68,502
Courthouse	416,860	687,998	642,026	45,972
Sheriff's office	60,900	76,433	60,914	15,519
Former jail	29,350	61,750	56,336	5,414
Adult detention center	783,753	655,671	526,272	129,399
Other	297,152	360,434	271,160	89,274
Social services and health department	76,787	126,393	106,755	19,638
Dupont property	135,915	139,325	148,168	(8,843)
Total Maintenance of Buildings and Grounds	2,751,795	3,148,470	2,753,194	395,276
Total Public Works	4,681,026	5,366,491	4,775,058	591,433
<i>Health and Welfare</i>				
Henry-Martinsville Social Services	1,036,579	1,165,748	971,529	194,219
Health Department	211,374	211,374	211,374	-
Mental health and retardation	169,920	169,920	169,920	-
Transportation grants	161,351	257,733	188,376	69,357
Property tax relief	120,000	120,000	148,510	(28,510)
Group home services	81,566	81,566	81,566	-
Health and welfare grant	-	151,887	125,734	26,153
Rental assistance grant	-	84,000	84,000	-
Other welfare and social services	103,317	103,317	96,829	6,488
Total Health and Welfare	1,884,107	2,345,545	2,077,838	267,707

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
<i>Education</i>				
Contributions to community colleges	62,414	62,414	62,414	-
Contributions to component unit - school board	18,712,619	23,873,724	14,877,331	8,996,393
School capital - sales tax	4,740,000	12,096,700	-	12,096,700
Total Education	23,515,033	36,032,838	14,939,745	21,093,093
<i>Parks, Recreation, and Cultural</i>				
Parks and recreation	1,397,124	1,755,786	1,488,221	267,565
Cultural enrichment	85,575	85,575	85,575	-
Library	735,541	774,968	774,968	-
Total Parks, Recreation, and Cultural	2,218,240	2,616,329	2,348,764	267,565
<i>Community Development</i>				
Planning and community development	357,614	355,686	342,870	12,816
Community beautification	82,940	85,343	88,860	(3,517)
Engineering and mapping	335,761	342,271	325,716	16,555
M/HC Economic Development Corporation - payroll related	919,501	919,501	967,532	(48,031)
M/HC Economic Development Corporation	500,000	500,000	500,000	-
Cooperative extension program	67,528	67,528	67,301	227
Henry County Industrial Development Authority	1,616,161	3,223,683	2,914,931	308,752
Other community and economic development	134,682	389,761	162,280	227,481
Total Community Development	4,014,187	5,883,773	5,369,490	514,283
<i>Nondepartmental</i>				
Employee benefits, pooled vehicles, mobile command	131,417	95,288	46,478	48,810
Contingency reserve	250,000	50,000	-	50,000
Total Nondepartmental	381,417	145,288	46,478	98,810
<i>Capital Projects</i>				
Broadband project	-	1,491,916	830	1,491,086
Communication system upgrades	-	887,697	630	887,067
Other miscellaneous capital projects	-	17,967,996	938,502	17,029,494
Total Capital Projects	-	20,347,609	939,962	19,407,647
<i>Debt Service</i>				
Principal	105,000	19,620,000	106,791	19,513,209
Interest and other costs	1,992,873	3,266,882	3,071,081	195,801
Total Debt Service	2,097,873	22,886,882	3,177,872	19,709,010
Total Expenditures	69,882,396	130,054,473	65,542,424	64,512,049
Excess (Deficiency) of Revenues Over Expenditures	2,215,034	(27,021,095)	41,084,718	68,105,813
<i>Other Financing Sources (Uses)</i>				
Subscription liabilities issued	-	-	6,761	6,761
Transfers to other funds	(2,215,034)	(2,821,873)	(2,300,131)	521,742
Total Other Financing Sources (Uses)	(2,215,034)	(2,821,873)	(2,293,370)	528,503

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Net Change in Fund Balance Before Transfer from Surplus	-	(29,842,968)	38,791,348	68,634,316
Transfer from Surplus Funds	<u>-</u>	<u>29,842,968</u>	<u>-</u>	<u>(29,842,968)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	38,791,348	<u>\$ 38,791,348</u>
Fund Balance - Beginning of Year			<u>67,284,248</u>	
Fund Balance - End of Year			<u>\$ 106,075,596</u>	

Children's Services Act Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Intergovernmental				
Revenue from the Commonwealth of Virginia	\$ 3,147,953	\$ 3,147,953	\$ 2,725,689	\$ (422,264)
Revenue from the Federal Government	<u>-</u>	<u>-</u>	<u>119,141</u>	<u>119,141</u>
Total Intergovernmental Revenue	<u>3,147,953</u>	<u>3,147,953</u>	<u>2,844,830</u>	<u>(303,123)</u>
Total Revenues	3,147,953	3,147,953	2,844,830	(303,123)
Expenditures				
Current				
<i>Health and Welfare</i>				
Welfare and social services	<u>4,357,354</u>	<u>4,597,354</u>	<u>4,157,164</u>	<u>440,190</u>
Total Expenditures	<u>4,357,354</u>	<u>4,597,354</u>	<u>4,157,164</u>	<u>440,190</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,209,401)	(1,449,401)	(1,312,334)	137,067
Other Financing Sources (Uses)				
Transfers in	<u>1,209,401</u>	<u>1,449,401</u>	<u>1,312,334</u>	<u>(137,067)</u>
Total Other Financing Sources (Uses)	<u>1,209,401</u>	<u>1,449,401</u>	<u>1,312,334</u>	<u>(137,067)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			<u>\$ -</u>	

E-911 Central Dispatch Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Local Revenues				
Recovered costs	\$ 510,101	\$ 523,159	\$ 522,372	\$ (787)
Total Local Revenues	510,101	523,159	522,372	(787)
Intergovernmental				
Revenue from the Commonwealth of Virginia	596,128	712,984	559,045	(153,939)
Total Intergovernmental Revenues	596,128	712,984	559,045	(153,939)
Total Revenues	1,106,229	1,236,143	1,081,417	(154,726)
Expenditures				
Current				
Public safety	2,111,862	2,269,526	1,926,472	343,054
<i>Debt service</i>				
Principal	-	-	124,209	(124,209)
Interest and other costs	-	-	7,878	(7,878)
Total Debt Service	-	-	132,087	(132,087)
Total Expenditures	2,111,862	2,269,526	2,058,559	210,967
Excess (Deficiency) of Revenues Over Expenditures	(1,005,633)	(1,033,383)	(977,142)	56,241
Other Financing Sources (Uses)				
Transfer from other funds	1,005,633	1,033,383	977,142	(56,241)
Total Other Financing Sources (Uses)	1,005,633	1,033,383	977,142	(56,241)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

Law Library Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Charges for services	\$ 4,800	\$ 4,800	\$ 5,272	\$ 472
Recovered costs	<u>2,000</u>	<u>2,000</u>	<u>2,353</u>	<u>353</u>
Total Revenues	6,800	6,800	7,625	825
Expenditures				
Current				
Judicial administration	<u>19,600</u>	<u>19,600</u>	<u>17,806</u>	<u>1,794</u>
Total Expenditures	<u>19,600</u>	<u>19,600</u>	<u>17,806</u>	<u>1,794</u>
Net Change in Fund Balance Before Transfer from Surplus	(12,800)	(12,800)	(10,181)	2,619
Transfer from Surplus Funds	<u>12,800</u>	<u>12,800</u>	-	<u>(12,800)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(10,181)	<u>\$ (10,181)</u>
Fund Balance - Beginning of Year			<u>73,186</u>	
Fund Balance - End of Year			<u>\$ 63,005</u>	

Fieldale Sanitary District Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from use of money and property	\$ 25	\$ 25	\$ 16	\$ (9)
Total Revenues	25	25	16	(9)
Expenditures				
Current				
Public works	<u>20,500</u>	<u>20,500</u>	<u>15,318</u>	<u>5,182</u>
Total Expenditures	<u>20,500</u>	<u>20,500</u>	<u>15,318</u>	<u>5,182</u>
Net Change in Fund Balance Before Transfer from Surplus	(20,475)	(20,475)	(15,302)	5,173
Transfer from Surplus Funds	<u>20,475</u>	<u>20,475</u>	-	<u>(20,475)</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(15,302)	<u>\$ (15,302)</u>
Fund Balance - Beginning of Year			<u>15,302</u>	
Fund Balance - End of Year			<u>\$ -</u>	

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

Primary Government (Includes Component Unit - Henry-Martinsville Social Services)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 2,112,181	\$ 2,071,498	\$ 2,054,182	\$ 1,896,600	\$ 1,827,871	\$ 1,867,788	\$ 1,817,186	\$ 1,825,934	\$ 1,744,503
Interest	6,877,496	6,275,021	5,945,514	5,718,525	5,418,613	5,173,014	4,978,356	4,793,088	4,595,301
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(3,122,374)	(138,565)	1,620,832	529,829	1,212,431	610,936	(201,848)	(139,048)	-
Changes of assumptions	-	3,644,147	-	2,553,947	-	(118,473)	-	-	-
Benefit payments	<u>(5,071,286)</u>	<u>(5,006,157)</u>	<u>(4,471,745)</u>	<u>(4,149,107)</u>	<u>(4,199,801)</u>	<u>(3,849,611)</u>	<u>(3,776,137)</u>	<u>(3,890,440)</u>	<u>(3,138,102)</u>
Net change in total pension liability	796,017	6,845,944	5,148,783	6,549,794	4,259,114	3,683,654	2,817,557	2,589,534	3,201,702
Total pension liability - beginning	102,312,290	95,466,346	90,317,563	83,767,769	79,508,655	75,825,001	73,007,444	70,417,910	67,216,208
Total pension liability - ending (a)	\$ 103,108,307	\$ 102,312,290	\$ 95,466,346	\$ 90,317,563	\$ 83,767,769	\$ 79,508,655	\$ 75,825,001	\$ 73,007,444	\$ 70,417,910
Plan fiduciary net position									
Contributions - employer	\$ 2,483,140	\$ 2,192,899	\$ 1,889,554	\$ 1,822,437	\$ 1,664,088	\$ 1,610,625	\$ 1,942,274	\$ 1,860,929	\$ 1,851,310
Contributions - employee	981,410	866,079	870,505	835,537	859,762	779,350	798,388	736,140	720,333
Net investment income	(106,926)	21,493,149	1,509,567	5,023,320	5,309,806	7,954,439	1,131,498	2,906,849	8,808,287
Benefit payments	(5,071,286)	(5,006,157)	(4,471,745)	(4,149,107)	(4,199,801)	(3,849,611)	(3,776,137)	(3,890,440)	(3,138,102)
Refunds of contributions	-	-	-	-	-	-	-	-	-
Administrator charges	(61,239)	(53,891)	(51,706)	(49,928)	(46,279)	(46,404)	(40,955)	(40,480)	(47,504)
Other	<u>2,275</u>	<u>2,023</u>	<u>(1,783)</u>	<u>(3,167)</u>	<u>(4,709)</u>	<u>(7,065)</u>	<u>(482)</u>	<u>(613)</u>	<u>464</u>
Net change in plan fiduciary net position	(1,772,626)	19,494,102	(255,608)	3,479,092	3,582,867	6,441,334	54,586	1,572,385	8,194,788
Plan fiduciary net position - beginning	98,590,615	79,096,513	79,352,121	75,873,029	72,290,162	65,848,828	65,794,242	64,221,857	56,027,069
Plan fiduciary net position - ending (b)	\$ 96,817,989	\$ 98,590,615	\$ 79,096,513	\$ 79,352,121	\$ 75,873,029	\$ 72,290,162	\$ 65,848,828	\$ 65,794,242	\$ 64,221,857
Political subdivision's net pension liability - ending (a-b)	\$ 6,290,318	\$ 3,721,675	\$ 16,369,833	\$ 10,965,442	\$ 7,894,740	\$ 7,218,493	\$ 9,976,173	\$ 7,213,202	\$ 6,196,053
Plan fiduciary net position as a percentage of the total Pension liability	93.90%	96.36%	82.85%	87.86%	90.58%	90.92%	86.84%	90.12%	91.20%
Covered payroll	\$ 20,472,476	\$ 18,047,721	\$ 17,999,517	\$ 17,224,148	\$ 16,559,903	\$ 15,948,049	\$ 15,541,311	\$ 14,834,279	\$ 14,700,626
Political subdivision's net pension liability as a percentage of covered payroll	30.73%	20.62%	90.95%	63.66%	47.67%	45.26%	64.19%	48.63%	42.15%

