

**County of Gloucester, Virginia
Annual Comprehensive Financial Report
Fiscal Year Ended June 30, 2022**



INTRODUCTORY SECTION

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County of Gloucester, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2022

Prepared by:

Gloucester County

Fiscal Services Department

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COUNTY OF GLOUCESTER, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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COUNTY OF GLOUCESTER, VIRGINIA

Board of Supervisors

Robert J. Orth, Chair
Christopher A. Hutson, Vice-Chair

Kevin M. Smith
Phillip N. Bazzani

Kenneth W. Gibson

Michael Hedrick
Ashley C. Chriscoe

County School Board

Troy M. Andersen, Chair
Kellie L. Lockerby, Vice-Chair

Darren P. Post
George R. Burak

Robin Rice

Carlton L. Drew
Karen L. Espinoza

Board of Social Services

Corky Hogge, Chair
Debra Goodier, Vice-Chair

Mark Dutton
Harrison Dixon

Dr. Dan Warren

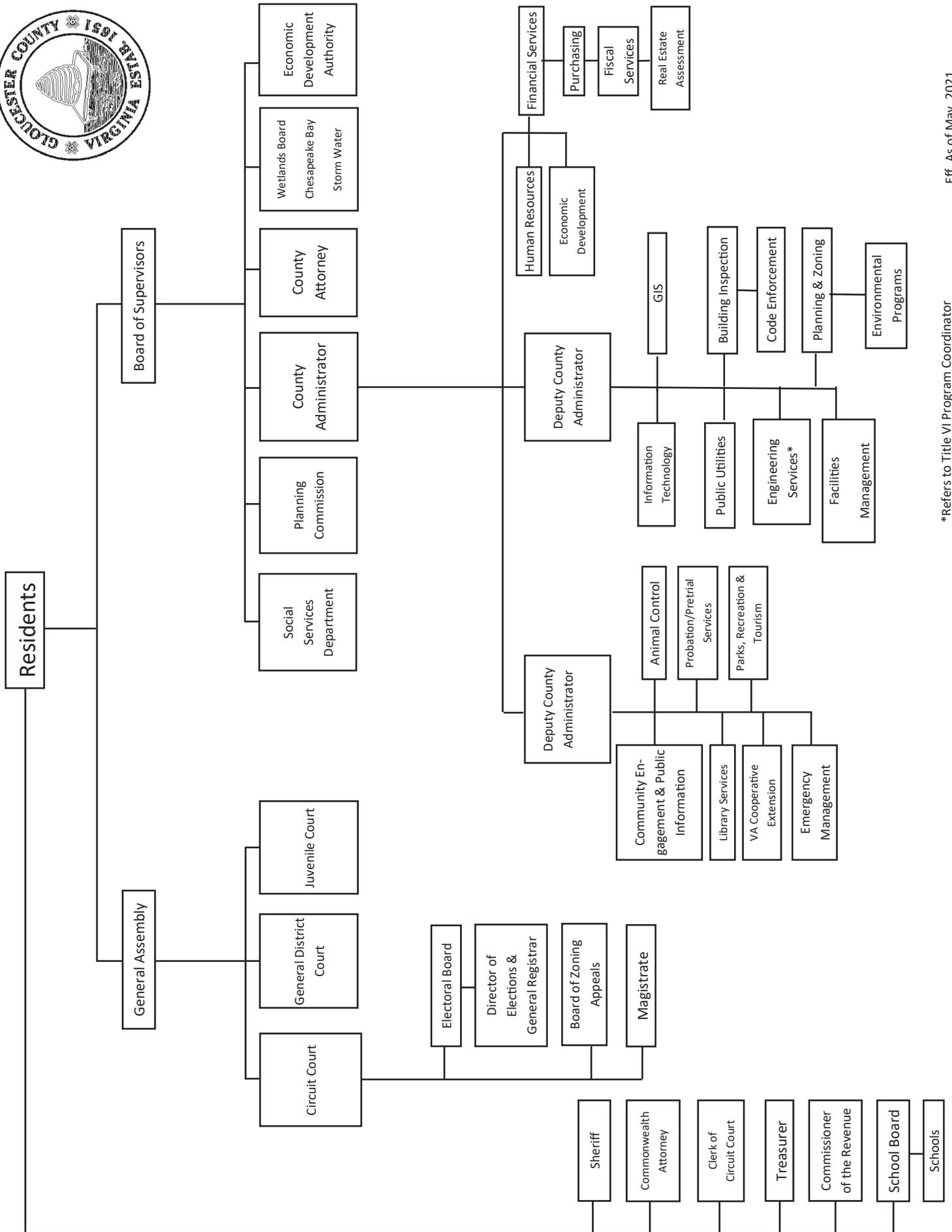
Phyllis Dixon
Doug Vaughan

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 Brian J. Smalls
Judge of the General District Court..... Honorable Stephanie M. Revere
Sheriff..... Darrell W. Warren
Superintendent of Schools..... Walter R. Clemons, Ph.D.
Director of Department of Social Services Lisa Kersey
County Attorney Edwin N. Wilmot

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Gloucester County Organizational Chart



*Refers to Title VI Program Coordinator

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For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2021

Christopher P. Morill

Executive Director/CEO

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



December 1, 2022

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, 2022, 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, 2022, 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, 2022, 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.

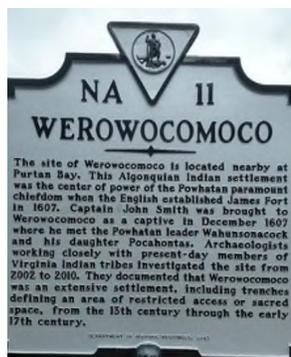
To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable 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 5,100 water accounts and 1,800 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

Fiscal Year 2022 was a year of recovery, where financial trends were stable and strong, unemployment rebounded, and life generally returned to normal. Historically low interest rates drove a home improvement and new construction boom throughout fiscal year 2022, which is evident in the results of the County Assessor's report of an overall value increase of all taxable real property of 1.199% as of January 1, 2022. The value increase is attributed to new development and construction that occurred in the County during calendar year 2021.

The most recent reassessment for the County was effective January 01, 2020, and the next reassessment is scheduled for completion on January 31, 2023. At present, the Assessor estimates the overall value increase for the County during 2022 calendar year to be in the neighborhood of 30 to 40%, due to reassessment. The reassessment covers the overall difference in market value for the 3-year time span 2020 through 2022 and should reflect a period of steady growth in real estate market values for the region.



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 19 new businesses, 146 new home-based businesses for the fiscal year. The number of new home-based businesses was relatively level. The focus of the Department of Economic Development returned to its primary responsibilities of business attraction and retention, following COVID-19 where the primary goal had shifted to solely

business retention. However, the Small Business Incentive Program continues to be a valuable lifeline in helping businesses with their expansions and marketing and advertising costs.



Furthermore, the department of Planning and Zoning is undertaking a comprehensive update to the County's Zoning Ordinance. This update will incorporate 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 has 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. The last comprehensive update of the Zoning Ordinance was done more than 20 years ago. We hope to bring the ordinance changes to public hearings in early spring of 2023. Details on the Zoning Ordinance Update can be found on the Planning and Zoning website at: <https://www.gloucesterva.info/1135/Zoning-Ordinance-Update>.

Not only does Gloucester County attract great entrepreneurial spirit, but also those who strive to achieve the highest excellence in business and service. The County was one of 212 localities that received the "Opportunity Zone" nomination by Governor Ralph Northam in 2018, which was later officially accepted by the U.S. Department of Treasury in 2019. This is an economic and community development tax incentive

program that provides an avenue for investors to support distressed communities and address areas of the Commonwealth that have experienced uneven economic growth and recovery. During Fiscal Year 2022, the first Opportunity Zone property, The Point Shoppes, was purchased and went through a tremendous renovation by the new owners. The opportunity zone designation provides investors with tax credits through December 2028. Gloucester's Economic Development Authority also operates the Small Business Incentive program, with support from the Gloucester County Board of Supervisors, which awarded a total of 55 grants to small businesses over the fiscal year.

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. One tenant, Chipotle Mexican Grill, is preparing to open in December 2022.

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.

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.

The Reserve at Gloucester Village – zoning approved for approximately 900 acre Planned Unit Development (PUD) with 1,142 residential units proposed. Site plans for Phase I (28 single-family detached and 95 townhome lots) and II (141 single-family detached and 71 townhome lots) are under review.

Ryan's Run - plans approved for development of a residential subdivision consisting of 11 proposed single-family homes, and road construction is now underway.

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. As of November 2022, the site is nearly completely built out.

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.

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 Phase IA and are under review for Phase I. Construction can start once decommissioning plans are approved.



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.

Swiss Legacy – 18-lot, single-family subdivision to be located adjacent to Beckwith Farms. Site development plans were approved in December of 2020.

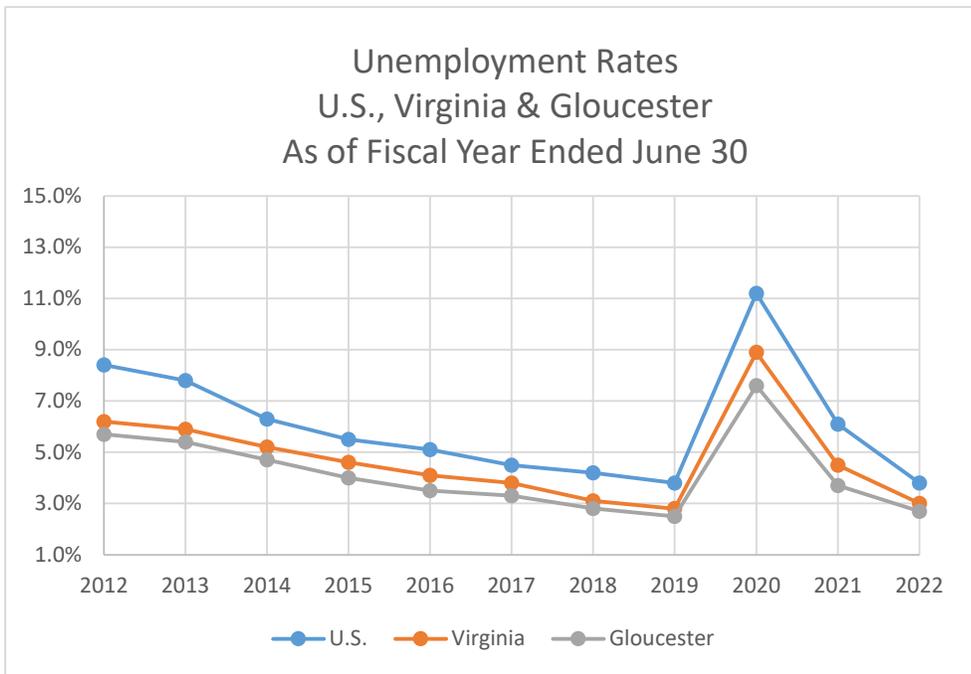
Pointer's Food Mart – Site plan for a gas station/convenience store at the intersection of 3/198 and US Route 17 was approved on February 23, 2022; it is now open for business.

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.

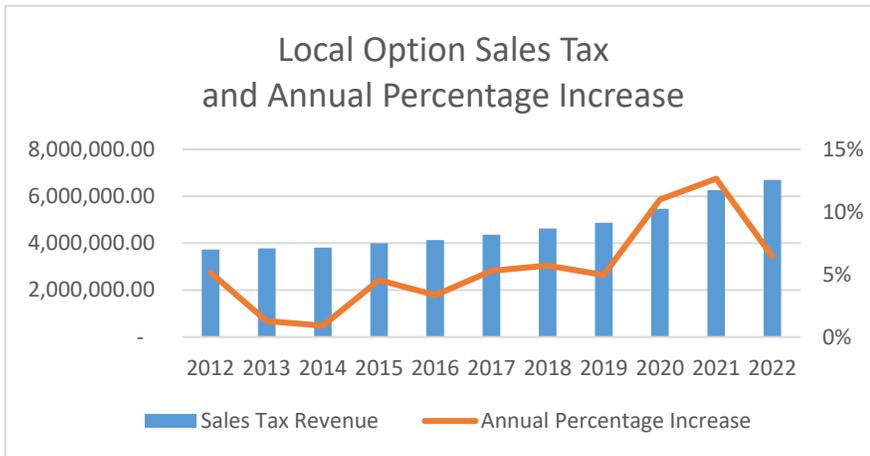
New Gloucester Restaurants – One new restaurant opened in FY2022. Franco's Pizza located at 7088 Hayes Shopping Ct. in the Hayes Shopping Center.

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 U.S. and Virginia trends throughout 2020 and 2021, the County saw a leap in unemployment. In 2022, as businesses reopened and the workforce adapted to a new normal, the County's unemployment rate continued its trend downward, decreasing 1% - from 3.7% in



June 2021 to 2.7% in June 2022 (Source: Virginia Employment Commission). Although Gloucester County's rate continues to compare favorably with Virginia at 3% and the United States at 3.8%, the gap of comparison has gotten smaller between the Commonwealth and the County, which indicates that the Commonwealth unemployment rate rebounded slightly quicker than Gloucester and Gloucester's rate trend has flattened.



The County continued to see a positive trend in local option sales tax, which increased 6% over fiscal year 2021. The increase is believed to be a combination of Virginia beginning to collect sales tax from remote sellers, such as internet sales, coupled with lingering pandemic spending habits. While the trend was positive, the percentage increase dropped to 6%, consistent with pre-pandemic levels.

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 FY2023-FY2027 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 2022, actual results are 6.9%. 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. Over the past seven fiscal years, the County maintained an actual Unassigned General Fund Balance level between 14% and 20%. 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. The County's strategic goals are to:

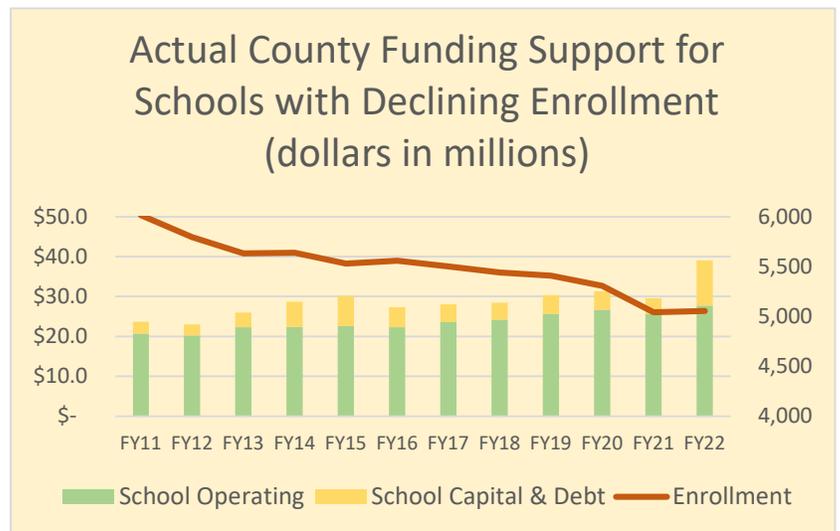
- Be a destination of choice for entrepreneurs looking for a qualified and stable workforce, affordable real estate, and a relaxed and fulfilling lifestyle;
- Provide the opportunity for all of its citizens to have a quality education;
- Have efficient and strategically placed roads, water, sewer, broadband, and natural gas that supports desired business growth and a high quality of life;
- Ensure that the needs of its citizens – children, adults, and the elderly – are met through a combination of government, commercial, and volunteer programs;
- Maintain the County's essential character as a rural county while offering diverse housing opportunities that include a range of multi-family and single-family homes that meet the needs of singles and families of all ages and incomes;
- Maintain uniqueness among its peers because of the abundance and diversity of its natural resources, including clean protected waterways, forested landscapes, wildlife, and the longest coastline in the Commonwealth; and
- Implement the leanest form of government to minimize impediments to economic development and take advantage of collaborative processes, shared services, and other cost-effective measures for the maximum benefit of its citizens.

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 FY2022, including the construction of ADA accessible sidewalks bridging the County office parking lots and Main Street, the completion of the Social Services building expansion, and many smaller projects.

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. During FY2022, the County continued its support for school capital projects, the largest of which included engineering and design for a major renovation of Gloucester High School and a new school transportation facility. Planning also continued for significant upcoming investments in various school construction projects. Total requests for the five-year CIP (FY23-FY27) totaled \$92.3 million (\$62.6M School projects + \$29.7M County projects). The major cost driver of the GCPS requests relates to anticipated construction costs of \$34.4M for the major renovation of Gloucester High School (GHS). The original structure, built in 1974, has undergone various expansions and miscellaneous renovations. Major school projects underway during fiscal year 2022 included the construction of a new transportation facility with a budget of \$8.2M as of the end of fiscal year 2022 and the construction of athletic fields at Page Middle School which were completed in fiscal year 2022 with a final cost of \$592,484. and other major heating and air, lighting, and playground replacements. Updates on major school capital improvement projects can be reviewed on the Gloucester County Public Schools website at <https://gloucestercountyva.sites.thrillshare.com/page/cip-projects>.



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 new funding source will relieve 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 2022, \$289,826 of school sales tax funds went towards debt service for school projects beginning in fiscal year 2021, which included preliminary engineering for the Gloucester High School renovation, 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:

Treasurer's Office



In November 2021, the Gloucester County Treasurer's office received its accreditation from the Treasurer's Association of Virginia (TAV). While it is not required for any treasurer's office to be accredited, receiving accreditation acknowledges that the office meets the statewide best practices for performance in treasury management. As part of the accreditation process, offices must successfully pass an outside audit with no findings of material weakness. The rigorous accreditation process also requires proof of continuing education such as attendance of an ethics course by the treasurer and educational requirements for all staff.

Accredited offices are required to have written policies in place addressing areas such as personnel, customer service and delinquent collections.

Schools

The Gloucester County Public Schools Educational Foundation announced the 2021-2022 teachers of the year. Shown in the photo to the right are: Savannah Campbell (Abingdon); Beth Bristow (Achilles); Sharon West (Bethel); Kati Cava (Botetourt); Kasi Sellars (Petsworth); Stephanie Nelson (Page); Amanda Smith (Peasley); and Jessica North and Hector Morales (GHS).



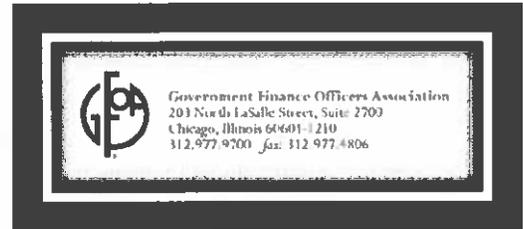
In May 2022, Dr. Walter Clemons was named "Virginia Region III Superintendent of the Year" and "Virginia Superintendent of the Year" for 2023. Dr. Clemons has been leading Gloucester County Public Schools as the Superintendent since 2014.

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, 2021. This was the twenty-sixth 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 FY2022 Adopted Budget Book. This was the sixth 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 Ms. Maria Calloway, our Fiscal Services Manager. 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,

A handwritten signature in black ink, appearing to read "Carol E. Steele", with a long horizontal flourish extending to the right.

Carol E. Steele
County Administrator

A handwritten signature in black ink, appearing to read "Cheryl J. Spivey", written in a cursive style.

Cheryl J. Spivey, CPA
Chief Financial Officer

FINANCIAL SECTION

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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, 2022, 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, 2022, 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 2022, the County adopted new accounting guidance, GASB Statement Nos. 87, *Leases*, and 92, *Omnibus*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 24 to the financial statements, in 2022, the County restated beginning balances to properly report beginning net position and fund balance. 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.

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, *Governmental 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, *Governmental 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 8, 2022, 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 8, 2022

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, 2022. 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 \$71.3 million, an increase of \$15.2 million over FY 2021. The Component Units closed the year with a deficit balance of \$(18.3) million, a deficit decrease of \$4.9 million compared to FY 2021.
- At June 30, 2022, the unrestricted net position of the Primary Government is \$27.9 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2022, the County's governmental funds reported combined ending fund balances of \$70.4 million, an increase of \$38.3 million from the prior year. Approximately 52 percent of this amount, or \$36.6 million, is restricted or non-spendable, most of which is related to the \$32.3 million of school bonds issued in FY22 and a new school sales tax that will be used to make the annual debt service payments on the majority of the new bonds.
- At June 30, 2022, the General Fund's unassigned fund balance was \$26.6 million. For FY2022, 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 increased by \$21.8 million from the prior year's balance of \$62.6 million to \$84.4 million at June 30, 2022, due primarily to the issuance of general obligation bonds issued for school projects.

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 38.

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 statement 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 42 and 43, 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 \$71.3 million at the close of the most recent year. A large portion of the County’s net position (\$43.1 million, approximately 60.5% 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 \$28.1 million or 39.5% 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:

Summary of Net Position
As of June 30, 2022 and 2021
(\$ in thousands)

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022	2021	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 107,476	\$ 66,080	\$ 5,939	\$ 5,547	\$ 113,415	\$ 71,628	\$ 14,026	\$ 10,169
Capital assets	57,093	45,252	23,666	24,331	80,759	69,583	43,912	48,102
Total assets	\$ 164,569	\$ 111,332	\$ 29,605	\$ 29,878	\$ 194,175	\$ 141,209	\$ 57,938	\$ 58,271
Pension related items	4,855	6,330	402	460	5,258	6,790	11,917	15,034
OPEB related items	1,897	2,132	65	59	1,962	2,192	1,277	1,357
Deferred charges on refunding	185	100	154	93	339	193	-	-
Total deferred outflows	\$ 6,937	\$ 8,563	\$ 621	\$ 612	\$ 7,559	\$ 9,175	\$ 13,194	\$ 16,391
Long-term debt outstanding	\$ 73,900	\$ 51,244	\$ 4,907	\$ 6,426	\$ 78,806	\$ 57,670	\$ 50,816	\$ 82,262
Other liabilities	14,820	11,795	1,139	953	15,959	12,748	10,301	9,376
Total liabilities	\$ 88,720	\$ 63,039	\$ 6,046	\$ 7,379	\$ 94,766	\$ 70,418	\$ 61,117	\$ 91,638
Deferred revenue -								
property taxes	\$ 23,901	\$ 22,685	\$ 24	\$ -	\$ 23,925	\$ 22,685	\$ -	\$ -
Lease related	66	-	71	-	137	-	-	-
Pension related items	9,095	12	660	1	9,755	12	24,831	4,023
OPEB related items	1,843	1,152	47	27	1,890	1,180	3,532	2,217
Total deferred inflows	34,905	23,848	802	28	35,707	23,876	28,363	6,240
Net position								
Net investment in capital assets	\$ 24,578	\$ 16,363	\$ 18,541	\$ 18,444	\$ 43,119	\$ 34,807	\$ 35,612	\$ 38,791
Net pension asset	-	-	-	-	-	-	-	-
Net OPEB asset	4	-	-	-	-	-	980	-
Unrestricted (deficit)	23,299	16,645	4,837	4,639	28,136	21,284	(54,940)	(62,006)
Total net position	\$ 47,881	\$ 33,008	\$ 23,378	\$ 23,083	\$ 71,259	\$ 56,091	\$ (18,347)	\$ (23,216)

The Primary Government's net position increased \$15.2 million from FY 2021. The Component Units closed the year with a deficit balance of \$18.3 million, a deficit decrease of \$4.9 million from FY 2021. The net deficit position as of June 30, 2022, is attributed to the School Board component unit's \$42.0 million net 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, 2022 and 2021									
(\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2022	2021	2022	2021	2022	2021	2022	2021	
Revenues:									
Program revenue:									
Charges for services	\$ 1,590	\$ 1,422	\$ 4,920	\$ 4,898	\$ 6,510	\$ 6,320	\$ 1,656	\$ 2,586	
Operating grants and contributions	12,731	15,436	-	-	12,731	15,436	43,634	38,566	
Capital grants and contributions	139	848	143	-	282	848	-	-	
General revenues:									
Property taxes	47,197	44,532	44	51	47,241	44,583	-	-	
Other taxes	19,966	13,434	-	-	19,966	13,434	-	-	
Unrestricted revenues	236	170	7	9	243	179	6	8	
Miscellaneous	571	312	-	-	571	312	938	377	
Grants and contributions	4,348	4,053	-	-	4,348	4,053	-	-	
Payment from County	-	-	-	-	-	-	25,413	28,517	
Transfers	-	(11)	-	11	-	-	-	-	
Total revenue	\$ 86,779	\$ 80,195	\$ 5,114	\$ 4,969	\$ 91,892	\$ 85,164	\$ 71,648	\$ 70,053	
Expenses:									
General government	\$ 7,342	\$ 7,279	\$ -	\$ -	\$ 7,342	\$ 7,279	\$ -	\$ -	
Judicial administration	2,247	2,426	-	-	2,247	2,426	-	-	
Public safety	17,995	19,872	-	-	17,995	19,872	-	-	
Public works	2,418	3,619	-	-	2,418	3,619	-	-	
Health and welfare	6,341	6,211	-	-	6,341	6,211	-	-	
Education	26,922	32,007	-	-	26,922	32,007	65,529	68,026	
Parks, recreation, and cultural	2,902	2,482	-	-	2,902	2,482	-	-	
Community development	4,498	3,920	-	-	4,498	3,920	1,250	2,343	
Interest on long-term debt	1,242	1,251	-	-	1,242	1,251	-	-	
Public Utilities	-	-	4,818	4,836	4,818	4,836	-	-	
Total expenses	\$ 71,906	\$ 79,068	\$ 4,818	\$ 4,836	\$ 76,724	\$ 83,903	\$ 66,779	\$ 70,369	
Change in net position, before transfers	\$ 14,873	\$ 1,127	\$ 296	\$ 134	\$ 15,169	\$ 1,261	\$ 4,868	\$ (316)	
Transfers	-	-	-	-	-	-	-	-	
Change in net position	14,873	1,127	296	134	15,169	1,261	4,868	(316)	
Net position, beginning as restated	33,008	31,881	23,083	22,949	56,091	54,830	(23,216)	(22,900)	
Net position, ending	\$ 47,881	\$ 33,008	\$ 23,379	\$ 23,083	\$ 71,260	\$ 56,091	\$ (18,347)	\$ (23,216)	

Governmental Activities

Overall revenues for the County's Governmental Activities were \$86.8 million for FY 2022, an increase of \$6.6 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 2022 were \$47.2 million, an increase of \$2.7 million over the prior year. This reflects real estate and personal property tax billings during the last half of calendar year 2021 and the first half of calendar year 2022. Contributing to the increase in revenues, the County's assessed real property tax base for calendar year 2022, which was not a reassessment year, increased by \$54.0 million (1.1%), compared to the calendar year 2021 increase of \$42.6 million (0.9%). This growth is attributed to new development and new construction. Also, the County's personal property assessed valuation for calendar year 2022 increased by \$174.96 million (35.8%), compared to the calendar year 2021 increase of \$43.0 million (9.7%). Another factor in the positive revenue trend, during the FY2023 budget adoption, the Board of Supervisors voted to increase the tax rate on real estate taxes from \$0.695 to \$0.725 for calendar year 2022, which was effective for the June 30, 2022, due date. Conversely, the Board of Supervisors voted to reduce the personal property tax rates for automobiles in calendar year 2022 to \$2.30 per \$100 of assessed value – a decrease of \$0.65. The reduction was an effort to equalize the effects of vehicle valuations skyrocketing. The full effect of these changes will not be seen until FY2023 when a full year of tax receipts at the new rate can be analyzed.

The collection rate for FY 2022 real estate taxes was 97.2%, an improvement of .6% from the previous year rate of 96.8%. Two consecutive years of collection rate improvement is attributed to a continued recovery from the COVID-19 Pandemic, which financially impacted many taxpayers and slowed collection efforts.

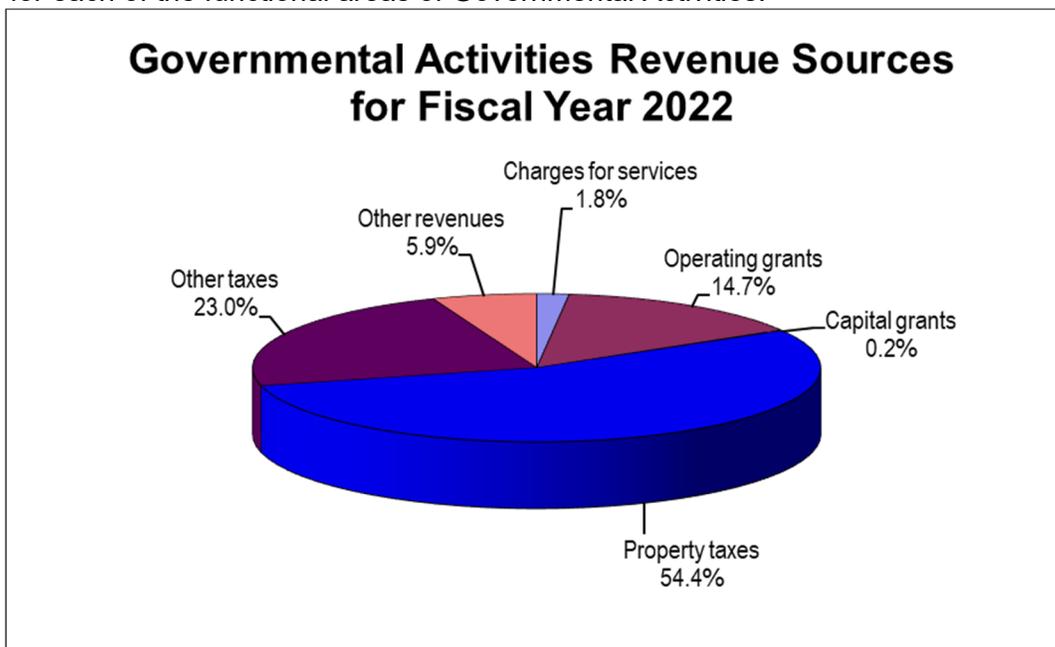
Other taxes, which increased \$6.5 million, or 48.6% over FY2021, continued to grow faster than anticipated. The single largest driver in this revenue increase was the new school sales tax. The additional 1% retail sales and use tax was effective July 1, 2022. This new tax generated \$5,482,990 in revenue in FY2022 and accounted for 83.9% of the increase in other local taxes. These funds are restricted to use for new school construction projects per Virginia State Code section 58.1-605.1. Detailed financial information is presented in Exhibit 13 of the financial statements. Secondary factors to the increase in other taxes were local sales tax which increased \$431,000, 6.9%, business license tax which increased \$204,000, 10.2%, and meals tax which increased \$386,000, 14.3%. The increase in these taxes is a result of the rebound after the COVID-19 pandemic.

Operating grants and contributions of \$12.7 million continued to be significantly larger than pre-pandemic years, with the ARPA funding comprising \$2.6 million.

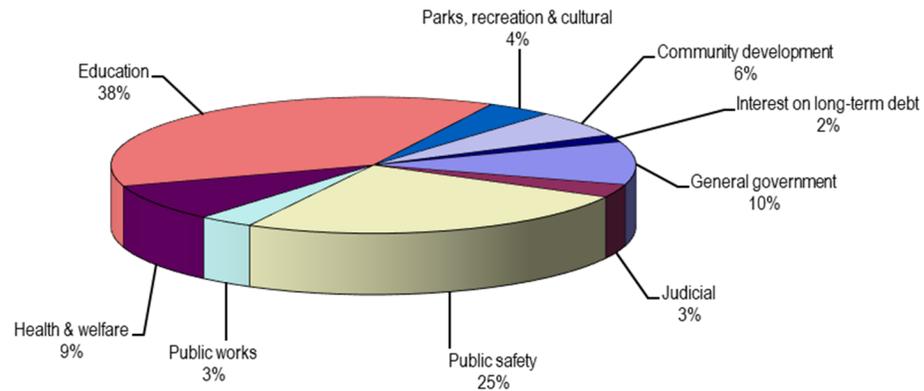
Miscellaneous revenue includes items that are infrequent, unexpected, and/or not able to be classified in one of the other revenue categories and, as such, is subject to variances, possibly large, from year to year.

