

COMPREHENSIVE ANNUAL FINANCIAL REPORT



FOR THE FISCAL YEAR ENDED
JUNE 30, 2020

CHESTERFIELD COUNTY, VIRGINIA

COUNTY OF CHESTERFIELD, VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

Prepared by
Accounting Department, Finance and Administration

Chesterfield County, Virginia Strategic Plan

FY 2020-2024

RESULTS

INNOVATION

blueprint
CHESTERFIELD



Providing a FIRST CHOICE community through excellence in public service

SERVICE

ETHICS



Everyday excellence

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

Objectives

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



Safe and secure community

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

Objectives

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



Robust economy

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

Objectives

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



Healthy living and well-being

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

Objectives

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



Thriving communities

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

Objectives

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



Learning for a lifetime

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

Objectives

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

VISION

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

VALUES

RESULTS

We focus on outcomes that add value

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

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

INNOVATION

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

SERVICE

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

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

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

ETHICS

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

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

blueprint
CHESTERFIELD

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INTRODUCTORY SECTION





Chesterfield County, Virginia

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BOARD OF SUPERVISORS

LESLIE A. T. HALEY, CHAIR

Midlothian District

KEVIN P. CARROLL, VICE CHAIR

Matoaca District

JIM A. INGLE

Bermuda District

CHRISTOPHER M. WINSLOW

Clover Hill District

JAMES M. "Jim" HOLLAND

Dale District

November 2, 2020

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

Honorable Members of the Board of Supervisors:

We are pleased to submit to you the Comprehensive Annual Financial Report (CAFR) of Chesterfield County, Virginia (the County) for the fiscal year ended June 30, 2020. State law requires that local governments have all their accounts and records, including accounts and records of their constitutional officers, that comprise the financial statements be audited annually as of June 30 by an independent certified public accountant and that they submit an audited financial report on or before December 15 to the Auditor of Public Accounts of the Commonwealth of Virginia (APA). The County's Accounting Department has prepared this report in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board and the APA.

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

Cherry Bekaert LLP, a firm of licensed certified public accountants, audited the County's financial statements as of and for the fiscal year ended June 30, 2020. The independent auditors planned and performed the audit to obtain reasonable assurance that the financial statements of the County as of and for the fiscal year ended June 30, 2020, are free from material misstatement. The independent audit involved performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to error or fraud. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

The independent auditors concluded, based on the evidence obtained while following all applicable auditing standards, that there was a reasonable basis for forming and expressing unmodified opinions, that the County's financial statements as of and for the year ended June 30, 2020, are fairly presented, in all material respects, in conformity with GAAP. The report of the independent auditor on the financial statements is presented as the first component of the Financial Section of this report.

The independent audit of the financial statements of the County was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit

engagements require the independent auditors to report not only on the fair presentation of the Schedule of Expenditures of Federal Awards in relation to the audited financial statements, but also on the audited government's compliance with federal requirements that could have a direct and material effect on each of its major federal programs and on internal control over compliance in accordance with the U.S. Office of Management and Budget's Uniform Guidance. The independent auditors' report related specifically to Uniform Guidance, including the Schedule of Expenditures of Federal Awards, findings and recommendations, and the auditors' report on internal control over financial reporting and on compliance and other matters, is required to be submitted within the shorter of thirty (30) days after testing completion or nine (9) months after fiscal year end, which would be no later than March 31, 2021 for the County. Said testing and results, when issued, will be included in a separate compliance reporting package.

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

Profile of the County

The County is in the mid-Atlantic region of the U.S. in east-central Virginia and is part of the Richmond Metropolitan Statistical Area (MSA). Residents enjoy a location that is within a two-hour drive of the Virginia beaches, the Blue Ridge Parkway, and Washington D.C. With 50% of the nation's population and 65% of the nation's manufacturing operations within a one-day commute, the Boyd Company ranked Chesterfield County as the top location on the East Coast, and one of the best locations in the nation for logistics-related businesses in 2015. The County's major transportation routes include the I-95 and I-295 corridors with Route 288, Route 76 (Powhite Parkway), and Route 150 (Chippenham Parkway) as connecting routes providing quick access to I-64 to the north and I-85 to the south. This strategic location has been a catalyst for residential, commercial and industrial growth. The land area of the County totals 446 square miles. A large portion of the land in the County, especially in the southwestern area, remains rural. The County's population is estimated to be 353,000.

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

The County operates pursuant to a County Charter approved by the citizens of the County in a referendum election and subsequently enacted by the Virginia General Assembly in 1988 with the most recent charter amendments occurring in fiscal year 2017. The governing body of the County is the Board of Supervisors (Board) which is composed of five members, one member elected from each of five magisterial districts. Members must reside in the district that he or she serves and are elected for four-year terms. The term of the current Board began January 2020 and will continue through December 2024. The Board establishes policies governing the administration of the County and appoints a County Administrator who serves at the pleasure of the Board to execute the policies.

The County provides a full range of municipal services and continues to be the lowest cost, full-service locality in the Commonwealth of Virginia (Commonwealth) among localities of similar size. Major programs include police, fire and emergency medical services, court services, libraries, parks and recreation, community development, social services, and mental health services. Additionally, the County operates a general aviation airport and water and wastewater utility systems (Utilities). The citizens elect a separate School Board to oversee education. The County is empowered to levy a property tax on both real and personal properties located within its boundaries. The County's Utilities Department is one of the few public utilities in the nation with a triple AAA rating for its revenue bonds and the County is one of less than one percent of the counties in the U.S. with a triple AAA rating for its general obligation bonds.

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

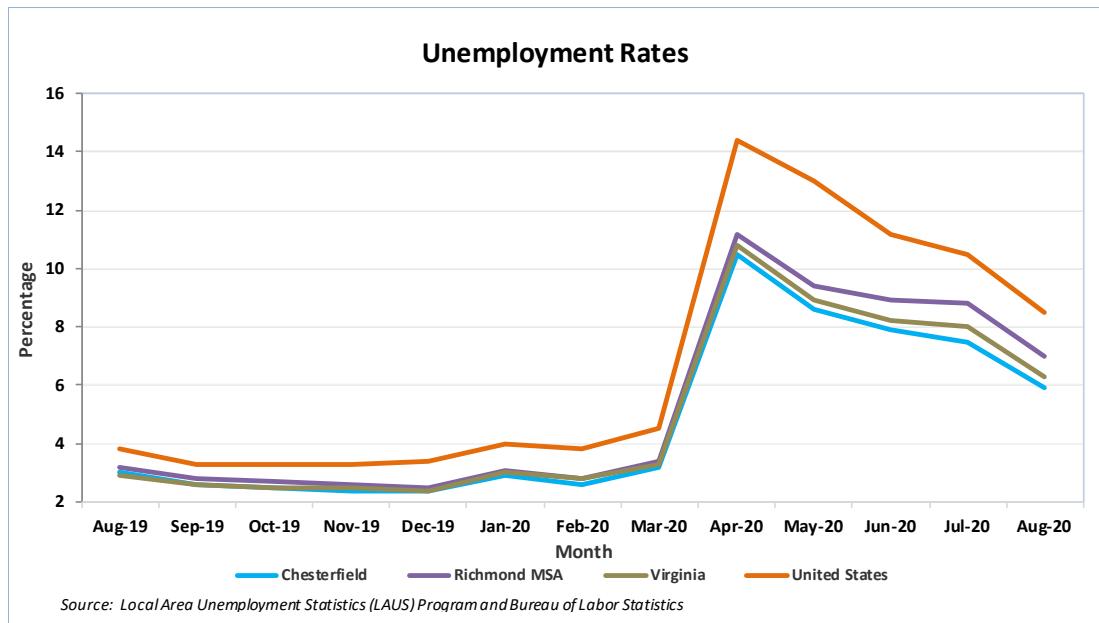
statements while the blended component unit is included as though it were a fund of the County. Additional information concerning these legally separate organizations can be found in Note 1 to the financial statements.

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

Local Economy

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

The County's ability to attract a highly skilled labor force to quality jobs in the region creates prosperity during healthy economic times and allows for weathering downturns. The County's annual unemployment rate of 2.7% in calendar year 2019 reflected steady improvement year-over-year since 2010. The County's annual unemployment rate is comparable to both the Richmond MSA and the Commonwealth's rates of 2.9% and 2.8%, respectively. The impact of the COVID-19 pandemic and the Governor's Emergency Declaration had an unprecedented impact on the County's unemployment rate. While there was a significant uptick in the number of County residents working remotely in the safety of their homes, many of our residents whose jobs were dependent on face-to-face interactions with clients were particularly hard hit with furloughs and layoffs. The unemployment rate in the County was 10.5% in April 2020, with a recovery to 5.9% in August 2020, comparing favorably to the Commonwealth's rate in April and August of 10.8% and 6.3%, respectively. The County responded to this crisis with programs targeted to assist our small business owners in weathering the economic aspects the pandemic.



The County is committed to fostering a vibrant economy that enhances economic opportunities by attracting new business capital investment, reinvestment by established businesses, and new jobs. The County's Department of Economic Development (Economic Development) helps attract significant new business and assists County companies in expanding their existing businesses. During fiscal year 2020, new and expanding industrial and commercial businesses announced investments of \$168 million and the creation of over nearly 600 new jobs.

DuPont is modernizing and expanding its manufacturing and technology presence in the County. A global provider of technology-based materials, ingredients and solutions, DuPont will invest more than \$75 million in the Spruance site, creating approximately 60 new jobs over the next several years. DuPont has operated the Spruance

Plant in the County since 1929, where it currently produces DuPont™ Kevlar®, Nomex® and Tyvek®. Other noteworthy announcements in FY2019 - FY2020 included Virginia Physicians for Women (\$19 million), Texas Roadhouse (\$5 million) and Blackbriar (\$1.5 million). These investments continue to validate the strong position the County enjoys in attracting medical and hospitality operations.

The County continues to invest in the Meadowville Technology Park (MTP). The master plan allows a variety of uses including technology/R&D, corporate/general office, data centers, life sciences, micro-electronics, manufacturing and assembly, and biotech/pharmaceutical operations. An adjacent village center is planned to provide retail, food service, business service, and multi-family housing to MTP tenants. Nearly 400 acres of open space has been set aside in MTP to allow for walking trails and natural buffers. Design guidelines and architectural standards have been put in place to ensure first-class development. Completed in December 2011, the Interstate 295/Meadowville interchange has helped position Meadowville Technology Park as one of Chesterfield's premier employment centers, attracting substantial investment in and bringing hundreds of jobs to the County. To further improve traffic flow, a road widening project is in progress that involves widening Route 10 between Bermuda Triangle Road and Meadowville Road to eight lanes, with signalized improvements to the intersection of Route 10 at Meadowville Road and widening Meadowville Road from Route 10 to Hogan's Alley to six lanes. Currently, Meadowville is home to 2.6 million square feet of facilities and over 3,700 jobs, with 683 acres remaining to be developed. In FY2020, the Board approved the transfer of \$3.0 million from the County's BPOL reserves to the EDA for the purpose of purchasing commercial and industrial land parcels to continue attracting economic development in the County. By authorizing the transfer, the Board is building upon recent successful initiatives and promotes the County as an attractive location for business to create high-quality jobs for County residents.

Five years ago, the Boyd Company, a New Jersey based corporate site-selection consulting firm, said the County had the lowest annual operating costs for distribution warehouses among the top 25 areas in the nation for logistics businesses. This cost advantage has resulted in a significant increase in the number of transportation and warehouse operations in the County. From the first quarter of 2016 to the first quarter of 2020, the number of these types of establishments grew from 189 to 221, a 16.9% increase. The market influences created by the response to the COVID-19 pandemic suggest this trend will continue. Demand for materials used in personal protective equipment (PPE) products has DuPont Specialty Products leasing 133,000 square feet of new warehousing space in the James River Logistics Center, an addition to the 813,000 square feet that DuPont already leases. The pandemic has also accelerated the shop-from-home trend and the need for logistics operations to meet demand. In June 2020, Amazon leased a brand new 321,000-square-foot building in James River Logistics Center where packages are sorted and loaded into vehicles for "last mile" delivery directly to the homes of its customers. The pandemic also created an opportunity for a new mask-making manufacturing and distribution operation where Blackbriar Regulatory Services is providing contract manufacturing, laboratory services and FDA compliance consulting. Blackbriar is currently in a joint venture project with Olivian to produce medical face masks at the facility, located in Midlothian. While the pandemic will eventually end, we do not see the demand for logistics operations in a well located, competitive cost location like the County's diminishing anytime soon. Currently, more than five million square feet of manufacturing/logistics development, in various stages of development, will come on line over the next five years.

A recently released Boyd report identified 25 top locations for back office operations. Among those locations, the County was identified as having the third-lowest total annual operating costs for "back office sites". A back office site is a free-standing office away from a company's headquarter facility that typically performs any one of a number of functions aimed at serving the overall corporate structure. These functions can include accounting, finance, human resources, IT, customer service, training, sales, collections in the banking field and cybersecurity. Boyd consultants are predicting a resurgence of back office projects to more suburban and rural-like markets because of economic and social factors some major cities are facing as consequences of the pandemic and social unease. A major driver of the suburban back office trend is the growing popularity of mixed-use developments that provide an urban feel along with attractive housing, retail, eateries and modern, Class-A office space. Expected to open in early December, a new Gather coworking office space is under construction in the Midlothian area of the County. Gather is part of a mixed-use development planned to include office, retail and restaurant businesses, as well as apartments.

Trends in taxable retail sales in the County continue to compare favorably to the Richmond MSA and the Commonwealth. The average annual percentage increase in the County's taxable retail sales was 3.0% for 2010 to 2019 and compared favorable to increases of 2.6% and 2.3% for the Richmond MSA and the Commonwealth, respectively. At the onset of the COVID-19 pandemic and the Governor's Emergency Declaration, the County cautiously anticipated a significant overall decline in taxable retail sales for the remainder of FY2020 and in FY2021. Taxable retail sales data developed during the pandemic indicates taxable retail sales have declined drastically in sectors heavily reliant on social interaction, such as eating establishments, the travel and entertainment industries and for durable goods wholesalers, while taxable retail sales in the grocery and home improvement sectors have increased. Calendar year taxable retail sales in the County through August 2020 increased 8.3% over the same

period in calendar year 2019, counter to a trend of decline experienced by many other jurisdictions in the Commonwealth. Travel data that measures miles driven in the County indicates we may be benefiting from workers who live here but commuted to other areas in the region prior to the pandemic. Many of our residents are now working from their homes in response to safety protocols to mitigate the spread of COVID-19. Rather than spending discretionary income on food and beverage establishments and grocery stores in the area closer to their “commuting offices”, workers are investing those dollars locally in the communities where they live.

Taxable Retail Sales
(\$ in 000's)

Calendar Year	Chesterfield County	% Change	Richmond MSA	% Change	Commonwealth of Virginia		% Change
2010	\$ 3,363,333	0.5 %	\$ 13,710,151	(1.6) %	\$ 86,420,964	0.6 %	
2011	3,502,240	4.1	14,210,036	3.6	89,070,341	3.1	
2012	3,712,873	6.0	14,937,724	5.1	93,335,660	4.8	
2013	3,750,484	1.0	15,129,668	1.3	94,597,894	1.4	
2014	3,943,519	5.1	15,698,529	3.8	96,243,827	1.7	
2015	4,073,926	3.3	16,440,786	4.7	100,219,957	4.1	
2016	4,179,659	2.6	16,641,946	1.2	101,678,812	1.5	
2017	4,394,824	5.1	17,266,789	3.8	103,741,107	2.0	
2018	4,533,449	3.2	18,138,765	5.1	106,075,147	2.2	
2019	4,495,031	(0.8)	17,941,752	(1.1)	107,779,678	1.6	

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

The County continues to expand its revenue base by attracting a diversified pool of taxpayers and employers. During the year ended June 30, 2020, the top ten taxpayers accounted for 4.7% of the County's total assessed value tax base. The County's taxpayer and employment bases contain a broad range of industries including healthcare, retail sales, utilities and manufacturing. Detailed information regarding the top ten taxpayer statistics and employer diversity can be found on pages 241 and 247, respectively.

The County's real estate market continues to remain strong with the value of real property in the County, which includes changes in the values of existing properties and gains from new construction, increasing 6.1% as of June 30, 2020, exceeding the gains experienced during the prior year of 5.4%. The aggregate value of existing residential properties rose 4.1% compared to 3.3% over the prior year. The growth in existing commercial property valuations increased to 5.7% over the prior year gain of 3.7%. Revaluation of existing residential property is expected to grow a conservative 2.9% annually, in line with the historical average. Revaluation of existing commercial and industrial property is mixed with strong growth in industrial and flex space offset by softer market demand for office and retail space.

The real estate market has proven resilient during the COVID-19 pandemic. With many of our residents working from home and low mortgage interest rates, many have been encouraged to buy homes even as other sectors of the economy remain uncertain. Following a summer of exceptionally high activity, new home listings have grown by approximately 2% in both the County's real estate market and the regional market overall. In many respects, the County's housing market activity is stronger than many regional peers. The number of pending sales in September growing by 40.9% year-over-year while the regional market increased by 31.4%, and closed sales followed a similar trend. These factors have supported demand in the County, and as a result, produced growth of 19.3% year-over-year in median single-family home prices. Additionally, the County has more housing inventory available compared to our largest regional peer, and year-to-date single-family building permits are up 13.7% as of September.

While the Governor's Emergency Declaration in response to the COVID-19 pandemic paused sports tourism in the County, the County's River City Sportsplex, a 115-acre complex comprised of twelve synthetic turf fields, has since reopened following appropriate public health safety guidelines. Various lacrosse, soccer and field hockey events are scheduled through the remainder of the calendar year. In October, the County cut the ribbon on a \$4.5 million improvement project that included a 3,800-square-foot building with restrooms, a concessions facility and a storage area. The facility now has an additional 500 parking spaces, safety fences, concrete sidewalks and ADA access to fields and amenities and with the synthetic turf replaced on two fields. The FY2021-FY2025 capital improvement plan includes funding to construct three additional fields in the pad sites at the back of the facility and turf will be replaced on the remaining ten original fields. These improvements are a critical investment to ensure that the facility retains its status as a regional attraction and remains competitive in the crowded sports tourism market. Typically, the River City Sportsplex holds more than twenty sports tourism event each year with almost 200,000 participants and is available for use a County park when the venue is not being used to host events.

Long-term Financial Planning

The County provides a high quality of life, unparalleled public safety and a school system nationally recognized for its quality of education. The County's strategic plan, Blueprint Chesterfield, was updated as of July 1, 2019 and demonstrates the County's vision to deliver services that make it an extraordinary and innovative community in which to live, learn, work, and play. The current strategic goals are:

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

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

Fiscal integrity is a top priority for the County. The County's financial policies establish the framework for financial planning and management, facilitate evaluating future funding and spending proposals, and provide guidelines to measure budgetary performance. These financial policies further ensure that the County continues to achieve everyday excellence in government by providing direction in the areas of revenues, operating expenditures, capital expenditures, and debt management. The Board reviews all County financial policies at least every five years with the most recent updates occurring during the development of the fiscal year 2021 plan. Revenue policies were updated to dedicate an amount no less than the five-year average of airport personal property tax collections to airport maintenance and capital asset acquisition. Revenue policies were further updated to clarify the use of legally restricted reserves.

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

In development of the FY2021 budget and following its longstanding practice of focusing on priorities, the County produced the most robust spending plan since the recession of 2009-2010. National, state, and local economic indicators were monitored and communicated as part of the revenue projection work session held with the Board. Key financial indicators were published and reviewed quarterly. Turnover savings, contract savings and efficiencies gained were identified, along with the identification of new revenues. County departments and the School Board developed operating budget submissions linked to strategic goals. Staff developed the preliminary five-year plan around the County's key priorities and the School Board's approved budget, continuously assessing the drafted plan's impact on financial policies to ensure affordability and sustainability over the long-term. Board work sessions, and community meetings were held prior to presenting the proposed FY2021 budget to the Board on March 11, 2020. A short two days later, everything changed when the County made a declaration of emergency in response to the COVID-19 pandemic. Worldwide economic fall-out quickly progressed and immediately impacted our community's livelihood and sense of well-being. Within weeks, unemployment in the County escalated to 10.7%, vehicle miles driven on our roads fell to less than 20% of pre-pandemic levels and local retail activity dropped by nearly 60%.

Many different stakeholders came together to play a critical role in re-tooling a budget where, although the revenue outlook may have changed, we remained steadfast in our priorities. Even amidst the local impacts of the pandemic, members of our community were unwavering in their commitment to this process and that commitment

included the support of the Board and that of School Board members, County and CCPS staff, the Citizens' Budget Advisory Committee, many business and interest groups, and, finally, the many citizens who engaged by offering feedback and input online and participated in virtual community meetings and public hearings. Together, we worked through the impacts of the pandemic induced economic fallout and we embarked on a journey to create a spending plan that is creative and resourceful in allocating limited resources. On April 22, 2020, the Board approved a revised FY2021 spending plan that reflected nearly \$50 million less revenue than the proposed budget presented a short, six-weeks earlier. While preliminary indicators are positive and give reason to hope for a full return of revenues in FY2021, the County continues to take a conservative and cautious approach to reassessing our funding assumptions. The FY2021 budget was carefully crafted with an eye to balancing conservative revenue projections with maintaining commitment to our long-standing tradition of adhering to financial policies and practices. More than three quarters of the FY2021 general fund budget reflects a commitment to education, continued strength in public safety and support for community infrastructure.

Real and personal property tax revenues are the County's principal funding source, representing 63.5% of the budget for General Fund generated revenues in fiscal year 2021. Total real property revenues for fiscal year 2021 are budgeted at \$381.7 million, an increase of \$9.2 million (2.5%) from the fiscal year 2020 adopted budget. January 2020 assessed home values increased for the seventh consecutive year with a 3.3% increase over January 2019 marking an increase in the average assessed home value compared to pre-recession levels. Personal property taxes are another major source of local revenue for the County and are budgeted in fiscal year 2021 at \$75.3 million, a decrease of 1.1% over the fiscal year 2020 adopted budget. Forecasting personal property tax revenue can be challenging due to sensitivity to unpredictable variables and the liquidity of personal property assets such as cars and trucks. Projections in the out-years of this plan for personal property tax revenue reflect a 1.0% rate of growth.

Overall, expenditures for the General Fund are estimated to decrease by a 1.4%. This budget continues to prioritize K-12 education by increasing the local transfer to schools by \$9.7 million. This budget maintained front-line services by protecting essential public safety and human services programs and ensuring these programs are equipped to provide necessary services. There were no impacts to full-time sworn ranks in Police, Fire or the Sheriff's office. This budget provides funding for the Registrar to support new early voting efforts for the 2020 elections and ensures other critical County services continue by protecting our essential workforce. While a 2% merit was eliminated and career development plans were temporarily frozen, the budget does not eliminate any position in lieu of select furloughs clustered in areas unable to operate and remain in compliance with COVID-19 protocols. The budget will be re-evaluated mid-FY2021 to consider program and service enhancements pending FY2020 year-end results and the pending revenue outlook. Resources were reprioritized away from the FY2021 CIP, allowing dollars to fund critical operating needs, all while continuing to adhere to our crucial financial policy of investing 2.5% of facility replacement value into the major maintenance program. Numerous capital projects were put on hold to defer future operating costs while continuing critical public safety efforts. While all new debt planned for FY21 was pushed out, the County took advantage of favorable interest rates to move that debt forward more quickly than expected taking full advantage of the lower cost of borrowing.

Relevant Financial Policies

The County's financial policies adopt a prudent approach toward financial and debt management. As of June 30, 2020, the portion of the County's operating expenditures dedicated to the repayment of debt, capped by policy at 10% of general government expenditures, was 7.2%. The financial policy adopted in more recent years that targets funding major maintenance at 2.5% of facility replacement value was achieved with the fiscal year 2021 plan. Each year, the County dedicates 8% of total General Fund expenditures to unassigned fund balance to provide the ability to cope with unexpected financial emergencies and eliminate the need for short-term borrowing, ensure that current obligations including debt payments can be met, and provide a cushion against the potential impact of significant unexpected changes in revenues. The County strives to structure new debt issues using a level principal repayment structure over the life of the issue to help maintain accelerated payout ratio goals.

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

Chesterfield Utilities is one of only a handful of water and wastewater utilities in the nation to have achieved a triple-AAA rating on its revenue bonds from the three top rating services. These ratings were reaffirmed when

refunding bonds were issued in June 2016. Fitch Ratings reaffirmed their AAA rating in May 2018 referencing the Department of Utilities' excellent financial profile, low debt burden, manageable capital plan, affordable rates, consistently solid financial performance and strong liquidity as key drivers for the rating. Fitch also assigned the Department of Utilities' a stable outlook, another indicator of the department's exceptionally strong credit position.

Major Initiatives

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

Since the outbreak of the COVID-19 virus, the County has adopted a regional, multi-departmental approach to meet the emerging needs of our residents and businesses, demonstrating every day excellence in ways we could never have anticipated in the pre-pandemic "normal". These ongoing efforts are wide-ranging and included providing information resources by setting up a call center to support our residents during the height of the pandemic, a coronavirus webpage to provide a central location for our residents and businesses to find information and resources relevant to their own circumstances and using social media to share timely information, all while taking steps to ensure residents in-need maintained access to crucial County services. In addition, Mental Health Support Services launched Calm, Connected, Caring Chesterfield to help residents cope with the fallout of social distancing. Throughout the pandemic, the County has supported our local businesses, especially those the most severely impacted by the safety protocols that require limited in-person interaction and social distancing. Our Economic Development department spearheaded several initiatives on that front. In March, Economic Development, in partnership with the Chesterfield Chamber of Commerce, launched Chesterfield Eats to Go, an online resource to help our residents and visitors identify restaurants near them that offer pickup and delivery and, in May, as businesses could reopen with restrictions, identified those establishments offering outdoor seating. The restaurant industry plays an essential role in our commercial sector and Chesterfield Eats to Go made it easy for our residents, local businesses and visitors to support that industry.

Our staff pivoted with creative innovations to continue operations while providing much needed services to our residents. Our Information Systems Technology staff quickly deployed equipment and processes that allowed many of our staff to work from the safety of their homes while supporting essential services, and that allowed our residents, community partners and County leadership to conduct effective meetings using virtual media. Our Health and Human Services division quickly moved from in-person benefits administration to training staff in effectively providing those services using alternative delivery methods. Our Procurement department moved to a virtual bid opening process to bridge the gap for critical procurements of goods and services that previously required in-person meetings and bid openings. Many processes that required paper processing pre-pandemic have been pivoted to electronic documents including electronic building permits forms and appraisal worksheets. The Planning department unveiled a new online system for the submission and review of development plans to ensure development could continue throughout the pandemic while development consultants, developers and County staff remain safe in the process. An electronic signature solution provided an added layer of safety, security and convenience when processing documents requiring signatures. Our libraries have stayed connected with the community through a curbside pick-up program. Animal Services rapidly adapted and implemented a socially distant process to create a safe, anxiety-free experience for customers to adopt new pets into their households. Parks and Recreation produced virtual recreation programming for the public, including activities, tours, classes and videos categorized into family activities, history, outdoor recreation and fitness.

As the Commonwealth continues to reckon with racial injustice and economic inequality, Chesterfield, Hanover and Henrico Counties are committed to helping educate residents on legal protections against discrimination and harassment. The "Know Your Rights and Resources" webpage was unveiled in June. The webpage is a regional effort designed to connect residents to national, state and local organizations fighting discrimination in the areas of credit, education, employment, healthcare, housing, public accommodation, voting and more. Managed by the County's Department of Citizen Information and Resources, the webpage also provides links to federal human rights laws enacted to shield federally protected classes from discrimination, including the Americans with Disabilities Act, the Civil Rights Act of 1963 and the Fair Housing Act. We are committed to this effort and have appointed an employee with 25 years of County government experience with the responsibility of coordinating our efforts to further enhance and expand diversity and inclusion initiatives within the workforce and community.

We were challenged with improving the voter experience in the County. For the November 2019 election, significant improvements were realized with more pollbooks, scanners, precincts and poll workers, all accomplished with collaborative discussion with the Electoral Board and the Registrar. Additional improvements were

implemented for the November 2020 election to offer enhanced absentee voting processes and to meet the demands of early voting. In response to the higher expected voter turnout for the presidential election and public health concerns related to the COVID-19 pandemic, the Board approved four satellite absentee voting locations to serve as both in-person absentee voting and ballot drop off locations. To ensure these locations were adequately staffed, the County aggressively marketed a call for poll worker applicants and offered incentives to encourage qualified workers to apply to work the County's polls.

The County is committed to improving public safety, quality of life projects in Parks, Recreation and Libraries, community revitalization, major maintenance, transportation and school projects that address major maintenance needs, enrollment growth, additional learning space needs and aging infrastructure. The County intends to pursue additional general obligation bond financing authorized by public referendum, though the exact timing of a referendum is dependent on the larger economic backdrop. General obligation bonds are the most efficient and effective means to finance infrastructure needs. Projects selected for inclusion in the referendum will be evaluated based on whether the project addresses a critical or time sensitive need, maximizes existing resources, reduces or eliminates the use of leased space, is necessary in accommodating growth in service level demands or population, maintains existing assets and/or aligns with the County's Comprehensive Plan. Specifically, the County proposes replacing aging facilities that no longer meet service demands, such as the Chester, Ettrick and Matoaca fire stations, the Enon library and a new police precinct. Other projects include renovations/expansions to the existing Clover Hill and Dutch Gap fire stations, Clover Hill and Laprade library renovations, Horner Park, upgrades to the River City Sportsplex and parks on Cogbill Road with riverside access at Falling Creek. At present, the Schools' plan proposes three new schools, five school rebuilds and projects to make more efficient use of existing space.

While we rely upon the Commonwealth to build and maintain the primary and secondary roads in the County, transportation needs in our community continue to be a priority. In September, the Board committed \$30 million in new bonds for road and drainage improvements throughout the County due to historic flooding that occurred on August 15th. A significant portion of these funds will be used to improve the crossings on Otterdale Road which routinely flood during heavy rain storms. This allocation by the Board supports a larger effort to improve historic drainage problems throughout the County and this funding will also be used to address other areas of concern. With this funding, the County can begin field work to develop a design plan with the goal of having a conceptual design to share with the public by Spring 2021. Construction would be anticipated to start in Fall 2021 and community meetings will be held prior to construction to share construction timelines and potential traffic impacts. A new transportation funding source was authorized by the 2020 General Assembly. Effective October 1, 2020, a newly formed Central Virginia Transportation Authority (CVTA), a collective body of 16 localities in and around the metro Richmond region, will collect and distribute revenues derived from increased sales/use and fuel taxes. For the County, this new funding source is expected to generate approximately \$20 million in annual local transportation funding. Other transportation initiatives include the introduction of local bus service on Route 1 from Falling Creek to John Tyler Community College that began service in March. This new route was established in partnership with the GRTC Transit System, the County and the Virginia Department of Rail and Public Transportation. Connectivity of our communities remains a priority with strategic transportation projects planned to connect neighborhoods with each other, businesses, and local assets, such as parks, schools and libraries, via roads, trails and sidewalks.

Community Development Block Grant (CDBG) funding plays an important role in the enhancement of the County's housing inventory. In FY2021, 80% of CDBG funding focuses on housing-related projects, with nearly half proposed for projects in the Jefferson Davis Highway Corridor and Ettrick communities. The FY2021 plan also includes \$330,000 to partner with the Better Housing Coalition to support the development of 160 new family apartment units along the Jefferson Davis Highway Corridor. Another \$300,000 in CDBG funding will be dedicated to the Maggie Walker Community Land Trust to acquire, rehabilitate, and sell five previously-vacant homes to income-eligible homebuyers using the community land trust ownership model. In addition to these efforts, the County received \$861,295 in additional CDBG-CARES Act stimulus funds to dedicate to eligible activities that prepare, prevent, and/or respond to COVID-19. In July, the Board approved an allocation of up to \$550,000 from CARES-Coronavirus Relief Funds (CRF) for area residents seeking rent and mortgage assistance because of the ongoing economic impacts. These funds were directly allocated to the Area Congregations Together Service RVA (ACTS RVA), a regional nonprofit selected by the state as metro Richmond's primary relief agency for rent and mortgage assistance, to administer those funds.

The County is fortunate to have three sources of drinking water. This diversity enhances the reliability of supply during periods of sustained drought conditions or natural disaster events, such as floods, that impact the availability of drinking water. With an eye to the projected continued growth of the County's population and economic interests, a July 2018 study indicated that the County's peak day demand will exceed available supplies by 2040. As new water supplies can take up to 15 years to permit, design, and construct, the Board authorized the Department of Utilities to proceed with design and permitting of an additional water treatment facility in March 2019. Much progress has been made on this to date, and in FY2021, the County intends to have ownership of the identified property, start a preliminary engineering study, and focus on the permitting process and environmental site assessments. This

proposed fourth water supply can expand to meet the County's anticipated demand for the next 100 years, and at \$121 million over the next 10 years and \$253 million over the next 50 years, will be one of the largest and most cost-effective water supply projects in the region.

Students in the County's public schools enjoy a high-quality educational experience with 100% of schools fully accredited for the 2019-2020 school year including one newly opened school with conditional accreditation. On-time graduation rates increased at seven of the County's 10 comprehensive high schools during the 2019-2020 school year. Overall, the County's public schools on time graduation rate improved to 92% for the class of 2020, representing a 1.1 point increase from the previous year and a 5.1 point increase over a 10-year period. Major school renovations and school replacement capital projects are underway where the County citizens approved a \$304 million general obligation bond referendum to support school facility improvements. After the 2013 bond referendum that approved the replacement and renovation of several schools as part of the revitalization program, the School Board and County Board agreed that it would be more cost effective in the long-term to replace several schools initially slated for renovation. Eight of the school projects are complete and the remaining projects are underway at various stages of development. In August, ribbon cutting ceremonies were held for Harrowgate Elementary School, Manchester Middle School and Matoaca Elementary School, all replacement projects. The remaining schools in the 2013 referendum are planned for opening in September 2021, and include the Ettrick Elementary School, the Reams Elementary School and the Crestwood Elementary School replacement projects. In April 2019, the Board approved the School Board's request to build an additional elementary school in the Magnolia Green community scheduled to open in September 2022.

Awards and Acknowledgements

The County continued to be recognized for excellence in operational and financial management during fiscal year 2020. The County's focus on its vision statement, "Providing a FIRST CHOICE community through excellence in public service", is illustrated through the awards received for services and programs described in this section.

For the 11th consecutive year, the County continued to set an example for the innovative use of technology in local government, earning the top spot in the 2020 Digital Counties Survey. This is the fourth time being ranked as number 1 since 2010 among counties nationwide with populations between 250,000 and 499,000. Additionally, the county has placed in the top ten each year since 2010, including nine times in the top five. Survey judges identified a wide range of efforts across several areas in determining Chesterfield's ranking. The survey notes that Chesterfield "handled sudden work from home orders well in part due to its 10-year technology modernization plan and enterprise approach to data-driven government." Examples that were highlighted were the "StratIS" (Strategic Information Sharing) data program and the County's chatbot, "ChesterBot," which helped the County manage a sudden surge in phone call volume during the COVID-19 pandemic's initial stages.

The County received 14 National Association of Counties (NACo) 2020 Achievement Awards, recognizing the ways that the County provides better, more innovative services to residents and strengthening its communities. Departments receiving Achievement Awards include Citizen and Information Resources, Parks and Recreation, Human Resources, Libraries, Mental Health Support Services, Planning, Procurement, the Sheriff's Office and Utilities. Citizen and Information Resources staff were recognized for their Access on Demand program which provides affordable, same day reservation, door-to-door service through three providers for those residents who are registered for Mobility Services. The goal of this program is to improve transportation options for older adults, people with disabilities and individuals with lower incomes. Mental Health Support Services staff were recognized for their Coordinated Local Government Implementation of the Basics Program. This program, in partnership with the Chesterfield County Public School System, focuses on five clusters of caregiving behaviors important for boosting cognitive and social-emotional development of children from birth to the age of three. The program aims to engage the community, so every parent and caregiver receives encouragement and support for using the Basics. Basic materials include print materials, videos, media, social media, caregiver education, parent workshops, playgroups, toolkits and one to one citizen interaction.

The County received three 2020 Achievement Awards from the Virginia Association of Counties (VACo), including the program's highest recognition, the "Best Achievement Award". The County leads the VACo all-time achievement list with 35 awards, earning at least one award annually since the program's inception. The VACo Achievement Awards highlight innovative programs focused on addressing high-priority issues that challenge counties today. This year, the County received awards recognizing the Access On Demand program, the First Responders and Multicultural CommUNITY Cup and the County's coordinated local implementation of The Basics. These awards come on the heels of the County receiving the Best Achievement Award in 2019 and Best Large County Achievement Award in 2017 and 2018.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting (Certificate of Achievement) to the County for its CAFR for the

fiscal year ended June 30, 2019. This was the 39th consecutive year that the County has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for one year. We believe this comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and are submitting it to the GFOA to determine its eligibility for another certificate.

The GFOA presented an award for Distinguished Budget Presentation to the County for the annual budget for the fiscal year beginning July 1, 2019. This program recognizes that the budget document meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. The fiscal year 2020 budget represents the 34th consecutive year that Chesterfield County has received this award. The County received overall ratings as proficient or outstanding in all review categories. We believe the fiscal year 2021 budget conforms to program requirements and submitted it to GFOA to determine its eligibility for another award. This is the highest form of recognition for excellence in government budgeting.

The GFOA presented an Award for Best Practices in School Budgeting to the School Board for the annual budget for the fiscal year beginning July 1, 2018. The award allows school districts to demonstrate process excellence and receive recognition. The School Board submitted fiscal years 2020 and 2021 budget to the GFOA to determine eligibility for additional awards. The School Board received the Meritorious Budget Award for excellence in budget presentation for the fiscal year 2020 budget from the Association of School Business Officials International (ASBO). The Meritorious Budget Awards program promotes and recognizes excellence in school budget presentation and enhances school business officials' skills in developing, analyzing, and presenting a school system budget. The School Board submitted the fiscal year 2021 budget to ASBO to determine eligibility for an additional award.

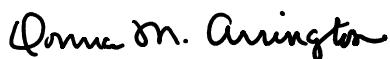
The National Institute of Governmental Purchasing (NIGP) of the United States, Canada, Ireland, and England established an agency accreditation program that recognizes excellence in public purchasing, by establishing a body of standards that should be in place for a quality purchasing operation. In fiscal year 2018, NIGP reaccredited the County's Purchasing Department with the Outstanding Agency Accreditation Achievement Award for demonstrating excellence in public purchasing. Currently, out of over 3,000 NIGP governmental agency members, Chesterfield is one of only sixty-four to have attained this distinction and was the eighth agency overall to attain this distinction.

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

Respectfully submitted,



Dr. Joseph P. Casey
County Administrator



Donna M. Arrington, CPA
Director of Accounting





Government Finance Officers Association

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For the Fiscal Year Ended

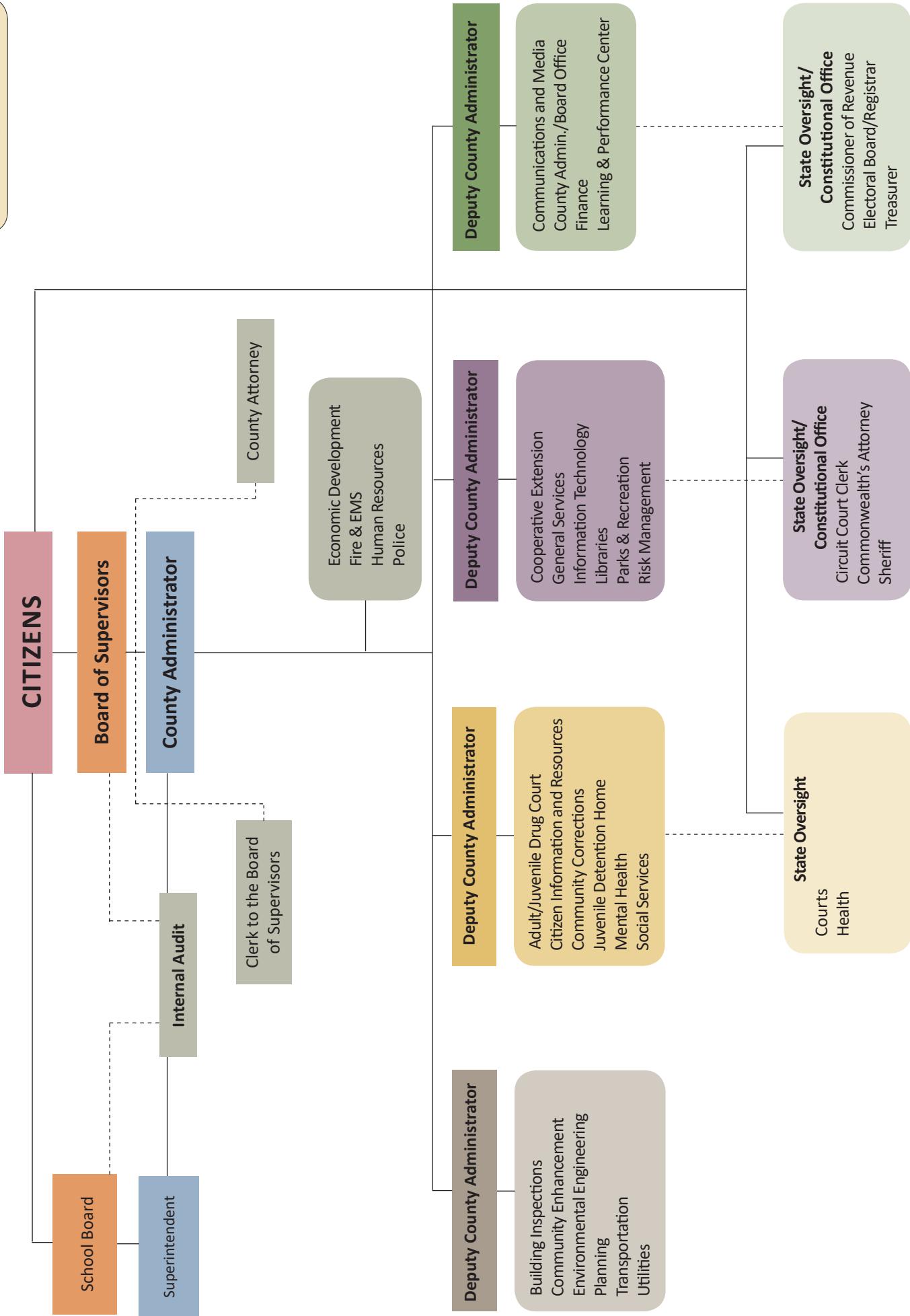
June 30, 2019

Christopher P. Monell

Executive Director/CEO

CHESTERFIELD COUNTY ORGANIZATIONAL STRUCTURE

Approved Structure
8-1-19



**County of Chesterfield, Virginia
Directory of Officials
June 30, 2019**

Primary Government Officials

BOARD OF SUPERVISORS

Leslie Haley, Chairman	Midlothian District
Kevin Carroll, Vice-chairman	Matoaca District
Jim Ingle	Bermuda District
Christopher Winslow	Clover Hill District
James "Jim" Holland	Dale District

CONSTITUTIONAL OFFICERS

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

ADMINISTRATIVE OFFICERS

Dr. Joseph P. Casey	County Administrator
Jesse W. Smith	Deputy County Administrator, Community Development
Scott W. Zaremba.....	Deputy County Administrator, Community Operations
Christopher "Matt" Harris	Deputy County Administrator, Finance and Administration
Sarah C. Snead	Deputy County Administrator, Human Services
Jeffrey L. Mincks	County Attorney

School Board Component Unit Officials

SCHOOL BOARD

Debbie G. Bailey, Chairman	Dale District
Dorothy L. Heffron, Vice-chairman	Clover Hill District
Ann C. Coker	Bermuda District
Ryan M. Harter	Matoaca District
Kathryn S. Haines	Midlothian District

ADMINISTRATIVE OFFICERS

Mervin B. Daugherty	Superintendent
Dr. Thomas Taylor	Deputy Superintendent
Dr. Lisa High	Chief of Schools
Dr. Sharon Pope	Chief Academic Officer
Robert Meister	Chief Financial Officer
Josh Davis	Chief Operating Officer
Tim Bullis	Executive Director, Communications & Community Engagement
Wendell Roberts	School Board Attorney



FINANCIAL SECTION



Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2020, on our consideration of the County of Chesterfield, 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 the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Chesterfield, Virginia's internal control over financial reporting and compliance.



Richmond, Virginia
November 2, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

As management of the County of Chesterfield, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the front of this report and the County's financial statements, which follow this analysis.

FINANCIAL HIGHLIGHTS

- ◆ The County's total net position increased approximately \$197.5 million (8.8%). Net position of the governmental-type activities increased \$102.4 million (10.1%) and net position of the business-type activities increased \$95.1 million (7.8%).
- ◆ The County's unrestricted net position increased approximately \$144.5 million (27.6%). Unrestricted net position of the governmental-type activities increased \$78.2 million (54.6%) and unrestricted net position of the business-type activities increased \$66.4 million (17.4%).
- ◆ The County's program and general revenues (including taxes) of \$991.6 million for governmental-type activities exceeded expenses of \$887.7 million by \$103.9 million.
- ◆ In the County's business-type activities, revenues increased 17.9% to \$186.6 million while expenses increased 4.5% to \$93.0 million.
- ◆ The total cost of the primary government's programs increased approximately \$56.6 million (6.1%) to \$980.7 million.
- ◆ The General Fund reported an ending fund balance amount of \$439.3 million, an increase of \$55.8 million (14.5%) in comparison with the prior year. Of the ending fund balance amount, \$63.0 million was unassigned.
- ◆ The County's outstanding debt increased by \$100.8 million (16.7%). The County reported \$169.6 million in proceeds from new debt issued during the year and retired debt of \$68.8 million, including debt service and amortization of premiums.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

employees and agency funds, in which the County acts solely as a trustee or agent for resources belonging to others.

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

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

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

The County reports three types of funds:

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Net position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$2.4 billion at the close of the most recent fiscal year, representing an 8.8% increase over the prior year.

At the end of both the current and prior fiscal years, the County reported positive balances in all three categories of net position, both for the primary government, including governmental and business-type activities. The largest portion of the County's net position (70.2%) at June 30, 2020, is its investment in capital assets (e.g., land, buildings, machinery, equipment, infrastructure and intangible assets) less accumulated depreciation and debt used to acquire those assets that remains outstanding at year-end. The County uses its capital assets to provide services to residents. Consequently, these assets are not available to fund spending in current or future budgets. Although the County's investment in capital assets is reported net of related debt, it should be noted that resources required to repay the debt must be provided from other sources, as capital assets generally are not liquidated for that purpose. An additional portion of the County's net position (2.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance is referred to as unrestricted net position (27.4%). Unrestricted net position is available to meet the County's ongoing obligations to residents and creditors.

Liabilities and deferred inflows of resources for the School Board component unit exceeded assets and deferred outflows of resources by \$656.6 million at the end of the current fiscal year, a decrease in the deficit of \$20.5 million (3.0%) compared to the prior year. Net investment in capital assets increased \$6.7 million primarily due to capital outlay for machinery and equipment that included the purchase of computers primarily for teachers and elementary schools, 47 new school buses and outfitting the new Old Hundred Elementary School with food service equipment, furniture, and other mechanical equipment. The School Board component unit's deficit unrestricted net position is primarily due to reporting net pension liabilities of \$547.9 million and net other postemployment benefits liabilities of \$235.2 million at year end, which is an increase of \$39.8 million (5.3%) compared to those liabilities estimated in the prior year. The largest portion of the net pension and other postemployment benefits liabilities is related to the VRS teachers' cost-sharing pension and other postemployment benefits programs where benefits and funding decisions are made by the Commonwealth of Virginia (Commonwealth). As such, local governments and school boards have no ability to take action as participants to improve the funding position for their proportionate shares of the cost-sharing

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

pool. For FY2020 financial reporting purposes, the VRS reduced the discount rate assumption used to estimate the total pension and net postemployment benefit obligations from 7.0% to 6.5%, resulting in an increase to these obligations. Notes 12 and 13 of the notes to the financial statements provide additional information regarding the School Board component unit's pension and other postemployment benefit plans.

TABLE 1
Chesterfield County's Net Position
June 30, 2020 and 2019
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	2020	2019	2020	2019	2020	2019	2020	2019
Assets								
Current and other assets	\$ 1,163.5	\$ 1,010.8	\$ 488.8	\$ 419.9	\$ 1,652.3	\$ 1,430.7	\$ 121.5	\$ 116.1
Capital assets	1,286.0	1,168.1	902.4	879.0	2,188.4	2,047.1	52.5	50.1
Total assets	2,449.5	2,178.9	1,391.2	1,298.9	3,840.7	3,477.8	174.0	166.2
Deferred outflows of resources								
Deferred charge on refunding	3.9	5.2	1.2	1.7	5.1	6.9	-	-
Pensions	53.7	26.2	2.1	1.1	55.8	27.3	125.0	83.3
Other postemployment benefits	8.0	5.2	0.4	0.1	8.4	5.3	18.2	15.0
Total deferred outflows of resources	65.6	36.6	3.7	2.9	69.3	39.5	143.2	98.3
Liabilities								
Long-term liabilities	963.8	826.9	57.0	61.4	1,020.8	888.3	816.7	780.8
Other liabilities	197.3	148.5	14.0	11.4	211.3	159.9	63.4	56.4
Total liabilities	1,161.1	975.4	71.0	72.8	1,232.1	1,048.2	880.1	837.2
Deferred inflows of resources								
Deferred revenues	193.6	179.2	-	-	193.6	179.2	-	-
Pensions	15.4	17.6	0.6	0.7	16.0	18.3	58.9	67.0
Other postemployment benefits	24.4	25.1	1.8	1.9	26.2	27.0	34.8	37.4
Total deferred inflows of resources	233.4	221.9	2.4	2.6	235.8	224.5	93.7	104.4
Net position								
Net investment in capital assets	850.4	814.4	863.7	835.3	1,714.1	1,649.7	46.2	39.5
Restricted	49.1	60.8	10.4	10.1	59.5	70.9	10.9	8.1
Unrestricted (deficit)	221.1	143.0	447.4	381.0	668.5	524.0	(713.7)	(724.7)
Total net position (deficit)	\$ 1,120.6	\$ 1,018.2	\$ 1,321.5	\$ 1,226.4	\$ 2,442.1	\$ 2,244.6	\$ (656.6)	\$ (677.1)

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Changes in net position. The County's total revenues increased over the prior year by \$81.2 million (7.4%) to \$1,178.2 million. The total cost of all programs increased over the prior year by \$56.6 million (6.1%) to \$980.7 million.

TABLE 2
Changes in Chesterfield County's Net Position
For the Years Ended June 30, 2020 and 2019
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total Primary Government		School Board Component Unit	
	2020	2019	2020	2019	2020	2019	2020	2019
Revenues:								
Program revenues:								
Charges for services	\$ 171.6	\$ 174.9	\$ 110.4	\$ 103.8	\$ 282.0	\$ 278.7	\$ 11.4	\$ 14.6
Operating grants and contributions	72.6	61.7	-	-	72.6	61.7	152.7	141.5
Capital grants and contributions	59.7	39.5	60.8	45.9	120.5	85.4	7.0	10.0
General revenues:								
Property taxes	488.2	468.7	-	-	488.2	468.7	-	-
Other taxes	119.4	113.6	-	-	119.4	113.6	-	-
Payment from County	-	-	-	-	-	-	237.7	249.3
Grants and contributions not restricted to specific programs	64.2	65.1	-	-	64.2	65.1	252.4	248.1
Other	15.9	15.2	15.4	8.6	31.3	23.8	2.7	4.4
Total revenues	991.6	938.7	186.6	158.3	1,178.2	1,097.0	663.9	667.9
Expenses:								
General government	144.8	144.3	-	-	144.8	144.3	-	-
Administration of justice	12.3	11.1	-	-	12.3	11.1	-	-
Public safety	197.9	182.0	-	-	197.9	182.0	-	-
Public works	85.5	57.6	-	-	85.5	57.6	-	-
Health and welfare	94.4	90.4	-	-	94.4	90.4	-	-
Parks, recreation and cultural	26.5	28.4	-	-	26.5	28.4	-	-
Education - School Board	284.4	279.5	-	-	284.4	279.5	643.4	606.0
Community development	23.1	25.2	-	-	23.1	25.2	-	-
Interest on long-term debt	18.8	16.6	-	-	18.8	16.6	-	-
Water	-	-	46.8	44.7	46.8	44.7	-	-
Wastewater	-	-	42.1	41.1	42.1	41.1	-	-
Non-major business activities	-	-	4.1	3.2	4.1	3.2	-	-
Total expenses	887.7	835.1	93.0	89.0	980.7	924.1	643.4	606.0
Increase in net position before transfers	103.9	103.6	93.6	69.3	197.5	172.9	20.5	61.9
Transfers	(1.5)	(0.4)	1.5	0.4	-	-	-	-
Increase in net position after transfers	102.4	103.2	95.1	69.7	197.5	172.9	20.5	61.9
Net position (deficit) - beginning of year	1,018.2	915.0	1,226.4	1,156.7	2,244.6	2,071.7	(677.1)	(739.0)
Net position (deficit) - end of year	\$ 1,120.6	\$ 1,018.2	\$ 1,321.5	\$ 1,226.4	\$ 2,442.1	\$ 2,244.6	\$ (656.6)	\$ (677.1)

Approximately 42% of the County's revenues came from property taxes and approximately 10% came from other taxes. Another 21% of the total revenues came from grants and contributions. The remaining 27% of revenues are charges for services, investment earnings and miscellaneous revenues. The County's expenses cover a range of services with approximately 59% related to public safety, health and welfare and education. Program revenues of the County's governmental activities covered 34% of its expenses.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Figure A-1
Chesterfield County
Sources of Revenue for Fiscal Year 2020

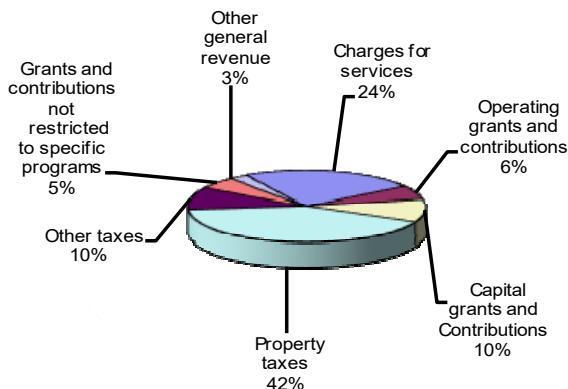
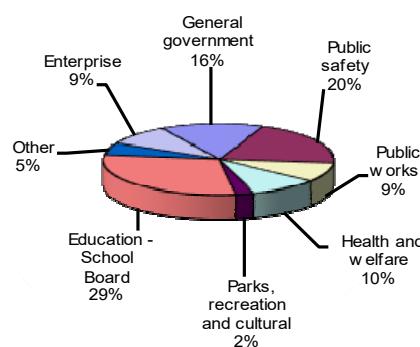


Figure A-2
Chesterfield County
Expenses by Function for Fiscal Year 2020



Compared to the prior year, the School Board's total revenues decreased \$4.0 million (0.6%) to \$663.9 million. Total expenses for all School programs and services increased over the prior year by \$37.4 million (6.2%) to \$643.4 million. Program revenues of School Board activities covered 27% of its expenses.

Governmental Activities

Governmental activities increased the net position by \$102.4 million and accounted for 51.8% of the total growth in the total net position of the County. Revenues for governmental activities increased \$52.9 million (5.6%) and total expenses increased \$52.6 million (6.3%) when compared to the prior year. Key elements of these changes are as follows:

- ◆ Operating grants and contributions increased \$10.9 million (17.7%). Approximately \$4.7 million of the increase was due to the receipt of funding from the Coronavirus Relief Fund (CRF) established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided by the federal government. The CARES Act funding was passed through the Commonwealth with the requirement that the funding be used only for necessary expenditures incurred due to the public health emergency with respect to COVID-19 that were not accounted for in the budget most recently approved as of March 27, 2020, and where costs were incurred during the period that began on March 1, 2020, and ends on December 30, 2020. CRF funding was used to cover a portion of the payroll costs for public health and public safety presumed substantially dedicated to mitigating and responding to the COVID-19 public health emergency; to cover unplanned costs incurred to rapidly deploy remote working equipment and software for staff whose functions were essential to the continuity of services necessary to County residents; to procure personal protective equipment and implement processes required to protect staff and residents when personal interactions with residents were necessary; and to offset the costs for enhanced cleaning and sanitation of public buildings and equipment to mitigate the spread of COVID-19. The County received an additional \$25.9 million in CRF funding in fiscal year 2020 (FY2020) which was reported as a liability and deferred to fund allowable costs in fiscal year 2021 (FY2021). The Social Services department received approximately \$1.0 million in additional federal and state funding due to the Medicaid expansion program and to an increase in the number of children entering the foster care. The Registrar's office received additional state funding for the March presidential primary and the Sheriff's department received additional state compensation board funding. Operating grants and contributions for the Schools Capital Projects Fund increased approximately \$2.1 million primarily due to school operations funding various major maintenance projects identified as priority initiatives.
- ◆ Property tax revenues increased \$19.5 million (4.2%) primarily due to a 6.1% increase in the total assessed valuation of taxable property over the prior year. The assessed valuation for real property increased 6.3% with residential real property assessed values increasing by 6.2% and commercial and industrial real property assessed valuations increasing by 6.7%. Commercial and industrial property comprised 21.2% of the assessed value of taxable real property. The real estate tax rate was \$0.95 per \$100 of assessed value for FY2020. Calendar year 2020 (CY2020) assessments were developed using sales data through December 2019. State Code mandates that "annual assessments shall be made at

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

100% of fair market value." Personal property assessed valuations increased by 2.7% over the prior year. On March 12, 2020, the Governor of Virginia issued Executive Order Number 51, Declaration of State Emergency Due to Novel Coronavirus (Governor's Emergency Declaration) which lead to the shutdown of non-essential businesses that required in-person contact, negatively impacting employment across the Commonwealth. To provide relief to County residents, the Board acted on an emergency basis in May 2020 to delay the accrual of interest and penalties on unpaid personal property taxes due on June 5th and considered delinquent after that date. The deferral of penalties and interest was in place until after August 31st.

