

COUNTY OF GLOUCESTER



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR
ENDED JUNE 30,
2023



INTRODUCTORY SECTION

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County of Gloucester, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2023

Prepared by:
Gloucester County
Fiscal Services Department

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COUNTY OF GLOUCESTER, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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COUNTY OF GLOUCESTER, VIRGINIA

Board of Supervisors

Christopher A. Hutson, Chair
Ashley C. Chriscoe, Vice-Chair

Kevin M. Smith
Phillip N. Bazzani

Kenneth W. Gibson

Michael Hedrick
Robert J. Orth

County School Board

Troy M. Andersen, Chair
Nicole McPherson

Darren P. Post
George R. Burak

Robin Rice

Carlton L. Drew
Karen L. Espinoza

Board of Social Services

Corky Hogge
Debra Goodier

Mark Dutton
Harrison Dixon

D. Aaron Conner

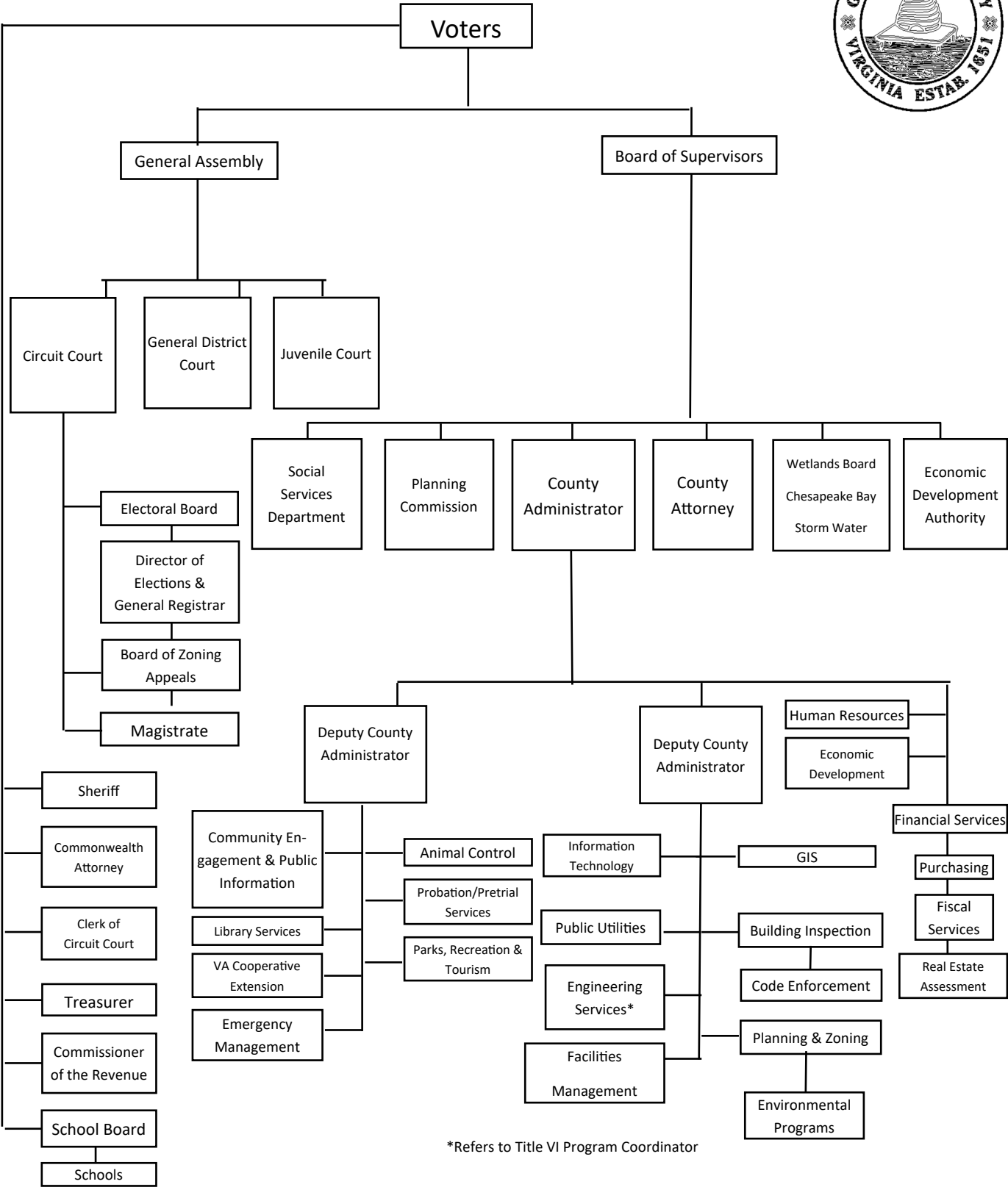
Phyllis Dixon
Doug Vaughan

Other Officials

County Administrator Carol E. Steele
Judge of the Circuit Court Honorable Jeffrey W. Shaw
Clerk of the Circuit Court..... Cathy L. Dale
Commonwealth's Attorney John T. Dusewicz
Commissioner of the Revenue..... Jo Anne Harris
Treasurer Tara L. Thomas
Judge of the Juvenile and Domestic Relations Court Honorable Matthew Rush Kite
Judge of the General District Court..... Honorable Stephanie M. Revere
Sheriff..... Darrell W. Warren
Superintendent of Schools..... Dr. Anthony Vladu
Director of Department of Social Services Lisa Kersey
County Attorney Edwin N. Wilmot

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Gloucester County Organizational Chart



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Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morrell

Executive Director/CEO

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County of Gloucester
County Administrator's Office
6489 Main Street
Gloucester, Virginia 23061
(804)693-4042



December 1, 2023

To the Honorable Members of the Board of Supervisors and Citizens of Gloucester County:

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) of Gloucester County, Virginia for the fiscal year ended June 30, 2023, in conformity with the U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the U.S. by a firm of licensed certified public accountants as required by the Code of Virginia. This report is intended to provide informative and relevant financial data for the residents and business owners in the County, Board of Supervisors, investors, creditors, and any other interested readers. All are encouraged to contact the Gloucester County Department of Financial Services with any comments or questions concerning this financial report.

Robinson, Farmer, Cox Associates, Certified Public Accountants, conducted the audit of the County's financial statements for the fiscal year ended June 30, 2023, and have issued an unmodified ("clean") opinion on those statements. The independent auditor's report is located at the front of the Financial Section of this report.

The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2023, are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The audit was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the County's compliance with federal requirements for each major program as well as on the County's internal controls over compliance as required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These reports are available in the Compliance Section of this report.

The Fiscal Services Department has prepared this report in accordance with the standards of financial reporting as prescribed by the Governmental Accounting Standards Board (GASB) and the Auditor of Public Accounts of the Commonwealth of Virginia (APA). Responsibility for the accuracy of the data and the completeness and fairness of presentation, including all disclosures, rests with County management.

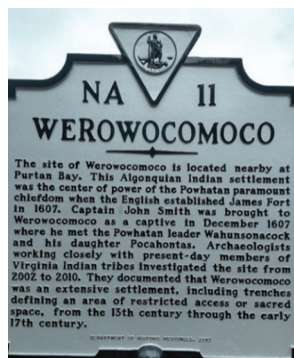
To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial

position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

Profile of Gloucester County

The County was created in 1651 and covers 225 square miles of land area and 32 square miles of water area. The population per the 2020 census was 38,711. The County is empowered to levy a property tax on both real estate and personal property located within its boundaries.



The County is the site of Werowocomoco, capital of the Native American Powhatan Confederacy (a union of 30 tribes under a paramount chief). The site, which consists primarily of forest and farmland, has been determined to be the place where Captain John Smith was taken after his capture by Native Americans and where he met Chief Powhatan and his daughter Pocahontas. Initial findings suggest the extensive settlement was occupied as early as 1200 CE and functioned as a spiritual and political center for the Algonquian Indians. When complete, the park will be part of the Captain John Smith Chesapeake National Historic Trail. Currently the park is not open to the public; however, permanent signage is on display at the courthouse Visitors Center, made possible by grant funds from the National Park Service.

In addition to Werowocomoco, the County is also home to Virginia's 40th State Park, Machicomoco State Park. Machicomoco, which means "a special meeting place" is a riverfront site once inhabited by Virginia Indians. Amenities include an open-air interpretive pavilion which provides information on the culture, landscape and movement of Virginia Indians, a paved trail follows along the main park road for walking or bike riding, a campground including yurts, two picnic shelters, a car-top boat launch pier with an accessible boat entry structure, and a set of small floating docks on Timberneck creek for daytime boat tie-ups and fishing.



Geographically, Gloucester County is located in the Middle Peninsula of Virginia and is the fourth largest land area in the Virginia Beach-Norfolk-Newport News Metropolitan Statistical Area (MSA), which is the nation's 31st largest MSA. Gloucester County shares a distinction with Chesterfield, Franklin, and Surry Counties in that they are the only four counties in the Commonwealth located within two planning districts. Gloucester County is part of the Hampton Roads Planning District and the Middle Peninsula Planning District.

The County of Gloucester has a traditional County Administrator form of government with an elected Board of Supervisors (Board), which establishes policies for the administration of the County. The Board consists of seven members representing the five magisterial districts in the County and two members elected at-large. The Chairman of the Board of Supervisors is elected from within the Board and generally serves for a term of one year. The Board appoints a County Administrator to serve as the administrative manager of the County. The County Administrator serves at the pleasure of the Board, carries out the policies established by the Board, and oversees the daily administration of the County.

The County provides a full range of general governmental administration services for its citizens and businesses, including the offices of the Board of Supervisors, County Administrator, County Attorney, Commissioner of Revenue, Treasurer, Registrar, and the departments of Human Resources, Information Technology, GIS, and Financial Services consisting of Real Estate Assessment, Fiscal Services and Central Purchasing which also provides shared accounting and purchasing support for the Gloucester County Public School (GCPS) system. The elected and appointed officials, along with the staff of the various departments, implement the laws and policies of the County by developing and executing the procedures that are necessary to provide general support services to residents of the County.

Judicial Administration is made up of the Circuit Court, General District Court, Magistrate, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Victim and Witness Assistance, Court Services, Group Home Commission, and Commonwealth's Attorney.

The Public Safety operations of the County include the Law Enforcement (Sheriff's Office and Jail), the departments of Emergency Management, Building Inspections, Animal Control, Environmental Services, and Stormwater Programs, with financial support to Probation and Pretrial, the Regional Radio (911) system, and the County's two Volunteer Fire and Rescue Squads.



Public Works consists of Engineering Services and Facilities Management. Engineering Services administers capital projects for the County and oversees the solid waste management services provided for the County. The Commonwealth of Virginia provides the construction and maintenance of highways, streets, and associated infrastructure located within the County. Facilities Management also manages the Mosquito Control unit.

Health and Welfare not only includes the Community Services Board which provides mental health, intellectual disability, and substance abuse services, but also the Department of Social Services which administers the Virginia Public Assistance and the Children's Services Act Funds by determining eligibility for these public assistance programs, which are mandated by Federal and State law.

Parks, Recreation, and Cultural provides and promotes leisure services such as park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, bus tours, special events, including the County's signature event – the Daffodil Festival, and other activities for County residents in addition to the daily operation and maintenance of the County's seven parks. The Gloucester County Public Libraries provide library services through two branch libraries, the bookmobile, and an e-branch which provides remote access to the library collection through the library's web site.



Community Development consists of the departments of Planning and Zoning, Economic Development, Clean Community, Extension Services, and Tourism, to include the County's Historic Museum. The Planning and Zoning Department is responsible for the Comprehensive Plan, Zoning ordinances, demographics, and the acceptance, review, and disposition of all land use and subdivision applications. The services of the Economic Development Department are designed to attract, retain, generate, and facilitate expansion of high-quality business and industry resulting in a stable and diverse local economy and an improved standard of living for the residents of the County.



Education provides support to the County's public school system administered by the Gloucester County School Board (School Board). GCPS encompasses public education (kindergarten through

grade 12) in eight schools - five elementary schools, two middle schools, and one high school - and virtual on-line programs. In addition, the County's Education function covers Community Engagement and Cable Services, providing various citizen outreach programs and shared communication service support for the GCPS system. The County's contribution to Rappahannock Community College can also be found under this function.

In addition, the County operates and maintains a water and sewer utility system, which services both residents and businesses in various geographically dispersed areas of the County. The County provides utility service to approximately 5,200 water accounts and 1,900 wastewater accounts.

In accordance with the requirements of GASB, the financial reporting entity consists of the primary government (the County), as well as its component units, which are legally separate organizations for which the County is financially accountable, and the governing body has significant financial influence. Discretely presented component units qualifying for inclusion in this report are the Gloucester County School Board and the Gloucester County Economic Development Authority. Discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the primary government and to differentiate their financial positions, results of operation and cash flows from those of the primary government. The School Board oversees the County's schools and administers its own appropriations within the categories defined by the Code of Virginia but is fiscally dependent upon the County because the Board of Supervisors approves the budget, levies the necessary taxes to finance operations, and issues debt to finance school capital projects. Additional information on these two legally separate entities can be found in Note 1 of the notes to basic financial statements.

The annual budget serves as the foundation for communicating the County's major financial operating objectives and for allocating resources to achieve them. The annual budget development process, initiated in the summer, is a complex undertaking involving the entire government. Starting in late summer, all departments and agencies of the County are required to submit their 5 Year capital improvement project and operating requests for consideration of the County Administrator. The Finance Department provides initial projections for the major revenue classes. The County Administrator uses these requests and projections as a starting point for developing a proposed balanced budget for presentation to the Board, typically in March. The Board is required to hold public hearings to obtain citizen comments on the proposed budget and generally adopts a final budget no later than May 1. The County's appropriated budget is prepared by fund (e.g. General Fund), function (e.g. Public Safety), and department (e.g. Sheriff's Office). The budget appropriation resolution, adopted by the Board, places legal restrictions on expenditures at the fund and function level.

Once the budget is approved, there is significant focus on controlling expenditures and monitoring revenues. The County maintains an encumbrance accounting system as one method of maintaining budgetary control. The objective of these budgetary controls is to ensure compliance with legal provisions of the annual appropriated budget. Activities of the general fund, special revenue funds, capital projects, debt service, school funds, and proprietary funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is at the function level, except for the school operating fund, which is budgeted at the fund level. Ongoing monitoring of revenues and expenditures throughout the year is a responsibility shared by department and agency directors and the Fiscal Services Department. Encumbered amounts lapse at fiscal year-end; however, outstanding encumbrances for multi-year initiatives are generally re-appropriated as part of the following fiscal year's budget.

The Fiscal Services Department reviews all departmental transfer requests to ensure sufficient appropriations are available. The County Administrator is given authority to redistribute appropriations within and among the funds as may be necessary to meet the needs and interests of Gloucester County. However, any revisions increasing the total appropriations of the approved County budget must be approved by the Board. Budget to actual comparisons are provided in this report for each governmental and enterprise fund for which an annual budget has been adopted.

Local Economy

Gloucester County's economy stayed steady for Fiscal Year 2023. Unemployment had a slight decrease, and mortgage interest rates rose to more than 6%, but consumer spending was still robust. Steep interest rate increases have slowed home improvement and new construction throughout fiscal year 2023. The results of the County Assessor's report indicate an overall value increase of all taxable real property of 25.36% as of January 1, 2023. The value increase is largely attributable to the reassessment of all real property as well as to new development and construction that occurred in the County during calendar year 2022.

As indicated above, the most recent reassessment for the County was effective January 01, 2023, and the next reassessment is scheduled for completion on January 31, 2025. At present, the Assessor estimates the overall value increase for the County during 2023 calendar year to be in the neighborhood of 1.5% to 2.5%, primarily due to new development and construction. The next reassessment will reflect the overall difference in market value for the 2-year time span 2023 through 2024. To date, home prices have steadily increased at about 0.5% per month during the first three quarters of 2023 but appear to be leveling off as we approach the end of the year.



Furthermore, the department of Planning and Zoning continues to work on the comprehensive update to the County's Zoning Ordinance. This update incorporates revisions based on changes to the State Code, Board of Supervisors' initiatives as outlined in the Strategic Plan, recommendations from the Business Development Focus Group, and recommendations identified in the County's Comprehensive Plan and by staff as part of their daily interactions with the public. Staff has finalized draft Articles 1-9 for public engagement and held several public outreach meetings to help citizens understand the changes prior to public hearings and adoption by the Board of Supervisors. These articles include regulations for all the zoning districts, permitted uses, supplemental regulations for those uses, as well as general development standards related to other items such as screening and buffering, common open space, and temporary uses. Staff is currently working on updating the remaining articles for consistency with the changes to Articles 1-9. An ongoing survey to get feedback is posted on the County's website and a flier regarding the survey was sent out with the tax bill notices. We hope to bring the ordinance changes to public hearings in spring of 2024. Details on the Zoning Ordinance Update can be found on the Planning and Zoning website at: <https://www.gloucesterva.info/1135/Zoning-Ordinance-Update>. The last comprehensive update of the Zoning Ordinance was done more than 20 years ago.

Gloucester County is committed to enhancing economic opportunities and providing a business-friendly environment. The Department of Economic Development assists County businesses in expanding their existing operations and recruits new targeted businesses to the area. Economic Development reported 47 new commercial businesses, and a total of 312 business licenses for the fiscal year. Gloucester's fastest growing occupations included: Healthcare; Personal Care & Service; Community and Social Service; Computer and Mathematical; Education and Retail.

Go Virginia initiatives continued to make meaningful strides across the Commonwealth. Gloucester is part of Regional Council 6 made up of business leaders, educators, economic developers, and local officials from across the region. In FY23, the Council worked on an Entrepreneurial Ecosystem Project to assist

and foster home-based businesses and small businesses. The Bay Consortium Workforce Board included Gloucester in a Go Virginia Regional Council 6 sponsored Aquaculture Talent Pipeline Initiative Program. The purpose of this initiative was to gather workforce needs and skills of the industry through its leadership and develop necessary courses through the Virginia Community College system.

In FY23, the Small Business Incentive Program awarded 57 grants totaling \$86,763, with private investments of \$4,788,667. By every account, the eighth year of this program continued to be a very successful economic driver and marketing tool for the County.

The County continued to receive submittals of new and expansions to existing major residential subdivisions and commercial developments in this fiscal year. Some of these developments include:

Gloucester Retail Strip Center – Site plan for a three-store development on US Route 17, near the Courthouse Village, was approved February 16, 2022. Chipotle Mexican Grill, opened in December 2022; both Aspen Dental and the T-Mobile store opened in early to mid-2023.

Sharp Energy – Site plan for a liquid propane storage/refill facility adjacent to the Vulcan Materials concrete plant on US Route 17 was approved June 27, 2022. The facility opened in Spring of 2023.

Riverside Walter Reed Hospital – Various improvements including lab, office, and parking improvements with a two-story expansion were recently completed. A site plan for an addition/renovation to their cancer center was approved in January of 2022; Riverside submitted amendments to their plan(s) for the Cancer Center and parking for the Medical Center in September of 2023.

The Reserve at Gloucester Village – Zoning approved for approximately 900 acre Planned Unit Development (PUD) with 1,142 residential units proposed. The site/development plan for Phase I (28 single-family detached lots, 95 townhome units, plus a commercial component) was approved in June of 2023, and Phase II (141 single-family detached and 71 townhome lots) is currently under review.

Ryan's Run - Plans approved for development of a residential subdivision consisting of 11 proposed single-family homes; road construction has been partially completed.

Main Street Landing – 126-lot Planned Unit Development (PUD) on 59 acres near the intersection of Main Street (17 Business, South) and US Route 17, North in the Courthouse Village. Phase 1 was approved in May 2020 (37 lots) and homes are under construction. Phase II (33 lots) and III (66 lots) were approved in March and September 2021, respectively. The site is now completely built out, with all lots/homes having been sold as of November 2023.



Strata Solar – Strata solar received a Conditional Use Permit (CUP) to operate a 150-acre utility-scale (20MW) solar power plant (Winterberry) just south of the County's business park in December of 2020 and another CUP to operate an electrical storage facility on an adjacent parcel in August of 2021. No site plan has been submitted for the battery storage facility; however, construction on Winterberry Solar is nearing completion.

Carver's Creek Solar – Preliminary approval for this 150- Megawatt solar energy facility was granted in April 2020. The site plans for Phases I, IA, and II were reviewed and approved in FY2021. Decommissioning plans have been approved for Phases I and IA, and clearing for construction has commenced. Revised site plans for Phases I and II are currently under review.

Camellia Solar – Camellia Solar received a Conditional Use Permit (CUP) to operate a 20-Megawatt utility-scale solar facility in March of 2021, and received site plan approval on July 28, 2022. Construction is now underway.

Swiss Legacy – 18-lot, single-family subdivision to be located adjacent to Beckwith Farms. Site development plans were approved in December of 2020. It is now under new ownership; clearing for road construction commenced in July of 2023 and the final plat is under review.

Pointer's Food Mart – Site plan for a gas station/convenience store at the intersection of 3/198 and US Route 17 was approved on February 23, 2022; it is now open for business.

S.B. Cox Ready-Mix Plant – Site plan for a ready-mix concrete plant located between Sears and Brett Country Roads was approved August 4, 2021. It opened for business in early 2023.

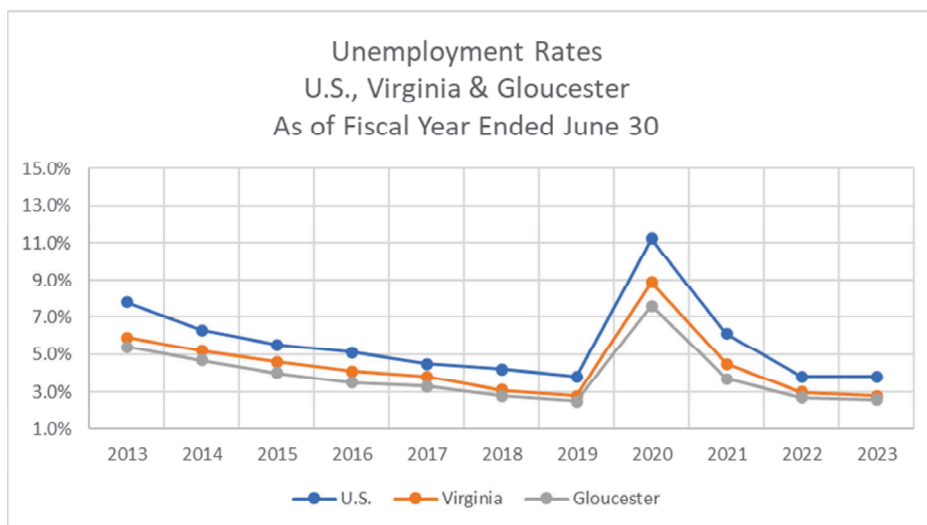
Valvoline Instant Oil Change – Site plan for an express oil change business at Fox Mill Centre was approved in June of 2023.

Langley Federal Credit Union – A new location for LFCU, across US 17 from Coleman's Crossing and Hayes Shopping Center, received site plan approval in May of 2023; it is currently under construction.

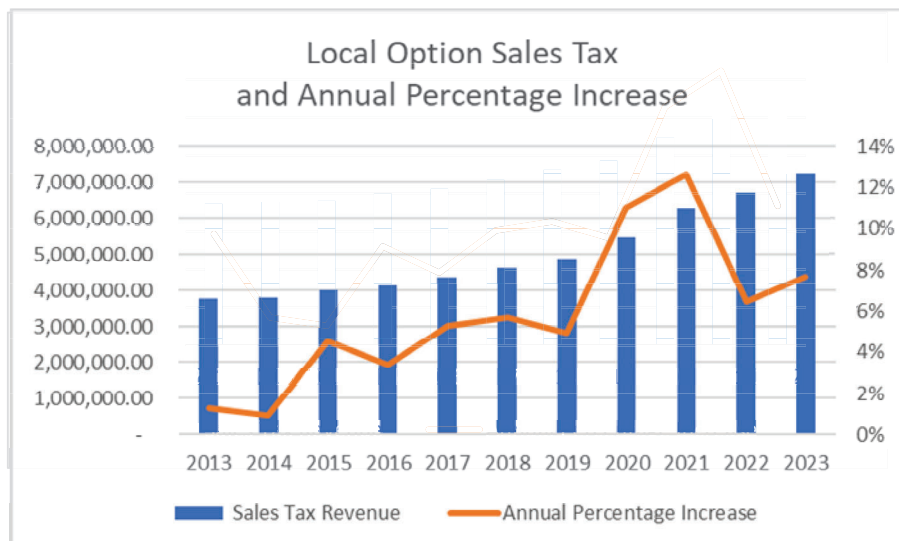
New Gloucester Restaurants – Several new restaurants opened this fiscal year in addition to Chipotle, mentioned above, including Baked, Duke's Deli, Fiorello Ristorante Italiano, Gloucester Pancake House, Nooner's Bar & Grill, and Slammin' Sammy's.

Maintaining and improving the quality of life for residents and business owners requires a commitment to long-term strategies for economic development. Gloucester County has demonstrated that commitment as positive trends continued to prevail in many areas of Gloucester County's economy, including real estate values, median household and per capita income levels, and local sales tax collections.

The largest civilian employment sectors in Gloucester County with a thousand employees or more are Government, Retail Trade, Health Care and Social Assistance, and Accommodation and Food Services (Source: Virginia Employment Commission). Consistent with the Virginia trend, the County saw a decrease in unemployment as of June 2023. In 2023, as businesses and the workforce continued to operate at the new normal, the County's



unemployment rate had a slight improvement, decreasing 0.1%, from 2.7% in June 2022 to 2.6% in June 2023 (Source: Virginia Employment Commission). Although Gloucester County's rate continues to compare favorably with Virginia at 2.8% and the United States at 3.8%, the gap of comparison has narrowed, which indicates that the Commonwealth unemployment rate rebounded slightly quicker than Gloucester and both rate trends have leveled.



The County continued to see a positive trend in local option sales tax, which increased 2% over fiscal year 2022. The trend was positive with an increase from 6% to 8%.

Long Term Financial Planning

The County has long recognized the need for formulating detailed public plans for its long-term financial health. Planning enables the County to appropriately analyze issues and initiatives, receive public comment during public hearings,

and formulate desired service level plans and phase-in funding to attain desired goals over the long term. The County's primary long-term financial plan is the Five-Year Capital Improvement Plan (CIP) which is guided by the County's Comprehensive Plan, updated and adopted in February 2016.

The development and evaluation process for the FY2024-FY2028 CIP began in October with the Planning Commission evaluating requests put forth by County departments and the School Board. The Planning Commission was not only asked to review project requests for conformity with the Comprehensive Plan as per the Code of Virginia 15.2-2239, but also asked to act as citizen representation by providing a thorough review of submitted CIP project requests; evaluating eligibility, justification, and alignment with community needs; and prioritizing the recommended projects, based on the approved criteria ratings, for consideration by the County Administrator. The County Administrator, as part of the proposed budget to the Board, develops the recommended capital budget and 5-year plan, balancing the competing needs for capital investment with available funding options within the County's current debt and fund balance policies. The result represented a balance between finite resources and an ever-increasing number of competing priorities. This balance was achieved using the priorities and objectives established by the Board consistent with the County's Strategic Priorities Plan and Comprehensive Plan.

In response to the fiscal challenges inherent to our economic environment, the County adopts a conservative approach toward debt management. The County's Debt Obligation Policy was revised on June 16, 2020, increasing the portion of the County's operating budget that may be dedicated for repayment of debt by policy from a maximum 10% to 15% of governmental fund expenditures. As of FYE 2023, actual results are 4.4%. Gloucester County primarily utilizes the Virginia Resources Authority and Virginia Public School Authority to issue debt. These authorities provide cost-effective financing to Virginia communities and public schools, and do not require the County to have a rating from the nationally recognized rating agencies.

Relevant Financial Policies

The primary objective of sound financial management policies and guidelines is for the Board of Supervisors to create the framework for making financial decisions. The County Administrator is responsible for the daily administration of the Board's policies and general County operations. The County Administrator may designate other County officials to assist in the administration of these policies. These financial management policies are a statement of the guidelines and goals that influence and guide the financial management practices of the County of Gloucester. For a complete listing of the County's Financial Guidelines, please see the County's Adopted Annual Budget and Capital Improvement Plan document at <http://gloucesterva.info/1015/Budgets-Financial-Reports>.

The County believes that sound financial management principles always require that sufficient funds be retained by the County to provide a stable financial base. To retain this stable financial base, in FY2017 the Board adjusted its Fund Balance policy to target unassigned fund balance in the General Fund 14% - 16% of budgeted governmental fund expenditures less any capital outlay projects funded with bond proceeds. For FY2023, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%, primarily due to higher than anticipated significant increases in personal property tax related to automobile values and change and continued increase in sales of goods and services (in dollars) that are subject to local sales tax. These levels have been sufficient to fund the cash flow needs of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances.

Using regular financial reports at public meetings, the County recognizes the need to monitor revenue estimates to identify any potential shortfalls and trends that would significantly affect the various revenue sources in the current budget. A significant emphasis is placed on controlling departmental expenditures through accounts payable and purchasing card policies and procedures.

Financial management policies that are adopted, adhered to, and regularly reviewed are recognized as the cornerstone of sound financial management. Policies and procedures are being developed or revised periodically to provide better clarification, more detail of practice, and to strengthen documentation of management processes. A complete listing of Board policies is posted on the County's website at <http://gloucesterva.info/769/Board-Policies>.

Major Initiatives

As stated in the County's Strategic Priorities Plan, the Board's Vision for 2035 is that "...Gloucester will benefit from steady and consistent economic growth enabled by a robust infrastructure, business-friendly government and a top-notch public education system. Gloucester's citizens will enjoy a wealth of recreational activities, shop locally at numerous and varied markets and stores, and have access to county-based, world-class health care. Gloucester will offer all the amenities of modern life, while continuing to surround its citizens with the tranquility of rural and waterfront living."

Having a vision and a set of strategic goals provide County leaders with an improved framework to enhance their ability to prioritize and allocate resources with focus on results. In Fiscal Year 2023, the Board began talks on revisions and updates to its Mission and Vision. The topic was discussed at several meetings throughout the end of the year and is anticipated to be adopted in Fiscal Year 2024.

Though many previously started initiatives have continued throughout the fiscal year and into the next, major initiatives, outlined below, represent the results achieved towards these goals by the County staff.



Several County facility improvement projects were completed in FY2023, including the Gloucester Historic Courthouse Circle Pedestrian and ADA Improvements to rehabilitate the existing sidewalks to comply with ADA standards and improve pedestrian access to the Courthouse Circle and Main Street. This project was completed using a combination of VDOT grant funding and Tourism funds. Some of the projects that are still ongoing are the broadband project, Aberdeen Creek pier rehabilitation, improvements to Woodville Park fields, and many others.

One of the most important services that the County provides to its citizens is public education and a quality education system continues to be one of the County's top priorities. The County made the largest school capital investment in more than a decade in fiscal year 2023, funding projects for the Gloucester High School Renovation, HVAC replacements, school paving, a school bus compound, and other smaller projects. Planning also continued for significant upcoming investments in various school construction projects. Total school requests for the five-year CIP (FY24-FY28) totaled \$36.1 million. The

major cost driver of the GCPs requests relates to anticipated construction costs of \$11.4M for the major renovation of the Gloucester High School Sports Complex, \$5.8M for ongoing school bus replacement, and \$4.0M for the renovation of Botetourt Elementary School's wing built in 1973.

The local option sales tax, effective July 1, 2021, provided the Board another option for funding major construction and/or renovation projects for the School System. This funding source has relieved pressure on the real estate tax rate (widely considered the only other option for funding such substantial capital investments, or debt service related thereto) by providing funding to pay debt service for eligible school projects. In fiscal year 2023, \$1.1M of school sales tax funds went towards debt service for eligible school projects that began in fiscal year 2021. Those projects include the Gloucester High School renovation, school HVAC, school paving, playground equipment replacement, construction of the Achilles Bus Loop, and the Page Athletic Field project. For additional information on the remaining balance of the school sales tax fund, refer to the management discussion and analysis.

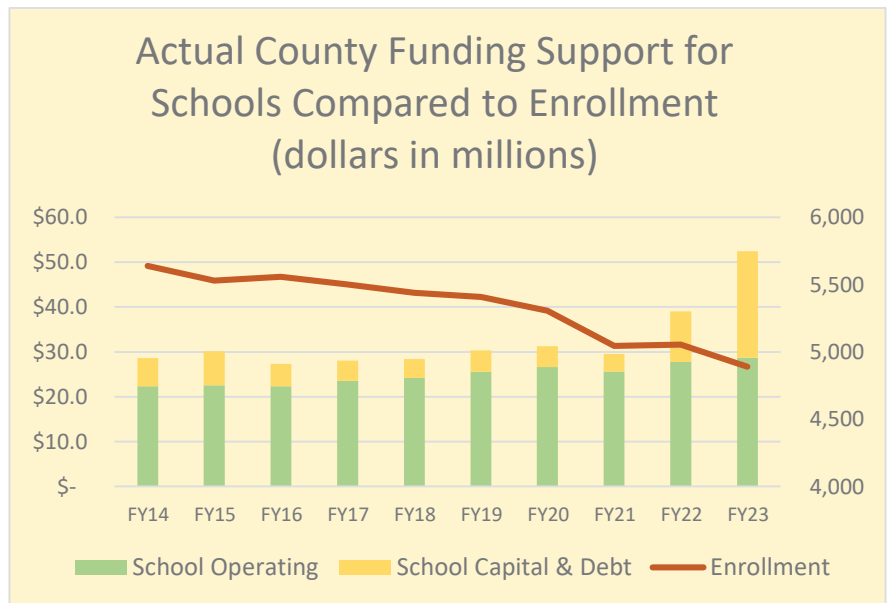
Awards and Acknowledgements

Gloucester County received a number of awards and was recognized by a variety of organizations. Among these awards and recognitions are:

Administration



Gloucester County's Deputy County Administrator George Bains was recently awarded the Julian F. Hirst Award for Distinguished Service by the Hampton Roads Chapter of the American Society for Public Administration (ASPA). The award is given each year to a Hampton Roads-area public administrator that demonstrates an exceptional record of public service.



Parks, Recreation & Tourism



Gloucester County's Parks, Recreation, & Tourism staff members and volunteers brought home four state awards from the Virginia Recreation & Park Society's (VRPS) 2023 Conference, which was held in September in James City County.

Schools

The Gloucester County Public Schools Educational Foundation announced the 2023 teachers of the year. Pictured from left: Deborah Armentrout (Achilles), Tara Lord (Bethel), Brittany Feryus (Page), Michelle Brake (Botetourt), Margaret Watkins (Petersworth), Ami McCullough (Abingdon), Kathleen Zanette (GHS), Leslie Sturtz (GHS), and Thomas Hendrickson (Peasley).



In addition, the Educational Foundation selected Teachers of the Year for each level:

Elementary – Margaret Watkins (Petersworth)

Middle – Brittany Feryus (Page)

GHS – Kathleen Zanette

Margaret Watkins was also selected as the overall GCPS Teacher of the Year.



Dr. Anthony Vladu was appointed as the new superintendent of Gloucester County Public Schools effective August 1, 2023. "I am humbled and grateful for the opportunity to lead in the Gloucester County Public Schools community," stated Dr. Vladu. Dr. Vladu holds a Doctor of Education in Education Policy, Planning, and Leadership from the College of William and Mary, a Master of Education from the College of William and Mary, a Master of Arts in Teaching Social Studies from the State University of New York, and a Bachelor of Arts in History from the State University of New York.

Finance

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Gloucester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2022. This was the twenty-seventh consecutive year that the County government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that demonstrates the spirit of transparency and full

disclosure. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement program requirements and it will also be submitted to the GFOA for consideration.

The GFOA also awarded the Distinguished Budget Presentation Award to Gloucester County for its FY2024 Adopted Budget Book. This was the eighth year that the County achieved this prestigious award. In order to receive this award, a governmental entity must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.



The preparation of this report would not have been possible without the efficient and dedicated services of the entire County and School staff and officials. We would like to express our appreciation to all the various team members who assisted and contributed to the preparation of this report, especially the outstanding efforts and diligence of the Fiscal Services team. Credit also must be given to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of County finances.

Respectfully submitted,



Carol E. Steele
County Administrator



Maria C. Calloway
Director of Financial Services

FINANCIAL SECTION

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ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

To the Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, 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, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Gloucester, Virginia, as of and for the year ended June 30, 2023, and the respective changes in financial position, and 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 are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of County of Gloucester, 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 Principles

As described in Note 23 to the financial statements, in 2023, the County adopted new accounting guidance, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. Our opinions are 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.

Responsibilities of Management for the Financial Statements (Continued)

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 County of Gloucester, 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.

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, 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 County of Gloucester, 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 County of Gloucester, 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, budgetary comparison information, and schedules related to pension and OPEB funding as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2023, on our consideration of County of Gloucester, 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 Gloucester, 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 County of Gloucester, Virginia's internal control over financial reporting and compliance.

Robinson, Farnum, Cox Associates

Richmond, Virginia
November 28, 2023

County of Gloucester, Virginia Management's Discussion and Analysis

This section of the County of Gloucester's (County's) Annual Comprehensive Financial Report presents a narrative overview and analysis of the County's financial activities for the fiscal year ended June 30, 2023. We encourage readers to consider this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report and the County's basic financial statements, which follow this section.

Financial Highlights

- The Primary Government ended the most recent year with a positive net position of \$80.1 million, an increase of \$8.8 million over FY 2022. The Component Units closed the year with a deficit balance of \$(9.5) million, a deficit decrease of \$8.8 million compared to FY 2022.
- At June 30, 2023, the unrestricted net position of the Primary Government is \$28.1 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2023, the County's governmental funds reported combined ending fund balances of \$63.1 million, a decrease of \$3.9 million from the prior year. Approximately 42 percent of this amount, or \$26.4 million, is restricted or non-spendable, most of which is related to school bonds issued in FY22 and the school sales tax that is being used to make the annual debt service payments on the majority of the new bonds.
- At June 30, 2023, the General Fund's unassigned fund balance was \$29.4 million. For FY2023, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%, primarily due to higher than anticipated significant increases in personal property tax related to automobile values and change and continued increase in sales of goods and services (in dollars) that are subject to local sales tax.
- The County's Primary Government total obligations decreased by \$1.1 million from the prior year's balance of \$84.4 million to \$83.3 million at June 30, 2023, due primarily to principal payments on existing debt.

Overview of the Financial Statements

The Annual Comprehensive Financial Report consists of four sections: introductory, financial, statistical, and financial compliance reports for federal funds. This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the readers with a broad overview of the County's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all County assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County may be changing. However, other non-financial factors should also be considered, such as changes in the County's property tax base and the condition of the County's infrastructure.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., uncollected taxes and earned but unused vacation leave).

In the Statement of Net Position and the Statement of Activities, the County is divided into the following:

- Governmental activities – The County's basic municipal services are reported here, including general government administration; judicial administration; public safety; public works; health and welfare; parks, recreation, and cultural; community development; and education. Property taxes, other local taxes, and state and federal grants finance most of these activities.
- Business-type activities – Functions that are intended to recover all, or a significant portion of, their costs through user fees and charges are reported here, including the County's public utilities, which provides water and sewer services.
- Component Units – The County includes two separate legal entities in its report – the Gloucester County School Board and the Gloucester Economic Development Authority. Although legally separate, the County is financially accountable for the School Board and the Economic Development Authority component units and provides operating and capital funding for these activities.

Fund Financial Statements

The fund financial statements provide more information about the County's most significant funds – not the County as a whole. Funds are accounting units that the County uses to keep track of specific sources of revenues and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into three categories: governmental funds, proprietary funds, and custodial funds.

- Governmental funds – Most of the County's basic services are reported in governmental funds. These funds focus on the inflows and outflows of cash and other financial assets that can readily be converted into cash and the balances left at year-end that are available for spending. As such, the governmental fund statements provide a short-term view of the County's financial resources. Because this information does not address the long-term focus of the government-wide statements, additional information is provided at the bottom of the governmental funds statements that explains the relationship (or differences) between these statements.

The County maintains nine individual governmental funds. 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 Fund, Debt Service Fund, Capital Projects Fund, and School Sales Tax Fund, all of which are major funds. Data from the other five nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* beginning in Exhibit 40.

The County adopts an annual appropriated budget for all funds. Budgetary comparison statements have been provided for the General Fund and the Proprietary funds in schedules 1-4 to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found in Exhibits 3 through 6 of this report.

- Proprietary funds – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide

statements, provide both long and short-term financial information. The County uses enterprise funds (one type of proprietary fund) to account for its business-type activities under the same functions in the government-wide financial statements. Public Utilities is the County's only major enterprise fund. The Gloucester Sanitary District and Gloucester Point Sanitary District Funds are the County's two nonmajor enterprise funds. The fund financial statements in Exhibits 7 through 9 provide more detail and additional information, such as cash flows. Combining statements for the nonmajor enterprise funds can be found at Exhibits 41 and 42, which provide individual details on each nonmajor fund.

