County of Henry, Virginia

Annual Comprehensive Financial Report

Year Ended June 30, 2022

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

County of Henry, Virginia

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Supervisors
County of Henry, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Henry, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Henry, Virginia's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of the County of Henry, Virginia, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, in 2022, the County adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1-8 and budgetary comparison information and schedules related to pension and OPEB on pages 100–109, 110-115, and 116-131 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Henry, Virginia's basic financial statements. The accompanying other supplementary information and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2022, on our consideration of the County of Henry, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Henry, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Henry, Virginia's internal control over financial reporting and compliance.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
December 5, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Henry, Virginia presents the following discussion and analysis as an overview of the County of Henry, Virginia's financial activities for the fiscal year ending June 30, 2022. We encourage readers to read this discussion and analysis in conjunction with the County's basic financial statements.

Financial Highlights

At the close of the fiscal year, the assets and deferred outflows of resources of the County's governmental activities exceeded its liabilities and deferred inflows of resources by $82,293,035. Of this amount, $47,025,379 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors. For the business-type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources by $1,311,943 with an unrestricted balance of $146,435.

The County's total net position increased by $5,671,683 during the current fiscal year. Of this amount, an increase of $5,708,189 is related to governmental activities and a decrease of $36,506 is attributed to business-type activities.

As of June 30, 2022, the County's Governmental Funds reported combined ending fund balances of $67,545,098, a decrease of $12,024,421 in comparison with the prior year. Approximately 48.08% of this amount is available for spending at the County's discretion (unassigned fund balance).

At the end of fiscal year 2022, the general fund's unassigned fund balance was $32,476,297, or approximately 39.63% of total general fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

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

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

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

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

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

Fund Financial Statements

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

The County has three types of funds:

Governmental Funds - Most of the County's basic services are included in Governmental Funds, which focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances remaining at year end that are available for spending. The Governmental Funds financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, additional information is provided with the fund's financial statements to explain the relationship (or differences). Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Children's Services Act, E-911 Central Dispatch, Law Library, Fieldale Sanitary District, and Special Grant Projects Funds, all of which are considered to be major funds.

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

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

Notes to the Basic Financial Statements

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

Other

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

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

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

Summary of Net Position

As of June 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	$ 91,958,230	$ 105,137,496	$ 273,062	$ 190,695	$ 92,231,292	$ 105,328,191
Leases receivable, noncurrent	374,697	-	-	-	374,697	-
Right to use leased assets (net)	249,378	-	-	-	249,378	-
Capital assets (net)	125,358,066	111,848,284	1,165,508	1,240,375	126,523,574	113,088,659
Total Assets	217,940,371	216,985,780	1,438,570	1,431,070	219,378,941	218,416,850
Deferred Outflows of Resources	5,191,541	6,059,411	-	-	5,191,541	6,059,411
Total Assets and Deferred Outflows of Resources	$ 223,131,912	$ 223,045,191	$ 1,438,570	$ 1,431,070	$ 224,570,482	$ 224,476,261
Liabilities						
Other liabilities	$ 15,529,974	$ 18,164,064	$ 126,627	$ 82,621	$ 15,656,601	$ 18,246,685
Long-term liabilities	115,457,967	127,894,408	-	-	115,457,967	127,894,408
Total Liabilities	130,987,941	146,058,472	126,627	82,621	131,114,568	146,141,093
Deferred Inflows of Resources	9,850,936	401,873	-	-	9,850,936	401,873
Net Position						
Net investment in capital assets	26,292,952	25,800,942	1,165,508	1,240,375	27,458,460	27,041,317
Restricted	8,974,704	-	-	-	8,974,704	-
Unrestricted	47,025,379	50,783,904	146,435	108,074	47,171,814	50,891,978
Total Net Position	82,293,035	76,584,846	1,311,943	1,348,449	83,604,978	77,933,295
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 223,131,912	$ 223,045,191	$ 1,438,570	$ 1,431,070	$ 224,570,482	$ 224,476,261

The County's combined net position at June 30, 2022 of $83,604,978 represents an increase of $5,708,189 from the combined net position at June 30, 2021. 32.84% of the County's net position is reflected in its net investment in capital assets (land, buildings, improvements, etc.). The County uses these assets to provide services to its citizens and, consequently, these assets are not available for future spending. The resources needed to repay the debt related to these capital assets must be provided from other sources. 56.43% of total net position is unrestricted and available for providing services to the citizens of the County and satisfying creditors. The remaining 10.73% of net position is restricted for other capital projects.

Statement of Activities

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

Summary of Changes in Net Position

For the Fiscal Years Ended June 30, 2022 and 2021

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program Revenues						
Charges for services	$ 575,541	$ 547,605	$ 217,755	$ 196,356	$ 793,296	$ 743,961
Grants and contributions	13,465,153	10,148,084	-	-	13,465,153	10,148,084
General Revenues						
General property taxes, real and personal	30,293,383	28,630,910	-	-	30,293,383	28,630,910
Other taxes	20,894,156	15,742,493	-	-	20,894,156	15,742,493
Grants and contributions not restricted to specific programs	5,799,635	10,265,479	-	-	5,799,635	10,265,479
Unrestricted revenues from use of money and property	443,504	1,244,753	-	-	443,504	1,244,753
Miscellaneous	838,580	86,830	-	-	838,580	86,830
Total Revenues	72,309,952	66,666,154	217,755	196,356	72,527,707	66,862,510
Expenses						
General government administration	3,440,974	2,258,171	-	-	3,440,974	2,258,171
Judicial administration	3,399,134	3,708,557	-	-	3,399,134	3,708,557
Public safety	21,199,420	17,038,330	-	-	21,199,420	17,038,330
Public works	3,777,127	4,370,186	-	-	3,777,127	4,370,186
Health and welfare	5,350,881	5,089,315	-	-	5,350,881	5,089,315
Education	17,687,517	14,047,679	-	-	17,687,517	14,047,679
Parks, recreation, and cultural	2,578,597	2,091,124	254,261	230,919	2,832,858	2,322,043
Community development	5,746,618	3,938,591	-	-	5,746,618	3,938,591
Interest on long-term debt	3,421,495	3,212,402	-	-	3,421,495	3,212,402
Total Expenses	66,601,763	55,754,355	254,261	230,919	66,856,024	55,985,274
Change in Net Position Before Transfers	5,708,189	10,911,799	(36,506)	(34,563)	5,671,683	10,877,236
Transfers	-	(26,521)	-	26,521	-	-
Change in Net Position	5,708,189	10,885,278	(36,506)	(8,042)	5,671,683	10,877,236
Beginning Net Position	76,584,846	65,699,568	1,348,449	1,356,491	77,933,295	67,056,059
Ending Net Position	$ 82,293,035	$ 76,584,846	$ 1,311,943	$ 1,348,449	$ 83,604,978	$ 77,933,295

Governmental activities increased the County's net position by $5,708,189 for fiscal year 2022. Revenues from governmental activities totaled $72,309,952. General property taxes comprise the largest source of these revenues, totaling $30,293,383 or 41.89% of all governmental activities revenue. Business-type activities revenues totaled $217,755 and expenses totaled $254,261, decreasing the net position by $36,506.

The total cost of all governmental activities for this fiscal year was $66,601,763. Public safety was the County's largest program with expenses totaling $21,199,420. Education, which totals $17,687,517, represents the second largest expense.

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

Net Cost of Governmental Activities

For the Fiscal Years Ended June 30, 2022 and 2021

	2022		2021	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government administration	$ 3,440,974	$ (2,363,021)	$ 2,258,171	$ (1,739,439)
Judicial administration	3,399,134	(1,990,886)	3,708,557	(2,363,791)
Public safety	21,199,420	(12,851,424)	17,038,330	(10,599,743)
Public works	3,777,127	(3,494,570)	4,370,186	(4,080,800)
Health and welfare	5,350,881	(2,796,102)	5,089,315	(3,024,712)
Parks, recreation, and cultural	2,578,597	(2,457,368)	2,091,124	(2,051,509)
Community development	5,746,618	(5,498,686)	3,938,591	(3,938,591)
Education	17,687,517	(17,687,517)	14,047,679	(14,047,679)
Interest on long-term debt	3,421,495	(3,421,495)	3,212,402	(3,212,402)
Total	$ 66,601,763	$ (52,561,069)	$ 55,754,355	$ (45,058,666)

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year. The County's governmental funds reported combined ending fund balances of $67,545,098. The combined governmental fund balance decreased $12,024,421 from the prior year.

The General Fund is the main operating fund of the County. At the end of the current fiscal year, the General Fund had an unassigned fund balance of $32,476,297. The General Fund's liquidity can be measured by comparing unassigned fund balance to total fund expenditures. Unassigned fund balance represents 39.63% of total fund expenditures, while total fund balance represents 82.11% of that same amount.

The General Fund contributed operating funds to finance the component units as follows: $19,376,804 School Board operations, $4,263,138 to finance the Industrial Development Authority, and $765,552 to the Social Services Board.

The Special Grant Projects Fund has a total fund balance of $172,362, all of which is assigned for ongoing and future grant projects.

BUDGETARY HIGHLIGHTS

General Fund

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

Budgetary Comparison

General Fund

For the Fiscal Years Ended June 30, 2022 and 2021

	2022			2021		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenues						
Taxes	$ 29,006,699	$ 29,006,699	$ 29,890,472	$ 27,905,117	$ 27,905,117	$ 29,167,772
Other	23,488,060	24,342,150	26,096,129	17,483,199	18,735,309	21,023,164
Intergovernmental	11,801,511	23,747,259	16,031,534	10,453,906	17,750,080	17,563,010
Total	64,296,270	77,096,108	72,018,135	55,842,222	64,390,506	67,753,946
Expenditures	63,756,282	120,757,709	81,887,621	54,228,040	138,857,477	94,088,747
Excess (Deficiency) of Revenues Over Expenditures	539,988	(43,661,601)	(9,869,486)	1,614,182	(74,466,971)	(26,334,801)
Other Financing Sources (Uses)						
Transfers in (out)	(1,936,211)	(2,513,842)	(2,127,411)	(1,614,182)	(2,550,710)	(1,973,445)
Total	(1,936,211)	(2,513,842)	(2,127,411)	(1,614,182)	(2,550,710)	(1,973,445)
Net Change in Fund Balance Before Transfer from Surplus	(1,396,223)	(46,175,443)	(11,996,897)	-	(77,017,681)	(28,308,246)
Transfer from Surplus Funds	1,396,223	46,175,443	-	-	77,017,681	-
Change in Fund Balance	$ -	$ -	$ (11,996,897)	$ -	$ -	$ (28,308,246)

Final amended budget revenues exceeded the original budget by $12,799,838.

The final amended budget appropriations for expenditures exceeded the original appropriation by $57,001,427 primarily due to appropriations carried forward on encumbrances, open grants, incomplete capital projects, additional money appropriated to the new jail facility project, and new funding from the CARES Act and American Rescue Plan Act.

Actual revenues were less than final budget amounts by $5,077,973, or 6.59%, while actual expenditures were $38,870,088, or 32.19% less than final budget amounts.

CAPITAL ASSETS AND LONG-TERM DEBT

Capital Assets

As of June 30, 2022, the County's governmental activities net capital assets after allocation of net school buildings with outstanding debt total $125,358,066, which represents a net increase of $13,509,782 or 12.08% over the previous fiscal year-end balance. The business-type activities net capital assets total $1,165,508, a decrease of $74,867 or 6.04% over the previous fiscal year.

Change in Capital Assets

Primary Government

Governmental Activities

	Balance July 1, 2021	Net Additions and Deletions	Balance June 30, 2022
Land	$ 2,523,114	$ 927,700	$ 3,450,814
Construction-in-progress	57,724,862	(56,298,762)	1,426,100
Land improvements	4,743,391	1,929,341	6,672,732
Buildings and improvements	26,145,809	67,032,166	93,177,975
Furniture, equipment, and vehicles	21,268,594	1,911,097	23,179,691
Total Capital Assets	112,405,770	15,501,542	127,907,312
Less: Accumulated depreciation and amortization	(33,512,366)	(984,489)	(34,496,855)
Total Capital Assets, Net Before Allocation of Schools	$ 78,893,404	$ 14,517,053	93,410,457
Allocation of net school buildings with outstanding debt			31,947,609
Total Capital Assets, Net			$ 125,358,066
Right to use leased assets	$ -	$ 374,067	$ 374,067
Less: Accumulated amortization	-	(124,689)	(124,689)
Total Right to Use Leased Assets, Net	$ -	$ 249,378	$ 249,378

Business-Type Activities

	Balance July 1, 2021	Net Additions and Deletions	Balance June 30, 2022
Land and land improvements	$ 90,468	$ -	$ 90,468
Buildings and improvements	1,390,505	-	1,390,505
Furniture, equipment, and vehicles	201,534	-	201,534
Total Capital Assets	1,682,507	-	1,682,507
Less: Accumulated depreciation and amortization	(442,132)	(74,867)	(516,999)
Total Capital Assets, Net	$ 1,240,375	$ (74,867)	$ 1,165,508

Long-Term Debt

As of June 30, 2022, the County's long-term obligations total $111,282,027.

	Balance July 1, 2021	Net Additions and Deletions	Balance June 30, 2022
Governmental Activities			
General obligation bonds	$ 20,205,047	$ (1,712,387)	**$ 18,492,660**
Moral obligation bonds	1,120,500	(116,837)	**1,003,663**
Lease Revenue Public Facility	66,400,000	(100,000)	**66,300,000**
Grant Revenue Anticipation Notes	19,515,000	-	**19,515,000**
Landfill obligation	265,731	12,223	**277,954**
Compensated absences	2,741,532	222,723	**2,964,255**
LT Agreement	11,200	(11,200)	**-**
	110,259,010	(1,705,478)	**108,553,532**
Add: Premiums	3,620,258	(277,957)	**3,342,301**
Less: Discounts	(635,469)	21,663	**(613,806)**
Total Governmental Activities	$113,243,799	$ (1,961,772)	**$111,282,027**

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

More detailed information on the County's long-term obligations is presented in Note 13 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The County's elected and appointed officials considered many factors when setting the fiscal-year 2023 budget.

The average unemployment rate for the County of Henry, Virginia in June 2022 was 3.2%, a decrease of 2.2% from June 2021. This compares unfavorably to the state's rate of 2.9% and favorably to the national rate of 3.8%.

The latest estimate by University of Virginia Weldon Cooper Center for Public Service is a population of 50,000 a decrease of 1.9% from the 2020 U.S. Census.

These rates along with other indicators were taken into account when adopting the General Fund budget for 2023, which accounts for most of the County's operational costs. The fiscal year 2023 Adopted Budget anticipates General Fund revenues and expenditures to be $72,097,430, a 9.75% increase over the fiscal year 2022 original budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning this report or requests for additional information should be directed to the County of Henry, Director of Finance, P. O. Box 7, Collinsville, Virginia 24078-0007, telephone 276-634-4630, or visit the County's website at www.henrycountyva.gov.

BASIC FINANCIAL STATEMENTS

Exhibit 1

County of Henry, Virginia

Statement of Net Position

At June 30, 2022

	Primary Government			Component Units		
	Governmental Activities	Business-Type Activities	Total Primary Government	School Board	Industrial Development Authority	Henry-Martinsville Social Services
Assets						
Current assets						
Cash	$ 62,411,520	$ 200	$ 62,411,720	$ 3,960,769	$ 3,552,473	$ 73,220
Cash - restricted	8,974,704	-	8,974,704	37,906	-	-
Investments	9,996,311	-	9,996,311	-	-	-
Receivables, net	5,431,164	105	5,431,269	119,569	60,088	3,486
Due from County of Henry, Virginia - primary government	-	-	-	976,032	1,284,319	-
Internal balances	(263,333)	263,333	-	-	-	-
Due from other governments/agencies	5,136,465	-	5,136,465	4,368,249	-	898,256
Lease receivables, current portion	128,623	-	128,623	-	-	-
Inventory	54,013	9,424	63,437	-	17,544,389	-
Investment in CCAT Leveraged Lender, LLC	-	-	-	-	3,753,639	-
Total Current Assets	91,869,467	273,062	92,142,529	9,462,525	26,194,908	974,962
Noncurrent Assets						
Lease receivable, noncurrent	374,697	-	374,697	-	-	-
Right to use leased assets, net of amortization	249,378	-	249,378	-	-	-
Capital Assets						
Land and construction in progress	4,876,914	-	4,876,914	4,885,727	-	-
Other capital assets, net of accumulated depreciation	120,481,152	1,165,508	121,646,660	32,744,559	-	108,096
Capital Assets, Net	125,358,066	1,165,508	126,523,574	37,630,286	-	108,096
Total Noncurrent Assets	125,982,141	1,165,508	127,147,649	37,630,286	-	108,096
Other Assets						
Net OPEB asset	88,763	-	88,763	-	-	119,611
Net pension asset	-	-	-	489,570	-	-
Total Other Assets	88,763	-	88,763	489,570	-	119,611
Total Assets	217,940,371	1,438,570	219,378,941	47,582,381	26,194,908	1,202,669
Deferred Outflows of Resources						
OPEB	373,693	-	373,693	1,965,031	-	87,945
Pension	4,817,848	-	4,817,848	13,224,027	-	1,204,462
Total Deferred Outflows of Resources	5,191,541	-	5,191,541	15,189,058	-	1,292,407
Total Assets and Deferred Outflows of Resources	$ 223,131,912	$ 1,438,570	$ 224,570,482	$ 62,771,439	$ 26,194,908	$ 2,495,076
Liabilities						
Current Liabilities						
Accounts payable	$ 3,611,584	$ 4,397	$ 3,615,981	$ 770,660	$ 205,071	$ 824
Accrued payroll and other liabilities	359,154	5,477	364,631	4,825,432	-	55,218
Accrued interest	862,075	-	862,075	-	-	-
Claims payable	1,156,967	-	1,156,967	-	-	-
Unearned rents	-	86,753	86,753	-	-	-
Unearned grants	8,699,468	30,000	8,729,468	552,543	1,795,892	-
Due to other governments/agencies	-	-	-	-	-	-
Due to component units	840,726	-	840,726	-	-	-
Due to County of Henry, Virginia - primary government	-	-	-	-	500,705	918,920
Total Current Liabilities	15,529,974	126,627	15,656,601	6,148,635	2,501,668	974,962
Long-Term Liabilities						
Due within one year						
Bonds, loans, other	2,426,978	-	2,426,978	298,726	-	53,697
Leases	124,209	-	124,209	-	-	-
Due in more than one year						
Landfill obligation	250,159	-	250,159	-	-	-
Compensated absences	2,667,830	-	2,667,830	751,421	-	483,277
Net pension liability	2,977,340	-	2,977,340	34,461,165	-	744,335
Leases	129,269		129,269	-	-	-
Net OPEB liability	945,122	-	945,122	10,995,798	-	203,584
Bonds, loans, other	105,937,061	-	105,937,061	-	-	-
Total Long-Term Liabilities	115,457,967	-	115,457,967	46,507,110	-	1,484,893
Total Liabilities	130,987,941	126,627	131,114,568	52,655,745	2,501,668	2,459,855
Deferred Inflows of Resources						
Held for scholarships	-	-	-	48,406	-	-
Leases	491,579	-	491,579	-	-	-
OPEB	741,201	-	741,201	2,508,810	-	144,826
Pension	8,618,156	-	8,618,156	28,018,664	-	2,154,539
Total Deferred Inflows of Resources	9,850,936	-	9,850,936	30,575,880	-	2,299,365
Net Position						
Net investment in capital assets	26,292,952	1,165,508	27,458,460	37,415,051	-	108,096
Restricted	8,974,704	-	8,974,704	-	-	-
Unrestricted (deficit)	47,025,379	146,435	47,171,814	(57,875,237)	23,693,240	(2,372,240)
Total Net Position (Deficit)	82,293,035	1,311,943	83,604,978	(20,460,186)	23,693,240	(2,264,144)
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 223,131,912	$ 1,438,570	$ 224,570,482	$ 62,771,439	$ 26,194,908	$ 2,495,076