NOTE: Primary Government figures include the Component Unit - Henry-Martinsville Social Services.

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net Pension Liability
and Related Ratios

For the Plan Years Ended June 30

	<u>School Board General Employees</u>								
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total pension liability									
Service cost	\$ 294,270	\$ 351,001	\$ 340,829	\$ 345,967	\$ 363,460	\$ 336,697	\$ 360,509	\$ 369,148	\$ 381,575
Interest	1,349,770	1,274,828	1,245,800	1,241,141	1,245,437	1,245,505	1,222,004	1,209,211	1,183,231
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	(587,856)	(40,633)	242,413	85,406	(334,521)	(169,947)	63,285	(128,520)	-
Changes of assumptions	-	623,300	-	423,690	-	(103,590)	-	-	-
Benefit payments	<u>(1,381,102)</u>	<u>(1,403,931)</u>	<u>(1,394,050)</u>	<u>(1,346,947)</u>	<u>(1,324,555)</u>	<u>(1,294,717)</u>	<u>(1,325,410)</u>	<u>(1,208,758)</u>	<u>(1,178,562)</u>
Net change in total pension liability	(324,918)	804,565	434,992	749,257	(50,179)	13,948	320,388	241,081	386,244
Total pension liability - beginning	<u>20,392,872</u>	<u>19,588,307</u>	<u>19,153,315</u>	<u>18,404,058</u>	<u>18,454,237</u>	<u>18,440,289</u>	<u>18,119,901</u>	<u>17,878,820</u>	<u>17,492,576</u>
Total pension liability - ending (a)	<u>\$ 20,067,954</u>	<u>\$ 20,392,872</u>	<u>\$ 19,588,307</u>	<u>\$ 19,153,315</u>	<u>\$ 18,404,058</u>	<u>\$ 18,454,237</u>	<u>\$ 18,440,289</u>	<u>\$ 18,119,901</u>	<u>\$ 17,878,820</u>
 Plan fiduciary net position									
Contributions - employer	\$ (40,540)	\$ 294,164	\$ 269,568	\$ 260,364	\$ 295,722	\$ 290,144	\$ 350,270	\$ 359,989	\$ 374,408
Contributions - employee	38,897	171,235	172,060	165,284	168,635	165,877	155,088	160,477	164,972
Net investment income	14,101	4,597,901	335,023	1,139,282	1,252,339	1,921,468	269,906	747,117	2,319,132
Benefit payments	<u>(1,381,102)</u>	<u>(1,403,931)</u>	<u>(1,394,050)</u>	<u>(1,346,947)</u>	<u>(1,324,555)</u>	<u>(1,294,717)</u>	<u>(1,325,410)</u>	<u>(1,208,758)</u>	<u>(1,178,562)</u>
Refunds of contributions	-	-	-	-	-	-	-	-	-
Administrator charges	<u>(13,367)</u>	<u>(12,018)</u>	<u>(11,992)</u>	<u>(12,002)</u>	<u>(11,309)</u>	<u>(11,663)</u>	<u>(10,720)</u>	<u>(10,754)</u>	<u>(12,938)</u>
Other	<u>458</u>	<u>428</u>	<u>(389)</u>	<u>(713)</u>	<u>(1,096)</u>	<u>(1,689)</u>	<u>(119)</u>	<u>(157)</u>	<u>123</u>
Net change in plan fiduciary net position	(1,381,553)	3,647,779	(629,780)	205,268	379,736	1,069,420	(560,985)	47,914	1,667,135
Plan fiduciary net position - beginning	<u>20,882,442</u>	<u>17,234,663</u>	<u>17,864,443</u>	<u>17,659,175</u>	<u>17,279,439</u>	<u>16,210,019</u>	<u>16,771,004</u>	<u>16,723,090</u>	<u>15,055,955</u>
Plan fiduciary net position - ending (b)	<u>\$ 19,500,889</u>	<u>\$ 20,882,442</u>	<u>\$ 17,234,663</u>	<u>\$ 17,864,443</u>	<u>\$ 17,659,175</u>	<u>\$ 17,279,439</u>	<u>\$ 16,210,019</u>	<u>\$ 16,771,004</u>	<u>\$ 16,723,090</u>
 Political subdivision's net pension liability - ending (a-b)	<u>\$ 567,065</u>	<u>\$ (489,570)</u>	<u>\$ 2,353,644</u>	<u>\$ 1,288,872</u>	<u>\$ 744,883</u>	<u>\$ 1,174,798</u>	<u>\$ 2,230,270</u>	<u>\$ 1,348,897</u>	<u>\$ 1,155,730</u>
 Plan fiduciary net position as a percentage of the total Pension liability	97.17%	102.40%	87.98%	93.27%	95.95%	93.63%	87.91%	92.56%	93.54%
 Covered payroll	\$ 3,514,489	\$ 3,732,896	\$ 3,733,471	\$ 3,530,570	\$ 3,565,956	\$ 3,454,267	\$ 3,179,921	\$ 3,254,767	\$ 3,304,105
 Political subdivision's net pension liability as a percentage of covered payroll	16.14%	-13.12%	63.04%	36.51%	20.89%	34.01%	70.14%	41.44%	34.98%

County of Henry, Virginia

Schedule of Employer's Share of Net Pension Liability
VRS Teacher Employee Retirement Plan

For the Measurement Dates of June 30, 2014 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.44179%	0.44391%	0.44702%	0.44809%	0.45652%	0.46139%	0.46050%	0.46490%	0.47694%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 42,061,053	\$ 34,461,165	\$ 65,053,150	\$ 58,971,190	\$ 53,687,000	\$ 56,742,000	\$ 64,535,000	\$ 58,514,000	\$ 57,636,000
Employer's Covered Payroll	\$ 40,996,925	\$ 39,131,295	\$ 39,091,570	\$ 37,401,883	\$ 36,740,737	\$ 36,294,838	\$ 35,114,607	\$ 34,564,083	\$ 34,824,957
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its covered payroll	102.596%	88.065%	166.412%	157.669%	146.124%	156.336%	183.784%	169.291%	165.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 120 and 121 of the VRS 2022 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions VRS Political Subdivisions Retirement Plan and Teacher Retirement Plan

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government -					
County (Includes Component Unit - Henry-Martinsville Social Services)					
2023	\$ 3,157,241	\$ 3,157,241	\$ -	\$ 24,267,792	13.01%
2022	2,563,154	2,563,154	-	20,472,476	12.52%
2021	2,259,575	2,259,575	-	18,047,721	12.52%
2020	1,943,948	1,943,948	-	17,999,517	10.80%
2019	1,860,232	1,860,232	-	17,224,148	10.80%
2018	1,697,648	1,697,648	-	16,559,903	10.25%
2017	1,634,651	1,634,651	-	15,948,049	10.25%
2016	1,955,098	1,955,098	-	15,541,311	12.58%
2015	1,866,106	1,866,106	-	14,834,279	12.58%
2014	N/A	N/A	N/A	N/A	N/A
Component Unit School Board -					
General Employees					
2023	\$ 310,499	\$ 310,499	\$ -	\$ 3,833,317	8.10%
2022	303,652	303,652	-	3,514,489	8.64%
2021	322,522	322,522	-	3,732,896	8.64%
2020	293,078	293,078	-	3,733,471	7.85%
2019	277,139	277,139	-	3,530,570	7.85%
2018	309,883	309,883	-	3,565,956	8.69%
2017	300,176	300,176	-	3,454,267	8.69%
2016	353,928	353,928	-	3,179,921	11.13%
2015	361,881	361,881	-	3,254,767	11.12%
2014	N/A	N/A	N/A	N/A	N/A
Teachers					
2023	\$ 7,463,600	\$ 7,463,600	\$ -	\$ 44,906,955	16.62%
2022	6,813,639	6,813,639	-	40,996,925	16.62%
2021	6,503,621	6,503,621	-	39,131,295	16.62%
2020	6,129,558	6,129,558	-	39,091,570	15.68%
2019	5,864,690	5,864,690	-	37,401,883	15.68%
2018	5,996,053	5,996,053	-	36,740,737	16.32%
2017	5,320,822	5,320,822	-	36,294,838	14.66%
2016	4,937,114	4,937,114	-	35,114,607	14.06%
2015	5,015,024	5,015,024	-	34,564,083	14.51%
2014	N/A	N/A	N/A	N/A	N/A

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

Note: This schedule should present 10 years of data; however, the information prior to fiscal year 2015 is not available.