For the fiscal year ended June 30, 2022, expenses relating to Governmental Activities were \$7.2 million less than the prior year. The main cost reductions were in the Public Safety (\$1.8 million) and Education (\$5.1 million) functions, which both incurred large expenditures on capital related items in FY2021. 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 2022



Business-type Activities

The County's net position from Business-type activities increased by \$300,000 over the prior year, from \$23.1 million to \$23.4 million. 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 5,100 and 1800 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 were consistent with the prior year, with a modest increase of \$21,000, or 0.4%. The Utilities Fund also received a capital contribution from the American Rescue Plan Act Fund of \$143,000, which funded the purchase of necessary utility equipment. Utility customer payments were severely impacted by COVID-19, as evidenced by the level service revenue between FY2021 and FY2022. Many customers paused payments and disconnections were suspended, which resulted in increased delinquent accounts. Utility operating expenses also remained consistent with the prior year, decreasing by \$18,000, or -0.4%. The pause on payments is expected to expire in FY2023, which is expected to result in a significant decrease in receivables.

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 2022, the County's governmental funds reported combined ending fund balances of \$70.4 million, a net increase of \$38.3 million in comparison with that of the prior year. Of the increase in total fund balances, 67% is attributable to an increase unspent bond proceeds of \$25.6 million restricted for the major school construction projects, including the renovation of Gloucester High School.

Other restricted fund balances of \$89,000 are comprised of restricted funds related to seized assets and fees collected for the purpose of building wetlands. Fund balances for Sheriff's Asset Forfeiture Treasury and Wetlands in Lieu were identified as restricted for the first time in FY2022, accounting for a General Fund restricted fund balance increase from \$33,000 in FY2021 to \$89,000 in FY2022. Nonspendable fund balance totaled \$592,000 and is comprised of prepaid items.

Committed fund balance equates to 9.9% or \$7.0 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. In FY2022, \$419,000 of committed fund balance for Cable was used to support Cable operations and projects. To provide more clarity on the Mosquito Control fund, the committed fund balance of \$179,000 was separately presented in a new non-major special revenue fund column for FY2022. The Mosquito Control fund balance was previously reported in the general fund column. The change in presentation was made to provide clarity on the operations and financial state of the Mosquito Control fund. Major balances in the remaining committed fund balance include \$4.0 million appropriated for ongoing capital projects and \$1.2 million committed for the county capital replacement fund.

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.

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
As of June 30, 2022 and 2021
(\$ in thousands)

	General Fund		Major Debt Service Fund		Major Capital Projects Fund		Major School Sales Tax Fund		Non-Major Special Revenue Fund Mosquito Control		Total	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Nonspendable:												
Prepays	\$ 393	\$ 400	\$ 1	\$ -	\$ 198	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 592	\$ 403
Total nonspendable	\$ 393	\$ 400	\$ 1	\$ -	\$ 198	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ 592	\$ 403
Restricted:												
Sheriff's asset forfeiture, federal	\$ 3	\$ 3	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 3
Sheriff's asset forfeiture, state	29	22	-	-	-	-	-	-	-	-	29	22
Sheriff's asset forfeiture, treasury	38	-	-	-	-	-	-	-	-	-	38	-
School sales tax	-	-	-	-	-	-	5,197	-	-	-	5,197	-
Commonwealth Attorney's asset forfeiture, federal	0.5	0.5	-	-	-	-	-	-	-	-	0	0
Commonwealth Attorney's asset forfeiture, state	2	7	-	-	-	-	-	-	-	-	2	7
Wetlands in lieu	16	-	-	-	-	-	-	-	-	-	16	-
SNAP funds, school construction	-	-	-	-	30,603	4,971	-	-	-	-	30,603	4,971
Proffers	-	-	-	-	116	111	-	-	-	-	116	111
Total restricted	\$ 89	\$ 33	\$ -	\$ -	\$ 30,719	\$ 5,082	\$ 5,197	\$ -	\$ -	\$ -	\$ 36,005	\$ 5,115
Committed:												
Mosquito control	\$ -	\$ 115	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179	\$ -	\$ 179	\$ 115
Tourism projects	662	539	-	-	7	7	-	-	-	-	669	546
Daffodil festival	47	33	-	-	-	-	-	-	-	-	47	33
Program donations	116	30	-	-	-	-	-	-	-	-	116	30
Subsequent expenditures	-	-	-	-	4,037	264	-	-	-	-	4,037	264
Probation and pretrial	137	119	-	-	-	-	-	-	-	-	137	119
Cable services	448	867	-	-	-	-	-	-	-	-	448	867
County capital replacement	1,165	1,038	-	-	-	-	-	-	-	-	1,165	1,038
Park projects	-	-	-	-	91	31	-	-	-	-	91	31
Older adult capital projects	-	-	-	-	67	72	-	-	-	-	67	72
Total committed	\$ 2,575	\$ 2,741	\$ -	\$ -	\$ 4,202	\$ 373	\$ -	\$ -	\$ 179	\$ -	\$ 6,956	\$ 3,115
Assigned												
	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260	\$ 260
Total assigned	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 260	\$ 260
Unassigned												
	\$ 26,573	\$ 23,194	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,573	\$ 23,194
Total fund balances	\$ 29,890	\$ 26,628	\$ 1	\$ -	\$ 35,120	\$ 5,458	\$ 5,197	\$ -	\$ 179	\$ -	\$ 70,387	\$ 32,086

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 \$29.9 million, or 42.5% 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, 2022, was \$26.6 million, which is 22.7% of adjusted budgeted governmental expenditures. The \$3.4 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 5.5% and 7.8%, respectively.

General Fund Budgetary Highlights

At the end of FY 2022, General Fund additional budget appropriations resulted in an increase of \$2.3 million between originally adopted FY 2022 budget appropriations for expenditures and transfers out and the final budget. \$1.7 million of this increase resulted from the recognition of lease expenditures with the implementation of GASB 87. The remaining increase is attributable to re-appropriations of FY 2021 budget commitments for completion of ongoing projects in FY 2022.

General Fund revenues exceeded final budget projections in FY 2022 by \$5.8 million, the majority of which is attributable to an additional \$3.4 million in property tax collections and \$2.7 million in other local taxes over budgeted amounts. Tax revenue projections were budgeted conservatively due to the anticipated lingering impacts of the COVID-19 pandemic but ultimately performed much better than expected, causing a positive budget to actual variance. Total General Fund expenditures for FY 2022 were less than the final budget by \$2.0 million. Major contributing factors include unexpended local

transfer to Schools/Education of \$904,000, and overall conservative use of funds by County departments, notably in the general government administration and public safety functions which were under budget by \$296,000 and \$564,000, 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 \$35.1 million, which includes \$30.6 million in restricted funds held for the major school projects and \$4.0 million in subsequent expenditures committed for ongoing capital projects. The largest capital project ongoing at the end of FY2022 was the construction of a new school transportation facility.

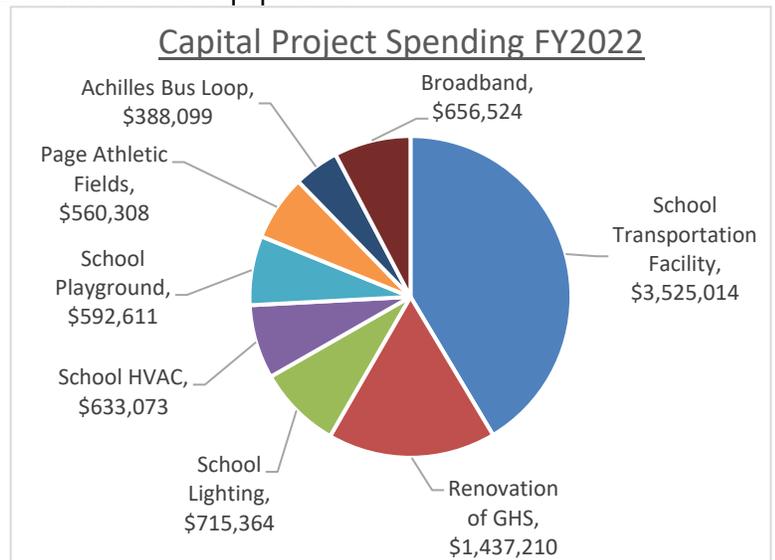
Capital Assets and Capital Projects

The County’s investment in capital assets for its governmental and business-type activities as of June 30, 2022, amounted to \$80.8 million (net of accumulated depreciation), an increase of \$10.3 million over FY2021. 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 \$10.3 million increase, 87.7% is attributed to construction in progress that is owned jointly by the County and the Schools (57.4%) and the addition of leases (25.2%) through the implementation of GASB 87. The two largest projects making up jointly owned construction in progress are costs for the new transportation facility (\$3.5 million) and engineering for the renovation of Gloucester High School (\$1.4 million). The Gloucester High School project construction is anticipated to begin in calendar 2023 with a FY2023 budget of \$59.4 million. The transportation facility is anticipated to be completed in FY2023. Of the leases recognized with the implementation of GASB 87, \$2.6 million are attributable to buildings and \$942 thousand is attributable to equipment.

Major capital expenditures during the fiscal year included the following:

- \$1.3M construction costs of school transportation facility
- \$1.4M engineering for renovation of Gloucester High School
- \$715K school lighting replacement
- \$633K school HVAC replacement
- \$593K school playground replacement
- \$560K Page Middle School athletic fields
- \$388K Achilles Elementary bus loop
- \$656K Broadband projects

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



Capital Assets									
As of June 30, 2022 and 2021									
(\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2022	2021	2022	2021	2022	2021	2022	2021	
Land	\$ 7,002	\$ 7,002	\$ 3,690	\$ 3,690	\$ 10,692	\$ 10,692	\$ 1,950	\$ 1,950	
Construction in progress	578	2,067	112	59	690	2,126	-	311	
Jointly owned construction in progress	6,748	333	-	-	6,748	333	-	-	
Buildings	10,227	9,239	18,528	19,306	28,755	28,545	11,456	12,508	
Leased buildings	2,556	906	-	-	2,556	906	-	-	
Improvements other than buildings	2,599	2,663	-	-	2,599	2,663	-	-	
Equipment	1,739	1,482	1,336	1,276	3,075	2,758	3,478	3,544	
Leased equipment	942	-	-	-	942	-	-	-	
Jointly owned assets	24,703	22,467	-	-	24,703	22,467	27,028	29,789	
Total	\$ 57,093	\$ 46,158	\$ 23,666	\$ 24,331	\$ 80,759	\$ 70,489	\$ 43,912	\$ 48,102	

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, 2022, the County's Primary Government had total outstanding obligations of \$84.4 million. Details are summarized in the following table:

Long-Term Obligations									
As of June 30, 2022 and 2021									
(\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2022	2021	2022	2021	2022	2021	2022	2021	
Bonds Payable:									
General obligation bonds	\$ 61,364	\$ 28,971	\$ -	\$ -	\$ 61,364	\$ 28,971	\$ -	\$ -	
Revenue bonds	-	-	-	5,980	-	5,980	8,299	9,311	
Loan payable	4,594	-	5,279	-	9,873	-	-	-	
Literary loans	-	-	-	-	-	-	-	-	
Lease revenue bond	-	4,989	-	-	-	4,989	-	-	
Derivative instrument liability	-	-	-	-	-	-	-	-	
OPEB liability	6,173	6,855	206	242	6,378	7,097	14,480	16,095	
Net pension liability	1,116	11,653	81	833	1,197	12,486	27,508	56,216	
Lease liabilities	3,510	-	-	906	3,510	-	-	-	
Compensated absences	2,006	2,079	119	100	2,125	2,179	1,769	1,835	
Total	\$ 78,763	\$ 54,547	\$ 5,685	\$ 8,062	\$ 84,448	\$ 62,608	\$ 52,056	\$ 83,457	

The Total Primary Government long-term obligations increased by \$21.8 million from the prior year's balance due mainly to the issuance of general obligation bonds for school construction. Decreases in the net pension liability partially offset the overall increase of long-term obligations. The Component Unit long-term debt increased by \$31.4 million primarily due to the School Board's decrease in net 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 2022, the County's net debt as a percentage of assessed value was less than 1.5% and the debt payments percentage of governmental expenditures was 6.9%.

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 has continued its economic rebound following the COVID-19 pandemic. Unemployment for June 2022 was 2.7%, matching pre-pandemic levels. With an optimistic outlook for FY2023, the Board of Supervisors is dealing with a range of unprecedented factors in the FY2023 budget – from historic inflation and extreme employee turnover to major and necessary capital improvements for Gloucester High School. With these factors in mind, the FY2023 budget incorporated necessary expenditures to maintain service delivery while also leveraging available funding opportunities, allowing for fulfillment of both compensation and capital needs. Considering lessons learned throughout the past two years of the COVID-19 pandemic, coupled with the intimate understanding of Gloucester's pre-pandemic economy, revenue and expense forecasting turned slightly more cautiously aggressive based on the optimistic signs of continued economic recovery, balancing the consideration of uncertain inflation. 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, and utilizing the Virginia Public School Authority (VPSA) pooled financing options for the additional \$15.5M major renovation of Gloucester County High School, bringing the total FY2023 budget for the High School project to \$58.9M.

The FY 2023 General Fund adopted budget is \$74.8 million, which is comprised of \$35.5 million in operating expenditures and approximately \$39.3 million in transfers to other funds. Of this transfer amount, \$29.4 million supports our School Division's operating budget. Also programmed into the FY 2023 budget is approximately \$16 million in new school projects, \$15.5 million being the additional amount for the High School, and \$52.2 million in carryforward school projects to be funded with debt and repaid primarily with the new 1% sales tax. The projects include the final engineering, design, and construction costs for renovations of the Gloucester High School, the completion of construction of the school's transportation facility, school paving and HVAC projects and renovation to the bathrooms of Gloucester High School. For FY 2023, the real estate tax rate increased to \$0.725 and personal property tax rate was reduced to \$2.30. Additional information regarding the County Fiscal Year 2023 Adopted budget can be found on the Financial Services website at <https://www.gloucesterva.info/1015/Budgets-Financial-Reports>.

The FY 2023 School Operating Budget was approved at \$71.4 million, which is a \$3.7 million more than the adopted FY 2022 School Operating Budget. The County's contribution to the School Operations, which is 41.2% of the total School Operating Budget, increased by \$1.7 million. Additional information regarding the School Board Fiscal Year 2022 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 Chief Financial Officer, County of Gloucester, 6489 Main Street, Gloucester, VA 23061.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 35,660,059	\$ 4,839,626	\$ 40,499,685	\$ 2,287,708	\$ 48,944
Cash in custody of others	36,952,221	-	36,952,221	-	-
Investments	312,546	200,518	513,064	6,424	861,987
Receivables (net of allowance for uncollectibles):					
Taxes receivable	29,809,841	25,675	29,835,516	-	-
Accounts receivable	771,981	590,903	1,362,884	724,630	-
Internal balances	(6,498)	6,498	-	-	-
Due from other governmental units	3,313,381	-	3,313,381	7,977,939	-
Inventories	-	203,739	203,739	55,290	1,083,044
Net pension asset	-	-	-	980,460	-
Net OPEB asset	4,097	332	4,429	-	-
Leases receivable	66,267	71,768	138,035	-	-
Prepaid items	592,048	-	592,048	-	-
Capital assets (net of accumulated depreciation):					
Land	7,001,908	3,690,276	10,692,184	1,476,061	473,735
Buildings and system	34,930,003	18,527,853	53,457,856	31,988,891	6,494,984
Leased buildings	2,555,897	-	2,555,897	-	-
Improvements other than buildings	2,598,801	-	2,598,801	-	-
Machinery and equipment	1,739,168	1,335,535	3,074,703	3,477,995	-
Leased equipment	941,598	-	941,598	-	-
Construction in progress	7,325,348	112,465	7,437,813	-	-
Total assets	\$ 164,568,666	\$ 29,605,188	\$ 194,173,854	\$ 48,975,398	\$ 8,962,694
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 4,855,447	\$ 402,474	\$ 5,257,921	\$ 11,916,875	\$ -
OPEB related items	1,896,794	65,029	1,961,823	1,277,175	-
Deferred charges on refunding	185,113	153,930	339,043	-	-
Total deferred outflows of resources	\$ 6,937,354	\$ 621,433	\$ 7,558,787	\$ 13,194,050	\$ -
LIABILITIES					
Accounts payable	\$ 2,350,930	\$ 204,152	\$ 2,555,082	\$ 2,754,748	\$ 37,189
Accrued liabilities	1,040,916	47,054	1,087,970	6,269,275	-
Retainage payable	183,517	-	183,517	-	-
Accrued interest payable	457,853	59,194	517,047	-	-
Due to other governmental units	4,628,937	-	4,628,937	-	-
Unearned revenue	1,294,653	-	1,294,653	-	-
Deposits held in escrow	-	50,635	50,635	-	-
Long-term liabilities:					
Due within one year	4,863,067	778,392	5,641,459	176,862	1,062,783
Due in more than one year	73,899,799	4,906,589	78,806,388	43,579,454	7,236,473
Total liabilities	\$ 88,719,672	\$ 6,046,016	\$ 94,765,688	\$ 52,780,339	\$ 8,336,445
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 23,901,134	\$ 23,949	\$ 23,925,083	\$ -	\$ -
Leases related	65,845	71,270	137,115	-	-
Pension related items	9,095,176	659,614	9,754,790	24,830,897	-
OPEB related items	1,843,036	47,121	1,890,157	3,531,815	-
Total deferred inflow of resources	\$ 34,905,191	\$ 801,954	\$ 35,707,145	\$ 28,362,712	\$ -
NET POSITION					
Net investment in capital assets	\$ 24,578,290	\$ 18,541,067	\$ 43,119,357	\$ 36,942,947	\$ (1,330,537)
Restricted:					
Net OPEB asset	4,097	332	4,429	-	-
Net pension asset	-	-	-	980,460	-
Unrestricted (deficit)	23,298,770	4,837,252	28,136,022	(56,897,010)	1,956,786
Total net position	\$ 47,881,157	\$ 23,378,651	\$ 71,259,808	\$ (18,973,603)	\$ 626,249

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, 2022

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,341,776	\$ 64,934	\$ 381,694	\$ -
Judicial administration	2,246,615	165,106	980,277	-
Public safety	17,994,636	557,707	4,779,074	2,346
Public works	2,417,634	478,061	142,651	-
Health and welfare	6,340,541	-	4,210,849	-
Education	26,922,092	-	-	-
Parks, recreation, and cultural	2,902,076	306,150	172,680	-
Community development	4,498,408	18,226	2,075,828	136,733
Interest on long-term debt	1,241,878	-	-	-
Total governmental activities	\$ <u>71,905,656</u>	\$ <u>1,590,184</u>	\$ <u>12,743,053</u>	\$ <u>139,079</u>
Business-type activities:				
Public utilities	\$ 4,774,028	\$ 4,903,463	\$ -	\$ 142,651
Nonmajor enterprise funds	43,835	16,106	-	-
Total business-type activities	\$ <u>4,817,863</u>	\$ <u>4,919,569</u>	\$ <u>-</u>	\$ <u>142,651</u>
Total primary government	\$ <u><u>76,723,519</u></u>	\$ <u><u>6,509,753</u></u>	\$ <u><u>12,743,053</u></u>	\$ <u><u>281,730</u></u>
COMPONENT UNITS:				
School Board	\$ 65,529,307	\$ 145,273	\$ 43,634,356	\$ -
Economic Development Authority	1,250,156	1,510,942	-	-
Total component units	\$ <u>66,779,463</u>	\$ <u>1,656,215</u>	\$ <u>43,634,356</u>	\$ <u>-</u>
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Business license taxes				
Restaurant food taxes				
School sales tax				
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
\$ (6,895,148)	\$ -	\$ (6,895,148)		
(1,101,232)	-	(1,101,232)		
(12,655,509)	-	(12,655,509)		
(1,796,922)	-	(1,796,922)		
(2,129,692)	-	(2,129,692)		
(26,922,092)	-	(26,922,092)		
(2,423,246)	-	(2,423,246)		
(2,267,621)	-	(2,267,621)		
(1,241,878)	-	(1,241,878)		
<u>\$ (57,433,340)</u>	<u>\$ -</u>	<u>\$ (57,433,340)</u>		
\$ -	\$ 272,086	\$ 272,086		
-	(27,729)	(27,729)		
<u>\$ -</u>	<u>\$ 244,357</u>	<u>\$ 244,357</u>		
<u>\$ (57,433,340)</u>	<u>\$ 244,357</u>	<u>\$ (57,188,983)</u>		
\$ -	\$ -	\$ -	\$ (21,749,678)	\$ -
-	-	-	-	260,786
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (21,749,678)</u>	<u>\$ 260,786</u>
\$ 47,196,515	\$ 44,171	\$ 47,240,686	\$ -	\$ -
6,693,227	-	6,693,227	-	-
763,099	-	763,099	-	-
2,216,575	-	2,216,575	-	-
3,085,826	-	3,085,826	-	-
5,482,990	-	5,482,990	-	-
1,724,695	-	1,724,695	-	-
236,268	7,148	243,416	3,736	2,216
571,395	-	571,395	938,019	-
4,336,023	-	4,336,023	-	-
-	-	-	25,413,086	-
<u>\$ 72,306,613</u>	<u>\$ 51,319</u>	<u>\$ 72,357,932</u>	<u>\$ 26,354,841</u>	<u>\$ 2,216</u>
\$ 14,873,273	\$ 295,676	\$ 15,168,949	\$ 4,605,163	\$ 263,002
33,007,884	23,082,975	56,090,859	(23,578,766)	363,247
<u>\$ 47,881,157</u>	<u>\$ 23,378,651</u>	<u>\$ 71,259,808</u>	<u>\$ (18,973,603)</u>	<u>\$ 626,249</u>

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FUND FINANCIAL STATEMENTS

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Balance Sheet
 Governmental Funds
 June 30, 2022

	General	Debt Service	Capital Projects	School Sales Tax Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 30,223,389	\$ -	\$ -	\$ 4,222,906	\$ 1,213,764	\$ 35,660,059
Cash in custody of others	-	-	36,952,221	-	-	36,952,221
Investments	135,319	78,782	98,445	-	-	312,546
Receivables (net of allowance for uncollectibles):						
Taxes receivable	29,748,435	-	-	-	61,406	29,809,841
Accounts receivable	771,456	-	525	-	-	771,981
Lease receivable	66,267	-	-	-	-	66,267
Due from other funds	784,985	-	-	-	177,836	962,821
Due from other governmental units	1,836,937	-	89,401	974,410	412,633	3,313,381
Prepaid items	392,574	1,075	198,399	-	-	592,048
Total assets	<u>\$ 63,959,362</u>	<u>\$ 79,857</u>	<u>\$ 37,338,991</u>	<u>\$ 5,197,316</u>	<u>\$ 1,865,639</u>	<u>\$ 108,441,165</u>
LIABILITIES						
Accounts payable	\$ 481,256	\$ 62,707	\$ 1,759,637	\$ -	\$ 47,330	\$ 2,350,930
Accrued liabilities	1,040,269	-	-	-	647	1,040,916
Retainage payable	-	-	183,517	-	-	183,517
Due to other governmental units	4,628,937	-	-	-	-	4,628,937
Due to other funds	317,422	16,075	268,295	-	367,527	969,319
Unearned revenue	72,889	-	8,000	-	1,213,764	1,294,653
Total liabilities	<u>\$ 6,540,773</u>	<u>\$ 78,782</u>	<u>\$ 2,219,449</u>	<u>\$ -</u>	<u>\$ 1,629,268</u>	<u>\$ 10,468,272</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ 27,462,855	\$ -	\$ -	\$ -	\$ 57,624	\$ 27,520,479
Lease related	65,845	-	-	-	-	65,845
Total deferred inflows of resources	<u>\$ 27,528,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,624</u>	<u>\$ 27,586,324</u>
Fund balances:						
Nonspendable	\$ 392,574	\$ 1,075	\$ 198,399	\$ -	\$ -	\$ 592,048
Restricted	89,255	-	30,718,807	5,197,316	-	36,005,378
Committed	2,575,170	-	4,202,336	-	178,747	6,956,253
Assigned	260,000	-	-	-	-	260,000
Unassigned	26,572,890	-	-	-	-	26,572,890
Total fund balances	<u>\$ 29,889,889</u>	<u>\$ 1,075</u>	<u>\$ 35,119,542</u>	<u>\$ 5,197,316</u>	<u>\$ 178,747</u>	<u>\$ 70,386,569</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 63,959,362</u>	<u>\$ 79,857</u>	<u>\$ 37,338,991</u>	<u>\$ 5,197,316</u>	<u>\$ 1,865,639</u>	<u>\$ 108,441,165</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, 2022

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	70,386,569	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	111,786,374	
Accumulated depreciation		<u>(54,693,651)</u>	57,092,723
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	3,619,345	
Net OPEB asset		<u>4,097</u>	3,623,442
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	\$	185,113	
OPEB related items		1,896,794	
Pension related items		<u>4,855,447</u>	6,937,354
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	\$	(61,721,612)	
Less: Issuance premium (to be amortized over life of debt)		(4,236,593)	
Lease liabilities		(3,510,045)	
Accrued Interest payable		(457,853)	
Net OPEB liability		(6,172,559)	
Net pension liability		(1,116,327)	
Compensated absences		<u>(2,005,730)</u>	(79,220,719)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(9,095,176)	
OPEB related items		<u>(1,843,036)</u>	<u>(10,938,212)</u>
Net position of governmental activities	\$		<u><u>47,881,157</u></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, 2022

	General	Debt Service	Capital Projects	School Sales Tax Fund	Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	\$ 46,797,434	\$ -	\$ -	\$ -	\$ 108,443	\$ 46,905,877
Other local taxes	14,483,422	-	-	5,482,990	-	19,966,412
Permits, privilege fees, and regulatory licenses	516,829	-	-	-	-	516,829
Fines and forfeitures	49,245	-	-	-	-	49,245
Revenue from the use of money and property	157,607	-	57,991	4,152	16,518	236,268
Charges for services	1,024,110	-	-	-	-	1,024,110
Miscellaneous	299,075	-	267,649	-	4,671	571,395
Recovered costs	584,285	-	-	-	-	584,285
Intergovernmental:						
Commonwealth	9,053,228	108,087	102,313	-	1,809,155	11,072,783
Federal	505,471	237,844	36,766	-	5,365,291	6,145,372
Total revenues	<u>\$ 73,470,706</u>	<u>\$ 345,931</u>	<u>\$ 464,719</u>	<u>\$ 5,487,142</u>	<u>\$ 7,304,078</u>	<u>\$ 87,072,576</u>
EXPENDITURES						
Current:						
General government administration	\$ 7,254,309	\$ -	\$ -	\$ -	\$ -	\$ 7,254,309
Judicial administration	2,140,393	-	-	-	-	2,140,393
Public safety	16,883,242	-	-	-	1,047,489	17,930,731
Public works	2,566,748	-	-	-	142,651	2,709,399
Health and welfare	612,518	-	-	-	5,485,102	6,097,620
Education	27,430,355	-	-	-	45,171	27,475,526
Parks, recreation, and cultural	4,288,529	-	-	-	-	4,288,529
Community development	1,371,923	-	-	-	2,013,894	3,385,817
Nondepartmental	322,306	-	-	-	-	322,306
Capital projects	-	-	10,388,980	-	-	10,388,980
Debt service:						
Principal retirement	92,607	7,786,678	-	-	-	7,879,285
Interest and other fiscal charges	31,602	1,219,901	-	-	-	1,251,503
Bond issuance costs	-	165,188	-	-	-	165,188
Total expenditures	<u>\$ 62,994,532</u>	<u>\$ 9,171,767</u>	<u>\$ 10,388,980</u>	<u>\$ -</u>	<u>\$ 8,734,307</u>	<u>\$ 91,289,586</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 10,476,174</u>	<u>\$ (8,825,836)</u>	<u>\$ (9,924,261)</u>	<u>\$ 5,487,142</u>	<u>\$ (1,430,229)</u>	<u>\$ (4,217,010)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 4,015,453	\$ 3,634,315	\$ -	\$ 1,493,501	\$ 9,143,269
Transfers out	(8,853,443)	-	-	(289,826)	-	(9,143,269)
Loan proceeds	-	4,672,451	-	-	-	4,672,451
Issuance of bond	-	139,007	32,285,993	-	-	32,425,000
Bond premium issuance	-	-	2,724,064	-	-	2,724,064
Issuance of lease	1,754,763	-	941,598	-	-	2,696,361
Total other financing sources (uses)	<u>\$ (7,098,680)</u>	<u>\$ 8,826,911</u>	<u>\$ 39,585,970</u>	<u>\$ (289,826)</u>	<u>\$ 1,493,501</u>	<u>\$ 42,517,876</u>
Net change in fund balances	\$ 3,377,494	\$ 1,075	\$ 29,661,709	\$ 5,197,316	\$ 63,272	\$ 38,300,866
Fund balances - beginning (as restated)	26,512,395	-	5,457,833	-	115,475	32,085,703
Fund balances - ending	<u>\$ 29,889,889</u>	<u>\$ 1,075</u>	<u>\$ 35,119,542</u>	<u>\$ 5,197,316</u>	<u>\$ 178,747</u>	<u>\$ 70,386,569</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, 2022

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

Net change in fund balances - total governmental funds \$ 38,300,866

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	\$ 12,204,860	
Depreciation expense	(2,607,551)	
Jointly owned asset allocation of assets	3,488,774	
Jointly owned asset depreciation	<u>(2,151,815)</u>	10,934,268

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

Property taxes		290,638
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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	\$ (42,324,102)	
Principal payments	<u>7,785,482</u>	(34,538,620)

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	\$ 73,212	
OPEB expense	(239,989)	
Pension expense	(21,944)	
Amortization of deferred charges on refunding	(99,971)	
Premium amortization	121,989	
(Increase) decrease in accrued interest payable	<u>52,824</u>	<u>(113,879)</u>

Change in net position of governmental activities		<u>\$ 14,873,273</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, 2022

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 4,749,427	\$ 90,199	\$ 4,839,626
Investments	200,518	-	200,518
Taxes receivable (net of allowance for uncollectibles)	-	25,675	25,675
Accounts receivable (net of allowance for uncollectibles)	571,523	19,380	590,903
Due from other funds	25,298	-	25,298
Inventories	203,739	-	203,739
Total current assets	\$ 5,750,505	\$ 135,254	\$ 5,885,759
Noncurrent assets:			
Net OPEB asset	\$ 332	\$ -	\$ 332
Lease receivable	71,768	-	71,768
Capital assets:			
Land	\$ 3,690,276	\$ -	\$ 3,690,276
Utility plant in service	37,450,362	-	37,450,362
Machinery and equipment	2,454,835	-	2,454,835
Buildings	6,542,938	-	6,542,938
Construction in progress	112,465	-	112,465
Accumulated depreciation	(26,584,747)	-	(26,584,747)
Total net capital assets	\$ 23,666,129	\$ -	\$ 23,666,129
Total noncurrent assets	\$ 23,738,229	\$ -	\$ 23,738,229
Total assets	\$ 29,488,734	\$ 135,254	\$ 29,623,988
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	\$ 153,930	\$ -	\$ 153,930
Pension related items	402,474	-	402,474
OPEB related items	65,029	-	65,029
Total deferred outflows of resources	\$ 621,433	\$ -	\$ 621,433
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 200,957	\$ 3,195	\$ 204,152
Accrued liabilities	47,054	-	47,054
Accrued interest payable	59,194	-	59,194
Due to other funds	-	18,800	18,800
Compensated absences - current portion	11,903	-	11,903
Deposits held in escrow	50,635	-	50,635
Loan payable (current portion)	766,489	-	766,489
Total current liabilities	\$ 1,136,232	\$ 21,995	\$ 1,158,227

Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
Noncurrent liabilities:			
Loan payable - net of current portion	\$ 4,512,503	\$ -	\$ 4,512,503
Net OPEB liability	205,861	-	205,861
Net pension liability	81,100	-	81,100
Compensated absences (net of current portion)	107,125	-	107,125
Total noncurrent liabilities	\$ 4,906,589	\$ -	\$ 4,906,589
Total liabilities	\$ 6,042,821	\$ 21,995	\$ 6,064,816
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 659,614	\$ -	\$ 659,614
OPEB related items	47,121	-	47,121
Deferred revenue - property taxes	-	23,949	23,949
Lease related	71,270	-	71,270
Total deferred inflows of resources	\$ 778,005	\$ 23,949	\$ 801,954
NET POSITION			
Net investment in capital assets	\$ 18,541,067	\$ -	\$ 18,541,067
Restricted for net OPEB asset	332	-	332
Unrestricted	4,747,942	89,310	4,837,252
Total net position	\$ 23,289,341	\$ 89,310	\$ 23,378,651

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

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2022

	Business-type activities		
	Utilities Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 3,378,999	\$ -	\$ 3,378,999
Sewer revenues	753,566	-	753,566
Other revenues	52,598	16,106	68,704
Total operating revenues	<u>\$ 4,185,163</u>	<u>\$ 16,106</u>	<u>\$ 4,201,269</u>
OPERATING EXPENSES			
Personnel services	\$ 1,186,724	\$ -	\$ 1,186,724
Fringe benefits	534,795	-	534,795
Contractual services	586,901	-	586,901
Supplies	508,945	-	508,945
Insurance expense	37,294	-	37,294
Other charges	717,531	43,835	761,366
Depreciation	1,101,572	-	1,101,572
Total operating expenses	<u>\$ 4,673,762</u>	<u>\$ 43,835</u>	<u>\$ 4,717,597</u>
Operating income (loss)	<u>\$ (488,599)</u>	<u>\$ (27,729)</u>	<u>\$ (516,328)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 718,300	\$ -	\$ 718,300
Investment income	7,031	117	7,148
Bond issuance costs	(30,118)	-	(30,118)
Capital contribution	142,651	-	142,651
Taxes	-	44,171	44,171
Interest expense	(70,148)	-	(70,148)
Total nonoperating revenues (expenses)	<u>\$ 767,716</u>	<u>\$ 44,288</u>	<u>\$ 812,004</u>
Change in net position	<u>\$ 279,117</u>	<u>\$ 16,559</u>	<u>\$ 295,676</u>
Total net position - beginning (as restated)	<u>23,010,224</u>	<u>72,751</u>	<u>23,082,975</u>
Total net position - ending	<u><u>\$ 23,289,341</u></u>	<u><u>\$ 89,310</u></u>	<u><u>\$ 23,378,651</u></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, 2022

	Business-type activities		
	Utilities Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,338,385	\$ -	\$ 4,338,385
Receipts for miscellaneous items	55,653	16,106	71,759
Payments to suppliers	(1,761,373)	(35,864)	(1,797,237)
Payments to and for employees	(1,761,136)	-	(1,761,136)
Net cash provided by (used for) operating activities	\$ 871,529	\$ (19,758)	\$ 851,771
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Connection fees	\$ 718,300	\$ -	\$ 718,300
Advances to other funds	22,013	-	22,013
Tax revenue	-	30,326	30,326
Net cash provided by (used for) noncapital financing activities	\$ 740,313	\$ 30,326	\$ 770,639
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (437,006)	\$ -	\$ (437,006)
Principal payments on bond	(5,980,000)	-	(5,980,000)
Capital contribution	142,651	-	142,651
Issuance of loan	5,304,780	-	5,304,780
Principal paid on loan	(86,445)	-	(86,445)
Bond issuance costs	(30,118)	-	(30,118)
Interest expense	(21,419)	-	(21,419)
Net cash provided by (used for) capital and related financing activities	\$ (1,107,557)	\$ -	\$ (1,107,557)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 6,524	\$ 117	\$ 6,641
Purchase of investments	(110,092)	-	(110,092)
Net cash provided by (used for) investing activities	\$ (103,568)	\$ 117	\$ (103,451)
Net increase (decrease) in cash and cash equivalents	\$ 400,717	\$ 10,685	\$ 411,402
Cash and cash equivalents - beginning - including restricted	4,348,710	79,514	4,428,224
Cash and cash equivalents - ending - including restricted	\$ 4,749,427	\$ 90,199	\$ 4,839,626
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (488,599)	\$ (27,729)	\$ (516,328)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:			
Depreciation	\$ 1,101,572	\$ -	\$ 1,101,572
(Increase) decrease in accounts receivable	205,820	-	205,820
(Increase) decrease in lease receivable	(71,768)	-	(71,768)
(Increase) decrease in due from other governmental entities	5,253	-	5,253
(Increase) decrease in deferred outflows of resources	51,566	-	51,566
(Increase) decrease in inventories	6,902	-	6,902
(Increase) decrease in net OPEB asset	(332)	-	(332)
Increase (decrease) in customer deposits	(1,700)	-	(1,700)
Increase (decrease) in accrued liabilities	30,320	-	30,320
Increase (decrease) in accounts payable	52,076	7,971	60,047
Increase (decrease) in net OPEB liability	(36,212)	-	(36,212)
Increase (decrease) in net pension liability	(752,242)	-	(752,242)
Increase (decrease) in deferred inflows of resources - pension related items	658,973	-	658,973
Increase (decrease) in deferred inflows of resources - OPEB related items	19,680	-	19,680
Increase (decrease) in deferred inflows of resources - lease	71,270	-	71,270
Increase (decrease) in compensated absences	18,950	-	18,950
Total adjustments	\$ 1,360,128	\$ 7,971	\$ 1,368,099
Net cash provided by (used for) operating activities	\$ 871,529	\$ (19,758)	\$ 851,771
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, 2022

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 174,753
Investments	5,177
Accounts receivable	2,324
Total assets	<u>\$ 182,254</u>
LIABILITIES	
Accounts payable	\$ 7,425
Total liabilities	<u>\$ 59,504</u>
NET POSITION	
Restricted for:	
Individuals	75,751
Other governments	46,999
Total net position	<u><u>\$ 122,750</u></u>

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, 2022

		<u>Custodial Funds</u>
ADDITIONS		
Contributions:		
Other governmental entities	\$	526,464
Participant fees		159,685
Miscellaneous		106,383
Investment earnings:		
Interest and dividends		270
Total additions	\$	<u>792,802</u>
DEDUCTIONS		
Recipient payments	\$	176,250
Administrative expenses		97,051
Payments for personnel		465,855
Payments for supplies		31,519
Total deductions	\$	<u>770,675</u>
Net increase (decrease) in fiduciary net position	\$	<u>22,127</u>
Net position, beginning	\$	<u>100,623</u>
Net position, ending	\$	<u><u>122,750</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, 2022

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, 2022 (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, 2022.

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, 2022.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022. 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.

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 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease liabilities, as well as expenditures related to compensated absences and claims and judgments, and postemployment benefits are recorded only when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases 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, 2022 (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, CARES Act, 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, 2022 (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, Escrow 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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 \$530,977 at June 30, 2022 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 and equipment, 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 assets (lease 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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 and equipment 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
Machinery and Equipment	2-15
Lease Equipment	2-15
Infrastructure	25

I. Leases

The County leases various assets 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.

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.

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).

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

I. Leases

Key Estimates and Judgments

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

- The County uses the interest rate stated in lease 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.
- The lease term includes the noncancellable period of the lease and certain periods covered by options to extend to reflect how long the lease 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 incentives and certain other payments are included in the measurement of the lease liability (lessee) or lease receivable (lessor).

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

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

L. 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.

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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.

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

R. Fund Balance (Continued)

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.

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 Debt Service Fund	Major Capital Projects Fund	Major School Sales Tax Fund	Nonmajor Special Revenue Fund Mosquito Control Fund	Total
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 392,574	\$ 1,075	\$ 198,399	\$ -	\$ -	\$ 592,048
Total Nonspendable	\$ 392,574	\$ 1,075	\$ 198,399	\$ -	\$ -	\$ 592,048
Restricted:						
Sheriff's asset forfeiture, federal	\$ 3,087	\$ -	\$ -	\$ -	\$ -	\$ 3,087
Sheriff's asset forfeiture, state	29,363	-	-	-	-	29,363
Sheriff's asset forfeiture, treasury	38,087	-	-	-	-	38,087
School sales tax	-	-	-	5,197,316	-	5,197,316
Commonwealth Attorney's asset forfeiture, federal	486	-	-	-	-	486
Commonwealth Attorney's asset forfeiture, state	1,866	-	-	-	-	1,866
Wetlands in lieu	16,366	-	-	-	-	16,366
SNAP funds, School construction	-	-	30,602,807	-	-	30,602,807
Proffers	-	-	116,000	-	-	116,000
Total Restricted	\$ 89,255	\$ -	\$ 30,718,807	\$ 5,197,316	\$ -	\$ 36,005,378
Committed:						
Mosquito control	\$ -	\$ -	\$ -	\$ -	\$ 178,747	\$ 178,747
Tourism projects	662,041	-	6,700	-	-	668,741
Daffodil festival	47,459	-	-	-	-	47,459
Program donations	115,827	-	-	-	-	115,827
Subsequent expenditures	-	-	4,036,874	-	-	4,036,874
Probation and pretrial	137,038	-	-	-	-	137,038
Cable services	447,802	-	-	-	-	447,802
County capital replacement	1,165,003	-	-	-	-	1,165,003
Park projects	-	-	91,361	-	-	91,361
Older adult capital projects	-	-	67,401	-	-	67,401
Total Committed	\$ 2,575,170	\$ -	\$ 4,202,336	\$ -	\$ 178,747	\$ 6,956,253
Assigned:						
County administrator's contingency	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Total Assigned	\$ 260,000	\$ -	\$ -	\$ -	\$ -	\$ 260,000
Unassigned	\$ 26,572,890	\$ -	\$ -	\$ -	\$ -	\$ 26,572,890
Total Fund Balances	\$ 29,889,889	\$ 1,075	\$ 35,119,542	\$ 5,197,316	\$ 178,747	\$ 70,386,569

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, and leases 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, 2022 (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, 2022.

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 and 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, 2022 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, 2022 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2022 were rated by Standard and Poor's and Moody's and the ratings are presented below using the Standard and 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 and Poor's.

County's Rated Debt Investments' Values

Rated Debt Investments	Fair Quality Ratings		
	AAAm	AAA	AA-
Primary Government:			
Local Government Investment Pool	\$ 439,459	\$ -	\$ -
Virginia State Non-Arbitrage Pool	37,031,004	-	-
Total	<u>\$ 37,470,463</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 6,424	\$ -	\$ -
Total	<u>\$ 6,424</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-Economic Development Authority:			
Local Government Investment Pool	\$ 861,987	\$ -	\$ -
Total	<u>\$ 861,987</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2022 (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	\$ 439,459	\$ 439,459	\$ -
Virginia State Non-Arbitrage Pool	37,031,004	37,031,004	-
Total	<u>\$ 37,470,463</u>	<u>\$ 37,470,463</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 6,424	\$ 6,424	\$ -
Total	<u>\$ 6,424</u>	<u>\$ 6,424</u>	<u>\$ -</u>
Component Unit-Economic Development Authority			
Local Government Investment Pool	\$ 861,987	\$ 861,987	\$ -
Total	<u>\$ 861,987</u>	<u>\$ 861,987</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, 2022 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2022, the County has receivables from and amounts due to other governments as follows:

	Primary Government	Component Unit	
		School Board	School Board Internal Service Fund
Amounts due from other governments are as follows:			
Other Local Governments:			
Gloucester County	\$ -	\$ 3,728,727	\$ 890,988
Commonwealth of Virginia:			
Local sales tax	1,156,743	-	-
Local communication sales tax	174,697	-	-
Victim witness grant	7,986	-	-
Rental vehicle tax	6,393	-	-
CSA funds	79,666	-	-
VPA funds	128,770	-	-
State sales tax	-	1,269,699	-
School fund grants	-	522,564	-
School sales tax	974,410	-	-
Constitutional officer reimbursements	321,300	-	-
Other Grants	133,932	-	-
E-911 funds	12,248	-	-
Federal Government:			
School fund grants	-	1,565,961	-
V-stop prosecutor grant	7,930	-	-
Emergency management	13,644	-	-
VPA funds	204,197	-	-
Victim witness grant	18,635	-	-
Other federal grants	72,830	-	-
Total due from other governments	<u>\$ 3,313,381</u>	<u>\$ 7,086,951</u>	<u>\$ 890,988</u>
Amounts due to other governments are as follows:			
Gloucester County School Board	\$ 3,728,727	\$ -	\$ -
Gloucester School Board Self insurance fund	890,988	-	-
Commonwealth of Virginia	9,222	-	-
Total due to other governments	<u>\$ 4,628,937</u>	<u>\$ -</u>	<u>\$ -</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2022, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 784,985	\$ 317,422
Capital Projects	-	268,295
Debt Service	-	16,075
Mosquito Control	177,536	-
Virginia Public Assistance	300	332,967
Comprehensive Services Act	-	34,560
Utilities	25,298	-
Gloucest Sanitary District	-	18,800
Total All Funds	<u>\$ 988,119</u>	<u>\$ 988,119</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.

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2022:

Primary Government:

Primary Government:	<u>Balance July 1, 2021</u>	<u>Adjustments</u>	<u>Adjusted Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Governmental activities:						
Capital assets not subject to depreciation:						
Land	\$ 7,001,908	\$ -	\$ 7,001,908	\$ -	\$ -	\$ 7,001,908
Construction in progress	2,067,175	-	2,067,175	175,474	1,664,966	577,683
Jointly owned construction in progress	332,679	-	332,679	7,007,470	592,484	6,747,665
Total capital assets not subject to depreciation	\$ 9,401,762	\$ -	\$ 9,401,762	\$ 7,182,944	\$ 2,257,450	\$ 14,327,256
Capital assets subject to depreciation:						
Buildings	\$ 20,014,365	\$ -	\$ 20,014,365	\$ 1,470,074	\$ -	\$ 21,484,439
Lease buildings	-	906,291	906,291	1,754,763	-	2,661,054
Improvements other than buildings	4,431,306	-	4,431,306	164,351	-	4,595,657
Machinery and equipment	20,989,731	-	20,989,731	975,016	481,634	21,483,113
Lease equipment	-	-	-	941,598	-	941,598
Jointly owned assets - buildings	40,830,919	-	40,830,919	1,973,564	(3,488,774)	46,293,257
Total capital assets subject to depreciation	\$ 86,266,321	\$ 906,291	\$ 87,172,612	\$ 7,279,366	\$ (3,007,140)	\$ 97,459,118
Accumulated depreciation/amortization:						
Buildings	\$ (10,775,123)	\$ -	\$ (10,775,123)	\$ (482,158)	\$ -	\$ (11,257,281)
Leased buildings	-	-	-	(105,157)	-	(105,157)
Improvements other than buildings	(1,768,411)	-	(1,768,411)	(228,445)	-	(1,996,856)
Machinery and equipment	(19,508,165)	-	(19,508,165)	(717,414)	(481,634)	(19,743,945)
Jointly owned assets - buildings	(18,364,220)	-	(18,364,220)	(1,074,377)	2,151,815	(21,590,412)
Total accumulated depreciation	\$ (50,415,919)	\$ -	\$ (50,415,919)	\$ (2,607,551)	\$ 1,670,181	\$ (54,693,651)
Total capital assets being depreciated, net	\$ 35,850,402	\$ 906,291	\$ 36,756,693	\$ 4,671,815	\$ (1,336,959)	\$ 42,765,467
Governmental activities capital assets, net	<u>\$ 45,252,164</u>	<u>\$ 906,291</u>	<u>\$ 46,158,455</u>	<u>\$ 11,854,759</u>	<u>\$ 920,491</u>	<u>\$ 57,092,723</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	160,877
Judicial administration		182,224
Public safety		795,426
Public works		40,674
Health and welfare		109,779
Education		1,084,969
Parks, recreation and cultural		221,900
Community development		11,702
		<u>11,702</u>
Total Governmental activities	\$	<u>2,607,551</u>

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2022:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,690,276	\$ -	\$ -	\$ 3,690,276
Construction in progress	58,874	294,355	240,764	112,465
	<u>3,749,150</u>	<u>294,355</u>	<u>240,764</u>	<u>3,802,741</u>
Total capital assets not subject to depreciation	\$ 3,749,150	\$ 294,355	\$ 240,764	\$ 3,802,741
Capital assets subject to depreciation:				
Plant in service	\$ 37,209,597	\$ 240,765	\$ -	\$ 37,450,362
Machinery and equipment	2,312,185	142,650	-	2,454,835
Buildings	6,542,938	-	-	6,542,938
	<u>46,064,720</u>	<u>383,415</u>	<u>-</u>	<u>46,448,135</u>
Total capital assets subject to depreciation	\$ 46,064,720	\$ 383,415	\$ -	\$ 46,448,135
Accumulated depreciation:				
Plant in service	\$ (19,644,152)	\$ (845,459)	\$ -	\$ (20,489,611)
Machinery and equipment	(1,036,246)	(83,054)	-	(1,119,300)
Buildings	(4,802,777)	(173,059)	-	(4,975,836)
	<u>(25,483,175)</u>	<u>(1,101,572)</u>	<u>-</u>	<u>(26,584,747)</u>
Total accumulated depreciation	\$ (25,483,175)	\$ (1,101,572)	\$ -	\$ (26,584,747)
Total capital assets being depreciated, net	\$ 20,581,545	\$ (718,157)	\$ -	\$ 19,863,388
Business-type activities capital assets, net	\$ 24,330,695	\$ (423,802)	\$ 240,764	\$ 23,666,129

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2022:

Component Unit - School Board:

Component Unit - School Board:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
Capital assets not subject to depreciation:				
Land	\$ 1,476,061	\$ -	\$ -	\$ 1,476,061
Construction in progress	<u>310,560</u>	<u>-</u>	<u>310,560</u>	<u>-</u>
Total capital assets not subject to depreciation	<u>\$ 1,786,621</u>	<u>\$ -</u>	<u>\$ 310,560</u>	<u>\$ 1,476,061</u>
Capital assets subject to depreciation:				
Buildings	\$ 6,574,542	\$ -	\$ -	\$ 6,574,542
Machinery and equipment	13,279,254	606,191	914,749	12,970,696
Jointly owned assets - buildings	<u>54,138,698</u>	<u>-</u>	<u>3,488,774</u>	<u>50,649,924</u>
Total capital assets subject to depreciation	<u>\$ 73,992,494</u>	<u>\$ 606,191</u>	<u>\$ 4,403,523</u>	<u>\$ 70,195,162</u>
Accumulated depreciation:				
Buildings	\$ (1,290,498)	\$ (322,788)	\$ -	\$ (1,613,286)
Machinery and equipment	(9,735,129)	(672,321)	(914,749)	(9,492,701)
Jointly owned assets - buildings	<u>(24,349,562)</u>	<u>(1,424,542)</u>	<u>(2,151,815)</u>	<u>(23,622,289)</u>
Total accumulated depreciation	<u>\$ (35,375,189)</u>	<u>\$ (2,419,651)</u>	<u>\$ (3,066,564)</u>	<u>\$ (34,728,276)</u>
Total capital assets being depreciated, net	<u>\$ 38,617,305</u>	<u>\$ (1,813,460)</u>	<u>\$ 1,336,959</u>	<u>\$ 35,466,886</u>
Governmental activities capital assets, net	<u>\$ 40,403,926</u>	<u>\$ (1,813,460)</u>	<u>\$ 1,647,519</u>	<u>\$ 36,942,947</u>

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, 2022, is that school financed assets in the amount of \$31,450,510 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of changes for the component Unit Economic Development Authority capital assets at June 30, 2022 follows:

	<u>Balance July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2022</u>
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	\$ (10,997,725)	\$ (728,863)	\$ -	\$ (11,726,588)
Machinery and equipment	(7,234)	-	-	(7,234)
Total accumulated depreciation	\$ (11,004,959)	\$ (728,863)	\$ -	\$ (11,733,822)
Total capital assets being depreciated, net	\$ 7,223,847	\$ (728,863)	\$ -	\$ 6,494,984
Business-type activities capital assets, net	<u>\$ 7,697,582</u>	<u>\$ (728,863)</u>	<u>\$ -</u>	<u>\$ 6,968,719</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

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

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ -	\$ 8,853,443
Debt Service	4,015,453	-
Capital Projects	3,634,315	-
School Sales Tax	-	289,826
Other Governmental Funds	1,493,501	-
Total-All Funds	<u>\$ 9,143,269</u>	<u>\$ 9,143,269</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, 2022 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2022 is as follows:

	Balance at July 1, 2021	Adjustments	Adjusted Balance at July 1, 2021	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2022	Amounts Due Within One Year
Governmental Activities:							
Incurred by County:							
Compensated absences	\$ 2,078,942	\$ -	\$ 2,078,942	\$ 497,195	\$ 570,407	\$ 2,005,730	\$ 200,573
Net OPEB liabilities	6,854,890	-	6,854,890	2,808,972	3,491,303	6,172,559	-
Net pension liability	11,652,653	-	11,652,653	9,772,597	20,308,923	1,116,327	-
Lease liabilities	-	906,291	906,291	2,696,361	92,607	3,510,045	395,229
Direct borrowing and placements:							
Lease revenue bond	4,989,000	-	4,989,000	-	4,989,000	-	-
Loan payable	-	-	-	4,663,789	70,022	4,593,767	496,007
Total incurred by County	<u>\$ 25,575,485</u>	<u>\$ 906,291</u>	<u>\$ 26,481,776</u>	<u>\$ 20,438,914</u>	<u>\$ 29,522,262</u>	<u>\$ 17,398,428</u>	<u>\$ 1,091,809</u>
Incurred by School Board:							
Direct borrowing and placements:							
General obligation bonds	\$ 27,336,698	\$ -	\$ 27,336,698	\$ 32,425,000	\$ 2,633,853	\$ 57,127,845	\$ 3,771,258
Add deferred amounts:							
For issuance premium	1,634,518	-	1,634,518	2,724,064	121,989	4,236,593	-
Total incurred by School Board	<u>\$ 28,971,216</u>	<u>\$ -</u>	<u>\$ 28,971,216</u>	<u>\$ 35,149,064</u>	<u>\$ 2,755,842</u>	<u>\$ 61,364,438</u>	<u>\$ 3,771,258</u>
Total Governmental Activities	<u>\$ 54,546,701</u>	<u>\$ 906,291</u>	<u>\$ 55,452,992</u>	<u>\$ 55,587,978</u>	<u>\$ 32,278,104</u>	<u>\$ 78,762,866</u>	<u>\$ 4,863,067</u>
Business-type Activities:							
Compensated absences	\$ 100,078	\$ -	\$ 100,078	\$ 26,169	\$ 7,219	\$ 119,028	\$ 11,903
Net OPEB liabilities	242,073	-	242,073	41,934	78,146	205,861	-
Net pension liability	833,342	-	833,342	722,249	1,474,491	81,100	-
Direct borrowing and placements:							
Revenue bonds	5,980,000	-	5,980,000	-	5,980,000	-	-
Loan payable	-	-	-	5,365,437	86,445	5,278,992	766,489
Total Business-type Activities	<u>\$ 7,155,493</u>	<u>\$ -</u>	<u>\$ 7,155,493</u>	<u>\$ 6,155,789</u>	<u>\$ 7,626,301</u>	<u>\$ 5,684,981</u>	<u>\$ 778,392</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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		Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 395,229	\$ 108,981	\$ 496,007	\$ 45,155	\$ 3,771,258	\$ 2,484,007
2024	407,197	97,011	494,399	43,442	3,911,126	2,335,537
2025	419,581	84,628	502,279	41,215	3,325,284	2,186,737
2026	432,392	71,817	504,700	38,294	3,457,045	2,042,082
2027	445,648	58,560	506,955	34,514	3,584,162	1,895,949
2028	259,367	44,841	514,037	29,754	3,216,650	1,753,917
2029	226,391	35,283	515,946	24,013	2,980,490	1,620,321
2030	203,011	28,281	522,690	17,285	2,685,490	1,499,011
2031	209,843	21,448	536,754	6,826	2,800,489	1,370,328
2032	178,073	14,750	-	-	2,897,712	1,235,809
2033	171,139	8,861	-	-	2,917,713	1,109,823
2034	162,174	2,826	-	-	3,037,713	981,921
2035	-	-	-	-	2,312,713	764,406
2036	-	-	-	-	2,110,000	577,038
2037	-	-	-	-	2,190,000	500,501
2038	-	-	-	-	2,270,000	416,335
2039	-	-	-	-	2,360,000	328,827
2040	-	-	-	-	2,450,000	237,419
2041	-	-	-	-	2,545,000	142,001
2042	-	-	-	-	2,305,000	46,676
Total	<u>3,510,045</u>	<u>\$ 577,287</u>	<u>\$ 4,593,767</u>	<u>\$ 280,498</u>	<u>\$ 57,127,845</u>	<u>\$ 23,528,645</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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
2023	\$ 766,489	\$ 45,167
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>5,278,992</u>	\$ <u>235,834</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)						\$ 2,005,730	\$ 200,573
Net OPEB liabilities (payable from the General Fund)						\$ 6,172,559	\$ -
Net pension liability (payable from the General Fund)						\$ 1,116,327	\$ -
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	1,754,763	121,022
\$457,183 building lease, due in monthly installments of \$4,724.		2.82%	07/01/21	05/34/34	457,183	417,182	40,042
\$449,107 building lease, due in monthly installments of \$6,076.		5.25%	07/01/21	11/30/28	449,107	396,502	53,374
\$941,598 equipment lease, due in annual installments of \$200,000.		2.04%	01/01/22	01/31/27	941,598	941,598	180,791
Total Lease Liabilities						3,510,045	395,229
Direct borrowings and placements:							
<u>Loan payable:</u>							
Virginia Resources Authority Loan	(a)	5.125%	11/17/21	04/01/30	4,663,789	\$ 4,593,767	\$ 496,007
Total long-term obligations incurred by the County						\$ 17,398,428	\$ 1,091,809
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	\$ 250,000	\$ 27,778
Qualified School Construction Bonds through VPSA	(b)	3.84%	08/12/15	11/01/30	5,999,684	3,799,793	399,979
VPSA Bond outstanding \$1,140,000 plus unamortized premium of \$29,523.	(b)	3.1% through 5.35%	08/12/15	11/01/30	7,525,000	1,169,523	555,000
VPSA Bond outstanding \$4,755,000 plus unamortized premium of \$683,357.	(b)	2.05% through 5.05%	10/20/20	07/15/40	4,870,000	5,438,357	160,000
VPSA Bond outstanding \$2,225,000 plus unamortized premium of \$40,506.	(b)	4.225% through 5.10%	08/12/15	11/01/30	6,505,000	2,265,506	405,000
VPSA Bond outstanding \$10,410,000 plus unamortized premium of \$667,584.	(b)	2.30% through 5.05%	08/12/15	11/01/30	15,845,000	11,077,584	855,000
VPSA Bond outstanding \$2,123,052 plus unamortized premium of \$91,559.	(b)	4.35% through 5.10%	08/12/15	11/01/30	6,364,713	2,214,611	338,501
VPSA Bond outstanding \$32,425,000 plus unamortized premium of \$2,724,064.	(b)	5.05%	04/20/22	01/15/33	32,425,000	35,149,064	1,030,000
Total General Obligation Bonds						\$ 61,364,438	\$ 3,771,258
Total Direct Borrowings and Placements						\$ 61,364,438	\$ 3,771,258
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 61,364,438	\$ 3,771,258
Total outstanding debt - governmental activities						\$ 78,762,866	\$ 4,863,067

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of governmental activities long-term obligations:

	<u>Interest</u>	<u>Date</u>	<u>Final</u>	<u>Amount of</u>	<u>Balance</u>	<u>Amount</u>
	<u>Rates</u>	<u>Issued</u>	<u>Maturity</u>	<u>Original</u>	<u>Business-Type</u>	<u>Due Within</u>
			<u>Date</u>	<u>Issue</u>	<u>Activities</u>	<u>One Year</u>
Compensated absences (payable from the Enterprise Fund)					\$ 119,028	\$ 11,903
Net OPEB liabilities (payable from the Enterprise Fund)					\$ 205,861	\$ -
Net pension liability (payable from the Enterprise Fund)					\$ 81,100	\$ -
Direct borrowings and placements:						
<u>Loan payable:</u>						
Virginia Resources Authority Loan	(a)	5.125%	11/17/21	04/01/30	5,365,437	\$ 5,278,992
Total outstanding debt - business-type activities					\$ 5,684,981	\$ 778,392

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, 2022 (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, 2022:

	<u>Balance at July 1, 2021</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Compensated absences (payable from the School Fund)	\$ 1,834,794	\$ 2,522,427	\$ 2,588,597	\$ 1,768,624	\$ 176,862
Net OPEB liabilities	16,095,027	2,309,283	3,924,378	14,479,932	-
Net pension liability	<u>56,216,407</u>	<u>12,049,571</u>	<u>40,758,218</u>	<u>27,507,760</u>	-
Total incurred by School Board	<u>\$ 74,146,228</u>	<u>\$ 16,881,281</u>	<u>\$ 47,271,193</u>	<u>\$ 43,756,316</u>	<u>\$ 176,862</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022:

	<u>Balance at July 1, 2021</u>	<u>Issuances/ Increases</u>	<u>Retirements/ Decreases</u>	<u>Balance at June 30, 2022</u>	<u>Amounts Due Within One Year</u>
Direct borrowing and placements:					
Lease Revenue Bond	\$ 9,310,815	\$ -	\$ 1,011,559	\$ 8,299,256	\$ 1,062,783
Total	<u>\$ 9,310,815</u>	<u>\$ -</u>	<u>\$ 1,011,559</u>	<u>\$ 8,299,256</u>	<u>\$ 1,062,783</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.	\$ 8,299,256
Total Debt incurred by the Component Unit Economic Development Authority	<u>\$ 8,299,256</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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
2023	\$ 1,062,783	\$ 386,948
2024	1,116,600	333,132
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	\$ <u>8,299,256</u>	\$ <u>1,479,663</u>

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, 2022 (CONTINUED)

NOTE 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2022, 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	\$ -	\$ -	\$ 3,619,345
2nd half assessments due in December 2021	23,561,283	23,769	23,561,283
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	339,851	180	339,851
	<u>\$ 23,901,134</u>	<u>\$ 23,949</u>	<u>\$ 27,520,479</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, 2022 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES: (Continued)

The County was committed under the following construction contracts at June 30, 2022:

<u>Contractor</u>	<u>Project</u>	<u>Contract Sum</u>	<u>Balance</u>
Oyster Point Construction	Bus Facility	\$ 7,257,000	\$ 3,975,740
Mosley Architects	Gloucester High School	3,033,534	1,596,673

NOTE 12—LITIGATION:

At June 30, 2022, 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, 2020	\$ 1,088,633
Incurred claims (including IBNR and changes in estimates)	9,933,954
Claim payments	(9,267,193)
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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 (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, 2020 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	241	136
Inactive members:		
Vested inactive members	65	32
Non-vested inactive members	81	61
Inactive members active elsewhere in VRS	151	49
Total inactive members	297	142
Active members	311	171
Total covered employees	849	449

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 was 11.63% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$1,945,994 and \$1,772,125 for the years ended June 30, 2022 and June 30, 2021, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2022 was 5.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

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 \$188,202 and \$185,459 for the years ended June 30, 2022 and June 30, 2021, 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, 2021. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 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, 2022 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021:

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public S	6.00%	3.29%	0.20%
PIP - Private Investment P:	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.39%</u>

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

*On October 10, 2019, the VRS Board elected a long-term rate of 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, 2022 (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, 2021, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2021, 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, 2021 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, 2020	\$ 79,208,386	\$ 66,722,391	\$ 12,485,995
Changes for the year:			
Service cost	\$ 1,842,214	\$ -	\$ 1,842,214
Interest	5,223,971	-	5,223,971
Changes of assumption	3,371,245	-	3,371,245
Differences between expected and actual experience	(977,649)	-	(977,649)
Contributions - employer	-	1,764,009	(1,764,009)
Contributions - employee	-	802,464	(802,464)
Net investment income	-	18,225,275	(18,225,275)
Benefit payments, including refunds of employee contributions	(3,632,451)	(3,632,451)	-
Administrative expense	-	(45,119)	45,119
Other changes	-	1,720	(1,720)
Net changes	\$ 5,827,330	\$ 17,115,898	\$ (11,288,568)
Balances at June 30, 2021	\$ 85,035,716	\$ 83,838,289	\$ 1,197,427

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020	\$ 20,657,247	\$ 19,033,561	\$ 1,623,686
Changes for the year:			
Service cost	\$ 302,456	\$ -	\$ 302,456
Interest	1,355,961	-	1,355,961
Changes of assumptions	801,867	-	801,867
Differences between expected and actual experience	392,788	-	392,788
Contributions - employer	-	183,576	(183,576)
Contributions - employee	-	165,326	(165,326)
Net investment income	-	5,120,995	(5,120,995)
Benefit payments, including refunds of employee contributions	(1,137,882)	(1,137,882)	-
Administrative expense	-	(13,158)	13,158
Other changes	-	479	(479)
Net changes	<u>\$ 1,715,190</u>	<u>\$ 4,319,336</u>	<u>\$ (2,604,146)</u>
Balances at June 30, 2021	<u>\$ 22,372,437</u>	<u>\$ 23,352,897</u>	<u>\$ (980,460)</u>

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)	\$ 12,403,892	\$ 1,197,427	\$ (8,060,761)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	1,591,693	(980,460)	(3,139,196)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$1,923,989 and \$284,543, respectively. At June 30, 2022, 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	\$ 1,079,590	\$ 630,965	\$ 363,838	\$ -
Changes of assumptions	2,189,657	-	479,832	-
Net difference between projected and actual earnings on pension plan investments	-	9,081,145	-	2,530,459
Proportionate share	42,680	42,680	-	-
Employer contributions subsequent to the measurement date	1,945,994	-	188,202	-
Total	\$ 5,257,921	\$ 9,754,790	\$ 1,031,872	\$ 2,530,459

\$1,945,994 and \$188,202 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

<u>Year ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (189,294)	\$ 16,049
2024	(1,385,511)	(341,508)
2025	(2,116,267)	(588,672)
2026	(2,751,791)	(772,658)
2027	-	-
Thereafter	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, 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 \$5,586,102 and \$5,012,876 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

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

At June 30, 2022, the school division reported a liability of \$27,504,760 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2021 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion was 0.35434% as compared to 0.37510% at June 30, 2020.