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

Exhibit 2

County of Henry, Virginia
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units: School Board	Component Units: Industrial Development Authority	Component Units: Henry-Martinsville Social Services
Primary Government										
Governmental Activities										
General government administration	$ 3,440,974	$ 115,692	$ 962,261	$ -	$ (2,363,021)		$ (2,363,021)			
Judicial administration	3,399,134	8,277	1,399,971	-	(1,990,886)		(1,990,886)			
Public safety	21,199,420	264,315	8,083,681	-	(12,851,424)		(12,851,424)			
Public works	3,777,127	93,151	189,406	-	(3,494,570)		(3,494,570)			
Health and welfare	5,350,881	-	2,554,779	-	(2,796,102)		(2,796,102)			
Parks, recreation, and cultural	2,578,597	94,106	27,123	-	(2,457,368)		(2,457,368)			
Community development	5,746,618	-	247,932	-	(5,498,686)		(5,498,686)			
Education - local school	17,628,075	-	-	-	(17,628,075)		(17,628,075)			
Education - community college	59,442	-	-	-	(59,442)		(59,442)			
Interest on long-term debt	3,421,495	-	-	-	(3,421,495)		(3,421,495)			
Total Governmental Activities	66,601,763	575,541	13,465,153	-	(52,561,069)		(52,561,069)			
Business-Type Activities										
Philpott Marina - Parks, Recreation, and Cultural	254,261	217,755	-	-		$ (36,506)	(36,506)			
Total Business-Type Activities	254,261	217,755	-	-		(36,506)	(36,506)			
Total Primary Government	$ 66,856,024	$ 793,296	$ 13,465,153	$ -			(52,597,575)			
Component Units										
School Board										
Instruction	$ 47,137,661	$ 491,657	$ 71,116,157	$ -				$ 24,470,153		
Administration, attendance, and health	3,397,612	-	-	-				(3,397,612)		
Pupil transportation	6,824,013	-	-	-				(6,824,013)		
Operation and maintenance	7,207,152	-	-	-				(7,207,152)		
School food service - cafeterias	5,345,577	278,840	5,930,747	-				864,010		
Special grants	11,875,240	-	-	-				(11,875,240)		
Facilities	2,023,055	-	-	-				(2,023,055)		
Technology	2,795,207	-	440,000	-				(2,355,207)		
Interest on long-term debt	8,287	-	-	-				(8,287)		
Total School Board	86,613,804	770,497	77,486,904	-				(8,356,403)		
Industrial Development Authority										
Economic development	9,093,557	-	1,122,174	-					$ (7,971,383)	
Interest	37,024	-	-	-					(37,024)	
Total Industrial Development Authority	9,130,581	-	1,122,174	-					(8,008,407)	
Henry-Martinsville Social Services										
Health and welfare	8,303,059	-	7,781,655	-						$ (521,404)
Total - Component Units	$ 104,047,444	$ 770,497	$ 86,390,733	$ -						(16,886,214)
General Revenues (Unrestricted)										
General property taxes					30,293,383	-	30,293,383	-	-	-
Other local taxes					20,894,156	-	20,894,156	-	-	-
Payments - County of Henry, Virginia					-	-	-	17,628,075	4,263,138	765,552
Unrestricted revenues from use of money and property					443,504	-	443,504	12,302	1,449,088	-
Miscellaneous					838,580	-	838,580	2,198,954	550,000	15,237
Grants and contributions not restricted to specific programs					5,799,635	-	5,799,635	-	-	-
Transfers in (out)					-	-	-	-	-	-
Total General Revenues and Transfers					58,269,258	-	58,269,258	19,839,331	6,262,226	780,789
Change in Net Position					5,708,189	(36,506)	5,671,683	11,482,928	(1,746,181)	259,385
Net Position (Deficit) - Beginning of Year					76,584,846	1,348,449	77,933,295	(31,943,114)	25,439,421	(2,523,529)
Net Position (Deficit) - End of Year					$ 82,293,035	$ 1,311,943	$ 83,604,978	$ (20,460,186)	$ 23,693,240	$ (2,264,144)

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

County of Henry, Virginia
Balance Sheet
Governmental Funds
At June 30, 2022

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Fieldale Sanitary District Fund	Special Grant Projects Fund	Total Governmental Funds
Assets							
Cash	$ 55,378,154	$ -	$ -	$ -	$ 16,500	$ -	$ 55,394,654
Cash - restricted	8,974,704	-	-	-	-	-	8,974,704
Investments	9,996,311	-	-	-	-	-	9,996,311
Receivables - net							
Taxes	2,363,411	-	-	-	-	-	2,363,411
Licenses	9,046	-	-	-	-	-	9,046
Accounts	1,494,483	-	-	869	-	-	1,495,352
Due from other funds	537,034	-	-	73,389	166	816,343	1,426,932
Due from component units	1,888,177	-	-	-	-	-	1,888,177
Due from other governments/agencies	4,097,966	510,730	520,199	-	-	7,570	5,136,465
Lease receivable	503,320	-	-	-	-	-	503,320
Inventory	54,013	-	-	-	-	-	54,013
Total Assets	$ 85,296,619	$ 510,730	$ 520,199	$ 74,258	$ 16,666	$ 823,913	$ 87,242,385
Liabilities							
Accounts payable	$ 3,095,118	$ 461,546	$ 11,149	$ 1,072	$ 1,364	$ 5,140	$ 3,575,389
Accrued liabilities	337,954	-	21,200	-	-	-	359,154
Due to other funds	1,153,231	49,184	487,850	-	-	-	1,690,265
Due to component units	2,728,903	-	-	-	-	-	2,728,903
Unavailable revenue - unearned grants	8,053,057	-	-	-	-	646,411	8,699,468
Total Liabilities	15,368,263	510,730	520,199	1,072	1,364	651,551	17,053,179
Deferred Inflows of Resources							
Unavailable revenue - taxes and licenses	2,152,529	-	-	-	-	-	2,152,529
Leases	491,579	-	-	-	-	-	491,579
Total Deferred Inflows of Resources	2,644,108	-	-	-	-	-	2,644,108
Fund Balances							
Nonspendable							
Inventories	54,013	-	-	-	-	-	54,013
Leases	11,741	-	-	-	-	-	11,741
Restricted	7,485,569	-	-	73,186	15,302	-	7,574,057
Committed							
Education	549,342	-	-	-	-	-	549,342
Public safety	3,492,794	-	-	-	-	-	3,492,794
Capital projects	2,417,606	-	-	-	-	-	2,417,606
General government administration	421,852	-	-	-	-	-	421,852
Revenue stabilization reserve	4,674,215	-	-	-	-	-	4,674,215
Assigned	15,700,819	-	-	-	-	172,362	15,873,181
Unassigned	32,476,297	-	-	-	-	-	32,476,297
Total Fund Balances	67,284,248	-	-	73,186	15,302	172,362	67,545,098
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 85,296,619	$ 510,730	$ 520,199	$ 74,258	$ 16,666	$ 823,913	$ 87,242,385

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

County of Henry, Virginia

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

At June 30, 2022

Total Fund Balances for Governmental Funds		$ 67,545,098
Total net position reported for governmental activities in the Statement of Net Position is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land and construction in progress	$ 3,450,814	
Construction-in-progress	1,426,100	
School assets associated with debt held by County	31,947,609	
Land improvements	6,059,690	
Buildings and improvements, net of accumulated depreciation	77,019,791	
Furniture, equipment, and vehicles, net of accumulated depreciation	5,454,062	
Total Capital Assets		125,358,066
Right to use leased assets used in governmental activities are not financials resources and therefore are not reported in the funds.		
Right to use assets at historical cost	$ 374,067	
Accumulated amortization	(124,689)	249,378
Other assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Unavailable revenue - taxes and licenses		2,152,529
Deferred outflows and inflows of resources are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,817,848	
Deferred inflows of resources related to pensions	(8,618,156)	
Deferred outflows of resources related to OPEB	373,693	
Deferred inflows of resources related to OPEB	(741,201)	
Total Deferred Outflows and Inflows of Resources		(4,167,816)
Internal service funds are used by the County to charge the cost of health insurance benefits to individual funds and the component units. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		7,387,059
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities.		
Balances of long-term liabilities affecting net position are as follows:		
Bonds, financed purchase obligations, and notes payable with related premiums	(108,039,818)	
Accrued interest payable	(862,075)	
OPEB (obligation) asset	(856,359)	
Net pension liability	(2,977,340)	
Lease liabilities	(253,478)	
Landfill closure and post-closure liability	(277,954)	
Compensated absences	(2,964,255)	
Total		(116,231,279)
Total Net Position of Governmental Activities		$ 82,293,035

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

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

Year Ended June 30, 2022

	General Fund	Children's Services Act Fund	E-911 Central Dispatch Fund	Law Library Fund	Fieldale Sanitary District Fund	Special Grant Projects Fund	Total Governmental Funds
Revenues							
General property taxes	$ 29,890,472	$ -	$ -	$ -	$ -	$ -	$ 29,890,472
Other local taxes	20,894,156	-	-	-	-	-	20,894,156
Permits, privilege fees, and regulatory licenses	83,547	-	-	-	-	-	83,547
Fines and forfeitures	123,616	-	-	-	-	-	123,616
Use of money and property	443,459	-	-	-	45	-	443,504
Charges for services	363,727	-	-	4,651	-	-	368,378
Miscellaneous	838,580	-	-	-	-	-	838,580
Recovered costs	3,349,044	-	499,087	2,290	-	30,495	3,880,916
Intergovernmental							
Revenue from the Commonwealth of Virginia	13,140,542	2,363,147	605,095	-	-	-	16,108,784
Revenue from the Federal Government	2,890,992	191,632	-	-	-	73,380	3,156,004
Total Revenues	72,018,135	2,554,779	1,104,182	6,941	45	103,875	75,787,957
Expenditures							
Current							
General government administration	3,782,013	-	-	-	-	-	3,782,013
Judicial administration	3,343,707	-	-	17,537	-	-	3,361,244
Public safety	21,252,142	-	2,305,982	-	-	-	23,558,124
Public works	3,789,379	-	-	-	16,107	-	3,805,486
Health and welfare - social services component unit	765,552	-	-	-	-	-	765,552
Health and welfare	1,112,532	3,712,640	-	-	-	-	4,825,172
Education	59,442	-	-	-	-	-	59,442
Education - school board component unit	19,736,804	-	-	-	-	-	19,736,804
Parks, recreation, and cultural	2,157,991	-	-	-	-	-	2,157,991
Community development - IDA component unit	4,263,138	-	-	-	-	-	4,263,138
Community development	2,353,615	-	-	-	-	114,471	2,468,086
Nondepartmental	78,571	-	-	-	-	-	78,571
Debt service							
Principal	100,000	-	120,589	-	-	-	220,589
Interest and other charges	3,075,081	-	11,498	-	-	-	3,086,579
Capital outlay	16,017,654	-	-	-	-	-	16,017,654
Total Expenditures	81,887,621	3,712,640	2,438,069	17,537	16,107	114,471	88,186,445
Excess (Deficiency) of Revenues Over Expenditures	(9,869,486)	(1,157,861)	(1,333,887)	(10,596)	(16,062)	(10,596)	(12,398,488)
Other Financing Sources (Uses)							
Lease liabilities issued	-	-	374,067	-	-	-	374,067
Transfers in	-	1,157,861	959,820			9,730	2,127,411
Transfers out	(2,127,411)	-	-	-	-	-	(2,127,411)
Total Other Financing Sources (Uses)	(2,127,411)	1,157,861	1,333,887	-	-	9,730	374,067
Net Change in Fund Balances	(11,996,897)	-	-	(10,596)	(16,062)	(866)	(12,024,421)
Fund Balances - Beginning of Year	79,281,145	-	-	83,782	31,364	173,228	79,569,519
Fund Balances - End of Year	$ 67,284,248	$ -	$ -	$ 73,186	$ 15,302	$ 172,362	$ 67,545,098

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

County of Henry, Virginia

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		$ (12,024,421)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Net capital outlays and dispositions of assets	$ 16,383,339	
Depreciation expense	(1,866,286)	
		14,517,053
Right to use leased asset capital outlay expenditures which were capitalized	374,067	
Amortization expense for intangible assets	(124,689)	249,378
Revenues in the Statement of Activities that do not provide current financial resources are deferred in the fund statements. This amount represents the difference in the amounts recorded as revenues in the fund statements versus the Statement of Activities on a year-to-year basis.		402,911
Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.		
Tower lease	11,200	
Repayment of principal and adjustment to bond premiums and discounts	2,185,518	
Lease liabilities issued/paid, net	(253,478)	
Change in accrued interest	205,684	
Net Adjustment		2,148,924
Change in allocation of school's capital assets (new school buildings) that have debt held and payable by the County associated with the buildings.		
Change in net school assets allocated to County	(1,007,271)	
		(1,007,271)
Internal service funds are used by the County to charge the cost of health insurance benefits. This is the net income from these funds.		710,322
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Changes in the following accounts are as follows:		
Net pension liability	10,118,526	
Deferred inflows - pension	(8,618,156)	
Deferred outflows - pension	(832,469)	
Deferred outflows - OPEB	(35,399)	
Deferred inflows - OPEB	(339,328)	
Other postemployment benefits	653,065	
Landfill obligation - closure monitoring	(12,223)	
Compensated absences	(222,723)	
Net Adjustment		711,293
Change in Net Position of Governmental Activities		$ 5,708,189

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

Exhibit 5

County of Henry, Virginia

Statement of Net Position

Proprietary Funds

At June 30, 2022

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Assets		
Current Assets		
Cash	$ 200	$ 7,016,866
Receivables, net	105	1,563,355
Inventory	9,424	-
Due from other funds	263,333	-
Total Current Assets	273,062	8,580,221
Noncurrent Assets		
Capital assets, net	1,165,508	-
Total Noncurrent Assets	1,165,508	-
Total Assets	$ 1,438,570	$ 8,580,221
Liabilities		
Current Liabilities		
Accounts payable	$ 4,397	$ 36,195
Accrued payroll and other liabilities	5,477	-
Claims payable	-	1,156,967
Unearned grants	30,000	-
Unearned rents	86,753	-
Total Current Liabilities	126,627	1,193,162
Total Liabilities	126,627	1,193,162
Net Position		
Net investment in capital assets	1,165,508	-
Unrestricted	146,435	7,387,059
Total Net Position	1,311,943	7,387,059
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 1,438,570	$ 8,580,221

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

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Operating Revenues		
Charges for services, premiums collected	$ -	$ 13,838,316
Charges for services, net - fuel and store sales	108,402	-
Charges for services, net - rentals	109,353	-
Total Operating Revenues	217,755	13,838,316
Operating Expenses		
Personal services	62,291	-
Fringe benefits	5,991	-
Repairs and maintenance	6,116	-
Food and store purchases for resale	24,482	-
Fuel purchases for resale	59,242	-
Utilities	11,091	-
Office expenses	4,985	-
Insurance	719	-
Other supplies and charges	404	-
Small construction and equipment purchases	4,073	-
Depreciation	74,867	-
Insurance claims paid and transaction fees	-	13,133,498
Total Operating Expenses	254,261	13,133,498
Operating Income (Loss)	(36,506)	704,818
Nonoperating Revenues (Expenses)		
Interest income	-	5,504
Total Nonoperating Revenues (Expenses)	-	5,504
Income (Loss) Before Transfers	(36,506)	710,322
Operating Transfers In	-	-
Net Operating Transfers	-	-
Change in Net Position	(36,506)	710,322
Total Net Position - Beginning of Year	1,348,449	6,676,737
Total Net Position - End of Year	$ 1,311,943	$ 7,387,059

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

Exhibit 7

County of Henry, Virginia

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2022

	Business-Type Activities - Enterprise Fund Philpott Marina Fund #51	Internal Service Fund Self-insurance Fund #58
Cash Flows from Operating Activities		
Receipts from customers	$ 231,311	$ 14,133,560
Receipts from EDC	30,000	-
Payments for personnel and related costs	(66,380)	-
Payments to suppliers and other operating costs	(114,039)	(12,958,232)
Net Cash Provided by Operating Activities	80,892	1,175,328
Cash Flows from Noncapital Financing Activities		
Payments on Due to/Due from General Fund	(80,892)	-
Net Cash Used in Noncapital Financing Activities	(80,892)	-
Cash Flows from Capital and Related Financing Activities		
Purchase of capital assets	-	-
Net Cash Used in Capital and Related Financing Activities	-	-
Cash Flows from Investing Activities		
Interest income	-	5,504
Net Cash Provided by Investing Activities	-	5,504
Net Increase in Cash and Cash Equivalents	-	1,180,832
Cash and Cash Equivalents - Beginning of Year	200	5,836,034
Cash and Cash Equivalents - End of Year	$ 200	$ 7,016,866
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	$ (36,506)	$ 704,818
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation expense	74,867	-
Changes in assets and liabilities		
Receivables, net	640	295,244
Inventory	(2,115)	-
Accounts payable	(812)	175,266
Accrued expenses and payroll liabilities	1,902	-
Unearned grants	30,000	-
Unearned rents	12,916	-
Net Cash Provided by Operating Activities	$ 80,892	$ 1,175,328

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

County of Henry, Virginia

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

At June 30, 2022

	OPEB Trust	Custodial Funds
Assets		
Cash and cash equivalents	$3,717,544	$ 149,981
Total Assets	$3,717,544	$ 149,981
Liabilities		
Accounts payable and accrued liabilities	$ -	$ -
Net Position		
Restricted for:		
Other postemployment benefits	3,717,544	-
Individuals, organizations, and other governments	-	149,981
Total Net Position	3,717,544	149,981
Total Liabilities and Fiduciary Net Position	$3,717,544	$ 149,981

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

County of Henry, Virginia

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2022

	OPEB Trust	Custodial Funds
Additions		
Contributions from employer	$ 54,100	$ -
Local grant funds and other donations	-	112,446
Housing fees	-	109,266
Canteen and telephone fees	-	351,836
Total additions	54,100	573,548
Deductions		
Program and administrative expenses	5,852	205,292
Investment losses	376,435	-
Housing fees remitted to County	-	104,162
Telephone fees	-	72,732
Canteen purchases	-	189,964
Total deductions	382,287	572,150
Net Increase (Decrease) in Fiduciary Net Position	(328,187)	1,398
Net Position - Beginning	4,045,731	148,583
Net Position - Ending	$ 3,717,544	$ 149,981

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

1 Summary of Significant Accounting Policies

Narrative Profile

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

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

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

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

1-A. *Financial Reporting Entity*

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

Individual Component Unit Disclosures

Discretely Presented Component Units

Henry County School Board

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

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

Industrial Development Authority of Henry County, Virginia

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

Henry-Martinsville Social Services Board

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

Exclusions from the Reporting Entity

Related Organization

Henry County Public Service Authority

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

1-B. Financial Reporting Model

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

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

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

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

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

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

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

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

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

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

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

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

1-C. Financial Statement Presentation

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

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

  - *General Fund*

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

- *Special Revenue Funds*

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

  - *Children's Services Act Fund*

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

  - *E-911 Central Dispatch Fund*

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

  - *Law Library Fund*

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

  - *Fieldale Sanitary District Fund*

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

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

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

    - *Self-Insurance*

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

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

- *Special Grant Projects Fund*

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

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

  - Special Welfare Fund – The Special Welfare Fund is used to reimburse the Children's Service Act Fund, State Agencies, and others for expenses incurred on behalf of Henry-Martinsville Social Services welfare clients. Income is derived primarily from the Social Security Administration and other local organizations on behalf of the Social Services' clients.

  - Jail Inmate Fund – This fund is comprised of cash on inmates of the Henry County Jail at the time of their arrest or contributions to them from their family members. These funds can only be used for the health and welfare of specific County inmates.

  - OPEB Trust Fund – This fund is comprised of the money held in trust to fund post-retiree benefits of health insurance for the County, the School Board, and Henry-Martinsville Social Services.

Component Unit (Henry County School Board)

The Henry County School Board has the following funds:

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

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

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

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

1-D. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

1-E-1 Cash and Cash Equivalents

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

1-E-2 Investments

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

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

1-E-3 Receivables and Payables

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

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

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

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

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

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

1-E-4 Lease Receivable

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the County may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

1-E-5 Prepaid Items

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

1-E-6 Capital Assets

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

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

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

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

Asset Description	Estimated Lives
Buildings	15-40 years
Equipment	3-15 years

1-E-7 Right to Use Assets

The County has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

1-E-8 Deferred Outflows/Inflows of Resources

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

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

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

1-E-9 Compensated Absences

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

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

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

1-E-10 Pensions

The Virginia Retirement System (VRS) Political Subdivision Retirement Plan is a multi-employer, agent plan. The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and Virginia Retirement System (VRS) Teacher Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's and VRS Teacher Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the Virginia Retirement System (VRS). For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1-E-11 Group Life Insurance Program

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

1-E-12 Health Insurance Credit Program

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

1-E-13 Teacher Employee Health Insurance Credit Program

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

1-E-14 Other Postemployment Benefit Plans

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

1-E-15 Fund Equity

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

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

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

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

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

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

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

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

1-E-16 Operating Revenues and Expenses

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

1-E-17 Interfund Activity

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

1-E-18 Long-Term Obligations

In the Government-wide financial statements and propriety fund types in the Fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as insurance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond insurance costs are reported as deferred charges and amortized over the term of the related debt.

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

1-E-19 Encumbrances

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

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

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

1-E-21 Unearned Revenues

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

1-E-22 Adoption of New GASB Statements

During the fiscal year ended June 30, 2022, the County adopted the following GASB statements:

Statement No. 87, Leases increases the usefulness of the financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. A lessee will be required to recognize a lease liability and an intangible right-to-use a lease asset, and a lessor will be required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about leasing activities. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

GASB Statement No. 92, Omnibus 2020 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following: (1) The effective date of GASB Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports. (2) Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan. (3) The applicability of GASB Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits. (4) The applicability of certain requirements of GASB Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements. (5) Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition. (6) Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers. (7) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (8) Terminology used to refer to derivative instruments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

Statement No. 93, Replacement of Interbank Offered Rates, establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this Statement, except for removal of London Interbank Offered Rate (LIBOR) as an appropriate benchmark interest rate and the requirements related to lease modifications, are effective for reporting periods beginning after June 15, 2020. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All requirements related to lease modifications in this Statement are effective for reporting periods beginning after June 15, 2021. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

GASB Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement. No 32. This Statement provides a more consistent financial reporting of defined contribution plans, defined contribution OPEB plans and other employee benefit plans, while mitigating the costs associated with reporting those plans. Certain provisions of this Statement are effective for fiscal year 2022 for the County.

GASB Statement No. 98, *The Annual Comprehensive Financial Report,* This Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The requirements of this statement are effective for the fiscal year ending June 30, 2022 for the County.

1-F. Estimates

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

2 Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

Budgetary Data

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

1. Prior to April 18, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing July 1. The operating budget and capital budget includes proposed expenditures and the means of financing them.

2. Public hearings are conducted to obtain citizen comments.

3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.

4. The Appropriations Resolution places legal restrictions on expenditures at the fund, function, and departmental level. These appropriations for each fund, function, and department can be revised only by the Board of Supervisors.

5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for all major funds and component units.

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

7. Supplemental Appropriations are adopted if necessary during the fiscal year.

8. The County Administrator is authorized to transfer budgeted amounts within general government departments subject to limitations set in the Appropriations Resolution; however, the School Board and Henry-Martinsville Social Services are authorized to transfer budgeted amounts within each of their respective budget categories.

Expenditures in Excess of Appropriations

Expenditures did not exceed appropriations at the fund level.

Fund Deficits

There are no fund deficits.