This schedule includes defined contribution plan contribution amounts

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information

For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
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
Line of Duty Disability	No change
Discount Rate	No change

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Rates Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teacher:

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

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Political Subdivision						
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.09417%	0.08743%	0.08748%	0.08788%	0.08709%	0.08652%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 1,133,898	\$ 1,017,922	\$ 1,459,898	\$ 1,430,041	\$ 1,323,000	\$ 1,302,000
Employer's Covered Payroll	\$ 20,483,435	\$ 18,051,832	\$ 18,003,036	\$ 17,227,713	\$ 16,559,903	\$ 15,959,043
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Schedule is intended to show information for 10 years. Since 2022 is the sixth year of presentation, only six years of data is available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 132 of the VRS 2022 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Board						
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.01632%	0.01816%	0.01823%	0.01807%	0.01883%	0.01880%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 196,509	\$ 211,432	\$ 304,229	\$ 294,047	\$ 286,000	\$ 283,000
Employer's Covered Payroll	\$ 3,549,019	\$ 3,749,553	\$ 3,752,866	\$ 3,541,574	\$ 3,580,333	\$ 3,468,337
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2022 is the sixth year of presentation, only six years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 132 of the VRS 2022 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Teacher						
Employer's Proportion of the Net GLI OPEB Liability (Asset)	0.18852%	0.18960%	0.19004%	0.19094%	0.19325%	0.19689%
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	\$ 2,269,963	\$ 2,207,459	\$ 3,171,456	\$ 3,107,102	\$ 2,935,000	\$ 2,963,000
Employer's Covered Payroll	\$ 41,007,155	\$ 39,144,684	\$ 39,109,996	\$ 37,431,994	\$ 36,746,868	\$ 36,317,135
Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of its Covered Payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

*Schedule is intended to show information for 10 years.
Since 2022 is the sixth year of presentation, only six years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 132 of the VRS 2022 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Program

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2023	\$ 131,046	\$ 131,046	\$ -	\$ 24,267,792	0.54%
2022	110,611	110,611	-	20,483,435	0.54%
2021	97,480	97,480	-	18,051,832	0.54%
2020	93,616	93,616	-	18,003,036	0.52%
2019	89,584	89,584	-	17,227,713	0.52%
2018	86,111	86,111	-	16,559,903	0.52%
2017	82,987	82,987	-	15,959,043	0.52%
2016	74,685	74,685	-	15,559,369	0.48%
2015	71,272	71,272	-	14,848,401	0.48%
2014	68,700	68,700	-	14,312,420	0.48%
School Board					
2023	\$ 20,807	\$ 20,807	\$ -	\$ 3,853,228	0.54%
2022	19,165	19,165	-	3,549,019	0.54%
2021	20,248	20,248	-	3,749,553	0.54%
2020	19,515	19,515	-	3,752,866	0.52%
2019	18,416	18,416	-	3,541,574	0.52%
2018	18,613	18,613	-	3,580,333	0.52%
2017	18,035	18,035	-	3,468,337	0.52%
2016	15,475	15,475	-	3,223,926	0.48%
2015	15,830	15,830	-	3,297,791	0.48%
2014	15,885	15,885	-	3,309,279	0.48%
Teacher					
2023	\$ 242,574	\$ 242,574	\$ -	\$ 44,921,105	0.54%
2022	221,439	221,439	-	41,007,155	0.54%
2021	211,381	211,381	-	39,144,684	0.54%
2020	203,372	203,372	-	39,109,996	0.52%
2019	194,646	194,646	-	37,431,994	0.52%
2018	191,083	191,083	-	36,746,868	0.52%
2017	188,849	188,849	-	36,317,135	0.52%
2016	168,678	168,678	-	35,159,930	0.48%
2015	165,913	165,913	-	34,565,133	0.48%
2014	167,420	167,420	-	34,879,066	0.48%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information – GLI OPEB

For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

Teachers

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

Non-Largest Ten Locality Employers – General Employees

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios

For the Measurement Dates of June 30, 2022, 2021, 2020, 2019, 2018 and 2017

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Political Subdivision						
Total HIC OPEB liability						
Service cost	\$ 5,258	\$ 5,553	\$ 5,652	\$ 5,029	\$ 5,068	\$ 5,750
Interest	18,149	17,124	17,500	17,135	17,673	17,681
Changes in benefit terms	-	-	-	-	-	-
Changes of assumptions	72,287	5,002	-	6,716	-	(9,433)
Difference between expected and actual experience	(8,041)	10,577	(1,091)	7,981	(11,363)	-
Benefit payments	<u>(28,827)</u>	<u>(27,844)</u>	<u>(27,404)</u>	<u>(17,372)</u>	<u>(20,768)</u>	<u>(7,457)</u>
Net change in total HIC OPEB liability	58,826	10,412	(5,343)	19,489	(9,390)	6,541
Total HIC OPEB liability - beginning	278,025	267,613	272,956	253,467	262,857	256,316
Total HIC OPEB liability - ending (a)	\$ 336,851	\$ 278,025	\$ 267,613	\$ 272,956	\$ 253,467	\$ 262,857
 Plan fiduciary net position						
Contributions - employer	\$ 3,770	\$ 3,679	\$ 2,427	\$ 2,294	\$ 3,940	\$ 3,853
Net investment income	979	78,892	6,495	20,410	22,604	33,654
Benefit payments	(28,827)	(27,844)	(27,404)	(17,372)	(20,768)	(7,457)
Administrator charges	(619)	(871)	(595)	(440)	(516)	(542)
Other	<u>23,251</u>	<u>-</u>	<u>(3)</u>	<u>(24)</u>	<u>(1,718)</u>	<u>1,718</u>
Net change in plan fiduciary net position	(1,446)	53,856	(19,080)	4,868	3,542	31,226
Plan fiduciary net position - beginning	366,788	312,932	332,012	327,144	323,602	292,376
Plan fiduciary net position - ending (b)	\$ 365,342	\$ 366,788	\$ 312,932	\$ 332,012	\$ 327,144	\$ 323,602
 Political subdivision's net HIC OPEB liability - ending (a) - (b)	\$ (28,491)	\$ (88,763)	\$ (45,319)	\$ (59,056)	\$ (73,677)	\$ (60,745)
 Plan fiduciary net position as a percentage of the total HIC OPEB liability	108.46%	131.93%	116.93%	121.64%	129.07%	123.11%
 Covered payroll	\$ 6,281,358	\$ 6,131,872	\$ 6,066,432	\$ 5,735,599	\$ 5,626,721	\$ 5,503,431
 Political subdivision's net HIC OPEB liability as a percentage of covered payroll	-0.4536%	-1.4476%	-0.7470%	-1.0296%	-1.3094%	-1.1038%

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net HIC OPEB Liability
and Related Ratios

For the Measurement Dates of June 30, 2022, 2021, 2020, 2019, 2018 and 2017

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
School Board - General Employees						
Total HIC OPEB liability						
Service cost	\$ 4,078	\$ 5,398	\$ -	\$ -	\$ -	\$ -
Interest	34,522	31,577	-	-	-	-
Changes in benefit terms	-	-	467,860	-	-	-
Changes of assumptions	69,098	13,555	-	-	-	-
Difference between expected and actual experience	(26,716)	1	-	-	-	-
Benefit payments	(21,812)	(120)	-	-	-	-
Net change in total HIC OPEB liability	59,170	50,411	467,860	-	-	-
Total HIC OPEB liability - beginning	518,271	467,860	-	-	-	-
Total HIC OPEB liability - ending (a)	\$ 577,441	\$ 518,271	\$ 467,860	\$ -	\$ -	\$ -
Plan fiduciary net position						
Contributions - employer	\$ 31,497	\$ 38,081	\$ -	\$ -	\$ -	\$ -
Net investment income	(262)	5,050	-	-	-	-
Benefit payments	(21,812)	(120)	-	-	-	-
Administrator charges	(85)	(168)	-	-	-	-
Other	281	-	-	-	-	-
Net change in plan fiduciary net position	9,619	42,843	-	-	-	-
Plan fiduciary net position - beginning	42,843	-	-	-	-	-
Plan fiduciary net position - ending (b)	\$ 52,462	\$ 42,843	\$ -	\$ -	\$ -	\$ -
Political subdivision's net HIC OPEB liability - ending (a) - (b)	\$ 524,979	\$ 475,428	\$ 467,860	\$ -	\$ -	\$ -
Plan fiduciary net position as a percentage of the total HIC OPEB liability	9.09%	8.27%	0.00%	N/A	N/A	N/A
Covered payroll	\$ 3,514,489	3,732,896	N/A	N/A	N/A	N/A
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	14.9376%	12.7362%	0.0000%	N/A	N/A	N/A

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC) Teacher
For the Measurement Dates of June 30, 2017 through 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Employer's Proportion of the Net HIC OPEB Liability (Asset)	0.43987%	0.44246%	0.44591%	0.44613%	0.45430%	0.45989%
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	\$ 5,494,181	\$ 5,679,280	\$ 5,816,970	\$ 5,840,725	\$ 5,768,000	\$ 5,834,000
Employer's Covered Payroll	\$ 40,996,625	\$ 39,131,295	\$ 39,091,570	\$ 37,419,544	\$ 36,740,962	\$ 36,294,838
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

*Schedule is intended to show information for 10 years.
Since 2022 is the sixth year of presentation, only six years of data is available. However, additional years will be included as they become available.*

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on page 138 of the VRS 2022 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions HIC OPEB

Health Insurance Credit - Political Subdivisions and Teacher

For the Years Ended June 30, 2014 through 2023

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2023	\$ -	\$ -	\$ -	6,845,662	0.00%
2022	3,769	3,769	-	6,281,358	0.06%
2021	3,679	3,679	-	6,131,872	0.06%
2020	2,427	2,427	-	6,066,432	0.04%
2019	2,294	2,294	-	5,735,599	0.04%
2018	3,940	3,940	-	5,626,721	0.07%
2017	3,852	3,852	-	5,503,431	0.07%
2016	3,237	3,237	-	5,395,282	0.06%
2015	3,082	3,082	-	5,136,640	0.06%
2014	949	949	-	4,742,579	0.02%
School Board					
2023	\$ 49,450	\$ 49,450	\$ -	3,833,317	1.29%
2022	35,848	35,848	-	3,514,489	1.02%
2021	38,076	38,076	-	3,732,896	1.02%
2020	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
Teacher					
2023	\$ 543,512	\$ 543,512	\$ -	44,918,372	1.21%
2022	496,059	496,059	-	40,996,625	1.21%
2021	473,489	473,489	-	39,131,295	1.21%
2020	469,099	469,099	-	39,091,570	1.20%
2019	449,032	449,032	-	37,419,544	1.20%
2018	451,908	451,908	-	36,740,962	1.23%
2017	402,873	402,873	-	36,294,838	1.11%
2016	372,176	372,176	-	35,110,957	1.06%
2015	366,390	366,390	-	34,565,133	1.06%
2014	387,158	387,158	-	34,879,066	1.11%

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll

Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website

Column 4 – Employer's covered payroll amount for the fiscal year

County of Henry, Virginia

Notes to Required Supplementary Information – HIC OPEB

For the Year Ended June 30, 2023

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

Changes of assumptions – The actuarial assumptions used in the June 30, 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:

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to 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 rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teacher

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

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net OPEB Liability - Retiree Health Insurance and Related Ratios

Last 10 Fiscal Years (as information becomes available)