- **Fiduciary funds**—Fiduciary funds are used to report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. The two types of fiduciary funds are trust and custodial funds. The County's only fiduciary funds are custodial funds, which are used to account for resources held for the benefit of parties outside the County. The County five custodial funds are: Special Welfare, Middle Peninsula Regional Special Education, Flexible Benefits, Sheriff/Jail and School Activity Fund.

The basic fiduciary fund statements can be found at Exhibits 10 and 11 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning budgetary comparisons for the general fund and progress in funding its obligation to provide pension and other postemployment benefits to its employees. Required supplementary information can be found beginning with Exhibit 12 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial standing. In the case of the County's Primary Government, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80.1 million at the close of the most recent year. A large portion of the County's net position (\$43.4 million, approximately 54.1% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens and businesses; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$36.7 million or 45.9% of the Primary Government's total net position may be used to meet the County's ongoing obligations to citizens and creditors.

The table on the following page reflects the condensed Summary of Net Position as presented in the government-wide financial statement:

<p style="text-align: center;">Summary of Net Position As of June 30, 2023 and 2022 (\$ in thousands)</p>								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 33,495	\$ 107,476	\$ 5,557	\$ 5,939	\$ 39,052	\$ 113,415	\$ 12,371	\$ 14,026
Capital assets	69,374	57,093	23,405	23,666	92,779	80,759	46,769	43,912
Total assets	\$ 102,869	\$ 164,568	\$ 28,962	\$ 29,605	\$ 131,831	\$ 194,173	\$ 59,141	\$ 57,938
Pension related items	2,960	4,855	264	402	3,223	5,258	11,977	11,917
OPEB related items	1,837	1,897	46	65	1,884	1,962	4,228	1,277
Deferred charges on refunding	162	185	135	154	297	339	-	-
Total deferred outflows	\$ 4,959	\$ 6,937	\$ 445	\$ 621	\$ 5,404	\$ 7,559	\$ 16,205	\$ 13,194
Long-term debt outstanding	\$ 73,139	\$ 73,900	\$ 4,391	\$ 4,907	\$ 77,530	\$ 78,806	\$ 59,074	\$ 50,816
Other liabilities	17,391	14,820	1,124	1,139	18,514	15,959	10,497	10,301
Total liabilities	\$ 90,529	\$ 88,720	\$ 5,515	\$ 6,046	\$ 96,045	\$ 94,766	\$ 69,571	\$ 61,117
Deferred revenue -								
property taxes	\$ 25,297	\$ 23,901	\$ 30	\$ 24	\$ 25,327	\$ 23,925	\$ -	\$ -
Lease related	48	66	52	71	100	137		
Pension related items	3,651	9,095	248	660	3,899	9,755	10,060	24,831
OPEB related items	3,036	1,843	101	47	3,137	1,890	5,253	3,532
Total deferred inflows	32,032	34,905	430	802	32,462	35,707	15,313	28,363
Net position								
Net investment in capital assets	\$ 24,326	\$ 24,578	\$ 19,027	\$ 18,541	\$ 43,353	\$ 43,119	\$ 39,533	\$ 35,612
Net pension asset	-	-	-	-	-	-	-	-
Net OPEB asset	2	4	-	-	-	-	286	980
Unrestricted (deficit)	32,312	23,299	4,434	4,837	36,746	28,136	(49,358)	(54,940)
Total net position	\$ 56,640	\$ 47,881	\$ 23,461	\$ 23,378	\$ 80,101	\$ 71,259	\$ (9,539)	\$ (18,347)

The Primary Government's net position increased \$8.8 million from FY 2022. The Component Units closed the year with a deficit balance of \$9.5 million, a deficit decrease of \$8.8 million from FY 2022. The net deficit position as of June 30, 2023, is attributed to the School Board component unit's \$51.3 million total pension liability that is a component of its Long-term debt shown in the chart above.

The statement of activities, which also uses the full accrual basis of accounting, illustrates the cost of governmental activities net of related revenues. It also shows the general revenue sources that fund governmental operations. The table on the following page shows the revenue and expenses of government-wide activities:

Years Ended June 30, 2023 and 2022									
(\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2023	2022	2023	2022	2023	2022	2023	2022	
Revenues:									
Program revenue:									
Charges for services	\$ 1,700	\$ 1,590	\$ 4,987	\$ 4,920	\$ 6,687	\$ 6,510	\$ 2,341	\$ 1,656	
Operating grants and contributions	13,124	12,731	-	-	13,124	12,731	45,258	43,633	
Capital grants and contributions	849	139	-	143	849	282	-	-	
General revenues:									
Property taxes	49,491	47,197	49	44	49,540	47,241	-	-	
Other taxes	21,072	19,966	-	-	21,072	19,966	-	-	
Unrestricted revenues	2,067	236	134	7	2,200	243	72	6	
Miscellaneous	1,272	571	-	-	1,272	571	953	938	
Grants and contributions	6,395	4,348	-	-	6,395	4,348	-	-	
Payment from County	-	-	-	-	-	-	33,527	25,413	
Transfers	-	-	-	-	-	-	-	-	
Total revenue	\$ 95,970	\$ 86,779	\$ 5,170	\$ 5,114	\$ 101,140	\$ 91,892	\$ 82,151	\$ 71,647	
Expenses:									
General government	\$ 7,227	\$ 7,342	\$ -	\$ -	\$ 7,227	\$ 7,342	\$ -	\$ -	
Judicial administration	2,395	2,247	-	-	2,395	2,247	-	-	
Public safety	21,822	17,995	-	-	21,822	17,995	-	-	
Public works	2,570	2,418	-	-	2,570	2,418	-	-	
Health and welfare	7,265	6,341	-	-	7,265	6,341	-	-	
Education	37,758	26,922	-	-	37,758	26,922	72,272	65,529	
Parks, recreation, and cultural	2,847	2,902	-	-	2,847	2,902	-	-	
Community development	3,206	4,498	-	-	3,206	4,498	1,070	1,250	
Interest on long-term debt	2,122	1,242	-	-	2,122	1,242	-	-	
Public Utilities	-	-	5,088	4,818	5,088	4,818	-	-	
Total expenses	\$ 87,211	\$ 71,906	\$ 5,088	\$ 4,818	\$ 92,299	\$ 76,724	\$ 73,342	\$ 66,779	
Change in net position, before transfers	\$ 8,759	\$ 14,873	\$ 82	\$ 296	\$ 8,841	\$ 15,169	\$ 8,808	\$ 4,868	
Transfers	-	-	-	-	-	-	-	-	
Change in net position	8,759	14,873	82	296	8,841	15,169	8,808	4,868	
Net position, beginning as restated	47,881	33,008	23,379	23,083	71,260	56,091	(18,347)	(23,216)	
Net position, ending	\$ 56,640	\$ 47,881	\$ 23,461	\$ 23,379	\$ 80,101	\$ 71,260	\$ (9,539)	\$ (18,347)	

Governmental Activities

Overall revenues for the County's Governmental Activities were \$96.0 million for FY 2023, an increase of \$9.2 million from the prior year. Property tax revenues, the County's largest revenue source, consists of both Real Estate and Personal Property revenues. Property tax revenues in FY 2023 were \$49.5 million, an increase of \$2.3 million over the prior year. This reflects real estate and personal property tax billings during the last half of calendar year 2022 and the first half of calendar year 2023. Contributing to the increase in revenues, the County's assessed real property tax base for calendar year 2023, which was a reassessment year, increased by \$1.2 million (20.2%), compared to the calendar year 2022 increase of \$54.0 million (1.1%), the largest increase in 18 years. This rapid growth is attributed to new development and new construction, but also fueled by a sharp increase in housing prices. The COVID-19 pandemic prompted a large portion of the workforce to work from home, which in turn created the need for larger homes coupled with the new opportunity to eliminate commutes and move to more rural areas. This shift created a housing supply shortage, leading to a spike in housing prices. In expectation of rising assessments, the Board of Supervisors adopted a (\$0.142) tax rate decrease, from \$.725 to \$.583 per \$100 of assessed value. Also, the County's personal property assessed valuation for calendar year 2022 increased by \$174.96 million (35.8%). Personal property valuations decreased in calendar year 2023 by \$47.02 million; however, the large increase in calendar

2022 assessments is still evident in fiscal year 2023 revenues. The expectation is that revenues will level in FY2024 with the equalized rate. Conversely, the Board of Supervisors voted to return the personal property tax rates for automobiles in calendar year 2023 back to 2021 rates of \$2.95 per \$100 of assessed value – an increase of \$0.65. The return to the original rate was an effort to equalize the rate with the anticipation of declining assessments.

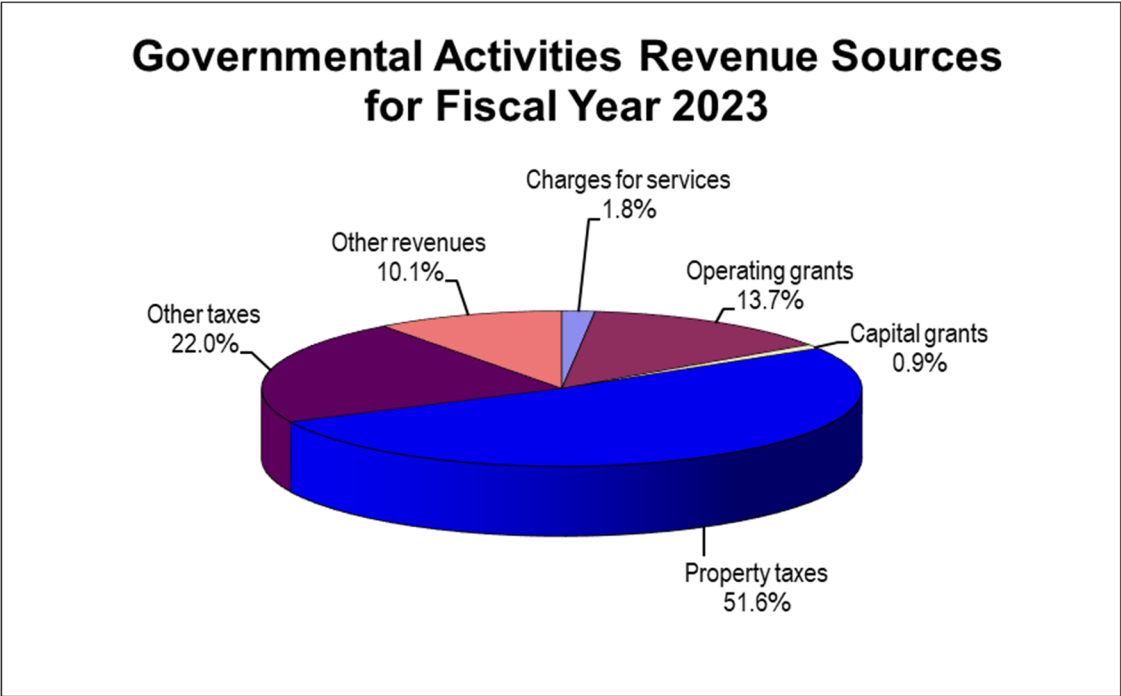
The collection rate for FY 2023 real estate taxes was 97.3%, a slight improvement of .1% from the previous year rate of 97.2%. The collection rate has leveled out after two consecutive years of collection rate improvement, which was attributed to recovery from the COVID-19 Pandemic, which financially impacted many taxpayers and slowed collection efforts.

Other taxes, which increased \$1.1 million, or 5.5% over FY2022, has continued a steadily improving growth trend. The largest drivers in this revenue increase are the local option school sales tax and the school sales tax, which made up a combined 80% of the overall increase.

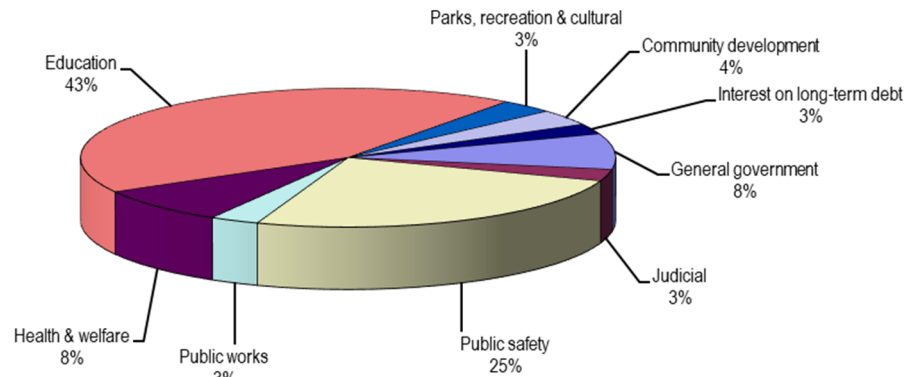
Miscellaneous revenue includes items that are infrequent, unexpected, and/or not able to be classified in one of the other revenue categories and, as such, is subject to variances, possibly large, from year to year.

For the fiscal year ended June 30, 2023, expenses relating to Governmental Activities were \$15.3 million more than the prior year. The main drivers were an increase of \$3.8 million in the Public Safety function, which includes \$2.4 million in ARPA expenditures, and an increase of \$10.8 million in the Education function, attributable mainly to capital expenditures. The County continued exercising prudent budget management strategies including practical consideration of major facility maintenance and replacement needs and examining program and service efficiencies. Public Education and Public Safety continue to dominate our local government spending and continue to be the two areas of the County’s highest priorities and commitments.

The following graphs illustrate revenues by source for Governmental Activities, as well as illustrating expenses for each of the functional areas of Governmental Activities:



Governmental Activities Total Expenses by Function for Fiscal Year 2023



Business-type Activities

The County's net position from Business-type activities increased by \$83,000 over the prior year. This is attributed to a decrease in long-term debt, due to retirement of principal. Like the changes in net assets attributable to Governmental Activities, changes in Business-type Activity net assets also result from the difference between revenues and expenses. Unlike Governmental Activities, which primarily rely on general tax revenue to finance operations, Business-type Activities are financed to a significant extent by fees charged for goods and services provided.

The County has one major enterprise fund, which provides water and wastewater services to approximately 5,200 and 1900 customers in the County, respectively. The County also has two nonmajor enterprise funds – the Gloucester Sanitary District and the Gloucester Point Sanitary District. The nonmajor funds both earn tax revenue at \$.01 per \$100 of assessed value, which funds expenditures such as electricity of light poles within those districts. Like all Business-type Activities, the Utility Fund attempts to recover much of the operating expenses it incurs to meet service demands through user fees.

Utility charges for services increased modestly by \$68,000, or 1.4%. Utility customer payments were severely impacted by COVID-19 in FY2021. Many customers paused payments and disconnections were suspended, which resulted in increased delinquent accounts. The pause on payments expired in FY2023, which contributed to the slight increase in revenue. The Utility Fund also benefitted from the environment of increasing interest rates. Interest revenue increased by \$127,000, more than 1700%. A majority of deposits are held at a local banking institution where rates increased from less than 1% to nearly 5% over the last year. Utility operating expenses increased by \$270,000, or 5.6%, over FY2022, due mainly to increasing personnel and fringe benefit costs.

Financial Analysis of Governmental Funds

The County and School Board use fund accounting in accordance with GASB standards to ensure and demonstrate finance-related legal requirements.

Governmental Fund Balance

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Fund balance is reported as restricted when constraints placed on the use of resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. Amounts that can only be used for specific purposes pursuant to constraints imposed by a formal action of the County Board of Supervisors are reported as committed fund balance. Amounts that are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed, are reported as assigned fund balance. Unassigned fund balance is the residual classification for the general fund. A summary of the County's fund balances is shown on the following page.

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financial requirements. Committed, assigned, and unassigned fund balances serve as a useful measure of a government's net resources that may be leveraged for spending at the end of the fiscal year. At the end of FY 2023, the County's governmental funds reported combined ending fund balances of \$63.1 million, a net decrease of \$7.3 million in comparison with that of the prior year. Of the decrease in total fund balances, \$15.0 Million is attributable to spending of bond proceeds restricted for the major school construction projects, including the renovation of Gloucester High School. This decrease is offset by other increases, including an increase of \$4.8 million in restricted fund balance in the School Sales Tax fund that is restricted specifically to fund eligible school construction projects. Nonspendable fund balance totaled \$509,000 and is comprised of prepaid items.

Committed fund balance equates to 11.2% or \$7.1 million of the total governmental fund balance. This is comprised of committed funds that can only be used for specific purposes already imposed by a formal action of the County Board of Supervisors. Major balances in the remaining committed fund balance include \$1.8 million appropriated for ongoing capital projects and \$2 million in funding for school project contingency.

The assigned fund balance of \$260,000, or .4% of the total governmental fund balance, applies to funds that are intended for specific purposes designated and proposed by the County Administrator.

A summary of fund balance is shown below and on the following page. Additional information on fund balances can be found in Note 1(R) in the Notes to Financial Statements section of this report.

Summary of Fund Balance (Continued on the next page)						
As of June 30, 2023 and 2022						
(\$ in thousands)						
	General Fund		Major Debt Service Fund		Major Capital Projects Fund	
	2023	2022	2023	2022	2023	2022
Nonspendable:						
Prepays	\$ 388	\$ 393	\$ -	\$ 1	\$ 120	\$ 198
Total nonspendable	\$ 388	\$ 393	\$ -	\$ 1	\$ 120	\$ 198
Restricted:						
Sheriff's asset forfeiture, federal	\$ -	\$ 3	\$ -	\$ -	\$ -	\$ -
Sheriff's asset forfeiture, state	-	29	-	-	-	-
Sheriff's asset forfeiture, treasury	-	38	-	-	-	-
Commonwealth Attorney's asset forfeiture, federal	-	0.5	-	-	-	-
Commonwealth Attorney's asset forfeiture, state	-	2	-	-	-	-
School sales tax	-	-	-	-	-	-
Opioid abatement	-	-	-	-	-	-
Wetlands in lieu	28	16	-	-	-	-
Solar inspections	73					
SNAP funds, school construction	-	-	-	-	15,498	30,603
Proffers	-	-	-	-	118	116
Total restricted	\$ 101	\$ 89	\$ -	\$ -	\$ 15,616	\$ 30,719
Committed:						
Mosquito control	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tourism projects	420	662	-	-	284	7
Daffodil festival	78	47	-	-	-	-
Program donations	118	116	-	-	-	-
Subsequent expenditures	-	-	-	-	1,757	4,037
Probation and pretrial	120	137	-	-	-	-
Cable services	65	448	-	-	390	-
County capital replacement	1,260	1,165	-	-	-	-
Library lessee improvements	-	-	-	-	200	-
School project contingency	-	-	-	-	2,096	-
Park projects	-	-	-	-	91	91
Older adult capital projects	-	-	-	-	37	67
Total committed	\$ 2,061	\$ 2,575	\$ -	\$ -	\$ 4,854	\$ 4,202
Assigned	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ -
Total assigned	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ 29,406	\$ 26,573	\$ -	\$ -	\$ -	\$ -
Total fund balances	\$ 32,217	\$ 29,890	\$ -	\$ 1	\$ 20,591	\$ 35,120

Summary of Fund Balance (Continued from previous page)								
As of June 30, 2023 and 2022								
(\$ in thousands)								
	Major		Non-Major				Total	
	School Sales Tax Fund		Special Revenue Fund		Mosquito Control Fund			
	2023	2022	2023	2022	2023	2022	2023	2022
Nonspendable:								
Prepays	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509	\$ 592
Total nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 509	\$ 592
Restricted:								
Sheriff's asset forfeiture, federal	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3
Sheriff's asset forfeiture, state	-	-	-	-	-	-	-	29
Sheriff's asset forfeiture, treasury	-	-	-	-	-	-	-	38
Commonwealth Attorney's asset forfeiture, federal	-	-	-	-	-	-	-	0
Commonwealth Attorney's asset forfeiture, state	-	-	-	-	-	-	-	2
School sales tax	10,037	5,197	-	-	-	-	10,037	5,197
Opioid abatement	-	-	126	-	-	-	126	-
Wetlands in lieu	-	-	-	-	-	-	28	16
Solar inspections	-	-	-	-	-	-	73	-
SNAP funds, school construction	-	-	-	-	-	-	15,498	30,603
Proffers	-	-	-	-	-	-	118	116
Total restricted	\$ 10,037	\$ 5,197	\$ 126	\$ -	\$ -	\$ -	\$ 25,881	\$ 36,005
Committed:								
Mosquito control	\$ -	\$ -	\$ -	\$ -	\$ 158	\$ 179	\$ 158	\$ 179
Tourism projects	-	-	-	-	-	-	703	669
Daffodil festival	-	-	-	-	-	-	78	47
Program donations	-	-	-	-	-	-	118	116
Subsequent expenditures	-	-	-	-	-	-	1,757	4,037
Probation and pretrial	-	-	-	-	-	-	120	137
Cable services	-	-	-	-	-	-	455	448
County capital replacement	-	-	-	-	-	-	1,260	1,165
Library lessee improvements	-	-	-	-	-	-	200	-
School project contingency	-	-	-	-	-	-	2,096	-
Park projects	-	-	-	-	-	-	91	91
Older adult capital projects	-	-	-	-	-	-	37	67
Total committed	\$ -	\$ -	\$ -	\$ -	\$ 158	\$ 179	\$ 7,073	\$ 6,956
Assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	260	260
Total assigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	260	260
Unassigned	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	29,406	26,573
Total fund balances	\$ 10,037	\$ 5,197	\$ 126	\$ -	\$ 158	\$ 179	\$ 63,129	\$ 70,387

General Fund

The General Fund is the major governmental fund of the County. At the end of the current year, the General Fund's fund balance was \$32.2 million, or 51.0% of the total fund balance. The Board of Supervisors' fund balance policy states that County will strive to maintain an unassigned fund balance between 14%-16% of budgeted governmental expenditures, less any capital outlay projects funded with bond proceeds. Unassigned fund balance on June 30, 2023, was \$29.4 million, which is 23.5% of budgeted governmental expenditures. The \$2.8 million dollar increase in general fund unassigned fund balance was driven by an increase in the County's two largest revenue sources - property and other taxes, which grew by 4.9% and 5.5%, respectively.

General Fund Budgetary Highlights

At the end of FY 2023, General Fund additional budget appropriations resulted in an increase of \$2.9 million between originally adopted FY 2023 budget appropriations for expenditures and transfers out and the final budget. Of this increase, \$2.0 million is attributed to additional transfers to capital, including \$907,000 for Woodville Park Fields, \$700,000 for school security the remainder for various capital carryforwards from FY 2022 for ongoing projects.

General Fund revenues exceeded final budget projections in FY 2023 by \$3.4 million, the majority of which is attributable to an additional \$2.4 million in personal property tax collections and \$2.7 million in other local taxes over budgeted amounts. Tax revenue projections were increased in FY2023 by \$3.2 million when compared to FY2022, to align more closely with prior year actual revenue in anticipation of continued positive revenue trends. Total General Fund expenditures for FY 2023 were less than the final budget by \$1.2 million. Major contributing factors include unexpended solar appropriations of \$556,000 and overall conservative use of funds by County departments, notably in the general government administration and public safety functions which were under budget by \$349,000 and \$741,000, respectively.

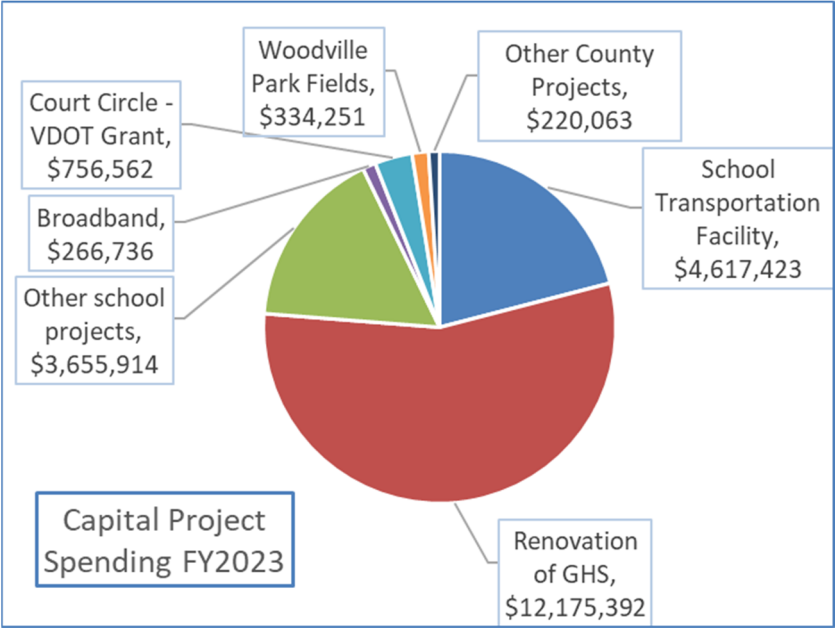
Additional information on the County’s statement of revenues, expenditures and changes in fund balance, budget and actual, can be found in the Required Supplementary Information section of this report.

Capital Improvements Fund

The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported for by the Proprietary Fund. The County Capital Improvements Fund has a fund balance of \$20.6 million, which includes \$15.5 million in restricted funds held for the major school projects and \$2.1 million in subsequent expenditures committed for ongoing capital projects. The largest capital project ongoing at the end of FY2023 was the renovation of Gloucester High School.

Capital Assets and Capital Projects

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounted to \$92.8 million (net of accumulated depreciation), an increase of \$12.0 million over FY2022. This investment in capital assets includes land, buildings, improvements, and machinery and equipment. The County does not own its roads; therefore, roads are not included in the capital assets. Of the \$12.0 million increase, construction in progress jointly owned by the County and Schools increased by \$15.3 million. This increase is offset by retirement of assets, the largest portion of which includes school buses and HVAC equipment. The two largest projects making up jointly owned construction in progress are costs for the new transportation facility and construction costs for the renovation of Gloucester High School. The Gloucester High School project construction began in calendar 2023 and is anticipated to be completed in calendar year 2025. The transportation facility is anticipated to be completed in FY2024. Major capital expenditures during the fiscal year included the following are detailed in the adjacent chart.



Capital assets, net of accumulated depreciation, are illustrated on the following page.

Capital Assets As of June 30, 2023 and 2022 (\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2023	2022	2023	2022	2023	2022	2023	2022	
Land	\$ 7,002	\$ 7,002	\$ 3,690	\$ 3,690	\$ 10,692	\$ 10,692	\$ 1,950	\$ 1,950	
Construction in progress	334	578	98	112	432	690	20	-	
Jointly owned construction in progress	22,056	6,748	-	-	22,056	6,748	-	-	
Buildings	9,746	10,227	17,680	18,528	27,426	28,755	10,956	11,456	
Leased buildings	2,303	2,556	-	-	2,303	2,556	-	-	
Improvements other than buildings	2,401	2,599	-	-	2,401	2,599	-	-	
Equipment	2,457	1,739	1,937	1,336	4,394	3,075	3,501	3,478	
Leased equipment	742	942	-	-	742	942	-	-	
Subscription asset	371	-	-	-	-	-	-	-	
Jointly owned assets	21,962	24,703	-	-	21,962	24,703	30,343	27,028	
Total	\$ 69,374	\$ 57,093	\$ 23,405	\$ 23,666	\$ 92,779	\$ 80,759	\$ 46,769	\$ 43,912	

Additional information on the County's capital assets can be found in Note 6 in the notes to the financial statements section of this report.

Long-term Obligations

At June 30, 2023, the County's Primary Government had total outstanding obligations of \$83.4 million. Details are summarized in the following table:

Long-Term Obligations As of June 30, 2023 and 2022 (\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2023	2022	2023	2022	2023	2022	2023	2022	
Bonds Payable:									
General obligation bonds	\$ 58,501	\$ 61,364	\$ -	\$ -	\$ 58,501	\$ 61,364	\$ -	\$ -	
Revenue bonds	-	-	-	-	-	0	7,236	8,299	
Loan payable	4,098	4,594	4,513	5,279	8,610	9,873	-	-	
Literary loans	-	-	-	-	-	0	-	-	
Lease revenue bond	-	-	-	-	-	0	-	-	
Derivative instrument liability	-	-	-	-	-	0	-	-	
OPEB liability	5,105	6,173	151	206	5,256	6,378	15,481	14,480	
Net pension liability	4,911	1,116	384	81	5,295	1,197	35,799	27,508	
Lease liabilities	3,115	3,510	-	-	3,115	3,510	-	-	
Subscription liability	370	-	-	-	370	0	-	-	
Compensated absences	2,092	2,006	130	119	2,221	2,125	1,861	1,769	
Total	\$ 78,191	\$ 78,763	\$ 5,177	\$ 5,685	\$ 83,368	\$ 84,448	\$ 60,377	\$ 52,056	

The Total Primary Government long-term obligations decreased by \$1.1 million from the prior year's balance due mainly to principal payments on existing debt. The Component Unit long-term debt increased by \$8.3 million primarily due to the School Board's increase in total OPEB and pension liability.

The County is not subject to a statutory debt limitation, but the County's Debt Obligation Policy, which was adopted on April 4, 2000, and revised on June 16, 2020, limits net debt as a percentage of assessed value not to exceed 3%. In addition, the general obligation debt service and capital lease payments are not to exceed 15% of general government expenditures. As of the end of FY 2023, the County's net debt as a percentage of assessed value was 1.0% and the debt payments percentage of governmental expenditures was 4.4%.

Additional information on the County's long-term obligations can be found in Note 8 in the notes to the financial statements section of this report.

Economic Factors and Next Fiscal Year's Budgets and Rates

The County's economy showed continued improvement and an optimistic outlook. Unemployment leveled out at 2.6%, compared to 2.7% in 2022, and local consumer spending continued an upward trend, as evidenced by increasing other local tax revenue. With an optimistic outlook, the Board of Supervisors FY2024 budget focus shifted to capital improvements for the County and Schools, as well compensation to manage the high turnover rates faced over the last year. With these factors in mind, the FY2024 budget incorporated necessary expenditures to maintain service delivery while also leveraging available funding opportunities, allowing for fulfillment of both compensation and capital needs. The budget included incremental funding for only the most critical/mandatory obligations, included cash funding of only the highest priority, non-bondable capital improvement projects, facilities maintenance, repair, and replacement (FMRR) requests. The Board's careful consideration of the wide range of factors influencing the budget have produced an outcome that supports our service delivery in a very lean, yet responsible fashion. The Board of Supervisors put taxpayer dollars to work in the most impactful ways possible, adopting a budget that limits the weight of inflation on housing values through the reduction of the real estate tax rate and still delivering quality services to the community.

The FY 2024 General Fund adopted budget is \$85.5 million, which is comprised of \$44.5 million in operating expenditures and approximately \$41.0 million in transfers to other funds. Of this transfer amount, \$30.4 million supports our School Division's operating budget. Also built into the FY 2024 budget is approximately \$6.0 million in new county capital projects, including \$3.85 million for the lease financed public safety radio tower upgrades, and \$54.9 million in carryforward school projects, which includes \$52.1 million for the Gloucester High School renovation, to be funded with debt and repaid primarily with the 1% school sales tax. For FY 2024, the real estate tax rate decreased to \$0.583 and the personal property tax rate was returned to \$2.95, both in an effort to equalize based on assessment projections. Additional information regarding the County Fiscal Year 2024 Adopted budget can be found on the Financial Services website at <https://gloucesterva.gov/financial-services#reports>.

The FY 2024 School Operating Budget was approved at \$75.2 million, which is a \$2.4 million more than the amended FY 2023 School Operating Budget. The County's contribution to the School Operations, which is 40.4% of the total School Operating Budget, increased by \$1.7 million. Additional information regarding the School Board Fiscal Year 2024 Adopted Budget can be found on the School's Budget and Finance website at <https://gets.gc.k12.va.us/budget-and-finance>.

Economic conditions, trends, and revenue collections continue to be closely monitored. Key factors that are expected to impact future budgets include inflation, maintaining service levels for citizens, and funding for facility maintenance and capital improvements.

Requests for Information

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Financial Services, County of Gloucester, 6489 Main Street, Gloucester, VA 23061.

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BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 44,698,944	\$ 4,507,509	\$ 49,206,453	\$ 2,032,094	\$ 75,776
Cash in custody of others	21,538,398	-	21,538,398	-	-
Investments	244,129	208,487	452,616	6,679	845,768
Receivables (net of allowance for uncollectibles):					
Taxes receivable	32,636,961	32,774	32,669,735	-	-
Accounts receivable	1,160,529	536,010	1,696,539	95,980	-
Internal balances	205	(205)	-	-	-
Due from other governmental units	4,028,534	-	4,028,534	7,898,999	-
Inventories	-	217,579	217,579	46,874	1,083,044
Net pension asset	-	-	-	286,145	-
Net OPEB asset	1,790	145	1,935	-	-
Leases receivable	50,870	54,440	105,310	-	-
Prepaid items	508,517	-	508,517	-	-
Capital assets (net of accumulated depreciation):					
Land	7,001,908	3,690,276	10,692,184	1,476,061	473,735
Buildings and system	31,707,358	17,679,757	49,387,115	35,351,064	5,947,635
Leased buildings	2,303,487	-	2,303,487	-	-
Improvements other than buildings	2,400,926	-	2,400,926	-	-
Machinery and equipment	2,457,270	1,937,114	4,394,384	3,500,784	-
Leased equipment	741,598	-	741,598	-	-
Subscription asset	371,318	-	371,318	-	-
Construction in progress	22,389,795	97,733	22,487,528	20,000	-
Total assets	\$ 174,242,537	\$ 28,961,619	\$ 203,204,156	\$ 50,714,680	\$ 8,425,958
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 2,959,559	\$ 263,828	\$ 3,223,387	\$ 11,976,641	\$ -
OPEB related items	1,837,323	46,207	1,883,530	4,227,910	-
Deferred charges on refunding	161,974	134,689	296,663	-	-
Total deferred outflows of resources	\$ 4,958,856	\$ 444,724	\$ 5,403,580	\$ 16,204,551	\$ -
LIABILITIES					
Accounts payable	\$ 3,706,202	\$ 237,281	\$ 3,943,483	\$ 2,409,930	\$ 33,346
Accrued liabilities	911,528	38,149	949,677	6,750,771	-
Retainage payable	664,423	-	664,423	-	-
Accrued interest payable	439,094	11,000	450,094	-	-
Due to other governmental units	4,488,099	-	4,488,099	94	-
Unearned revenue	2,129,039	-	2,129,039	-	-
Deposits held in escrow	-	51,215	51,215	-	-
Long-term liabilities:					
Due within one year	5,052,256	786,071	5,838,327	186,053	1,116,601
Due in more than one year	73,138,842	4,391,343	77,530,185	52,954,455	6,119,873
Total liabilities	\$ 90,529,483	\$ 5,515,059	\$ 96,044,542	\$ 62,301,303	\$ 7,269,820
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 25,297,328	\$ 29,533	\$ 25,326,861	\$ -	\$ -
Leases related	47,887	51,832	99,719	-	-
Pension related items	3,651,367	247,679	3,899,046	10,060,192	-
OPEB related items	3,035,592	101,212	3,136,804	5,252,877	-
Total deferred inflow of resources	\$ 32,032,174	\$ 430,256	\$ 32,462,430	\$ 15,313,069	\$ -
NET POSITION					
Net investment in capital assets	\$ 24,325,862	\$ 19,027,066	\$ 43,352,928	\$ 40,347,909	\$ (815,104)
Restricted:					
Net OPEB asset	1,790	145	1,935	-	-
Net pension asset	-	-	-	286,145	-
Unrestricted (deficit)	32,312,084	4,433,817	36,745,901	(51,329,195)	1,971,242
Total net position	\$ 56,639,736	\$ 23,461,028	\$ 80,100,764	\$ (10,695,141)	\$ 1,156,138

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

COUNTY OF GLOUCESTER, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2023

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,227,061	\$ 92,827	\$ 439,283	\$ -
Judicial administration	2,394,897	211,762	977,515	-
Public safety	21,821,567	494,602	4,888,683	-
Public works	2,569,926	589,203	142,651	-
Health and welfare	7,265,302	-	4,402,311	-
Education	37,758,280	-	-	-
Parks, recreation, and cultural	2,846,720	310,019	195,860	-
Community development	3,205,527	19,621	2,078,188	849,064
Interest on long-term debt	2,122,078	-	-	-
Total governmental activities	\$ 87,211,358	\$ 1,718,034	\$ 13,124,491	\$ 849,064
Business-type activities:				
Public utilities	\$ 5,036,676	\$ 4,987,411	\$ -	\$ -
Nonmajor enterprise funds	51,198	-	-	-
Total business-type activities	\$ 5,087,874	\$ 4,987,411	\$ -	\$ -
Total primary government	\$ 92,299,232	\$ 6,705,445	\$ 13,124,491	\$ 849,064
COMPONENT UNITS:				
School Board	\$ 73,385,933	\$ 775,185	\$ 46,371,238	\$ -
Economic Development Authority	1,069,834	1,565,940	-	-
Total component units	\$ 74,455,767	\$ 2,341,125	\$ 46,371,238	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Business license taxes				
Restaurant food taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Gloucester County				
Total general revenues				
Change in net position				
Net position - beginning				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position					
Primary Government			Component Units		
Governmental Activities	Business-type Activities	Total	School Board	EDA	
\$ (6,694,951)	\$ -	\$ (6,694,951)			
(1,205,620)	-	(1,205,620)			
(16,438,282)	-	(16,438,282)			
(1,838,072)	-	(1,838,072)			
(2,862,991)	-	(2,862,991)			
(37,758,280)	-	(37,758,280)			
(2,340,841)	-	(2,340,841)			
(258,654)	-	(258,654)			
(2,122,078)	-	(2,122,078)			
<u>\$ (71,519,769)</u>	<u>\$ -</u>	<u>\$ (71,519,769)</u>			
\$ -	\$ (49,265)	\$ (49,265)			
-	(51,198)	(51,198)			
<u>\$ -</u>	<u>\$ (100,463)</u>	<u>\$ (100,463)</u>			
<u>\$ (71,519,769)</u>	<u>\$ (100,463)</u>	<u>\$ (71,620,232)</u>			
\$ -	\$ -	\$ -	\$ (26,239,510)	\$ -	
-	-	-	-	496,106	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (26,239,510)</u>	<u>\$ 496,106</u>	
\$ 49,490,772	\$ 49,174	\$ 49,539,946	\$ -	\$ -	
7,251,255	-	7,251,255	-	-	
775,140	-	775,140	-	-	
2,421,143	-	2,421,143	-	-	
3,355,355	-	3,355,355	-	-	
7,269,207	-	7,269,207	-	-	
2,048,758	133,666	2,182,424	38,214	33,783	
1,271,776	-	1,271,776	953,110	-	
6,394,942	-	6,394,942	-	-	
-	-	-	33,526,648	-	
<u>\$ 80,278,348</u>	<u>\$ 182,840</u>	<u>\$ 80,461,188</u>	<u>\$ 34,517,972</u>	<u>\$ 33,783</u>	
\$ 8,758,579	\$ 82,377	\$ 8,840,956	\$ 8,278,462	\$ 529,889	
47,881,157	23,378,651	71,259,808	(18,973,603)	626,249	
<u>\$ 56,639,736</u>	<u>\$ 23,461,028</u>	<u>\$ 80,100,764</u>	<u>\$ (10,695,141)</u>	<u>\$ 1,156,138</u>	

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FUND FINANCIAL STATEMENTS

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Balance Sheet
Governmental Funds
June 30, 2023

	General	Debt Service	Capital Projects	School Sales Tax	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 33,531,480	\$ -	\$ -	\$ 9,046,703	\$ 2,120,761	\$ 44,698,944
Cash in custody of others	-	-	21,538,398	-	-	21,538,398
Investments	172,357	1,075	70,697	-	-	244,129
Receivables (net of allowance for uncollectibles):						
Taxes receivable	32,558,923	-	-	-	78,038	32,636,961
Accounts receivable	765,647	-	-	-	394,882	1,160,529
Lease receivable	50,870	-	-	-	-	50,870
Due from other funds	8,881,870	-	10,306,871	-	331,554	19,520,295
Due from other governmental units	1,862,300	-	720,812	996,526	448,896	4,028,534
Prepaid items	388,126	-	120,391	-	-	508,517
Total assets	<u>\$ 78,211,573</u>	<u>\$ 1,075</u>	<u>\$ 32,757,169</u>	<u>\$ 10,043,229</u>	<u>\$ 3,374,131</u>	<u>\$ 124,387,177</u>
LIABILITIES						
Accounts payable	\$ 525,386	\$ -	\$ 2,964,160	\$ -	\$ 216,656	\$ 3,706,202
Accrued liabilities	910,931	-	-	-	597	911,528
Retainage payable	-	-	664,423	-	-	664,423
Due to other governmental units	4,488,099	-	-	-	-	4,488,099
Due to other funds	10,638,424	1,075	8,511,723	6,000	362,868	19,520,090
Unearned revenue	54,553	-	26,135	-	2,048,351	2,129,039
Total liabilities	<u>\$ 16,617,393</u>	<u>\$ 1,075</u>	<u>\$ 12,166,441</u>	<u>\$ 6,000</u>	<u>\$ 2,628,472</u>	<u>\$ 31,419,381</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 29,329,697	\$ -	\$ -	\$ -	\$ 69,732	\$ 29,399,429
Unavailable revenue - opioid settlement	-	-	-	-	391,977	391,977
Lease related	47,887	-	-	-	-	47,887
Total deferred inflows of resources	<u>\$ 29,377,584</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 461,709</u>	<u>\$ 29,839,293</u>
Fund balances:						
Nonspendable	\$ 388,126	\$ -	\$ 120,391	\$ -	\$ -	\$ 508,517
Restricted	101,391	-	15,616,455	10,037,229	126,388	25,881,463
Committed	2,061,318	-	4,853,882	-	157,562	7,072,762
Assigned	260,000	-	-	-	-	260,000
Unassigned	29,405,761	-	-	-	-	29,405,761
Total fund balances	<u>\$ 32,216,596</u>	<u>\$ -</u>	<u>\$ 20,590,728</u>	<u>\$ 10,037,229</u>	<u>\$ 283,950</u>	<u>\$ 63,128,503</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 78,211,573</u>	<u>\$ 1,075</u>	<u>\$ 32,757,169</u>	<u>\$ 10,043,229</u>	<u>\$ 3,374,131</u>	<u>\$ 124,387,177</u>

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

Reconciliation of the Balance Sheet of Governmental Funds
To the Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of Net Position are different because:

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	63,128,503
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	124,227,458	
Accumulated depreciation		<u>(54,853,798)</u>	69,373,660
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	4,102,101	
Unavailable revenue - opioid settlement		391,977	
Net OPEB asset		<u>1,790</u>	4,495,868
Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the funds.			
Deferred charge on refunding	\$	161,974	
OPEB related items		1,837,323	
Pension related items		<u>2,959,559</u>	4,958,856
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.			
Bonds and loans payable	\$	(58,484,347)	
Less: Issuance premium (to be amortized over life of debt)		(4,114,604)	
Lease liabilities		(3,114,816)	
Subscription liability		(369,980)	
Accrued Interest payable		(439,094)	
Net OPEB liabilities		(5,105,059)	
Net pension liability		(4,910,556)	
Compensated absences		<u>(2,091,736)</u>	(78,630,192)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(3,651,367)	
OPEB related items		<u>(3,035,592)</u>	(6,686,959)
Net position of governmental activities			<u>\$ 56,639,736</u>

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

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

	General	Debt Service	Capital Projects	School Sales Tax Fund	Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	\$ 48,890,484	\$ -	\$ -	\$ -	\$ 117,532	\$ 49,008,016
Other local taxes	15,258,922	-	-	5,813,178	-	21,072,100
Permits, privilege fees, and regulatory licenses	440,967	-	-	-	-	440,967
Fines and forfeitures	65,227	-	-	-	-	65,227
Revenue from the use of money and property	761,239	-	1,134,588	170,889	-	2,066,716
Charges for services	1,193,882	-	-	-	-	1,193,882
Miscellaneous	440,506	38,988	270,564	-	129,741	879,799
Recovered costs	695,418	-	-	-	-	695,418
Intergovernmental:						
Commonwealth	9,380,583	106,413	2,564,295	-	1,882,128	13,933,419
Federal	352,786	237,295	615,692	-	5,229,305	6,435,078
Total revenues	<u>\$ 77,480,014</u>	<u>\$ 382,696</u>	<u>\$ 4,585,139</u>	<u>\$ 5,984,067</u>	<u>\$ 7,358,706</u>	<u>\$ 95,790,622</u>
EXPENDITURES						
Current:						
General government administration	\$ 7,750,726	\$ -	\$ -	\$ -	\$ -	\$ 7,750,726
Judicial administration	2,274,390	-	-	-	-	2,274,390
Public safety	18,886,828	-	-	-	2,402,867	21,289,695
Public works	2,947,429	-	-	-	24,845	2,972,274
Health and welfare	629,775	-	-	-	6,460,927	7,090,702
Education	29,409,352	-	-	-	138,717	29,548,069
Parks, recreation, and cultural	2,472,008	-	-	-	-	2,472,008
Community development	1,484,385	-	-	-	267,335	1,751,720
Nondepartmental	370,562	-	-	-	-	370,562
Capital projects	-	-	22,026,341	-	-	22,026,341
Debt service:						
Principal retirement	308,606	3,418,056	-	-	-	3,726,662
Interest and other fiscal charges	89,771	2,149,916	-	-	-	2,239,687
Total expenditures	<u>\$ 66,623,832</u>	<u>\$ 5,567,972</u>	<u>\$ 22,026,341</u>	<u>\$ -</u>	<u>\$ 9,294,691</u>	<u>\$ 103,512,836</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,856,182</u>	<u>\$ (5,185,276)</u>	<u>\$ (17,441,202)</u>	<u>\$ 5,984,067</u>	<u>\$ (1,935,985)</u>	<u>\$ (7,722,214)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 5,184,201	\$ 2,912,388	\$ -	\$ 2,041,188	\$ 10,137,777
Transfers out	(8,993,623)	-	-	(1,144,154)	-	(10,137,777)
Issuance of subscription liability	464,148	-	-	-	-	464,148
Total other financing sources (uses)	<u>\$ (8,529,475)</u>	<u>\$ 5,184,201</u>	<u>\$ 2,912,388</u>	<u>\$ (1,144,154)</u>	<u>\$ 2,041,188</u>	<u>\$ 464,148</u>
Net change in fund balances	\$ 2,326,707	\$ (1,075)	\$ (14,528,814)	\$ 4,839,913	\$ 105,203	\$ (7,258,066)
Fund balances - beginning	29,889,889	1,075	35,119,542	5,197,316	178,747	70,386,569
Fund balances - ending	<u>\$ 32,216,596</u>	<u>\$ -</u>	<u>\$ 20,590,728</u>	<u>\$ 10,037,229</u>	<u>\$ 283,950</u>	<u>\$ 63,128,503</u>

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

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

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$	(7,258,066)
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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 and reported as depreciation expense. This is the amount by which the capital outlays exceeded the depreciation in the current period.