- ◆ Other taxes increased \$5.8 million (5.1%) primarily due to receiving an additional \$2.8 million in the local portion of sales and use tax, driven by an increase in retail sales in the County, \$1.9 million in business and professional license taxes, and \$0.9 million in recordation taxes. These increases were offset by decreases in local taxes that were negatively impacted by the Governor's Emergency Declaration, primarily in transient occupancy taxes, a revenue driven by the travel and sports tourism industries, which were hard hit by the shutdown.

Overall, expenses of governmental activities increased \$52.6 million (6.3%). In developing the budget for FY2020 expenses, the County remained committed to the five-year plan that serves as a general framework that continues to strengthen traditional core services, namely public safety and education, but also responds to emerging community topics, all while remaining mindful of the County's longstanding commitment to good fiscal stewardship. As a part of the budget, the County Board approved a 3% merit-based increase for eligible employees across all County functions. Following the Governor's Emergency Declaration, the County responded by suspending discretionary spending, freezing vacant positions, and furloughing non-essential staff that could not be repurposed into essential services to mitigate the impact of the public health emergency. Key elements of other changes in governmental activity expenses are as follows:

- ◆ Public safety expenses increased \$15.9 million (8.7%). In addition to the 3% merit-based increase, the Board provided additional funding to address personnel staffing needs for the Magnolia Green fire station, originally scheduled for completion in FY2020, and other Board targeted public safety initiatives including an increase in the Advanced Life Support supplement provided to eligible firefighters; additional funding for the career development program for sworn public safety staff; funding to shore up minimum staffing requirements; funding to hire full-time Police Service Aides to assist in relieving uniformed sworn patrol officers of some duties not requiring police authority or certification to execute; and funding to address retention in the Police Department.
- ◆ Public works expenses increased by \$27.9 million (48.4%) primarily due to the County leveraging its participation in the Commonwealth's revenue sharing program. In 2014, the County revised the vehicle registration fee structure to establish a dedicated revenue source for transportation. More recently, the County reformed the cash proffer program to focus exclusively on transportation impacts from new development. The County made significant progress on various transportation initiatives in FY2020 including the Route 10 widening project between Bermuda and Meadowville Road to up to eight lanes; the Route 10 widening project between Route 1 and I-95; and the Old Bermuda Hundred Road shoulder widening project.
- ◆ Parks, recreation and cultural expenses decreased \$1.9 million (6.7%) primarily due to the Governor's Emergency Declaration in March that required the County to temporarily suspend some non-essential services, including closing libraries to the public and discontinuing "in-person" parks and recreational programs. While the County responded with a number of innovative programs, including providing curbside materials checkout at several libraries and virtual parks and recreational programming, it was forced to furlough a number of employees, mostly part-time and seasonal workers, that served in this functional area.

Business-type Activities

Business-type activities increased the County's total net position by \$95.1 million, accounting for 48.2% of the overall growth. Revenues for business-type activities increased \$28.3 million (17.9%) and expenses increased \$4.0 million (4.5%) when compared to the prior year. Key elements of these changes are as follows:

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

- ◆ Charges for services increased \$6.6 million (6.4%) primarily in the Utilities funds. Charges for services in the Water Fund increased \$4.9 million due to a 1.8% increase in the number of water customers billed and a rate increase of \$0.08 per hundred cubic feet consumed. Charges for services in the Wastewater Fund increased \$2.0 million due to a 2.0% increase in the number of wastewater customers billed and a rate increase of \$0.01 per hundred cubic feet discharged.
- ◆ Capital grants and contributions increased \$14.9 million (32.5%) primarily due to increases of \$2.8 million and \$2.6 million in water and wastewater connection fees, respectively, and an overall increase of \$8.6 million in water and wastewater assets contributed by developers. These increases can be attributed to growth in the number of new connections, which is a positive indicator of a recovering economy.
- ◆ Other revenue increased \$6.8 million (79.1%). As a participant in a direct-action case on claims of a multi-year conspiracy by some vendors to restrain competition in the sale of aluminum sulfate, Utilities received settlements of \$1.8 million. All settlements were received as of June 30, 2020. In addition, the Economic Development Authority sold land for economic development in the Meadowville Technology Park resulting in a gain of \$5.7 million.
- ◆ Due to COVID-19, Utilities suspended the disconnections of water to its customers on March 19, 2020. From March 25th to August 31st, the Board approved the waiver of penalties and interest on delinquent utilities' balances. During this period, Utilities provided relief to 72,645 water customers' bills, automatically waiving \$0.8 million in penalties and interest.
- ◆ Expenses for business-type activities increased \$4.0 million (4.5%). The Board of Supervisors approved a 3% merit-based increase for eligible employees across all County functions and departments, including Utilities' employees, which accounted for the majority of the increase in expense.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Governmental Funds

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

As of June 30, 2020, the County's governmental funds reported a combined fund balance of \$685.2 million, an increase of \$75.9 million (12.5%) from the previous year. Of this combined fund balance amount, \$248.6 million (36.3%) constitutes restricted fund balance; \$1.7 million (0.2%) represents committed fund balance; \$371.9 million (54.3%) represents assigned fund balance; and \$63.0 million (9.2%) is unassigned fund balance. Assigned fund balance includes funding set aside by the County Board through formal action that includes funding needs such as capital projects, use of fund balance in the FY2021 budget, and potential revenue shortfalls in future fiscal years' budgets, which serves as an informal revenue stabilization, or "rainy day" fund. See Note 2 of the notes to the financial statements provides details about fund balance details and a discussion of the criteria used by the County to classify categories of fund balance.

The General Fund is the operating fund of the County. At the end of the current fiscal year, the combined assigned and unassigned fund balance of the General Fund was \$413.5 million and total fund balance was \$439.3 million. As a measure of the General Fund's liquidity, it may be useful to compare the combined assigned and unassigned fund balance to total fund expenditures. Combined assigned and unassigned fund balance represents 62.1% of total General Fund expenditures. Unassigned fund balance of \$63.0 million represents 9.5% of total General Fund expenditures. Maintaining a ratio that exceeds the target ratio of 8.0% is an indicator of the County's ability to cope with unexpected or unusual financial scenarios including fluctuations in revenue cycles. Total fund balance of the General Fund represents 66.0% of General Fund expenditures.

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Fund balance of the General Fund increased by \$55.8 million (14.5%) during the current fiscal year. Revenue categories not already discussed that factor into this increase are as follows:

- ◆ Use of money and property increased \$2.2 million (23.3%) as the County continued to focus on effective cash flow management to maximize funds available for investment and achieve higher yields by diversifying the investment portfolio while maintaining compliance with the County's conservative investment policy and state statutes.
- ◆ Miscellaneous revenues increased \$1.4 million (26.3%) primarily due to the sale of the last major parcel in the Stonebridge redevelopment project to Shamin Hotels who plans to build an upscale full-service hotel and 10,000 square foot conference center on the property.
- ◆ Recovered costs decreased \$1.9 million (25.5%) primarily due to receiving a one-time \$1.3 million refund of prior years' per diem payments as a participating locality in the Riverside Regional Jail Authority (RRJA) in the prior year. RRJA made these disbursements last year in exchange for assessing each participant for its allocated share of prior year operating costs that exceeded per diem rates. Also, the County received \$0.5 million less in current year reimbursements of transient occupancy taxes paid to the Greater Richmond Convention Center Authority.
- ◆ Revenue from other governments increased \$6.0 million (6.0%) primarily due to allocating qualifying costs to the CRF funding received through the CARES Act as discussed previously under the "Governmental Activities" section of this narrative.

Overall, functional expenditures in the General Fund increased \$1.7 million (0.3%). As previously discussed, the County Board approved a 3% merit increase in the FY2020 budget for eligible employees across all functional areas. This increase was offset by cost savings measures put in place within days of the local emergency declaration made on March 13, 2020, in response to the COVID-19 pandemic. Hiring and discretionary spending freezes were implemented and approximately 500 positions were furloughed, primarily part-time and seasonal positions, in functional areas, such as parks, recreational programs and libraries, that could not operate and remain in compliance with appropriate COVID-19 public health and safety protocols. Expenditures in the health and welfare function increased \$2.8 million (8.7%) primarily due to the \$1.4 million increase in property tax relief for the elderly and the disabled program (Tax Relief Program). The Board increased its allocation to this program to limit the real estate tax burden on qualifying individuals who satisfy certain income and net worth criteria. Participation in the program has steadily increased in recent years due to shifting demographics and the state's decision to grant 100% relief to all fully (service) disabled veterans. In addition, expenditures in Social Services increased approximately \$1.3 million due to higher benefit administration costs related to the Medicaid expansion program and an increase in caseload for the foster care program. Debt services expenditures increased approximately \$8.7 million (12.4%) due to the increase in new debt issued by the County late in the prior year.

At fiscal year-end, the County's Capital Projects Fund had fund balance of \$118.0 million that consisted primarily of unspent bond proceeds and cash proffers, both of which are restricted for use on specific County projects and functions. The School Capital Projects Fund had fund balance of \$79.6 million that consisted primarily of unspent bond proceeds restricted for use on School projects.

General Fund Budgetary Highlights

The overall difference between the original budget and the amended budget for revenues and other financing sources reflected an increase of \$13.4 million (1.8%). The final amended budget for expenditures and other financing uses was greater than the original budget by \$113.8 million (15.5%). Some of the key budget adjustments are summarized as follows:

The original budget for revenues was increased by \$13.1 million (1.8%). The most significant budget amendments included the appropriation of \$5.0 million in CRF funding as previously discussed. Also, the County follows a conservative practice of not budgeting for funds where the use of funds is restricted until those funds are received and of generally taking a conservative approach in estimating year-over-year increases in revenue. As such, additional funding received during the year were appropriated as follows: personal property taxes, \$1.0 million; permit and fees such as building, electrical and plumbing permits, \$0.9 million; asset forfeitures, \$0.5 million; interest revenue, \$2.0 million; recycling fees, \$0.4 million; personal

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

property delinquency fees, \$0.3 million; miscellaneous revenues, \$0.4 million; state compensation board revenues, \$0.5 million; and federal and state welfare assistance for the Medicaid expansion program, \$0.7 million.

The original budget for expenditures was increased by \$16.0 million (4.1%). \$5.0 million was appropriated for costs related to responding to the COVID-19 public health emergency primarily in public safety, public works and general government functions. Prior years' "reserves" for economic development in the amount of \$3.0 million were appropriated to the EDA for the purpose of purchasing commercial and industrial land parcels to further promote economic development in the County. \$1.9 million was appropriated for debt service expenditures that were higher than expected when planning the original budget. \$1.0 million was appropriated for greater than anticipated participation in the Tax Relief Program. \$1.0 million was appropriated to cover the increased cost of curbside recycling. Asset forfeiture receipts of \$0.5 million were appropriated to fund qualifying expenditures. In addition, the budget was amended for \$3.9 million in expenditures, including workers' compensation, that were budgeted centrally and allocated to departments as needed.

The original budget for other financing uses increased by \$97.8 million (28.1%). Transfers out to the Capital Projects, Stormwater and Airport Funds increased \$86.4 million, \$6.5 million and \$1.7 million, respectively. These amendments are primarily due to the re-appropriation, in accordance with the appropriation resolution, of appropriated transfers that were not spent on capital projects in the prior year due to timing and the long-term aspect of capital projects. The transfer to the School Board component unit increased \$2.8 million with the appropriation of fund balance earmarked in prior years for School use. These amendments were used to fund the purchase of school buses and specific major maintenance initiatives.

Actual revenues and other financing sources were \$33.2 million (4.5%) greater than the amended budget. A summary of some key variances includes the following:

- ◆ The collection of general property taxes was \$15.2 million higher than the amended budget primarily due to conservatively projecting estimates for the increase in assessed value of real and personal property during the FY2020 budget adoption process. Personal property is consistently one of the more variable revenue resources given its sensitivity to unpredictable influences such as gas prices, manufacturer incentives, natural disasters and the timing of the billing later in the fiscal year.
- ◆ Other local taxes were \$4.9 million greater than expected primarily due to the County's methodology for budgeting business and professional license (BPOL) taxes, greater than expected collections of local sales and use taxes and lower than expected transient occupancy taxes. Since FY2007, BPOL revenue collected above a \$15.7 million cap is used fund transportation projects, including debt service and economic development incentives. In turn, the budgeted amount over the cap can vary year to year depending on debt service schedules and/or the timing of related transportation projects. Transient occupancy taxes were lower than budgeted as the impacts of the COVID-19 pandemic on the sports and tourism industry could not have been anticipated as the budget was adopted in a pre-pandemic environment.
- ◆ Miscellaneous revenues were \$5.2 million greater than expected due to the variable nature of those revenues. Revenues exceeding the budget in this category are typically set aside and used for a one-time purpose in a subsequent year's budget to limit reliance on these revenues to fund recurring operating costs.

Actual expenditures and other financing uses were \$134.6 million (15.8%) less than the amended budget amount. At the onset of the COVID-19 pandemic and the issuance of the Governor's Emergency Declaration, discretionary spending was suspended across all departments and some staff, mostly part-time and seasonal workers serving in non-essential functions requiring in-person contact and that could not be adapted to remote interactions, were furloughed. These actions resulted in expenditure savings across all departments. Fire and EMS saved approximately \$4.5 million in expenditures primarily due to amounts encumbered and/or deferred for the purchase of vehicles and as some operating and personnel costs budgeted for the Magnolia Green Fire Station that was scheduled for completion in Spring 2020 but was delayed until late fall. Police saved approximately \$3.5 million in expenditures with \$2.5 million of that amount encumbered for the purchase of capital assets, including vehicles. The Sheriff's office saved a net of approximately \$1.1 million primarily attributable to spending less than budgeted for housing prisoners at the Riverside Regional Jail

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

Authority. The County spent approximately \$0.8 million less than budgeted for the Tax Relief Program. This difference is attributable to the timing of when these funds are budgeted and when the actual credits extended through the late spring billing process. The Social Service department spent approximately \$1.1 million less than expected primarily due to benefits administration related to Medicaid expansion. Since this program is still fairly new, trend data for predicting future budget requirements are still being developed.

- ♦ Transfers to other funds resulted in a \$113.2 million positive variance. Transfers to the capital projects funds, the Stormwater Fund and the Airport Fund were \$88.5 million, \$7.0 million, and \$0.2 million, respectively, less than the amended budget due to the timing difference between budgeted and actual expenditures for long-term projects. Unused transfers for these funds were assigned at year-end and re-appropriated as a part of the amended budget for fiscal year 2021. The positive \$16.9 million variance in the transfer to School Board operations was assigned at year-end, as directed by the County Board, for use in future years' school budgets and for one-time needs including \$1.9 million for future debt service and \$6.0 million to address potential funding gaps to address other school division needs.

CAPITAL/INTANGIBLE ASSETS AND DEBT ADMINISTRATION

Overview

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

Capital and Intangible Assets

TABLE 3
Chesterfield County's Capital and Intangible Assets
June 30, 2020 and 2019
(net of depreciation, in millions of dollars)

	Governmental		Business-type		Total		Total Percentage 2020 - 2019
	Activities		Activities		2020	2019	
	2020	2019	2020	2019	2020	2019	
Non-depreciable assets:							
Land	\$ 90.9	\$ 90.6	\$ 28.7	\$ 24.2	\$ 119.6	\$ 114.8	4.2%
Construction in progress	177.3	77.0	27.3	19.4	204.6	96.4	112.2%
Depreciable assets:							
Capacity rights	-	-	69.0	70.2	69.0	70.2	-1.7%
Buildings	877.4	863.7	125.6	129.7	1,003.0	993.4	1.0%
Improvements other than buildings	44.3	41.8	21.5	21.3	65.8	63.1	4.3%
Machinery and equipment	67.1	66.6	625.4	609.1	692.5	675.7	2.5%
Infrastructure	29.0	28.4	4.9	5.1	33.9	33.5	1.2%
Total	\$ 1,286.0	\$ 1,168.1	\$ 902.4	\$ 879.0	\$ 2,188.4	\$ 2,047.1	6.9%

At the end of the fiscal year, the County had an investment of \$2.2 billion in a broad range of capital and intangible assets net of accumulated depreciation, including public safety buildings, park facilities, libraries, and water and wastewater facilities. This amount represents a net increase of \$141.3 million (6.9%) over the prior year. More detailed information about the County's capital and intangible assets is presented in Note 8

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

of the notes to the financial statements. The net investment in capital assets of governmental activities includes \$691.0 million for school buildings and real property used by the School Board in its operations.

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

- ◆ Completed major County projects:
 - Irvin J. Horner Park, Phase I and II - \$1.1 million
 - General HVAC Replacement - \$2.1 million
 - Eanes Pittman Building HVAC Replacement - \$1.2 million
- ◆ Additions to major County construction in progress projects:
 - Magnolia Green Fire Station - \$3.8 million
 - Chester Arts Center - \$9.8 million
 - 800 MHZ Radio System Replacement - \$2.8 million
 - River City Sportsplex Improvements - \$4.5 million
- ◆ Completed major School Board component unit projects:
 - Old Hundred Road Elementary School Replacement - \$28.9 million
 - Matoaca Middle School Addition - \$11.4 million
 - Falling Creek Middle School HVAC and Roof - \$2.0 million
- ◆ Additions to major School Board component unit construction in progress project:
 - Crestwood Elementary School Renovation - \$14.6 million
 - Harrowgate Elementary School Replacement - \$19.0 million
 - Ettrick Middle School Replacement - \$8.9 million
 - Matoaca Elementary School Replacement - \$19.7 million
 - Reams Road Elementary School Replacement - \$10.7 million
 - Manchester Middle School Addition - \$28.5 million
 - Magnolia Green Elementary School - \$1.2 million
- ◆ Completed major Utilities - Water and Wastewater projects:
 - Walmsley/Hartwell/Willesden Waterline Improvement - \$1.0 million
 - Ironbridge Waterline Improvement - \$1.5 million
 - Falling Creek Primary Clarifiers - \$1.5 million
 - Ashton Creek Force Main Partial Replacement - \$1.9 million
- ◆ Additions to major Utilities - Water and Wastewater construction in progress project:
 - Cowan Sykes Waterline Improvement - \$1.0 million
 - Bloomfield/Whittington Waterline Improvement - \$0.6 million
 - Proctors Creek Dewatering Centrifuge- \$5.4 million
 - Falling Creek Lime Storage - \$1.0 million
 - Johnson Creek Pump Station - \$1.8 million
- ◆ Completed major Airport projects:
 - Airport Tree Removal - \$2.0 million
 - Airport Fuel Farm Replacement - \$2.9 million

The County's capital improvement program budget appropriated \$110.4 million in planned funding for capital projects in FY2021, which includes \$77.2 million for the primary government and \$33.2 million for the School Board. The FY2021-FY2025 Capital Improvement Program (CIP) maintains a targeted focus on the care and maintenance of existing infrastructure and the communities these assets support with a heavy emphasis on transportation. The CIP remains attentive to the need to replace or renovate older facilities to ensure more uniform service delivery across the County, all while controlling the financial impact on the operating budget. Strategically, measures were taken in adopting this plan to reduce spending county-wide as a result of the COVID-19 pandemic. The reductions occurred in year one of the plan as the County reduced pay-as-you-go funding and shifted programmed referendum funding to out-years in the plan. FY2021 appropriations included funding for an upgrade of the courts' audio visual process, an additional fleet facility with bays adequately sized to hold modern fire apparatus, major maintenance projects in existing

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

parks, River City Sportsplex improvements, the new Magnolia Green Elementary School, School major maintenance projects and various water and wastewater projects. Besides taking full advantage of the Commonwealth's smart scale and revenue sharing programs, the CIP funds a community connectivity initiative, which includes sidewalk and trail connections, to continue to promote a reduction in traffic and an increase in pedestrian mobility and safety. The County intends to issue new debt to partially finance these and other projects as identified in the CIP.

Long-term Debt

At fiscal year-end, the County reported \$703.3 million in bonds and other long-term debt outstanding, an increase of \$100.8 million (16.7%) compared to the prior year. More detailed information about the County's long-term liabilities is presented in Note 9 of the notes to the financial statements. Outstanding debt of the governmental activities includes \$397.3 million in debt outstanding related to School Board activities and \$9.1 million in outstanding debt for the EDA's development of infrastructure in the Meadowville Technology Park.

A key debt policy established by the County Board is the ratio of debt service (principal and interest) costs to governmental fund expenditures. This ratio was 7.2% for the current year comparing favorably to the policy target of 10.0%. Governmental fund expenditures for purposes of this calculation include expenditures for all governmental fund types of both the primary government and the School Board component unit, excluding capital project funds and payments between the primary government and the School Board component unit.

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

TABLE 4
Chesterfield County's Outstanding Debt
June 30, 2020 and 2019
(in millions of dollars)

	Governmental Activities		Business-type Activities		Total		Total Percentage Change
	2020	2019	2020	2019	2020	2019	
General obligation bonds, net (backed by the County)	\$ 511.8	\$ 440.6	\$ -	\$ -	\$ 511.8	\$ 440.6	16.2%
Revenue bonds, net	101.9	57.4	37.8	44.4	139.7	101.8	37.2%
Certificates of participation	8.9	11.5	0.4	0.4	9.3	11.9	-21.8%
Support agreements	9.1	10.5	-	-	9.1	10.5	-13.3%
Direct borrowing	31.6	36.3	-	-	31.6	36.3	-12.9%
Public facility revenue refunding bonds, net	-	0.8	-	-	-	0.8	-100.0%
Other	-	-	1.8	0.6	1.8	0.6	200.0%
Total	\$ 663.3	\$ 557.1	\$ 40.0	\$ 45.4	\$ 703.3	\$ 602.5	16.7%

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's annual unemployment rate for calendar year 2019 (CY2019) averaged 2.7%, a decrease from the previous calendar year's rate of 3.0%. The County's annual unemployment rate for CY2019 was comparable to the Commonwealth's 2.8% annual unemployment rate for the same period. The impact of the COVID-19 pandemic and the Governor's Emergency Declaration had an unprecedented impact on the County's unemployment rate. The unemployment rate in the County was 10.5% in April 2020 with a recovery

MANAGEMENT'S DISCUSSION AND ANALYSIS (unaudited)

to 5.9% in August 2020. This compared favorably to the Commonwealth's rate in April and August of 10.8% and 6.3%, respectively.

The County developed a Biennial Financial Plan for fiscal year 2021 that was adopted on April 22, 2020, and amended on May 27, 2020, to reflect final state actions and other impacts that were not known in time for the April adoption. The FY2021 adopted budget (FY2021 Budget), totaling \$1.5 billion, represents an increase of \$20.0 million (1.4%) over the FY2020 adopted budget. As the revenue outlook changed in response to the COVID-19 pandemic, the County's priorities remained steadfast and many in our community remained unwavering in their commitment and support of the budget process. In partnership with the community, the County worked through the impacts of the pandemic-induced economic fallout and created a spending plan that is both creative and resourceful in allocating limited resources.

Education remained a top priority in the FY2021 Budget and the local transfer for education was increased by \$9.7 million to support compliance with state-required Standards of Quality and meet state-mandated Local Maintenance of Effort levels. The FY2021 Budget also supports initiatives including additional staff and equipment to support absentee and early voting requirements; amendments to the Tax Relief Program to ensure the affordability of County residency for the elderly and disabled; funding for software that enables electronic signatures and bid submittals, a component of an ongoing effort to shift as many County activities as possible to an online environment; changes to the recycling program that provides our citizens with greater flexibility to participate at the market rate or opt-out and access no-cost recycling at one of the County's convenience centers; and a comprehensive review of current zoning ordinances to promote quality commercial development and workforce housing to accommodate all sectors of the community, including those who deliver core County services, such as teachers, police officers and firefighters.

Although the FY2021 Budget maintained priorities, the County was forced to be deliberate and precise in reducing expenditures where it was prudent to do so. Reductions were specifically tailored to avoid blunt, across-the-board approaches that can often lead to unintended consequences. After excluding certain baseline categories that had to be preserved to maintain compliance with financial policies related to debt service, pay-as-you go funding and obligations for certain employee benefits such as workers' compensation retirement contributions, the County identified personnel and operating costs that could be reduced without impacting core services. This approach continued some of the actions taken at the onset of the COVID-19 pandemic and included the furlough of some non-essential positions (largely part-time staff unable to work in compliance with COVID-19 safety protocols); freezes on vacant positions, career development plan funding, and discretionary spending such as travel and training; elimination of a proposed 2% merit increase for eligible staff; and a one-year extension of normal vehicle replacement schedules. The FY2021 Budget remains within the financial parameters established in the five-year plan while retaining the current real estate tax rate of \$0.95 per \$100 of assessed value.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

County of Chesterfield, Virginia
Statement of Net Position
June 30, 2020

Exhibit I

	Primary Government					
	Governmental Activities		Business-type Activities		Component Units	
			Total		Total	Reporting Entity
ASSETS						
Cash and cash equivalents	\$ 307,352,867	\$ 383,028,750	\$ 690,381,617	\$ 19,039,825	\$ 709,421,442	
Investments	522,563,959	99,525,863	622,089,822	-	622,089,822	
Receivables, net of allowance for uncollectibles	315,890,152	20,208,726	336,098,878	13,155,040	349,253,918	
Due from primary government	-	-	-	91,021,010	91,021,010	
Internal balances	14,920,931	(14,920,931)	-	-	-	
Inventories	857,319	972,932	1,830,251	217,742	2,047,993	
Prepays	1,901,617	-	1,901,617	484	1,902,101	
Capital assets, not being depreciated	268,115,905	55,946,526	324,062,431	139,734	324,202,165	
Other capital and intangible assets, net of depreciation	1,017,865,842	846,450,018	1,864,315,860	52,384,162	1,916,700,022	
Total assets	<u>2,449,468,592</u>	<u>1,391,211,884</u>	<u>3,840,680,476</u>	<u>175,957,997</u>	<u>4,016,638,473</u>	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	3,937,836	1,242,337	5,180,173	-	5,180,173	
Deferred outflows related to pensions	53,684,456	2,087,653	55,772,109	124,992,532	180,764,641	
Deferred outflows related to other postemployment benefits	8,047,866	390,453	8,438,319	18,229,371	26,667,690	
Total deferred outflows of resources	<u>65,670,158</u>	<u>3,720,443</u>	<u>69,390,601</u>	<u>143,221,903</u>	<u>212,612,504</u>	
LIABILITIES						
Accounts payable and accrued expenses	80,067,420	12,793,647	92,861,067	61,979,323	154,840,390	
Due to component unit	91,021,010	-	91,021,010	-	91,021,010	
Unearned revenues	26,184,899	-	26,184,899	1,512,604	27,697,503	
Developers' connection fees refundable	-	1,070,259	1,070,259	-	1,070,259	
Prepaid connection fees	-	142,800	142,800	-	142,800	
Non-current liabilities:						
Due within one year	82,344,182	7,207,895	89,552,077	9,491,952	99,044,029	
Due in more than one year	<u>881,507,992</u>	<u>49,772,134</u>	<u>931,280,126</u>	<u>816,993,846</u>	<u>1,748,273,972</u>	
Total liabilities	<u>1,161,125,503</u>	<u>70,986,735</u>	<u>1,232,112,238</u>	<u>889,977,725</u>	<u>2,122,089,963</u>	
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	193,643,674	-	193,643,674	-	193,643,674	
Deferred inflows related to pensions	15,413,181	590,212	16,003,393	58,895,658	74,899,051	
Deferred inflows related to other postemployment benefits	24,384,604	1,821,402	26,206,006	34,823,006	61,029,012	
Total deferred inflows of resources	<u>233,441,459</u>	<u>2,411,614</u>	<u>235,853,073</u>	<u>93,718,664</u>	<u>329,571,737</u>	
NET POSITION						
Net investment in capital assets	850,405,014	863,656,676	1,714,061,690	46,194,023	1,760,255,713	
Restricted for:						
Capital projects	11,395,062	-	11,395,062	-	11,395,062	
Debt covenants	-	10,437,550	10,437,550	-	10,437,550	
Grantor programs	1,888,352	-	1,888,352	10,901,308	12,789,660	
Legislated programs	33,487,462	-	33,487,462	-	33,487,462	
Public safety programs	2,281,975	-	2,281,975	-	2,281,975	
Total restricted	<u>49,052,851</u>	<u>10,437,550</u>	<u>59,490,401</u>	<u>10,901,308</u>	<u>70,391,709</u>	
Unrestricted (deficit)	<u>221,113,923</u>	<u>447,439,752</u>	<u>668,553,675</u>	<u>(721,611,820)</u>	<u>(53,058,145)</u>	
Total net position	<u>\$ 1,120,571,788</u>	<u>\$ 1,321,533,978</u>	<u>\$ 2,442,105,766</u>	<u>\$ (664,516,489)</u>	<u>\$ 1,777,589,277</u>	

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

**County of Chesterfield, Virginia
Statement of Activities
For the Year Ended June 30, 2020**

Exhibit II

Functions/Programs	Program Revenues					Net (Expenses) Revenues and Changes in Net Position			Total Component Units	Reporting Entity		
	Operating Grants and Contributions		Capital Grants and Contributions		Governmental Activities	Primary Government Business-type Activities						
	Expenses	Charges for Services				Total						
Primary government												
Governmental activities												
General government	\$ 144,847,040	\$ 103,894,653	\$ 3,956,724	\$ 5,017,604	\$ -	\$ (36,995,663)	\$ -	\$ (36,995,663)	\$ -	\$ (36,995,663)		
Administration of justice	12,355,336	1,538,954	5,017,604	16,077,184	2,314,327	(5,798,778)	-	(5,798,778)	-	(5,798,778)		
Public safety	197,866,264	19,773,290	1,655,804	48,998,183	(159,701,463)	-	(159,701,463)	-	-	(159,701,463)		
Public works	85,545,361	12,082,735	1,655,804	48,998,183	(22,779,239)	-	(22,779,239)	-	-	(22,779,239)		
Health and welfare	94,363,474	24,955,947	38,956,195	92,203	(30,359,129)	-	(30,359,129)	-	-	(30,359,129)		
Parks, recreation and cultural	26,551,663	1,740,907	372,373	542,801	(23,895,582)	-	(23,895,582)	-	-	(23,895,582)		
Education - School Board	284,364,549	84,801	4,344,265	7,742,322	(272,193,161)	-	(272,193,161)	-	-	(272,193,161)		
Community development	23,114,692	7,520,873	2,239,179	19,994	(13,334,646)	-	(13,334,646)	-	-	(13,334,646)		
Interest on long-term debt	18,780,807	-	-	-	(18,780,607)	-	(18,780,607)	-	-	(18,780,607)		
Total governmental activities	<u>\$ 887,789,586</u>	<u>171,592,160</u>	<u>72,649,328</u>	<u>59,709,830</u>	<u>(583,838,268)</u>	<u>-</u>	<u>(583,838,268)</u>	<u>-</u>	<u>-</u>	<u>(583,838,268)</u>		
Business-type activities												
Water	46,809,824	56,321,001	-	32,361,615	-	42,372,792	-	42,372,792	-	42,372,792		
Wastewater	42,090,999	52,388,858	-	27,078,216	-	37,376,975	-	37,376,975	-	37,376,975		
Non-major business activities	4,106,814	1,233,014	-	1,325,123	-	(1,548,677)	-	(1,548,677)	-	(1,548,677)		
Total business-type activities	<u>\$ 93,006,737</u>	<u>110,442,873</u>	<u>\$ 282,035,033</u>	<u>\$ 72,649,328</u>	<u>\$ 120,474,784</u>	<u>-</u>	<u>78,201,090</u>	<u>-</u>	<u>-</u>	<u>78,201,090</u>		
Total primary government	<u>\$ 980,796,323</u>	<u>\$ 11,352,499</u>	<u>\$ 152,691,187</u>	<u>\$ 7,020,384</u>	<u>-</u>	<u>-</u>	<u>(505,637,178)</u>	<u>-</u>	<u>-</u>	<u>(505,637,178)</u>		
Component units												
General revenues:												
Taxes:												
Property taxes, levied for general purposes												
Property taxes, levied for special purposes												
Utility taxes												
Sales taxes												
Motor vehicle licenses												
Business license taxes												
Other												
Payment from primary government												
Grants and contributions not restricted to specific programs												
Investment earnings												
Miscellaneous												
Transfers												
Total general revenues and transfers												
Change in net position												
Total net position (deficit) July 1, 2019												
Total net position (deficit) June 30, 2020												

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

County of Chesterfield, Virginia
Balance Sheet
Governmental Funds
June 30, 2020

Exhibit III

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 174,334,334	\$ 29,988,317	\$ 2,542,197	\$ 34,043,523	\$ 240,908,371
Cash, cash equivalents and investments with fiscal agents	456,292	66,482,549	-	-	66,938,841
Investments	337,052,911	39,316,102	79,712,397	-	456,081,410
Receivables, net of allowances for uncollectibles of \$19,306,284	235,232,057	4,016,348	12,919	6,198,148	245,459,472
Due from other funds	-	14,995,997	-	-	14,995,997
Due from other governments	45,439,664	20,458,852	-	4,419,520	70,318,036
Total assets	<u>\$ 792,515,258</u>	<u>\$ 175,258,165</u>	<u>\$ 82,267,513</u>	<u>\$ 44,661,191</u>	<u>\$ 1,094,702,127</u>
LIABILITIES					
Accounts payable	\$ 6,247,946	\$ 17,522,232	\$ 12,768,924	\$ 5,160,071	\$ 41,699,173
Due to other funds	238,398	-	-	-	238,398
Due to other governments	-	-	-	183,513	183,513
Due to component unit - School Board	91,021,010	-	-	-	91,021,010
Accrued liabilities	11,305,620	14,268	-	1,649,871	12,969,759
Retainages payable	-	2,979,975	6,314,258	32,982	9,327,215
Unearned revenues	25,908,723	-	-	276,176	26,184,899
Deposits payable	498,501	2,073,025	-	-	2,571,526
Total liabilities	<u>135,220,198</u>	<u>22,589,500</u>	<u>19,083,182</u>	<u>7,302,613</u>	<u>184,195,493</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues	191,342,841	-	-	2,300,833	193,643,674
Unavailable revenues	26,608,493	3,950,889	-	1,148,771	31,708,153
Total deferred inflows of resources	<u>217,951,334</u>	<u>3,950,889</u>	<u>-</u>	<u>3,449,604</u>	<u>225,351,827</u>
FUND BALANCES					
Restricted	24,120,378	148,717,776	63,184,331	12,537,411	248,559,896
Committed	1,735,315	-	-	-	1,735,315
Assigned	350,483,633	-	-	21,371,563	371,855,196
Unassigned	63,004,400	-	-	-	63,004,400
Total fund balances	<u>439,343,726</u>	<u>148,717,776</u>	<u>63,184,331</u>	<u>33,908,974</u>	<u>685,154,807</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 792,515,258</u>	<u>\$ 175,258,165</u>	<u>\$ 82,267,513</u>	<u>\$ 44,661,191</u>	<u>\$ 1,094,702,127</u>

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

Total fund balances for governmental funds	\$ 685,154,807
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and are not reported in the funds.	1,278,893,538
Other long-term assets are not available to pay for current period expenditures and are deferred in the funds:	
Uncollected taxes receivable	\$ 19,270,250
Uncollected receivables from other governments	7,322,065
Uncollected miscellaneous receivables	<u>5,115,838</u>
	31,708,153
Prepaid and deferred items:	
Prepaid capital asset	1,901,617
Deferred charge on refunding	3,937,836
Deferred outflows related to pensions	52,752,174
Deferred outflows related to other postemployment benefits	7,924,802
Deferred inflows related to pensions	(15,149,611)
Deferred inflows related to other postemployment benefits	<u>(23,905,021)</u>
	27,461,797
Internal service funds are used by management to charge the costs of certain activities, such as insurance, vehicles and communications, and capital projects management to individual funds. The assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in governmental activities in the Statement of Net Position.	
	55,482,501
Long-term obligations, including bonds payable, are not due and payable in the current period and are not reported in the funds:	
Net bonds, certificates of participation, public facility lease, taxable redevelopment facility note, support agreements and capital lease obligations	(663,322,146)
Judgments and claims	(6,143,456)
Landfill	(594,623)
Arbitrage	(9,429)
Net pension liabilities	(178,138,527)
Net other postemployment benefits liabilities	(72,102,085)
Compensated absences	(27,129,462)
Interest payable	<u>(10,689,280)</u>
	(958,129,008)
Total net position of governmental activities	<u>\$ 1,120,571,788</u>

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

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

	<u>General</u>	<u>County Capital Projects</u>	<u>School Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
From local sources:					
General property taxes	\$ 494,113,384	\$ -	\$ -	\$ -	\$ 494,113,384
Other local taxes	118,150,668	-	-	-	118,150,668
Permits, privilege fees and regulatory licenses	8,911,771	-	-	-	8,911,771
Fines and forfeitures	1,884,988	-	-	-	1,884,988
Use of money and property	11,420,380	2,173,353	1,851,884	4,394	15,450,011
Contributions from developers	-	4,788,215	-	-	4,788,215
Charges for services	16,338,337	100,835	84,801	37,296,390	53,820,363
Miscellaneous	6,612,042	60,194	-	142,290	6,814,526
Recovered costs	5,524,489	-	-	820,591	6,345,080
Donations and contributions	128,072	508,783	3,440	116,536	756,831
From component unit: School Board	-	-	10,841,879	4,543,200	15,385,079
From other governments	105,719,445	38,134,981	-	24,615,436	168,469,862
Total revenues	<u>768,803,576</u>	<u>45,766,361</u>	<u>12,782,004</u>	<u>67,538,837</u>	<u>894,890,778</u>
Expenditures					
Current:					
General government	56,743,310	-	-	-	56,743,310
Administration of justice	10,409,288	-	-	1,021,002	11,430,290
Public safety	183,972,106	-	-	9,927,517	193,899,623
Public works	21,222,429	-	-	3,707,460	24,929,889
Health and welfare	34,739,869	-	-	58,539,504	93,279,373
Parks, recreation and cultural	22,016,682	-	-	156,262	22,172,944
Education - School Board	237,588,910	-	127,946	-	237,716,856
Community development	20,497,133	-	-	2,218,752	22,715,885
Debt service:					
Retirement of principal	54,142,371	-	-	-	54,142,371
Interest	23,581,413	-	-	-	23,581,413
Other	893,492	-	-	-	893,492
Capital outlay	-	103,928,430	140,531,668	-	244,460,098
Total expenditures	<u>665,807,003</u>	<u>103,928,430</u>	<u>140,659,614</u>	<u>75,570,497</u>	<u>985,965,544</u>
Excess (deficiency) of revenues over (under) expenditures	<u>102,996,573</u>	<u>(58,162,069)</u>	<u>(127,877,610)</u>	<u>(8,031,660)</u>	<u>(91,074,766)</u>
Other financing sources (uses)					
Transfers in	2,218,831	29,182,928	7,845,677	16,355,326	55,602,762
Transfers out	(49,885,644)	(4,286,050)	(220,500)	(2,547,571)	(56,939,765)
Bonds issued	-	57,215,000	96,755,000	-	153,970,000
Premium on bonds issued	433,341	6,792,226	7,084,197	-	14,309,764
Total other financing sources (uses), net	<u>(47,233,472)</u>	<u>88,904,104</u>	<u>111,464,374</u>	<u>13,807,755</u>	<u>166,942,761</u>
Net change in fund balances	55,763,101	30,742,035	(16,413,236)	5,776,095	75,867,995
Total fund balances, July 1, 2019	383,580,625	117,975,741	79,597,567	28,132,879	609,286,812
Total fund balances, June 30, 2020	<u>\$ 439,343,726</u>	<u>\$ 148,717,776</u>	<u>\$ 63,184,331</u>	<u>\$ 33,908,974</u>	<u>\$ 685,154,807</u>

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2020

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

Net change in fund balances - total governmental funds.	\$ 75,867,995
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capitalized assets	\$ 167,957,866
Depreciation	<u>(43,569,239)</u>
	124,388,627

In the Statement of Activities, only the gain on the sale of surplus assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balances by the net book value of the surplus assets sold. (11,864,600)

Donations of capital assets increase revenues in the Statement of Changes in Net Position, but do not appear in the governmental funds because they are not financial resources. 4,741,058

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 495,948

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

Payments	54,142,371
Proceeds	<u>(168,279,764)</u>
	(114,137,393)

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

Compensated absences	(3,472,739)
Judgment and claims	104,894
Net pension liabilities	<u>(32,886,787)</u>
Net other postemployment benefits liabilities	2,811,779
Arbitrage	(5,703)
Landfill	641,074
Interest payable	(965,530)
Amortization of debt premiums	7,946,821
Amortization of deferred charge on refunding	<u>(1,281,292)</u>
Amortization of deferred outflows related to pensions	26,995,890
Amortization of deferred outflows related to other postemployment benefits	2,779,905
Amortization of deferred inflows related to pensions	2,125,585
Amortization of deferred inflows related to other postemployment benefits	<u>656,146</u>
	5,450,043

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

The net revenue of the internal service funds is reported with governmental activities. 17,452,977

Change in net position of governmental activities.	\$ 102,394,655
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The accompanying notes are an integral part of the financial statements.

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget</u>
				Positive (Negative)
Revenues				
From local sources:				
General property taxes	\$ 477,858,600	\$ 478,918,900	\$ 494,113,384	\$ 15,194,484
Other local taxes	125,269,900	125,269,900	130,166,393	4,896,493
Permits, privilege fees and regulatory licenses	7,268,700	8,388,750	8,911,771	523,021
Fines and forfeitures	1,420,900	1,910,027	1,884,988	(25,039)
Use of money and property	4,611,200	6,586,945	11,420,380	4,833,435
Charges for services	14,946,900	16,474,237	16,338,337	(135,900)
Miscellaneous	973,600	1,401,972	6,612,042	5,210,070
Recovered costs	5,154,000	5,229,011	5,524,489	295,478
Donations and contributions	25,100	70,990	128,072	57,082
From other governments	<u>84,900,000</u>	<u>91,228,761</u>	<u>93,703,720</u>	<u>2,474,959</u>
Total revenues	<u>722,428,900</u>	<u>735,479,493</u>	<u>768,803,576</u>	<u>33,324,083</u>
Expenditures				
Current:				
General government	62,945,174	60,384,352	57,014,271	3,370,081
Administration of justice	10,097,598	10,820,118	10,479,774	340,344
Public safety	186,652,094	194,466,773	184,507,460	9,959,313
Public works	20,212,101	22,093,319	21,284,030	809,289
Health and welfare	35,312,737	38,208,983	35,087,270	3,121,713
Parks, recreation and cultural	23,324,036	23,551,066	22,159,483	1,391,583
Community development	22,372,576	24,977,442	23,728,130	1,249,312
Non-departmental	217,820	763,363	1,280	762,083
Debt service:				
Retirement of principal	17,781,500	19,391,345	19,391,133	212
Interest	8,025,100	8,286,600	8,285,439	1,161
Other	<u>899,800</u>	<u>878,455</u>	<u>483,858</u>	<u>394,597</u>
Total expenditures	<u>387,840,536</u>	<u>403,821,816</u>	<u>382,422,128</u>	<u>21,399,688</u>
Excess of revenues over expenditures	<u>334,588,364</u>	<u>331,657,677</u>	<u>386,381,448</u>	<u>54,723,771</u>
Other financing sources (uses)				
Transfers in	2,347,100	2,355,757	2,218,831	(136,926)
Transfers out	(348,509,400)	(446,333,714)	(333,164,033)	113,169,681
Premium on bonds issued	-	326,855	326,855	-
Total other financing uses, net	<u>(346,162,300)</u>	<u>(443,651,102)</u>	<u>(330,618,347)</u>	<u>113,032,755</u>
Net change in fund balance	(11,573,936)	(111,993,425)	55,763,101	167,756,526
Fund balance, July 1, 2019	<u>383,580,625</u>	<u>383,580,625</u>	<u>383,580,625</u>	<u>-</u>
Fund balance, June 30, 2020	<u>\$ 372,006,689</u>	<u>\$ 271,587,200</u>	<u>\$ 439,343,726</u>	<u>\$ 167,756,526</u>

(Continued)

County of Chesterfield, Virginia
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

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

Expenditures

Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ 382,422,128
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(396,819)
Budgetary transfers to component unit, excluding transfers for funding "on behalf" debt payments, are expenditures for financial reporting purposes.	237,588,910
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	(3,175,000)
Budgetary expenditures between funds are transfers for financial reporting purposes.	(1,089,063)
Debt service on debt issued "on behalf" of the School Board component unit is considered an expenditure of the primary government for financial reporting purposes.	<u>50,456,847</u>
Total expenditures of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	<u>\$ 665,807,003</u>

Other financing sources (uses), net

Total other financing uses, net, on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	\$ (330,618,347)
Local funding of grant programs are transfers to other funds, rather than expenditures, for financial reporting purposes.	(396,819)
Budgetary transfers to component units are expenditures for financial reporting purposes.	287,939,271
Budgetary expenditures to blended component unit are transfers for financial reporting purposes.	(3,175,000)
Budgetary expenditures between funds are transfers for financial reporting purposes.	(1,089,063)
Net proceeds from debt issued "on behalf" of the School Board component unit are considered other financing sources for the primary government for financial reporting purposes.	<u>106,486</u>
Total other financing uses, net, of the General Fund on the Statement of Revenues, Expenditures and Changes in Fund Balances-Governmental Funds	<u>\$ (47,233,472)</u>

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

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental Activities <u>Internal Service Funds</u>	
	Total					
	<u>Water</u>	<u>Wastewater</u>	Non-major Enterprise Funds			
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 156,409,114	\$ 193,555,424	\$ 7,490,408	\$ 357,454,946	\$ 65,988,204	
Investments	45,904,494	53,621,369	-	99,525,863	-	
Restricted cash equivalents with trustees	-	-	15,136,254	15,136,254	-	
Receivables, net of allowances for uncollectibles of \$710,952						
Accounts	10,140,617	8,621,822	48,036	18,810,475	28,775	
Special assessments	10,078	28,968	-	39,046	-	
Total net receivables	<u>10,150,695</u>	<u>8,650,790</u>	<u>48,036</u>	<u>18,849,521</u>	<u>28,775</u>	
Accrued interest	231,062	237,789	-	468,851	-	
Due from other governments	325,509	-	126,407	451,916	83,869	
Due from other funds	24,313	16,208	34,545	75,066	163,332	
Inventories	<u>972,932</u>	-	-	<u>972,932</u>	857,319	
Total current assets	<u>214,018,119</u>	<u>256,081,580</u>	<u>22,835,650</u>	<u>492,935,349</u>	<u>67,121,499</u>	
Non-current assets:						
Accrued interest receivable	-	161,148	-	161,148	-	
Special assessments receivable	46,272	231,018	-	277,290	-	
Restricted cash and cash equivalents	<u>5,900,917</u>	<u>4,536,633</u>	-	<u>10,437,550</u>	-	
Capital and intangible assets:						
Capacity rights, net	67,084,133	1,902,029	-	68,986,162	-	
Land and land improvements	9,658,288	3,857,812	<u>15,155,234</u>	28,671,334	-	
Buildings	<u>68,405,464</u>	<u>146,122,691</u>	7,940,912	222,469,067	2,197,288	
Improvements other than buildings	9,075,297	19,212,256	28,940,826	57,228,379	311,805	
Infrastructure	-	-	6,159,269	6,159,269	-	
Machinery and equipment	<u>514,101,379</u>	<u>571,988,532</u>	3,977,805	1,090,067,716	17,803,197	
Construction in progress	<u>9,722,378</u>	<u>17,170,014</u>	382,800	<u>27,275,192</u>	<u>298,297</u>	
Total capital and intangible assets	<u>678,046,939</u>	<u>760,253,334</u>	<u>62,556,846</u>	<u>1,500,857,119</u>	<u>20,610,587</u>	
Less accumulated depreciation	<u>(232,371,811)</u>	<u>(340,449,508)</u>	<u>(25,639,256)</u>	<u>(598,460,575)</u>	<u>(13,522,378)</u>	
Total capital and intangible assets, net of accumulated depreciation	<u>445,675,128</u>	<u>419,803,826</u>	<u>36,917,590</u>	<u>902,396,544</u>	<u>7,088,209</u>	
Total non-current assets	<u>451,622,317</u>	<u>424,732,625</u>	<u>36,917,590</u>	<u>913,272,532</u>	<u>7,088,209</u>	
Total assets	<u>665,640,436</u>	<u>680,814,205</u>	<u>59,753,240</u>	<u>1,406,207,881</u>	<u>74,209,708</u>	
DEFERRED OUTFLOWS OF RESOURCES						
Deferred charge on refunding	426,287	808,039	8,011	1,242,337	-	
Deferred outflows related to pensions	1,048,120	1,001,430	38,103	2,087,653	932,282	
Deferred outflows related to other postemployment benefits	<u>170,473</u>	<u>213,243</u>	<u>6,737</u>	<u>390,453</u>	<u>123,064</u>	
Total deferred outflows of resources	<u>1,644,880</u>	<u>2,022,712</u>	<u>52,851</u>	<u>3,720,443</u>	<u>1,055,346</u>	

(Continued)

County of Chesterfield, Virginia
Statement of Net Position
Proprietary Funds
June 30, 2020

Exhibit VI

	Business-type Activities Enterprise Funds				Governmental Activities <u>Internal Service Funds</u>
				Total	
	Water	Wastewater	Non-major Enterprise Funds	Total	
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 5,809,074	\$ 2,527,201	\$ 138,451	\$ 8,474,726	\$ 2,264,136
Due to other funds	-	-	14,995,997	14,995,997	-
Accrued liabilities:					
Wages and benefits	563,200	480,383	5,690	1,049,273	362,818
Interest	121,917	162,292	27,745	311,954	-
Other	1,739,669	31,661	260,636	2,031,966	-
Total accrued liabilities	2,424,786	674,336	294,071	3,393,193	362,818
Compensated absences	99,177	96,979	2,610	198,766	61,289
Judgments and claims	200,730	50,092	-	250,822	10,570,604
Certificates of participation, net	-	-	98,758	98,758	-
Airport Revolving Loan Fund	-	-	92,300	92,300	-
Revenue bonds payable, net	3,354,686	3,206,635	5,928	6,567,249	-
Total current liabilities	11,888,453	6,555,243	15,628,115	34,071,811	13,258,847
Non-current liabilities:					
Developers' connection fees refundable	358,629	711,630	-	1,070,259	-
Retainages payable	206,101	521,775	197,852	925,728	-
Prepaid connection fees	-	142,800	-	142,800	-
Compensated absences	822,792	817,908	21,878	1,662,578	496,696
Judgments and claims	297,891	74,339	-	372,230	227,340
Net pension liabilities	4,149,215	3,867,928	118,692	8,135,835	3,293,316
Net other postemployment benefit liabilities	2,895,541	3,384,451	97,601	6,377,593	1,763,201
Certificates of participation, net	-	-	250,256	250,256	-
Airport Revolving Loan Fund	-	-	1,661,400	1,661,400	-
Revenue bonds payable, net	12,598,088	18,684,050	30,104	31,312,242	-
Total non-current liabilities	21,328,257	28,204,881	2,377,783	51,910,921	5,780,553
Total liabilities	33,216,710	34,760,124	18,005,898	85,982,732	19,039,400
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to pensions	296,320	283,120	10,772	590,212	263,570
Deferred inflows related to other postemployment benefits	837,737	956,999	26,666	1,821,402	479,583
Total deferred inflows of resources	1,134,057	1,240,119	37,438	2,411,614	743,153
NET POSITION					
Net investment in capital assets	430,148,641	398,721,180	34,786,855	863,656,676	7,088,209
Restricted - debt covenants	5,900,917	4,536,633	-	10,437,550	-
Unrestricted	196,884,991	243,578,861	6,975,900	447,439,752	48,394,292
Total net position	\$ 632,934,549	\$ 646,836,674	\$ 41,762,755	\$ 1,321,533,978	\$ 55,482,501

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

County of Chesterfield, Virginia
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2020

Exhibit VII

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds	
	Water	Wastewater	Total Non-major Enterprise Funds	Total		
Operating revenues						
Charges for services	\$ 55,620,378	\$ 51,915,369	\$ 1,170,808	\$ 108,706,555	\$ 153,422,586	
Sale of supplies	994,955	-	-	994,955	-	
Rental fees	152,552	-	-	152,552	-	
From other governments	-	-	11,171	11,171	-	
Other	53,116	473,489	51,035	577,640	1,092,345	
Total operating revenues	<u>56,821,001</u>	<u>52,388,858</u>	<u>1,233,014</u>	<u>110,442,873</u>	<u>154,514,931</u>	
Operating expenses						
Salaries and wages	9,031,713	8,459,195	218,510	17,709,418	7,924,497	
Contractual services	15,607,522	5,603,442	363,620	21,574,584	1,340,615	
Capacity rights amortization	2,352,956	118,877	-	2,471,833	-	
Materials and supplies	3,509,700	4,321,025	94,878	7,925,603	7,670,166	
Heat, light and power	1,622,406	3,067,826	78,514	4,768,746	62,085	
Rent	750	-	-	750	-	
Depreciation	12,747,185	18,486,349	1,579,715	32,813,249	1,728,190	
Repairs and maintenance	792,896	1,224,665	58,681	2,076,242	1,310,855	
Insurance	-	-	-	-	3,310,954	
Claims	-	-	-	-	114,756,908	
Other	397,132	195,703	905,206	1,498,041	40,468	
Total operating expenses	<u>46,062,260</u>	<u>41,477,082</u>	<u>3,299,124</u>	<u>90,838,466</u>	<u>138,144,738</u>	
Operating income (loss)	<u>10,758,741</u>	<u>10,911,776</u>	<u>(2,066,110)</u>	<u>19,604,407</u>	<u>16,370,193</u>	
Non-operating revenues (expenses)						
Investment income	3,143,494	4,341,628	26,728	7,511,850	484,445	
Interest expense	(376,020)	(526,411)	(57,378)	(959,809)	-	
Gain (loss) on disposal of capital assets	(182,078)	(43,044)	5,676,999	5,451,877	125,776	
Other	2,068,775	(43,562)	(750,312)	1,274,901	-	
Net non-operating revenues	<u>4,654,171</u>	<u>3,728,611</u>	<u>4,896,037</u>	<u>13,278,819</u>	<u>610,221</u>	
Income before contributions and transfers	15,412,912	14,640,387	2,829,927	32,883,226	16,980,414	
Capital contributions	32,361,615	27,078,216	1,424,570	60,864,401	520,363	
Transfers in	-	-	4,952,151	4,952,151	-	
Transfers out	(1,118,958)	(2,446,590)	(1,800)	(3,567,348)	(47,800)	
Change in net position	46,655,569	39,272,013	9,204,848	95,132,430	17,452,977	
Total net position-July 1, 2019	<u>586,278,980</u>	<u>607,564,661</u>	<u>32,557,907</u>	<u>1,226,401,548</u>	<u>38,029,524</u>	
Total net position-June 30, 2020	<u>\$ 632,934,549</u>	<u>\$ 646,836,674</u>	<u>\$ 41,762,755</u>	<u>\$ 1,321,533,978</u>	<u>\$ 55,482,501</u>	

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

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	<u>Water</u>	<u>Wastewater</u>	Total Non-major Enterprise Funds	<u>Total</u>	
Cash flows from operating activities					
Receipts from customers	\$ 57,280,710	\$ 52,726,753	\$ 1,236,498	\$ 111,243,961	\$ 154,513,409
Payments to suppliers	(22,596,075)	(14,197,819)	(1,496,213)	(38,290,107)	(14,566,326)
Payments to employees	(9,167,041)	(8,696,380)	(229,486)	(18,092,907)	(7,967,271)
Claims paid	-	-	-	-	(119,276,531)
Net cash provided by (used in) operating activities	25,517,594	29,832,554	(489,201)	54,860,947	12,703,281
Cash flows from non-capital financing activities					
Transfers in	-	-	347,472	347,472	-
Transfers out	-	-	(1,800)	(1,800)	(47,800)
Net cash provided by non-capital financing activities	-	-	345,672	345,672	(47,800)
Cash flows from capital and related financing activities					
Purchase of capital assets	(9,233,531)	(15,496,547)	(13,449,874)	(38,179,952)	(1,158,752)
Purchase of capacity rights	(1,317,507)	-	-	(1,317,507)	-
Payments to developers for utility assets	(57,573)	(64,271)	-	(121,844)	-
Retainages paid to contractors	(83,732)	(110,212)	-	(193,944)	-
Proceeds from sale of capital assets	-	4,026	7,074,500	7,078,526	160,466
Capital contributions	18,226,296	14,676,508	6,403,515	39,306,319	-
Interest paid on bonds, certificates of participation and other liabilities	(799,625)	(1,034,625)	(49,063)	(1,883,313)	-
Proceeds from revolving loan	-	-	1,287,813	1,287,813	-
Principal paid on bonds, certificates of participation and other liabilities	(2,725,000)	(2,435,000)	(188,481)	(5,348,481)	-
Payment of other debt expenses	(1,265)	(1,485)	-	(2,750)	-
Net cash provided by (used in) capital and related financing activities	4,008,063	(4,461,606)	1,078,410	624,867	(998,286)
Cash flows from investing activities					
Purchase of investments	(45,680,217)	(48,217,509)	-	(93,897,726)	-
Proceeds from sale of investments	60,878,715	122,166,719	1,400,000	184,445,434	-
Interest received	3,286,401	4,847,463	85,005	8,218,869	484,445
Net cash provided by investing activities	18,484,899	78,796,673	1,485,005	98,766,577	484,445
Net increase in cash and cash equivalents	48,010,556	104,167,621	2,419,886	154,598,063	12,141,640

(Continued)

County of Chesterfield, Virginia
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Business-type Activities Enterprise Funds				Governmental Activities Internal Service Funds
	Water	Wastewater	Total	Non-major Enterprise Funds	
			Total		
Cash and cash equivalents, June 30, 2019:					
Cash and cash equivalents	\$ 108,656,842	\$ 89,452,736	\$ 868,031	\$ 198,977,609	\$ 53,846,564
Investments	61,169,427	127,922,738	1,415,081	190,507,246	-
Less: Investments with maturities greater than 90 days when purchased	(61,169,427)	(127,922,738)	(1,415,081)	(190,507,246)	-
Restricted cash and cash equivalents	5,642,633	4,471,700	-	10,114,333	-
Restricted cash and cash equivalents with trustees	-	-	19,338,745	19,338,745	-
Total cash and cash equivalents, June 30, 2019	<u>114,299,475</u>	<u>93,924,436</u>	<u>20,206,776</u>	<u>228,430,687</u>	<u>53,846,564</u>
Cash and cash equivalents, June 30, 2020:					
Cash and cash equivalents	156,409,114	193,555,424	7,490,408	357,454,946	65,988,204
Investments	45,904,494	53,621,369	-	99,525,863	-
Less: Investments with maturities greater than 90 days when purchased	(45,904,494)	(53,621,369)	-	(99,525,863)	-
Restricted cash and cash equivalents	5,900,917	4,536,633	-	10,437,550	-
Restricted cash and cash equivalents with trustees	-	-	15,136,254	15,136,254	-
Total cash and cash equivalents, June 30, 2020	<u>\$162,310,031</u>	<u>\$198,092,057</u>	<u>\$ 22,626,662</u>	<u>\$383,028,750</u>	<u>\$ 65,988,204</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:					
Operating income (loss)	\$ 10,758,741	\$ 10,911,776	\$ (2,066,110)	\$ 19,604,407	\$ 16,370,193
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:					
Depreciation	12,747,185	18,486,349	1,579,715	32,813,249	1,728,190
Amortization	2,352,956	118,877	-	2,471,833	-
Changes in assets and liabilities:					
Receivables, net	457,499	334,853	3,484	795,836	(231,799)
Inventories	(26,375)	-	-	(26,375)	(153,996)
Accounts and other payables	(772,412)	(19,301)	(6,290)	(798,003)	(5,009,307)
Net cash provided by (used in) operating activities	<u>\$ 25,517,594</u>	<u>\$ 29,832,554</u>	<u>\$ (489,201)</u>	<u>\$ 54,860,947</u>	<u>\$ 12,703,281</u>
Noncash transactions related to financing, capital and investing activities:					
Contributions of capital assets	\$ 14,135,319	\$ 12,401,708	\$ 114,647	\$ 26,651,674	\$ 520,363
Issuance of developer contracts	274,502	318,316	-	592,818	-
Unrealized loss on investments	(66,437)	(352,159)	-	(418,596)	-
Interest receivable	(76,471)	(228,676)	-	(305,147)	-

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

**County of Chesterfield, Virginia
Statement of Fiduciary Net Position
June 30, 2020**

	<u>Trust Funds</u>	<u>Agency Funds</u>
ASSETS		
Cash and cash equivalents	\$ 3,127,658	\$ 18,919,968
Accounts receivable	67,377	68,059
Due from other governments	-	7,433
Due from broker	12,501	-
Restricted assets:		
Cash and cash equivalents	-	16,894,754
Cash, cash equivalents, and investments with trustee	-	10,720,340
Due from other governments	-	1,343,727
Interest receivable	<u>-</u>	<u>109</u>
Total restricted assets	<u>-</u>	<u>28,958,930</u>
Investments:		
Mutual funds	7,399,230	-
Common and preferred stocks	10,031,799	-
Corporate bonds	5,919,239	-
Municipal bonds	41,305	-
U.S. government and agency securities	3,309,902	-
Exchange traded funds	4,548,051	-
Collateralized mortgage obligations	132,320	-
Fund of funds	5,540,128	-
Pooled funds	<u>62,898,416</u>	<u>-</u>
Total investments	<u>99,820,390</u>	<u>-</u>
Total assets	<u>103,027,926</u>	<u>\$ 47,954,390</u>
LIABILITIES		
Due to broker	2,063,000	-
Amounts held for others	<u>-</u>	<u>47,954,390</u>
Total liabilities	<u>2,063,000</u>	<u>\$ 47,954,390</u>
FIDUCIARY NET POSITION		
Restricted for pensions/other postemployment benefits	<u>\$ 100,964,926</u>	

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

**County of Chesterfield, Virginia
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2020**

Trust Funds

Additions:

Contributions - employer	\$ 27,717,365
Investment earnings:	
Interest and dividends	1,567,230
Net increase in the fair value of investments	<u>1,629,947</u>
Total investment income	3,197,177
Less investment expenses	<u>(246,529)</u>
Net investment income	<u>2,950,648</u>
Total additions, net	<u>30,668,013</u>

Deductions:

Benefit payments	27,071,255
Administrative expenses	<u>84,343</u>
Total deductions	<u>27,155,598</u>
Increase in net position	
restricted for pensions/other postemployment benefits	3,512,415
Fiduciary net position - July 1, 2019	<u>97,452,511</u>
Fiduciary net position - June 30, 2020	<u>\$ 100,964,926</u>

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

County of Chesterfield, Virginia
Statement of Net Position
Discretely Presented Component Units
June 30, 2020

	School Board	Non-major Component Units	Total Component Units
ASSETS			
Cash and cash equivalents	\$ 17,120,731	\$ 1,919,094	\$ 19,039,825
Receivables	13,155,029	11	13,155,040
Due from primary government	91,021,010	-	91,021,010
Inventories	217,742	-	217,742
Prepays	-	484	484
Capital assets, not being depreciated	139,734	-	139,734
Other capital assets, net of depreciation	52,384,162	-	52,384,162
Total assets	174,038,408	1,919,589	175,957,997
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	124,992,532	-	124,992,532
Deferred outflows related to other postemployment benefits	18,229,371	-	18,229,371
Total deferred outflows of resources	143,221,903	-	143,221,903
LIABILITIES			
Accounts payable and other liabilities	61,900,952	78,371	61,979,323
Unearned revenues	1,512,604	-	1,512,604
Non-current liabilities:			
Due within one year	8,798,465	693,487	9,491,952
Due in more than one year	807,906,625	9,087,221	816,993,846
Total liabilities	880,118,646	9,859,079	889,977,725
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	58,895,658	-	58,895,658
Deferred inflows related to other postemployment benefits	34,823,006	-	34,823,006
Total deferred inflows of resources	93,718,664	-	93,718,664
NET POSITION			
Net investment in capital assets	46,194,023	-	46,194,023
Restricted for grantor programs	10,901,308	-	10,901,308
Unrestricted (deficit)	(713,672,330)	(7,939,490)	(721,611,820)
Total net position (deficit)	\$ (656,576,999)	\$ (7,939,490)	\$ (664,516,489)

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

County of Chesterfield, Virginia
Statement of Activities
Discretely Presented Component Units
For the Year Ended June 30, 2020

Functions/Programs	Program Revenues			Net (Expenses) Revenues and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	School Board	Non-major Component Units	Total Component Units
School Board	\$ 643,375,054	\$ 11,352,499	\$ 152,691,187	\$ 7,020,384	\$ (472,310,984)	\$ -	\$ (472,310,984)
Non-major Component Units	464,730	-	-	-	-	(464,730)	(464,730)
Total	\$ 643,839,784	\$ 11,352,499	\$ 152,691,187	\$ 7,020,384	\$ (472,310,984)	\$ (464,730)	\$ (472,775,714)
General revenues:							
Payment from County of Chesterfield							
Grants and contributions							
not restricted to specific programs						-	252,434,590
Investment earnings					34,201		263,529
Miscellaneous					-		2,487,634
Total general revenues							
492,868,408					2,593,669		495,462,077
Change in net position (deficit)							
Total net position (deficit) - July 1, 2019					2,128,939		22,686,363
Total net position (deficit) - June 30, 2020					(10,068,429)		(687,202,852)
					\$ (656,576,999)	\$ (7,939,490)	\$ (664,516,489)

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

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

1. The Chesterfield County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. The five members of the School Board are elected for a four-year term. The members of the current School Board were elected in November 2019. The School Board functions independently of the County Board and County Administration, but is fiscally dependent, as it receives significant funding from the County. The nature and significance of the financial relationship between the County and the School Board is such that it would be misleading to exclude the School Board from the County's financial statements. The School Board does not publish a separate financial report; therefore, the fund financial statements of the School Board are included in the supplementary information section.
2. The Watkins Centre Community Development Authority (Watkins Centre CDA) was created as a political subdivision of the Commonwealth by the County, pursuant to Sections 15.2-5152 of the Code of Virginia. The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District (District), a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County. The District is part of a mixed-use development that includes retail and commercial components. The County Board appoints the five members of the Watkins Centre CDA board and has pledged a tax increment of certain real property and sales taxes collected within the District as a revenue source for retiring debt issued by the Watkins Centre CDA. The County's obligation is limited to the amount of tax increments collected as well as to any special assessments collected on the Watkins Centre CDA's behalf. The CDA made the final principal and interest payment in March of 2020. Since the bonds were paid in

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

full, the tax increment obligation has expired, and the authority has fulfilled its responsibilities. The CDA will be dissolved in FY2021. Complete financial statements for the Watkins Centre CDA may be obtained by contacting the Chesterfield County Accounting Department, 9901 Lori Road, P.O. Box 40, Chesterfield, Virginia 23832.