County	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 31,557	\$ 31,637	\$ 25,782	\$ 22,286	\$ 69,463	\$ 67,769
Interest	88,598	84,938	84,627	86,758	68,918	68,051
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(268,371)	(38,492)	(21,683)	11,833	(133,891)	-
Changes of assumptions	(84,973)	47,989	761	77,822	(610,581)	-
Benefit payments, including refunds of employee contributions	(61,469)	(81,718)	(99,478)	(110,619)	(141,848)	(84,969)
Net change in total OPEB liability	(294,658)	44,354	(9,991)	88,080	(747,939)	50,851
Total OPEB liability - beginning	1,311,245	1,266,891	1,276,882	1,188,802	1,936,741	1,885,890
Total OPEB liability - ending (a)	\$ 1,016,587	\$ 1,311,245	\$ 1,266,891	\$ 1,276,882	\$ 1,188,802	\$ 1,936,741
Plan fiduciary net position						
Contributions - employer	\$ 95,569	\$ 115,818	\$ 133,478	\$ 144,619	\$ 175,848	\$ 122,969
Contributions - employee	-	-	-	-	-	-
Net investment income	(112,236)	267,798	24,025	36,707	62,634	73,904
Benefit payments, including refunds of employee contributions	(61,469)	(81,718)	(99,478)	(110,619)	(141,848)	(84,969)
Administrative expense	(1,776)	(1,503)	(1,426)	(1,328)	(1,246)	(1,173)
Net change in plan fiduciary net position	(79,912)	300,395	56,599	69,379	95,388	110,731
Plan fiduciary net position - beginning	1,180,461	880,066	823,467	754,088	658,700	547,969
Plan fiduciary net position - ending (b)	\$ 1,100,549	\$ 1,180,461	\$ 880,066	\$ 823,467	\$ 754,088	\$ 658,700
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	\$ (83,962)	\$ 130,784	\$ 386,825	\$ 453,415	\$ 434,714	\$ 1,278,041
Plan fiduciary net position as a percentage of the total OPEB liability	108.26%	90.03%	69.47%	64.49%	63.43%	34.01%
Covered employee-payroll	\$ 19,200,587	\$ 13,547,052	\$ 13,547,052	\$ 12,965,430	\$ 12,965,430	\$ 12,670,439
Employer's net OPEB liability (asset) as a percentage of covered employee payroll	-0.44%	0.97%	2.86%	3.50%	3.35%	10.09%

County of Henry, Virginia

Schedule of Changes in the Political Subdivision's Net OPEB Liability - Retiree Health Insurance and Related Ratios

Last 10 Fiscal Years (as information becomes available)

Henry-Martinsville Social Services

Total OPEB liability

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 6,479	\$ 6,488	\$ 6,003	\$ 5,262	\$ 12,893	\$ 12,579
Interest	13,222	12,395	12,540	12,531	9,305	8,745
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(30,382)	(11,388)	(15,233)	(3,883)	(16,309)	-
Changes of assumptions	(15,806)	6,976	122	11,666	(84,156)	-
Benefit payments, including refunds of employee contributions	-	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Net change in total OPEB liability	(26,487)	10,132	(4,309)	18,083	(87,634)	18,831
Total OPEB liability - beginning	189,403	179,271	183,580	165,497	253,131	234,300
Total OPEB liability - ending (a)	\$ 162,916	\$ 189,403	\$ 179,271	\$ 183,580	\$ 165,497	\$ 253,131

Plan fiduciary net position

Contributions - employer	\$ 20,000	\$ 4,339	\$ 37,741	\$ 7,493	\$ 9,367	\$ 12,493
Contributions - employee	-	-	-	-	-	-
Net investment income	(28,446)	71,537	6,438	8,914	17,025	19,212
Benefit payments, including refunds of employee contributions	-	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Administrative expense	(832)	(765)	(733)	(711)	(697)	(679)
Net change in plan fiduciary net position	(9,278)	70,772	35,705	8,203	16,328	28,533
Plan fiduciary net position - beginning	309,014	238,242	202,537	194,334	178,006	149,473
Plan fiduciary net position - ending (b)	\$ 299,736	\$ 309,014	\$ 238,242	\$ 202,537	\$ 194,334	\$ 178,006

Political subdivision's net OPEB liability (asset) - ending (a) - (b)	\$ (136,820)	\$ (119,611)	\$ (58,971)	\$ (18,957)	\$ (28,837)	\$ 75,125
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Plan fiduciary net position as a percentage of the total OPEB liability

183.98%	163.15%	132.89%	110.33%	117.42%	70.32%
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Covered employee-payroll

\$ 4,101,684	\$ 3,101,896	\$ 3,101,896	\$ 3,047,207	\$ 3,047,207	\$ 2,193,651
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Employer's net OPEB liability (asset) as a percentage of covered payroll

-3.34%	-3.86%	-1.90%	-0.62%	-0.95%	3.42%
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County of Henry, Virginia

Schedule of Changes in the Political Subdivision's
Net OPEB Liability - Retiree Health Insurance
and Related Ratios

Last 10 Fiscal Years (as information becomes available)

School Board	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability						
Service cost	\$ 159,053	\$ 159,420	\$ 136,479	\$ 118,245	\$ 297,521	\$ 290,264
Interest	335,860	323,282	301,911	309,360	240,768	238,371
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(631,257)	(116,680)	315,346	197,064	22,005	-
Changes of assumptions	(37,735)	182,657	3,876	286,182	(2,381,368)	-
Benefit payments, including refunds of employee contributions	<u>(328,993)</u>	<u>(393,900)</u>	<u>(531,754)</u>	<u>(627,833)</u>	<u>(653,793)</u>	<u>(286,548)</u>
Net change in total OPEB liability	(503,072)	154,779	225,858	283,018	(2,474,867)	242,087
Total OPEB liability - beginning	<u>4,978,455</u>	<u>4,823,676</u>	<u>4,597,818</u>	<u>4,314,800</u>	<u>6,789,667</u>	<u>6,547,580</u>
Total OPEB liability - ending (a)	<u>\$ 4,475,383</u>	<u>\$ 4,978,455</u>	<u>\$ 4,823,676</u>	<u>\$ 4,597,818</u>	<u>\$ 4,314,800</u>	<u>\$ 6,789,667</u>
 Plan fiduciary net position						
Contributions - employer	\$ 328,993	\$ 393,900	\$ 531,754	\$ 777,833	\$ 653,793	\$ 286,548
Contributions - employee	-	-	-	-	-	-
Net investment income	(235,752)	591,362	58,436	77,524	147,530	176,032
Benefit payments, including refunds of employee contributions	(328,993)	(393,900)	(531,754)	(627,833)	(653,793)	(286,548)
Administrative expense	<u>(3,245)</u>	<u>(2,729)</u>	<u>(2,589)</u>	<u>(2,332)</u>	<u>(2,229)</u>	<u>(2,134)</u>
Net change in plan fiduciary net position	(238,997)	588,633	55,847	225,192	145,301	173,898
Plan fiduciary net position - beginning	<u>2,556,256</u>	<u>1,967,623</u>	<u>1,911,776</u>	<u>1,686,584</u>	<u>1,541,283</u>	<u>1,367,385</u>
Plan fiduciary net position - ending (b)	<u>\$ 2,317,259</u>	<u>\$ 2,556,256</u>	<u>\$ 1,967,623</u>	<u>\$ 1,911,776</u>	<u>\$ 1,686,584</u>	<u>\$ 1,541,283</u>
 Political subdivision's net OPEB liability (asset) - ending (a) - (b)	<u>\$ 2,158,124</u>	<u>\$ 2,422,199</u>	<u>\$ 2,856,053</u>	<u>\$ 2,686,042</u>	<u>\$ 2,628,216</u>	<u>\$ 5,248,384</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	51.78%	51.35%	40.79%	41.58%	39.09%	22.70%
 Covered employee-payroll	\$ 41,787,357	\$ 39,837,988	\$ 39,837,988	\$ 37,925,106	\$ 37,925,106	\$ 35,775,226
 Employer's net OPEB liability (asset) as a percentage of covered payroll	5.16%	6.08%	7.17%	7.08%	6.93%	14.67%

County of Henry, Virginia

Schedule of Employer Contributions - OPEB Retiree Health Insurance

Last 10 Fiscal Years (as information becomes available)

Date	Actuarially Determined Contribution (1)	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (3)	Expected Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
County					
2023	\$ 61,469	\$ 95,569	\$ (34,100)	\$ 19,200,587	0.50%
2022	81,718	115,818	(34,100)	13,547,052	0.85%
2021	99,478	133,478	(34,000)	13,547,052	0.99%
2020	110,619	144,619	(34,000)	12,965,430	1.12%
2019	141,848	175,848	(34,000)	12,965,430	1.36%
2018	84,969	84,969	-	12,670,439	0.67%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a

Henry-Martinsville Social Services

2023	\$ -	\$ 30,000	\$ (30,000)	\$ 4,101,684	0.73%
2022	4,339	24,339	(20,000)	3,101,896	0.78%
2021	7,741	37,741	(30,000)	3,101,896	1.22%
2020	7,493	7,493	-	3,047,207	0.25%
2019	9,367	9,367	-	3,047,207	0.31%
2018	2,493	2,493	-	2,193,651	0.11%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a

School Board

2023	\$ 328,993	\$ 628,993	\$ (300,000)	\$ 41,787,357	1.51%
2022	393,900	393,900	-	39,837,988	0.99%
2021	531,754	531,754	-	39,837,988	1.33%
2020	627,833	777,833	(150,000)	37,925,106	2.05%
2019	653,793	653,793	-	37,925,106	1.72%
2018	286,548	286,548	-	35,775,226	0.80%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a

Notes to Schedule:

The employer has elected to make an annual contribution equal to the benefit payments. The employer share of net benefits is the difference between the expected benefit payments and the retiree contributions. It is sometimes referred to as "pay-as-you-go."

The expected benefit payments are actuarially determined to reflect the age difference between the overall covered group and the retiree group.

Actuarially determined contributions, which are based on the 'pay-as-you-go' cost, and actual contributions are from the measurement periods ending June 30 of the year prior to the year-end of the reporting periods shown.