For the year ended June 30, 2022, the school division recognized pension expense of (\$53,795). 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)

At June 30, 2022, 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	\$ -	\$ 2,342,944
Change of assumptions	4,819,287	-
Net difference between projected and actual earnings on pension plan investments	-	17,334,654
Changes in proportion and differences between employer contributions and proportionate share of contributions	479,614	2,622,840
Employer contributions subsequent to the measurement date	<u>5,586,102</u>	<u>-</u>
Total	<u>\$ 10,885,003</u>	<u>\$ 22,300,438</u>

\$5,586,102 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Year ended June 30

2023	\$ (3,996,351)
2024	(3,647,347)
2025	(3,945,187)
2026	(5,411,842)
2027	(810)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

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

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, 2021, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability (Continued)

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) \$	53,088,486	\$	27,507,760	\$	6,464,195
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Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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	\$ 5,257,921	\$ 9,754,790	\$ 1,197,427	\$ 1,923,989	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	1,031,872	2,530,459	(980,460)	284,543
School Board Professional	-	-	-	-	10,885,003	22,300,438	27,507,760	(53,795)
Totals	<u>\$ 5,257,921</u>	<u>\$ 9,754,790</u>	<u>\$ 1,197,427</u>	<u>\$ 1,923,989</u>	<u>\$ 11,916,875</u>	<u>\$ 24,830,897</u>	<u>\$ 26,527,300</u>	<u>\$ 230,748</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 15—SURETY BONDS:

	<u>Amount</u>
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

NOTE 16—LEASE RECEIVABLE:

The County leases land and rights-of-way to tenants under the following lease contract. In fiscal year 2022, the County recognizes principal and interest revenue in the amount of \$49,422 and \$414, respectively. A description of the leases is as follows:

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Beehive Drive tower	7/1/2021	2/28/2026	Monthly	3.47%	\$ 66,267
VIMS tower	7/1/2021	2/28/2026	Monthly	3.47%	71,768
Total					<u>\$ 138,035</u>

Lease revenue for the year ended June 30, 2022 was \$127,856 for governmental activities and \$26,649 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Plan Description (Continued)

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 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 \$8,722 as of June 30, 2022.

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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$95,278 and \$91,180 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Contributions (Continued)

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$189,695 and \$169,261 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$20,084 and \$19,563 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

At June 30, 2022, the County reported a liability of \$955,285 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,767,597 and \$204,330, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The covered employer's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Plan for the year ended June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.08200% as compared to 0.08110% at June 30, 2020. At June 30, 2021, the Component Unit School Board professional and nonprofessional groups' proportion was 0.15180% and 0.01750%, respectively, as compared to 0.15960% and 0.01830%, respectively, at June 30, 2020.

For the year ended June 30, 2022, the County recognized GLI OPEB expense of \$51,937. For the year ended June 30, 2022, the Component Unit School Board professional group recognized GLI OPEB expense of \$57,772. For the year ended June 30, 2022, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$2,213. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)

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

	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	\$ 108,954	\$ 7,279	\$ 201,601	\$ 13,468	\$ 23,305	\$ 1,557
Net difference between projected and actual earnings on GLI OPEB plan investment	-	228,006	-	421,887	-	48,769
Change of assumptions	52,665	130,703	97,447	241,845	11,265	27,957
Changes in proportionate share	84,379	35,387	43,243	137,641	23,602	25,467
Employer contributions subsequent to the measurement date	95,278	-	189,695	-	20,084	-
Total	\$ 341,276	\$ 401,375	\$ 531,986	\$ 814,841	\$ 78,256	\$ 103,750

\$95,278, \$189,695, and \$20,084, 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Primary Government	Component Unit School Board (professional)	Component Unit School Board (nonprofessional)
2023	\$ (34,260)	\$ (101,722)	\$ (16,225)
2024	(23,658)	(90,511)	(9,382)
2025	(19,615)	(87,643)	(4,387)
2026	(65,758)	(148,825)	(11,966)
2027	(12,086)	(43,849)	(3,618)
Thereafter	-	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. 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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Actuarial Assumptions: (Continued)

Mortality Rates - Teachers (Continued)

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 17—GROUP LIFE INSURANCE (GLI) 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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2022 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

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

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

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, 2021, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

	GLI OPEB Plan
	<u> </u>
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
Employers’ Net GLI OPEB Liability (Asset)	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

* On October 10, 2019, the VRS Board elected a long-term rate of 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, 2022 (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, 2021, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB’s fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,395,706	\$ 955,285	\$ 599,625
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	2,582,523	1,767,597	1,109,507
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	298,533	204,330	128,257

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 (CONTINUED)

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

Employees Covered by Benefit Terms

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

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	42	58
Inactive members:		
Vested inactive members	5	3
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>47</u>	<u>61</u>
Active members	140	171
Total covered employees	<u><u>187</u></u>	<u><u>232</u></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, 2022 was 0.16% and 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$13,325 and \$12,494 for the years ended June 30, 2022 and June 30, 2021, respectively. Contributions from the School Board to the HIC Plan were \$30,627 and \$30,015 for the years ended June 30, 2022 and June 30, 2021, respectively.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Net HIC OPEB Liability

The County and School Board’s net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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, 2022 (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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

* On October 10, 2019, the VRS Board elected a long-term rate of 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, 2021, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue to contribute 100% of the actuarially

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2020	\$ 319,141	\$ 291,727	\$ 27,414
Changes for the year:			
Service cost	\$ 9,106	\$ -	\$ 9,106
Interest	20,637	-	20,637
Assumption changes	4,373	-	4,373
Differences between expected and actual experience	20,291	-	20,291
Contributions - employer	-	12,495	(12,495)
Net investment income	-	74,603	(74,603)
Benefit payments, including refunds of employee contributions	(26,797)	(26,797)	-
Administrative expense	-	(848)	848
Other changes	-	-	-
Net changes	\$ 27,610	\$ 59,453	\$ (31,843)
Balances at June 30, 2021	\$ 346,751	\$ 351,180	\$ (4,429)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2020	\$ 413,258	\$ 144,104	\$ 269,154
Changes for the year:			
Service cost	\$ 6,324	\$ -	\$ 6,324
Interest	26,769	-	26,769
Assumption changes	5,935	-	5,935
Differences between expected and actual experience	(11,423)	-	(11,423)
Contributions - employer	-	30,016	(30,016)
Net investment income	-	37,010	(37,010)
Benefit payments, including refunds of employee contributions	(33,349)	(33,349)	-
Administrative expense	-	(434)	434
Other changes	-	-	-
Net changes	\$ (5,744)	\$ 33,243	\$ (38,987)
Balances at June 30, 2021	\$ 407,514	\$ 177,347	\$ 230,167

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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) \$	31,724	(4,429)	(35,272)
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	271,337	230,167	194,895

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, 2022, the County and School Board recognized HIC Plan OPEB expense of \$2,847 and \$17,853. At June 30, 2022, 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	\$ 18,180	\$ 7,920	\$ 7,427	\$ 17,032
Net difference between projected and actual earnings on HIC OPEB plan investments	-	1,909	7,530	-
Changes of assumptions	7,166	35,496	-	17,413
Employer contributions subsequent to the measurement date	13,325	-	30,627	-
Total	\$ 38,671	\$ 45,325	\$ 45,584	\$ 34,445

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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)

\$13,325 and \$30,627 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2023	\$ (6,278)	\$ (4,826)
2024	(4,977)	(4,254)
2025	(3,139)	(4,062)
2026	(7,154)	(6,346)
2027	1,569	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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, 2022 (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, 2022 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate 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 \$424,252 and \$378,511 for the years ended June 30, 2022 and June 30, 2021, respectively.

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, 2022, the school division reported a liability of \$4,540,113 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, 2021 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, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the school division's proportion of the VRS Teacher Employee HIC was 0.35731% as compared to 0.37400% at June 30, 2020.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 (Continued)

For the year ended June 30, 2022, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$333,230. 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 proportion.

At June 30, 2022, 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	\$ -	\$ 79,225
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	59,807
Change in assumptions	122,728	18,246
Change in proportionate share	74,369	287,884
Employer contributions subsequent to the measurement date	<u>424,252</u>	<u>-</u>
Total	<u>\$ 621,349</u>	<u>\$ 445,162</u>

\$424,252 reported as deferred outflows of resources related to the Teacher Employee HIC OPEB resulting from the school division's contributions subsequent to the measurement date will be recognized as a reduction of the Net Teacher Employee HIC OPEB Liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2023	\$ (42,081)
2024	(42,760)
2025	(46,639)
2026	(47,873)
2027	(27,612)
Thereafter	(41,100)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

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, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

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

Actuarial Assumptions (Continued)

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

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

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, 2021, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS - Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP - Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2021, 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, 2021 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Sensitivity of the 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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 5,110,909	\$ 4,540,113	\$ 4,057,083

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 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 was \$722.55 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020 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 \$106,396 and \$99,169 for the years ended June 30, 2022 and June 30, 2021, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022, the entity reported a liability of \$3,176,463 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2021 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2021, the entity's proportion was 0.72030% as compared to 0.79976 % at June 30, 2020.

For the year ended June 30, 2022, the entity recognized LODA OPEB expense of \$258,401. 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, 2022, 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 \$	264,832	\$ 480,944
Net difference between projected and actual earnings on LODA OPEB program investments	-	18,394
Change of assumptions	879,033	151,945
Change in proportionate	63,870	317,870
Employer contributions subsequent to the measurement date	106,396	-
Total	<u>\$ 1,314,131</u>	<u>\$ 969,153</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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)

\$106,396 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, 2023. 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>	
2023	\$ 38,868
2024	39,714
2025	39,963
2026	40,227
2027	57,688
Thereafter	22,122

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021. 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	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2029
Ages 65 and older	Fiscal year ended 2024
Investment rate of return	2.16%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.16% was used since it approximates the risk-free rate of return.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2022 (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, 2020 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, 2022 (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, 2021, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 448,542
Plan Fiduciary Net Position	7,553
Employers’ Net OPEB Liability (Asset)	<u>\$ 440,989</u>
 Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	 1.68%

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 2.16% 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 2.16% 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, 2021.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.16%. 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, 2021, 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, 2022 (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 2.16%, 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 (1.16%) or one percentage point higher (3.16%) than the current rate:

	Discount Rate		
	1% Decrease (1.16%)	Current (2.16%)	1% Increase (3.16%)
County's proportionate share of the LODA Net OPEB Liability	\$ 3,654,097	\$ 3,176,463	\$ 2,796,943

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	\$ 2,606,368	\$ 3,176,463	\$ 3,907,441

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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, 2022 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	255	512
Total retirees with coverage	3	24
Total	258	536

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, 2022 (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, 2022. 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, 2021 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	4.09% based on the yield on a 20-year municipal bond Aa index as of June 30, 2022
Investment Rate of Return	N/A
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 4.04% ultimate

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 2022; 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 2022; 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 2022; 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 2022

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 2022; 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 2022; 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, 2022 (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, 2022.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
	<u> </u>	<u> </u>
Balances at June 30, 2021	\$ 2,366,605	\$ 7,978,304
Changes for the year:		
Service cost	119,088	538,438
Interest	72,566	248,351
Changes in assumptions	(276,422)	(887,524)
Benefit payments	(35,165)	(139,844)
Net changes	<u>\$ (119,933)</u>	<u>\$ (240,579)</u>
Balances at June 30, 2022	<u>\$ 2,246,672</u>	<u>\$ 7,737,725</u>

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 (3.09%) or one percentage point higher (5.09%) than the current discount rate:

	Rate		
	1% Decrease (3.09%)	Current Discount Rate (4.09%)	1% Increase (5.09%)
	<u> </u>	<u> </u>	<u> </u>
Primary Government:			
Total OPEB liability	\$ 2,482,418	\$ 2,246,672	\$ 2,031,043
Component Unit School Board:			
Total OPEB liability	8,495,445	7,737,725	7,040,542

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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 (6.25% decreasing to 3.04% over 3 years) or one percentage point higher (8.25% decreasing to 5.04% over 3 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.25% decreasing to 3.04%)	Healthcare Cost Trend (7.25% decreasing to 4.04%)	1% Increase (8.25% decreasing to 5.04%)
Primary Government:			
Total OPEB liability	\$ 1,954,701	\$ 2,246,672	\$ 2,594,497
Component Unit School Board:			
Total OPEB liability	6,744,385	7,737,725	8,932,061

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

For the year ended June 30, 2022, the County and the School Board recognized OPEB expense in the amount of \$153,515 and \$174,196. At June 30, 2022, 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	\$ 267,745	\$ -	\$ -	\$ 675,226
Changes in assumptions	-	474,304	-	1,458,391
Total	\$ 267,745	\$ 474,304	\$ -	\$ 2,133,617

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
2023	\$ (38,139)	\$ (612,593)
2024	(38,139)	(612,593)
2025	(38,139)	(612,591)
2026	(46,070)	(147,921)
2027	(46,072)	(147,919)
Thereafter	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (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	\$ 341,276	\$ 401,375	\$ 955,285	\$ 51,937	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	78,256	103,750	204,330	2,213
School Board Professional	-	-	-	-	531,986	814,841	1,767,597	57,772
Health Insurance Credit Program (Note 18)	38,671	45,325	(4,429)	2,847	45,584	34,445	230,167	17,853
Teacher Health Insurance Credit Program (Note 19)	-	-	-	-	621,349	445,162	4,540,113	333,230
Line of Duty Act Program (Note 20)	1,314,131	969,153	3,176,463	258,401	-	-	-	-
County Stand-Alone Plan (Note 21)	267,745	474,304	2,246,672	153,515	-	-	-	-
School Stand-Alone Plan (Note 21)	-	-	-	-	-	2,133,617	7,737,725	174,196
Totals	\$ 1,961,823	\$ 1,890,157	\$ 6,373,991	\$ 466,700	\$ 1,277,175	\$ 3,531,815	\$ 14,479,932	\$ 585,264

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 23—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement Nos. 87, *Leases* and 92, *Omnibus 2020* during the fiscal year ended June 30, 2022. Statement No. 87, *Leases* requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Statement No. 92, *Omnibus 2020* addresses a variety of topics, including leases. No restatement of beginning net position was required as a result of this implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2021 related to the lease(s):

	<u>Governmental Activities</u>	<u>General Fund</u>	<u>Business-Type Activities</u>
Lessee activity:			
Lease assets	\$ 906,291	\$ -	\$ -
Lease liabilities	\$ 906,291	\$ -	\$ -
Lessor activity:			
Leases receivable	\$ 83,803	\$ 83,803	\$ 90,707
Deferred inflows of resources - leases	\$ 83,803	\$ 83,803	\$ 90,707

NOTE 24—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments have been made to beginning balances to properly report beginning net position and fund balance at June 30, 2022:

	<u>Fund Balance</u>		<u>Net Position</u>		
	<u>General</u>	<u>Mosquito Control Fund</u>	<u>Utilities Fund</u>	<u>Gloucester Sanitary District</u>	<u>Gloucester Point Sanitary District</u>
Balance at June 30, 2021, as previously stated	\$ 26,627,870	\$ -	\$ 23,082,975	\$ -	\$ -
Restatement:					
Implementation of new funds	(115,475)	115,475	(72,751)	2,131	70,620
Net Position/Fund Balance, July 1, 2021, as restated	\$ 26,512,395	\$ 115,475	\$ 23,010,224	\$ 2,131	\$ 70,620

NOTE 26—UPCOMING PRONOUNCEMENTS:

Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2021.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 26—UPCOMING PRONOUNCEMENTS: (CONTINUED)

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability of Payment Arrangements*, addresses issues related to public-private and public-public partnership arrangements. This Statement also provides guidance for accounting and financial reporting for availability payment arrangements. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022.

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.

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

NOTE 27—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS:

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2022 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

ARPA Funding

On March 11, 2021, the American Rescue Plan (ARPA) Act of 2021 was passed by the federal government. A primary component of the ARPA was the establishment of the Coronavirus State and Local Fiscal Recovery Fund (CSLFRF). Local governments are to receive funds in two tranches, with 50% provided beginning in May 2022 and the balance delivered approximately 12 months later.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 (CONTINUED)

NOTE 27—COVID-19 PANDEMIC FUNDING AND SUBSEQUENT EVENTS: (Continued)

ARPA Funding (Continued)

On July 23, 2021, the County received its share of the first half of the CSLFRF funds in the amount of \$3,627,205. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. Unspent ARPA funds in the amount of \$1,213,764 are reported as unearned revenue as of June 30, 2022.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2021 and added \$81.9 billion to the ESF. In March 2022, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

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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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
General property taxes	\$ 43,430,884	\$ 43,430,884	\$ 46,797,434	\$ 3,366,550
Other local taxes	11,742,000	11,742,000	14,483,422	2,741,422
Permits, privilege fees, and regulatory licenses	451,795	451,795	516,829	65,034
Fines and forfeitures	91,900	91,900	49,245	(42,655)
Revenue from the use of money and property	241,986	241,986	157,607	(84,379)
Charges for services	1,099,750	1,099,750	1,024,110	(75,640)
Miscellaneous	125,870	243,680	299,075	55,395
Recovered costs	606,378	579,293	584,285	4,992
Intergovernmental:				
Commonwealth	8,968,402	9,400,171	9,053,228	(346,943)
Federal	300,366	344,026	505,471	161,445
Total revenues	\$ 67,059,331	\$ 67,625,485	\$ 73,470,706	\$ 5,845,221
EXPENDITURES				
Current:				
General government administration	\$ 7,396,046	\$ 7,550,394	\$ 7,254,309	\$ 296,085
Judicial administration	2,089,388	2,205,652	2,140,393	65,259
Public safety	16,657,883	17,447,048	16,883,242	563,806
Public works	2,531,075	2,630,245	2,566,748	63,497
Health and welfare	624,023	624,023	612,518	11,505
Education	28,444,687	28,364,544	27,430,355	934,189
Parks, recreation, and cultural	2,516,635	4,510,410	4,288,529	221,881
Community development	1,350,543	1,426,941	1,371,923	55,018
Nondepartmental	1,330,880	466,863	322,306	144,557
Debt service:				
Principal retirement	92,607	92,607	92,607	-
Interest and other fiscal charges	31,602	31,602	31,602	-
Total expenditures	\$ 63,065,369	\$ 65,350,329	\$ 62,994,532	\$ 2,355,797
Excess (deficiency) of revenues over (under) expenditures	\$ 3,993,962	\$ 2,275,156	\$ 10,476,174	\$ 8,201,018
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (6,589,096)	\$ (11,214,968)	\$ (8,853,443)	\$ 2,361,525
Issuance of lease	-	1,754,763	1,754,763	-
Total other financing sources (uses)	\$ (6,589,096)	\$ (9,460,205)	\$ (7,098,680)	\$ 2,361,525
Net change in fund balances	\$ (2,595,134)	\$ (7,185,049)	\$ 3,377,494	\$ 10,562,543
Fund balances - beginning, as restated	2,595,134	7,185,049	26,512,395	19,327,346
Fund balances - ending	\$ -	\$ -	\$ 29,889,889	\$ 29,889,889

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, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other local taxes	\$ 5,000,000	\$ 5,000,000	\$ 5,482,990	\$ 482,990
Revenue from the use of money and property	-	-	4,152	4,152
Total revenues	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,487,142</u>	<u>\$ 487,142</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (289,024)	\$ (289,024)	\$ (289,826)	\$ (802)
Total other financing sources (uses)	<u>\$ (289,024)</u>	<u>\$ (289,024)</u>	<u>\$ (289,826)</u>	<u>\$ (802)</u>
Net change in fund balances	\$ 4,710,976	\$ 4,710,976	\$ 5,197,316	\$ 486,340
Fund balances - beginning	(4,710,976)	(4,710,976)	-	4,710,976
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,197,316</u>	<u>\$ 5,197,316</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, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 1,842,214	\$ 1,898,366
Interest	5,223,971	4,783,955
Changes of assumptions	3,371,245	-
Difference between expected and actual experience	(977,649)	3,297,585
Benefit payments	(3,632,451)	(3,289,869)
Net change in total pension liability	<u>\$ 5,827,330</u>	<u>\$ 6,690,037</u>
Total pension liability - beginning	79,208,386	72,518,349
Total pension liability - ending (a)	<u>\$ 85,035,716</u>	<u>\$ 79,208,386</u>
 Plan fiduciary net position		
Contributions - employer	\$ 1,764,009	\$ 1,461,760
Contributions - employee	802,464	799,113
Net investment income	18,225,275	1,276,232
Benefit payments	(3,632,451)	(3,289,869)
Administrative expense	(45,119)	(43,182)
Other	1,720	(1,504)
Net change in plan fiduciary net position	<u>\$ 17,115,898</u>	<u>\$ 202,550</u>
Plan fiduciary net position - beginning	66,722,391	66,519,841
Plan fiduciary net position - ending (b)	<u>\$ 83,838,289</u>	<u>\$ 66,722,391</u>
 County's net pension liability - ending (a) - (b)	 \$ 1,197,427	 \$ 12,485,995
 Plan fiduciary net position as a percentage of the total pension liability	 98.59%	 84.24%
 Covered payroll	 \$ 16,918,427	 \$ 16,682,041
 County's net pension liability as a percentage of covered payroll	 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.

	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	-
	<u>(2,714,506)</u>	<u>(2,630,115)</u>	<u>(2,480,079)</u>	<u>(2,299,345)</u>	<u>(2,395,275)</u>	<u>(2,134,451)</u>
\$	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
	<u>(2,714,506)</u>	<u>(2,630,115)</u>	<u>(2,480,079)</u>	<u>(2,299,345)</u>	<u>(2,395,275)</u>	<u>(2,134,451)</u>
	(40,997)	(37,410)	(37,007)	(32,083)	(31,171)	(36,335)
	<u>(2,655)</u>	<u>(3,900)</u>	<u>(5,772)</u>	<u>(387)</u>	<u>(486)</u>	<u>360</u>
\$	3,687,201	\$ 3,769,162	\$ 6,087,319	\$ 827,376	\$ 2,098,396	\$ 7,006,777
	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, 2021

	<u>2021</u>	<u>2020</u>
Total pension liability		
Service cost	\$ 302,456	\$ 290,581
Interest	1,355,961	1,275,548
Changes of assumptions	801,867	-
Difference between expected and actual experience	392,788	742,110
Benefit payments	(1,137,882)	(1,096,001)
Net change in total pension liability	<u>\$ 1,715,190</u>	<u>\$ 1,212,238</u>
Total pension liability - beginning	20,657,247	19,445,009
Total pension liability - ending (a)	<u><u>\$ 22,372,437</u></u>	<u><u>\$ 20,657,247</u></u>
Plan fiduciary net position		
Contributions - employer	\$ 183,576	\$ 165,295
Contributions - employee	165,326	173,184
Net investment income	5,120,995	366,146
Benefit payments	(1,137,882)	(1,096,001)
Refunds of contributions	-	-
Administrative expense	(13,158)	(12,915)
Other	479	(429)
Net change in plan fiduciary net position	<u>\$ 4,319,336</u>	<u>\$ (404,720)</u>
Plan fiduciary net position - beginning	19,033,561	19,438,281
Plan fiduciary net position - ending (b)	<u><u>\$ 23,352,897</u></u>	<u><u>\$ 19,033,561</u></u>
School Division's net pension liability (asset) - ending (a) - (b)	\$ (980,460)	\$ 1,623,686
Plan fiduciary net position as a percentage of the total pension liability	104.38%	92.14%
Covered payroll	\$ 3,616,273	\$ 3,753,820
School Division's net pension liability (asset) as a percentage of covered payroll	-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.

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%

COUNTY OF GLOUCESTER, VIRGINIA

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, 2021

	<u>2021</u>	<u>2020</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.35434%	0.37510%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 27,504,760	\$ 54,592,721
Employer's Covered Payroll	31,281,939	32,792,135
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	87.93%	166.48%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%	71.47%

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.

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.37333%	0.37012%	0.38104%	0.37070%	0.37696%	0.38539%
\$	49,132,350	\$ 43,526,000	\$ 46,860,000	\$ 51,950,000	\$ 47,446,000	\$ 46,573,000
	31,324,082	29,956,443	30,132,419	28,264,289	28,026,897	28,183,593
	156.85%	145.30%	155.51%	183.80%	169.29%	165.25%
	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions
Pension Plans

For the Years Ended June 30, 2013 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government					
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%
2013	1,560,294	1,560,294	-	13,211,634	11.81%
Component Unit School Board (nonprofessional)					
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%
2013	362,215	362,215	-	3,950,003	9.17%
Component Unit School Board (professional)					
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%
2013	3,283,284	3,283,284	-	28,158,525	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, 2022

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

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

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 2021

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 Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
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):					
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):					
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, 2022

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:					
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):					
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):					
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, 2022

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

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

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability					
Service cost	\$ 9,106	\$ 9,858	\$ 9,258	\$ 9,327	\$ 10,108
Interest	20,637	20,743	20,292	20,541	20,191
Changes in assumptions	4,373	-	7,308	-	(9,679)
Differences between expected and actual experience	20,291	(5,225)	3,417	(13,093)	-
Benefit payments	(26,797)	(27,071)	(18,636)	(22,036)	(9,197)
Net change in total HIC OPEB liability	<u>\$ 27,610</u>	<u>\$ (1,695)</u>	<u>\$ 21,639</u>	<u>\$ (5,261)</u>	<u>\$ 11,423</u>
Total HIC OPEB Liability - beginning	319,141	320,836	299,197	304,458	293,035
Total HIC OPEB Liability - ending (a)	<u><u>\$ 346,751</u></u>	<u><u>\$ 319,141</u></u>	<u><u>\$ 320,836</u></u>	<u><u>\$ 299,197</u></u>	<u><u>\$ 304,458</u></u>
Plan fiduciary net position					
Contributions - employer	\$ 12,495	\$ 13,138	\$ 12,652	\$ 12,249	\$ 12,479
Net investment income	74,603	5,957	18,334	19,722	28,877
Benefit payments	(26,797)	(27,071)	(18,636)	(22,036)	(9,197)
Administrative expense	(848)	(556)	(398)	(457)	(472)
Other	-	(3)	(22)	(1,448)	1,448
Net change in plan fiduciary net position	<u>\$ 59,453</u>	<u>\$ (8,535)</u>	<u>\$ 11,930</u>	<u>\$ 8,030</u>	<u>\$ 33,135</u>
Plan fiduciary net position - beginning	291,727	300,262	288,332	280,302	247,167
Plan fiduciary net position - ending (b)	<u><u>\$ 351,180</u></u>	<u><u>\$ 291,727</u></u>	<u><u>\$ 300,262</u></u>	<u><u>\$ 288,332</u></u>	<u><u>\$ 280,302</u></u>
County's net HIC OPEB liability/asset - ending (a) - (b)	\$ (4,429)	\$ 27,414	\$ 20,574	\$ 10,865	\$ 24,156
Plan fiduciary net position as a percentage of the total HIC OPEB liability	101.28%	91.41%	93.59%	96.37%	92.07%
Covered payroll	\$ 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	-0.06%	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, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total HIC OPEB Liability					
Service cost	\$ 6,324	\$ 5,958	\$ 5,855	\$ 6,008	\$ 7,069
Interest	26,769	25,175	27,056	26,070	25,888
Changes in benefit terms	-	15,181	-	-	-
Changes of assumptions	5,935	-	8,607	-	(5,500)
Differences between expected and actual experience	(11,423)	11,113	(24,262)	10,002	-
Benefit payments	(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
Net change in total HIC OPEB liability	\$ (5,744)	\$ 23,173	\$ (10,121)	\$ 13,489	\$ 6,344
Total HIC OPEB Liability - beginning	413,258	390,085	400,206	386,717	380,373
Total HIC OPEB Liability - ending (a)	\$ <u>407,514</u>	\$ <u>413,258</u>	\$ <u>390,085</u>	\$ <u>400,206</u>	\$ <u>386,717</u>
Plan fiduciary net position					
Contributions - employer	\$ 30,016	\$ 30,031	\$ 25,674	\$ 18,538	\$ 18,508
Net investment income	37,010	2,664	8,837	9,627	14,450
Benefit payments	(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
Administrative expense	(434)	(271)	(190)	(214)	(227)
Other	-	(1)	(10)	(747)	747
Net change in plan fiduciary net position	\$ 33,243	\$ (1,831)	\$ 6,934	\$ (1,387)	\$ 12,365
Plan fiduciary net position - beginning	144,104	145,935	139,001	140,388	128,023
Plan fiduciary net position - ending (b)	\$ <u>177,347</u>	\$ <u>144,104</u>	\$ <u>145,935</u>	\$ <u>139,001</u>	\$ <u>140,388</u>
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 230,167	\$ 269,154	\$ 244,150	\$ 261,205	\$ 246,329
Plan fiduciary net position as a percentage of the total HIC OPEB liability	43.52%	34.87%	37.41%	34.73%	36.30%
Covered payroll	\$ 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	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, 2022

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government:					
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):					
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, 2022

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

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

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Update to 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 2021

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)
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, 2022

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)
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, 2022

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

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

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 2021

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)
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, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Covered- Employee Payroll * (4)</u>	<u>Contributions as a % of Covered - Employee Payroll (5)</u>
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, 2022

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2020 valuation were based on 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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 119,088	\$ 121,992	\$ 116,183	\$ 99,166	\$ 94,444
Interest	72,566	67,591	61,685	61,011	56,708
Changes in assumptions	(276,422)	-	535,489	-	-
Differences between expected and actual experience	-	-	(487,903)	-	-
Benefit payments	(35,165)	(30,366)	(28,313)	(18,411)	(17,047)
Net change in total OPEB liability	\$ (119,933)	\$ 159,217	\$ 197,141	\$ 141,766	\$ 134,105
Total OPEB liability - beginning	2,366,605	2,207,388	2,010,247	1,868,481	1,734,376
Total OPEB liability - ending	<u>\$ 2,246,672</u>	<u>\$ 2,366,605</u>	<u>\$ 2,207,388</u>	<u>\$ 2,010,247</u>	<u>\$ 1,868,481</u>
Covered-employee payroll	\$ 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	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, 2022

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability					
Service cost	\$ 538,438	\$ 551,570	\$ 525,305	\$ 648,551	\$ 617,668
Interest	248,351	227,863	292,260	292,727	273,191
Changes in assumptions	(887,524)	-	(1,437,579)	-	-
Differences between expected and actual experience	-	-	(1,350,451)	-	-
Benefit payments	(139,844)	(246,166)	(229,525)	(297,576)	(275,533)
Net change in total OPEB liability	<u>\$ (240,579)</u>	<u>\$ 533,267</u>	<u>\$ (2,199,990)</u>	<u>\$ 643,702</u>	<u>\$ 615,326</u>
Total OPEB liability - beginning	<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><u>\$ 7,737,725</u></u>	<u><u>\$ 7,978,304</u></u>	<u><u>\$ 7,445,037</u></u>	<u><u>\$ 9,645,027</u></u>	<u><u>\$ 9,001,325</u></u>
Covered-employee payroll	\$ 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	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, 2022

Valuation Date: 7/1/2020
 Measurement Date: 6/30/2022

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	4.09% based on the yield on a 20-year municipal bond Aa index as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 4.04% ultimate
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, 2022

Valuation Date: 7/1/2020
 Measurement Date: 6/30/2022

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	4.09% based on the yield on a 20-year municipal bond Aa index as of June 30, 2022
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 4.04% ultimate
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.