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

B. Government-wide and Fund Financial Statements

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

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

In the fund financial statements, financial transactions and accounts are organized on the basis of funds. Fund financial statements consist of a series of statements that primarily focus on the information about the County's major governmental and enterprise funds. The governmental funds' financial statements are prepared using the current financial resources measurement focus and the modified accrual basis of accounting. Proprietary funds' financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Fiduciary fund statements are used to report assets that are held in a trustee or agency capacity and consist of a Statement of Fiduciary Net Position and a Statement of Changes in Fiduciary Net Position.

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

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Unearned revenues are a liability that represents amounts received where the exchange transaction has not been completed. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items

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are recognized as revenue when all eligibility requirements imposed by the provider have been met and amounts are measurable, and as unearned revenue (liability) until all eligibility requirements are met. Federal and state funding for costs incurred as a result of natural disasters are recognized as revenue upon receipt of an executed grant agreement.

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

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

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

The County reports the following major governmental funds:

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

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

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

The non-major governmental funds of the County are:

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

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

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

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

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

Enterprise Funds:

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

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

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

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

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

Additionally, the County reports the following fund category:

Fiduciary Funds - Fiduciary funds are used to account for the supplemental retirement pension trust, the other postemployment benefits trusts and agency funds. Agency funds are custodial in nature and do not involve the measurement of results of operations. All fiduciary funds, including agency funds, use the accrual basis of accounting.

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

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

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

The connection fee charged to connect to the County's water and wastewater system consists of a capital recovery charge and a meter installation charge. The capital recovery charge will be used to finance future capital improvements, whereas the meter installation charge recovers the cost of the meter and its installation. In accordance with industry practice, capital recovery charges of \$16,849,676 and \$14,648,254 in fiscal year 2020 have been recorded as capital contributions in the Water and Wastewater

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Enterprise Funds, respectively, and the meter installation fees have been classified as charges for services in the Water Enterprise Fund.

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

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

1. Cash and Cash Equivalents

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

2. Investment Policy

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

3. Allowances for Uncollectibles

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

4. Inventories

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

5. Restricted Assets - Enterprise Funds

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

6. Capacity Rights - Enterprise Funds

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

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

7. Capital Assets

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

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

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

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

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

8. Deferred Outflows/Inflows of Resources

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

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

9. Compensated Absences

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

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

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

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

10. Retirement Plans

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

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11. Other Postemployment Benefits Plans

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

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

12. Long-term Obligations

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

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

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

13. Use of Estimates

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

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2. Stewardship, Compliance, and Accountability

A. Budgetary Accounting

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

- ◆ Prior to budget submission, department directors develop departmental performance plans, which include items such as objectives, performance measures, initiatives and work plans for the coming year.
- ◆ In early fall, the School Board and County departments receive an expenditure target. Budgets are prepared with work plans consistent with the resources available.
- ◆ Departments submit budgets and work plans to the County Administrator for review in December and January. The County Administrator's recommended budget is prepared by early March. During this time, work sessions are held with the County Board to inform them on details of the budget.
- ◆ No later than March 1, the School Board submits its approved budget to the County Administrator.
- ◆ Prior to April 1, the County Administrator submits to the County Board a proposed operating budget for the County and School Board for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the revenues for financing them.
- ◆ A public hearing is conducted in March to obtain taxpayer comments on the proposed budget. Constituent meetings are also held around the County to provide information to citizens and to receive community input on the County Administrator's proposed budget.
- ◆ Prior to May 1, the County Board adopts the budget by resolution and funds are appropriated July 1 generally at the function level for the General Fund, at the fund level for the Children's Services Fund, and at the major expenditure category for the School Operating Fund of the School Board component unit, through passage of an appropriation resolution. The resolution establishes the levels of control at which expenditures may not legally exceed appropriation. The expenditure categories for the School Operating Fund are: instruction, administration, pupil transportation, operations and maintenance, technology, food service and debt service.
- ◆ Appropriations for the General Fund, Stormwater Fund operations, Mental Health Fund, School Operating Fund, Internal Service Funds, and Enterprise Funds lapse at fiscal year-end. Appropriations for Capital Project funds, Grant funds and Stormwater Fund capital projects are continued until the completion of the applicable project or grant, even when the project or grant extends beyond the end of the fiscal year.
- ◆ Formal budgetary integration is employed as a management control device during the year for all funds. Budgets are legally adopted annually for the County's General Fund, the Children's Services Fund, Stormwater Fund, Mental Health Fund and the School Operating Fund. The appropriations resolution specifies that Trust and Agency disbursements must be for the purpose for which the fund was established.
- ◆ A budget is adopted for each grant or project in the Grants Fund or the County Capital Projects Fund when funds become available. In the School Capital Projects Fund, projects are appropriated as funds become available on a fiscal year basis. The appropriations resolution specifies that the budget and appropriation for each grant or project continue until the expiration of the grant or completion of the project. All other appropriations lapse at year-end. The level of control at which expenditures may not legally exceed appropriations is at the individual grant or project level in the

County of Chesterfield, Virginia
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Grants Fund and County Capital Projects Fund and at the total appropriation level in the School Capital Projects Fund.

- ◆ Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and as amended by the County Board, School Board, County Administrator or the School Superintendent. The statements include an explanation of differences between actual amounts on the budgetary basis and GAAP basis.
- ◆ The County Administrator is authorized to amend appropriations by transferring unencumbered appropriated amounts within appropriation categories, and up to \$50,000 between appropriation categories. The County Administrator is also authorized to (1) appropriate any unanticipated revenues that are received from insurance recoveries received for damage to County property, refunds or reimbursements made to the County for which the County has expended funds directly related to that refund or reimbursement and other revenues not to exceed \$50,000; (2) appropriate funds from asset forfeiture accounts consistent with spending requirements; (3) increase the General Fund appropriation to the School Board, contingent upon available funds and consideration of other expenditures up to \$9.0 million; (4) transfer funds to departments for workers' compensation, supplemental retirement, healthcare for retirees and other compensation related costs as well as for transfers to cover energy/fuel costs; (5) reallocate funding sources for specific programs, and; (6) within the healthcare fund may appropriate use of reserves, interest earnings, and additional employee or employer contributions in any amount to pay claims, deductibles, settlements, and any cost associated with healthcare. Otherwise, the County Board must approve amendments that increase the total appropriation of any function level. During the year, the County Board approved several amendments to the various appropriations. The County is required to hold a public hearing for any single amendment that exceeds 1% of the County's currently adopted budget.
- ◆ The Superintendent and/or School Board have the authority to make transfer amendments within major appropriation categories in the school budget. The Superintendent and/or School Board are authorized to approve amendments in the school budget that cross major appropriation categories up to \$499,999. Any amendment that crosses major appropriation categories in excess of \$499,999 must first be approved by the School Board and then by the County Board. The County Administrator has the authority to appropriate any unanticipated revenues that are received from insurance recoveries, reimbursements and other revenue of the School Board for amounts up to \$50,000.

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B. Fund balances

1. Primary Government

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

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

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

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

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

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

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. Only the General Fund can report a positive unassigned fund balance. The County Board has established a minimum fund balance policy, which is the ratio of unassigned General Fund balance to General Fund expenditures. The County's minimum unassigned fund balance target is 8.0% with a floor of 6.0% for fiscal year 2020.

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The County had the following classifications of fund balances at June 30, 2020:

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Totals
Restricted for:					
General government	\$ 113,119	\$ 2,427,558	\$ -	\$ -	\$ 2,540,677
Public, education and government access	7,231,311	-	-	-	7,231,311
Administration of justice	537,132	-	-	-	537,132
Public safety	37,710	58,848,675	-	653,151	59,539,536
Law enforcement	2,281,975	-	-	-	2,281,975
Public works	568,642	49,238,863	-	-	49,807,505
Stormwater management facility	1,069,145	-	-	-	1,069,145
Health and welfare	22,417	7,029,978	-	544,018	7,596,413
Chesapeake Bay Watershed/TMDL	-	-	-	11,007,022	11,007,022
Parks, recreation and cultural	7,367	27,343,586	-	249,767	27,600,720
Education - School Board	-	801,270	56,951,083	-	57,752,353
Economic development	3,178,135	641,012	-	83,453	3,902,600
Tax increment financing and special assessments	8,617,133	-	-	-	8,617,133
Debt service	456,292	2,386,834	6,233,248	-	9,076,374
Total restricted	<u>24,120,378</u>	<u>148,717,776</u>	<u>63,184,331</u>	<u>12,537,411</u>	<u>248,559,896</u>
Committed to:					
Community contracts	12,122	-	-	-	12,122
District improvement funds	198,552	-	-	-	198,552
Economic development	287,727	-	-	-	287,727
Public works	1,236,914	-	-	-	1,236,914
Total committed	<u>1,735,315</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,735,315</u>
Assigned to:					
General government	570,358	-	-	-	570,358
Personal property tax relief	2,300,000	-	-	-	2,300,000
Telecommunications	1,056,804	-	-	-	1,056,804
Workers compensation	2,400,000	-	-	-	2,400,000
Administration of justice	16,920	-	-	-	16,920
Public safety	2,928,253	-	-	8,578,782	11,507,035
Fire apparatus	303,170	-	-	-	303,170
Local match for grants	312,811	-	-	-	312,811
Police vehicles	1,594,464	-	-	-	1,594,464
Public works	206,652	-	-	-	206,652
Road construction	15,119,770	-	-	-	15,119,770
Motor vehicle registration fees for transportation	2,037,547	-	-	-	2,037,547
Health and welfare	264,027	-	-	12,792,781	13,056,808
Parks, recreation and cultural	222,485	-	-	-	222,485
Economic development	16,146,121	-	-	-	16,146,121
Airport	226,824	-	-	-	226,824
Construction	87,016,857	-	-	-	87,016,857
Debt service	9,567,193	-	-	-	9,567,193
Chesapeake Bay Watershed/TMDL	7,511,619	-	-	-	7,511,619
Fiscal year 2021 adopted budget	14,310,900	-	-	-	14,310,900
Future capital projects	2,659,685	-	-	-	2,659,685
Future revenue shortfall - County	162,463,947	-	-	-	162,463,947
Future revenue shortfall - Schools	15,086,134	-	-	-	15,086,134
Education - School construction	2,538,493	-	-	-	2,538,493
Education - School debt service	3,622,599	-	-	-	3,622,599
Total assigned	<u>350,483,633</u>	<u>-</u>	<u>-</u>	<u>21,371,563</u>	<u>371,855,196</u>
Unassigned					
Total fund balances	<u>\$ 439,343,726</u>	<u>\$ 148,717,776</u>	<u>\$ 63,184,331</u>	<u>\$ 33,908,974</u>	<u>\$ 685,154,807</u>

**County of Chesterfield, Virginia
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2. Component Unit - School Board

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

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

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

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

Committed fund balance - Committed fund balance requires expressed formal action of the School Board and then by the County Board by a resolution that identifies the specific circumstances under which resources can be expended. The School Board can only modify the specified use of commitments with County approval by resolution. At June 30, 2020, the School Board had no committed fund balance.

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

Unassigned fund balance - Unassigned fund balance is the residual classification of fund balance. At June 30, 2020, the School Board had no unassigned fund balance.

The School Board had the following classifications of fund balances at June 30, 2020:

School Operating Fund

Nonspendable:	
Inventories	\$ 217,742
Restricted for:	
Instruction	74,991
Food service	<u>10,826,317</u>
Total restricted	<u>10,901,308</u>
Assigned to:	
Instruction	6,456,146
Administration, attendance and health	842,138
Transportation	2,973,513
Operations, construction and maintenance	35,466,739
Technology	956,337
Food service	248,029
Workers' compensation	<u>200,000</u>
Total assigned	<u>47,142,902</u>
Total fund balances	<u>\$ 58,261,952</u>

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

3. Significant Transactions of the County and Component Units

A. School Board

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

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

B. Economic Development Authority

1. Primary Government

On October 18, 2004, the EDA sold its Taxable Redevelopment Facility Note, Series 2004 (the Note), on behalf of the County in an amount of \$9,225,000 to acquire the former Cloverleaf Mall property ("Mall Property") for redevelopment by the County. On August 1, 2008, the principal amount of the Note was increased by \$7,371,199 for the purchase of the ground lease interest in the Mall Property. On July 25, 2013, the principal amount of the Note was decreased by \$3,453,705 due to the sale of a portion of the redevelopment asset. On December 19, 2014, the principal amount of the Note was decreased by \$5,657,548 and Taxable Redevelopment Facility Note, Series 2014A for \$7,484,947 was issued to refinance the 2004 Note. The Taxable Redevelopment Facility Note, Series 2014 is reported as debt by the County and is considered conduit debt by the EDA.

On January 27, 2005, the EDA issued Variable Rate Revenue Bonds, Series 2005A, and Variable Rate Revenue Bonds, Taxable Series 2005B, in the amounts of \$6,490,000 and \$11,630,000, respectively. As of June 30, 2020, \$4,980,000 remained outstanding on the 2005 Revenue Bonds. These bonds were issued to finance the acquisition of real property for the development of the Meadowville Technology Park and to finance certain infrastructure improvements within the Park. Debt service related to these revenue

**County of Chesterfield, Virginia
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bonds is payable solely from support payments made by the County, pursuant to an Amended and Restated Development Agreement, dated January 1, 2005, between the EDA and the County. The County made support payments of \$955,000 for principal and \$89,028 for interest during fiscal year 2020. In connection with issuing the revenue bonds, the EDA entered into a standby bond purchase agreement with a liquidity facility to purchase, from time to time, an aggregate principal amount of bonds and related interest. Due to the terms of the standby bond purchase agreement, which matures on July 1, 2022, principal payments due after fiscal year 2021 are classified as non-current liabilities due in more than one year.

On October 14, 2010, the EDA issued \$8,345,000 in Taxable Recovery Zone Economic Development Bonds, Series 2010B, to finance a portion of the costs of the acquisition of real property for an interchange with Interstate I-295 and the construction of such interchange connecting Meadowville Technology Park with Interstate I-295. The Series 2010B Bonds were issued as Taxable Recovery Zone Economic Development Bonds under Section 1400U-2 of the Internal Revenue Code of 1986, which was added by the provisions of the American Recovery and Reinvestment Act of 2009 ("ARRA"). Pursuant to ARRA, the EDA qualifies to receive a cash subsidy payment from the U. S. Treasury equal to 45% of the interest payable on the Series 2010B Bonds on each interest payment date. The cash payment does not constitute a guarantee by the U. S. Treasury or a pledge of the faith and credit of the U. S. but is required to be paid by the U. S. Treasury under ARRA. Pursuant to the requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended, the subsidy is subject to a 5.9% reduction. The County made support payments of \$415,000 for principal and \$120,085 for interest during the fiscal year. As of June 30, 2020, \$4,150,000 remained outstanding on the Series 2010B Bonds.

On December 18, 2015, the EDA issued Revenue Bond (Chester Arts Center), Series 2015, for the County in the amount of \$6,899,800. The Series 2015 Bond proceeds will be used to finance the costs for the acquisition, development, construction and equipping the Chester Arts Center. The EDA maintains the bond proceeds and makes payments for the costs of the project on behalf of the County. At June 30, 2020, the EDA reported a restricted cash balance of \$681,712 and a liability to the County of \$681,617. The restricted cash balance and liability to the County represents total interest earned on the bond proceeds of \$93,878 and capital contributions of \$587,834 received from the Chester Arts Foundation. On November 15, 2017, the County participated in the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds, County Project VRA Special Fund Revenue Bond (Series 2017C) in the amount of \$2,675,000. The Series 2017C Bond proceeds will also be used to finance a portion of the costs of acquisition, development, construction, and equipping the Chester Arts Center. These bonds are reported as debt to County and is considered conduit debt by the EDA. On November 14, 2018, the County participated in the Virginia Resources Authority Infrastructure and State Moral Obligation Revenue Bonds, County Project VRA Special Fund Revenue Bond (Series 2018B) in the amount of \$4,710,000. The Series 2018B Bond proceeds will also be used to finance a portion of the costs of acquisition, development, construction and equipping the Chesterfield Arts Center. These bonds are reported as debt to County and is considered conduit debt by the EDA.

On May 30, 2019, the EDA issued Tax-Exempt Revenue Bond (Watkins Sewer Project), Series 2019, for the County in the amount of \$15,000,000. The Series 2019 Bond proceeds are to be used to finance sewer line improvements in the County. The EDA maintains the bond proceeds and makes payments for the costs of the project on behalf of the County. These bonds are reported as debt to County and is considered conduit debt by the EDA. At June 30, 2020, the EDA reported a restricted cash balance of \$14,411,637 and a liability to the County of \$14,314,381.

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

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2. Chippenham Place Community Development Authority

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

4. Deposits and Investments

A. Primary Government:

As of June 30, 2020, the carrying value of the County's deposits and investments, other than that of the Trust Funds, with their respective credit ratings, was as follows:

Asset Type	Credit Quality Rating				
	Fair Value	AAA/AAAm	AA	Aa	N/A
Demand deposits	\$ 180,568,622	\$ -	\$ -	\$ -	\$ 180,568,622
LGIP	153,046,350	153,046,350	-	-	-
VIP Stable NAV Liquidity Pool	401,876,789	401,876,789	-	-	-
SNAP	180,760,709	180,760,709	-	-	-
VIP 1 - 3 Year High Quality Bond Fund	64,914,284	-	64,914,284	-	-
Negotiable certificate of deposit	60,345,251	-	60,345,251	-	-
Commercial paper	42,663,769	-	42,663,769	-	-
Corporate notes	250,684,773	-	250,684,773	-	-
Municipal bonds	2,977,763	-	-	2,977,763	-
Federal Home Loan Mortgage Corporation	5,300,265	-	5,300,265	-	-
Federal Farm Credit Bank	15,867,926	-	15,867,926	-	-
Total	<u>\$ 1,359,006,501</u>	<u>\$ 735,683,848</u>	<u>\$ 439,776,268</u>	<u>\$ 2,977,763</u>	<u>\$ 180,568,622</u>

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

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

Credit Risk:

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

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

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

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

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

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

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

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

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the depositor will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. As of June 30, 2020, \$4,545,530 of the \$180,568,622 in demand deposits was uninsured and uncollateralized.

Concentration of Credit Risk:

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

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

County of Chesterfield, Virginia
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As of June 30, 2020, the portion of the County's portfolio, excluding demand deposits and SNAP, that represents 5% or more of the total portfolio is as follows:

<u>Issuer</u>	<u>% of Portfolio</u>
VIP Stable NAV Liquidity Pool	40.3%
Corporate notes	25.1%
LGIP	15.3%
VIP 1 - 3 Year High Quality Bond Fund	6.5%
Negotiable certificate of deposit	6.0%

Interest Rate Risk:

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

As of June 30, 2020, the County had the following pooled deposits and investments:

<u>Asset Type</u>	<u>Fair Value/NAV</u>	<u>Investment Maturity</u>			
		<u>Less than 1 Year</u>	<u>1 - 2 Years</u>	<u>2 - 2.5 Years</u>	<u>2.5 Years</u>
LGIP	\$ 153,046,350	\$ 153,046,350	\$ -	\$ -	\$ -
VIP Stable NAV Liquidity Pool	401,876,789	401,876,789	-	-	-
SNAP	180,760,709	180,760,709	-	-	-
VIP 1 - 3 Year High Quality Bond Fund	64,914,284	-	64,914,284 (a)	-	-
Negotiable certificate of deposit	60,345,251	60,345,251	-	-	-
Commercial paper	42,663,769	42,663,769	-	-	-
Corporate notes	250,684,773	96,428,100 (b)	89,496,778 (c)	64,759,895 (d)	-
Municipal bonds	2,977,763	-	-	2,977,763 (e)	-
Federal Home Loan Mortgage Corporation	5,300,265	-	5,300,265 (f)	-	-
Federal Farm Credit Bank	15,867,926	-	874,991 (g)	14,992,935 (h)	-
Total	<u>\$ 1,178,437,879</u>	<u>\$ 935,120,968</u>	<u>\$ 160,586,318</u>	<u>\$ 82,730,593</u>	

- (a) The weighted average effective duration for this investment is 1.81 years.
- (b) \$7,520,983 of these bonds have a call date of November 14, 2020.
- (c) \$5,177,020 of these bonds have a call date of April 11, 2022.
- (d) \$3,945,504 of these bonds have a call date of September 5, 2022.
- (e) This bond has a call date of July 1, 2020.
- (f) This bond has a call date of June 8, 2021.
- (g) This bond has a call date of October 20, 2020.
- (h) This bond has a call date of September 9, 2020.

Fair Value Hierarchy:

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

County of Chesterfield, Virginia
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Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices (Level 2 inputs). The County's portfolio has the following recurring fair value measurements for debt securities as of June 30, 2020:

<u>Investments by fair value - Level 2</u>	<u>Fair Value</u>
Negotiable certificates of deposit	\$ 60,345,251
Commercial paper	42,663,769
Corporate notes	250,684,773
Municipal bonds	2,977,763
Federal Home Loan Mortgage Corporation	5,300,265
Federal Farm Credit Bank	<u>15,867,926</u>
Total investments by fair value - Level 2	<u>\$ 377,839,747</u>

Investments measured at the net asset value (NAV)

VIP 1 - 3 Year High Quality Bond Fund	\$ 64,914,284
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The VIP 1 - 3 Year Bond Fund (Portfolio) is a fixed income investment portfolio designed to provide a pooled investment alternative with an investment horizon greater than that of money market instruments, typically one year or longer. The investment objectives are to exceed the return of the ICE Bank of America Merrill Lynch 1-3 Year AAA/AA U. S. Corporate and Government Index over three-year periods, and to preserve capital. The Portfolio is managed as a variable NAV pool. Fair value and NAV are determined on the 15th and the last business day of each month. If the 15th is not a business day, the fair value and the NAV will be determined on the preceding business day. The pool transacts with participants based on a floating NAV per share that is determined by the market, the same as reporting. Redemptions must be at least \$10,000 and may be made twice per month on the first business day following the portfolio valuation.

Chesterfield County Supplemental Retirement Plan:

As of June 30, 2020, the carrying value of the County Supplemental Retirement Plan Pension Trust Fund's (Plan) deposits and investments was as follows:

<u>Asset Type</u>	<u>Fair Value</u>
Demand deposits	\$ 1,064,658
Mutual funds	7,399,230
Common and preferred stocks	10,031,799
Corporate bonds	5,919,239
Municipal bonds	41,305
Funds of funds	5,540,128
Exchange traded funds	4,548,051
Collateralized mortgage backed securities	132,320
U. S. Treasuries	903,480
Federal National Mortgage Association	1,241,228
Federal Home Loan Mortgage Corporation	1,116,280
Government National Mortgage Association	<u>48,914</u>
Total deposits and investments	<u>\$37,986,632</u>

The Plan's investments include funds of funds, which are investment funds that use a strategy of holding a portfolio of other investment funds rather than investing directly in shares, bonds or other securities, resulting in greater portfolio diversification. At June 30, 2020, the underlying investments in the Plan's funds of funds consisted primarily of equities and fixed income securities.

County of Chesterfield, Virginia
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Credit Risk:

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

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the Plan's \$1,064,658 of demand deposits, \$624,047 is invested in bank deposits or money market funds that are uninsured and uncollateralized.

Concentration of Credit Risk:

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

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

Interest Rate Risk:

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

At June 30, 2020, the Plan had investments of \$132,320 (0.4% of total portfolio excluding demand deposits) in collateralized mortgage backed securities. These securities are based on cash flows from interest and principal payments on underlying mortgages of commercial income producing properties and, therefore, are sensitive to interest rate changes.

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As of June 30, 2020, the Plan held the following investments and maturities:

Asset Type	Investment Maturity			
	Fair Value	0 - 5 Years	5 - 10 Years	10 - 30 Years
Corporate bonds and collateralized mortgage securities	\$ 6,051,559	\$ 3,212,061	\$ 1,670,388	\$ 1,169,110
Municipal bonds	41,305	-	-	41,305
U. S. Treasuries	903,480	-	161,251	742,229
Federal National Mortgage Association	1,241,228	1,232,987	8,241	-
Federal Home Loan Mortgage Corporation	1,116,280	1,116,280	-	-
Government National Mortgage Association	48,914	48,914	-	-
Total	<u>\$ 9,402,766</u>	<u>\$ 5,610,242</u>	<u>\$ 1,839,880</u>	<u>\$ 1,952,644</u>

Fair Value Hierarchy:

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

County of Chesterfield, Virginia
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The County's portfolio has the following recurring fair value measurements as of June 30, 2020:

	Fair Value Measurements Using			
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)
		-	\$	
Investments by fair value level				
Debt securities:				
U. S. Treasuries	\$ 903,480	\$ -	\$ 903,480	
U. S. agencies and sponsored enterprises	2,406,422	-	2,406,422	
Municipal bonds	41,305	-	41,305	
Collateralized mortgage-backed securities	132,320	-	132,320	
Corporate bonds	5,919,239	-	5,919,239	
Total debt securities	9,402,766	-	9,402,766	
Equity securities:				
Common and preferred stocks	10,031,799	10,031,799	-	
Exchange traded funds	4,548,051	4,548,051	-	
Mutual funds	7,399,230	7,399,230	-	
Total equity securities	21,979,080	21,979,080	-	
Total investments by fair value level	31,381,846	\$ 21,979,080	\$ 9,402,766	
Investments measured at the net asset value (NAV)				
Multi-strategy alternative funds		5,540,128		
Total investments measured at fair value	\$ 36,921,974			
Investments measured at the NAV				
	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
(1) Multi-strategy alternative investment	\$ 915,778	\$ 639,640	None	N/A
(2) Multi-strategy alternative investment	1,102,113	681,087	None	N/A
(3) Multi-strategy alternative investment	1,631,339	None	Semi-annual	95 days
(4) Multi-strategy alternative investment	1,890,898	None	Quarterly	65 days
Total investments measured at fair value	\$ 5,540,128			

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

- (3) *Multi-strategy alternative investment.* This investment's objective is capital appreciation with limited variability of returns. This includes relative value strategies that attempt to capture pricing anomalies between assets that for all economic purposes are identical; market neutral and low net equity strategies that involve the purchase of a stock or basket of stocks that is relatively underpriced as well as selling short a stock or basket of stocks that is relatively overpriced; and event driven strategies that involve the assessment of how, when and if specific transactions will be completed and the effect on corporations and financial assets. A common event driven strategy is merger arbitrage. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.
- (4) *Multi-strategy alternative investment.* This investment's objective is capital appreciation. The fund seeks to realize attractive risk-adjusted returns, net of fees and expenses, over a three- to five-year investment horizon. To achieve this objective, the fund seeks to allocate assets across a diverse set of fund strategies to create portfolios with stable risk, return and correlation characteristics over the long term. Investment strategies include directional equity funds that take long and short stock positions; directional macro strategies that require well developed risk management procedures due to the frequent employment of leverage; event driven strategies that involve investing in opportunities created by significant transactional events such as spin-offs, mergers and acquisition, bankruptcies, recapitalizations and share buybacks; and relative value strategies that seek to take advantage of specific pricing anomalies, while also seeking to maintain minimal exposure to systemic market risk. The fair value of this investment has been determined using the NAV per share (or its equivalent) of the investments.

Investment Policy and Long-term Rate of Return:

Asset Class	Target Allocation	Style Target	Arithmetic Long-Term Expected Rate of Return
U.S. Large Cap Equity	25.0%		
Large Cap Growth		12.5%	9.0%
Large Cap Value		12.5%	8.8%
U.S. Small Cap Equity	10.0%		
Small Cap Growth		5.0%	9.0%
Small Cap Value		5.0%	9.5%
International Developed and Emerging Markets	20.0%		
Developed International Equity		15.0%	8.0%
Emerging Markets Equity		5.0%	10.5%
Fixed Income - U.S. Core Broad	25.0%		3.6%
Alternative Investments	15.0%		
Hedge funds		10.0%	6.2%
Private Equity		5.0%	11.9%
Real Estate (Investment Trusts)	<u>5.0%</u>		<u>8.0%</u>
Total	<u>100.0%</u>		<u>7.4%</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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County and School Board Retiree Healthcare OPEB Funds and County Line of Duty OPEB Fund:

As of June 30, 2020, the carrying value of the County Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Cash	\$ 337,000	
Investment in pooled funds	<u>32,758,218</u>	N/A
Total	<u>\$33,095,218</u>	

As of June 30, 2020, the carrying value of the School Board Retiree Healthcare OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Cash	\$ 1,000,000	
Investment in pooled funds	<u>19,905,151</u>	N/A
Total	<u>\$20,905,151</u>	

As of June 30, 2020, the carrying value of the County Line of Duty OPEB Fund's deposits and investments held by the Trust and their respective credit rating was as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Cash	\$ 726,000	
Investment in pooled funds	<u>10,235,047</u>	N/A
Total	<u>\$10,961,047</u>	

As of June 30, 2020, excluding the pooled funds, there were no other investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk. Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Trust will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The entire balance of the pooled funds in the County and School Board Retiree Healthcare OPEB Funds and the County Line of Duty OPEB Fund are uninsured and uncollateralized.

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

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

Investment Policy and Long-term Rate of Return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>
Equity:		
Large Cap	26%	7.20%
Small Cap	10%	8.41%
International	13%	8.14%
Emerging Markets	5%	9.39%
Private	5%	10.40%
Long/Short Equity	6%	5.64%
Fixed Income:		
Core Bonds	7%	2.62%
Core Plus	14%	2.89%
Liquid Absolute Return	4%	3.75%
Real Assets:		
Real Estate	7%	6.79%
Commodities	<u>3%</u>	<u>0.00%</u>
Total	<u>100%</u>	<u>6.31%</u>

To assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines. In addition, the Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. Specific investment information for the Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street, Suite 1100, Richmond, Virginia 23219.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

B. Component Unit - School Board

As of June 30, 2020, the carrying value of the School Board operating and agency fund's deposits with their respective credit rating were as follows:

<u>Asset Type</u>	<u>Fair Value</u>	<u>Credit Rating</u>
Demand deposits	\$24,127,477	N/A

School Board deposits are invested in accordance with the County's investment policy. As of June 30, 2020, excluding the demand deposits, there were no investments. Accordingly, there is no credit risk, concentration of credit risk or interest rate risk.

School Board Supplemental Retirement Program:

As of June 30, 2020, the carrying value of the School Board Supplemental Retirement Program Pension Trust Fund's (Program) deposits and investments, with their respective credit ratings, was as follows:

<u>Asset Type</u>	<u>Fair Value</u>
Demand deposits	\$ 666,192
Common stocks	10,114,059
Mutual funds - equity	7,468,901
Mutual funds - fixed income	10,111,171
Exchange traded funds - equity	5,956,393
Exchange traded funds - fixed income	1,048,747
Total deposits and investments	<u>\$ 35,365,463</u>

Credit Risk:

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

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

Custodial Credit Risk:

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Program will not be able to recover the value of its investments or collateral securities that are in the possession of outside party. Of the money market accounts held by the program, \$166,192 is uninsured and uncollateralized.

County of Chesterfield, Virginia
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Concentration of Credit Risk:

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

Interest Rate Risk:

Program investments sensitive to interest rate risk are managed by an investment manager specializing in global fixed income investments. The investment manager is responsible for monitoring economic outlook and investment strategy and has discretionary authority to buy, sell, or hold individual securities within the guidelines of the stated methodology. Performance of the investments is reviewed, monitored, and evaluated quarterly by the Committee. As of June 30, 2020, the Program held the following investments and maturities:

<u>Asset Type</u>	<u>Investment Maturity⁽¹⁾</u>		
	<u>Fair Value</u>	<u>Years</u>	<u>5 - 12 Years</u>
Exchange traded funds fixed income	\$ 1,048,747	\$ 1,048,747	\$ -
Mutual funds - fixed income	10,111,171	6,532,479	3,578,692
Total	<u>\$ 11,159,918</u>	<u>\$ 7,581,226</u>	<u>\$ 3,578,692</u>

⁽¹⁾ Estimated using average effective maturity.

Fair Value Hierarchy:

The Program categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The Program has the following recurring fair value measurements using quoted market prices (Level 1 inputs) as of June 30, 2020:

<u>Investments by fair value - Level 1</u>	<u>Fair Value</u>
Common stocks	\$ 10,114,059
Mutual funds - equity	7,468,901
Mutual funds - fixed income	10,111,171
Exchange traded funds - equity	5,956,393
Exchange traded funds - fixed income	1,048,747
Total	<u>\$ 34,699,271</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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Investment Policy and Long-term Rate of Return:

Asset Class	Target Allocation	Style Target	Arithmetic Long-Term Expected Rate of Return
Equity:			
U.S. Large Cap Equity	35.0%		
Large Cap Growth		18.0%	9.0%
Large Cap Value		17.0%	8.8%
U.S. Small/Mid Cap Equity	12.0%		
Mid Cap Growth		4.0%	9.6%
Mid Cap Value		4.0%	9.3%
Small Cap Growth		2.0%	9.0%
Small Cap Value		2.0%	9.5%
International Developed Equity	16.0%		8.0%
Emerging Markets Equity	7.0%		10.5%
Global Fixed Income	<u>30.0%</u>		
Short-term Fixed Income		9.0%	3.1%
U. S. Taxable Core		18.0%	3.6%
Inflation Linked Securities		3.0%	<u>4.8%</u>
Total	<u>100.0%</u>		<u>7.3%</u>

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

5. Receivables

A. Real and Personal Property Taxes

Property tax revenues may be used to fund any general governmental services authorized by the Code of Virginia and the County Board. Property taxes levied by the County are not subject to any statutory maximum; however, a public hearing must be held prior to setting the current tax rate. The tax rate is set by the County Board in March or April and is applied to the assessed value as of January 1 of the calendar year. The assessed value of all classes of property approximates market value. January 1 is also the date an enforceable legal claim to the asset applies. Real Property taxes are due June 5th and December 5th in two equal installments. Installments due on June 5, 2020, are levied for fiscal year 2020 and, when unavailable in the current period, are reported as deferred inflows of resources. Installments due on December 5, 2020, are levied for fiscal year 2021 and, therefore, are unearned and reported as deferred inflows of resources.

Personal property taxes, which do not create a lien on property, are due on June 5th and levied for fiscal year 2020 on property with situs in the County as of January 1st. The County prorates personal property taxes levied on motor vehicles acquiring or losing situs after January 1.

The Personal Property Tax Relief Act of 1998 (PPTRA) provided for the Commonwealth to reimburse a portion of the personal property tax levied on the first \$20,000 of personal use cars, motorcycles and trucks. During the 2005 Special Session I, the Virginia General Assembly passed Senate Bill 5005. The bill provides for the Commonwealth to reimburse a portion of the tangible personal property tax levied based on a fixed relief amount. The fixed relief amount was capped at \$950,000,000 in total for all localities with the County's share capped at \$41,092,048, which the County received during the year ended June 30, 2020. The Commonwealth requires localities to record the revenue from PPTRA as received from other governments, not as property taxes.

B. Stormwater Utility Fees

Stormwater utility fees are billed to each property owner subject to the fee in the same manner as the real property tax. Stormwater utility fees are due June 5th and December 5th in two equal installments. Installments due on June 5, 2020, are levied for fiscal year 2020 and, when unavailable in the current period, are reported as deferred inflows of resources in the fund statements. Installments due on December 5, 2020, are levied for fiscal year 2021 and are reported as deferred inflows of resources in the fund statements and government-wide statements.

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

C. Receivables

Receivables at June 30, 2020, were as follows:

Governmental Activities		General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Taxes	\$ 230,833,689	\$ -	\$ 4,016,348	\$ 12,919	\$ 2,477,945	\$ -	\$ 233,311,634
Accounts	12,570,616	-	-	-	12,607,870	28,775	29,236,528
Interest	1,435,731	-	-	-	-	-	1,435,731
Special assessments	810,638	-	-	-	-	-	810,638
Commonwealth of Virginia	45,413,946	9,504,843	-	-	2,963,969	47,505	57,930,263
Federal government	25,718	10,954,009	-	-	1,455,551	36,364	12,471,642
Gross receivables	291,090,338	24,475,200	-	12,919	19,505,335	112,644	335,196,436
Less: Allowance for uncollectibles	(10,418,617)	-	-	-	(8,887,667)	-	(19,306,284)
Net receivables	\$ 280,671,721	\$ 24,475,200	\$ 12,919	\$ 10,617,668	\$ 112,644	\$ 315,890,152	

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Enterprise Funds		Total
			Funds	Total	
Accounts	\$ 10,516,179	\$ 8,957,212	\$ 45,269	\$ 19,518,660	
Interest	231,062	398,937	2,767	632,766	
Special assessments	56,350	259,986	-	316,336	
Commonwealth of Virginia	60,148	-	40,794	100,942	
Federal government	265,361	-	85,613	350,974	
Gross receivables	11,129,100	9,616,135	174,443	20,919,678	
Less: Allowance for uncollectibles	(375,562)	(335,390)	-	(710,952)	
Net receivables	\$ 10,753,538	\$ 9,280,745	\$ 174,443	\$ 20,208,726	

Component Unit

School Board

Accounts	\$ 973,400
Commonwealth of Virginia	5,623,947
Federal government	6,557,682
Gross receivables	\$ 13,155,029

Special assessments of \$46,272 and \$231,018, respectively, in the Water and Wastewater funds, in addition to \$161,148 of accrued interest on those special assessments in the Wastewater fund, are not expected to be collected within one year.

County of Chesterfield, Virginia
Notes to Financial Statements
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6. Payables

Payables at June 30, 2020, were as follows:

Governmental Activities

	General Fund	County Capital Projects Fund	School Capital Projects Fund	Other Governmental Funds	Internal Service Funds	Total
Vendors	\$ 6,247,946	\$ 17,522,232	\$ 12,768,924	\$ 5,160,071	\$ 2,264,136	\$ 43,963,309
Due to other governments	-	-	-	183,513	-	183,513
Wages and benefits	11,305,620	14,268	-	1,649,871	362,818	13,332,577
Retainages	-	2,979,975	6,314,258	32,982	-	9,327,215
Deposits	498,501	2,073,025	-	-	-	2,571,526
Total	<u>\$ 18,052,067</u>	<u>\$ 22,589,500</u>	<u>\$ 19,083,182</u>	<u>\$ 7,026,437</u>	<u>\$ 2,626,954</u>	<u>69,378,140</u>
				Accrued interest	10,689,280	
				Total per government-wide	<u>\$ 80,067,420</u>	

Business-type Activities

	Water Fund	Wastewater Fund	Non-major Enterprise Funds		Total
Vendors	\$ 5,809,074	\$ 2,527,201	\$ 138,451	\$ 8,474,726	
Wages and benefits	563,200	480,383	5,690	1,049,273	
Accrued interest	121,917	162,292	27,745	311,954	
Retainages	206,101	521,775	197,852	925,728	
Other	1,739,669	31,661	260,636	2,031,966	
Total	<u>\$ 8,439,961</u>	<u>\$ 3,723,312</u>	<u>\$ 630,374</u>	<u>\$ 12,793,647</u>	

Component Unit

	School Board
Vendors	\$ 10,372,770
Wages and benefits	51,367,186
Accrued interest	160,996
Total	<u>\$ 61,900,952</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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7. Reporting Entity - Internal Transactions

Internal receivable and payable balances at June 30, 2020, were as follows:

Fund	Internal Receivables	Internal Payables
Internal Receivables/Payables Other Funds		
Governmental Activities:		
General Fund	\$ -	\$ 238,398
Risk Management Fund	163,332	-
County Capital Projects Fund	14,995,997	-
Business-type Activities:		
Water Fund	24,313	-
Wastewater Fund	16,208	-
Non-major Economic Development Authority	34,545	14,995,997
Total primary government	<u>\$ 15,234,395</u>	<u>\$ 15,234,395</u>
Receivables/Payables Primary Government and Component Units		
Primary Government:		
General Fund	\$ -	\$ 91,021,010
Discretely Presented Component Unit:		
School Board	91,021,010	-
Total	<u>\$ 91,021,010</u>	<u>\$ 91,021,010</u>

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

County of Chesterfield, Virginia
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Transfers are used (1) to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) to use revenues collected in the General Fund to finance various grants, projects or programs accounted for in other funds in accordance with budgetary authorization and (3) to provide funding for capital expenditures or budgeted subsidies for operations. Interfund transfers in the fund financial statements during fiscal year 2020 were as follows:

Transfers In:

Governmental Funds

General Fund from:

Grants Fund	\$ 1,876,031
Mental Health Fund	<u>342,800</u>

County Capital Projects Fund from:

General Fund	25,492,049
Mental Health Fund	45,424
Grants Fund	28,107
Children's Services Fund	2,200
Risk Management Fund	9,900
Vehicle and Communications Fund	37,900
Water Fund	1,118,958
Wastewater Fund	2,446,590
Airport Fund	<u>1,800</u>

School Capital Projects Fund from:

County Capital Projects Fund	4,286,050
General Fund	<u>3,559,627</u>

Grants Fund from:

General Fund	1,125,242
Mental Health Fund	253,009
School Capital Projects Fund	<u>220,500</u>

Stormwater Fund from:

General Fund	395,189
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Children's Services Fund from:

General Fund	2,138,386
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Mental Health Fund from:

General Fund	12,223,000
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Proprietary Funds

Economic Development Authority from:

General Fund	3,175,000
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Airport Fund from:

General Fund	<u>1,777,151</u>
Total transfers in	<u>\$ 60,554,913</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

Transfers Out:

Governmental Funds

General Fund to:

County Capital Projects Fund	\$ 25,492,049
School Capital Projects Fund	3,559,627
Grants Fund	1,125,242
Children's Services Fund	2,138,386
Stormwater Fund	395,189
Mental Health Fund	12,223,000
Economic Development Authority	3,175,000
Airport Fund	<u>1,777,151</u>
	\$ 49,885,644

County Capital Projects Fund to:

School Capital Projects Fund	4,286,050
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School Capital Projects Fund to:

Grants Fund	220,500
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Grants Fund to:

General Fund	1,876,031
County Capital Projects Fund	<u>28,107</u>

1,904,138

Children's Services Fund to:

County Capital Projects Fund	2,200
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Mental Health Fund to:

General Fund	342,800
County Capital Projects Fund	45,424
Grants Fund	<u>253,009</u>

641,233

Risk Management Fund to:

County Capital Projects Fund	9,900
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Vehicle and Communications Maintenance Fund to:

County Capital Projects Fund	37,900
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Proprietary Funds

Airport Fund to:

County Capital Projects Fund	1,800
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Water Fund to:

County Capital Projects Fund	1,118,958
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Wastewater Fund to:

County Capital Projects Fund	<u>2,446,590</u>
Total transfers out	<u>\$ 60,554,913</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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8. Capital and Intangible Assets

A. Governmental Activities

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Capital assets, not being depreciated:				
Land	\$ 90,617,527	\$ 3,501,942	\$ 3,256,703	\$ 90,862,766
Construction in progress	<u>76,998,775</u>	<u>159,429,654</u>	<u>59,175,290</u>	<u>177,253,139</u>
Total assets, not being depreciated	<u>167,616,302</u>	<u>162,931,596</u>	<u>62,431,993</u>	<u>268,115,905</u>
Capital assets, being depreciated:				
Buildings	1,360,244,553	47,561,389	19,893,330	1,387,912,612
Improvements other than buildings	97,950,617	6,735,584	306,230	104,379,971
Machinery and equipment	194,746,420	13,892,210	6,376,059	202,262,571
Infrastructure	<u>40,417,408</u>	<u>1,193,622</u>	<u>-</u>	<u>41,611,030</u>
Total at historical cost	<u>1,693,358,998</u>	<u>69,382,805</u>	<u>26,575,619</u>	<u>1,736,166,184</u>
Less accumulated depreciation for:				
Buildings	496,524,490	27,675,685	13,744,224	510,455,951
Improvements other than buildings	56,106,252	4,204,866	205,655	60,105,463
Machinery and equipment	128,203,368	12,821,825	5,912,456	135,112,737
Infrastructure	<u>12,031,138</u>	<u>595,053</u>	<u>-</u>	<u>12,626,191</u>
Total accumulated depreciation	<u>692,865,248</u>	<u>45,297,429</u>	<u>19,862,335</u>	<u>718,300,342</u>
Total capital assets, being depreciated, net	<u>1,000,493,750</u>	<u>24,085,376</u>	<u>6,713,284</u>	<u>1,017,865,842</u>
Governmental activities capital assets, net	<u>\$ 1,168,110,052</u>	<u>\$ 187,016,972</u>	<u>\$ 69,145,277</u>	<u>\$ 1,285,981,747</u>

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

Governmental activities capital assets, net of accumulated depreciation at June 30, 2020, are comprised of the following:

General capital assets, net	\$ 1,278,893,538
Internal Service Funds capital assets, net	<u>7,088,209</u>
Total	<u>\$ 1,285,981,747</u>

County of Chesterfield, Virginia
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Depreciation expense was charged to the following functions:

General government	\$ 3,084,539
Administration of justice	1,191,635
Public safety	10,366,208
Public works	1,580,882
Health and welfare	1,512,011
Education - School Board	20,729,499
Parks, recreation and cultural	4,719,225
Community development	385,240
Capital assets held by the County's Internal Service Funds are charged to the various functions based on their usage of the assets	<u>1,728,190</u>
Total depreciation expense	<u>\$ 45,297,429</u>

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

Function	Committed at June 30, 2020
General government	\$ 4,828,082
Administration of justice	1,175,018
Public safety	79,324,808
Public works	3,903,971
Health and welfare	608,076
Parks, recreation and cultural	35,398,791
Education - School Board	149,498,501
Community development	<u>1,675,909</u>
Total construction in progress commitments	<u>\$ 276,413,156</u>

County of Chesterfield, Virginia
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June 30, 2020

B. Business-type Activities

Intangible and capital asset activity for the year ended June 30, 2020, was as follows:

Water Fund	Balance	July 1, 2019	Increases	Decreases	Balance
		\$	\$	\$	\$
Intangible assets:					
Capacity rights, net of amortization	\$ 68,119,583	\$ 1,317,506	\$ 2,352,956	\$ 67,084,133	
Capital assets, not being depreciated:					
Land	7,730,572	1,928,016	300	9,658,288	
Construction in progress	7,737,709	6,743,839	4,759,170	9,722,378	
Total assets, not being depreciated	15,468,281	8,671,855	4,759,470	19,380,666	
Capital assets, being depreciated:					
Buildings	67,997,676	407,788	-	68,405,464	
Improvements other than buildings	9,042,718	32,579	-	9,075,297	
Machinery and equipment	493,060,777	21,610,875	570,273	514,101,379	
Totals at historical cost	570,101,171	22,051,242	570,273	591,582,140	
Less accumulated depreciation for:					
Buildings	25,494,086	1,581,431	-	27,075,517	
Improvements other than buildings	6,129,508	268,312	-	6,397,820	
Machinery and equipment	188,506,165	10,897,442	505,133	198,898,474	
Total accumulated depreciation	220,129,759	12,747,185	505,133	232,371,811	
Total capital assets, being depreciated, net	349,971,412	9,304,057	65,140	359,210,329	
Water capital and intangible assets, net	\$ 433,559,276	\$ 19,293,418	\$ 7,177,566	\$ 445,675,128	

Wastewater Fund	Balance	July 1, 2019	Increases	Decreases	Balance
		\$	\$	\$	\$
Intangible assets:					
Capacity rights, net of amortization	\$ 2,020,906	\$ -	\$ 118,877	\$ 1,902,029	
Capital assets, not being depreciated:					
Land	3,543,335	314,677	200	3,857,812	
Construction in progress	9,796,084	11,048,814	3,674,884	17,170,014	
Total assets, not being depreciated	13,339,419	11,363,491	3,675,084	21,027,826	
Capital assets, being depreciated:					
Buildings	146,008,651	114,040	-	146,122,691	
Improvements other than buildings	19,212,256	-	-	19,212,256	
Machinery and equipment	553,688,218	18,465,454	165,140	571,988,532	
Totals at historical cost	718,909,125	18,579,494	165,140	737,323,479	
Less accumulated depreciation for:					
Buildings	62,894,995	3,261,311	-	66,156,306	
Improvements other than buildings	9,391,397	498,649	-	9,890,046	
Machinery and equipment	249,838,010	14,726,389	161,243	264,403,156	
Total accumulated depreciation	322,124,402	18,486,349	161,243	340,449,508	
Total capital assets, being depreciated, net	396,784,723	93,145	3,897	396,873,971	
Wastewater capital and intangible assets, net	\$ 412,145,048	\$ 11,456,636	\$ 3,797,858	\$ 419,803,826	

County of Chesterfield, Virginia
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	Balance			Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Non-major				
Capital assets, not being depreciated:				
Land and improvements	\$ 12,971,401	\$ 3,532,022	\$ 1,348,189	\$ 15,155,234
Construction in progress	1,841,552	3,450,241	4,908,993	382,800
Total assets, not being depreciated	<u>14,812,953</u>	<u>6,982,263</u>	<u>6,257,182</u>	<u>15,538,034</u>
Capital assets, being depreciated:				
Buildings	7,576,782	364,130	-	7,940,912
Improvements other than buildings	26,911,923	2,028,903	-	28,940,826
Machinery and equipment	1,877,763	2,100,042	-	3,977,805
Infrastructure	6,159,269	-	-	6,159,269
Totals at historical cost	<u>42,525,737</u>	<u>4,493,075</u>	<u>-</u>	<u>47,018,812</u>
Less accumulated depreciation for:				
Buildings	3,492,234	149,548	-	3,641,782
Improvements other than buildings	18,382,616	1,077,524	-	19,460,140
Machinery and equipment	1,148,397	96,636	-	1,245,033
Infrastructure	1,036,294	256,007	-	1,292,301
Total accumulated depreciation	<u>24,059,541</u>	<u>1,579,715</u>	<u>-</u>	<u>25,639,256</u>
Total capital assets, being depreciated, net	<u>18,466,196</u>	<u>2,913,360</u>	<u>-</u>	<u>21,379,556</u>
Non-major business-type activities capital assets, net	<u>\$ 33,279,149</u>	<u>\$ 9,895,623</u>	<u>\$ 6,257,182</u>	<u>\$ 36,917,590</u>

	Balance			Balance
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2020</u>
Total Business-type Activities				
Intangible assets:				
Capacity rights, net of amortization	\$ 70,140,489	\$ 1,317,506	\$ 2,471,833	\$ 68,986,162
Capital assets, not being depreciated:				
Land	24,245,308	5,774,715	1,348,689	28,671,334
Construction in progress	19,375,345	21,242,894	13,343,047	27,275,192
Total assets, not being depreciated	<u>43,620,653</u>	<u>27,017,609</u>	<u>14,691,736</u>	<u>55,946,526</u>
Capital assets, being depreciated:				
Buildings	221,583,109	885,958	-	222,469,067
Improvements other than buildings	55,166,897	2,061,482	-	57,228,379
Machinery and equipment	1,048,626,758	42,176,371	735,413	1,090,067,716
Infrastructure	6,159,269	-	-	6,159,269
Totals at historical cost	<u>1,331,536,033</u>	<u>45,123,811</u>	<u>735,413</u>	<u>1,375,924,431</u>
Less accumulated depreciation for:				
Buildings	91,881,315	4,992,290	-	96,873,605
Improvements other than buildings	33,903,521	1,844,485	-	35,748,006
Machinery and equipment	439,492,572	25,720,467	666,376	464,546,663
Infrastructure	1,036,294	256,007	-	1,292,301
Total accumulated depreciation	<u>566,313,702</u>	<u>32,813,249</u>	<u>666,376</u>	<u>598,460,575</u>
Total capital assets, being depreciated, net	<u>765,222,331</u>	<u>12,310,562</u>	<u>69,037</u>	<u>777,463,856</u>
Total business-type activities capital and intangible assets, net	<u>\$ 878,983,473</u>	<u>\$ 40,645,677</u>	<u>\$ 17,232,606</u>	<u>\$ 902,396,544</u>

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

Water	\$ 2,352,956
Wastewater	118,877
Total amortization expense	<u>\$ 2,471,833</u>
Water	\$ 12,747,185
Wastewater	18,486,349
Non-major funds	1,579,715
Total depreciation expense	<u>\$ 32,813,249</u>

C. Component Unit - School Board

Capital asset activity for the year ended June 30, 2020, for the School Board component unit was as follows:

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 139,734	\$ -	\$ 139,734
Capital assets, being depreciated:				
Machinery and equipment				
Historical cost	130,498,994	15,562,884	4,901,581	141,160,297
Less accumulated depreciation	<u>80,438,802</u>	<u>12,744,752</u>	<u>4,407,419</u>	<u>88,776,135</u>
Total capital assets, being depreciated, net	<u>50,060,192</u>	<u>2,818,132</u>	<u>494,162</u>	<u>52,384,162</u>
School Board capital assets, net	<u><u>\$ 50,060,192</u></u>	<u><u>\$ 2,957,866</u></u>	<u><u>\$ 494,162</u></u>	<u><u>\$ 52,523,896</u></u>

Current year depreciation on capital assets of the School Board was \$12,744,752.