OTHER SUPPLEMENTARY INFORMATION



County of Henry, Virginia

Capital Projects Fund

June 30, 2023

Special Grant Projects Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Recovered costs	\$ -	\$ 752,361	\$ 301,061	\$ (451,300)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	126,014	-	(126,014)
Revenue from the Federal Government	-	<u>2,923,732</u>	<u>1,246,210</u>	<u>(1,677,522)</u>
Total Intergovernmental	-	<u>3,049,746</u>	<u>1,246,210</u>	<u>(1,803,536)</u>
Total Revenues	-	3,802,107	1,547,271	(2,254,836)
Expenditures				
Current				
Community development	-	<u>4,117,729</u>	<u>1,556,527</u>	<u>2,561,202</u>
Total Expenditures	-	<u>4,117,729</u>	<u>1,556,527</u>	<u>2,561,202</u>
Net Change in Fund Balance Before Transfers	-	(315,622)	(9,256)	306,366
Transfer from Other Funds	-	<u>323,247</u>	-	<u>(323,247)</u>
Net Change in Fund Balance Before Transfer from Surplus	-	7,625	(9,256)	(16,881)
Transfer from Surplus Funds	-	<u>(7,625)</u>	-	<u>7,625</u>
Net Change in Fund Balance After Transfer from Surplus	<u>\$ -</u>	<u>\$ -</u>	(9,256)	<u>\$ (9,256)</u>
Fund Balance - Beginning of Year			<u>172,362</u>	
Fund Balance - End of Year			<u>\$ 163,106</u>	

County of Henry, Virginia
Combining Balance Sheet
Component Unit - School Board
Year Ended June 30, 2023

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Fund</u>	<u>Total Public Schools</u>
Assets					
Cash	\$ 110,684	\$ 1,612,199	\$ 1,577,958	\$ 873,412	\$ 4,174,253
Cash - restricted	46,436	-	-	-	46,436
Receivables - net	65,171	-	27,593	-	92,764
Due from primary government	-	-	3,752	-	3,752
Due from other governments	6,251,504	-	243,411	-	6,494,915
Total Assets	<u>\$ 6,473,795</u>	<u>\$ 1,612,199</u>	<u>\$ 1,852,714</u>	<u>\$ 873,412</u>	<u>\$ 10,812,120</u>
Liabilities					
Accounts payable	\$ 1,098,418	\$ -	\$ 315,342	\$ 34,806	\$ 1,448,566
Accrued salaries and benefits	5,101,094	-	186,365	-	5,287,459
Due to primary government	103,070	3,366	-	-	106,436
Unearned grants	114,777	-	-	-	114,777
Total Liabilities	6,417,359	3,366	501,707	34,806	6,957,238
Deferred Inflows of Resources					
Held for scholarships	56,436	-	-	-	56,436
Fund Balances					
Restricted	-	-	1,351,007	-	1,351,007
Assigned	-	1,608,833	-	838,606	2,447,439
Unassigned	-	-	-	-	-
Total Fund Balances	-	1,608,833	1,351,007	838,606	3,798,446
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 6,473,795</u>	<u>\$ 1,612,199</u>	<u>\$ 1,852,714</u>	<u>\$ 873,412</u>	<u>\$ 10,812,120</u>
Fund Balances - per above					\$ 3,798,446
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					43,664,382
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.					
Deferred outflows related to pensions					11,439,946
Deferred inflows related to pensions					(10,176,500)
Deferred outflows related to OPEBs					2,197,871
Deferred inflows related to OPEBs					(1,959,768)
The net VRS pension liability is a long-term liability related to pensions that is applicable to future periods and, therefore, is not reported in the funds.					(42,628,118)
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:					
Financed purchase obligations payable					-
Subscription liabilities					(54,373)
Other post employment benefits obligation					(10,643,756)
Compensated absences					(861,428)
Net Position (Deficit) of Governmental Activities					<u>\$ (5,223,298)</u>

County of Henry, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Unit - School Board

Year Ended June 30, 2023

	<u>School Fund</u>	<u>School Textbook Fund</u>	<u>School Cafeteria Fund</u>	<u>School Activity Fund</u>	<u>Total Public Schools</u>
Revenues					
Revenue from use of money and property	\$ 19,212	\$ 38,168	\$ 2,006	\$ 159	\$ 59,545
Charges for services	506,370	-	426,269	-	932,639
Recovered costs	300,650	-	-	-	300,650
Miscellaneous	552,018	-	-	1,591,277	2,143,295
Intergovernmental					
County of Henry, Virginia	14,877,331	-	-	-	14,877,331
Commonwealth of Virginia	72,661,998	-	85,239	-	72,747,237
Federal	16,453,211	-	5,892,654	-	22,345,865
QSCB federal loan interest subsidy	144,876	-	-	-	144,876
Total Revenues	105,515,666	38,168	6,406,168	1,591,436	113,551,438
Expenditures					
Current					
Instruction	58,171,013	294,795	-	1,545,073	60,010,881
Administration, attendance, and health	3,971,608	-	-	-	3,971,608
Pupil transportation	6,968,997	-	-	-	6,968,997
Operation and maintenance	7,716,990	-	-	-	7,716,990
Cafeteria - school food service	-	-	6,448,745	-	6,448,745
Facilities	2,890,059	-	-	-	2,890,059
Special grants	19,110,742	-	-	-	19,110,742
Technology	3,100,632	-	-	-	3,100,632
Debt Service					
Principal	2,098,063	-	-	-	2,098,063
Interest and other charges	897,500	-	-	-	897,500
Total Expenditures	104,925,604	294,795	6,448,745	1,545,073	113,214,217
Excess (Deficiency) of Expenditures Over Revenues	590,062	(256,627)	(42,577)	46,363	337,221
Other Financing Sources (Uses)					
Subscription liabilities issued	195,741	-	-	-	195,741
Transfers in	-	688,863	96,940	-	785,803
Transfers out	(785,803)	-	-	-	(785,803)
Total Other Financing Sources (Uses)	(590,062)	688,863	96,940	-	195,741
Net Change in Fund Balances	-	432,236	54,363	46,363	532,962
Fund Balances - Beginning of Year	-	1,176,597	1,296,644	792,243	3,265,484
Fund Balances - End of Year	\$ -	\$ 1,608,833	\$ 1,351,007	\$ 838,606	\$ 3,798,446

County of Henry, Virginia

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Component Unit - School Board

Year Ended June 30, 2023

Net Change in Fund Balances - per above		\$	532,962
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and disposition was less than capital outlays.			5,026,827
Construction related to renovation of school buildings is part of the County Primary Government since the debt is in the County name. However, the school building belongs to the County until such time the debt is paid off. All debt payments paid by the School Board are adjusted and shown as being paid by the County.			1,007,269
Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.			
Subscription liabilities issued/paid, net	\$	(54,373)	
Repayments on financed purchase obligations		<u>215,235</u>	
Net Adjustment			160,862
Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:			
Compensated absences			(26,516)
Net pension liability/(asset)			(8,656,523)
Deferred inflows - pension			17,842,164
Deferred outflows - pension			(1,784,081)
Deferred outflows - OPEB			232,840
Deferred inflows - OPEB			549,042
Other postemployment benefits			<u>352,042</u>
Change in Net Position of Governmental Activities	\$		<u>15,236,888</u>

Henry County School Board
School Fund

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

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	\$ 25,000	\$ 25,000	\$ 19,212	\$ (5,788)
Charges for services	45,500	608,677	506,370	(102,307)
Recovered costs	374,000	411,200	300,650	(110,550)
Miscellaneous				
Harvest Foundation	-	72,362	72,361	(1)
Other miscellaneous	350,000	350,000	479,657	129,657
Payment from Primary Government - Henry County	18,712,619	23,873,724	14,877,331	(8,996,393)
Intergovernmental				
Revenue from the Commonwealth of Virginia	71,949,239	73,309,012	72,221,998	(1,087,014)
Educational Technology - Commonwealth of Virginia	466,000	466,000	440,000	(26,000)
Revenue from the Federal Government	10,500,000	33,583,757	16,453,211	(17,130,546)
QSCB federal loan interest subsidy	-	-	144,876	144,876
Total Intergovernmental Revenues	82,915,239	107,358,769	89,260,085	(18,098,684)
Total Revenues	102,422,358	132,699,732	105,515,666	(27,184,066)
Expenditures				
Instruction	61,496,775	61,798,256	58,171,013	3,627,243
Administration, attendance, and health	4,526,937	4,126,617	3,971,608	155,009
Pupil transportation	6,800,961	8,397,413	6,968,997	1,428,416
Operation and maintenance	7,709,236	8,297,274	7,716,990	580,284
Facilities	4,367,526	6,406,383	2,890,059	3,516,324
Special grants	10,500,000	36,504,212	19,110,742	17,393,470
Technology	2,921,009	3,462,061	3,100,632	361,429
Contingency reserve	50,000	50,000	-	50,000
Debt Service				
Principal	2,447,971	1,958,633	2,098,063	(139,430)
Interest and other charges	912,740	912,740	897,500	15,240
Total Expenditures	101,733,155	131,913,589	104,925,604	26,987,985
Excess (Deficiency) of Revenues Over Expenditures	689,203	786,143	590,062	(196,081)
Other Financing Sources (Uses)				
Subscription liabilities issued	-	-	195,741	195,741
Transfers in (out)	(689,203)	(786,143)	(785,803)	340
Total Other Financing Sources (Uses)	(689,203)	(786,143)	(590,062)	196,081
Net Change in Fund Balance Before Transfer from Surplus	-	-	-	-
Transfer from Surplus Funds	-	-	-	-
Net Change in Fund Balance After Transfer from Surplus	\$ -	\$ -	-	\$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			\$ -	

Henry County School Board
School Textbook Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ -	\$ -	\$ 38,168	\$ 38,168
Total Revenues	-	-	38,168	38,168
Expenditures				
Textbooks	<u>1,008,000</u>	<u>1,008,000</u>	<u>294,795</u>	<u>713,205</u>
Total Expenditures	<u>1,008,000</u>	<u>1,008,000</u>	<u>294,795</u>	<u>713,205</u>
Excess (Deficiency) of Revenues Over Expenditures	(1,008,000)	(1,008,000)	(256,627)	751,373
Other Financing Sources (Uses)				
Transfers in (out)	<u>689,203</u>	<u>689,203</u>	<u>688,863</u>	<u>(340)</u>
Total Other Financing Sources (Uses)	<u>689,203</u>	<u>689,203</u>	<u>688,863</u>	<u>(340)</u>
Net Change in Fund Balance	(318,797)	(318,797)	432,236	751,033
Transfer from Surplus Funds	<u>318,797</u>	<u>318,797</u>	-	<u>(318,797)</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	432,236	<u>\$ 432,236</u>
Fund Balance - Beginning of Year			<u>1,176,597</u>	
Fund Balance - End of Year			<u>\$ 1,608,833</u>	

Henry County School Board
School Cafeteria Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ 1,499	\$ 1,499	\$ 2,006	\$ 507
Charges for services	490,366	516,216	426,269	(89,947)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	-	85,239	85,239
Revenue from the Federal Government	<u>5,684,254</u>	<u>5,904,454</u>	<u>5,892,654</u>	<u>(11,800)</u>
Total Intergovernmental Revenues	<u>5,684,254</u>	<u>5,904,454</u>	<u>5,977,893</u>	<u>73,439</u>
Total Revenues	6,176,119	6,422,169	6,406,168	(16,001)
Expenditures				
Cafeteria	<u>6,176,119</u>	<u>6,519,109</u>	<u>6,448,745</u>	<u>70,364</u>
Total Expenditures	<u>6,176,119</u>	<u>6,519,109</u>	<u>6,448,745</u>	<u>70,364</u>
Excess (Deficiency) of Revenues Over Expenditures	-	(96,940)	(42,577)	54,363
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>96,940</u>	<u>96,940</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>96,940</u>	<u>96,940</u>	<u>-</u>
Net Change in Fund Balance	-	-	54,363	54,363
Transfer from Surplus Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	54,363	<u>\$ 54,363</u>
Fund Balance - Beginning of Year			<u>1,296,644</u>	
Fund Balance - End of Year			<u>\$ 1,351,007</u>	