Capital asset additions	\$	20,376,599	
Depreciation expense		(3,242,541)	
Jointly owned asset allocation of assets		(7,629,323)	
Jointly owned asset depreciation		<u>2,776,202</u>	12,280,937

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$	482,756	
Opioid settlement		<u>391,977</u>	874,733

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$	(464,148)	
Principal payments		<u>3,726,662</u>	3,262,514

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.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$	(86,006)	
OPEB expense		(186,834)	
Pension expense		(246,308)	
Amortization of deferred charges on refunding		(23,139)	
Premium amortization		121,989	
(Increase) decrease in accrued interest payable		<u>18,759</u>	<u>(401,539)</u>

Change in net position of governmental activities	\$	<u><u>8,758,579</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,416,200	\$ 91,309	\$ 4,507,509
Investments	208,487	-	208,487
Taxes receivable (net of allowance for uncollectibles)	-	32,774	32,774
Accounts receivable (net of allowance for uncollectibles)	530,451	5,559	536,010
Due from other funds	7,300	-	7,300
Inventories	217,579	-	217,579
Total current assets	\$ 5,380,017	\$ 129,642	\$ 5,509,659
Noncurrent assets:			
Net OPEB asset	\$ 145	\$ -	\$ 145
Lease receivable	54,440	-	54,440
Capital assets:			
Land	\$ 3,690,276	\$ -	\$ 3,690,276
Utility plant in service	37,542,295	-	37,542,295
Machinery and equipment	2,968,291	-	2,968,291
Buildings	6,542,938	-	6,542,938
Construction in progress	97,733	-	97,733
Accumulated depreciation	(27,436,653)	-	(27,436,653)
Total net capital assets	\$ 23,404,880	\$ -	\$ 23,404,880
Total noncurrent assets	\$ 23,459,465	\$ -	\$ 23,459,465
Total assets	\$ 28,839,482	\$ 129,642	\$ 28,969,124
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	\$ 134,689	\$ -	\$ 134,689
Pension related items	263,828	-	263,828
OPEB related items	46,207	-	46,207
Total deferred outflows of resources	\$ 444,724	\$ -	\$ 444,724
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 233,969	\$ 3,312	\$ 237,281
Accrued liabilities	38,149	-	38,149
Accrued interest payable	11,000	-	11,000
Due to other funds	164	7,341	7,505
Compensated absences (current portion)	12,966	-	12,966
Deposits held in escrow	51,215	-	51,215
Loan payable (current portion)	773,105	-	773,105
Total current liabilities	\$ 1,120,568	\$ 10,653	\$ 1,131,221

Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
Noncurrent liabilities:			
Loan payable - net of current portion	\$ 3,739,398	\$ -	\$ 3,739,398
Net OPEB liability	150,931	-	150,931
Net pension liability	384,322	-	384,322
Compensated absences (net of current portion)	116,692	-	116,692
Total noncurrent liabilities	\$ 4,391,343	\$ -	\$ 4,391,343
Total liabilities	\$ 5,511,911	\$ 10,653	\$ 5,522,564
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 247,679	\$ -	\$ 247,679
OPEB related items	101,212	-	101,212
Deferred revenue - property taxes	-	29,533	29,533
Lease related	51,832	-	51,832
Total deferred inflows of resources	\$ 400,723	\$ 29,533	\$ 430,256
NET POSITION			
Net investment in capital assets	\$ 19,027,066	\$ -	\$ 19,027,066
Restricted for net OPEB asset	145	-	145
Unrestricted	4,344,361	89,456	4,433,817
Total net position	\$ 23,371,572	\$ 89,456	\$ 23,461,028

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

COUNTY OF GLOUCESTER, VIRGINIA

Exhibit 8

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2023

	Business-type activities		
	Utilities	Nonmajor	
	Fund	Enterprise	Total
		Funds	
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 3,597,525	\$ -	\$ 3,597,525
Sewer revenues	819,923	-	819,923
Other revenues (see Schedule 3)	199,814	-	199,814
Total operating revenues	<u>\$ 4,617,262</u>	<u>\$ -</u>	<u>\$ 4,617,262</u>
OPERATING EXPENSES			
Personnel services	\$ 1,502,907	\$ -	\$ 1,502,907
Fringe benefits	744,808	-	744,808
Contractual services	527,536	-	527,536
Supplies	550,463	-	550,463
Insurance expense	35,920	-	35,920
Other charges	553,864	51,198	605,062
Depreciation	1,104,964	-	1,104,964
Total operating expenses	<u>\$ 5,020,462</u>	<u>\$ 51,198</u>	<u>\$ 5,071,660</u>
Operating income (loss)	<u>\$ (403,200)</u>	<u>\$ (51,198)</u>	<u>\$ (454,398)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 370,149	\$ -	\$ 370,149
Investment income	131,496	2,170	133,666
Taxes	-	49,174	49,174
Interest expense	(16,214)	-	(16,214)
Total nonoperating revenues (expenses)	<u>\$ 485,431</u>	<u>\$ 51,344</u>	<u>\$ 536,775</u>
Change in net position	<u>\$ 82,231</u>	<u>\$ 146</u>	<u>\$ 82,377</u>
Total net position - beginning	23,289,341	89,310	23,378,651
Total net position - ending	<u>\$ 23,371,572</u>	<u>\$ 89,456</u>	<u>\$ 23,461,028</u>

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

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-type activities		
	Utilities Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,458,520	\$ -	\$ 4,458,520
Receipts for miscellaneous items	198,284	-	198,284
Payments to suppliers	(1,657,516)	(51,081)	(1,708,597)
Payments to and for employees	(2,188,982)	-	(2,188,982)
Net cash provided by (used for) operating activities	\$ 810,306	\$ (51,081)	\$ 759,225
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Connection fees	\$ 370,149	\$ -	\$ 370,149
Advances to other funds	18,162	(11,459)	6,703
Tax revenue	-	61,480	61,480
Net cash provided by (used for) noncapital financing activities	\$ 388,311	\$ 50,021	\$ 438,332
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (843,715)	\$ -	\$ (843,715)
Principal paid on loan	(766,489)	-	(766,489)
Interest expense	(45,167)	-	(45,167)
Net cash provided by (used for) capital and related financing activities	\$ (1,655,371)	\$ -	\$ (1,655,371)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 123,527	\$ 2,170	\$ 125,697
Net cash provided by (used for) investing activities	\$ 123,527	\$ 2,170	\$ 125,697
Net increase (decrease) in cash and cash equivalents	\$ (333,227)	\$ 1,110	\$ (332,117)
Cash and cash equivalents - beginning - including restricted	4,749,427	90,199	4,839,626
Cash and cash equivalents - ending - including restricted	\$ 4,416,200	\$ 91,309	\$ 4,507,509
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (403,200)	\$ (51,198)	\$ (454,398)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:			
Depreciation	\$ 1,104,964	\$ -	\$ 1,104,964
(Increase) decrease in accounts receivable	41,072	-	41,072
(Increase) decrease in lease receivable	17,328	-	17,328
(Increase) decrease in deferred outflows of resources - pension related items	138,646	-	138,646
(Increase) decrease in deferred outflows of resources - OPEB related items	18,822	-	18,822
(Increase) decrease in inventories	(13,840)	-	(13,840)
(Increase) decrease in net OPEB asset	187	-	187
Increase (decrease) in customer deposits	580	-	580
Increase (decrease) in accrued liabilities	(8,905)	-	(8,905)
Increase (decrease) in accounts payable	33,012	117	33,129
Increase (decrease) in net OPEB liability	(54,930)	-	(54,930)
Increase (decrease) in net pension liability	303,222	-	303,222
Increase (decrease) in deferred inflows of resources - pension related items	(411,935)	-	(411,935)
Increase (decrease) in deferred inflows of resources - OPEB related items	54,091	-	54,091
Increase (decrease) in deferred inflows of resources - lease	(19,438)	-	(19,438)
Increase (decrease) in compensated absences	10,630	-	10,630
Total adjustments	\$ 1,213,506	\$ 117	\$ 1,213,623
Net cash provided by (used for) operating activities	\$ 810,306	\$ (51,081)	\$ 759,225
Schedule of non-cash investing and financing activities:			
Change in fair value of investments	\$ 507	\$ -	\$ 507

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2023

	Custodial Funds
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 176,525
Investments	5,382
Accounts receivable	2,992
Due from other governmental units	12,530
Total assets	\$ <hr/> 197,429 <hr/>
LIABILITIES	
Accounts payable	\$ 251
Total liabilities	\$ <hr/> 78,783 <hr/>
NET POSITION	
Restricted for:	
Individuals	92,311
Other governments	26,335
Total net position	\$ <hr/> 118,646 <hr/>

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

Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2023

	Custodial Funds
	<hr/>
ADDITIONS	
Contributions:	
Other governmental entities	\$ 611,620
Participant fees	193,699
Miscellaneous	84,243
Grant	12,530
Investment earnings:	
Interest and dividends	4,632
Total additions	\$ <u>906,724</u>
 DEDUCTIONS	
Recipient payments	\$ 199,392
Administrative expenses	75,957
Payments for personnel	605,264
Payments for supplies	30,215
Total deductions	\$ <u>910,828</u>
 Net increase (decrease) in fiduciary net position	\$ <u>(4,104)</u>
 Net position, beginning	\$ <u>122,750</u>
Net position, ending	\$ <u><u>118,646</u></u>

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The County of Gloucester, Virginia (the "County") is governed by an elected seven-member Board of Supervisors. The County provides a full range of services for its citizens. These services include police and volunteer fire protection and rescue services; sanitation services; recreational activities, cultural events, education, and social services.

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

Financial Statement Presentation

Government-wide and Fund Financial Statements

Government-wide financial statements - The reporting model includes financial statements prepared using full accrual accounting for all of the government's activities. This approach includes not just current assets and liabilities but also capital assets and long-term liabilities (such as buildings and general obligation debt).

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. The exception to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Statement of Net Position - The Statement of Net Position is designed to display financial position of the primary government (governmental and business-type activities) and its discretely presented component units. Governments will report all capital assets in the government-wide Statement of Net Position and will report depreciation expense - the cost of "using up" capital assets - in the Statement of Activities. The net position of a government will be broken down into three categories - 1) net investment in capital assets, 2) restricted; and 3) unrestricted.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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 one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons.

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 Gloucester (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 government-wide financial statements to emphasize it is both legally and substantively separate from the government.

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2023.

Discretely Presented Component Units. The School Board members are elected by the citizens of Gloucester County. The School Board is responsible for the operations of the County's School System within the County boundaries. The School Board is fiscally dependent on the County. The County has the ability to approve its budget and any amendments. The School Board does not issue a separate financial report. The financial statements of the School Board are presented as a discrete presentation in the County financial statements for the fiscal year ended June 30, 2023.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Gloucester County Economic Development Authority (EDA) is responsible for industrial prospective bond issues and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County as the County is involved in the day-to-day operations of the EDA, including the approval of private activity prospective bond issues and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2023. The Authority does not issue a separate financial report.

C. Other Related Organizations

The Middle Peninsula Juvenile Detention Commission (the Commission) was created to enhance the region for the protection of the citizens by the construction, equipping, maintenance and operation of a new juvenile detention facility serving the eighteen member jurisdictions of which the Assistant County Administrator serves as the County's representative on the board. The Commission is fiscally independent of the County because substantially all of its income will be generated from per diem payments from the member jurisdictions and reimbursements from the Commonwealth of Virginia for a portion of the capital costs. Separate audited financial statements are available from the Commission, c/o the County of James City at P.O. Box 8784, Williamsburg, VA 23187-8784.

The Middle Peninsula Regional Airport Authority (Airport) was created in 1997 by the Virginia General Assembly for the purpose of owning and operating the airport. The Airport consists of five member jurisdictions. The Airport is fiscally independent of the County, because substantially all of its income comes from State and Federal funds. Separate audited financial statements are available from the Airport at 1000 Airport Road, Mattaponi, VA 23110.

Other Agencies-Certain agencies and commissions service both the County of Gloucester and surrounding localities. Board membership is allocated among the localities and their governing bodies appointments. These agencies include: Colonial Group Home Commission, Hampton Roads Planning District Commission, Middle Peninsula Planning District Commission, Northern Neck Regional Jail, Hampton Roads Economic Development Alliance, Peninsula Council Workforce Development and Hampton Roads Partnership.

Included in the County's Financial Report

None

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

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 accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of recognition in the financial statements of various kinds of transactions or events.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of 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 (public safety, public works, health and welfare, etc.) which are otherwise being supported by general government revenues, (property, 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 (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 when they have been earned and 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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 45 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 specific expenditure. 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

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.

1. Governmental Funds - are those through which most governmental functions typically are financed. The County reports the following governmental funds:

General Fund - is the primary operating fund of the County. This fund is used to account for and report all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from property and other local taxes, state and federal distributions, licenses, permits, charges for service, and interest income. A significant part of the General Fund's revenues is used principally to finance the operations of the Component Unit School Board. The General Fund is considered a major fund for reporting purposes.

Debt Service Fund - accounts for and reports financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Payment of principal and interest on the County and school system's general long-term debt financing is provided by appropriations from the General Fund. The County reports the Debt Service Fund as a major fund.

Capital Projects Funds - accounts for and reports financial resources that are restricted, committed or assigned to expenditure for capital outlays except for those financed by proprietary funds or for assets held in trust for individuals, private organizations or of the governments. The County reports the Capital Projects Fund as a major Fund.

School Sales Tax Fund - accounts for financial resources that are restricted to expenditure for new school construction pursuant to Gloucester County Ordinance Sec. 16.41. The County reports the School Sales Tax Fund as a major fund.

The County reports the following nonmajor governmental funds:

Special Revenue Funds - accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects requiring separate accounting because of legal or regulatory provisions or administrative action. Special Revenue Funds consist of the following funds: Virginia Public Assistance, Comprehensive Services Act, Opioid Abatement, American Rescue Plan Act, and Mosquito Control.

Internal Service Funds - accounts for the financing of goods and services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Internal Service Fund consists of the Self-Insurance Fund reported in the Component Unit School Board.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation: (Continued)

1. Governmental Funds (Continued)

Fiduciary Funds - (Trust and Custodial Funds) - accounts for assets held by the County unit in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. These funds include Private Purpose Trust and Custodial Funds. Private Purpose Trust and Custodial Funds utilize the accrual basis of accounting. Custodial funds use the economic resources measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following funds: Special Welfare, Middle Peninsula Regional Special Education, Flexible Benefits, and Sheriff/Jail.

2. Proprietary Funds - account for operations that are financed in a manner similar to private business enterprises. The Proprietary Fund measurement focus is upon determination of net income, financial position, and changes in financial position. Proprietary Funds consist of Enterprise Funds.

Enterprise Funds - Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County's major Enterprise Fund is the Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system. The Gloucester Sanitary District and Gloucester Point Sanitary District Funds are the County's two nonmajor enterprise funds.

E. Cash and Cash Equivalents:

Cash and cash equivalents include cash on hand, amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the government. For purposes of the statement of cash flows, the government's proprietary funds consider their demand deposits and all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

F. Investments

Investments with a maturity of less than one year when purchased, non-negotiable certificates of deposit, other nonparticipating investments, and external investment pools are stated at cost or amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end.

State statutes authorize the government to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

G. 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). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$519,099 at June 30, 2023 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 30/December 5 (50% each date)	June 30/December 5 (50% each date)
Lien Date	January 1	January 1

The County bills and collects its own property taxes.

H. Capital Assets

Capital assets, which include property, plant, equipment, lease, subscription, and infrastructure are reported in the applicable governmental columns in the government-wide financial statements for both the County and the Component Unit School Board. Capital assets are defined by the County as land, buildings, and equipment with an initial individual cost of more than \$5,000 (amount not rounded) and an estimated useful life in excess of two years. The County does not have any infrastructure in its capital assets since roads, streets, bridges and similar assets within its boundaries are the property of the Commonwealth of Virginia. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

As the County and Component Unit School Board constructs or acquires capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost (except for intangible right-to-use lease and subscription assets, the measurement of which is discussed in more detail below). The reported value excludes normal maintenance and repairs, which are amounts spent in relation to capital assets that do not increase the asset’s capacity or efficiency or increases its estimated useful life. Donated capital assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

H. Capital Assets (Continued)

The Component Unit Economic Development Authority, a proprietary fund type, is required to capitalize its capital assets including the infrastructure constructed at the business park.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, lease assets, and subscription assets of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Plant, equipment and system	35-45
Improvements other than buildings	35
Buildings	10-35
Lease Buildings	2-35
Subscription asset	5
Machinery and Equipment	2-15
Lease Equipment	2-15
Infrastructure	25

I. Leases and Subscription-Based IT Arrangements

The County has various lease assets and subscription-based IT arrangements (SBITAs) requiring recognition. A lease is a contract that conveys control of the right to use another entity’s nonfinancial asset. Lease recognition does not apply to short-term leases, contracts that transfer ownership, leases of assets that are investments, or certain regulated leases. A SBITA is defined as a contract that conveys control of the right to use another party’s (a SBITA vendor’s) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

Lessee

The County recognizes lease liabilities and intangible right-to-use lease assets (leased equipment) with an initial value of \$5,000, individually or in the aggregate in the government-wide financial statements. At the commencement of the lease, the lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease liability is reduced by the principal portion of payments made. The leased equipment is measured at the initial amount of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. The lease asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

I. Leases

Lessor

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

Subscriptions

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

Key Estimates and Judgments

Lease and subscription-based IT arrangement accounting includes estimates and judgments for determining the (1) rate used to discount the expected lease and subscription payments to present value, (2) lease and subscription term, and (3) lease and subscription payments.

- The County uses the interest rate stated in lease or subscription contracts. When the interest rate is not provided or the implicit rate cannot be readily determined, the County uses its estimated incremental borrowing rate as the discount rate for leases and subscriptions.
- The lease and subscription terms include the noncancellable period of the lease or subscription and certain periods covered by options to extend to reflect how long the lease or subscription is expected to be in effect, with terms and conditions varying by the type of underlying asset.
- Fixed and certain variable payments as well as lease or subscription incentives and certain other payments are included in the measurement of the lease receivable (lessor), lease liability (lessee) or subscription liability.

The County monitors changes in circumstances that would require a remeasurement or modification of its leases and subscriptions. The County will remeasure the lease asset and liability (lessee) or the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the lease receivable, lease liability or subscription liability.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

J. Compensated Absences

Vested or accumulated vacation leave is reported in governmental funds only if it has matured, for example, as a result of employee resignations and retirements. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported as an expense in the statement of activities and a long-term obligation in the statement of net position. No liability is recorded for nonvesting accumulating rights to received sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that is estimated will be taken as “terminal leave” prior to retirement.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

L. Net Position

For government-wide reporting as well as in proprietary funds, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called net position. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

- Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.
- Restricted net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset use either by external parties or by law through constitutional provision or enabling legislation.
- Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

M. Pensions

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 County's and School Board's Retirement Plan and the additions to/deductions from the County and School Board's 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.

N. Other Postemployment Benefits (OPEB)

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, Teacher HIC, LODA and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' 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.

O. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the bonds outstanding method, which approximate the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

P. Prepaid Items

Certain payments to vendors reflect costs applied to future accounting periods and are recorded as prepaid items in both the government-wide and the fund financial statements. Prepaid items are accounted for using the consumption method and are valued at cost. Prepaid items in governmental funds are reported as nonspendable fund balance.

Q. Inventory

Inventory in the Utilities Fund consists of expendable supplies held for consumption. Inventory in the Component Unit-School Board Cafeteria Fund consists of the purchased food and supplies held for consumption. Both are valued at cost. The cost is recorded as an expense at the time individual inventory items are consumed. Inventory in the Component Unit-Economic Development Authority consists of land held for resale, which is valued at the lower of cost or market value.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Fund Balance

In governmental fund types, the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources is called “fund balance”. County’s governmental funds report the following categories of fund balance, based on the nature of any limitations requiring the use of resources for specific purposes:

- Nonspendable fund balance - amounts that are either not in spendable form (such as inventory and prepaids) or are legally or contractually required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance - amounts that can be spent only for the specific purposes stipulated by external resource providers such as grantors or enabling federal, state, or local legislation. Restrictions may be changed or lifted only with the consent of the resource providers;
- Committed fund balance - amounts that can be used only for the specific purposes determined by the adoption of an ordinance committing fund balance for a specified purpose by the Board of Supervisors prior to the end of the fiscal year. Once adopted, the limitation imposed by the ordinance remains in place until the resources have been spent for the specified purpose or the Board adopts another ordinance to remove or revise the limitation;
- Assigned fund balance - amounts a government intends to use for a specific purpose but do not meet the criteria to be classified as committed; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are only reported in the general fund. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

When fund balance resources are available for a specific purpose in more than one classification, it is the County’s policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

The Board of Supervisors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. Certain fund balance commitments have been established by the County’s written fund balance policy which is periodically updated by the Board of Supervisors. A fund balance commitment, which does not lapse at year end, is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts by the Board of Supervisors.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

R. Fund Balance (Continued)

In the general fund, the County strives to maintain an unassigned fund balance to be used for unforeseen emergencies of an amount between 14%-16% of budgeted governmental fund expenditures, less any capital outlay projects funded with bond proceeds. This amount of unassigned fund balance is needed to safeguard the County's fiscal liquidity to execute the approved annual budget.

The details of governmental fund balances, as presented in aggregate on Exhibit 3, are as follows:

	General Fund	Major Capital Projects Fund	Major School Sales Tax Fund	Nonmajor Special Revenue Funds		Total
				Opioid Abatement Fund	Mosquito Control Fund	
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 388,126	\$ 120,391	\$ -	\$ -	\$ -	\$ 508,517
Total Nonspendable	\$ 388,126	\$ 120,391	\$ -	\$ -	\$ -	\$ 508,517
Restricted:						
School sales tax	\$ -	\$ -	\$ 10,037,229	\$ -	\$ -	\$ 10,037,229
Opioid abatement	-	-	-	126,388	-	126,388
Wetlands in lieu	27,941	-	-	-	-	27,941
Solar inspections	73,450	-	-	-	-	73,450
SNAP funds, School construction	-	15,498,455	-	-	-	15,498,455
Proffers	-	118,000	-	-	-	118,000
Total Restricted	\$ 101,391	\$ 15,616,455	\$ 10,037,229	\$ 126,388	\$ -	\$ 25,881,463
Committed:						
Mosquito control	\$ -	\$ -	\$ -	\$ -	\$ 157,562	\$ 157,562
Tourism projects	419,755	283,598	-	-	-	703,353
Daffodil festival	78,421	-	-	-	-	78,421
Program donations	117,977	-	-	-	-	117,977
Subsequent expenditures	-	1,756,605	-	-	-	1,756,605
Probation and pretrial	119,568	-	-	-	-	119,568
Cable services	65,172	390,100	-	-	-	455,272
County capital replacement	1,260,425	-	-	-	-	1,260,425
Library lessee improvements	-	200,000	-	-	-	200,000
School project contingency	-	2,095,677	-	-	-	2,095,677
Park projects	-	91,361	-	-	-	91,361
Older adult capital projects	-	36,541	-	-	-	36,541
Total Committed	\$ 2,061,318	\$ 4,853,882	\$ -	\$ -	\$ 157,562	\$ 7,072,762
Assigned:						
County administrator's contingency	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Total Assigned	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Unassigned	\$ 29,405,761	\$ -	\$ -	\$ -	\$ -	\$ 29,405,761
Total Fund Balances	\$ 32,216,596	\$ 20,590,728	\$ 10,037,229	\$ 126,388	\$ 157,562	\$ 63,128,503

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

S. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The County has multiple items that qualify for reporting in this category. The first item is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is comprised of certain items related to pension and OPEB. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has multiple items that qualify for reporting in this category. Under a modified accrual basis of accounting, unavailable revenue representing property taxes receivable is reported in the governmental funds balance sheet. This amount is comprised of uncollected property taxes due prior to June 30, 2nd half installments levied during the fiscal year but due after June 30th, and amounts prepaid on the 2nd half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2nd half installments levied during the fiscal year but due after June 30th and amounts prepaid on the 2nd half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and opioid are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

1. During the month of March, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be 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 function level. The County Administrator is authorized to transfer budgeted amounts within the primary government's governmental funds; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds of the Primary Government and Component Unit - School Board.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING: (CONTINUED)

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Excess of expenditures over appropriations:
Expenditures did not exceed appropriations in any fund at June 30, 2023.

NOTE 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 the amounts from 50% to 130% of excess deposits. Accordingly, all deposits are considered fully collateralized.

Investments

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, “prime quality” commercial paper that has received at least two of the following ratings: P-1 by Moody’s Investors Service, Inc.; A-1 by Standard & Poor’s; or F1 by Fitch Ratings, Inc. (Section 2.2-4502), banker’s acceptances, repurchase agreements, and the State Treasurer’s Local Government Investment Pool (LGIP).

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2023 were held by the County or in the County’s name by the County’s custodial banks.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2023 were rated by Standard & Poor's and Moody's and the ratings are presented below using the Standard & Poor's and Moody's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County's investment policy provided they have a debt rating of at least AA by Standard & Poor's.

County's Rated Debt Investments' Values				
Rated Debt Investments		Fair Quality Ratings		
		AAAm	AAA	AA-
Primary Government:				
Local Government Investment Pool	\$	456,924	\$ -	\$ -
Virginia State Non-Arbitrage Pool		21,539,473	-	-
Total	\$	21,996,397	\$ -	\$ -
Component Unit-School Board:				
Local Government Investment Pool	\$	6,679	\$ -	\$ -
Total	\$	6,679	\$ -	\$ -
Component Unit-Economic Development Authority:				
Local Government Investment Pool	\$	845,768	\$ -	\$ -
Total	\$	845,768	\$ -	\$ -

According to the County's investment policy, no more than 50% of the portfolio may be invested in securities maturing in greater than 1 year.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Primary Government:			
Local Government Investment Pool	\$ 456,924	\$ 456,924	\$ -
Virginia State Non-Arbitrage Pool	21,539,473	21,539,473	-
Total	<u>\$ 21,996,397</u>	<u>\$ 21,996,397</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 6,679	\$ 6,679	\$ -
Total	<u>\$ 6,679</u>	<u>\$ 6,679</u>	<u>\$ -</u>
Component Unit-Economic Development Authority			
Local Government Investment Pool	\$ 845,768	\$ 845,768	\$ -
Total	<u>\$ 845,768</u>	<u>\$ 845,768</u>	<u>\$ -</u>

External Investment Pools

The value of the positions in the external investment pools (Local Government Investment Pool and State Non-Arbitrage Pool) is the same as the value of pool shares. As LGIP and SNAP are not SEC registered, regulatory oversight of the pool rests with the Virginia State Treasury. LGIP and SNAP are amortized cost basis portfolio. There are no withdrawal limitations or restrictions imposed on participants.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2023, the County has receivables from and amounts due to other governments as follows:

		Component Unit	
	Primary Government	School Board	School Board Internal Service Fund
Amounts due from other governments are as follows:			
Other Local Governments:			
Gloucester County	\$ -	\$ 3,865,059	\$ 623,040
Commonwealth of Virginia:			
Local sales tax	1,255,499	-	-
Local communication sales tax	168,375	-	-
Rental vehicle tax	7,715	-	-
CSA funds	86,018	-	-
VPA funds	138,351	-	-
State sales tax	-	1,218,711	-
School sales tax	996,526	-	-
Constitutional officer reimbursements	359,588	-	-
E-911 funds	11,539	-	-
Other Grants	197,244	-	-
Federal Government:			
School fund grants	-	2,192,189	-
Emergency management	540,189	-	-
VPA funds	224,527	-	-
Other federal grants	42,963	-	-
Total due from other governments	\$ <u>4,028,534</u>	\$ <u>7,275,959</u>	\$ <u>623,040</u>
Amounts due to other governments are as follows:			
Gloucester County School Board	\$ 3,865,059	\$ -	\$ -
Gloucester School Board Self insurance fund	<u>623,040</u>	<u>-</u>	<u>-</u>
Total due to other governments	\$ <u>4,488,099</u>	\$ <u>-</u>	\$ <u>-</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2023, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 8,881,870	\$ 10,638,424
Capital Projects	10,306,871	8,511,723
Debt Service	-	1,075
School Sales Tax	-	6,000
Opioid Abatement	108,823	-
Mosquito Control	197,429	-
Virginia Public Assistance	-	362,868
Comprehensive Services Act	25,302	-
Utilities	7,300	164
Gloucest Sanitary District	-	7,341
Total All Funds	<u>\$ 19,527,595</u>	<u>\$ 19,527,595</u>

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. These balances also include the amount of working capital loans made to internal service funds that the general fund expects to collect in the subsequent year.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2023:

Primary Government:

Primary Government:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,001,908	\$ -	\$ -	\$ 7,001,908
Construction in progress	577,683	346,811	590,242	334,252
Jointly owned construction in progress	6,747,665	18,810,567	3,502,689	22,055,543
Total capital assets not subject to depreciation	\$ 14,327,256	\$ 19,157,378	\$ 4,092,931	\$ 29,391,703
Capital assets subject to depreciation:				
Buildings	\$ 21,484,439	\$ -	\$ -	\$ 21,484,439
Lease buildings	2,661,054	-	-	2,661,054
Improvements other than buildings	4,595,657	30,000	-	4,625,657
Machinery and equipment	21,483,113	1,300,538	306,192	22,477,459
Lease equipment	941,598	-	-	941,598
Subscription asset	-	464,148	-	464,148
Jointly owned assets - buildings	46,293,257	3,517,466	7,629,323	42,181,400
Total capital assets subject to depreciation	\$ 97,459,118	\$ 5,312,152	\$ 7,935,515	\$ 94,835,755
Accumulated depreciation/amortization:				
Buildings	\$ (11,257,281)	\$ (481,387)	\$ -	\$ (11,738,668)
Lease buildings	(105,157)	(252,410)	-	(357,567)
Improvements other than buildings	(1,996,856)	(227,875)	-	(2,224,731)
Machinery and equipment	(19,743,945)	(582,436)	(306,192)	(20,020,189)
Lease equipment	-	(200,000)	-	(200,000)
Subscription asset	-	(92,830)	-	(92,830)
Jointly owned assets - buildings	(21,590,412)	(1,405,603)	(2,776,202)	(20,219,813)
Total accumulated depreciation	\$ (54,693,651)	\$ (3,242,541)	\$ (3,082,394)	\$ (54,853,798)
Total capital assets being depreciated, net	\$ 42,765,467	\$ 2,069,611	\$ 4,853,121	\$ 39,981,957
Governmental activities capital assets, net	\$ 57,092,723	\$ 21,226,989	\$ 8,946,052	\$ 69,373,660

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	153,443
Judicial administration		180,914
Public safety		942,736
Public works		34,267
Health and welfare		146,502
Education		1,416,195
Parks, recreation and cultural		363,242
Community development		5,242
Total Governmental activities	\$	<u>3,242,541</u>

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2023:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,690,276	\$ -	\$ -	\$ 3,690,276
Construction in progress	<u>112,465</u>	<u>124,343</u>	<u>139,075</u>	<u>97,733</u>
Total capital assets not subject to depreciation	\$ <u>3,802,741</u>	\$ <u>124,343</u>	\$ <u>139,075</u>	\$ <u>3,788,009</u>
Capital assets subject to depreciation:				
Plant in service	\$ 37,450,362	\$ 139,075	\$ 47,142	\$ 37,542,295
Machinery and equipment	2,454,835	719,372	205,916	2,968,291
Buildings	<u>6,542,938</u>	<u>-</u>	<u>-</u>	<u>6,542,938</u>
Total capital assets subject to depreciation	\$ <u>46,448,135</u>	\$ <u>858,447</u>	\$ <u>253,058</u>	\$ <u>47,053,524</u>
Accumulated depreciation:				
Plant in service	\$ (20,489,611)	\$ (827,940)	\$ (47,142)	\$ (21,270,409)
Machinery and equipment	(1,119,300)	(117,793)	(205,916)	(1,031,177)
Buildings	<u>(4,975,836)</u>	<u>(159,231)</u>	<u>-</u>	<u>(5,135,067)</u>
Total accumulated depreciation	\$ <u>(26,584,747)</u>	\$ <u>(1,104,964)</u>	\$ <u>(253,058)</u>	\$ <u>(27,436,653)</u>
Total capital assets being depreciated, net	\$ <u>19,863,388</u>	\$ <u>(246,517)</u>	\$ <u>-</u>	\$ <u>19,616,871</u>
Business-type activities capital assets, net	\$ <u>23,666,129</u>	\$ <u>(122,174)</u>	\$ <u>139,075</u>	\$ <u>23,404,880</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2023:

Component Unit - School Board:

Component Unit - School Board:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Capital assets not subject to depreciation:				
Land	\$ 1,476,061	\$ -	\$ -	\$ 1,476,061
Construction in progress	-	20,000	-	20,000
Total capital assets not subject to depreciation	\$ 1,476,061	\$ 20,000	\$ -	\$ 1,496,061
Capital assets subject to depreciation:				
Buildings	\$ 6,574,542	\$ 392,563	\$ -	\$ 6,967,105
Machinery and equipment	12,970,696	738,612	2,412,790	11,296,518
Jointly owned assets - buildings	50,649,924	-	(7,629,323)	58,279,247
Total capital assets subject to depreciation	\$ 70,195,162	\$ 1,131,175	\$ (5,216,533)	\$ 76,542,870
Accumulated depreciation:				
Buildings	\$ (1,613,286)	\$ (345,626)	\$ -	\$ (1,958,912)
Machinery and equipment	(9,492,701)	(715,823)	(2,412,790)	(7,795,734)
Jointly owned assets - buildings	(23,622,289)	(1,537,885)	2,776,202	(27,936,376)
Total accumulated depreciation	\$ (34,728,276)	\$ (2,599,334)	\$ 363,412	\$ (37,691,022)
Total capital assets being depreciated, net	\$ 35,466,886	\$ (1,468,159)	\$ (4,853,121)	\$ 38,851,848
Governmental activities capital assets, net	\$ 36,942,947	\$ (1,448,159)	\$ (4,853,121)	\$ 40,347,909

Legislation enacted during the year ended June 30, 2002, Section 15.2-1800.1 of the Code of Virginia, 1950, as amended, changed the reporting of local school capital assets and related debt for financial statement purposes. Historically, debt incurred by local governments “on-behalf” of school boards was reported in the school board’s discrete column along with the related capital assets. Under the current law, local governments have a “tenancy in common” with the school board whenever the locality incurs any financial obligation for any school property which is payable over more than one fiscal year. For financial reporting purposes, the legislation permits the locality to report the portion of school property related to any outstanding financial obligation eliminating any potential deficit from capitalizing assets financed with debt. The effect on the County of Gloucester, Virginia for the year ended June 30, 2023, is that school financed assets in the amount of \$44,017,130 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of changes for the component Unit Economic Development Authority capital assets at June 30, 2023 follows:

	Balance July 1, 2022	Increases	Decreases	Balance June 30, 2023
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 473,735	\$ -	\$ -	\$ 473,735
Total capital assets not subject to depreciation	\$ 473,735	\$ -	\$ -	\$ 473,735
Capital assets subject to depreciation:				
Buildings	\$ 18,221,572	\$ -	\$ -	\$ 18,221,572
Machinery and equipment	7,234	-	-	7,234
Total capital assets subject to depreciation	\$ 18,228,806	\$ -	\$ -	\$ 18,228,806
Accumulated depreciation:				
Buildings	\$ (11,726,588)	\$ (547,349)	\$ -	\$ (12,273,937)
Machinery and equipment	(7,234)	-	-	(7,234)
Total accumulated depreciation	\$ (11,733,822)	\$ (547,349)	\$ -	\$ (12,281,171)
Total capital assets being depreciated, net	\$ 6,494,984	\$ (547,349)	\$ -	\$ 5,947,635
Business-type activities capital assets, net	\$ 6,968,719	\$ (547,349)	\$ -	\$ 6,421,370