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, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ -	\$ -	\$ 108,087	\$ 108,087
Federal	238,096	238,096	237,844	(252)
Total revenues	<u>\$ 238,096</u>	<u>\$ 238,096</u>	<u>\$ 345,931</u>	<u>\$ 107,835</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 3,294,853	\$ 7,622,853	\$ 7,786,678	\$ (163,825)
Interest and other fiscal charges	1,284,708	1,284,708	1,219,901	64,807
Bond issuance costs	350,000	350,000	165,188	184,812
Total expenditures	<u>\$ 4,929,561</u>	<u>\$ 9,257,561</u>	<u>\$ 9,171,767</u>	<u>\$ 85,794</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (4,691,465)</u>	<u>\$ (9,019,465)</u>	<u>\$ (8,825,836)</u>	<u>\$ 193,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers in-general fund	\$ 4,052,441	\$ 4,052,441	\$ 3,725,627	\$ (326,814)
Transfers in-school sales tax	289,024	289,024	289,826	802
Loan proceeds	-	4,328,000	4,672,451	344,451
Issuance of bond	350,000	350,000	139,007	(210,993)
Total other financing sources (uses)	<u>\$ 4,691,465</u>	<u>\$ 9,019,465</u>	<u>\$ 8,826,911</u>	<u>\$ (192,554)</u>
Net change in fund balances	\$ -	\$ -	\$ 1,075	\$ 1,075
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,075</u>	<u>\$ 1,075</u>

Capital Projects Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
 For the Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ 7,000	\$ 57,991	\$ 50,991
Miscellaneous	7,722,002	6,528,108	267,649	(6,260,459)
Intergovernmental:				
Commonwealth	698,068	1,017,884	102,313	(915,571)
Federal	2,263,766	3,378,150	36,766	(3,341,384)
Total revenues	<u>\$ 10,683,836</u>	<u>\$ 10,931,142</u>	<u>\$ 464,719</u>	<u>\$ (10,466,423)</u>
EXPENDITURES				
Capital projects	\$ 70,907,819	\$ 74,433,450	\$ 10,388,980	\$ 64,044,470
Total expenditures	<u>\$ 70,907,819</u>	<u>\$ 74,433,450</u>	<u>\$ 10,388,980</u>	<u>\$ 64,044,470</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (60,223,983)</u>	<u>\$ (63,502,308)</u>	<u>\$ (9,924,261)</u>	<u>\$ 53,578,047</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,699,950	\$ 4,957,775	\$ 3,634,315	\$ (1,323,460)
Issuance of lease	-	-	941,598	941,598
Issuance of bond	58,524,033	58,524,033	32,285,993	(26,238,040)
Premium on bond issuance	-	-	2,724,064	2,724,064
Total other financing sources (uses)	<u>\$ 60,223,983</u>	<u>\$ 63,481,808</u>	<u>\$ 39,585,970</u>	<u>\$ (23,895,838)</u>
Net change in fund balances	\$ -	\$ (20,500)	\$ 29,661,709	\$ 29,682,209
Fund balances - beginning	-	20,500	5,457,833	5,437,333
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,119,542</u>	<u>\$ 35,119,542</u>

Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2022

	Special Revenue				Total
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	American Rescue Plan Act Fund	Mosquito Control Fund	
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ 1,213,764	\$ -	\$ 1,213,764
Receivables (net of allowance for uncollectibles):					
Taxes receivable	-	-	-	61,406	61,406
Due from other funds	300	-	-	177,536	177,836
Due from other governmental units	332,967	79,666	-	-	412,633
Total assets	<u>\$ 333,267</u>	<u>\$ 79,666</u>	<u>\$ 1,213,764</u>	<u>\$ 238,942</u>	<u>\$ 1,865,639</u>
LIABILITIES					
Accounts payable	\$ 300	\$ 45,106	\$ -	\$ 1,924	\$ 47,330
Accrued liabilities	-	-	-	647	647
Due to other funds	332,967	34,560	-	-	367,527
Unearned revenue	-	-	1,213,764	-	1,213,764
Total liabilities	<u>\$ 333,267</u>	<u>\$ 79,666</u>	<u>\$ 1,213,764</u>	<u>\$ 2,571</u>	<u>\$ 1,629,268</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ 57,624	\$ 57,624
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,624</u>	<u>\$ 57,624</u>
Fund balances:					
Committed	\$ -	\$ -	\$ -	\$ 178,747	\$ 178,747
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,747</u>	<u>\$ 178,747</u>
Total liabilities and fund balances	<u>\$ 333,267</u>	<u>\$ 79,666</u>	<u>\$ 1,213,764</u>	<u>\$ 238,942</u>	<u>\$ 1,865,639</u>

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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2022

	Special Revenue					Total
	Virginia	Comprehensive	CARES	American Rescue	Mosquito	
	Public Assistance Fund					
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 108,443	\$ 108,443
Revenue from the use of money and property	-	-	13,553	2,965	-	16,518
Miscellaneous	-	4,671	-	-	-	4,671
Intergovernmental:						
Commonwealth	1,326,032	483,123	-	-	-	1,809,155
Federal	2,144,007	29,926	777,917	2,413,441	-	5,365,291
Total revenues	<u>\$ 3,470,039</u>	<u>\$ 517,720</u>	<u>\$ 791,470</u>	<u>\$ 2,416,406</u>	<u>\$ 108,443</u>	<u>\$ 7,304,078</u>
EXPENDITURES						
Current:						
Public safety	\$ -	\$ -	\$ 777,576	\$ 269,913	\$ -	\$ 1,047,489
Public works	-	-	-	142,651	-	142,651
Health and welfare	4,716,245	765,015	-	3,842	-	5,485,102
Education	-	-	-	-	45,171	45,171
Community development	-	-	13,894	2,000,000	-	2,013,894
Total expenditures	<u>\$ 4,716,245</u>	<u>\$ 765,015</u>	<u>\$ 791,470</u>	<u>\$ 2,416,406</u>	<u>\$ 45,171</u>	<u>\$ 8,734,307</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,246,206)</u>	<u>\$ (247,295)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,272</u>	<u>\$ (1,430,229)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,246,206	\$ 247,295	\$ -	\$ -	\$ -	\$ 1,493,501
Total other financing sources (uses)	<u>\$ 1,246,206</u>	<u>\$ 247,295</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,493,501</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ 63,272	\$ 63,272
Fund balances - beginning (as restated)	-	-	-	-	115,475	115,475
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 178,747</u>	<u>\$ 178,747</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, 2022

	Virginia Public Assistance Fund				Comprehensive Services Act Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Revenue from the use of money and property	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	3,720	3,720	4,671	951
Intergovernmental:								
Commonwealth	1,608,471	1,664,213	1,326,032	(338,181)	852,280	852,280	483,123	(369,157)
Federal	2,288,298	2,384,118	2,144,007	(240,111)	18,000	18,000	29,926	11,926
Total revenues	\$ 3,896,769	\$ 4,048,331	\$ 3,470,039	\$ (578,292)	\$ 874,000	\$ 874,000	\$ 517,720	\$ (356,280)
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	-	-	-	-
Health and welfare	5,794,016	5,954,083	4,716,245	1,237,838	1,524,000	1,524,000	765,015	758,985
Community development	-	-	-	-	-	-	-	-
Total expenditures	\$ 5,794,016	\$ 5,954,083	\$ 4,716,245	\$ 1,237,838	\$ 1,524,000	\$ 1,524,000	\$ 765,015	\$ 758,985
Excess (deficiency) of revenues over (under) expenditures	\$ (1,897,247)	\$ (1,905,752)	\$ (1,246,206)	\$ 659,546	\$ (650,000)	\$ (650,000)	\$ (247,295)	\$ 402,705
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 1,897,247	\$ 1,905,752	\$ 1,246,206	\$ (659,546)	\$ 650,000	\$ 650,000	\$ 247,295	\$ (402,705)
Total other financing sources (uses)	\$ 1,897,247	\$ 1,905,752	\$ 1,246,206	\$ (659,546)	\$ 650,000	\$ 650,000	\$ 247,295	\$ (402,705)
Net change in fund balances	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning (as restated)	-	-	-	-	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

CARES Act Fund				American Rescue Plan Act 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		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98,390	\$ 98,390	\$ 108,443	\$ 10,053
-	-	13,553	13,553	-	-	2,965	2,965	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
-	792,356	777,917	(14,439)	-	3,033,364	2,413,441	(619,923)	-	-	-	-
\$ -	\$ 792,356	\$ 791,470	\$ (886)	\$ -	\$ 3,033,364	\$ 2,416,406	\$ (616,958)	\$ 98,390	\$ 98,390	\$ 108,443	\$ 10,053
\$ -	\$ 778,462	\$ 777,576	\$ 886	\$ -	\$ 449,348	\$ 269,913	\$ 179,435	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	580,174	142,651	437,523	114,325	114,325	45,171	(69,154)
-	-	-	-	-	3,842	3,842	-	-	-	-	-
-	13,894	13,894	-	-	2,000,000	2,000,000	-	-	-	-	-
\$ -	\$ 792,356	\$ 791,470	\$ 886	\$ -	\$ 3,033,364	\$ 2,416,406	\$ 616,958	\$ 114,325	\$ 114,325	\$ 45,171	\$ (69,154)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,935)	\$ (15,935)	\$ 63,272	\$ (59,101)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,935)	\$ (15,935)	\$ 63,272	\$ (59,101)
-	-	-	-	-	-	-	-	15,935	15,935	115,475	99,540
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 178,747	\$ 40,439

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Combining Statement of Net Position
 Nonmajor Enterprise Funds
 June 30, 2022

	<u>Gloucester Sanitary District</u>	<u>Gloucester Point Sanitary District</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 25,655	\$ 64,544	\$ 90,199
Receivables (net of allowance for uncollectibles):			
Taxes receivable	12,254	13,421	25,675
Accounts receivable	9,669	9,711	19,380
Total assets	<u>\$ 47,578</u>	<u>\$ 87,676</u>	<u>\$ 135,254</u>
LIABILITIES			
Accounts payable	\$ 1,507	\$ 1,688	\$ 3,195
Due to other funds	18,800	-	18,800
Total liabilities	<u>\$ 20,307</u>	<u>\$ 1,688</u>	<u>\$ 21,995</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 11,666	\$ 12,283	\$ 23,949
Total deferred inflows of resources	<u>\$ 11,666</u>	<u>\$ 12,283</u>	<u>\$ 23,949</u>
NET POSITION			
Unrestricted	\$ 15,605	\$ 73,705	\$ 89,310
Total fund balances	<u>\$ 15,605</u>	<u>\$ 73,705</u>	<u>\$ 89,310</u>
Total liabilities and fund balances	<u>\$ 47,578</u>	<u>\$ 87,676</u>	<u>\$ 135,254</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, 2022

	Gloucester Sanitary District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ 19,153	\$ 19,153	\$ 21,738	\$ 2,585
Revenue from the use of money and property	50	50	25	(25)
Miscellaneous	-	-	16,106	16,106
Total revenues	<u>\$ 19,203</u>	<u>\$ 19,203</u>	<u>\$ 37,869</u>	<u>\$ 18,666</u>
EXPENDITURES				
Current:				
Public works	\$ 25,850	\$ 25,850	\$ 24,395	\$ 1,455
Total expenditures	<u>\$ 25,850</u>	<u>\$ 25,850</u>	<u>\$ 24,395</u>	<u>\$ 1,455</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,647)</u>	<u>\$ (6,647)</u>	<u>\$ 13,474</u>	<u>\$ 20,121</u>
Net change in net position	\$ (6,647)	\$ (6,647)	\$ 13,474	\$ 20,121
Net position - beginning (as restated)	6,647	6,647	2,131	(4,516)
Net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,605</u>	<u>\$ 15,605</u>

Gloucester Point Sanitary District			
Budgeted Amounts			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 20,508	\$ 20,508	\$ 22,433	\$ 1,925
334	334	92	(242)
-	-	-	-
<u>\$ 20,842</u>	<u>\$ 20,842</u>	<u>\$ 22,525</u>	<u>\$ 1,683</u>
\$ 20,842	\$ 20,842	\$ 19,440	\$ 1,402
<u>\$ 20,842</u>	<u>\$ 20,842</u>	<u>\$ 19,440</u>	<u>\$ 1,402</u>
\$ -	\$ -	\$ 3,085	\$ 3,085
\$ -	\$ -	\$ 3,085	\$ 3,085
-	-	70,620	70,620
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,705</u>	<u>\$ 73,705</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2022

	Custodial Funds				Total
	Special Welfare	Middle Peninsula Regional Special Education	Flexible Benefits	Sheriff/ Jail	
ASSETS					
Cash and cash equivalents	\$ 12,981	\$ 101,326	\$ 39,454	\$ 20,992	\$ 174,753
Investments	-	5,177	-	-	5,177
Accounts receivable	2,324	-	-	-	2,324
Total assets	<u>\$ 15,305</u>	<u>\$ 106,503</u>	<u>\$ 39,454</u>	<u>\$ 20,992</u>	<u>\$ 182,254</u>
LIABILITIES					
Accounts payable	-	7,425	-	-	7,425
Accrued liabilities	-	52,079	-	-	52,079
Total liabilities	<u>\$ -</u>	<u>\$ 59,504</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 59,504</u>
NET POSITION					
Restricted for:					
Individuals	\$ 15,305	-	\$ 39,454	\$ 20,992	\$ 75,751
Other governments	-	46,999	-	-	46,999
Total net position	<u>\$ 15,305</u>	<u>\$ 46,999</u>	<u>\$ 39,454</u>	<u>\$ 20,992</u>	<u>\$ 122,750</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2022

	<u>Custodial Funds</u>				<u>Total</u>
	<u>Special Welfare</u>	<u>Middle Peninsula Regional Special Education</u>	<u>Flexible Benefits</u>	<u>Sheriff/ Jail</u>	
ADDITIONS					
Contributions:					
Other governmental entities	\$ -	\$ 526,464	\$ -	\$ -	\$ 526,464
Participant fees	-	-	159,685	-	159,685
Miscellaneous	14,423	9,754	-	82,206	106,383
Investment earnings:					
Interest and dividends	24	246	-	-	270
Total additions	<u>\$ 14,447</u>	<u>\$ 536,464</u>	<u>\$ 159,685</u>	<u>\$ 82,206</u>	<u>\$ 792,802</u>
DEDUCTIONS					
Recipient payments	\$ 19,365	\$ -	\$ 156,885	\$ -	\$ 176,250
Administrative expenses	-	2,391	398	94,262	97,051
Payments for personnel	-	465,855	-	-	465,855
Purchases for supplies	-	31,519	-	-	31,519
Total deductions	<u>\$ 19,365</u>	<u>\$ 499,765</u>	<u>\$ 157,283</u>	<u>\$ 94,262</u>	<u>\$ 770,675</u>
Net increase (decrease) in fiduciary net position	<u>\$ (4,918)</u>	<u>\$ 36,699</u>	<u>\$ 2,402</u>	<u>\$ (12,056)</u>	<u>\$ 22,127</u>
Net position, beginning	<u>\$ 20,223</u>	<u>\$ 10,300</u>	<u>\$ 37,052</u>	<u>\$ 33,048</u>	<u>\$ 100,623</u>
Net position, ending	<u><u>\$ 15,305</u></u>	<u><u>\$ 46,999</u></u>	<u><u>\$ 39,454</u></u>	<u><u>\$ 20,992</u></u>	<u><u>\$ 122,750</u></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, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50	\$ 1,671,213	\$ 616,445	\$ 2,287,708
Investments	-	6,424	-	6,424
Receivables (net of allowance for uncollectibles):				
Accounts receivable	25,433	-	-	25,433
Due from other governmental units	6,881,938	205,013	-	7,086,951
Inventories	-	55,290	-	55,290
Total assets	<u>\$ 6,907,421</u>	<u>\$ 1,937,940</u>	<u>\$ 616,445</u>	<u>\$ 9,461,806</u>
LIABILITIES				
Accounts payable	\$ 822,180	\$ 157,310	\$ -	\$ 979,490
Accrued liabilities	6,085,241	184,034	-	6,269,275
Total liabilities	<u>\$ 6,907,421</u>	<u>\$ 341,344</u>	<u>\$ -</u>	<u>\$ 7,248,765</u>
FUND BALANCES				
Nonspendable	\$ -	\$ 55,290	\$ -	\$ 55,290
Assigned	-	1,541,306	616,445	2,157,751
Total fund balances	<u>\$ -</u>	<u>\$ 1,596,596</u>	<u>\$ 616,445</u>	<u>\$ 2,213,041</u>
Total liabilities and fund balances	<u>\$ 6,907,421</u>	<u>\$ 1,937,940</u>	<u>\$ 616,445</u>	<u>\$ 9,461,806</u>

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

Total fund balances per above \$ 2,213,041

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

Capital assets, cost	\$ 71,671,223	
Accumulated depreciation	<u>(34,728,276)</u>	36,942,947

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

Net pension asset		980,460
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Deferred outflows of resources are not available to pay for current-period expenditures, and, therefore, are not reported in the funds.

Pension related items	\$ 11,916,875	
OPEB related items	<u>1,277,175</u>	13,194,050

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.

(185,073)

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	\$ (1,768,624)	
Net OPEB liability	(14,479,932)	
Net pension liability	<u>(27,507,760)</u>	(43,756,316)

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

Pension related items	\$ (24,830,897)	
OPEB related items	<u>(3,531,815)</u>	(28,362,712)

Net position of governmental activities		<u>\$ (18,973,603)</u>
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 1,736	\$ -	\$ 3,736
Charges for services	6,238	139,035	-	145,273
Miscellaneous	217,781	14,269	705,969	938,019
Recovered costs	94,608	-	-	94,608
Intergovernmental:				
Local government	26,750,045	-	-	26,750,045
Commonwealth	33,570,768	70,075	-	33,640,843
Federal	6,010,059	3,766,087	-	9,776,146
Total revenues	<u>\$ 66,651,499</u>	<u>\$ 3,991,202</u>	<u>\$ 705,969</u>	<u>\$ 71,348,670</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 2,891,711	\$ 570,161	\$ 3,461,872
Instruction	49,549,837	-	-	49,549,837
Administration, Attendance, Health	2,851,206	-	-	2,851,206
Pupil Transportation	4,531,718	-	-	4,531,718
Operations and Maintenance	6,848,641	-	-	6,848,641
Technology	2,870,097	-	-	2,870,097
Total expenditures	<u>\$ 66,651,499</u>	<u>\$ 2,891,711</u>	<u>\$ 570,161</u>	<u>\$ 70,113,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 1,099,491</u>	<u>\$ 135,808</u>	<u>\$ 1,235,299</u>
Net change in fund balances	\$ -	\$ 1,099,491	\$ 135,808	\$ 1,235,299
Fund balances - beginning	-	497,105	480,637	977,742
Fund balances - ending	<u>\$ -</u>	<u>\$ 1,596,596</u>	<u>\$ 616,445</u>	<u>\$ 2,213,041</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				\$ 1,235,299
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			\$ (3,193,143)	
Depreciation expense			(267,836)	(3,460,979)
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			\$ 66,170	
Pension expense			5,546,727	
OPEB expense			220,335	5,833,232
Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds				217,367
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.				780,244
Change in net position of governmental activities				<u>\$ 4,605,163</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, 2022

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 2,000	\$ -
Charges for services	38,000	38,000	6,238	(31,762)
Miscellaneous	77,500	77,500	217,781	140,281
Recovered costs	183,096	183,096	94,608	(88,488)
Intergovernmental:				
Local government	27,742,836	27,654,399	26,750,045	(904,354)
Commonwealth	32,872,469	32,872,469	33,570,768	698,299
Federal	4,438,480	6,772,788	6,010,059	(762,729)
Total revenues	<u>\$ 65,354,381</u>	<u>\$ 67,600,252</u>	<u>\$ 66,651,499</u>	<u>\$ (948,753)</u>
EXPENDITURES				
Current:				
Instruction	\$ 48,150,665	\$ 50,484,973	\$ 49,549,837	\$ 935,136
Administration, Attendance, Health	2,850,492	2,823,848	2,851,206	(27,358)
Pupil Transportation	4,336,795	4,549,363	4,531,718	17,645
Operations and Maintenance	6,958,184	6,869,747	6,848,641	21,106
Technology	3,058,245	2,872,321	2,870,097	2,224
Total expenditures	<u>\$ 65,354,381</u>	<u>\$ 67,600,252</u>	<u>\$ 66,651,499</u>	<u>\$ 948,753</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<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, 2022

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 14,885	\$ 14,885	\$ 1,736	\$ (13,149)
Charges for services	1,313,500	1,313,500	139,035	(1,174,465)
Miscellaneous	25,500	25,500	14,269	(11,231)
Intergovernmental:				
Commonwealth	46,291	46,291	70,075	23,784
Federal	1,421,101	1,421,101	3,766,087	2,344,986
Total revenues	<u>\$ 2,821,277</u>	<u>\$ 2,821,277</u>	<u>\$ 3,991,202</u>	<u>\$ 1,169,925</u>
EXPENDITURES				
Current:				
Education	\$ 2,856,277	\$ 2,856,277	\$ 2,891,711	\$ (35,434)
Total expenditures	<u>\$ 2,856,277</u>	<u>\$ 2,856,277</u>	<u>\$ 2,891,711</u>	<u>\$ (35,434)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ 1,099,491</u>	<u>\$ 1,134,491</u>
Net change in fund balances	\$ (35,000)	\$ (35,000)	\$ 1,099,491	\$ 1,134,491
Fund balances - beginning	35,000	35,000	497,105	462,105
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,596,596</u>	<u>\$ 1,596,596</u>

Statement of Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 June 30, 2022

	Scholarship Private-Purpose Trust
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ <u> 2,685</u>
Total assets	\$ <u><u> 2,685</u></u>
NET POSITION	
Restricted:	
Held in trust for scholarships	\$ <u><u> 2,685</u></u>

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2022

	Scholarship Private-Purpose Trust
	<u> </u>
ADDITIONS	
Contributions:	
Private donations	\$ 500
Total contributions	<u>\$ 500</u>
Investment earnings:	
Interest	\$ 11
Total investment earnings	<u>\$ 11</u>
Total additions	<u>\$ 511</u>
DEDUCTIONS	
Scholarships	\$ 6,000
Total deductions	<u>\$ 6,000</u>
Change in net position	\$ (5,489)
Net position - beginning	8,174
Net position - ending	<u><u>\$ 2,685</u></u>

Statement of Net Position
 Internal Service Fund - Discretely Presented Component Unit - School Board
 June 30, 2022

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Accounts receivable, net of allowances for uncollectibles	\$ 699,197
Due from other governmental units	890,988
Total current assets	<u>\$ 1,590,185</u>
 Total assets	 <u>\$ 1,590,185</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,775,258
Total current liabilities	<u>1,775,258</u>
 Total liabilities	 <u>\$ 1,775,258</u>
NET POSITION	
Unrestricted	\$ (185,073)
Total net position	<u><u>\$ (185,073)</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, 2022

	Self- Insurance Fund
	<u> </u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 8,741,286
Total operating revenues	<u>\$ 8,741,286</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 7,961,042
Total operating expenses	<u>\$ 7,961,042</u>
Operating income (loss)	<u>\$ 780,244</u>
Total net position - beginning	\$ (965,317)
Total net position - ending	<u><u>\$ (185,073)</u></u>

Statement of Cash Flows
 Internal Service Fund - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2022

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 7,941,178
Payments for premiums	<u>(7,941,178)</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>
Cash and cash equivalents - beginning	\$ -
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>780,244</u>
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	(100,911)
Increase (decrease) in accounts payable	19,864
Total adjustments	<u>\$ (780,244)</u>
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>

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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, 2022

ASSETS

Current assets:

Cash and cash equivalents	\$	48,944
Investments		861,987
Inventories		1,083,044
Total current assets	\$	<u>1,993,975</u>

Noncurrent assets:

Capital assets:

Land	\$	473,735
Buildings		18,221,572
Machinery and equipment		7,234
Accumulated depreciation		(11,733,822)
Total net capital assets	\$	<u>6,968,719</u>
Total noncurrent assets	\$	<u>6,968,719</u>
Total assets	\$	<u>8,962,694</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	37,189
Bonds payable - current portion		1,062,783
Total current liabilities	\$	<u>1,099,972</u>

Noncurrent liabilities:

Bonds payable - net of current portion	\$	<u>7,236,473</u>
Total noncurrent liabilities	\$	<u>7,236,473</u>
Total liabilities	\$	<u>8,336,445</u>

NET POSITION

Net investment in capital assets	\$	(1,330,537)
Unrestricted		1,956,786
Total net position	\$	<u>626,249</u>

Statement of Revenues, Expenses, and Changes in Net Position
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2022

OPERATING REVENUES

Charges for services:

Rents	\$ 1,485,942
Contributions from local governments	25,000
Total operating revenues	<u>\$ 1,510,942</u>

OPERATING EXPENSES

Contractual services	\$ 8,980
Other charges	7,996
Insurance	391
Economic development incentive programs	63,247
Depreciation	728,863
Total operating expenses	<u>\$ 809,477</u>

Operating income (loss)	<u>\$ 701,465</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income	\$ 2,216
Interest expense	(440,679)
Total nonoperating revenues (expenses)	<u>\$ (438,463)</u>

Change in net position	\$ 263,002
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Total net position - beginning	363,247
Total net position - ending	<u><u>\$ 626,249</u></u>

Statement of Cash Flows
 Discretely Presented Component Unit - Economic Development Authority
 For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,609,770
Receipts for local government contributions	25,000
Payments for operating activities	(82,463)
Net cash provided by (used for) operating activities	<u>\$ 1,552,307</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on bonds	\$ (1,011,559)
Interest payments	(440,679)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,452,238)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale (purchase) of investments	\$ (102,215)
Interest income	2,216
Net cash provided by (used for) investing activities	<u>\$ (99,999)</u>

Net increase (decrease) in cash and cash equivalents \$ 70

Cash and cash equivalents - beginning 48,874
 Cash and cash equivalents - ending \$ 48,944

Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:

Operating income (loss)	<u>\$ 701,465</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 728,863
(Increase) decrease in accounts receivable	123,828
Increase (decrease) in accounts payable	(1,849)
Total adjustments	<u>\$ 850,842</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,552,307</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, 2022