Henry County School Board
School Activity Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Positive (Negative)</u>
Revenues				
Revenue from the use of money and property	\$ -	\$ -	\$ 159	\$ 159
Miscellaneous	<u>-</u>	<u>-</u>	<u>1,591,277</u>	<u>1,591,277</u>
Total Revenues	-	-	1,591,436	1,591,436
Expenditures				
Instruction	<u>-</u>	<u>-</u>	<u>1,545,073</u>	<u>(1,545,073)</u>
Total Expenditures	<u>-</u>	<u>-</u>	<u>1,545,073</u>	<u>(1,545,073)</u>
Excess (Deficiency) of Revenues Over Expenditures	-	-	46,363	46,363
Other Financing Sources (Uses)				
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	46,363	46,363
Transfer from Surplus Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change after Reserve	<u>\$ -</u>	<u>\$ -</u>	46,363	<u>\$ 46,363</u>
Fund Balance - Beginning of Year			<u>792,243</u>	
Fund Balance - End of Year			<u>\$ 838,606</u>	

County of Henry, Virginia

Statement of Net Position

Component Unit - Industrial Development Authority

At June 30, 2023

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Assets			
Current Assets			
Cash	\$ -	\$ 1,769,597	\$ 1,769,597
Due from other governments	252,858	-	252,858
Due from primary government - Henry County, VA	673,592	414,222	1,087,814
Inventory	8,582,724	9,887,143	18,469,867
Total Current Assets	9,509,174	12,070,962	21,580,136
Noncurrent Assets			
Investment CCAT Leveraged Lender, LLC	-	3,753,639	3,753,639
Total Noncurrent Assets	-	3,753,639	3,753,639
Total Assets	<u>\$ 9,509,174</u>	<u>\$ 15,824,601</u>	<u>\$ 25,333,775</u>
Liabilities			
Current Liabilities			
Accounts payable	\$ 100,673	\$ 5,128	\$ 105,801
Unearned grants	27,307	900,000	927,307
Total Current Liabilities	127,980	905,128	1,033,108
Long-Term Liabilities			
	-	-	-
Total Liabilities	127,980	905,128	1,033,108
Net Position			
Unrestricted	9,381,194	14,919,473	24,300,667
Total Net Position	9,381,194	14,919,473	24,300,667
Total Liabilities and Net Position	<u>\$ 9,509,174</u>	<u>\$ 15,824,601</u>	<u>\$ 25,333,775</u>

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Component Unit - Industrial Development Authority

Year Ended June 30, 2023

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Operating Revenues			
Payment from primary government	\$ 2,000,000	\$ 914,931	\$ 2,914,931
Tobacco Indemnification revenues	297,654	-	297,654
Virginia Department of Transportation - Federal	9,859	-	9,859
Virginia Economic Development Partnership Authority	243,000	-	243,000
Harvest Foundation	-	3,000,000	3,000,000
EDC share of costs	30,584	-	30,584
Miscellaneous refunds and revenues	8,643	-	8,643
Commonwealth Opportunity fund	-	500,000	500,000
Total Operating Revenues	2,589,740	4,414,931	7,004,671
Operating Expenses			
Economic development	2,020,619	4,414,931	6,435,550
Total Operating Expenses	2,020,619	4,414,931	6,435,550
Operating Income (Loss)	569,121	-	569,121
Nonoperating Revenues (Expenses)			
Interest and investment income	-	38,306	38,306
Total Nonoperating Revenues (Expenses)	-	38,306	38,306
Change in Net Position	569,121	38,306	607,427
Total Net Position - Beginning of Year	8,812,073	14,881,167	23,693,240
Total Net Position - End of Year	\$ 9,381,194	\$ 14,919,473	\$ 24,300,667

County of Henry, Virginia

Statement of Cash Flows

Component Unit - Industrial Development Authority

Year Ended June 30, 2023

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Cash Flows from Operating Activities			
Receipts from primary government	\$ 2,000,000	\$ 914,931	\$ 2,914,931
EDC share of costs	12,000	-	12,000
Other grants	357,742	-	357,742
Harvest Foundation	-	3,000,000	3,000,000
Miscellaneous revenues	8,643	-	8,643
Purchase of inventory for resale	(925,478)	-	(925,478)
Cash paid for economic development	<u>(2,063,634)</u>	<u>(4,821,186)</u>	<u>(6,884,820)</u>
Net Cash Used in Operating Activities	(610,727)	(906,255)	(1,516,982)
Cash Flows from Noncapital Financing Activities			
Payments on Due to / Due from accounts from primary government	<u>610,727</u>	<u>(914,927)</u>	<u>(304,200)</u>
Net Cash Provided by (Used in) Noncapital Financing Activities	610,727	(914,927)	(304,200)
Cash Flows from Capital and Related Financing Activities			
Principal payments on long-term debt	-	-	-
Interest payments on long-term debt	<u>-</u>	<u>-</u>	<u>-</u>
Net Cash Used in Capital and Related Financing Activities	-	-	-
Cash Flows from Investing Activities			
Interest and investment income	<u>-</u>	<u>38,306</u>	<u>38,306</u>
Net Cash Provided by Investing Activities	-	38,306	38,306
Net Increase (Decrease) in Cash and Cash Equivalents	-	(1,782,876)	(1,782,876)
Cash and Cash Equivalents - Beginning of Year	<u>-</u>	<u>3,552,473</u>	<u>3,552,473</u>
Cash and Cash Equivalents - End of Year	<u>\$ -</u>	<u>\$ 1,769,597</u>	<u>\$ 1,769,597</u>
Reconciliation of Operating Income to Net Cash Used in Operating Activities			
Operating income	\$ 569,121	\$ -	\$ 569,121
<i>Adjustments to Reconcile Operating Income to Net Cash Used in Operating Activities</i>			
Depreciation	-	-	-
<i>Changes in Assets and Liabilities</i>			
Receivables	60,088	-	60,088
Due from other governments	(252,858)	-	(252,858)
Inventory	(925,478)	-	(925,478)
Unearned grants	(18,585)	(850,000)	(868,585)
Accounts payable	<u>(43,015)</u>	<u>(56,255)</u>	<u>(99,270)</u>
Net Cash Provided by (Used in) Operating Activities	<u>\$ (610,727)</u>	<u>\$ (906,255)</u>	<u>\$ (1,516,982)</u>

County of Henry, Virginia

Balance Sheet

Component Unit - Henry-Martinsville Social Services

At June 30, 2023

Assets

Cash	\$ 112,903
Accounts receivable, net	3,735
Due from other governments	<u>1,085,415</u>
Total Assets	<u>\$ 1,202,053</u>

Liabilities and Fund Balance**Liabilities**

Accounts payable	\$ -
Accrued liabilities	62,757
Due to County of Henry, Virginia	<u>1,139,296</u>
Total Liabilities	1,202,053

Fund Balance

Total Liabilities and Fund Balance	<u>\$ 1,202,053</u>
------------------------------------	---------------------

Fund Balance - per above	\$ -
--------------------------	------

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	104,921
---	---------

The net prepaid OPEB liability is a long-term asset and is not a financial resource and, therefore, is not reported in the funds.	136,820
---	---------

Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	954,795
Deferred inflows related to pensions	(1,016,815)
Deferred outflows of resources related to OPEB	117,636
Deferred inflows of resources related to OPEB	(92,472)

Liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.

Balances of long-term liabilities affecting net position are as follows:

Net pension liability	(1,258,064)
OPEB obligations	(226,779)
Compensated absences	<u>(567,007)</u>

Net Position (Deficit) of Governmental Activities	<u>\$ (1,846,965)</u>
---	-----------------------

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Henry-Martinsville Social Services

Year Ended June 30, 2023

Revenues

Payments from County of Henry, Virginia	\$ 971,529
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Payments from City of Martinsville, Virginia	519,170
--	---------

Miscellaneous refunds and revenues	14,922
------------------------------------	--------

Intergovernmental

Revenue from the Commonwealth of Virginia	2,905,619
---	-----------

Revenue from the Federal Government	<u>4,962,844</u>
-------------------------------------	------------------

Total Intergovernmental	<u>7,868,463</u>
-------------------------	------------------

Total Revenues	9,374,084
----------------	-----------

Expenditures

Health and welfare	<u>9,374,084</u>
--------------------	------------------

Net Change in Fund Balance	-
----------------------------	---

Fund Balance - Beginning of Year	<u>-</u>
----------------------------------	----------

Fund Balance - End of Year	<u><u>\$ -</u></u>
----------------------------	--------------------

Net Change in Fund Balance - per above	\$ -
--	------

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation. (3,175)

Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:

Compensated absences	(30,033)
Net pension liability	(513,729)
Deferred inflows - pension	1,137,724
Deferred outflows - pension	(249,667)
Deferred outflows - OPEB	29,691
Deferred inflows - OPEB	52,354
Other postemployment benefits	<u>(5,986)</u>

Change in Net Position of Governmental Activities	<u><u>\$ 417,179</u></u>
---	--------------------------

County of Henry, Virginia

Combining Statement of Fiduciary Net Position

At June 30, 2023

	<u>Custodial Funds</u>		
	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 4,140	\$ 170,828	\$ 174,968
Total Assets	<u>\$ 4,140</u>	<u>\$ 170,828</u>	<u>\$ 174,968</u>
Liabilities			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Net Position			
Restricted for:			
Individuals, organizations, and other governments	<u>4,140</u>	<u>170,828</u>	<u>174,968</u>
Total Net Position	<u>4,140</u>	<u>170,828</u>	<u>174,968</u>
Total Liabilities and Fiduciary Net Position	<u>\$ 4,140</u>	<u>\$ 170,828</u>	<u>\$ 174,968</u>

County of Henry, Virginia

Combining Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2023

	<u>Special Welfare</u>	<u>Jail Inmate</u>	<u>Total Custodial Funds</u>
Additions			
Local grant funds and other donations	\$ 133,851	\$ -	\$ 133,851
Housing fees	-	128,181	128,181
Canteen and telephone fees	<u>-</u>	<u>371,679</u>	<u>371,679</u>
Total additions	133,851	499,860	633,711
Deductions			
Program and administrative expenses	133,668	65,181	198,849
Housing fees remitted to County	-	118,043	118,043
Telephone fees	-	84,255	84,255
Canteen purchases	<u>-</u>	<u>207,577</u>	<u>207,577</u>
Total deductions	<u>133,668</u>	<u>475,056</u>	<u>608,724</u>
Net Increase (Decrease) in Fiduciary Net Position	183	24,804	24,987
Net Position - Beginning	<u>3,957</u>	<u>146,024</u>	<u>149,981</u>
Net Position - Ending	<u>\$ 4,140</u>	<u>\$ 170,828</u>	<u>\$ 174,968</u>

