

# COUNTY OF GLOUCESTER

## VIRGINIA

### ANNUAL COMPREHENSIVE FINANCIAL REPORT FISCAL YEAR ENDING JUNE 30, 2024





## *INTRODUCTORY SECTION*

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**County of Gloucester, Virginia**

**Annual Comprehensive Financial Report**

**For the Fiscal Year Ended June 30, 2024**

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**Prepared by:**  
**Gloucester County**  
**Fiscal Services Department**

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COUNTY OF GLOUCESTER, VIRGINIA  
FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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## COUNTY OF GLOUCESTER, VIRGINIA

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### Board of Supervisors

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Christopher A. Hutson, Chair  
Kevin M. Smith, Vice-Chair

Ashley C. Chriscoe  
Phillip N. Bazzani

Kenneth W. Gibson

M.A. "Tony" Nicosia  
Robert J. Orth

### County School Board

---

Troy M. Andersen, Chair  
Leonne Arsenovic, Vice-Chair

Carlton L. Drew  
Karen Espinoza

Deborah L. McDonough

Cindy M. Saulman  
Kari Scruggs

### Board of Social Services

---

Debra Goodier, Chair  
Corky Hogge, Vice-Chair

Doug Vaughan  
Phyllis Dixon

Ashley C. Chriscoe (BOS Liaison)

Aaron Connor  
Harrison Dixon

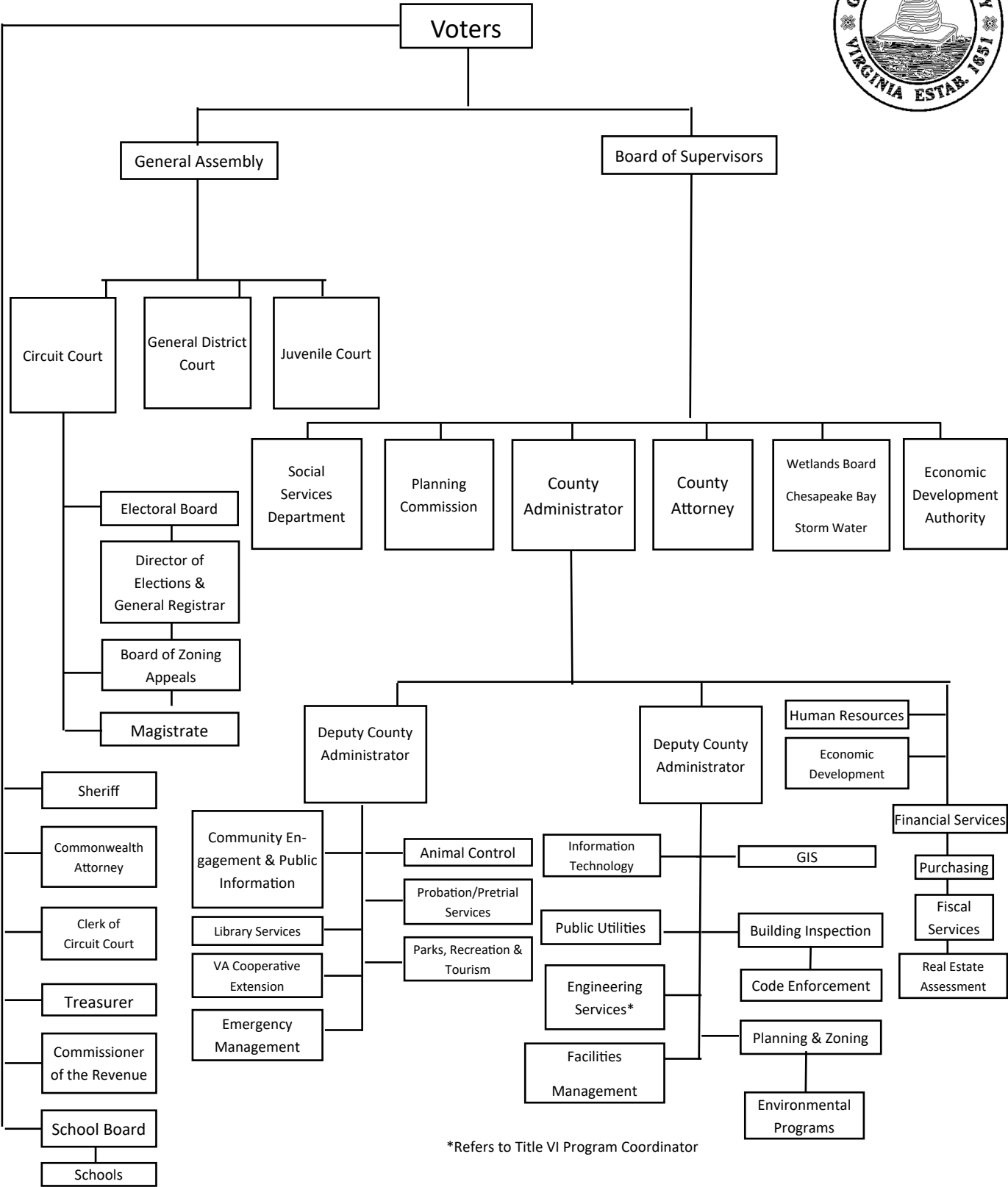
### Other Officials

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

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Gloucester County Organizational Chart



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**County of Gloucester  
Virginia**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

June 30, 2023

*Christopher P. Morrell*

Executive Director/CEO

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



December 2, 2024

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, 2024, 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, 2024, 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, 2024, 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.

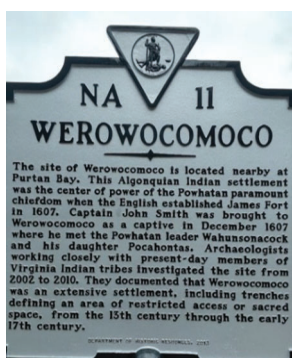
To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable 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 40<sup>th</sup> 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.



Photo: Betty Saxman

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 31<sup>st</sup> 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.



The Education function 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, which includes both virtual on-line programs. In addition, the County's Education function includes Community Engagement and Cable Services, providing various citizen outreach programs and shared communication service support for the GCPS system. The County's contribution to Rappahannock Community College can also be found under this function.



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

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

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

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

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

## Local Economy

Gloucester County's economy stayed steady for Fiscal Year 2024. Unemployment remains unchanged at 2.7%. Mortgage interest rates continued to rise to more than 6.82% by July 1, 2024, yet consumer spending continued to be strong. Steep interest rate increases have slowed home improvement and new construction throughout fiscal year 2024.

The results of the County Assessor's report indicate an overall value increase of all taxable real property of 0.005% as of January 1, 2024. The modest increase is attributable to new development and construction that occurred in the County during calendar year 2023.

As indicated above, the most recent reassessment for the County was effective January 01, 2023, and the next reassessment is scheduled for completion on January 31, 2026. At present, the Assessor estimates the overall value increase for the County during 2024 calendar year to be in the neighborhood of 0.5% to 0.75%, again primarily due to new development and construction. The next reassessment will reflect the overall difference in market value for the 3-year time span 2023 through 2025. To date, home prices have steadily increased at about 0.5% per month during the first three quarters of 2024 but appear to be leveling off as we approach the end of the year.



The Department of Planning and Zoning has completed a comprehensive update of the County's Zoning Ordinance. The new ordinance was adopted by the Board of Supervisors on September 3, 2024. The update incorporated 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.

With the Zoning Ordinance Update complete, staff is preparing to update the County's Comprehensive Plan. The Plan acts as a general, long-range guide concerning the overall growth and development of the County for local decision-makers. This document includes chapters on Economic Development, Transportation, Natural Resources, and Housing, among others. Virginia State Code requires that each locality's Planning Commission prepares, and Board of Supervisors adopts a Comprehensive Plan. The Plan is to be reviewed every five years and updated as necessary. The County adopted its current Comprehensive Plan in 2016, which included public input, guidance from the Board of Supervisors and Planning Commission, and recommendations from the County's two Sub-Area Plans.

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 20 new commercial businesses and 99 home-based businesses for the fiscal year. Gloucester's fastest growing occupations included: Healthcare, Personal Care & Service; Community and Social Service; Community and Social Service; Computer and Mathematical; Education and Retail.

Go Virginia initiatives continued to make meaningful strides across the Commonwealth. Gloucester is part of Regional Council 6 made up of business leaders, educators, economic developers, and local officials from across the region. In FY2024 the Council approved a regional planning grant for enhancing the talent pipeline for resiliency and emergency services through the Bay Consortium Workforce Board. The purpose of this initiative was to gather workforce needs and skills of the industries through its leadership and develop necessary courses through Rappahannock Community College and Mary Washington University.

In FY2024, the Small Business Incentive Program awarded 49 grants totaling \$98,176 with private investments of \$451,921. By every account, the ninth year of the program continued to be a very successful economic driver and marketing tool for the County. Total grants awarded since 2016 is 389 with \$590,614 in grants and \$33,299,004 in private investments.

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:

Foxmill Centre – a revised site plan, depicting two (2) new drive-through restaurants on the undeveloped corner of Fox Centre Parkway and W. Main Street, is currently under review.

Gloucester-Mathews Humane Society – site plan for a 5,000+ square-foot expansion is currently under review.

Open Broadband – site plans for three (3) new broadband (wireless internet) towers were approved in November of 2023.

Ware Academy – site plan for Phase II of the Ware Academy expansion project was approved in August of 2024.

Gateway Private School – site plans to convert a residential group home to a private school were approved in September of 2024.

Verizon Wireless – site plan for a new cell tower was approved in October 2024.

Riverside Walter Reed Hospital – various improvements including lab, office, and parking improvements with a two-story expansion were recently completed. A site plan for an addition/renovation to their cancer center was approved in January of 2022; Riverside submitted amendments to their plan(s) for the Cancer Center and parking for the Medical Center, which were approved in November 2023 and April 2024, respectively.

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

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



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

Carver's Creek Solar – Preliminary approval for this 150-Megawatt solar energy facility was granted in April 2020. The site plans for Phases I, IA, and II were reviewed and approved in FY2021. Decommissioning plans have been approved for Phases I and IA, and construction has commenced. Revised site plans for Phases I and II were approved in April and May 2024, respectively.

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. An amended site plan was approved in July 2024, and construction is almost complete.

Swiss Legacy – 18-lot, single-family subdivision to be located adjacent to Beckwith Farms. Site development plans were approved in December of 2020. It is now under new ownership. The final plat was approved and recorded on October 11, 2024. Permits for four new homes are under review.

Patriot's Way – site development plans are under review for a new, 38-lot residential subdivision located adjacent to Patriot's Walk.

Safe Harbor Self Storage – site work for an expansion of this facility began in March of 2024.

Valvoline Instant Oil Change – site plan for an express oil change business at Fox Mill Centre was approved in June of 2023. It is now open for business.

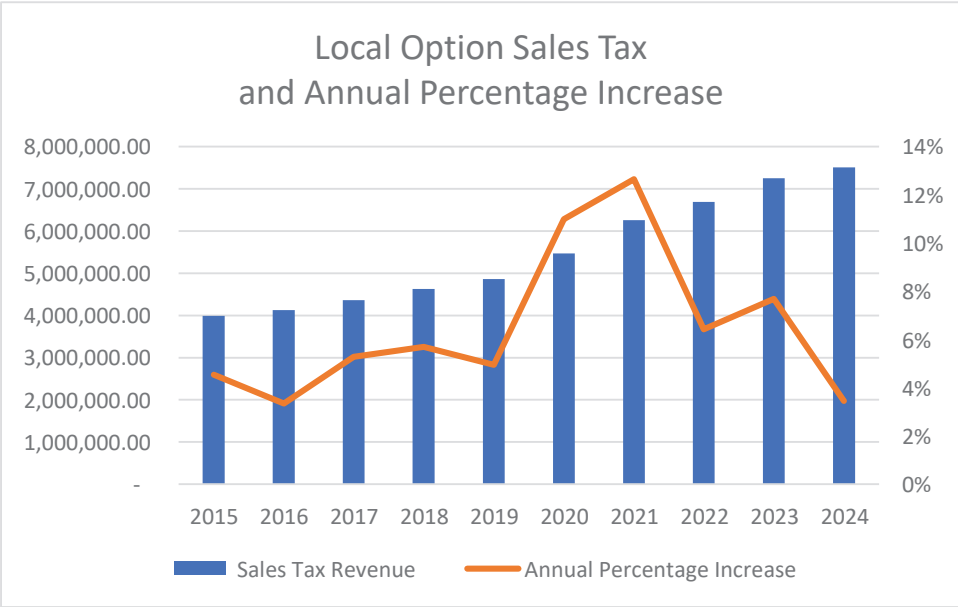
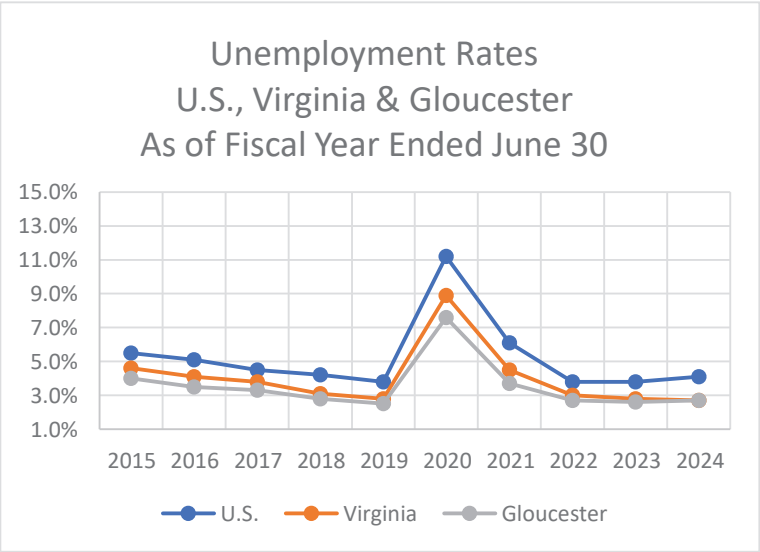
Langley Federal Credit Union – A new location for LFCU, located across Route 17 from the Business Park, received site plan approval in May of 2023 and opened on July 1, 2024.

Sheetz Convenience Store – a rezoning to allow the gas station/convenience store was approved by the Board of Supervisors in August of 2024.