3 Deposits and Investments

Deposits

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

Investments

Investment Policy

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

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

Credit Risk

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

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

Concentration of Credit Risk

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

1. The portfolio will be diversified with no more than 5% of the value of the portfolio invested in the securities of any single issuer. This limitation shall not apply to the U.S. Government, or Agency thereof, or U.S. Government sponsored corporation securities and fully insured and/or collateralized certificates of deposit.

2. The maximum percentage of the Investment Portfolio in each eligible security type is limited as follows:

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

**or $1 Million, whichever is greater*

Interest Rate Risk

As a means of limiting exposure to fair value losses arising from rising interest rates, the Policy limits the investment of operating funds to investments with a stated maturity of no more than five years from the date of purchase.

Custodial Credit Risk

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

The County's investments consist of the following:

	Fair Value	Weighted Average Maturity (Years)
Municipal bonds	$ 1,961,262	2.50
U.S. Government bonds	6,867,196	4.10
Collateralized Money Market - Trustee	35,770	N/A
Money Market - SNAP	8,974,704	N/A
Certificates of deposit	17,929,763	3.80
	$ 35,768,695	

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

Rating (Moody's or S&P)	Fair Value
AA+ or higher	$ 8,828,458
Unrated	26,940,237
	$35,768,695

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

			Component Units			
	Primary Government	Fiduciary Funds	School Board	Industrial Development Authority	Henry-Martinsville Social Services	Total
Deposits and Investments						
Cash on hand	$ 1,325	$ -	$ -	$ -	$ -	$ 1,325
Demand deposits	54,623,189	149,981	3,998,675	3,552,473	73,220	62,397,538
Bonds	8,828,458	-	-	-	-	8,828,458
Certificates of deposit	17,929,763	-	-	-	-	17,929,763
OPEB Trust	-	3,717,544	-	-	-	3,717,544
	$ 81,382,735	$ 3,867,525	$ 3,998,675	$ 3,552,473	$ 73,220	$ 92,874,628
Statement of Net Position						
Deposits and Investments						
Cash and cash equivalents	$ 81,382,735	$ -	$ 3,998,675	$ 3,552,473	$ 73,220	$ 89,007,103
Fiduciary fund cash	-	3,867,525	-	-	-	3,867,525
	$ 81,382,735	$ 3,867,525	$ 3,998,675	$ 3,552,473	$ 73,220	$ 92,874,628

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The County has the following recurring fair value measurements as of June 30, 2022:

	Level 1	Level 2	Level 3	Total
Investments by Fair Value Level				
Municipal bonds	$ -	$ 1,961,262	$ -	$ 1,961,262
U.S. Government bonds	-	6,867,196	-	6,867,196
	$ -	$ 8,828,458	$ -	$ 8,828,458

The Component Unit – IDA owns 42.80% of CCAT Leveraged Lender, LLC. The capital account balance per the Schedule K-1 as of June 30, 2022 is $3,753,639.

4 Receivables

Receivables at June 30, 2022 consist of the following:

	Primary Government		Component Units			
	Governmental Activities	Business-Type Activities	School Board	Industrial Development Authority	Henry-Martinsville Social Services	Custodial Funds
Accounts Receivable						
Property taxes	$ 3,925,918	$ -	$ -	$ -	$ -	$ -
Business licenses	9,046	-	-	-	-	-
Meals taxes	5,751	-	-	-	-	-
Other miscellaneous	3,052,956	105	119,569	60,088	3,486	-
Total	6,993,671	105	119,569	60,088	3,486	-
Allowance for uncollectibles	(1,562,507)	-	-	-	-	-
Net Accounts Receivable	$ 5,431,164	$ 105	$ 119,569	$ 60,088	$ 3,486	$ -

Note: The Self-Insurance Fund receivable of $1,563,355 is in Governmental Activities per GASB 34 for Exhibit 1.

5 Lease Receivable

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

Property Description	Original Date	Renewal Payment Terms	Next Payment Amount	Interest Rate	Balance June 30, 2022
6445 Fairystone Park Highway (AT&T)	7/1/12	5 years	$ 30,641	4.00%	$ 146,875
6445 Fairystone Park Highway (US Cellular)	9/1/10	38 months	30,796	4.00%	94,295
Route 781, Chestnut Knob (American Towers)	5/1/94	142 months	17,302	4.00%	162,890
Chestnut Knob (GSC Electronics and Communications)	8/1/00	37 months	9,332	4.00%	27,027
Chestnut Knob (US Cellular)	4/1/96	45 months	6,058	4.00%	21,063
1450 Axton School Road (Verizon)	7/1/08	1 year	30,396	4.00%	29,748
6445 Fairystone Park Highway (Verizon)	4/1/08	9 months	21,781	4.00%	21,422
Totals					$ 503,320

Lease-Related Revenue	Year Ending June 30, 2022
Lease revenue	$ 125,664
Interest revenue	19,886
Total	$ 145,550

Annual payments to be received are as follows:

Fiscal Year	Receivable Received	Interest Income
2023	$ 128,623	$ 17,683
2024	82,486	13,487
2025	87,780	10,091
2026	54,493	7,057
2027	46,640	5,149
2028-2032	72,762	13,747
2033-2034	30,536	1,184
Totals	$ 503,320	$ 68,398

6 Interfund Transfers

Interfund transfers for the year ended June 30, 2022 consisted of the following:

	Transfers In	Transfers Out
County of Henry, Virginia		
General Fund		
From General Fund to Central Dispatch Fund	$ -	$ 959,820
From General Fund to Special Grant Projects Fund	-	9,730
From General Fund to Children's Services Act Fund	-	1,157,861
Children's Services Act Fund		
From General Fund to Children's Services Act Fund	1,157,861	-
Special Grant Projects Fund		
From General Fund to Special Grant Projects Fund	9,730	-
Central Dispatch Fund		
From General Fund to Central Dispatch Fund	959,820	-
Total Governmental Funds	2,127,411	2,127,411
Total	$ 2,127,411	$ 2,127,411

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

7 Transfer to Component Units/Transfer from Primary Government

Details of the primary government due to component units as of June 30, 2022 are as follows:

	Transfers In	Transfers Out
County of Henry, Virginia to Component Units		
Primary Government - County of Henry, Virginia		
To Component Unit - Social Services	$ -	$ 765,552
To Component Unit - Industrial Development Authority	-	4,263,138
To Component Unit - School Board	-	19,736,804
Component Unit - Social Services		
From Primary Government - County of Henry, Virginia	765,552	-
Component Unit - Industrial Development Authority		
From Primary Government - County of Henry, Virginia	4,263,138	-
Component Unit - School Board		
From Primary Government - County of Henry, Virginia	19,736,804	-
	$ 24,765,494	$ 24,765,494
Component Unit - School Board - Transfers		
School Fund		
From School to School Textbook Fund	$ -	$ 554,004
From School to School Cafeteria Fund	-	121,429
School Textbook Fund		
From School to School Textbook Fund	554,004	-
School Cafeteria Fund		
From School to School Cafeteria Fund	121,429	-
	$ 675,433	$ 675,433

The remainder of this page is left blank intentionally.

8 Due from/to Other Funds

Details of the primary government interfund receivables and payables as of June 30, 2022 are as follows:

	Due From	Due To
County of Henry, Virginia		
Governmental Funds		
General Fund to Philpott Marina	$ -	$ 263,333
Children's Services Act Fund to General Fund	49,184	49,184
E-911 Central Dispatch Fund to General Fund	487,850	487,850
Fieldale Sanitary District from General Fund	166	166
Law Library Fund from General Fund	73,389	73,389
Special Grant Projects Fund from General Fund	816,343	816,343
	1,426,932	1,690,265
Proprietary Funds		
Philpott Marina from General Fund	263,333	-
Totals	$ 1,690,265	$ 1,690,265
Primary Government and Component Units - Interfund Accounts		
Primary Government		
Due from Industrial Development Authority to County	$ 500,705	$ -
Due to Industrial Site Project from County	-	1,284,319
Due from Social Services to County	918,920	-
Due to School Fund from County	-	1,444,584
Due from School Cafeteria Fund to County	468,552	-
Total	1,888,177	2,728,903
Net Due from Component Units to Primary Government	(840,726)	
Component Unit - Industrial Development Authority		
Due from Industrial Development Authority to County	-	500,705
Due to Industrial Site Project from County	1,284,319	-
Total	1,284,319	500,705
Net Due from Primary Government to Component Unit IDA	783,614	
Component Unit - Social Services		
Due from Social Services to County	-	918,920
Total	-	918,920
Net Due to Primary Government from Component Unit Social Services		918,920
Component Unit - School Board		
Due from School Cafeteria Fund to County	-	468,552
Due to School Fund from County	1,444,584	-
Total	1,444,584	468,552
Net Due to Primary Government from Component Unit School Board		(976,032)
Total Net Due from/to Primary Government and Component Units	$ (57,112)	$ (57,112)

9 Due from Other Governmental Units

Details of the County's receivables from other governmental units, as of June 30, 2022, are as follows:

	Governmental Activities	School Board	Henry-Martinsville Social Services	IDA
Commonwealth of Virginia				
State and local sales taxes	$ 1,886,191	$ 1,755,930	$ -	$ -
Communications tax	265,416	-	-	-
Auto rental tax	11,655	-	-	-
Compensation Board	851,821	-	-	-
Comprehensive services	510,730	-	-	-
911 funds	49,945	-	-	-
Victim witness	12,211	-	-	-
Mobile home titling tax	147,427	-	-	-
Other reimbursements	77,859	62,148	-	-
Technology	-	440,000	-	-
Public assistance	-	-	233,745	-
	3,813,255	2,258,078	233,745	-
Federal Government				
Title VIB Flow-Through	-	539,609	-	-
Title VI Rural and Low Income	-	8,063	-	-
Preschool Handicapped	-	18,628	-	-
Title I	-	586,819	-	-
Title II	-	58,730	-	-
Title III	-	43,821	-	-
Title IV	-	12,915	-	-
School food program	-	81,952	-	-
CTE federal payments - Carl Perkins	-	18,607	-	-
ESSER/GEER	-	720,278	-	-
Law enforcement	13,301	-	-	-
Community development grants	59,221	-	-	-
Victim witness	29,262	-	-	-
LWCF	490,000	-	-	-
Public assistance	-	-	389,780	-
Other reimbursements	252,795	20,749	-	-
Transportation grants	8,377	-	-	-
	852,956	2,110,171	389,780	-
Other Governmental Entities				
City of Martinsville, VA	470,254	-	274,731	-
	$ 5,136,465	$ 4,368,249	$ 898,256	$ -

10 Capital Assets

The following is a summary of changes in capital assets:

Governmental Activities

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	$ 2,523,114	$ 956,300	$ 28,600	$ -	**$ 3,450,814**
Construction-in-progress	57,724,862	1,426,100	57,724,862	-	**1,426,100**
Total Capital Assets Not Being Depreciated	60,247,976	2,382,400	57,753,462	-	**4,876,914**
Capital Assets, Depreciable					
Land improvements	4,743,391	3,205,541	1,276,200	-	**6,672,732**
Buildings and improvements	26,145,809	67,491,621	459,455	-	**93,177,975**
Furniture, equipment, and vehicles	21,268,594	2,410,672	499,575	-	**23,179,691**
Total Capital Assets - Depreciable	52,157,794	73,107,834	2,235,230	-	**123,030,398**
Less: Accumulated depreciation for					
Land improvements	442,513	170,529	-	-	**613,042**
Buildings and improvements	16,135,457	482,182	459,455	-	**16,158,184**
Furniture, equipment, and vehicles	16,934,396	1,213,575	422,342	-	**17,725,629**
Total Accumulated Depreciation	33,512,366	1,866,286	881,797	-	**34,496,855**
Other Capital Assets, Net	18,645,428	71,241,548	1,353,433	-	**88,533,543**
Net Capital Assets before Allocation from School	$ 78,893,404	$ 73,623,948	$ 59,106,895	$ -	**93,410,457**
Add: Net school buildings allocated to County with outstanding debt					**31,947,609**
Net Capital Assets					**$ 125,358,066**

Depreciation expense was allocated as follows:

General government administration	$ 241,285
Judicial administration	250,316
Public safety	1,081,570
Public works	113,635
Health and welfare	33,006
Parks, recreation, and cultural	146,474
Total Depreciation Expense	$ 1,866,286

Business-Type Activities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital Assets Not Being Depreciated				
Land	$ -	$ -	$ -	**$ -**
Total Capital Assets Not Being Depreciated	-	-	-	**-**
Capital Assets, Depreciable				
Land improvements	90,468	-	-	**90,468**
Buildings and improvements	1,390,505	-	-	**1,390,505**
Furniture, equipment, and vehicles	201,534	-	-	**201,534**
Total Capital Assets - Depreciable	1,682,507	-	-	**1,682,507**
Less: Accumulated depreciation for				
Land improvements	18,791	5,588	-	**24,379**
Buildings and improvements	297,719	49,126	-	**346,845**
Furniture, equipment, and vehicles	125,622	20,153	-	**145,775**
Total Accumulated Depreciation	442,132	74,867	-	**516,999**
Other Capital Assets, Net	1,240,375	(74,867)	-	**1,165,508**
Net Capital Assets	$ 1,240,375	$ (74,867)	$ -	**$ 1,165,508**

Depreciation expense was allocated as follows:

Marina expenses	$ 74,867
Total Depreciation Expense	$ 74,867

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Component Unit - School Board

	Balance July 1, 2021	Increases	Decreases	Transfers	Balance June 30, 2022
Capital Assets Not Being Depreciated					
Land	$ 1,062,127	$ -	$ -	$ -	$ 1,062,127
Construction in progress - school renovations	1,219,159	2,948,944	344,503	-	3,823,600
Total Capital Assets Not Being Depreciated	2,281,286	2,948,944	344,503	-	4,885,727
Capital Assets, Depreciable					
Land improvements	315,500	-	-	-	315,500
Buildings and improvements	109,686,013	999,542	-	-	110,685,555
Furniture and equipment	14,792,188	1,016,835	-	-	15,809,023
Total Capital Assets, Depreciable	124,793,701	2,016,377	-	-	126,810,078
Less: Accumulated depreciation for					
Land improvements	20,997	6,833	-	-	27,830
Buildings and improvements	47,582,161	2,422,603	-	-	50,004,764
Furniture and equipment	11,268,156	817,160	-	-	12,085,316
Total Accumulated Depreciation	58,871,314	3,246,596	-	-	62,117,910
Other Capital Assets, Net	65,922,387	(1,230,219)	-	-	64,692,168
Net Capital Assets before Allocation to County	$ 68,203,673	$ 1,718,725	$ 344,503	$ -	69,577,895
Less: Net school buildings allocated to County with outstanding debt					(31,947,609)
Net Capital Assets					$ 37,630,286

Component Unit - IDA

Capital Assets - Depreciable				
Equipment	$ 6,305	$ -	$ -	$ 6,305
Total Capital Assets - Depreciable	6,305	-	-	6,305
Less: Accumulated depreciation for				
Equipment	6,305	-	-	6,305
Total Accumulated Depreciation	6,305	-	-	6,305
Net Capital Assets	$ -	$ -	$ -	$ -

Component Unit - Henry-Martinsville Social Services

	Balance July 1, 2021	Increases	Transfer to Henry County/ Decreases	Balance June 30, 2022
Other Capital Assets				
Machinery and equipment	$ 354,186	$ 64,867	$ 21,466	**$ 397,587**
Total Other Capital Assets	354,186	64,867	21,466	**397,587**
Less: Accumulated depreciation for				
Machinery and equipment	279,816	31,141	21,466	**289,491**
Total Accumulated Depreciation	279,816	31,141	21,466	**289,491**
Other Capital Assets, Net	74,370	33,726	-	**108,096**
Net Capital Assets	$ 74,370	$ 33,726	$ -	**$ 108,096**

11 Right to Use Leased Assets

The County has recorded the right to use leased assets. The assets are right to use for leased equipment. The related leases are discussed in the Leases note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the year ended June 30, 2022 was as follows:

Governmental Activities

	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Equipment	$ -	$ 374,067	$ -	**$ 374,067**
Less: accumulated amortization for				
Equipment	-	124,689	-	**124,689**
Right to use assets. Net	$ -	$ 249,378	$ -	**$ 249,378**

	Amortization Expense
Public safety	$ 124,689
Total	$ 124,689

12 Compensated Absences

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

13 Long-Term Debt

A. *Long-term Debt Payable*

The schedule below represents long-term debt payable at June 30, 2022:

Primary Government

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2022
Va. Public School Authority Bonds - 2007B	$ 2,711,471	$ 149,550	5.10	2028	**$ 962,241**
Va. Public School Authority Bonds - 2006	6,009,728	336,549	4.60-5.10	2027	**1,764,091**
Va. Public School Authority Bonds - 2005	2,342,487	136,746	4.60-5.10	2026	**569,495**
VML/VACO Moral Obligation Refunding Bond - 2021	1,120,500	119,247	1.75	2030	**1,003,663**
VPSA QSCB Recovery Act Bonds - 2011	3,400,000	279,367	0.00	2027	**1,396,833**
Va. Public School Authority Bonds - 2021A	14,625,000	720,000	2.05-5.05	2036	**13,800,000**
Lease Revenue Bonds - 2018	60,615,000	-	3.62-5.00	2051	**60,615,000**
Lease Revenue Bonds - 2019A	5,785,000	105,000	3.00-5.00	2051	**5,685,000**
Grant Revenue Anticipation Notes - 2019B	19,515,000	-	2.00	2023	**19,515,000**
					$ 105,311,323

Component Unit - Industrial Development Authority

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2022
County of Henry, VA	$ 3,461,955	$ -	2.50	2022	**$ -**
					$ -

Component Unit - Schools

Description	Original Issue	Next Annual Amount	Interest Rate %	Maturity	Outstanding June 30, 2022
Financed Purchase Obligation Dated 4/15/19	$ 582,216	$ 145,554	0.00	2023	**$ 145,554**
Financed Purchase Obligation Dated 6/27/18	611,957	-	2.85	2022	**-**
Financed Purchase Obligation Dated 12/1/19	275,056	69,681	2.781	2023	**69,681**
					$ 215,235

B. *Governmental Obligation*

The following table is a summary of the changes in long-term liabilities that are recorded in the Statement of Net Position for the year ended June 30, 2022:

Primary Government

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Lease Revenue bonds	$ 66,400,000	$ -	$ 100,000	**$ 66,300,000**	$ 105,000
Grant Revenue Anticipation notes	19,515,000	-	-	**19,515,000**	-
Subtotal - County	85,915,000	-	100,000	**85,815,000**	105,000
General obligation bonds	20,205,047	-	1,712,387	**18,492,660**	1,622,212
Moral obligation bonds	1,120,500	-	116,837	**1,003,663**	119,247
Subtotal - School-related debt	21,325,547	-	1,829,224	**19,496,323**	1,741,459
Subtotal - County and school	107,240,547	-	1,929,224	**105,311,323**	1,846,459
Add: Bond premiums	3,620,258	-	277,957	**3,342,301**	277,961
Less: Bond discounts	(635,469)	-	(21,663)	**(613,806)**	(21,663)
Subtotal after premiums and discounts	110,225,336	-	2,185,518	**108,039,818**	2,102,757
Note payable to Verizon (Tower)	11,200	-	11,200	**-**	-
Landfill closure monitoring	265,731	12,223	-	**277,954**	27,795
Compensated absences	2,741,532	1,895,827	1,673,104	**2,964,255**	296,426
	$ 113,243,799	$ 1,908,050	$ 3,869,822	**$ 111,282,027**	$ 2,426,978

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

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

Primary Government

Fiscal Year Ending June 30,	Grant Anticipation Notes/ Lease Revenue Bonds County		General Obligation Bonds School Board		Moral Obligation Bonds School Board		Totals		Long-Term Agreement	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	$ 105,000	$ 3,067,231	$ 1,622,212	$ 722,174	$ 119,247	$ 17,564	$ 1,846,459	$ 3,806,969		$ -
2024	19,625,000	2,867,781	1,687,195	655,570	122,450	15,477	21,434,645	3,538,828	-	-
2025	110,000	2,668,231	1,758,430	585,061	120,530	13,334	1,988,960	3,266,626	-	-
2026	115,000	2,663,731	1,830,672	510,767	123,578	11,225	2,069,250	3,185,723	-	-
2027	355,000	2,653,156	1,666,796	438,459	126,084	9,063	2,147,880	3,100,678	-	-
2028-2032	4,590,000	12,723,456	5,122,355	1,382,098	391,774	13,786	10,104,129	14,119,340	-	-
2033-2037	7,790,000	11,502,519	4,805,000	260,471	-	-	12,595,000	11,762,990	-	-
2038-2042	15,695,000	9,090,581	-	-	-	-	15,695,000	9,090,581	-	-
2043-2047	19,115,000	5,672,194	-	-	-	-	19,115,000	5,672,194	-	-
2048-2052	18,315,000	1,522,266	-	-	-	-	18,315,000	1,522,266	-	-
	$ 85,815,000	$ 54,431,146	$ 18,492,660	$ 4,554,600	$ 1,003,663	$ 80,449	$ 105,311,323	$ 59,066,195	$ -	$ -

C. *Long-Term Agreement*

The County entered into a long-term agreement with Verizon in 2008 for construction and renovations made to a tower. The agreement was for $265,600 and will be paid back over approximately 14 years in lieu of Verizon paying rent. The annual amount is $19,200.