OTHER INFORMATION SECTION



Table 1

County of Henry, Virginia

General Governmental Revenues by Source⁽¹⁾⁽²⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Property Taxes</u>	<u>Other Local Taxes</u>	<u>Permits, Privilege Fees, and Regulatory Licenses</u>	<u>Fines and Forfeitures</u>	<u>Use of Money and Property</u>	<u>Charges for Services</u>	<u>Miscellaneous</u>	<u>Recovered Costs</u>	<u>Inter-Governmental</u>	<u>Total</u>
2014	\$ 23,277,658	\$ 11,449,845	\$ 67,111	\$ 199,043	\$ 668,693	\$ 1,701,181	\$ 2,182,125	\$ 3,258,893	\$ 71,996,224	\$ 114,800,773
2015	23,871,330	12,004,009	61,302	191,984	863,945	1,744,070	994,556	3,547,875	75,295,664	118,574,735
2016	24,025,389	12,219,982	64,192	171,390	909,608	1,613,667	853,693	3,774,357	76,880,284	120,512,562
2017	24,344,550	12,323,201	63,792	214,626	669,873	1,552,687	873,104	3,547,175	79,495,294	123,084,302
2018	26,741,835	12,571,940	55,553	193,569	701,617	1,312,840	1,028,429	4,415,222	84,189,168	131,210,173
2019	28,230,794	13,397,099	77,110	165,674	2,300,453	1,295,214	998,268	4,921,665	86,049,792	137,436,069
2020	27,893,373	13,826,354	49,950	140,504	2,438,681	1,172,752	1,028,686	5,071,780	90,105,162	141,727,242
2021	29,167,772	15,742,493	108,497	133,296	1,253,635	978,310	1,473,633	4,212,401	100,001,726	153,071,763
2022	29,890,472	20,894,156	83,547	123,616	455,806	1,138,875	2,908,492	4,134,652	104,677,626	164,307,242
2023	31,296,370	23,107,460	189,573	126,817	2,762,077	1,347,470	2,243,850	5,728,398	152,382,948	219,184,963

⁽¹⁾ Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.

⁽²⁾ Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from intergovernmental revenues.

County of Henry, Virginia

General Governmental Expenditures by Function⁽¹⁾⁽²⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>General Gov. Administration</u>	<u>Judicial Administration</u>	<u>Public Safety</u>	<u>Public Works</u>	<u>Health and Welfare</u>	<u>Education</u>	<u>Parks, Recreation, and Cultural</u>	<u>Community Development</u>	<u>Non-Departmental</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total</u>
2014	\$ 3,022,708	\$ 2,727,076	\$ 14,610,351	\$ 3,328,411	\$ 7,602,105	\$ 73,570,985	\$ 1,762,935	\$ 3,337,157	\$ 14,401	\$ 2,808,718	\$ 344,113	\$ 113,128,960
2015	3,237,857	2,815,603	15,040,016	3,504,274	7,862,544	73,673,586	1,805,145	3,377,000	83,661	2,850,907	1,164,019	115,414,612
2016	3,138,381	2,895,916	15,432,462	3,473,137	7,755,323	77,873,789	1,832,590	3,793,880	93,018	2,140,166	1,474,742	119,903,404
2017	3,201,410	2,883,408	15,711,987	3,441,711	8,025,248	92,668,525	1,871,240	4,737,410	53,096	2,639,617	797,651	136,031,303
2018	3,257,287	2,989,787	16,738,307	3,504,916	8,385,686	89,772,125	1,927,417	4,881,862	50,809	3,345,873	4,618,167	139,472,236
2019	3,303,587	2,937,463	16,700,369	3,401,291	9,503,796	83,042,119	1,950,922	5,083,973	83,998	8,514,330	3,968,066	138,489,914
2020	3,398,733	3,038,494	17,778,343	3,587,910	10,341,838	84,597,469	1,933,218	4,958,890	60,252	5,895,158	21,101,800	156,692,105
2021	3,872,355	3,218,018	20,025,682	3,938,613	11,833,671	89,070,406	1,979,981	4,938,011	61,022	25,139,618	36,433,801	200,511,178
2022	3,782,013	3,361,244	23,558,124	3,805,486	13,387,616	96,444,934	2,157,991	6,731,224	78,571	6,321,202	16,017,654	175,646,059
2023	3,763,293	3,694,862	26,353,340	4,790,376	14,637,557	110,281,068	2,348,764	6,926,017	46,478	6,305,522	939,962	180,087,239

⁽¹⁾ Includes General and Special Revenue Funds of the Primary Government and Component Units - School Board and Social Services.⁽²⁾ Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from the respective function.

County of Henry, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Machinery and Tools</u>	<u>Public Service</u>	<u>Total</u>
2014	\$ 2,858,290,984	\$ 372,927,906	\$ 23,448,770	\$ 287,966,081	\$ 150,385,203	\$ 3,693,018,944
2015	2,865,947,336	386,921,487	24,055,943	293,438,784	160,532,186	3,730,895,736
2016	2,874,491,189	394,241,419	24,105,123	301,949,527	168,148,943	3,762,936,201
2017	2,901,351,025	417,528,311	23,906,148	311,400,946	175,152,449	3,829,338,879
2018	2,872,989,189	419,610,064	21,786,667	343,462,516	177,404,798	3,835,253,234
2019	2,883,174,054	416,199,483	22,417,477	355,931,097	188,873,635	3,866,595,746
2020	2,889,190,270	435,083,807	22,561,261	338,166,323	196,172,192	3,881,173,853
2021	2,913,938,919	459,886,258	23,010,270	343,004,774	212,735,950	3,952,576,171
2022	2,955,483,423	491,826,968	21,744,505	378,517,161	276,296,477	4,123,868,534
2023	2,957,569,009	591,066,000	19,501,081	393,098,000	239,318,078	4,200,552,168

Property Tax Rates - Last Ten Fiscal Years

Tax Rates per Hundred Dollars of Assessed Valuation

<u>Fiscal Year</u>	<u>Real Estate</u>	<u>Personal Property</u>	<u>Mobile Homes</u>	<u>Machinery and Tools</u>
2014	\$ 0.488	\$ 1.48	\$ 0.488	\$ 1.48
2015	0.488	1.48	0.488	1.48
2016	0.488	1.48	0.488	1.48
2017	0.488	1.48	0.488	1.48
2018	0.555	1.55	0.555	1.55
2019	0.555	1.55	0.555	1.55
2020	0.555	1.55	0.555	1.55
2021	0.555	1.55	0.555	1.55
2022	0.555	1.55	0.555	1.55
2023	0.555	1.55	0.555	1.55

County of Henry, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
2014	\$ 24,580,458	\$ 23,559,604	95.84%	\$1,019,691	\$ 24,579,295	99.99%	\$ 3,151,339	12.82%
2015	24,957,730	24,023,981	96.26%	1,143,857	25,167,838	100.84%	3,018,626	12.09%
2016	25,272,038	24,321,388	96.24%	1,014,013	25,335,401	100.25%	2,776,267	10.99%
2017	25,919,711	24,778,117	95.60%	903,931	25,682,048	99.08%	3,061,326	11.81%
2018	28,879,412	27,380,868	94.81%	640,293	28,021,161	97.03%	3,647,745	12.63%
2019	29,143,275	27,934,344	95.85%	1,493,101	29,427,445	100.98%	3,588,601	12.31%
2020	29,235,764	27,981,597	95.71%	1,197,819	29,179,416	99.81%	3,740,443	12.79%
2021	29,926,875	28,907,795	96.59%	1,424,836	30,332,631	101.36%	3,352,413	11.20%
2022	31,548,851	30,247,595	95.88%	973,847	31,221,442	98.96%	3,925,918	12.44%
2023	33,106,673	31,199,981	94.24%	1,388,217	32,588,198	98.43%	4,137,525	12.50%

County of Henry, Virginia

Ratio of Net General Obligation Bonded Debt
to Assessed Taxable Value and Net General Obligation Bonded Debt Per Capita

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population⁽¹⁾</u>	<u>Assessed Value⁽²⁾</u>	<u>Net Bonded Debt⁽³⁾</u>	<u>Ratio on Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
2014	52,253	\$3,693,018,944	\$ 16,145,808	0.44%	\$ 309
2015	51,936	3,730,895,736	14,139,516	0.38%	272
2016	51,604	3,762,936,201	22,678,828	0.60%	439
2017	51,227	3,829,338,879	31,223,019	0.82%	610
2018	51,975	3,835,253,234	30,529,456	0.80%	587
2019	51,438	3,866,595,746	88,338,347	2.28%	1,717
2020	51,019	3,881,173,853	111,778,461	2.88%	2,191
2021	51,450	3,952,576,171	107,240,547	2.71%	2,084
2022	50,000	4,123,868,534	105,311,323	2.55%	2,106
2023	48,835	4,200,552,168	103,464,863	2.46%	2,119

⁽¹⁾ Weldon Cooper Center, University of Virginia, Latest Census Records.

⁽²⁾ From Table 3.

⁽³⁾ Includes all long-term general obligation bonded debt, bond anticipation notes, Literary Fund loans, and Recovery Zone bonds. Excludes compensated absences, capital leases, and landfill closure monitoring liability.

Table 6

County of Henry, Virginia

Ratio of Annual Debt Service Expenditures for General Bonded Debt
to Total General Governmental Expenditures ⁽¹⁾⁽²⁾⁽³⁾

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt Service to General Government Expenditures</u>
2014	\$2,075,511	\$ 733,207	\$2,808,718	\$ 113,128,960	2.48%
2015	2,199,904	651,003	2,850,907	115,414,612	2.47%
2016	1,460,688	679,478	2,140,166	119,903,404	1.78%
2017	1,734,013	905,604	2,639,617	136,031,303	1.94%
2018	2,123,512	1,222,361	3,345,873	139,472,236	2.40%
2019	5,114,455	3,399,875	8,514,330	138,489,914	6.15%
2020	2,473,315	3,421,843	5,895,158	156,692,105	3.76%
2021	20,804,870	4,334,748	25,139,618	200,511,178	12.54%
2022	2,297,653	3,891,462	6,189,115	175,646,059	3.52%
2023	2,061,695	3,968,581	6,030,276	180,087,239	3.35%

Amounts taken from Table 2.

⁽¹⁾ Excludes debt service payments on short-term notes payable.

⁽²⁾ Excludes Component Unit - Industrial Development Authority debt.