New Gloucester Restaurants – Several new restaurants opened this fiscal year, including Milk Panda and Mood Exotic Snack Shop. Site work for a new Dunkin’ Donuts (approved in 2022) began in May of 2024, and a third Starbucks, located in Hayes, opened in May of this year.

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 are Government, Health Care and Social Assistance, Retail Trade and Accommodation and Food Services (Source: Virginia Employment Commission). The County had a minor increase in unemployment as of June 2024. The Health Care and Social Assistance industry had the largest number of claims. In 2024 the County’s unemployment rose by 0.1%, from 2.6% in June 2023 to 2.7% in June 2024 (Source: Virginia Employment Commission), closing a long-time gap between the County and State unemployment rates. However, Gloucester’s rate continued to compare favorably to the United States rate of 4.1%.



The County continued to see a positive trend in local option sales tax, which increased 3% over FY2023, as demonstrated by the blue bars in the adjacent graph. While the trend remained positive, growth has slowed to 4% compared to an 8% increase in the previous year.

**Long Term Financial Planning**

The County has long recognized the need for formulating detailed public plans for its long-term

financial health. Planning enables the County to appropriately analyze issues and initiatives, receive public comment during public hearings, and formulate desired service level plans and phase-in funding to attain desired goals over the long term. The County’s primary long-term financial plan is the Five-Year Capital Improvement Plan (CIP) which is guided by the County’s Comprehensive Plan, updated and adopted in February 2016.

The development and evaluation process for the FY2024-FY2028 CIP began in August 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, modifying the portion of the County's operating budget that may be dedicated for repayment of debt to a maximum of 15% of governmental fund expenditures. As of FY2024, actual results are well within the policy limit at 5.5%. Gloucester County primarily utilizes the Virginia Resources Authority and Virginia Public School Authority to issue debt. These authorities provide cost-effective financing to Virginia communities and public schools and do not require the County to have a rating from the nationally recognized rating agencies.

### **Relevant Financial Policies**

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

The County believes that sound financial management principles always require that sufficient funds be retained by the County to provide a stable financial base. To retain this stable financial base, in FY2017 the Board adjusted its Fund Balance policy to target unassigned fund balance in the General Fund 14% - 16% of budgeted governmental fund expenditures less any capital outlay projects funded with bond proceeds. For FY2024, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%, primarily due to higher than anticipated general fund revenues and expenditure savings. These levels have been sufficient to fund the cash flow needs of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances.

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

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

## Major Initiatives

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

Having a vision and a set of strategic goals provide County leaders with an improved framework to enhance their ability to prioritize and allocate resources with focus on results. In Fiscal Year 2024, the Board revised their vision statement to: Gloucester County is the place where character and historic significance intertwine to make Gloucester "The Land of the Life Worth Living". They also revised their mission statement to: Gloucester County is committed to providing exceptional customer-focused public services to enhance the community's quality of life, prosperity, and safety, while sustaining and celebrating the County's rich history and natural beauty.

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 FY2024, including the Main Library renovations, Bus Garage Conversion, Jail Console Update, replacement of Beaverdam's Floating Dock, paving of Beaverdam's parking lot, Aberdeen Creek pier rehabilitation. These projects were completed using a combination of State grant funds, ARPA funds, Preservation Trust funds and County funds. Some of the projects that are still ongoing are the broadband project, building 4 renovations, Aberdeen Creek dredging, and many others.

One of the most important services that the County provides to its citizens is public education and a quality education system continues to be one of the County's top priorities. The County continued to support school capital improvements, including the Gloucester High School Renovation, the bus replacement program, school security improvements and the completion of the school bus compound. The FY2025 budget included a total of \$930 thousand in capital improvements for the schools, all of which were carried forward from and \$24.1 million in carryover funds for the Gloucester High School renovation. The 1% local option school sales tax continues to provide an opportunity to leverage the County's economic engine of local retail to eligible school capital projects, thus reducing the general funds necessary for such projects. Total school requests for the five-year CIP (FY2025-FY2029) totaled \$13.3 million. The major cost driver of the GCPS requests relates to school HVAC projects of \$4.9 million and \$6.6 million for ongoing school bus replacement.

The additional 1% school sales tax, effective July 1, 2021, provided the Board another option for funding major construction and/or renovation projects for the School System. This funding source has relieved pressure on the real estate tax rate (widely considered the only other option for funding such substantial

capital investments, or debt service related thereto) by providing funding to pay debt service for eligible school projects.



Revenues of \$5.9 million were received from FY2024 School Sales Tax proceeds. \$2.3M was transferred to the Debt Service Fund for debt payments on school projects that are qualified to be funded with School Sales Tax and \$4.0M appropriated as reserved for future years. Eligible projects funded with the tax include the Gloucester High School renovation, school HVAC, school paving, playground equipment replacement, construction of the Achilles Bus Loop, and the Page Athletic Field project. For additional information on the remaining balance

of the school sales tax fund, refer to the management discussion and analysis.

### **Awards and Acknowledgements**

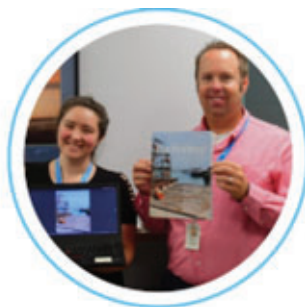
Gloucester County received several awards and was recognized by a variety of organizations. Among these awards and recognitions are:

#### Administration

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



#### Community Engagement & Public Information Department



The Community Engagement & Public Information Department was selected by the Virginia Association of Counties (VACo) as one of 45 recipients of its 2024 Achievement Awards, which recognize excellence in local government programs. VACo received 145 project submissions this year.

## Animal Control

For the second consecutive year, Gloucester's Animal Control Department received the No-Kill Shelter Award from Best Friends Animal Society. The award recognizes the fact that the department maintained a no-kill status during calendar year 2023 by exceeding a 90 percent save rate for cats and dogs. Gloucester's team of officers and volunteers found adoptive homes for 99 dogs in 2023. This accomplishment represents so much more than a number. It represents a dedicated staff, committed volunteers, and motivated supporters.



## Parks, Recreation & Tourism



Gloucester Parks, and the Gloucester Visitors Center were recognized as winners of the Tourism Team of the Year and the Visitor Center of the Year. This is the 2<sup>nd</sup> year in a row to receive the Virgo award for their superior customer service and commitment to their community.

## Schools

### Teachers of the Year



The Gloucester County Public Schools Educational Foundation announced the 2024 teachers of the year. Congratulations to Shari Quigley (Abingdon), Sharon Daugherty (Achilles), Brittany Lutz (Bethel), Rachel Downs (Botetourt), Leah Omweg (Petersworth), Holly King (Page), Keri-Sue Baker (Peasley), James Eccleston (GHS), and Amanda Williams (GHS).



Governor Youngkin recognized Gloucester County Public Schools for re-establishing expectations of excellence with intensive tutoring in the science of reading and math. Congratulations to Achilles Elementary School's Chloe McPherson and her mother, Nicole McPherson, for being recognized at the State of the Commonwealth Address in the State Capitol. On Wednesday, January 10, 2024, Thank you to Principal Susan Andrews and all Achilles teachers and staff for your excellent service to students and their parents.

## 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, 2023. This was the twenty-eighth consecutive year that the County government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that demonstrates the spirit of transparency and full disclosure. This report must satisfy both generally accepted accounting principles and applicable legal requirements.



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



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

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

Respectfully submitted,

Handwritten signature of Carol E. Steele in dark ink.

Carol E. Steele  
County Administrator

Handwritten signature of Maria C. Calloway in dark ink.

Maria C. Calloway  
Chief Financial Officer

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## *FINANCIAL SECTION*

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**Independent Auditors' Report**

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**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, 2024, 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, 2024, 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.

***Responsibilities of Management for the Financial Statements***

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

## ***Responsibilities of Management for the Financial Statements (Continued)***

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

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities, and Towns*, we:

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

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

### ***Other Information***

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, 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 25, 2024

## **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, 2024. 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 \$76.5 million, a decrease of \$3.6 million from FY2023. The Component Units closed the year with a balance of \$5.1 million, an increase of \$14.6 million compared to FY2023.
- At June 30, 2024, the unrestricted net position of the Primary Government is \$36.8 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2024, the County's governmental funds reported combined ending fund balances of \$70.7 million, an increase of \$7.5 million from the prior year. Approximately 53% of this amount, or \$37.4 million, is restricted or non-spendable, most of which is related to unspent school bond proceeds for bonds issued in FY2023 and the restricted school sales tax that is being used to make the annual debt service payments on the majority of the new bonds.
- At June 30, 2024, the General Fund's unassigned fund balance was \$28.3 million. For FY2024, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%, primarily due to higher than anticipated vacancy and transfer savings and higher than budgeted General Fund revenues.
- The County's Primary Government total obligations increased by \$37.4 million, from the prior year's balance of \$83.4 million, to \$120.7 million at June 30, 2023, due primarily to issuance of a new bond and an equipment purchase agreement.

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

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

- **Proprietary funds** – Services for which the County charges customers a fee are generally reported in proprietary funds. Proprietary fund statements, like the government-wide statements, provide both long and short-term financial information. The County uses enterprise funds (one type of proprietary fund) to account for its business-type activities under the same functions in the government-wide financial statements. Public Utilities is the County's only major enterprise fund. The Gloucester Sanitary District and Gloucester Point Sanitary District Funds are the County's two nonmajor enterprise funds. The fund financial statements in Exhibits 7 through 9 provide more detail and additional information, such as cash flows. Combining statements for the nonmajor enterprise funds can be found at Exhibits 41 through 44, 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 and combining statements can be found at Exhibits 45 through 46, which provide details on the custodial funds.

### **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 \$76.5 million at the close of the most recent year. A large portion of the County's net position (\$39.7 million, approximately 51.9% of total) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens and businesses; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Unrestricted net position of \$36.8 million or 48.1% 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:

| <b>Summary of Net Position</b><br><b>As of June 30, 2024 and 2023</b><br><b>(\$ in thousands)</b> |                                |                   |                                 |                  |                                 |                   |                        |                   |
|---|--------------------------------|-------------------|---------------------------------|------------------|---------------------------------|-------------------|------------------------|-------------------|
|   | <b>Governmental Activities</b> |                   | <b>Business-type Activities</b> |                  | <b>Total Primary Government</b> |                   | <b>Component Units</b> |                   |
|   | <b>2024</b>                    | <b>2023</b>       | <b>2024</b>                     | <b>2023</b>      | <b>2024</b>                     | <b>2023</b>       | <b>2024</b>            | <b>2023</b>       |
| Current and other assets  | \$ 116,059                     | \$ 104,869        | \$ 7,302                        | \$ 5,557         | \$ 123,361                      | \$ 110,426        | \$ 11,776              | \$ 12,371         |
| Capital assets  | 89,978                         | 69,374            | 23,545                          | 23,405           | 113,523                         | 92,779            | 56,482                 | 46,769            |
| <b>Total assets</b>   | <b>\$ 206,036</b>              | <b>\$ 174,242</b> | <b>\$ 30,847</b>                | <b>\$ 28,962</b> | <b>\$ 236,885</b>               | <b>\$ 203,203</b> | <b>\$ 68,258</b>       | <b>\$ 59,141</b>  |
| Pension related items   | 4,169                          | 2,960             | 300                             | 264              | 4,469                           | 3,223             | 13,121                 | 11,977            |
| OPEB related items  | 1,522                          | 1,837             | 41                              | 46               | 1,563                           | 1,884             | 3,885                  | 4,228             |
| Deferred charges on refunding   | 139                            | 162               | 115                             | 135              | 254                             | 297               | -                      | -                 |
| <b>Total deferred outflows</b>  | <b>\$ 5,830</b>                | <b>\$ 4,959</b>   | <b>\$ 456</b>                   | <b>\$ 445</b>    | <b>\$ 6,286</b>                 | <b>\$ 5,404</b>   | <b>\$ 17,006</b>       | <b>\$ 16,205</b>  |
| Long-term debt outstanding  | \$ 107,312                     | \$ 73,139         | \$ 6,972                        | \$ 4,391         | \$ 114,284                      | \$ 77,530         | \$ 59,938              | \$ 59,074         |
| Other liabilities   | 20,687                         | 17,391            | 1,438                           | 1,124            | 22,125                          | 18,514            | 10,144                 | 10,497            |
| <b>Total liabilities</b>  | <b>\$ 127,999</b>              | <b>\$ 90,529</b>  | <b>\$ 8,411</b>                 | <b>\$ 5,515</b>  | <b>\$ 136,409</b>               | <b>\$ 96,045</b>  | <b>\$ 70,082</b>       | <b>\$ 69,571</b>  |
| Deferred revenue -  |                                |                   |                                 |                  |                                 |                   |                        |                   |
| property taxes  | \$ 25,378                      | \$ 25,297         | \$ 30                           | \$ 30            | \$ 25,408                       | \$ 25,327         | \$ -                   | \$ -              |
| Lease related   | 123                            | 48                | 32                              | 52               | 155                             | 100               |                        |                   |
| Pension related items   | 1,705                          | 3,651             | 135                             | 248              | 1,840                           | 3,899             | 5,760                  | 10,060            |
| OPEB related items  | 2,741                          | 3,036             | 79                              | 101              | 2,820                           | 3,137             | 4,313                  | 5,253             |
| <b>Total deferred inflows</b>   | <b>\$ 29,947</b>               | <b>\$ 32,032</b>  | <b>\$ 276</b>                   | <b>\$ 430</b>    | <b>\$ 30,223</b>                | <b>\$ 32,462</b>  | <b>\$ 10,073</b>       | <b>\$ 15,313</b>  |
| Net position  |                                |                   |                                 |                  |                                 |                   |                        |                   |
| Net investment in capital assets  | \$ 20,716                      | \$ 24,326         | \$ 19,020                       | \$ 19,027        | \$ 39,737                       | \$ 43,353         | \$ 50,363              | \$ 39,533         |
| Net pension asset   | -                              | -                 | -                               | -                | -                               | -                 | -                      | -                 |
| Net OPEB asset  | -                              | 2                 | -                               | -                | -                               | -                 | 245                    | 286               |
| Unrestricted (deficit)  | 33,204                         | 32,312            | 3,597                           | 4,434            | 36,801                          | 36,746            | (45,498)               | (49,358)          |
| <b>Total net position</b>   | <b>\$ 53,921</b>               | <b>\$ 56,640</b>  | <b>\$ 22,617</b>                | <b>\$ 23,461</b> | <b>\$ 76,538</b>                | <b>\$ 80,101</b>  | <b>\$ 5,109</b>        | <b>\$ (9,539)</b> |

The Primary Government's net position decreased \$3.6 million from FY2023. The Component Units closed the year with a net position of \$5.1 million, an increase of \$14.6 million compared to FY 2023. The component units ended the fiscal year with a positive net position for the first time since the implementation of GASB 68 (FY2014), which required governments to report their respective share of pension liabilities. The net position increase is generally attributed to a decrease net pension liabilities of \$5.2 million, offset by other small increases.