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	\$ 31,242,884	\$ 31,242,884	\$ 32,076,677	\$ 833,793
Delinquent real estate taxes	850,000	850,000	964,973	114,973
Real and personal public service corporation taxes	1,034,000	1,034,000	958,928	(75,072)
Current personal property taxes	8,935,000	8,935,000	10,832,363	1,897,363
Delinquent personal property taxes	780,000	780,000	1,211,993	431,993
Mobile home taxes	47,000	47,000	70,419	23,419
Penalties	350,000	350,000	422,951	72,951
Interest	192,000	192,000	259,130	67,130
Total general property taxes	<u>\$ 43,430,884</u>	<u>\$ 43,430,884</u>	<u>\$ 46,797,434</u>	<u>\$ 3,366,550</u>
Other local taxes:				
Local sales and use taxes	\$ 5,500,000	\$ 5,500,000	\$ 6,693,227	\$ 1,193,227
Consumers' utility taxes	740,000	740,000	763,099	23,099
Electric consumption taxes	133,000	133,000	130,666	(2,334)
Business license taxes	1,843,000	1,843,000	2,216,575	373,575
Bank stock taxes	329,000	329,000	422,033	93,033
Taxes on recordation	423,000	423,000	690,402	267,402
Deeds of conveyance	114,000	114,000	174,874	60,874
Restaurant food taxes	2,439,000	2,439,000	3,085,826	646,826
Hotel and motel room taxes	221,000	221,000	306,720	85,720
Total other local taxes	<u>\$ 11,742,000</u>	<u>\$ 11,742,000</u>	<u>\$ 14,483,422</u>	<u>\$ 2,741,422</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 29,000	\$ 29,000	\$ 32,822	\$ 3,822
Dangerous dog licenses	230	230	425	195
Exotic animal licenses	190	190	175	(15)
Land use application fees	2,200	2,200	1,800	(400)
Transfer fees	1,400	1,400	1,748	348
Zoning permits-construction	21,700	21,700	26,385	4,685
Zoning permits-business license	11,400	11,400	9,800	(1,600)
Subdivision plat fee	3,800	3,800	3,250	(550)
Zoning variance and appeals	1,900	1,900	1,100	(800)
Site plan approval	33,600	33,600	23,850	(9,750)
Rezoning code amendment	12,300	12,300	2,480	(9,820)
Chesapeake Bay permits	5,250	5,250	5,925	675
Stormwater	25,800	25,800	53,540	27,740
Building permits	290,000	290,000	334,044	44,044
Soil erosion permits	5,500	5,500	9,130	3,630
Wetland permits	7,300	7,300	5,755	(1,545)
Open burn permits	225	225	350	125
Wetlands in lieu	-	-	4,250	4,250
Total permits, privilege fees, and regulatory licenses	<u>\$ 451,795</u>	<u>\$ 451,795</u>	<u>\$ 516,829</u>	<u>\$ 65,034</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 91,700	\$ 91,700	\$ 49,210	\$ (42,490)
Parking fines	200	200	35	(165)
Total fines and forfeitures	<u>\$ 91,900</u>	<u>\$ 91,900</u>	<u>\$ 49,245</u>	<u>\$ (42,655)</u>
Revenue from use of money and property:				
Interest income	\$ 131,820	\$ 131,820	\$ 23,073	\$ (108,747)
Rental income	2,000	2,000	6,678	4,678
Health Department rental	88,012	88,012	86,144	(1,868)
Tower lease	20,154	20,154	41,712	21,558
Total revenue from use of money and property	<u>\$ 241,986</u>	<u>\$ 241,986</u>	<u>\$ 157,607</u>	<u>\$ (84,379)</u>
Charges for services:				
Charges for courthouse maintenance	\$ 12,600	\$ 12,600	\$ 7,973	\$ (4,627)
Charges for circuit court judge fees	42,800	42,800	46,600	3,800
Charges for courthouse security	45,000	45,000	49,697	4,697
Charges for jail fees	7,400	7,400	4,860	(2,540)
Charges for probation	10,900	10,900	8,560	(2,340)
Charges for use of credit cards	25,000	25,000	64,934	39,934
Charges for Sheriff fees	3,700	3,700	3,219	(481)
Charges for Sheriff special investigation fees	30,000	30,000	26,600	(3,400)
Charges for work release fees	3,300	3,300	-	(3,300)
Charges for Commonwealth's Attorney	3,600	3,600	3,031	(569)
Charges for animal shelter fees	8,300	8,300	6,199	(2,101)
Charges for sanitation and waste removal	553,000	553,000	478,061	(74,939)
Charges for recreation class fees	175,000	175,000	164,958	(10,042)
Charges for parks	60,000	60,000	65,555	5,555
Charges for park concessions	4,000	4,000	3,558	(442)
Charges for daffodil festival	55,450	55,450	58,703	3,253
Charges for sale of daffodil items	9,000	9,000	6,490	(2,510)
Charges for sale of historical materials	200	200	107	(93)
Charges for sale of tourism items	7,000	7,000	13,322	6,322
Charges for sale of commemorative items	6,500	6,500	4,904	(1,596)
Charges for library	37,000	37,000	6,711	(30,289)
Charges for sale of publications	-	-	68	68
Total charges for services	<u>\$ 1,099,750</u>	<u>\$ 1,099,750</u>	<u>\$ 1,024,110</u>	<u>\$ (75,640)</u>
Miscellaneous:				
Donations	\$ 37,800	\$ 152,800	\$ 124,133	\$ (28,667)
Sale of equipment	2,030	2,030	6,787	4,757
Sale of vehicles	22,700	22,700	13,101	(9,599)
Surplus tax sales	-	-	56,378	56,378
Cable EG capital grant	38,340	38,340	32,330	(6,010)
Returned check fees	1,500	1,500	1,295	(205)
Other income	23,500	26,310	65,051	38,741
Total miscellaneous	<u>\$ 125,870</u>	<u>\$ 243,680</u>	<u>\$ 299,075</u>	<u>\$ 55,395</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 30,000	\$ 30,000	\$ 60,382	\$ 30,382
Recovered costs Jail	17,400	17,400	29,240	11,840
Recovered costs treasurer	97,000	97,000	91,443	(5,557)
Recovered costs probation	91,000	91,000	82,800	(8,200)
Recovered costs utilities	153,730	153,730	157,558	3,828
Recovered costs demolition	3,500	3,500	11,505	8,005
Recovered costs grants	50,000	468	-	(468)
Recovered costs repair & maintenance	500	500	-	(500)
Recovered costs automobile expense	6,800	6,800	6,311	(489)
Recovered cost fuel	67,400	67,400	99,967	32,567
Recovered cost library	1,800	1,800	3,022	1,222
Recovered cost animal control	1,100	1,100	411	(689)
Recovered cost human resources	800	800	77	(723)
Recovered costs court appointed attorney	1,400	1,400	1,260	(140)
Recovered costs bill in equity	3,400	3,400	9,279	5,879
Recovered cost purchasing	-	-	349	349
Recovered costs NG 911	80,548	80,548	-	(80,548)
Recovered costs clerk document reproduction	-	-	8,234	8,234
Recovered costs solar inspections	-	22,447	22,447	-
Total recovered costs	<u>\$ 606,378</u>	<u>\$ 579,293</u>	<u>\$ 584,285</u>	<u>\$ 4,992</u>
Total revenue from local sources	<u>\$ 57,790,563</u>	<u>\$ 57,881,288</u>	<u>\$ 63,912,007</u>	<u>\$ 6,030,719</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communication tax	\$ 1,155,048	\$ 1,155,048	\$ 1,092,119	\$ (62,929)
Motor vehicle carriers' tax	2,500	2,500	2,213	(287)
Personal property tax relief funds	2,778,640	2,778,640	2,778,640	-
Mobile home titling tax	28,900	28,900	41,277	12,377
Motor vehicle rental tax	85,000	85,000	75,065	(9,935)
Total noncategorical aid	<u>\$ 4,050,088</u>	<u>\$ 4,050,088</u>	<u>\$ 3,989,314</u>	<u>\$ (60,774)</u>
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 449,372	\$ 449,372	\$ 440,676	\$ (8,696)
Sheriff	2,733,348	2,843,151	2,735,977	(107,174)
Jail	68,070	164,955	68,668	(96,287)
Asset forfeiture	7,313	7,313	-	(7,313)
Commissioner of revenue	139,840	139,840	136,709	(3,131)
Treasurer	173,780	173,780	173,453	(327)
Registrar	100,955	100,955	64,049	(36,906)
Electoral board	7,479	7,479	7,483	4
Clerk of the Circuit Court	336,208	386,208	415,806	29,598
Total shared expenses	<u>\$ 4,016,365</u>	<u>\$ 4,273,053</u>	<u>\$ 4,042,821</u>	<u>\$ (230,232)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 70,233	\$ 113,091	\$ 42,858	\$ (70,233)
Fire programs	70,233	78,949	149,182	70,233
Victim-witness grant	25,392	25,392	28,395	3,003
Litter control grant	7,200	7,200	11,856	4,656
E911 wireless grant	114,000	114,000	146,478	32,478
Library grant	163,227	172,680	172,680	-
Other state grants	451,664	565,718	469,644	(96,074)
Total other categorical aid	<u>\$ 901,949</u>	<u>\$ 1,077,030</u>	<u>\$ 1,021,093</u>	<u>\$ (55,937)</u>
Total categorical aid	<u>\$ 4,918,314</u>	<u>\$ 5,350,083</u>	<u>\$ 5,063,914</u>	<u>\$ (286,169)</u>
Total revenue from the Commonwealth	<u>\$ 8,968,402</u>	<u>\$ 9,400,171</u>	<u>\$ 9,053,228</u>	<u>\$ (346,943)</u>
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	<u>\$ 17,131</u>	<u>\$ 17,131</u>	<u>\$ 778</u>	<u>\$ (16,353)</u>
Categorical aid:				
V-stop prosecutor grant	\$ 41,174	\$ 41,174	\$ 24,921	\$ (16,253)
Public assistance and welfare administration	120,000	120,000	155,198	35,198
Emergency management grant	13,644	13,644	13,644	-
Highway safety grant	30,000	30,000	30,275	275
Asset forfeiture	2,241	2,241	11,984	9,743
Victim witness grant	76,176	76,176	70,479	(5,697)
Other federal grants	-	43,660	27,028	(16,632)
American rescue plan act - sheriff	-	-	171,164	171,164
Total categorical aid	<u>\$ 283,235</u>	<u>\$ 326,895</u>	<u>\$ 504,693</u>	<u>\$ 177,798</u>
Total revenue from the federal government	<u>\$ 300,366</u>	<u>\$ 344,026</u>	<u>\$ 505,471</u>	<u>\$ 161,445</u>
Total General Fund	<u><u>\$ 67,059,331</u></u>	<u><u>\$ 67,625,485</u></u>	<u><u>\$ 73,470,706</u></u>	<u><u>\$ 5,845,221</u></u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 1,608,471</u>	<u>\$ 1,664,213</u>	<u>\$ 1,326,032</u>	<u>\$ (338,181)</u>
Total categorical aid	<u>\$ 1,608,471</u>	<u>\$ 1,664,213</u>	<u>\$ 1,326,032</u>	<u>\$ (338,181)</u>
Total revenue from the Commonwealth	<u>\$ 1,608,471</u>	<u>\$ 1,664,213</u>	<u>\$ 1,326,032</u>	<u>\$ (338,181)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	<u>\$ 2,288,298</u>	<u>\$ 2,384,118</u>	<u>\$ 2,144,007</u>	<u>\$ (240,111)</u>
Total categorical aid	<u>\$ 2,288,298</u>	<u>\$ 2,384,118</u>	<u>\$ 2,144,007</u>	<u>\$ (240,111)</u>
Total revenue from the federal government	<u>\$ 2,288,298</u>	<u>\$ 2,384,118</u>	<u>\$ 2,144,007</u>	<u>\$ (240,111)</u>
Total Virginia Public Assistance Fund	<u><u>\$ 3,896,769</u></u>	<u><u>\$ 4,048,331</u></u>	<u><u>\$ 3,470,039</u></u>	<u><u>\$ (578,292)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 4,671	\$ 951
Total revenue from local sources	<u>\$ 3,720</u>	<u>\$ 3,720</u>	<u>\$ 4,671</u>	<u>\$ 951</u>
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,280	\$ 2,280	\$ 1,543	\$ (737)
Comprehensive services act	850,000	850,000	481,580	(368,420)
Total categorical aid	<u>\$ 852,280</u>	<u>\$ 852,280</u>	<u>\$ 483,123</u>	<u>\$ (369,157)</u>
Total revenue from the Commonwealth	<u>\$ 852,280</u>	<u>\$ 852,280</u>	<u>\$ 483,123</u>	<u>\$ (369,157)</u>
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 18,000	\$ 18,000	\$ 9,527	\$ (8,473)
TANF funds	-	-	20,399	20,399
Total revenue from the federal government	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 29,926</u>	<u>\$ 11,926</u>
Total Comprehensive Services Act Fund	<u><u>\$ 874,000</u></u>	<u><u>\$ 874,000</u></u>	<u><u>\$ 517,720</u></u>	<u><u>\$ (356,280)</u></u>
CARES Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 13,553	\$ 13,553
Revenue from the federal government:				
Categorical aid:				
Coronavirus Aid, Relief, and Economic Security Act funds	\$ -	\$ 792,356	\$ 777,917	\$ (14,439)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 792,356</u>	<u>\$ 777,917</u>	<u>\$ (14,439)</u>
Total CARES Act Fund	<u><u>\$ -</u></u>	<u><u>\$ 792,356</u></u>	<u><u>\$ 791,470</u></u>	<u><u>\$ (886)</u></u>
American Rescue Plan Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 2,965	\$ 2,965
Revenue from the federal government:				
Categorical aid:				
American Rescue Plan Act funds	\$ -	\$ 3,033,364	\$ 2,413,441	\$ (619,923)
Total revenue from the federal government	<u>\$ -</u>	<u>\$ 3,033,364</u>	<u>\$ 2,413,441</u>	<u>\$ (619,923)</u>
Total American Rescue Plan Act Fund	<u><u>\$ -</u></u>	<u><u>\$ 3,033,364</u></u>	<u><u>\$ 2,416,406</u></u>	<u><u>\$ (616,958)</u></u>
Mosquito Control Fund:				
Revenue from local sources:				
General property taxes:				
Total mosquito control fund	<u>\$ 98,390</u>	<u>\$ 98,390</u>	<u>\$ 108,443</u>	<u>\$ 10,053</u>
Total Special Revenue Funds	<u><u>\$ 4,869,159</u></u>	<u><u>\$ 8,846,441</u></u>	<u><u>\$ 7,304,078</u></u>	<u><u>\$ (1,542,363)</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Debt Service Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Other noncategorical aid	\$ -	\$ -	\$ 108,087	\$ 108,087
Total noncategorical aid	<u>-</u>	<u>-</u>	<u>108,087</u>	<u>108,087</u>
Revenue from the federal government:				
Noncategorical aid:				
Other noncategorical aid	\$ 238,096	\$ 238,096	\$ 237,844	\$ (252)
Total noncategorical aid	<u>\$ 238,096</u>	<u>\$ 238,096</u>	<u>\$ 237,844</u>	<u>\$ (252)</u>
Total Debt Service Fund	<u>\$ 238,096</u>	<u>\$ 238,096</u>	<u>\$ 345,931</u>	<u>\$ 107,835</u>
School Sales Tax Fund:				
Revenue from local sources:				
Other local taxes:				
School sales tax	\$ 5,000,000	\$ 5,000,000	\$ 5,482,990	482,990
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,152	\$ 4,152
Total school sales tax fund	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,487,142</u>	<u>\$ 487,142</u>
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ 7,000	\$ 57,991	\$ 50,991
Total revenue from use of money and property	<u>\$ -</u>	<u>\$ 7,000</u>	<u>\$ 57,991</u>	<u>\$ 50,991</u>
Miscellaneous:				
Contributions-FEMA homeowner match	\$ 88,853	\$ 88,853	\$ 336	\$ (88,517)
Contributions-Mathews broadband grant match	76,725	76,725	68,725	(8,000)
Contributions-open broadband	196,481	196,481	115,575	(80,906)
In-kind contributions	6,000	6,000	-	(6,000)
In-kind rental income	36,000	36,000	-	(36,000)
In-kind contributions-Mathews broadband project	6,000	6,000	-	(6,000)
In kind contributions-parks	-	-	18,094	18,094
Miscellaneous donations	-	60,000	59,919	(81)
Other income	651,943	58,049	-	(58,049)
Cash proffers	-	-	5,000	5,000
Grants	6,660,000	6,000,000	-	(6,000,000)
Total miscellaneous	<u>\$ 7,722,002</u>	<u>\$ 6,528,108</u>	<u>\$ 267,649</u>	<u>\$ (6,260,459)</u>
Total revenue from local sources	<u>\$ 7,722,002</u>	<u>\$ 6,535,108</u>	<u>\$ 325,640</u>	<u>\$ (6,209,468)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds: (Continued)				
County Capital Improvements Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VPA dredging grant	\$ -	\$ 51,816	\$ 51,816	\$ -
Virginia telecommunications initiative (VATI) grant	342,657	342,657	48,151	(294,506)
Virginia department of emergency management grants	355,411	355,411	2,346	(353,065)
Other state grants	-	268,000	-	(268,000)
Total categorical aid	<u>\$ 698,068</u>	<u>\$ 1,017,884</u>	<u>\$ 102,313</u>	<u>\$ (915,571)</u>
Total revenue from the Commonwealth	<u>\$ 698,068</u>	<u>\$ 1,017,884</u>	<u>\$ 102,313</u>	<u>\$ (915,571)</u>
Revenue from the federal government:				
Categorical aid:				
Other federal grants	\$ 2,045,503	\$ 2,739,844	\$ 16,945	\$ (2,722,899)
Department of transportation grants	218,263	638,306	19,821	(618,485)
Total categorical aid	<u>\$ 2,263,766</u>	<u>\$ 3,378,150</u>	<u>\$ 36,766</u>	<u>\$ (3,341,384)</u>
Total revenue from the federal government	<u>\$ 2,263,766</u>	<u>\$ 3,378,150</u>	<u>\$ 36,766</u>	<u>\$ (3,341,384)</u>
Total County Capital Improvements Fund	<u>\$ 10,683,836</u>	<u>\$ 10,931,142</u>	<u>\$ 464,719</u>	<u>\$ (10,466,423)</u>
Total Primary Government	<u>\$ 87,850,422</u>	<u>\$ 92,641,164</u>	<u>\$ 87,072,576</u>	<u>\$ (5,568,588)</u>
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	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ 2,000</u>	<u>\$ -</u>
Charges for services:				
Tuition and payments from other divisions	<u>\$ 38,000</u>	<u>\$ 38,000</u>	<u>\$ 6,238</u>	<u>\$ (31,762)</u>
Miscellaneous:				
Other miscellaneous	<u>\$ 77,500</u>	<u>\$ 77,500</u>	<u>\$ 217,781</u>	<u>\$ 140,281</u>
Recovered costs:				
Other recovered costs	<u>\$ 183,096</u>	<u>\$ 183,096</u>	<u>\$ 94,608</u>	<u>\$ (88,488)</u>
Total recovered costs	<u>\$ 183,096</u>	<u>\$ 183,096</u>	<u>\$ 94,608</u>	<u>\$ (88,488)</u>
Total revenue from local sources	<u>\$ 300,596</u>	<u>\$ 300,596</u>	<u>\$ 320,627</u>	<u>\$ 20,031</u>
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Gloucester, Virginia	<u>\$ 27,742,836</u>	<u>\$ 27,654,399</u>	<u>\$ 26,750,045</u>	<u>\$ (904,354)</u>
Total revenue from local governments	<u>\$ 27,742,836</u>	<u>\$ 27,654,399</u>	<u>\$ 26,750,045</u>	<u>\$ (904,354)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 6,368,358	\$ 6,368,358	\$ 7,936,325	\$ 1,567,967
Basic school aid	15,632,412	15,632,412	14,924,516	(707,896)
ISAEF	16,772	16,772	16,465	(307)
Remedial summer education	80,651	80,651	149,304	68,653
Remedial education	373,688	373,688	373,826	138
Special education	1,462,127	1,462,127	1,462,667	540
Gifted and talented	157,186	157,186	157,244	58
English as a second language	31,594	31,594	35,982	4,388
Textbook payment	318,732	318,732	318,849	117
Vocational standards of quality payments	201,673	201,673	201,747	74
Social security fringe benefits	848,212	848,212	848,525	313
Retirement fringe benefits	1,975,206	1,975,206	1,975,935	729
Group life insurance fringe benefits	59,316	59,316	59,337	21
State lottery payments	1,184,537	1,184,537	1,205,747	21,210
Early reading intervention	80,434	80,434	210,867	130,433
Medicaid Reimbursement	295,000	295,000	352,680	57,680
Project graduation	4,986	4,986	7,705	2,719
Homebound education	17,357	17,357	5,045	(12,312)
Regional program tuition	675,000	675,000	271,954	(403,046)
Vocational educational equipment	10,727	10,727	13,521	2,794
Special education - foster children	9,644	9,644	7,910	(1,734)
At risk payments	606,112	606,112	606,112	-
National Board Certification TC	22,500	22,500	20,000	(2,500)
Industry credential student	5,000	5,000	3,078	(1,922)
Industrial based cert	-	-	5,067	5,067
Primary class size	307,003	307,003	320,810	13,807
VA Preschool	351,077	351,077	388,525	37,448
Race to GED	3,000	3,000	3,000	-
Mentor teacher program	2,701	2,701	3,653	952
VPSA technology	258,000	258,000	258,000	-
Algebra Readiness	52,704	52,704	57,075	4,371
No loss funding	-	-	71,268	71,268
Vocational education occupational prep	3,000	3,000	4,064	1,064
Enrollment Loss	497,266	497,266	-	(497,266)
Compensation Supplement	960,494	960,494	961,051	557
Other state funds	-	-	332,914	332,914
Total categorical aid	\$ 32,872,469	\$ 32,872,469	\$ 33,570,768	\$ 698,299
Total revenue from the Commonwealth	\$ 32,872,469	\$ 32,872,469	\$ 33,570,768	\$ 698,299

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2022

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	\$ 764,415	\$ 764,415	\$ 931,435	\$ 167,020
Title VI-B, special education	1,164,398	1,164,398	1,352,362	187,964
Vocational education	80,119	80,119	86,149	6,030
Title II	191,046	191,046	203,922	12,876
Impact aid	100,000	100,000	80,849	(19,151)
ROTC	\$ 103,260	\$ 103,260	\$ 120,417	\$ 17,157
Other federal funds	150,000	150,000	27,814	(122,186)
Federal CARES Act	1,885,242	212,171	211,871	(300)
ESSER II	-	863,413	1,310,958	447,545
ESSER III	-	2,252,660	1,630,952	(621,708)
ESSER RIPE	-	-	25,000	25,000
AUL/ESY	-	891,306	28,330	(862,976)
Total categorical aid	<u>\$ 4,438,480</u>	<u>\$ 6,772,788</u>	<u>\$ 6,010,059</u>	<u>\$ (762,729)</u>
Total revenue from the federal government	<u>\$ 4,438,480</u>	<u>\$ 6,772,788</u>	<u>\$ 6,010,059</u>	<u>\$ (762,729)</u>
Total School Operating Fund	<u><u>\$ 65,354,381</u></u>	<u><u>\$ 67,600,252</u></u>	<u><u>\$ 66,651,499</u></u>	<u><u>\$ (948,753)</u></u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 14,885	\$ 14,885	\$ 1,736	\$ (13,149)
Total revenue from use of money and property	<u>\$ 14,885</u>	<u>\$ 14,885</u>	<u>\$ 1,736</u>	<u>\$ (13,149)</u>
Charges for services:				
Cafeteria sales	\$ 1,288,500	\$ 1,288,500	\$ 130,380	\$ (1,158,120)
Other charges for services	25,000	25,000	8,655	(16,345)
Total charges for services	<u>\$ 1,313,500</u>	<u>\$ 1,313,500</u>	<u>\$ 139,035</u>	<u>\$ (1,174,465)</u>
Miscellaneous:				
Other miscellaneous	\$ 25,500	\$ 25,500	\$ 14,269	\$ (11,231)
Total miscellaneous	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 14,269</u>	<u>\$ (11,231)</u>
Total revenue from local sources	<u>\$ 1,353,885</u>	<u>\$ 1,353,885</u>	<u>\$ 155,040</u>	<u>\$ (1,198,845)</u>
Intergovernmental:				
Categorical aid:				
School food program grant	\$ 46,291	\$ 46,291	\$ 70,075	\$ 23,784
Total categorical aid	<u>\$ 46,291</u>	<u>\$ 46,291</u>	<u>\$ 70,075</u>	<u>\$ 23,784</u>
Total revenue from the Commonwealth	<u>\$ 46,291</u>	<u>\$ 46,291</u>	<u>\$ 70,075</u>	<u>\$ 23,784</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,363,101	\$ 1,363,101	\$ 3,538,659	\$ 2,175,558
Head Start	58,000	58,000	25,906	(32,094)
USDA commodities	-	-	201,522	201,522
Total categorical aid	<u>\$ 1,421,101</u>	<u>\$ 1,421,101</u>	<u>\$ 3,766,087</u>	<u>\$ 2,344,986</u>
Total revenue from the federal government	<u>\$ 1,421,101</u>	<u>\$ 1,421,101</u>	<u>\$ 3,766,087</u>	<u>\$ 2,344,986</u>
Total School Cafeteria Fund	<u><u>\$ 2,821,277</u></u>	<u><u>\$ 2,821,277</u></u>	<u><u>\$ 3,991,202</u></u>	<u><u>\$ 1,169,925</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
Gloucester County School Activity Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 705,969	\$ 705,969
Total miscellaneous revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705,969</u>	<u>\$ 705,969</u>
Total Gloucester County School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 705,969</u>	<u>\$ 705,969</u>
 Total Discretely Presented Component Unit-School Board	 <u>\$ 68,175,658</u>	 <u>\$ 70,421,529</u>	 <u>\$ 71,348,670</u>	 <u>\$ 927,141</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 179,778	\$ 179,778	\$ 174,099	\$ 5,679
General and financial administration:				
County administrator	\$ 810,397	\$ 808,121	\$ 758,882	\$ 49,239
Human resources	705,011	711,754	688,082	23,672
County attorney	312,636	321,082	321,081	1
Commissioner of revenue	602,801	601,636	585,511	16,125
Real estate assessment	509,077	517,630	485,316	32,314
Treasurer	833,987	859,290	858,203	1,087
Fiscal services	603,229	607,885	579,167	28,718
Information technology	1,514,469	1,612,268	1,534,976	77,292
GIS	402,276	420,324	379,018	41,306
Purchasing	306,179	320,008	309,907	10,101
Other general and financial administration	247,766	224,275	222,633	1,642
Total general and financial administration	<u>\$ 6,847,828</u>	<u>\$ 7,004,273</u>	<u>\$ 6,722,776</u>	<u>\$ 281,497</u>
Board of elections:				
Electoral board and officials	\$ 368,440	366,343	357,434	\$ 8,909
Total board of elections	<u>\$ 368,440</u>	<u>\$ 366,343</u>	<u>\$ 357,434</u>	<u>\$ 8,909</u>
Total general government administration	<u>\$ 7,396,046</u>	<u>\$ 7,550,394</u>	<u>\$ 7,254,309</u>	<u>\$ 296,085</u>
Judicial administration:				
Courts:				
Circuit court	\$ 87,368	\$ 88,481	\$ 82,537	\$ 5,944
General district court	16,397	16,397	14,961	1,436
Magistrate	500	500	22	478
Juvenile and domestic relations district court	12,385	12,385	10,184	2,201
Clerk of the circuit court	605,741	716,451	701,619	14,832
Victim and witness assistance	145,016	133,394	121,175	12,219
Court services unit	156,469	166,704	166,791	(87)
Group home commission	92,903	93,061	93,060	1
Total courts	<u>\$ 1,116,779</u>	<u>\$ 1,227,373</u>	<u>\$ 1,190,349</u>	<u>\$ 37,024</u>
Commonwealth's attorney:				
Commonwealth's attorney	\$ 972,609	\$ 978,279	\$ 950,044	\$ 28,235
Total commonwealth's attorney	<u>\$ 972,609</u>	<u>\$ 978,279</u>	<u>\$ 950,044</u>	<u>\$ 28,235</u>
Total judicial administration	<u>\$ 2,089,388</u>	<u>\$ 2,205,652</u>	<u>\$ 2,140,393</u>	<u>\$ 65,259</u>
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,561,142	\$ 7,155,695	\$ 6,950,767	\$ 204,928
Total law enforcement and traffic control	<u>\$ 6,561,142</u>	<u>\$ 7,155,695</u>	<u>\$ 6,950,767</u>	<u>\$ 204,928</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 3,498,147	\$ 3,576,815	\$ 3,576,816	\$ (1)
Radio system	995,018	995,018	907,815	87,203
State forestry service	7,497	7,497	7,497	-
Office of emergency services	275,190	251,228	196,813	54,415
Total fire and rescue services	<u>\$ 4,775,852</u>	<u>\$ 4,830,558</u>	<u>\$ 4,688,941</u>	<u>\$ 141,617</u>
Correction and detention:				
County operated institutions	\$ 3,306,617	\$ 3,385,080	\$ 3,246,334	\$ 138,746
Probation and pretrial	550,123	559,803	546,190	13,613
Total correction and detention	<u>\$ 3,856,740</u>	<u>\$ 3,944,883</u>	<u>\$ 3,792,524</u>	<u>\$ 152,359</u>
Inspections:				
Building	\$ 624,836	\$ 633,722	\$ 594,523	\$ 39,199
Total inspections	<u>\$ 624,836</u>	<u>\$ 633,722</u>	<u>\$ 594,523</u>	<u>\$ 39,199</u>
Other protection:				
Environmental programs	\$ 379,738	\$ 399,613	\$ 384,171	\$ 15,442
Animal control	457,575	480,577	471,716	8,861
Medical examiner	2,000	2,000	600	1,400
Total other protection	<u>\$ 839,313</u>	<u>\$ 882,190</u>	<u>\$ 856,487</u>	<u>\$ 25,703</u>
Total public safety	<u>\$ 16,657,883</u>	<u>\$ 17,447,048</u>	<u>\$ 16,883,242</u>	<u>\$ 563,806</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 320,259	\$ 321,767	\$ 283,882	\$ 37,885
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 320,259</u>	<u>\$ 321,767</u>	<u>\$ 283,882</u>	<u>\$ 37,885</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 15,516	\$ 15,516	\$ 15,096	\$ 420
Total sanitation and waste removal	<u>\$ 15,516</u>	<u>\$ 15,516</u>	<u>\$ 15,096</u>	<u>\$ 420</u>
Maintenance of general buildings and grounds:				
General properties	\$ 2,195,300	\$ 2,292,962	\$ 2,267,770	\$ 25,192
Total maintenance of general buildings and grounds	<u>\$ 2,195,300</u>	<u>\$ 2,292,962</u>	<u>\$ 2,267,770</u>	<u>\$ 25,192</u>
Total public works	<u>\$ 2,531,075</u>	<u>\$ 2,630,245</u>	<u>\$ 2,566,748</u>	<u>\$ 63,497</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 485,174	\$ 485,174	\$ 473,669	\$ 11,505
Total health	<u>\$ 485,174</u>	<u>\$ 485,174</u>	<u>\$ 473,669</u>	<u>\$ 11,505</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 138,849	\$ 138,849	\$ 138,849	\$ -
Total mental health and mental retardation	<u>\$ 138,849</u>	<u>\$ 138,849</u>	<u>\$ 138,849</u>	<u>\$ -</u>
Total health and welfare	<u>\$ 624,023</u>	<u>\$ 624,023</u>	<u>\$ 612,518</u>	<u>\$ 11,505</u>
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 14,857	\$ 14,857	\$ 14,857	\$ -
Community engagement and public information	605,023	613,925	598,378	15,547
Cable services	81,971	81,363	67,075	14,288
Contribution to County School Board	27,742,836	27,654,399	26,750,045	904,354
Total education	<u>\$ 28,444,687</u>	<u>\$ 28,364,544</u>	<u>\$ 27,430,355</u>	<u>\$ 934,189</u>
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 655,882	\$ 704,314	\$ 633,081	\$ 71,233
Park operations	689,628	812,573	729,864	82,709
Total parks and recreation	<u>\$ 1,345,510</u>	<u>\$ 1,516,887</u>	<u>\$ 1,362,945</u>	<u>\$ 153,942</u>
Cultural enrichment:				
Daffodil festival	\$ 62,522	\$ 62,829	\$ 50,886	\$ 11,943
Total cultural enrichment	<u>\$ 62,522</u>	<u>\$ 62,829</u>	<u>\$ 50,886</u>	<u>\$ 11,943</u>
Library:				
Contribution to county library	\$ 1,108,603	\$ 1,175,931	\$ 1,119,935	\$ 55,996
Capital outlay	-	1,754,763	1,754,763	
Total library	<u>\$ 1,108,603</u>	<u>\$ 2,930,694</u>	<u>\$ 2,874,698</u>	<u>\$ 55,996</u>
Total parks, recreation, and cultural	<u>\$ 2,516,635</u>	<u>\$ 4,510,410</u>	<u>\$ 4,288,529</u>	<u>\$ 221,881</u>
Community development:				
Planning and community development:				
Economic development	\$ 301,075	\$ 308,313	\$ 307,573	\$ 740
Planning and zoning	672,588	751,326	735,322	16,004
Tourism	244,955	235,318	202,376	32,942
Total planning and community development	<u>\$ 1,218,618</u>	<u>\$ 1,294,957</u>	<u>\$ 1,245,271</u>	<u>\$ 49,686</u>
Environmental management:				
Clean community program	\$ 23,962	\$ 22,569	\$ 18,694	\$ 3,875
Total environmental management	<u>\$ 23,962</u>	<u>\$ 22,569</u>	<u>\$ 18,694</u>	<u>\$ 3,875</u>
Cooperative extension program:				
Extension office	\$ 107,963	\$ 109,415	\$ 107,958	\$ 1,457
Total cooperative extension program	<u>\$ 107,963</u>	<u>\$ 109,415</u>	<u>\$ 107,958</u>	<u>\$ 1,457</u>
Total community development	<u>\$ 1,350,543</u>	<u>\$ 1,426,941</u>	<u>\$ 1,371,923</u>	<u>\$ 55,018</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	145,656	145,656	145,656	-
Boys & Girls Club of the Virginia Peninsula	30,000	30,000	30,000	-
Total contributions to civic organizations	<u>\$ 322,306</u>	<u>\$ 322,306</u>	<u>\$ 322,306</u>	<u>\$ -</u>
Contingency:				
County administrator contingency	\$ 183,000	\$ 136,704	\$ -	\$ 136,704
Contingency-grants	50,000	7,385	-	7,385
Facilities maintenance repair & replace (FMRR)	750,000	468	-	468
Contingency-pay matters	611,974	-	-	-
Contingency-recovered costs	(221,400)	-	-	-
Contingency-vacancy savings	(365,000)	-	-	-
Total contingency	<u>\$ 1,008,574</u>	<u>\$ 144,557</u>	<u>\$ -</u>	<u>\$ 144,557</u>
Total nondepartmental	<u>\$ 1,330,880</u>	<u>\$ 466,863</u>	<u>\$ 322,306</u>	<u>\$ 144,557</u>
Debt service:				
Principal retirement	\$ 92,607	\$ 92,607	\$ 92,607	\$ -
Interest and other fiscal charges	31,602	31,602	31,602	-
Total debt service	<u>\$ 124,209</u>	<u>\$ 124,209</u>	<u>\$ 124,209</u>	<u>\$ -</u>
Total General Fund	<u>\$ 63,065,369</u>	<u>\$ 65,350,329</u>	<u>\$ 62,994,532</u>	<u>\$ 2,355,797</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 4,086,466	\$ 4,107,453	\$ 3,429,730	\$ 677,723
Public assistance	1,600,900	1,653,900	1,245,734	408,166
Purchased services	85,800	76,300	21,879	54,421
Grants	8,300	112,360	14,835	97,525
Board of public welfare	12,550	4,070	4,067	3
Total welfare and social services	<u>\$ 5,794,016</u>	<u>\$ 5,954,083</u>	<u>\$ 4,716,245</u>	<u>\$ 1,237,838</u>
Total health and welfare	<u>\$ 5,794,016</u>	<u>\$ 5,954,083</u>	<u>\$ 4,716,245</u>	<u>\$ 1,237,838</u>
Total Virginia Public Assistance Fund	<u>\$ 5,794,016</u>	<u>\$ 5,954,083</u>	<u>\$ 4,716,245</u>	<u>\$ 1,237,838</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 1,524,000	\$ 1,524,000	\$ 765,015	\$ 758,985
Total Comprehensive Services Act Fund	<u>\$ 1,524,000</u>	<u>\$ 1,524,000</u>	<u>\$ 765,015</u>	<u>\$ 758,985</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)
CARES Act Fund:				
Public safety:				
Public health, safety and PPE	\$ -	\$ 778,462	\$ 777,576	\$ 886
Community development:				
Economic development	\$ -	\$ 13,894	\$ 13,894	\$ -
Total CARES Act Fund	<u>\$ -</u>	<u>\$ 792,356</u>	<u>\$ 791,470</u>	<u>\$ 886</u>
American Rescue Plan Act Fund:				
Public safety:				
Premium pay	\$ -	\$ 197,000	\$ 196,925	\$ 75
Sheriff equipment	-	64,000	63,972	28
Gloucester Volunteer Fire & Rescue	-	188,348	9,016	179,332
Total public safety	<u>\$ -</u>	<u>\$ 449,348</u>	<u>\$ 269,913</u>	<u>\$ 179,435</u>
Health and welfare:				
Gloucester Mathews Care Clinic	\$ -	\$ 3,842	\$ 3,842	\$ -
Total health and welfare	<u>\$ -</u>	<u>\$ 3,842</u>	<u>\$ 3,842</u>	<u>\$ -</u>
Community development:				
Broadband	\$ -	\$ 2,000,000	\$ 2,000,000	\$ -
Total community development	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ -</u>
Public works:				
Utilities infrastructure:				
Utilities equipment	\$ -	\$ 145,000	\$ 142,651	\$ 2,349
Pump station #11 repairs	-	285,174	-	285,174
Membranes-reverse osmosis skid #1	-	150,000	-	150,000
Total utilities infrastructure	<u>\$ -</u>	<u>\$ 580,174</u>	<u>\$ 142,651</u>	<u>\$ 437,523</u>
Total public works	<u>\$ -</u>	<u>\$ 580,174</u>	<u>\$ 142,651</u>	<u>\$ 437,523</u>
Total American Rescue Plan Act	<u>\$ -</u>	<u>\$ 3,033,364</u>	<u>\$ 2,416,406</u>	<u>\$ 616,958</u>
Debt Service Fund:				
Debt service:				
School sales tax eligible projects:				
Principal retirement	\$ 2,618,016	\$ 99,163	\$ 99,163	\$ -
Interest and other fiscal charges	1,161,104	190,663	190,663	-
Bond issuance costs	311,500	311,500	115,059	196,441
Total school sales tax eligible projects	<u>\$ 4,090,620</u>	<u>\$ 601,326</u>	<u>\$ 404,885</u>	<u>\$ 196,441</u>
Other debt service				
Principal retirement	\$ 676,837	\$ 7,523,690	\$ 7,687,515	\$ (163,825)
Interest and other fiscal charges	123,604	1,094,045	1,029,238	64,807
Bond issuance costs	38,500	38,500	50,129	(11,629)
Total other debt service	<u>\$ 838,941</u>	<u>\$ 8,656,235</u>	<u>\$ 8,766,882</u>	<u>\$ (110,647)</u>
Total Debt Service Fund	<u>\$ 4,929,561</u>	<u>\$ 9,257,561</u>	<u>\$ 9,171,767</u>	<u>\$ 85,794</u>
Mosquito Control Fund				
Public works:				
Personnel	\$ 18,521	\$ 18,521	\$ 10,332	\$ 8,189
Vehicle purchase	-	30,000	28,426	1,574
Mosquito control operations	95,804	65,804	6,413	59,391
Total Mosquito Control Fund	<u>\$ 114,325</u>	<u>\$ 114,325</u>	<u>\$ 45,171</u>	<u>\$ 69,154</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
School paving	\$ 1,588,650	\$ 1,588,650	\$ -	\$ 1,588,650
School HVAC replacement	2,532,362	2,532,362	633,073	1,899,289
School roof recoating and replacement	236,250	236,250	226,310	9,940
Achilles bus loop	375,263	455,901	388,099	67,802
Page athletic fields	341,500	567,824	560,308	7,516
Gloucester high school renovation	45,224,842	45,284,842	1,437,210	43,847,632
Transportation facility	5,419,376	8,164,778	3,525,014	4,639,764
School lighting projects	717,458	717,458	715,364	2,094
School playground equipment replacement	748,431	748,431	592,611	155,820
Tax software	140,000	140,000	15,068	124,932
Broadband	2,708,482	1,396,539	656,524	740,015
Older adult facility	-	4,500	4,500	-
Aberdeen & Timberneck creek dredging	6,000,000	6,000,000	-	6,000,000
Court circle sidewalk project	272,829	666,452	24,776	641,676
Cedar bush creek dredging	-	51,816	51,816	-
Court circle site improvements	150,000	150,000	371	149,629
ADA accessibility improvements	270,000	270,000	194,875	75,125
Arc flash	-	80,680	48,408	32,272
Ware House Road planning study	-	268,000	-	268,000
FEMA hazard mitigation elevation projects	2,489,767	3,242,157	20,245	3,221,912
Ark park improvements	-	60,000	-	60,000
Tucker store pocket park	-	-	18,094	(18,094)
County paving projects	397,434	397,434	33,957	363,477
Parks, recreation & tourism ADA improvements	108,075	108,075	-	108,075
Parks, recreation & tourism support facilities	71,500	71,500	71,434	66
Parks, recreation & tourism lift-wing field mower	65,600	62,929	62,919	10
Public service radio tower upgrades	1,000,000	1,000,000	941,598	58,402
Social services building addition	50,000	166,872	166,406	466
Total capital projects expenditures	<u>\$ 70,907,819</u>	<u>\$ 74,433,450</u>	<u>\$ 10,388,980</u>	<u>\$ 64,044,470</u>
Total County Capital Improvements Fund	<u>\$ 70,907,819</u>	<u>\$ 74,433,450</u>	<u>\$ 10,388,980</u>	<u>\$ 64,044,470</u>
Total Primary Government	<u>\$ 146,335,090</u>	<u>\$ 160,459,468</u>	<u>\$ 91,289,586</u>	<u>\$ 69,169,882</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2022