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9. Long-term Obligations

A. General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities of the primary government and including those used by the School Board component unit. The 2013 voter-approved bond referendum authorized \$353,000,000 in bonds to be issued in two major project categories. \$65,170,000 of this authorization remained at June 30, 2020. General obligation bonds are direct obligations and pledge the full faith and credit of the County. The general obligation bonds are payable from the General Fund. In the event of default on payment of principal or interest on these bonds and upon the affidavit of any bond owner or any paying agent of the bonds, the Governor must take certain actions through the State Aid Intercept Program. These actions could include directing the Comptroller of the Commonwealth to withhold its payments to the County until such default is cured. At June 30, 2020, general obligation bonds offered for public sale were outstanding as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
General Obligation Bonds				
2002B School, due 2023	\$ 23,950,000	4.60 - 4.85%	\$ 1,195,000	\$ 3,585,000
2011A School, due 2032	15,630,000	4.05 - 5.05%	780,000	9,360,000
2012 General Improvement & Refunding, due 2032	67,495,000	2.50 - 5.00%	895,000 - 7,735,000	35,505,000
2012B School, due 2033	18,595,000	3.05 - 5.05%	925,000 - 930,000	12,085,000
2013A School, due 2034	18,305,000	3.05 - 5.05%	915,000	12,810,000
2014 General Improvement & Refunding, due 2034	60,645,000	3.50 - 5.00%	725,000 - 4,275,000	23,120,000
2015 General Improvement & Refunding, due 2035	92,110,000	3.00 - 5.00%	1,730,000 - 11,930,000	77,855,000
2016 General Improvement & Refunding, due 2036	86,480,000	2.125 - 5.00%	2,095,000 - 5,370,000	64,090,000
2017B General Improvement, due 2037	82,270,000	3.00 - 5.00%	4,110,000 - 4,115,000	69,925,000
2018A General Improvement, due 2038	51,450,000	3.00 - 5.00%	2,570,000 - 2,575,000	46,300,000
2018B School, due 2039	13,735,000	3.55 - 5.05%	685,000 - 690,000	13,045,000
2019A General Improvement, due 2039	69,925,000	2.50 - 5.00%	3,495,000 - 3,500,000	66,425,000
2020A School, due 2041	38,340,000	2.90%	1,915,000 - 1,920,000	38,340,000
Total general obligation bonds			472,445,000	
Add: Premium			39,326,898	
Net general obligation bonds			<u>\$ 511,771,898</u>	

County of Chesterfield, Virginia
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Annual debt service requirements to maturity for general obligation bonds are as follows:

Year Ending	General Obligation Bonds			
	June 30	Principal	Interest	Total
2021	\$ 37,080,000	\$ 19,072,865	\$ 56,152,865	
2022	39,150,000	17,523,639	56,673,639	
2023	39,155,000	15,650,243	54,805,243	
2024	37,990,000	13,811,128	51,801,128	
2025	38,025,000	12,029,090	50,054,090	
2026-2030	139,080,000	38,563,468	177,643,468	
2031-2035	95,730,000	15,715,795	111,445,795	
2036-2040	44,320,000	3,185,896	47,505,896	
2041	1,915,000	27,768	1,942,768	
Total	\$ 472,445,000	\$ 135,579,892	\$ 608,024,892	

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

Year Ending	Schedule of Expected Interest Credits				
	June 30	2002B	2011A	2012B	Total
2021	\$ 62,345	\$ 31,525	\$ 44,425	\$ 138,295	
2022	60,331	30,525	43,425	134,281	
2023	58,541	54,525	42,425	155,491	
2024	-	52,275	46,425	98,700	
2025	-	55,025	45,175	100,200	
2026-2030	-	257,125	219,275	476,400	
2031-2033	-	109,325	130,075	239,400	
Total	\$ 181,217	\$ 590,325	\$ 571,225	\$ 1,342,767	

County of Chesterfield, Virginia
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B. Revenue Bonds

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

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

Revenue bonds outstanding at June 30, 2020, are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Amount Outstanding</u>
Governmental Activities				
2019 EDA Public Facility Revenue Bonds, due 2039	\$ 45,705,000	3.00 - 5.00%	\$2,285,000	\$ 43,415,000
Add: Premium				5,282,696
Net governmental-type activities				48,697,696
Business-type Activities				
Major Enterprise Funds				
2016 Water and Sewer, due 2027	\$ 53,695,000	5.00%	\$2,005,000 - 6,315,000	34,105,000
Add: Premium				3,738,457
Net business-type activities				37,843,457
Total revenue bonds				\$ 86,541,153

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

	<u>Water</u>	<u>Wastewater</u>	<u>Total</u>
Total revenue bonds	\$ 14,630,000	\$ 19,475,000	\$ 34,105,000
Net revenue bonds	15,952,772	21,890,685	37,843,457

County of Chesterfield, Virginia
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Debt service requirements to maturity for the revenue bonds are as follows:

Year Ending	Governmental Activities			Business-type Activities		
	June 30	Principal	Interest	Total	Principal	Interest
2021	\$ 2,285,000	\$ 1,759,450	\$ 4,044,450	\$ 5,425,000	\$ 1,569,625	\$ 6,994,625
2022	2,285,000	1,645,200	3,930,200	5,710,000	1,291,250	7,001,250
2023	2,285,000	1,530,950	3,815,950	6,000,000	998,500	6,998,500
2024	2,285,000	1,416,700	3,701,700	6,315,000	690,625	7,005,625
2025	2,285,000	1,302,450	3,587,450	5,365,000	398,625	5,763,625
2026-2030	11,425,000	4,798,500	16,223,500	5,290,000	232,500	5,522,500
2031-2035	11,425,000	2,422,100	13,847,100	-	-	-
2036-2039	9,140,000	685,500	9,825,500	-	-	-
Total	<u>\$ 43,415,000</u>	<u>\$ 15,560,850</u>	<u>\$ 58,975,850</u>	<u>\$ 34,105,000</u>	<u>\$ 5,181,125</u>	<u>\$ 39,286,125</u>

C. Support Agreements

In accordance with the Support Agreement, the EDA issued bonds to finance construction projects for the infrastructure improvements at the Meadowville Technology Park. In the event of default and the written request of the bond holders of 25% or greater of the outstanding principal amount of bonds, the trustee of the bonds may declare the entire unpaid principal and interest amounts of the bonds as due and payable.

The General Fund is responsible for the following revenue bonds outstanding at June 30, 2020:

Primary Government	Original	Interest	Annual	Principal	Amount
	Issue				
2005 Economic Development, due 2025	\$ 18,120,000	variable	\$ 970,000 - 1,020,000	\$ 4,980,000	
2010 Taxable Recovery Zone, Economic Development, due 2030	8,345,000	3.933 - 5.265%	415,000		4,150,000
Total bonds under support agreements					<u>\$ 9,130,000</u>

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

Year Ending	Primary Government		
	Non-major Enterprise funds		
June 30	Principal	Interest ^{(1) (2)}	Total
2021	\$ 1,385,000	\$ 219,055	\$ 1,604,055
2022	1,400,000	198,285	1,598,285
2023	1,415,000	176,825	1,591,825
2024	1,420,000	154,502	1,574,502
2025	1,435,000	131,491	1,566,491
2026-2030	2,075,000	327,746	2,402,746
Total	<u>\$ 9,130,000</u>	<u>\$ 1,207,904</u>	<u>\$ 10,337,904</u>

⁽¹⁾ Interest estimated using rate in effect as of June 30, 2020.

⁽²⁾ Interest for 2010B Recovery Zone Revenue Bonds has not been adjusted for 45% U. S. Treasury cash subsidy payment.

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D. Special Subfund Revenue Bonds

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

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

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

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

The County has a moral obligation to appropriate and pay the amounts due for subfund revenue bonds issued by the VRA from the General Fund. In the event of default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment. Amounts outstanding as of June 30, 2020 for the Special Subfund Revenue Bonds are:

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	Original Issue Amount	Interest Rates	Annual Principal Requirements	Amount Outstanding
Governmental Activities				
2016A Virginia Resource Authority, due 2037	\$19,760,324	3.807 - 5.125%	\$330,000 - 2,034,203	\$ 15,142,649
2017A Virginia Resource Authority, due 2037	6,550,000	3.125 - 5.125%	245,000 - 475,000	6,090,000
2017B Virginia Resource Authority, due 2037	7,185,000	3.125 - 5.125%	375,000 - 380,000	6,430,000
2017C Virginia Resource Authority, due 2037	2,675,000	3.125 - 5.125%	140,000 - 145,000	2,395,000
2018A Virginia Resource Authority, due 2039	14,775,000	4.125 - 5.125%	735,000 - 740,000	14,035,000
2018B Virginia Resource Authority, due 2039	4,710,000	3.156 - 4.407%	235,000 - 240,000	<u>4,470,000</u>
Total governmental special subfund revenue bonds				48,562,649
Add: Premium				4,632,055
Less: Discount				<u>(31,322)</u>
Net governmental activities.				<u>53,163,382</u>
Business-type Activities				
2016A Virginia Resource Authority due 2028	\$ 44,676	4.476 - 5.125%	\$ 2,618 - 5,797	32,351
Add: Premium				<u>3,682</u>
Net business-type activities				<u>36,033</u>
Total special subfund revenue bonds				<u>\$ 53,199,415</u>

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

Year Ending <u>June 30</u>	<u>Primary Government</u>					
	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 3,540,036	\$ 2,147,899	\$ 5,687,935	\$ 4,964	\$ 1,497	\$ 6,461
2022	3,535,053	1,974,757	5,509,810	4,947	1,243	6,190
2023	3,266,039	1,806,552	5,072,591	3,961	1,014	4,975
2024	3,505,274	1,638,933	5,144,207	4,726	792	5,518
2025	3,829,203	1,454,966	5,284,169	5,797	335	6,132
2026-2030	13,202,044	5,114,452	18,316,496	7,956	736	8,692
2031-2035	11,180,000	2,443,653	13,623,653	-	-	-
2036-2040	<u>6,505,000</u>	<u>415,478</u>	<u>6,920,478</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,562,649</u>	<u>\$ 16,996,690</u>	<u>\$ 65,559,339</u>	<u>\$ 32,351</u>	<u>\$ 5,617</u>	<u>\$ 37,968</u>

E. Public Facility Lease Revenue Bonds and Certificates of Participation

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

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

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

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

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

Amounts outstanding as of June 30, 2020 on the Certificates of Participation are as follows:

		Original Issue <u>Amount</u>	Interest <u>Rates</u>	Annual		<u>Amount Outstanding</u>
				<u>Principal Requirements</u>	<u>Principal</u>	
Governmental Activities						
2012 Certificates of Participation -						
Refunding, due 2025	\$	19,011,905	4.00 - 5.00%	\$327,211 - 2,377,090	\$	8,565,222
Add: Premium						357,469
Net governmental activities						<u>8,922,691</u>
Business-type Activities						
2012 Certificates of Participation -						
Refunding, due 2025	\$	743,095	4.00 - 5.00%	\$ 12,789 - 92,910		334,778
Add: Premium						14,236
Net business-type activities						<u>349,014</u>
Total public facility lease revenue bonds and certificates of participation						\$ 9,271,705

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

Year Ending	Primary Government					
	Governmental Activities			Business-Type Activities		
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 2,357,842	\$ 350,645	\$ 2,708,487	\$ 92,158	\$ 13,705	\$ 105,863
2022	2,377,090	232,271	2,609,361	92,910	9,079	101,989
2023	1,963,264	123,763	2,087,027	76,736	4,837	81,573
2024	1,539,815	43,885	1,583,700	60,185	1,715	61,900
2025	327,211	6,544	333,755	12,789	256	13,045
Total	<u>\$ 8,565,222</u>	<u>\$ 757,108</u>	<u>\$ 9,322,330</u>	<u>\$ 334,778</u>	<u>\$ 29,592</u>	<u>\$ 364,370</u>

F. Direct Borrowings

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

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or amount, sufficient to pay, when due, the principal of and interest on the Series 2017A Bond to the extent other funds of the County are not lawfully available and appropriated for such purpose. The County must notify the lender within 30 days if an event of taxability occurs that impacts the tax-exempt status of the loan and the interest rate will be adjusted to a taxable rate retroactive to the date of taxability.

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

In December 2014, the County refinanced the remaining balance of its 2004 Note that was used to acquire the former Cloverleaf Mall property (see Note 3.B.) with a private lender. The County's obligation under this agreement is limited to the annual appropriation of debt service in the adopted budget and the establishment of a debt service reserve fund which is held with a security interest by the lender. In the event of default, the lender may, by notice, declare the entire unpaid balance as due and payable.

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

Direct borrowings as of June 30, 2020 are as follows:

	<u>Original Issue Amount</u>	<u>Interest Rates</u>	<u>Annual Principal Requirements</u>	<u>Total Outstanding</u>
Governmental Activities				
2014A Taxable Revenue Note, due 2021	\$ 16,596,199	3.65%	\$6,545,637	\$ 6,545,637
2017A General Obligation Refunding				
Bond, due 2022	20,224,000	1.57	721,000 - 3,850,000	4,571,000
2019 EDA Tax Exempt Revenue Bond, due 2032	15,000,000	2.35	691,000 - 1,459,000	15,000,000
Chester Arts Community Center, due 2032	6,899,800	3.09	459,987	5,519,842
Total governmental activities				\$ 31,636,479

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

Year Ending	Governmental Activities			
	June 30	Principal	Interest	Total
2021	\$ 12,008,623	\$ 693,631	\$ 12,702,254	
2022	2,361,986	472,090	2,834,076	
2023	1,668,987	418,474	2,087,461	
2024	1,697,987	375,509	2,073,496	
2025	1,726,987	331,861	2,058,848	
2026-2030	9,101,935	979,568	10,081,503	
2031-2035	3,069,974	69,946	3,139,920	
Total	<u>\$ 31,636,479</u>	<u>\$ 3,341,079</u>	<u>\$ 34,977,558</u>	

G. Capital Leases - School Board

The School Board has acquired equipment under capital lease arrangements. Capital leases are liquidated by the School Operating Fund. In the event of default, the lessor may declare the entire unpaid principal of and interest on the leases due and payable or take repossession of the leased equipment. Amounts outstanding as of June 30, 2020 are as follows:

	Original Issue Amount	Interest Rates	Annual Principal Requirements		Amount Outstanding
			Principal	Requirements	
School buses	\$ 8,649,800	1.69%	\$ 652,238	- 1,288,109	\$ 3,206,938
Chromebooks	10,374,435	5.35 - 6.64		3,122,935	3,122,935
Total School Board capital leases					<u>\$ 6,329,873</u>

Future minimum lease payments at June 30, 2020 for these capital leases are as follows:

Year Ending	Component Unit		
	School Board		
June 30	Principal	Interest	Total
2021	\$ 4,389,526	\$ 196,351	\$ 4,585,877
2022	1,288,109	27,402	1,315,511
2023	652,238	5,517	657,755
Total	<u>\$ 6,329,873</u>	<u>\$ 229,270</u>	<u>\$ 6,559,143</u>

H. Airport Revolving Loan

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

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default, the lender may provide prompt, written notice declaring the entire unpaid balance as due and payable. The lender also has the option of applying to the State Aid Intercept Program and request that the Commonwealth withholds its payments to the County to be applied to the defaulted amount as a cure for nonpayment.

As of June 30, 2020, \$1,753,700 remained outstanding on the loan and \$24,671 of interest had been accrued. Projected future debt service payments on the full amount of the loan are as follows:

Year Ending	Business-type Activities			
	June 30	Principal	Interest	
2021	\$ 92,300	\$ 49,310	\$ 141,610	
2022	92,300	46,685	138,985	
2023	92,300	44,092	136,392	
2024	92,300	41,498	133,798	
2025	92,300	38,904	131,204	
2026-2030	461,500	129,681	591,181	
2031-2035	461,500	103,745	565,245	
2036-2039	369,200	38,905	408,105	
Total	\$ 1,753,700	\$ 492,820	\$ 2,246,520	

I. Compensated Absences Payable

The County recorded a liability for compensated absences in the Statement of Net Position of the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The governmental activities of the primary government recorded \$24,200,774 and \$3,486,673 for accrued vacation and sick leave benefits, respectively, and the business-type activities of the primary government recorded \$1,500,427 and \$360,917 for accrued vacation and sick leave benefits, respectively. The School Board component unit recorded \$14,671,381 and \$6,970,081 for accrued vacation/personal leave and sick leave benefits, respectively. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

J. Judgments and Claims

The County recorded a liability for workers' compensation claims in the government-wide statements for the primary government and the School Board component unit and in the fund financial statements of the proprietary funds. The workers' compensation liability recorded is \$6,155,219 for the governmental activities of the primary government, \$623,052 for the business-type activities of the primary government and \$5,575,875 for the School Board component unit. A liability of \$2,133,181 has been recorded for judgment and claims in the Risk Management Fund. These liabilities consist of a) liabilities for claims incurred, reported and outstanding as of June 30, 2020, and b) liabilities for claims incurred but not reported as of June 30, 2020. These liabilities have been estimated based upon a case-by-case review, investigation and historical experience. Payments for workers' compensation liabilities are recorded as a charge to the fund that incurred the liability. Judgments and claims recorded in the Risk Management Fund are payable from the Risk Management Fund.

Effective January 1, 2014, the County and School Board began participating in a self-insured health care program covering medical and prescription drug costs. Medical and drug claims that exceed \$300,000 per member are covered by specific excess risk insurance. Additionally, claims in the aggregate that exceed 125% of expected medical and drug claims are covered by aggregate excess risk insurance. Claims paid by the third party claims administrator, but not reimbursed by the County as of June 30, 2020, are reported as accounts payable in the Healthcare Fund. An estimate of claims

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incurred but not reported as of June 30, 2020 is reported as a current claims liability in the Healthcare Fund in the amount of \$8,653,000.

The County has recorded an arbitrage yield reduction liability of \$9,429 in the Statement of Net Position of the government-wide statements for the primary government. The liability is payable from the General Fund.

In October 1991, the U. S. Environmental Protection Agency (EPA) issued a rule establishing municipal solid waste landfills (MSWLF) closure requirements for all MSWLF's that accepted solid waste after October 9, 1991 and postclosure requirements for all MSWLF's that accepted solid waste after October 9, 1993. The County operated one landfill, which was closed on October 8, 1993, and completed the final cover during fiscal year 1995. The County has met the Commonwealth's ten-year requirement to perform maintenance and monitoring postclosure functions at the site and has applied for certification from the Commonwealth to release it from further maintenance and monitoring requirements. The County anticipates it will incur an additional postclosure care liability of \$594,623 at June 30, 2020. This amount represents the estimated total current cost of landfill postclosure care for an additional ten years, based on the use of 100 percent of the estimated capacity of the landfill. Actual costs may be higher due to inflation, changes in technology or changes in regulations. Actual costs may be lower if the County is released from postclosure maintenance and monitoring by the Commonwealth. Payments for this liability will be recorded as a charge to the General Fund. The County is not required by state and federal laws or regulations to make annual contributions to a trust to finance postclosure care. The County expects to pay additional postclosure care cost from the General Fund with charges to users of the County's solid waste transfer stations, General Fund tax revenue and/or General Fund assigned fund balance.

GAAP requires that the County estimate the financial liabilities associated with pollution remediation obligations when certain obligating events occur. One such obligating event is being named by a regulator as a potentially responsible party for remediation. The U.S. Department of Interior National Park Service (NPS) has named the County as a Primary Responsible Party (PRP) for cleanup efforts for a landfill site that was closed in 1972 and subsequently transferred to the NPS by the County. As a current owner of the landfill site, the NPS is also a potentially responsible party, with the liability for paying for the costs of cleanup. In December 2015, an Engineering Evaluation and Cost Analysis report was released by the NPS estimating the future cost of cleanup. In January 2016, the County received a cost package summarizing the response costs incurred by the NPS to date. However, neither document apportions liability between the NPS and the County. Therefore, as of June 30, 2020, the County's portion of the liability of the shared costs of cleanup is not reasonably estimable.

K. Net Pension Liabilities

As required by GAAP, a long-term liability has been recorded for the VRS Plan, the County Supplemental Retirement Plan and the School Board Supplemental Retirement Program for the cumulative difference between the total pension liabilities and fiduciary net position as of the measurement date. The governmental activities of the primary government recorded net pension liabilities of \$178,275,181 for the VRS Local Plan and \$3,156,662 for the County Supplemental Retirement Plan. The business-type activities of the primary government recorded net pension liabilities of \$8,135,835 the VRS Local Plan. The School Board component unit recorded net pension liabilities of \$16,290,927 and \$490,735,218 for the VRS Local and Teachers' Pool Plans and \$40,903,920 for the School Board Supplemental Retirement Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

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L. Other Postemployment Benefits Liabilities

As required by GAAP, a long-term liability has been recorded for the County and Schools OPEB - Retiree Healthcare, the County Line of Duty Plan, the County and Schools VRS Group Life Insurance Plan and the Schools VRS cost-sharing Teachers' Pool Health Insurance Credit Program for the cumulative difference between the total OPEB liabilities and fiduciary net position as of the measurement date. The governmental activities of the primary government recorded net OPEB liabilities of \$53,792,704 for OPEB-Retiree Healthcare, \$5,102,408 for OPEB-Line of Duty, and \$14,970,174 for the County's share of VRS cost-sharing Group Life Insurance Plan. The business-type activities of the primary government recorded net OPEB liabilities of \$5,202,195 for OPEB-Retiree Healthcare and \$1,175,398 for the County's share of VRS cost-sharing Group Life Insurance Plan. The School Board component unit recorded net OPEB liabilities of \$158,649,359 for OPEB-Retiree Healthcare, \$27,759,209 for the School Board's share of VRS cost-sharing Group Life Insurance Plan, and \$48,819,247 for the School Board's share of the VRS cost-sharing Teachers' Pool Health Insurance Credit Program. Payments for these liabilities are recorded as a charge to the fund that incurred the liability.

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M. Changes in Long-term Obligations

The following is a summary of long-term obligation transactions for the year ended June 30, 2020:

Governmental Activities	Balance			Balance	Amounts Due Within One Year
	July 1, 2019	Increases	Decreases	June 30, 2020	
General obligation bonds	\$ 403,305,000	\$ 108,265,000	\$ 39,125,000	\$ 472,445,000	\$ 37,080,000
Add: Premium	37,284,980	8,606,418	6,564,500	39,326,898	6,444,634
Net bonds payable	440,589,980	116,871,418	45,689,500	511,771,898	43,524,634
Revenue bonds payable	-	45,705,000	2,290,000	43,415,000	2,285,000
Add: Premium	-	5,703,346	420,650	5,282,696	534,686
Net bonds payable	-	51,408,346	2,710,650	48,697,696	2,819,686
Subfund revenue bonds	52,087,685	-	3,525,036	48,562,649	3,540,036
Add: Premium	5,373,303	-	741,248	4,632,055	672,182
Less: Discount	(34,757)	3,435	-	(31,322)	(3,253)
Net subfund revenue bonds payable	57,426,231	3,435	4,266,284	53,163,382	4,208,965
Certificates of participation	10,899,004	-	2,333,782	8,565,222	2,357,842
Add: Premium	578,989	-	221,520	357,469	165,747
Net certificates of participation	11,477,993	-	2,555,302	8,922,691	2,523,589
Public facility lease	800,000	-	800,000	-	-
Add: Premium	2,338	-	2,338	-	-
Net public facility lease	802,338	-	802,338	-	-
Direct borrowings	36,335,032	-	4,698,553	31,636,479	12,008,623
Support and other agreements - EDA	10,500,000	-	1,370,000	9,130,000	1,385,000
Total bonds, leases and loans	557,131,574	168,283,199	62,092,627	663,322,146	66,470,497
Other liabilities:					
Compensated absences	24,102,925	6,008,070	2,423,548	27,687,447	2,716,696
Judgments and claims:					
Workers' compensation					
and risk claims	9,995,154	204,991	1,911,745	8,288,400	4,390,779
Healthcare claims	9,707,000	-	1,054,000	8,653,000	8,653,000
Landfill	1,235,697	-	641,074	594,623	113,210
Arbitrage	3,726	5,703	-	9,429	-
Total judgements and claims	20,941,577	210,694	3,606,819	17,545,452	13,156,989
Net pension liabilities	147,969,925	33,461,918	-	181,431,843	-
Net other postemployment benefits obligations	76,726,018	1,208,221	4,068,953	73,865,286	-
Total other liabilities	269,740,445	40,888,903	10,099,320	300,530,028	15,873,685
Total long-term liabilities	\$ 826,872,019	\$ 209,172,102	\$ 72,191,947	\$ 963,852,174	\$ 82,344,182

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for these funds are included as part of the above totals for governmental activities. At year end, \$557,985 for compensated absences, \$10,797,944 for judgments and claims, \$3,293,316 for net pension liabilities, and \$1,763,201 for net OPEB liabilities for internal service funds are included in the above amounts. Except for the amounts for internal service funds, the long-term liabilities for governmental activities are generally liquidated by the General Fund.

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Business-type Activities	Balance			Balance		Amounts Due Within One Year
	July 1, 2019	Increases	Decreases	June 30, 2020		
Water Fund						
Revenue bonds payable	\$ 17,355,000	\$ -	\$ 2,725,000	\$ 14,630,000	\$ 2,865,000	
Add: Premium	1,916,169	-	593,395	1,322,774	489,686	
Net bonds payable	<u>19,271,169</u>	<u>-</u>	<u>3,318,395</u>	<u>15,952,774</u>	<u>3,354,686</u>	
Other liabilities:						
Compensated absences	801,666	191,170	70,867	921,969	99,177	
Judgments and claims	805,740	-	307,119	498,621	200,730	
Net pension liabilities	3,502,621	646,594	-	4,149,215	-	
Net other postemployment benefits obligations	3,049,157	90,554	244,170	2,895,541	-	
Total other liabilities	8,159,184	928,318	622,156	8,465,346	299,907	
Total long-term liabilities	<u>27,430,353</u>	<u>928,318</u>	<u>3,940,551</u>	<u>24,418,120</u>	<u>3,654,593</u>	
Wastewater Fund						
Revenue bonds payable	21,910,000	-	2,435,000	19,475,000	2,560,000	
Add: Premium	3,151,079	-	735,394	2,415,685	646,635	
Net bonds payable	<u>25,061,079</u>	<u>-</u>	<u>3,170,394</u>	<u>21,890,685</u>	<u>3,206,635</u>	
Other liabilities:						
Compensated absences	825,713	159,478	70,304	914,887	96,979	
Judgments and claims	69,699	54,732	-	124,431	50,092	
Net pension liabilities	3,250,139	617,789	-	3,867,928	-	
Net other postemployment benefits obligations	3,533,355	90,812	239,716	3,384,451	-	
Total other liabilities	7,678,906	922,811	310,020	8,291,697	147,071	
Total long-term liabilities	<u>32,739,985</u>	<u>922,811</u>	<u>3,480,414</u>	<u>30,182,382</u>	<u>3,353,706</u>	
Non-major						
Certificates of participation	425,997	-	91,219	334,778	92,158	
Add: Premium	23,058	-	8,822	14,236	6,600	
Net certificates of participation	<u>449,055</u>	<u>-</u>	<u>100,041</u>	<u>349,014</u>	<u>98,758</u>	
Subfund revenue bonds	37,315	-	4,964	32,351	4,964	
Add: Premium	4,804	-	1,123	3,681	964	
Net subfund revenue bonds payable	<u>42,119</u>	<u>-</u>	<u>6,087</u>	<u>36,032</u>	<u>5,928</u>	
Airport Revolving Loan Fund	558,187	1,287,813	92,300	1,753,700	92,300	
Total certificates of participation, revolving loan funds and revenue bonds payable	<u>1,049,361</u>	<u>1,287,813</u>	<u>198,428</u>	<u>2,138,746</u>	<u>196,986</u>	
Other liabilities:						
Compensated absences	21,230	9,055	5,797	24,488	2,610	
Net pension liabilities	95,185	23,507	-	118,692	-	
Net other postemployment benefits obligations	100,565	1,945	4,909	97,601	-	
Total other liabilities	216,980	34,507	10,706	240,781	2,610	
Total long-term liabilities	<u>1,266,341</u>	<u>1,322,320</u>	<u>209,134</u>	<u>2,379,527</u>	<u>199,596</u>	

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				Amounts	
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
Total Business-type Activities					
Revenue bonds payable	\$ 39,265,000	\$ -	\$ 5,160,000	\$ 34,105,000	\$ 5,425,000
Add: Premium	5,067,248	-	1,328,789	3,738,459	1,136,321
Net bonds payable	44,332,248	-	6,488,789	37,843,459	6,561,321
Certificates of participation	425,997	-	91,219	334,778	92,158
Add: Premium	23,058	-	8,822	14,236	6,600
Net certificates of participation	449,055	-	100,041	349,014	98,758
Subfund revenue bonds	37,315	-	4,964	32,351	4,964
Add: Premium	4,804	-	1,123	3,681	964
Net subfund revenue bonds payable	42,119	-	6,087	36,032	5,928
Airport Revolving Loan Fund	558,187	1,287,813	92,300	1,753,700	92,300
Total bonds, certificates of participation revolving fund loans and revenue bonds payable	45,381,609	1,287,813	6,687,217	39,982,205	6,758,307
Other liabilities:					
Compensated absences	1,648,609	359,703	146,968	1,861,344	198,766
Judgments and claims	875,439	54,732	307,119	623,052	250,822
Net pension liabilities	6,847,945	1,287,890	-	8,135,835	-
Net other postemployment benefits obligations	6,683,077	183,311	488,795	6,377,593	-
Total other liabilities	16,055,070	1,885,636	942,882	16,997,824	449,588
Total long-term liabilities	\$ 61,436,679	\$ 3,173,449	\$ 7,630,099	\$ 56,980,029	\$ 7,207,895

Summaries of long-term obligation transactions for the School Board component unit for the year ended June 30, 2020, are as follows:

				Amounts	
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
School Board					
Capital leases	\$ 10,557,494	\$ -	\$ 4,227,621	\$ 6,329,873	\$ 4,389,526
Compensated absences	19,173,313	5,290,180	2,822,031	21,641,462	2,164,256
Judgments and claims	7,619,907	-	2,044,032	5,575,875	2,244,683
Net pension liabilities	503,945,843	43,984,222	-	547,930,065	-
Net other postemployment benefits obligations	239,463,317	3,340,247	7,575,749	235,227,815	-
Total long-term liabilities	\$ 780,759,874	\$ 52,614,649	\$ 16,669,433	\$ 816,705,090	\$ 8,798,465

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

According to State law, the School Board component unit is not allowed to issue general obligation debt and, therefore, is not legally obligated to repay general obligation debt issued on its behalf by the primary government. Debt from general obligation bonds of \$397,341,708 is reported in the government-wide statements of the primary government on behalf of the School Board component unit.

In addition to the general obligation debt and lease obligations, the primary government has also recorded accrued interest payable of \$7,628,593 in the government-wide financial statements on behalf of the School Board component unit. The School Board component unit has recorded accrued interest payable of \$160,996 in the government-wide financial statements.

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10. Commitments and Contingent Liabilities

A. Lease Commitments

Rent expense for all operating leases was \$1,895,335 for the County and \$5,974,517 for the School Board for the fiscal year ended June 30, 2020.

The County leases various types of equipment under operating lease agreements. The County lease agreements are contingent on the County Board appropriating funds for each year's payments. As of June 30, 2020, future operating lease payments for the County and School Board were as follows:

Year Ending	Future Operating Lease Payments		
	June 30	County	School Board
2021	\$ 37,993	\$ 25,828	
2022	13,887	9,999	
2023	2,999	2,254	
Total	\$ 54,879	\$ 38,081	

B. Other Commitments

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

C. Contingent Liabilities

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

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

11. Risk Management - Claims Liability

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

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

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

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

Due to the COVID-19 pandemic, County schools transitioned to online learning in mid-March 2020 significantly reducing its exposure to workers' compensation claims.

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

	County		School Board	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Workers' Compensation:				
Liability, July 1	\$ 7,144,745	\$ 7,732,303	\$ 7,619,907	\$ 8,617,454
Current year claims	2,972,000	2,328,000	1,651,000	2,574,000
Changes in estimates	(699,503)	350,194	(1,108,028)	(878,026)
Claim payments	<u>(2,638,971)</u>	<u>(3,265,752)</u>	<u>(2,587,004)</u>	<u>(2,693,521)</u>
Liability, June 30	<u>\$ 6,778,271</u>	<u>\$ 7,144,745</u>	<u>\$ 5,575,875</u>	<u>\$ 7,619,907</u>

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

	<u>2020</u>	<u>2019</u>
Risk Management Fund:		
Liability, July 1	\$ 3,725,848	\$ 2,233,020
Current year claims	2,516,405	2,925,494
Changes in estimates	(1,847,441)	1,250,528
Claim payments	<u>(2,261,631)</u>	<u>(2,683,194)</u>
Liability, June 30	<u>\$ 2,133,181</u>	<u>\$ 3,725,848</u>

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12. Retirement Plans

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

1. Plan Description and Membership

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

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

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

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

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

	Primary Government	Component Unit - School Board
Inactive members or their beneficiaries currently receiving benefits	2,382	948
Inactive members:		
Vested	594	136
Non-vested	833	324
Active elsewhere in VRS	997	237
Total inactive members	2,424	697
Active members	3,426	781
Total	<u>8,232</u>	<u>2,426</u>

VRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial statements, required supplementary information and detailed information about the fiduciary net position of the VRS plans. A copy of that report may be downloaded from their web site at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf> or obtained by writing to VRS at P.O. Box 2500, Richmond, VA, 23218-2500.

2. Contributions

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

a. VRS Local Plans

The County's and School Board's actual contributions of \$26,734,509 and \$2,478,587, representing contribution rates of 13.55% and 12.23% of covered employee compensation, respectively, were equal to contractually required contributions. The contractually required contribution rates were determined as part of the June 30, 2017, actuarial valuation. This rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

b. VRS Teachers' Pool

The School Board's actual contribution to the VRS Teachers' Pool for fiscal year 2020 was \$48,971,623. The contractually required contribution rate for the year ended June 30, 2020, excluding the 5% member rate, was 15.68% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of the June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

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

a. VRS Local Plans

Primary Government

At June 30, 2020, the County reported a net pension liability of \$186,411,016, measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2020, the County recognized pension expense of \$30,200,823. Deferred outflows of resources and deferred inflows of resources related to the VRS Local Plan were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 8,202,170
Difference between expected and actual experience	- -	6,494,812
Contributions subsequent to the measurement date	26,734,509	-
Changes of assumptions	<u>25,250,431</u>	-
Total	<u>\$ 51,984,940</u>	<u>\$ 14,696,982</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Deferred (Inflows)/Outflows of Resources
2021	\$ 4,797,576
2022	(1,851,387)
2023	7,054,893
2024	<u>552,367</u>
Total	<u>\$ 10,553,449</u>

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

	1% Decrease	Current Discount	1% Increase
	5.75%	6.75%	7.75%
Net pension liability	\$336,398,638	\$186,411,016	\$66,715,754

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Component Unit - School Board

At June 30, 2020, the School Board reported a net pension liability of \$16,290,927 measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, rolled forward to the measurement date of June 30, 2019.

For the year ended June 30, 2020, the School Board recognized pension expense of \$1,375,720. Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 813,618
Difference between expected and actual experience	- -	283,781
Contributions subsequent to the measurement date	2,478,587	-
Changes of assumptions	1,561,544	-
Total	<u>\$ 4,040,131</u>	<u>\$ 1,097,399</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Deferred (Inflows)/Outflows of Resources
2021	\$ 1,185,315
2022	(781,437)
2023	(10,530)
2024	70,797
Total	<u>\$ 464,145</u>

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

	1% Decrease 5.75%	Current Discount 6.75%	1% Increase 7.75%
Net pension liability	\$29,335,317	\$16,290,927	\$5,801,949

b. VRS Teachers' Pool

At June 30, 2020, the School Board reported a net pension liability of \$490,735,218 for its proportionate share of the net pension liability in the VRS Teachers' Pool. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School Board's

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proportionate share of net pension liability was based on actual contributions made to the plan during the measurement period. At the measurement date, the School Board's proportionate share was 3.72883%, which was a decrease of 0.02192% from June 30, 2018.

For the year ended June 30, 2020, the School Board recognized pension expense of \$54,374,767. Deferred outflows of resources and deferred inflows of resources to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on plan investments	\$ -	\$ 10,775,381
Difference between expected and actual experience	- -	31,423,849
Changes in proportionate share of contributions	8,535,910	3,579,581
Contributions subsequent to the measurement date	48,971,623	-
Changes of assumptions	<u>48,594,291</u>	-
Total	<u>\$ 106,101,824</u>	<u>\$ 45,778,811</u>

Deferred outflows of resources resulting from contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30:	Deferred (Inflows)/Outflows of Resources	
2021	\$ 1,329,086	
2022	(7,986,954)	
2023	5,831,657	
2024	8,491,642	
2025	<u>3,685,959</u>	
Total	<u>\$ 11,351,390</u>	

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

	1% Decrease <u>5.75%</u>	Current Discount <u>6.75%</u>	1% Increase <u>7.75%</u>
Net Pension Liability	\$ 738,769,694	\$ 490,735,218	\$ 285,656,645

4. Actuarial Assumptions

Total pension liabilities in the VRS plans were based on an actuarial valuation as of June 30, 2018, using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

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a. VRS Local Plans

1. Non-hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2019, applied to the total pension liabilities for non-hazardous employees in the County and School Board VRS Local Plans:

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return.....	6.75%, net of pension plan investment expense, including inflation*
Mortality rates:	20% of deaths are assumed to be service related
Pre-retirement.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
Post-retirement.....	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90
Post-disablement.....	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

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

2. Hazardous Duty

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2019, applied to the total pension liability for hazardous duty employees in the County VRS Local Plan:

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

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	increase compounded from ages 70 to 90; females set forward 3 years
Post-disablement.....	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

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

b. VRS Teachers' Pool

The following assumptions, applied to all periods included in the measure and rolled forward to the measurement date of June 30, 2019, applied to the total pension liability for employees in the School Board VRS Teachers' Pool Plan:

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return.....	6.75%, net of pension plan investment expense, including inflation*
Mortality rates:	
Pre-retirement.....	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020
Post-retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90
Post-disablement.....	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females

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

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

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

Asset Class	Target Allocation	Arithmetic	Weighted Average
		Long-term Expected Rate	Long-term Expected Rate
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	<u>3.00%</u>	6.29%	<u>0.19%</u>
Total	<u>100.00%</u>		5.13%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation,

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2019 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.

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5. Changes in Net Pension Liabilities

a. VRS Local Plan - Primary Government

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 1,072,653,458	\$ 918,312,377	\$ 154,341,081
Service Cost	23,887,734	-	23,887,734
Interest	73,176,982	-	73,176,982
Changes of assumptions	33,012,481	-	33,012,481
Difference between expected and actual experience	(2,807,910)	-	(2,807,910)
Contributions - employer	-	25,567,311	(25,567,311)
Contributions - employee	-	9,462,407	(9,462,407)
Net investment income	-	60,814,725	(60,814,725)
Benefit payments, including refunds of employee contributions	(54,535,995)	(54,535,995)	-
Administrative expense	-	(606,813)	606,813
Other changes	-	(38,278)	38,278
Net changes	<u>72,733,292</u>	<u>40,663,357</u>	<u>32,069,935</u>
Balance at June 30, 2019	<u><u>\$ 1,145,386,750</u></u>	<u><u>\$ 958,975,734</u></u>	<u><u>\$ 186,411,016</u></u>

b. VRS Local Plan - School Board Component Unit

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2018	\$ 113,911,039	\$ 99,581,580	\$ 14,329,459
Service cost	1,744,280	-	1,744,280
Interest	7,694,378	-	7,694,378
Changes of assumptions	2,931,319	-	2,931,319
Difference between expected and actual experience	(532,711)	-	(532,711)
Contributions - employer	-	2,490,225	(2,490,225)
Contributions - employee	-	999,604	(999,604)
Net investment income	-	6,456,989	(6,456,989)
Benefit payments, including refunds of employee contributions	(7,982,718)	(7,982,718)	-
Administrative expense	-	(66,968)	66,968
Other changes	-	(4,052)	4,052
Net Changes	<u>3,854,548</u>	<u>1,893,080</u>	<u>1,961,468</u>
Balance at June 30, 2019	<u><u>\$ 117,765,587</u></u>	<u><u>\$ 101,474,660</u></u>	<u><u>\$ 16,290,927</u></u>

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6. Payables to the VRS Plans

At June 30, 2020, the County and the School Board component unit owed the following amounts to the VRS plans due to the timing of when contractually required contributions payments become due.

VRS Local plan - School Board	117,854
VRS Teachers' Pool - School Board	3,221,634

B. Supplemental Retirement Plan - Primary Government

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

1. Summary of Significant Accounting Policies

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

2. Plan Description and Membership

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

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

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

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- b) Membership: Membership of the Plan consisted of the following at June 30, 2020:

Active members	1,668
Terminated members with vested rights	68
Retired members with benefits in pay status and beneficiaries of deceased members receiving benefits	356
Total	<u>2,092</u>

3. Contributions

The Plan provides for annual employer contributions at actuarially determined amounts, which will remain relatively level over time as a percentage of payroll and will accumulate sufficient assets to meet the cost of all basic benefits when due. The actuarially determined contribution for the fiscal year ended June 30, 2020 was determined as part of the June 30, 2019 actuarial valuation. The County contributed \$711,711, which was equal to the actuarially determined contribution.

4. Rate of Return

As of June 30, 2020, the annual money-weighted rate of return on cash flows on the plan investments, net of pension plan investment expense, was 3.02%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: The County reported a net pension liability of \$3,156,662. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020. Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions are allocated to funds based on their proportionate share of projected monthly benefits.
- b) Pension expense: For the year ended June 30, 2020, the County recognized pension expense of \$1,214,896.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions: Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 754,985	\$ -
Difference between expected and actual experience	413,341	1,306,411
Change in assumptions	<u>2,618,843</u>	<u>-</u>
Total	<u>\$ 3,787,169</u>	<u>\$ 1,306,411</u>

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

<u>Year ending June 30:</u>	Deferred (Inflows)/ Outflows of Resources
2021	\$ 681,355
2022	842,613
2023	707,289
2024	<u>249,501</u>
Total	<u>\$ 2,480,758</u>

6. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 38,845,320	\$ 38,368,531	\$ 476,789
Service cost	282,413	-	282,413
Interest	2,474,123	-	2,474,123
Change in assumptions	3,491,791	-	3,491,791
Contributions - employer	-	711,711	(711,711)
Net investment income	-	1,197,704	(1,197,704)
Administrative expenses	-	(82,843)	82,843
Difference between expected and actual experience	(1,741,882)	-	(1,741,882)
Benefit payments	<u>(2,128,601)</u>	<u>(2,128,601)</u>	<u>-</u>
Net changes	<u>2,377,844</u>	<u>(302,029)</u>	<u>2,679,873</u>
Balance at June 30, 2020	<u>\$ 41,223,164</u>	<u>\$ 38,066,502</u>	<u>\$ 3,156,662</u>

7. Actuarial Methods and Significant Assumptions

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

Measurement date.....	June 30, 2020
Actuarial cost method	Entry age normal
Valuation date.....	July 1, 2020
Investment rate of return.....	6.5%
Projected salary increases, including inflation.....	3.5%
Inflation rate	2.0%
Mortality (post-retirement)	Pub-2010 General Amount-Weighted mortality table, with future generational mortality improvements projected according to Scale MP-19

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

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

	1% Decrease 5.5%	Current Discount 6.5%	1% Increase 7.5%
Net pension liability (asset)	\$ 8,529,153	\$ 3,156,662	\$ (1,270,349)

8. Fiduciary Net Position

As of June 30, 2020, the Plan fiduciary net position of \$38,066,502, as a percentage of the total pension liability, was 92.34%.

Chesterfield County, Virginia Supplemental Retirement Pension Trust		
Assets		
Cash and cash equivalents	\$ 1,064,658	
Accounts receivable	67,369	
Due from broker	12,501	
Investments	<u>36,921,974</u>	
Total assets	<u>38,066,502</u>	
Fiduciary net position		
Restricted for pension benefits	<u>\$ 38,066,502</u>	
Additions:		
Contributions	\$ 711,711	
Investment earnings	1,390,784	
Less investment expenses	<u>(193,080)</u>	
Net investment income	<u>1,197,704</u>	
Total additions, net	<u>1,909,415</u>	
Deductions:		
Benefit payments	2,128,601	
Administrative expenses	<u>82,843</u>	
Total deductions	<u>2,211,444</u>	
Decrease in net position		
restricted for pension benefits	(302,029)	
Fiduciary net position - July 1, 2019	<u>38,368,531</u>	
Fiduciary net position - June 30, 2020	<u>\$ 38,066,502</u>	

C. Supplemental Retirement Program - Component Unit - School Board

The School Board contributes to the Supplemental Retirement Program (Program), a single-employer, defined benefit pension plan established in 1996 and administered by the School Board to provide pension benefits for certain qualified School Board employees in addition to any benefits which may be received under the VRS Local and VRS Teachers' Pool Plans or Social Security. The Program

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was closed to employees hired or re-hired after June 30, 2013. The Program does not issue separately audited financial statements. The Program was amended effective July 1, 2017.

1. Summary of Significant Accounting Policies

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

2. Program Description and Membership

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

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

- b) Membership: Membership of the Program consisted of the following at June 30, 2020:

Active participants	3,177
Retirees (vested)	650
Retirees (non-vested)	167
Total	<u>3,994</u>

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3. Contributions

The Program provides for annual employer contributions based on actuarially determined rates. The actuarially determined contribution for the fiscal year ended June 30, 2020, was determined as part of the June 30, 2019 valuation. Actual contributions, by policy, are expected to be the actuarially determined amount or the amount of expected benefit payments, if higher. The School Board contributed \$14,523,844, which was greater than the actuarially determined contribution, to the Program.

4. Rate of Return

As of June 30, 2020, the annual money-weighted rate of return on cash flows on the Program's long-term investments, net of investment expense, was 4.49%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

- a) Pension liabilities: As of June 30, 2020, the School Board reported a net pension liability of \$40,903,920, measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by the June 30, 2020 actuarial valuation date.
- b) Pension expense: For the year ended June 30, 2020, the School Board recognized pension expense of \$4,482,821.
- c) Deferred outflows of resources and deferred inflows of resources related to pensions: Deferred outflows of resources and deferred inflows of resources related to pensions were reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ -	\$ 203,315
Difference between expected and actual experience	9,412,013	3,943,784
Change in assumptions	5,438,564	7,872,349
Total	<u>\$ 14,850,577</u>	<u>\$ 12,019,448</u>

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

Year ending June 30:	Deferred (Inflows)/ Outflows of Resources
2021	\$ 503,876
2022	620,650
2023	686,686
2024	833,986
2025	(360,097)
Thereafter	546,028
Total	\$ 2,831,129

6. Changes in Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2019	\$ 79,849,310	\$ 31,319,926	\$ 48,529,384
Service cost	874,851	-	874,851
Interest	4,864,125	-	4,864,125
Differences between expected and actual experience	1,465,604	-	1,465,604
Change in assumptions	1,021,847	-	1,021,847
Contributions - employer	-	14,523,844	(14,523,844)
Net investment income	-	1,509,679	(1,509,679)
Administrative expenses	-	(181,632)	181,632
Benefit payments	(11,782,929)	(11,782,929)	-
Net changes	(3,556,502)	4,068,962	(7,625,464)
Balance at June 30, 2020	\$ 76,292,808	\$ 35,388,888	\$ 40,903,920

7. Actuarial Method and Significant Assumptions

- a) Actuarial methods and significant assumptions: The total pension liability was determined as part of the actuarial valuation at June 30, 2020. Assumptions were determined from an experience study dated January 27, 2017.

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

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- b) **Discount Rate:** The projection of cash flows used to determine the discount rate assumed that School Board contributions will be made at the current contribution rates. Based on this assumption, the Program's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return of 6.5% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease 5.5%	Current Discount 6.5%	1% Increase 7.5%
Net pension liability	\$ 46,298,327	\$ 40,903,920	\$ 36,044,341

8. Fiduciary Net Position

As of June 30, 2020, the Plan fiduciary net position of \$ 35,388,888 as a percentage of the pension total liability was 46.39%.

Chesterfield County, Virginia Discretely Presented Component Unit Supplemental Retirement Program Pension Trust		
Assets		
Cash, cash equivalents and investments	\$ 35,365,463	
Interest Receivable	26,788	
Due from broker	3,583	
Total assets	<u>35,395,834</u>	
Liabilities		
Due to broker	<u>6,946</u>	
Fiduciary Net Position		
Restricted for pension benefits	<u>\$ 35,388,888</u>	
Additions:		
Contributions	\$ 14,523,844	
Investment earnings	1,509,679	
Total additions	<u>16,033,523</u>	
Deductions:		
Benefit payments	11,782,929	
Administrative expenses	181,632	
Total deductions	<u>11,964,561</u>	
Increase in net position		
restricted for pension benefits	4,068,962	
Fiduciary net position - July 1, 2019	<u>31,319,926</u>	
Fiduciary net position - June 30, 2020	<u>\$ 35,388,888</u>	

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Deferred Outflows of Resources related to Pensions				
Deferred contributions:				
VRS Local Plan	\$ 25,660,882	\$ 1,073,627	\$ 26,734,509	\$ 2,478,587
VRS Teachers' Pool	-	-	-	48,971,623
Deferred investment experience:				
Supplemental Retirement Plan	754,985	-	754,985	-
Deferred pension difference between expected and actual:				
Supplemental Retirement Plan	413,341	-	413,341	9,412,013
Deferred change in assumptions:				
VRS Local Plan	24,236,405	1,014,026	25,250,431	1,561,544
VRS Teachers Pool	-	-	-	48,594,291
Supplemental Retirement Plan	2,618,843	-	2,618,843	5,438,564
Deferred change in proportionate share:				
VRS Teachers' Pool	-	-	-	8,535,910
Total deferred outflows of resources related to pensions	<u>\$ 53,684,456</u>	<u>\$ 2,087,653</u>	<u>\$ 55,772,109</u>	<u>\$ 124,992,532</u>
 Deferred Inflows of Resources related to Pensions				
Deferred investment experience:				
VRS Local Plan	\$ 7,872,780	\$ 329,390	\$ 8,202,170	\$ 813,618
VRS Teachers' Pool	-	-	-	10,775,381
Supplemental Retirement Plan	-	-	-	203,315
Deferred pension difference between expected and actual:				
VRS Local Plan	6,233,990	260,822	6,494,812	283,781
VRS Teachers' Pool	-	-	-	31,423,849
Supplemental Retirement Plan	1,306,411	-	1,306,411	3,943,784
Deferred change in assumptions:				
Supplemental Retirement Plan	-	-	-	7,872,349
Deferred change in proportionate share:				
VRS Teachers' Pool	-	-	-	3,579,581
Total deferred inflows of resources related to pensions	<u>\$ 15,413,181</u>	<u>\$ 590,212</u>	<u>\$ 16,003,393</u>	<u>\$ 58,895,658</u>

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	Water	Wastewater	Non-major Airport	Total
Enterprise funds				
Deferred Outflows of Resources related to Pensions				
Deferred contributions:				
VRS Local Plan	\$ 539,021	\$ 515,010	\$ 19,596	\$ 1,073,627
Deferred change in assumptions:				
VRS Local Plan	<u>509,099</u>	<u>486,420</u>	<u>18,507</u>	<u>1,014,026</u>
Total deferred outflows of resources related to pensions	<u>\$ 1,048,120</u>	<u>\$ 1,001,430</u>	<u>\$ 38,103</u>	<u>\$ 2,087,653</u>

	Water	Wastewater	Non-major Airport	Total
Enterprise funds				
Deferred Inflows of Resources related to Pensions				
Deferred investment experience:				
VRS Local Plan	\$ 165,371	\$ 158,006	\$ 6,013	\$ 329,390
Deferred pension difference between expected and actual:				
VRS Local Plan	<u>130,949</u>	<u>125,114</u>	<u>4,759</u>	<u>260,822</u>
Total deferred inflows of resources related to pensions	<u>\$ 296,320</u>	<u>\$ 283,120</u>	<u>\$ 10,772</u>	<u>\$ 590,212</u>

	Vehicle and Communications	Risk Management	Total
Internal Service funds			
Deferred Outflows of Resources related to Pensions			
Deferred contributions:			
VRS Local Plan	\$ 379,293	\$ 100,155	\$ 479,448
Deferred change in assumptions:			
VRS Local Plan	<u>358,238</u>	<u>94,596</u>	<u>452,834</u>
Total deferred outflows of resources related to pensions	<u>\$ 737,531</u>	<u>\$ 194,751</u>	<u>\$ 932,282</u>

	Vehicle and Communications	Risk Management	Total
Internal Service funds			
Deferred Inflows of Resources related to Pensions			
Deferred investment experience:			
VRS Local Plan	\$ 116,368	\$ 30,726	\$ 147,094
Deferred pension difference between expected and actual:			
VRS Local Plan	<u>92,143</u>	<u>24,333</u>	<u>116,476</u>
Total deferred inflows of resources related to pensions	<u>\$ 208,511</u>	<u>\$ 55,059</u>	<u>\$ 263,570</u>

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

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Net Pension Liability				
VRS Local	\$ 178,275,181	\$ 8,135,835	\$ 186,411,016	\$ 16,290,927
VRS Local - Teachers' Pool	-	-	-	490,735,218
Supplemental Retirement	3,156,662	-	3,156,662	40,903,920
Total net pension liability	<u>\$ 181,431,843</u>	<u>\$ 8,135,835</u>	<u>\$ 189,567,678</u>	<u>\$ 547,930,065</u>
Pension Expense				
VRS Local	\$ 28,987,994	\$ 1,212,829	\$ 30,200,823	\$ 1,375,720
VRS Local - Teachers' Pool	-	-	-	54,374,767
Supplemental Retirement	1,214,896	-	1,214,896	4,482,821
Total pension expense	<u>\$ 30,202,890</u>	<u>\$ 1,212,829</u>	<u>\$ 31,415,719</u>	<u>\$ 60,233,308</u>
Enterprise funds				
	Water	Wastewater	Non-major Airport	Total
Net Pension Liability				
VRS Local	<u>\$ 4,149,215</u>	<u>\$ 3,867,928</u>	<u>\$ 118,692</u>	<u>\$ 8,135,835</u>
Pension Expense				
VRS Local	<u>\$ 608,909</u>	<u>\$ 581,783</u>	<u>\$ 22,137</u>	<u>\$ 1,212,829</u>
Internal Service funds				
	Vehicle and Communications	Risk Management	Total	
Net Pension Liability				
VRS Local	<u>\$ 2,902,635</u>	<u>\$ 390,681</u>	<u>\$ 3,293,316</u>	
Pension Expense				
VRS Local	<u>\$ 428,470</u>	<u>\$ 113,140</u>	<u>\$ 541,610</u>	

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13. Other Postemployment Benefits Plans

A. Postemployment Retiree Healthcare Benefits - Primary Government

1. Plan Description

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

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

County contributions for pre-65 health and dental benefits at June 30, 2020 are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	50%	-
15 to 19	100%*	\$202 per month
20 to 24	100%*	\$303 per month
25+	100%*	\$404 per month

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

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

All retired employees, active employees who are age 65 and over, public safety employees with 25 or more years of service and non-public safety employees with 30 or more years of service (all as of January 1, 2009), will receive a County contribution toward their post-Medicare coverage no greater than \$241 per month indexed at 3% per year plus \$40 reimbursement for prescription coverage. For all other retirees, with the exception of access only, the County limits its contribution toward post-Medicare coverage based on years of service. The County will contribute \$4 per month for each year of service plus a static \$40 per month for a Medicare Part D plan cost reimbursement.