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ -	\$ 8,993,623
Debt Service	5,184,201	-
Capital Projects	2,912,388	-
School Sales Tax	-	1,144,154
Other Governmental Funds	<u>2,041,188</u>	<u>-</u>
Total-All Funds	<u>\$ 10,137,777</u>	<u>\$ 10,137,777</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgeting authorization.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2023 is as follows:

	Balance at July 1, 2022	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2023	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 2,005,730	\$ 484,502	\$ 398,496	\$ 2,091,736	\$ 209,173
Net OPEB liabilities	6,172,559	3,400,893	4,468,393	5,105,059	-
Net pension liability	1,116,327	8,130,971	4,336,742	4,910,556	-
Lease liabilities	3,510,045	-	395,229	3,114,816	407,197
Subscription liability	-	464,148	94,168	369,980	80,361
Direct borrowing and placements:					
Loan payable	4,593,767	-	496,007	4,097,760	494,399
Total incurred by County	\$ 17,398,428	\$ 12,480,514	\$ 10,189,035	\$ 19,689,907	\$ 1,191,130
Incurred by School Board:					
Direct borrowing and placements:					
General obligation bonds	\$ 57,127,845	\$ -	\$ 2,741,258	\$ 54,386,587	\$ 3,861,126
Add deferred amounts:					
For issuance premium	4,236,593	-	121,989	4,114,604	-
Total incurred by School Board	\$ 61,364,438	\$ -	\$ 2,863,247	\$ 58,501,191	\$ 3,861,126
Total Governmental Activities	\$ 78,762,866	\$ 12,480,514	\$ 13,052,282	\$ 78,191,098	\$ 5,052,256
Business-type Activities:					
Compensated absences	\$ 119,028	\$ 15,651	\$ 5,021	\$ 129,658	\$ 12,966
Net OPEB liabilities	205,861	55,096	110,026	150,931	-
Net pension liability	81,100	642,184	338,962	384,322	-
Direct borrowing and placements:					
Loan payable	5,278,992	-	766,489	4,512,503	773,105
Total Business-type Activities	\$ 5,684,981	\$ 712,931	\$ 1,220,498	\$ 5,177,414	\$ 786,071

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities							
	Incurred by County						Incurred by School Board	
	Lease Liabilities		Subscription Liability		Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements	
					Loan Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 407,197	\$ 97,011	\$ 80,361	\$ 17,574	\$ 494,399	\$ 43,442	\$ 3,861,126	\$ 2,388,815
2025	419,581	84,628	88,096	13,757	502,279	41,215	3,265,284	2,242,792
2026	432,392	71,817	96,354	9,572	504,700	38,294	3,397,045	2,101,167
2027	445,648	58,560	105,169	4,994	506,955	34,514	3,524,162	1,958,064
2028	259,367	44,841	-	-	514,037	29,754	3,151,650	1,819,188
2029	226,391	35,283	-	-	515,946	24,013	2,910,490	1,689,001
2030	203,011	28,281	-	-	522,690	17,285	2,615,490	1,571,226
2031	209,843	21,448	-	-	536,754	6,826	2,725,489	1,446,204
2032	178,073	14,750	-	-	-	-	2,817,712	1,315,599
2033	171,139	8,861	-	-	-	-	2,942,713	1,191,002
2034	162,174	2,826	-	-	-	-	2,957,713	1,064,488
2035	-	-	-	-	-	-	2,237,713	837,763
2036	-	-	-	-	-	-	2,045,000	640,316
2037	-	-	-	-	-	-	2,120,000	570,888
2038	-	-	-	-	-	-	2,195,000	494,197
2039	-	-	-	-	-	-	2,275,000	409,929
2040	-	-	-	-	-	-	2,370,000	321,861
2041	-	-	-	-	-	-	2,455,000	229,886
2042	-	-	-	-	-	-	2,215,000	138,206
2043	-	-	-	-	-	-	2,305,000	46,676
Total	<u>3,114,816</u>	<u>\$ 468,306</u>	<u>369,980</u>	<u>\$ 45,897</u>	<u>\$ 4,097,760</u>	<u>\$ 235,343</u>	<u>\$ 54,386,587</u>	<u>\$ 22,477,268</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Year Ending June 30,	Business-type Activities	
	Direct Borrowings	
	and Direct Placements	
	Loan Payable	
	Principal	Interest
2024	\$ 773,105	\$ 42,417
2025	773,904	38,817
2026	779,169	34,088
2027	691,067	28,364
2028	493,861	22,768
2029	495,644	17,152
2030	505,753	7,061
Total	\$ <u>4,512,503</u>	\$ <u>190,667</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of governmental activities long-term obligations:

	Notes	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Governmental Activities	Amount Due Within One Year
Compensated absences (payable from the General Fund)						\$ 2,091,736	\$ 209,173
Net OPEB liabilities (payable from the General Fund)						\$ 5,105,059	\$ -
Net pension liability (payable from the General Fund)						\$ 4,910,556	\$ -
Lease Liabilities:							
\$1,754,763 building lease, due in monthly installments of \$15,000.		3.47%	06/09/22	05/31/34	1,754,763	1,633,740	125,289
\$457,183 building lease, due in monthly installments of \$4,724.		2.82%	07/01/21	05/34/34	457,183	377,141	41,185
\$449,107 building lease, due in monthly installments of \$6,076.		5.25%	07/01/21	11/30/28	449,107	343,128	56,244
\$941,598 equipment lease, due in annual installments of \$200,000.		2.04%	01/01/22	01/31/27	941,598	760,807	184,479
Total Lease Liabilities						3,114,816	407,197
Subscription Liability:							
Subscription based IT arrangement for Omnigo with varying annual payments ranging from \$94,168 to \$110,164		4.75%	07/01/22	07/01/26	464,148	\$ 369,980	\$ 80,361
Direct borrowings and placements:							
<u>Loan payable:</u>							
Virginia Resources Authority Loan	(a)	5.125%	11/17/21	04/01/30	4,663,789	\$ 4,097,760	\$ 494,399
Total long-term obligations incurred by the County						\$ 19,689,907	\$ 1,191,130
Direct borrowings and placements:							
<u>General Obligation Bonds:</u>							
Qualified School Construction Bonds through Virginia Public School Authority (VPSA)	(b)	4.25%	08/12/15	11/01/30	500,000	\$ 222,222	\$ 27,778
Qualified School Construction Bonds through VPSA	(b)	3.84%	08/12/15	11/01/30	5,999,684	3,399,814	399,979
VPSA Bond outstanding \$585,000 plus unamortized premium of \$7,381.	(b)	3.1% through 5.35%	08/12/15	11/01/30	7,525,000	592,381	585,000
VPSA Bond outstanding \$4,595,000 plus unamortized premium of \$666,830.	(b)	2.05% through 5.05%	10/20/20	07/15/40	4,870,000	5,261,830	170,000
VPSA Bond outstanding \$1,820,000 plus unamortized premium of \$32,404.	(b)	4.225% through 5.10%	08/12/15	11/01/30	6,505,000	1,852,404	425,000
VPSA Bond outstanding \$9,555,000 plus unamortized premium of \$609,533.	(b)	2.30% through 5.05%	08/12/15	11/01/30	15,845,000	10,164,533	880,000
VPSA Bond outstanding \$1,784,551 plus unamortized premium of \$74,392.	(b)	4.35% through 5.10%	08/12/15	11/01/30	6,364,713	1,858,943	343,369
VPSA Bond outstanding \$32,425,000 plus unamortized premium of \$2,724,064.	(b)	5.05%	04/20/22	01/15/43	32,425,000	35,149,064	1,030,000
Total General Obligation Bonds						\$ 58,501,191	\$ 3,861,126
Total Direct Borrowings and Placements						\$ 58,501,191	\$ 3,861,126
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 58,501,191	\$ 3,861,126
Total outstanding debt - governmental activities						\$ 78,191,098	\$ 5,052,256

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of business-type activities long-term obligations:

	Interest <u>Rates</u>	Date <u>Issued</u>	Final Maturity <u>Date</u>	Amount of Original <u>Issue</u>	Balance Business-Type <u>Activities</u>	Amount Due Within <u>One Year</u>
Compensated absences (payable from the Enterprise Fund)					\$ 129,658	\$ 12,966
Net OPEB liabilities (payable from the Enterprise Fund)					\$ 150,931	\$ -
Net pension liability (payable from the Enterprise Fund)					\$ 384,322	\$ -
Direct borrowings and placements:						
<u>Loan payable:</u>						
Virginia Resources Authority Loan	(a) 5.125%	11/17/21	04/01/30	5,365,437	\$ 4,512,503	\$ 773,105
Total outstanding debt - business-type activities					\$ 5,177,414	\$ 786,071

Notes:

- (a) The County will provide a security interest in the County Courthouse building.
- (b) In the event of default for any general obligation bond, the Commonwealth of Virginia may withhold state aid from the locality until such time that the event of default is cured in accordance with Section 15.2-2659 of the Code of Virginia, 1950 as amended.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 1,768,624	\$ 3,140,206	\$ 3,048,299	\$ 1,860,531	\$ 186,053
Net OPEB liabilities	14,479,932	6,535,845	5,535,155	15,480,622	-
Net pension liability	<u>27,507,760</u>	<u>29,781,681</u>	<u>21,490,086</u>	<u>35,799,355</u>	<u>-</u>
Total incurred by School Board	<u>\$ 43,756,316</u>	<u>\$ 39,457,732</u>	<u>\$ 30,073,540</u>	<u>\$ 53,140,508</u>	<u>\$ 186,053</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—Economic Development Authority:

The following is a summary of long-term debt transactions of the Component Unit—Economic Development Authority for the year ended June 30, 2023:

	<u>Balance at July 1, 2022</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2023</u>	<u>Amounts Due Within One Year</u>
Direct borrowing and placements:					
Lease Revenue Bond	\$ 8,299,256	\$ -	\$ 1,062,782	\$ 7,236,474	\$ 1,116,601
Total	<u>\$ 8,299,256</u>	<u>\$ -</u>	<u>\$ 1,062,782</u>	<u>\$ 7,236,474</u>	<u>\$ 1,116,601</u>

Details of long-term indebtedness:

	<u>Amount Outstanding</u>
<u>Lease Revenue Bond payable:</u>	
\$11,416,253 taxable Lease Revenue and Refunding Bonds, Series 2019, issued March 1, 2019, due in monthly installments through March 1, 2029, interest at 4.95%. Loan is secured by real estate owned by the Authority at 6000 Industrial Drive, Gloucester, Virginia.	\$ 7,236,474
Total Debt incurred by the Component Unit Economic Development Authority	<u>\$ 7,236,474</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—Economic Development Authority: (Continued)

Annual requirements to amortize the Authority loan obligation and related interest are as follows:

Year Ending June 30,	Lease Revenue Bonds	
	Principal	Interest
2024	\$ 1,116,601	\$ 333,131
2025	1,173,144	276,590
2026	1,232,550	217,186
2027	1,294,965	154,773
2028	1,360,540	89,199
2029	1,058,674	21,835
Total	\$ 7,236,474	\$ 1,092,714

NOTE 9—LANDFILL POST CLOSURE COSTS:

The County stopped receiving waste at its landfill in September 1993, which was prior to the date mandated by State and Federal laws and regulations, so as to be liable for post-closure monitoring for a period of only ten years. The Department of Environmental Quality has agreed to stop requiring groundwater monitoring for this landfill, but continue to require monitoring for landfill gas. Post-closure monitoring costs for this function are believed to be minimal and will be paid for with general fund revenues.

In 1993, the County contracted with a third party, Waste Management Disposal Services of Virginia, Inc., to collect and dispose of all County solid waste generated after October 1, 1993. As required by this contract, an environmental trust fund was established for the benefit of the County to provide assurance against any environmental problems on the landfill property. No amounts have been recorded in these financial statements for post-closure monitoring of this landfill, because the third party has assumed all post-closure obligations.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2023, deferred and unavailable revenue are reported as follows:

	Government-wide Statements		Balance Sheet
	Governmental Activities	Business-Tye Activities	Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures \$	-	\$ -	\$ 4,102,101
2nd half assessments due in December 2023	24,802,134	29,258	24,802,134
Prepaid property taxes due in December 2023 but paid in advance by taxpayers	495,194	275	495,194
	<u>\$ 25,297,328</u>	<u>\$ 29,533</u>	<u>\$ 29,399,429</u>

NOTE 11—COMMITMENTS AND CONTINGENCIES:

Federal programs in which the County and all discretely presented component units participate were audited in accordance with the provisions of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Pursuant to the provisions 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 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.

A Consent Special Order issued under the authority of Virginia Code 62.1-44.15(8a) between the state Water Control Board and the Hampton Roads Sanitation District, the cities of Chesapeake, Hampton, Newport News, Poquoson, Portsmouth, Suffolk, Virginia Beach and Williamsburg; the counties of Gloucester, Isle of Wight, and York; the James City Service Authority; and the town of Smithfield for the purpose of resolving certain alleged violations of environmental laws and regulations. All parties have agreed to a two-phased approach to address the initiative: the first phase is principally a data collection, evaluation and plan development program and the second phase will implement long-term capacity enhancement and sewer rehabilitation plans.

The County entered into a Financing Lease Agreement and an Amended Cooperation Agreement on September 1, 2016 with the Counties of Northumberland, Richmond, and Westmoreland to become a member of the Northern Neck Regional Jail. As a result of these agreements, the County is committed to pay the Northern Neck Regional Jail \$684,053 annually through 2031.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES: (Continued)

The County was committed under the following construction contracts at June 30, 2023:

Contractor	Project	Contract Sum	Balance
Oyster Point Construction	Bus Facility	\$ 7,589,907	\$ 196,450
Mosley Architects	Gloucester High School	3,645,255	637,661
E.T. Gresham Company, Inc.	High School Renovation	44,802,227	36,000,276
JF Acquisition LLC	New Fuel Farm	695,939	475,805
GreenCor LLC	Woodville Park Athletic Fields	829,625	538,097

NOTE 12—LITIGATION:

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

NOTE 13—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 Association of Counties Group Self-Insurance Risk Pool, a public entity risk pool currently operating as a common risk management and insurance program for participating local governments. The County pays an annual premium to the pool for substantially all of its insurance coverage. 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 - School Board and Economic Development Authority, 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.

The Component Unit School Board utilizes a self-insurance program for employee health insurance. The School Board accounts for this program in an internal service fund. A summary of the claims liability for the current and prior year follows:

Unpaid claims, June 30, 2021	\$ 1,755,394
Incurred claims (including IBNR and changes in estimates)	7,961,042
Claim payments	(7,941,178)
Unpaid claims, June 30, 2022	\$ 1,775,258
Incurred claims (including IBNR and changes in estimates)	9,059,534
Claim payments	(9,176,267)
Unpaid claims, June 30, 2023	\$ 1,658,525

All of the unpaid claims are due within one year.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS:

Plan Description

All full-time, salaried permanent employees of the County and (nonprofessional) employees of public school divisions are automatically covered by a VRS Retirement Plan upon employment. This is an agent multiple-employer plan 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.

Benefit Structures

The System administers three different benefit structures for covered employees - Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria, as detailed below.

- a. Employees with a membership date before July 1, 2010, vested as of January 1, 2013, and have not taken a refund, are covered under Plan 1, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced retirement benefit beginning at age 65 with at least 5 years of service credit or age 50 with at least 30 years of service credit. Non-hazardous duty employees may retire with a reduced benefit as early as age 55 with at least 5 years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees (law enforcement officers, firefighters, and sheriffs) are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- b. Employees with a membership date from July 1, 2010 to December 31, 2013, that have not taken a refund or employees with a membership date prior to July 1, 2010 and not vested before January 1, 2013, are covered under Plan 2, a defined benefit plan. Non-hazardous duty employees are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit or when the sum of their age plus service credit equals 90. Non-hazardous duty employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. Hazardous duty employees are eligible for an unreduced benefit beginning at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit. Hazardous duty employees may retire with a reduced benefit as early as age 50 with at least 5 years of service credit.
- c. Non-hazardous duty employees with a membership date on or after January 1, 2014 are covered by the Hybrid Plan combining the features of a defined benefit plan and a defined contribution plan. Plan 1 and Plan 2 members also had the option of opting into this plan during the election window held January 1 - April 30, 2014 with an effective date of July 1, 2014. Employees covered by this plan are eligible for an unreduced benefit beginning at their normal social security retirement age with at least 5 years of service credit, or when the sum of their age plus service credit equals 90. Employees may retire with a reduced benefit as early as age 60 with at least 5 years of service credit. For the defined contribution component, members are eligible to receive distributions upon leaving employment, subject to restrictions.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Average Final Compensation and Service Retirement Multiplier

The VRS defined benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the employee's average final compensation multiplied by the employee's total service credit. Under Plan 1, average final compensation is the average of the employee's 36 consecutive months of highest compensation and the multiplier is 1.70% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under Plan 2, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the retirement multiplier is 1.65% for non-hazardous duty employees, 1.85% for sheriffs and regional jail superintendents, and 1.70% or 1.85% for hazardous duty employees as elected by the employer. Under the Hybrid Plan, average final compensation is the average of the employee's 60 consecutive months of highest compensation and the multiplier is 1.00%. 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.

Cost-of-Living Adjustment (COLA) in Retirement and Death and Disability Benefits

Retirees with an unreduced benefit or with a reduced benefit with at least 20 years of service credit are eligible for an annual COLA beginning July 1 after one full calendar year from the retirement date. Retirees with a reduced benefit and who have less than 20 years of service credit are eligible for an annual COLA beginning on July 1 after one calendar year following the unreduced retirement eligibility date. Under Plan 1, the COLA cannot exceed 5.00%. Under Plan 2 and the Hybrid Plan, the COLA cannot exceed 3.00%. The VRS also provides death and disability benefits. Title 51.1 of the Code of Virginia, as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

Employees Covered by Benefit Terms

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

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	249	143
Inactive members:		
Vested inactive members	65	33
Non-vested inactive members	84	74
Inactive members active elsewhere in VRS	153	46
Total inactive members	302	153
Active members	312	158
Total covered employees	863	454

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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 by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 12.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 were \$2,218,072 and \$1,945,994 for the years ended June 30, 2023 and June 30, 2022, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2023 was 5.79% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

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 Component Unit School Board's nonprofessional employees were \$205,855 and \$188,202 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net Pension Liability (Asset)

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. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2022. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022.

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NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 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

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022:

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - Public Safety Employees with Hazardous Duty Benefits (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

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

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

**On October 10, 2019, the VRS Board elected a long-term rate of return 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%.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2022, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, participating employers and school divisions 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		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 85,035,716	\$ 83,838,289	\$ 1,197,427
Changes for the year:			
Service cost	\$ 1,864,723	\$ -	\$ 1,864,723
Interest	5,735,944	-	5,735,944
Changes of assumption	1,025,370	-	1,025,370
Differences between expected and actual experience	(1,895,140)	-	(1,895,140)
Contributions - employer	-	1,941,704	(1,941,704)
Contributions - employee	-	831,102	(831,102)
Net investment income	-	(89,275)	89,275
Benefit payments, including refunds of employee contributions	(3,846,979)	(3,846,979)	-
Administrative expense	-	(52,027)	52,027
Other changes	-	1,942	(1,942)
Net changes	\$ 2,883,918	\$ (1,213,533)	\$ 4,097,451
Balances at June 30, 2022	\$ 87,919,634	\$ 82,624,756	\$ 5,294,878

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2021	\$ 22,372,437	\$ 23,352,897	\$ (980,460)
Changes for the year:			
Service cost	\$ 289,614	\$ -	\$ 289,614
Interest	1,485,764	-	1,485,764
Differences between expected and actual experience	(753,284)	-	(753,284)
Contributions - employer	-	186,137	(186,137)
Contributions - employee	-	166,740	(166,740)
Net investment income	-	(10,869)	10,869
Benefit payments, including refunds of employee contributions	(1,301,471)	(1,301,471)	-
Administrative expense	-	(14,755)	14,755
Other changes	-	526	(526)
Net changes	\$ (279,377)	\$ (973,692)	\$ 694,315
Balances at June 30, 2022	\$ 22,093,060	\$ 22,379,205	\$ (286,145)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability (asset) of the County and Component Unit School Board (nonprofessional) using the discount rate of 6.75%, as well as what the County's and Component Unit School Board's (nonprofessional) net pension liability (asset) 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 16,916,343	\$ 5,294,878	\$ (4,223,769)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	2,263,231	(286,145)	(2,403,734)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

For the year ended June 30, 2023, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,490,023 and \$77,084, respectively. At June 30, 2023, the County and Component Unit School Board (nonprofessional) reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 1,492,776	\$ 77,296	\$ 424,339
Changes of assumptions	980,291	-	157,797	-
Net difference between projected and actual earnings on pension plan investments	-	2,381,246	-	694,175
Proportionate share	25,024	25,024	-	-
Employer contributions subsequent to the measurement date	<u>2,218,072</u>	<u>-</u>	<u>205,855</u>	<u>-</u>
Total	<u>\$ 3,223,387</u>	<u>\$ 3,899,046</u>	<u>\$ 440,948</u>	<u>\$ 1,118,514</u>

\$2,218,072 and \$205,855 reported as deferred outflows of resources related to pensions resulting from the County's and Component Unit School Board's (nonprofessional) contributions, respectively, subsequent to the measurement date will be recognized as a reduction (increase) of the Net Pension Liability (Asset) in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2024	\$ (930,073)	\$ (359,514)
2025	(1,496,034)	(373,127)
2026	(1,609,708)	(461,719)
2027	1,142,084	310,939
2028	-	-
Thereafter	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Component Unit School Board (Professional)

Plan Description

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the VRS Teacher Retirement Plan upon employment. This is a cost-sharing multiple employer plan administered by the Virginia Retirement System (the System). Additional information related to the plan description is included in the first section of this note.

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 provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement. Each School Division's contractually employer required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,887,192 and \$5,586,102 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Retirement Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

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

At June 30, 2023, the school division reported a liability of \$35,799,355 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2022 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net Pension Liability was based on the school division's actuarially determined employer contributions to the pension plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion was 0.37602% as compared to 0.35434% at June 30, 2021.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

For the year ended June 30, 2023, the school division recognized pension expense of \$1,832,742. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 2,468,507
Change of assumptions	3,375,158	-
Net difference between projected and actual earnings on pension plan investments	-	4,667,486
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,273,343	1,805,685
Employer contributions subsequent to the measurement date	<u>5,887,192</u>	<u>-</u>
Total	<u>\$ 11,535,693</u>	<u>\$ 8,941,678</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

\$5,887,192 reported as deferred outflows of resources related to pensions resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	
2024	\$ (1,226,561)
2025	(1,548,768)
2026	(3,100,965)
2027	2,583,117
2028	-

Actuarial Assumptions

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

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability

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

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

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

The long-term expected rate of return and discount rate information previously described also apply to this plan.

Sensitivity of the School Division's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the school division's proportionate share of the net pension liability using the discount rate of 6.75%, as well as what the school division's 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:

			Rate			
		1% Decrease		Current Discount		1% Increase
		(5.75%)		(6.75%)		(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan						
Net Pension Liability (Asset)	\$	63,940,389	\$	35,799,355	\$	12,886,365

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Pension Plan Fiduciary Net Position

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

Primary Government and Component Unit School Board

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	\$ 3,223,387	\$ 3,899,046	\$ 5,294,878	\$ 2,490,023	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	440,948	1,118,514	(286,145)	77,084
School Board Professional	-	-	-	-	11,535,693	8,941,678	35,799,355	1,832,742
Totals	<u>\$ 3,223,387</u>	<u>\$ 3,899,046</u>	<u>\$ 5,294,878</u>	<u>\$ 2,490,023</u>	<u>\$ 11,976,641</u>	<u>\$ 10,060,192</u>	<u>\$ 35,513,210</u>	<u>\$ 1,909,826</u>

NOTE 15—SURETY BONDS:

	Amount
Commonwealth of Virginia - Division of Risk Management - Surety	
Cathy Dale, Clerk of the Circuit Court	\$ 103,000
Tara L. Thomas, Treasurer	500,000
JoAnne Harris, Commissioner of the Revenue	3,000
Darrell W. Warren, Jr., Sheriff	30,000
Western Surety	
Carol Dehoux, Clerk of the School Board	10,000
Lisa Kersey, Director of Social Services	20,000
NGM Insurance Company	
Carol E. Steele, County Administrator	5,000
VA CORP Insurance Program - Surety	
All County and Social Services Employees - Blanket Bond	250,000

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 16—LEASE RECEIVABLE:

The County leases land and rights-of-way to tenants under the following lease contract as follows:

Lease Description	Start Date	End Date	Payment Frequency	Discount Rate	Receivable Balance
Beehive Drive tower	7/1/2021	2/28/2026	Monthly	3.47%	\$ 50,870
VIMS tower	7/1/2021	2/28/2026	Monthly	3.47%	54,440
Total					<u>\$ 105,310</u>

Lease revenue for the year ended June 30, 2023 was \$17,958 for governmental activities and \$19,437 for business-type activities.

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN):

Plan Description

The Group Life Insurance (GLI) Plan 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. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan 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 GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional 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 plan, it is not included as part of the GLI Plan OPEB.

The specific information for GLI OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI 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 GLI Plan is a defined benefit plan with several components. The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. In addition to basic natural and accidental death benefits, the plan provides additional benefits provided under specific circumstances that include the following: accidental dismemberment benefit, seatbelt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Benefit Amounts (Continued)

members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,984 as of June 30, 2023.

Contributions

The contribution requirements for the GLI Plan 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 GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% x 60%) and the employer component was 0.54% (1.34% x 40%).

Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$105,809 and \$95,278 for the years ended June 30, 2023 and June 30, 2022, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$201,298 and \$189,695 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$22,891 and \$20,084 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance Plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB

At June 30, 2023, the County reported a liability of \$976,643 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,944,495 and \$205,900, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County's proportion was 0.08110% as compared to 0.08200% at June 30, 2021. At June 30, 2022, the Component Unit School Board professional and nonprofessional groups' proportion was 0.16150% and 0.01710%, respectively, as compared to 0.15180% and 0.01750%, respectively, at June 30, 2021.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

For the year ended June 30, 2023, the County recognized GLI OPEB expense of \$43,006. For the year ended June 30, 2023, the Component Unit School Board professional group recognized GLI OPEB expense of \$72,704. For the year ended June 30, 2023, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of (\$385). Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 77,338	\$ 39,181	\$ 153,980	\$ 78,008	\$ 16,305	\$ 8,260
Net difference between projected and actual earnings on GLI OPEB plan investment	-	61,026	-	121,502	-	12,866
Change of assumptions	36,427	95,129	72,527	189,402	7,680	20,056
Changes in proportionate share	60,209	35,697	135,445	102,545	17,682	18,818
Employer contributions subsequent to the measurement date	105,809	-	201,298	-	22,891	-
Total	\$ 279,783	\$ 231,033	\$ 563,250	\$ 491,457	\$ 64,558	\$ 60,000

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the GLI Plan OPEB (Continued)

\$105,809, \$201,298, and \$22,891, respectively, reported as deferred outflows of resources related to the GLI OPEB resulting from the County, Component Unit School Board professional and nonprofessional group's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

		Primary	Component Unit	Component Unit
		Government	School Board	School Board
			(professional)	(nonprofessional)
Year Ended				
June 30				
2024	\$	(5,302) \$	(31,881) \$	(5,994)
2025		(1,264)	(28,957)	(1,002)
2026		(47,021)	(94,113)	(8,396)
2027		5,998	17,575	(362)
2028		(9,470)	7,871	(2,579)
Thereafter		-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

NET GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

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

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

** On October 10, 2019, the VRS Board elected a long-term rate of return 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%.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) PLAN (OPEB PLAN): (CONTINUED)

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 ended June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,421,129	\$ 976,643	\$ 617,437
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	2,829,468	1,944,495	1,229,316
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	299,609	205,900	130,171

GLI Plan Fiduciary Net Position

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

The specific information about the Political Subdivision HIC Plan OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

The Political Subdivision Retiree HIC Plan was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and retire with at least 15 years of service credit. Eligible employees include full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan. These employees are enrolled automatically upon employment.

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. 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. 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.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for 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 HIC as a retiree.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	<u>41</u>	<u>59</u>
Inactive members:		
Vested inactive members	<u>4</u>	<u>2</u>
Total inactive members	<u>45</u>	<u>61</u>
Active members	<u>141</u>	<u>158</u>
Total covered employees	<u>186</u>	<u>219</u>

Contributions

The contribution requirements 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 and School Board's contractually required employer contribution rate for the year ended June 30, 2023 was 0.11% and 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate 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 to the Health Insurance Credit Program were \$10,220 and \$13,325 for the years ended June 30, 2023 and June 30, 2022, respectively. Contributions from the School Board to the HIC Plan were \$35,158 and \$30,627 for the years ended June 30, 2023 and June 30, 2022, respectively.

Net HIC OPEB Liability

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

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions

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

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

Mortality Rates - Non-Largest Ten Locality Employers - General Employees

- Pre-Retirement:
 - Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
- Post-Retirement:
 - Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
- Post-Disablement:
 - Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
- Beneficiaries and Survivors:
 - Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
- Mortality Improvement Scale:
 - Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Non-Largest Ten Locality Employers - General Employees (Continued)

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Mortality Rates - Non-Largest Ten Locality Employers - Hazardous Duty Employees (Continued)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2022. 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 Pub-2010 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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the System's 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 System's investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

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

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

** On October 10, 2019, the VRS Board elected a long-term rate of return 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 ended June 30, 2022, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to continue to contribute 100% of the actuarially

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Discount Rate (Continued)

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 (Asset)

	Primary Government		
	Increase (Decrease)		
	Total	Plan	Net
	HIC OPEB Liability (a)	Fiduciary Net Position (b)	HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 346,751	\$ 351,180	\$ (4,429)
Changes for the year:			
Service cost	\$ 10,662	\$ -	\$ 10,662
Interest	23,189	-	23,189
Assumption changes	37,524	-	37,524
Differences between expected and actual experience	(38,276)	-	(38,276)
Contributions - employer	-	13,325	(13,325)
Net investment income	-	742	(742)
Benefit payments, including refunds of employee contributions	(27,738)	(27,738)	-
Administrative expense	-	(604)	604
Other changes	-	17,142	(17,142)
Net changes	\$ 5,361	\$ 2,867	\$ 2,494
Balances at June 30, 2022	\$ 352,112	\$ 354,047	\$ (1,935)

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Changes in Net HIC OPEB Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2021	\$ 407,514	\$ 177,347	\$ 230,167
Changes for the year:			
Service cost	\$ 4,679	\$ -	\$ 4,679
Interest	26,630	-	26,630
Assumption changes	91,814	-	91,814
Differences between expected and actual experience	(11,889)	-	(11,889)
Contributions - employer	-	30,601	(30,601)
Net investment income	-	49	(49)
Benefit payments, including refunds of employee contributions	(35,343)	(35,343)	-
Administrative expense	-	(315)	315
Other changes	-	17,905	(17,905)
Net changes	\$ 75,891	\$ 12,897	\$ 62,994
Balances at June 30, 2022	\$ 483,405	\$ 190,244	\$ 293,161

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Sensitivity of the County and School Board's HIC Net OPEB Liability (Asset) to Changes in the Discount Rate

The following presents the County and School Board's HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the County and School Board's net HIC OPEB liability (asset) 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:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability (Asset)	\$ 33,767	\$ (1,935)	\$ (32,507)
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	341,017	293,161	252,034

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB

For the year ended June 30, 2023, the County and School Board recognized HIC Plan OPEB expense of (\$8,279) and \$16,334. At June 30, 2023, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the County and School Board's HIC Plan from the following sources:

	Primary Government		Component Unit School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 13,804	\$ 35,810	\$ 3,655	\$ 18,515
Net difference between projected and actual earnings on HIC OPEB plan investments	-	8,970	-	3,581
Changes of assumptions	35,450	355	76,214	-
Employer contributions subsequent to the measurement date	10,220	-	35,158	-
Total	\$ 59,474	\$ 45,135	\$ 115,027	\$ 22,096

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

HIC Plan OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Plan OPEB: (Continued)

\$10,220 and \$35,158 reported as deferred outflows of resources related to the HIC OPEB resulting from the County and School Board's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2024	\$ (514)	\$ 15,592
2025	1,324	15,784
2026	(2,691)	13,500
2027	6,032	12,897
2028	(32)	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN):

Plan Description

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

The specific information for the Teacher HIC Plan OPEB, including eligibility, coverage, and benefits is described below:

Eligible Employees

The Teacher Employee Retiree HIC Plan was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit. Eligible employees include full-time permanent (professional) salaried employees of public school divisions covered under VRS. These employees are enrolled automatically upon employment.

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. 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. 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.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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 school division to the VRS Teacher Employee HIC Plan were \$450,402 and \$424,252 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$12 million to the VRS Teacher HIC Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB

At June 30, 2023, the school division reported a liability of \$4,698,913 for its proportionate share of the VRS Teacher Employee HIC Plan Net OPEB Liability. The Net VRS Teacher Employee HIC OPEB Liability was measured as of June 30, 2022 and the total VRS Teacher Employee HIC OPEB liability used to calculate the Net VRS Teacher Employee HIC Plan OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The school division's proportion of the Net VRS Teacher Employee HIC OPEB Liability was based on the school division's actuarially determined employer contributions to the VRS Teacher Employee HIC OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the school division's proportion of the VRS Teacher Employee HIC was 0.37620% as compared to 0.35731% at June 30, 2021.

For the year ended June 30, 2023, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$383,475. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 191,535
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	4,716
Change in assumptions	137,279	11,999
Change in proportionate share and differences between actual and expected contributions	301,873	234,195
Employer contributions subsequent to the measurement date	<u>450,402</u>	<u>-</u>
Total	<u>\$ 889,554</u>	<u>\$ 442,445</u>

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Teacher Employee HIC OPEB Liabilities, Teacher Employee HIC OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Teacher Employee HIC Plan OPEB (Continued)

\$450,002 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division’s contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (6,394)
2025	(10,141)
2026	(11,314)
2027	9,798
2028	(9,514)
Thereafter	24,272

Actuarial Assumptions

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Net Teacher Employee HIC OPEB Liability

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

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

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

Long-Term Expected Rate of Return

The long-term expected rate of return on the 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%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return**	7.83%

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 19—TEACHER EMPLOYEE HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)

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 ended June 30, 2022, the rate contributed by each school division for the VRS Teacher Employee HIC Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined rate. From July 1, 2022 on, 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 School Division's Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate

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

		Rate		
		1% Decrease	Current Discount	1% Increase
		(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan				
Net HIC OPEB Liability	\$	5,295,729	\$ 4,698,913	\$ 4,193,007

Teacher Employee HIC OPEB Fiduciary Net Position

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM:

Plan Description

The Virginia Retirement System (VRS) Line of Duty Act Program (LODA) was established pursuant to §9.1-400 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 LODA Program provides death and health insurance benefits to eligible state employees and local government employees, including volunteers, who die or become disabled as a result of the performance of their duties as a public safety officer. In addition, health insurance benefits are provided to eligible survivors and family members. This is a cost-sharing, multiple-employer plan administered by the Virginia Retirement System (the System). Participating employers made contributions to the program beginning in FY 2012. The employer contributions are determined by the System's actuary using anticipated program costs and the number of covered individuals associated with all participating employers.

The specific information for LODA OPEB, including eligibility, coverage and benefits is described below:

Eligible Employees

All paid employees and volunteers in hazardous duty positions in Virginia localities as well as hazardous duty employees who are covered under the Virginia Retirement System (VRS), the State Police Officers' Retirement System (SPORS), or the Virginia Law Officers' Retirement System (VaLORS) are automatically covered by the LODA Program. As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date; or an additional \$20,000 benefit is payable when certain members of the National Guard and U.S. military reserves are killed in action in any armed conflict on or after October 7, 2001.

The LODA program also provides health insurance benefits. The health insurance benefits are managed through the Virginia Department of Human Resource Management (DHRM). The health benefits are modeled after the State Employee Health Benefits Program plans and provide consistent, premium-free continued health plan coverage for LODA-eligible disabled individuals, survivors and family members.

Contributions

The contribution requirements for the LODA Program are governed by §9.1-400.1 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies by the Virginia General Assembly. Each employer's contractually required employer contribution rate for the LODA Program for the year ended June 30, 2023 was \$681.84 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$95,969 and \$106,396 for the years ended June 30, 2023 and June 30, 2022, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB

At June 30, 2023, the entity reported a liability of \$2,923,644 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2022 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The entity's proportion of the Net LODA OPEB Liability was based on the entity's actuarially determined pay-as-you-go employer contributions to the LODA OPEB plan for the year ended June 30, 2022 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2022, the entity's proportion was 0.77250% as compared to 0.72030 % at June 30, 2021.

For the year ended June 30, 2023, the entity recognized LODA OPEB expense of \$380,072. Since there was a change in proportionate share between measurement dates, a portion of the LODA OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 224,615	\$ 546,423
Net difference between projected and actual earnings on LODA OPEB program investments	-	12,503
Change of assumptions	815,323	721,107
Change in proportionate	229,869	277,688
Employer contributions subsequent to the measurement date	95,969	-
Total	\$ <u>1,365,776</u>	\$ <u>1,557,721</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

LODA OPEB Liabilities, LODA OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the LODA OPEB (Continued)

\$95,969 reported as deferred outflows of resources related to the LODA OPEB resulting from the entity’s contributions subsequent to the measurement date will be recognized as a reduction of the Net LODA OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the LODA OPEB will be recognized in LODA OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	
2024	\$ (13,115)
2025	(12,848)
2026	(12,564)
2027	5,506
2028	(3,336)
Thereafter	(251,557)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.25%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	3.69%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Actuarial Assumptions: (Continued)

Mortality Rates - Non-Largest Ten Locality Employers with Public Safety Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

Net LODA OPEB Liability

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

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 385,669
Plan Fiduciary Net Position	7,214
Employers' Net OPEB Liability (Asset)	<u>\$ 378,455</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.87%

The total LODA 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 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 LODA OPEB Program’s investments was set at 3.69% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.69% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2022.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.69%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS Statutes and that they 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 ended June 30, 2022, the rate contributed by participating employers to the LODA OPEB Program will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 20—LINE OF DUTY ACT (LODA) PROGRAM: (CONTINUED)

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 3.69%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.69%) or one percentage point higher (4.69%) than the current rate:

	Discount Rate		
	1% Decrease (2.69%)	Current (3.69%)	1% Increase (4.69%)
County's proportionate share of the LODA Net OPEB Liability	\$ 3,337,312	\$ 2,923,644	\$ 2,585,215

Sensitivity of the Covered Employer's Proportionate Share of the Net LODA OPEB Liability to Changes in the Health Care Trend Rate

Because the LODA Program contains a provision for the payment of health insurance premiums, the liabilities are also impacted by the health care trend rates. The following presents the covered employer's proportionate share of the net LODA OPEB liability using the health care trend rate of 7.00% decreasing to 4.75%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a health care trend rate that is one percentage point lower (6.00% decreasing to 3.75%) or one percentage point higher (8.00% decreasing to 5.75%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,463,806	\$ 2,923,644	\$ 3,500,812

LODA OPEB Fiduciary Net Position

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 21—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN):

County and School Board

Plan Description

In addition to the pension benefits described in Note 14, the County administers a single-employer defined benefit healthcare plan, The County of Gloucester Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the County's pension plans. The plan does not issue a publicly available financial report.

In addition to the pension benefits described in Note 14, the Component Unit School Board administers a single-employer defined benefit healthcare plan, The Gloucester County Public Schools Postretirement Benefits Plan. The plan provides postemployment health care benefits to all eligible permanent employees who meet the requirements under the School Board's pension plans. The plan does not issue a publicly available financial report.

Benefits Provided

Postemployment benefits that are provided to eligible retirees include medical insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the County who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. No benefits are provided to Medicare eligible retirees or their spouses.

Postemployment benefits that are provided to eligible retirees include medical and dental insurance. The benefits that are provided for active employees are the same for eligible retirees, spouses and dependents of eligible retirees. All permanent employees of the School Board who meet eligibility requirements of the pension plan are eligible to receive postemployment health care benefits. Retirees and spouses that became eligible for Medicare are no longer eligible to participate in the Gloucester County Public School's retiree medical plan. The School Board pays \$4.00 per month per full year of consecutive Gloucester County Public Schools service capped at 30 years of service upon retirement.