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, 2024 and 2023          |                         |                  |                          |                  |                          |                   |                  |                   |
|---|-------------------------|------------------|--------------------------|------------------|--------------------------|-------------------|------------------|-------------------|
| (\$ in thousands)                           |                         |                  |                          |                  |                          |                   |                  |                   |
|   | Governmental Activities |                  | Business-type Activities |                  | Total Primary Government |                   | Component Units  |                   |
|   | 2024                    | 2023             | 2024                     | 2023             | 2024                     | 2023              | 2024             | 2023              |
| <b>Revenues:</b>                            |                         |                  |                          |                  |                          |                   |                  |                   |
| Program revenue:                            |                         |                  |                          |                  |                          |                   |                  |                   |
| Charges for services                        | \$ 1,975                | \$ 1,718         | \$ 4,788                 | \$ 4,987         | \$ 6,763                 | \$ 6,705          | \$ 2,475         | \$ 2,341          |
| Operating grants and contributions          | 12,180                  | 13,124           | -                        | -                | 12,180                   | 13,124            | 48,291           | 46,370            |
| Capital grants and contributions            | 1,393                   | 849              | -                        | -                | 1,393                    | 849               | -                | -                 |
| General revenues:                           |                         |                  |                          |                  |                          |                   |                  |                   |
| Property taxes                              | 50,974                  | 49,491           | 56                       | 49               | 51,029                   | 49,540            | -                | -                 |
| Other taxes                                 | 21,904                  | 21,072           | -                        | -                | 21,904                   | 21,072            | -                | -                 |
| Unrestricted revenues                       | 3,378                   | 2,049            | 290                      | 134              | 3,667                    | 2,182             | 91               | 72                |
| Miscellaneous                               | 909                     | 1,272            | -                        | -                | 909                      | 1,272             | 1,067            | 953               |
| Grants and contributions                    | 4,272                   | 6,395            | -                        | -                | 4,272                    | 6,395             | -                | -                 |
| Loss on disposal of capital assets          | -                       | -                | (224)                    | -                | (224)                    | -                 | -                | -                 |
| Payment from County                         | -                       | -                | -                        | -                | -                        | -                 | 38,091           | 33,527            |
| Transfers                                   | (20)                    | -                | 20                       | -                | -                        | -                 | -                | -                 |
| <b>Total revenue</b>                        | <b>\$ 96,964</b>        | <b>\$ 95,970</b> | <b>\$ 4,929</b>          | <b>\$ 5,170</b>  | <b>\$ 101,894</b>        | <b>\$ 101,140</b> | <b>\$ 90,015</b> | <b>\$ 83,263</b>  |
| <b>Expenses:</b>                            |                         |                  |                          |                  |                          |                   |                  |                   |
| General government                          | \$ 9,181                | \$ 7,227         | \$ -                     | \$ -             | \$ 9,181                 | \$ 7,227          | \$ -             | \$ -              |
| Judicial administration                     | 2,533                   | 2,395            | -                        | -                | 2,533                    | 2,395             | -                | -                 |
| Public safety                               | 20,388                  | 21,822           | -                        | -                | 20,388                   | 21,822            | -                | -                 |
| Public works                                | 2,982                   | 2,570            | -                        | -                | 2,982                    | 2,570             | -                | -                 |
| Health and welfare                          | 7,976                   | 7,265            | -                        | -                | 7,976                    | 7,265             | -                | -                 |
| Education                                   | 47,016                  | 37,758           | -                        | -                | 47,016                   | 37,758            | 74,225           | 73,386            |
| Parks, recreation, and cultural             | 4,824                   | 2,847            | -                        | -                | 4,824                    | 2,847             | -                | -                 |
| Community development                       | 2,466                   | 3,206            | -                        | -                | 2,466                    | 3,206             | 1,142            | 1,070             |
| Interest on long-term debt                  | 2,316                   | 2,122            | -                        | -                | 2,316                    | 2,122             | -                | -                 |
| Public Utilities                            | -                       | -                | 5,773                    | 5,088            | 5,773                    | 5,088             | -                | -                 |
| <b>Total expenses</b>                       | <b>\$ 99,684</b>        | <b>\$ 87,211</b> | <b>\$ 5,773</b>          | <b>\$ 5,088</b>  | <b>\$ 105,457</b>        | <b>\$ 92,299</b>  | <b>\$ 75,367</b> | <b>\$ 74,456</b>  |
| Change in net position,<br>before transfers | \$ (2,719)              | \$ 8,759         | \$ (844)                 | \$ 82            | \$ (3,563)               | \$ 8,841          | \$ 14,648        | \$ 8,808          |
| Transfers                                   | -                       | -                | -                        | -                | -                        | -                 | -                | -                 |
| Change in net position                      | (2,719)                 | 8,759            | (844)                    | 82               | (3,563)                  | 8,841             | 14,648           | 8,808             |
| Net position, beginning                     | 56,640                  | 47,881           | 23,461                   | 23,379           | 80,101                   | 71,260            | (9,539)          | (18,347)          |
| <b>Net position, ending</b>                 | <b>\$ 53,921</b>        | <b>\$ 56,640</b> | <b>\$ 22,617</b>         | <b>\$ 23,461</b> | <b>\$ 76,538</b>         | <b>\$ 80,101</b>  | <b>\$ 5,109</b>  | <b>\$ (9,539)</b> |

### Governmental Activities

Overall revenues for the County's Governmental Activities were \$96.9 million for FY2024, an increase of \$920 thousand 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 FY2024 were \$51.0 million, an increase of \$1.5 million over the prior year. This reflects real estate and personal property tax billings during the last half of calendar year 2023 and the first half of calendar year 2024. While the County's taxable assessed real property tax base for calendar year 2024 increased by 1.6%, actual real estate tax revenue in FY2024 decreased by (\$17.9) thousand compared to FY2023. The decrease in revenue is due to the Board of Supervisors adopting an equalized the tax rate after considering the 2023 reassessment results. The lower real estate revenue was offset by an increase of \$1.5 million (11.6%) in personal property tax revenues. Strong personal property tax revenue is attributed to stabilized vehicle prices and purchases, as well as the Board of Supervisors restoring the original tax rate of \$2.95 per \$100 of assessed value in 2023. Public Service personal property valuations have also increased, which is an additional factor in positive property revenue growth.

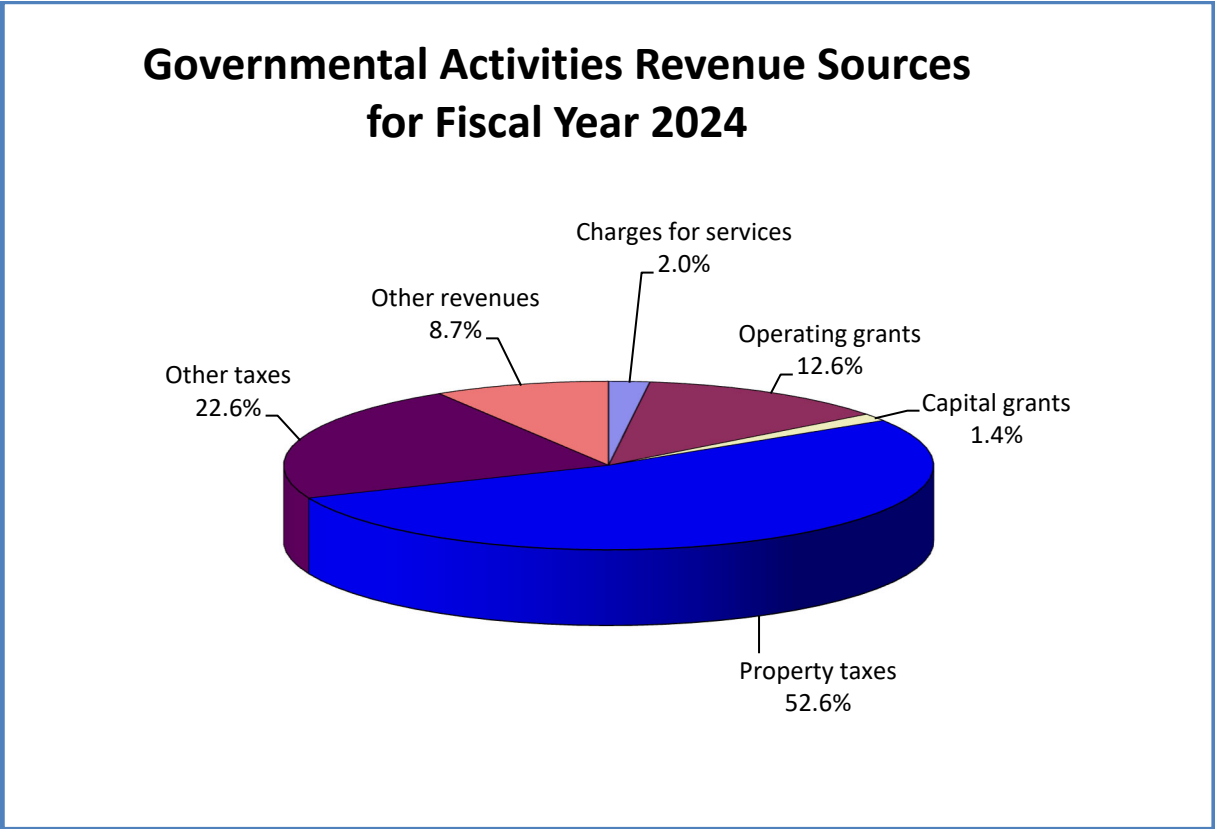
The collection rate for FY2024 real estate taxes was 97.3%, which is consistent with the previous year. The collection rate was impacted in FY2020, dropping to 95.6% during the COVID-19 pandemic. The rate quickly rebounded from the pandemic-low, rising back to 97.2% in FY2022 and then 97.3% in FY2023 where it remained in FY2024.

Other taxes, which increased \$832 thousand (3.9%) over FY2023, has continued a steadily improving growth trend. The largest drivers in this revenue increase are the local option sales tax, business license tax, and the restaurant food tax, which made up a combined 78% of the overall increase.

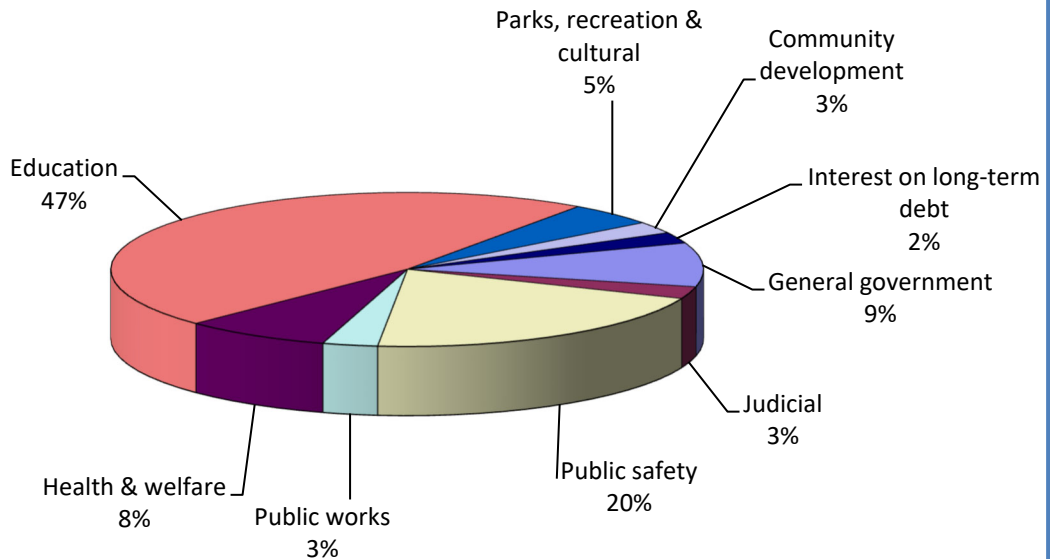
Miscellaneous revenue includes items that are infrequent, unexpected, and/or not able to be classified in one of the other revenue categories and, as such, is subject to variances, possibly large, from year to year.

For the fiscal year ended June 30, 2024, expenses relating to Governmental Activities were \$12.4 million (13.5%) more than the prior year. The main drivers were an increase of \$9.3 million in the Education function and \$2.0 million in the Parks, Rec and Cultural function, both attributable to capital expenditures. The County continued exercising prudent budget management strategies including practical consideration of major facility maintenance and replacement needs and examining program and service efficiencies. Public Education and Public Safety continue to dominate our local government spending and continue to be the two areas of the County’s highest priorities and commitments.

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



## Governmental Activities Total Expenses by Function for Fiscal Year 2024



### Business-type Activities

The County's net position from Business-type activities decreased by \$844 thousand from the prior year. This is attributed to an increase in long-term debt to fund the automated metering infrastructure project. Like the changes in net assets attributable to Governmental Activities, changes in Business-type Activity net assets also result from the difference between revenues and expenses. Unlike Governmental Activities, which primarily rely on general tax revenue to finance operations, Business-type Activities are financed to a significant extent by fees charged for goods and services provided.

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

Utility charges for services decreased by \$200 thousand, or (-4%), which is due to a decrease in application fees. In FY2023 application fees reached a 10-year high, but home construction and real estate market have both cooled, which is reflected in the lower application fees in FY 2024. Offsetting the lower application fees, the Utility Fund continued to benefit from the environment of higher interest rates. Interest revenue increased by \$70.3 thousand (53.4)%. A majority of deposits are held at a local banking institution where rates remained over 5% for the entire fiscal year. Utility operating expenses increased by \$465 thousand, or 9.3%, over FY2023, due mainly to increasing costs for services and supplies.

### 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. Further analysis on the County's fund balance continues on the following page.