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

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

	Primary Government
Inactive members or their beneficiaries currently receiving benefits	1,246
Active members	3,555
Total	<u>4,801</u>

2. Contributions

As of June 30, 2020, the County has \$32,758,220 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$8,612,080, which was greater than the actuarially determined contribution (ADC) of \$6,869,000. The County intends to fully fund the ADC in future fiscal years. Actual contributions to the plan are appropriated on an annual basis. Employees' contributions vary according to individual elections of coverage and the level of County contribution which is based on eligibility requirements.

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

At June 30, 2020, the County reported a net OPEB liability of \$58,994,899, measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2020, the County recognized OPEB expense of \$2,300,269. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 1,169,666	\$ -
Difference between expected and actual experience	648,129	3,999,028
Change in assumptions or other inputs	<u>-</u>	<u>15,695,689</u>
Total	<u>\$ 1,817,795</u>	<u>\$ 19,694,717</u>

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

<u>Year ending June 30:</u>	<u>Deferred (Inflows) of Resources</u>
2021	\$ (2,780,414)
2022	(2,780,416)
2023	(2,626,289)
2024	(2,777,171)
2025	(3,033,489)
Thereafter	<u>(3,879,143)</u>
Total	<u>\$ (17,876,922)</u>

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

	Net OPEB liability		
	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6%	7%	8%
Net OPEB liability	\$ 66,218,124	\$ 58,994,899	\$ 52,610,607

	Net OPEB liability		
	Health Care Cost Trend		
	1% Decrease	Current Cost Trend	1% Increase
Net OPEB liability	\$ 53,921,259	\$ 58,994,899	\$ 64,763,107

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government were based on an actuarial valuation as of June 30, 2020, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP. The total OPEB liability was determined as part of the actuarial valuation at the date indicated, using the following actuarial assumptions:

Valuation date	June 30, 2020
Investment rate of return	7.0%
Inflation.....	2.75%
Salary increases.....	3.50% - 5.35%; based on Top 10 non-LEO and Top 10 LEO assumption used in the June 30, 2019 VRS valuation
Healthcare cost trend rates	4.70% for 2020 decreasing to and ultimate rate of 4.04% by 2075

County of Chesterfield, Virginia
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Mortality-locality general employees:

Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; female rates with 1.0% increase compounded from ages 70 to 90

Mortality-locality hazardous duty employees:

Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year, 1% increase compounded from ages 70 to 90; females set forward 3 years

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

Asset Class	Target Allocation	Arithmetic Long-term Expected Real Rate of Return
Total Equity		
Large Cap Equity	26.00%	7.12%
Small Cap Equity	10.00%	8.43%
International Equity	13.00%	8.15%
Emerging Markets Equity	5.00%	9.49%
Private Equity	5.00%	10.44%
Long/Short Equity	6.00%	5.46%
Fixed Income		
Core Plus	14.00%	2.87%
Core Bonds	7.00%	2.61%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Real Estate	10.00%	6.72%
Total	<u>100.00%</u>	<u>6.46%</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

5. Changes to Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019	\$ 93,615,858	\$ 31,487,603	\$ 62,128,255
Service cost	960,293	-	960,293
Interest	6,335,601	-	6,335,601
Change in assumptions	(1,639,704)	-	(1,639,704)
Differences in expected and actual experience	756,151	-	756,151
Net investment income	-	934,117	(934,117)
Administrative expenses	-	(500)	500
Employer contributions	-	8,612,080	(8,612,080)
Benefit payments	(8,275,080)	(8,275,080)	-
Net changes	<u>(1,862,739)</u>	<u>1,270,617</u>	<u>(3,133,356)</u>
Balance at June 30, 2020	<u>\$ 91,753,119</u>	<u>\$ 32,758,220</u>	<u>\$ 58,994,899</u>

6. OPEB Liability

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

- a) Rate of Return: As of June 30, 2020, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 3.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2020 were as follows:

	<u>Net OPEB Liability</u>
Total OPEB liability	\$91,753,119
Plan fiduciary net position	<u>(32,758,220)</u>
Net OPEB liability	<u>\$ 58,994,899</u>
Fiduciary net position as a percent of total OPEB liability	35.70%

County of Chesterfield, Virginia
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Chesterfield County, Virginia	
Postemployment Retiree Healthcare	
Benefits Trust - County	
Assets	
Cash, investments and receivable	\$ 33,095,220
Liabilities	
Due to broker	<u>337,000</u>
Fiduciary net position	
Restricted for other postemployment benefits	<u>\$ 32,758,220</u>
Additions:	
Contributions	\$ 8,612,080
Investment earnings	962,680
Less investment expenses	<u>(28,563)</u>
Net investment income	<u>934,117</u>
Total additions, net	<u>9,546,197</u>
Deductions:	
Benefit payments	8,275,080
Administrative expenses	<u>500</u>
Total deductions	<u>8,275,580</u>
Increase in net position restricted for other postemployment benefits	1,270,617
Fiduciary net position - July 1, 2019	<u>31,487,603</u>
Fiduciary net position - June 30, 2020	<u>\$ 32,758,220</u>

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

1. Plan Description

The OPEB - Line of Duty Trust, created during fiscal year 2012, is a single employer defined benefit plan that provides death and healthcare benefits to certain law enforcement and rescue personnel, and their beneficiaries, who were disabled or killed in the line of duty. Benefit provisions and eligibility requirements are established by title 9.1 Chapter 4 of the Code of Virginia. There were approximately 1,504 participants in the program in fiscal year 2020. A Board of Trustees, appointed by the County Board, administers the plan. The OPEB - Line of Duty Trust is considered part of the County's reporting entity and is included in the County's financial statements as an OPEB Trust Fund. No separately audited financial statements are available. The County joined other Virginia localities by opting to participate in the VML/VACo Trust Fund for the purpose of investing OPEB contributions. VML/VACo issues audited financial statements which can be obtained by contacting the VML/VACo Finance Program, 919 E. Main Street Suite 1100, Richmond, Virginia 23219.

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

As of June 30, 2020, the County had \$10,235,051 in plan fiduciary net position accumulated for payment of future benefits. The County made contributions and paid premiums to the trust totaling \$1,432,164 which was greater than the actuarially determined contribution (ADC) of \$1,432,000. The County intends to fund at least the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

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

At June 30, 2020, the County reported a net OPEB liability of \$5,102,408, measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2020, the County recognized OPEB expense of \$1,404,962. Deferred outflows of resources and deferred inflows of resources related to the County's OPEB-Retiree Healthcare was reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 369,142	\$ -
Difference between expected and actual experience	2,515,576	1,337,578
Change in assumptions	<u>574,258</u>	<u>4,010,062</u>
Total	<u>\$ 3,458,976</u>	<u>\$ 5,347,640</u>

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

<u>Year ending June 30:</u>	Deferred Outflows/ (Inflows) of Resources
2021	\$ (68,128)
2022	(68,130)
2023	(26,774)
2024	(71,410)
2025	(150,896)
Thereafter	<u>(1,503,326)</u>
Total	<u>\$ (1,888,664)</u>

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

	Net OPEB liability		
	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6%	7%	8%
Net OPEB liability	\$ 6,794,239	\$ 5,102,408	\$ 3,661,274

	Net OPEB liability		
	Health Care Cost Trend		
	1% Decrease	Current Cost Trend	1% Increase
	3,132,634	\$ 5,102,408	\$ 7,474,774
Net OPEB liability	\$ 3,132,634	\$ 5,102,408	\$ 7,474,774

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for the Primary Government - Line of Duty were based on an actuarial valuation as of June 30, 2020, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

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

Valuation date	June 30, 2020
Investment rate of return	7.0%
Inflation.....	2.75%
Salary increases.....	3.50% - 4.75%; based on LEO assumption used in the June 30, 2018 VRS LODA valuation
Healthcare cost trend rates	4.70% for 2020 and decreasing to an ultimate rate of 4.04% by 2075
Pre-retirement mortality.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement mortality.....	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years
Disabled	RP-2014 Disabled Mortality Rates Projected with Scale BB to 2020; males set forward 2 years; Unisex using 100% male rates

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Real Rate of Return</u>
Total Equity		
Large Cap Equity	26.00%	7.12%
Small Cap Equity	10.00%	8.43%
International Equity	13.00%	8.15%
Emerging Markets Equity	5.00%	9.49%
Private Equity	5.00%	10.44%
Long/Short Equity	6.00%	5.46%
Fixed Income		
Core Plus	14.00%	2.87%
Core Bonds	7.00%	2.61%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Real Estate	10.00%	6.72%
Total	<u>100.00%</u>	<u>6.46%</u>

5. Changes to Net OPEB Liability

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balance at July 1, 2019	\$ 15,429,378	\$ 9,235,538	\$ 6,193,840
Service cost	1,017,086	-	1,017,086
Interest	1,126,955	-	1,126,955
Change in assumptions	(70,620)	-	(70,620)
Differences in expected and actual experience	(1,459,176)	-	(1,459,176)
Net investment income	-	274,013	(274,013)
Administrative expenses	-	(500)	500
Employer contributions	-	1,432,164	(1,432,164)
Benefit payments	<u>(706,164)</u>	<u>(706,164)</u>	<u>-</u>
Net changes	<u>(91,919)</u>	<u>999,513</u>	<u>(1,091,432)</u>
Balance at June 30, 2020	<u>\$ 15,337,459</u>	<u>\$ 10,235,051</u>	<u>\$ 5,102,408</u>

County of Chesterfield, Virginia
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6. OPEB Liability

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

- a) Rate of Return: As of June 30, 2020, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 3.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) Net OPEB Liability: The components of the net OPEB liability as of June 30, 2020 were as follows:

<u>Net OPEB Liability</u>	
Total OPEB liability	\$15,337,459
Plan fiduciary net position	<u>(10,235,051)</u>
Net OPEB liability	<u>\$ 5,102,408</u>
Fiduciary net position as a percent of total OPEB liability	66.73%

Chesterfield County, Virginia Postemployment Line of Duty Benefits Trust - County	
Assets	
Cash, investments and receivable	\$ 10,961,051
Liabilities	
Due to broker	<u>726,000</u>
Fiduciary net position	
Restricted for other postemployment benefits	<u>\$ 10,235,051</u>
Additions:	
Contributions	\$ 1,432,164
Investment earnings	282,360
Less investment expenses	<u>(8,347)</u>
Net investment income	<u>274,013</u>
Total additions, net	<u>1,706,177</u>
Deductions:	
Benefit payments	706,164
Administrative expenses	<u>500</u>
Total deductions	<u>706,664</u>
Increase in net position restricted for other postemployment benefits	999,513
Fiduciary net position - July 1, 2019	<u>9,235,538</u>
Fiduciary net position - June 30, 2020	<u>\$ 10,235,051</u>

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

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

1. Plan Description

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

Employees with a combination of age and fulltime service greater than or equal to 60 years as of July 1, 2007, including at least 10 years of service, will be grandfathered. Non-grandfathered employees will receive health benefits at age 55 or disabled with at least 15 years of full-time Chesterfield County Public Schools service. Employees retiring between age 50 - 55 with at least 30 years of full-time Chesterfield County Public Schools service will be allowed to purchase retiree healthcare at the School Board's group rate with no School Board contribution from the time of retirement until age 55. At age 55, they will begin to receive the School Board contribution based on years of service. School Board contributions for pre-65 health and dental benefits at July 1, 2019, are:

Years of Service	Grandfathered	Non-grandfathered
0 to 9	-	-
10 to 14	100%*	-
15 to 19	100%*	\$214 per month
20 to 24	100%*	\$321 per month
25+	100%*	\$428 per month

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

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

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

Employees hired or rehired after July 1, 2006, who retire at age 55 or older, with 15 or more years of full-time Chesterfield County Public Schools service, will be permitted to purchase retiree health benefits for themselves and their dependents at the School Board's group rate, but will receive no School Board contribution toward the cost. Access to health insurance ends at age 65 due to Medicare eligibility.

Retirees who met eligibility for health insurance contributions will receive a contribution toward dental coverage equal to the amount the School Board contributes toward an active employee.

County of Chesterfield, Virginia
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2. Contributions

As of June 30, 2020, the School Board has \$19,905,153 in plan fiduciary net position accumulated for payment of future benefits. The School Board made contributions and paid premiums to the trust totaling \$16,961,410 which was greater than the actuarially determined contribution (ADC) of \$14,234,000. At a minimum, the School Board intends to fund the ADC amount in future fiscal years. Actual contributions to the plan are appropriated on an annual basis.

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

At June 30, 2020, the School Board reported a net OPEB liability of \$158,649,359, measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of June 30, 2020. OPEB liabilities, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB are allocated to funds based on their proportionate share of projected monthly benefits.

For the year ended June 30, 2020, the School Board recognized OPEB expense of \$7,641,375. Deferred outflows of resources and deferred inflows of resources related to the School Board's OPEB - Retiree Healthcare was reported from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	\$ 731,750	-
Difference between expected and actual experience	1,595,177	17,320,424
Change in assumptions	<u>3,742,566</u>	<u>14,644,795</u>
Total	<u>\$ 6,069,493</u>	<u>\$ 31,965,219</u>

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

<u>Year ending June 30:</u>	Deferred Outflows/ (Inflows) of Resources
2021	\$ (5,225,353)
2022	(5,225,355)
2023	(5,146,950)
2024	(5,236,512)
2025	(3,121,210)
Thereafter	<u>(1,940,346)</u>
Total	<u>\$ (25,895,726)</u>

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

	Net OPEB liability		
	Discount Rate		
	1% Decrease	Current Discount	1% Increase
	6%	7%	8%
Net OPEB liability	\$ 174,848,202	\$ 158,649,359	\$ 144,629,650

	Net OPEB liability		
	Health Care Cost Trend		
	1% Decrease	Current Cost Trend	1% Increase
Net OPEB liability	\$ 146,828,685	\$ 158,649,359	\$ 172,280,917

4. Actuarial Assumptions

Total OPEB liabilities in the OPEB Plan for Retiree Healthcare - School Board were based on an actuarial valuation as of June 30, 2020, using census data and recent health care cost information for current retirees and active employees eligible for coverage under the plan. The projections are based on GAAP, using the entry age normal actuarial cost method and the following actuarial assumptions based on GAAP.

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

Valuation date.....	June 30, 2020
Investment rate of return.....	7.0%
Inflation.....	2.75%
Salary increases	3.50% - 5.95% for Teachers (based on Teachers assumption used in the June 30, 2019 VRS valuation) 3.50% - 5.35% for non-Teachers (based on Top 10 non-LEO assumption used in the June 30, 2019 VRS valuation)
Healthcare cost trend rates.....	4.70% for 2020 decreasing to and ultimate rate of 4.04% by 2075
Pre-retirement mortality	Teachers: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020 Non-Teachers: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates
Post-retirement mortality.....	Teachers: RP-2014 Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from 65 to 75 increasing

County of Chesterfield, Virginia
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to 2.0% from ages 75 to 90
 Non-Teachers: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; female rates with 1.0% increase compounded from ages 70 to 90

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Arithmetic Long-term Expected Real Rate of Return</u>
Total Equity		
Large Cap Equity	26.00%	7.12%
Small Cap Equity	10.00%	8.43%
International Equity	13.00%	8.15%
Emerging Markets Equity	5.00%	9.49%
Private Equity	5.00%	10.44%
Long/Short Equity	6.00%	5.46%
Fixed Income		
Core Plus	14.00%	2.87%
Core Bonds	7.00%	2.61%
Liquid Absolute Return	4.00%	3.25%
Real Assets		
Real Estate	<u>10.00%</u>	<u>6.72%</u>
Total	<u>100.00%</u>	<u>6.46%</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

5. Changes to Net OPEB Liability

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at July 1, 2019	\$ 184,585,156	\$ 18,360,839	\$ 166,224,317
Service cost	1,695,437	-	1,695,437
Interest	12,490,441	-	12,490,441
Change in assumptions	(1,932,185)	-	(1,932,185)
Differences in expected and actual experience	(2,322,927)	-	(2,322,927)
Net investment income	-	544,814	(544,814)
Administrative expenses	-	(500)	500
Employer contributions	-	16,961,410	(16,961,410)
Benefit payments	(15,961,410)	(15,961,410)	-
Net changes	<u>(6,030,644)</u>	<u>1,544,314</u>	<u>(7,574,958)</u>
Balance at June 30, 2020	<u>\$ 178,554,512</u>	<u>\$ 19,905,153</u>	<u>\$ 158,649,359</u>

6. OPEB Liability

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

- a) **Rate of Return:** As of June 30, 2020, the annual money-weighted rate of return on cash flows on the plan investments, net of OPEB plan investment expense, was 3.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.
- b) **Net OPEB Liability:** The components of the net OPEB liability as of June 30, 2020 were as follows:

<u>Net OPEB Liability</u>	
Total OPEB liability	\$178,554,512
Plan fiduciary net position	<u>(19,905,153)</u>
Net OPEB liability	<u>\$ 158,649,359</u>
Fiduciary net position as a percent of total OPEB liability	11.15%

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

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

Assets	
Cash, investments and receivable	\$ 20,905,153
Liabilities	
Due to broker	<u>1,000,000</u>
Fiduciary Net Position	
Restricted for other postemployment benefits	<u>\$ 19,905,153</u>
Additions:	
Contributions	\$ 16,961,410
Investment earnings	561,353
Less investment expenses	<u>(16,539)</u>
Net investment income	<u>544,814</u>
Total additions, net	<u>17,506,224</u>
Deductions:	
Benefit payments	15,961,410
Administrative expenses	<u>500</u>
Total deductions	<u>15,961,910</u>
Increase in net position restricted for other postemployment benefits	1,544,314
Fiduciary net position - July 1, 2019	<u>18,360,839</u>
Fiduciary net position - June 30, 2020	<u>\$ 19,905,153</u>

D. Other Postemployment Benefits - Group Life Insurance Program

1. Plan Description

The County and School Board component unit participate in the VRS GLI Program, a multiple employer, cost-sharing defined benefit plan. Upon employment, all full-time, salaried and permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by GLI Program. Coverage ends for employees who leave their positions before retirement eligibility or who take a refund of their member contributions and accrued interest. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the GLI Program's fiduciary net position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) Benefit - The GLI Program is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to the basic natural and accidental death benefits, the program provides benefits provided under specific circumstances that include accidental dismemberment, safety belt, repatriation and felonious assault benefits and an accelerated death benefit option. The benefit amounts provided are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an

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additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of creditable service, the minimum benefit payable was set at \$8,000 by statute in 2015, increased annually based on the VRS Plan 2 (pension plan) cost of living adjustment and is currently \$8,463.

- b) Contribution - The total contribution rate for the GLI Program was 1.31% of covered employee compensation. This rate was allocated into an employee and an employer component using a 60/40 split. Although not required, the County and School Board component unit elected to pay the employee component, which is separate from the contractually required employer contribution. Each participating employer's contractually required employer contribution rate for the year ended June 30, 2020 was 0.52% of covered employee compensation. This rate was determined from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program for the years ended June 30, 2020 and June 30, 2019 by the County and School Board component unit are as follows:

<u>Description</u>	<u>2020</u>	<u>2019</u>
County	\$1,068,434	\$1,011,422
School Board - non-professional	112,608	110,341
School Board - professional	1,683,537	1,628,580

- c) Liabilities - At June 30, 2020, the County, School Board component unit non-professional and Professional groups reported liabilities of \$16,145,572, \$1,761,516 and \$25,997,693, respectively, for their proportionate shares of the net Group Life Insurance Program OPEB (GLI OPEB) liability. The net GLI OPEB liability was measured as of June 30, 2019 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, 2018, and rolled forward to the measurement date of June 30, 2019. The covered employer's proportion of the net GLI OPEB liability was based on the covered employer's actuarially determined contributions to the GLI Program for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. The proportion for the County, School Board component unit non-professional and professional groups for the years ended June 30, 2019 and June 30, 2018 were as follows:

<u>Description</u>	<u>2019</u>	<u>2018</u>
County	0.99219%	0.99337%
School Board - non-professional	0.10825%	0.09024%
School Board - professional	1.59763%	1.59756%

For the year ended June 30, 2020, the County recognized GLI OPEB expense of \$340,852 and School Board component unit non-professional group recognized GLI OPEB expense of \$26,701. The School Board component unit professional group recognized GLI OPEB expense of \$738,328. 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.

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At June 30, 2020, the County, School Board component unit non-professional and professional groups reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

(i) County:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,073,777	\$ 209,422
Net difference between projected and actual earnings on GLI OPEB program investments	-	331,643
Change in assumptions	1,019,337	486,860
Changes in proportion	-	135,724
Employer contributions subsequent to measurement date	1,068,434	-
Total	<u>\$ 3,161,548</u>	<u>\$ 1,163,649</u>

(ii) School Board - non-professional group:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 117,151	\$ 22,849
Net difference between projected and actual earnings on GLI OPEB program investments	-	36,183
Change in assumptions	111,212	53,117
Changes in proportion	298,075	249,640
Employer contributions subsequent to measurement date	112,608	-
Total	<u>\$ 639,046</u>	<u>\$ 361,789</u>

(iii) School Board - professional group:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,729,002	\$ 337,213
Net difference between projected and actual earnings on GLI OPEB program investments	-	534,013
Change in assumptions	1,641,343	783,945
Changes in proportion	521,714	-
Employer contributions subsequent to measurement date	1,683,537	-
Total	<u>\$ 5,575,596</u>	<u>\$ 1,655,171</u>

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County, School Board component unit non-professional and professional contributions of \$1,068,434, \$112,608 and \$1,683,537, respectively, made subsequent to the measurement date and recognized as deferred outflows of resources related to the GLI OPEB will be recognized as a reduction of the net GLI OPEB liability in the fiscal year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year ended June 30	County	School Board Non-Professional	School Board Professional
2021	\$ 24,869	\$ (7,773)	\$ 229,531
2022	24,882	(7,772)	229,552
2023	165,345	7,553	455,726
2024	300,339	61,339	617,279
2025	322,545	86,339	555,865
Thereafter	91,485	24,963	148,935
Total	<u>\$ 929,465</u>	<u>\$ 164,649</u>	<u>\$ 2,236,888</u>

- d) Actuarial assumptions - The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2018 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, 2019.

Inflation	2.50%
Salary increased, including inflation:	
Locality general purpose employees	3.50% - 5.35%
Locality hazardous duty employees.....	3.50% - 4.75%
Teachers	3.50% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

- 1) Mortality rates - locality general employees (County and School Board - non-professional groups):

Pre-retirement.....	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90

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Post-disablement.....RP-2014 Disabled Life Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal rates	Adjusted termination rates to better fit experience at each age and service year
Disability rates.....	Lowered disability rates
Salary scale.....	No change
Discount rate	Decreased rate from 7.00% to 6.75%

2) Mortality rates - locality hazardous duty employees:

Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year
Post-retirement.....	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward one year with 1% increase compounded from ages 70 to 90; females set forward 3 years
Post-disablement	RP-2014 Disabled Life Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....	Lowered retirement rates at older ages
Withdrawal rates	Adjusted termination rates to better fit experience at each age and service year
Disability rates.....	Increased disability rates
Salary scale.....	No change
Line of duty disability	Increased rate from 60% to 70%
Discount rate	Decreased rate from 7.00% to 6.75%

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3) Mortality rates - School Board - professional:

Pre-retirement	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
Post-retirement.....	RP-2014 White Collar Employee Rates to age 49, White collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90
Post-disablement	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; 115% rates for males and females

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality rates (all).....	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
Disability rates.....	Adjusted rates to better match experience
Salary scale.....	No change
Discount rate	Decreased rate from 7.00% to 6.75%

- e) Net GLI OPEB Liabilities - The net GLI OPEB liability represents the GLI program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, the net GLI OPEB liability is as follows:

Total for the Cost-Sharing Employer Plans - GLI (all employers)	Group Life Insurance OPEB Program
Total GLI OPEB Liability	\$ 3,390,238,391
Plan Fiduciary Net Position	<u>(1,762,972,244)</u>
Employers' Net GLI OPEB Liability	<u>\$ 1,627,266,147</u>
Plan Fiduciary Net Position as a % of the Total GLI OPEB Liability	52.00%

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

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

Asset Class	Target Allocation	Arithmetic	Weighted Average Long-term Expected Rate of Return
		Long-term Expected Rate of Return	
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	3.00%	6.29%	0.19%
Total	<u>100.00%</u>		5.13%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

- g) Discounts - The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by participating entities for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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- h) Sensitivity - The following presents the employers' proportionate share of the net GLI OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net GLI OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

Employer's proportionate share of the net GLI OPEB liability	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County	\$ 21,210,813	\$ 16,145,572	\$ 12,037,804
School Board - non-professional	2,314,144	1,761,516	1,313,350
School Board - professional	34,153,772	25,997,693	19,383,340

- i) Payables - At June 30, 2020, the County and School Board component unit owed the following amounts to the VRS GLI Program due to the timing of when contractually required contribution payments become due.

School Board - non-professional	10,498
School Board - professional	152,619

E. Other Postemployment Benefits - Health Insurance Credits

1. Plan Description

Professional staff of the School Board component unit participate in the VRS Teacher Employee HIC Program, a multiple employer, cost-sharing defined benefit plan. All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Employee HIC Program. The benefit vests with eligible employees who retire with at least 15 years of service credit. The benefit ends upon the retiree's death. This plan is administered by VRS along with pensions and other OPEB plans, for public employer groups in the Commonwealth. Detail information about the HIC Program's fiduciary net position is available in the separately issued VRS 2019 CAFR. A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf> or by writing to the VRS system's Chief Financial Officer at P. O. Box 2500, Richmond, VA 23218-2500.

- a) Benefit - Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to the VRS. The HIC is a tax-free reimbursement in an amount set by the Virginia General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering spouses or dependents, and cannot exceed the actual amount of the premium paid. For teacher and other professional school employees who retire, the monthly benefit is \$4 per year of service per month with no cap on the benefit amount. For teachers and other professional employees who retire on disability, the monthly benefit is either \$4 per month multiplied by twice the amount of service credit or \$4 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
- b) Contribution - Each school division's contractually required employer contribution rate for the year ended June 30, 2020 was 1.20% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the HIC Program were \$3,881,280 and \$3,753,555 for the years ended June 30, 2020 and June 30, 2019, respectively.

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- c) Liabilities - At June 30, 2020, the School Board component unit reported a liability of \$48,819,247 for its proportionate share of the net HIC Program OPEB (HIC OPEB) liability. The net HIC OPEB liability was measured as of June 30, 2019 and the total HIC Program OPEB liability used to calculate the net HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2018 and rolled forward to the measurement date of June 30, 2019. The School Board component unit's proportionate share of the net HIC OPEB liability was based on the school division's actuarially determined employer contributions to the HIC OPEB plan for the year ended June 30, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2019, the School Board component unit's proportion of the HIC Program was 3.73% compared to 3.75% at June 30, 2018.

For the year ended June 30, 2020, the School Board component unit recognized HIC OPEB expense of \$4,158,750. Since there was a change in proportionate share between June 30, 2018 and June 30, 2019, a portion of the HIC OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2020, the School Board component unit reported deferred outflows of resources and deferred inflows of resources related to the HIC OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 276,519
Net difference between projected and actual earnings on HIC OPEB program investments	3,083	-
Change in assumptions	1,136,250	339,226
Changes in proportion	924,623	225,082
Employer contributions subsequent to measurement date	<u>3,881,280</u>	-
Total	<u>\$ 5,945,236</u>	<u>\$ 840,827</u>

\$3,881,280 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board component unit's contributions subsequent to the measurement date will be recognized as a reduction of the net HIC OPEB liability in the fiscal year ending June 30, 2021. 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:

<u>Year ended June 30</u>	<u>School Board Professional</u>
2021	\$ 187,123
2022	187,074
2023	208,467
2024	201,307
2025	200,458
Thereafter	<u>238,700</u>
Total	<u>\$ 1,223,129</u>

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- d) Actuarial assumptions - The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2018 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, 2019.

Inflation	2.5%
Salary increased, including inflation:	
Teachers.....	3.50% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation*

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

Mortality rates:

Pre-retirement.....	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020
Post-retirement	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back three years with 1.5% increase compounded from ages 65 to 70 and 2% increase compounded from ages 75 to 90
Post-disablement.....	RP-2014 Disabled Mortality Rates projected with scale BB to 2020; 115% rates for males and females

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality rates (all).....	Updated to a more current mortality table - RP 2014 projected to 2020
Retirement rates.....	Lowered retirement rates at older ages and changed final retirement from 70 to 75
Withdrawal rates	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
Disability rates.....	Adjusted rates to better match experience
Salary scale.....	No change
Discount rate	Decreased rate from 7.00% to 6.75%

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- e) Net HIC OPEB Liabilities - The net HIC OPEB liability represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2019, the net HIC OPEB liability is as follows:

Total for the Cost-Sharing Employer Plans - HIC (all employers)	Teachers' Health Insurance Credit Program
Total HIC OPEB Liability	\$ 1,438,112,513
Plan Fiduciary Net Position	<u>(129,015,266)</u>
Employers' Net HIC OPEB Liability	<u>\$ 1,309,097,247</u>
Plan Fiduciary Net Position as a % of the Total HIC OPEB Liability	8.97%

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

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

Asset Class	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
MAPS - Multi-Asset Public Strategies	6.00%	3.52%	0.21%
PIP - Private Investment Partnership	<u>3.00%</u>	<u>6.29%</u>	<u>0.19%</u>
Total	<u>100.00%</u>		5.13%
		Inflation	<u>2.50%</u>
		*Expected arithmetic nominal return	<u>7.63%</u>

*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

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- g) Discounts - The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by participating entities for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2019 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's Program's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.
- h) Sensitivity - The following presents the employers proportionate share of the net HIC OPEB liability using the discount rate of 6.75%, as well as what the employer's proportionate share of the net HIC OPEB liability would be if it were calculated using a discount rate that is 1% point lower (5.75%) or 1% point higher (7.75%) than the current discount rate.

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Employer's proportionate share of the net HIC OPEB liability	\$ 54,637,038	\$ 48,819,247	\$ 43,877,042

- i) Payables - At June 30, 2020, the County and School Board component unit owed \$352,043 to the VRS HIC Program due to the timing of when contractually required contribution payments become due.

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F. Summary of Deferred Outflows of Resources and Deferred Inflows of Resources by OPEB Plan

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Deferred Outflows of Resources related to OPEB				
Deferred investment experience:				
Other Postemployment Benefit Trust	\$ 1,066,525	\$ 103,141	\$ 1,169,666	\$ 731,750
Other Postemployment Benefit Trust - Line of Duty	369,142	-	369,142	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	3,083
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	590,977	57,152	648,129	1,595,177
Other Postemployment Benefit Trust - Line of Duty	2,515,576	-	2,515,576	-
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,729,002
VRS cost-sharing Group Life Insurance Plan	995,607	78,170	1,073,777	117,151
Deferred change in assumptions:				
Other Postemployment Benefit Trust	-	-	-	3,742,566
Other Postemployment Benefit Trust - Line of Duty	574,258	-	574,258	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	1,136,250
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,641,343
VRS cost-sharing Group Life Insurance Plan	945,129	74,208	1,019,337	111,212
Deferred change in proportionate share:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	924,623
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	521,714
VRS cost-sharing Group Life Insurance Plan	-	-	-	298,075
Deferred contributions:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	3,881,280
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	1,683,537
VRS cost-sharing Group Life Insurance Plan	990,652	77,782	1,068,434	112,608
Total deferred outflows of resources related to OPEB	<u>\$ 8,047,866</u>	<u>\$ 390,453</u>	<u>\$ 8,438,319</u>	<u>\$ 18,229,371</u>

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Deferred Inflows of Resources related to OPEB				
Deferred investment experience:				
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	\$ -	\$ -	\$ -	\$ 534,013
VRS cost-sharing Group Life Insurance Plan	307,500	24,143	331,643	36,183
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	3,646,391	352,637	3,999,028	17,320,424
Other Postemployment Benefit Trust - Line of Duty	1,337,578	-	1,337,578	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	276,519
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	337,213
VRS cost-sharing Group Life Insurance Plan	194,177	15,245	209,422	22,849
Deferred change in assumptions:				
Other Postemployment Benefit Trust	14,311,637	1,384,052	15,695,689	14,644,795
Other Postemployment Benefit Trust - Line of Duty	4,010,062	-	4,010,062	-
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	339,226
VRS cost-sharing Group Life Insurance Plan - Teachers' Pool	-	-	-	783,945
VRS cost-sharing Group Life Insurance Plan	451,416	35,444	486,860	53,117
Deferred change in proportionate share:				
VRS cost-sharing Teacher Health Insurance Credit Program	-	-	-	225,082
VRS cost-sharing Group Life Insurance Plan	125,843	9,881	135,724	249,640
Total deferred inflows of resources related to OPEB	<u>\$ 24,384,604</u>	<u>\$ 1,821,402</u>	<u>\$ 26,206,006</u>	<u>\$ 34,823,006</u>
 Enterprise funds				
Deferred Outflows of Resources related OPEB				
Deferred investment experience:				
Other Postemployment Benefit Trust	\$ 47,645	\$ 54,009	\$ 1,487	\$ 103,141
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	26,401	29,927	824	57,152
VRS cost-sharing Group Life Insurance Plan	32,750	43,917	1,503	78,170
Deferred change in assumptions				
VRS cost-sharing Group Life Insurance Plan	31,090	41,691	1,427	74,208
Deferred contributions:				
VRS cost-sharing Group Life Insurance Plan	32,587	43,699	1,496	77,782
Total deferred outflows of resources related to OPEB	<u>\$ 170,473</u>	<u>\$ 213,243</u>	<u>\$ 6,737</u>	<u>\$ 390,453</u>

County of Chesterfield, Virginia
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	Water	Wastewater	Non-major Airport	Total
Enterprise funds				
Deferred Inflows of Resources related to OPEB				
Deferred investment experience:				
VRS cost-sharing Group Life Insurance Plan	\$ 10,115	\$ 13,564	\$ 464	\$ 24,143
Deferred OPEB difference between expected and actual:				
Other Postemployment Benefit Trust	162,897	184,656	5,084	352,637
VRS cost-sharing Group Life Insurance Plan	6,387	8,565	293	15,245
Deferred change in assumptions:				
Other Postemployment Benefit Trust	639,349	724,750	19,953	1,384,052
VRS cost-sharing Group Life Insurance Plan	14,849	19,913	682	35,444
Deferred change in proportionate share:				
VRS cost-sharing Group Life Insurance Plan	4,140	5,551	190	9,881
Total deferred inflows of resources related to OPEB	<u>\$ 837,737</u>	<u>\$ 956,999</u>	<u>\$ 26,666</u>	<u>\$ 1,821,402</u>

	Vehicle and Communications	Risk Management	Total
Internal Service funds			
Deferred Outflows of Resources related to OPEB			
Deferred investment experience:			
Other Postemployment Benefit Trust	\$ 23,827	\$ 2,873	\$ 26,700
Deferred OPEB difference between expected and actual:			
Other Postemployment Benefit Trust	13,203	1,592	14,795
VRS cost-sharing Group Life Insurance Plan	21,476	6,228	27,704
Deferred change in assumptions			
VRS cost-sharing group life insurance plan	20,387	5,912	26,299
Deferred contributions:			
VRS cost-sharing Group Life Insurance Plan	21,369	6,197	27,566
Total deferred outflows of resources related to OPEB	<u>\$ 100,262</u>	<u>\$ 22,802</u>	<u>\$ 123,064</u>

County of Chesterfield, Virginia
Notes to Financial Statements
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	Vehicle and Communications	Risk Management	Total
Internal Service funds			
Deferred Inflows of Resources related to OPEB			
Deferred investment experience:			
VRS cost-sharing Group Life Insurance Plan	\$ 6,633	\$ 1,924	\$ 8,557
Deferred OPEB difference between expected and actual:			
Other Postemployment Benefit Trust	81,462	9,822	91,284
VRS cost-sharing Group Life Insurance Plan	4,188	1,215	5,403
Deferred change in assumptions:			
Other Postemployment Benefit Trust	319,728	38,549	358,277
VRS cost-sharing Group Life Insurance Plan	9,737	2,824	12,561
Deferred change in proportionate share:			
VRS cost-sharing Group Life Insurance Plan	<u>2,714</u>	<u>787</u>	<u>3,501</u>
Total deferred inflows of resources related to OPEB	<u>\$ 424,462</u>	<u>\$ 55,121</u>	<u>\$ 479,583</u>

G. Summary of Net OPEB Liability and Expense by OPEB Plan

	Primary Government			Component Unit	
	Governmental		Business-type		School Board
	Activities	Activities	Activities	Total	
Net OPEB Liability					
Postemployment Retiree Healthcare Benefits	\$ 53,792,704	\$ 5,202,195	\$ 58,994,899	\$ 158,649,359	
Line of Duty	5,102,408	-	5,102,408	-	
Group Life Insurance Plan	14,970,174	1,175,398	16,145,572	1,761,516	
Group Life Insurance Plan - Teachers' Pool	-	-	-	25,997,693	
Health Insurance Credits	-	-	-	48,819,247	
Total net OPEB liability	<u>\$ 73,865,286</u>	<u>\$ 6,377,593</u>	<u>\$ 80,242,879</u>	<u>\$ 235,227,815</u>	
OPEB Expense					
Postemployment Retiree Healthcare Benefits	\$ 2,097,430	\$ 202,839	\$ 2,300,269	\$ 7,641,375	
Line of Duty	1,404,962	-	1,404,962	-	
Group Life Insurance Plan	316,038	24,814	340,852	26,701	
Group Life Insurance Plan - Teachers' Pool	-	-	-	738,328	
Health Insurance Credits	-	-	-	4,158,750	
Total OPEB expense	<u>\$ 3,818,430</u>	<u>\$ 227,653</u>	<u>\$ 4,046,083</u>	<u>\$ 12,565,154</u>	

County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020

Enterprise funds				Non-major	Total
	Water	Wastewater	Airport		
Net OPEB Liability					
Postemployment Retiree Healthcare Benefits	\$ 2,403,101	\$ 2,724,097	\$ 74,997	\$ 5,202,195	
Group Life Insurance Plan	492,440	660,354	22,604	1,175,398	
Total net OPEB liability	<u>\$ 2,895,541</u>	<u>\$ 3,384,451</u>	<u>\$ 97,601</u>	<u>\$ 6,377,593</u>	
OPEB Expense					
Postemployment Retiree Healthcare Benefits	\$ 93,699	\$ 106,216	\$ 2,924	\$ 202,839	
Group Life Insurance Plan	10,396	13,941	477	24,814	
Total OPEB expense	<u>\$ 104,095</u>	<u>\$ 120,157</u>	<u>\$ 3,401</u>	<u>\$ 227,653</u>	
Internal Service funds					Total
	Vehicle and Communications	Risk Management			
Net OPEB Liability					
Postemployment Retiree Healthcare Benefits	\$ 1,201,751	\$ 144,895	\$ 1,346,646		
Group Life Insurance Plan	322,911	93,644	416,555		
Total net OPEB liability	<u>\$ 1,524,662</u>	<u>\$ 238,539</u>	<u>\$ 1,763,201</u>		
OPEB Expense					
Postemployment Retiree Healthcare Benefits	\$ 46,857	\$ 5,650	\$ 52,507		
Group Life Insurance Plan	6,817	1,977	8,794		
Total OPEB expense	<u>\$ 53,674</u>	<u>\$ 7,627</u>	<u>\$ 61,301</u>		

14. Tax Abatements

A. General

Incentive Program for Rehabilitation of Commercial Properties - The County has adopted an ordinance granting a partial tax exemption for certain commercial or industrial structures that have been rehabilitated, renovated or replaced. This program is established under the authority provided by the Code of Virginia §58.1-3221. Upon approval, the partial exemption will be in effect for seven years. The amount of the exemption is based solely on the increase in assessed value and does not change over the seven-year period. Generally, to qualify, the commercial or industrial structures must be no less than 25 years of age, the increase in assessed value must be 15% or more and the taxpayer must apply for the exemption within 12 months after the filing date of the building permit application for the rehabilitation, renovation or replacement structure. Because real property taxes are not abated until after the improvements have been made, there are no provisions for recapturing abated taxes. In fiscal year 2020, tax abatements for the County's incentive program for rehabilitation of commercial properties totaled \$323,162. No other commitments are made by the County as part of these agreements.

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

B. Technology Zone Programs

The County has five technology zones, which are distinct geographical areas of the County, that provide a package of incentives designed to encourage business expansion and recruitment. This program is established under the authority provided by the Code of Virginia §58.1-3245.

Machinery and Tools – Any business which after January 1, 2006 either locates in a technology zone or undergoes a facility expansion or renovation which results in an increase of 15% or \$50,000, whichever is greater, in the assessed value of its machinery and tools over the value of its machinery and tools from the previous year can qualify for a 100% rebate of the increase in machinery and tools taxes for five consecutive years. The taxpayer must apply for and access the rebate within one year of start of operations in the technology zone, or within one year of a qualifying facility expansion or renovation in order to receive the rebate. In fiscal year 2020, tax abatements for the County's Technology Zone Programs for Machinery and Tools taxes totaled \$125,212. No other commitments are made by the County as part of these agreements.

Business License – Any business required to obtain a license based on gross receipts or purchases and is located in or makes improvements to a building within a technology zone, on or after the date on which the technology zone was established, may be qualified to receive tax relief of the increase in gross receipts or purchases over the business' gross receipts or purchase during the base year. To qualify for the relief, the business must apply within one year of start of operations in the zone. The tax and fee relief period will begin in the tax year after the business qualifies for the relief and will last for four additional tax years, or for so long as the business remains within any technology zone, whichever period is shorter. In fiscal year 2020, tax abatements for the County's Technology Zone Programs for Business License fees totaled \$201,497. No other commitments are made by the County as part of these agreements.

C. Tourism and Public Entertainment and Recreation

Under the authority provided by the Code of Virginia §15.2-4905, the Board may approve, through local resolution, individual incentive packages to encourage growth that provides significant economic benefits to the County in terms of capital investment, sports tourism and/or public entertainment and recreation. Economic Development staff negotiate the terms of these agreements and the County agrees to rebate a portion of agreed upon taxes and, in exchange, the taxpayer agrees to meet certain performance measures, which typically include a minimum capital investment and the creation of a minimum number of new, full-time jobs. Each performance agreement specifies the duration of the tax abatement period and other any terms or conditions that apply to the transaction. In 2019, the County entered into an agreement with a taxpayer to rebate amounts equivalent to real estate, occupancy and sales tax revenues received as a result of the taxpayer's real estate developments in the County. The rebate payment is subject to non-appropriation by the Board and requires the taxpayer to meet specific economic development milestones. No rebate payments were made during FY2020.

D. Tax Increment Financing

Under the authority of Code of Virginia §58.1-3245.2, the County adopted various tax increment financing agreements with community development authorities that were created by the County for the purpose of financing, planning, acquisition and construction of infrastructure improvements within each authority's designated development district. The authorities have pledged the tax increments to pay debt service on long-term debt issued to finance infrastructure improvements. Based on the individual agreements, the County has agreed to pay a range of 64% to 100% of incremental real estate taxes that exceed base amounts to each authority. For fiscal year 2020, the County paid \$1,811,784 in real property tax increments. The County also agreed to pay from 34% to 100% of its the local portion of sales tax revenue collected each calendar year from retail establishments within the districts to each authority. For fiscal year 2020, the County paid \$747,684 in sales tax revenues related to calendar years 2018 and 2019.

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

E. Land Trust

Under the authority of Code of Virginia §15.2-7501 the County designated Maggie Walker Community Land Trust to carry out the functions of a land bank entity for the purpose of assisting the county to address vacant, abandoned, and tax delinquent properties in the county. Under the authority of Code of Virginia §15.2-7509 when real property is conveyed by the land bank entity, fifty percent of the real property taxes collected on such property shall be remitted to the land bank entity. Such remittance of real property taxes collected shall commence with the first taxable year following the date of conveyance and continue for a period of ten years. The remittance shall not be renewed at the conclusion of the ten-year period. There were no remittances to the Land Bank in FY2020.

15. Joint Ventures

A. Appomattox River Water Authority

The County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights, participated in the creation of the Appomattox River Water Authority (Water Authority). The Water Authority was established under the provisions of the Virginia Water and Sewer Authorities Act. The Water Authority, whose five-member board is comprised of one representative from each participating entity, is responsible for providing a supply of filtered water to be purchased by the members of the Water Authority and for improvements and expansion to meet the current and future demands of the participating jurisdictions.

The County retains an ongoing financial responsibility for the joint venture due to the requirement to purchase water and the capacity rights, (note 1.D.6), received in connection with the expansion of the treatment plant. The County's purchases of water for the year ended June 30, 2020, were \$8,030,896. As a part of the Alum settlement with chemical suppliers, ARWA was awarded a settlement for overpriced operating expenses from FY1997 - FY2016. The County received an allocated share of the settlement in FY2020 in the amount of \$855,040. Complete financial statements for the Water Authority can be obtained from the Water Authority's Office at 21300 Chesdin Road, South Chesterfield, Virginia 23803.

B. Capital Region Airport Commission

The County, together with the City of Richmond and the Counties of Henrico and Hanover, participates in an intergovernmental joint venture, the Capital Region Airport Commission (Commission). The Commission owns and operates the Richmond International Airport (Airport).

The Commission is comprised of a fourteen-member board of directors, with four members each being appointed by the City of Richmond, County of Henrico and County of Chesterfield governing bodies and two members being appointed by the County of Hanover governing body. The Commission generates revenues from service charges to users of the Airport facilities to recover the costs of maintaining, repairing and operating the Airport. Virginia law requires that the Commission submit an annual budget showing estimated revenues and estimated expenditures to the governing bodies of the localities for their approval. The Commission's budget submittal must identify any deficits and the proportion of the deficit to be borne by, or requested of, each participating locality's governing body. Allocation of the Commission's deficit among the participating localities shall be proportionate to their respective populations. If a participating locality's governing body approves the Commission's operating and capital budgets with deficits, the locality shall appropriate to the Commission its share of the deficit. If during any fiscal year the Commission shall receive general fund revenues in excess of those estimated in its approved operating budget, the budgeted deficit shall be reduced and so shall the proportionate appropriation of the participating localities unless otherwise agreed upon by the parties. No contribution was made by the County in fiscal year 2020.

Complete financial statements for the Commission can be obtained from the Commission's Office at Richmond International Airport, 1 Richard E. Byrd Terminal Dr., Suite A, Richmond, VA 23250.

**County of Chesterfield, Virginia
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June 30, 2020**

C. Greater Richmond Convention Center Authority

The Greater Richmond Convention Center Authority (the Convention Authority) is a political subdivision of the Commonwealth of Virginia and was created by the City of Richmond and the Counties of Chesterfield, Hanover and Henrico for the purpose of expanding, owning and operating a regional convention center facility. The Convention Authority is governed by a five-member commission comprised of the chief administrative officer of each of the four incorporating political subdivisions and the President/CEO of the Retail Merchants Association of Greater Richmond.

Each participating jurisdiction is authorized to levy an 8% transient occupancy tax and has agreed in the Hotel Tax Payment Agreement to appropriate and to pay to the Convention Authority an amount equal to the total amount of transient occupancy tax collected. The County recorded an expenditure of \$4,528,009 for transient occupancy tax to the Convention Authority during the year ended June 30, 2020.

Each participating jurisdiction intends that its respective tax payment will be sufficient to fund its allocated share of operating costs as defined in the Interlocal Agreement. The County received \$3,554,627 from the Convention Authority for tax payments made in excess of its allocated share of operating costs during the year ended June 30, 2020.

On May 19, 1998, the Convention Authority entered into a fiscal services agreement with the County. The agreement specifies that the County provide services to the Convention Authority to (1) direct and monitor the investment and disbursement of funds from future revenue bonds held by the trustee; (2) receive and manage revenues transferred on behalf of the Convention Authority to the Treasurer of Chesterfield County; (3) maintain accounting records in accordance with generally accepted accounting principles and coordinate with outside independent auditors; (4) monitor and control the Convention Authority's budget; and (5) secure arbitrage reporting and financial advisory services. In accordance with the terms of the fiscal agent agreement, the Convention Authority made payments of \$126,000 to the County for the year ended June 30, 2020. The agreement is effective until the Convention Authority or the County gives written notice to the other of its desire to terminate the agreement.

Complete financial statements for the Convention Authority can be obtained from Chesterfield County, Accounting Department, 9901 Lori Road, Chesterfield, VA 23832.

D. Greater Richmond Transit Company

The Greater Richmond Transit Company (GRTC) is a public service corporation organized to provide mass transportation services to the Richmond metropolitan area. GRTC is owned jointly by the County and the City of Richmond, each owning a 50% share of the corporation. The County does not have an explicit or measurable claim to the resources of GRTC.

A Board of Directors comprised of six members, with three members each being appointed by the respective governing bodies, manages GRTC. The majority of the capital, operating and liability costs are paid by fare revenue, state and federal grants, and when necessary, route subsidies. Each locality participates in GRTC's cost only to the extent that the locality chooses to have GRTC operate routes within its jurisdiction. The County's ongoing financial responsibility in GRTC is due to this commitment. At June 30, 2020, there were two fixed GRTC route in the County and a \$405,873 contribution was made by the County in fiscal year 2020. Complete financial statements for GRTC can be obtained from GRTC at 301 East Belt Blvd., Richmond, VA, 23224.

E. Riverside Regional Jail Authority

The Riverside Regional Jail Authority (RRJA) was created by Chapter 726 of the 1990 Acts of the General Assembly and was formed on June 21, 1990. RRJA is comprised of the Cities of Colonial Heights, Hopewell and Petersburg and the Counties of Charles City, Chesterfield, Prince George and

**County of Chesterfield, Virginia
Notes to Financial Statements
June 30, 2020**

Surry. A fourteen-member board comprised of one appointed member and the sheriff from each participating jurisdiction governs RRJA. Each member must reside in and be appointed by the governing body of his political subdivision.

The regional jail is located in the County of Prince George adjacent to the Federal Correctional Institution and is used to hold prisoners primarily from each member jurisdiction. In accordance with the Jail Authority Service Agreement, each participating locality is required to commit a determined percentage of its inmates, paying per diem rates, to the jail. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement. The County's per diem payments for the year ended June 30, 2020, were \$8,410,223. Complete financial statements for RRJA can be obtained from the Riverside Regional Jail Authority's office at 500 Folar Trail, North Prince George, VA 23860.

F. South Central Wastewater Authority

On July 2, 1996, the County, in conjunction with the Counties of Dinwiddie and Prince George and the Cities of Petersburg and Colonial Heights participated in the creation of the South Central Wastewater Authority (Wastewater Authority), by concurrent resolutions in accordance with the Virginia Water and Sewer Authorities Act. The purpose of the Wastewater Authority, whose five-member board is comprised of one representative from each participating jurisdiction, is to acquire, finance, construct, expand, improve, operate and maintain wastewater treatment and related facilities and for compliance with all requirements of applicable laws and regulations, except as otherwise provided in the service agreements.

The County paid \$4,786,709 on July 2, 1996, representing its share of acquired debt and an initial operations and maintenance deposit. The County will be responsible for its portion of operation and maintenance expenses on a monthly basis, based on the Service Agreement. The County's purchases of wastewater services for the year ended June 30, 2020 were \$729,702. Complete financial statements for the Wastewater Authority can be obtained from the South Central Wastewater Authority's Office at 900 Magazine Road, Petersburg, VA 23803.

16. Related Organizations and Jointly Governed Organizations

A. Health Center Commission for the County of Chesterfield

The Health Center Commission for the County of Chesterfield (Health Center Commission) was created on January 13, 1993 by the County Board, pursuant to Chapter 37, Title 15.1 of the Code of Virginia, for the purpose of operating a long-term care facility and independent living campus (Lucy Corr Village). The seven members of the Health Center Commission are appointed by the Board; however there is no ability of the Board to direct the members of the Health Center Commission with respect to carrying out the Health Center Commission's fiscal and management functions and the Health Center Commission has no significant financial benefit or financial burden relationship with the County. The County provides support services to the Health Center Commission on a cost basis. For fiscal year 2020, the County received \$31,609 from the Health Center Commission for providing support services.

B. Central Virginia Waste Management Authority

The Central Virginia Waste Management Authority (Waste Authority) was established under the provision of the Virginia Water and Sewer Authorities Act. The Waste Authority's board is comprised of representatives from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan and Prince George, the Cities of Colonial Heights, Petersburg, Hopewell and Richmond and the Town of Ashland. The twenty-member board is comprised of no less than one and up to no more than three members from each of the participating jurisdictions, determined on a population basis. The County has three representatives serving. The Waste Authority is responsible for creating and implementing recycling and solid waste management programs for its local member jurisdictions in order to meet waste reduction mandates set by the Virginia General Assembly. Except

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June 30, 2020**

for contribution requirements and direct payments for special projects, no participant has any ongoing financial interest or responsibility in the Waste Authority. The County's contribution and direct payments for special projects for the year ended June 30, 2020, were \$4,040,813.

C. Greater Richmond Partnership

The Greater Richmond Partnership is comprised of members from the City of Richmond and the Counties of Chesterfield, Hanover, and Henrico. Together in partnership with the business leadership of the area, the Greater Richmond Partnership's purpose is to further economic development of the metropolitan area. The County has one representative serving on the Greater Richmond Partnership's eight-member Board of Directors and contributed \$385,000 for the year ended June 30, 2020.

D. Petersburg Area Regional Tourism Corporation

The Petersburg Area Regional Tourism Corporation (PART) is comprised of sixteen members from the Counties of Chesterfield, Dinwiddie, Prince George, the Cities of Colonial Heights, Hopewell and Petersburg. The major function of the PART is to develop a regional tourism marketing initiative that will result in increased tourism visitation and spending. In addition, the PART will assist member localities in strategic product development planning. The County has two representatives serving on the PART, and paid a contribution of \$100,000 for the year ended June 30, 2020.

E. Richmond Region Tourism

Richmond Region Tourism (RRT), formerly the Richmond Metropolitan Convention and Visitors Bureau, serves the Cities of Richmond and Colonial Heights, the Town of Ashland and the Counties of Chesterfield, Hanover, Henrico, and New Kent by promoting conventions, tourism and development in the Metropolitan Richmond area in order to increase revenues, provide increased employment and improve the economic health of all jurisdictions involved. The RRT has twenty-five members and the County has two representatives serving on RRT's Board of Directors and contributed \$1,126,325 for the year ended June 30, 2020.

F. Richmond Regional Planning District Commission

The Richmond Regional Planning District Commission (RRPDC) is comprised of thirty-eight members from the Counties of Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, Powhatan, the City of Richmond and the Town of Ashland. The major objectives of the RRPDC are to promote regional cooperation; coordinate the activities and policies of member local governments; resolve service delivery problems involving more than one government within the region and provide planning assistance to local governments. In accordance with its Charter, the RRPDC promotes the orderly physical, social and economic development of the region through planning and encouraging local governments to plan for the future. The County has seven representatives serving on the RRPDC and paid total dues of \$235,814 for the year ended June 30, 2020.

G. Virginia's Gateway Region Board

Virginia's Gateway Region Board (VGRB) serves the Counties of Chesterfield, Dinwiddie, Prince George, Surry and Sussex, as well as the Cities of Colonial Heights, Hopewell and Petersburg in their efforts to provide balanced industrialization to commission members. The County has two representatives serving on VGRB's twenty-five member board and contributed \$81,920 to VGRB for the year ended June 30, 2020.

H. Lower Magnolia Green Community Development Authority

Lower Magnolia Green Community Development Authority (LMGCDA) was established by an ordinance adopted by the County's Board of Supervisors on August 22, 2007 at the request of the owner of the property at that time, and pursuant to the Virginia Water and Waste Authorities Act, Chapter 51, Section 15.2-5152 of the Code of Virginia. The sole purpose of the LMGCDA is to finance,

**County of Chesterfield, Virginia
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June 30, 2020**

construct and maintain certain public improvements within the Lower Magnolia Green Special Assessment District (LMGSAD). The operating revenue of LMGCD is primarily from Special Assessments collected by the County on behalf of LMGCD against the taxable real property in the LMGSAD. The County agreed to manage the construction of road improvements to be paid for by LMGCD. The total cost of the project is estimated to be \$25,000,000. In fiscal year 2020, the County received reimbursements for expenditures relating to the LMGCD road widening project in the amount of \$6,154,515, with an additional \$3,878,515 reported as a receivable at June 30, 2020.

17. Subsequent Events

On July 22, 2020, the County issued its \$59,755,000 General Obligation Public Improvement Bonds, Series 2020 (the "2020 GO Bonds"), to finance various capital improvements for school purposes. The 2020 GO Bonds are due January 1 in each of the years 2021 through 2040. Interest on the 2020 GO Bonds is due semi-annually in January and July with rates ranging from 2.0% to 5.0% beginning January 2021.

On August 20, 2020, the County issued its \$41,485,000 General Obligation Refunding Bonds, Series 2020B (Federally Taxable) (the "2020B GO Refunding Bonds"), to refund portions of the County's (a) General Obligation Public Improvement Bonds, Series A of 2012 (the "2012A GO Bonds"), (b) General Obligation Public Improvement Refunding Bonds, Series B of 2012 (the "2012B GO Bonds"), (c) General Obligation Public Improvement Bonds, Series A of 2014 (the "2014A GO Bonds"), and (d) General Obligation Public Improvement Bonds, Series A of 2015 (the "2015A GO Bonds"). The 2020B GO Refunding Bonds are due January 1 in each of the years 2023 through 2035. Interest on the 2020B GO Refunding Bonds is due semi-annually in January and July with rates ranging from 0.35% to 1.55% beginning January 2021.