Plan Membership

At June 30, 2023 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	253	596
Total retirees with coverage	4	12
Total	257	608

Contributions

The County nor the School Board pre-funds benefits; therefore, no assets are accumulated in a trust fund. The current funding policy is to pay benefits directly from general assets on a pay-as-you-go basis. The funding requirements are established and may be amended by the County or School Board.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 21—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Salary Increases	The salary increase rate was 2.50% per annum
Discount Rate	4.13% based on the yield on a 20-year municipal bond Aa index as of June 30, 2023
Investment Rate of Return	N/A
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%

Mortality rates for the County were based on the following actuarial assumptions:

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2023; males setback 1 year, 85% of rates; females setback 1 year

Post-Commencement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2023; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2023; 115% of rates for males and females.

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

Mortality rates for the School Board were based on the following actuarial assumptions:

Pre-Commencement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2023

Post-Commencement: RP-2014 White Collar Employee Rates to age 49; White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2023; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90

Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2023; 115% of rates for males and females

These mortality assumptions were chosen to match the mortality assumptions used in the June 30, 2016 Annual Financial Statement for the Virginia Retirement System.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 21—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of March 31, 2023.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2022	\$ 2,246,672	\$ 7,737,725
Changes for the year:		
Service cost	122,065	551,899
Interest	96,537	335,907
Difference between expected and actual experience	(971,461)	2,855,073
Changes in assumptions	(121,109)	(2,987,440)
Benefit payments	(17,001)	(155,011)
Net changes	\$ (890,969)	\$ 600,428
Balances at June 30, 2023	\$ 1,355,703	\$ 8,338,153

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

The following amounts present the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.13%) or one percentage point higher (5.13%) than the current discount rate:

	Rate		
	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Primary Government:			
Total OPEB liability	\$ 1,503,545	\$ 1,355,703	\$ 1,225,028
Component Unit School Board:			
Total OPEB liability	9,078,699	8,338,153	7,563,152

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 21—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (5.25% decreasing to 3.25%/3.50% over 3 years) or one percentage point higher (7.25% decreasing to 5.25%/5.50% over 3 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (5.25% decreasing to 3.25%/3.50%)	Healthcare Cost Trend (6.25% decreasing to 4.25%/4.50%)	1% Increase (7.25% decreasing to 5.25%/5.50%)
Primary Government:			
Total OPEB liability	\$ 1,214,294	\$ 1,355,703	\$ 1,517,537
Component Unit School Board:			
Total OPEB liability	7,453,969	8,338,153	9,364,897

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

For the year ended June 30, 2023, the County and the School Board recognized OPEB expense in the amount of \$43,891 and \$263,180. At June 30, 2023, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 178,497	\$ 850,028	\$ 2,595,521	\$ 450,151
Changes in assumptions	-	452,887	-	3,786,728
Total	\$ 178,497	\$ 1,302,915	\$ 2,595,521	\$ 4,236,879

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board
2024	\$ (174,711)	\$ (624,626)
2025	(174,711)	(624,624)
2026	(182,642)	(159,954)
2027	(182,644)	(159,952)
2028	(136,572)	(12,033)
Thereafter	(273,138)	(60,169)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 (CONTINUED)

NOTE 21—MEDICAL AND DENTAL PAY-AS-YOU-GO (OPEB PLAN): (CONTINUED)

County and School Board: (Continued)

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

Additional disclosures on changes in net OPEB liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTE 22—SUMMARY OF OTHER POSTEMPLOYMENT BENEFIT PLANS:

Primary Government and Component Unit School Board

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense	Deferred Outflows	Deferred Inflows	Net OPEB Liability	OPEB Expense
VRS OPEB Plans:								
Group Life Insurance Program (Note 17):								
County	\$ 279,783	\$ 231,033	\$ 976,643	\$ 43,006	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	64,558	60,000	205,900	(385)
School Board Professional	-	-	-	-	563,250	491,457	1,944,495	72,704
Health Insurance Credit Program (Note 18)	59,474	45,135	(1,935)	(8,279)	115,027	22,096	293,161	16,475
Teacher Health Insurance Credit Program (Note 19)	-	-	-	-	889,554	442,445	4,698,913	383,475
Line of Duty Act Program (Note 20)	1,365,776	1,557,721	2,923,644	380,072	-	-	-	-
County Stand-Alone Plan (Note 21)	178,497	1,302,915	1,355,703	43,891	-	-	-	-
School Stand-Alone Plan (Note 21)	-	-	-	-	2,595,521	4,236,879	8,338,153	263,180
Totals	<u>\$ 1,883,530</u>	<u>\$ 3,136,804</u>	<u>\$ 5,254,055</u>	<u>\$ 458,690</u>	<u>\$ 4,227,910</u>	<u>\$ 5,252,877</u>	<u>\$ 15,480,622</u>	<u>\$ 735,449</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023 (CONTINUED)

NOTE 23—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based IT Arrangements (SBITAs)* during the fiscal year ended June 30, 2023. Statement No. 96, *SBITAs* requires recognition of certain subscription assets and liabilities for certain contracts that convey control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. No restatement of beginning net position was required as a result of this implementation.

NOTE 24—UPCOMING PRONOUNCEMENTS:

Statement No. 99, *Omnibus 2022*, enhances the comparability in accounting and financial reporting and improves 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 effective dates differ based on the requirements of the Statement, ranging from April 2022 to reporting periods beginning after June 15, 2023.

Statement No. 100, *Accounting Changes and Error Corrections* - an amendment of GASB Statement No. 62, enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for reporting periods beginning after June 15, 2023.

Statement No. 101, *Compensated Absences*, updates the recognition and measurement guidance for compensated absences. It aligns the recognition and measurement guidance under a unified model and amends certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

Implementation Guide No. 2021-1, *Implementation Guidance Update—2021*, with dates ranging from reporting periods beginning after June 15, 2022 to reporting periods beginning after June 15, 2023.

Implementation Guide No. 2023-1, *Implementation Guidance Update—2023*, effective for fiscal years beginning after June 15, 2023.

Management is currently evaluating the impact these standards will have on the financial statements when adopted.

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REQUIRED SUPPLEMENTARY INFORMATION

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 46,630,475	\$ 46,630,475	\$ 48,890,484	\$ 2,260,009
Other local taxes	14,522,109	14,522,109	15,258,922	736,813
Permits, privilege fees, and regulatory licenses	459,651	459,651	440,967	(18,684)
Fines and forfeitures	48,219	48,219	65,227	17,008
Revenue from the use of money and property	139,235	139,235	761,239	622,004
Charges for services	1,000,275	1,000,275	1,193,882	193,607
Miscellaneous	98,245	147,612	440,506	292,894
Recovered costs	515,368	1,147,158	695,418	(451,740)
Intergovernmental:				
Commonwealth	9,329,550	9,690,250	9,380,583	(309,667)
Federal	325,679	325,679	352,786	27,107
Total revenues	\$ 73,068,806	\$ 74,110,663	\$ 77,480,014	\$ 3,369,351
EXPENDITURES				
Current:				
General government administration	\$ 8,041,012	\$ 8,100,035	\$ 7,750,726	\$ 349,309
Judicial administration	2,305,231	2,306,679	2,274,390	32,289
Public safety	18,150,466	19,628,236	18,886,828	741,408
Public works	2,978,028	3,253,167	2,947,429	305,738
Health and welfare	711,193	711,193	629,775	81,418
Education	30,202,807	29,503,164	29,409,352	93,812
Parks, recreation, and cultural	2,850,008	2,945,386	2,472,008	473,378
Community development	1,540,197	1,573,570	1,484,385	89,185
Nondepartmental	128,432	(246,779)	370,562	(617,341)
Debt service:				
Principal retirement	-	-	308,606	(308,606)
Interest and other fiscal charges	-	-	89,771	(89,771)
Total expenditures	\$ 66,907,374	\$ 67,774,651	\$ 66,623,832	\$ 1,150,819
Excess (deficiency) of revenues over (under) expenditures	\$ 6,161,432	\$ 6,336,012	\$ 10,856,182	\$ 4,520,170
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (7,803,724)	\$ (9,836,512)	\$ (8,993,623)	\$ 842,889
Issuance of subscription liability	-	-	464,148	464,148
Total other financing sources (uses)	\$ (7,803,724)	\$ (9,836,512)	\$ (8,529,475)	\$ 1,307,037
Net change in fund balances	\$ (1,642,292)	\$ (3,500,500)	\$ 2,326,707	\$ 5,827,207
Fund balances - beginning	1,642,292	3,500,500	29,889,889	26,389,389
Fund balances - ending	\$ -	\$ -	\$ 32,216,596	\$ 32,216,596

Note: The budget is adopted on a basis consistent with generally accepted accounting principles.

School Sales Tax Fund

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

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 5,250,000	\$ 5,250,000	\$ 5,813,178	\$ 563,178
Revenue from the use of money and property	-	-	170,889	170,889
Total revenues	<u>\$ 5,250,000</u>	<u>\$ 5,250,000</u>	<u>\$ 5,984,067</u>	<u>\$ 734,067</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (1,157,500)	\$ (1,157,500)	\$ (1,144,154)	\$ 13,346
Total other financing sources (uses)	<u>\$ (1,157,500)</u>	<u>\$ (1,157,500)</u>	<u>\$ (1,144,154)</u>	<u>\$ 13,346</u>
Net change in fund balances	\$ 4,092,500	\$ 4,092,500	\$ 4,839,913	\$ 747,413
Fund balances - beginning	(4,092,500)	(4,092,500)	5,197,316	9,289,816
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,037,229</u>	<u>\$ 10,037,229</u>

Note: The budget is adopted on a basis consistent with generally accepted accounting principles.

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios

Primary Government

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 1,864,723	\$ 1,842,214	\$ 1,898,366
Interest	5,735,944	5,223,971	4,783,955
Changes in benefit terms	1,025,370	-	-
Changes of assumptions	-	3,371,245	-
Difference between expected and actual experience	(1,895,140)	(977,649)	3,297,585
Benefit payments	(3,846,979)	(3,632,451)	(3,289,869)
Net change in total pension liability	\$ 2,883,918	\$ 5,827,330	\$ 6,690,037
Total pension liability - beginning	85,035,716	79,208,386	72,518,349
Total pension liability - ending (a)	\$ 87,919,634	\$ 85,035,716	\$ 79,208,386
Plan fiduciary net position			
Contributions - employer	\$ 1,941,704	\$ 1,764,009	\$ 1,461,760
Contributions - employee	831,102	802,464	799,113
Net investment income	(89,275)	18,225,275	1,276,232
Benefit payments	(3,846,979)	(3,632,451)	(3,289,869)
Refunds of contributions	-	-	-
Administrative expense	(52,027)	(45,119)	(43,182)
Other	1,942	1,720	(1,504)
Net change in plan fiduciary net position	\$ (1,213,533)	\$ 17,115,898	\$ 202,550
Plan fiduciary net position - beginning	83,838,289	66,722,391	66,519,841
Plan fiduciary net position - ending (b)	\$ 82,624,756	\$ 83,838,289	\$ 66,722,391
County's net pension liability - ending (a) - (b)	\$ 5,294,878	\$ 1,197,427	\$ 12,485,995
Plan fiduciary net position as a percentage of the total pension liability	93.98%	98.59%	84.24%
Covered payroll	\$ 17,640,228	\$ 16,918,427	\$ 16,682,041
County's net pension liability as a percentage of covered payroll	30.02%	7.08%	74.85%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 14

	2019		2018		2017		2016		2015		2014
\$	1,698,206	\$	1,676,568	\$	1,722,474	\$	1,729,707	\$	1,746,320	\$	1,706,383
	4,558,992		4,343,905		4,186,921		3,978,981		3,729,750		3,522,284
	-		-		-		-		-		-
	2,097,224		-		16,358		-		-		-
	392,718		(275,493)		(1,128,018)		(348,414)		431,689		-
	(2,714,506)		(2,630,115)		(2,480,079)		(2,299,345)		(2,395,275)		(2,134,451)
\$	6,032,634	\$	3,114,865	\$	2,317,656	\$	3,060,929	\$	3,512,484	\$	3,094,216
	66,485,715		63,370,850		61,053,194		57,992,265		54,479,781		51,385,565
\$	<u>72,518,349</u>	\$	<u>66,485,715</u>	\$	<u>63,370,850</u>	\$	<u>61,053,194</u>	\$	<u>57,992,265</u>	\$	<u>54,479,781</u>
\$	1,447,269	\$	1,383,382	\$	1,387,991	\$	1,524,213	\$	1,533,287	\$	1,630,763
	791,699		693,369		744,807		721,049		693,210		711,429
	4,206,391		4,363,836		6,477,379		913,929		2,298,831		6,835,011
	(2,714,506)		(2,630,115)		(2,480,079)		(2,299,345)		(2,395,275)		(2,134,451)
	-		-		-		-		-		-
	(40,997)		(37,410)		(37,007)		(32,083)		(31,171)		(36,335)
	(2,655)		(3,900)		(5,772)		(387)		(486)		360
\$	<u>3,687,201</u>	\$	<u>3,769,162</u>	\$	<u>6,087,319</u>	\$	<u>827,376</u>	\$	<u>2,098,396</u>	\$	<u>7,006,777</u>
	62,832,640		59,063,478		52,976,159		52,148,783		50,050,387		43,043,610
\$	<u>66,519,841</u>	\$	<u>62,832,640</u>	\$	<u>59,063,478</u>	\$	<u>52,976,159</u>	\$	<u>52,148,783</u>	\$	<u>50,050,387</u>
\$	5,998,508	\$	3,653,075	\$	4,307,372	\$	8,077,035	\$	5,843,482	\$	4,429,394
	91.73%		94.51%		93.20%		86.77%		89.92%		91.87%
\$	16,304,689	\$	14,153,829	\$	14,117,623	\$	13,744,410	\$	13,824,211	\$	13,810,687
	36.79%		25.81%		30.51%		58.77%		42.27%		32.07%

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios

Component Unit School Board (nonprofessional)

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2022

	2022	2021	2020
Total pension liability			
Service cost	\$ 289,614	\$ 302,456	\$ 290,581
Interest	1,485,764	1,355,961	1,275,548
Changes of assumptions	-	801,867	-
Difference between expected and actual experience	(753,284)	392,788	742,110
Benefit payments	(1,301,471)	(1,137,882)	(1,096,001)
Net change in total pension liability	\$ (279,377)	\$ 1,715,190	\$ 1,212,238
Total pension liability - beginning	22,372,437	20,657,247	19,445,009
Total pension liability - ending (a)	\$ 22,093,060	\$ 22,372,437	\$ 20,657,247
Plan fiduciary net position			
Contributions - employer	\$ 186,137	\$ 183,576	\$ 165,295
Contributions - employee	166,740	165,326	173,184
Net investment income	(10,869)	5,120,995	366,146
Benefit payments	(1,301,471)	(1,137,882)	(1,096,001)
Refunds of contributions	-	-	-
Administrative expense	(14,755)	(13,158)	(12,915)
Other	526	479	(429)
Net change in plan fiduciary net position	\$ (973,692)	\$ 4,319,336	\$ (404,720)
Plan fiduciary net position - beginning	23,352,897	19,033,561	19,438,281
Plan fiduciary net position - ending (b)	\$ 22,379,205	\$ 23,352,897	\$ 19,033,561
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ (286,145)	 \$ (980,460)	 \$ 1,623,686
 Plan fiduciary net position as a percentage of the total pension liability	 101.30%	 104.38%	 92.14%
 Covered payroll	 \$ 3,689,975	 \$ 3,616,273	 \$ 3,753,820
 School Division's net pension liability (asset) as a percentage of covered payroll	 -7.75%	 -27.11%	 43.25%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Exhibit 15

2019	2018	2017	2016	2015	2014
\$ 280,466	\$ 288,543	\$ 311,465	\$ 426,688	\$ 427,429	\$ 409,024
1,279,984	1,207,530	1,227,510	1,180,310	1,153,160	1,095,611
496,279	-	(28,612)	-	-	-
(426,009)	469,105	(905,115)	(120,700)	(462,410)	-
(942,404)	(917,821)	(863,540)	(760,487)	(700,146)	(664,869)
\$ 688,316	\$ 1,047,357	\$ (258,292)	\$ 725,811	\$ 418,033	\$ 839,766
18,756,693	17,709,336	17,967,628	17,241,817	16,823,784	15,984,018
<u>\$ 19,445,009</u>	<u>\$ 18,756,693</u>	<u>\$ 17,709,336</u>	<u>\$ 17,967,628</u>	<u>\$ 17,241,817</u>	<u>\$ 16,823,784</u>
\$ 147,051	\$ 174,431	\$ 177,460	\$ 294,552	\$ 337,412	\$ 369,055
150,025	142,021	145,681	171,445	197,164	201,136
1,236,796	1,328,369	2,006,570	287,673	736,846	2,207,074
(942,404)	(917,821)	(863,540)	(760,487)	(700,146)	(664,869)
-	-	-	-	-	-
(12,633)	(11,736)	(11,875)	(10,449)	(10,111)	(11,877)
(776)	(1,171)	(1,773)	(122)	(154)	116
\$ 578,059	\$ 714,093	\$ 1,452,523	\$ (17,388)	\$ 561,011	\$ 2,100,635
18,860,222	18,146,129	16,693,606	16,710,994	16,149,983	14,049,348
<u>\$ 19,438,281</u>	<u>\$ 18,860,222</u>	<u>\$ 18,146,129</u>	<u>\$ 16,693,606</u>	<u>\$ 16,710,994</u>	<u>\$ 16,149,983</u>
\$ 6,728	\$ (103,529)	\$ (436,793)	\$ 1,274,022	\$ 530,823	\$ 673,801
99.97%	100.55%	102.47%	92.91%	96.92%	95.99%
\$ 3,208,603	\$ 2,990,016	\$ 2,985,162	\$ 3,485,857	\$ 3,973,266	\$ 4,025,922
0.21%	-3.46%	-14.63%	36.55%	13.36%	16.74%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2022

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)
2022	0.37602%	\$ 35,799,355	\$ 35,062,165	102.10%	82.61%
2021	0.35434%	27,507,760	31,281,939	87.93%	85.46%
2020	0.37510%	54,592,721	32,792,135	166.48%	71.47%
2019	37.33300%	49,132,350	31,324,082	156.85%	73.51%
2018	0.37012%	43,526,000	29,956,443	145.30%	74.81%
2017	0.38104%	46,860,000	30,132,419	155.51%	72.92%
2016	0.37070%	51,950,000	28,264,289	183.80%	68.28%
2015	0.37696%	47,446,000	28,026,897	169.29%	70.68%
2014	0.38539%	46,573,000	28,183,593	165.25%	70.88%

Schedule is intended to show information for 10 years. Information prior to the 2014 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2014 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions 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					
2023	\$ 2,218,072	\$ 2,218,072	\$ -	\$ 19,579,723	11.33%
2022	1,945,994	1,945,994	-	17,640,228	11.03%
2021	1,772,125	1,772,125	-	16,918,427	10.47%
2020	1,468,440	1,468,440	-	16,682,041	8.80%
2019	1,450,980	1,450,980	-	16,304,689	8.90%
2018	1,385,499	1,385,499	-	14,153,829	9.79%
2017	1,410,351	1,410,351	-	14,117,623	9.99%
2016	1,531,127	1,531,127	-	13,744,410	11.14%
2015	1,533,287	1,533,287	-	13,824,211	11.09%
2014	1,631,042	1,631,042	-	13,810,687	11.81%
Component Unit School Board (nonprofessional)					
2023	\$ 205,855	\$ 205,855	\$ -	\$ 4,235,933	4.86%
2022	188,202	188,202	-	3,689,975	5.10%
2021	185,459	185,459	-	3,616,273	5.13%
2020	166,013	166,013	-	3,753,820	4.42%
2019	148,301	148,301	-	3,208,603	4.62%
2018	175,385	175,385	-	2,990,016	5.87%
2017	184,184	184,184	-	2,985,162	6.17%
2016	297,344	297,344	-	3,485,857	8.53%
2015	337,412	337,412	-	3,973,266	8.49%
2014	369,177	369,177	-	4,025,922	9.17%
Component Unit School Board (professional)					
2023	\$ 5,887,192	\$ 5,887,192	\$ -	\$ 37,223,267	15.82%
2022	5,586,102	5,586,102	-	35,062,165	15.93%
2021	5,012,876	5,012,876	-	31,281,939	16.02%
2020	5,141,807	5,141,807	-	32,792,135	15.68%
2019	4,784,066	4,784,066	-	31,324,082	15.68%
2018	4,786,776	4,786,776	-	29,956,443	16.32%
2017	4,396,122	4,396,122	-	30,132,419	14.66%
2016	3,973,959	3,973,959	-	28,264,289	14.06%
2015	4,063,900	4,063,900	-	28,026,897	14.50%
2014	3,286,207	3,286,207	-	28,183,593	11.66%

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

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2023

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

Component Unit School Board - Professional Employees:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through 2022

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
2022	0.08110%	\$ 976,643	\$ 17,644,041	5.54%	67.21%
2021	0.08200%	955,285	16,940,675	5.64%	67.45%
2020	0.08110%	1,353,426	16,689,998	8.11%	52.64%
2019	0.08320%	1,353,885	16,310,336	8.30%	52.00%
2018	0.07448%	1,131,000	14,153,829	7.99%	51.22%
2017	0.07668%	1,154,000	14,117,623	8.17%	48.86%
Component Unit School Board (professional):					
2022	0.16150%	\$ 1,944,495	\$ 35,128,769	5.54%	67.21%
2021	0.15180%	1,767,597	31,344,548	5.64%	67.45%
2020	0.15960%	2,662,962	32,839,934	8.11%	52.64%
2019	0.16036%	2,609,484	31,436,508	8.30%	52.00%
2018	0.15783%	2,397,000	29,956,443	8.00%	51.22%
2017	0.16329%	2,458,000	30,132,419	8.16%	48.86%
Component Unit School Board (nonprofessional):					
2022	0.01710%	\$ 205,900	\$ 3,719,200	5.54%	67.21%
2021	0.01750%	204,330	3,622,730	5.64%	67.45%
2020	0.01830%	305,063	3,761,700	8.11%	52.64%
2019	0.01651%	268,661	3,235,982	8.30%	52.00%
2018	0.01587%	241,000	2,990,016	8.06%	51.22%
2017	0.01663%	250,000	2,985,162	8.37%	48.86%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2016 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions 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:					
2023	\$ 105,809	\$ 105,809	\$ -	\$ 19,594,233	0.54%
2022	95,278	95,278	-	17,644,041	0.54%
2021	91,480	91,480	-	16,940,675	0.54%
2020	86,788	86,788	-	16,689,998	0.52%
2019	84,814	84,814	-	16,310,336	0.52%
2018	73,647	73,647	-	14,153,829	0.52%
2017	73,548	73,548	-	14,117,623	0.52%
2016	66,124	66,124	-	13,744,410	0.48%
Component Unit School Board (professional):					
2023	\$ 201,298	\$ 201,298	\$ -	\$ 37,277,370	0.54%
2022	189,695	189,695	-	35,128,769	0.54%
2021	169,261	169,261	-	31,344,548	0.54%
2020	170,768	170,768	-	32,839,934	0.52%
2019	163,470	163,470	-	31,436,508	0.52%
2018	157,280	157,280	-	29,956,443	0.53%
2017	157,819	157,819	-	30,132,419	0.52%
2016	134,853	134,853	-	28,264,289	0.48%
Component Unit School Board (nonprofessional):					
2023	\$ 22,891	\$ 22,891	\$ -	\$ 4,239,115	0.54%
2022	20,084	20,084	-	3,719,200	0.54%
2021	19,563	19,563	-	3,622,730	0.54%
2020	19,561	19,561	-	3,761,700	0.52%
2019	16,827	16,827	-	3,235,892	0.52%
2018	15,688	15,688	-	2,990,016	0.52%
2017	16,072	16,072	-	2,985,162	0.52%
2016	16,834	16,834	-	3,485,857	0.48%

Schedule is intended to show information for 10 years. Information prior to 2016 is not available. However, additional years will be included as they become available.

Notes to Required Supplementary Information
 Group Life Insurance (GLI) Plan
 For the Year Ended June 30, 2023

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

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 Pub-2010 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 Pub-2010 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

Schedule of Changes in the County's Net OPEB Liability (Asset) and Related Ratios

Health Insurance Credit (HIC) Plan

Primary Government

For the Measurement Dates of June 30, 2017 through 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 10,662	\$ 9,106	\$ 9,858	\$ 9,258	\$ 9,327	\$ 10,108
Interest	23,189	20,637	20,743	20,292	20,541	20,191
Changes in assumptions	37,524	4,373	-	7,308	-	(9,679)
Differences between expected and actual experience	(38,276)	20,291	(5,225)	3,417	(13,093)	-
Benefit payments	(27,738)	(26,797)	(27,071)	(18,636)	(22,036)	(9,197)
Net change in total HIC OPEB liability	\$ 5,361	\$ 27,610	\$ (1,695)	\$ 21,639	\$ (5,261)	\$ 11,423
Total HIC OPEB Liability - beginning	346,751	319,141	320,836	299,197	304,458	293,035
Total HIC OPEB Liability - ending (a)	\$ 352,112	\$ 346,751	\$ 319,141	\$ 320,836	\$ 299,197	\$ 304,458
Plan fiduciary net position						
Contributions - employer	\$ 13,325	\$ 12,495	\$ 13,138	\$ 12,652	\$ 12,249	\$ 12,479
Net investment income	742	74,603	5,957	18,334	19,722	28,877
Benefit payments	(27,738)	(26,797)	(27,071)	(18,636)	(22,036)	(9,197)
Administrative expense	(604)	(848)	(556)	(398)	(457)	(472)
Other	17,142	-	(3)	(22)	(1,448)	1,448
Net change in plan fiduciary net position	\$ 2,867	\$ 59,453	\$ (8,535)	\$ 11,930	\$ 8,030	\$ 33,135
Plan fiduciary net position - beginning	351,180	291,727	300,262	288,332	280,302	247,167
Plan fiduciary net position - ending (b)	\$ 354,047	\$ 351,180	\$ 291,727	\$ 300,262	\$ 288,332	\$ 280,302
County's net HIC OPEB liability/asset - ending (a) - (b)	\$ (1,935)	\$ (4,429)	\$ 27,414	\$ 20,574	\$ 10,865	\$ 24,156
Plan fiduciary net position as a percentage of the total HIC OPEB liability	100.55%	101.28%	91.41%	93.59%	96.37%	92.07%
Covered payroll	\$ 8,328,029	\$ 7,808,918	\$ 7,723,247	\$ 7,438,663	\$ 6,446,775	\$ 6,568,163
County's net HIC OPEB liability as a percentage of covered payroll	-0.02%	-0.06%	0.35%	0.28%	0.17%	0.37%

Schedule is intended to show information for 10 years. Information prior to the 2018 valuation is not available. However, additional years will be included as they become available.

Schedule of Changes in Net OPEB Liability and Related Ratios

Health Insurance Credit (HIC) Plan

Component Unit School Board (nonprofessional)

For the Measurement Dates of June 30, 2017 through June 30, 2022

	2022	2021	2020	2019	2018	2017
Total HIC OPEB Liability						
Service cost	\$ 4,679	\$ 6,324	\$ 5,958	\$ 5,855	\$ 6,008	\$ 7,069
Interest	26,630	26,769	25,175	27,056	26,070	25,888
Changes in benefit terms	-	-	15,181	-	-	-
Changes of assumptions	91,814	5,935	-	8,607	-	(5,500)
Differences between expected and actual experience	(11,889)	(11,423)	11,113	(24,262)	10,002	-
Benefit payments	(35,343)	(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
Net change in total HIC OPEB liability	\$ 75,891	\$ (5,744)	\$ 23,173	\$ (10,121)	\$ 13,489	\$ 6,344
Total HIC OPEB Liability - beginning	407,514	413,258	390,085	400,206	386,717	380,373
Total HIC OPEB Liability - ending (a)	\$ 483,405	\$ 407,514	\$ 413,258	\$ 390,085	\$ 400,206	\$ 386,717
Plan fiduciary net position						
Contributions - employer	\$ 30,601	\$ 30,016	\$ 30,031	\$ 25,674	\$ 18,538	\$ 18,508
Net investment income	49	37,010	2,664	8,837	9,627	14,450
Benefit payments	(35,343)	(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
Administrative expense	(315)	(434)	(271)	(190)	(214)	(227)
Other	17,905	-	(1)	(10)	(747)	747
Net change in plan fiduciary net position	\$ 12,897	\$ 33,243	\$ (1,831)	\$ 6,934	\$ (1,387)	\$ 12,365
Plan fiduciary net position - beginning	177,347	144,104	145,935	139,001	140,388	128,023
Plan fiduciary net position - ending (b)	\$ 190,244	\$ 177,347	\$ 144,104	\$ 145,935	\$ 139,001	\$ 140,388
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 293,161	\$ 230,167	\$ 269,154	\$ 244,150	\$ 261,205	\$ 246,329
Plan fiduciary net position as a percentage of the total HIC OPEB liability	39.35%	43.52%	34.87%	37.41%	34.73%	36.30%
Covered payroll	\$ 3,689,974	\$ 3,616,273	\$ 3,753,820	\$ 3,208,603	\$ 2,990,016	\$ 2,985,162
School Board's net HIC OPEB liability as a percentage of covered payroll	7.94%	6.36%	7.17%	7.61%	8.74%	8.25%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2018 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions 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:					
2023	\$ 10,220	\$ 10,220	\$ -	\$ 9,291,279	0.11%
2022	13,325	13,325	-	8,328,029	0.16%
2021	12,494	12,494	-	7,808,918	0.16%
2020	13,130	13,130	-	7,723,247	0.17%
2019	12,646	12,646	-	7,438,663	0.17%
2018	12,249	12,249	-	6,446,775	0.19%
Component Unit School Board (nonprofessional):					
2023	\$ 35,158	\$ 35,158	\$ -	\$ 4,235,933	0.83%
2022	30,627	30,627	-	3,689,974	0.83%
2021	30,015	30,015	-	3,616,273	0.83%
2020	30,031	30,031	-	3,753,820	0.80%
2019	25,669	25,669	-	3,208,603	0.80%
2018	18,538	18,538	-	2,990,016	0.62%

Schedule is intended to show information for 10 years. Additional years will be added as they become available.

Notes to Required Supplementary Information
Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2023

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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 Pub-2010 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

Schedule of County School Board's Share of Net OPEB Liability
Teacher Employee Health Insurance Credit (HIC) Plan
For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2022	0.37620% \$	4,698,913 \$	35,062,165	13.40%	15.08%
2021	0.35731%	4,540,113	31,281,939	14.51%	13.15%
2020	0.37400%	4,879,544	32,792,135	14.88%	9.95%
2019	0.37314%	4,884,765	31,297,428	15.61%	8.97%
2018	0.36994%	4,697,000	29,956,443	15.68%	8.08%
2017	0.37997%	4,820,000	30,132,419	16.00%	7.04%

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions
Teacher Employee Health Insurance Credit (HIC) Plan
For the Years Ended June 30, 2016 through June 30, 2023

Date	Contributions in Relation to			Contributions	
	Contractually Required Contribution (1)	Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	as a % of Covered Payroll (5)
2023	\$ 450,402	\$ 450,402	\$ -	\$ 37,223,267	1.21%
2022	424,252	424,252	-	35,062,165	1.21%
2021	378,511	378,511	-	31,281,939	1.21%
2020	393,506	393,506	-	32,792,135	1.20%
2019	375,569	375,569	-	31,297,428	1.20%
2018	367,997	367,997	-	29,956,443	1.23%
2017	332,858	332,858	-	30,132,419	1.10%
2016	299,601	299,601	-	28,264,289	1.06%

Schedule is intended to show information for 10 years. Additional years will be provided as they become available.

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2023

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

Schedule of Employer's Share of Net LODA OPEB Liability
Line of Duty Act (LODA) Program
For the Measurement Dates of June 30, 2017 through 2022

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2022	0.77250%	\$ 2,923,644	\$ N/A	N/A	1.87%
2021	0.72030%	\$ 3,176,463	\$ N/A	N/A	1.68%
2020	0.79976%	3,349,518	N/A	N/A	1.02%
2019	0.77433%	2,778,189	N/A	N/A	0.79%
2018	0.77901%	2,442,000	N/A	N/A	0.60%
2017	0.80488%	2,115,000	N/A	N/A	1.30%

*

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of the employees in the OPEB plan.

Schedule is intended to show information for 10 years. Information prior to the 2017 valuation is not available. However, additional years will be included as they become available.

Schedule of Employer Contributions

Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2023

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2023	\$ 95,969	\$ 95,969	\$ -	N/A	N/A
2022	106,396	106,396	-	N/A	N/A
2021	99,169	99,169	-	N/A	N/A
2020	108,688	108,688	-	N/A	N/A
2019	103,924	103,924	-	N/A	N/A
2018	82,977	82,977	-	N/A	N/A
2017	86,807	86,807	-	N/A	N/A
2016	80,031	80,031	-	N/A	N/A

*

The contributions for the Line of Duty Act Program are based on the number of participants in the Program using a per capita-based contribution versus a payroll-based contribution. Therefore, covered-employee payroll is the relevant measurement, which is the total payroll of employees in the OPEB plan.

Schedule is intended to show information for 10 years. Additional years will be added as they become available.

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2023

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study are as follows:

Employees in the Non-Largest Ten Locality Employers with Public Safety Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to Pub-2010 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

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios

Primary Government

For the Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 122,065	\$ 119,088	\$ 121,992	\$ 116,183	\$ 99,166	\$ 94,444
Interest	96,537	72,566	67,591	61,685	61,011	56,708
Changes in assumptions	(121,109)	(276,422)	-	535,489	-	-
Differences between expected and actual experience	(971,461)	-	-	(487,903)	-	-
Benefit payments	(17,001)	(35,165)	(30,366)	(28,313)	(18,411)	(17,047)
Net change in total OPEB liability	\$ (890,969)	\$ (119,933)	\$ 159,217	\$ 197,141	\$ 141,766	\$ 134,105
Total OPEB liability - beginning	2,246,672	2,366,605	2,207,388	2,010,247	1,868,481	1,734,376
Total OPEB liability - ending	\$ 1,355,703	\$ 2,246,672	\$ 2,366,605	\$ 2,207,388	\$ 2,010,247	\$ 1,868,481
 Covered-employee payroll	 \$ 16,394,563	 \$ 14,069,175	 \$ 16,192,863	 \$ 15,797,915	 \$ 14,183,817	 \$ 13,837,870
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 8.27%	 15.97%	 14.62%	 13.97%	 14.17%	 13.50%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios
 Component Unit School Board
 For the Years Ended June 30, 2018 through June 30, 2023

	2023	2022	2021	2020	2019	2018
Total OPEB liability						
Service cost	\$ 551,899	\$ 538,438	\$ 551,570	\$ 525,305	\$ 648,551	\$ 617,668
Interest	335,907	248,351	227,863	292,260	292,727	273,191
Changes in assumptions	(2,987,440)	(887,524)	-	(1,437,579)	-	-
Differences between expected and actual experience	2,855,073	-	-	(1,350,451)	-	-
Benefit payments	(155,011)	(139,844)	(246,166)	(229,525)	(297,576)	(275,533)
Net change in total OPEB liability	\$ 600,428	\$ (240,579)	\$ 533,267	\$ (2,199,990)	\$ 643,702	\$ 615,326
Total OPEB liability - beginning	<u>7,737,725</u>	<u>7,978,304</u>	<u>7,445,037</u>	<u>9,645,027</u>	<u>9,001,325</u>	<u>8,385,999</u>
Total OPEB liability - ending	<u>\$ 8,338,153</u>	<u>\$ 7,737,725</u>	<u>\$ 7,978,304</u>	<u>\$ 7,445,037</u>	<u>\$ 9,645,027</u>	<u>\$ 9,001,325</u>
 Covered-employee payroll	 \$ 41,740,968	 \$ 28,470,552	 \$ 29,920,339	 \$ 29,190,575	 \$ 25,603,368	 \$ 24,978,896
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 19.98%	 27.18%	 26.67%	 25.50%	 37.67%	 36.04%

Schedule is intended to show information for 10 years. Additional years will be included as they become available.

Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2023

Valuation Date: 7/1/2022
Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.13% based on the yield on a 20-year municipal bond Aa index as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. Post-Commencement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; female's setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates

Notes to Required Supplementary Information - Component Unit School Board
For the Year Ended June 30, 2023

Valuation Date: 7/1/2022
Measurement Date: 6/30/2023

No assets are accumulated in a trust that meets the criteria in GASB 75 to pay related benefits.