## Governmental Fund Balance

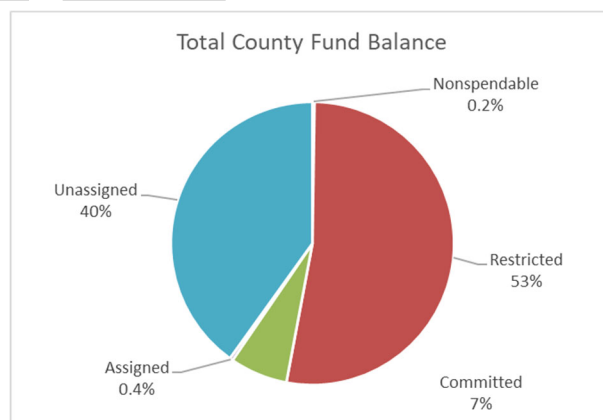
The fund balance for governmental funds is classified into categories based on the level of constraints that limit how the government can use the funds. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required restricted. Fund balance is reported as restricted when constraints placed on the use of the funds 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.

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. Below is a comparative summary of the county's total fund balance by classification, separated by major and nonmajor funds.

|              | <b>Major Funds</b>  |                  |                              |                  |                              |                  |
|--------------|---------------------|------------------|------------------------------|------------------|------------------------------|------------------|
|              | <b>General Fund</b> |                  | <b>Capital Projects Fund</b> |                  | <b>School Sales Tax Fund</b> |                  |
|              | 2024                | 2023             | 2024                         | 2023             | 2024                         | 2023             |
| Nonspendable | \$ 43               | \$ 388           | \$ 120                       | \$ 120           | \$ -                         | \$ -             |
| Restricted   | 47                  | 101              | 22,827                       | 15,616           | 14,152                       | 10,037           |
| Committed    | 2,558               | 2,061            | 1,930                        | 4,854            | -                            | -                |
| Assigned     | 260                 | 260              | -                            | -                | -                            | -                |
| Unassigned   | 28,328              | 29,406           | -                            | -                | -                            | -                |
| <b>Total</b> | <b>\$ 31,237</b>    | <b>\$ 32,216</b> | <b>\$ 24,877</b>             | <b>\$ 20,590</b> | <b>\$ 14,152</b>             | <b>\$ 10,037</b> |

|              | <b>Nonmajor Special Revenue Funds</b> |               |                              |               |
|--------------|---------------------------------------|---------------|------------------------------|---------------|
|              | <b>Opioid Abatement Fund</b>          |               | <b>Mosquito Control Fund</b> |               |
|              | 2024                                  | 2023          | 2024                         | 2023          |
| Nonspendable | \$ -                                  | \$ -          | \$ -                         | \$ -          |
| Restricted   | 240                                   | 126           | -                            | -             |
| Committed    | -                                     | -             | 170                          | 158           |
| Assigned     | -                                     | -             | -                            | -             |
| Unassigned   | -                                     | -             | -                            | -             |
| <b>Total</b> | <b>\$ 240</b>                         | <b>\$ 126</b> | <b>\$ 170</b>                | <b>\$ 158</b> |

|              | <b>Total Fund Balance</b> |                  |
|--------------|---------------------------|------------------|
|              | 2024                      | 2023             |
| Nonspendable | \$ 164                    | \$ 509           |
| Restricted   | 37,266                    | 25,881           |
| Committed    | 4,658                     | 7,073            |
| Assigned     | 260                       | 260              |
| Unassigned   | 28,328                    | 29,406           |
| <b>Total</b> | <b>\$ 70,676</b>          | <b>\$ 63,129</b> |



At the end of FY2024, the County's governmental funds reported combined ending fund balances of \$70.7 million, a net increase of \$7.5 million in comparison with that of the prior year. A detailed explanation of the increase in total fund balance is below:

Major Capital Projects Fund - \$4.3 million increase

The major capital projects fund balance increased by \$4.3 million. Within this fund, a \$7.2 million increase is attributable to unspent bond proceeds in the Major Capital Projects Fund restricted for the Gloucester High School Renovation. These bond proceeds are reflected in restricted fund balance because the bonds were issued in FY2023, but the proceeds were not fully expended as of the end of FY2024. The proceeds are expected to be fully spent by FY2026 when the project is completed. This increase is offset by a (\$2.9) million decrease in committed fund balance for capital projects which is largely attributed to the spending of school project contingency funds from the state and subsequent expenditures fund balance spent on projects completed in FY2024.

School Sales Tax Fund - \$4.1 million increase

Additionally, \$4.1 million of the increase in total fund balance is attributable to school sales tax revenue and the related interest earnings in the School Sales Tax Fund. The school sales tax was implemented in FY2021, and the revenue collections have outpaced eligible expenditures by \$3.6 million (80%) and \$4.7 million (61%) in FY2024 and FY2023, respectively. Interest earnings have also attributed to increasing fund balance for the School Sales Tax Fund. Earning a rate of 5.27% on the accumulated balance has contributed to a 180% increase in interest earnings for FY2024 over FY2023. The intent of this tax is to fund the eligible school construction projects, such as the high school renovation, for the entire term of the bond repayment. Therefore, accumulating fund balance is expected, and the reserve will be used beyond the 20-year sunset of the tax.

General Fund – (\$980) thousand decrease

The increases in Capital Fund Balance and School Sales Tax Fund Balance are offset by a decrease in General Fund Balance of (\$980) thousand, which is attributed to a use of unassigned fund balance of \$1.1 million, offset by small increases in committed fund balance. A total of \$5.2 million in use of unassigned fund balance was budgeted in FY2024 mainly for cash funded capital projects, funding for the local volunteer fire departments, and projects that were ongoing from the previous year. Less fund balance was needed due to General Fund savings generated largely from vacancy and transfer savings, as well as higher General Fund revenues than budgeted.

Nonmajor Special Revenue Funds - \$126 thousand increase

The nonmajor special revenue funds include the Opioid Abatement Fund and Mosquito Control Fund. The Opioid Abatement Fund balance increased by \$114 thousand, which is made up of opioid settlement funds received. The county's opioid program was approved in FY2024, but major expenditures are not expected until future years. The mosquito control fund increased by a modest \$12 thousand from FY2023 to FY2024. This fund is supported by a tax of \$.01 per \$100 of assessed value within the special Mosquito Control district. The tax base in this district has remained stable, and small increases in assessments, driven by real estate values, have attributed to a modest increase in fund balance.

Additional information on fund balances can be found in Note 1(R) in the Notes to Financial Statements section of this report.

**Fund Balance Policy**

At the end of the current year, the General Fund's unassigned fund balance was \$28.3 million, or 40.1% 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. On June 30, 2024, unassigned fund balance exceeded this policy at 20.0% of budgeted governmental expenditures. For the reasons outlined above, less unassigned fund balance was required than budgeted in FY2024. The Board of

Supervisors will consider ways to utilize the additional fund balance to adjust the balance within policy limits.

### **General Fund Budgetary Highlights**

At the end of FY 2024, General Fund additional budget appropriations resulted in an increase of \$1.3 million between originally adopted FY 2024 budget appropriations for expenditures and transfers out and the final budget. Of this increase, \$730 thousand is attributed to additional transfers to the Children Services Act Fund and \$230 thousand for an additional 2% raise, largely funded with state dollars. The remaining additional appropriations were for various grants awarded mid-year

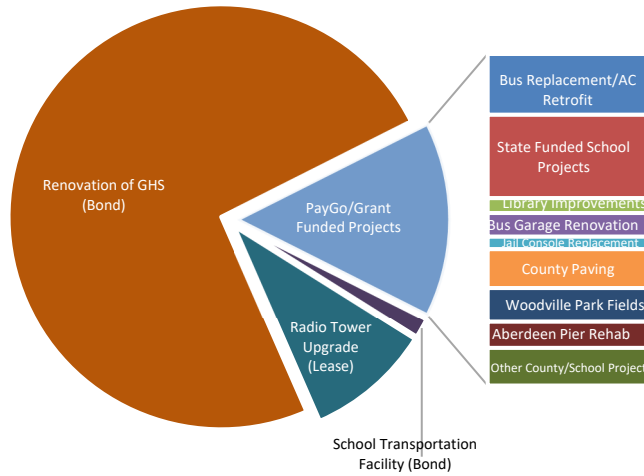
General Fund revenues exceeded final budget projections in FY 2024 by \$1.1 million, the majority of which is attributable to an additional \$823 thousand in interest income over budgeted amounts. Real Estate Tax revenue fell short of projections by (\$1.1) million, but this shortfall was offset by higher than budgeted personal property taxes and other local taxes. The real estate tax shortfall is attributed to equalizing the tax rate in 2023, coupled with the slowing of new construction and slowing of the real estate market driving slightly lower home prices. The budget for the upcoming year has been adjusted accordingly. Total General Fund expenditures for FY2024 were less than the final budget by \$2.0 million. Major contributing factors include unexpended solar appropriations of \$333 thousand and overall conservative use of funds by County departments, notably in the general government administration and public safety functions which were under budget by \$558 thousand and \$1.2 million, respectively. A majority of the savings in these functions is attributed to vacancy savings.

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 \$24.9 million, which includes \$22.7 million in restricted funds held for the major school projects and \$639 thousand in subsequent expenditures committed for ongoing capital projects. The largest capital project ongoing at the end of FY2024 was the renovation of Gloucester High School, . A total of \$38.0 million was spent on capital projects in FY2024, of which \$32.6 million was funded with long-term obligations. Below is a chart showing the most significant capital projects funded in FY2024, and the chart on the following page shows a summary of capital assets, net of accumulated depreciation.

## Capital Projects FY2024



### Capital Assets and Capital Projects

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2024, amounted to \$113.5 million (net of accumulated depreciation), an increase of \$20.7 million over FY2023. 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 \$20.7 million increase, construction in progress jointly owned by the County and Schools increased by \$19.0 million. The largest project in jointly owned construction in progress is the renovation of Gloucester High School. The Gloucester High School project construction began in calendar year 2023 and is anticipated to be completed in calendar year 2025.

| Capital Assets                         |                         |                  |                          |                  |                          |                  |                  |                  |  |
|--|-------------------------|------------------|--------------------------|------------------|--------------------------|------------------|------------------|------------------|--|
| As of June 30, 2024 and 2023           |                         |                  |                          |                  |                          |                  |                  |                  |  |
| (\$ in thousands)                      |                         |                  |                          |                  |                          |                  |                  |                  |  |
|  | Governmental Activities |                  | Business-type Activities |                  | Total Primary Government |                  | Component Units  |                  |  |
|  | 2024                    | 2023             | 2024                     | 2023             | 2024                     | 2023             | 2024             | 2023             |  |
| Land                                   | \$ 6,958                | \$ 7,002         | \$ 3,607                 | \$ 3,690         | \$ 10,566                | \$ 10,692        | \$ 1,916         | \$ 1,950         |  |
| Construction in progress               | -                       | 334              | 1,227                    | 98               | 1,227                    | 432              | -                | 20               |  |
| Jointly owned construction in progress | 41,043                  | 22,056           | -                        | -                | 41,043                   | 22,056           | -                | -                |  |
| Buildings                              | 9,916                   | 9,746            | 16,902                   | 17,680           | 26,817                   | 27,426           | 13,311           | 10,956           |  |
| Leased buildings                       | 2,051                   | 2,303            | -                        | -                | 2,051                    | 2,303            | -                | -                |  |
| Improvements other than buildings      | 3,736                   | 2,401            | -                        | -                | 3,736                    | 2,401            | -                | -                |  |
| Equipment                              | 2,670                   | 2,457            | 1,809                    | 1,937            | 4,479                    | 4,394            | 4,940            | 3,501            |  |
| Leased equipment                       | 4,194                   | 742              | -                        | -                | 4,194                    | 742              | -                | -                |  |
| Subscription asset                     | 278                     | 371              | -                        | -                | -                        | -                | -                | -                |  |
| Jointly owned assets                   | 19,130                  | 21,962           | -                        | -                | 19,130                   | 21,962           | 36,315           | 30,343           |  |
| <b>Total</b>                           | <b>\$ 89,978</b>        | <b>\$ 69,374</b> | <b>\$ 23,545</b>         | <b>\$ 23,405</b> | <b>\$ 113,523</b>        | <b>\$ 92,779</b> | <b>\$ 56,482</b> | <b>\$ 46,769</b> |  |

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

The Total Primary Government long-term obligations increased by \$37.4 million from the prior year's balance, due mainly to the issuance of a \$31.0 million General Obligation Bond to fund the completion of the renovation of County's only high school. The County also entered into a \$3.5 million equipment purchase agreement to fund the Utility Automated Metering Infrastructure project within the Utility Enterprise Fund. The Component Unit long-term debt increased by \$1.0 million due to the School Board's \$1.9 million increase in total pension liability, which was offset partially by debt retirement of the Economic Development Authority.

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 lease payments are not to exceed 15% of general government expenditures. As of the end of FY2024, the County's net debt as a percentage of assessed value was 1.6% and the debt payments percentage of governmental expenditures was 5.5%.