D. Component Units

Following is a summary of the changes in long-term liabilities that are recorded in the component units for the year ended June 30, 2022:

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
School Board					
Financed Purchase Obligation dated 4/15/19	$ 291,108	$ -	$ 145,554	**$ 145,554**	$ 145,554
Financed Purchase Obligation Dated 6/27/18	155,080	-	155,080	**-**	-
Financed Purchase Obligation Dated 12/1/19	137,476	-	67,795	**69,681**	69,681
Subtotal	583,664	-	368,429	**215,235**	215,235
Compensated absences	957,211	670,047	792,346	**834,912**	83,491
Total	$ 1,540,875	$ 670,047	$ 1,160,775	**$ 1,050,147**	$ 298,726

Estimated principal maturities for future years is as follows:

Fiscal Year Ending June 30,	Principal	Interest
2023	$ 215,235	$ 1,938
	$ 215,235	$ 1,938

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Due Within One Year
Industrial Development Authority					
County of Henry, Virginia	$ 3,461,955	$ -	$ 3,461,955	**$ -**	$ -
Total	$ 3,461,955	$ -	$ 3,461,955	**$ -**	$ -
Henry-Martinsville Social Services					
Compensated absences	$ 527,186	$ 282,211	$ 272,423	**$ 536,974**	$ 53,697
Total	$ 527,186	$ 282,211	$ 272,423	**$ 536,974**	$ 53,697

14 Leases

Lessee Arrangements

Lease agreements resulting in lease liabilities for the County are summarized as follows:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Balance June 30, 2022
E911 Console System - GCS Electronics & Communications	7/1/2018	72 months	$ 11,007	4.00%	$ 253,478
					$ 253,478

Lease Expense	Year Ending June 30, 2022
Amortization expense by class of underlying asset	
Equipment	$ 124,689
Interest on lease liabilities	11,498
Total	$ 136,187

Annual requirements to amortize the long-term obligation and related interest are as follows:

Fiscal Year	Principal	Interest
2023	$ 124,209	$ 7,878
2024	129,269	2,818
Totals	$ 253,478	$ 10,696

15 Net Investment in Capital Assets

The "net investment in capital assets" amount reported on the government-wide Statement of Net Position as of June 30, 2022 is determined as follows:

	Governmental Activities	Business-Type Activities	School Board	Industrial Development Authority	Social Services
Net Investment in Capital Assets					
Cost of capital assets	$ 159,854,921	$ 1,682,507	$ 99,748,196	$ 6,305	$ 397,587
Less: Accumulated depreciation	(34,496,855)	(516,999)	(62,117,910)	(6,305)	(289,491)
Book value	125,358,066	1,165,508	37,630,286	-	108,096
Less: Capital related debt	(96,336,619)	-	(215,235)	-	-
Less: Bond premiums	(3,342,301)	-	-	-	-
Add: Bond discounts	613,806	-	-	-	-
Net Investment in Capital Assets	$ 26,292,952	$ 1,165,508	$ 37,415,051	$ -	$ 108,096

16 Deferred Inflows of Resources

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

Governmental Funds	
Delinquent taxes not collected within 60 days	$ 2,066,312
Lease receivables	491,579
Other liabilities	71,421
Delinquent business licenses	9,046
Delinquent meals taxes	5,750
Total Deferred Inflows of Resources - Governmental Funds	$ 2,644,108
Governmental Activities - Primary Government	
Deferred inflows for OPEB	$ 741,201
Deferred inflows for pension liability	8,618,156
Deferred inflows for leases	491,579
Total Deferred Inflows of Resources - Governmental Activities	$ 9,850,936
School Board - Fund Basis	
Held for scholarships	$ 48,406
	$ 48,406
School Board - Component Unit - Governmental Activities	
Held for scholarships	$ 48,406
Deferred inflows for OPEB	2,508,810
Deferred inflows for pension liability	28,018,664
	$ 30,575,880
Henry-Martinsville Social Services	
Deferred inflows for OPEB	$ 144,826
Deferred inflows for pension liability	2,154,539
	$ 2,299,365

17 Risk Management

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

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

Surety Bond coverage is as follows:

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

18 Commitments and Contingencies

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Pursuant to the requirements of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While no matters of noncompliance were disclosed by the audit, the Federal Government may subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would be immaterial.

19 Litigation

The City of Martinsville has initiated proceedings in the Martinsville Circuit Court in which it seeks authorization to transition to town status. Reversion would bring the residents of the City within the County. The reversion process has been and will continue to be a lengthy process. The County is defending against the City's proposed reversion under the terms thus far proposed by the City. The litigation presently is before a three-judge panel appointed by the Virginia Supreme Court. Depending on forthcoming rulings, the process could head in a number of different directions. Whatever course the litigation takes over the next several months, reversion, if approved, would impact the services that are provided by County, County expenses for those services, and County revenues, among other things. New revenues from the town will be insufficient to cover the costs of the new services the County will be providing in the town. New services could cost the County an additional $4 million to $7 million per year. In the initial year of reversion, there also will be significant one-time expenses in the nature of capital expenditures and on-boarding costs for new personnel and facilities related to the County's new service obligations. One-time expenses could cost the County between $2 million and $4 million in the initial year of reversion. These figures are estimates, and the actual cost ultimately could exceed these estimates.

At June 30, 2022, there were no other matters of litigation involving the County which would materially affect the County’s financial position should any court decisions or pending matters not be favorable to such entities.

20 Performance Agreements

The County has signed performance agreements with various companies that have located within the County. As part of many of these agreements, the County has agreed to pay cash incentives to the companies. As of June 30, 2022, the County had no outstanding commitments for future payments under these agreements.

21 Legal Compliance

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

Computation of Legal Debt Margin

Total Assessed Value of Taxed Real Property	$ 2,955,483,423
Debt Limits per Constitution of Virginia - 10% Assessed Value	$ 295,548,342
Amount of Debt Applicable to Debt Limit	
Gross Debt	105,311,323
Legal Debt Margin - June 30, 2022	$ 190,237,019

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

22 Appropriation to School from General Fund

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

	School Board
Appropriation from General Fund	$ 19,736,804
Net fixed asset and depreciation adjustment on the school buildings still owned by the County until the debt is paid off	1,007,271
Adjustment for the net allocation of internal service self-insurance fund services and costs	(478,682)
Adjustment for long-term debt paid by School on buildings owned by the County until the debt is paid off	(2,637,318)
Appropriation to School Fund per Government-Wide Statements	$ 17,628,075

23 Pension Plan

Plan Description

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

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

RETIREMENT PLAN PROVISIONS

PLAN 1

About Plan 1

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

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

PLAN 2

About Plan 2

Same as Plan 1.

Eligible Members

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

Hybrid Opt-In Election

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

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

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

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

HYBRID RETIREMENT PLAN

About the Hybrid Retirement Plan

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

- The defined benefit is based on a member's age, service credit, and average final compensation at retirement using a formula.
- The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.
- In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

Eligible Members

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

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

**Non-Eligible Members*

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

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

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Retirement Contributions	***Retirement Contributions***	***Retirement Contributions***
Members contribute 5% of their compensation each month to their member contribution account through a pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	Same as Plan 1.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.
Service Credit	***Service Credit***	***Service Credit***
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.	Same as Plan 1.	**Defined Benefit Component:** Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit. **Defined Contributions Component:** Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
Vesting	***Vesting***	***Vesting***
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	Same as Plan 1.	**Defined Benefit Component:** Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component. **Defined Contributions Component:** Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
		Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service. •After two years, a member is 50% vested and may withdraw 50% of employer contributions. •After three years, a member is 75% vested and may withdraw 75% of employer contributions. •After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.
Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied. An early retirement reduction factor is applied to the Basic Benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the Basic Benefit.	***Calculating the Benefit*** See definition under Plan 1.	***Calculating the Benefit*** **Defined Benefit Component:** See definition under Plan 1. **Defined Contribution Component:** The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	***Average Final Compensation*** A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	***Average Final Compensation*** Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
Service Retirement Multiplier **VRS:** The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.	***Service Retirement Multiplier*** **VRS:** Same as Plan 1 for service earned, purchased, or granted prior to January 1, 2013. For non-hazardous duty members, the retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	***Service Retirement Multiplier*** **Defined Benefit Component:** **VRS:** The retirement multiplier for the defined benefit component is 1.00%. For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.
Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.	**Sheriffs and regional jail superintendents:** Same as Plan 1.	**Sheriffs and regional jail superintendents:** Not applicable.
Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.	**Political subdivision hazardous duty employees:** Same as Plan 1.	**Political subdivision hazardous duty employees:** Not applicable. **Defined Contribution Component** Not applicable.

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

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: •The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. •The member retires on disability. •The member retires directly from short-term or long-term disability. •The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. •The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.	***Disability Coverage*** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.	***Disability Coverage*** Employees of political subdivisions and school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts towards vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	***Purchase of Prior Service*** Same as Plan 1	***Purchase of Prior Service*** **Defined Benefit Component:** Same as Plan 1, with the following exceptions: • Hybrid Retirement Plan members are ineligible for ported service. **Defined Contribution Component:** Not applicable

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government - County	School Board - General Employees
	Number	Number
Inactive members or their beneficiaries currently receiving benefits	319	227
Inactive members:		
Vested inactive members	55	18
Non-vested inactive members	94	37
LTD	0	0
Inactive members active elsewhere in VRS	140	40
Total inactive members	289	95
Active members	407	183
Total covered employees	1015	505

Contributions

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

If the employer used the certified rate: The County of Henry, Virginia's political subdivision contractually required contribution rate for the year ended June 30, 2022 was 12.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The County of Henry, Virginia school board – general employees' contribution rate was 8.64%.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Henry, Virginia for the County employees were $2,483,140 and $2,192,899 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the County of Henry, Virginia school board – general employees, employer contributions were $274,102 and $294,164 for the years ended June 30, 2022 and June 30, 2021, respectively.

Each school divisions - teachers contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, which combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County of Henry, Virginia school division - teachers were $6,560,912 and $6,271,100 for the years ended June 30, 2022 and June 30, 2021, respectively.

In June 2021, the Commonwealth made a special contribution of approximately $61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Net Pension Liability

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. For County of Henry, Virginia, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020 rolled forward to the measurement date of June 30, 2021.

Net Pension Liability – Teacher Employee Retirement Plan

The net pension liability (NPL) is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	Teacher Employee Retirement Plan
Total Pension Liability	$53,381,141
Plan Fiduciary Net Position	45,617,878
Employer's Net Pension Liability (Asset)	$ 7,763,263
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

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

Actuarial Assumptions – General Employees and School Division - Teachers

The total pension liability for General Employees in the Political Subdivision's Retirement Plan and VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Political Subdivisions

Mortality rates:

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

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

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

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

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

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

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

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

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

School Divisions

Mortality rates:

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

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

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

Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees in the Political Subdivision Retirement Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality rates:

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

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

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

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the Long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	$ 95,466,346	$ 79,096,513	$ 16,369,833
Changes for the Year			
Service cost	2,071,498	-	2,071,498
Interest	6,275,021	-	6,275,021
Benefit changes	-	-	-
Assumption changes	3,644,147	-	3,644,147
Differences between expected and actual experience	(138,565)	-	(138,565)
Contributions - employer	-	2,192,899	(2,192,899)
Contributions - employee	-	866,079	(866,079)
Net investment income	-	21,493,149	(21,493,149)
Benefit payments, including refunds of employee contributions	(5,006,157)	(5,006,157)	-
Refunds of employee contributions	-	-	-
Administrative expenses	-	(53,891)	53,891
Other changes	-	2,023	(2,023)
Net Changes	6,845,944	19,494,102	(12,648,158)
Balances at June 30, 2021	$ 102,312,290	$ 98,590,615	$ 3,721,675

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

Component Unit School Board - General Employees	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2020	$ 19,588,307	$ 17,234,663	$ 2,353,644
Changes for the Year			
Service cost	351,001	-	351,001
Interest	1,274,828	-	1,274,828
Benefit changes	-	-	-
Assumptions changes	623,300	-	623,300
Differences between expected and actual experience	(40,633)	-	(40,633)
Contributions - employer	-	294,164	(294,164)
Contributions - employee	-	171,235	(171,235)
Net investment income	-	4,597,901	(4,597,901)
Benefit payments, including refunds of employee contributions	(1,403,931)	(1,403,931)	-
Refunds of employee contributions	-	(12,018)	12,018
Administrative expenses	-	428	(428)
Other changes	-	-	-
Net Changes	804,565	3,647,779	(2,843,214)
Balances at June 30, 2021	$ 20,392,872	$ 20,882,442	$ (489,570)

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
Primary Government - County (includes Component Unit - Henry-Martinsville Social Services)			
Political subdivision's Net Pension Liability	$ 16,997,913	$ 3,721,675	$ (7,235,272)
Component Unit School Board - General Employees	$ 1,507,011	$ (489,570)	$ (2,189,491)
School Division's Proportionate Share of the VRS Teacher Employee Retirement Plan			
Net Pension Liability	$ 66,508,183	$ 34,461,165	$ 8,098,212

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

For the year ended June 30, 2022, the County of Henry, Virginia recognized pension expense of $1,648,263.

For the year ended June 30, 2022, the County of Henry, Virginia school board - general employees recognized pension expense of $44,823.

At June 30, 2022, the County of Henry, Virginia school division - teachers reported a liability of $34,461,165 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The County of Henry, Virginia school division - teachers' proportion of the Net Pension Liability was based on the County of Henry, Virginia school division - teachers actuarially determined employer contributions to the pension plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division - teachers' proportion was 0.44391% as compared to 0.44702% at June 30, 2020.

For the year ended June 30, 2022, the County of Henry, Virginia school division - teachers recognized pension expense of $119,039. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2022, the County of Henry, Virginia, County of Henry, Virginia school division – general employees and County of Henry, Virginia school division - teachers reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government - County **(Includes Component Unit - Henry-Martinsville Social Services)**		
Differences between expected and actual experience	$ 691,100	$ 99,200
Change in assumptions	2,848,070	-
Net difference between projected and actual earnings on pension plan investments	-	10,673,495
Employer contributions subsequent to the measurement date	2,483,140	-
Total - County and Social Services	$ 6,022,310	$ 10,772,695

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Component Unit School Board - General Employees		
Differences between expected and actual experience	$ -	$ 22,079
Change in assumptions	338,688	-
Net difference between projected and actual earnings on pension plan investments	-	2,259,338
Employer contributions subsequent to the measurement date	274,102	-
Total	$ 612,790	$ 2,281,417
Component Unit School Board - Teachers		
Differences between expected and actual experience	$ -	$ 2,935,193
Change in assumptions	6,037,506	-
Net difference between projected and actual earnings on pension plan investments	-	21,716,504
Changes in proportion and differences between Employer contributions and proportionate share of contributions	12,819	1,085,550
Employer contributions subsequent to the measurement date	6,560,912	-
Total	$ 12,611,237	$ 25,737,247

$2,483,140 for the County, $274,102 for School Board General Employees and $6,560,912 for the Teachers reported as deferred outflows of resources related to pensions resulting from the County of Henry, Virginia and the County of Henry, Virginia school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Year Ended June 30,
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)	
2023	$ (727,737)
2024	(1,292,442)
2025	(1,969,024)
2026	(3,244,322)
2027	-
Thereafter	-

Year Ended June 30,	
Component Unit School Board - General Employees	
2023	$ (261,444)
2024	(462,288)
2025	(525,673)
2026	(693,324)
2027	-
Thereafter	-
Component Unit School Board - Teachers	
2023	$ (4,735,347)
2024	(4,222,261)
2025	(4,545,719)
2026	(6,188,677)
2027	5,082
Thereafter	-

Pension Plan Fiduciary Net Position

Detailed information about the VRS Political Subdivision's and Teacher Retirement Plans' Fiduciary Net Position is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Payables to the Pension Plan

The political subdivision, school board general employees, and teachers recognize $307,463, $41,719, and $819,274, respectively of payables to a pension plan outstanding at the end of the reporting period. This amount represents June 2022 legally required contributions to the pension plan due by July 10 per VRS reporting requirements.

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans								
Primary Government	$ 6,022,310	$ 10,772,695	$ 3,721,675	$ 1,648,263	$ -	$ -	$ -	$ -
School Board - General Employees	-	-	-	-	612,790	2,281,417	(489,570)	44,823
School Board - Teachers	-	-	-	-	12,611,237	25,737,247	34,461,165	119,039
Totals	$ 6,022,310	$ 10,772,695	$ 3,721,675	$ 1,648,263	$ 13,224,027	$ 28,018,664	$ 33,971,595	$ 163,862

24 Other Post-Employment Benefits - Group Life Insurance Program

Plan Description

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

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

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The Group Life Insurance Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.
Benefit Amounts The benefits payable under the Group Life Insurance Program have several components. • *Natural Death Benefit:* The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • *Accidental Death Benefit:* The accidental death benefit is double the natural death benefit. • *Other Benefit Provisions:* In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: Accidental dismemberment benefit Safety belt benefit Repatriation benefit Felonious assault benefit Accelerated death benefit option
Reduction in Benefit Amounts The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,722 as of June 30, 2022.

Contributions

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

component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contribution to the Group Life Insurance Program from the County were $110,611 and $97,480 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the component unit school board – general employees, contributions to the Group Life Insurance Program were $19,165 and $20,248 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the component unit school board – teacher, contributions to the Group Life Insurance Program were $221,439 and $211,381 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the participating employer reported a liability of $1,017,922 for the political subdivision, $211,432 for the component unit school board – general employees, and $2,207,459 for the component unit school board – teacher for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 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, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the Group Life Insurance Program for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the participating employer's proportion was .08743% for the political subdivision, .01816% for the school board – general employees, and .18960% for the school board – teacher as compared to .8748% for the political subdivision, .01823% for the component unit school board – general employees, and .19004% for the component unit school board – teacher at June 30, 2020.

For the year ended June 30, 2022, the participating employer recognized GLI OPEB expenses of $43,552 for the political subdivision, $9,342 for the component unit school board – general employees, and $74,369 for component unit school board – teacher. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

Political Subdivision

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 116,098	$ 7,756
Net difference between projected and actual earnings on GLI OPEB program investments	-	242,956
Change in assumptions	56,118	139,273
Changes in proportionate share	10,124	4,743
Employer contributions subsequent to the measurement date	110,611	-
Total	$ 292,951	$ 394,728

Component Unit School Board
General Employees

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 24,115	$ 1,611
Net difference between projected and actual earnings on GLI OPEB program investments	-	50,464
Change in assumptions	11,656	28,928
Changes in proportionate share	5,236	7,197
Employer contributions subsequent to the measurement date	19,165	-
Total	$ 60,172	$ 88,200

Component Unit School Board Teacher

Differences between expected and actual experience	$ 251,768	$ 16,820
Net difference between projected and actual earnings on GLI OPEB program investments	121,697	526,873
Change in assumptions	-	302,027
Changes in proportionate share	5,212	56,517
Employer contributions subsequent to the measurement date	221,439	-
Total	$ 600,116	$ 902,237

$110,611 for the political subdivision, $19,165 for school board – general employees, and $221,439 for school board – teacher reported as deferred outflows of resources related to the GLI OPEB resulting from the employer's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Political Subdivision

Year Ended June 30,	
2023	$ (48,298)
2024	(37,001)
2025	(37,421)
2026	(75,230)
2027	(14,438)
Thereafter	-

Component Unit School Board
General Employees

Year Ended June 30,	
2023	$ (9,736)
2024	(8,750)
2025	(9,757)
2026	(15,946)
2027	(3,004)
Thereafter	-

Component Unit School Board
Teacher

Year Ended June 30,	
2023	$ (124,814)
2024	(102,296)
2025	(96,943)
2026	(167,368)
2027	(32,139)
Thereafter	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

Inflation	2.50%
Salary increases, including inflation -	
Teachers	3.50% - 5.95%
Locality - General employees	3.50% - 5.35%
Locality - Hazardous Duty employees	3.50% - 4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

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

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

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

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Net GLI OPEB Liability

The net OPEB liability (NOL) for the Group Life Insurance Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2021, NOL amounts for the Group Life Insurance Program are as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability (Asset)	$ 1,164,272
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Decrease (5.75%)	Current Discount Rate (6.75%)	1.00% Increase (7.75%)
State Agency's Proportionate Share of the Group Life Insurance Plan			
Net OPEB Liability - Political Subdivision	$ 1,487,221	$ 1,017,922	$ 638,942
Net OPEB Liability - School Division	308,910	211,432	132,714
Net OPEB Liability - Teacher	3,225,177	2,207,459	1,385,605

Group Life Insurance Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS Group Life Insurance OPEB Plan

The political subdivision, school board general employees, and teachers recognize $24,349, $4,598, and $53,126, respectively of payables to a group life insurance OPEB plan outstanding at the end of the reporting period. This amount represents June 2022 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

25 Other Post-Employment Benefits - Health Insurance Credit Program

Plan Description

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

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

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree Health Insurance Credit Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree Health Insurance Credit Program provides the following benefits for eligible employees: • *At Retirement:* For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • *Disability Retirement*: For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for the premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree.

Employees Covered by Benefit Terms

As of the June 30, 2020 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government - County	School Board - General Employees
	Number	Number
Inactive members or their beneficiaries currently receiving benefits	34	104
Inactive members:		
Vested inactive members	5	1
Non-vested inactive members	-	-
Inactive members active elsewhere in the System	-	-
Total inactive members	39	105
Active members	136	183
Total covered employees	175	288

Contributions

The contribution requirement for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County of Henry, Virginia's contractually required employer contribution rate for the year ended June 30, 2022 was 0.06% of covered employee compensation and 1.02% for the component unit school board-general employees. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Henry, Virginia to the Political Subdivision Health Insurance Credit Program were $3,769 and $3,679 for the years ended June 30, 2022 and June 30, 2021, respectively.

For the component unit school board – general employees, contributions to the Health Insurance Credit Program were $35,848 and $38,076 for the years ended June 30, 2022 and 2021, respectively.

During the 2020 session, House Bill 1513 was enacted. This bill required the addition of Health Insurance Credit benefits for non-teacher employees effective July 1, 2021. While benefit payments became effective July 1, 2021, employers were required to pre-fund the benefits beginning July 1, 2020. The bill impacted 95 employers and resulted in approximately $2.5 million of additional employer contributions in FY 2021.