⁽³⁾ Includes FY21 debt refunding of \$19,350,000.

COMPLIANCE SECTION





INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Supervisors
County of Henry, 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 *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 discretely presented component units, and each major fund of County of Henry, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Henry, Virginia's basic financial statements, and have issued our report thereon dated December 14, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Henry, Virginia's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of County of Henry, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Henry, Virginia's internal control.

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

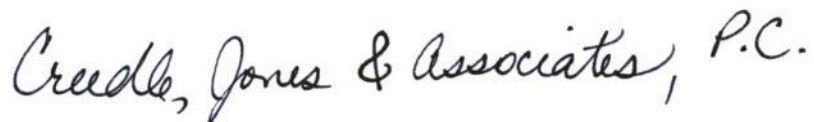
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Henry, Virginia's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

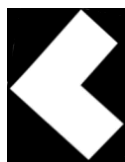
Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Creedle, Jones & Associates, P.C." in a cursive script.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 14, 2023



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Supervisors
County of Henry, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Henry, Virginia's compliance with the types of compliance requirements identified as subject to and in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Henry, Virginia's major federal programs for the year ended June 30, 2023. County of Henry, Virginia'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, County of Henry, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; 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); and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards, the Uniform Guidance, and specifications are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of County of Henry, Virginia and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of County of Henry, Virginia's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Henry, Virginia'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 County of Henry, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Henry, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Henry, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of County of Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Henry, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

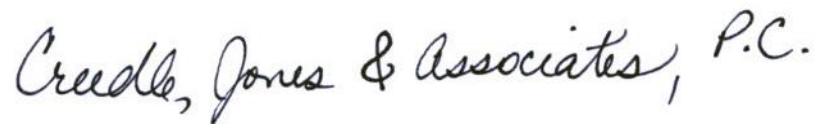
Report on Internal Control over Compliance

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

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 have 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.

A handwritten signature in cursive script that reads "Creedle, Jones & Associates, P.C.".

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 14, 2023



REPORT ON COMPLIANCE WITH COMMONWEALTH OF VIRGINIA'S LAWS, REGULATIONS, CONTRACTS, AND GRANTS

To the Board of Supervisors
County of Henry, Virginia

We have audited the financial statements of the County of Henry, Virginia, as of and for the year ended June 30, 2023, and have issued our report thereon dated December 14, 2023.

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 *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with Commonwealth of Virginia's laws, regulations, contracts, and grants applicable to the County of Henry, Virginia, is the responsibility of the County of Henry, Virginia's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the County of Henry, Virginia's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants. However, the objective of our audit of the basic financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The following is a summary of the Commonwealth of Virginia's laws, regulations, contracts, and grants for which we performed tests of compliance:

Code of Virginia

- Budget and Appropriation Laws
- Cash and Investments
- Conflicts of Interest
- Retirement Systems
- Debt Provisions
- Procurement
- Unclaimed Property
- Personal Property Tax Relief Act

State Agency Requirements

- Social Services
- Education
- Children's Services Act Funds
- Economic Development Opportunity Fund

The results of our tests disclosed three instances of noncompliance with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that the County of Henry, Virginia had not complied, in all material respects, with those provisions. They are as follows:

- 1) Social services terminated employees' SAMS access not timely removed
- 2) No management approval of tax abatements
- 3) School Board statement of economic interest forms not filed timely

This report is intended solely for the information of the Board of Supervisors, County of Henry, Virginia's management, Auditor of Public Accounts of the Commonwealth of Virginia, and applicable state agencies, and is not intended to be, and should not be, used by anyone other than these specified parties.

Creedle, Jones & Associates, P.C.

Creedle, Jones & Associates, P.C.
Certified Public Accountants

South Hill, Virginia
December 14, 2023

County of Henry, Virginia
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
PRIMARY GOVERNMENT			
U. S. Department of the Treasury			
Direct Payments			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 8,043,503
U. S. Department of Interior			
Direct Payments			
Payments in Lieu of Taxes	15.226	N/A	4,161
Pass-Through Payments			
<i>Department of Conservation and Recreation</i>			
Outdoor Recreation Acquisition, Development and Planning	15.916	199	<u>2,250</u>
Subtotal - U. S. Department of Interior			6,411
U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Transportation</i>			
Highway Planning and Construction	20.205	501	1,231,710
<i>Department of Motor Vehicles</i>			
Alcohol Open Container Requirements	20.607	530	9,375
<i>Highway Safety Cluster</i>			
State and Community Highway Safety	20.600	530	<u>12,556</u>
Total Highway Safety Cluster			<u>12,556</u>
Subtotal - U. S. Department of Transportation			1,253,641
Appalachian Regional Commission			
Direct Payments			
Appalachian Area Development	23.002	N/A	2,250
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Aging Cluster</i>			
<i>Southern Area Agency on Aging</i>			
Special Programs for the Aging - Title III, Part B -			
Grants for Supportive Services and Senior Centers	93.044	N/A	<u>98,799</u>
Total Aging Cluster			<u>98,799</u>
Subtotal - U. S. Department of Health and Human Services			98,799
U. S. Department of Justice			
Direct Payments			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	2,941
Bulletproof Vest Partnership Program	16.607	N/A	48,513
State Criminal Alien Assistance Program	16.606	N/A	4,211
Equitable Sharing Program - Asset Forfeiture	16.922	N/A	45,164
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	1,250
Pass-Through Payments			
<i>Department of Criminal Justice Services</i>			
Crime Victim Assistance	16.575	140	<u>117,605</u>
Subtotal - U. S. Department of Justice			219,684
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
<i>Department of Housing and Community Development</i>			
Community Development Block Grant - States Program	14.228	165	<u>133,136</u>
Subtotal - U. S. Department of Housing and Urban Development			133,136
U. S. Department of Homeland Security			
Pass-Through Payments			
<i>Department of Emergency Management</i>			
Emergency Management Performance Grants	97.042	127	<u>26,161</u>
Subtotal - U. S. Department of Homeland Security			26,161
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
Social services block grant	93.667	765	<u>119,141</u>
Total - Primary Government			9,902,726

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
HENRY-MARTINSVILLE SOCIAL SERVICES			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Department of Social Services</i>			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	765	1,236,759
Total SNAP Cluster			1,236,759
Subtotal - U. S. Department of Agriculture			1,236,759
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Social Services</i>			
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575	765	11,534
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	765	171,682
Total CCDF Cluster			183,216
Coronavirus State and Local Fiscal Recovery Funds	21.027	765	5,907
Guardianship Assistance	93.090	765	297
Title IV-E Prevention Program	93.472	765	11,389
Promoting Safe and Stable Families	93.556	765	57,738
Refugee and Entrant Assistance - State Administered Programs	93.566	765	9,531
Low-Income Home Energy Assistance	93.568	765	150,634
Chafee Education and Training Vouchers Program (ETV)	93.599	765	109
Adoption Incentive Payments	93.603	765	572
Stephanie Tubbs Jones Child Welfare Services Program	93.645	765	1,170
Foster care - Title IV-E	93.658	765	655,534
Adoption Assistance	93.659	765	609,923
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	18,752
Children's Health Insurance Program	93.767	765	7,613
Elder Abuse Prevention Interventions Program	93.747	765	4,914
Social Services Block Grant	93.667	765	588,022
Temporary Assistance for Needy Families	93.558	765	739,364
<i>Medicaid Cluster</i>			
Medical Assistance Program (Medicaid;Title XIX)	93.778	765	681,400
Total Medicaid Cluster			681,400
Subtotal - U. S. Department of Health and Human Services			3,726,085
Total - Henry-Martinsville Social Services			4,962,844
INDUSTRIAL DEVELOPMENT AUTHORITY			
U. S. Department of Transportation			
Pass-Through Payments			
<i>Department of Transportation</i>			
Highway Planning and Construction	20.205	501	9,859
Total - Industrial Development Authority			9,859

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
SCHOOL BOARD			
U. S. Department of Agriculture			
Pass-Through Payments			
<i>Child Nutrition Cluster</i>			
<i>State Department of Agriculture and Consumer Services</i>			
National School Lunch Program (NSLP) -			
Food distribution - donated commodities	10.555	301	465,997
Summer Food Service Program for Children (SFSPC)			
Food distribution - donated commodities	10.559	301	2,326
<i>Department of Education</i>			
Summer Food Service Program for Children (SFSPC)	10.559	197	36,403
School Breakfast Program (SBP)	10.553	197	1,414,462
Fresh Fruit and Vegetable Program (FFVP)	10.582	197	220,200
National School Lunch Program (NSLP)	10.555	197	4,054,690
Total Child Nutrition Cluster			6,194,078
National School Lunch Program - Child and Adult Care Food Program	10.558	197	160,949
Food and Nutrition - Pandemic EBT Admin Costs	10.649	197	5,950
Subtotal - U. S. Department of Agriculture			6,360,977
U. S. Department of Education			
Pass-Through Payments			
<i>Department of Education</i>			
<i>Special Education Cluster (IDEA)</i>			
Special Education - Grants to States (IDEA, Part B)	84.027	197	2,574,558
Special Education - Preschool Grants (IDEA)	84.173	197	90,576
Total Special Education Cluster (IDEA)			2,665,134
Coronavirus Relief Fund	21.019	197	1,581
Coronavirus State and Local Fiscal Recovery Funds	21.027	197	792,951
Elementary and Secondary School Emergency Relief (ESSER I and II) Fund	84.425D	197	9,116,204
Title I Grants to Local Educational Agencies	84.010	197	2,529,079
Adult Education - Basic Grants to States	84.002	197	66,346
Career and Technical Education - Basic Grants to States	84.048	197	181,323
School Safety National Activities	84.184	197	238,991
English Language Acquisition State Grants	84.365	197	47,379
Student Support and Academic Enrichment Program	84.424	197	195,408
Rural Education	84.358	197	239,507
Supporting Effective Instruction State Grants	84.367	197	307,184
Subtotal - U. S. Department of Education			16,381,087
U. S. Department of Health and Human Services			
Pass-Through Payments			
<i>Department of Education</i>			
Public Health Crisis Response - COVID-19	93.354	197	72,124
Subtotal - U. S. Department of Health and Human Services			72,124
Subtotal - School Board			22,814,188
Grand Totals			\$ 37,689,617

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of County of Henry, Virginia under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Henry, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Henry, Virginia.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

County of Henry, Virginia has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of \$468,323 at the time received were consumed during the year ended June 30, 2023. These commodities were included in the determination of federal awards expended during the year ended June 30, 2023.

5. Subrecipients

No awards passed through to subrecipients.

County of Henry, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP

Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? No

Identification of major federal programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster
84.425D	Elementary and Secondary School Emergency Relief (ESSER I and II) Fund
20.205	Highway Planning and Construction
21.027	Coronavirus State and Local Fiscal Recovery Funds
10.561	SNAP Cluster

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None