Methods and assumptions used to determine OPEB liability:

Actuarial Cost Method	Entry age normal level % of salary
Discount Rate	4.13% based on the yield on a 20-year municipal bond Aa index as of June 30, 2023
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	Pre-Commencement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. Post-Commencement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

COMBINING FINANCIAL STATEMENTS

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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Debt Service Fund

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

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Miscellaneous	-	-	38,988	38,988
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 106,413	\$ 106,413
Federal	237,295	237,295	237,295	-
Total revenues	<u>\$ 237,295</u>	<u>\$ 237,295</u>	<u>\$ 382,696</u>	<u>\$ 145,401</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 3,291,258	\$ 3,291,258	\$ 3,418,056	\$ (126,798)
Interest and other fiscal charges	2,289,987	2,289,987	2,149,916	140,071
Bond issuance costs	308,115	308,115	-	308,115
Total expenditures	<u>\$ 5,889,360</u>	<u>\$ 5,889,360</u>	<u>\$ 5,567,972</u>	<u>\$ 321,388</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,652,065)</u>	<u>\$ (5,652,065)</u>	<u>\$ (5,185,276)</u>	<u>\$ 466,789</u>
OTHER FINANCING SOURCES (USES)				
Transfers in-general fund	\$ 4,186,450	\$ 4,186,450	\$ 4,040,047	\$ (146,403)
Transfers in-school sales tax	1,157,500	1,157,500	1,144,154	(13,346)
Loan proceeds	-	-	-	-
Issuance of bond	308,115	308,115	-	(308,115)
Total other financing sources (uses)	<u>\$ 5,652,065</u>	<u>\$ 5,652,065</u>	<u>\$ 5,184,201</u>	<u>\$ (467,864)</u>
Net change in fund balances	\$ -	\$ -	\$ (1,075)	\$ (1,075)
Fund balances - beginning	-	-	1,075	1,075
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Capital Projects Fund

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

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 24,000	\$ 24,000	\$ 1,134,588	\$ 1,110,588
Miscellaneous	75,614	528,096	270,564	(257,532)
Intergovernmental:				
Commonwealth	3,240,824	5,709,809	2,564,295	(3,145,514)
Federal	1,377,674	1,842,731	615,692	(1,227,039)
Total revenues	<u>\$ 4,718,112</u>	<u>\$ 8,104,636</u>	<u>\$ 4,585,139</u>	<u>\$ (3,519,497)</u>
EXPENDITURES				
Capital projects	\$ 74,005,371	\$ 81,434,891	\$ 22,026,341	\$ 59,408,550
Total expenditures	<u>\$ 74,005,371</u>	<u>\$ 81,434,891</u>	<u>\$ 22,026,341</u>	<u>\$ 59,408,550</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (69,287,259)</u>	<u>\$ (73,330,255)</u>	<u>\$ (17,441,202)</u>	<u>\$ 55,889,053</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,033,409	\$ 3,049,215	\$ 2,912,388	\$ (136,827)
Issuance of bond	16,013,500	16,013,500	-	(16,013,500)
Total other financing sources (uses)	<u>\$ 17,046,909</u>	<u>\$ 19,062,715</u>	<u>\$ 2,912,388</u>	<u>\$ (16,150,327)</u>
Net change in fund balances	\$ (52,240,350)	\$ (54,267,540)	\$ (14,528,814)	\$ 39,738,726
Fund balances - beginning	52,240,350	54,267,540	35,119,542	(19,147,998)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,590,728</u>	<u>\$ 20,590,728</u>

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

	Special Revenue					
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	American Rescue Plan Act Fund	Opioid Abatement Fund	Mosquito Control Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 2,103,196	\$ 17,565	\$ -	\$ 2,120,761
Receivables (net of allowance for uncollectibles):						
Taxes receivable	-	-	-	-	78,038	78,038
Accounts receivable	-	2,905	-	391,977	-	394,882
Due from other funds	-	25,302	-	108,823	197,429	331,554
Due from other governmental units	362,878	86,018	-	-	-	448,896
Total assets	<u>\$ 362,878</u>	<u>\$ 114,225</u>	<u>\$ 2,103,196</u>	<u>\$ 518,365</u>	<u>\$ 275,467</u>	<u>\$ 3,374,131</u>
LIABILITIES						
Accounts payable	\$ 10	\$ 114,225	\$ 54,845	\$ -	\$ 47,576	\$ 216,656
Accrued liabilities	-	-	-	-	597	597
Due to other funds	362,868	-	-	-	-	362,868
Unearned revenue	-	-	2,048,351	-	-	2,048,351
Total liabilities	<u>\$ 362,878</u>	<u>\$ 114,225</u>	<u>\$ 2,103,196</u>	<u>\$ -</u>	<u>\$ 48,173</u>	<u>\$ 2,628,472</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -	\$ 69,732	\$ 69,732
Unavailable revenue - opioid settlement	-	-	-	391,977	-	391,977
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,977</u>	<u>\$ 69,732</u>	<u>\$ 461,709</u>
Fund balances:						
Restricted	\$ -	\$ -	\$ -	\$ 126,388	\$ -	\$ 126,388
Committed	-	-	-	-	157,562	157,562
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,388</u>	<u>\$ 157,562</u>	<u>\$ 283,950</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 362,878</u>	<u>\$ 114,225</u>	<u>\$ 2,103,196</u>	<u>\$ 518,365</u>	<u>\$ 275,467</u>	<u>\$ 3,374,131</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Special Revenue					
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	American Rescue Plan Act Fund	Opioid Abatement Fund	Mosquito Control Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 117,532	\$ 117,532
Miscellaneous	448	2,905	-	126,388	-	129,741
Intergovernmental:						
Commonwealth	1,247,210	634,918	-	-	-	1,882,128
Federal	2,230,019	61,125	2,938,161	-	-	5,229,305
Total revenues	<u>\$ 3,477,677</u>	<u>\$ 698,948</u>	<u>\$ 2,938,161</u>	<u>\$ 126,388</u>	<u>\$ 117,532</u>	<u>\$ 7,358,706</u>
EXPENDITURES						
Current:						
Public safety	\$ -	\$ -	\$ 2,402,867	\$ -	\$ -	\$ 2,402,867
Public works	-	-	24,845	-	-	24,845
Health and welfare	4,915,827	1,301,986	243,114	-	-	6,460,927
Education	-	-	-	-	138,717	138,717
Community development	-	-	267,335	-	-	267,335
Total expenditures	<u>\$ 4,915,827</u>	<u>\$ 1,301,986</u>	<u>\$ 2,938,161</u>	<u>\$ -</u>	<u>\$ 138,717</u>	<u>\$ 9,294,691</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,438,150)</u>	<u>\$ (603,038)</u>	<u>\$ -</u>	<u>\$ 126,388</u>	<u>\$ (21,185)</u>	<u>\$ (1,935,985)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,438,150	\$ 603,038	\$ -	\$ -	\$ -	\$ 2,041,188
Total other financing sources (uses)	<u>\$ 1,438,150</u>	<u>\$ 603,038</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,041,188</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ 126,388	\$ (21,185)	\$ 105,203
Fund balances - beginning	-	-	-	-	178,747	178,747
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 126,388</u>	<u>\$ 157,562</u>	<u>\$ 283,950</u>

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Governmental Funds
For the Year Ended June 30, 2023

	Virginia Public Assistance Fund				Comprehensive Services Act Fund			
	Budgeted Amounts			Variance with Final Budget Positive (Negative)	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual		Original	Final	Actual	
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	448	448	3,720	3,720	2,905	(815)
Intergovernmental:								
Commonwealth	1,714,569	1,714,569	1,247,210	(467,359)	852,280	852,280	634,918	(217,362)
Federal	2,450,148	2,458,388	2,230,019	(228,369)	18,000	24,742	61,125	36,383
Total revenues	\$ 4,164,717	\$ 4,172,957	\$ 3,477,677	\$ (695,280)	\$ 874,000	\$ 880,742	\$ 698,948	\$ (181,794)
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health and welfare	6,098,583	6,123,804	4,915,827	1,207,977	1,524,000	1,530,742	1,301,986	228,756
Public works	-	-	-	-	-	-	-	-
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 6,098,583	\$ 6,123,804	\$ 4,915,827	\$ 1,207,977	\$ 1,524,000	\$ 1,530,742	\$ 1,301,986	\$ 228,756
Excess (deficiency) of revenues over (under) expenditures	\$ (1,933,866)	\$ (1,950,847)	\$ (1,438,150)	\$ 512,697	\$ (650,000)	\$ (650,000)	\$ (603,038)	\$ 46,962
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 1,933,866	\$ 1,950,847	\$ 1,438,150	\$ (512,697)	\$ 650,000	\$ 650,000	\$ 603,038	\$ (46,962)
Total other financing sources (uses)	\$ 1,933,866	\$ 1,950,847	\$ 1,438,150	\$ (512,697)	\$ 650,000	\$ 650,000	\$ 603,038	\$ (46,962)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning (as restated)	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

American Rescue Plan Act Fund				Opioid Abatement Fund				Mosquito Control Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,699	\$ 113,699	\$ 117,532	\$ 3,833
-	-	-	-	-	-	126,388	126,388	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	5,000,969	2,938,161	(2,062,808)	-	-	-	-	-	-	-	-
\$ -	\$ 5,000,969	\$ 2,938,161	\$ (2,062,808)	\$ -	\$ -	\$ 126,388	\$ 126,388	\$ 113,699	\$ 113,699	\$ 117,532	\$ 3,833
\$ -	\$ 2,452,988	\$ 2,402,867	\$ 50,121	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	243,114	243,114	-	-	-	-	-	-	-	-	-
-	1,150,000	24,845	1,125,155	-	-	-	-	179,112	179,112	138,717	(40,395)
-	1,154,867	267,335	887,532	-	-	-	-	-	-	-	-
\$ -	\$ 5,000,969	\$ 2,938,161	\$ 2,062,808	\$ -	\$ -	\$ -	\$ -	\$ 179,112	\$ 179,112	\$ 138,717	\$ (40,395)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,388	\$ 126,388	\$ (65,413)	\$ (65,413)	\$ (21,185)	\$ (36,562)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,388	\$ 126,388	\$ (65,413)	\$ (65,413)	\$ (21,185)	\$ (36,562)
-	-	-	-	-	-	-	-	65,413	65,413	178,747	113,334
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 126,388	\$ 126,388	\$ -	\$ -	\$ 157,562	\$ 76,772

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Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2023

	Gloucester Sanitary District	Gloucester Point Sanitary District	Total
ASSETS			
Cash and cash equivalents	\$ 14,193	\$ 77,116	\$ 91,309
Receivables (net of allowance for uncollectibles):			
Taxes receivable	15,909	16,865	32,774
Accounts receivable	3,011	2,548	5,559
Total assets	<u>\$ 33,113</u>	<u>\$ 96,529</u>	<u>\$ 129,642</u>
LIABILITIES			
Accounts payable	\$ 1,578	\$ 1,734	\$ 3,312
Due to other funds	7,341	-	7,341
Total liabilities	<u>\$ 8,919</u>	<u>\$ 1,734</u>	<u>\$ 10,653</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 14,418	\$ 15,115	\$ 29,533
Total deferred inflows of resources	<u>\$ 14,418</u>	<u>\$ 15,115</u>	<u>\$ 29,533</u>
NET POSITION			
Unrestricted	\$ 9,775	\$ 79,681	\$ 89,456
Total fund balances	<u>\$ 9,775</u>	<u>\$ 79,681</u>	<u>\$ 89,456</u>
Total liabilities and fund balances	<u>\$ 33,112</u>	<u>\$ 96,530</u>	<u>\$ 129,642</u>

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Nonmajor Enterprise Funds
For the Year Ended June 30, 2023

	Gloucester Sanitary District			
	Budgeted Amounts		Actual	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES				
General property taxes	\$ 25,560	\$ 25,560	\$ 24,015	\$ (1,545)
Revenue from the use of money and property	25	25	295	270
Total revenues	\$ 25,585	\$ 25,585	\$ 24,310	\$ (1,275)
EXPENDITURES				
Current:				
Public works	\$ 19,598	\$ 25,598	\$ 30,140	\$ (4,542)
Total expenditures	\$ 19,598	\$ 25,598	\$ 30,140	\$ (4,542)
Excess (deficiency) of revenues over (under) expenditures	\$ 5,987	\$ (13)	\$ (5,830)	\$ (5,817)
Net change in net position	\$ 5,987	\$ (13)	\$ (5,830)	\$ (5,817)
Net position - beginning (as restated)	(5,987)	13	15,605	15,592
Net position - ending	\$ -	\$ -	\$ 9,775	\$ 9,775

Gloucester Point Sanitary District			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final		
\$ 25,096	\$ 25,096	\$ 25,159	\$ 63
171	171	1,875	1,704
<u>\$ 25,267</u>	<u>\$ 25,267</u>	<u>\$ 27,034</u>	<u>\$ 1,767</u>
\$ 25,267	\$ 25,267	\$ 21,058	\$ 4,209
<u>\$ 25,267</u>	<u>\$ 25,267</u>	<u>\$ 21,058</u>	<u>\$ 4,209</u>
\$ -	\$ -	\$ 5,976	\$ 5,976
\$ -	\$ -	\$ 5,976	\$ 5,976
-	-	73,705	73,705
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 79,681</u>	<u>\$ 79,681</u>

Combining Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2023

	Custodial Funds				Total
	Special Welfare	Middle Peninsula Regional Special Education	Flexible Benefits	Sheriff/ Jail	
ASSETS					
Cash and cash equivalents	\$ 18,512	\$ 83,966	\$ 41,088	\$ 32,959	\$ 176,525
Investments	-	5,382	-	-	5,382
Accounts receivable	-	2,992	-	-	2,992
Due from other government units	-	12,530	-	-	12,530
Total assets	<u>\$ 18,512</u>	<u>\$ 104,870</u>	<u>\$ 41,088</u>	<u>\$ 32,959</u>	<u>\$ 197,429</u>
LIABILITIES					
Accounts payable	\$ 248	\$ 3	\$ -	\$ -	\$ 251
Accrued liabilities	-	78,532	-	-	78,532
Total liabilities	<u>\$ 248</u>	<u>\$ 78,535</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 78,783</u>
NET POSITION					
Restricted for:					
Individuals	\$ 18,264	\$ -	\$ 41,088	\$ 32,959	\$ 92,311
Other governments	-	26,335	-	-	26,335
Total net position	<u>\$ 18,264</u>	<u>\$ 26,335</u>	<u>\$ 41,088</u>	<u>\$ 32,959</u>	<u>\$ 118,646</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2023

	Custodial Funds				
		Middle Peninsula Regional			
	Special Welfare	Special Education	Flexible Benefits	Sheriff/Jail	Total
ADDITIONS					
Contributions:					
Other governmental entities	\$ -	\$ 611,620	\$ -	\$ -	\$ 611,620
Participant fees	-	-	193,699		193,699
Miscellaneous	9,858	113	-	74,272	84,243
Grant	-	12,530	-	-	12,530
Investment earnings:					
Interest and dividends	428	4,204	-	-	4,632
Total additions	<u>\$ 10,286</u>	<u>\$ 628,467</u>	<u>\$ 193,699</u>	<u>\$ 74,272</u>	<u>\$ 906,724</u>
DEDUCTIONS					
Recipient payments	\$ 7,327	\$ -	\$ 192,065	\$ -	\$ 199,392
Administrative expenses	-	13,652	-	62,305	75,957
Payments for personnel	-	605,264	-	-	605,264
Purchases for supplies	-	30,215	-	-	30,215
Total deductions	<u>\$ 7,327</u>	<u>\$ 649,131</u>	<u>\$ 192,065</u>	<u>\$ 62,305</u>	<u>\$ 910,828</u>
Net increase (decrease) in fiduciary net position	<u>\$ 2,959</u>	<u>\$ (20,664)</u>	<u>\$ 1,634</u>	<u>\$ 11,967</u>	<u>\$ (4,104)</u>
Net position, beginning	<u>\$ 15,305</u>	<u>\$ 46,999</u>	<u>\$ 39,454</u>	<u>\$ 20,992</u>	<u>\$ 122,750</u>
Net position, ending	<u>\$ 18,264</u>	<u>\$ 26,335</u>	<u>\$ 41,088</u>	<u>\$ 32,959</u>	<u>\$ 118,646</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50	\$ 1,406,322	\$ 625,722	\$ 2,032,094
Investments	-	6,679	-	6,679
Receivables (net of allowance for uncollectibles):				
Accounts receivable	85,748	10,232	-	95,980
Due from other funds	-	212,549	-	212,549
Due from other governmental units	7,206,125	69,834	-	7,275,959
Inventories	-	46,874	-	46,874
Total assets	<u>\$ 7,291,923</u>	<u>\$ 1,752,490</u>	<u>\$ 625,722</u>	<u>\$ 9,670,135</u>
LIABILITIES				
Accounts payable	\$ 568,600	\$ 182,805	\$ -	\$ 751,405
Accrued liabilities	6,510,774	239,997	-	6,750,771
Due to other governmental units	-	94	-	94
Due to other funds	212,549	-	-	212,549
Total liabilities	<u>\$ 7,291,923</u>	<u>\$ 422,896</u>	<u>\$ -</u>	<u>\$ 7,714,819</u>
FUND BALANCES				
Nonspendable	\$ -	\$ 46,874	\$ -	\$ 46,874
Assigned	-	1,282,720	625,722	1,908,442
Total fund balances	<u>\$ -</u>	<u>\$ 1,329,594</u>	<u>\$ 625,722</u>	<u>\$ 1,955,316</u>
Total liabilities and fund balances	<u>\$ 7,291,923</u>	<u>\$ 1,752,490</u>	<u>\$ 625,722</u>	<u>\$ 9,670,135</u>

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balances per above	\$ 1,955,316
-------------------------------	--------------

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

Capital assets, cost	\$ 78,038,931	
Accumulated depreciation	(37,691,022)	40,347,909

Deferred outflows of resources are not available to pay for current-period expenditures, and, therefore, are not reported in the funds.

Pension related items	\$ 11,976,641	
OPEB related items	4,227,910	16,204,551

Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

(1,035,485)

Long-term liabilities, including compensated absences payable, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	\$ (1,860,531)	
Net OPEB liabilities	(15,480,622)	
Net pension liability	(35,799,355)	(53,140,508)

Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.

Pension related items	\$ (10,060,192)	
OPEB related items	(5,252,877)	(15,313,069)

Net position of governmental activities	\$ (10,695,141)
---	-----------------

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2023

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 36,214	\$ -	\$ 38,214
Charges for services	48,956	726,229	-	775,185
Miscellaneous	167,246	15,521	770,343	953,110
Intergovernmental:				
Local government	28,673,527	-	-	28,673,527
Commonwealth	35,640,343	88,308	-	35,728,651
Federal	6,584,731	2,394,452	-	8,979,183
Total revenues	<u>\$ 71,116,803</u>	<u>\$ 3,260,724</u>	<u>\$ 770,343</u>	<u>\$ 75,147,870</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 3,527,726	\$ 761,066	\$ 4,288,792
Instruction	52,281,795	-	-	52,281,795
Administration, Attendance, Health	3,138,385	-	-	3,138,385
Pupil Transportation	5,043,349	-	-	5,043,349
Operations and Maintenance	7,747,449	-	-	7,747,449
Technology	2,905,825	-	-	2,905,825
Total expenditures	<u>\$ 71,116,803</u>	<u>\$ 3,527,726</u>	<u>\$ 761,066</u>	<u>\$ 75,405,595</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (267,002)</u>	<u>\$ 9,277</u>	<u>\$ (257,725)</u>
Net change in fund balances	\$ -	\$ (267,002)	\$ 9,277	\$ (257,725)
Fund balances - beginning	-	1,596,596	616,445	2,213,041
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,329,594</u>	<u>\$ 625,722</u>	<u>\$ 1,955,316</u>
Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:				
Net change in fund balances - total governmental funds - per above				\$ (257,725)
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 and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.				
Capital asset additions			\$ 8,780,498	
Depreciation expense			<u>(5,375,536)</u>	3,404,962
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.				
The following is a summary of items supporting this adjustment:				
Change in compensated absences			\$ (91,907)	
Pension expense			5,844,561	
OPEB expense			<u>(1,434,421)</u>	4,318,233
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds				
				1,663,404
Internal service funds are used by management to charge the costs of certain activities, such as insurance and telecommunications, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.				
				<u>(850,412)</u>
Change in net position of governmental activities				<u>\$ 8,278,462</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

School Operating Fund				
	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 2,000	\$ (500)
Charges for services	41,000	41,000	48,956	7,956
Miscellaneous	91,000	91,000	167,246	76,246
Intergovernmental:				
Local government	29,442,836	28,742,836	28,673,527	(69,309)
Commonwealth	34,882,039	35,917,905	35,640,343	(277,562)
Federal	6,938,884	8,780,270	6,584,731	(2,195,539)
Total revenues	<u>\$ 71,398,259</u>	<u>\$ 73,575,511</u>	<u>\$ 71,116,803</u>	<u>\$ (2,458,708)</u>
EXPENDITURES				
Current:				
Instruction	\$ 52,926,160	\$ 54,750,450	\$ 52,281,795	\$ 2,468,655
Administration, Attendance, Health	3,017,581	3,153,931	3,138,385	15,546
Pupil Transportation	4,798,544	5,076,706	5,043,349	33,357
Operations and Maintenance	7,497,565	7,621,015	7,747,449	(126,434)
Technology	3,158,409	2,973,409	2,905,825	67,584
Total expenditures	<u>\$ 71,398,259</u>	<u>\$ 73,575,511</u>	<u>\$ 71,116,803</u>	<u>\$ 2,458,708</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 School Cafeteria Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2023

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 14,885	\$ 14,885	\$ 36,214	\$ 21,329
Charges for services	1,313,500	1,313,500	726,229	(587,271)
Miscellaneous	25,500	25,500	15,521	(9,979)
Intergovernmental:				
Commonwealth	101,515	101,515	88,308	(13,207)
Federal	1,584,879	1,584,879	2,394,452	809,573
Total revenues	<u>\$ 3,040,279</u>	<u>\$ 3,040,279</u>	<u>\$ 3,260,724</u>	<u>\$ 220,445</u>
EXPENDITURES				
Current:				
Education	<u>\$ 3,075,279</u>	<u>\$ 3,275,279</u>	<u>\$ 3,527,726</u>	<u>\$ (252,447)</u>
Total expenditures	<u>\$ 3,075,279</u>	<u>\$ 3,275,279</u>	<u>\$ 3,527,726</u>	<u>\$ (252,447)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (35,000)</u>	<u>\$ (235,000)</u>	<u>\$ (267,002)</u>	<u>\$ (32,002)</u>
Net change in fund balances	\$ (35,000)	\$ (235,000)	\$ (267,002)	\$ (32,002)
Fund balances - beginning	35,000	235,000	1,596,596	1,361,596
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,329,594</u>	<u>\$ 1,329,594</u>

Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2023

	Scholarship Private-Purpose Trust
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 8,540
Total assets	<hr/> <hr/> \$ 8,540
NET POSITION	
Restricted:	
Held in trust for scholarships	<hr/> <hr/> \$ 8,540

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2023

	Scholarship Private-Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 5,670
Total contributions	\$ 5,670
Investment earnings:	
Interest	\$ 185
Total investment earnings	\$ 185
Total additions	\$ 5,855
Change in net position	\$ 5,855
Net position - beginning	2,685
Net position - ending	\$ 8,540

Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2023

	Self- Insurance Fund
<hr/>	
ASSETS	
Current assets:	
Due from other governmental units	\$ 623,040
Total current assets	<u>\$ 623,040</u>
 Total assets	 <u>\$ 623,040</u>
 LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,658,525
Total current liabilities	<u>1,658,525</u>
 Total liabilities	 <u>\$ 1,658,525</u>
 NET POSITION	
Unrestricted	\$ (1,035,485)
Total net position	<u><u>\$ (1,035,485)</u></u>

Statement of Revenues, Expenses, and Changes in Net Position
Internal Service Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2023

	Self- Insurance Fund
	<hr/>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 8,209,122
Total operating revenues	<u>\$ 8,209,122</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 9,059,534
Total operating expenses	<u>\$ 9,059,534</u>
 Operating income (loss)	 <u>\$ (850,412)</u>
 Total net position - beginning	 <u>\$ (185,073)</u>
Total net position - ending	<u><u>\$ (1,035,485)</u></u>

Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2023

	Self- Insurance Fund
	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 9,176,267
Payments for premiums	(9,176,267)
Net cash provided by (used for) operating activities	\$ <hr/> - <hr/>
Cash and cash equivalents - beginning	\$ <hr/> - <hr/>
Cash and cash equivalents - ending	\$ <hr/> - <hr/>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <hr/> (850,412) <hr/>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ 699,197
(Increase) decrease in intergovernmental receivables	267,948
Increase (decrease) in accounts payable	(116,733)
Total adjustments	\$ <hr/> 850,412 <hr/>
Net cash provided by (used for) operating activities	\$ <hr/> - <hr/>

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Statement of Net Position

Discretely Presented Component Unit - Economic Development Authority

June 30, 2023

ASSETS

Current assets:

Cash and cash equivalents	\$	75,776
Investments		845,768
Inventories		1,083,044
Total current assets	\$	<u>2,004,588</u>

Noncurrent assets:

Capital assets:

Land	\$	473,735
Buildings		18,221,572
Machinery and equipment		7,234
Accumulated depreciation		(12,281,171)
Total net capital assets	\$	<u>6,421,370</u>
Total noncurrent assets	\$	<u>6,421,370</u>
Total assets	\$	<u>8,425,958</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	33,346
Bonds payable - current portion		1,116,601
Total current liabilities	\$	<u>1,149,947</u>

Noncurrent liabilities:

Bonds payable - net of current portion	\$	6,119,873
Total noncurrent liabilities	\$	<u>6,119,873</u>
Total liabilities	\$	<u>7,269,820</u>

NET POSITION

Net investment in capital assets	\$	(815,104)
Unrestricted		1,971,242
Total net position	\$	<u>1,156,138</u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2023

OPERATING REVENUES

Charges for services:

Rents	\$ 1,485,940
Contributions from local governments	55,000
Local grant income	25,000
Total operating revenues	<u>\$ 1,565,940</u>

OPERATING EXPENSES

Contractual services	\$ 12,539
Other charges	8,403
Grant expenses	25,000
Insurance	391
Economic development incentive programs	87,588
Depreciation	547,349
Total operating expenses	<u>\$ 681,270</u>

Operating income (loss)	<u>\$ 884,670</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 33,783
Interest expense	(388,564)
Total nonoperating revenues (expenses)	<u>\$ (354,781)</u>

Change in net position	\$ 529,889
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Total net position - beginning	626,249
Total net position - ending	<u><u>\$ 1,156,138</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,485,940
Receipts for local government contributions	55,000
Receipts from grants	25,000
Payments for operating activities	(137,764)
Net cash provided by (used for) operating activities	<u>\$ 1,428,176</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on bonds	\$ (1,062,782)
Interest payments	<u>(388,564)</u>
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,451,346)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale (purchase) of investments	\$ 16,219
Interest income	33,783
Net cash provided by (used for) investing activities	<u>\$ 50,002</u>

Net increase (decrease) in cash and cash equivalents	\$ 26,832
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Cash and cash equivalents - beginning	48,944
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Cash and cash equivalents - ending	<u><u>\$ 75,776</u></u>
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Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	\$ <u>884,670</u>
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Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:

Depreciation	\$ 547,349
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Increase (decrease) in accounts payable	<u>(3,843)</u>
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Total adjustments	\$ <u>543,506</u>
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Net cash provided by (used for) operating activities	<u><u>\$ 1,428,176</u></u>
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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 33,073,216	\$ 33,073,216	\$ 32,791,595	\$ (281,621)
Delinquent real estate taxes	1,070,648	1,070,648	1,060,518	(10,130)
Real and personal public service corporation taxes	901,157	901,157	835,345	(65,812)
Current personal property taxes	9,765,198	9,765,198	12,035,875	2,270,677
Delinquent personal property taxes	1,110,028	1,110,028	1,287,246	177,218
Mobile home taxes	60,817	60,817	66,792	5,975
Penalties	408,942	408,942	510,141	101,199
Interest	240,469	240,469	302,972	62,503
Total general property taxes	\$ 46,630,475	\$ 46,630,475	\$ 48,890,484	\$ 2,260,009
Other local taxes:				
Local sales and use taxes	\$ 6,863,773	\$ 6,863,773	\$ 7,251,255	\$ 387,482
Consumers' utility taxes	761,787	761,787	775,140	13,353
Electric consumption taxes	125,080	125,080	129,549	4,469
Business license taxes	2,011,717	2,011,717	2,421,143	409,426
Bank stock taxes	329,000	329,000	352,968	23,968
Taxes on recordation	757,569	757,569	435,606	(321,963)
Deeds of conveyance	181,763	181,763	134,905	(46,858)
Restaurant food taxes	3,138,414	3,138,414	3,355,355	216,941
Hotel and motel room taxes	353,006	353,006	403,001	49,995
Total other local taxes	\$ 14,522,109	\$ 14,522,109	\$ 15,258,922	\$ 736,813
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 29,000	\$ 29,000	\$ 35,594	\$ 6,594
Dangerous dog licenses	420	420	255	(165)
Exotic animal licenses	225	225	75	(150)
Land use application fees	1,687	1,687	1,360	(327)
Transfer fees	1,554	1,554	1,514	(40)
Zoning permits-construction	27,000	27,000	23,800	(3,200)
Zoning permits-business license	10,000	10,000	11,040	1,040
Subdivision plat fee	3,000	3,000	3,200	200
Zoning variance and appeals	1,500	1,500	2,200	700
Site plan approval	10,000	10,000	13,394	3,394
Rezoning code amendment	5,000	5,000	1,540	(3,460)
Chesapeake Bay permits	7,250	7,250	5,680	(1,570)
Stormwater	27,245	27,245	21,589	(5,656)
Building permits	319,000	319,000	291,776	(27,224)
Soil erosion permits	8,820	8,820	10,225	1,405
Wetland permits	7,700	7,700	5,800	(1,900)
Open burn permits	250	250	350	100
Wetlands in lieu	-	-	11,575	11,575
Total permits, privilege fees, and regulatory licenses	\$ 459,651	\$ 459,651	\$ 440,967	\$ (18,684)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Fines and forfeitures:				
Court fines and forfeitures	\$ 48,149	\$ 48,149	\$ 65,082	\$ 16,933
Parking fines	70	70	145	75
Total fines and forfeitures	<u>\$ 48,219</u>	<u>\$ 48,219</u>	<u>\$ 65,227</u>	<u>\$ 17,008</u>
Revenue from use of money and property:				
Interest income	\$ 11,903	\$ 11,903	\$ 628,792	\$ 616,889
Rental income	6,500	6,500	6,454	(46)
Health Department rental	85,242	85,242	87,516	2,274
Tower lease	35,590	35,590	38,477	2,887
Total revenue from use of money and property	<u>\$ 139,235</u>	<u>\$ 139,235</u>	<u>\$ 761,239</u>	<u>\$ 622,004</u>
Charges for services:				
Charges for courthouse maintenance	\$ 8,200	\$ 8,200	\$ 10,524	\$ 2,324
Charges for circuit court judge fees	46,600	46,600	55,088	8,488
Charges for courthouse security	46,684	46,684	66,413	19,729
Charges for jail fees	4,791	4,791	5,686	895
Charges for probation	10,000	10,000	10,420	420
Charges for use of credit cards	80,000	80,000	74,869	(5,131)
Charges for use of credit cards-Library	-	-	225	225
Charges for Sheriff fees	6,408	6,408	3,204	(3,204)
Charges for Sheriff special investigation fees	26,068	26,068	35,910	9,842
Charges for Commonwealth's Attorney	3,532	3,532	4,090	558
Charges for animal shelter fees	5,208	5,208	8,835	3,627
Charges for sanitation and waste removal	452,000	452,000	589,203	137,203
Charges for recreation class fees	160,612	160,612	143,289	(17,323)
Charges for parks	45,000	45,000	72,736	27,736
Charges for park concessions	2,847	2,847	3,330	483
Charges for daffodil festival	55,450	55,450	77,583	22,133
Charges for sale of daffodil items	8,000	8,000	6,862	(1,138)
Charges for sale of historical materials	140	140	3	(137)
Charges for sale of tourism items	12,000	12,000	14,633	2,633
Charges for sale of commemorative items	8,565	8,565	4,988	(3,577)
Charges for library	18,090	18,090	5,991	(12,099)
Charges for sale of publications	80	80	-	(80)
Total charges for services	<u>\$ 1,000,275</u>	<u>\$ 1,000,275</u>	<u>\$ 1,193,882</u>	<u>\$ 193,607</u>
Miscellaneous:				
Donations	\$ 16,014	\$ 30,014	\$ 31,659	\$ 1,645
Sale of equipment	5,782	5,782	582	(5,200)
Sale of vehicles	3,000	3,000	41,518	38,518
Surplus tax sales	-	25,000	271,601	246,601
Cable EG capital grant	33,632	33,632	28,897	(4,735)
Returned check fees	1,330	1,330	840	(490)
Other income	38,487	48,854	65,409	16,555
Total miscellaneous	<u>\$ 98,245</u>	<u>\$ 147,612</u>	<u>\$ 440,506</u>	<u>\$ 292,894</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Recovered costs sheriff	\$ 43,558	\$ 43,558	\$ 51,859	\$ 8,301
Recovered costs Jail	23,335	23,335	28,826	5,491
Recovered costs treasurer	61,426	61,426	91,428	30,002
Recovered costs probation	85,900	85,900	78,000	(7,900)
Recovered costs utilities	140,083	140,083	140,083	-
Recovered costs demolition	3,962	3,962	2,093	(1,869)
Recovered costs grants	50,000	24,789	-	(24,789)
Recovered costs repair & maintenance	1,900	1,900	-	(1,900)
Recovered costs automobile expense	2,695	2,695	9,475	6,780
Recovered cost fuel	91,000	91,000	84,331	(6,669)
Recovered cost library	2,903	2,903	3,676	773
Recovered cost animal control	624	624	6,067	5,443
Recovered costs court appointed attorney	240	240	2,315	2,075
Recovered costs bill in equity	7,742	7,742	18,075	10,333
Recovered costs clerk document reproduction	-	-	4,940	4,940
Recovered costs solar inspections	-	657,001	174,250	(482,751)
Total recovered costs	\$ 515,368	\$ 1,147,158	\$ 695,418	\$ (451,740)
Total revenue from local sources	\$ 63,413,577	\$ 64,094,734	\$ 67,746,645	\$ 3,651,911
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communication tax	\$ 1,117,265	\$ 1,117,265	\$ 1,060,422	\$ (56,843)
Motor vehicle carriers' tax	990	990	1,175	185
Personal property tax relief funds	2,778,640	2,778,640	2,778,640	-
Mobile home titling tax	32,000	32,000	28,734	(3,266)
Motor vehicle rental tax	74,332	74,332	87,716	13,384
Total noncategorical aid	\$ 4,003,227	\$ 4,003,227	\$ 3,956,687	\$ (46,540)
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 436,470	\$ 436,470	\$ 456,323	\$ 19,853
Sheriff	3,107,456	3,127,047	3,037,372	(89,675)
Jail	75,679	110,235	64,348	(45,887)
Asset forfeiture	9,418	9,418	3,920	(5,498)
Commissioner of revenue	141,938	141,938	166,442	24,504
Treasurer	177,461	177,461	198,110	20,649
Registrar	38,858	38,858	66,911	28,053
Electoral board	7,460	7,460	7,820	360
Clerk of the Circuit Court	321,964	321,964	366,095	44,131
Total shared expenses	\$ 4,316,704	\$ 4,370,851	\$ 4,367,341	\$ (3,510)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Emergency medical services	\$ 42,858	\$ 42,858	\$ 44,590	\$ 1,732
Fire programs	149,182	149,182	155,313	6,131
Victim-witness grant	25,934	25,934	36,858	10,924
Litter control grant	11,856	11,856	14,216	2,360
E911 wireless grant	140,947	140,947	130,115	(10,832)
Library grant	174,407	195,860	195,860	-
Other state grants	464,435	749,535	479,603	(269,932)
Total other categorical aid	\$ 1,009,619	\$ 1,316,172	\$ 1,056,555	\$ (259,617)
Total categorical aid	\$ 5,326,323	\$ 5,687,023	\$ 5,423,896	\$ (263,127)
Total revenue from the Commonwealth	\$ 9,329,550	\$ 9,690,250	\$ 9,380,583	\$ (309,667)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 17,131	\$ 17,131	\$ 834	\$ (16,297)
Categorical aid:				
DMV ground transportation safety grant				
V-stop prosecutor grant	\$ 45,676	\$ 45,676	\$ 41,021	\$ (4,655)
Public assistance and welfare administration	120,000	120,000	156,476	36,476
Emergency management grant	13,644	13,644	13,644	-
Highway safety grant	35,684	35,684	35,304	(380)
Asset forfeiture	2,240	2,240	15,987	13,747
Victim witness grant	91,304	91,304	73,298	(18,006)
Other federal grants	-	-	16,222	16,222
Total categorical aid	\$ 308,548	\$ 308,548	\$ 351,952	\$ 43,404
Total revenue from the federal government	\$ 325,679	\$ 325,679	\$ 352,786	\$ 27,107
Total General Fund	\$ 73,068,806	\$ 74,110,663	\$ 77,480,014	\$ 3,369,351
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 448	\$ 448
Total revenue from local sources	\$ -	\$ -	\$ 448	\$ 448
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,714,569	\$ 1,714,569	\$ 1,247,210	\$ (467,359)
Total categorical aid	\$ 1,714,569	\$ 1,714,569	\$ 1,247,210	\$ (467,359)
Total revenue from the Commonwealth	\$ 1,714,569	\$ 1,714,569	\$ 1,247,210	\$ (467,359)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,450,148	\$ 2,458,388	\$ 2,230,019	\$ (228,369)
Total categorical aid	\$ 2,450,148	\$ 2,458,388	\$ 2,230,019	\$ (228,369)
Total revenue from the federal government	\$ 2,450,148	\$ 2,458,388	\$ 2,230,019	\$ (228,369)
Total Virginia Public Assistance Fund	\$ 4,164,717	\$ 4,172,957	\$ 3,477,677	\$ (695,280)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Comprehensive Services Act Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 3,720	\$ 3,720	\$ 2,905	\$ (815)
Total revenue from local sources	\$ 3,720	\$ 3,720	\$ 2,905	\$ (815)
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,280	\$ 2,280	\$ 1,778	\$ (502)
Comprehensive services act	850,000	850,000	633,140	(216,860)
Total categorical aid	\$ 852,280	\$ 852,280	\$ 634,918	\$ (217,362)
Total revenue from the Commonwealth	\$ 852,280	\$ 852,280	\$ 634,918	\$ (217,362)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 18,000	\$ 24,742	\$ 61,125	\$ 36,383
Total revenue from the federal government	\$ 18,000	\$ 24,742	\$ 61,125	\$ 36,383
Total Comprehensive Services Act Fund	\$ 874,000	\$ 880,742	\$ 698,948	\$ (181,794)
American Rescue Plan Act Fund:				
Revenue from local sources:				
Revenue from the federal government:				
Categorical aid:				
American Rescue Plan Act funds	\$ -	\$ 4,840,969	\$ 2,899,826	\$ (1,941,143)
Other categorical aid				
Tourism	-	60,000	8,335	(51,665)
Local Assistance&Tribal Consitency Fund	-	100,000	30,000	(70,000)
Total Other categorical aid	\$ -	\$ 160,000	\$ 38,335	\$ (121,665)
Total categorical aid	\$ -	\$ 5,000,969	\$ 2,938,161	\$ (2,062,808)
Total revenue from the federal government	\$ -	\$ 5,000,969	\$ 2,938,161	\$ (2,062,808)
Total American Rescue Plan Act Fund	\$ -	\$ 5,000,969	\$ 2,938,161	\$ (2,062,808)
Opioid Abatement Fund:				
Revenue from local sources:				
Miscellaneous:				
Opioid settlement funds	\$ -	\$ -	\$ 126,388	\$ 126,388
Total opioid abatement fund	\$ -	\$ -	\$ 126,388	\$ 126,388
Mosquito Control Fund:				
Revenue from local sources:				
General property taxes:	\$ 113,699	\$ 113,699	\$ 117,532	\$ 3,833
Total mosquito control fund	\$ 113,699	\$ 113,699	\$ 117,532	\$ 3,833
Total Special Revenue Funds	\$ 5,152,416	\$ 10,168,367	\$ 7,358,706	\$ (2,809,661)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous revenue	\$ -	\$ -	\$ 38,988	\$ 38,988
Total miscellaneous revenue	\$ -	\$ -	\$ 38,988	\$ 38,988
Total revenue from local sources	\$ -	\$ -	\$ 38,988	\$ 38,988
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Other noncategorical aid	\$ -	\$ -	\$ 106,413	\$ 106,413
Total noncategorical aid	\$ -	\$ -	\$ 106,413	\$ 106,413
Revenue from the federal government:				
Noncategorical aid:				
Other noncategorical aid	\$ 237,295	\$ 237,295	\$ 237,295	\$ -
Total noncategorical aid	\$ 237,295	\$ 237,295	\$ 237,295	\$ -
Total Debt Service Fund	\$ 237,295	\$ 237,295	\$ 382,696	\$ 145,401
School Sales Tax Fund:				
Revenue from local sources:				
Other local taxes:				
School sales tax	\$ 5,250,000	\$ 5,250,000	\$ 5,813,178	\$ 563,178
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 170,889	\$ 170,889
Total school sales tax fund	\$ 5,250,000	\$ 5,250,000	\$ 5,984,067	\$ 734,067
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 24,000	\$ 24,000	\$ 1,134,588	\$ 1,110,588
Total revenue from use of money and property	\$ 24,000	\$ 24,000	\$ 1,134,588	\$ 1,110,588
Miscellaneous:				
Contributions-FEMA homeowner match	\$ 75,614	\$ 75,615	\$ 226	\$ (75,389)
Contributions-Mathews broadband grant match	-	8,000	-	(8,000)
Contributions-open broadband	-	196,481	51,273	(145,208)
In-kind contributions	-	6,000	9,772	3,772
In-kind rental income	-	36,000	-	(36,000)
In-kind contributions-Mathews broadband project	-	6,000	7,293	1,293
Lessee Improvement Allowance	-	200,000	200,000	-
Cash proffers	-	-	2,000	2,000
Total miscellaneous	\$ 75,614	\$ 528,096	\$ 270,564	\$ (257,532)
Total revenue from local sources	\$ 99,614	\$ 552,096	\$ 1,405,152	\$ 853,056