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	\$ 48,150,665	\$ 50,484,973	\$ 49,549,837	\$ 935,136
Total instruction costs	<u>\$ 48,150,665</u>	<u>\$ 50,484,973</u>	<u>\$ 49,549,837</u>	<u>\$ 935,136</u>
Administration, Attendance and Health:				
School board	\$ 135,522	\$ 143,505	\$ 144,062	\$ (557)
Other administration	2,714,970	2,680,343	2,707,144	(26,801)
Total administration, attendance and health	<u>\$ 2,850,492</u>	<u>\$ 2,823,848</u>	<u>\$ 2,851,206</u>	<u>\$ (27,358)</u>
Pupil transportation:				
Pupil transportation	\$ 4,336,795	\$ 4,549,363	\$ 4,531,718	\$ 17,645
Total pupil transportation	<u>\$ 4,336,795</u>	<u>\$ 4,549,363</u>	<u>\$ 4,531,718</u>	<u>\$ 17,645</u>
Operating and maintenance costs:				
Operation and maintenance	\$ 6,958,184	\$ 6,869,747	\$ 6,848,641	\$ 21,106
Total operating and maintenance costs	<u>\$ 6,958,184</u>	<u>\$ 6,869,747</u>	<u>\$ 6,848,641</u>	<u>\$ 21,106</u>
Technology:				
Technology	\$ 3,058,245	\$ 2,872,321	\$ 2,870,097	\$ 2,224
Total technology	<u>\$ 3,058,245</u>	<u>\$ 2,872,321</u>	<u>\$ 2,870,097</u>	<u>\$ 2,224</u>
Total education	<u>\$ 65,354,381</u>	<u>\$ 67,600,252</u>	<u>\$ 66,651,499</u>	<u>\$ 948,753</u>
Total School Operating Fund	<u><u>\$ 65,354,381</u></u>	<u><u>\$ 67,600,252</u></u>	<u><u>\$ 66,651,499</u></u>	<u><u>\$ 948,753</u></u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,856,277	\$ 2,856,277	\$ 2,690,189	\$ 166,088
USDA commodities	-	-	201,522	(201,522)
Total school food services	<u>\$ 2,856,277</u>	<u>\$ 2,856,277</u>	<u>\$ 2,891,711</u>	<u>\$ (35,434)</u>
Total education	<u>\$ 2,856,277</u>	<u>\$ 2,856,277</u>	<u>\$ 2,891,711</u>	<u>\$ (35,434)</u>
Total School Cafeteria Fund	<u><u>\$ 2,856,277</u></u>	<u><u>\$ 2,856,277</u></u>	<u><u>\$ 2,891,711</u></u>	<u><u>\$ (35,434)</u></u>
Gloucester County School Activity Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 570,161	\$ (570,161)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 570,161</u>	<u>\$ (570,161)</u>
Total Gloucester County School Activity Fund	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 570,161</u></u>	<u><u>\$ (570,161)</u></u>
Total Discretely Presented Component Unit - School Board	<u><u>\$ 68,210,658</u></u>	<u><u>\$ 70,456,529</u></u>	<u><u>\$ 70,113,371</u></u>	<u><u>\$ 343,158</u></u>

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Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2022

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	\$ 17,890	\$ 17,890	\$ 19,950	\$ 2,060
Delinquent real estate taxes	209	209	477	268
Real and personal public service corporation taxes	979	979	1,049	70
Penalties	60	60	215	155
Interest	15	15	47	32
Total general property taxes	<u>\$ 19,153</u>	<u>\$ 19,153</u>	<u>\$ 21,738</u>	<u>\$ 2,585</u>
Revenue from use of money and property:				
Interest income	\$ 50	\$ 50	\$ 25	\$ (25)
Total revenue from use of money and property	<u>\$ 50</u>	<u>\$ 50</u>	<u>\$ 25</u>	<u>\$ (25)</u>
Miscellaneous:				
Insurance recovery	\$ -	\$ -	\$ 16,106	\$ 16,106
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,106</u>	<u>\$ 16,106</u>
Total revenue from local sources	<u>\$ 19,203</u>	<u>\$ 19,203</u>	<u>\$ 37,869</u>	<u>\$ 18,666</u>
Total Gloucester Sanitary District	<u><u>\$ 19,203</u></u>	<u><u>\$ 19,203</u></u>	<u><u>\$ 37,869</u></u>	<u><u>\$ 18,666</u></u>
Gloucester Point Sanitary District:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 19,911	\$ 19,911	\$ 21,320	\$ 1,409
Delinquent real estate taxes	346	346	582	236
Real and personal public service corporation taxes	154	154	146	(8)
Penalties	97	97	242	145
Interest	-	-	143	143
Total general property taxes	<u>\$ 20,508</u>	<u>\$ 20,508</u>	<u>\$ 22,433</u>	<u>\$ 1,925</u>
Revenue from use of money and property:				
Interest income	\$ 334	\$ 334	\$ 92	\$ (242)
Total revenue from use of money and property	<u>\$ 334</u>	<u>\$ 334</u>	<u>\$ 92</u>	<u>\$ (242)</u>
Total revenue from local sources	<u>\$ 20,842</u>	<u>\$ 20,842</u>	<u>\$ 22,525</u>	<u>\$ 1,683</u>
Total Gloucester Sanitary District	<u><u>\$ 20,842</u></u>	<u><u>\$ 20,842</u></u>	<u><u>\$ 22,525</u></u>	<u><u>\$ 1,683</u></u>

Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2022

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	\$ 3,287,900	\$ 3,287,900	\$ 3,343,795	\$ 55,895
Miscellaneous water	24,100	24,100	30,769	6,669
Renewal-water	23,800	23,800	(261)	(24,061)
Transfer-water	16,100	16,100	16,042	(58)
Write off old accounts-water	-	-	(11,346)	(11,346)
Total water revenues	<u>\$ 3,351,900</u>	<u>\$ 3,351,900</u>	<u>\$ 3,378,999</u>	<u>\$ 27,099</u>
Sewer revenues				
Sewer service	\$ 693,400	\$ 693,400	\$ 764,912	\$ 71,512
Write off of old accounts-sewer	-	-	(11,346)	(11,346)
Total sewer revenues	<u>\$ 693,400</u>	<u>\$ 693,400</u>	<u>\$ 753,566</u>	<u>\$ 60,166</u>
Other revenues				
Water tower lease	\$ 5,400	\$ 5,400	\$ 26,649	\$ 21,249
Credit card fees	2,440	2,440	7,162	4,722
Meter testing	50	50	-	(50)
After hours work	500	500	-	(500)
Conversion balances	750	750	1,388	638
Fats, oils & grease	1,000	1,000	2,331	1,331
Late fees	72,400	72,400	101,155	28,755
Late fee write offs	-	-	(101,155)	(101,155)
Other income	-	-	13,016	13,016
Returned check fees	1,900	1,900	945	(955)
Grants	-	1,192	1,090	(102)
Debt service reserve fund	-	-	17	17
Total other revenues	<u>\$ 84,440</u>	<u>\$ 85,632</u>	<u>\$ 52,598</u>	<u>\$ (33,034)</u>
Total operating revenues	<u>\$ 4,129,740</u>	<u>\$ 4,130,932</u>	<u>\$ 4,185,163</u>	<u>\$ 54,231</u>
Nonoperating revenues				
Connection fees				
Application-water	\$ 180,000	\$ 180,000	\$ 294,450	\$ 114,450
Development-water	27,600	27,600	47,500	19,900
Application-sewer	139,300	139,300	271,750	132,450
Development-sewer	55,200	55,200	104,600	49,400
Total connection fees	<u>\$ 402,100</u>	<u>\$ 402,100</u>	<u>\$ 718,300</u>	<u>\$ 316,200</u>
Investment income	<u>\$ 15,790</u>	<u>\$ 15,790</u>	<u>\$ 7,031</u>	<u>\$ (8,759)</u>
Total nonoperating revenues	<u>\$ 417,890</u>	<u>\$ 417,890</u>	<u>\$ 725,331</u>	<u>\$ 307,441</u>
Total Utilities Fund	<u>\$ 4,547,630</u>	<u>\$ 4,548,822</u>	<u>\$ 4,910,494</u>	<u>\$ 361,672</u>
Total Proprietary Funds	<u>\$ 4,587,675</u>	<u>\$ 4,588,867</u>	<u>\$ 4,970,888</u>	<u>\$ 382,021</u>

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2022

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	\$ -	\$ -	\$ 4,719	\$ (4,719)
Electrical services	25,850	25,850	19,676	6,174
Total public works	\$ 25,850	\$ 25,850	\$ 24,395	\$ 1,455
Total Gloucester Sanitary District	\$ 25,850	\$ 25,850	\$ 24,395	\$ 1,455
Gloucester Point Sanitary District:				
Public works				
Electrical services	\$ 20,842	\$ 20,842	\$ 19,440	\$ 1,402
Total public works	\$ 20,842	\$ 20,842	\$ 19,440	\$ 1,402
Total Gloucester Point Sanitary District	\$ 20,842	\$ 20,842	\$ 19,440	\$ 1,402
Utilities Fund:				
Public works				
Operating expenses				
Personnel				
Salaries	\$ 1,487,459	\$ 1,487,459	\$ 1,186,152	\$ 301,307
Salaries-overtime	60,000	60,000	72,472	(12,472)
Oncall	13,296	13,296	13,296	-
Total personnel	\$ 1,560,755	\$ 1,560,755	\$ 1,271,920	\$ 288,835
Fringe benefits	\$ 729,903	\$ 729,903	\$ 534,795	\$ 195,108
Contractual services				
Trustee fees	\$ 21,000	\$ 21,000	\$ -	\$ 21,000
Merchant credit card fees	2,440	2,440	7,926	(5,486)
Banking fees	-	-	792	(792)
Professional services	169,000	169,000	117,082	51,918
Consent order	66,000	66,000	50,087	15,913
Lab services	23,000	23,000	16,602	6,398
Repair and maintenance	96,000	96,000	192,794	(96,794)
Maintenance service contract	82,000	82,000	40,143	41,857
Electrical services	165,000	165,000	161,475	3,525
Total contractual services	\$ 624,440	\$ 624,440	\$ 586,901	\$ 37,539
Supplies				
Office supplies	\$ 5,000	\$ 5,000	\$ 8,339	\$ (3,339)
Chemical supplies	140,000	140,000	177,431	(37,431)
Plant supplies	35,000	35,000	42,810	(7,810)
Distribution supplies	68,000	68,000	92,849	(24,849)
Wastewater supplies	100	100	-	100
Sewer repair supplies	12,000	12,000	5,874	6,126

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2022

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	\$ 4,000	\$ 5,597	\$ (1,597)
Tools	16,192	16,192	14,812	1,380
Fuel-vehicle	61,500	61,500	61,370	130
Inventory supplies	60,000	60,000	99,863	(39,863)
Total supplies	<u>\$ 401,792</u>	<u>\$ 401,792</u>	<u>\$ 508,945</u>	<u>\$ (107,153)</u>
Insurance				
Vehicle insurance	\$ 6,603	6,603	5,885	\$ 718
General liability insurance	705	705	653	52
Property insurance	10,975	10,975	16,367	(5,392)
Flood insurance	12,896	12,896	14,389	(1,493)
Total insurance	<u>\$ 31,179</u>	<u>\$ 31,179</u>	<u>\$ 37,294</u>	<u>\$ (6,115)</u>
Other charges				
Advertising	\$ 100	\$ 100	\$ 548	\$ (448)
Postage	33,000	33,000	37,878	(4,878)
Telephone	14,000	14,000	13,424	576
Training	6,800	6,800	3,825	2,975
Dues and membership	2,500	2,500	2,605	(105)
Uniforms and clothing	4,000	4,000	3,953	47
Furniture and fixtures	2,000	2,000	1,142	858
Miscellaneous	12,000	12,000	25,249	(13,249)
Payments to other funds	5,520	5,520	-	5,520
Payments to other government agencies	17,600	17,600	18,281	(681)
Indirect costs	157,558	157,558	157,558	-
Capital projects			-	-
Arc flash	108,220	108,220	64,920	43,300
Pump station #11 sewer rehabilitation and repair	95,000	95,000	73,288	21,712
Pump station #13 collection system	55,000	55,000	37,276	17,724
Radio read conversion	-	-	42,050	(42,050)
Water treatment plant roof and façade repair	121,577	121,577	127,869	(6,292)
Water system assessment	115,116	115,116	107,665	7,451
Celements/Gloucester waterline replacement	31,280	31,280	-	31,280
Water treatment plant SCADA upgrade	138,423	138,423	-	138,423
Waterline-Kerns avenue	225,604	225,604	-	225,604
Total other charges	<u>\$ 1,145,298</u>	<u>\$ 1,145,298</u>	<u>\$ 717,531</u>	<u>\$ 427,767</u>
Contingency	<u>\$ (288,944)</u>	<u>\$ (288,944)</u>	<u>(85,196)</u>	<u>(203,748)</u>
Depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>1,101,572</u>	<u>(1,101,572)</u>
Total operating expenses	<u>\$ 4,204,423</u>	<u>\$ 4,204,423</u>	<u>\$ 4,673,762</u>	<u>\$ (469,339)</u>

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2022

Nonoperating expenses				
Interest expense	\$ 118,031	\$ 118,031	\$ 70,148	\$ 47,883
Bond issuance costs	-	-	30,118	(30,118)
Total nonoperating expenses	\$ 118,031	\$ 118,031	\$ 100,266	\$ 17,765
Total Utilities Fund	\$ 4,322,454	\$ 4,322,454	\$ 4,774,028	\$ (451,574)
Total Proprietary Funds	\$ 4,369,146	\$ 4,369,146	\$ 4,817,863	\$ (448,717)

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Schedule of Revenues, Expenditures and Changes in Net Position Budget and Actual (Non-GAAP)

Utility Fund

For the Year Ended June 30, 2022

	Utility Fund		
	Budget	Actual	Variance Positive (Negative)
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 3,351,900	\$ 3,378,999	\$ 27,099
Sewer revenues	693,400	753,566	60,166
Other revenues	85,632	52,580	(33,052)
Total operating revenues	<u>\$ 4,130,932</u>	<u>\$ 4,185,145</u>	<u>\$ 54,213</u>
OPERATING EXPENSES			
Personnel services	\$ 1,338,908	\$ 1,271,919	\$ 66,989
Fringe benefits	662,806	489,217	173,589
Contractual services	603,440	586,901	16,539
Supplies	401,792	508,943	(107,151)
Insurance expense	31,179	37,294	(6,115)
Other charges	255,078	264,464	(9,386)
Capital outlay	890,220	693,832	196,388
Total operating expenses	<u>\$ 4,183,423</u>	<u>\$ 3,852,570</u>	<u>\$ 330,853</u>
Operating income (loss)	<u>\$ (52,491)</u>	<u>\$ 332,575</u>	<u>\$ 385,066</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 402,100	\$ 718,300	\$ 316,200
Investment income	15,790	7,048	(8,742)
Capital contribution	-	142,651	142,651
2021 Loan proceeds	-	5,365,437	5,365,437
2016 refunding bond payoff	-	(5,365,437)	(5,365,437)
Bond issuance costs	-	(30,118)	(30,118)
Principal payments	(719,000)	(710,000)	9,000
2021 Loan payment	-	(86,445)	(86,445)
Interest expense	(118,031)	(70,148)	47,883
Trustee fees	(21,000)	-	21,000
Unassigned fund balance	492,632	-	(492,632)
Total nonoperating revenues (expenses)	<u>\$ 52,491</u>	<u>\$ (28,712)</u>	<u>\$ (81,203)</u>
Revenues over expenditures (including other expenditures)	<u>\$ -</u>	<u>\$ 303,863</u>	<u>\$ 303,863</u>
ADJUSTMENT TO ACCRUAL BASIS			
Add (Deduct)			
Expenditure adjustments:			
Depreciation		(1,075,251)	
Capital outlay meeting capital asset threshold		240,764	
Loan payment		86,445	
OPEB and pension liability adjustments		58,568	
Increase in compensated absences liability		(18,950)	
Debt related adjustments:			
Long-term debt principal		710,000	
Bond premium amortization		(26,321)	
Change in net position-business-type activities		<u>\$ 279,117</u>	
Net position-beginning of year (as restated)		<u>\$ 23,010,224</u>	
Net position-end of year, business type activities		<u>\$ 23,289,341</u>	
Some amounts reported for business-type activities in the statement of activities			

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

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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.

1-4

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.

15-19

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)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental activities				
Net investment in capital assets	\$ 24,578,290	\$ 16,362,601	\$ 16,970,169	\$ 17,743,311
Restricted	4,097	-	-	-
Unrestricted	<u>23,298,770</u>	<u>16,645,283</u>	<u>14,910,552</u>	<u>15,759,342</u>
Total governmental activities net position	<u>\$ 47,881,157</u>	<u>\$ 33,007,884</u>	<u>\$ 31,880,721</u>	<u>\$ 33,502,653</u>
Business-type activities				
Net investment in capital assets	\$ 18,541,067	\$ 18,443,968	\$ 18,885,015	\$ 19,338,462
Restricted	332	-	-	-
Unrestricted	<u>4,837,252</u>	<u>4,639,007</u>	<u>4,064,219</u>	<u>3,587,462</u>
Total business-type activities net position	<u>\$ 23,378,651</u>	<u>\$ 23,082,975</u>	<u>\$ 22,949,234</u>	<u>\$ 22,925,924</u>
Primary government				
Net investment in capital assets	\$ 43,119,357	\$ 34,806,569	\$ 35,855,184	\$ 37,081,773
Restricted	4,429	-	-	-
Unrestricted	<u>28,136,022</u>	<u>21,284,290</u>	<u>18,974,771</u>	<u>19,346,804</u>
Total primary government net position	<u>\$ 71,259,808</u>	<u>\$ 56,090,859</u>	<u>\$ 54,829,955</u>	<u>\$ 56,428,577</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

	2018	2017	2016	2015	2014	2013
\$	18,431,064	\$ 18,280,127	\$ 17,543,250	\$ 20,771,917	\$ 22,330,023	\$ 13,292,660
	-	-	-	-	-	-
	15,040,469	16,925,823	15,676,394	16,806,802	23,927,330	31,083,034
\$	<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>	<u>44,375,694</u>
\$	17,703,636	\$ 15,069,296	\$ 13,266,968	\$ 12,233,762	\$ 11,267,065	\$ 4,461,919
	1,834,232	1,866,455	1,866,690	1,869,579	1,869,878	4,720,154
	2,948,373	3,247,483	3,041,421	2,221,268	2,328,518	4,956,253
\$	<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>	<u>14,138,326</u>
\$	36,134,700	\$ 33,349,423	\$ 30,810,218	\$ 33,005,679	\$ 33,597,088	\$ 17,754,579
	1,834,232	1,866,455	1,866,690	1,869,579	1,869,878	4,720,154
	17,988,842	20,173,306	18,717,815	19,028,070	26,255,848	36,039,287
\$	<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>	<u>58,514,020</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses				
Governmental activities:				
General government administration	\$ 7,341,776	\$ 7,279,364	\$ 6,728,268	\$ 6,404,365
Judicial administration	2,246,615	2,425,945	2,194,538	2,146,477
Public safety	17,994,636	19,872,272	17,520,033	16,296,649
Public works	2,417,634	3,619,414	2,549,544	2,354,901
Health and welfare	6,340,541	6,210,692	6,607,759	6,130,510
Education	26,922,092	32,007,187	31,121,559	29,868,409
Parks, recreation, culture	2,902,076	2,481,849	2,453,113	2,443,912
Community development	4,498,408	3,919,597	2,111,415	1,508,533
Interest on long-term debt	1,241,878	1,251,346	1,109,287	1,289,739
Total governmental activities expenses	<u>71,905,656</u>	<u>79,067,666</u>	<u>72,395,516</u>	<u>68,443,495</u>
Business-type activities:				
Public utilities	4,774,028	4,835,657	4,383,288	4,196,717
Nonmajor enterprise funds	43,835	-	-	-
Total business-type activities expenses	<u>4,817,863</u>	<u>4,835,657</u>	<u>4,383,288</u>	<u>4,196,717</u>
Total Primary government expenses	<u>\$ 76,723,519</u>	<u>\$ 83,903,323</u>	<u>\$ 76,778,804</u>	<u>\$ 72,640,212</u>
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ 64,934	\$ 3,476	\$ -	\$ -
Judicial administration	165,106	160,048	165,055	215,232
Public safety	557,707	499,636	515,568	505,564
Public works	478,061	551,085	537,113	571,491
Health and welfare	-	-	-	-
Education	-	-	-	570
Parks, recreation, culture	306,150	196,776	188,892	383,437
Community development	18,226	11,082	9,099	-
Operating grants and contributions	12,743,053	15,435,822	9,231,380	8,855,506
Capital grants and contributions	139,079	848,443	612,726	408,508
Total governmental activities program revenues	<u>\$ 14,472,316</u>	<u>\$ 17,706,368</u>	<u>\$ 11,259,833</u>	<u>\$ 10,940,308</u>
Business-type activities:				
Charges for services	\$ 4,919,569	\$ 4,898,385	\$ 4,312,516	\$ 4,512,752
Operating grants and contributions	-	-	-	-
Capital grants and contributions	142,651	-	-	-
Total business-type activities program revenues	<u>5,062,220</u>	<u>4,898,385</u>	<u>4,312,516</u>	<u>4,512,752</u>
Total primary government program revenue	<u>\$ 19,534,536</u>	<u>\$ 22,604,753</u>	<u>\$ 15,572,349</u>	<u>\$ 15,453,060</u>
Net(Expense)/Revenue				
Governmental activities	\$ (57,433,340)	\$ (61,361,298)	\$ (61,135,683)	\$ (57,503,187)
Business-type activities	244,357	62,728	(70,772)	316,035
Total primary government net expense	<u>\$ (57,188,983)</u>	<u>\$ (61,298,570)</u>	<u>\$ (61,206,455)</u>	<u>\$ (57,187,152)</u>

Table 2
Page 1 of 2

	2018	2017	2016	2015	2014	2013
\$	6,273,889	\$ 5,985,400	\$ 5,213,213	\$ 5,402,313	\$ 5,575,520	\$ 5,465,093
	2,022,836	1,747,820	1,832,619	1,830,328	1,978,698	1,802,483
	15,005,085	14,420,083	13,746,855	12,838,684	13,224,115	12,943,310
	2,147,005	2,118,053	2,168,694	2,140,168	2,487,293	2,218,227
	5,515,673	5,514,819	5,018,243	5,441,279	5,223,039	5,052,386
	27,761,018	27,272,736	33,924,847	29,991,304	27,169,073	25,586,345
	2,437,963	2,359,727	2,316,509	2,198,664	2,375,530	2,166,475
	2,569,352	2,670,768	1,850,500	3,330,733	2,604,102	1,254,998
	1,375,212	1,564,983	1,903,921	2,019,045	1,912,060	1,598,864
	<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>	<u>58,088,181</u>
	3,542,913	3,669,366	3,828,006	3,873,419	4,164,968	4,561,013
	-	-	-	-	-	-
	<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>4,561,013</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>	<u>62,649,194</u>
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -
	239,638	209,190	225,492	172,895	214,556	237,742
	493,463	640,084	416,526	422,313	399,325	364,823
	551,396	497,981	411,479	315,626	219,143	197,204
	-	-	44,851	40,620	-	-
	80	258	-	-	-	-
	363,322	369,051	264,424	240,605	286,509	293,796
	-	9,300	74,260	74,798	67,428	59,655
	8,487,119	8,238,150	8,431,639	8,064,461	8,018,257	7,634,001
	1,149,639	1,232,247	581,781	2,099,005	3,882,214	1,108,506
\$	<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>	<u>9,895,727</u>
\$	4,568,243	\$ 4,966,010	\$ 4,161,870	\$ 4,135,611	\$ 4,193,272	\$ 4,375,188
	-	-	-	-	-	-
	-	-	713,180	277,732	499,050	537,710
	<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>4,912,898</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>	<u>14,808,625</u>
\$	(53,823,376)	\$ (52,458,128)	\$ (57,524,949)	\$ (53,762,195)	\$ (49,461,998)	\$ (48,192,454)
	1,025,330	1,296,644	1,047,044	539,924	527,354	351,885
\$	<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>	<u>(47,840,569)</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 47,196,515	\$ 44,532,103	\$ 42,406,876	\$ 41,229,104
Local sales and use tax	6,693,227	6,262,576	5,469,912	4,868,752
Consumer utility tax	763,099	757,551	743,181	740,458
Business license taxes	2,216,575	2,011,717	1,867,032	1,931,649
Restaurant food taxes	3,085,826	2,699,399	2,346,997	2,377,951
School sales tax	5,482,990	-	-	-
Other local taxes	1,724,695	1,702,408	1,220,134	1,195,686
Unrestricted revenues from use of money and property	236,268	169,672	371,220	484,500
Miscellaneous	571,395	311,546	854,758	396,215
Grants and contributions not restricted to specific programs	4,336,023	4,052,756	4,233,641	4,309,992
Transfers	-	(11,267)	-	-
Total governmental activities	<u>\$ 72,306,613</u>	<u>\$ 62,488,461</u>	<u>\$ 59,513,751</u>	<u>\$ 57,534,307</u>
Business-type activities:				
General property taxes	\$ 44,171	\$ 50,657	\$ 38,646	\$ 40,651
Unrestricted revenues from use of money and property	7,148	9,088	55,436	82,997
Grants and contributions not restricted to specific programs	-	-	-	-
Transfers	-	11,267	-	-
Total business-type activities	<u>\$ 51,319</u>	<u>\$ 71,012</u>	<u>\$ 94,082</u>	<u>\$ 123,648</u>
Total primary government	<u>\$ 72,357,932</u>	<u>\$ 62,559,473</u>	<u>\$ 59,607,833</u>	<u>\$ 57,657,955</u>
Change in Net Position				
Governmental activities	\$ 14,873,273	\$ 1,127,163	\$ (1,621,932)	\$ 31,120
Business-type activities	295,676	133,740	23,310	439,683
Total primary government	<u>\$ 15,168,949</u>	<u>\$ 1,260,903</u>	<u>\$ (1,598,622)</u>	<u>\$ 470,803</u>