Net HIC OPEB Liability

The County of Henry, Virginia's net Health Insurance Credit OPEB liability was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

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

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

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

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability:

Primary Government - County

(Includes Component Unit - Henry-Martinsville Social Services)

	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 267,613	$ 312,932	$ (45,319)
Changes for the Year			
Service cost	5,553	-	5,553
Interest	17,124	-	17,124
Benefit changes	-	-	-
Assumption changes	5,002	-	5,002
Differences between expected and actual experience	10,577	-	10,577
Contributions - employer	-	3,679	(3,679)
Net investment income	-	78,892	(78,892)
Benefit payments	(27,844)	(27,844)	-
Administrative expenses	-	(871)	871
Other changes	-	-	-
Net Changes	10,412	53,856	(43,444)
Balances at June 30, 2021	$ 278,025	$ 366,788	$ (88,763)

Component Unit School Board - General Employees	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (a) - (b)
Balances at June 30, 2020	$ 467,860	$ -	$ 467,860
Changes for the Year			
Service cost	5,398	-	5,398
Interest	31,577	-	31,577
Benefit changes	-	-	-
Assumption changes	13,555	-	13,555
Differences between expected and actual experience	1	-	1
Contributions - employer	-	38,081	(38,081)
Net investment income	-	5,050	(5,050)
Benefit payments	(120)	(120)	-
Administrative expenses	-	(168)	168
Other changes	-	-	-
Net Changes	50,411	42,843	7,568
Balances at June 30, 2021	$ 518,271	$ 42,843	$ 475,428

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Primary Government - County (includes Component Unit - Henry-Martinsville Social Services)			
Public Subdivision			
Net HIC OPEB Liability (Asset)	$ (56,192)	$ (88,763)	$ (116,287)
Component Unit School Board - General Employees			
Net HIC OPEB Liability (Asset)	$ 518,659	$ 475,428	$ 437,772

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

For the year ended June 30, 2022, the County of Henry, Virginia recognized Health Insurance Credit Program OPEB expense $(6,513) for the political subdivision and $38,898 for the component unit school board – general employees. At June 30, 2022, the County of Henry, Virginia reported deferred outflows of resources and deferred inflows of resources related to the County of Henry, Virginia's Health Insurance Credit Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)		
Differences between expected and actual experience	$ 13,331	$ 5,392
Change in assumptions	7,901	2,458
Net difference between projected and actual earnings on HIC OPEB program investments	-	37,204
Employer contributions subsequent to the measurement date	3,769	-
Total	$ 25,001	$ 45,054
Component Unit School Board - General Employees		
Differences between expected and actual experience	$ 1	$ -
Change in assumptions	9,769	-
Net difference between projected and actual earnings on HIC OPEB program investments	-	3,019
Employer contributions subsequent to the measurement date	35,848	-
Total	$ 45,618	$ 3,019

$3,769 for the political subdivision and $35,848 for the component unit school board – general employees reported as deferred outflows of resources related to the HIC OPEB resulting from the County of Henry, Virginia's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	Primary Government - County (Includes Component Unit - Henry-Martinsville Social Services)
2023	$ (7,129)
2024	(6,673)
2025	(5,598)
2026	(8,319)
2027	2,244
Thereafter	1,653

Year Ended June 30,	Component Unit School Board - General Employees
2023	$ 3,031
2024	3,031
2025	1,443
2026	(754)
2027	-
Thereafter	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision Health Insurance Credit Program is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Political Subdivision Health Insurance Credit Program OPEB Plan

The political subdivision and school board-general employees recognize $313 and $3,448, respectively of payables to a health insurance credit program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2022 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

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

Plan Description

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

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

TEACHER EMPLOYEE HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN PROVISIONS
Eligible Employees The Teacher Employee Retiree Health Insurance Credit Program was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

Benefit Amounts
The Teacher Employee Retiree Health Insurance Credit Program provides the following benefits for eligible employees:
• *At Retirement:* For Teacher and other professional school employees who retire, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.
• *Disability Retirement:* For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  ○ $4.00 per month, multiplied by twice the amount of service credit, or
  ○ $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

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

Contributions

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee Health Insurance Credit Program. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County of Henry, Virginia school division to the VRS Teacher Employee Health Insurance Credit Program were $496,059 and $473,489 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the County of Henry, Virginia's school division reported a liability of $5,679,280 for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was measured as of June 30, 2021 and the total VRS Teacher Employee Health Insurance Credit Program OPEB liability used to calculate the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. The County of Henry, Virginia school division's proportion of the Net VRS Teacher Employee Health Insurance Credit Program OPEB Liability was based on the County of Henry, Virginia school division's actuarially determined employer contributions to the VRS Teacher Employee Health Insurance Credit Program OPEB plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County of Henry, Virginia school division's proportion of the VRS Teacher Employee Health Insurance Credit Program was 0.44246% as compared to 0.44591% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee Health Insurance Credit Program OPEB expense of $424,810. Since there was a change in proportionate share between measurement dates a portion of the VRS Teacher Employee Health Insurance Credit Program Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the County of Henry, Virginia school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee Health Insurance Credit Program OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 99,103
Change in assumptions	153,521	22,825
Net difference between projected and actual earnings on Teacher HIC OPEB program investments	-	74,813
Changes in proportionate share	-	139,767
Employer contributions subsequent to the measurement date	496,059	-
Total	$ 649,580	$ 336,508

$496,059 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the Fiscal Year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30,	
2023	$ (44,670)
2024	(45,520)
2025	(42,592)
2026	(36,677)
2027	(7,769)
Thereafter	(5,759)

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee Health Insurance Credit Program was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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

Mortality rates – Teachers

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

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

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

Beneficiaries and Survivors:
Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

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

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

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

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the VRS Teacher Employee Health Insurance Credit Program is as follows (amounts expressed in thousands):

	Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	$1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee net HIC OPEB Liability (Asset)	$1,283,569
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		*Expected arithmetic nominal return	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, the rate contributed by each school division for the VRS Teacher Employee Health Insurance Credit Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	$ 6,393,295	$ 5,679,280	$ 5,075,053

Teacher Employee HIC OPEB Fiduciary Net Position

Detailed information about the VRS Teacher Employee Health Insurance Credit Program's Fiduciary Net Position is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at varetire.org/Pdf/Publications/2021 annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the Teacher Health Insurance Credit Program OPEB Plan

The school division – teacher recognize $47,972 of payables to a teacher health insurance program OPEB plan outstanding at the end of the reporting period. This amount represents the June 2022 legally required contributions to the OPEB plan due by July 10 per VRS reporting requirements.

27 Other Postemployment Benefits (OPEB)–Healthcare

General Information About the OPEB Plan

Summary of Plan Provisions

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

Eligibility Conditions

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

Eligibility for VRS Retirement
Early Retirement – Plan 1

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

Full Retirement – Plan 1

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

Early Retirement – Plan 2&Hybrid

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

Full Retirement – Plan 2&Hybrid

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

Covered Employees

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

Type of Coverage	Employee	Spouse
Life Insurance	No post-retirement life insurance is valued.	Not Applicable
Dental Coverage	Post-retirement dental coverage is provided on an Access only basis, retirees pay the active rate.	Same as Employee
Vision Coverage	Post-retirement vision coverage is provided on an Access only basis (COBRA – 18 months). Retirees pay retiree rate.	Same as Employee
Medical Coverage		
➢ Employee Cost Sharing	Active employees and retirees charged the same rate. Retiree pays 100% of this blended premium.	Employee pays 100% of blended spousal premium
➢ Coverage Ceases	Effective July 1, 2020 and for future SSD retirees, coverage ceases upon the earlier of death or attainment of Medicare eligibility.	Effective July 1, 2020 and for future SSD retirees, spouse coverage ceases upon earlier of retiree death or Medicare eligibility. Surviving spouses are offered COBRA to age 65.
Disability Coverage	No post-retirement disability insurance is valued.	Not Applicable
Long Term Care Coverage	No post-retirement long term care insurance is valued.	Not Applicable

Amendments

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

Commonwealth of Virginia

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

Employees covered by benefit terms. At July 1, 2020 (the valuation date) the following employees were covered by the benefit terms:

County	Count	Total OPEB Liability
Inactive employees or beneficiaries currently receiving benefits	6	$ 162,947
Active employees	280	1,071,466
Total	286	$1,234,413
Henry-Martinsville Social Services		
Inactive employees or beneficiaries currently receiving benefits	0	$ -
Active employees	81	174,655
Total	81	$ 174,655
School Board		
Inactive employees or beneficiaries currently receiving benefits	27	$ 485,537
Active employees	976	4,216,378
Total	1003	$4,701,915

Employer Contributions

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

Employee Contributions

None

Net OPEB Liability

The employer's net OPEB liability is reported herein as of June 30, 2022 for the employer fiscal year and reporting period of July 1, 2021 to June 30, 2022. The values shown for this fiscal year and reporting period are based on a measurement date of July 1, 2021 and the corresponding measurement period of July 1, 2020 to July 1, 2021 for GASB 75 and a measurement date of June 30, 2022 and corresponding measurement period of July 1, 2021 to June 30, 2022 for GASB 74. The measurement of the total OPEB liability is based on a valuation date of July 1, 2020.

Actuarial Assumptions and Actuarial Methods

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following key actuarial assumptions, applied to all periods included in the measurement:

Discount Rate	6.75% for GASB 75 6.75% for GASB 74
Salary Scale	2.50%
Healthcare Cost Trend Rates	7.00% for fiscal year 2022, decreasing 0.25% per year to an ultimate rate of 5.00%
Mortality	RP-2014 Mortality Table, fully generational, with base year 2006, projected using two-dimensional mortality improvement scale MP-2021
Actuarial Cost Method	Entry Age Actuarial Cost Method

Expected Return on Assets

6.75%

Discount Rate

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

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Retiree HI Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Retiree HI Liability (Asset) (a) - (b)
County			
Balances at July 1, 2021	$ 1,266,891	$ 880,066	$ 386,825
Changes for the Year			
Service cost	31,637	-	31,637
Interest	84,938	-	84,938
Difference between expected and actual experience	(38,492)	-	(38,492)
Contributions - employer*	-	115,818	(115,818)
Contributions - employee	-	-	-
Net investment income	-	267,798	(267,798)
Benefit payments**	(81,718)	(81,718)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(1,503)	1,503
Other changes	47,989	-	47,989
Net Changes	44,354	300,395	(256,041)
Balances at June 30, 2022***	$ 1,311,245	$ 1,180,461	$ 130,784
Henry-Martinsville Social Services			
Balances at July 1, 2021	$ 179,271	$ 238,242	$ (58,971)
Changes for the Year			
Service cost	6,488	-	6,488
Interest	12,395	-	12,395
Difference between expected and actual experience	(11,388)	-	(11,388)
Contributions - employer*	-	4,339	(4,339)
Contributions - employee	-	-	-
Net investment income	-	71,537	(71,537)
Benefit payments**	(4,339)	(4,339)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(765)	765
Other changes	6,976	-	6,976
Net Changes	10,132	70,772	(60,640)
Balances at June 30, 2022***	$ 189,403	$ 309,014	$ (119,611)
School Board			
Balances at July 1, 2021	$ 4,823,676	$ 1,967,623	$ 2,856,053
Changes for the Year			
Service cost	159,420	-	159,420
Interest	323,282	-	323,282
Differences between expected and actual experience	(116,680)	-	(116,680)
Contributions - employer	-	393,900	(393,900)
Contributions - employee	-	-	-
Net investment income	-	591,362	(591,362)
Benefit payments	(393,900)	(393,900)	-
Changes of benefit terms	-	-	-
Administrative expenses	-	(2,729)	2,729
Other changes	182,657	-	182,657
Net Changes	154,779	588,633	(433,854)
Balances at June 30, 2022***	$ 4,978,455	$ 2,556,256	$ 2,422,199

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

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

*** Measurement date is July 1, 2021

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

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

	1.00% Decrease	Current Discount Rate	1.00% Increase
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ 248,451	$ 130,784	$ 25,401
Henry-Martinsville Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ (103,511)	$ (119,611)	$ (134,102)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$2,877,535	$ 2,422,199	$2,010,470

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

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

	1.00% Decrease	Current Trend Rate	1.00% Increase
County			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ (641)	$ 130,784	$ 282,167
Henry-Martinsville Social Services			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$ (137,888)	$ (119,611)	$ (98,621)
School Board			
Employer's Net OPEB Retiree Health Insurance Liability (Asset)	$1,881,649	$ 2,422,199	$3,051,201

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

For the year ended June 30, 2022, under GASB 75 the employer OPEB expense is $(97,781) for the County, $(30,173) for Henry-Martinsville Social Services, and $28,527 for the School Board. The deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2022 from various sources are as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
County		
Differences between expected and actual experience	$ 5,296	$ 81,332
Changes of assumptions	74,935	161,625
Net difference between projected and actual earnings on OPEB plan investments	-	137,408
Employer contributions after measurement date but prior to fiscal year end	34,100	-
Total	$ 114,331	$ 380,365
Henry-Martinsville Social Services		
Differences between expected and actual experience	$ -	$ 20,393
Changes of assumptions	9,355	9,016
Net difference between projected and actual earnings on OPEB plan investments	-	36,471
Employer contributions after measurement date but prior to fiscal year end	20,000	-
Total	$ 29,355	$ 65,880
School Board		
Differences between expected and actual experience	$ 313,531	$ 96,971
Changes of assumptions	296,014	777,752
Net difference between projected and actual earnings on OPEB plan investments	-	304,123
Employer contributions after measurement date but prior to fiscal year end	-	-
Total	$ 609,545	$ 1,178,846

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

Year Ended June 30,	
County	
2023	$(154,362)
2024	(75,572)
2025	(29,242)
2026	(42,170)
2027	1,212
Henry-Martinsville Social Services	
2023	$ (21,832)
2024	(11,369)
2025	(11,872)
2026	(11,452)
2027	-
School Board	
2023	$(321,947)
2024	(292,158)
2025	64,981
2026	(30,429)
2027	10,252

28 Aggregrate OPEB Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability (Asset)	OPEB Expense
VRS OPEB Plans								
Group Life Insurance								
Primary Government	$ 292,951	$ 394,728	$ 1,017,922	$ 43,552	$ -	$ -	$ -	$ -
School Board - General Employees	-	-	-	-	60,172	88,200	211,432	9,342
School Board - Teachers	-	-	-	-	600,116	902,237	2,207,459	74,369
Health Insurance Credit								
Primary Government	25,001	45,054	(88,763)	(6,513)	-	-	-	-
School Board - General Employees	-	-	-	-	45,618	3,019	475,428	38,898
School Board - Teachers	-	-	-	-	649,580	336,508	5,679,280	424,810
Retiree Health Insurance								
County and Social Services	143,686	446,245	11,173	(127,954)	-	-	-	-
School Board	-	-	-	-	609,545	1,178,846	2,422,199	28,527
Totals	$ 461,638	$ 886,027	$ 940,332	$ (90,915)	$ 1,965,031	$ 2,508,810	$ 10,995,798	$ 575,946

29 Fund Balances – Governmental Funds

As of June 30, 2022, fund balances are composed of the following:

	Primary Government					
	General Fund	E-911 Central Dispatch Fund	Law Library Fund	Fieldale Sanitary District Fund	Special Grant Projects Fund	Total Governmental Funds
Nonspendable - inventory and leases	$ 65,754	$ -	$ -	$ -	$ -	$ 65,754
Restricted for specific use	7,485,569	-	73,186	15,302	-	7,574,057
Committed to special projects	6,881,594	-	-	-	-	6,881,594
Committed fund balance - revenue stabilization reserve	4,674,215	-	-	-	-	4,674,215
Assigned for specific projects	15,700,819	-	-	-	172,362	15,873,181
Unassigned	32,476,297	-	-	-	-	32,476,297
	$ 67,284,248	$ -	$ 73,186	$ 15,302	$ 172,362	$ 67,545,098

30 Landfill Post-Closure Care Cost

The County maintains a landfill, which was closed in 1993. In accordance with state and federal laws and regulations, the County placed a final cover on this site and was required to perform certain maintenance and monitoring functions at the site for a minimum of ten years after closure. The County is currently in compliance with the landfill gas regulations and is no longer required to operate an active system and reverted back to quarterly monitoring in fiscal year 2015. The County is currently in compliance with the groundwater protection standards and, as such, DEQ has allowed the County to stop groundwater monitoring. The County applied to DEQ for termination of post-closure care in November 2016. DEQ is requiring that two issues be resolved prior to their approval to terminate post-closure care of the facility. The first is a land issue related to gas compliance and the other is a surface water issue. The County has completed the required surface water sampling and has submitted to DEQ for their approval. In addition, staff and LaBella Associates are working on resolving the land issue related to gas compliance.

The $277,954 reported as landfill post-closure care liability at June 30, 2022 represents what it would cost to perform all future post-closure care. Also, actual costs for post-closure monitoring may change due to inflation, deflation, changes in technology, or changes in regulations. The County intends to fund these costs from general revenues. The County uses the financial test method of demonstrating assurance for post-closure care cost.

31 Revenue Sharing Agreements

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

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

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

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

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

32 Enterprise Zone Incentive Program

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

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

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

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

During the year ended June 30, 2022, the Industrial Development Authority provided Enterprise Zone Incentive Program tax refunds of $937,316 to thirteen qualifying companies.

33 Industrial Development Authority Investment

In an effort by the County to further develop the Commonwealth Crossing Business Centre industrial park by constructing an industrial training facility, a water storage tank, water lines and a sewer lift station, the County, through the Industrial Development Authority, in partnership with the Martinsville-Henry County Economic Development Corporation, entered into a Federal New Markets Tax Credit transaction on December 7, 2017. This transaction allowed the County with its local funding partners to leverage existing commitments to this project of approximately $9.1 million to obtain additional funding of approximately $2.7 million. As a part of this transaction, an investor invested funds into the project in exchange for the federal tax credits. As a part of structuring this transaction to comply with Internal Revenue Service regulations, the Industrial Development Authority made an initial investment of $3,741,200 for a 42.8% interest in CCAT Leveraged Lender, LLC with the Martinsville-Henry County Economic Development Corporation having the other 57.2% interest. At the closing of this transaction, the County General Fund transferred $2,772,070 to the Industrial Development Authority and the Henry County Public Service Authority transferred assets valued at $1,111,279 to the Industrial Development Authority, both of which were used as the source of the investment. As a part of the structure of this transaction an entity named CCAT, Inc. constructed and owns these assets. This investment had a carrying value at June 30, 2022 of $3,753,639 based on the capital account for the Industrial Development Authority on Form 1065 K-1 of the tax return of CCAT Leveraged Lender, LLC.

34 Upcoming Announcements

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. The provisions of this Statement are effective for fiscal year 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription based information technology arrangements for government end users. The provisions of this Statement are effective for fiscal year 2023.

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

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

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

35 Subsequent Events

Management has performed an analysis of the activities and transactions subsequent to June 30, 2022 to determine the need for any adjustments to and/or disclosures within the audited financial statements for the year ended June 30, 2022. Management has performed their analysis through December 5, 2022.