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VPA dredging grant	\$ 3,058,750	\$ 3,058,750	\$ 54,728	\$ (3,004,022)
School Security	-	233,380	157,902	(75,478)
Virginia telecommunications initiative (VATI) grant	-	85,112	198,399	113,287
Other state funds - schools	-	2,150,493	2,150,493	-
Elevation grant	182,074	182,074	2,773	(179,301)
Total categorical aid	\$ 3,240,824	\$ 5,709,809	\$ 2,564,295	\$ (3,145,514)
Total revenue from the Commonwealth	\$ 3,240,824	\$ 5,709,809	\$ 2,564,295	\$ (3,145,514)
Revenue from the federal government:				
Categorical aid:				
Department of transportation grants	\$ 176,888	\$ 641,945	\$ 595,937	\$ (46,008)
FEMA	1,200,786	1,200,786	19,755	(1,181,031)
Total categorical aid	\$ 1,377,674	\$ 1,842,731	\$ 615,692	\$ (1,227,039)
Total revenue from the federal government	\$ 1,377,674	\$ 1,842,731	\$ 615,692	\$ (1,227,039)
Total Capital Projects Fund	\$ 4,718,112	\$ 8,104,636	\$ 4,585,139	\$ (3,519,497)
Total Primary Government	\$ 88,426,629	\$ 97,870,961	\$ 95,790,622	\$ (2,080,339)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ 2,000	\$ (500)
Charges for services:				
Tuition and payments from other divisions	\$ 41,000	\$ 41,000	\$ 48,956	\$ 7,956
Miscellaneous:				
Other miscellaneous	\$ 91,000	\$ 91,000	\$ 167,246	\$ 76,246
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Gloucester, Virginia	\$ 29,442,836	\$ 28,742,836	\$ 28,673,527	\$ (69,309)
Total revenue from local governments	\$ 29,442,836	\$ 28,742,836	\$ 28,673,527	\$ (69,309)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 7,109,630	\$ 7,109,630	7,531,625	\$ 421,995
Basic school aid	15,151,353	15,851,353	15,336,347	(515,006)
ISAEF	16,465	16,465	16,405	(60)
Remedial summer education	83,391	83,391	123,503	40,112
Remedial education	402,856	402,856	411,562	8,706
Special education	1,266,118	1,266,118	1,293,481	27,363
Regular foster care	-	-	1,426	1,426
Gifted and talented	158,265	158,265	161,685	3,420
English as a second language	43,555	43,555	40,346	(3,209)
Textbook payment	380,929	380,929	389,161	8,232
Vocational standards of quality payments	198,550	198,550	241,058	42,508
Social security fringe benefits	857,507	857,507	887,798	30,291
Retirement fringe benefits	1,999,890	1,999,890	2,069,570	69,680
Group life insurance fringe benefits	60,428	60,428	61,734	1,306
State lottery payments	1,168,606	1,168,606	1,187,625	19,019
Early reading intervention	308,445	308,445	146,342	(162,103)
Medicaid Reimbursement	295,000	295,000	252,859	(42,141)
Project graduation	7,653	7,653	7,653	-
Homebound education	17,102	17,102	17,339	237
Regional program tuition	285,547	285,547	315,483	29,936
Vocational educational equipment	17,360	17,360	12,920	(4,440)
Special education - foster children	8,471	8,471	10,546	2,075
At risk payments	1,189,091	1,189,091	918,142	(270,949)
National Board Certification TC	22,500	22,500	20,000	(2,500)
Industry credential student	5,000	5,000	1,368	(3,632)
Industrial based cert	-	-	4,745	4,745
Primary class size	447,924	447,924	473,482	25,558
VA Preschool	533,848	533,848	512,695	(21,153)
Race to GED	3,000	3,000	3,000	-
Mentor teacher program	4,325	4,325	2,919	(1,406)
VPSA technology	258,000	258,000	258,000	-
Algebra Readiness	59,399	59,399	59,502	103
No loss funding	1,555,374	1,555,374	-	(1,555,374)
Vocational education occupational prep	3,000	3,000	4,554	1,554
Compensation Supplement	963,457	963,457	928,550	(34,907)
POS Behavior Int	-	-	24,000	24,000
SRO Grant	-	50,000	61,006	11,006
Other state funds	-	285,866	1,851,912	1,566,046
Total categorical aid	\$ 34,882,039	\$ 35,917,905	\$ 35,640,343	\$ (277,562)
Total revenue from the Commonwealth	\$ 34,882,039	\$ 35,917,905	\$ 35,640,343	\$ (277,562)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 814,415	\$ 814,415	\$ 736,506	\$ (77,909)
Miscellaneous	150,000	150,000	20,000	(130,000)
Title VI-B, special education	1,214,237	1,214,237	1,531,885	317,648
Vocational education	84,139	84,139	86,367	2,228
Title II	184,047	184,047	180,142	(3,905)
Title IV	25,555	25,555	30,718	5,163
Impact aid	100,000	100,000	97,302	(2,698)
ROTC	120,000	120,000	126,053	6,053
ESSER II	1,492,616	1,584,632	1,533,961	(50,671)
ESSER III	2,052,395	2,891,766	697,221	(2,194,545)
ESSER III Summer School	-	100,000	122,775	22,775
AUL/ESY	701,480	1,015,159	925,481	(89,678)
Pandemic Relief Bonus	-	482,638	482,638	-
Bus Driver Incentive	-	13,682	13,682	-
Total categorical aid	\$ 6,938,884	\$ 8,780,270	\$ 6,584,731	\$ (2,195,539)
Total revenue from the federal government	\$ 6,938,884	\$ 8,780,270	\$ 6,584,731	\$ (2,195,539)
Total School Operating Fund	\$ 71,398,259	\$ 73,575,511	\$ 71,116,803	\$ (2,458,708)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 14,885	\$ 14,885	\$ 36,214	\$ 21,329
Total revenue from use of money and property	\$ 14,885	\$ 14,885	\$ 36,214	\$ 21,329
Charges for services:				
Cafeteria sales	\$ 1,288,500	\$ 1,288,500	\$ 712,333	\$ (576,167)
Other charges for services	25,000	25,000	13,896	(11,104)
Total charges for services	\$ 1,313,500	\$ 1,313,500	\$ 726,229	\$ (587,271)
Miscellaneous:				
Other miscellaneous	\$ 25,500	\$ 25,500	\$ 15,521	\$ (9,979)
Total miscellaneous	\$ 25,500	\$ 25,500	\$ 15,521	\$ (9,979)
Total revenue from local sources	\$ 1,353,885	\$ 1,353,885	\$ 777,964	\$ (575,921)
Intergovernmental:				
Categorical aid:				
School food program grant	\$ 101,515	\$ 101,515	\$ 88,308	\$ (13,207)
Total categorical aid	\$ 101,515	\$ 101,515	\$ 88,308	\$ (13,207)
Total revenue from the Commonwealth	\$ 101,515	\$ 101,515	\$ 88,308	\$ (13,207)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,526,879	\$ 1,526,879	\$ 2,110,529	\$ 583,650
Head Start	58,000	58,000	24,982	(33,018)
USDA commodities	-	-	258,941	258,941
Total categorical aid	\$ 1,584,879	\$ 1,584,879	\$ 2,394,452	\$ 809,573
Total revenue from the federal government	\$ 1,584,879	\$ 1,584,879	\$ 2,394,452	\$ 809,573
Total School Cafeteria Fund	\$ 3,040,279	\$ 3,040,279	\$ 3,260,724	\$ 220,445

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2023

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit-School Board:				
Gloucester County School Activity Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 770,343	\$ 770,343
Total miscellaneous revenue	\$ -	\$ -	\$ 770,343	\$ 770,343
 Total Gloucester County School Activity Fund	 \$ -	 \$ -	 \$ 770,343	 \$ 770,343
 Total Discretely Presented Component Unit- School Board	 \$ 74,438,538	 \$ 76,615,790	 \$ 75,147,870	 \$ (1,467,920)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 178,997	\$ 178,997	\$ 173,859	\$ 5,138
General and financial administration:				
County administrator	\$ 872,935	\$ 898,100	\$ 815,831	\$ 82,269
Human resources	758,696	759,026	746,365	12,661
County attorney	336,155	336,155	349,106	(12,951)
Commissioner of revenue	686,121	689,517	685,556	3,961
Real estate assessment	601,189	601,512	531,686	69,826
Treasurer	966,736	970,904	933,553	37,351
Fiscal services	684,495	684,989	676,991	7,998
Information technology	1,638,026	1,662,499	1,674,142	(11,643)
GIS	439,636	439,996	397,045	42,951
Purchasing	357,105	358,229	302,207	56,022
Other general and financial administration	135,584	135,584	128,836	6,748
Total general and financial administration	\$ 7,476,678	\$ 7,536,511	\$ 7,241,318	\$ 295,193
Board of elections:				
Electoral board and officials	\$ 385,337	384,527	335,549	\$ 48,978
Total board of elections	\$ 385,337	\$ 384,527	\$ 335,549	\$ 48,978
Total general government administration	\$ 8,041,012	\$ 8,100,035	\$ 7,750,726	\$ 349,309
Judicial administration:				
Courts:				
Circuit court	\$ 103,427	\$ 103,497	\$ 97,425	\$ 6,072
General district court	18,823	18,823	16,435	2,388
Magistrate	500	500	497	3
Juvenile and domestic relations district court	9,690	9,690	9,499	191
Clerk of the circuit court	668,904	669,273	655,178	14,095
Victim and witness assistance	138,397	138,397	143,754	(5,357)
Court services unit	169,343	169,343	169,486	(143)
Group home commission	110,447	110,447	110,447	-
Total courts	\$ 1,219,531	\$ 1,219,970	\$ 1,202,721	\$ 17,249
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,085,700	\$ 1,086,709	\$ 1,071,670	\$ 15,039
Total commonwealth's attorney	\$ 1,085,700	\$ 1,086,709	\$ 1,071,670	\$ 15,039
Total judicial administration	\$ 2,305,231	\$ 2,306,679	\$ 2,274,390	\$ 32,288
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 7,292,645	\$ 8,044,547	\$ 8,110,980	\$ (66,433)
Total law enforcement and traffic control	\$ 7,292,645	\$ 8,044,547	\$ 8,110,980	\$ (66,433)

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire and rescue squads	\$ 3,824,211	\$ 3,824,211	\$ 3,824,233	\$ (22)
Radio system	986,230	986,230	912,547	73,683
State forestry service	7,497	7,497	7,497	-
Office of emergency services	308,891	312,276	263,779	48,497
Total fire and rescue services	<u>\$ 5,126,829</u>	<u>\$ 5,130,214</u>	<u>\$ 5,008,056</u>	<u>\$ 122,158</u>
Correction and detention:				
County operated institutions	\$ 3,555,340	\$ 3,582,954	\$ 3,473,395	\$ 109,559
Probation and pretrial	582,512	583,829	588,148	(4,319)
Total correction and detention	<u>\$ 4,137,852</u>	<u>\$ 4,166,783</u>	<u>\$ 4,061,543</u>	<u>\$ 105,240</u>
Inspections:				
Building	\$ 663,864	\$ 664,313	\$ 633,080	\$ 31,233
Total inspections	<u>\$ 663,864</u>	<u>\$ 664,313</u>	<u>\$ 633,080</u>	<u>\$ 31,233</u>
Other protection:				
Environmental programs	\$ 397,533	\$ 1,072,073	\$ 516,017	\$ 556,056
Animal control	529,743	548,306	555,312	(7,006)
Medical examiner	2,000	2,000	1,840	160
Total other protection	<u>\$ 929,276</u>	<u>\$ 1,622,379</u>	<u>\$ 1,073,169</u>	<u>\$ 549,210</u>
Total public safety	<u>\$ 18,150,466</u>	<u>\$ 19,628,236</u>	<u>\$ 18,886,828</u>	<u>\$ 741,408</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 377,521	\$ 391,038	\$ 193,160	\$ 197,878
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 377,521</u>	<u>\$ 391,038</u>	<u>\$ 193,160</u>	<u>\$ 197,878</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 16,786	\$ 16,786	\$ 18,443	\$ (1,657)
Total sanitation and waste removal	<u>\$ 16,786</u>	<u>\$ 16,786</u>	<u>\$ 18,443</u>	<u>\$ (1,657)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 2,583,721	\$ 2,845,343	\$ 2,735,826	\$ 109,517
Total maintenance of general buildings and grounds	<u>\$ 2,583,721</u>	<u>\$ 2,845,343</u>	<u>\$ 2,735,826</u>	<u>\$ 109,517</u>
Total public works	<u>\$ 2,978,028</u>	<u>\$ 3,253,167</u>	<u>\$ 2,947,429</u>	<u>\$ 305,738</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 559,833	\$ 559,833	\$ 478,415	\$ 81,418
Total health	<u>\$ 559,833</u>	<u>\$ 559,833</u>	<u>\$ 478,415</u>	<u>\$ 81,418</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 151,360	\$ 151,360	\$ 151,360	\$ -
Total mental health and mental retardation	\$ 151,360	\$ 151,360	\$ 151,360	\$ -
Total health and welfare	\$ 711,193	\$ 711,193	\$ 629,775	\$ 81,418
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 14,857	\$ 14,857	\$ 14,857	\$ -
Community engagement and public information	658,715	659,072	654,255	4,817
Cable services	86,399	86,399	66,713	19,686
Contribution to County School Board	29,442,836	28,742,836	28,673,527	69,309
Total education	\$ 30,202,807	\$ 29,503,164	\$ 29,409,352	\$ 93,812
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 711,292	\$ 720,818	\$ 615,901	\$ 104,917
Park operations	788,661	848,984	797,448	51,536
Total parks and recreation	\$ 1,499,953	\$ 1,569,802	\$ 1,413,349	\$ 156,453
Cultural enrichment:				
Daffodil festival	\$ 65,275	\$ 65,275	\$ 53,484	\$ 11,791
Total cultural enrichment	\$ 65,275	\$ 65,275	\$ 53,484	\$ 11,791
Library:				
Contribution to county library	\$ 1,284,780	\$ 1,310,309	\$ 1,005,175	\$ 305,134
Total library	\$ 1,284,780	\$ 1,310,309	\$ 1,005,175	\$ 305,134
Total parks, recreation, and cultural	\$ 2,850,008	\$ 2,945,386	\$ 2,472,008	\$ 473,378
Community development:				
Planning and community development:				
Economic development	\$ 315,402	\$ 340,560	\$ 338,482	\$ 2,078
Planning and zoning	824,733	826,643	771,205	55,438
Tourism	257,216	262,482	227,440	35,042
Total planning and community development	\$ 1,397,351	\$ 1,429,685	\$ 1,337,127	\$ 92,558
Environmental management:				
Clean community program	\$ 25,537	\$ 26,537	\$ 29,015	\$ (2,478)
Total environmental management	\$ 25,537	\$ 26,537	\$ 29,015	\$ (2,478)
Cooperative extension program:				
Extension office	\$ 117,309	\$ 117,348	\$ 118,243	\$ (895)
Total cooperative extension program	\$ 117,309	\$ 117,348	\$ 118,243	\$ (895)
Total community development	\$ 1,540,197	\$ 1,573,570	\$ 1,484,385	\$ 89,185

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Contributions to civic organizations:				
Bay Aging	\$ 15,150	\$ 15,150	\$ 15,150	\$ -
VersAbility Resources	13,000	13,000	13,000	-
Tidewater Soil & Water Conservation District	12,500	12,500	12,500	-
Gloucester Housing Partnership	36,000	36,000	36,000	-
Gloucester Mathews Free Clinic	65,000	65,000	65,000	-
Avalon Center	5,000	5,000	5,000	-
Bay Transit	193,912	193,912	193,912	-
Boys & Girls Club of the Virginia Peninsula	30,000	30,000	30,000	-
Total contributions to civic organizations	<u>\$ 370,562</u>	<u>\$ 370,562</u>	<u>\$ 370,562</u>	<u>\$ -</u>
Contingency:				
County administrator contingency	\$ 259,793	\$ 259,793	\$ -	\$ 259,793
Contingency-grants	50,000	24,789	-	24,789
Facilities maintenance repair & replace (FMRR)	350,000	-	-	-
Contingency-pay matters	117,181	117,181	-	117,181
Contingency-recovered costs	-	-	-	-
Contingency-transfer savings	(319,104)	(319,104)	-	(319,104)
Contingency-vacancy savings	(700,000)	(700,000)	-	(700,000)
Total contingency	<u>\$ (242,130)</u>	<u>\$ (617,341)</u>	<u>\$ -</u>	<u>\$ (617,341)</u>
Total nondepartmental	<u>\$ 128,432</u>	<u>\$ (246,779)</u>	<u>\$ 370,562</u>	<u>\$ (617,341)</u>
Debt service:				
Principal retirement	\$ -	\$ -	\$ 308,606	\$ (308,606)
Interest and other fiscal charges	-	-	89,771	(89,771)
Total debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,377</u>	<u>\$ (398,377)</u>
Total General Fund	<u>\$ 66,907,374</u>	<u>\$ 67,774,651</u>	<u>\$ 66,623,832</u>	<u>\$ 1,150,818</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 4,163,055	\$ 4,179,994	\$ 3,674,743	\$ 505,251
Public assistance	1,742,400	1,741,900	1,202,249	539,651
Purchased services	98,800	98,800	30,942	67,858
Grants	90,300	99,040	3,826	95,214
Board of public welfare	4,028	4,070	4,067	3
Total welfare and social services	<u>\$ 6,098,583</u>	<u>\$ 6,123,804</u>	<u>\$ 4,915,827</u>	<u>\$ 1,207,977</u>
Total health and welfare	<u>\$ 6,098,583</u>	<u>\$ 6,123,804</u>	<u>\$ 4,915,827</u>	<u>\$ 1,207,977</u>
Total Virginia Public Assistance Fund	<u>\$ 6,098,583</u>	<u>\$ 6,123,804</u>	<u>\$ 4,915,827</u>	<u>\$ 1,207,977</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 1,524,000	\$ 1,530,742	\$ 1,301,986	\$ 228,756
Total Comprehensive Services Act Fund	<u>\$ 1,524,000</u>	<u>\$ 1,530,742</u>	<u>\$ 1,301,986</u>	<u>\$ 228,756</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
American Rescue Plan Act Fund:				
Public safety:				
Premium pay	\$ -	\$ 143,656	\$ 93,535	\$ 50,121
Gloucester Volunteer Fire & Rescue	-	1,379,332	1,379,332	-
Abingdon Volunteer Fire & Rescue	-	930,000	930,000	-
Total public safety	\$ -	\$ 2,452,988	\$ 2,402,867	\$ 50,121
Health and welfare:				
Boys & Girls Club	\$ -	\$ 243,114	\$ 243,114	\$ -
Total health and welfare	\$ -	\$ 243,114	\$ 243,114	\$ -
Community development:				
Broadband	\$ -	\$ 593,842	\$ 229,000	\$ 364,842
Tourism	-	60,000	8,335	51,665
LATCF-Local Assistance & Tribal Consistency Fund:				
Court Circle Site Improvements	-	50,000	30,000	20,000
Library Improvements	-	451,025	-	451,025
Total community development	\$ -	\$ 1,154,867	\$ 267,335	\$ 887,532
Public works:				
Utilities infrastructure:				
Pump station #11 repairs	\$ -	\$ 1,000,000	\$ 24,845	\$ 975,155
Membranes-reverse osmosis skid #1	-	150,000	-	150,000
Total utilities infrastructure	\$ -	\$ 1,150,000	\$ 24,845	\$ 1,125,155
Total public works	\$ -	\$ 1,150,000	\$ 24,845	\$ 1,125,155
Total American Rescue Plan Act	\$ -	\$ 5,000,969	\$ 2,938,161	\$ 2,062,808
Debt Service Fund:				
Debt service:				
School sales tax eligible projects:				
Principal retirement	\$ 137,965	\$ 137,965	\$ 137,965	\$ -
Interest and other fiscal charges	1,019,535	1,019,535	1,006,189	13,346
Bond issuance costs	308,115	308,115	-	308,115
Total school sales tax eligible projects	\$ 1,465,615	\$ 1,465,615	\$ 1,144,154	\$ 321,461
Other debt service				
Principal retirement	\$ 3,153,293	\$ 3,153,293	\$ 3,280,091	\$ (126,798)
Interest and other fiscal charges	1,270,452	1,270,452	1,143,727	126,725
Bond issuance costs	-	-	-	-
Total other debt service	\$ 4,423,745	\$ 4,423,745	\$ 4,423,818	\$ (73)
Total Debt Service Fund	\$ 5,889,360	\$ 5,889,360	\$ 5,567,972	\$ 321,388
Mosquito Control Fund				
Public works:				
Personnel	\$ 21,512	\$ 21,512	\$ 10,901	\$ 10,611
Vehicle purchase	30,000	30,000	31,779	(1,779)
Mosquito control operations	127,600	127,600	96,037	31,563
Total Mosquito Control Fund	\$ 179,112	\$ 179,112	\$ 138,717	\$ 40,395

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Capital projects expenditures:				
School paving	\$ 1,588,650	\$ 1,588,650	\$ 1,325,110	\$ 263,540
Bathroom Remodel	513,500	513,500	-	513,500
School HVAC replacement	1,214,000	1,899,219	1,899,219	-
School Project Contingency	-	1,600,493	-	1,600,493
Achilles Security Vestible	-	291,725	265,897	25,828
School Security-Door System	-	379,482	-	379,482
Reserve Future School Security	-	320,518	-	320,518
Achilles bus loop	-	79,200	63,695	15,505
Transportation facility	5,940,000	5,189,764	4,617,423	572,341
School playground equipment replacement	-	113,978	101,993	11,985
Tax software	108,885	108,885	12,560	96,325
Broadband	72,676	727,706	266,736	460,970
Older adult facility	-	67,401	34,156	33,245
Aberdeen & Timberneck creek dredging	2,938,000	2,938,000	54,728	2,883,272
Court circle sidewalk project	221,110	809,104	756,562	52,542
Court circle site improvements	150,000	33,763	-	33,763
ADA accessibility improvements	-	46,745	46,052	693
Aberdeen Creek Pier Rehab	161,000	161,000	4,800	156,200
Arc Flash	-	32,272	32,272	-
Woodville Park Fields	-	907,753	334,251	573,502
FEMA hazard mitigation elevation projects	1,458,475	1,458,475	23,781	1,434,694
Hist Bldg Preservation	250,000	250,000	-	250,000
Ark park improvements	60,000	60,000	-	60,000
County paving projects	290,000	243,255	11,714	231,541
Parks, recreation & tourism ADA improvements	108,075	108,075	-	108,075
Library Improvements	-	200,000	-	200,000
GHS Renovations	58,931,000	61,305,928	12,175,392	49,130,536
Total capital projects expenditures	\$ 74,005,371	\$ 81,434,891	\$ 22,026,341	\$ 59,408,550
Total Capital Projects Fund	\$ 74,005,371	\$ 81,434,891	\$ 22,026,341	\$ 59,408,550
Total Primary Government	\$ 154,603,800	\$ 167,933,529	\$ 103,512,836	\$ 64,420,692

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 52,926,160	\$ 54,750,450	\$ 52,281,795	\$ 2,468,655
Total instruction costs	\$ 52,926,160	\$ 54,750,450	\$ 52,281,795	\$ 2,468,655
Administration, Attendance and Health:				
School board	\$ 137,521	\$ 185,051	\$ 184,805	\$ 246
Other administration	2,880,060	2,968,880	2,953,580	15,300
Total administration, attendance and health	\$ 3,017,581	\$ 3,153,931	\$ 3,138,385	\$ 15,546
Pupil transportation:				
Pupil transportation	\$ 4,798,544	\$ 5,076,706	\$ 5,043,349	\$ 33,357
Total pupil transportation	\$ 4,798,544	\$ 5,076,706	\$ 5,043,349	\$ 33,357
Operating and maintenance costs:				
Operation and maintenance	\$ 7,497,565	\$ 7,621,015	\$ 7,747,449	\$ (126,434)
Total operating and maintenance costs	\$ 7,497,565	\$ 7,621,015	\$ 7,747,449	\$ (126,434)
Technology:				
Technology	\$ 3,158,409	\$ 2,973,409	\$ 2,905,825	\$ 67,584
Total technology	\$ 3,158,409	\$ 2,973,409	\$ 2,905,825	\$ 67,584
Total education	\$ 71,398,259	\$ 73,575,511	\$ 71,116,803	\$ 2,458,708
Total School Operating Fund	\$ 71,398,259	\$ 73,575,511	\$ 71,116,803	\$ 2,458,708
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 3,075,279	\$ 3,275,279	\$ 3,268,785	\$ 6,494
USDA commodities	-	-	258,941	(258,941)
Total school food services	\$ 3,075,279	\$ 3,275,279	\$ 3,527,726	\$ (252,447)
Total education	\$ 3,075,279	\$ 3,275,279	\$ 3,527,726	\$ (252,447)
Total School Cafeteria Fund	\$ 3,075,279	\$ 3,275,279	\$ 3,527,726	\$ (252,447)
Gloucester County School Activity Fund:				
Education:				
Instruction:				-
Elementary and secondary schools	\$ -	\$ -	\$ 761,066	\$ (761,066)
Total education	\$ -	\$ -	\$ 761,066	\$ (761,066)
Total Gloucester County School Activity Fund	\$ -	\$ -	\$ 761,066	\$ (761,066)
Total Discretely Presented Component Unit - School Board	\$ 74,473,538	\$ 76,850,790	\$ 75,405,595	\$ 1,445,195

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Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Gloucester Sanitary District:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 22,052	\$ 22,052	\$ 22,517	\$ 465
Delinquent real estate taxes	2,034	2,034	372	(1,662)
Real and personal public service corporation taxes	1,464	1,464	1,018	(446)
Penalties	4	4	74	70
Interest	6	6	34	28
Total general property taxes	<u>\$ 25,560</u>	<u>\$ 25,560</u>	<u>\$ 24,015</u>	<u>\$ (1,545)</u>
Revenue from use of money and property:				
Interest income	\$ 25	\$ 25	\$ 295	\$ 270
Total revenue from use of money and property	<u>\$ 25</u>	<u>\$ 25</u>	<u>\$ 295</u>	<u>\$ 270</u>
Total revenue from local sources	<u>\$ 25,585</u>	<u>\$ 25,585</u>	<u>\$ 24,310</u>	<u>\$ (1,275)</u>
Total Gloucester Sanitary District	<u><u>\$ 25,585</u></u>	<u><u>\$ 25,585</u></u>	<u><u>\$ 24,310</u></u>	<u><u>\$ (1,275)</u></u>
Gloucester Point Sanitary District:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 23,788	\$ 23,788	\$ 23,811	\$ 23
Delinquent real estate taxes	1,068	1,068	920	(148)
Real and personal public service corporation taxes	240	240	153	(87)
Penalties	-	-	116	116
Interest	-	-	159	159
Total general property taxes	<u>\$ 25,096</u>	<u>\$ 25,096</u>	<u>\$ 25,159</u>	<u>\$ 63</u>
Revenue from use of money and property:				
Interest income	\$ 171	\$ 171	\$ 1,875	\$ 1,704
Total revenue from use of money and property	<u>\$ 171</u>	<u>\$ 171</u>	<u>\$ 1,875</u>	<u>\$ 1,704</u>
Total revenue from local sources	<u>\$ 25,267</u>	<u>\$ 25,267</u>	<u>\$ 27,034</u>	<u>\$ 1,767</u>
Total Gloucester Sanitary District	<u><u>\$ 25,267</u></u>	<u><u>\$ 25,267</u></u>	<u><u>\$ 27,034</u></u>	<u><u>\$ 1,767</u></u>

Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2023

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Utilities Fund:				
Operating revenues:				
Charges for services:				
Water Revenues				
Water service	\$ 3,317,808	\$ 3,317,808	\$ 3,491,017	\$ 173,209
Miscellaneous water	26,240	26,240	35,815	9,575
Renewal-water	-	-	41,884	41,884
Collection-water	-	-	50	50
Transfer-water	16,930	16,930	13,854	(3,076)
Write off old accounts-water	-	-	14,905	14,905
Total water revenues	<u>\$ 3,360,978</u>	<u>\$ 3,360,978</u>	<u>\$ 3,597,525</u>	<u>\$ 236,547</u>
Sewer revenues				
Sewer service	\$ 737,828	\$ 737,828	\$ 805,018	\$ 67,190
Write off of old accounts-sewer	-	-	14,905	14,905
Total sewer revenues	<u>\$ 737,828</u>	<u>\$ 737,828</u>	<u>\$ 819,923</u>	<u>\$ 82,095</u>
Other revenues				
Water tower lease	\$ 21,744	\$ 21,744	\$ 24,178	\$ 2,434
Credit card fees	5,670	5,670	12,249	6,579
After hours work	-	-	500	500
Conversion balances	1,530	1,530	3,662	2,132
Fats, oils & grease	305	305	25	(280)
Late fees	90,000	90,000	92,660	2,660
Insurance Recovery	-	-	19,000	19,000
Other income	-	-	42,618	42,618
Returned check fees	1,260	1,260	2,100	840
Grants	-	2,744	2,822	78
Debt service reserve fund	22	22	-	(22)
Total other revenues	<u>\$ 120,531</u>	<u>\$ 123,275</u>	<u>\$ 199,814</u>	<u>\$ 76,539</u>
Total operating revenues	<u>\$ 4,219,337</u>	<u>\$ 4,222,081</u>	<u>\$ 4,617,262</u>	<u>\$ 395,181</u>
Nonoperating revenues				
Connection fees				
Application-water	\$ 253,000	\$ 253,000	\$ 162,250	\$ (90,750)
Development-water	38,500	38,500	28,250	(10,250)
Application-sewer	234,171	234,171	124,400	(109,771)
Development-sewer	95,369	95,369	55,249	(40,120)
Total connection fees	<u>\$ 621,040</u>	<u>\$ 621,040</u>	<u>\$ 370,149</u>	<u>\$ (250,891)</u>
Investment income	<u>\$ 8,870</u>	<u>\$ 8,870</u>	<u>\$ 131,496</u>	<u>\$ 122,626</u>
Total nonoperating revenues	<u>\$ 629,910</u>	<u>\$ 629,910</u>	<u>\$ 501,645</u>	<u>\$ (128,265)</u>
Total Utilities Fund	<u>\$ 4,849,247</u>	<u>\$ 4,851,991</u>	<u>\$ 5,118,907</u>	<u>\$ 266,916</u>
Total Proprietary Funds	<u>\$ 4,900,099</u>	<u>\$ 4,902,843</u>	<u>\$ 5,170,251</u>	<u>\$ 267,408</u>

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Gloucester Sanitary District:				
Public works				
Repair and maintenance-light poles	\$ -	\$ 6,000	\$ 11,735	\$ (5,735)
Electrical services	19,598	19,598	18,405	1,193
Total public works	\$ 19,598	\$ 25,598	\$ 30,140	\$ (4,542)
Total Gloucester Sanitary District	\$ 19,598	\$ 25,598	\$ 30,140	\$ (4,542)
Gloucester Point Sanitary District:				
Public works				
Electrical services	\$ 25,267	\$ 25,267	\$ 21,058	\$ 4,209
Total public works	\$ 25,267	\$ 25,267	\$ 21,058	\$ 4,209
Total Gloucester Point Sanitary District	\$ 25,267	\$ 25,267	\$ 21,058	\$ (4,209)
Utilities Fund:				
Public works				
Operating expenses				
Personnel				
Salaries	\$ 1,465,824	\$ 1,468,837	\$ 1,413,922	\$ 54,915
Salaries-overtime	60,000	60,000	75,669	(15,669)
Oncall	13,296	13,296	13,316	(20)
Total personnel	\$ 1,539,120	\$ 1,542,133	\$ 1,502,907	\$ 39,226
Fringe benefits	\$ 711,335	\$ 711,972	\$ 744,808	\$ (32,836)
Contractual services				
Trustee fees	\$ 2,100	\$ 2,100	\$ -	\$ 2,100
Merchant credit card fees	6,600	6,600	13,335	(6,735)
Professional services	182,000	182,000	96,697	85,303
Consent order	245,000	95,000	19,147	75,853
Lab services	25,000	20,000	17,252	2,748
Repair and maintenance	105,000	90,000	80,914	9,086
Maintenance service contract	122,225	107,225	101,190	6,035
Electrical services	160,000	160,000	199,001	(39,001)
Total contractual services	847,925	662,925	527,536	135,389
Supplies				
Office supplies	\$ 10,000	\$ 5,000	\$ 4,603	\$ 397
Chemical supplies	179,000	234,000	236,547	(2,547)
Plant supplies	30,000	44,000	43,895	105
Distribution supplies	68,000	78,000	32,240	45,760
Sewer repair supplies	10,000	10,000	18,575	(8,575)

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Utilities Fund (continued):				
Public works (continued)				
Operating expenses (continued)				
Sewer main supplies	4,000	34,000	30,777	3,223
Tools	10,000	10,000	16,458	(6,458)
Fuel-vehicle	131,000	66,000	56,646	9,354
Inventory supplies	50,000	122,742	110,722	12,020
Total supplies	\$ 492,000	\$ 603,742	\$ 550,463	\$ 53,279
Insurance				
Vehicle insurance	\$ 6,600	\$ 6,600	\$ 6,323	\$ 277
General liability insurance	700	700	637	63
Property insurance	16,500	16,500	17,921	(1,421)
Flood insurance	13,675	13,675	11,039	2,636
Total insurance	\$ 37,475	\$ 37,475	\$ 35,920	\$ 1,555
Other charges				
Advertising	\$ 750	\$ 750	\$ -	\$ 750
Banking fees	-	-	2,062	(2,062)
Postage	40,600	40,600	45,784	(5,184)
Telephone	14,000	14,000	14,000	-
Training	9,800	9,800	8,123	1,677
Dues and membership	2,306	2,306	3,860	(1,554)
Uniforms and clothing	4,000	4,000	5,767	(1,767)
Furniture and fixtures	1,500	1,500	-	1,500
Miscellaneous	20,000	14,000	13,087	913
Payments to other government agencies	18,833	18,833	18,316	517
Indirect costs	140,083	140,083	140,083	-
Facilities maintenance repair/replacement	-	22,480	1,275	21,205
Other equipment	-	2,744	2,822	(78)
Arc flash	-	43,300	43,280	20
Pump station #11 sewer rehabilitation and repair	200,000	104,473	21,835	82,638
Pump station #13 collection system	180,000	158,516	27,390	131,126
Radio read conversion	100,000	25,000	-	25,000
Water treatment plant roof and façade repair	100,000	100,000	4,401	95,599
Water system assessment	-	-	1,445	(1,445)
Celements/Gloucester waterline replacement	43,000	43,000	-	43,000
Water treatment plant SCADA upgrade	-	62,124	-	62,124
Pump station #15 control panel replacement	85,000	85,000	-	85,000
Repair leak filter #1	102,000	102,000	7,575	94,425
Replacement of old meters	100,000	25,000	-	25,000
Sawgrass point waterline replacement	35,000	35,000	-	35,000
Water system security	66,000	66,000	-	66,000
Vehicle replacement	-	600,000	-	600,000
Water treatment plant pump rebuild	-	223,000	119,344	103,656
Reverse osmosis well pump repair/replacement	-	73,305	73,305	-

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2023

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other charges (Continued)				
VPDES outfall modifications	-	39,208	-	39,208
Water line repair Burleigh road	-	348,300	110	348,190
Total other charges	\$ 1,262,872	\$ 2,404,322	\$ 553,864	\$ 1,850,458
Contingency	\$ (237,573)	\$ (237,573)	\$ -	\$ (237,573)
Depreciation	\$ -	\$ -	\$ 1,104,964	\$ (1,104,964)
Total operating expenses	\$ 4,653,154	\$ 5,724,996	\$ 5,020,462	\$ 704,534
Nonoperating expenses				
Interest expense	\$ 221,656	\$ 221,656	\$ 16,214	\$ 205,442
Total nonoperating expenses	\$ 221,656	\$ 221,656	\$ 16,214	\$ 205,442
Total Utilities Fund	\$ 4,874,810	\$ 5,946,652	\$ 5,036,676	\$ 909,976
Total Proprietary Funds	\$ 4,919,675	\$ 5,997,517	\$ 5,087,874	\$ 901,225

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STATISTICAL SECTION

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Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and wellbeing have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

5-9

Debt Capacity

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue debt in the future.

10-12

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

13-14

Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

COUNTY OF GLOUCESTER, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

	2023	2022	2021	2020
Governmental activities				
Net investment in capital assets	\$ 24,325,862	\$ 24,578,290	\$ 11,391,918	\$ 16,970,169
Restricted	1,790	4,097		
Unrestricted	32,312,084	23,298,770	21,615,966	14,910,552
Total governmental activities net position	<u>\$ 56,639,736</u>	<u>\$ 47,881,157</u>	<u>\$ 33,007,884</u>	<u>\$ 31,880,721</u>
Business-type activities				
Net investment in capital assets	\$ 19,027,066	\$ 18,541,067	\$ 18,443,968	\$ 18,885,015
Restricted	145	332	-	-
Unrestricted	4,433,817	4,837,252	4,639,007	4,064,219
Total business-type activities net position	<u>\$ 23,461,028</u>	<u>\$ 23,378,651</u>	<u>\$ 23,082,975</u>	<u>\$ 22,949,234</u>
Primary government				
Net investment in capital assets	\$ 43,352,928	\$ 43,119,357	\$ 29,835,886	\$ 35,855,184
Restricted	1,935	4,429	-	-
Unrestricted	36,745,901	28,136,022	26,254,973	18,974,771
Total primary government net position	<u>\$ 80,100,764</u>	<u>\$ 71,259,808</u>	<u>\$ 56,090,859</u>	<u>\$ 54,829,955</u>

Note: The County early implemented GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, in FY11. With the implementation of this Statement, the financial descriptions have changed from "net assets" to "net position".

Table 1

2019	2018	2017	2016	2015	2014
\$ 17,743,311	\$ 18,431,064	\$ 18,280,127	\$ 17,543,250	\$ 20,771,917	\$ 22,330,023
		-	-	-	-
15,759,342	15,040,469	16,925,823	15,676,394	16,806,802	23,927,330
<u>\$ 33,502,653</u>	<u>\$ 33,471,533</u>	<u>\$ 35,205,950</u>	<u>\$ 33,219,644</u>	<u>\$ 37,578,719</u>	<u>\$ 46,257,353</u>
\$ 19,338,462	\$ 17,703,636	\$ 15,069,296	\$ 13,266,968	\$ 12,233,762	\$ 11,267,065
-	1,834,232	1,866,455	1,866,690	1,869,579	1,869,878
3,587,462	2,948,373	3,247,483	3,041,421	2,221,268	2,328,518
<u>\$ 22,925,924</u>	<u>\$ 22,486,241</u>	<u>\$ 20,183,234</u>	<u>\$ 18,175,079</u>	<u>\$ 16,324,609</u>	<u>\$ 15,465,461</u>
\$ 37,081,773	\$ 36,134,700	\$ 33,349,423	\$ 30,810,218	\$ 33,005,679	\$ 33,597,088
-	1,834,232	1,866,455	1,866,690	1,869,579	1,869,878
19,346,804	17,988,842	20,173,306	18,717,815	19,028,070	26,255,848
<u>\$ 56,428,577</u>	<u>\$ 55,957,774</u>	<u>\$ 55,389,184</u>	<u>\$ 51,394,723</u>	<u>\$ 53,903,328</u>	<u>\$ 61,722,814</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2023	2022	2021	2020
Expenses				
Governmental activities:				
General government administration	\$ 7,227,061	\$ 7,341,776	\$ 7,279,364	\$ 6,728,268
Judicial administration	2,394,897	2,246,615	2,425,945	2,194,538
Public safety	21,821,567	17,994,636	19,872,272	17,520,033
Public works	2,569,926	2,417,634	3,619,414	2,549,544
Health and welfare	7,265,302	6,340,541	6,210,692	6,607,759
Education	37,758,280	26,922,092	32,007,187	31,121,559
Parks, recreation, culture	2,846,720	2,902,076	2,481,849	2,453,113
Community development	3,205,527	4,498,408	3,919,597	2,111,415
Interest on long-term debt	2,122,078	1,241,878	1,251,346	1,109,287
Total governmental activities expenses	<u>87,211,358</u>	<u>71,905,656</u>	<u>79,067,666</u>	<u>72,395,516</u>
Business-type activities:				
Public utilities	5,036,676	4,774,028	4,835,657	4,383,288
Non-Major enterprise funds	51,198	43,835		
Total business-type activities expenses	<u>5,087,874</u>	<u>4,817,863</u>	<u>4,835,657</u>	<u>4,383,288</u>
Total Primary government expenses	<u>\$ 92,299,232</u>	<u>\$ 76,723,519</u>	<u>\$ 83,903,323</u>	<u>\$ 76,778,804</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ 92,827	\$ 64,934	\$ 3,476	\$ -
Judicial administration	211,762	165,106	160,048	165,055
Public safety	494,602	557,707	499,636	515,568
Public works	589,203	478,061	551,085	537,113
Health and welfare	-	-	-	-
Education	-	-	-	-
Parks, recreation, culture	310,019	306,150	196,776	188,892
Community development	19,621	18,226	11,082	9,099
Operating grants and contributions	13,124,491	12,743,053	15,435,822	9,231,380
Capital grants and contributions	849,064	139,079	848,443	612,726
Total governmental activities program revenues	<u>\$ 15,691,589</u>	<u>\$ 14,472,316</u>	<u>\$ 17,706,368</u>	<u>\$ 11,259,833</u>
Business-type activities:				
Charges for services	\$ 4,987,411	\$ 4,919,569	\$ 4,898,385	\$ 4,312,516
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	142,651	-	-
Total business-type activities program revenues	<u>4,987,411</u>	<u>5,062,220</u>	<u>4,898,385</u>	<u>4,312,516</u>
Total primary government program revenue	<u>\$ 20,679,000</u>	<u>\$ 19,534,536</u>	<u>\$ 22,604,753</u>	<u>\$ 15,572,349</u>
Net(Expense)/Revenue				
Governmental activities	\$ (71,519,769)	\$ (57,433,340)	\$ (61,361,298)	\$ (61,135,683)
Business-type activities	(100,463)	244,357	62,728	(70,772)
Total primary government net expense	<u>\$ (71,620,232)</u>	<u>\$ (57,188,983)</u>	<u>\$ (61,298,570)</u>	<u>\$ (61,206,455)</u>