At June 30, 2024, the County's Primary Government had total outstanding obligations of \$120.7 million. Details are summarized in the table on the following page:

| <b>Long-Term Obligations</b><br><b>As of June 30, 2024 and 2023</b><br>(\$ in thousands) |                                |                  |                                 |                 |                                 |                  |                        |                  |
|--|--------------------------------|------------------|---------------------------------|-----------------|---------------------------------|------------------|------------------------|------------------|
|  | <b>Governmental Activities</b> |                  | <b>Business-type Activities</b> |                 | <b>Total Primary Government</b> |                  | <b>Component Units</b> |                  |
|  | <b>2024</b>                    | <b>2023</b>      | <b>2024</b>                     | <b>2023</b>     | <b>2024</b>                     | <b>2023</b>      | <b>2024</b>            | <b>2023</b>      |
| Bonds Payable:   |                                |                  |                                 |                 |                                 |                  |                        |                  |
| General obligation bonds   | \$ 87,316                      | \$ 58,501        | \$ -                            | \$ -            | \$ 87,316                       | \$ 58,501        | \$ -                   | \$ -             |
| Revenue bonds  | -                              | -                | -                               | -               | -                               | -                | 6,120                  | 7,236            |
| Loan payable   | 3,603                          | 4,098            | 3,739                           | 4,513           | 7,343                           | 8,610            | -                      | -                |
| Literary loans   | -                              | -                | -                               | -               | -                               | -                | -                      | -                |
| Lease revenue bond   | -                              | -                | -                               | -               | -                               | -                | -                      | -                |
| Derivative instrument liability  | -                              | -                | -                               | -               | -                               | -                | -                      | -                |
| OPEB liability   | 5,162                          | 5,105            | 157                             | 151             | 5,319                           | 5,256            | 15,676                 | 15,481           |
| Net pension liability  | 7,737                          | 4,911            | 537                             | 384             | 8,274                           | 5,295            | 37,695                 | 35,799           |
| Lease liabilities  | 6,360                          | 3,115            | -                               | -               | 6,360                           | 3,115            | -                      | -                |
| Subscription liability   | 290                            | 370              | -                               | -               | 290                             | 370              | -                      | -                |
| Equipment purchase agreement   | -                              | -                | 3,480                           | -               | 3,480                           | -                | -                      | -                |
| Compensated absences   | 2,233                          | 2,092            | 136                             | 130             | 2,369                           | 2,221            | 1,899                  | 1,861            |
| <b>Total</b>   | <b>\$ 112,702</b>              | <b>\$ 78,191</b> | <b>\$ 8,049</b>                 | <b>\$ 5,177</b> | <b>\$ 120,751</b>               | <b>\$ 83,368</b> | <b>\$ 61,389</b>       | <b>\$ 60,377</b> |

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

Maintaining an optimistic perspective, the Board of Supervisors FY2025 budget focuses on a consideration of a range of unprecedented factors – from historic inflation and a delayed state budget to major and necessary capital improvements for existing County facilities. With these factors in mind, we were able to incorporate necessary expenditures to maintain service delivery while also leveraging available funding opportunities, allowing for fulfillment of both compensation and capital needs. The budget included incremental funding for only the most critical/mandatory obligations, included cash funding of only the highest priority, nonbondable capital improvement projects, and cash funding of only

the highest priority facilities maintenance, repair, and replacement (FMRR) requests. The Board's thoughtful approach to the many factors affecting the budget has resulted in a balanced outcome that sustains service delivery in a lean yet responsible manner. By focusing on maximizing the impact of taxpayer dollars, the Board of Supervisors adopted a budget that mitigates the effects of inflation on housing values through level real estate tax rates, while continuing to deliver high-quality services to the community.

The FY2025 General Fund adopted budget is \$85.2 million, which is comprised of \$45.1 million in operating expenditures and approximately \$40.1 million in transfers to other funds. Of this transfer amount, \$30.4 million supports our School Division's operating budget. Also built into the FY2025 budget is approximately \$9.6k in new county capital projects. The FY2025 capital budget was built to address the most pressing capital needs of the County, the School System, and the Public Utility Enterprise, while working with limited funding. Among the largest of the school project requests were Botetourt Renovation – 1973 Wing (\$4.0M) and School HVAC Replacement (\$4.1M). Significant County requests included Public Safety's radio portable and mobile replacements (\$3.5M), Gloucester Point Beach Park Renovations (\$2.5M), and Parks and Recreation's Athletic Field Lighting (\$2.3M). For FY2025, there were no changes to the real estate tax rate, which remains at \$0.583, or the personal property tax rate, which remains at \$2.95. Additionally, more than \$1 million in tax relief was provided for veterans, first responders, and the elderly. Additional information regarding the County Fiscal Year 2025 Adopted budget can be found on the Financial Services website at <https://gloucesterva.gov/financial-services>.

The FY 2025 School Operating Budget was approved at \$76.1 million, which is \$1.0 million less than the amended FY 2024 School Operating Budget. The County's contribution to the School Operations, which is 40.0% of the total School Operating Budget, remains at \$30.4 million. Additional information regarding the School Board Fiscal Year 2025 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.

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## *BASIC FINANCIAL STATEMENTS*

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## *GOVERNMENT-WIDE FINANCIAL STATEMENTS*

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Statement of Net Position  
June 30, 2024

|  | Primary Government      |                          |                       | Component Units      |                     |
|--|-------------------------|--------------------------|-----------------------|----------------------|---------------------|
|  | Governmental Activities | Business-type Activities | Total                 | School Board         | EDA                 |
| <b>ASSETS</b>                                      |                         |                          |                       |                      |                     |
| Cash and cash equivalents                          | \$ 46,259,747           | \$ 3,608,882             | \$ 49,868,629         | \$ 1,379,119         | \$ 61,917           |
| Investments  | 30,016,130              | 2,799,098                | 32,815,228            | 7,054                | 843,234             |
| Receivables (net of allowance for uncollectibles): |                         |                          |                       |                      |                     |
| Taxes receivable                                   | 32,692,968              | 31,814                   | 32,724,782            | -                    | -                   |
| Accounts receivable                                | 1,652,259               | 578,806                  | 2,231,065             | 354,370              | -                   |
| Interest receivable                                | 94                      | 101                      | 195                   | -                    | -                   |
| Internal balances                                  | 2,124                   | (2,124)                  | -                     | -                    | -                   |
| Due from other governmental units                  | 5,146,371               | -                        | 5,146,371             | 7,750,322            | -                   |
| Inventories  | -                       | 250,526                  | 250,526               | 52,306               | 1,083,044           |
| Net pension asset                                  | -                       | -                        | -                     | 244,525              | -                   |
| Leases receivable                                  | 125,013                 | 34,930                   | 159,943               | -                    | -                   |
| Prepaid items                                      | 163,807                 | -                        | 163,807               | -                    | -                   |
| Capital assets (net of accumulated depreciation):  |                         |                          |                       |                      |                     |
| Land   | 6,958,437               | 3,607,375                | 10,565,812            | 1,442,061            | 473,735             |
| Buildings and system                               | 29,046,167              | 16,901,765               | 45,947,932            | 44,226,163           | 5,400,285           |
| Leased buildings                                   | 2,051,077               | -                        | 2,051,077             | -                    | -                   |
| Improvements other than buildings                  | 3,736,178               | -                        | 3,736,178             | -                    | -                   |
| Machinery and equipment                            | 2,670,162               | 1,808,633                | 4,478,795             | 4,940,211            | -                   |
| Leased equipment                                   | 4,194,303               | -                        | 4,194,303             | -                    | -                   |
| Subscription asset                                 | 278,488                 | -                        | 278,488               | -                    | -                   |
| Construction in progress                           | 41,043,026              | 1,227,398                | 42,270,424            | -                    | -                   |
| Total assets                                       | <u>\$ 206,036,351</u>   | <u>\$ 30,847,204</u>     | <u>\$ 236,883,555</u> | <u>\$ 60,396,131</u> | <u>\$ 7,862,215</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>              |                         |                          |                       |                      |                     |
| Pension related items                              | \$ 4,169,080            | \$ 299,811               | \$ 4,468,891          | \$ 13,120,931        | \$ -                |
| OPEB related items                                 | 1,521,775               | 40,969                   | 1,562,744             | 3,884,726            | -                   |
| Deferred charges on refunding                      | 138,835                 | 115,447                  | 254,282               | -                    | -                   |
| Total deferred outflows of resources               | <u>\$ 5,829,690</u>     | <u>\$ 456,227</u>        | <u>\$ 6,285,917</u>   | <u>\$ 17,005,657</u> | <u>\$ -</u>         |
| <b>LIABILITIES</b>                                 |                         |                          |                       |                      |                     |
| Accounts payable                                   | \$ 5,634,096            | \$ 166,252               | \$ 5,800,348          | \$ 991,651           | \$ 25,498           |
| Accrued liabilities                                | 1,067,043               | 73,464                   | 1,140,507             | 7,076,113            | -                   |
| Retainage payable                                  | 1,590,468               | -                        | 1,590,468             | -                    | -                   |
| Accrued interest payable                           | 389,787                 | 44,530                   | 434,317               | -                    | -                   |
| Due to other governmental units                    | 4,712,077               | -                        | 4,712,077             | 600,050              | -                   |
| Unearned revenue                                   | 1,903,238               | 22,211                   | 1,925,449             | -                    | -                   |
| Deposits held in escrow                            | -                       | 54,235                   | 54,235                | -                    | -                   |
| Long-term liabilities:                             |                         |                          |                       |                      |                     |
| Due within one year                                | 5,390,272               | 1,077,407                | 6,467,679             | 277,357              | 1,173,144           |
| Due in more than one year                          | 107,311,565             | 6,972,459                | 114,284,024           | 54,991,726           | 4,946,729           |
| Total liabilities                                  | <u>\$ 127,998,546</u>   | <u>\$ 8,410,558</u>      | <u>\$ 136,409,104</u> | <u>\$ 63,936,897</u> | <u>\$ 6,145,371</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>               |                         |                          |                       |                      |                     |
| Deferred revenue - property taxes                  | \$ 25,377,997           | \$ 29,701                | \$ 25,407,698         | \$ -                 | \$ -                |
| Leases related                                     | 122,601                 | 32,395                   | 154,996               | -                    | -                   |
| Pension related items                              | 1,705,004               | 134,515                  | 1,839,519             | 5,760,152            | -                   |
| OPEB related items                                 | 2,741,385               | 79,050                   | 2,820,435             | 4,312,786            | -                   |
| Total deferred inflow of resources                 | <u>\$ 29,946,987</u>    | <u>\$ 275,661</u>        | <u>\$ 30,222,648</u>  | <u>\$ 10,072,938</u> | <u>\$ -</u>         |
| <b>NET POSITION</b>                                |                         |                          |                       |                      |                     |
| Net investment in capital assets                   | \$ 20,716,430           | \$ 19,020,119            | \$ 39,736,549         | \$ 50,608,435        | \$ (245,853)        |
| Restricted:  |                         |                          |                       |                      |                     |
| Net pension asset                                  | -                       | -                        | -                     | 244,525              | -                   |
| Unrestricted (deficit)                             | 33,204,078              | 3,597,093                | 36,801,171            | (47,461,007)         | 1,962,697           |
| Total net position                                 | <u>\$ 53,920,508</u>    | <u>\$ 22,617,212</u>     | <u>\$ 76,537,720</u>  | <u>\$ 3,391,953</u>  | <u>\$ 1,716,844</u> |

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, 2024

| Functions/Programs   | Program Revenues |                      |                                    |                                  |
|--|------------------|----------------------|------------------------------------|----------------------------------|
|  | Expenses         | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT:  |                  |                      |                                    |                                  |
| Governmental activities:                                     |                  |                      |                                    |                                  |
| General government administration                            | \$ 9,181,181     | \$ 87,836            | \$ 515,286                         | \$ -                             |
| Judicial administration                                      | 2,533,495        | 243,112              | 949,409                            | -                                |
| Public safety  | 20,388,333       | 464,322              | 4,777,692                          | 65,070                           |
| Public works   | 2,981,665        | 815,815              | -                                  | -                                |
| Health and welfare   | 7,976,147        | -                    | 4,853,250                          | -                                |
| Education  | 47,016,311       | -                    | -                                  | 932,386                          |
| Parks, recreation, and cultural                              | 4,824,491        | 339,409              | 275,977                            | -                                |
| Community development  | 2,466,085        | 24,956               | 807,893                            | 395,529                          |
| Interest on long-term debt                                   | 2,315,968        | -                    | -                                  | -                                |
| Total governmental activities                                | \$ 99,683,676    | \$ 1,975,450         | \$ 12,179,507                      | \$ 1,392,985                     |
| Business-type activities:                                    |                  |                      |                                    |                                  |
| Public utilities   | \$ 5,723,289     | \$ 4,778,930         | \$ -                               | \$ -                             |
| Nonmajor enterprise funds                                    | 49,865           | 8,816                | -                                  | -                                |
| Total business-type activities                               | \$ 5,773,154     | \$ 4,787,746         | \$ -                               | \$ -                             |
| Total primary government                                     | \$ 105,456,830   | \$ 6,763,196         | \$ 12,179,507                      | \$ 1,392,985                     |
| COMPONENT UNITS:   |                  |                      |                                    |                                  |
| School Board   | \$ 74,225,111    | \$ 820,226           | \$ 48,291,147                      | \$ -                             |
| Economic Development Authority                               | 1,141,858        | 1,655,097            | -                                  | -                                |
| Total component units  | \$ 75,366,969    | \$ 2,475,323         | \$ 48,291,147                      | \$ -                             |
| General revenues:  |                  |                      |                                    |                                  |
| General property taxes                                       |                  |                      |                                    |                                  |
| Local sales and use tax                                      |                  |                      |                                    |                                  |
| Consumer utility tax   |                  |                      |                                    |                                  |
| Business license taxes                                       |                  |                      |                                    |                                  |
| Restaurant food taxes  |                  |                      |                                    |                                  |
| Other local taxes  |                  |                      |                                    |                                  |
| Unrestricted revenues from use of money and property         |                  |                      |                                    |                                  |
| Miscellaneous  |                  |                      |                                    |                                  |
| Grants and contributions not restricted to specific programs |                  |                      |                                    |                                  |
| Loss on disposal of capital assets                           |                  |                      |                                    |                                  |
| Payment from Gloucester County                               |                  |                      |                                    |                                  |
| Transfers  |                  |                      |                                    |                                  |
| 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<br>Changes in Net Position |                             |                        |                        |                     |  |
|--|-----------------------------|------------------------|------------------------|---------------------|--|
| Primary Government                                   |                             |                        | Component Units        |                     |  |
| Governmental<br>Activities                           | Business-type<br>Activities | Total                  | School<br>Board        | EDA                 |  |
| \$ (8,578,059)                                       | \$ -                        | \$ (8,578,059)         |                        |                     |  |
| (1,340,974)  | -                           | (1,340,974)            |                        |                     |  |
| (15,081,249)   | -                           | (15,081,249)           |                        |                     |  |
| (2,165,850)  | -                           | (2,165,850)            |                        |                     |  |
| (3,122,897)  | -                           | (3,122,897)            |                        |                     |  |
| (46,083,925)   | -                           | (46,083,925)           |                        |                     |  |
| (4,209,105)  | -                           | (4,209,105)            |                        |                     |  |
| (1,237,707)  | -                           | (1,237,707)            |                        |                     |  |
| (2,315,968)  | -                           | (2,315,968)            |                        |                     |  |
| <u>\$ (84,135,734)</u>                               | <u>\$ -</u>                 | <u>\$ (84,135,734)</u> |                        |                     |  |
| \$ -   | \$ (944,359)                | \$ (944,359)           |                        |                     |  |
| -  | (41,049)                    | (41,049)               |                        |                     |  |
| <u>\$ -</u>  | <u>\$ (985,408)</u>         | <u>\$ (985,408)</u>    |                        |                     |  |
| <u>\$ (84,135,734)</u>                               | <u>\$ (985,408)</u>         | <u>\$ (85,121,142)</u> |                        |                     |  |
| \$ -   | \$ -                        | \$ -                   | \$ (25,113,738)        | \$ -                |  |
| -  | -                           | -                      | -                      | 513,239             |  |
| <u>\$ -</u>  | <u>\$ -</u>                 | <u>\$ -</u>            | <u>\$ (25,113,738)</u> | <u>\$ 513,239</u>   |  |
| \$ 50,973,852  | \$ 55,531                   | \$ 51,029,383          | \$ -                   | \$ -                |  |
| 7,510,379  | -                           | 7,510,379              | -                      | -                   |  |
| 744,634  | -                           | 744,634                | -                      | -                   |  |
| 2,585,676  | -                           | 2,585,676              | -                      | -                   |  |
| 3,577,510  | -                           | 3,577,510              | -                      | -                   |  |
| 7,486,203  | -                           | 7,486,203              | -                      | -                   |  |
| 3,377,711  | 289,691                     | 3,667,402              | 43,069                 | 47,467              |  |
| 908,636  | -                           | 908,636                | 1,067,016              | -                   |  |
| 4,272,029  | -                           | 4,272,029              | -                      | -                   |  |
| -  | (223,754)                   | (223,754)              | -                      | -                   |  |
| -  | -                           | -                      | 38,090,747             | -                   |  |
| (20,124)   | 20,124                      | -                      | -                      | -                   |  |
| <u>\$ 81,416,506</u>                                 | <u>\$ 141,592</u>           | <u>\$ 81,558,098</u>   | <u>\$ 39,200,832</u>   | <u>\$ 47,467</u>    |  |
| <u>\$ (2,719,228)</u>                                | <u>\$ (843,816)</u>         | <u>\$ (3,563,044)</u>  | <u>\$ 14,087,094</u>   | <u>\$ 560,706</u>   |  |
| 56,639,736   | 23,461,028                  | 80,100,764             | (10,695,141)           | 1,156,138           |  |
| <u>\$ 53,920,508</u>                                 | <u>\$ 22,617,212</u>        | <u>\$ 76,537,720</u>   | <u>\$ 3,391,953</u>    | <u>\$ 1,716,844</u> |  |