REQUIRED SUPPLEMENTARY INFORMATION

County of Henry, Virginia

Budgetary Comparison Schedule

Year Ended June 30, 2022

General Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
General Property Taxes				
Property taxes - all years	$ 28,521,699	$ 28,521,699	$ 29,449,614	$ 927,915
Penalties - all tax years	300,000	300,000	281,515	(18,485)
Interest - all tax years	185,000	185,000	159,343	(25,657)
Total General Property Taxes	29,006,699	29,006,699	29,890,472	883,773
Other Local Taxes				
Local sales and use taxes	5,200,000	5,200,000	6,019,311	819,311
Local sales and use taxes - School	5,200,000	5,543,915	5,543,915	-
Consumer utility tax	2,750,000	2,750,000	2,782,388	32,388
Business license taxes	1,665,000	1,665,000	1,842,107	177,107
Motor vehicle licenses	1,000,000	1,000,000	944,266	(55,734)
Bank franchise taxes	300,000	300,000	388,471	88,471
Transient occupancy taxes	110,000	110,000	153,321	43,321
Taxes on recordation and wills	232,000	232,000	429,423	197,423
Restaurant food taxes	2,390,000	2,390,000	2,790,954	400,954
Total Other Local Taxes	18,847,000	19,190,915	20,894,156	1,703,241
Permits, Privilege Fees, and Regulatory Licenses				
Animal licenses	4,500	4,500	4,605	105
Building and related permits	45,000	45,000	68,164	23,164
Other permits, licenses, and fees	6,300	6,300	10,778	4,478
Total Permits, Privilege Fees, and Regulatory Licenses	55,800	55,800	83,547	27,747
Fines and Forfeitures				
Court fines and forfeitures	136,000	136,000	123,616	(12,384)
Revenue from Use of Money and Property				
Revenue from use of money	578,000	610,271	590,020	(20,251)
Investment gain/(loss)	100,000	100,000	(660,478)	(760,478)
Revenue from use of property	433,400	485,900	513,917	28,017
Total Revenue from Use of Money and Property	1,111,400	1,196,171	443,459	(752,712)
Charges for Services				
Sheriff fees	46,454	46,454	29,973	(16,481)
Commonwealth's attorney	4,400	4,400	3,626	(774)
County and hired attorneys	100,000	100,000	109,356	9,356
Law enforcement and traffic control	-	22,088	23,099	1,011
Sanitation and waste removal	79,000	79,000	77,883	(1,117)
Treasurer's administrative collection fees	1,800	1,800	2,016	216
Parks and recreation fees	25,000	25,000	36,598	11,598
Parks and recreation - special events	-	57,436	57,508	72
Utility bill collection	14,000	14,000	15,268	1,268
Jail monitoring	14,000	14,000	4,080	(9,920)
Miscellaneous other charges for services	1,700	1,700	4,320	2,620
Total Charges for Services	286,354	365,878	363,727	(2,151)

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Recovered Costs				
Jail costs - Commonwealth of Virginia	320,000	320,000	280,476	(39,524)
Inmate housing fees	-	92,935	109,266	16,331
Salary - court secretary	23,000	23,000	43,528	20,528
City share of extension services	7,756	7,756	7,756	-
School share of school resource officer	289,581	289,581	289,581	-
EMS fees for service	1,150,000	1,150,000	1,120,775	(29,225)
M/HC Economic Development Corporation	894,977	937,952	937,952	-
Local and special grants	-	14,410	14,410	-
Transport prisoners	-	23,374	25,389	2,015
Transportation grants	58,212	86,559	62,799	(23,760)
Other recovered costs	-	-	30,023	30,023
Insurance recoveries	-	65,212	82,948	17,736
Miscellaneous refunds	247,980	325,607	344,141	18,534
Total Recovered Costs	2,991,506	3,336,386	3,349,044	12,658
Miscellaneous	60,000	61,000	838,580	777,580
Intergovernmental				
Revenue from the Commonwealth of Virginia				
Noncategorical Aid				
Rolling stock taxes - motor vehicle carriers tax	40,000	40,000	39,400	(600)
Mobile home titling tax	55,000	55,000	191,278	136,278
Auto rental sales tax	30,000	30,000	62,956	32,956
Personal Property Tax Relief Act funds	1,771,828	1,771,828	1,771,828	-
Para mutual tax	15,000	15,000	196,699	181,699
Skill games tax	-	-	8,352	8,352
Communication tax	1,790,000	1,790,000	1,659,257	(130,743)
Total Noncategorical Aid	3,701,828	3,701,828	3,929,770	227,942
Categorical Aid				
Shared Expenses				
Commonwealth's Attorney	718,808	718,808	724,062	5,254
Sheriff	6,115,117	6,425,149	6,800,962	375,813
Commissioner of the Revenue	208,629	208,629	199,822	(8,807)
Treasurer	190,869	190,869	186,349	(4,520)
Electoral Board and General Registrar	51,700	80,200	82,206	2,006
Clerk of Circuit Court	507,741	507,741	519,652	11,911
Total Categorical Aid	7,792,864	8,131,396	8,513,053	381,657
Other Categorical Aid				
Fire programs fund	-	216,172	216,172	-
Volunteer fire grants	-	-	-	-
Victim witness program	42,302	42,302	40,907	(1,395)
Transportation grant funds	27,841	28,438	28,438	-
Litter control program	18,217	18,217	25,731	7,514
Emergency services grants	-	-	-	-
EMS 4 for life	-	109,676	109,675	(1)
Library of Virginia grant	-	72,299	27,123	(45,176)
Law enforcement grants	-	-	-	-
Other state grants and awards	-	20,425	19,211	(1,214)
Asset forfeiture funds	-	109,582	230,462	120,880
Total Other Categorical Aid	88,360	617,111	697,719	80,608

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Total Revenue from the Commonwealth of Virginia	11,583,052	12,450,335	13,140,542	690,207
Revenue from the Federal Government				
Payments in lieu of taxes	3,500	3,500	3,884	384
Coronavirus state and local fiscal recovery fund	-	9,820,105	1,776,602	(8,043,503)
Land and water conservation fund	-	490,000	490,000	-
Community development	-	405,000	247,932	(157,068)
FEMA disaster assistance grant	-	65,957	93,263	27,306
Emergency services	26,164	26,164	26,164	-
Law enforcement grants	-	186,971	50,209	(136,762)
Victim witness program	126,908	126,908	115,350	(11,558)
Asset forfeiture funds	-	18,461	-	(18,461)
Transportation grants	61,887	153,858	87,588	(66,270)
Total Revenue from the Federal Government	218,459	11,296,924	2,890,992	(8,405,932)
Total Intergovernmental Revenue	11,801,511	23,747,259	16,031,534	(7,715,725)
Total Revenues	64,296,270	77,096,108	72,018,135	(5,077,973)
Expenditures				
Current				
General Government Administration				
Board of Supervisors	227,054	293,248	304,923	(11,675)
County Administrator	376,638	534,005	527,997	6,008
Independent auditor	61,200	61,200	39,168	22,032
Human resources/training	71,079	72,854	68,787	4,067
County Attorney	193,842	194,134	199,241	(5,107)
Commissioner of Revenue	595,062	596,929	574,078	22,851
Assessors	145,171	145,463	143,406	2,057
Treasurer	590,083	591,833	550,819	41,014
Finance	434,791	447,270	446,398	872
Information services	400,821	404,081	350,027	54,054
Central purchasing	236,328	238,938	235,100	3,838
Board of Elections - registrar	357,516	395,360	342,069	53,291
Total General Government Administration	3,689,585	3,975,315	3,782,013	193,302
Judicial Administration				
Circuit Court	141,922	143,422	112,711	30,711
General District Court	20,020	20,020	6,633	13,387
Magistrate	3,240	3,240	2,696	544
Juvenile and Domestic Relations	6,040	6,040	4,114	1,926
Clerk of the Circuit Court	807,271	894,678	820,993	73,685
Sheriff Civil and Court Security	1,182,040	1,280,715	1,185,538	95,177
Victim/Witness Assist	185,503	185,503	156,257	29,246
Commonwealth's Attorney	1,155,828	1,158,276	1,054,765	103,511
Total Judicial Administration	3,501,864	3,691,894	3,343,707	348,187

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Public Safety				
Law enforcement and traffic control	6,390,383	7,541,367	7,250,679	290,688
Law enforcement and traffic control - grants	-	186,972	44,667	142,305
School resource officer	289,581	289,581	289,581	-
Fire and rescue services	651,753	1,780,116	1,442,442	337,674
Emergency services training	305,519	313,394	303,980	9,414
Emergency services operations	2,448,064	2,520,746	2,075,210	445,536
Fire prevention	208,320	213,523	205,772	7,751
Correction and detention	8,162,354	8,698,211	8,255,566	442,645
Correction and detention - grants	-	5,542	5,542	-
Probation	382,425	382,425	290,210	92,215
Code enforcement	372,719	801,507	544,461	257,046
Public safety	200,227	200,811	198,948	1,863
Public safety grant	-	8,145,105	-	8,145,105
Electronic monitoring	18,030	18,030	5,385	12,645
Animal control	203,133	209,675	205,239	4,436
Asset forfeiture	-	128,043	122,793	5,250
SPCA	11,667	11,667	11,667	-
Total Public Safety	19,644,175	31,446,715	21,252,142	10,194,573
Public Works				
Maintenance of highways, streets, bridges, sidewalks	9,000	12,808	17,220	(4,412)
Refuse collection	1,875,181	1,877,865	1,835,515	42,350
Refuse disposal - closure maintenance	10,500	10,500	6,618	3,882
Maintenance of buildings and grounds				
General engineering	304,838	307,532	277,443	30,089
Communication equipment	78,496	78,788	74,393	4,395
Administrative building	499,125	497,653	428,677	68,976
Courthouse	386,786	648,563	343,058	305,505
Sheriff's office	60,900	63,900	43,871	20,029
Jail/Adult detention center	584,950	583,817	380,632	203,185
Other	272,372	316,151	197,522	118,629
Social services and health department	71,338	84,834	69,250	15,584
Dupont property	130,408	131,030	115,180	15,850
Total Maintenance of Buildings and Grounds	2,389,213	2,712,268	1,930,026	782,242
Total Public Works	4,283,894	4,613,441	3,789,379	824,062
Health and Welfare				
Henry-Martinsville Social Services	924,598	924,620	765,552	159,068
Health Department	263,187	263,187	263,187	-
Mental health and retardation	169,920	169,920	169,920	-
Transportation grants	158,222	292,202	178,824	113,378
Property tax relief	117,000	117,000	128,423	(11,423)
Group home services	81,566	81,566	81,566	-
Health and welfare grant	-	399,819	247,932	151,887
Other welfare and social services	112,981	112,981	42,680	70,301
Total Health and Welfare	1,827,474	2,361,295	1,878,084	483,211

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Education				
Contributions to community colleges	59,442	59,442	59,442	-
Contributions to component unit - school board	19,373,777	25,447,251	19,736,804	5,710,447
School capital - sales tax	2,594,440	6,483,044	-	6,483,044
Total Education	22,027,659	31,989,737	19,796,246	12,193,491
Parks, Recreation, and Cultural				
Parks and recreation	1,266,748	1,493,707	1,336,875	156,832
Cultural enrichment	85,575	85,575	85,575	-
Library	735,541	735,541	735,541	-
Total Parks, Recreation, and Cultural	2,087,864	2,314,823	2,157,991	156,832
Community Development				
Planning and community development	335,625	337,709	333,903	3,806
Community beautification	74,126	74,418	77,235	(2,817)
Engineering and mapping	315,270	320,488	308,248	12,240
M/HC Economic Development Corporation - payroll related	894,977	937,952	937,952	-
M/HC Economic Development Corporation	500,000	500,000	500,000	-
Cooperative extension program	65,219	65,219	62,027	3,192
Henry County Industrial Development Authority	2,041,837	6,919,607	4,263,138	2,656,469
Other community and economic development	130,896	261,802	134,250	127,552
Total Community Development	4,357,950	9,417,195	6,616,753	2,800,442
Nondepartmental				
Employee benefits, pooled vehicles, mobile command	138,844	151,413	78,571	72,842
Contingency reserve	100,000	63,570	-	63,570
Total Nondepartmental	238,844	214,983	78,571	136,412
Capital Projects				
Adult detention center	-	22,915,234	13,023,297	9,891,937
Other miscellaneous capital projects	-	4,055,795	2,994,357	1,061,438
Total Capital Projects	-	26,971,029	16,017,654	10,953,375
Debt Service				
Principal	100,000	100,000	100,000	-
Interest and other costs	1,996,973	3,661,282	3,075,081	586,201
Total Debt Service	2,096,973	3,761,282	3,175,081	586,201
Total Expenditures	63,756,282	120,757,709	81,887,621	38,870,088
Excess (Deficiency) of Revenues Over Expenditures	539,988	(43,661,601)	(9,869,486)	33,792,115
Other Financing Sources (Uses)				
Transfers to other funds	(1,936,211)	(2,513,842)	(2,127,411)	386,431
Total Other Financing Sources (Uses)	(1,936,211)	(2,513,842)	(2,127,411)	386,431

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Net Change in Fund Balance Before Transfer from Surplus	(1,396,223)	(46,175,443)	(11,996,897)	34,178,546
Transfer from Surplus Funds	1,396,223	46,175,443	-	(46,175,443)
Net Change in Fund Balance After Transfer from Surplus	$ -	$ -	(11,996,897)	$(11,996,897)
Fund Balance - Beginning of Year			79,281,145	
Fund Balance - End of Year			$ 67,284,248	

Children's Services Act Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Intergovernmental				
Revenue from the Commonwealth of Virginia	$ 2,086,473	$ 2,554,779	$ 2,363,147	$ (191,632)
Revenue from the Federal Government	-	-	191,632	191,632
Total Intergovernmental Revenue	2,086,473	2,554,779	2,554,779	-
Total Revenues	2,086,473	2,554,779	2,554,779	-
Expenditures				
Current				
Health and Welfare				
Welfare and social services	3,035,250	3,712,642	3,712,640	2
Total Expenditures	3,035,250	3,712,642	3,712,640	2
Excess (Deficiency) of Revenues Over Expenditures	(948,777)	(1,157,863)	(1,157,861)	2
Other Financing Sources (Uses)				
Transfers in	948,777	1,157,863	1,157,861	(2)
Total Other Financing Sources (Uses)	948,777	1,157,863	1,157,861	(2)
Net Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

E-911 Central Dispatch Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Local Revenues				
Recovered costs	$ 497,503	$ 527,563	$ 499,087	$ (28,476)
Total Local Revenues	497,503	527,563	499,087	(28,476)
Intergovernmental				
Revenue from the Commonwealth of Virginia	559,451	576,097	605,095	28,998
Total Intergovernmental Revenues	559,451	576,097	605,095	28,998
Total Revenues	1,056,954	1,103,660	1,104,182	522
Expenditures				
Current				
Public safety	2,044,388	2,155,378	2,305,982	(150,604)
Debt service				
Principal	-	-	120,589	(120,589)
Interest and other costs	-	-	11,498	(11,498)
Total Debt Service	-	-	132,087	(132,087)
Total Expenditures	2,044,388	2,155,378	2,438,069	(282,691)
Excess (Deficiency) of Revenues Over Expenditures	(987,434)	(1,051,718)	(1,333,887)	(282,169)
Other Financing Sources (Uses)				
Lease liabilities issued	-	-	374,067	374,067
Transfer from Other Funds	987,434	1,051,718	959,820	(91,898)
Total Other Financing Sources (Uses)	987,434	1,051,718	1,333,887	282,169
Net Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance - Beginning of Year			-	
Fund Balance - End of Year			$ -	

Law Library Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Charges for services	$ 4,800	$ 4,800	$ 4,651	$ (149)
Recovered costs	1,600	1,600	2,290	690
Total Revenues	6,400	6,400	6,941	541
Expenditures				
Current				
Judicial administration	19,600	19,600	17,537	2,063
Total Expenditures	19,600	19,600	17,537	2,063
Net Change in Fund Balance Before Transfer from Surplus	(13,200)	(13,200)	(10,596)	2,604
Transfer from Surplus Funds	13,200	13,200	-	(13,200)
Net Change in Fund Balance After Transfer from Surplus	$ -	$ -	(10,596)	$ (10,596)
Fund Balance - Beginning of Year			83,782	
Fund Balance - End of Year			$ 73,186	

Fieldale Sanitary District Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from use of money and property	$ 100	$ 100	$ 45	$ (55)
Total Revenues	100	100	45	(55)
Expenditures				
Current				
Public works	20,500	20,500	16,107	4,393
Total Expenditures	20,500	20,500	16,107	4,393
Net Change in Fund Balance Before Transfer from Surplus	(20,400)	(20,400)	(16,062)	4,338
Transfer from Surplus Funds	20,400	20,400	-	(20,400)
Net Change in Fund Balance After Transfer from Surplus	$ -	$ -	(16,062)	$ (16,062)
Fund Balance - Beginning of Year			31,364	
Fund Balance - End of Year			$ 15,302	

County of Henry, Virginia

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

For the Plan Years Ended June 30

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

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

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

County of Henry, Virginia

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

For the Plan Years Ended June 30

School Board General Employees

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

County of Henry, Virginia

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

For the Measurement Dates of June 30, 2014 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the eighth year for this presentation, there are only eight years available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total Pension Liability for the VRS Teacher Retirement Plan for each year is presented on pages 118 and 119 of the VRS 2021 Annual Report.

County of Henry, Virginia

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

For the Years Ended June 30, 2013 through 2022

Date	Contractually Required Contribution (1)*	Contribution in Relation to Contractually Required Contribution (2)*	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government -					
County (Includes Component Unit - Henry-Martinsville Social Services)					
2022	**$ 2,563,154**	**$ 2,563,154**	**$ -**	**$ 20,472,476**	**12.52%**
2021	2,259,575	2,259,575	-	18,047,721	12.52%
2020	1,943,948	1,943,948	-	17,999,517	10.80%
2019	1,860,232	1,860,232	-	17,224,148	10.80%
2018	1,697,648	1,697,648	-	16,559,903	10.25%
2017	1,634,651	1,634,651	-	15,948,049	10.25%
2016	1,955,098	1,955,098	-	15,541,311	12.58%
2015	1,866,106	1,866,106	-	14,834,279	12.58%
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
Component Unit School Board -					
General Employees					
2022	**$ 303,652**	**$ 303,652**	**$ -**	**$ 3,514,489**	**8.64%**
2021	322,522	322,522	-	3,732,896	8.64%
2020	293,078	293,078	-	3,733,471	7.85%
2019	277,139	277,139	-	3,530,570	7.85%
2018	309,883	309,883	-	3,565,956	8.69%
2017	300,176	300,176	-	3,454,267	8.69%
2016	353,928	353,928	-	3,179,921	11.13%
2015	361,881	361,881	-	3,254,767	11.12%
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
Teachers					
2022	**$ 6,813,639**	**$ 6,813,639**	**$ -**	**$ 40,996,925**	**16.62%**
2021	6,503,621	6,503,621	-	39,131,295	16.62%
2020	6,129,558	6,129,558	-	39,091,570	15.68%
2019	5,864,690	5,864,690	-	37,401,883	15.68%
2018	5,996,053	5,996,053	-	36,740,737	16.32%
2017	5,320,822	5,320,822	-	36,294,838	14.66%
2016	4,937,114	4,937,114	-	35,114,607	14.06%
2015	5,015,024	5,015,024	-	34,564,083	14.51%
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A

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

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

For Reference Only:

Column 1 – Employer contribution rate multiplied by the employer's covered payroll
Column 2 – Employer contributions as referenced in Covered Payroll & Contributions report on VRS website
Column 4 – Employer's covered payroll amount for the fiscal year

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

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

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

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

All Others (Non 10 Largest) – Hazardous Duty:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Rates Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teacher:

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

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Group Life Insurance Program
For the Measurement Dates of June 30, 2017 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability for the VRS Group Life Insurance Program for each year is presented on page 130 of the VRS 2021 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions

Group Life Insurance OPEB Program

For the Years Ended June 30, 2013 through 2022

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2022	**$ 110,611**	**$ 110,611**	**$ -**	**$ 20,483,435**	**0.54%**
2021	97,480	97,480	-	18,051,832	0.54%
2020	93,616	93,616	-	18,003,036	0.52%
2019	89,584	89,584	-	17,227,713	0.52%
2018	86,111	86,111	-	16,559,903	0.52%
2017	82,987	82,987	-	15,959,043	0.52%
2016	74,685	74,685	-	15,559,369	0.48%
2015	71,272	71,272	-	14,848,401	0.48%
2014	68,700	68,700	-	14,312,420	0.48%
2013	65,935	65,935	-	13,736,505	0.48%
School Board					
2022	**$ 19,165**	**$ 19,165**	**$ -**	**$ 3,549,019**	**0.54%**
2021	20,248	20,248	-	3,749,553	0.54%
2020	19,515	19,515	-	3,752,866	0.52%
2019	18,416	18,416	-	3,541,574	0.52%
2018	18,613	18,613	-	3,580,333	0.52%
2017	18,035	18,035	-	3,468,337	0.52%
2016	15,475	15,475	-	3,223,926	0.48%
2015	15,830	15,830	-	3,297,791	0.48%
2014	15,885	15,885	-	3,309,279	0.48%
2013	15,781	15,781	-	3,287,719	0.48%
Teacher					
2022	**$ 221,439**	**$ 221,439**	**$ -**	**$ 41,007,155**	**0.54%**
2021	211,381	211,381	-	39,144,684	0.54%
2020	203,372	203,372	-	39,109,996	0.52%
2019	194,646	194,646	-	37,431,994	0.52%
2018	191,083	191,083	-	36,746,868	0.52%
2017	188,849	188,849	-	36,317,135	0.52%
2016	168,678	168,678	-	35,159,930	0.48%
2015	165,913	165,913	-	34,565,133	0.48%
2014	167,420	167,420	-	34,879,066	0.48%
2013	165,253	165,253	-	34,427,766	0.48%

For Reference Only:

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

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

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

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

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

Teachers

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

Non-Largest Ten Locality Employers – General Employees

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

County of Henry, Virginia

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

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

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

County of Henry, Virginia

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

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

	2021	2020	2019	2018	2017
School Board - General Employees					
Total HIC OPEB liability					
Service cost	$ 5,398	$ -	$ -	$ -	$ -
Interest	31,577	-	-	-	-
Changes in benefit terms	-	467,860	-	-	-
Changes of assumptions	13,555	-	-	-	-
Difference between expected and actual experience	1	-	-	-	-
Benefit payments	(120)	-	-	-	-
Net change in total HIC OPEB liability	50,411	467,860	-	-	-
Total HIC OPEB liability - beginning	467,860	-	-	-	-
Total HIC OPEB liability - ending (a)	$ 518,271	$ 467,860	$ -	$ -	$ -
Plan fiduciary net position					
Contributions - employer	$ 38,081	$ -	$ -	$ -	$ -
Net investment income	5,050	-	-	-	-
Benefit payments	(120)	-	-	-	-
Administrator charges	(168)	-	-	-	-
Other	-	-	-	-	-
Net change in plan fiduciary net position	42,843	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending (b)	$ 42,843	$ -	$ -	$ -	$ -
Political subdivision's net HIC OPEB liability - ending (a) - (b)	$ 475,428	$ 467,860	$ -	$ -	$ -
Plan fiduciary net position as a percentage of the total HIC OPEB liability	8.27%	0.00%	N/A	N/A	N/A
Covered payroll	$ 3,732,896	N/A	N/A	N/A	N/A
Political subdivision's net HIC OPEB liability as a percentage of covered payroll	12.7362%	0.0000%	N/A	N/A	N/A

County of Henry, Virginia

Schedule of Employer's Share of Net OPEB Liability
Health Insurance Credit Program (HIC) Teacher
For the Measurement Dates of June 30, 2017 through 2021

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

Schedule is intended to show information for 10 years. Since 2021 is the fifth year of presentation, only five years of data is available. However, additional years will be included as they become available.

For Reference Only: The Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability for the Health Insurance Credit (HIC) for each year is presented on page 136 of the VRS 2021 Annual Report.