On September 28, 2020, the EDA issued its (1) \$5,659,000 Revenue Refunding Bond (Meadowville Technology Park Project), Series 2020C (Federally Tax-Exempt), (2) \$2,611,000 Revenue Refunding Bond (Meadowville Technology Park Project), Series 2020D (Federally Taxable), and (3) \$6,246,000 Revenue Refunding Bond (Stonebridge Project), Series 2020E (Federally Taxable), to refund or defease certain outstanding obligations for the EDA and the County. The Series 2020C Bonds are due January 1 in each of the years 2021 through 2030. Interest on these bonds is due semiannually in January and July beginning in January 2021 and is fixed at 1.0%. The Series 2020D are due January 1 in each of the years 2021 through 2025. Interest on these bonds is due semiannually in January and July beginning in January 2021 and is fixed at 0.75%. The Series 2020E Bonds are due January 1 in each of the years 2021 through 2035. Interest on these bonds is due semiannually in January and July beginning in January 2021 and is fixed at 2.0%.

On October 13, 2020, the EDA issued its \$85,000,000 Public Facility Revenue Bonds, Series 2020F, to (a) finance the costs of certain capital improvements for governmental purposes, included but not limited to (i) major maintenance for school buildings and other school system facilities, (ii) major maintenance for County facilities and (iii) road and drainage improvements and (b) to pay the related costs of issuing the Series 2020F Bonds. The Series 2020F Bonds are due April 1 in each of the years 2022 through 2041. Interest on these bonds is due semi-annually in April and October with rates ranging from 2.0% to 5.0% beginning in April 2021.

REQUIRED SUPPLEMENTARY INFORMATION

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 22,359,979	\$ 22,190,584	\$ 22,272,468	\$ 23,239,284	\$ 23,782,639	\$ 23,887,734
Interest	60,537,206	63,626,498	65,494,255	67,908,912	70,546,359	73,176,982
Changes of assumptions	-	-	-	2,022,586	-	33,012,481
Difference between expected and actual experience	-	(17,191,373)	(8,183,531)	(6,527,022)	(3,619,063)	(2,807,910)
Benefit payments, including refunds of member contributions	(37,609,453)	(39,919,429)	(43,967,501)	(46,208,684)	(51,723,215)	(54,535,995)
Net change in total pension liability	45,287,732	28,706,280	35,615,691	40,435,076	38,986,720	72,733,292
Plan total pension liability - beginning	<u>883,621,959</u>	<u>928,909,691</u>	<u>957,615,971</u>	<u>993,231,662</u>	<u>1,033,666,738</u>	<u>1,072,653,458</u>
Plan total pension liability - ending	<u>\$ 928,909,691</u>	<u>\$ 957,615,971</u>	<u>\$ 993,231,662</u>	<u>\$ 1,033,666,738</u>	<u>\$ 1,072,653,458</u>	<u>\$ 1,145,386,750</u>
Plan fiduciary net position						
Contributions - employer	\$ 26,084,703	\$ 26,685,876	\$ 27,306,288	\$ 23,642,700	\$ 24,044,622	\$ 25,567,311
Contributions - employee	8,820,383	8,787,349	9,096,346	9,245,876	9,212,218	9,462,407
Net investment income	103,473,934	34,502,076	13,653,023	95,910,844	64,159,374	60,814,725
Benefit payments, including refunds of member contributions	(37,609,453)	(39,919,429)	(43,967,501)	(46,208,684)	(51,723,215)	(54,535,995)
Administrative expense	(554,506)	(469,584)	(484,906)	(555,458)	(558,774)	(606,813)
Other changes	5,455	(7,320)	(5,789)	(85,337)	(56,997)	(38,278)
Net change in Plan fiduciary net position	100,220,516	29,578,968	5,597,461	81,949,941	45,077,228	40,663,357
Plan fiduciary net position - beginning	<u>655,888,263</u>	<u>756,108,779</u>	<u>785,687,747</u>	<u>791,285,208</u>	<u>873,235,149</u>	<u>918,312,377</u>
Plan fiduciary net position - ending	<u>\$ 756,108,779</u>	<u>\$ 785,687,747</u>	<u>\$ 791,285,208</u>	<u>\$ 873,235,149</u>	<u>\$ 918,312,377</u>	<u>\$ 958,975,734</u>
Plan net pension liability - ending	<u>\$ 172,800,912</u>	<u>\$ 171,928,224</u>	<u>\$ 201,946,454</u>	<u>\$ 160,431,589</u>	<u>\$ 154,341,081</u>	<u>\$ 186,411,016</u>
Plan fiduciary net position as a percentage of the total pension liability	81.40%	82.05%	79.67%	84.48%	85.61%	83.73%
Covered payroll	\$ 173,942,815	\$ 175,451,036	\$ 181,566,910	\$ 184,361,751	\$ 187,590,142	\$ 202,738,683
Plan net pension liability as a percentage of covered payroll	99.34%	97.99%	111.22%	87.02%	82.28%	91.95%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2014 was the first year of this presentation, no other data is available.

Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Local Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

Total pension liability	2014	2015	2016	2017	2018	2019
Service cost	\$ 2,949,849	\$ 2,915,998	\$ 2,651,127	\$ 2,018,689	\$ 1,479,580	\$ 1,744,280
Interest	7,295,839	7,583,876	7,846,485	7,895,142	7,789,094	7,694,378
Difference between expected and actual experience	-	406,101	(1,687,860)	(2,853,536)	(2,665,360)	(532,711)
Changes of assumptions	-	-	-	(400,345)	-	2,931,319
Benefit payments, including refunds of member contributions	(5,762,476)	(6,499,271)	(7,809,560)	(8,419,736)	(7,930,103)	(7,982,718)
Net change in total pension liability	4,483,212	4,406,704	1,000,192	(1,759,786)	(1,326,789)	3,854,548
Plan total pension liability - beginning	<u>107,107,506</u>	<u>111,590,718</u>	<u>115,997,422</u>	<u>116,997,614</u>	<u>115,237,828</u>	<u>113,911,039</u>
Plan total pension liability - ending	<u>\$ 111,590,718</u>	<u>\$ 115,997,422</u>	<u>\$ 116,997,614</u>	<u>\$ 115,237,828</u>	<u>\$ 113,911,039</u>	<u>\$ 117,765,587</u>
Plan fiduciary net position						
Contributions - employer	\$ 3,168,042	\$ 2,839,204	\$ 2,166,394	\$ 1,485,751	\$ 1,585,825	\$ 2,490,225
Contributions - employee	1,388,336	1,317,080	994,249	772,643	815,103	999,604
Net investment income	12,967,640	4,266,413	1,577,265	10,957,663	7,077,891	6,456,989
Benefit payments, including refunds of member contributions	(5,762,476)	(6,499,271)	(7,809,560)	(8,419,736)	(7,930,103)	(7,982,718)
Administrative expense	(70,338)	(59,811)	(61,331)	(67,765)	(64,350)	(66,968)
Other changes	683	(897)	(685)	(9,587)	(6,181)	(4,052)
Net change in Plan fiduciary net position	11,691,887	1,862,718	(3,133,668)	4,718,969	1,478,185	1,893,080
Plan fiduciary net position - beginning	<u>82,963,489</u>	<u>94,655,376</u>	<u>96,518,094</u>	<u>93,384,426</u>	<u>98,103,395</u>	<u>99,581,580</u>
Plan fiduciary net position - ending	<u>\$ 94,655,376</u>	<u>\$ 96,518,094</u>	<u>\$ 93,384,426</u>	<u>\$ 98,103,395</u>	<u>\$ 99,581,580</u>	<u>\$ 101,474,660</u>
Plan net pension liability - ending	<u>\$ 16,935,342</u>	<u>\$ 19,479,328</u>	<u>\$ 23,613,188</u>	<u>\$ 17,134,433</u>	<u>\$ 14,329,459</u>	<u>\$ 16,290,927</u>
Plan fiduciary net position as a percentage of the total pension liability	84.82%	83.21%	79.82%	85.13%	87.42%	86.17%
Covered payroll	\$ 27,158,776	\$ 25,240,789	\$ 19,762,536	\$ 16,006,363	\$ 17,089,386	\$ 20,822,912
Plan net pension liability as a percentage of covered payroll	62.36%	77.17%	119.48%	107.05%	83.85%	78.24%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teachers' Pool

Schedule of School Board's Proportionate Share of the Net Pension Liability*

	2014	2015	2016	2017	2018	2019
Employer's proportion of the Net Pension Liability	3.65792%	3.68087%	3.64488%	3.68164%	3.75075%	3.72883%
Employer's proportionate share of the Net Pension Liability	\$ 442,048,000	\$ 463,287,000	\$ 510,798,000	\$ 452,768,000	\$ 441,087,000	\$ 490,735,218
Employer's covered payroll	267,338,117	273,364,177	277,791,240	290,256,816	303,034,105	312,334,155
Employer's proportionate share of the Net Pension Liability as a percentage of its covered payroll	165.35%	169.48%	183.88%	155.99%	145.56%	157.12%
Plan Fiduciary Net Position as a percentage of the Total Pension Liability	70.88%	70.68%	68.28%	72.92%	74.81%	73.51%

Notes to Schedule:

Per GAAP, net pension liabilities are reported using the measurement date, which is one year prior to the reporting date.

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County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer VRS Contributions

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Deficiency (Excess)	Covered Payroll		
Primary Government*						
2015	\$ 26,685,876	\$ 26,685,876	\$ -	\$ 175,451,036		15.21%
2016	27,306,288	27,306,288	-	181,566,910		15.04
2017	23,642,700	23,642,700	-	184,361,751		12.82
2018	24,044,622	24,044,622	-	187,590,142		12.82
2019	25,567,311	25,567,311	-	202,738,683		12.61
2020	26,734,509	26,734,509	-	204,241,214		13.09
School Board Component Unit - Non-professional*						
2015	\$ 2,839,204	\$ 2,839,204	\$ -	\$ 25,240,789		11.25%
2016	2,166,394	2,166,394	-	19,762,536		10.96
2017	1,485,751	1,485,751	-	16,006,363		9.28
2018	1,585,825	1,585,825	-	20,167,901		9.25
2019	2,490,225	2,490,225	-	20,822,912		11.96
2020	2,478,587	2,478,587	-	21,626,542		11.46
School Board Component Unit - Professional (Teachers)*						
2015	\$ 39,521,472	\$ 39,521,472	\$ -	\$ 273,364,177		14.46%
2016	38,757,881	38,757,881	-	277,791,240		13.95
2017	41,864,534	41,864,534	-	290,256,816		14.42
2018	48,478,812	48,478,812	-	303,034,105		16.00
2019	47,755,750	47,755,750	-	312,334,155		15.29
2020	48,971,623	48,971,623	-	323,215,546		15.15

* Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System
Notes to VRS Required Supplemental Information

Change in benefit terms -

Primary Government and School Board Component Unit Non-professional:

There have been no actuarially significant changes to the System provisions since the prior actuarial valuation.

Changes of assumptions -

Primary Government and School Board Component Unit Non-professional:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

Largest 10 - Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages
- Adjusted withdrawal rates to better fit experience
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

VRS Teachers Pool:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

Methods and assumptions used to determine contribution rates:

Primary Government and School Board Component Unit - Non-professional:

	<u>Non-Hazardous</u>	<u>Hazardous Duty</u>
Actuarial cost method	Entry age normal	Entry age normal
Amortization method	Level percent closed	Level percent closed
Remaining amortization period	16-25 years	16-25 years
Asset valuation method	5-year smoothed market	5-year smoothed market
Inflation rate	2.5%	2.5%
Projected salary increases	3.50% - 5.35 % per annum, compounded annually	3.50% - 4.75 % per annum, compounded annually
Investment rate of return	7.00% per annum, compounded annually	7.00% per annum, compounded annually

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Plan

Schedule of Changes in Net Pension Liability and Related Ratios*

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 436,406	\$ 403,634	\$ 389,168	\$ 341,753	\$ 276,487	\$ 278,100	\$ 282,413
Interest	2,175,203	2,230,938	2,246,553	2,356,749	2,328,557	2,390,185	2,474,123
Difference between expected and actual experience	(326,029)	(771,910)	314,521	(1,267,047)	272,174	690,599	(1,741,882)
Changes of assumptions	-	-	-	-	-	-	3,491,791
Benefit payments, including refunds of member contributions	(1,380,465)	(1,467,615)	(1,574,809)	(1,753,487)	(1,846,337)	(2,015,074)	(2,128,601)
Net change in total pension liability	905,115	395,047	1,375,433	(322,032)	1,030,881	1,343,810	2,377,844
Plan total pension liability - beginning	34,117,066	35,022,181	35,417,228	36,792,661	36,470,629	37,501,510	38,845,320
Plan total pension liability - ending	\$ 35,022,181	\$ 35,417,228	\$ 36,792,661	\$ 36,470,629	\$ 37,501,510	\$ 38,845,320	\$ 41,223,164
Plan fiduciary net position							
Contributions - employer	\$ 2,400,000	\$ 2,200,000	\$ 1,779,372	\$ 1,614,144	\$ 1,210,600	\$ 734,151	\$ 711,711
Net investment income (loss)	3,988,515	836,727	(68,103)	3,212,058	2,482,713	2,287,966	1,197,704
Benefit payments, including refunds of member contributions	(1,292,402)	(1,467,615)	(1,574,809)	(1,753,487)	(1,846,337)	(2,015,074)	(2,128,601)
Administrative expense	(88,063)	(76,370)	(77,676)	(78,142)	(92,337)	(81,499)	(82,843)
Net change in Plan fiduciary net position	5,008,050	1,492,742	58,784	2,994,573	1,754,639	925,544	(302,029)
Plan fiduciary net position - beginning	26,134,199	31,142,249	32,634,991	32,693,775	35,688,348	37,442,987	38,368,531
Plan fiduciary net position - ending	\$ 31,142,249	\$ 32,634,991	\$ 32,693,775	\$ 35,688,348	\$ 37,442,987	\$ 38,368,531	\$ 38,066,502
Plan net pension liability - ending	\$ 3,879,932	\$ 2,782,237	\$ 4,098,886	\$ 782,281	\$ 58,523	\$ 476,789	\$ 3,156,662
Plan fiduciary net position as a percentage of the total pension liability	88.92%	92.14%	88.86%	97.86%	99.84%	98.77%	92.34%
Covered payroll	\$ 152,639,449	\$ 146,058,394	\$ 137,953,101	\$ 127,044,622	\$ 126,065,622	\$ 122,908,897	\$ 113,542,877
Plan net pension liability as a percentage of covered payroll	2.54%	1.90%	2.97%	0.62%	0.05%	0.39%	2.78%

Notes to Schedule:

There were no benefit changes or changes to actuarial assumptions or methods for the 2014-2016 Plan year. In 2017, the inflation rate was changed to 2%.

	2014	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return	16.08%	3.37%	0.30%	11.34%	6.94%	6.39%	3.02%

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County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Supplemental Retirement Program

Schedule of Changes in Net Pension Liability and Related Ratios*

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 1,938,164	\$ 1,668,165	\$ 1,915,218	\$ 2,888,145	\$ 1,000,515	\$ 926,887	\$ 874,851
Interest	6,885,837	5,057,421	4,964,736	5,476,927	6,582,063	5,110,745	4,864,125
Change in benefit terms	-	-	-	-	(7,428,337)	-	-
Difference between expected and actual experience	(5,862,476)	-	8,053,289	3,425,955	(5,915,675)	3,648,076	1,465,604
Changes of assumptions	3,954,534	(2,088,417)	10,225,013	(11,095,641)	(2,062,950)	-	1,021,847
Benefit payments, including refunds of member contributions	(12,252,008)	(12,268,111)	(11,252,201)	(12,270,541)	(14,402,588)	(15,072,710)	(11,782,929)
Net change in total pension liability	(5,335,949)	(7,630,942)	13,906,055	(11,575,155)	(22,226,972)	(5,387,002)	(3,556,502)
Program total pension liability - beginning	91,811,165	86,475,216	105,132,384	119,038,439	107,463,284	85,236,312	79,849,310
Program total pension liability - ending	<u>\$ 86,475,216</u>	<u>\$ 78,844,274</u>	<u>\$ 119,038,439</u>	<u>\$ 107,463,284</u>	<u>\$ 85,236,312</u>	<u>\$ 79,849,310</u>	<u>\$ 76,292,808</u>
Program fiduciary net position							
Contributions - employer	\$ 9,386,241	\$ 11,161,699	\$ 10,305,625	\$ 14,840,273	\$ 16,270,315	\$ 15,947,949	\$ 14,523,844
Net investment income	3,277,353	522,611	72,592	1,954,218	1,965,443	2,580,666	1,509,679
Benefit payments, including refunds of member contributions	(12,252,008)	(12,268,111)	(11,252,201)	(12,270,641)	(14,402,588)	(15,072,710)	(11,782,929)
Other	-	-	-	-	2,187	-	-
Administrative expense	(63,582)	(84,314)	(73,670)	(85,363)	(109,809)	(140,253)	(181,632)
Net change in Program fiduciary net position	348,004	(668,115)	(947,654)	4,438,487	3,725,548	3,315,652	4,068,962
Program fiduciary net position - beginning	21,108,004	21,456,008	20,787,893	19,840,239	24,278,726	28,004,274	31,319,926
Program fiduciary net position - ending	<u>\$ 21,456,008</u>	<u>\$ 20,787,893</u>	<u>\$ 19,840,239</u>	<u>\$ 24,278,726</u>	<u>\$ 28,004,274</u>	<u>\$ 31,319,926</u>	<u>\$ 35,388,888</u>
Program net pension liability - ending	<u>\$ 65,019,208</u>	<u>\$ 58,056,381</u>	<u>\$ 99,198,200</u>	<u>\$ 83,184,558</u>	<u>\$ 57,232,038</u>	<u>\$ 48,529,384</u>	<u>\$ 40,903,920</u>
Program fiduciary net position as a percentage of the total pension liability	24.81%	26.37%	16.67%	22.59%	32.85%	39.22%	46.39%
Covered payroll	\$ 258,789,820	\$ 267,847,464	\$ 205,589,540	\$ 212,785,174	\$ 188,769,652	\$ 176,753,714	\$ 167,675,124
Program net pension liability as a percentage of covered payroll	25.12%	21.68%	48.25%	39.09%	30.32%	27.46%	24.39%

Notes to Schedule:

Beginning balance for FY2016 was adjusted to correct for the application of retirement eligibility criteria consistent with the Program.

Changes in assumptions: Projected salary increases were changed from 3.5% to 3.0% effective June 30, 2016.

The increase in assumed contribution as a percentage of the recommended contribution is based on the actual experience over the last five years. Eligibility criteria and benefits were amended July 1, 2018.

	2014	2015	2016	2017	2018	2019	2020
Discount rate used to estimate total pension liability	6.16%	6.60%	4.73%	6.50%	6.50%	6.50%	6.50%
Annual money-weighted rate of return	15.75%	2.36%	0.33%	9.63%	6.30%	6.45%	4.49%

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County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer SRP Contributions

Date	Contributions in Relation to Actuarially Determined Contribution				Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll		
Primary Government*						
2014	\$ 1,850,332	\$ 2,400,000	\$ (549,668)	\$ 152,639,449		1.57%
2015	1,703,209	2,200,000	(496,791)	146,058,394		1.51
2016	1,579,372	1,779,372	(200,000)	137,953,101		1.29
2017	1,614,144	1,614,144	-	127,044,622		1.27
2018	736,003	1,210,600	(474,597)	126,065,622		0.96
2019	734,151	734,151	-	122,908,697		0.60
2020	711,711	711,711	-	113,542,877		0.63

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

School Board Component Unit*						
2014	\$ 14,424,056	\$ 9,386,241	\$ 5,037,815	\$ 258,789,820		3.63%
2015	13,306,271	11,161,699	2,144,572	267,847,464		4.17
2016	13,352,847	10,305,625	3,047,222	205,589,540		5.01
2017	12,367,273	14,840,273	(2,473,000)	212,785,174		6.97
2018	9,965,431	16,270,315	(6,304,884)	188,769,652		8.62
2019	9,028,451	15,947,949	(6,919,498)	176,753,714		9.02
2020	8,240,043	14,523,844	(6,283,801)	167,675,127		8.66

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County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Notes to Supplemental Retirement Plan

Methods and assumptions used to determine contribution rates:

The actuarially determined contribution is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability.

	<u>Primary Government:</u>		<u>School Board Component Unit:</u>	
Actuarial cost method	Entry age normal		Entry age normal	
Amortization method	Level dollar		Level dollar	
Amortization period	20 years		12 years closed	
Asset valuation method	Adjusted Market Value Smoothed over 5 years with a corridor of 80% and 120%		Fair Market Value	
Inflation rate	3% (2014-2016); 2% (2017-2020)		No inflation rate assumed	
Projected salary increases	3.5% per year		3.5% (2014-2016); 3.0% (2017); 3.0-4.5% (2018-2020)	
Investment rate of return	6.5% net of investment expenses		7.5% (2014-2017); 6.5% (2018-2020)	
Retirement age	Less than 30 years of service	More than 30 years of service	Reduced retirement	Unreduced retirement
	<u>Age</u>	<u>Age</u>	<u>Age</u>	<u>Age</u>
	50	3%	50	10%
	55	5%	55	10%
	59	5%	59	10%
	61	10%	61	20%
	62	15%	62	30%
	65	80%	65	35%-45%
	67	70%-100%	67	30%
	70	100%	70	100%
Post-retirement Mortality	1994 Group Annuity Mortality Tables for males and females, setback one year, with no projection scale		Based on the PUB-2010 General Amount-Weighted mortality table, with generational improvements projected according to Scale MP-19	

Other information:

The Plan was closed to all Primary Government employees hired or rehired with an effective date on or after July 1, 2012. The Program was closed to all School Board Component Unit employees hired or rehired with an effective date on or after July 1, 2013.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Retiree Healthcare
Schedule of Changes in Net OPEB Liability and Related Ratios*

Total OPEB liability	2017	2018	2019	2020
Service cost	\$ 927,910	\$ 890,903	\$ 861,270	\$ 960,293
Interest	8,038,741	8,564,885	7,081,545	6,335,601
Difference between expected and actual experience	-	(2,083,231)	(3,376,015)	756,151
Changes of assumptions	-	(13,070,740)	(7,295,365)	(1,639,704)
Benefit payments, including refunds of member contributions	(8,620,676)	(8,738,195)	(7,786,765)	(8,275,080)
Net change in total OPEB liability	345,975	(14,436,378)	(10,515,330)	(1,862,739)
Plan total OPEB liability - beginning	<u>118,221,591</u>	<u>118,567,566</u>	<u>104,131,188</u>	<u>93,615,858</u>
Plan total OPEB liability - ending	<u>\$ 118,567,566</u>	<u>\$ 104,131,188</u>	<u>\$ 93,615,858</u>	<u>\$ 91,753,119</u>
Plan fiduciary net position				
Contributions - employer	\$ 9,120,677	\$ 9,368,195	\$ 8,186,765	\$ 8,612,080
Net investment income	2,954,980	2,519,903	1,341,593	934,117
Benefit payments, including refunds of member contributions	(8,620,677)	(8,738,195)	(7,786,765)	(8,275,080)
Administrative expense	(500)	(500)	(500)	(500)
Net change in Plan fiduciary net position	3,454,480	3,149,403	1,741,093	1,270,617
Plan fiduciary net position - beginning	<u>23,142,627</u>	<u>26,597,107</u>	<u>29,746,510</u>	<u>31,487,603</u>
Plan fiduciary net position - ending	<u>\$ 26,597,107</u>	<u>\$ 29,746,510</u>	<u>\$ 31,487,603</u>	<u>\$ 32,758,220</u>
Plan net OPEB liability - ending	<u>\$ 91,970,459</u>	<u>\$ 74,384,678</u>	<u>\$ 62,128,255</u>	<u>\$ 58,994,899</u>
Plan fiduciary net position as a percentage of the total OPEB liability	22.43%	28.57%	33.63%	35.70%
Covered payroll	\$ 181,884,658	\$ 188,928,493	193,640,564	203,568,979
Plan net OPEB liability as a percentage of covered payroll	50.57%	39.37%	32.08%	28.98%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

	2017	2018	2019	2020
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available.
Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Line of Duty

Schedule of Changes in Net OPEB Liability and Related Ratios*

	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 601,750	\$ 792,650	\$ 766,287	\$ 1,017,086
Interest	945,421	975,937	852,476	1,126,955
Difference between expected and actual experience	-	1,125,285	1,928,493	(1,459,176)
Changes of assumptions	-	(4,886,754)	689,110	(70,620)
Benefit payments	(368,000)	(650,950)	(430,589)	(706,164)
Net change in total OPEB liability	1,179,171	(2,643,832)	3,805,777	(91,919)
Plan total OPEB liability - beginning	<u>13,088,262</u>	<u>14,267,433</u>	<u>11,623,601</u>	<u>15,429,378</u>
Plan total OPEB liability - ending	<u>\$ 14,267,433</u>	<u>\$ 11,623,601</u>	<u>\$ 15,429,378</u>	<u>\$ 15,337,459</u>
Plan fiduciary net position				
Contributions - employer	\$ 959,000	\$ 1,080,950	\$ 730,589	\$ 1,432,164
Net investment income	773,132	702,889	385,669	274,013
Benefit payments	(368,000)	(650,950)	(430,589)	(706,164)
Administrative expense	(500)	(500)	(500)	(500)
Net change in Plan fiduciary net position	1,363,632	1,132,389	685,169	999,513
Plan fiduciary net position - beginning	<u>6,054,348</u>	<u>7,417,980</u>	<u>8,550,369</u>	<u>9,235,538</u>
Plan fiduciary net position - ending	<u>\$ 7,417,980</u>	<u>\$ 8,550,369</u>	<u>\$ 9,235,538</u>	<u>\$ 10,235,051</u>
Plan net OPEB liability - ending	<u>\$ 6,849,453</u>	<u>\$ 3,073,232</u>	<u>\$ 6,193,840</u>	<u>\$ 5,102,408</u>
Plan fiduciary net position as a percentage of the total OPEB liability	51.99%	73.56%	59.86%	66.73%
Covered payroll	\$ 65,181,494	\$ 67,756,971	\$ 67,615,562	\$ 73,410,549
Plan net OPEB liability as a percentage of covered payroll	10.51%	4.54%	9.16%	6.95%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

	2017	2018	2019	2020
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits Plan - Retiree Healthcare

Schedule of Changes in Net OPEB Liability and Related Ratios*

	2017	2018	2019	2020
Total OPEB liability				
Service cost	\$ 1,806,182	\$ 1,342,954	\$ 1,298,283	\$ 1,695,437
Interest	14,953,724	14,878,280	13,615,717	12,490,441
Difference between expected and actual experience	-	2,742,227	(20,512,870)	(2,322,927)
Changes of assumptions	-	(22,407,529)	4,990,088	(1,932,185)
Benefit payments, including refunds of member contributions	(15,784,000)	(16,279,013)	(15,769,337)	(15,961,410)
Net change in total OPEB liability	975,906	(19,723,081)	(16,378,119)	(6,030,644)
Plan total OPEB liability - beginning	219,710,450	220,686,356	200,963,275	184,585,156
Plan total OPEB liability - ending	<u>\$ 220,686,356</u>	<u>\$ 200,963,275</u>	<u>\$ 184,585,156</u>	<u>\$ 178,554,512</u>
Plan fiduciary net position				
Contributions - employer	\$ 17,652,329	\$ 17,279,013	\$ 16,769,337	\$ 16,961,410
Net investment income	1,403,555	1,351,473	749,403	544,814
Benefit payments, including refunds of member contributions	(15,784,000)	(16,279,013)	(15,769,337)	(15,961,410)
Administrative expense	(500)	(500)	(500)	(500)
Net change in Plan fiduciary net position	3,271,384	2,350,973	1,748,903	1,544,314
Plan fiduciary net position - beginning	10,989,579	14,260,963	16,611,936	18,360,839
Plan fiduciary net position - ending	<u>\$ 14,260,963</u>	<u>\$ 16,611,936</u>	<u>\$ 18,360,839</u>	<u>\$ 19,905,153</u>
Plan net OPEB liability - ending	<u>\$ 206,425,393</u>	<u>\$ 184,351,339</u>	<u>\$ 166,224,317</u>	<u>\$ 158,649,359</u>
Plan fiduciary net position as a percentage of the total OPEB liability	6.46%	8.27%	9.95%	11.15%
Covered payroll	\$ 319,003,486	\$ 323,355,357	\$ 335,848,117	\$ 343,080,214
Plan net OPEB liability as a percentage of covered payroll	64.71%	57.01%	49.49%	46.24%

Notes to Schedule:

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

	2017	2018	2019	2020
Annual money-weighted rate of return	13.04%	9.52%	4.67%	3.01%

* Schedules are intended to show information for 10 years. Since 2017 was the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer OPEB Contributions - Retiree Healthcare and Line of Duty

Date	Contributions in Relation to Actuarially Determined Contribution					Employer's Covered Payroll	Contributions as a % of Covered Payroll	
	Actuarially Determined Contribution	Actuarially Determined Contribution	Contribution Deficiency (Excess)					
Primary Government - Retiree Healthcare*								
2017	\$ 8,409,418	\$ 9,120,677	\$ (711,259)	\$ 181,884,658			5.01%	
2018	8,534,872	9,368,195	(833,323)	188,928,493			4.96	
2019	7,299,000	8,186,765	(887,765)	193,640,564			4.23	
2020	6,869,000	8,612,080	(1,743,080)	203,568,979			4.23	
School Board Component Unit - Retiree Healthcare*								
2017	\$ 15,478,605	\$ 17,652,329	\$ (2,173,724)	\$ 319,003,486			5.53%	
2018	15,895,413	17,279,013	(1,383,600)	323,355,357			5.34	
2019	14,183,000	16,769,337	(2,586,337)	335,848,117			4.99	
2020	14,234,000	16,961,410	(2,727,410)	343,080,214			4.94	
Primary Government - Line of Duty*								
2017	\$ 999,464	\$ 959,000	\$ 40,464	\$ 65,181,494			1.47%	
2018	1,011,363	1,080,950	(69,587)	67,756,971			1.60	
2019	957,000	730,589	226,411	67,615,562			1.08	
2020	1,432,000	1,432,164	(164)	73,410,549			1.95	

Notes to Schedule

There have been no significant changes to the benefit provisions since the prior actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percent closed
Asset valuation method	Market value
Healthcare cost trend rate	5.80-4.14% (2017); 5.50-3.84% (2018); 5.40-3.94% (2019); 4.70-4.04% (2020)
Projected long-term salary increases	3.50-5.35% Primary Government 3.50-5.95% School Board Component Unit
Investment rate of return	7.0% per annum, compounded annually

Remaining amortization period:

Primary Government-Retiree Healthcare	14 years
School Board Component Unit-Retiree Healthcare	19 years
Primary Government-Line of Duty	30 years

* Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Group Life Insurance Program

Schedule of Employers' Proportionate Share of the Net OPEB Liability*

Primary Government

	2017	2018	2019
Employer's proportion of the Net GLI OPEB Liability	1.00018%	0.99337%	0.99219%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 15,052,000	\$ 15,087,000	\$ 16,145,572
Employer's covered payroll	184,488,316	188,887,754	194,504,842
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

Component Unit - School Board - Non-professional Plan

	2017	2018	2019
Employer's proportion of the Net GLI OPEB Liability	0.08521%	0.09024%	0.10825%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 1,282,000	\$ 1,371,000	\$ 1,761,516
Employer's covered payroll	15,718,215	17,158,846	21,219,445
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

Component Unit - School Board - Professional Plan

	2017	2018	2019
Employer's proportion of the Net GLI OPEB Liability	1.57670%	1.59756%	1.59763%
Employer's proportionate share of the Net GLI OPEB Liability	\$ 23,727,000	\$ 24,263,000	\$ 25,997,693
Employer's covered payroll	290,828,580	303,772,620	313,188,521
Employer's proportionate share of the Net GLI OPEB Liability as a percentage of its covered payroll	8.16%	7.99%	8.30%
Plan Fiduciary Net Position as a percentage of the Total GLI OPEB Liability	48.86%	51.22%	52.00%

Notes to Schedule:

Per GAAP, net OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date.

* Schedules are intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer OPEB-VRS Group Life Insurance Contributions

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as a % of Covered Payroll
Primary Government*					
2017	\$ 959,339	\$ 959,339	\$ -	\$ 184,488,316	0.52%
2018	982,216	982,216	-	188,887,754	0.52
2019	1,011,422	1,011,422	-	194,504,842	0.52
2020	1,068,434	1,068,434	-	205,164,275	0.52
School Board Component Unit - Non-professional*					
2017	\$ 81,735	\$ 81,735	\$ -	\$ 15,718,215	0.52%
2018	89,226	89,226	-	17,158,846	0.52
2019	110,341	110,341	-	21,219,445	0.52
2020	112,608	112,608	-	21,663,068	0.52
School Board Component Unit - Professional (Teachers)*					
2017	\$ 1,512,309	\$ 1,512,309	\$ -	\$ 290,828,580	0.52%
2018	1,579,618	1,579,618	-	303,772,620	0.52
2019	1,628,580	1,628,580	-	313,188,521	0.52
2020	1,683,537	1,683,537	-	323,840,126	0.52

* Schedule is intended to show information for 10 years. Additional years will be included as they become available

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Primary Government & School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Other Postemployment Benefits - Group Life Insurance Program
Notes to VRS Required Supplemental Information

Change in benefit terms -

Primary Government and School Board Component Unit:

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

Changes of assumptions -

Primary Government and School Board Component Unit Non-professional:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted termination rates to better fit experience at each age and service year
- Lowered disability rates
- Increased line of duty disability rate from 14% to 20%
- Decreased discount rate from 7.00% to 6.75%

Largest 10 - Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages
- Adjusted termination rates to better fit experience at each age and service year
- Increased disability rates
- Increased line of duty disability rate from 60% to 70%
- Decreased discount rate from 7.00% to 6.75%

VRS Teachers Pool:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
Component Unit - School Board
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teacher Health Insurance Credit Plan
Schedule of School Board's Proportionate Share of the Net OPEB Liability*

	2017	2018	2019
Employer's proportion of the Net HIC OPEB Liability	3.68064%	3.74939%	3.72923%
Employer's proportionate share of the Net HIC OPEB Liability	\$ 46,693,000	\$ 47,605,000	\$ 48,819,247
Employer's covered payroll	290,476,817	303,227,835	312,796,215
Employer's proportionate share of the Net HIC OPEB Liability as a percentage of its covered payroll	16.07%	15.70%	15.61%
Plan Fiduciary Net Position as a percentage of the Total HIC OPEB Liability	7.04%	8.08%	8.97%

Notes to Schedule:

Per GAAP, Net HIC OPEB liabilities are reported using the measurement date, which is one year prior to the reporting date. Schedule is intended to show information for 10 years.

*Since 2017 is the first year for this presentation, only one year of data is available. However, additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Schedule of Employer VRS Teacher Health Insurance Credit Plan Contributions

Date	Contributions in Relation to Contractually Required Contribution		Contribution Deficiency (Excess)		Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Deficiency (Excess)	Employer's Covered Payroll		
School Board Component Unit						
2017	\$ 3,224,293	\$ 3,224,293	\$ -	\$ 290,476,817		1.11%
2018	3,729,702	3,729,702	-	303,227,835		1.23
2019	3,753,555	3,753,555	-	312,796,215		1.20
2020	3,881,280	3,881,280	-	323,468,947		1.20

* Schedule is intended to show information for 10 years. Additional years will be included as they become available.

County of Chesterfield, Virginia
Required Supplementary Information (Unaudited)
School Board Component Unit
(See Accompanying Report of the Independent Auditor)
Virginia Retirement System - Teacher Health Insurance Credit Plan
Notes to VRS Required Supplemental Information

Change in benefit terms -

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

Changes of assumptions -

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019:

Largest 10 - Non-Hazardous Duty:

- Updated to a more recent mortality table
- Lowered retirement rates at older ages and changed final retirement from 70 to 75
- Adjusted withdrawal rates to better fit experience at each age and service through 9 years of service
- Adjusted disability rates to better match experience
- Decreased discount rate from 7.00% to 6.75%

SUPPLEMENTARY INFORMATION



Non-major Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of revenue sources that are legally restricted to expenditure for specified purposes.

Grants Fund - This fund reflects revenues and expenditures related to various federal and state programs such as the federal government's Department of Housing and Urban Development grants, Community Corrections and Supervision grants and Virginia Juvenile Community Crime Control Act.

Children's Services Fund - This fund reflects the revenues and expenditures of providing child-centered, family focused and locally based services for at-risk youth.

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

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

County of Chesterfield, Virginia
Combining Balance Sheet
Non-major Governmental Funds
June 30, 2020

Special Revenue Funds						Total Non-major Governmental Funds
	Grants	Children's Services	Stormwater	Mental Health		
ASSETS						
Cash and cash equivalents	\$ 10,195,501	\$ 2,693,214	\$ 11,799,079	\$ 9,355,729	\$ 34,043,523	
Accounts receivable, net	944,667	357,996	2,477,945	2,417,540	6,198,148	
Due from other governments	1,601,763	2,468,874	264,594	84,289	4,419,520	
Total assets	<u>12,741,931</u>	<u>5,520,084</u>	<u>14,541,618</u>	<u>11,857,558</u>	<u>44,661,191</u>	
LIABILITIES						
Accounts payable	1,727,872	2,049,659	1,023,669	358,871	5,160,071	
Due to other governments	183,513	-	-	-	183,513	
Accrued liabilities	239,805	142	-	1,409,924	1,649,871	
Retainages payable	-	-	32,982	-	32,982	
Unearned revenues	248,951	-	-	27,225	276,176	
Total liabilities	<u>2,400,141</u>	<u>2,049,801</u>	<u>1,056,651</u>	<u>1,796,020</u>	<u>7,302,613</u>	
DEFERRED INFLOWS OF RESOURCES						
Deferred revenues	-	-	2,300,833	-	2,300,833	
Unavailable revenues	232,619	192,484	177,112	546,556	1,148,771	
Total deferred inflows of resources	<u>232,619</u>	<u>192,484</u>	<u>2,477,945</u>	<u>546,556</u>	<u>3,449,604</u>	
FUND BALANCES						
Restricted	1,530,389	-	11,007,022	-	12,537,411	
Assigned	8,578,782	3,277,799	-	9,514,982	21,371,563	
Total fund balances	<u>10,109,171</u>	<u>3,277,799</u>	<u>11,007,022</u>	<u>9,514,982</u>	<u>33,908,974</u>	
Total liabilities, deferred inflows of resources and fund balances	\$ 12,741,931	\$ 5,520,084	\$ 14,541,618	\$ 11,857,558	\$ 44,661,191	

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended June 30, 2020

	Special Revenue Funds				Total Non-major Governmental Funds
	Grants	Children's Services	Stormwater	Mental Health	
Revenues					
From local sources:					
Use of money and property	\$ 4,394	\$ -	\$ -	\$ -	\$ 4,394
Charges for services	9,125,923	57,500	4,650,814	23,462,153	37,296,390
Miscellaneous	122,116	-	-	20,174	142,290
Recovered costs	145,053	529,645	-	145,893	820,591
Donations and contributions	116,336	-	-	200	116,536
From component unit - School Board	-	4,543,200	-	-	4,543,200
From other governments	8,330,484	9,480,054	264,594	6,540,304	24,615,436
Total revenues	<u>17,844,306</u>	<u>14,610,399</u>	<u>4,915,408</u>	<u>30,168,724</u>	<u>67,538,837</u>
Expenses					
Administration of justice	1,021,002	-	-	-	1,021,002
Public safety	9,927,517	-	-	-	9,927,517
Public works	-	-	3,707,460	-	3,707,460
Health and welfare	3,182,063	16,012,228	-	39,345,213	58,539,504
Parks, recreation and cultural	156,262	-	-	-	156,262
Community development	2,218,752	-	-	-	2,218,752
Total expenditures	<u>16,505,596</u>	<u>16,012,228</u>	<u>3,707,460</u>	<u>39,345,213</u>	<u>75,570,497</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,338,710</u>	<u>(1,401,829)</u>	<u>1,207,948</u>	<u>(9,176,489)</u>	<u>(8,031,660)</u>
Other financing sources (uses)					
Transfers in	1,598,751	2,138,386	395,189	12,223,000	16,355,326
Transfers out	(1,904,138)	(2,200)	-	(641,233)	(2,547,571)
Total other financing sources (uses), net	<u>(305,387)</u>	<u>2,136,186</u>	<u>395,189</u>	<u>11,581,767</u>	<u>13,807,755</u>
Net change in fund balances	1,033,323	734,357	1,603,137	2,405,278	5,776,095
Total fund balances, July 1, 2019	9,075,848	2,543,442	9,403,885	7,109,704	28,132,879
Total fund balances, June 30, 2020	<u>\$ 10,109,171</u>	<u>\$ 3,277,799</u>	<u>\$ 11,007,022</u>	<u>\$ 9,514,982</u>	<u>\$ 33,908,974</u>

See accompanying independent auditors' report.



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

General Fund

This fund reflects the general operations of the government and is used to account for all financial resources except those required to be accounted for in another fund.

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
Revenues				
From local sources:				
General property taxes:				
Real property taxes	\$ 372,440,800	\$ 372,440,800	\$ 380,157,963	\$ 7,717,163
Real and personal public service corporation taxes	15,014,400	15,014,400	17,807,558	2,793,158
Personal property taxes	76,261,200	77,261,200	83,564,440	6,303,240
Machinery and tools taxes	5,097,700	5,097,700	4,670,316	(427,384)
Penalties and interest	3,746,500	3,746,500	3,608,621	(137,879)
Special assessments and service districts	<u>5,298,000</u>	<u>5,358,300</u>	<u>4,304,486</u>	<u>(1,053,814)</u>
Total general property taxes	<u>477,858,600</u>	<u>478,918,900</u>	<u>494,113,384</u>	<u>15,194,484</u>
Other local taxes:				
Bank stock tax	2,622,500	2,622,500	2,388,577	(233,923)
Business license taxes	19,214,300	19,214,300	24,487,081	5,272,781
Consumer utility taxes	8,334,000	8,334,000	8,283,882	(50,118)
Incremental sales tax	841,900	841,900	500,530	(341,370)
Local sales and use taxes	52,854,200	52,854,200	54,492,560	1,638,360
Motor vehicle licenses	15,514,600	15,514,600	15,072,427	(442,173)
Recordation tax	6,701,400	6,701,400	7,747,979	1,046,579
Short-term rental tax	579,000	579,000	649,624	70,624
Telecommunications tax	12,588,500	12,588,500	12,015,724	(572,776)
Transient occupancy tax	<u>6,019,500</u>	<u>6,019,500</u>	<u>4,528,009</u>	<u>(1,491,491)</u>
Total other local taxes	<u>125,269,900</u>	<u>125,269,900</u>	<u>130,166,393</u>	<u>4,896,493</u>
Permits, privilege fees and regulatory licenses:				
Animal licenses	40,000	60,000	83,028	23,028
Building permits	5,297,400	6,197,400	6,588,751	391,351
Erosion control fees	112,700	112,750	128,713	15,963
Permits and other licenses	564,400	764,400	1,100,082	335,682
Plan review fees	308,600	308,600	259,465	(49,135)
Planning fees	<u>945,600</u>	<u>945,600</u>	<u>751,732</u>	<u>(193,868)</u>
Total permits, privilege fees and regulatory licenses	<u>7,268,700</u>	<u>8,388,750</u>	<u>8,911,771</u>	<u>523,021</u>
Fines and forfeitures	<u>1,420,900</u>	<u>1,910,027</u>	<u>1,884,988</u>	<u>(25,039)</u>
Use of money and property:				
Use of money	3,520,400	5,496,145	10,401,960	4,905,815
Use of property	<u>1,090,800</u>	<u>1,090,800</u>	<u>1,018,420</u>	<u>(72,380)</u>
Total use of money and property	<u>4,611,200</u>	<u>6,586,945</u>	<u>11,420,380</u>	<u>4,833,435</u>
Charges for services:				
Annual recycling fees	1,927,500	2,373,500	2,343,960	(29,540)
Building inspection administrative fee	45,800	45,800	54,062	8,262
Building rental	446,800	696,800	726,081	29,281
Courthouse maintenance fees	70,000	70,000	48,850	(21,150)
DMV stop fees	550,000	550,000	650,779	100,779
Employee Medical Center	577,500	577,500	642,238	64,738
False alarm charges	100,000	101,219	104,705	3,486
Juvenile Detention Home fees	76,300	76,300	99,500	23,200
Landfill fees	<u>1,707,000</u>	<u>1,961,000</u>	<u>1,989,063</u>	<u>28,063</u>
Law Library	122,500	122,500	116,646	(5,854)
Library fines and services	201,300	201,300	135,520	(65,780)
Med-flight services	460,000	460,000	485,600	25,600

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Charges for services: (continued)				
Parks and Recreation fees	\$ 1,019,300	\$ 1,019,300	\$ 687,257	\$ (332,043)
Police miscellaneous fees	109,400	109,400	93,418	(15,982)
Police officers fees	1,079,100	1,165,381	1,250,242	84,861
Recycling proceeds	109,700	109,700	183,913	74,213
Sale of publications and maps	3,700	3,700	2,425	(1,275)
Sheriff fees	691,900	691,900	517,570	(174,330)
Traffic offenses	345,000	345,000	353,404	8,404
Treasurer's administrative fees	1,710,000	2,010,000	2,572,977	562,977
Other	3,594,100	3,783,937	3,280,127	(503,810)
Total charges for services	<u>14,946,900</u>	<u>16,474,237</u>	<u>16,338,337</u>	<u>(135,900)</u>
Miscellaneous:				
Public phone commission	55,000	55,000	103,260	48,260
Other miscellaneous	918,600	1,346,972	6,508,782	5,161,810
Total miscellaneous	<u>973,600</u>	<u>1,401,972</u>	<u>6,612,042</u>	<u>5,210,070</u>
Recovered costs:				
Interfund reimbursements	1,133,800	1,208,811	1,011,070	(197,741)
Reimbursed by other localities	1,012,700	1,012,700	851,613	(161,087)
Other	3,007,500	3,007,500	3,661,806	654,306
Total recovered costs	<u>5,154,000</u>	<u>5,229,011</u>	<u>5,524,489</u>	<u>295,478</u>
Donations and contributions	25,100	70,990	128,072	57,082
Total revenues from local sources	<u>637,528,900</u>	<u>644,250,732</u>	<u>675,099,856</u>	<u>30,849,124</u>
From other governments:				
From the Commonwealth:				
Non-categorical aid:				
Clerk's excess fees	425,000	425,000	608,141	183,141
Mobile home sales tax	57,900	57,900	51,351	(6,549)
Personal property tax relief	41,092,000	41,092,000	41,092,048	48
Rolling stock tax	102,700	102,700	102,849	149
State recordation tax	1,870,500	1,870,500	1,172,169	(698,331)
Vehicle rental tax	1,615,000	1,615,000	1,520,176	(94,824)
Total non-categorical aid	<u>45,163,100</u>	<u>45,163,100</u>	<u>44,546,734</u>	<u>(616,366)</u>
Shared expenditures:				
Clerk of Circuit Court	1,191,000	1,341,000	1,227,828	(113,172)
Commissioner of the Revenue	511,000	511,000	528,829	17,829
Commonwealth's Attorney	2,163,800	2,163,800	2,329,611	165,811
Sheriff	3,493,500	3,693,500	3,726,902	33,402
Treasurer	454,700	454,700	486,981	32,281
Other	76,000	76,000	310,667	234,667
Total shared expenditures	<u>7,890,000</u>	<u>8,240,000</u>	<u>8,610,818</u>	<u>370,818</u>
From other governments:				
From the Commonwealth:				
Categorical aid:				
Annexation House Bill 599	7,983,800	7,983,800	8,295,160	311,360
Chesterfield County Jail	550,000	750,000	654,331	(95,669)
Emergency medical services	331,500	331,500	-	(331,500)

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
From other governments: (continued)				
From the Commonwealth:				
Categorical aid:				
Fire programs	\$ 1,094,500	\$ 1,094,500	\$ 1,151,781	\$ 57,281
Juvenile Detention Home	1,900,000	1,900,000	1,821,600	(78,400)
Library	208,100	208,100	214,566	6,466
Sheriff programs	1,940,300	1,940,300	2,010,134	69,834
Welfare	5,003,400	5,353,400	5,654,171	300,771
Other	3,091,900	3,170,661	4,758,615	1,587,954
Total categorical aid	<u>22,103,500</u>	<u>22,732,261</u>	<u>24,560,358</u>	<u>1,828,097</u>
Total from the Commonwealth	<u>75,156,600</u>	<u>76,135,361</u>	<u>77,717,910</u>	<u>1,582,549</u>
From the federal government:				
Categorical aid:				
Coronavirus Aid, Relief and Economic Security Act	-	5,000,000	4,980,023	(19,977)
Public safety	26,400	26,400	26,409	9
Welfare	9,635,500	9,985,500	10,629,462	643,962
Other	81,500	81,500	349,916	268,416
Total from the federal government	<u>9,743,400</u>	<u>15,093,400</u>	<u>15,985,810</u>	<u>892,410</u>
Total revenues from other governments	<u>84,900,000</u>	<u>91,228,761</u>	<u>93,703,720</u>	<u>2,474,959</u>
Total revenues	<u>722,428,900</u>	<u>735,479,493</u>	<u>768,803,576</u>	<u>33,324,083</u>
Expenditures				
General government:				
Accounting	4,242,053	4,123,053	4,027,750	95,303
Board of Supervisors	358,500	372,500	349,894	22,606
Budget and Management	1,051,000	959,300	911,183	48,117
Clerk to the Board	299,291	325,891	302,381	23,510
Commissioner of the Revenue	3,062,720	3,084,820	3,018,238	66,582
Communications and Media	781,815	786,915	725,929	60,986
County Administration	2,960,520	3,015,276	2,964,424	50,852
County Attorney	1,918,200	2,084,600	2,036,817	47,783
Document Services	519,100	570,590	540,910	29,680
Employee benefits	13,209,300	8,182,632	7,934,605	248,027
General Services	468,600	991,225	585,959	405,266
Human Resource Management	3,453,290	3,611,824	3,324,015	287,809
Information Systems Technology	17,818,287	17,867,387	16,642,897	1,224,490
Interest paid on tax refunds	24,000	334,000	370,253	(36,253)
Internal Audit	1,013,200	1,021,100	976,247	44,853
Learning and Performance Center	1,492,400	1,451,900	1,365,863	86,037
Non-departmental	-	-	2,591	(2,591)
Procurement	1,976,798	2,092,698	2,004,224	88,474
Real Estate Assessments	2,837,500	3,019,800	2,921,175	98,625
Registrar	1,437,000	2,143,641	1,879,785	263,856
Treasurer	4,021,600	4,345,200	4,129,131	216,069
Total general government	<u>62,945,174</u>	<u>60,384,352</u>	<u>57,014,271</u>	<u>3,370,081</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Administration of justice:				
Circuit Court Clerk	\$ 3,920,000	\$ 4,097,900	\$ 3,978,587	\$ 119,313
Circuit Court Judges	808,600	872,000	833,881	38,119
Commonwealth's Attorney	4,907,130	5,226,850	5,199,557	27,293
General District Court	205,968	306,468	234,917	71,551
Juvenile and Domestic Relations Court	126,700	187,200	120,146	67,054
Law Library	122,800	123,300	106,666	16,634
Magistrate	6,400	6,400	6,020	380
Total administration of justice	<u>10,097,598</u>	<u>10,820,118</u>	<u>10,479,774</u>	<u>340,344</u>
Public safety:				
Building Inspections	4,901,929	4,939,129	4,761,116	178,013
Community Corrections	3,197,713	3,397,423	3,234,188	163,235
Emergency Communications Center	7,698,091	7,545,691	7,257,715	287,976
Fire and EMS	60,683,291	63,544,012	59,037,592	4,506,420
Juvenile Detention Home	5,434,301	5,548,351	5,383,386	164,965
Juvenile Probation	92,200	152,200	78,603	73,597
Police	69,184,479	74,292,304	70,818,623	3,473,681
Regional Jail	11,485,000	11,485,000	8,410,223	3,074,777
Sheriff and Jail	23,975,090	23,562,663	25,526,014	(1,963,351)
Total public safety	<u>186,652,094</u>	<u>194,466,773</u>	<u>184,507,460</u>	<u>9,959,313</u>
Public works:				
Buildings and Grounds	7,610,664	8,137,164	7,882,919	254,245
Capital Projects Management	860,400	866,100	784,275	81,825
Environmental Engineering	5,742,945	5,981,545	5,625,352	356,193
Right of Way	45,000	45,000	55,632	(10,632)
Street lights and road improvements	891,292	963,510	919,920	43,590
Waste and Resource Recovery	5,061,800	6,100,000	6,015,932	84,068
Total public works	<u>20,212,101</u>	<u>22,093,319</u>	<u>21,284,030</u>	<u>809,289</u>
Health and welfare:				
Citizen Information	2,877,200	2,893,866	2,733,087	160,779
Health	2,331,000	3,506,800	2,455,805	1,050,995
Social Services	21,087,837	21,791,617	20,729,041	1,062,576
Tax relief for the elderly	9,016,700	10,016,700	9,169,337	847,363
Total health and welfare	<u>35,312,737</u>	<u>38,208,983</u>	<u>35,087,270</u>	<u>3,121,713</u>
Parks, recreation and cultural:				
Community Contracts	878,800	928,790	844,988	83,802
District Improvements Funds	167,500	65,590	5,000	60,590
Library	9,756,121	9,766,487	9,236,123	530,364
Parks and Recreation	12,521,615	12,790,199	12,073,372	716,827
Total parks, recreation and cultural	<u>23,324,036</u>	<u>23,551,066</u>	<u>22,159,483</u>	<u>1,391,583</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Community development:				
Community Enhancement	\$ 1,975,074	\$ 2,195,507	\$ 2,120,934	\$ 74,573
Convention Center	6,019,500	4,553,500	4,528,009	25,491
Cooperative Extension	403,400	405,400	373,211	32,189
Economic Development	3,750,596	7,355,829	6,853,715	502,114
Economic development incentives	210,000	210,000	217,431	(7,431)
Planning	4,411,119	4,443,219	4,157,231	285,988
Tax increment financing payments	3,978,200	4,278,200	4,136,798	141,402
Transportation	1,624,687	1,535,787	1,340,801	194,986
Total community development	<u>22,372,576</u>	<u>24,977,442</u>	<u>23,728,130</u>	<u>1,249,312</u>
Non-departmental	<u>217,820</u>	<u>763,363</u>	<u>1,280</u>	<u>762,083</u>
Debt service:				
Retirement of principal	17,781,500	19,391,345	19,391,133	212
Interest	8,025,100	8,286,600	8,285,439	1,161
Other	899,800	878,455	483,858	394,597
Total debt service	<u>26,706,400</u>	<u>28,556,400</u>	<u>28,160,430</u>	<u>395,970</u>
Total expenditures	<u>387,840,536</u>	<u>403,821,816</u>	<u>382,422,128</u>	<u>21,399,688</u>
Excess of revenues over expenditures	<u>334,588,364</u>	<u>331,657,677</u>	<u>386,381,448</u>	<u>54,723,771</u>

Other financing sources (uses)

Transfers in:				
Grants Fund	2,004,300	2,012,957	1,876,031	(136,926)
Mental Health Fund	<u>342,800</u>	<u>342,800</u>	<u>342,800</u>	<u>-</u>
Total transfers in	<u>2,347,100</u>	<u>2,355,757</u>	<u>2,218,831</u>	<u>(136,926)</u>
Transfers out:				
County Capital Projects Fund	(30,056,500)	(111,668,248)	(24,402,986)	87,265,262
Stormwater Fund	(937,000)	(7,406,808)	(395,189)	7,011,619
School Capital Projects Fund	-	(4,788,120)	(3,559,627)	1,228,493
Grants Fund	(1,088,400)	(1,624,038)	(1,062,323)	561,715
Children's Services Fund	(1,886,000)	(1,804,486)	(1,804,486)	-
Mental Health Fund	(12,223,000)	(12,223,000)	(12,223,000)	-
Airport Fund	(289,600)	(2,007,286)	(1,777,151)	230,135
School Operating Fund	<u>(302,028,900)</u>	<u>(304,811,728)</u>	<u>(287,939,271)</u>	<u>16,872,457</u>
Total transfers out	<u>(348,509,400)</u>	<u>(446,333,714)</u>	<u>(333,164,033)</u>	<u>113,169,681</u>
Premium on bonds issued	-	326,855	326,855	-
Total other financing uses, net	<u>(346,162,300)</u>	<u>(443,651,102)</u>	<u>(330,618,347)</u>	<u>113,032,755</u>
Net change in fund balance	(11,573,936)	(111,993,425)	55,763,101	167,756,526
Fund balance, July 1, 2019	383,580,625	383,580,625	383,580,625	-
Fund balance, June 30, 2020	<u>\$ 372,006,689</u>	<u>\$ 271,587,200</u>	<u>\$ 439,343,726</u>	<u>\$ 167,756,526</u>

See accompanying independent auditors' report.

Non-major Enterprise Funds

Enterprise Funds are used to account for the County's ongoing organizations and activities similar to those often found in the private sector.

Economic Development Authority of the County of Chesterfield (EDA) - This fund reflects the operations of the EDA, a blended component unit of the County. The EDA was created to, among other activities, issue tax-exempt bonds on behalf of bond issuers so that they may acquire, improve, maintain, equip, own, lease or dispose of properties by inducing manufacturing and industrial enterprises to locate or remain in the Commonwealth of Virginia.