	2018	2017	2016	2015	2014	2013
\$	40,204,898	\$ 39,729,693	\$ 38,881,635	\$ 37,735,100	\$ 37,840,631	\$ 37,352,864
	4,627,344	4,363,168	4,132,108	3,993,673	3,811,874	3,777,448
	733,044	725,381	716,300	711,867	707,280	702,582
	1,729,800	1,682,846	1,552,245	1,547,404	1,560,493	1,504,047
	2,274,619	2,194,698	2,116,520	1,896,892	1,857,472	1,857,427
	-	-	-	-	-	-
	1,199,763	1,202,114	1,109,601	989,921	938,370	947,651
	356,250	202,694	154,286	174,416	182,207	177,210
	321,874	432,749	670,380	438,304	579,009	664,749
	4,423,702	4,486,617	4,505,799	4,500,206	4,540,079	4,559,150
	(430,524)	(575,526)	(673,000)	(673,758)	(673,758)	(673,758)
\$	<u>55,440,770</u>	<u>\$ 54,444,434</u>	<u>\$ 53,165,874</u>	<u>\$ 51,314,025</u>	<u>\$ 51,343,657</u>	<u>\$ 50,869,370</u>
\$	39,849	\$ 38,722	\$ 39,235	\$ 39,471	\$ 39,533	\$ 39,313
	77,735	97,263	91,191	86,723	86,490	112,266
	779,370	-	-	-	-	-
	430,524	575,526	673,000	673,758	673,758	673,758
\$	<u>1,327,478</u>	<u>\$ 711,511</u>	<u>\$ 803,426</u>	<u>\$ 799,952</u>	<u>\$ 799,781</u>	<u>\$ 825,337</u>
\$	<u>56,768,248</u>	<u>\$ 55,155,945</u>	<u>\$ 53,969,300</u>	<u>\$ 52,113,977</u>	<u>\$ 52,143,438</u>	<u>\$ 51,694,707</u>
\$	1,617,394	\$ 1,986,306	\$ (4,359,075)	\$ (2,448,170)	\$ 1,881,659	\$ 2,676,916
	2,352,808	2,008,155	1,850,470	1,339,876	1,327,135	1,177,222
\$	<u>3,970,202</u>	<u>\$ 3,994,461</u>	<u>\$ (2,508,605)</u>	<u>\$ (1,108,294)</u>	<u>\$ 3,208,794</u>	<u>\$ 3,854,138</u>

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Fund				
Nonspendable	\$ 392,574	\$ 399,975	\$ 385,394	\$ 99,784
Restricted	89,255	32,823	43,121	38,307
Committed	2,575,170	2,741,220	2,634,123	2,440,816
Assigned	260,000	260,000	260,000	260,000
Unassigned	26,572,890	23,193,852	19,213,229	20,944,248
Total General Fund	<u>\$ 29,889,889</u>	<u>\$ 26,627,870</u>	<u>\$ 22,535,867</u>	<u>\$ 23,783,155</u>
All Other Governmental Funds				
Nonspendable	\$ 199,474	\$ 2,815	\$ -	\$ -
Restricted	35,916,123	5,081,683	43,000	137,100
Committed	4,381,083	373,335	533,816	685,451
Assigned	-	-	104,580	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 40,496,680</u>	<u>\$ 5,457,833</u>	<u>\$ 681,396</u>	<u>\$ 822,551</u>

Table 3

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	390,393	\$ 400,064	\$ 48,681	\$ 65,035	\$ 52,694	\$ 51,122
	79,268	82,362	77,013	133,004	141,770	141,989
	1,983,468	1,672,041	1,310,127	1,118,337	1,015,138	1,024,155
	260,000	-	-	-	-	-
	21,141,510	20,524,588	20,009,317	17,523,379	18,249,344	16,960,462
\$	<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>	<u>\$ 18,177,728</u>
\$	190,015	\$ -	\$ -	\$ -	\$ -	\$ -
	125,000	115,400	97,400	54,400	31,400	19,000
	700,298	696,419	692,639	4,986,303	22,701,947	13,398,162
	-	-	-	-	257,062	244,485
	(190,015)	-	-	-	-	-
\$	<u>825,298</u>	<u>\$ 811,819</u>	<u>\$ 790,039</u>	<u>\$ 5,040,703</u>	<u>\$ 22,990,409</u>	<u>\$ 13,661,647</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	2022	2021	2020	2019
REVENUES				
General property taxes	\$ 46,905,877	\$ 44,376,967	\$ 41,363,050	\$ 41,213,749
Other local taxes	19,966,412	13,433,651	11,647,256	11,114,496
Permits, privilege fees, and regulatory licenses	516,829	440,781	458,428	459,062
Fines and forfeitures	49,245	44,321	59,632	97,257
Revenue from the use of money and property	236,268	169,672	371,220	484,500
Charges for services	1,024,110	937,001	897,667	1,119,975
Miscellaneous	571,395	311,546	320,238	396,215
Recovered costs	584,285	445,385	571,175	222,897
Intergovernmental revenues:				
Commonwealth	11,072,783	11,448,662	10,716,317	10,734,135
Federal	6,145,372	8,888,359	3,361,430	2,839,871
Total revenues	\$ 87,072,576	\$ 80,496,345	\$ 69,766,413	\$ 68,682,157
EXPENDITURES				
Current:				
General government administration	\$ 7,254,309	\$ 6,661,798	\$ 6,696,148	\$ 6,388,524
Judicial administration	2,140,393	2,157,099	2,058,268	2,067,608
Public safety	17,930,731	17,449,969	15,476,843	14,944,726
Public works	2,709,399	2,538,458	2,551,198	2,343,097
Health and welfare	6,097,620	7,043,663	6,505,660	6,259,573
Education	27,475,526	29,061,269	27,314,420	26,337,674
Parks, recreation, and cultural	4,288,529	2,247,145	2,297,096	2,416,749
Community development	3,385,817	2,756,934	1,158,443	1,108,132
Nondepartmental	322,306	397,135	317,181	290,585
Capital projects	10,388,980	2,785,727	2,607,292	2,111,755
Debt service:				
Principal retirement	7,780,122	2,950,217	2,922,931	3,053,318
Interest and other fiscal charges	1,110,969	1,280,108	1,249,376	1,434,647
Principal retirement-School	99,163	-	-	-
Interest and other fiscal charges-School	305,722	-	-	-
Total expenditures	\$ 91,289,586	\$ 77,329,522	\$ 71,154,856	\$ 68,756,388
Excess (deficiency) of revenues over (under) expenditures	\$ (4,217,010)	\$ 3,166,823	\$ (1,388,443)	\$ (74,231)
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 9,143,269	\$ 6,825,951	\$ 7,339,499	\$ 7,532,333
Transfers out	(9,143,269)	(6,837,218)	(7,339,499)	(7,532,333)
Issuance of general obligation bonds	32,425,000	10,205,000	-	-
Bond premium issuance	2,724,064	699,884	-	-
Issuance of leases	2,696,361	-	-	-
Loan proceeds	4,672,451	-	-	-
Insurance recovery	-	-	-	-
Refunding of lease revenue bonds	-	(5,192,000)	-	-
Total other financing sources (uses)	\$ 42,517,876	\$ 5,701,617	\$ -	\$ -
Net change in fund balances	\$ 38,300,866	\$ 8,868,440	\$ (1,388,443)	\$ (74,231)
Fund balances - beginning	32,085,703	23,217,263	24,605,706	24,679,937
Fund balances - ending	\$ 70,386,569	\$ 32,085,703	\$ 23,217,263	\$ 24,605,706
Debt Service as a percentage of noncapital expenditures	10.18%	5.71%	6.08%	6.67%

Table 4

	2018	2017	2016	2015	2014	2013
\$	40,429,513	\$ 39,605,567	\$ 38,899,618	\$ 37,944,859	\$ 37,996,998	\$ 37,534,509
	10,564,570	10,168,207	9,626,774	9,139,757	8,875,489	8,789,155
	438,668	591,346	361,437	379,645	352,330	307,747
	118,878	85,667	94,470	68,265	80,625	108,507
	356,250	202,694	154,286	174,416	182,207	177,210
	1,090,353	1,048,851	981,125	818,947	754,006	736,966
	321,874	432,749	670,380	438,304	579,009	664,749
	434,664	413,302	362,494	378,821	409,810	337,904
	10,781,075	10,822,673	11,074,903	11,800,473	11,034,381	10,781,890
	3,279,385	3,134,341	2,444,316	2,863,199	2,681,235	2,385,926
\$	<u>67,815,230</u>	<u>\$ 66,505,397</u>	<u>\$ 64,669,803</u>	<u>\$ 64,006,686</u>	<u>\$ 62,946,090</u>	<u>\$ 61,824,563</u>
\$	5,963,044	\$ 5,725,817	\$ 5,559,742	\$ 5,506,522	\$ 5,418,618	\$ 5,027,276
	1,864,417	1,659,363	1,776,474	1,720,444	1,812,592	1,634,575
	13,715,518	13,267,144	12,431,841	12,260,636	11,609,450	11,388,578
	2,157,205	2,066,222	2,203,795	2,156,828	2,172,118	2,119,356
	5,541,116	5,465,381	5,064,135	5,427,503	5,197,208	5,000,044
	24,850,100	24,202,067	22,873,774	23,055,992	22,839,193	22,777,077
	2,323,548	2,342,983	2,180,280	2,139,478	2,117,069	2,067,452
	1,134,167	1,034,146	1,040,427	972,068	1,034,876	901,444
	285,585	300,585	300,585	353,497	365,585	312,185
	2,682,620	3,693,480	6,548,321	22,500,605	14,208,476	5,825,679
	4,097,070	4,186,313	10,276,799	3,437,958	2,886,672	3,141,033
	1,581,253	1,751,399	2,110,911	2,293,936	1,653,660	1,695,351
	-	-	-	72,317	69,529	65,736
	-	-	-	4,041	8,255	12,048
\$	<u>66,195,643</u>	<u>\$ 65,694,900</u>	<u>\$ 72,367,084</u>	<u>\$ 81,901,825</u>	<u>\$ 71,393,301</u>	<u>\$ 61,967,834</u>
\$	<u>1,619,587</u>	<u>\$ 810,497</u>	<u>\$ (7,697,281)</u>	<u>\$ (17,895,139)</u>	<u>\$ (8,447,211)</u>	<u>\$ (143,271)</u>
\$	8,279,537	\$ 8,369,496	\$ 7,729,031	\$ 9,188,198	\$ 8,000,299	\$ 7,758,145
	(8,710,061)	(8,945,022)	(8,402,031)	(9,861,956)	(8,674,057)	(8,431,903)
	-	-	-	-	15,845,000	5,999,684
	-	-	-	-	1,161,015	-
	-	1,020,726	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	2,724,934	133,841
	-	-	6,725,000	-	-	-
\$	<u>(430,524)</u>	<u>\$ 445,200</u>	<u>\$ 6,052,000</u>	<u>\$ (673,758)</u>	<u>\$ 19,057,191</u>	<u>\$ 5,459,767</u>
\$	1,189,063	\$ 1,255,697	\$ (1,645,281)	\$ (18,568,897)	\$ 10,609,980	\$ 5,316,496
	23,490,874	22,235,177	23,880,458	42,449,355	31,839,375	26,522,879
\$	<u>24,679,937</u>	<u>\$ 23,490,874</u>	<u>\$ 22,235,177</u>	<u>\$ 23,880,458</u>	<u>\$ 42,449,355</u>	<u>\$ 31,839,375</u>
	<u>8.78%</u>	<u>9.30%</u>	<u>18.66%</u>	<u>9.20%</u>	<u>7.94%</u>	<u>8.57%</u>

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2022		2013	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Riverbend Apartments LP	\$ 24,096,570	0.52 %		
Evergreen Development Co. LLC	15,123,780	0.32	\$ 25,674,400	0.61 %
York River Crossing Shopping Center LLC	14,179,980	0.30	12,444,900	0.30
Wal-Mart Real Estate Business Trust	13,825,590	0.30	13,599,900	0.32
Walter Reed Memorial Hospital Inc	12,342,590	0.26		
The Conservation Fund				
Lowes Home Centers Inc	9,697,340	0.21	8,446,000	0.20
Horn Harbor Nursing Home Inc.	9,694,920	0.21	7,188,600	0.17
Thousand Trails, Inc.	8,253,710	0.18	5,522,100	0.13
Welltower OM Group LLC	8,005,750	0.17		
Fox Centre Two LLC	7,228,360	0.16		
Gloucester Medical Arts I, LLC			8,181,200	0.20
GH2, LLC			5,493,500	0.13
E. Clairborne Robins, Jr.			5,415,400	0.13
Nam Duc Vu & Hoa Anh Tran			6,323,900	0.15
	<u>\$ 122,448,590</u>	<u>2.63 %</u>	<u>\$ 98,289,900</u>	<u>2.34 %</u>

Source: Gloucester County Commissioner of Revenue

COUNTY OF GLOUCESTER, VIRGINIA

Table 6

Real Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the			Collected within the			Total Collections to Date		
	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Fiscal Year of the Levy	Amount	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2013	\$26,903,346	5,391	26,908,737		\$26,076,913	96.93%	\$823,723	26,900,636	99.97%
2014	\$27,043,283	(16,870)	27,026,413		\$26,277,315	97.17%	\$740,239	27,017,554	99.97%
2015	\$27,615,708	(3,466)	27,612,242		\$26,880,696	97.34%	\$721,747	27,602,443	99.96%
2016	\$28,574,808	(3,243)	28,571,565		\$27,850,881	97.47%	\$710,597	28,561,478	99.96%
2017	\$29,192,667	(6,308)	29,186,359		\$28,438,565	97.42%	\$731,171	29,169,737	99.94%
2018	\$29,569,340	(8,091)	29,561,249		\$28,880,722	97.67%	\$652,774	29,533,496	99.91%
2019	\$29,892,524	(13,687)	29,878,837		\$29,203,018	97.69%	\$621,325	29,824,343	99.82%
2020	\$30,923,858	50,426	30,974,284		\$29,610,532	95.75%	\$1,233,237	30,843,769	99.58%
2021	\$31,971,959	18,084	31,990,043		\$30,936,937	96.76%	\$744,584	31,681,521	99.04%
2022	\$32,849,238	0.00	32,849,238.24		\$31,942,553	97.24%	\$0	31,942,553	97.24%

Source: Gloucester County Treasurer

COUNTY OF GLOUCESTER, VIRGINIA

Table 7

Personal Property Tax Levies and Collections
Last Six Fiscal Years

Fiscal Year	Taxes Levied for the		Collected within the			Total Collections to Date		
	Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Fiscal Year of the Levy	Percentage of Original Levy	Collections in Subsequent Years	Amount	Percentage of Adjusted Levy
2017	\$9,161,733	(19,974)	9,141,759		90.20%	\$786,866	9,050,505	99.00%
2018	\$9,324,902	(42,093)	9,282,809		89.00%	\$869,128	9,168,517	98.77%
2019	\$9,764,849	(39,978)	9,724,871		89.71%	\$812,354	9,572,205	98.43%
2020	\$10,282,459	(42,193)	10,240,267		88.05%	\$965,619	10,019,528	97.84%
2021	\$10,864,302	476,341	11,340,643		85.93%	\$1,505,372	10,841,511	95.60%
2022	\$11,880,542	-	11,880,542		87.14%	\$0	10,352,178	87.14%

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
2012	3,752,701	439,874	4,192,575	0.65	3,830,235	306,387
2013	3,771,667	439,721	4,211,388	0.65	4,028,880	321,037
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 ⁽²⁾	404,067
2021	4,103,424	604,513	4,707,937	0.695		420,014
2022	4,152,262	609,633	4,761,895	0.725		420,362

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
2013	400,536,792	8,218,191	43,702,556	155,642,943	608,100,482
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

(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				
2013	22,804,937	1,470,324	13,988,122	-	21,553,897	59,817,280	3.85%	1,606.61	
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	N/A*	1,031.22	
2022	58,640,375	-	4,905,000	-	4,620,000	68,165,375	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	N/A*	1.23%

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 (2022 population figure not available at this time)

(2) See Table 6 for property value data

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utilities Revenue	Less: Operating Expenses	Net Available Revenue	Debt Service		Coverage
				Principal	Interest	
2013	3,845,738	2,609,469	1,236,269	1,106,435	990,618	0.59
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

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

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 Adopted Budget Book*

Principal Employers
Current Year and Nine Years Ago

Employer	2022		2013	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Riverside Regional Medical Center	500 - 999	5.3% - 10.7%	500 - 999	5.0% - 9.9%
Gloucester County Public Schools	500 - 999	5.3% - 10.7%	1,000+	More than 10%
Wal Mart	250 - 499	2.7% - 5.3%	250 - 499	2.5% - 4.9%
County of Gloucester	250 - 499	2.7% - 5.3%	250 - 499	2.5% - 4.9%
Virginia Institute of Marine Science	250 - 499	2.7% - 5.3%	250 - 499	2.5% - 4.9%
Home Depot	100 - 249	1.1% - 2.7%		
Canon Environmental Technologies, Inc.	100 - 249	1.1% - 2.7%		
Rappahannock Community College	100 - 249	1.1% - 2.7%	250 - 499	2.5% - 4.9%
Lowe's Home Centers, Inc.	100 - 249	1.1% - 2.7%	100 - 249	1.0% - 2.4%
Miller's Services	100 - 249	1.1% - 2.7%		
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									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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	5.5	5.0	5.0	5.0	5.0	4.5	5.0	7.0	6.0	4.5
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	5.0	5.0	4.5	4.5	4.5	4.5	4.0
Commission of Revenue	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5
Real Estate Assessment	5.5	5.5	5.5	5.0	5.0	5.5	6.5	6.5	6.5	6.5
Treasurer	8.0	8.0	8.0	8.5	8.5	9.0	9.0	9.0	9.0	9.0
Financial Services	6.0	6.0	5.5	5.0	5.0	5.0	6.0	5.0	5.0	5.0
Information Technology	8.0	8.0	8.0	8.5	8.5	9.0	9.0	8.0	9.0	9.0
GIS (included with IT until 2012)	3.0	3.0	3.0	2.5	2.5	2.5	2.5	3.5	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	3.0	2.5	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	7.5	7.5	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Victim Witness	2.5	2.0	2.5	2.5	2.5	2.5	2.0	1.5	1.5	1.5
Commonwealth Attorney	9.0	9.0	9.0	9.0	8.0	7.5	7.5	7.5	7.5	7.5
Public Safety										
Sheriff	67.5	67.0	67.0	65.0	65.0	65.0	64.0	64.0	61.5	50.0
E-911 (Combined w/Sheriff 2014)	-	-	-	-	-	-	-	-	-	11.5
Jail (included w/Sheriff until 2006)	33.5	33.5	33.5	33.5	33.5	33.0	36.5	38.5	37.5	37.0
Probation/Pretrial	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Codes	-	-	-	-	-	-	-	-	-	14.0
Building Inspections	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	4.5	4.0	4.0	4.0	
Animal Control	4.0	4.0	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0
Emergency Services	2.5	2.5	2.5	3.0	3.0	3.0	2.0	2.0	1.5	1.5
Public Works										
Engineering	3.0	3.0	3.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0
Facilities Management	24.5	24.5	24.5	26.0	26.0	27.0	28.0	28.0	28.5	28.5
Education										
Community Engagement	8.5	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5	7.5
Cable Services	-	-	-	-	-	-	-	-	-	0.5
Parks, Recreation & Cultural										
Parks & Recreation	5.5	5.5	5.5	5.5	5.5	5.5	5.5	8.5	8.5	8.5
Park Operations	7.0	7.0	7.0	6.5	6.5	6.5	6.0	3.0	3.0	2.0
Historical (combined w/Tourism 2014)	-	-	-	-	-	-	-	0.5	0.5	0.5
Library	11.0	11.5	11.5	12.0	12.0	12.0	12.0	12.5	12.5	12.5
Community Development										
Planning & Zoning	7.0	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	5.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5
Clean Community	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Tourism	2.5	2.5	2.0	2.0	1.5	1.5	1.5	1.0	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	27.0	29.0	28.0	26.5	24.5	23.5	24.5	26.0	26.0	26.0
TOTAL	310.5	310.5	308.5	305.5	302.0	303.0	307.0	312.0	307.5	305.5

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

	2022	2021	2020	2019
Sheriff's Department (1)				
Reports taken	N/A	38,156	41,705	46,723
Civil processed record workload	N/A	24,836	19,211	27,980
Circuit court days	N/A	187	183	176
General district court days	N/A	110	126	118
Juvenile and domestic court days	N/A	226	166	263
Inmate average daily population	N/A	34	30	37
Parks, Recreation & Tourism (2)				
Number of Participants	3,488	1,823	2,058	4,980
Library (3)				
Material circulated	126,281	85,799	109,934	169,129
Library patrons	87,996	40,569	39,727	38,441
Water system (4)				
Number of customers	5,130	5,040	4,962	4,936
Average daily consumption	922,775	895,704	840,743	822,452
Annual consumption in gallons	336,813,915	326,932,108	307,712,000	300,195,000

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

2018	2017	2016	2015	2014	2013
47,286	48,601	45,020	43,584	39,350	38,808
29,017	33,240	31,737	30,530	30,757	42,873
182	172	210	207	196	175
113	107	104	109	113	116
240	250	252	234	240	237
41	31	43	45	79	86
5,008	4,567	4,772	4,489	3,957	3,920
140,825	197,281	183,566	172,769	169,016	179,320
36,706	35,089	37,185	35,396	33,256	29,295
4,890	4,835	4,728	4,629	4,629	4,588
869,742	863,441	834,800	838,400	827,000	809,000
317,456,000	315,156,000	304,700,000	306,030,000	301,865,000	295,456,000

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COUNTY OF GLOUCESTER, VIRGINIA

High Volume Users of Water and Sewer System
Current Year and Nine Years Ago

Customer name	2022				2013			
	Average Water Usage		Average Sewer Usage		Average Water Usage		Average Sewer Usage*	
	Monthly	Daily	Monthly	Daily	Monthly	Daily	Monthly	Daily
Franklin Management-Woodsville MHP	450,000	15,000			186,000	6,200		
York River MHP	430,000	14,333			294,000	9,800		
Walter Reed Conv Center	353,000	11,767	353,000	11,767				
TWAS-Car Wash	336,000	11,200	336,000	11,200				
VIMS-MRL	331,000	11,033	331,000	11,033	413,000	13,767		
Riverside Health System-Medical Drive	216,000	7,200						
Franklin Management Wicomico MHP	211,000	7,033						
Gloucester House	197,000	6,567	197,000	6,567				
RAI Care Center	193,000	6,433	193,000	6,433				
VIMS-SRL	190,000	6,333	190,000	6,333				
York River Yacht Haven			171,000	5,700	196,000	6,533		
IRT			160,000	5,333				
Hayes Shopping Court			153,000	5,100				
U DO IT Laundry			149,000	4,967				
Riverside Walter Reed Hospital					412,000	13,733		
Thalhimer					293,000	9,767		
VIMS-Chesapeake Bay Hall					287,000	9,567		
Riverside Wellness Center					228,000	7,600		
Colonial Point Apartments					215,000	7,167		
Gloucester County Jail					182,000	6,067		

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

	2022	2021	2020	2019
Sheriff's Department (1)				
Stations	1	1	1	1
Patrol Units	35	41	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	7	7
Park acreage owned by the County	221	221	220	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

2018	2017	2016	2015	2014	2013
1	1	1	1	1	1
32	32	31	33	33	33
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
7	8	8	8	8	8
220	221	221	221	221	221
44	44	44	44	44	44
2	2	2	2	2	2
1	1	1	1	1	1
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	FY22	FY21	FY20	FY19	FY18	FY17
	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
Monthly nonuser service charge	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
First 2,000 gallons	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Next 6,000 gallons, per 1,000 gallons	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
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	FY22	FY21	FY20	FY19	FY18	FY17
	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
Monthly nonuser service charge	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
First 2,000 gallons or less	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Next 2,000 gallons, per 1,000 gallons	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68
Next 4,000 gallons, per 1,000 gallons	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38
Next 3,000 gallons, per 1,000 gallons	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18
Next 64,000 gallons, per 1,000 gallons	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82
Next 15,000 gallons, per 1,000 gallons	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27
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, 2022, 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 8, 2022.

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 8, 2022



**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, 2022. 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 types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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, Farmer, Cox Associates

Richmond, Virginia
November 8, 2022

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

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	\$ 4,736
Guardianship Assistance	93.090	1110121/1110122	384
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950121/0950122	15,830
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500121/0500122	1,118
Low-Income Home Energy Assistance	93.568	0600421/0600422	40,986
Temporary Assistance for Needy Families	93.558	0400121/0400122	222,935
Community-Based Child Abuse Prevention Grants	93.590	9560121	801
CCDF Cluster:			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	0760121/0760122	50,379
COVID-19 - Chafee Education and Training Vouchers Program (ETV)	93.599	not available	272
Adoption and Legal Guardianship Incentive Payments	93.603	1120121/1120122	426
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900121/0900122	540
Foster Care - Title IV-E	93.658	1100121/1100122	251,129
Adoption Assistance	93.659	1120121/1120122	417,009
Social Services Block Grant	93.667	1000121/1000122	219,558
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121-9150122	2,751
COVID-19 - John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150121-9150122	12,116
		Total 93.674	<u>14,867</u>
Children's Health Insurance Program	93.767	0540121/0540122	3,583
Medicaid Cluster:			
Medical Assistance Program	93.778	1200121/1200122	<u>378,556</u>
Total Department of Health and Human Services			\$ <u>1,623,109</u>
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	202020N85034 1	\$ 57,736
School Breakfast Program	10.553	1790100-40591	898,369
Department of Agriculture:			
Food Distribution--School	10.555	not available	201,522
Department of Education:			
National School Lunch Program	10.555	1790100-40623	2,376,282
COVID-19 - National School Lunch Program	10.555	1790100-40623	206,272
		Total 10.555	<u>\$ 2,784,076</u>
		Total Child Nutrition Cluster	<u>\$ 3,740,181</u>
Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010109/0010110	\$ <u>706,020</u>
Total Department of Agriculture			\$ <u>4,446,201</u>
Institute of Museum and Library Services:			
Direct payments:			
National Foundation on the Arts and Humanities:			
Grants to States	45.310	N/A	<u>\$ 21,772</u>

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (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:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	\$ 2,619
Asset Forfeiture Proceeds	16.000	N/A	11,984
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	390002-CJS86018	\$ 70,479
Violence Against Women Formula Grants	16.588	390002-CJS48035	24,921
Total Department of Justice			<u>\$ 110,003</u>
Department of Homeland Security:			
Direct payments:			
Flood Mitigation Assistance	97.029	N/A	\$ 16,945
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	775001-114363	\$ 13,644
Total Department of Homeland Security			<u>\$ 30,589</u>
Department of Treasury			
Pass Through Payments:			
Department of Accounts			
COVID-19 - Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 777,917
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	not available	2,584,605
Total Department of Treasury			<u>\$ 3,362,522</u>
Department of Transportation:			
Direct Payments:			
Rural Surface Transportation Grant Program	20.938	N/A	\$ 19,821
Pass Through Payments:			
Department of Motor Vehicles:			
Highway Safety Cluster:			
National Priority Safety Programs	20.616	605007-53000	\$ 8,055
State and Community Highway Safety	20.600	6050700-53454	22,220
Total Highway Safety Cluster			<u>\$ 30,275</u>
Total Department of Transportation			<u>\$ 50,096</u>
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 120,417
Total Department of Defense			<u>\$ 120,417</u>
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 80,849
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	931,435
Special Education Cluster:			
Special Education - Grants to States	84.027	1790100-43071-61234	1,160,339
COVID-19 - Special Education - Grants to States	84.027	1790100-43071-61234	136,898
		Total 84.027	<u>1,297,237</u>
Special Education - Preschool Grants	84.173	1790100-82521	35,431
COVID-19 - Special Education - Preschool Grants	84.173	1790100-82521	19,694
		Total 84.173	<u>55,125</u>
Total Special Education Cluster			<u>\$ 1,352,362</u>

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022 (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	\$ 86,149
COVID-19 - Governor's Emergency Education Relief (GEER) Fund	84.425C	not available	41,221
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	not available	1,509,937
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	not available	1,655,952
		Total 84.425	<u>3,207,110</u>
Supporting Effective Instruction State Grants	84.367	1790100-61480	154,668
Student Support and Academic Enrichment Program	84.424	S424A170048	<u>77,068</u>
Total Department of Education - pass-through			\$ <u>5,889,641</u>
Total Department of Education			\$ <u>5,889,641</u>
Federal Communications Commission:			
Direct Payments:			
Emergency Connectivity Fund Program	32.009	N/A	\$ <u>3,806</u>
Total Expenditures of Federal Awards			<u>\$ 15,658,156</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, 2022

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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements 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	\$	505,471
Debt Service Fund		237,844
Special Revenue Funds:		
Virginia Public Assistance Fund		2,144,007
CARES Act Fund		777,917
American Rescue Plan Act		2,413,441
CSA Fund		29,926
Capital Projects Funds:		
County Capital Projects Fund		36,766
Total primary government	\$	<u>6,145,372</u>

Component Unit School Board:

School Operating Fund	\$	6,010,059
School Cafeteria Fund		3,766,087
Total component unit School Board	\$	<u>9,776,146</u>

Less: BABs federal interest rate subsidy	\$	(237,844)
Add: Bulletproof vest grant amount received in prior year		1,166
Less: Head Start		(25,906)
Less: Payment in lieu of taxes		(778)

Total federal expenditures per basic financial statements	\$	<u>15,658,156</u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>15,658,156</u></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, 2022

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>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund
21.027	Coronavirus State and Local Fiscal Recovery Fund
21.019	Coronavirus Relief Funds (CRF)

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.