County of Henry, Virginia

Schedule of Employer Contributions HIC OPEB

Health Insurance Credit - Political Subdivisions and Teacher

For the Years Ended June 30, 2013 through 2022

Date	Contractually Required Contribution (1)	Contribution in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Political Subdivision					
2022	**$ 3,769**	**$ 3,769**	**$ -**	**$ 6,281,358**	**0.06%**
2021	3,679	3,679	-	6,131,872	0.06%
2020	2,427	2,427	-	6,066,432	0.04%
2019	2,294	2,294	-	5,735,599	0.04%
2018	3,940	3,940	-	5,626,721	0.07%
2017	3,852	3,852	-	5,503,431	0.07%
2016	3,237	3,237	-	5,395,282	0.06%
2015	3,082	3,082	-	5,136,640	0.06%
2014	949	949	-	4,742,579	0.02%
2013	2,745	2,745	-	13,727,441	0.02%
School Board					
2022	**$ 35,848**	**$ 35,848**	**$ -**	**$ 3,514,489**	**1.02%**
2021	38,076	38,076	-	3,732,896	1.02%
2020	N/A	N/A	N/A	N/A	N/A
2019	N/A	N/A	N/A	N/A	N/A
2018	N/A	N/A	N/A	N/A	N/A
2017	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A
2013	N/A	N/A	N/A	N/A	N/A
Teacher					
2022	**$ 496,059**	**$ 496,059**	**$ -**	**$ 40,996,625**	**1.21%**
2021	473,489	473,489	-	39,131,295	1.21%
2020	469,099	469,099	-	39,091,570	1.20%
2019	449,032	449,032	-	37,419,544	1.20%
2018	451,908	451,908	-	36,740,962	1.23%
2017	402,873	402,873	-	36,294,838	1.11%
2016	372,176	372,176	-	35,110,957	1.06%
2015	366,390	366,390	-	34,565,133	1.06%
2014	387,158	387,158	-	34,879,066	1.11%
2013	382,068	382,068	-	34,420,521	1.11%

For Reference Only:

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

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

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

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

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

Non-Largest Ten Locality Employers - General Employees

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

Non-Largest Ten Locality Employers – Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Teacher

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

County of Henry, Virginia

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

Last 10 Fiscal Years (as information becomes available)

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

County of Henry, Virginia

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

Last 10 Fiscal Years (as information becomes available)

Henry-Martinsville Social Services	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	$ 6,488	$ 6,003	$ 5,262	$ 12,893	$ 12,579
Interest	12,395	12,540	12,531	9,305	8,745
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(11,388)	(15,233)	(3,883)	(16,309)	-
Changes of assumptions	6,976	122	11,666	(84,156)	-
Benefit payments, including refunds of employee contributions	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Net change in total OPEB liability	10,132	(4,309)	18,083	(87,634)	18,831
Total OPEB liability - beginning	179,271	183,580	165,497	253,131	234,300
Total OPEB liability - ending (a)	$ 189,403	$ 179,271	$ 183,580	$ 165,497	$ 253,131
Plan fiduciary net position					
Contributions - employer	$ 4,339	$ 37,741	$ 7,493	$ 9,367	$ 12,493
Contributions - employee	-	-	-	-	-
Net investment income	71,537	6,438	8,914	17,025	19,212
Benefit payments, including refunds of employee contributions	(4,339)	(7,741)	(7,493)	(9,367)	(2,493)
Administrative expense	(765)	(733)	(711)	(697)	(679)
Net change in plan fiduciary net position	70,772	35,705	8,203	16,328	28,533
Plan fiduciary net position - beginning	238,242	202,537	194,334	178,006	149,473
Plan fiduciary net position - ending (b)	$ 309,014	$ 238,242	$ 202,537	$ 194,334	$ 178,006
Political subdivision's net OPEB liability (asset) - ending (a) - (b)	$ (119,611)	$ (58,971)	$ (18,957)	$ (28,837)	$ 75,125
Plan fiduciary net position as a percentage of the total OPEB liability	163.15%	132.89%	110.33%	117.42%	70.32%
Covered employee-payroll	$ 3,101,896	$ 3,101,896	$ 3,047,207	$ 3,047,207	$ 2,193,651
Employer's net OPEB liability (asset) as a percentage of covered payroll	-3.86%	-1.90%	-0.62%	-0.95%	3.42%

County of Henry, Virginia

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

Last 10 Fiscal Years (as information becomes available)

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

County of Henry, Virginia

Schedule of Employer Contributions - OPEB Retiree Health Insurance

Last 10 Fiscal Years (as information becomes available)

Date	Actuarially Determined Contribution (1)	Contributions in Relation to Actuarially Determined Contribution (2)	Contribution Deficiency (Excess) (3)	Expected Covered Employee Payroll (4)	Contributions as a % of Covered Employee Payroll (5)
County					
2022	**$ 81,718**	**$ 115,818**	**$ (34,100)**	**$ 13,547,052**	**0.85%**
2021	99,478	133,478	(34,000)	13,547,052	0.99%
2020	110,619	144,619	(34,000)	12,965,430	1.12%
2019	141,848	175,848	(34,000)	12,965,430	1.36%
2018	84,969	84,969	-	12,670,439	0.67%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
Henry-Martinsville Social Services					
2022	**$ 4,339**	**$ 24,339**	**$ (20,000)**	**$ 3,101,896**	**0.78%**
2021	7,741	37,741	(30,000)	3,101,896	1.22%
2020	7,493	7,493	-	3,047,207	0.25%
2019	9,367	9,367	-	3,047,207	0.31%
2018	2,493	2,493	-	2,193,651	0.11%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a
School Board					
2022	**$ 393,900**	**$ 393,900**	**$ -**	**$ 39,837,988**	**0.99%**
2021	531,754	531,754	-	39,837,988	1.33%
2020	627,833	777,833	(150,000)	37,925,106	2.05%
2019	653,793	653,793	-	37,925,106	1.72%
2018	286,548	286,548	-	35,775,226	0.80%
2017	n/a	n/a	n/a	n/a	n/a
2016	n/a	n/a	n/a	n/a	n/a
2015	n/a	n/a	n/a	n/a	n/a
2014	n/a	n/a	n/a	n/a	n/a
2013	n/a	n/a	n/a	n/a	n/a

Notes to Schedule:

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

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

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

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

County of Henry, Virginia

Capital Projects Fund

June 30, 2022

Special Grant Projects Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Recovered costs	$ -	$ 717,501	$ 30,495	$ (687,006)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	126,014	-	(126,014)
Revenue from the Federal Government	-	1,607,256	73,380	(1,533,876)
Total Intergovernmental	-	1,733,270	73,380	(1,659,890)
Total Revenues	-	2,450,771	103,875	(2,346,896)
Expenditures				
Current				
Community development	-	2,715,870	114,471	2,601,399
Total Expenditures	-	2,715,870	114,471	2,601,399
Net Change in Fund Balance Before Transfers	-	(265,099)	(10,596)	254,503
Transfer from Other Funds	-	291,477	9,730	(281,747)
Net Change in Fund Balance Before Transfer from Surplus	-	26,378	(866)	(27,244)
Transfer from Surplus Funds	-	(26,378)	-	26,378
Net Change in Fund Balance After Transfer from Surplus	$ -	$ -	(866)	$ (866)
Fund Balance - Beginning of Year			173,228	
Fund Balance - End of Year			$ 172,362	

Schedule 2

County of Henry, Virginia
Combining Balance Sheet
Component Unit - School Board

Year Ended June 30, 2022

	School Fund	School Textbook Fund	School Cafeteria Fund	School Activity Fund	Total Public Schools
Assets					
Cash	$ 102,382	$ 1,176,597	$ 1,883,595	$ 798,195	$ 3,960,769
Cash - restricted	37,906	-	-	-	37,906
Receivables - net	104,227	-	15,342	-	119,569
Due from primary government	1,444,584	-	-	-	1,444,584
Due from other governments	4,286,297	-	81,952	-	4,368,249
Total Assets	$ 5,975,396	$ 1,176,597	$ 1,980,889	$ 798,195	$ 9,931,077
Liabilities					
Accounts payable	$ 696,320	$ -	$ 68,388	$ 5,952	$ 770,660
Accrued salaries and benefits	4,678,127	-	147,305	-	4,825,432
Due to primary government	-	-	468,552	-	468,552
Unearned grants	552,543	-	-	-	552,543
Total Liabilities	5,926,990	-	684,245	5,952	6,617,187
Deferred Inflows of Resources					
Held for scholarships	48,406	-	-	-	48,406
Fund Balances					
Restricted	-	-	1,296,644	-	1,296,644
Assigned	-	1,176,597	-	792,243	1,968,840
Unassigned	-	-	-	-	-
Total Fund Balances	-	1,176,597	1,296,644	792,243	3,265,484
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 5,975,396	$ 1,176,597	$ 1,980,889	$ 798,195	$ 9,931,077

Fund Balances - per above	$ 3,265,484
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	37,630,286
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	13,224,027
Deferred inflows related to pensions	(28,018,664)
Deferred outflows related to OPEBs	1,965,031
Deferred inflows related to OPEBs	(2,508,810)
The net VRS pension liability is a long-term liability related to pensions that is applicable to future periods and, therefore, is not reported in the funds.	(34,461,165)
Liabilities applicable to the County's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:	
Financed purchase obligations payable	(215,235)
Other post employment benefits obligation	(10,506,228)
Compensated absences	(834,912)
Net Position of Governmental Activities	$ (20,460,186)

County of Henry, Virginia

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

Year Ended June 30, 2022

	School Fund	School Textbook Fund	School Cafeteria Fund	School Activity Fund	Total Public Schools
Revenues					
Revenue from use of money and property	$ 10,707	$ 1,080	$ 118	$ 397	$ 12,302
Charges for services	491,657	-	278,840	-	770,497
Recovered costs	253,736	-	-	-	253,736
Miscellaneous	732,019	-	-	1,322,656	2,054,675
Intergovernmental					
County of Henry, Virginia	19,736,804	-	-	-	19,736,804
Commonwealth of Virginia	62,215,174	-	92,559	-	62,307,733
Federal	9,340,983	-	5,838,188	-	15,179,171
QSCB federal loan interest subsidy	144,279	-	-	-	144,279
Total Revenues	92,925,359	1,080	6,209,705	1,323,053	100,459,197
Expenditures					
Current					
Instruction	53,491,751	336,112	-	1,308,837	55,136,700
Administration, attendance, and health	3,563,863	-	-	-	3,563,863
Pupil transportation	6,932,914	-	-	-	6,932,914
Operation and maintenance	7,231,409	-	-	-	7,231,409
Cafeteria - school food service	-	-	5,500,196	-	5,500,196
Facilities	3,310,266	-	-	-	3,310,266
Special grants	11,916,007	-	-	-	11,916,007
Technology	2,794,137	-	-	-	2,794,137
Debt Service					
Principal	2,197,653	-	-	-	2,197,653
Interest and other charges	816,381	-	-	-	816,381
Total Expenditures	92,254,381	336,112	5,500,196	1,308,837	99,399,526
Excess (Deficiency) of Expenditures Over Revenues	670,978	(335,032)	709,509	14,216	1,059,671
Other Financing Sources (Uses)					
Transfers in	-	554,004	121,429	-	675,433
Transfers out	(675,433)	-	-	-	(675,433)
Total Other Financing Sources (Uses)	(675,433)	554,004	121,429	-	-
Net Change in Fund Balances	(4,455)	218,972	830,938	14,216	1,059,671
Fund Balances - Beginning of Year	4,455	957,625	465,706	778,027	2,205,813
Fund Balances - End of Year	$ -	$ 1,176,597	$ 1,296,644	$ 792,243	$ 3,265,484

County of Henry, Virginia

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

Year Ended June 30, 2022

Net Change in Fund Balances - per above		$ 1,059,671
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and disposition was less than capital outlays.		1,374,222
Construction related to renovation of school buildings is part of the County Primary Government since the debt is in the County name. However, the school building belongs to the County until such time the debt is paid off. All debt payments paid by the School Board are adjusted and shown as being paid by the County.		1,007,271
Bond and financed purchase obligations proceeds are reported as financing sources in Governmental Funds and thus contribute to the change in fund balance. In the Statement of Net Position, however, issuing debt increases the long-term liabilities and does not affect the Statement of Activities. Similarly, the repayment of principal is an expenditure in the Governmental Funds but reduces the liability in the Statement of Net Position.		
Proceeds of financed purchase obligations	$ -	
Repayments on financed purchase obligations	368,429	
Net Adjustment		368,429
Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:		
Compensated absences		122,299
Net pension liability/(asset)		33,435,199
Deferred inflows - pension		(23,060,837)
Deferred outflows - pension		(3,415,633)
Deferred outflows - OPEB		(114,346)
Deferred inflows - OPEB		(914,117)
Other postemployment benefits		1,620,770
Change in Net Position of Governmental Activities		$ 11,482,928

Henry County School Board
School Fund

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

Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	$ 25,000	$ 25,000	$ 10,707	$ (14,293)
Charges for services	45,500	581,830	491,657	(90,173)
Recovered costs	374,000	408,568	253,736	(154,832)
Miscellaneous				
Harvest Foundation	-	334,021	261,659	(72,362)
Other miscellaneous	350,000	350,000	470,360	120,360
Payment from Primary Government - Henry County	19,373,777	25,447,251	19,736,804	(5,710,447)
Intergovernmental				
Revenue from the Commonwealth of Virginia	59,976,555	62,519,853	61,775,174	(744,679)
Educational Technology - Commonwealth of Virginia	466,000	466,000	440,000	(26,000)
Revenue from the Federal Government	10,000,000	35,608,106	9,340,983	(26,267,123)
QSCB federal loan interest subsidy	-	153,000	144,279	(8,721)
Total Intergovernmental Revenues	70,442,555	98,746,959	71,700,436	(27,046,523)
Total Revenues	90,610,832	125,893,629	92,925,359	(32,968,270)
Expenditures				
Instruction	54,857,081	55,692,805	53,491,751	2,201,054
Administration, attendance, and health	3,810,808	3,691,779	3,563,863	127,916
Pupil transportation	6,458,894	7,494,815	6,932,914	561,901
Operation and maintenance	6,902,812	7,746,242	7,231,409	514,833
Facilities	2,144,000	5,470,801	3,310,266	2,160,535
Special grants	10,000,000	39,056,323	11,916,007	27,140,316
Technology	2,516,216	2,874,414	2,794,137	80,277
Contingency reserve	50,000	50,000	-	50,000
Debt Service				
Principal	2,527,736	2,351,736	2,197,653	154,083
Interest and other charges	784,335	784,335	816,381	(32,046)
Total Expenditures	90,051,882	125,213,250	92,254,381	32,958,869
Excess (Deficiency) of Revenues Over Expenditures	558,950	680,379	670,978	(9,401)
Other Financing Sources (Uses)				
Transfers in (out)	(558,950)	(680,379)	(675,433)	4,946
Total Other Financing Sources (Uses)	(558,950)	(680,379)	(675,433)	4,946
Net Change in Fund Balance Before Transfer from Surplus	-	-	(4,455)	(4,455)
Transfer from Surplus Funds	-	-	-	-
Net Change in Fund Balance After Transfer from Surplus	$ -	$ -	(4,455)	$ (4,455)
Fund Balance - Beginning of Year			4,455	
Fund Balance - End of Year			$ -	

Henry County School Board
School Textbook Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	$ -	$ -	$ 1,080	$ 1,080
Total Revenues	-	-	1,080	1,080
Expenditures				
Textbooks	558,950	770,375	336,112	434,263
Total Expenditures	558,950	770,375	336,112	434,263
Excess (Deficiency) of Revenues Over Expenditures	(558,950)	(770,375)	(335,032)	435,343
Other Financing Sources (Uses)				
Transfers in (out)	558,950	558,950	554,004	(4,946)
Total Other Financing Sources (Uses)	558,950	558,950	554,004	(4,946)
Net Change in Fund Balance	-	(211,425)	218,972	430,397
Transfer from Surplus Funds	-	211,425	-	(211,425)
Net Change after Reserve	$ -	$ -	218,972	$ 218,972
Fund Balance - Beginning of Year			957,625	
Fund Balance - End of Year			$ 1,176,597	

Henry County School Board
School Cafeteria Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	$ 2,500	$ 2,500	$ 118	$ (2,382)
Charges for services	505,008	505,008	278,840	(226,168)
Intergovernmental				
Revenue from the Commonwealth of Virginia	-	-	92,559	92,559
Revenue from the Federal Government	5,341,863	5,871,172	5,838,188	(32,984)
Total Intergovernmental Revenues	5,341,863	5,871,172	5,930,747	59,575
Total Revenues	5,849,371	6,378,680	6,209,705	(168,975)
Expenditures				
Cafeteria	5,849,371	6,500,109	5,500,196	999,913
Total Expenditures	5,849,371	6,500,109	5,500,196	999,913
Excess (Deficiency) of Revenues Over Expenditures	-	(121,429)	709,509	830,938
Other Financing Sources (Uses)				
Transfers in (out)	-	121,429	121,429	-
Total Other Financing Sources (Uses)	-	121,429	121,429	-
Net Change in Fund Balance	-	-	830,938	830,938
Transfer from Surplus Funds	-	-	-	-
Net Change after Reserve	$ -	$ -	830,938	$ 830,938
Fund Balance - Beginning of Year			465,706	
Fund Balance - End of Year			$ 1,296,644	

Henry County School Board
School Activity Fund

	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues				
Revenue from the use of money and property	$ -	$ -	$ 397	$ 397
Miscellaneous	-	-	1,322,656	1,322,656
Total Revenues	-	-	1,323,053	1,323,053
Expenditures				
Instruction	-	-	1,308,837	(1,308,837)
Total Expenditures	-	-	1,308,837	(1,308,837)
Excess (Deficiency) of Revenues Over Expenditures	-	-	14,216	14,216
Other Financing Sources (Uses)				
Transfers in (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	14,216	14,216
Transfer from Surplus Funds	-	-	-	-
Net Change after Reserve	$ -	$ -	14,216	$ 14,216
Fund Balance - Beginning of Year			778,027	
Fund Balance - End of Year			$ 792,243	

County of Henry, Virginia

Statement of Net Position

Component Unit - Industrial Development Authority

At June 30, 2022

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Assets			
Current Assets			
Cash	$ -	$ 3,552,473	$ 3,552,473
Receivables - net	60,088	-	60,088
Due from primary government - Henry County, VA	1,284,319	-	1,284,319
Inventory	7,657,246	9,887,143	17,544,389
Total Current Assets	9,001,653	13,439,616	22,441,269
Noncurrent Assets			
Investment CCAT Leveraged Lender, LLC	-	3,753,639	3,753,639
Total Noncurrent Assets	-	3,753,639	3,753,639
Total Assets	$ 9,001,653	$ 17,193,255	$ 26,194,908
Liabilities			
Current Liabilities			
Accounts payable	$ 143,688	$ 61,383	$ 205,071
Unearned grants	45,892	1,750,000	1,795,892
Due to primary government - Henry County, VA	-	500,705	500,705
Total Current Liabilities	189,580	2,312,088	2,501,668
Long-Term Liabilities	-	-	-
Total Liabilities	189,580	2,312,088	2,501,668
Net Position			
Unrestricted	8,812,073	14,881,167	23,693,240
Total Net Position	8,812,073	14,881,167	23,693,240
Total Liabilities and Net Position	$ 9,001,653	$ 17,193,255	$ 26,194,908

County of Henry, Virginia

Statement of Revenues, Expenses, and Changes in Net Position

Component Unit - Industrial Development Authority

Year Ended June 30, 2022

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Operating Revenues			
Payment from primary government	$ 1,000,000	$ 3,263,138	$ 4,263,138
Tobacco Indemnification revenues	60,088	-	60,088
Harvest Foundation	-	900,000	900,000
EDC share of costs	148,677	-	148,677
City of Martinsville, Virginia share of costs	-	13,409	13,409
Governor's Opportunity fund	-	550,000	550,000
Total Operating Revenues	1,208,765	4,726,547	5,935,312
Operating Expenses			
Economic development	2,900,146	6,193,411	9,093,557
Total Operating Expenses	2,900,146	6,193,411	9,093,557
Operating Income (Loss)	(1,691,381)	(1,466,864)	(3,158,245)
Nonoperating Revenues (Expenses)			
Interest and investment income	-	38,306	38,306
Sale of real estate	-	1,000,000	1,000,000
Sale of timber	-	410,782	410,782
Interest expense and bond issue costs	-	(37,024)	(37,024)
Total Nonoperating Revenues (Expenses)	-	1,412,064	1,412,064
Change in Net Position	(1,691,381)	(54,800)	(1,746,181)
Total Net Position - Beginning of Year	10,503,454	14,935,967	25,439,421
Total Net Position - End of Year	$ 8,812,073	$ 14,881,167	$ 23,693,240

Schedule 7

County of Henry, Virginia

Statement of Cash Flows

Component Unit - Industrial Development Authority

Year Ended June 30, 2022

	Industrial Site Project Fund #37	Main Operating Fund #45	Total Industrial Development Authority
Cash Flows from Operating Activities			
Receipts from primary government	$ 1,000,000	$ 3,263,138	$ 4,263,138
Receipts from City of Martinsville, Virginia	-	44,236	44,236
EDC share of costs	-	200,000	200,000
Harvest Foundation	-	1,000,000	1,000,000
Purchase of inventory for resale	(156,308)	-	(156,308)
Cash paid for economic development	(1,081,205)	(2,703,298)	(3,784,503)
Net Cash Provided by (Used in) Operating Activities	(237,513)	1,804,076	1,566,563
Cash Flows from Noncapital Financing Activities			
Payments on Due to / Due from accounts from primary government	237,513	3,742,583	3,980,096
Net Cash Provided by Noncapital Financing Activities	237,513	3,742,583	3,980,096
Cash Flows from Capital and Related Financing Activities			
Principal payments on long-term debt	-	(3,461,955)	(3,461,955)
Interest payments on long-term debt	-	(37,024)	(37,024)
Net Cash Used in Capital and Related Financing Activities	-	(3,498,979)	(3,498,979)
Cash Flows from Investing Activities			
Interest and investment income	-	38,306	38,306
Sale of real estate	-	1,000,000	1,000,000
Sale of timber	-	410,782	410,782
Net Cash Provided by Investing Activities	-	1,449,088	1,449,088
Net Increase in Cash and Cash Equivalents	-	3,496,768	3,496,768
Cash and Cash Equivalents - Beginning of Year	-	55,705	55,705
Cash and Cash Equivalents - End of Year	$ -	$ 3,552,473	$ 3,552,473
Reconciliation of Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Operating loss	$ (1,691,381)	$ (1,466,864)	$ (3,158,245)
Adjustments to Reconcile Operating Loss to Net Cash Provided by (Used in) Operating Activities			
Depreciation	-	-	-
Changes in Assets and Liabilities			
Receivables	(60,088)	80,827	20,739
Inventory	1,533,715	3,556,240	5,089,955
Unearned grants	(148,677)	(300,000)	(448,677)
Accounts payable	128,918	(66,127)	62,791
Net Cash Provided by (Used in) Operating Activities	$ (237,513)	$ 1,804,076	$ 1,566,563