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## *FUND FINANCIAL STATEMENTS*

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Balance Sheet  
Governmental Funds  
June 30, 2024

|   | General              | Capital<br>Projects  | School<br>Sales Tax  | Nonmajor<br>Governmental<br>Funds | Total                 |
|---|----------------------|----------------------|----------------------|-----------------------------------|-----------------------|
| <b>ASSETS</b>   |                      |                      |                      |                                   |                       |
| Cash and cash equivalents   | \$ 31,441,430        | \$ -                 | \$ 13,126,963        | \$ 1,691,354                      | \$ 46,259,747         |
| Investments   | 217,921              | 29,798,209           | -                    | -                                 | 30,016,130            |
| Receivables (net of allowance<br>for uncollectibles):                 |                      |                      |                      |                                   |                       |
| Taxes receivable  | 32,614,976           | -                    | -                    | 77,992                            | 32,692,968            |
| Accounts receivable   | 957,146              | -                    | -                    | 695,113                           | 1,652,259             |
| Lease receivable  | 125,013              | -                    | -                    | -                                 | 125,013               |
| Interest receivable   | 94                   | -                    | -                    | -                                 | 94                    |
| Due from other funds  | 29,661,722           | 29,883,239           | -                    | 164,577                           | 59,709,538            |
| Due from other governmental units                                     | 2,293,344            | 1,025,937            | 1,025,306            | 801,784                           | 5,146,371             |
| Prepaid items   | 43,416               | 120,391              | -                    | -                                 | 163,807               |
| Total assets  | <u>\$ 97,355,062</u> | <u>\$ 60,827,776</u> | <u>\$ 14,152,269</u> | <u>\$ 3,430,820</u>               | <u>\$ 175,765,927</u> |
| <b>LIABILITIES</b>  |                      |                      |                      |                                   |                       |
| Accounts payable  | \$ 538,788           | \$ 4,923,880         | \$ -                 | \$ 171,428                        | \$ 5,634,096          |
| Accrued liabilities   | 804,100              | 261,933              | -                    | 1,010                             | 1,067,043             |
| Retainage payable   | -                    | 1,590,468            | -                    | -                                 | 1,590,468             |
| Due to other governmental units                                       | 4,667,338            | -                    | -                    | 44,739                            | 4,712,077             |
| Due to other funds  | 30,047,816           | 29,125,417           | -                    | 534,181                           | 59,707,414            |
| Unearned revenue  | 350,609              | 49,051               | -                    | 1,503,578                         | 1,903,238             |
| Total liabilities   | <u>\$ 36,408,651</u> | <u>\$ 35,950,749</u> | <u>\$ -</u>          | <u>\$ 2,254,936</u>               | <u>\$ 74,614,336</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                  |                      |                      |                      |                                   |                       |
| Unavailable revenue - property taxes                                  | \$ 29,587,284        | \$ -                 | \$ -                 | \$ 71,079                         | \$ 29,658,363         |
| Unavailable revenue - opioid settlement                               | -                    | -                    | -                    | 694,765                           | 694,765               |
| Lease related   | 122,601              | -                    | -                    | -                                 | 122,601               |
| Total deferred inflows of resources                                   | <u>\$ 29,709,885</u> | <u>\$ -</u>          | <u>\$ -</u>          | <u>\$ 765,844</u>                 | <u>\$ 30,475,729</u>  |
| <b>Fund balances:</b>   |                      |                      |                      |                                   |                       |
| Nonspendable  | \$ 43,416            | \$ 120,391           | \$ -                 | \$ -                              | \$ 163,807            |
| Restricted  | 47,395               | 22,826,823           | 14,152,269           | 239,824                           | 37,266,311            |
| Committed   | 2,558,144            | 1,929,813            | -                    | 170,216                           | 4,658,173             |
| Assigned  | 260,000              | -                    | -                    | -                                 | 260,000               |
| Unassigned  | 28,327,571           | -                    | -                    | -                                 | 28,327,571            |
| Total fund balances   | <u>\$ 31,236,526</u> | <u>\$ 24,877,027</u> | <u>\$ 14,152,269</u> | <u>\$ 410,040</u>                 | <u>\$ 70,675,862</u>  |
| Total liabilities, deferred inflows of<br>resources and fund balances | <u>\$ 97,355,062</u> | <u>\$ 60,827,776</u> | <u>\$ 14,152,269</u> | <u>\$ 3,430,820</u>               | <u>\$ 175,765,927</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, 2024

---

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

|  |    |                          |
|--|----|--------------------------|
| Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds   | \$ | 70,675,862               |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.                    |    |                          |
| Capital assets, cost   | \$ | 143,734,956              |
| Accumulated depreciation   |    | <u>(53,757,118)</u>      |
|  |    | 89,977,838               |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.                |    |                          |
| Unavailable revenue - property taxes   | \$ | 4,280,366                |
| Unavailable revenue - opioid settlement  |    | <u>694,765</u>           |
|  |    | 4,975,131                |
| 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   | \$ | 138,835                  |
| OPEB related items   |    | 1,521,775                |
| Pension related items  |    | <u>4,169,080</u>         |
|  |    | 5,829,690                |
| 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  | \$ | (85,133,823)             |
| Less: Issuance premium (to be amortized over life of debt)   |    | (5,785,432)              |
| Lease liabilities  |    | (6,360,323)              |
| Subscription liability   |    | (289,619)                |
| Accrued Interest payable   |    | (389,787)                |
| Net OPEB liabilities   |    | (5,162,360)              |
| Net pension liability  |    | (7,737,090)              |
| Compensated absences   |    | <u>(2,233,190)</u>       |
|  |    | (113,091,624)            |
| Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.                   |    |                          |
| Pension related items  | \$ | (1,705,004)              |
| OPEB related items   |    | <u>(2,741,385)</u>       |
|  |    | (4,446,389)              |
| Net position of governmental activities  | \$ | <u><u>53,920,508</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, 2024

|  | General        | Debt<br>Service | Capital<br>Projects | School Sales<br>Tax Fund | Nonmajor<br>Governmental<br>Funds | Total           |
|--|----------------|-----------------|---------------------|--------------------------|-----------------------------------|-----------------|
| <b>REVENUES</b>  |                |                 |                     |                          |                                   |                 |
| General property taxes                                       | \$ 50,666,723  | \$ -            | \$ -                | \$ -                     | \$ 128,864                        | \$ 50,795,587   |
| Other local taxes  | 15,976,373     | -               | -                   | 5,928,029                | -                                 | 21,904,402      |
| Permits, privilege fees,<br>and regulatory licenses          | 415,743        | -               | -                   | -                        | -                                 | 415,743         |
| Fines and forfeitures  | 74,709         | -               | -                   | -                        | -                                 | 74,709          |
| Revenue from the use of<br>money and property                | 1,362,335      | -               | 1,536,260           | 479,116                  | -                                 | 3,377,711       |
| Charges for services   | 1,484,998      | -               | -                   | -                        | -                                 | 1,484,998       |
| Miscellaneous  | 461,963        | -               | 9,268               | -                        | 134,617                           | 605,848         |
| Recovered costs  | 819,681        | -               | -                   | -                        | -                                 | 819,681         |
| Intergovernmental:   |                |                 |                     |                          |                                   |                 |
| Commonwealth   | 10,139,420     | 104,414         | 402,497             | -                        | 2,429,231                         | 13,075,562      |
| Federal  | 331,188        | 237,998         | 990,488             | -                        | 3,209,285                         | 4,768,959       |
| Total revenues   | \$ 81,733,133  | \$ 342,412      | \$ 2,938,513        | \$ 6,407,145             | \$ 5,901,997                      | \$ 97,323,200   |
| <b>EXPENDITURES</b>  |                |                 |                     |                          |                                   |                 |
| Current:   |                |                 |                     |                          |                                   |                 |
| General government administration                            | \$ 8,398,200   | \$ -            | \$ -                | \$ -                     | \$ -                              | \$ 8,398,200    |
| Judicial administration                                      | 2,476,857      | -               | -                   | -                        | -                                 | 2,476,857       |
| Public safety  | 21,712,323     | -               | -                   | -                        | 244,574                           | 21,956,897      |
| Public works   | 3,377,148      | -               | -                   | -                        | 19,511                            | 3,396,659       |
| Health and welfare   | 670,395        | -               | -                   | -                        | 7,176,187                         | 7,846,582       |
| Education  | 31,419,415     | -               | -                   | -                        | 116,210                           | 31,535,625      |
| Parks, recreation, and cultural                              | 2,754,925      | -               | -                   | -                        | -                                 | 2,754,925       |
| Community development  | 1,551,036      | -               | -                   | -                        | 521,181                           | 2,072,217       |
| Nondepartmental  | 413,392        | -               | -                   | -                        | -                                 | 413,392         |
| Capital projects   | -              | -               | 38,047,677          | -                        | -                                 | 38,047,677      |
| Debt service:  |                |                 |                     |                          |                                   |                 |
| Principal retirement   | 303,079        | 4,540,004       | -                   | -                        | -                                 | 4,843,083       |
| Interest and other fiscal charges                            | 99,065         | 2,453,002       | -                   | -                        | -                                 | 2,552,067       |
| Total expenditures   | \$ 73,175,835  | \$ 6,993,006    | \$ 38,047,677       | \$ -                     | \$ 8,077,663                      | \$ 126,294,181  |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ 8,557,298   | \$ (6,650,594)  | \$ (35,109,164)     | \$ 6,407,145             | \$ (2,175,666)                    | \$ (28,970,981) |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                |                 |                     |                          |                                   |                 |
| Transfers in   | \$ -           | \$ 6,650,594    | \$ 2,856,999        | \$ -                     | \$ 2,301,756                      | \$ 11,809,349   |
| Transfers out  | (9,537,368)    | -               | -                   | (2,292,105)              | -                                 | (11,829,473)    |
| Issuance of bond   | -              | -               | 32,885,759          | -                        | -                                 | 32,885,759      |
| Issuance of lease  | -              | -               | 3,652,705           | -                        | -                                 | 3,652,705       |
| Total other financing sources (uses)                         | \$ (9,537,368) | \$ 6,650,594    | \$ 39,395,463       | \$ (2,292,105)           | \$ 2,301,756                      | \$ 36,518,340   |
| Net change in fund balances                                  | \$ (980,070)   | \$ -            | \$ 4,286,299        | \$ 4,115,040             | \$ 126,090                        | \$ 7,547,359    |
| Fund balances - beginning                                    | 32,216,596     | -               | 20,590,728          | 10,037,229               | 283,950                           | 63,128,503      |
| Fund balances - ending                                       | \$ 31,236,526  | \$ -            | \$ 24,877,027       | \$ 14,152,269            | \$ 410,040                        | \$ 70,675,862   |

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, 2024

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

|  |    |           |
|--|----|-----------|
| Net change in fund balances - total governmental funds | \$ | 7,547,359 |
|--|----|-----------|

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                  | \$ | 31,263,815       |            |
| Depreciation expense                     |    | (3,079,204)      |            |
| Jointly owned asset allocation of assets |    | (11,308,547)     |            |
| Jointly owned asset depreciation         |    | <u>3,802,391</u> | 20,678,455 |

|  |          |
|--|----------|
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position. | (74,277) |
|--|----------|

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

|                   |    |                |         |
|-------------------|----|----------------|---------|
| Property taxes    | \$ | 178,265        |         |
| Opioid settlement |    | <u>302,788</u> | 481,053 |

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 general obligation bond | (32,885,759)     |              |
| Issuance of lease                   | (3,652,705)      |              |
| Principal payments                  | <u>4,843,083</u> | (31,695,381) |

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                  | \$ | (141,454)     |                |
| OPEB expense                                    |    | (80,432)      |                |
| Pension expense                                 |    | 329,350       |                |
| Amortization of deferred charges on refunding   |    | (23,139)      |                |
| Premium amortization                            |    | 209,931       |                |
| (Increase) decrease in accrued interest payable |    | <u>49,307</u> | <u>343,563</u> |

|   |    |                           |
|---|----|---------------------------|
| Change in net position of governmental activities | \$ | <u><u>(2,719,228)</u></u> |
|---|----|---------------------------|