Airport Fund - This fund reflects the operations of the County's Airport.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Enterprise Funds
June 30, 2020

	Enterprise Funds		
	Economic Development Authority	Airport	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 6,489,530	\$ 1,000,878	\$ 7,490,408
Restricted cash equivalents with trustees	15,136,254	-	15,136,254
Receivables	2,767	45,269	48,036
Due from other governments	-	126,407	126,407
Due from other funds	34,545	-	34,545
Total current assets	<u>21,663,096</u>	<u>1,172,554</u>	<u>22,835,650</u>
Non-current assets:			
Capital assets:			
Land and land improvements	12,724,554	2,430,680	15,155,234
Buildings	-	7,940,912	7,940,912
Improvements other than buildings	1,936,873	27,003,953	28,940,826
Infrastructure	6,159,269	-	6,159,269
Machinery and equipment	-	3,977,805	3,977,805
Construction in progress	-	382,800	382,800
Total capital assets	<u>20,820,696</u>	<u>41,736,150</u>	<u>62,556,846</u>
Less accumulated depreciation	<u>(2,038,171)</u>	<u>(23,601,085)</u>	<u>(25,639,256)</u>
Net capital assets	<u>18,782,525</u>	<u>18,135,065</u>	<u>36,917,590</u>
Total assets	<u>40,445,621</u>	<u>19,307,619</u>	<u>59,753,240</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	-	8,011	8,011
Deferred outflows related to pensions	-	38,103	38,103
Deferred outflows related to other postemployment benefits	-	6,737	6,737
Total deferred outflows of resources	<u>-</u>	<u>52,851</u>	<u>52,851</u>
LIABILITIES			
Current liabilities:			
Accounts payable	20,951	117,500	138,451
Due to other funds	14,995,997	-	14,995,997
Accrued liabilities	235,636	33,435	269,071
Unearned revenue	25,000	-	25,000
Compensated absences	-	2,610	2,610
Certificates of participation, net	-	98,758	98,758
Airport Revolving Loan Fund	-	92,300	92,300
Revenue bonds payable, net	-	5,928	5,928
Total current liabilities	<u>15,277,584</u>	<u>350,531</u>	<u>15,628,115</u>
Non-current liabilities:			
Retainages payable	5,000	192,852	197,852
Compensated absences	-	21,878	21,878
Net pension liabilities	-	118,692	118,692
Net other postemployment benefit liabilities	-	97,601	97,601
Certificates of participation, net	-	250,256	250,256
Airport Revolving Loan Fund	-	1,661,400	1,661,400
Revenue bond payable, net	-	30,104	30,104
Total non-current liabilities	<u>5,000</u>	<u>2,372,783</u>	<u>2,377,783</u>
Total liabilities	<u>15,282,584</u>	<u>2,723,314</u>	<u>18,005,898</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	-	10,772	10,772
Deferred inflows related to other postemployment benefits	-	26,666	26,666
Total deferred inflows of resources	<u>-</u>	<u>37,438</u>	<u>37,438</u>
NET POSITION			
Net investment in capital assets	18,782,525	16,004,330	34,786,855
Unrestricted	<u>6,380,512</u>	<u>595,388</u>	<u>6,975,900</u>
Total net position	<u>\$ 25,163,037</u>	<u>\$ 16,599,718</u>	<u>\$ 41,762,755</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Non-major Enterprise Funds
For the Year Ended June 30, 2020

	Enterprise Funds		
	Economic Development <u>Authority</u>	Airport	Total
Operating revenues			
Charges for services	\$ 342,796	\$ 828,012	\$ 1,170,808
From the Commonwealth	-	11,171	11,171
Other	<u>35,186</u>	<u>15,849</u>	<u>51,035</u>
Total operating revenues	<u>377,982</u>	<u>855,032</u>	<u>1,233,014</u>
Operating expenses			
Salaries and wages	-	218,510	218,510
Contractual services	220,140	143,480	363,620
Materials and supplies	-	94,878	94,878
Heat, light and power	-	78,514	78,514
Depreciation	382,796	1,196,919	1,579,715
Repairs and maintenance	-	58,681	58,681
Other	<u>897,729</u>	<u>7,477</u>	<u>905,206</u>
Total operating expenses	<u>1,500,665</u>	<u>1,798,459</u>	<u>3,299,124</u>
Operating loss	<u>(1,122,683)</u>	<u>(943,427)</u>	<u>(2,066,110)</u>
Non-operating revenues (expenses)			
Interest and dividend income	26,728	-	26,728
Interest expense	-	(57,378)	(57,378)
Gain (loss) on disposal of capital assets	5,701,311	(24,312)	5,676,999
Other	<u>(505,732)</u>	<u>(244,580)</u>	<u>(750,312)</u>
Total non-operating revenues (expenses), net	<u>5,222,307</u>	<u>(326,270)</u>	<u>4,896,037</u>
Income (loss) before capital contributions and transfers	4,099,624	(1,269,697)	2,829,927
Capital contributions	15,200	1,409,370	1,424,570
Transfers in	3,175,000	1,777,151	4,952,151
Transfers out	-	(1,800)	(1,800)
Change in net position	7,289,824	1,915,024	9,204,848
Total net position - July 1, 2019	<u>17,873,213</u>	<u>14,684,694</u>	<u>32,557,907</u>
Total net position - June 30, 2020	<u>\$ 25,163,037</u>	<u>\$ 16,599,718</u>	<u>\$ 41,762,755</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Non-major Enterprise Funds
For the Year Ended June 30, 2020

	Enterprise Funds		
	Economic Development Authority	Airport	Total
Cash flows from operating activities			
Receipts from customers	\$ 380,692	\$ 855,806	\$ 1,236,498
Payments to suppliers	(1,126,202)	(370,011)	(1,496,213)
Payments to employees	-	(229,486)	(229,486)
Net cash provided by (used in) operating activities	<u>(745,510)</u>	<u>256,309</u>	<u>(489,201)</u>
Cash flows from non-capital financing activities			
Transfers in	161,872	185,600	347,472
Transfers out	-	(1,800)	(1,800)
Net cash provided by non-capital financing activities	<u>161,872</u>	<u>183,800</u>	<u>345,672</u>
Cash flows from capital and related financing activities			
Purchase of capital assets	(9,553,598)	(3,896,276)	(13,449,874)
Capital contributions	3,500,000	2,903,515	6,403,515
Proceeds from revolving loan	-	1,287,813	1,287,813
Proceeds from sale of capital assets	7,074,500	-	7,074,500
Interest paid on certificates of participation and revenue bonds	-	(49,063)	(49,063)
Principal paid on certificates of participation and revenue bonds	-	(188,481)	(188,481)
Net cash provided by capital and related financing activities	<u>1,020,902</u>	<u>57,508</u>	<u>1,078,410</u>
Cash flows from investing activities			
Proceeds from sale of investments	1,400,000	-	1,400,000
Interest received	85,005	-	85,005
Net cash provided by investing activities	<u>1,485,005</u>	<u>-</u>	<u>1,485,005</u>
Net increase in cash and cash equivalents	1,922,269	497,617	2,419,886
Cash and cash equivalents, July 1, 2019	19,703,515	503,261	20,206,776
Cash and cash equivalents, June 30, 2020	<u>\$ 21,625,784</u>	<u>\$ 1,000,878</u>	<u>\$ 22,626,662</u>
Reconciliation of operating loss to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,122,683)	\$ (943,427)	\$ (2,066,110)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation	382,796	1,196,919	1,579,715
Changes in assets and liabilities:			
Receivables, net	2,710	774	3,484
Accounts and other payables	(8,333)	2,043	(6,290)
Net cash provided by (used in) operating activities	<u>\$ (745,510)</u>	<u>\$ 256,309</u>	<u>\$ (489,201)</u>
Noncash transactions related to financing, capital and investing activities:			
Contributions of capital assets	\$ 15,200	\$ 99,447	\$ 114,647

See accompanying independent auditors' report.

Internal Service Funds

Internal service funds are used to account for the financing of goods and services provided by one County department to other County departments and to other governmental units, on a cost-reimbursement basis.

Vehicle and Communications Maintenance Fund - This fund reflects operations of the County's garage and radio shop, which maintains County vehicles and communication equipment. Revenues are derived from interfund charges and charges to the School Board on a cost-reimbursement basis. Major expenses consist primarily of salaries and wages and materials and supplies.

Risk Management Fund - This fund reflects operations of the County's risk management function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services for providing risk financing and recoveries. Major expenses consist of reinsurance costs and claims.

Healthcare Fund - This fund reflects operations of the County's self-insured healthcare function, which provides services to the County and School Board. The fund's major sources of revenue are charges for services used to pay medical claims and administrative fees.

County of Chesterfield, Virginia
Combining Statement of Net Position
Internal Service Funds
June 30, 2020

	Vehicle and Communications Maintenance	Risk Management	Healthcare	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 20,849,190	\$ 22,551,756	\$ 22,587,258	\$ 65,988,204
Receivables	28,775	-	-	28,775
Due from other funds	-	163,332	-	163,332
Due from other governments	5,067	78,802	-	83,869
Inventories	<u>857,319</u>	-	-	<u>857,319</u>
Total current assets	<u>21,740,351</u>	<u>22,793,890</u>	<u>22,587,258</u>	<u>67,121,499</u>
Non-current assets:				
Capital assets:				
Buildings	2,197,288	-	-	2,197,288
Improvements other than buildings	311,805	-	-	311,805
Machinery and equipment	17,367,185	436,012	-	17,803,197
Construction in progress	<u>298,297</u>	-	-	<u>298,297</u>
Total capital assets	<u>20,174,575</u>	<u>436,012</u>	-	<u>20,610,587</u>
Less accumulated depreciation	<u>(13,298,156)</u>	<u>(224,222)</u>	-	<u>(13,522,378)</u>
Net capital assets	<u>6,876,419</u>	<u>211,790</u>	-	<u>7,088,209</u>
Total assets	<u>28,616,770</u>	<u>23,005,680</u>	<u>22,587,258</u>	<u>74,209,708</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	737,531	194,751	-	932,282
Deferred outflows related to other postemployment benefits	<u>100,262</u>	<u>22,802</u>	-	<u>123,064</u>
Total deferred outflows of resources	<u>837,793</u>	<u>217,553</u>	-	<u>1,055,346</u>
LIABILITIES				
Current liabilities:				
Accounts payable	738,687	73,226	1,452,223	2,264,136
Accrued liabilities	279,126	83,692	-	362,818
Compensated absences	50,618	10,671	-	61,289
Judgments and claims	<u>4,736</u>	<u>1,912,868</u>	<u>8,653,000</u>	<u>10,570,604</u>
Total current liabilities	<u>1,073,167</u>	<u>2,080,457</u>	<u>10,105,223</u>	<u>13,258,847</u>
Non-current liabilities:				
Compensated absences	416,929	79,767	-	496,696
Judgments and claims	7,027	220,313	-	227,340
Net pension liabilities	2,902,635	390,681	-	3,293,316
Net other postemployment benefit obligations	<u>1,524,662</u>	<u>238,539</u>	-	<u>1,763,201</u>
Total non-current liabilities	<u>4,851,253</u>	<u>929,300</u>	-	<u>5,780,553</u>
Total liabilities	<u>5,924,420</u>	<u>3,009,757</u>	<u>10,105,223</u>	<u>19,039,400</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	208,511	55,059	-	263,570
Deferred inflows related to other postemployment benefits	<u>424,462</u>	<u>55,121</u>	-	<u>479,583</u>
Total deferred inflows of resources	<u>632,973</u>	<u>110,180</u>	-	<u>743,153</u>
NET POSITION				
Investment in capital assets	6,876,419	211,790	-	7,088,209
Unrestricted	<u>16,020,751</u>	<u>19,891,506</u>	<u>12,482,035</u>	<u>48,394,292</u>
Total net position	<u>\$ 22,897,170</u>	<u>\$ 20,103,296</u>	<u>\$ 12,482,035</u>	<u>\$ 55,482,501</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended June 30, 2020

	<u>Vehicle and Communications Maintenance</u>	<u>Risk Management</u>	<u>Healthcare</u>	<u>Total</u>
Operating revenues				
Charges for services	\$ 19,279,658	\$ 9,157,402	\$ 124,985,526	\$ 153,422,586
Other	39,433	1,052,912	-	1,092,345
Total operating revenues	<u>19,319,091</u>	<u>10,210,314</u>	<u>124,985,526</u>	<u>154,514,931</u>
Operating expenses				
Salaries and wages	6,222,374	1,702,123	-	7,924,497
Contractual services	774,783	565,832	-	1,340,615
Materials and supplies	7,651,403	18,763	-	7,670,166
Heat, light and power	62,085	-	-	62,085
Depreciation	1,636,769	91,421	-	1,728,190
Repairs and maintenance	1,250,728	60,127	-	1,310,855
Insurance	-	3,310,954	-	3,310,954
Claims	-	1,429,451	113,327,457	114,756,908
Other	28,884	11,584	-	40,468
Total operating expenses	<u>17,627,026</u>	<u>7,190,255</u>	<u>113,327,457</u>	<u>138,144,738</u>
Operating income	<u>1,692,065</u>	<u>3,020,059</u>	<u>11,658,069</u>	<u>16,370,193</u>
Non-operating revenues				
Interest and dividend income	200,196	284,249	-	484,445
Gain on disposal of capital assets	125,776	-	-	125,776
Total non-operating revenues, net	<u>325,972</u>	<u>284,249</u>	<u>-</u>	<u>610,221</u>
Income before capital contributions and transfers	2,018,037	3,304,308	11,658,069	16,980,414
Capital contributions	520,363	-	-	520,363
Transfers out	(37,900)	(9,900)	-	(47,800)
Change in net position	2,500,500	3,294,408	11,658,069	17,452,977
Total net position - July 1, 2019	<u>20,396,670</u>	<u>16,808,888</u>	<u>823,966</u>	<u>38,029,524</u>
Total net position - June 30, 2020	<u>\$ 22,897,170</u>	<u>\$ 20,103,296</u>	<u>\$ 12,482,035</u>	<u>\$ 55,482,501</u>

See accompanying independent auditors' report

County of Chesterfield, Virginia
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended June 30, 2020

	<u>Vehicle and Communications Maintenance</u>	<u>Risk Management</u>	<u>Healthcare</u>	<u>Total</u>
Cash flows from operating activities				
Receipts from customers	\$ 19,317,569	\$ 10,210,314	\$ 124,985,526	\$ 154,513,409
Payments to suppliers	(10,415,326)	(4,151,000)	-	(14,566,326)
Payments to employees	(6,283,293)	(1,683,978)	-	(7,967,271)
Claims paid	-	(3,252,395)	(116,024,136)	(119,276,531)
Net cash provided by operating activities	<u>2,618,950</u>	<u>1,122,941</u>	<u>8,961,390</u>	<u>12,703,281</u>
Cash flows from non-capital financing activities				
Transfers out	(37,900)	(9,900)	-	(47,800)
Net cash used in non-capital financing activities	<u>(37,900)</u>	<u>(9,900)</u>	<u>-</u>	<u>(47,800)</u>
Cash flows from capital and related financing activities				
Purchase of capital assets	(1,158,752)	-	-	(1,158,752)
Proceeds from sale of capital assets	160,466	-	-	160,466
Net cash used in capital and related financing activities	<u>(998,286)</u>	<u>-</u>	<u>-</u>	<u>(998,286)</u>
Cash flows from investing activities				
Interest received	200,196	284,249	-	484,445
Net increase in cash and cash equivalents	1,782,960	1,397,290	8,961,390	12,141,640
Cash and cash equivalents, July 1, 2019	<u>19,066,230</u>	<u>21,154,466</u>	<u>13,625,868</u>	<u>53,846,564</u>
Cash and cash equivalents, June 30, 2020	<u>\$ 20,849,190</u>	<u>\$ 22,551,756</u>	<u>\$ 22,587,258</u>	<u>\$ 65,988,204</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 1,692,065	\$ 3,020,059	\$ 11,658,069	\$ 16,370,193
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,636,769	91,421	-	1,728,190
Changes in assets and liabilities:				
Receivables, net	(1,522)	(230,277)	-	(231,799)
Inventories	(153,996)	-	-	(153,996)
Accounts and other payables	<u>(554,366)</u>	<u>(1,758,262)</u>	<u>(2,696,679)</u>	<u>(5,009,307)</u>
Net cash provided by operating activities, net	<u>\$ 2,618,950</u>	<u>\$ 1,122,941</u>	<u>\$ 8,961,390</u>	<u>\$ 12,703,281</u>
Noncash transactions related to financing, capital and investing activities are as follows:				
Contributions of capital assets	\$ 520,363	\$ -	\$ -	\$ 520,363

See accompanying independent auditors' report.

Fiduciary Funds

Trust Funds

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

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

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

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

Agency Funds

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

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

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

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

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

Jail Canteen Fund - This fund reflects monies held from sales of snacks and supplies to inmates for purchases of equipment on behalf of inmates.

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

County of Chesterfield, Virginia
Combining Statement of Fiduciary Net Position
Trust Funds
June 30, 2020

	Supplemental Retirement Plan Pension Trust	Pooled Postemployment Retiree Healthcare Benefits Trust County	Pooled Postemployment Retiree Healthcare Benefits Trust Schools	Pooled Postemployment Line of Duty Benefits Trust County	Total Trust Funds
ASSETS					
Cash and cash equivalents	\$ 1,064,658	\$ 337,000	\$ 1,000,000	\$ 726,000	\$ 3,127,658
Accounts receivable	67,369	2	2	4	67,377
Due from broker	12,501	-	-	-	12,501
Investments:					
Mutual funds	7,399,230	-	-	-	7,399,230
Common and preferred stocks	10,031,799	-	-	-	10,031,799
Corporate bonds	5,919,239	-	-	-	5,919,239
Municipal bonds	41,305	-	-	-	41,305
U. S. government and agency securities	3,309,902	-	-	-	3,309,902
Exchange traded funds	4,548,051	-	-	-	4,548,051
Collateralized mortgage backed securities	132,320	-	-	-	132,320
Fund of funds	5,540,128	-	-	-	5,540,128
Pooled funds	-	32,758,218	19,905,151	10,235,047	62,898,416
Total investments	36,921,974	32,758,218	19,905,151	10,235,047	99,820,390
Total assets	38,066,502	33,095,220	20,905,153	10,961,051	103,027,926
LIABILITIES					
Due to broker	-	337,000	1,000,000	726,000	2,063,000
Total liabilities	-	337,000	1,000,000	726,000	2,063,000
FIDUCIARY NET POSITION					
Restricted for pension/other postemployment benefits	\$ 38,066,502	\$ 32,758,220	\$ 19,905,153	\$ 10,235,051	\$ 100,964,926

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2020

	Supplemental Retirement Plan	Pooled Postemployment Retiree Healthcare	Pooled Postemployment Retiree Healthcare	Pooled Postemployment Line of Duty	Total
	Pension Trust County	Benefits Trust County	Benefits Trust Schools	Benefits Trust County	Trust Funds
Additions:					
Contributions					
Employer	\$ 711,711	\$ 8,612,080	\$ 16,961,410	\$ 1,432,164	\$ 27,717,365
Investment earnings:					
Interest and dividends	1,546,378	12,470	5,564	2,818	1,567,230
Net increase (decrease) in the fair value of investments	(155,594)	950,210	555,789	279,542	1,629,947
Total investment income	1,390,784	962,680	561,353	282,360	3,197,177
Less investment expenses	(193,080)	(28,563)	(16,539)	(8,347)	(246,529)
Net investment earnings	1,197,704	934,117	544,814	274,013	2,950,648
Total additions, net	1,909,415	9,546,197	17,506,224	1,706,177	30,668,013
Deductions:					
Benefit payments	2,128,601	8,275,080	15,961,410	706,164	27,071,255
Administrative expenses	82,843	500	500	500	84,343
Total deductions	2,211,444	8,275,580	15,961,910	706,664	27,155,598
Increase (decrease) in net position restricted for pensions/other postemployment benefits	(302,029)	1,270,617	1,544,314	999,513	3,512,415
Fiduciary net position - July 1, 2019	38,368,531	31,487,603	18,360,839	9,235,538	97,452,511
Fiduciary net position - June 30, 2020	\$ 38,066,502	\$ 32,758,220	\$ 19,905,153	\$ 10,235,051	\$ 100,964,926

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2020

	Greater Richmond Convention Center Authority	Special Welfare	MHSS SSA	Police Safekeeping	Inmate Trust	Jail Canteen	Appomattox Regional Governor's School	Total
ASSETS								
Cash and cash equivalents								
Accounts receivable	\$ 12,862,880	\$ 31,939	\$ 146,465	\$ 3,532,460	\$ 69,499	\$ 203,161	\$ 2,073,514	\$ 18,919,968
Due from other governments	47,814	-	-	-	-	20,245	-	68,059
Restricted assets:	-	-	-	-	-	-	7,433	7,433
Cash and cash equivalents								
Cash, cash equivalents and investments with trustee	16,894,754	-	-	-	-	-	-	16,894,754
Due from other governments	10,720,340	-	-	-	-	-	-	10,720,340
Interest receivable	1,343,727	-	-	-	-	-	-	1,343,727
Total restricted assets	109	-	-	-	-	-	-	109
	28,958,930	-	-	-	-	-	-	28,958,930
Total assets	\$ 41,869,624	\$ 31,939	\$ 146,465	\$ 3,532,460	\$ 69,499	\$ 223,406	\$ 2,080,947	\$ 47,954,390
LIABILITIES								
Amounts held for others								
	\$ 41,869,624	\$ 31,939	\$ 146,465	\$ 3,532,460	\$ 69,499	\$ 223,406	\$ 2,080,947	\$ 47,954,390

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
<i>GREATER RICHMOND CONVENTION CENTER AUTHORITY</i>				
Assets				
Cash and cash equivalents	\$ 12,758,279	\$ 15,586,172	\$ 15,481,571	\$ 12,862,880
Accounts receivable	770,373	47,814	770,373	47,814
Restricted assets:				
Cash and cash equivalents	10,891,240	11,074,948	5,071,434	16,894,754
Investments	7,500,353	-	7,500,353	-
Cash, cash equivalents and investments with trustee	12,639,408	59,400,478	61,319,546	10,720,340
Due from other governments	2,792,158	1,343,727	2,792,158	1,343,727
Interest receivable	9,243	109	9,243	109
Total restricted assets	<u>33,832,402</u>	<u>71,819,262</u>	<u>76,692,734</u>	<u>28,958,930</u>
Total assets	<u>\$ 47,361,054</u>	<u>\$ 87,453,248</u>	<u>\$ 92,944,678</u>	<u>\$ 41,869,624</u>
Liabilities				
Amounts held for others	<u>\$ 47,361,054</u>	<u>\$ 87,453,248</u>	<u>\$ 92,944,678</u>	<u>\$ 41,869,624</u>
<i>SPECIAL WELFARE</i>				
Assets				
Cash and cash equivalents	<u>\$ 36,244</u>	<u>\$ 70,466</u>	<u>\$ 74,721</u>	<u>\$ 31,989</u>
Liabilities				
Amounts held for others	<u>\$ 36,244</u>	<u>\$ 70,466</u>	<u>\$ 74,721</u>	<u>\$ 31,989</u>
<i>MENTAL HEALTH SUPPORT SERVICES SOCIAL SECURITY ADMINISTRATION</i>				
Assets				
Cash and cash equivalents	<u>\$ 114,108</u>	<u>\$ 793,942</u>	<u>\$ 761,585</u>	<u>\$ 146,465</u>
Liabilities				
Amounts held for others	<u>\$ 114,108</u>	<u>\$ 793,942</u>	<u>\$ 761,585</u>	<u>\$ 146,465</u>
<i>POLICE SAFEKEEPING</i>				
Assets				
Cash and cash equivalents	<u>\$ 943,417</u>	<u>\$ 3,428,126</u>	<u>\$ 839,083</u>	<u>\$ 3,532,460</u>
Liabilities				
Amounts held for others	<u>\$ 943,417</u>	<u>\$ 3,428,126</u>	<u>\$ 839,083</u>	<u>\$ 3,532,460</u>

(Continued)

County of Chesterfield, Virginia
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
INMATE TRUST FUND				
Assets				
Cash and cash equivalents	\$ 36,397	\$ 850,704	\$ 817,602	\$ 69,499
Liabilities				
Amounts held for inmates	<u>\$ 36,397</u>	<u>\$ 850,704</u>	<u>\$ 817,602</u>	<u>\$ 69,499</u>
JAIL CANTEEN FUND				
Assets				
Cash and cash equivalents	\$ 224,541	\$ 128,355	\$ 149,735	\$ 203,161
Accounts receivable	17,936	20,245	17,936	20,245
Total assets	<u>\$ 242,477</u>	<u>\$ 148,600</u>	<u>\$ 167,671</u>	<u>\$ 223,406</u>
Liabilities				
Amounts held for others	<u>\$ 242,477</u>	<u>\$ 139,644</u>	<u>\$ 158,715</u>	<u>\$ 223,406</u>
APPOMATTOX REGIONAL GOVERNOR'S SCHOOL				
Assets				
Cash and cash equivalents	\$ 1,872,995	\$ 4,095,702	\$ 3,895,183	\$ 2,073,514
Accounts receivable	1,756	-	1,756	-
Due from other governments	-	7,433	-	7,433
Total assets	<u>\$ 1,874,751</u>	<u>\$ 4,103,135</u>	<u>\$ 3,896,939</u>	<u>\$ 2,080,947</u>
Liabilities				
Amounts held for others	<u>\$ 1,874,751</u>	<u>\$ 4,103,135</u>	<u>\$ 3,896,939</u>	<u>\$ 2,080,947</u>
TOTAL AGENCY FUNDS				
Assets				
Cash and cash equivalents	\$ 15,985,981	\$ 24,953,467	\$ 22,019,480	\$ 18,919,968
Accounts receivable	790,065	68,059	790,065	68,059
Due from other governments	-	7,433	-	7,433
Restricted assets:				
Cash and cash equivalents	10,891,240	11,074,948	5,071,434	16,894,754
Investments	7,500,353	-	7,500,353	-
Cash, cash equivalents and investments with trustees	12,639,408	59,400,478	61,319,546	10,720,340
Due from other governments	2,792,158	1,343,727	2,792,158	1,343,727
Interest receivable	9,243	109	9,243	109
Total restricted assets	<u>33,832,402</u>	<u>71,819,262</u>	<u>76,692,734</u>	<u>28,958,930</u>
Total assets	<u>\$ 50,608,448</u>	<u>\$ 96,848,221</u>	<u>\$ 99,502,279</u>	<u>\$ 47,954,390</u>
Liabilities				
Amounts held for others	<u>\$ 50,608,448</u>	<u>\$ 96,839,265</u>	<u>\$ 99,493,323</u>	<u>\$ 47,954,390</u>

See accompanying independent auditors' report.

Non-major Discretely Presented Component Units

Watkins Centre Community Development Authority - The Watkins Centre CDA was created for the purpose of financing a portion of the transportation infrastructure improvements within the Watkins Centre District, a site located in the northwest quadrant at the intersection of State Route 288 and State Route 60 within the County.

Chippenham Place Community Development Authority - The Chippenham Place CDA was created to fund public infrastructure improvements at the former Cloverleaf Mall site owned by the County.

County of Chesterfield, Virginia
Combining Statement of Net Position
Non-major Discretely Presented Component Units
June 30, 2020

	Watkins Centre Community Development <u>Authority</u>	Chippenham Place Community Development <u>Authority</u>	Total Non-major Component <u>Units</u>
ASSETS			
Cash and cash equivalents	\$ 250,177	\$ 1,668,917	\$ 1,919,094
Receivables	11	-	11
Prepays	484	-	484
Total assets	<u>250,672</u>	<u>1,668,917</u>	<u>1,919,589</u>
LIABILITIES			
Accounts payable and other liabilities	6,905	71,466	78,371
Non-current liabilities:			
Due within one year	-	693,487	693,487
Due in more than one year	-	9,087,221	9,087,221
Total liabilities	<u>6,905</u>	<u>9,852,174</u>	<u>9,859,079</u>
NET POSITION			
Unrestricted (deficit)	243,767	(8,183,257)	(7,939,490)
Total net position (deficit)	<u>\$ 243,767</u>	<u>\$ (8,183,257)</u>	<u>\$ (7,939,490)</u>

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Combining Statement of Activities
Non-major Discretely Presented Component Units
For the Year Ended June 30, 2020

<u>Functions/Programs</u>	<u>Net (Expenses) Revenues and Changes in Position</u>			
	<u>Expenses</u>	<u>Watkins Centre Community Development Authority</u>	<u>Chippenham Place Community Development Authority</u>	<u>Total Non-major Component Units</u>
	Watkins Centre Community Development Authority	\$ 151,762	\$ (151,762)	\$ - (151,762)
	Chippenham Place Community Development Authority	312,968	-	(312,968)
Total non-major component units	<u>\$ 464,730</u>	<u>(151,762)</u>	<u>(312,968)</u>	<u>(464,730)</u>
General revenues:				
Payment from County of Chesterfield		1,375,160	1,184,308	2,559,468
Investment earnings		32,963	1,238	34,201
Total general revenues		<u>1,408,123</u>	<u>1,185,546</u>	<u>2,593,669</u>
Change in net position		1,256,361	872,578	2,128,939
Total net position (deficit) - July 1, 2019		<u>(1,012,594)</u>	<u>(9,055,835)</u>	<u>(10,068,429)</u>
Total net position (deficit) - June 30, 2020	<u>\$ 243,767</u>	<u>\$ (8,183,257)</u>	<u>\$ (7,939,490)</u>	

See accompanying independent auditors' report.



**CAPITAL ASSETS
USED IN THE OPERATION
OF GOVERNMENTAL FUNDS**

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
June 30, 2020

	Total	Land	Buildings	Improvements other than Buildings	Machinery and Equipment	Infrastructure
General government:						
Accounting	\$ 24,080	\$ -	\$ -	\$ -	\$ 24,080	\$ -
Board of Supervisors	7,933	-	-	-	7,933	-
Capital Projects Management	30,440	-	14,992	-	15,448	-
Commissioner of the Revenue	43,437	-	-	-	43,437	-
County Administration	1,517,921	-	238,658	-	1,279,263	-
General Services	13,677,458	734,668	11,775,007	344,721	823,062	-
Human Resource Management	26,349	-	-	-	26,349	-
Information Systems Technology	29,976,213	129,800	6,322,724	162,719	23,360,970	-
Internal Audit	7,636	-	-	-	7,636	-
Learning and Performance Center	12,014	-	-	-	12,014	-
License Inspector	35,393	-	-	-	35,393	-
Procurement	55,000	-	-	-	55,000	-
Real Estate Assessments	539,998	85,500	442,144	-	12,354	-
Registrar	1,055,765	-	-	-	1,055,765	-
Treasurer	7,469,210	-	-	-	7,469,210	-
Total general government	54,478,847	949,968	18,793,525	507,440	34,227,914	-
Administration of justice:						
Circuit Court Clerk	337,203	-	-	-	337,203	-
Circuit Court Judges	282,246	-	-	-	282,246	-
Commonwealth's Attorney	260,440	-	114,474	-	145,966	-
Community Corrections	1,609,451	336,091	1,184,746	-	88,614	-
General District Court	33,471,104	22,441	32,503,462	118,080	827,121	-
Juvenile and Domestic Relations Court	18,253,582	53,173	18,107,972	-	92,437	-
Total administration of justice	54,214,026	411,705	51,910,654	118,080	1,773,587	-
Public safety:						
Animal Control	4,055,102	181,324	3,234,631	96,150	542,997	-
Building Inspections	2,148,097	105,932	110,100	-	1,932,065	-
Emergency Communications Center	32,421,611	71,740	63,857	-	32,286,014	-
Fire and EMS	109,676,423	3,371,228	45,769,248	2,541,161	57,994,786	-
Jail	32,532,399	19,950	31,174,406	-	1,338,043	-
Juvenile Detention Home	17,346,748	14,000	17,011,103	-	321,645	-
Juvenile Probation	41,884	-	-	-	41,884	-
Police	70,980,032	1,607,606	41,991,841	143,790	27,236,795	-
Sheriff	4,642,876	-	-	-	4,642,876	-
Chesterfield Adolescent Reporting Program	889,111	-	799,600	-	89,511	-
Total public safety	274,734,283	5,371,780	140,154,786	2,781,101	126,426,616	-
Public works:						
Buildings and Grounds	41,960,888	21,906,290	14,706,958	2,755,935	2,591,705	-
Environmental Engineering	44,311,941	1,100	382,168	7,850	2,665,072	41,255,751
Stormwater	1,310,355	1,310,355	-	-	-	-
Waste and Resource Recovery	10,994,525	800,254	688,185	8,259,834	1,246,252	-
Total public works	98,577,709	24,017,999	15,777,311	11,023,619	6,503,029	41,255,751
Health and welfare:						
Citizen Information	45,933	-	-	-	45,933	-
Health	388,569	-	329,123	-	59,446	-
Mental Health Support Services	17,075,716	28,000	14,793,765	-	2,253,951	-
Social Services	24,876,303	297,200	22,497,834	-	2,081,269	-
Total health and welfare	42,386,521	325,200	37,620,722	-	4,440,599	-

(Continued)

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
June 30, 2020

	<u>Total</u>	<u>Land</u>	<u>Buildings</u>	<u>Improvements other than Buildings</u>	<u>Machinery and Equipment</u>	<u>Infrastructure</u>
Parks, recreation and cultural:						
Library	\$ 55,303,856	\$ 3,568,393	\$ 47,757,830	\$ 143,319	\$ 3,834,314	\$ -
Parks and Recreation	106,713,185	20,134,458	18,797,039	62,652,413	4,773,996	355,279
Total parks, recreation and cultural	<u>162,017,041</u>	<u>23,702,851</u>	<u>66,554,869</u>	<u>62,795,732</u>	<u>8,608,310</u>	<u>355,279</u>
Education:						
School Board	1,094,927,564	31,971,862	1,036,113,509	26,842,193	-	-
Community development:						
Community Development	25,374,573	4,111,401	18,789,950	-	2,473,222	-
Economic Development	6,098	-	-	-	6,098	-
Total community development	<u>25,380,671</u>	<u>4,111,401</u>	<u>18,789,950</u>	<u>-</u>	<u>2,479,320</u>	<u>-</u>
Total governmental funds' capital assets allocated by function	1,806,716,662	\$ 90,862,766	\$ 1,385,715,326	\$ 104,068,165	\$ 184,459,375	\$ 41,611,030
Construction in progress	<u>176,954,841</u>					
Total governmental funds' capital assets	<u>\$ 1,983,671,503</u>					

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2020

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2020</u>
General government:				
Accounting	\$ 24,080	\$ -	\$ -	\$ 24,080
Board of Supervisors	7,933	-	-	7,933
Capital Projects Management	30,440	-	-	30,440
Commissioner of the Revenue	43,437	-	-	43,437
County Administration	1,184,364	333,557	-	1,517,921
General Services	13,221,061	456,397	-	13,677,458
Human Resource Management	26,349	-	-	26,349
Information Systems Technology	27,207,577	2,768,636	-	29,976,213
Internal Audit	321,331	-	313,695	7,636
Learning and Performance Center	12,014	-	-	12,014
License Inspector	35,393	-	-	35,393
Procurement	55,000	-	-	55,000
Real Estate Assessments	539,998	-	-	539,998
Registrar	1,055,765	-	-	1,055,765
Treasurer	7,469,210	-	-	7,469,210
Total general government	<u>51,233,952</u>	<u>3,558,590</u>	<u>313,695</u>	<u>54,478,847</u>
Administration of justice:				
Circuit Court Clerk	337,203	-	-	337,203
Circuit Court Judges	275,675	6,571	-	282,246
Commonwealth's Attorney	260,440	-	-	260,440
Community Corrections	1,600,274	9,177	-	1,609,451
General District Court	33,454,553	16,551	-	33,471,104
Juvenile and Domestic Relations Court	17,395,833	857,749	-	18,253,582
Total administration of justice	<u>53,323,978</u>	<u>890,048</u>	<u>-</u>	<u>54,214,026</u>
Public safety:				
Animal Control	3,970,265	105,837	21,000	4,055,102
Building Inspections	2,148,097	-	-	2,148,097
Emergency Communications Center	29,536,426	2,885,185	-	32,421,611
Fire and EMS	107,446,632	5,700,615	3,470,824	109,676,423
Jail	32,295,242	237,157	-	32,532,399
Juvenile Detention Home	17,250,814	95,934	-	17,346,748
Juvenile Probation	41,884	-	-	41,884
Police	70,504,741	2,315,472	1,840,181	70,980,032
Sheriff	4,674,566	10,126	41,816	4,642,876
Chesterfield Adolescent Reporting Program	889,111	-	-	889,111
Total public safety	<u>268,757,778</u>	<u>11,350,326</u>	<u>5,373,821</u>	<u>274,734,283</u>

(Continued)

County of Chesterfield, Virginia
Schedule of Changes in Capital Assets Used in the Operation of Governmental Funds
by Function and Activity
For the Year Ended June 30, 2020

	<u>Balance</u> <u>July 1, 2019</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2020</u>
Public works:				
Buildings and Grounds	\$ 38,664,250	\$ 3,296,638	\$ -	\$ 41,960,888
Environmental Engineering	43,090,720	1,221,221	-	44,311,941
Stormwater	1,310,355	-	-	1,310,355
Waste and Resource Recovery	10,965,129	29,396	-	10,994,525
Total public works	<u>94,030,454</u>	<u>4,547,255</u>	<u>-</u>	<u>98,577,709</u>
Health and welfare:				
Citizen Information	45,933	-	-	45,933
Health	388,569	-	-	388,569
Mental Health Support Services	16,824,165	295,620	44,069	17,075,716
Social Services	24,876,303	-	-	24,876,303
Total health and welfare	<u>42,134,970</u>	<u>295,620</u>	<u>44,069</u>	<u>42,386,521</u>
Parks, recreation and cultural:				
Library	54,544,440	759,416	-	55,303,856
Parks and Recreation	103,943,802	3,029,894	260,511	106,713,185
Total parks, recreation and cultural	<u>158,488,242</u>	<u>3,789,310</u>	<u>260,511</u>	<u>162,017,041</u>
Education:				
School Board	<u>1,067,799,758</u>	<u>47,186,256</u>	<u>20,058,450</u>	<u>1,094,927,564</u>
Community development:				
Community Development	28,527,087	120,295	3,272,809	25,374,573
Economic Development	-	6,098	-	6,098
	<u>28,527,087</u>	<u>126,393</u>	<u>3,272,809</u>	<u>25,380,671</u>
Construction in progress				
	<u>76,924,948</u>	<u>159,131,356</u>	<u>59,101,463</u>	<u>176,954,841</u>
Total governmental funds' capital assets	<u>\$ 1,841,221,167</u>	<u>\$ 230,875,154</u>	<u>\$ 88,424,818</u>	<u>\$ 1,983,671,503</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Schedule of Capital Assets Used in the Operation of Governmental Funds
by Source
June 30, 2020

Governmental funds' capital assets:

Land	\$ 90,862,766
Buildings	1,385,715,326
Improvements other than buildings	104,068,165
Machinery and equipment	184,459,375
Infrastructure	41,611,030
Construction in progress	176,954,841
Total governmental funds' capital assets	<u>\$ 1,983,671,503</u>

Investment in governmental funds' capital assets by source:

General obligation bonds	\$ 1,343,143,974
General government revenues	444,937,519
Federal and State grants	33,524,048
Capital lease purchases	74,387,681
Special Revenue Fund revenues	8,926,522
Contributions from public	78,751,759
Total investment in governmental funds' capital assets	<u>\$ 1,983,671,503</u>

This schedule presents only the gross capital asset balances related to governmental funds. Accordingly, the capital assets reported in internal service funds are excluded from the above amounts. Generally, the capital assets of internal service funds are included as governmental activities in the Statement of Net Position.

See accompanying independent auditors' report.

School Board Discretely Presented Component Unit

Governmental Fund

Special Revenue Fund

School Operating Fund - This fund reflects the activity related to the operations of the County's public school system.

Fiduciary Funds

Pension Trust Fund

Supplemental Retirement Program Fund - This fund reflects activity related to pension trust assets to provide certain qualified School Board employees with additional retirement benefits.

Agency Fund

School Activity Fund - This fund reflects monies held for students to use for educational, recreational, or cultural purposes.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Balance Sheet - Governmental Fund
June 30, 2020

Special Revenue Fund

	School Operating
ASSETS	
Cash and cash equivalents	\$ 17,120,731
Accounts receivable	973,400
Due from other governments	12,181,629
Due from primary government	91,021,010
Inventories	217,742
Total assets	<u>\$ 121,514,512</u>
LIABILITIES	
Accounts payable	\$ 10,372,770
Accrued liabilities	51,367,186
Unearned revenues	1,512,604
Total liabilities	<u>63,252,560</u>
FUND BALANCE	
Nonspendable	217,742
Restricted	10,901,308
Assigned	47,142,902
Total fund balance	58,261,952
Total liabilities and fund balance	<u>\$ 121,514,512</u>

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

Total fund balance for School Operating Fund	\$ 58,261,952
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Amounts reported for the School Board's governmental activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds. 52,523,896

Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Deferred outflows related to pensions	\$ 124,992,532
Deferred outflows related to other postemployment benefits	<u>18,229,371</u>
	<u>143,221,903</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment combines the net changes of the following balances:

Capital lease obligations	(6,329,873)
Compensated absences	(21,641,462)
Judgments and claims	(5,575,875)
Net pension liabilities	(547,930,065)
Net other postemployment benefits obligation liabilities	(235,227,815)
Interest payable	<u>(160,996)</u>
	<u>(816,866,086)</u>

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds:

Deferred inflows related to pensions	(58,895,658)
Deferred inflows related to other postemployment benefits	<u>(34,823,006)</u>
	<u>(93,718,664)</u>

Total net position (deficit) of the School Board's governmental activities	<u>\$ (656,576,999)</u>
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See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2020

Special Revenue Fund

	School Operating
Revenues	
From local sources:	
Use of money and property	\$ 689,615
Charges for services	10,892,212
Donations	574,984
Miscellaneous	2,487,633
Payment from primary government	237,716,856
From other governments	<u>405,817,534</u>
Total revenues	<u>658,178,834</u>
Expenditures	
Current:	
Education	643,448,621
Debt service	4,585,316
Payment to primary government	<u>11,841,879</u>
Total expenditures	<u>659,875,816</u>
Net change in fund balance	(1,696,982)
Total fund balance, July 1, 2019	59,958,934
Total fund balance, June 30, 2020	<u>\$ 58,261,952</u>

(Continued)

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund
For the Year Ended June 30, 2020

Reconciliation of Fund Balance of Governmental Funds to the Statement of Activities:

Net change in fund balance	\$ (1,696,982)
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Amounts reported for governmental activities in the Statement of Activities are different because:

The governmental fund reports capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capitalized assets	\$ 10,296,058	
Depreciation	<u>(12,744,752)</u>	(2,448,694)

The net effect of miscellaneous transactions involving capital assets (prepayments, trade-ins, donations, and disposals) increased net position.

4,912,398

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

Payments	4,227,621
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund, such as:

Compensated absences	(2,468,149)
Judgments and claims	2,044,032
Other postemployment benefits obligation	10,077,365
Pension expense	5,763,822
Interest payable	<u>146,011</u>
	<u>15,563,081</u>

Change in net position of governmental activities

\$ 20,557,424

See accompanying independent auditors' report.

County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual Amounts (Budgetary Basis)	Variance with Final Budget Positive (Negative)
Revenues				
From local sources:				
Use of money and property	\$ 800,000	\$ 800,000	\$ 689,951	\$ (110,049)
Charges for services	17,296,950	16,990,062	11,387,437	(5,602,625)
Donations	646,450	669,340	574,984	(94,356)
Miscellaneous	1,653,900	2,178,755	2,487,633	308,878
Recovered costs	427,000	259,487	227,103	(32,384)
From the Commonwealth	366,461,700	373,491,595	366,480,803	(7,010,792)
From the federal government	42,253,800	45,989,854	39,336,731	(6,653,123)
Total revenues	<u>429,539,800</u>	<u>440,379,093</u>	<u>421,184,642</u>	<u>(19,194,451)</u>
Expenditures				
Current:				
Education:				
Instruction	495,833,795	507,309,611	492,358,078	14,951,533
Administration, attendance and health	21,477,953	22,220,961	20,682,962	1,537,999
Pupil transportation	37,347,886	42,027,825	35,910,617	6,117,208
Operations and maintenance	60,832,850	61,505,076	53,186,937	8,318,139
Technology	20,652,356	25,086,286	18,763,685	6,322,601
Food service	27,893,489	27,893,489	24,578,848	3,314,641
Debt service	56,658,800	56,765,286	55,042,163	1,723,123
Total expenditures	<u>720,697,129</u>	<u>742,808,534</u>	<u>700,523,290</u>	<u>42,285,244</u>
Deficiency of revenues under expenditures	<u>(291,157,329)</u>	<u>(302,429,441)</u>	<u>(279,338,648)</u>	<u>23,090,793</u>
Other financing sources (uses)				
Transfers in:				
General Fund	293,118,300	298,811,728	287,939,271	(10,872,457)
School Capital Projects Fund	100,000	162,500	127,946	(34,554)
School Food Service Fund	730,000	730,000	574,643	(155,357)
School Operating Fund	774,200	1,316,792	735,199	(581,593)
Total transfers in	<u>294,722,500</u>	<u>301,021,020</u>	<u>289,377,059</u>	<u>(11,643,961)</u>
Transfers out:				
County Healthcare Fund	-	(1,000,000)	(1,000,000)	-
School Capital Projects Fund	(8,527,100)	(45,511,687)	(10,841,879)	34,669,808
Total transfers out	<u>(8,527,100)</u>	<u>(46,511,687)</u>	<u>(11,841,879)</u>	<u>34,669,808</u>
Premium on bonds issued	-	106,486	106,486	-
Total other financing sources, net	<u>286,195,400</u>	<u>254,615,819</u>	<u>277,641,666</u>	<u>23,025,847</u>
Net change in fund balance	(4,961,929)	(47,813,622)	(1,696,982)	46,116,640
Fund balance, July 1, 2019	59,958,934	59,958,934	59,958,934	-
Fund balance, June 30, 2020	<u>\$ 54,997,005</u>	<u>\$ 12,145,312</u>	<u>\$ 58,261,952</u>	<u>\$ 46,116,640</u>

(Continued)

**County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
School Operating Fund**

**Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2020**

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

Revenues

Total revenues on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 421,184,642
For budgetary purposes, intrafund reimbursements and recovered costs are accounted for as revenues and expenditures but are eliminated for financial reporting purposes.	(722,664)
Budgetary transfers from the primary government, excluding transfers for payment of debt "on behalf" of the School Board, are revenues for financial reporting purposes.	<u>237,716,856</u>
Total revenues on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 658,178,834</u>

Expenditures

Total expenditures on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 700,523,290
For budgetary purposes, interfund reimbursements, recovered costs, and transfers to grants and food service are accounted for as expenditures but are eliminated for financial reporting purposes.	(2,032,506)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	11,841,879
Payments of debt "on behalf" of the School Board are eliminated for financial reporting purposes.	<u>(50,456,847)</u>
Total expenditures on the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ 659,875,816</u>

Other financing sources (uses)

Total other financing sources on the Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual.	\$ 277,641,666
Budgetary transfers from the primary government are revenues for financial reporting purposes.	(288,067,217)
Budgetary transfers from the Food Service and Operating Funds are eliminated for financial reporting purposes.	(1,309,842)
Net proceeds from debt issued by the primary government "on behalf" of the School Board are eliminated for financial reporting purposes.	(106,486)
Budgetary transfers to the primary government are expenditures for financial reporting purposes.	<u>11,841,879</u>
Total other financing sources on the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Fund.	<u>\$ -</u>

See accompanying independent auditors' report.

**County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Net Position
Fiduciary Funds
June 30, 2020**

	<u>Pension Trust Fund</u>	<u>Agency Funds</u>
	<u>Supplemental Retirement Program Fund</u>	<u>School Activities Fund</u>
ASSETS		
Cash and cash equivalents with trustee	\$ 666,192	\$ 7,006,746
Investments with trustee	34,699,271	-
Interest receivable	26,788	-
Due from broker	3,583	-
Total assets	<u>35,395,834</u>	<u>7,006,746</u>
LIABILITIES		
Due to Broker	6,946	
Amounts held for others	-	\$ 7,006,746
Total Liabilities	<u>6,946</u>	
NET POSITION		
Restricted for pension benefits	<u>\$ 35,388,888</u>	

See accompanying independent auditors' report.

**County of Chesterfield, Virginia
Discretely Presented Component Unit - School Board
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2020**

Pension Trust Fund

**Supplemental
Retirement
Program**

Additions

Contributions	\$ 14,523,844
Investment earnings:	
Interest and dividends	825,080
Net increase in the fair value of investments	684,599
Net investment earnings	<u>1,509,679</u>
Total additions	<u>16,033,523</u>

Deductions

Benefit payments	11,782,929
Administrative expenses	<u>181,632</u>
Total deductions	<u>11,964,561</u>

Increase in net position	4,068,962
Net position - July 1, 2019	<u>31,319,926</u>
Net position - June 30, 2020	<u>\$ 35,388,888</u>

See accompanying independent auditors' report.

STATISTICAL SECTION

STATISTICAL SECTION

(Unaudited)

This part of Chesterfield County's Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial position.

	<u>Pages</u>
Financial Trends	233-237
<i>These schedules contain trend information to help the reader understand how Chesterfield's financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	238-242
<i>These schedules contain information to help the reader assess Chesterfield's most significant local revenue source, property tax.</i>	
Debt Capacity	243-245
<i>These schedules present information to help the reader assess the affordability of Chesterfield's current levels of outstanding debt and the ability to issue additional debt in the future.</i>	
Demographic and Economic Information	246-247
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which Chesterfield operates.</i>	
Operating Information	248-250
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the financial report relates to the services Chesterfield provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table I

County of Chesterfield, Virginia
Net Position By Component
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities⁽⁴⁾										
Net investment in capital assets	\$ 574,885,562	\$ 599,754,295	\$ 627,400,224	\$ 645,911,815	\$ 655,698,497	\$ 689,654,404	\$ 735,341,966	\$ 780,470,955	\$ 814,462,269	\$ 850,405,014
Restricted	58,812,683	61,519,784	51,154,743	58,156,804	67,370,966	70,554,116	56,082,770	50,758,262	60,771,285	49,052,851
Unrestricted ⁽³⁾	187,964,641	188,996,281	185,082,324	129,193,401	31,322,429	87,833,727	28,288,647	83,769,679	142,943,579	221,113,923
Total governmental activities net position ⁽¹⁾⁽²⁾	\$ 821,662,886	\$ 850,270,360	\$ 863,637,291	\$ 716,982,020	\$ 754,391,892	\$ 848,082,247	\$ 819,713,383	\$ 914,998,896	\$ 1,018,177,133	\$ 1,120,571,788
Business-type activities⁽⁴⁾										
Net investment in capital assets	\$ 765,410,845	\$ 770,297,665	\$ 785,112,123	\$ 787,859,447	\$ 795,520,705	\$ 809,352,317	\$ 821,397,739	\$ 823,755,861	\$ 835,285,972	\$ 863,656,676
Restricted	15,637,228	15,815,265	16,559,193	15,838,389	16,053,703	9,237,200	9,423,700	9,650,000	10,114,333	10,437,550
Unrestricted ⁽³⁾	130,992,671	140,426,616	159,659,711	178,869,952	204,092,283	236,886,193	270,950,710	323,244,774	381,001,243	447,439,752
Total business-type activities net position ⁽²⁾	\$ 912,040,744	\$ 926,539,546	\$ 961,331,027	\$ 982,567,788	\$ 1,015,666,691	\$ 1,055,475,710	\$ 1,101,772,149	\$ 1,156,650,635	\$ 1,226,401,548	\$ 1,321,533,978
Primary government⁽⁴⁾										
Net investment in capital assets	\$ 1,340,296,407	\$ 1,370,051,960	\$ 1,412,512,347	\$ 1,433,771,262	\$ 1,451,219,202	\$ 1,499,006,721	\$ 1,556,739,705	\$ 1,604,226,816	\$ 1,649,748,241	\$ 1,714,061,690
Restricted	74,449,911	77,335,049	67,713,936	73,995,193	83,424,669	79,791,316	65,506,470	60,408,262	70,885,618	59,490,401
Unrestricted ⁽³⁾	318,957,312	329,422,897	344,742,035	191,783,353	235,414,712	324,759,920	299,239,357	407,014,453	523,944,822	668,553,675
Total primary government net position ⁽¹⁾⁽²⁾	\$ 1,733,703,630	\$ 1,776,809,906	\$ 1,824,968,318	\$ 1,699,549,808	\$ 1,770,058,583	\$ 1,903,557,957	\$ 1,921,485,532	\$ 2,071,649,531	\$ 2,244,578,681	\$ 2,442,105,766

(1) Due to implementation of GASB Statement 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.

(2) Due to implementation of GASB Statement 63 in 2013, all references to net assets were changed to net position.

(3) Due to implementation of GASB Statement 65 in 2014, deferred bond issuance costs are no longer reported as an asset on the Statement of Net Position and total net position at the beginning of the year was restated.

(4) 2014 net position was restated to reflect the adoption of GASB Statement 68. 2017 net position was restated to reflect the adoption of GASB Statement 75.

Table II

**County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities:										
General government	\$ 58,141,077	\$ 63,848,744	\$ 61,583,107	\$ 96,779,940	\$ 117,197,913	\$ 125,427,912	\$ 126,708,814	\$ 125,580,003	\$ 144,275,963	\$ 144,847,040
Administration of justice	9,838,076	10,074,871	9,672,405	11,684,376	10,653,019	11,101,741	10,896,810	10,957,857	11,127,032	12,355,336
Public safety	159,738,182	164,335,666	176,821,834	176,699,204	175,196,278	173,299,691	183,370,852	178,417,303	182,033,985	197,866,264
Public works	28,851,217	38,710,140	41,785,217	31,041,438	42,172,196	40,504,952	45,072,332	53,275,901	57,560,844	85,545,961
Health and welfare	72,416,110	72,359,200	73,067,353	74,100,466	76,361,327	80,438,859	84,390,086	89,977,088	90,421,955	94,363,474
Parks, recreation and cultural	21,531,768	24,969,646	22,970,560	23,224,544	23,582,693	24,321,945	26,351,945	27,912,496	28,487,360	26,551,663
Education - School Board ⁽⁵⁾	310,962,247	262,561,566	277,126,087	278,232,715	303,960,336	291,984,801	308,043,018	321,030,368	279,510,506	284,364,549
Community development	18,143,396	26,219,996	18,844,043	19,393,334	20,536,333	19,903,410	21,062,911	23,234,184	25,121,733	23,114,692
Interest on long-term debt	21,600,283	19,825,526	19,285,140	16,870,029	16,000,836	14,212,999	14,269,395	15,326,987	16,544,732	18,780,607
Total governmental activities expenses	<u>701,222,356</u>	<u>682,905,355</u>	<u>701,155,746</u>	<u>728,026,046</u>	<u>785,660,931</u>	<u>781,195,981</u>	<u>820,166,763</u>	<u>845,712,187</u>	<u>835,074,110</u>	<u>887,789,586</u>
Business-type activities:										
Water	36,717,857	37,959,144	40,454,185	38,375,432	38,754,527	40,998,118	40,873,429	41,633,594	44,734,748	46,809,824
Wastewater	30,679,018	36,165,218	41,534,715	39,090,012	38,114,324	39,897,750	39,030,892	40,566,705	41,049,411	42,090,099
Non-major funds	<u>1,892,830</u>	<u>2,083,379</u>	<u>9,369,149</u>	<u>4,055,728</u>	<u>10,335,478</u>	<u>2,850,847</u>	<u>5,561,1422</u>	<u>4,135,956</u>	<u>3,113,621</u>	<u>4,106,814</u>
Total business-type activities expenses	<u>69,289,705</u>	<u>76,207,741</u>	<u>91,358,049</u>	<u>81,521,172</u>	<u>87,204,329</u>	<u>83,746,715</u>	<u>85,465,743</u>	<u>86,336,255</u>	<u>88,957,780</u>	<u>93,006,737</u>
Total primary government expenses	<u>\$ 770,512,061</u>	<u>\$ 759,113,096</u>	<u>\$ 792,513,795</u>	<u>\$ 809,547,218</u>	<u>\$ 872,865,260</u>	<u>\$ 864,942,696</u>	<u>\$ 905,632,506</u>	<u>\$ 932,048,442</u>	<u>\$ 924,031,890</u>	<u>\$ 980,796,323</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 25,073,965	\$ 25,626,551	\$ 26,076,591	\$ 66,075,291	\$ 74,618,852	\$ 87,579,064	\$ 89,880,633	\$ 92,966,265	\$ 106,181,986	\$ 103,894,653
Public safety	14,615,801	14,839,567	16,973,314	16,485,692	18,371,561	18,657,124	19,565,438	18,588,424	21,687,330	19,773,290
Health and welfare	22,551,628	21,210,460	22,239,975	22,804,250	23,781,553	22,882,370	24,742,209	30,813,568	26,160,024	24,955,947
Other activities ⁽⁴⁾	13,727,131	14,101,549	14,594,343	14,743,719	17,153,696	16,427,067	20,830,990	14,807,815	20,836,311	22,968,270
Operating grants and contributions ⁽⁵⁾	94,216,649	96,081,067	96,078,901	98,916,691	102,888,009	124,992,376	119,088,730	120,872,849	61,667,457	72,649,328
Capital grants and contributions	19,507,591	19,066,565	23,441,463	21,062,977	25,298,554	22,966,675	33,389,320	38,957,791	39,571,908	59,709,830
Total governmental activities program revenues	<u>189,692,765</u>	<u>190,925,759</u>	<u>199,404,587</u>	<u>240,088,620</u>	<u>262,112,205</u>	<u>293,504,676</u>	<u>307,496,420</u>	<u>317,006,712</u>	<u>276,051,016</u>	<u>303,951,318</u>
Business-type activities:										
Charges for services:										
Water	34,918,515	35,354,772	38,445,173	42,259,584	43,582,483	47,735,250	50,258,066	51,994,177	56,821,001	
Wastewater	34,197,043	35,363,104	37,315,136	38,392,347	41,235,104	43,742,327	46,868,841	49,402,056	50,582,323	52,388,858
Non-major funds	651,579	612,878	2,029,452	994,995	1,310,723	1,010,202	1,592,940	1,269,885	1,205,041	1,233,014
Operating grants and contributions										-
Capital grants and contributions										-
Total business-type activities program revenues	<u>96,472,785</u>	<u>90,729,814</u>	<u>102,476,864</u>	<u>107,157,846</u>	<u>118,554,775</u>	<u>121,488,760</u>	<u>136,031,179</u>	<u>138,747,141</u>	<u>149,729,705</u>	<u>171,207,827</u>
Total primary government program revenues	<u>\$ 286,165,550</u>	<u>\$ 281,655,573</u>	<u>\$ 301,881,451</u>	<u>\$ 347,246,466</u>	<u>\$ 380,666,980</u>	<u>\$ 414,993,436</u>	<u>\$ 443,527,599</u>	<u>\$ 455,753,853</u>	<u>\$ 425,780,721</u>	<u>\$ 475,159,145</u>

(Continued)

Table II

County of Chesterfield, Virginia
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
(unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Net (Expense)/Revenue										
Governmental activities	\$ (511,529,591)	\$ (491,979,596)	\$ (501,751,159)	\$ (487,937,426)	\$ (523,548,726)	\$ (487,691,305)	\$ (512,670,343)	\$ (528,705,475)	\$ (559,023,094)	\$ (583,838,268)
Business-type activities	27,183,080	14,522,073	11,118,815	25,636,674	31,350,446	37,742,045	50,565,336	60,771,925	78,291,090	
Total primary government net expense	\$ (484,346,511)	\$ (477,457,523)	\$ (490,632,344)	\$ (462,300,752)	\$ (492,198,280)	\$ (449,949,260)	\$ (462,104,907)	\$ (476,294,589)	\$ (498,251,169)	\$ (505,637,178)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes:										
Property taxes, levied for general purposes	\$ 366,013,114	\$ 353,637,912	\$ 357,536,014	\$ 370,147,193	\$ 384,534,312	\$ 401,858,578	\$ 421,227,697	\$ 439,570,375	\$ 466,036,351	\$ 483,202,356
Property taxes, levied for special purposes ⁽⁶⁾	1,025,519	1,083,691	1,633,193	1,951,192	1,881,961	2,667,960	3,224,211	3,221,313	2,643,307	1,755,786
Utility taxes	7,676,851	7,513,492	7,692,460	7,802,992	7,927,826	7,867,528	8,043,759	8,216,114	8,329,669	8,283,882
Sales taxes	39,951,936	40,411,325	42,293,047	42,924,462	44,938,389	45,306,831	47,915,376	50,014,870	51,659,170	54,492,560
Motor vehicle licenses	6,813,084	6,872,589	7,097,823	12,194,196	14,167,545	14,275,048	13,944,691	15,210,404	15,240,626	15,072,427
Business license taxes	16,139,259	17,332,709	17,250,726	18,351,123	19,756,323	20,742,026	20,580,987	21,217,270	22,558,092	24,487,081
Other	9,240,961	10,508,806	10,662,930	10,261,244	11,315,246	13,122,548	13,777,956	15,141,786	15,857,572	15,314,188
Payment from School Board	61,378,052	10,243,723	7,988,893	5,375,603	10,293,109	9,427,230	-	-	-	-
Unrestricted grants and contributions	66,236,099	65,404,091	65,943,441	66,119,764	65,959,716	65,462,954	65,744,743	65,072,971	64,249,477	
Investment earnings	1,096,015	730,507	633,538	540,383	322,164	1,121,270	1,549,802	4,422,305	12,958,675	14,916,037
Miscellaneous	607,932	6,239,952	814,327	15,663	859,804	603,354	260,951	1,454,046	2,229,273	943,379
Special item - Meadowville Support Agreement	(8,345,000)	-	-	-	-	-	-	-	-	-
Transfers	700,079	608,273	(2,154,078)	(183,577)	(99,797)	(714,882)	(749,313)	(222,238)	(364,375)	(1,484,250)
Total governmental activities	568,533,901	520,587,070	517,392,314	535,500,243	560,958,598	581,381,660	595,239,071	623,990,988	662,201,331	686,232,923
Business-type activities:										
Investment earnings	988,007	585,002	264,515	463,468	750,660	1,352,092	974,328	2,245,362	8,614,613	7,511,850
Miscellaneous	-	-	3,866,638	-	-	-	3,328,675	-	-	7,935,240
Transfers	(700,079)	(608,273)	2,154,078	183,577	997,797	714,882	749,313	222,238	364,375	1,484,250
Total business-type activities	287,928	(23,271)	2,418,593	4,513,683	1,748,457	2,066,974	5,052,316	2,467,600	8,978,988	16,931,340
Total primary government	\$ 568,821,829	\$ 520,563,799	\$ 519,810,907	\$ 540,013,926	\$ 562,707,055	\$ 583,448,634	\$ 600,291,387	\$ 626,458,588	\$ 671,180,319	\$ 703,164,263
Change in Net Position ⁽¹⁾⁽²⁾										
Governmental activities	\$ 57,004,310	\$ 28,607,474	\$ 15,641,155	\$ 47,562,817	\$ 37,409,872	\$ 93,690,355	\$ 82,568,728	\$ 95,285,513	\$ 103,178,237	\$ 102,394,655
Business-type activities	27,471,008	14,488,802	13,537,408	30,150,357	33,098,903	39,809,019	55,617,752	54,878,486	69,750,913	95,132,430
Total primary government	\$ 84,475,318	\$ 43,106,276	\$ 29,178,563	\$ 77,713,174	\$ 70,508,775	\$ 133,499,374	\$ 138,186,880	\$ 150,163,999	\$ 172,991,150	\$ 197,527,085

⁽¹⁾ Due to implementation of GASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government. Historical data was not restated.⁽²⁾ Due to implementation of GASB 63 in 2013, all references to net assets have been changed to net position.⁽³⁾ The Healthcare Fund, an internal service fund reported in the general government function of governmental activities on the Statement of Net Position, was established in 2014 to reflect the operations of the County's self-funded healthcare functions.⁽⁴⁾ Other activities: Administration of Justice, Public Works, Parks, Recreation and Cultural, Education and Community development.⁽⁵⁾ Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.⁽⁶⁾ Effective in FY2020, the County was no longer obligated to levy and collect special assessments on behalf of the Watkins Centre CDA.