Schedule 8

County of Henry, Virginia

Balance Sheet

Component Unit - Henry-Martinsville Social Services

At June 30, 2022

Assets	
Cash	$ 73,220
Accounts receivable, net	3,486
Due from other governments	898,256
Total Assets	$ 974,962
Liabilities and Fund Balance	
Liabilities	
Accounts payable	$ 824
Accrued liabilities	55,218
Due to County of Henry, Virginia	918,920
Total Liabilities	974,962
Fund Balance	-
Total Liabilities and Fund Balance	$ 974,962
Fund Balance - per above	$ -
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,096
The net prepaid OPEB liability is a long-term asset and is not a financial resource and, therefore, is not reported in the funds.	119,611
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows related to pensions	1,204,462
Deferred inflows related to pensions	(2,154,539)
Deferred outflows of resources related to OPEB	87,945
Deferred inflows of resources related to OPEB	(144,826)
Liabilities applicable to governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. Balances of long-term liabilities affecting net position are as follows:	
Net pension liability	(744,335)
OPEB obligations	(203,584)
Compensated absences	(536,974)
Net Position (Deficit) of Governmental Activities	$(2,264,144)

County of Henry, Virginia

Statement of Revenues, Expenditures, and Changes in Fund Balances

Component Unit - Henry-Martinsville Social Services

Year Ended June 30, 2022

Revenues		
Payments from County of Henry, Virginia	$	765,552
Payments from City of Martinsville, Virginia		398,292
Miscellaneous refunds and revenues		15,237
Intergovernmental		
Revenue from the Commonwealth of Virginia		2,771,810
Revenue from the Federal Government		4,611,553
Total Intergovernmental		7,383,363
Total Revenues		8,562,444
Expenditures		
Health and welfare		8,562,444
Net Change in Fund Balance		-
Fund Balance - Beginning of Year		-
Fund Balance - End of Year	$	-
Net Change in Fund Balance - per above	$	-
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.		33,726
Governmental funds use the modified accrual basis of accounting whereas the Statement of Activities for the Governmental-Type statements use the full accrual method in reporting expenses and liabilities. Therefore, the following adjustment reflects the net changes in the following accounts:		
Compensated absences		(9,788)
Net pension liability		2,529,632
Deferred inflows - pension		(2,154,539)
Deferred outflows - pension		(208,117)
Deferred outflows - OPEB		7,319
Deferred inflows - OPEB		(87,884)
Other postemployment benefits		149,036
Change in Net Position of Governmental Activities	$	259,385

County of Henry, Virginia

Combining Statement of Fiduciary Assets and Liabilities

At June 30, 2022

	Custodial Funds		
	Special Welfare	Jail Inmate	Total
Assets			
Cash and cash equivalents	$ 3,957	$ 146,024	$ 149,981
Total Assets	$ 3,957	$ 146,024	$ 149,981
Liabilities			
Accounts payable and accrued liabilities	$ -	$ -	$ -
Net Position			
Restricted for:			
Individuals, organizations, and other governments	3,957	146,024	149,981
Total Net Position	3,957	146,024	149,981
Total Liabilities and Fiduciary Net Position	$ 3,957	$ 146,024	$ 149,981

County of Henry, Virginia

Combining Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2022

	Special Welfare	Jail Inmate	Total Custodial Funds
Additions			
Local grant funds and other donations	$ 112,446	$ -	**$ 112,446**
Housing fees	-	109,266	**109,266**
Canteen and telephone fees	-	351,836	**351,836**
Total additions	112,446	461,102	**573,548**
Deductions			
Program and administrative expenses	112,149	93,143	**205,292**
Housing fees remitted to County	-	104,162	**104,162**
Telephone fees	-	72,732	**72,732**
Canteen purchases	-	189,964	**189,964**
Total deductions	112,149	460,001	**572,150**
Net Increase (Decrease) in Fiduciary Net Position	297	1,101	**1,398**
Net Position - Beginning	3,660	144,923	**148,583**
Net Position - Ending	$ 3,957	$ 146,024	**$ 149,981**

OTHER INFORMATION SECTION

Table 1

County of Henry, Virginia

General Governmental Revenues by Source[1][2]

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees, and Regulatory Licenses	Fines and Forfeitures	Use of Money and Property	Charges for Services	Miscellaneous	Recovered Costs	Inter-Governmental	Total
2013	$22,057,534	$11,423,797	$ 71,268	$ 238,381	$ 875,927	$ 1,799,395	$ 1,971,581	$ 3,482,607	$ 72,004,445	$113,924,935
2014	23,277,658	11,449,845	67,111	199,043	668,693	1,701,181	2,182,125	3,258,893	71,996,224	114,800,773
2015	23,871,330	12,004,009	61,302	191,984	863,945	1,744,070	994,556	3,547,875	75,295,664	118,574,735
2016	24,025,389	12,219,982	64,192	171,390	909,608	1,613,667	853,693	3,774,357	76,880,284	120,512,562
2017	24,344,550	12,323,201	63,792	214,626	669,873	1,552,687	873,104	3,547,175	79,495,294	123,084,302
2018	26,741,835	12,571,940	55,553	193,569	701,617	1,312,840	1,028,429	4,415,222	84,189,168	131,210,173
2019	28,230,794	13,397,099	77,110	165,674	2,300,453	1,295,214	998,268	4,921,665	86,049,792	137,436,069
2020	27,893,373	13,826,354	49,950	140,504	2,438,681	1,172,752	1,028,686	5,071,780	90,105,162	141,727,242
2021	29,167,772	15,742,493	108,497	133,296	1,253,635	978,310	1,473,633	4,212,401	100,001,726	153,071,763
2022	**29,890,472**	**20,894,156**	**83,547**	**123,616**	**455,806**	**1,138,875**	**2,908,492**	**4,134,652**	**104,677,626**	**164,307,242**

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

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

Table 2

County of Henry, Virginia

General Governmental Expenditures by Function[1][2]

Last Ten Fiscal Years

Fiscal Year	General Gov. Admini-stration	Judicial Admini-stration	Public Safety	Public Works	Health and Welfare	Education	Parks, Recreation, and Cultural	Community Develop-ment	Non-Depart-mental	Debt Service	Capital Projects	Total
2013	$ 2,961,920	$ 2,638,640	$ 13,865,659	$ 3,307,047	$ 7,556,889	$ 74,235,340	$ 1,997,811	$ 4,185,859	$ 149,833	$ 2,727,331	$ 392,263	$ 114,018,592
2014	3,022,708	2,727,076	14,610,351	3,328,411	7,602,105	73,570,985	1,762,935	3,337,157	14,401	2,808,718	344,113	113,128,960
2015	3,237,857	2,815,603	15,040,016	3,504,274	7,862,544	73,673,586	1,805,145	3,377,000	83,661	2,850,907	1,164,019	115,414,612
2016	3,138,381	2,895,916	15,432,462	3,473,137	7,755,323	77,873,789	1,832,590	3,793,880	93,018	2,140,166	1,474,742	119,903,404
2017	3,201,410	2,883,408	15,711,987	3,441,711	8,025,248	92,668,525	1,871,240	4,737,410	53,096	2,639,617	797,651	136,031,303
2018	3,257,287	2,989,787	16,738,307	3,504,916	8,385,686	89,772,125	1,927,417	4,881,862	50,809	3,345,873	4,618,167	139,472,236
2019	3,303,587	2,937,463	16,700,369	3,401,291	9,503,796	83,042,119	1,950,922	5,083,973	83,998	8,514,330	3,968,066	138,489,914
2020	3,398,733	3,038,494	17,778,343	3,587,910	10,341,838	84,597,469	1,933,218	4,958,890	60,252	5,895,158	21,101,800	156,692,105
2021	3,872,355	3,218,018	20,025,682	3,938,613	11,833,671	89,070,406	1,979,981	4,938,011	61,022	25,139,618	36,433,801	200,511,178
2022	**3,782,013**	**3,361,244**	**23,558,124**	**3,805,486**	**13,387,616**	**96,444,934**	**2,157,991**	**6,731,224**	**78,571**	**6,321,202**	**16,017,654**	**175,646,059**

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

[2] Payments from County of Henry, Virginia to the Component Units - School Board and Social Services are excluded from the respective function.

County of Henry, Virginia

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools	Public Service	Total
2013	$ 2,987,070,870	$ 358,575,743	$ 27,320,870	$ 262,429,189	$ 149,525,937	$ 3,784,922,609
2014	2,858,290,984	372,927,906	23,448,770	287,966,081	150,385,203	3,693,018,944
2015	2,865,947,336	386,921,487	24,055,943	293,438,784	160,532,186	3,730,895,736
2016	2,874,491,189	394,241,419	24,105,123	301,949,527	168,148,943	3,762,936,201
2017	2,901,351,025	417,528,311	23,906,148	311,400,946	175,152,449	3,829,338,879
2018	2,872,989,189	419,610,064	21,786,667	343,462,516	177,404,798	3,835,253,234
2019	2,883,174,054	416,199,483	22,417,477	355,931,097	188,873,635	3,866,595,746
2020	2,889,190,270	435,083,807	22,561,261	338,166,323	196,172,192	3,881,173,853
2021	2,913,938,919	459,886,258	23,010,270	343,004,774	212,735,950	3,952,576,171
2022	**2,955,483,423**	**491,826,968**	**21,744,505**	**378,517,161**	**276,296,477**	**4,123,868,534**

Property Tax Rates - Last Ten Fiscal Years

Tax Rates per Hundred Dollars of Assessed Valuation

Fiscal Year	Real Estate	Personal Property	Mobile Homes	Machinery and Tools
2013	$ 0.46	$ 1.48	$ 0.46	$ 1.48
2014	0.488	1.48	0.488	1.48
2015	0.488	1.48	0.488	1.48
2016	0.488	1.48	0.488	1.48
2017	0.488	1.48	0.488	1.48
2018	0.555	1.55	0.555	1.55
2019	0.555	1.55	0.555	1.55
2020	0.555	1.55	0.555	1.55
2021	0.555	1.55	0.555	1.55
2022	**0.555**	**1.55**	**0.555**	**1.55**

Table 4

County of Henry, Virginia

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
2013	$23,746,769	$22,741,314	95.77%	$ 940,165	$23,681,479	99.73%	$ 3,038,563	12.80%
2014	24,580,458	23,559,604	95.84%	1,019,691	24,579,295	99.99%	3,151,339	12.82%
2015	24,957,730	24,023,981	96.26%	1,143,857	25,167,838	100.84%	3,018,626	12.09%
2016	25,272,038	24,321,388	96.24%	1,014,013	25,335,401	100.25%	2,776,267	10.99%
2017	25,919,711	24,778,117	95.60%	903,931	25,682,048	99.08%	3,061,326	11.81%
2018	28,879,412	27,380,868	94.81%	640,293	28,021,161	97.03%	3,647,745	12.63%
2019	29,143,275	27,934,344	95.85%	1,493,101	29,427,445	100.98%	3,588,601	12.31%
2020	29,235,764	27,981,597	95.71%	1,197,819	29,179,416	99.81%	3,740,443	12.79%
2021	29,926,875	28,907,795	96.59%	1,424,836	30,332,631	101.36%	3,352,413	11.20%
2022	**31,548,851**	**30,247,595**	**95.88%**	**973,847**	**31,221,442**	**98.96%**	**3,925,918**	**12.44%**

Table 5

County of Henry, Virginia

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

Last Ten Fiscal Years

Fiscal Year	Population[1]	Assessed Value[2]	Net Bonded Debt[3]	Ratio on Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2013	52,761	$3,869,287,960	$ 18,221,319	0.47%	$ 345
2014	52,253	3,693,018,944	16,145,808	0.44%	309
2015	51,936	3,730,895,736	14,139,516	0.38%	272
2016	51,604	3,762,936,201	22,678,828	0.60%	439
2017	51,227	3,829,338,879	31,223,019	0.82%	610
2018	51,975	3,835,253,234	30,529,456	0.80%	587
2019	51,438	3,866,595,746	88,338,347	2.28%	1,717
2020	51,019	3,881,173,853	111,778,461	2.88%	2,191
2021	51,450	3,952,576,171	107,240,547	2.71%	2,084
2022	**50,000**	**4,123,868,534**	**105,311,323**	**2.55%**	**2,106**

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

(2) From Table 3.

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

Table 6

County of Henry, Virginia

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

Last Ten Fiscal Years

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to General Government Expenditures
2013	$1,922,470	$ 804,861	$2,727,331	$ 114,018,592	2.39%
2014	2,075,511	733,207	2,808,718	113,128,960	2.48%
2015	2,199,904	651,003	2,850,907	115,414,612	2.47%
2016	1,460,688	679,478	2,140,166	119,903,404	1.78%
2017	1,734,013	905,604	2,639,617	136,031,303	1.94%
2018	2,123,512	1,222,361	3,345,873	139,472,236	2.40%
2019	5,114,455	3,399,875	8,514,330	138,489,914	6.15%
2020	2,473,315	3,421,843	5,895,158	156,692,105	3.76%
2021	20,804,870	4,334,748	25,139,618	200,511,178	12.54%
2022	**2,297,653**	**3,891,462**	**6,189,115**	**175,646,059**	**3.52%**

Amounts taken from Table 2.

(1) Excludes debt service payments on short-term notes payable.
(2) Excludes Component Unit - Industrial Development Authority debt.
(3) Includes FY21 debt refunding of $19,350,000.

COMPLIANCE SECTION

Creedle Jones & Associates

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

To the Board of Supervisors
County of Henry, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, and each major fund of County of Henry, Virginia, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise County of Henry, Virginia's basic financial statements, and have issued our report thereon dated December 5, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
December 5, 2022

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

To the Board of Supervisors
County of Henry, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Henry, Virginia's compliance with the types of compliance requirements identified as subject to and in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Henry, Virginia's major federal programs for the year ended June 30, 2022. County of Henry, Virginia's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Henry, Virginia, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, Audit Requirements for Federal Awards* (Uniform Guidance); and *Specifications for Audits of Counties, Cities and Towns,* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards, the Uniform Guidance, and specifications are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to County of Henry, Virginia's federal programs.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on County of Henry, Virginia's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about County of Henry, Virginia's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding County of Henry, Virginia's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of County of Virginia's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of County of Henry, Virginia's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or signification deficiencies in internal control over compliance may exist that have were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
December 5, 2022

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

To the Board of Supervisors
County of Henry, Virginia

We have audited the financial statements of the County of Henry, Virginia, as of and for the year ended June 30, 2022, and have issued our report thereon dated December 5, 2022.

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

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

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

Code of Virginia

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

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State Agency Requirements

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

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

- Social services terminated employees' SAMS access not timely removed

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

Creedle, Jones & Associates, P.C.

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

South Hill, Virginia
December 5, 2022

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
PRIMARY GOVERNMENT			
U. S. Department of the Treasury			
Direct Payments			
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	$ 1,776,602
U. S. Department of Interior			
Direct Payments			
Payments in Lieu of Taxes	15.226	N/A	3,884
Pass-Through Payments			
Department of Conservation and Recreation			
Outdoor Recreation Acquisition, Development and Planning	15.916	199	490,000
Subtotal - U. S. Department of Interior			493,884
U. S. Department of Transportation			
Pass-Through Payments			
Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	501	43,803
Total Highway Planning and Construction Cluster			43,803
Department of Motor Vehicles			
Alcohol Open Container Requirements	20.607	530	8,023
Highway Safety Cluster			
State and Community Highway Safety	20.600	530	5,886
Total Highway Safety Cluster			5,886
Subtotal - U. S. Department of Transportation			57,712
U. S. Department of Health and Human Services			
Pass-Through Payments			
Aging Cluster			
Southern Area Agency on Aging			
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	87,587
Total Aging Cluster			87,587
Subtotal - U. S. Department of Health and Human Services			87,587
U. S. Department of Justice			
Direct Payments			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	18,819
Bulletproof Vest Partnership Program	16.607	N/A	7,399
State Criminal Alien Assistance Program	16.606	N/A	5,542
Coronavirus Emergency Supplemental Funding Program	16.034	N/A	4,540
Pass-Through Payments			
Department of Criminal Justice Services			
Crime Victim Assistance	16.575	140	115,350
Subtotal - U. S. Department of Justice			151,650
U. S. Department of Housing and Urban Development			
Pass-Through Payments			
Department of Housing and Community Development			
Community Development Block Grant - States Program	14.228	165	277,510
Subtotal - U. S. Department of Housing and Urban Development			277,510
U. S. Department of Homeland Security			
Pass-Through Payments			
Department of Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	127	93,263
Emergency Management Performance Grants	97.042	127	26,164
Subtotal - U. S. Department of Homeland Security			119,427

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
U. S. Department of Health and Human Services			
Pass-Through Payments			
Department of Social Services			
Social services block grant	93.667	765	191,632
Total - Primary Government			**3,156,004**
HENRY-MARTINSVILLE SOCIAL SERVICES			
U. S. Department of Agriculture			
Pass-Through Payments			
Department of Social Services			
SNAP Cluster			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	765	1,187,146
Total SNAP Cluster			1,187,146
Subtotal - U. S. Department of Agriculture			1,187,146
U. S. Department of Health and Human Services			
Pass-Through Payments			
Department of Social Services			
477 Cluster			
Temporary Assistance for Needy Families	93.558	765	680,897
Child Care and Development Block Grant	93.575	765	4,467
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	765	153,117
Total 477 Cluster			838,481
Guardianship Assistance	93.090	765	696
Title IV-E Prevention Program	93.472	765	11,935
Promoting Safe and Stable Families	93.556	765	42,607
Refugee and Entrant Assistance - State Administered Programs	93.566	765	3,287
Low-Income Home Energy Assistance	93.568	765	124,087
Community-Based Child Abuse Prevention Grant	93.590	765	889
Chafee Education and Training Vouchers Program (ETV)	93.599	765	713
Adoption Incentive Payments	93.603	765	1,080
Stephanie Tubbs Jones Child Welfare Services Program	93.645	765	1,665
Foster care - Title IV-E	93.658	765	669,871
Adoption Assistance	93.659	765	493,028
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	765	9,239
Children's Health Insurance Program	93.767	765	8,276
Elder Abuse Prevention Interventions Program	93.747	765	2,188
Social Services Block Grant	93.667	765	565,935
Medicaid Cluster			
Medical Assistance Program	93.778	765	650,430
Total Medicaid Cluster			650,430
Subtotal - U. S. Department of Health and Human Services			3,424,407
Total - Henry-Martinsville Social Services			**4,611,553**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures
SCHOOL BOARD			
U. S. Department of Agriculture			
Pass-Through Payments			
Child Nutrition Cluster			
State Department of Agriculture and Consumer Services			
National School Lunch Program (NSLP) -			
Food distribution - donated commodities	10.555	301	452,367
Department of Education			
Summer Food Service Program for Children (SFSPC)	10.559	197	172,399
School Breakfast Program (SBP)	10.553	197	1,377,023
Fresh Fruit and Vegetable Program (FFVP)	10.582	197	234,103
National School Lunch Program (NSLP)	10.555	197	3,683,318
National School Lunch Program (NSLP) - CARES	10.555	197	104,556
Total Child Nutrition Cluster			6,023,766
National School Lunch Program - Child and Adult Care Food Program	10.558	197	260,975
Food and Nutrition - Pandemic EBT Admin Costs	10.649	197	5,814
Subtotal - U. S. Department of Agriculture			6,290,555
U. S. Department of Education			
Pass-Through Payments			
Department of Education			
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	197	2,372,165
Special Education - Preschool Grants	84.173	197	87,914
Total Special Education Cluster (IDEA)			2,460,079
Coronavirus Relief Fund	21.019	197	29,944
Education Stabilization Fund under the Coronavirus Aid, Relief, and Economic Security Act	84.425	197	2,997,517
Title I Grants to Local Educational Agencies	84.010	197	2,874,184
Adult Education - Basic Grants to States	84.002	197	80,793
Career and Technical Education - Basic Grants to States	84.048	197	125,903
School Safely National Activities	84.184	197	57,609
English Language Acquisition State Grants	84.365	197	59,529
Student Support and Academic Enrichment Program	84.424	197	159,386
Rural Education	84.358	197	140,599
Supporting Effective Instruction State Grants	84.367	197	355,440
Subtotal - U. S. Department of Education			9,340,983
Subtotal - School Board			**15,631,538**
Grand Totals			**$ 23,399,095**

See accompanying notes to schedule of expenditures of federal awards.

Notes to Schedule of Expenditures of Federal Awards

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of County of Henry, Virginia under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of County of Henry, Virginia, it is not intended to and does not present the financial position, changes in net position, or cash flows of County of Henry, Virginia.

2. Summary of Significant Accounting Policies

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

3. Indirect Cost Rate

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

4. Nonmonetary Assistance

In addition to amounts reported on the Schedule of Expenditures of Federal Awards, the County consumed nonmonetary assistance in the form of food commodities. Commodities with a fair value of $452,367 at the time received were consumed during the year ended June 30, 2022. These commodities were included in the determination of federal awards expended during the year ended June 30, 2022.

5. Subrecipients

No awards passed through to subrecipients.

County of Henry, Virginia

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.561	State administrative matching grants for the supplemental nutrition assistance program
21.027	Coronavirus state and local fiscal recovery funds
84.010	Title I grants to local educational agencies
84.425	Education stabilization fund under the coronavirus aid, relief, and economic security act

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None