Table 2
Page 1 of 2

2019	2018	2017	2016	2015	2014
\$ 6,404,365	\$ 6,273,889	\$ 5,985,400	\$ 5,213,213	\$ 5,402,313	\$ 5,575,520
2,146,477	2,022,836	1,747,820	1,832,619	1,830,328	1,978,698
16,296,649	15,005,085	14,420,083	13,746,855	12,838,684	13,224,115
2,354,901	2,147,005	2,118,053	2,168,694	2,140,168	2,487,293
6,130,510	5,515,673	5,514,819	5,018,243	5,441,279	5,223,039
29,868,409	27,761,018	27,272,736	33,924,847	29,991,304	27,169,073
2,443,912	2,437,963	2,359,727	2,316,509	2,198,664	2,375,530
1,508,533	2,569,352	2,670,768	1,850,500	3,330,733	2,604,102
1,289,739	1,375,212	1,564,983	1,903,921	2,019,045	1,912,060
<u>68,443,495</u>	<u>65,108,033</u>	<u>63,654,389</u>	<u>67,975,401</u>	<u>65,192,518</u>	<u>62,549,430</u>
4,196,717	3,542,913	3,669,366	3,828,006	3,873,419	4,164,968
<u>4,196,717</u>	<u>3,542,913</u>	<u>3,669,366</u>	<u>3,828,006</u>	<u>3,873,419</u>	<u>4,164,968</u>
<u>\$ 72,640,212</u>	<u>\$ 68,650,946</u>	<u>\$ 67,323,755</u>	<u>\$ 71,803,407</u>	<u>\$ 69,065,937</u>	<u>\$ 66,714,398</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
215,232	239,638	209,190	225,492	172,895	214,556
505,564	493,463	640,084	416,526	422,313	399,325
571,491	551,396	497,981	411,479	315,626	219,143
-	-	-	44,851	40,620	-
570	80	258	-	-	-
383,437	363,322	369,051	264,424	240,605	286,509
-	-	9,300	74,260	74,798	67,428
8,855,506	8,487,119	8,238,150	8,431,639	8,064,461	8,018,257
408,508	1,149,639	1,232,247	581,781	2,099,005	3,882,214
<u>\$ 10,940,308</u>	<u>\$ 11,284,657</u>	<u>\$ 11,196,261</u>	<u>\$ 10,450,452</u>	<u>\$ 11,430,323</u>	<u>\$ 13,087,432</u>
\$ 4,512,752	\$ 4,568,243	\$ 4,966,010	\$ 4,161,870	\$ 4,135,611	\$ 4,193,272
-	-	-	-	-	-
-	-	-	713,180	277,732	499,050
<u>4,512,752</u>	<u>4,568,243</u>	<u>4,966,010</u>	<u>4,875,050</u>	<u>4,413,343</u>	<u>4,692,322</u>
<u>\$ 15,453,060</u>	<u>\$ 15,852,900</u>	<u>\$ 16,162,271</u>	<u>\$ 15,325,502</u>	<u>\$ 15,843,666</u>	<u>\$ 17,779,754</u>
\$ (57,503,187)	\$ (53,823,376)	\$ (52,458,128)	\$ (57,524,949)	\$ (53,762,195)	\$ (49,461,998)
316,035	1,025,330	1,296,644	1,047,044	539,924	527,354
<u>\$ (57,187,152)</u>	<u>\$ (52,798,046)</u>	<u>\$ (51,161,484)</u>	<u>\$ (56,477,905)</u>	<u>\$ (53,222,271)</u>	<u>\$ (48,934,644)</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2023	2022	2021	2020
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 49,490,772	\$ 47,196,515	\$ 44,532,103	\$ 42,406,876
Local sales and use tax	7,251,255	6,693,227	6,262,576	5,469,912
Consumer utility tax	775,140	763,099	757,551	743,181
Business license taxes	2,421,143	2,216,575	2,011,717	1,867,032
Restaurant food taxes	3,355,355	3,085,826	2,699,399	2,346,997
School sales tax	5,813,178	5,482,990	-	-
Other local taxes	1,456,029	1,724,695	1,702,408	1,220,134
Unrestricted revenues from use of money and property	2,048,758	236,268	169,672	371,220
Miscellaneous	1,271,776	571,395	311,546	854,758
Grants and contributions not restricted to specific programs	6,394,942	4,336,023	4,052,756	4,233,641
Transfers		-	(11,267)	-
Total governmental activities	\$ 80,278,348	\$ 72,306,613	\$ 62,488,461	\$ 59,513,751
Business-type activities:				
General property taxes	\$ 49,174	\$ 44,171	\$ 50,657	\$ 38,646
Unrestricted revenues from use of money and property	133,666	7,148	9,088	55,436
Grants and contributions not restricted to specific programs	-	-	-	-
Transfers	-	-	11,267	-
Total business-type activities	\$ 182,840	\$ 51,319	\$ 71,012	\$ 94,082
Total primary government	\$ 80,461,188	\$ 72,357,932	\$ 62,559,473	\$ 59,607,833
Change in Net Position				
Governmental activities	\$ 8,758,579	\$ 14,873,273	\$ 1,127,163	\$ (1,621,932)
Business-type activities	82,377	295,676	133,740	23,310
Total primary government	\$ 8,840,956	\$ 15,168,949	\$ 1,260,903	\$ (1,598,622)

2019	2018	2017	2016	2015	2014
\$ 41,229,104	\$ 40,204,898	\$ 39,729,693	\$ 38,881,635	\$ 37,735,100	\$ 37,840,631
4,868,752	4,627,344	4,363,168	4,132,108	3,993,673	3,811,874
740,458	733,044	725,381	716,300	711,867	707,280
1,931,649	1,729,800	1,682,846	1,552,245	1,547,404	1,560,493
2,377,951	2,274,619	2,194,698	2,116,520	1,896,892	1,857,472
-	-	-	-	-	-
1,195,686	1,199,763	1,202,114	1,109,601	989,921	938,370
484,500	356,250	202,694	154,286	174,416	182,207
396,215	321,874	432,749	670,380	438,304	579,009
4,309,992	4,423,702	4,486,617	4,505,799	4,500,206	4,540,079
-	(430,524)	(575,526)	(673,000)	(673,758)	(673,758)
\$ 57,534,307	\$ 55,440,770	\$ 54,444,434	\$ 53,165,874	\$ 51,314,025	\$ 51,343,657
\$ 40,651	\$ 39,849	\$ 38,722	\$ 39,235	\$ 39,471	\$ 39,533
82,997	77,735	97,263	91,191	86,723	86,490
-	779,370	-	-	-	-
-	430,524	575,526	673,000	673,758	673,758
\$ 123,648	\$ 1,327,478	\$ 711,511	\$ 803,426	\$ 799,952	\$ 799,781
\$ 57,657,955	\$ 56,768,248	\$ 55,155,945	\$ 53,969,300	\$ 52,113,977	\$ 52,143,438
\$ 31,120	\$ 1,617,394	\$ 1,986,306	\$ (4,359,075)	\$ (2,448,170)	\$ 1,881,659
439,683	2,352,808	2,008,155	1,850,470	1,339,876	1,327,135
\$ 470,803	\$ 3,970,202	\$ 3,994,461	\$ (2,508,605)	\$ (1,108,294)	\$ 3,208,794

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2023	2022	2021	2020
General Fund				
Nonspendable	\$ 388,126	\$ 392,574	\$ 399,975	\$ 385,394
Restricted	101,391	89,255	32,823	43,121
Committed	2,061,318	2,575,170	2,741,220	2,634,123
Assigned	260,000	260,000	260,000	260,000
Unassigned	29,405,761	26,572,890	23,193,852	19,213,229
Total General Fund	<u>\$ 32,216,596</u>	<u>\$ 29,889,889</u>	<u>\$ 26,627,870</u>	<u>\$ 22,535,867</u>
All Other Governmental Funds				
Nonspendable	\$ 120,391	\$ 199,474	\$ 2,815	\$ -
Restricted	25,780,072	35,916,123	5,081,683	43,000
Committed	5,011,444	4,381,083	373,335	533,816
Assigned	-	-	-	104,580
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 30,911,907</u>	<u>\$ 40,496,680</u>	<u>\$ 5,457,833</u>	<u>\$ 681,396</u>

Note: The County implemented GASB Statement 54, the new standard for fund balance reporting, in FY11.

Restatement of prior year balance is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

Table 3

2019	2018	2017	2016	2015	2014
\$ 99,784	\$ 390,393	\$ 400,064	\$ 48,681	\$ 65,035	\$ 52,694
38,307	79,268	82,362	77,013	133,004	141,770
2,440,816	1,983,468	1,672,041	1,310,127	1,118,337	1,015,138
260,000	260,000	-	-	-	-
20,944,248	21,141,510	20,524,588	20,009,317	17,523,379	18,249,344
<u>\$ 23,783,155</u>	<u>\$ 23,854,639</u>	<u>\$ 22,679,055</u>	<u>\$ 21,445,138</u>	<u>\$ 18,839,755</u>	<u>\$ 19,458,946</u>
\$ -	\$ 190,015	\$ -	\$ -	\$ -	\$ -
137,100	125,000	115,400	97,400	54,400	31,400
685,451	700,298	696,419	692,639	4,986,303	22,701,947
-	-	-	-	-	257,062
-	(190,015)	-	-	-	-
<u>\$ 822,551</u>	<u>\$ 825,298</u>	<u>\$ 811,819</u>	<u>\$ 790,039</u>	<u>\$ 5,040,703</u>	<u>\$ 22,990,409</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2023	2022	2021	2020
REVENUES				
General property taxes	\$ 49,008,016	\$ 46,905,877	\$ 44,376,967	\$ 41,363,050
Other local taxes	21,072,100	19,966,412	13,433,651	11,647,256
Permits, privilege fees, and regulatory licenses	440,967	516,829	440,781	458,428
Fines and forfeitures	65,227	49,245	44,321	59,632
Revenue from the use of money and property	2,066,716	236,268	169,672	371,220
Charges for services	1,193,882	1,024,110	937,001	897,667
Miscellaneous	879,799	571,395	311,546	320,238
Recovered costs	695,418	584,285	445,385	571,175
Intergovernmental revenues:				
Commonwealth	13,933,419	11,072,783	11,448,662	10,716,317
Federal	6,435,078	6,145,372	8,888,359	3,361,430
Total revenues	\$ 95,790,622	\$ 87,072,576	\$ 80,496,345	\$ 69,766,413
EXPENDITURES				
Current:				
General government administration	\$ 7,750,726	\$ 7,254,309	\$ 6,661,798	\$ 6,696,148
Judicial administration	2,274,390	2,140,393	2,157,099	2,058,268
Public safety	21,289,695	17,930,731	17,449,969	15,476,843
Public works	2,972,274	2,709,399	2,538,458	2,551,198
Health and welfare	7,090,702	6,097,620	7,043,663	6,505,660
Education	29,548,069	27,475,526	29,061,269	27,314,420
Parks, recreation, and cultural	2,472,008	4,288,529	2,247,145	2,297,096
Community development	1,751,720	3,385,817	2,756,934	1,158,443
Nondepartmental	370,562	322,306	397,135	317,181
Capital projects	22,026,341	10,388,980	2,785,727	2,607,292
Debt service:				
Principal retirement	3,588,697	7,780,122	2,950,217	2,922,931
Interest and other fiscal charges	1,233,498	1,110,969	1,280,108	1,249,376
Principal retirement-School	137,965	99,163	-	-
Interest and other fiscal charges-School	1,006,189	305,722	-	-
Total expenditures	\$ 103,512,836	\$ 91,289,586	\$ 77,329,522	\$ 71,154,856
Excess (deficiency) of revenues over (under) expenditures	\$ (7,722,214)	\$ (4,217,010)	\$ 3,166,823	\$ (1,388,443)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 10,137,777	\$ 9,143,269	\$ 6,825,951	\$ 7,339,499
Transfers out	(10,137,777)	(9,143,269)	(6,837,218)	(7,339,499)
Issuance of general obligation bonds	-	32,425,000	10,205,000	-
Bond premium issuance	-	2,724,064	699,884	-
Issuance of capital leases	-	2,696,361	-	-
Issuance of loan	-	4,672,451	-	-
Issuance of subscription liability	464,148	-	-	-
Insurance recovery	-	-	-	-
Refunding of lease revenue bonds	-	-	(5,192,000)	-
Total other financing sources (uses)	\$ 464,148	\$ 42,517,876	\$ 5,701,617	\$ -
Net change in fund balances	\$ (7,258,066)	\$ 38,300,866	\$ 8,868,440	\$ (1,388,443)
Fund balances - beginning	70,386,569	32,085,703	23,217,263	24,605,706
Fund balances - ending	\$ 63,128,503	\$ 70,386,569	\$ 32,085,703	\$ 23,217,263
Debt Service as a percentage of noncapital expenditures	7.18%	11.75%	5.71%	6.08%

N/A - This information was unavailable.

Table 4

2019	2018	2017	2016	2015	2014
\$ 41,213,749	\$ 40,429,513	\$ 39,605,567	\$ 38,899,618	\$ 37,944,859	\$ 37,996,998
11,114,496	10,564,570	10,168,207	9,626,774	9,139,757	8,875,489
459,062	438,668	591,346	361,437	379,645	352,330
97,257	118,878	85,667	94,470	68,265	80,625
484,500	356,250	202,694	154,286	174,416	182,207
1,119,975	1,090,353	1,048,851	981,125	818,947	754,006
396,215	321,874	432,749	670,380	438,304	579,009
222,897	434,664	413,302	362,494	378,821	409,810
10,734,135	10,781,075	10,822,673	11,074,903	11,800,473	11,034,381
2,839,871	3,279,385	3,134,341	2,444,316	2,863,199	2,681,235
\$ 68,682,157	\$ 67,815,230	\$ 66,505,397	\$ 64,669,803	\$ 64,006,686	\$ 62,946,090
\$ 6,388,524	\$ 5,963,044	\$ 5,725,817	\$ 5,559,742	\$ 5,506,522	\$ 5,418,618
2,067,608	1,864,417	1,659,363	1,776,474	1,720,444	1,812,592
14,944,726	13,715,518	13,267,144	12,431,841	12,260,636	11,609,450
2,343,097	2,157,205	2,066,222	2,203,795	2,156,828	2,172,118
6,259,573	5,541,116	5,465,381	5,064,135	5,427,503	5,197,208
26,337,674	24,850,100	24,202,067	22,873,774	23,055,992	22,839,193
2,416,749	2,323,548	2,342,983	2,180,280	2,139,478	2,117,069
1,108,132	1,134,167	1,034,146	1,040,427	972,068	1,034,876
290,585	285,585	300,585	300,585	353,497	365,585
2,111,755	2,682,620	3,693,480	6,548,321	22,500,605	14,208,476
3,053,318	4,097,070	4,186,313	10,276,799	3,437,958	2,886,672
1,434,647	1,581,253	1,751,399	2,110,911	2,293,936	1,653,660
-	-	-	-	72,317	69,529
-	-	-	-	4,041	8,255
\$ 68,756,388	\$ 66,195,643	\$ 65,694,900	\$ 72,367,084	\$ 81,901,825	\$ 71,393,301
\$ (74,231)	\$ 1,619,587	\$ 810,497	\$ (7,697,281)	\$ (17,895,139)	\$ (8,447,211)
\$ 7,532,333	\$ 8,279,537	\$ 8,369,496	\$ 7,729,031	\$ 9,188,198	\$ 8,000,299
(7,532,333)	(8,710,061)	(8,945,022)	(8,402,031)	(9,861,956)	(8,674,057)
-	-	-	-	-	15,845,000
-	-	-	-	-	1,161,015
-	-	1,020,726	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	2,724,934
-	-	-	6,725,000	-	-
\$ -	\$ (430,524)	\$ 445,200	\$ 6,052,000	\$ (673,758)	\$ 19,057,191
\$ (74,231)	\$ 1,189,063	\$ 1,255,697	\$ (1,645,281)	\$ (18,568,897)	\$ 10,609,980
24,679,937	23,490,874	22,235,177	23,880,458	42,449,355	31,839,375
\$ 24,605,706	\$ 24,679,937	\$ 23,490,874	\$ 22,235,177	\$ 23,880,458	\$ 42,449,355
6.67%	8.78%	9.30%	18.66%	9.20%	7.94%

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2023		2014	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Riverbend Apartments LP	\$ 24,988,240	0.42 %	\$	%
Evergreen Development Co. LLC	18,844,810	0.32	27,426,700	0.65
Wal-Mart Real Estate Business Trust	17,548,840	0.29	13,599,900	0.32
York River Crossing Shopping Center LLC	14,847,640	0.25	12,728,400	0.30
Fox Centre Two LLC	11,408,450	0.19		
Horn Harbor Nursing Home Inc.	10,436,690	0.17	7,188,600	0.17
Newport News General Nonsectarian Hospital Assoc	9,487,160	0.16		
Welltower OM Group LLC	9,187,360	0.15		
IVQ Gloucester Propco LLC	8,881,630	0.15		
Lowes Home Centers Inc	8,100,190	0.14	8,446,000	0.20
E. Clairborne Robins, Jr.			5,415,400	0.13
Gloucester Medical Arts I, LLC			8,181,200	0.20
Nam Duc Vu & Hoa Anh Tran			6,323,900	0.15
The Industrial Development Assoc of Gloucester			5,378,300	0.13
Thousand Trails, Inc.	-		5,522,100	0.13
	\$ <u>133,731,010</u>	<u>2.24 %</u>	\$ <u>100,210,500</u>	<u>2.38 %</u>

Source: Gloucester County Commissioner of Revenue

Real Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	27,043,283	(16,966)	27,026,317	26,277,315	97.17%	741,131	27,018,446	99.97%
2015	27,615,708	(3,530)	27,612,178	26,880,696	97.34%	722,555	27,603,251	99.97%
2016	28,574,808	(3,508)	28,571,300	27,850,881	97.47%	711,193	28,562,074	99.97%
2017	29,192,667	(6,599)	29,186,068	28,438,565	97.42%	735,083	29,173,648	99.96%
2018	29,569,340	(8,399)	29,560,941	28,880,722	97.67%	658,763	29,539,485	99.93%
2019	29,892,524	(13,995)	29,878,529	29,203,018	97.69%	646,367	29,849,385	99.90%
2020	30,923,858	40,968	30,964,826	29,610,532	95.75%	1,315,777	30,926,309	99.88%
2021	31,971,959	(5,233)	31,966,726	30,936,937	96.76%	923,744	31,860,681	99.67%
2022	32,849,238	41,136	32,890,374	31,942,553	97.24%	675,798	32,618,351	99.17%
2023	33,753,137	0	33,753,137	32,832,452	97.27%	-	32,832,452	97.27%

Source: Gloucester County Treasurer

Personal Property Tax Levies and Collections
Last Six Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
				Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2018	9,324,902	(43,084)	9,281,818	8,299,389	89.00%	881,677	9,181,066	98.91%
2019	9,764,849	(41,440)	9,723,409	8,759,851	89.71%	841,682	9,601,533	98.75%
2020	10,282,459	(45,474)	10,236,985	9,053,909	88.05%	1,023,488	10,077,397	98.44%
2021	10,864,302	472,618	11,336,920	9,336,139	85.93%	1,738,101	11,074,240	97.68%
2022	11,880,542	167,265	12,047,807	10,352,178	87.14%	1,170,773	11,522,951	95.64%
2023	14,025,457	-	14,025,457	11,896,240	84.82%	-	11,896,240	84.82%

Source: Gloucester County Treasurer

Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years
(in thousands of dollars)

Calendar Year Ended	Residential Property	Commercial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value (1)	Tax Exempt Property
2014	3,799,377	437,932	4,237,310	0.65	4,077,473	322,225
2015	3,765,494	444,104	4,209,598	0.68	4,317,094	373,475
2016	3,797,973	443,944	4,241,916	0.695	4,332,465	358,584
2017	3,832,436	450,593	4,283,030	0.695	4,481,563	379,400
2018	3,788,637	559,903	4,348,540	0.695	4,681,891	385,986
2019	3,828,993	560,855	4,389,849	0.695	4,840,500	392,341
2020	4,062,592	602,707	4,665,299	0.695	5,210,878	404,067
2021	4,103,424	604,513	4,707,937	0.695	5,963,944 (2)	420,014
2022	4,152,262	609,633	4,761,895	0.725		420,362
2023	5,264,271	701,687	5,965,958	0.583		455,734

Source: Gloucester County Commissioner of Revenue

(1) - The Estimated Actual Taxable Value is the Total Taxable Assessed Value multiplied by the median Assessment Sales Ratio published by the Virginia Department of Taxation. The Assessment Sales Ratio is based on calendar year sales, and therefore is not available for the most recent two years.

(2) - Assessment Sales Ratio updated

Assessed Value of Taxable Property Other than Real Property
Last Ten Calendar Years

Calendar Year Ended	Personal Property (1)	Machinery & Tools (1)	Boats (1)	Public Service (2)	Total
2014	385,658,488	10,197,427	43,689,419	155,392,600	594,937,934
2015	385,720,050	10,298,798	41,513,977	158,444,423	595,977,248
2016	399,860,453	8,258,417	42,504,814	137,719,792	588,343,476
2017	401,812,412	8,221,958	43,339,570	139,424,060	592,798,000
2018	416,210,705	9,127,041	49,670,200	141,956,353	616,964,299
2019	443,372,502	9,117,208	55,722,634	149,841,016	658,053,360
2020	445,235,880	9,064,563	60,402,549	147,537,741	662,240,733
2021	488,259,928	9,107,240	70,906,165	150,900,067	719,173,400
2022	663,223,574	8,958,870	78,745,830	140,116,067	891,044,341
2023	616,206,080	10,250,770	77,763,015	131,953,958	836,173,823

(1) Source: Gloucester County Commissioner of Revenue

(2) Property assessments performed by the State Corporation Commission and includes real estate

Note -BOS eliminated the Boat Tax, effective calendar year 2015

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Notes Payable	General Obligation Bonds	Revenue Bonds			
2014	38,548,607	1,220,324	12,467,831	-	19,392,087	71,628,849	4.47%	1,924.21
2015	36,773,293	970,324	10,877,408	-	17,174,277	65,795,302	3.94%	1,774.80
2016	34,798,831	720,324	9,444,609	-	15,060,214	60,023,978	3.46%	1,623.02
2017	32,755,003	470,324	8,467,388	-	12,625,476	54,318,191	3.02%	1,461.38
2018	30,741,581	220,324	6,528,278	-	10,065,738	47,555,921	2.61%	1,278.59
2019	28,373,341	-	5,958,063	-	7,402,000	41,733,404	2.19%	1,125.19
2020	25,925,013	-	5,377,998	-	6,688,000	37,991,011	1.87%	981.40
2021	28,971,215	-	4,989,000	-	5,980,000	39,940,215	1.83%	1,031.22
2022	58,640,375	-	4,905,000	-	4,620,000	68,165,375	3.00%	1,756.88
2023	55,161,128	-	4,355,000	-	4,030,000	63,546,128	N/A*	N/A*

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

*Information not available at the time of completion.

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds			Per Capita(1)	Percentage of Actual Taxable Value of Property (2)
	Governmental Activities	Business- type Activities	Total		
2013	22,804,937	-	22,804,937	612.51	0.54%
2014	38,548,607	-	38,548,607	1,035.56	0.91%
2015	36,773,293	-	36,773,293	991.94	0.87%
2016	34,798,831	-	34,798,831	940.94	0.82%
2017	32,755,003	-	32,755,003	881.25	0.76%
2018	30,741,581	-	30,741,581	826.52	0.71%
2019	28,373,341	-	28,373,341	764.99	0.65%
2020	25,925,013	-	25,925,013	669.71	0.56%
2021	28,971,215	-	28,971,215	748.01	0.62%
2022	58,640,375	-	58,640,375	1,511.39	1.23%
2023	55,161,128	-	55,161,128	N/A*	0.92%

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

(1) Population data can be found in Table 13 (2023 population figure not available at this time)

(2) See Table 6 for property value data

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year			Less:	Net		Debt Service		Coverage			
	Utilities Revenue		Operating Expenses	Available Revenue	Principal	Interest					
2014	\$	4,193,272	\$	2,550,179	\$	1,643,093	\$	1,987,000	\$	793,760	0.59
2015		4,135,611		2,324,954		1,810,657		2,043,000		729,787	0.65
2016		4,161,870		2,318,445		1,843,425		1,980,000		766,538	0.67
2017		4,310,610		2,381,453		1,929,157		2,257,000		431,533	0.72
2018		4,179,603		2,289,258		1,890,345		2,382,000		309,767	0.70
2019		4,087,832		2,982,716		1,105,116		2,486,000		66,148	0.43
2020		4,108,581		3,054,406		1,054,175		714,000		173,022	1.19
2021		4,277,368		3,544,707		732,661		708,000		155,445	0.85
2022		4,201,269		3,616,025		585,244		536,445 *		70,148	0.96
2023		4,617,262		3,966,696		650,566		766,489		16,214	0.83

**This figure reflects the final principal payment on the 2016 Water and Sewer bond, which was refunded in FY2022. Reduction in principal related to the refunding is not reflected on this schedule.*

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses above exclude interest, depreciation and amortization of loan costs.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	School Enrollment (4)
2013	37,232	1,554,405	41,826	5.1	5,469
2014	37,225	1,602,569	42,684	4.7	5,447
2015	37,072	1,668,607	44,309	4.0	5,354
2016	36,983	1,736,968	45,865	3.6	5,383
2017	37,169	1,795,660	46,998	3.3	5,319
2018	37,194	1,818,627	47,364	2.7	5,270
2019	37,090	1,904,299	49,305	2.5	5,186
2020	38,711	2,027,634	52,410	5.4	5,109
2021	38,731	2,185,664	55,944	3.4	4,874
2022	38,799	2,270,781	57,498	2.7	4,852

Sources:

- (1) Weldon Cooper Center for Public Service at the University of Virginia
- (2) Bureau of Economic Analysis (Revised Estimates as of November 16, 2022)
- (3) Virginia Employment Commission
- (4) Gloucester County Schools FY23 Budget Exective Summary

Principal Employers

Current Year and Nine Years Ago

Employer	2023		2014	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Riverside Regional Medical Center	500 - 999	5.2% - 10.4%	500 - 999	5.0% - 9.9%
Gloucester County Public Schools	500 - 999	5.2% - 10.4%	1,000+	More than 10%
Wal Mart	250 - 499	2.6% - 5.2%	250 - 499	2.5% - 4.9%
County of Gloucester	250 - 499	2.6% - 5.2%	250 - 499	2.5% - 4.9%
Virginia Institute of Marine Science	250 - 499	2.6% - 5.2%	250 - 499	2.5% - 4.9%
Home Depot	100 - 249	1.0% - 2.6%	100 - 249	2.5% - 4.9%
Rappahannock Community College	100 - 249	1.0% - 2.6%	100 - 249	2.5% - 4.9%
Lowes' Home Centers, Inc.	100 - 249	1.0% - 2.6%	100 - 249	1.0% - 2.4%
Canon Environmental Technologies, Inc.	100 - 249	1.0% - 2.6%		
Miller's Services	100 - 249	1.0% - 2.6%		
York Convalescent Center			100 - 249	1.0% - 2.4%
Food Lion			100 - 249	1.0% - 2.4%
Industrial Resources Technologies			100 - 249	1.0% - 2.4%

Sources:

*Virginia Employment Commission**Gloucester County Economic Development*

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Budgeted Full-time Equivalent County Government Employees by Function
Last Ten Fiscal Years

	Full-time Equivalent Employees as of June 30									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
General Government Administration										
Board of Supervisors	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Administration	5.0	5.5	5.0	5.0	5.0	5.0	4.5	5.0	7.0	6.0
County Attorney	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Resources	6.0	6.0	6.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5
Commission of Revenue	8.6	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Real Estate Assessment	5.6	5.5	5.5	5.5	5.0	5.0	5.5	6.5	6.5	6.5
Treasurer	8.0	8.0	8.0	8.0	8.5	8.5	9.0	9.0	9.0	9.0
Financial Services	6.0	6.0	6.0	5.5	5.0	5.0	5.0	6.0	5.0	5.0
Information Technology	8.0	8.0	8.0	8.0	8.5	8.5	9.0	9.0	8.0	9.0
GIS (included with IT until 2012)	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5	3.5	3.5
Central Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Registrar	3.2	3.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Judicial Administration										
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of Circuit Court	8.0	7.5	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Victim Witness	2.5	2.5	2.0	2.5	2.5	2.5	2.5	2.0	1.5	1.5
Commonwealth Attorney	9.0	9.0	9.0	9.0	9.0	8.0	7.5	7.5	7.5	7.5
Public Safety										
Sheriff	67.4	67.5	67.0	67.0	65.0	65.0	65.0	64.0	64.0	61.5
E-911 (Combined w/Sheriff 2014)	-	-	-	-	-	-	-	-	-	-
Jail (included w/Sheriff until 2006)	33.6	33.5	33.5	33.5	33.5	33.5	33.0	36.5	38.5	37.5
Probation/Pretrial	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Codes	-	-	-	-	-	-	-	-	-	-
Building Inspections	7.6	7.5	7.5	7.5	7.5	7.5	8.0	8.0	7.0	6.0
Environmental Programs	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.0	4.0	4.0
Animal Control	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0
Emergency Services	2.6	2.5	2.5	2.5	3.0	3.0	3.0	2.0	2.0	1.5
Public Works										
Engineering	3.0	3.0	3.0	3.0	3.0	3.0	3.5	4.0	4.0	4.0
Facilities Management	24.5	24.5	24.5	24.5	26.0	26.0	27.0	28.0	28.0	28.5
Education										
Community Engagement	8.5	8.5	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5
Cable Services	-	-	-	-	-	-	-	-	-	-
Parks, Recreation & Cultural										
Parks & Recreation	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	8.5	8.5
Park Operations	8.0	7.0	7.0	7.0	6.5	6.5	6.5	6.0	3.0	3.0
Historical (combined w/Tourism 2014)	-	-	-	-	-	-	-	-	0.5	0.5
Library	11.6	11.0	11.5	11.5	12.0	12.0	12.0	12.0	12.5	12.5
Community Development										
Planning & Zoning	8.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Clean Community	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Tourism	2.6	2.5	2.5	2.0	2.0	1.5	1.5	1.5	1.0	1.0
VA Cooperative Extension	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utilities	28.0	27.0	29.0	28.0	26.5	24.5	23.5	24.5	26.0	26.0
TOTAL	316.3	310.5	310.5	308.5	305.5	302.0	303.0	307.0	312.0	307.5

Source: Gloucester County Human Resources Department

Represents budgeted FTEs for the fiscal year

Note: Work as Required employees are not included.

COUNTY OF GLOUCESTER, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

	2023	2022	2021	2020
Sheriff's Department (1)				
Reports taken	N/A	38,406	38,156	41,705
Civil processed record workload	N/A	24,323	24,836	19,211
Circuit court days	N/A	191	187	183
General district court days	N/A	107	110	126
Juvenile and domestic court days	N/A	208	226	166
Inmate average daily population	N/A	34	34	30
Parks, Recreation & Tourism (2)				
Number of Participants	3,226	3,488	1,823	2,058
Library (3)				
Material circulated	136,925	126,281	85,799	109,934
Library patrons	33,209	87,996	40,569	39,727
Water system (4)				
Number of customers	5,190	5,130	5,040	4,962
Average daily consumption	858,759	922,775	895,704	840,743
Annual consumption in gallons	313,447,000	336,813,915	326,932,108	307,712,000

Sources:

(1) Gloucester County Sheriff's Department (Information compiled each calendar year)

(2) Gloucester County Parks, Recreation & Tourism Department

(3) Gloucester County Library

(4) Gloucester County Public Utilities

N/A - This information was not available as of the date of this report

Table 16

2019	2018	2017	2016	2015	2014	2013
46,723	47,286	48,601	45,020	43,584	39,350	38,808
27,980	29,017	33,240	31,737	30,530	30,757	42,873
176	182	172	210	207	196	175
118	113	107	104	109	113	116
263	240	250	252	234	240	237
37	41	31	43	45	79	86
4,980	5,008	4,567	4,772	4,489	3,957	3,920
169,129	140,825	197,281	183,566	172,769	169,016	179,320
38,441	36,706	35,089	37,185	35,396	33,256	29,295
4,936	4,890	4,835	4,728	4,629	4,629	4,588
822,452	869,742	863,441	834,800	838,400	827,000	809,000
300,195,000	317,456,000	315,156,000	304,700,000	306,030,000	301,865,000	295,456,000

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High Volume Users of Water and Sewer System
Current Year and Nine Years Ago

Customer name	2023		2014		2014		2014	
	Average Water Usage Monthly	Average Sewer Usage Daily	Average Water Usage Monthly	Average Sewer Usage Daily	Average Water Usage Monthly	Average Sewer Usage Daily	Average Water Usage Monthly	Average Sewer Usage* Daily
Franklin Management-Woodsville MHP	486,000	16,200						
Walter Reed Conv Center	443,000	14,767	443,000	14,767				
TWAS-Car Wash	356,000	11,867	356,000	11,867				
York River MHP	292,000	9,733	252,000	8,400	149,000	4,967		
Riverside Health System-Medical Drive	286,000	9,533						
Riverbend Apartments	260,000	8,667						
VIMS-MRL	259,000	8,634			493,000	16,433		
York River Yacht Haven	252,000	8,367			365,000	12,167		
VIMS-SRL	251,000	8,367			589,000	19,633		
RAI Care Center	234,000	78,000	234,000	7,800				
IRT			198,000	6,600				
Gloucester House			165,000	5,500				
Cookout			148,000	4,933				
U DO IT Laundry			142,000	4,733				
York River Yacht Haven/BHD LLC			139,000	4,633				
Gloucester High School			135,000	4,500				
Franklin Management Wicomico MHP								
Hayes Shopping Court								
Riverside Walter Reed Hospital					430,000	14,333		
Thalhimer								
VIMS-Chesapeake Bay Hall					237,000	7,900		
VIMS-Watermens Hall					190,000	6,333		
Wal-Mart					155,000	5,167		
Riverside Wellness Center					149,000	4,967		
Colonial Point Apartments								
Gloucester County Jail					153,000	5,100		

Source: Gloucester County Utility Department

Units = gallons

*Information not available at the time of completion.

COUNTY OF GLOUCESTER, VIRGINIA

Capital Asset Statistics by Function/Program Last Ten Fiscal Years

	2023	2022	2021	2020
Sheriff's Department (1)				
Stations	1	1	1	1
Patrol Units	35	35	41	41
Jail	1	1	1	1
Mobile Command Center	1	1	1	1
Volunteer Fire and Rescue (2)				
Stations	6	6	6	6
Parks and recreation (3)				
Number of parks maintained	8	8	8	7
Park acreage owned by the County	221	221	221	220
Park acreage leased	44	44	44	44
Library (4)				
Number of libraries	2	2	2	2
Number of bookmobiles	1	1	1	1
Water system (5)				
Treatment capacity per day in gallons	4,000,000	4,000,000	4,000,000	4,000,000

Sources:

- (1) Gloucester County Sheriff's Office
- (2) Gloucester County Department of Emergency Services
- (3) Gloucester County Department of Parks, Recreation & Tourism
- (4) Gloucester County Library
- (5) Gloucester County Public Utilities

Table 18

2019	2018	2017	2016	2015	2014	2013
1	1	1	1	1	1	1
41	32	32	31	33	33	33
1	1	1	1	1	1	1
1	1	1	1	1	1	1
6	6	6	6	6	6	6
7	7	8	8	8	8	8
220	220	221	221	221	221	221
44	44	44	44	44	44	44
2	2	2	2	2	2	2
1	1	1	1	1	1	1
4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Utility Monthly Service Rates
Last Six Fiscal Years

Monthly Rates for Water Service	FY23	FY22	FY21	FY20	FY19	FY18
Monthly nonuser service charge	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
First 2,000 gallons	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
Next 6,000 gallons, per 1,000 gallons	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Over 8,000 gallons, per 1,000 gallons	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40

Monthly Rates for Sewer Service	FY23	FY22	FY21	FY20	FY19	FY18
Monthly nonuser service charge	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
First 2,000 gallons or less	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
Next 2,000 gallons, per 1,000 gallons	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Next 4,000 gallons, per 1,000 gallons	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68
Next 3,000 gallons, per 1,000 gallons	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38
Next 64,000 gallons, per 1,000 gallons	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18
Next 15,000 gallons, per 1,000 gallons	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82
Over 90,000 gallons, per 1,000 gallons	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27

Source: Gloucester County Utility Department

COMPLIANCE SECTION

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**Independent Auditors' 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 Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, Virginia

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise County of Gloucester, Virginia's basic financial statements, and have issued our report thereon dated November 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered County of Gloucester, 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 Gloucester, Virginia's internal control. Accordingly, we do not express an opinion on the effectiveness of County of Gloucester, 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether County of Gloucester, 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.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 28, 2023



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control over Compliance Required by the Uniform Guidance**

**To the Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Gloucester, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Gloucester, Virginia's major federal programs for the year ended June 30, 2023. County of Gloucester, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Gloucester, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of County of Gloucester, 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 Gloucester, 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 Gloucester, Virginia's federal programs.

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

Report on Internal Control over Compliance (Continued)

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.

Robinson, Farnum, Cox Associates

Richmond, Virginia
November 28, 2023

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
Title VI-E Prevention Program	93.472	1140122/1140123	\$ 6,223
Guardianship Assistance	93.090	1110122/1110123	159
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950122/0950123	22,168
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500122/0500123	873
Low-Income Home Energy Assistance	93.568	0600422/0600423	42,115
Temporary Assistance for Needy Families (TANF)	93.558	0400122/0400123	226,898
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760122/0760123	52,876
Chafee Education and Training Vouchers Program (ETV)	93.599	9162122/9162123	1,500
Adoption and Legal Guardianship Incentive Payments	93.603	1120122/1120123	285
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900122/0900123	279
Foster Care - Title IV-E	93.658	1100122/1100123	255,605
Adoption Assistance	93.659	1120122/1120123	436,990
Social Services Block Grant	93.667	1000122/1000123	256,156
Chafee Foster Care Independence Program	93.674	9150122-9150123	2,999
Elder Abuse Prevention Interventions Program	93.747	8000221/8000222	1,810
Children's Health Insurance Program	93.767	0540122/0540123	3,213
Medicaid Cluster:			
Medical Assistance Program	93.778	1200122/1200123	386,197
Total Department of Health and Human Services			\$ 1,696,346
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
Pandemic EBT Administrative Costs	10.649	1790100-86556	\$ 3,135
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	202020N85034 1	\$ 20,586
School Breakfast Program	10.553	1790100-40591	590,671
Department of Agriculture:			
Food Distribution--School	10.555	not available	258,941
Department of Education:			
National School Lunch Program	10.555	1790100-40623	1,369,846
COVID-19 - National School Lunch Program	10.555	1790100-40623	126,291
		Total 10.555	\$ 1,755,078
	Total Child Nutrition Cluster		\$ 2,366,335
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010122/0040122	\$ 750,634
Total Department of Agriculture			\$ 3,120,104

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 3,535
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	1,033
Asset Forfeiture Proceeds	16.000	N/A	15,987
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	390002-CJS86018	\$ 73,298
Violence Against Women Formula Grants	16.588	390002-CJS48035	41,021
Total Department of Justice			\$ 134,874
Department of Homeland Security:			
Direct payments:			
Flood Mitigation Assistance	97.029	N/A	\$ 19,129
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	775001-114363	\$ 13,644
Hazard Mitigation Grant	97.039	7760200	626
Total Department of Homeland Security			\$ 33,399
Department of Treasury			
Direct payments:			
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	\$ 30,000
Pass Through Payments:			
Department of Accounts			
COVID-19 Coronavirus State and Local Fiscal Recovery Fund	21.027	not available	3,411,438
Total Department of Treasury			\$ 3,441,438
Department of Transportation:			
Pass Through Payments:			
Department of Transportation:			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	603002-103579	\$ 595,937
Department of Motor Vehicles:			
Highway Safety Cluster:			
State and Community Highway Safety	20.600	6050700-53454	35,304
Total Department of Transportation			\$ 631,241
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 126,053
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 97,302
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	736,506
Special Education Cluster:			
Special Education - Grants to States	84.027	1790100-43071-61234	1,367,002
COVID-19 - Special Education - Grants to States	84.027	1790100-43071-61234	127,940
		Total 84.027	1,494,942
Special Education - Preschool Grants	84.173	1790100-82521	36,943
		Total 84.173	36,943
Total Special Education Cluster			\$ 1,531,885

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (Continued)

Federal Grantor/State Pass - Through Grantor/ Drug enforcement funds (payment of seized asset funds)	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education: (Continued)			
Pass Through Payments: (Continued)			
Department of Education: (Continued)			
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	\$ 86,367
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	not available	13,682
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	not available	2,459,442
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	not available	819,996
		Total 84.425	<u>3,293,120</u>
Supporting Effective Instruction State Grants	84.367	1790100-61480	166,730
Student Support and Academic Enrichment Program	84.424	S424A170048	<u>44,131</u>
Total Department of Education - pass-through			\$ <u>5,956,041</u>
Total Department of Education			\$ <u>5,956,041</u>
Federal Communications Commission:			
Direct Payments:			
Emergency Connectivity Fund Program	32.009	N/A	\$ <u>11,654</u>
Total Expenditures of Federal Awards			\$ <u><u>15,151,150</u></u>

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GLOUCESTER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Accounting Policies

- (1) 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.
- (2) Pass-through entity identifying numbers are presented where available.

Note 3 - Food Donation

The value of federal awards expended in the form of noncash assistance for food commodities is reported in the schedule.

Note 4 - Relationship to Financial Statements

Federal expenditures, revenues and capital contributions are reported in the County's basic financial statements as follows:

Intergovernmental federal revenues per the basic financial statements:

Primary government:

General Fund	\$	352,786
Debt Service Fund		237,295
Special Revenue Funds:		
Virginia Public Assistance Fund		2,230,019
American Rescue Plan Act		2,938,161
CSA Fund		61,125
Capital Projects Funds:		
Capital Projects Fund		615,692
Total primary government	\$	<u>6,435,078</u>

Component Unit School Board:

School Operating Fund	\$	6,584,731
School Cafeteria Fund		2,394,452
Total component unit School Board	\$	<u>8,979,183</u>

Less: BABs federal interest rate subsidy	\$	(237,295)
Less: Head Start		(24,982)
Less: Payment in lieu of taxes		<u>(834)</u>

Total federal expenditures per basic financial statements	\$	<u>15,151,150</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u>15,151,150</u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

Noncompliance material to financial statements noted? yes ✓ no

Federal Awards

Internal control over major programs

Material weakness(es) identified? yes ✓ no

Significant deficiency(ies) identified? yes ✓ none reported

Type of auditors' report issued on compliance for major programs. unmodified

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
21.027	COVID-19 - Coronavirus State and Local Fiscal Recovery Fund
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.553/10.555/10.559	Child Nutrition Cluster
84.027/84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? ✓ yes no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

There were no prior year audit findings.