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

Statement of Net Position  
Proprietary Funds  
June 30, 2024

|   | Business-type Activities |                                  |                      |
|---|--------------------------|----------------------------------|----------------------|
|   | Utilities<br>Fund        | Non Major<br>Enterprise<br>Funds | Total                |
| <b>ASSETS</b>   |                          |                                  |                      |
| Current assets:   |                          |                                  |                      |
| Cash and cash equivalents                                 | \$ 3,490,109             | \$ 118,773                       | \$ 3,608,882         |
| Investments   | 2,799,098                | -                                | 2,799,098            |
| Interest receivable                                       | 101                      | -                                | 101                  |
| Taxes receivable (net of allowance for uncollectibles)    | -                        | 31,814                           | 31,814               |
| Accounts receivable (net of allowance for uncollectibles) | 577,662                  | 1,144                            | 578,806              |
| Due from other funds                                      | 9,800                    | -                                | 9,800                |
| Inventories   | 250,526                  | -                                | 250,526              |
| Total current assets                                      | <u>\$ 7,127,296</u>      | <u>\$ 151,731</u>                | <u>\$ 7,279,027</u>  |
| Noncurrent assets:  |                          |                                  |                      |
| Lease receivable  | \$ 34,930                | \$ -                             | \$ 34,930            |
| Capital assets:   |                          |                                  |                      |
| Land  | \$ 3,607,375             | \$ -                             | \$ 3,607,375         |
| Utility plant in service                                  | 37,394,157               | -                                | 37,394,157           |
| Machinery and equipment                                   | 3,043,402                | -                                | 3,043,402            |
| Buildings   | 6,553,712                | -                                | 6,553,712            |
| Construction in progress                                  | 1,227,398                | -                                | 1,227,398            |
| Accumulated depreciation                                  | (28,280,873)             | -                                | (28,280,873)         |
| Total net capital assets                                  | <u>\$ 23,545,171</u>     | <u>\$ -</u>                      | <u>\$ 23,545,171</u> |
| Total noncurrent assets                                   | <u>\$ 23,580,101</u>     | <u>\$ -</u>                      | <u>\$ 23,580,101</u> |
| Total assets  | <u>\$ 30,707,397</u>     | <u>\$ 151,731</u>                | <u>\$ 30,859,128</u> |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                     |                          |                                  |                      |
| Deferred charges on refundings                            | \$ 115,447               | \$ -                             | \$ 115,447           |
| Pension related items                                     | 299,811                  | -                                | 299,811              |
| OPEB related items  | 40,969                   | -                                | 40,969               |
| Total deferred outflows of resources                      | <u>\$ 456,227</u>        | <u>\$ -</u>                      | <u>\$ 456,227</u>    |
| <b>LIABILITIES</b>  |                          |                                  |                      |
| Current liabilities:                                      |                          |                                  |                      |
| Accounts payable  | \$ 162,890               | \$ 3,362                         | \$ 166,252           |
| Accrued liabilities                                       | 73,464                   | -                                | 73,464               |
| Accrued interest payable                                  | 44,530                   | -                                | 44,530               |
| Due to other funds  | 2,124                    | 9,800                            | 11,924               |
| Compensated absences - current portion                    | 13,614                   | -                                | 13,614               |
| Unearned revenue  | 22,211                   | -                                | 22,211               |
| Deposits held in escrow                                   | 54,235                   | -                                | 54,235               |
| Net OPEB liabilities - current portion                    | 889                      | -                                | 889                  |
| Loan payable - current portion                            | 773,904                  | -                                | 773,904              |
| Equipment purchase agreement - current portion            | 289,000                  | -                                | 289,000              |
| Total current liabilities                                 | <u>\$ 1,436,861</u>      | <u>\$ 13,162</u>                 | <u>\$ 1,450,023</u>  |

Statement of Net Position  
Proprietary Funds  
June 30, 2024

|   | Business-type Activities |                                  |               |
|---|--------------------------|----------------------------------|---------------|
|   | Utilities<br>Fund        | Non Major<br>Enterprise<br>Funds | Total         |
| <b>LIABILITIES (Continued)</b>                        |                          |                                  |               |
| Noncurrent liabilities:                               |                          |                                  |               |
| Loan payable - net of current portion                 | \$ 2,965,494             | \$ -                             | \$ 2,965,494  |
| Equipment purchase agreement - net of current portion | 3,191,000                | -                                | 3,191,000     |
| Net OPEB liabilities - net of current portion         | 156,730                  | -                                | 156,730       |
| Net pension liability                                 | 536,712                  | -                                | 536,712       |
| Compensated absences - net of current portion         | 122,523                  | -                                | 122,523       |
| Total noncurrent liabilities                          | \$ 6,972,459             | \$ -                             | \$ 6,972,459  |
| Total liabilities                                     | \$ 8,409,320             | \$ 13,162                        | \$ 8,422,482  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                          |                                  |               |
| Pension related items                                 | \$ 134,515               | \$ -                             | \$ 134,515    |
| OPEB related items                                    | 79,050                   | -                                | 79,050        |
| Deferred revenue - property taxes                     | -                        | 29,701                           | 29,701        |
| Lease related   | 32,395                   | -                                | 32,395        |
| Total deferred inflows of resources                   | \$ 245,960               | \$ 29,701                        | \$ 275,661    |
| <b>NET POSITION</b>                                   |                          |                                  |               |
| Net investment in capital assets                      | \$ 19,020,119            | \$ -                             | \$ 19,020,119 |
| Unrestricted  | 3,488,225                | 108,868                          | 3,597,093     |
| Total net position                                    | \$ 22,508,344            | \$ 108,868                       | \$ 22,617,212 |

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

COUNTY OF GLOUCESTER, VIRGINIA

Exhibit 8

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2024

|   | Business-type activities |                    |                      |
|---|--------------------------|--------------------|----------------------|
|   | Utilities                | Nonmajor           |                      |
|   | Fund                     | Enterprise         | Total                |
|   |                          | Funds              |                      |
| <b>OPERATING REVENUES</b>               |                          |                    |                      |
| Charges for services:                   |                          |                    |                      |
| Water revenues                          | \$ 3,689,574             | \$ -               | \$ 3,689,574         |
| Sewer revenues                          | 821,096                  | -                  | 821,096              |
| Other revenues                          | 166,523                  | 8,816              | 175,339              |
| Total operating revenues                | <u>\$ 4,677,193</u>      | <u>\$ 8,816</u>    | <u>\$ 4,686,009</u>  |
| <b>OPERATING EXPENSES</b>               |                          |                    |                      |
| Personnel services                      | \$ 1,505,890             | \$ -               | \$ 1,505,890         |
| Fringe benefits                         | 677,489                  | -                  | 677,489              |
| Contractual services                    | 718,162                  | -                  | 718,162              |
| Supplies                                | 567,476                  | -                  | 567,476              |
| Insurance expense                       | 45,301                   | -                  | 45,301               |
| Other charges                           | 772,218                  | 49,865             | 822,083              |
| Depreciation                            | 1,199,804                | -                  | 1,199,804            |
| Total operating expenses                | <u>\$ 5,486,340</u>      | <u>\$ 49,865</u>   | <u>\$ 5,536,205</u>  |
| Operating income (loss)                 | <u>\$ (809,147)</u>      | <u>\$ (41,049)</u> | <u>\$ (850,196)</u>  |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                          |                    |                      |
| Connection fees                         | \$ 101,737               | \$ -               | \$ 101,737           |
| Investment income                       | 284,761                  | 4,930              | 289,691              |
| Bond issuance costs                     | (77,314)                 | -                  | (77,314)             |
| Taxes                                   | -                        | 55,531             | 55,531               |
| Interest expense                        | (159,635)                | -                  | (159,635)            |
| Gain (loss) on disposal of assets       | (223,754)                | -                  | (223,754)            |
| Total nonoperating revenues (expenses)  | <u>\$ (74,205)</u>       | <u>\$ 60,461</u>   | <u>\$ (13,744)</u>   |
| Income (loss) before transfers          | <u>\$ (883,352)</u>      | <u>\$ 19,412</u>   | <u>\$ (863,940)</u>  |
| Transfers in                            | 20,124                   | -                  | 20,124               |
| Change in net position                  | <u>\$ (863,228)</u>      | <u>\$ 19,412</u>   | <u>\$ (843,816)</u>  |
| Total net position - beginning          | 23,371,572               | 89,456             | 23,461,028           |
| Total net position - ending             | <u>\$ 22,508,344</u>     | <u>\$ 108,868</u>  | <u>\$ 22,617,212</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, 2024

|  | Business-type activities |                                 |                |
|--|--------------------------|---------------------------------|----------------|
|  | Utilities<br>Fund        | Nonmajor<br>Enterprise<br>Funds | Total          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                          |                                 |                |
| Receipts from customers and users  | \$ 4,485,670             | \$ -                            | \$ 4,485,670   |
| Receipts for miscellaneous items   | 169,616                  | 7,672                           | 177,288        |
| Payments to suppliers  | (2,171,868)              | (49,815)                        | (2,221,683)    |
| Payments to and for employees  | (2,183,748)              | -                               | (2,183,748)    |
| Net cash provided by (used for) operating activities   | \$ 299,670               | \$ (42,143)                     | \$ 257,527     |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                          |                                 |                |
| Connection fees  | \$ 101,737               | \$ -                            | \$ 101,737     |
| Advances to other funds  | 19,584                   | 2,459                           | 22,043         |
| Tax revenue  | -                        | 62,218                          | 62,218         |
| Net cash provided by (used for) noncapital financing activities  | \$ 121,321               | \$ 64,677                       | \$ 185,998     |
| <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>  |                          |                                 |                |
| Purchase of capital assets   | \$ (1,563,849)           | \$ -                            | \$ (1,563,849) |
| Issuance of equipment purchase agreement   | 3,480,000                | -                               | 3,480,000      |
| Principal paid on loan   | (773,105)                | -                               | (773,105)      |
| Bond issuance costs  | (77,314)                 | -                               | (77,314)       |
| Interest payments  | (106,863)                | -                               | (106,863)      |
| Net cash provided by (used for) capital and related financing activities                                     | \$ 958,869               | \$ -                            | \$ 958,869     |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                          |                                 |                |
| Purchase of investments  | \$ (2,460,675)           | \$ -                            | \$ (2,460,675) |
| Interest income  | 154,724                  | 4,930                           | 159,654        |
| Net cash provided by (used for) investing activities   | \$ (2,305,951)           | \$ 4,930                        | \$ (2,301,021) |
| Net increase (decrease) in cash and cash equivalents   | \$ (926,091)             | \$ 27,464                       | \$ (898,627)   |
| Cash and cash equivalents - beginning - including restricted   | 4,416,200                | 91,309                          | 4,507,509      |
| Cash and cash equivalents - ending - including restricted  | \$ 3,490,109             | \$ 118,773                      | \$ 3,608,882   |
| Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:           |                          |                                 |                |
| Operating income (loss)  | \$ (809,147)             | \$ (41,049)                     | \$ (850,196)   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities: |                          |                                 |                |
| Depreciation   | \$ 1,199,804             | \$ -                            | \$ 1,199,804   |
| (Increase) decrease in accounts receivable   | (47,211)                 | (1,144)                         | (48,355)       |
| (Increase) decrease in lease receivable  | 19,510                   | -                               | 19,510         |
| (Increase) decrease in deferred outflows of resources - pension related items                                | (35,983)                 | -                               | (35,983)       |
| (Increase) decrease in deferred outflows of resources - OPEB related items                                   | 5,238                    | -                               | 5,238          |
| (Increase) decrease in inventories   | (32,947)                 | -                               | (32,947)       |
| (Increase) decrease in net OPEB asset  | 145                      | -                               | 145            |
| Increase (decrease) in customer deposits   | 3,020                    | -                               | 3,020          |
| Increase (decrease) in accrued liabilities   | 35,315                   | -                               | 35,315         |
| Increase (decrease) in accounts payable  | (71,079)                 | 50                              | (71,029)       |
| Increase (decrease) in unearned revenue  | 22,211                   | -                               | 22,211         |
| Increase (decrease) in net OPEB liability  | 5,799                    | -                               | 5,799          |
| Increase (decrease) in net pension liability   | 152,390                  | -                               | 152,390        |
| Increase (decrease) in deferred inflows of resources - pension related items                                 | (113,164)                | -                               | (113,164)      |
| Increase (decrease) in deferred inflows of resources - OPEB related items                                    | (21,273)                 | -                               | (21,273)       |
| Increase (decrease) in deferred inflows of resources - lease   | (19,437)                 | -                               | (19,437)       |
| Increase (decrease) in compensated absences  | 6,479                    | -                               | 6,479          |
| Total adjustments  | \$ 1,108,817             | \$ (1,094)                      | \$ 1,107,723   |
| Net cash provided by (used for) operating activities   | \$ 299,670               | \$ (42,143)                     | \$ 257,527     |
| <b>Schedule of non-cash investing and financing activities:</b>  |                          |                                 |                |
| 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, 2024

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|                                   | <u>Custodial<br/>Funds</u> |
|-----------------------------------|----------------------------|
| <b>ASSETS</b>                     |                            |
| Cash and cash equivalents         | \$ 259,328                 |
| Investments                       | 5,685                      |
| Accounts receivable               | 24,642                     |
| Due from other governmental units | 14,306                     |
| Total assets                      | \$ <u>303,961</u>          |
| <b>LIABILITIES</b>                |                            |
| Accounts payable                  | \$ 9,343                   |
| Accrued liabilities               | 84,431                     |
| Total liabilities                 | \$ <u>93,774</u>           |
| <b>NET POSITION</b>               |                            |
| Restricted for:                   |                            |
| Individuals                       | 133,040                    |
| Other governments                 | 77,147                     |
| Total net position                | \$ <u><u>210,187</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, 2024

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|   | <u>Custodial<br/>Funds</u> |
|---|----------------------------|
| <b>ADDITIONS</b>                                  |                            |
| Contributions:                                    |                            |
| Other governmental entities                       | \$ 668,592                 |
| Participant fees                                  | 206,261                    |
| Miscellaneous                                     | 109,660                    |
| Grant   | 14,306                     |
| Investment earnings:                              |                            |
| Interest and dividends                            | 8,868                      |
| Total additions                                   | \$ <u>1,007,687</u>        |
| <b>DEDUCTIONS</b>                                 |                            |
| Recipient payments                                | \$ 210,346                 |
| Administrative expenses                           | 81,467                     |
| Payments for personnel                            | 615,921                    |
| Payments for supplies                             | 8,412                      |
| Total deductions                                  | \$ <u>916,146</u>          |
| Net increase (decrease) in fiduciary net position | \$ <u>91,541</u>           |
| Net position, beginning                           | \$ <u>118,646</u>          |
| Net position, ending                              | \$ <u><u>210,187</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, 2024

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#### **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, 2024 (CONTINUED)

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#### **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, 2024.