Table III

**County of Chesterfield, Virginia
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund										
Restricted	\$ 11,486,173	\$ 13,461,857	\$ 13,554,070	\$ 14,600,770	\$ 16,031,238	\$ 19,074,127	\$ 18,168,690	\$ 19,209,996	\$ 23,244,157	\$ 24,120,378
Committed	690,074	736,367	755,493	710,785	725,267	1,484,040	1,468,131	1,680,987	1,694,052	1,735,315
Assigned	182,374,682	190,269,268	186,350,588	198,068,805	197,476,873	233,819,201	263,559,665	276,746,618	295,638,016	350,483,633
Unassigned	53,495,000				55,000,000	58,668,400	60,004,400	60,004,400	63,004,400	63,004,400
Total General Fund	<u>\$ 248,045,929</u>	<u>\$ 257,962,492</u>	<u>\$ 254,155,151</u>	<u>\$ 268,380,360</u>	<u>\$ 272,233,378</u>	<u>\$ 313,045,768</u>	<u>\$ 343,200,886</u>	<u>\$ 357,642,001</u>	<u>\$ 383,580,625</u>	<u>\$ 439,343,726</u>
All Other Governmental Funds										
Nonspendable	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ -
Restricted	120,021,503	137,170,899	112,858,827	95,619,953	78,588,171	149,020,985	205,384,023	154,872,844	208,516,708	224,439,518
Assigned, reported in:										
School Capital Projects Fund	215,000	215,000	215,671	153,848	228,029	150,352	-	-	-	-
Special Revenue Funds	6,086,966	5,989,380	6,332,718	4,609,034	6,049,972	5,432,814	10,813,637	15,914,420	17,189,479	21,371,563
Total all other governmental funds	<u>\$ 126,328,469</u>	<u>\$ 143,380,279</u>	<u>\$ 119,412,216</u>	<u>\$ 100,387,835</u>	<u>\$ 84,871,172</u>	<u>\$ 154,609,151</u>	<u>\$ 216,197,660</u>	<u>\$ 170,787,264</u>	<u>\$ 225,706,187</u>	<u>\$ 245,811,081</u>

Table IV

County of Chesterfield, Virginia
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Revenues										
General property taxes	\$ 370,513,296	\$ 358,569,311	\$ 360,929,869	\$ 371,300,388	\$ 387,980,769	\$ 403,863,868	\$ 422,283,775	\$ 446,596,315	\$ 468,733,553	\$ 494,113,384
Other local taxes	80,008,276	82,831,721	85,392,248	92,145,704	98,580,358	102,101,705	105,016,089	110,964,756	114,448,075	118,150,668
Permits, fees and licenses	3,586,770	3,864,896	5,208,451	4,760,670	6,821,163	6,764,863	7,425,213	7,824,332	9,264,481	8,911,771
Fines and forfeitures	2,296,228	2,278,991	3,204,800	2,496,443	1,811,841	2,171,101	2,245,952	2,273,900	1,884,988	1,884,988
Use of money and property	1,652,694	1,351,053	1,313,194	1,262,769	866,562	1,818,019	2,280,980	5,174,673	13,717,652	15,450,918
Charges for services	38,623,262	36,850,784	38,355,482	37,172,314	39,271,152	41,805,240	46,833,619	51,553,451	53,532,424	53,820,363
Donations and miscellaneous	8,559,883	16,211,413	12,774,759	19,100,597	11,069,175	10,402,779	14,756,966	9,195,955	10,652,219	12,359,572
Recovered costs	13,140,128	11,371,267	12,239,642	12,155,299	12,440,763	12,988,894	10,892,720	7,115,564	8,027,131	6,345,080
From component unit - School Board	61,378,052	10,243,723	7,988,893	5,375,603	10,293,109	9,427,230	12,945,526	11,329,125	11,940,962	15,385,079
From component unit - Other ⁽¹⁾										-
From other governments ⁽²⁾	2,769,593	169,439,273	173,418,402	177,141,197	184,495,752	195,931,063	191,395,432	205,072,874	148,515,925	168,469,862
Total revenues	<u>748,316,149</u>	<u>695,805,011</u>	<u>699,899,931</u>	<u>723,619,341</u>	<u>754,867,570</u>	<u>786,915,502</u>	<u>816,001,421</u>	<u>857,072,997</u>	<u>841,106,322</u>	<u>894,890,778</u>
Expenditures										
General government	42,636,365	46,315,295	44,647,030	46,364,334	45,747,255	46,519,517	47,014,959	56,277,595	56,743,310	56,743,310
Administration of justice	9,152,233	9,195,838	9,278,278	9,448,941	9,511,417	10,195,274	9,739,559	10,427,310	11,402,310	11,402,310
Public safety	156,223,287	156,149,460	168,719,717	172,409,410	174,546,991	177,339,678	180,405,571	191,755,977	193,899,623	193,899,623
Public works	17,330,421	18,329,261	19,045,092	16,660,840	16,707,503	17,329,618	18,210,063	19,836,094	22,520,412	24,929,889
Health and welfare	72,668,435	71,807,826	72,032,431	73,968,332	76,045,471	81,622,971	83,973,130	86,974,554	91,457,127	93,279,373
Parks, recreation and cultural	22,374,211	18,012,985	18,126,307	18,635,571	18,352,707	19,258,487	20,747,230	21,634,902	22,339,896	22,172,944
Education - School Board ⁽²⁾	286,952,462	237,812,405	250,493,166	251,029,300	271,952,519	268,106,031	282,418,123	294,272,019	249,338,696	237,716,856
Community development	16,956,080	25,316,409	17,854,792	18,567,487	20,104,987	19,727,695	20,882,779	23,343,007	25,204,301	22,715,885
Debt service:										
Principal	45,453,298	43,650,523	44,454,795	45,917,114	49,466,021	41,579,430	42,473,914	47,879,070	48,331,385	54,142,371
Interest	23,687,589	22,493,861	21,155,270	20,734,214	18,269,647	17,737,591	17,730,105	19,373,255	20,610,711	23,581,413
Other	667,429	1,318,521	261,685	427,758	110,342	1,275,819	683,442	584,745	1,021,664	893,492
Capital outlay	59,272,863	66,143,705	80,530,541	73,868,935	69,836,981	76,490,074	93,304,435	135,861,606	127,051,427	244,460,098
Total expenditures	<u>753,374,673</u>	<u>716,546,089</u>	<u>746,599,104</u>	<u>748,032,236</u>	<u>770,651,841</u>	<u>777,182,185</u>	<u>817,583,310</u>	<u>899,334,546</u>	<u>865,869,181</u>	<u>985,965,544</u>
Excess (deficiency) of expenditures over (under) revenues	<u>(5,058,524)</u>	<u>(20,741,078)</u>	<u>(46,699,173)</u>	<u>(24,412,895)</u>	<u>(15,784,271)</u>	<u>9,733,317</u>	<u>(1,581,839)</u>	<u>(42,261,549)</u>	<u>(24,762,859)</u>	<u>(91,074,766)</u>
Other Financing Sources (Uses)										
Transfers in	21,388,162	22,438,998	27,079,327	24,769,872	30,229,920	24,801,835	28,874,860	54,709,089	55,271,237	55,602,762
Transfers out	(20,625,300)	(21,433,578)	(29,169,767)	(24,824,689)	(31,214,517)	(25,194,489)	(34,467,073)	(54,954,921)	(56,135,612)	(56,939,626)
Bonds issued	16,822,749	40,385,607	21,014,209	16,157,318	-	100,910,386	98,917,642	11,238,100	106,484,781	168,279,764
Refunding bonds issued	7,399,075	82,654,235	-	51,645,470	-	134,941,531	20,224,000	-	-	-
Payments to escrow agent	(7,462,503)	(82,086,894)	-	(51,587,953)	(3,453,705)	(134,642,231)	(20,223,913)	-	-	-
Sale of redevelopment asset	-	5,751,083	-	5,105,223	-	-	-	-	-	-
Total other financing sources, net	<u>17,522,183</u>	<u>47,709,451</u>	<u>18,923,769</u>	<u>19,613,723</u>	<u>4,120,626</u>	<u>100,817,052</u>	<u>93,325,516</u>	<u>11,292,268</u>	<u>105,620,406</u>	<u>166,942,761</u>
Net change in fund balances	<u>\$ 12,463,659</u>	<u>\$ 26,968,373</u>	<u>\$ (27,775,404)</u>	<u>\$ (4,799,172)</u>	<u>\$ (11,663,645)</u>	<u>\$ 110,550,369</u>	<u>\$ 91,743,627</u>	<u>\$ (30,969,281)</u>	<u>\$ 80,857,547</u>	<u>\$ 75,867,995</u>
Debt service as a percentage of noncapital expenditures	9.70%	9.74%	9.46%	9.57%	9.18%	8.14%	7.98%	8.41%	8.88%	9.50%

Notes:

(1) Due to implementation of G-ASB 61 in 2013, the Economic Development Authority is reflected as a blended component unit in the business-type activity of the primary government; historical balances have not been restated.

(2) Beginning in fiscal year 2019, state sales tax designated for education is reported directly by the School Board and no longer passes through the General Fund.

Table V

County of Chesterfield, Virginia
General Governmental Tax Revenue by Source
Last Ten Fiscal Years
(modified accrual basis of accounting)
(unaudited)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Real property taxes	\$ 295,381,760	\$ 285,653,410	\$ 282,586,919	\$ 289,899,514	\$ 302,662,551	\$ 313,731,924	\$ 325,839,487	\$ 342,996,966	\$ 359,077,665	\$ 380,157,963
Property taxes for special purposes	2,196,240	2,632,222	2,970,251	3,184,749	3,331,972	3,865,636	5,336,834	6,032,778	5,850,237	4,304,486
Personal property taxes ⁽¹⁾	93,145,764	90,652,518	95,133,946	98,447,249	102,263,777	106,926,822	109,572,215	115,288,966	120,556,841	124,656,488
Real and personal public service corporation taxes	12,646,051	12,612,667	13,243,578	12,709,368	12,681,584	12,861,027	13,885,590	14,610,625	15,436,481	17,807,558
Machinery and tools taxes	4,281,381	4,725,416	4,769,060	4,773,224	4,912,750	4,564,090	5,372,984	5,039,046	4,950,362	4,670,316
Local sales and use tax ⁽²⁾	40,138,121	40,604,124	42,688,309	43,536,148	45,413,418	46,094,554	48,668,697	50,856,685	52,482,114	54,993,090
Business license taxes	16,139,258	17,332,709	17,250,726	18,351,123	19,756,323	20,742,026	20,580,987	21,539,767	22,538,092	24,487,081
Consumer utility tax	7,676,851	7,513,492	7,692,460	7,802,992	7,927,826	7,867,528	8,043,759	8,216,114	8,329,669	8,283,882
Motor vehicle licenses	6,813,084	6,872,589	7,097,823	12,194,196	14,167,545	14,275,048	13,944,691	15,210,404	15,240,626	15,072,427
Recordation tax	3,479,084	4,048,619	4,630,333	4,209,707	4,715,219	5,655,737	5,892,181	6,383,590	6,849,708	7,747,979
Transient occupancy tax	3,727,095	4,081,220	4,202,868	4,072,726	4,463,850	4,931,324	5,186,616	5,757,601	5,746,917	4,528,009
Other taxes ⁽³⁾	5,960,726	5,792,299	5,147,892	5,357,144	5,356,360	5,541,905	6,067,871	6,720,577	7,214,963	6,646,822
Total	<u>\$ 491,585,415</u>	<u>\$ 482,521,285</u>	<u>\$ 487,414,165</u>	<u>\$ 504,538,140</u>	<u>\$ 527,653,175</u>	<u>\$ 547,057,621</u>	<u>\$ 568,391,912</u>	<u>\$ 598,653,119</u>	<u>\$ 624,273,675</u>	<u>\$ 653,356,101</u>

(1) Includes reimbursement to the County by the Commonwealth for personal property as defined in the Personal Property Tax Relief Act of 1998. Amount is reported as non-categorical aid from the Commonwealth in the financial statements.

(2) Includes Watkins Centre and Chippenham Place Community Development Authorities incremental sales tax.

(3) Includes penalties and interest on property taxes

Table VI

County of Chesterfield, Virginia
Assessed and Estimated Market Values of Taxable Property ⁽¹⁾
Last Ten Fiscal Years
(unaudited)

Fiscal Year	Assessed Values						Total Direct Tax Rate
	Real Estate ⁽²⁾	Commercial/ Industrial	Personal Property	Machinery and tools	Public service	Total	
2011	\$ 24,371,644,507	\$ 6,209,724,943	\$ 3,167,813,011	\$ 436,491,890	\$ 1,323,381,861	\$ 35,509,056,212	1.19
2012	23,297,692,124	6,377,907,210	3,291,845,888	471,584,010	1,314,798,015	34,753,827,247	1.20
2013	23,270,154,936	6,549,579,765	3,483,680,323	477,379,120	1,388,250,675	35,169,044,819	1.21
2014	24,137,868,679	6,750,914,605	3,495,271,898	478,934,270	1,326,654,615	36,189,644,067	1.21
2015	25,216,056,226	6,978,880,525	3,678,673,795	492,208,390	1,306,718,575	37,672,537,511	1.22
2016	26,301,749,013	7,275,677,327	3,825,378,513	464,611,380	1,346,367,453	39,213,783,686	1.22
2017	27,654,285,819	7,404,623,041	3,990,515,453	524,819,940	1,450,194,577	41,024,438,830	1.22
2018	29,253,035,058	7,736,277,161	4,146,470,073	501,803,911	1,529,828,157	43,167,414,360	1.21
2019	30,818,731,062	8,253,803,629	4,359,510,990	501,394,015	1,581,748,714	45,515,188,410	1.20
2020	32,720,941,603	8,805,491,124	4,479,031,443	503,009,315	1,776,001,979	48,284,475,464	1.20

Source: County Assessor's Office

(1) Property in the County is assessed each year. Assessed values of all classes of property approximate market value except for public service property, which is determined by the State Corporation Commission.

(2) Real estate assessed values include both halves of the year's assessments.

(3) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.

Table VII

**County of Chesterfield, Virginia
Property Tax Rates (Per \$100 of assessed value)
Last Ten Fiscal Years
(unaudited)**

Personal Property							
Fiscal Year	Real estate ⁽⁵⁾	Airplanes	Motor vehicles clean	Motor vehicles of voluntary personnel	Wild or exotic animals	Special equipped physically handicap	Vehicle ⁽²⁾ trailer and semi-trailer
2011	\$ 0.95	\$ 0.50	\$ 3.24	\$ 0.96	\$ 0.01	\$ 0.01	\$ 0.96
2012	0.95	0.50	3.24	0.96	0.01	0.01	0.96
2013	0.95	0.50	3.24	0.96	0.01	0.01	0.96
2014	0.95/0.96 ⁽⁴⁾	0.50	3.24	0.96	0.01	0.01	0.96
2015	0.96	0.50	3.24	0.96	0.01	0.01	0.96
2016	0.96	0.50	3.24	0.96	0.01	0.01	0.96
2017	0.96	0.50	3.24	0.96	0.01	0.01	0.96
2018	0.96/0.95 ⁽⁴⁾	0.50	3.24	0.96	0.01	0.01	0.96
2019	0.95	0.50	3.24	0.96	0.01	0.01	0.96
2020	0.95	0.50	3.24	0.96	0.01	0.01	0.96
							Total ⁽⁶⁾ direct tax rate

Source: Chesterfield County Accounting Department

(1) Includes motor vehicles owned by members of volunteer rescue squads, volunteer fire departments, volunteer police chaplains, and auxiliary police officers.

(2) Includes motor vehicles, trailers, and semi-trailers with a gross vehicle weight of 10,000 pounds or more to transport property for hire by a motor carrier engaged in interstate commerce.

(3) Includes automobiles (except those mentioned above), boats, boat trailers, other motor vehicles and all tangible personal property used or held with any mining, manufacturing or other business, trade, occupation or profession, including furnishings, furniture, and appliances in rental units, with the exception of computer equipment and peripherals used in a data center. The tax rate shown does not factor in depreciation on tangible personal property, which is \$2.52 for the first year the equipment is in service

(4) The real estate tax rate was different for each half of the fiscal year.

(5) In 2006, the County initiated a supplemental property tax in the Powhatan-Charter Colony Parkway Interchange Service District. Real property in the district is charged a supplemental tax rate of \$0.15 per \$100 in addition to the real estate rate.

(6) The total direct tax rate for each fiscal year is per \$100 of assessed value and is calculated on a weighted average basis with no adjustment for prorated personal property tax valuations.

(7) The tax rate for this category is calculated using a depreciation factor based on years in service. The tax rate shown is for the first year the equipment is in service.

Table VIII

**County of Chesterfield, Virginia
Principal Property Taxpayers
Current Year and Nine Years Ago
(unaudited)**

<u>Taxpayer</u>	2020			2011		
	<u>Assessed value⁽¹⁾</u>	<u>Percentage of total assessed valuation</u>	<u>Rank</u>	<u>Assessed value⁽²⁾</u>	<u>Percentage of total assessed valuation</u>	<u>Rank</u>
Dominion Virginia Power	\$ 1,313,700,806	2.72 %	1	\$ 801,567,624	2.26 %	1
Verizon Communications	170,852,323	0.35	2	295,047,339	0.83	2
Columbia Gas of Virginia, Inc.	132,788,255	0.28	3	70,660,275	0.20	9
RPI Chesterfield, LLC	132,613,400	0.27	4			
Bon Secours St. Francis Medical Center	118,986,800	0.25	5	101,409,100	0.29	7
PFI VPN Portfolio Fee Owner, LLC	94,802,600	0.20	6			
Wal-Mart Stores, Inc.	81,975,000	0.17	7			
AERC Belvedere/AERC River LLC	81,767,900	0.17	8			
Zaremba Metropolitan Mid LLC	75,786,100	0.16	9	79,373,900	0.22	8
Philip Morris USA	<u>71,396,000</u>	<u>0.15</u>	<u>10</u>	106,950,700	0.30	5
E. I. duPont De Nemours and Company				232,339,240	0.65	3
C. J. W. Medical Center				63,830,600	0.18	10
Brandywine Operating Partnership				103,253,600	0.29	6
Macerich Partnership				116,686,100	<u>0.33</u>	<u>4</u>
	<u>\$ 2,274,669,184</u>	<u>4.72%</u>		<u>\$ 1,971,118,478</u>	<u>5.55%</u>	

Source: Assessor, Chesterfield County and State Corporation Commission

(1) Includes real estate and public service assessed value.

(2) Includes real estate, personal property, machinery and tools and public service assessed value.

Table IX

**County of Chesterfield, Virginia
Property Tax Levies and Collections
Last Ten Fiscal Years
(unaudited)**

Fiscal year	Taxes levied for the fiscal year (original levy)	Net Adjustments & Supplemental Billings ⁽¹⁾	Total adjusted levy	Collected within the fiscal year of the levy		Collections in subsequent years	Total collections to date	
				Amount	Percentage of original levy		Amount	Percentage of adjusted levy
2011	\$ 405,337,481	\$ (3,231,006)	\$ 402,106,475	\$ 386,437,915	95.34 %	\$ 14,623,719	\$ 401,061,634	99.72%
2012	399,214,675	(2,159,988)	397,054,687	380,070,636	95.20	16,062,618	396,133,254	99.77
2013	401,085,271	(1,706,488)	399,378,783	381,522,800	95.12	16,964,538	398,487,338	99.78
2014	409,264,558	(1,325,241)	407,939,317	391,757,210	95.72	15,333,972	407,091,182	99.79
2015	426,586,417	(2,175,832)	424,410,585	408,501,369	95.76	15,034,679	423,536,048	99.79
2016	444,012,047	(2,213,251)	441,798,796	424,981,949	95.71	15,757,584	440,739,533	99.76
2017	461,670,404	5,514,260	467,184,664	438,741,489	95.03	26,412,474	465,153,963	99.57
2018	474,416,085	2,519,955	476,936,040	461,398,602	97.26	13,109,311	474,507,913	99.49
2019	495,525,767	6,297,910	501,823,677	479,959,172	96.86	16,663,764	496,622,936	98.96
2020	518,633,584	-	518,633,584	502,242,424	96.84	-	502,242,424	96.84

Source: Chesterfield County Treasurer's Office

Includes taxes levied on real estate, personal property, mobile homes and machinery and tools. Includes the supplemental property taxes in the Powhatan-Charter Colony Parkway Interchange Service District, Chesterfield Towne Center - Southport Area Service District, Eastern Midlothian Turnpike Corridor Service District and the reimbursement to the County by the Commonwealth of Virginia for personal property tax relief.

(1) Beginning July 1, 2017, due to a system conversion, supplemental tax billings are accounted for by tax year (calendar year). Accordingly, supplemental billings are recorded in the tax year billed. Previous to July 1, 2017, supplemental tax billings were accounted for by fiscal year.

County of Chesterfield, Virginia
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(b unaudited)

Table X

Fiscal year	Governmental Activities					Business-type Activities							
	General obligation bonds	Other ⁽¹⁾	Support & Other Agreements	Public facility lease revenue bonds	Certificates of participation	Capital leases	Revenue bonds ⁽²⁾	Certificates of participation	Other ⁽³⁾	Total primary government	Percentage of personal income	Population	Debt per capita
2011	\$ 443,933,544	\$ -	\$ 21,090,000	\$ 7,181,908	\$ 77,164,671	\$ 965,406	\$ 89,339,438	\$ 1,282,861	\$ -	\$ 641,457,828	4.79%	317,000	\$ 2,024
2012	445,807,265	-	19,810,000	6,472,548	72,355,642	843,702	86,186,985	1,186,678	-	632,662,820	4.52	320,000	1,977
2013	427,213,319	-	18,515,000	5,783,123	66,976,004	713,211	82,394,135	1,074,955	-	602,669,747	4.07	324,000	1,860
2014	411,873,615	-	17,205,000	5,070,833	59,505,802	573,493	78,486,034	1,014,588	-	573,729,365	3.82	328,000	1,749
2015	371,651,300	-	15,890,000	4,169,249	48,468,654	424,086	74,452,824	901,665	-	515,957,778	3.32	332,000	1,554
2016	423,290,121	30,422,731	14,560,000	3,292,722	29,079,233	263,624	63,872,739	742,019	-	565,523,189	3.42	335,000	1,688
2017	472,910,798	36,586,858	13,220,000	2,441,134	25,039,681	90,613	57,155,952	654,194	-	608,099,230	3.58	339,000	1,794
2018	411,408,111	67,335,041	11,865,000	1,614,369	14,073,959	-	50,802,534	550,724	259,715	557,929,453	3.14	344,000	1,622
2019	440,589,980	93,761,263	10,500,000	802,338	11,477,993	-	44,374,367	449,055	558,187	602,513,183	3.31	349,000	1,726
2020	511,771,898	133,497,557	9,130,000	-	8,922,691	-	37,879,491	349,014	1,753,700	703,304,351	3.74	353,000	1,992

(1) Includes revenue bonds, subfund revenue bonds and direct borrowings.

(2) Includes revenue bonds, subfund revenue bonds.

(3) Includes revenue bonds, Airport Revolving Loan Fund.

(4) In F/Y2018, the County early implemented GASB 88. Some outstanding amounts were reclassified however historical information was not restated.

Note:

The County has no legal debt margin and there are no jurisdictions with overlapping general obligation debt incurring powers.
Population and personal income data are found on Table XIII.
NA = not available

Table XI

County of Chesterfield, Virginia
Ratios of General Obligation Bonded Debt Outstanding
Last Ten Fiscal Years
(unaudited)

<u>Fiscal year</u>	<u>General obligation bonds outstanding⁽¹⁾</u>	<u>Estimated population⁽²⁾</u>	<u>Per capita</u>	<u>Assessed value of taxable property⁽³⁾</u>	<u>Ratio to assessed value</u>
2011	\$443,933,544	317,000	\$ 1,400	\$35,509,056,212	1.25%
2012	445,807,265	320,000	1,393	34,753,827,247	1.28
2013	427,213,319	324,000	1,319	35,169,044,819	1.21
2014	411,873,615	328,000	1,256	36,189,644,067	1.14
2015	371,651,300	332,000	1,119	37,672,537,511	0.99
2016	423,290,121	335,000	1,264	39,213,783,686	1.08
2017	472,910,798	339,000	1,395	41,024,438,830	1.15
2018	425,704,111	344,000	1,238	43,167,414,360	0.99
2019	449,187,980	349,000	1,287	45,515,188,410	0.99
2020	516,342,898	353,000	1,463	48,284,475,464	1.07

Source:

(1) Includes 2017A General Obligation Refunding Bond.

(2) U.S. Census Bureau.

(3) Assessed value of taxable property - Chesterfield County Assessor's office.

Table XII

**County of Chesterfield, Virginia
Pledged Revenue Coverage
Last Ten Fiscal Years
(unaudited)**

Water and Sewer Revenue Bonds						
Fiscal Year	Gross revenues ⁽¹⁾	Less operating expenses ⁽²⁾	Net revenues available for debt service		Debt Service Principal	Interest Coverage
			\$ 37,723,946	\$ 8,159,642		
2011	\$ 78,585,637	\$ 40,861,691	\$ 37,723,946	\$ 8,159,642	\$ 10,479,723	202%
2012	80,633,543	43,998,256	36,635,287	3,540,000	3,372,880	530
2013	86,156,434	45,591,945	40,564,489	3,685,000	3,242,180	586
2014	96,431,708	43,675,137	52,756,571	3,805,000	3,115,606	762
2015	97,137,443	43,572,048	53,565,395	3,935,000	2,979,931	775
2016	105,244,822	45,358,971	59,885,851	4,080,000	2,844,330	865
2017	114,862,024	46,368,663	68,493,361	4,855,000	2,130,832	980
2018	122,754,614	47,481,191	75,273,423	4,665,000	2,325,375	1,077
2019	137,268,139	51,034,577	86,233,562	4,910,000	2,086,000	1,233
2020	148,214,173	53,833,975	94,380,198	5,160,000	1,834,250	1,349

(1) Operating revenues, interest and connection fees as described in Note.

(2) Net of depreciation and amortization.

Note:

Beginning September 1985, the Chesterfield County Utilities Department operated under the terms and conditions of bond resolutions requiring the County to fix, establish, and maintain rates and charges (including interest) sufficient to produce revenue of not less than the total of budgeted operating expenses and 115% of the debt service to become due during such fiscal year. The above revenues, expenses, and debt service relationships existed for the last ten fiscal years.

Table XIII

**County of Chesterfield, Virginia
Demographic Statistics
Last Ten Years
(unaudited)**

<u>Year</u>	<u>Population⁽¹⁾</u>	<u>Personal income⁽²⁾ (\$000)</u>	<u>Per capita income⁽²⁾</u>	<u>Unemployment rate⁽³⁾</u>	<u>Median age⁽¹⁾</u>
2011	317,000	\$ 13,402,488	\$ 42,279	7.1 %	37.6
2012	320,000	14,007,744	43,774	6.5	37.6
2013	324,000	14,796,311	45,668	6.0	37.0
2014	328,000	15,000,637	45,734	5.3	37.5
2015	332,000	15,556,631	46,857	4.5	37.9
2016	335,000	16,544,534	49,387	4.1	38.0
2017	339,000	16,963,172	50,039	3.7	38.2
2018	344,000	17,783,116	51,102	3.2	38.6
2019	349,000	18,205,527	52,165	2.9	38.8
2020	353,000	18,801,990	53,263	7.9	38.9

Sources:

- (1) U S Census Bureau.
- (2) U. S. Bureau of Economic Analysis (BEA) (prior years' estimates are updated periodically). Per Capita Income for 2020 is based on a trend average of 2011 - 2019. 2020 personal income amounts are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.
- (3) Virginia Employment Commission (prior years' rates are updated periodically).

Table XIV

**County of Chesterfield, Virginia
Principal Private Employers
Current Year and Nine Years Ago
(unaudited)**

<u>Employer</u>	<u>Employee Class Size</u>	<u>Rank⁽⁴⁾</u>	2020 ⁽¹⁾		2011 ⁽²⁾	
			<u>Percentage⁽³⁾ of total civilian labor force</u>	<u>Employees</u>	<u>Percentage of total civilian labor force</u>	<u>Employees</u>
United Parcel Service	1000 and over	1	1.08%		1.04%	
HCA Virginia Health System/C.J.W. Medical Center	1000 and over	1	1.08	1,761	2	1,04%
Amazon Com KYDC Inc.	1000 and over	1	1.08	1,566	3	0.93
E.I. duPont De Nemours Company	1000 and over	1	1.08	2,478	1	1.47
Wal-Mart Stores Inc.	1000 and over	1	1.08	1,555	4	0.92
Kroger	1000 and over	1	1.08	875	10	0.52
Maximus Services LLC	1000 and over	1	1.08			
Bon Secours Health System/St. Francis Medical Center	1000 and over	1	1.08	1,080	7	0.64
Capital One Financial Corporation	1000 and over	1	1.08	1,069	8	0.63
Hill Phoenix	1000 and over	1	1.08	1,100	5	0.65
Ukrop's/Martin's Super Markets, Incorporated				1,089	6	0.64
Vargent				897	9	0.53
Estimated total			<u>20.000</u>	<u>10.80 %</u>	<u>13.470</u>	<u>7.97%</u>
Total civilian labor force ⁽³⁾			184,356		168,945	

Source: (1) Virginia Employment Commission

(2) Chesterfield County Economic Development Department reported as of January 2011

(3) Percentages are based on the midpoint of the employment range

(4) Rankings are based on the midpoint of the employment range

Table XV

County of Chesterfield, Virginia
Full-time County Employees by Function
Last Ten Fiscal Years
(unaudited)

<u>Function</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Governmental activities										
General government	476	479	467	459	467	478	478	467	477	476
Administration of justice	154	157	159	156	150	158	159	153	161	162
Public safety:										
Fire	461	474	471	469	466	488	495	486	490	513
Police	575	573	600	595	601	608	621	608	609	653
Sheriff	222	246	238	253	250	269	256	256	257	268
Other	190	187	184	184	198	200	196	194	198	203
Total public safety	<u>1,448</u>	<u>1,480</u>	<u>1,493</u>	<u>1,501</u>	<u>1,515</u>	<u>1,565</u>	<u>1,568</u>	<u>1,544</u>	<u>1,554</u>	<u>1,637</u>
Public works	147	147	138	138	136	140	142	141	154	148
Health and welfare	554	553	557	574	570	576	544	585	600	621
Parks, recreation and cultural	161	165	162	165	164	162	179	175	189	186
Community development	74	74	75	71	75	73	77	87	89	85
Total governmental activities	<u>3,014</u>	<u>3,055</u>	<u>3,051</u>	<u>3,064</u>	<u>3,077</u>	<u>3,151</u>	<u>3,147</u>	<u>3,151</u>	<u>3,224</u>	<u>3,315</u>
Business-type activities (1)										
Water	151	152	151	148	149	150	152	151	152	151
Wastewater	128	128	126	124	129	129	122	125	130	128
Airport	4	5	3	3	3	3	3	3	3	2
Total business-type activities	<u>283</u>	<u>285</u>	<u>280</u>	<u>275</u>	<u>281</u>	<u>282</u>	<u>277</u>	<u>279</u>	<u>285</u>	<u>281</u>
Grand total	<u>3,297</u>	<u>3,340</u>	<u>3,331</u>	<u>3,339</u>	<u>3,358</u>	<u>3,433</u>	<u>3,424</u>	<u>3,430</u>	<u>3,509</u>	<u>3,596</u>
Number of County employees per 1,000 population	10.4	10.5	10.3	10.2	10.1	10.2	10.1	10.0	10.1	10.2

Source: Chesterfield County Accounting Department

(1) Economic Development Authority has no employees.

Table XVI

**County of Chesterfield, Virginia
Operating Indicators by Function
Last Ten Fiscal Years
(unaudited)**

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Police Activities ⁽¹⁾	672,668	726,521	725,962	730,179	693,517	677,212	683,042	652,326	620,027	665,250
IBR Group A Incidents/Part 1 Offenses	17,079	17,173	16,182	16,242	16,044	16,432	16,588	16,147	16,147	15,462
IBR Group A Clearance										
Rate/Uniform Clearance Rate ⁽⁹⁾	50%	51%	51%	53%	50%	51%	48%	48%	46%	49%
Average Response Time for Priority 1 (life threatening calls)	3.48 min.	3.41 min.	3.65 min.	3.93 min.	3.79 min.	3.57 min.	3.57 min.	4.19 min.	4.07 min.	3.97 min.
Fire and EMS										
Emergency operations dispatches	34,314	36,856	36,245	36,881	38,184	39,756	41,725	42,532	43,107	42,699
Emergency medical ambulance dispatches	26,143	27,846	28,322	28,319	29,122	29,731	32,515	34,586	34,235	33,297
Fire engine medical support calls	11,351	11,901	11,833	11,218	11,107	11,178	13,491	14,489	15,435	15,204
Firefighter staffed ambulance calls	22,967	22,776	23,648	24,789	24,372	25,598	27,633	28,737	29,787	29,162
Building inspections conducted	3,438	3,083	2,857	3,092	2,675	3,277	3,190	3,354	3,313	3,372
Construction plans reviewed ⁽²⁾⁽⁵⁾	943	974	890	911	1,100	1,150	1,222	1,362	1,276	1,307
Library										
Total circulation ⁽³⁾	2,825,447	3,936,793	4,043,135	5,081,592	6,472,601	5,348,564	5,674,592	2,798,632	2,837,082	2,276,766
Number of visitors ⁽⁶⁾	1,465,236	1,345,052	4,639,926	3,927,804	3,661,350	3,214,190	3,242,218	4,098,014	4,883,712	5,741,044
Number of reference and general assistance questions ⁽⁶⁾⁽⁸⁾	416,031	404,500	3,683,524	3,355,392	10,180,296	10,280,044	13,654,770	5,107,832	4,871,570	5,677,695
Number of public access computer sessions ⁽⁴⁾	444,636	376,970	449,030	565,293	698,891	440,464	622,933	802,629	423,168	292,135
Elections										
Registered voters	210,946	216,135	220,162	222,826	220,903	228,605	234,134	239,116	242,291	250,266
Utilities										
Water customers serviced	101,147	102,000	103,132	104,447	105,847	107,212	108,949	110,584	112,475	114,660
Wastewater customers serviced	85,010	85,843	86,893	88,122	89,406	90,660	92,223	93,874	95,604	97,570
Parks and Recreation										
Number of park visitors	4,710,680	4,212,834	4,674,494	N/A ⁽⁹⁾	5,335,987	5,810,922	6,383,686	6,676,771	6,392,693	6,630,991
Cost per visitor	\$ 0.18	\$ 0.25	\$ 0.24	N/A ⁽⁹⁾	\$ 0.27	\$ 0.22	\$ 0.15	N/A	N/A	N/A

Source: County Departments providing the service

(1) Fiscal years 2011 and 2012 counts were updated in fiscal year 2013 to reflect consistent reporting. Beginning in fiscal year 2017, this category included written warnings.

(2) Beginning on July 1, 2011, libraries were open one less day per week. Library hours were restored in September 2016.

(3) Beginning in fiscal year 2012, includes traditional and electronic total circulation.

(4) Beginning in fiscal year 2012, is also included in total circulation.

(5) Beginning in fiscal year 2013, all library statistics include digital patronage.

(6) The Bon Air Library was closed for renovations for half of fiscal year 2014.

(7) Visitor counts are not available for fiscal year 2014.

(8) Beginning in fiscal year 2015, adjustments were made to the method of capturing customer-initiated metrics.

(9) Beginning on January 1, 2019, IBR Group A Incidents include Animal Cruelty.

Table XVII

**County of Chesterfield, Virginia
Capital Asset Statistics by Function
Last Ten Fiscal Years
(unaudited)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Airport										
Number of airplane hangars	110	110	110	110	110	110	110	110	110	110
Police										
Number of stations	4	4	4	4	4	4	5	5	5	5
Fire Protection										
Number of fire companies	21	21	21	21	22	22	22	22	22	22
Library										
Number of facilities	9	9	9	9	9	10	10	10	10	10
Utilities										
Water line in system (miles)	1,857	1,871	1,889	1,902	1,920	1,946	1,971	1,993	2,014	2,048
Wastewater line in system (miles)	1,962	1,970	1,984	2,000	2,022	2,044	2,077	2,104	2,126	2,165
Parks and Recreation										
(1)										
Number of parks	46	51	52	52	52	54	56	57	57	62
Park acreage	4,494	4,532	4,535	4,535	4,561	4,625	4,863	5,131	5,131	5,165
Number of athletic complexes maintained	11	11	11	11	11	11	12	12	12	11

Source: County Departments providing the

(1) Information includes sites and acreage available to the public as a result of partnership agreements.

COMPLIANCE SECTION

**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 2, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Cheny Behnert CCP

Richmond, Virginia
November 2, 2020

This report was prepared by the Accounting Department
Chesterfield County, Chesterfield, Virginia, 23832

ACCOUNTING DEPARTMENT EMPLOYEES

<i>June Albrecht</i>	<i>Kimberly Collette</i>	<i>Michelle Kirksey</i>	<i>Nicole Reilly</i>
<i>Donna Arrington</i>	<i>Kathy Cyckowski</i>	<i>Lorraine Kosobucki</i>	<i>Martha Reiss</i>
<i>Debbie Baicy</i>	<i>Michael Dance</i>	<i>Diane Lanier</i>	<i>Drecilla Smith</i>
<i>Ronda Bailey</i>	<i>Dana Davis</i>	<i>Dawana Lowry</i>	<i>Kristie Smith</i>
<i>Patricia Baskerville</i>	<i>Elizabeth Fritts</i>	<i>Kathy Morris</i>	<i>Kristie Szafranski</i>
<i>Angela Borum</i>	<i>Anna Hall</i>	<i>Nicole Nicolosi</i>	<i>Jessica Tankersley</i>
<i>Karen Brittain</i>	<i>Rawn Hyatt</i>	<i>Loretta Otey</i>	<i>Lindsey Thornton</i>
<i>Mattie Brown</i>	<i>Antionette Jefferson</i>	<i>Kevin Payne</i>	<i>Catie Wilson</i>
<i>Kristina Buchanan</i>	<i>Carol Kelley</i>	<i>Shelly Pignona</i>	<i>Consuela Wilson</i>
<i>Stephanie Burton</i>	<i>Susan Kern</i>	<i>Bridget Pillow</i>	

Cover photos: Top left - The Vue at Westchester Commons Apartments
Top right - Animal Services pet adoption
Bottom left - Curbside pick-up at the LaPrade Library
Bottom right - Dutch Gap Conservation Area tidal pool



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COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2020



CHESTERFIELD COUNTY, VIRGINIA

COUNTY OF CHESTERFIELD, VIRGINIA

COMPLIANCE REPORTS

For the Year Ended June 30, 2020

And Reports of Independent Auditor

COUNTY OF CHESTERFIELD, VIRGINIA

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**Report of Independent Auditor on Internal Control over Financial Reporting and on
Compliance with Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Specifications for Audits of Counties, Cities, and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 2, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Chery Behnert CCP

Richmond, Virginia
November 2, 2020

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the County of Chesterfield, Virginia's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 2, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Richmond, Virginia
December 31, 2020

Report of Independent Auditor on Compliance with Commonwealth of Virginia's Laws, Regulations, Contracts, and Grants

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

We have audited, in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns* (the "Specifications") issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Chesterfield, Virginia (the "County"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 2, 2020.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free of material misstatement, we performed tests of the County's compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

Code of Virginia	State Agency Requirements
Budget and Appropriation Laws	Procurement
Cash and Investments	Unclaimed Property
Conflicts of Interest	Property Taxes
Intergovernmental Revenues	Debt Provisions
Inmate Canteen and Other Auxiliary Funds	Education
	Comprehensive Service Act Funds
	Social Services
	Fire Programs Aid to Localities
	Stormwater Utility Program

The results of our tests disclosed no instances of noncompliance which are required to be reported in accordance with the Specifications.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of compliance with certain provisions of the Commonwealth of Virginia's laws, regulations, contracts, and grants and the results of that testing, and not to provide an opinion on the County's compliance. Accordingly, this communication is not suitable for any other purpose.



Richmond, Virginia
December 31, 2020

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Agriculture		
Pass-through payments:		
Department of Agriculture & Consumer Services:		
National School Lunch Program <i>(201VA347N2535)</i>	10.555	\$ 1,748,061
Department of Education:		
National School Lunch Program <i>(202020N109941)</i>	10.555	7,019,416
COVID-19 - National School Lunch Program <i>(202020N850341)</i>	10.555	526,090
Department of Juvenile Justice:		
National School Lunch Program <i>(Commodities)</i>	10.555	<u>68,851</u>
Total - National School Lunch Program - 10.555		\$ 9,362,418
Department of Education:		
School Breakfast Program <i>(202020N109941)</i>	10.553	2,435,008
COVID-19 - School Breakfast Program <i>(202020N850341)</i>	10.553	<u>183,363</u>
Total - School Breakfast Program - 10.553		2,618,371
Summer Food Service Program for Children <i>(202020N109941)</i>	10.559	269,168
COVID-19 - Summer Food Service Program for Children <i>(202020N850341)</i>	10.559	<u>2,586,931</u>
Total - Summer Food Service Program for Children - 10.559		<u>2,856,099</u>
Total Child Nutrition Cluster - 10.553/10.555/10.559		14,836,888
Fresh Fruit and Vegetable Program <i>(202019L160341)</i>	10.582	46,247
COVID-19 - Child and Adult Care Food Program <i>(202020N850341)</i>	10.558	1,155,624
Department of Health:		
Child and Adult Care Food Program <i>(10309) (59431) (S365A190046) (202020N202041) (202020N109941)</i>	10.558	<u>320,512</u>
Total - Child and Adult Care Food Program - 10.558		1,476,136
Department of Social Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program <i>(0010120)</i>	10.561	<u>2,398,332</u>
Total Supplemental Nutrition Assistance Program Cluster - 10.561		<u>2,398,332</u>
Total Department of Agriculture		<u>18,757,603</u>

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Defense		
Direct payments:		
JROTC	12.U01	\$ 354,965
Total Department of Defense		<u>354,965</u>
Department of Education		
Direct payments:		
Impact Aid	84.041	34,887
Pass-through payments:		
City of Richmond School Board:		
Adult Education - Basic Grants to States (AEFLA-42801-123-1920) (IELCE-61380-123-1920) (C&I-61111-123-1920)	84.002	338,859
Education for Homeless Children and Youth (S196A180048) (S424A180048)	84.196	37,581
Pass-through payments:		
Department of Education:		
Career and Technical Education - Basic Grants to States (V048A180046)	84.048	521,114
English Language Acquisition State Grants (S365A180046) (S365A190046)	84.365	346,995
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants) (S367A170044) (S367A180044) (S367A190044)	84.367	603,450
Preschool Development Grants (S419B150010-17C/18/18D)	84.419	136,400
Special Education Grants to States (021-APE60180-H027A170107) (H027A170107) (H027A180107) (H027A190107)	84.027	\$ 10,837,779
Special Education Preschool Grants (H173A170112) (H173A180112)	84.173	<u>203,828</u>
Total Special Ed Cluster - 84.027 and 84.173		11,041,607
Special Education - Grants for Infants and Families (H181A190017)	84.181	351,552
Student Support and Academic Enrichment Program (S424A170048) (S424A180048) (S424S180048)	84.424	350,325
Teacher Quality Partnership Grants (to VCU to CCPS)	84.336	22,881

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Education (continued)		
Title I Grants to Local Educational Agencies <i>(S010A170046)</i> <i>(S010A180046)</i> <i>(S010A190046)</i>	84.010	\$ 6,668,498
Title I State Agency Program for Neglected and Delinquent Children and Youth <i>(S013A170046)</i> <i>(S013A180046)</i>	84.013	4,063
Twenty-First Century Community Learning Centers <i>(00021-60565-S287C180047)</i> <i>(00021-60565-S287C190047)</i>	84.287	903,880
Education Research, Development and Dissemination <i>(R305H190053)</i>	84.305	<u>12,325</u>
Total Department of Education		<u>21,374,417</u>
Department of Health and Human Services		
Direct payments:		
Head Start	93.600	\$ 1,439,078
COVID19 - Head Start	93.600	<u>4,420</u>
Total Head Start Cluster - 93.600		1,443,498
Pass-through payments:		
Department of Behavioral Health and Development Service:		
Block Grants for Community Mental Health Services <i>(50125)</i>	93.958	126,530
Substance Abuse and Mental Health Services Projects of Regional and National Significance <i>(5U79SP020791-04)</i> <i>(5U79SP020791-05)</i>	93.243	102,402
Block Grants for Prevention and Treatment of Substance Abuse <i>(50165)</i> <i>(50195)</i>	93.959	769,616
Opioid STR <i>(1H79T1080220)</i> <i>(1H79T1081682-01)</i> <i>(1H79T1081682-02)</i>	93.788	635,675
Department of Health:		
Every Student Succeeds Act/Preschool Development Grants <i>(90TP0039)</i>	93.434	12,566

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Health and Human Services (continued)		
Department of Social Services:		
Temporary Assistance for Needy Families (0400120)	93.558	\$ 1,412,819
Total Temporary Assistance for Needy Families Cluster - 93.558		\$ 1,412,819
Adoption Assistance (1120120)	93.659	1,192,962
Chafee Education and Training Vouchers Program (ETV) (9160119)	93.599	12,029
John H Chafee Foster Care Program for Successful Transition to Adulthood (9150119)	93.674	18,097
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (0760120)	93.596	228,961
Total Child Care Development Fund Cluster - 93.596		228,961
Children's Health Insurance Program (0540120)	93.767	38,084
Foster Care Title IV-E (1100120)	93.658	1,664,573
Low-Income Home Energy Assistance (0600420)	93.568	221,791
Medical Assistance Program (1200120)	93.778	2,445,629
Total Medicaid Cluster - 93.778		2,445,629
MaryLee Allen Promoting Safe and Stable Families Program (0950119)	93.556	156,306
Refugee and Entrant Assistance State/Replacement Designee Administered Programs (0500120)	93.566	5,570
Social Services Block Grant (1000120)	93.667	1,079,416
Stephanie Tubbs Jones Child Welfare Services Program (0900119)	93.645	2,028
Total Department of Health and Human Services		11,568,552
Department of Homeland Security		
Direct payments:		
Port Security Grant Program	97.056	370,000
Pass-through payments:		
Department of Emergency Management:		
Disaster Grants - Public Assistance (Presidentially Declared Disasters) (4401) (4411)	97.036	676,288

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Homeland Security (<i>continued</i>)		
Emergency Management Performance Grants (7757) (8095)	97.042	\$ 50,044
Homeland Security Grant Program (7561) (7563) (7800) (7816) (7819) (7884) (7885) (8115) (8184) (8225)	97.067	<u>232,542</u>
Total Department of Homeland Security		<u>1,328,874</u>
Department of Housing and Urban Development		
Direct payments:		
Community Development Block Grants/Entitlement Grants	14.218 ⁽¹⁾	\$ <u>1,548,345</u>
Total Community Development Block Grants Entitlement Grants Cluster - 14.218		1,548,345
Home Investment Partnerships Program	14.239 ⁽²⁾	516,695
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	33,493
Section 8 Housing Choice Vouchers	14.871	206,369
Pass-through payments:		
Housing Development Authority:		
COVID-19 - Section 8 Housing Choice Vouchers	14.871	<u>2,191</u>
Total Housing Vouchers Cluster - 14.871		<u>208,560</u>
Total Department of Housing and Urban Development		<u>2,307,093</u>
Department of Justice		
Direct payments:		
Drug Court Discretionary Grant Program	16.585	60,024
Edward Byrne Memorial Justice Assistance Grant Program	16.738 ⁽³⁾	54,758
Equitable Sharing Program	16.922	125,697
Public Safety Partnership and Community Policing Grants	16.710	500,000
State Criminal Alien Assistance Program	16.606	217,704
Pass-through payments:		
Department of Criminal Justice Services:		
Edward Byrne Memorial Justice Assistance Grant Program (2018-DJ-BX-0362) (2017-DJ-BX-0729) (20-C4209AD16) (20-A4906AD16)	16.738 ⁽³⁾	91,388

⁽¹⁾Total Payments to Subrecipients CFDA #14.218 was \$1,243,942

⁽²⁾Total Payments to Subrecipients CFDA #14.239 was \$516,695

⁽³⁾CFDA 16.738 Total \$146,146

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Justice (continued)		
Crime Victim Assistance <i>(20-AA705VP18)</i> <i>(20-Z8587VW18)</i>	16.575	\$ 586,723
Juvenile Justice and Delinquency Prevention <i>(20-A4947JJ16)</i>	16.540	13,382
Violence Against Women Formula Grants <i>(17-U9371VA16)</i> <i>(19-V9370VA18)</i> <i>(19-V9845VA18)</i> <i>(20-X9371VA19)</i> <i>(20-X9370VA19)</i> <i>(20-W9845VA19)</i>	16.588	144,987
Stop School Violence <i>(BJA-2019-1681)</i>	16.839	<u>147,904</u>
Total Department of Justice		<u>1,942,567</u>
Department of the Interior		
Direct payments:		
National Wildlife Refuge Fund	15.659	<u>19,739</u>
Total Department of the Interior		<u>19,739</u>
Department of Transportation		
Direct payments:		
Airport Improvement Program	20.106	\$ 930,040
COVID-19 - Airport Improvement Program	20.106	<u>69,000</u>
Total - Airport Improvement Program - 20.106		999,040
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements	20.237	114,606
Pass-through payments:		
Department of Motor Vehicles:		
Alcohol Open Container Requirements <i>(154AL-2020-50146-20146)</i>	20.607	71,572
National Priority Safety Programs <i>(M6OT-2019-59039-9039)</i>	20.616	33,630
State and Community Highway Safety <i>(FSC-2019-59058-9058)</i> <i>(FSC-2020-50138-20138)</i>	20.600	<u>107,268</u>
Total Highway Safety Cluster - 20.600 and 20.616		140,898
Department of Transportation:		
Highway Planning and Construction <i>(101020)</i> <i>(101028)</i> <i>(102952)</i> <i>(104886)</i> <i>(104889)</i> <i>(104890)</i> <i>(106201)</i>	20.205	<u>14,650,958</u>

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FOR THE YEAR ENDED JUNE 30, 2020

Federal Granting Agency/Recipient State Agency/Grant Program/(Grant ID)	CFDA#	Total Federal Expenditures
Department of Transportation (<i>continued</i>)		
(108639)		
(108885)		
(108887)		
(108978)		
(109082)		
(109229)		
(109322)		
(111105)		
(111467)		
(111712)		
(111714)		
(111715)		
(113440)		
(114127)		
(113843)		
(115193)		
(115202)		
(115208)		
(116126)		
Total Highway Planning and Construction Cluster - 20.205		\$ 14,650,958
Total Department of Transportation		<u>15,977,074</u>
Department of Treasury		
Pass-through payments:		
Department of Accounts:		
COVID-19 - Coronavirus Relief Fund	21.019	<u>4,907,086</u>
(SLT0022)		
Total Department of Treasury		<u>4,907,086</u>
Grand Total		<u>\$ 78,537,970</u>

COUNTY OF CHESTERFIELD, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

1. General

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all Federal assistance programs of the primary government and the School Board.

2. Basis of Accounting

The accompanying Schedule is presented using the modified accrual basis of accounting for governmental funds, which is described in Note 1 to the County's basic financial statements. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

3. Relationship to Financial Statements

Federal expenditures are reported in the County's basic financial statements as follows:

<u>Fund</u>	<u>Federal Expenditures</u>
<u>Primary Government</u>	
Governmental Activities	
General Fund	\$ 15,836,907
County Capital Projects Fund	14,604,239
Risk Management - Internal Service Fund	398,134
Non-major - Children's Services Fund	162,400
Non-major - Grants Fund	5,756,588
Non-major - Mental Health Fund	<u>1,078,808</u>
Total Governmental Activities	37,837,076
Business-type Activities	
Water Fund	350,158
Wastewater Fund	16,208
Non-major - Airport Fund	<u>999,040</u>
Total Business-type Activities	<u>1,365,406</u>
Total Primary Government	39,202,482
<u>Component Unit</u>	
Governmental Activities	
School Operating Fund	<u>39,335,488</u>
Total	<u>\$ 78,537,970</u>

4. Use of Indirect Cost Rate

The County did not elect to use the 10% de minimus cost rate.

COUNTY OF CHESTERFIELD, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2020

A. Section I – Summary of Auditor’s Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements: **None reported**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **No**
4. Noncompliance, which is material to the financial statements: **No**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **No**
7. The type of report issued on compliance for major programs: **Unmodified opinion**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

<u>CFDA Number</u>	<u>Name of Federal Program and Cluster</u>
20.205	Highway Planning and Construction
93.778	Medical Assistance Program – Medicaid Cluster
84.010	Title I Grants to Local Educational Agencies
21.019	Coronavirus Relief Fund

10. Dollar threshold used to distinguish between type A and type B programs: **\$2,356,139**

11. County of Chesterfield qualifies as a low-risk auditee under Section 530 of Uniform Guidance

B. Section II – Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards

None reported.

C. Section III – Findings and Questioned Costs Relating to Federal Awards

None reported.

D. Section IV – Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants

None reported.

E. Section V – Status of Prior Year Findings

Findings and Questioned Costs Relating to Compliance with Commonwealth of Virginia Regulations, Contracts and Grants

2019-001 – Inmate Canteen and Other Auxiliary Funds – Finding not repeated.