*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, 2024.

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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#### **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, 2024. The Authority does not issue a separate financial report.

##### **C. Other Related Organizations**

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

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

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

###### **Included in the County's Financial Report**

None

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

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

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

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

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt, including lease and subscription liabilities, as well as expenditures related to compensated absences, claims and judgments, postemployment benefits, and environmental obligations are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions, including entering into contracts giving the government the right to use lease and subscription assets, are reported as expenditures in the governmental funds. Issuance of long-term debt and financing through leases and subscriptions are reported as other financing sources.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 45 days after year-end are reflected as unavailable revenues. Sales and utility taxes, which are collected by the state or utilities and subsequently remitted to the County, are recognized as revenues and receivables upon collection by the state or utility, which is generally within two months preceding receipt by the County.

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

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

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

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

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

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

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

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

The County reports the following nonmajor governmental funds:

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

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

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

###### **1. Governmental Funds (Continued)**

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

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

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

##### **E. Cash and Cash Equivalents:**

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

##### **F. Investments**

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

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

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

**G. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portions of the interfund loans). All other outstanding balances between funds are reported as “advances to/from other funds.”

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$517,795 at June 30, 2024 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<br>(50% each date) | June 30/December 5<br>(50% each date) |
| Lien Date | January 1                             | January 1                             |

The County bills and collects its own property taxes.

**H. Capital Assets**

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

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

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

**H. Capital Assets (Continued)**

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

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

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

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

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

**I. Leases and Subscription-Based IT Arrangements**

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

*Lessee*

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

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

**I. Leases**

*Lessor*

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

*Subscriptions*

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

*Key Estimates and Judgments*

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

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

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

##### **J. Compensated Absences**

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

##### **K. Use of Estimates**

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

##### **L. Net Position**

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

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

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

##### **M. Pensions**

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

##### **N. Other Postemployment Benefits (OPEB)**

For purposes of measuring the net VRS related OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to the OPEB, and OPEB expense, information about the fiduciary net position of the VRS GLI, HIC, Teacher HIC, LODA and Medical and Dental Pay-As-You-Go OPEB Plans and the additions to/deductions from the VRS OPEB Plans' fiduciary net position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

##### **O. Long-term Obligations**

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

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

##### **P. Prepaid Items**

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

##### **Q. Inventory**

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

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

**R. Fund Balance**

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

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

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

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

# COUNTY OF GLOUCESTER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

#### R. Fund Balance (Continued)

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

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

|                                    | General<br>Fund | Major<br>Capital<br>Projects<br>Fund | Major<br>School<br>Sales Tax<br>Fund | Nonmajor Special Revenue Funds |                          | Total         |
|------------------------------------|-----------------|--------------------------------------|--------------------------------------|--------------------------------|--------------------------|---------------|
|                                    |                 |                                      |                                      | Opioid Abatement<br>Fund       | Mosquito Control<br>Fund |               |
| Fund Balances:                     |                 |                                      |                                      |                                |                          |               |
| Nonspendable:                      |                 |                                      |                                      |                                |                          |               |
| Prepaid items                      | \$ 43,416       | \$ 120,391                           | \$ -                                 | \$ -                           | \$ -                     | \$ 163,807    |
| Total Nonspendable                 | \$ 43,416       | \$ 120,391                           | \$ -                                 | \$ -                           | \$ -                     | \$ 163,807    |
| Restricted:                        |                 |                                      |                                      |                                |                          |               |
| School sales tax                   | \$ -            | \$ -                                 | \$ 14,152,269                        | \$ -                           | \$ -                     | \$ 14,152,269 |
| Opioid abatement                   | -               | -                                    | -                                    | 239,824                        | -                        | 239,824       |
| Wetlands in lieu                   | 30,879          | -                                    | -                                    | -                              | -                        | 30,879        |
| Solar inspections                  | 16,516          | -                                    | -                                    | -                              | -                        | 16,516        |
| SNAP funds, School construction    | -               | 22,702,823                           | -                                    | -                              | -                        | 22,702,823    |
| Proffers                           | -               | 124,000                              | -                                    | -                              | -                        | 124,000       |
| Total Restricted                   | \$ 47,395       | \$ 22,826,823                        | \$ 14,152,269                        | \$ 239,824                     | \$ -                     | \$ 37,266,311 |
| Committed:                         |                 |                                      |                                      |                                |                          |               |
| Mosquito control                   | \$ -            | \$ -                                 | \$ -                                 | \$ -                           | \$ 170,216               | \$ 170,216    |
| Tourism projects                   | 641,488         | 189,870                              | -                                    | -                              | -                        | 831,358       |
| Daffodil festival                  | 131,134         | -                                    | -                                    | -                              | -                        | 131,134       |
| Program donations                  | 124,311         | -                                    | -                                    | -                              | -                        | 124,311       |
| Subsequent expenditures            | -               | 639,493                              | -                                    | -                              | -                        | 639,493       |
| Probation and pretrial             | 91,601          | -                                    | -                                    | -                              | -                        | 91,601        |
| Cable services                     | 50,162          | 376,025                              | -                                    | -                              | -                        | 426,187       |
| County capital replacement         | 1,519,448       | -                                    | -                                    | -                              | -                        | 1,519,448     |
| School project contingency         | -               | 668,667                              | -                                    | -                              | -                        | 668,667       |
| Park projects                      | -               | 31,442                               | -                                    | -                              | -                        | 31,442        |
| Older adult capital projects       | -               | 24,316                               | -                                    | -                              | -                        | 24,316        |
| Total Committed                    | \$ 2,558,144    | \$ 1,929,813                         | \$ -                                 | \$ -                           | \$ 170,216               | \$ 4,658,173  |
| Assigned:                          |                 |                                      |                                      |                                |                          |               |
| County administrator's contingency | \$ 260,000      | \$ -                                 | \$ -                                 | \$ -                           | \$ -                     | \$ 260,000    |
| Total Assigned                     | \$ 260,000      | \$ -                                 | \$ -                                 | \$ -                           | \$ -                     | \$ 260,000    |
| Unassigned                         | \$ 28,327,571   | \$ -                                 | \$ -                                 | \$ -                           | \$ -                     | \$ 28,327,571 |
| Total Fund Balances                | \$ 31,236,526   | \$ 24,877,027                        | \$ 14,152,269                        | \$ 239,824                     | \$ 170,216               | \$ 70,675,862 |

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

**5. 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, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup>, and amounts prepaid on the 2<sup>nd</sup> half installments and is deferred and recognized as an inflow of resources in the period that the amount becomes available. Under the accrual basis, 2<sup>nd</sup> half installments levied during the fiscal year but due after June 30<sup>th</sup> and amounts prepaid on the 2<sup>nd</sup> half installments are reported as deferred inflows of resources. In addition, certain items related to pension, OPEB, leases, and opioid are reported as deferred inflows of resources. For more detailed information on these items, reference the related notes.

**NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:**

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

1. During the month of March, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are required to be conducted to obtain citizen comments.
3. Prior to June 30, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the function level. The County Administrator is authorized to transfer budgeted amounts within the primary government's governmental funds; however, the Component Unit School Board is authorized to transfer budgeted amounts within the school system's categories.
5. Formal budgetary integration is employed as a management control device during the year and budgets are legally adopted for the General Fund, Special Revenue Funds, Debt Service Fund, and Capital Projects Funds of the Primary Government and Component Unit - School Board.

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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#### **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, 2024.

#### **NOTE 3—DEPOSITS AND INVESTMENTS:**

##### **Deposits**

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

##### **Investments**

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

##### **Custodial Credit Risk (Investments)**

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2024 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, 2024 (CONTINUED)

**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Credit Risk of Debt Securities**

The County's rated debt investments as of June 30, 2024 were rated by Standard & Poor's and Moody's and the ratings are presented below using the Standard & Poor's and Moody's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County's investment policy provided they have a debt rating of at least AA by Standard & Poor's.

**County's Rated Debt Investments' Values**

| Rated Debt Investments                         | Fair Quality Ratings |             |             |
|--|----------------------|-------------|-------------|
|  | AAAm                 | AAA         | AA-         |
| Primary Government:                            |                      |             |             |
| Local Government Investment Pool               | \$ 476,908           | \$ -        | \$ -        |
| Virginia State Non-Arbitrage Pool              | 32,338,320           | -           | -           |
| Total  | <u>\$ 32,815,228</u> | <u>\$ -</u> | <u>\$ -</u> |
| Component Unit-School Board:                   |                      |             |             |
| Local Government Investment Pool               | \$ 7,054             | \$ -        | \$ -        |
| Total  | <u>\$ 7,054</u>      | <u>\$ -</u> | <u>\$ -</u> |
| Component Unit-Economic Development Authority: |                      |             |             |
| Local Government Investment Pool               | \$ 843,234           | \$ -        | \$ -        |
| Total  | <u>\$ 843,234</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, 2024 (CONTINUED)

**NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)**

**Interest Rate Risk**

| Investment Maturities (in years)              |                      |                      |             |
|---|----------------------|----------------------|-------------|
| Investment Type                               | Fair Value           | Less Than<br>1 Year  | 1-5 Years   |
| Primary Government:                           |                      |                      |             |
| Local Government Investment Pool              | \$ 476,908           | \$ 476,908           | \$ -        |
| Virginia State Non-Arbitrage Pool             | 32,338,320           | 32,338,320           | -           |
| Total   | <u>\$ 32,815,228</u> | <u>\$ 32,815,228</u> | <u>\$ -</u> |
| Component Unit-School Board:                  |                      |                      |             |
| Local Government Investment Pool              | \$ 7,054             | \$ 7,054             | \$ -        |
| Total   | <u>\$ 7,054</u>      | <u>\$ 7,054</u>      | <u>\$ -</u> |
| Component Unit-Economic Development Authority |                      |                      |             |
| Local Government Investment Pool              | \$ 843,234           | \$ 843,234           | \$ -        |
| Total   | <u>\$ 843,234</u>    | <u>\$ 843,234</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, 2024 (CONTINUED)

**NOTE 4—DUE FROM OTHER GOVERNMENTS:**

At June 30, 2024, the County has receivables from and amounts due to other governments as follows:

|  |                     | Component Unit      |                                    |
|--|---------------------|---------------------|------------------------------------|
|  | Primary Government  | School Board        | School Board Internal Service Fund |
| Amounts due from other governments are as follows: |                     |                     |                                    |
| Other Local Governments:                           |                     |                     |                                    |
| Gloucester School Board Self insurance fund        | \$ 282,007          | \$ -                | \$ -                               |
| Gloucester County                                  | -                   | 4,667,338           | -                                  |
| Gloucester County School Board                     | 318,043             |                     |                                    |
| Commonwealth of Virginia:                          |                     |                     |                                    |
| Local sales tax                                    | 1,290,846           | -                   | -                                  |
| Local communication sales tax                      | 156,749             | -                   | -                                  |
| Rental vehicle tax                                 | 9,382               | -                   | -                                  |
| CSA funds  | 234,187             | -                   | -                                  |
| VPA funds  | 158,468             | -                   | -                                  |
| State sales tax                                    | -                   | 1,235,542           | -                                  |
| School sales tax                                   | 1,025,306           | -                   | -                                  |
| Constitutional officer reimbursements              | 394,679             | -                   | -                                  |
| E-911 funds  | 12,959              | -                   | -                                  |
| Other Grants                                       | 142,361             | 140,575             | -                                  |
| Federal Government:                                |                     |                     |                                    |
| School fund grants                                 | 612,187             | 1,706,867           | -                                  |
| VPA funds  | 239,950             | -                   | -                                  |
| Other federal grants                               | 269,247             | -                   | -                                  |
| Total due from other governments                   | <u>\$ 5,146,371</u> | <u>\$ 7,750,322</u> | <u>\$ -</u>                        |
| Amounts due to other governments are as follows:   |                     |                     |                                    |
| Other Local Governments:                           |                     |                     |                                    |
| Gloucester County                                  | \$ -                | \$ 318,043          | \$ 282,007                         |
| Gloucester County School Board                     | 4,667,338           | -                   | -                                  |
| Commonwealth of Virginia                           | 44,739              | -                   | -                                  |
| Total due to other governments                     | <u>\$ 4,712,077</u> | <u>\$ 318,043</u>   | <u>\$ 282,007</u>                  |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 5—INTERFUND OBLIGATIONS:**

Details of the Primary Government's interfund receivables and payables as of June 30, 2024, are as follows:

|                            | <u>Interfund<br/>Receivable</u> | <u>Interfund<br/>Payable</u> |
|----------------------------|---------------------------------|------------------------------|
| General                    | \$ 29,661,722                   | \$ 30,047,816                |
| Capital Projects           | 29,883,239                      | 29,125,417                   |
| Mosquito Control           | 164,577                         | -                            |
| Virginia Public Assistance | -                               | 348,799                      |
| Comprehensive Services Act | -                               | 134,335                      |
| American Rescue Plan Act   | -                               | 51,047                       |
| Utilities                  | 9,800                           | 2,124                        |
| Gloucest Sanitary District | -                               | 9,800                        |
| Total All Funds            | <u>\$ 59,719,338</u>            | <u>\$ 59,719,338</u>         |

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 6—CAPITAL ASSETS:**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2024:

**Primary Government:**

**Primary Government:**

|  | Balance<br>July 1, 2023 | Increases      | Decreases      | Balance<br>June 30, 2024 |
|--|-------------------------|----------------|----------------|--------------------------|
| <b>Governmental activities:</b>                  |                         |                |                |                          |
| Capital assets not subject to depreciation:      |                         |                |                |                          |
| Land   | \$ 7,001,908            | \$ 13,500      | \$ 56,971      | \$ 6,958,437             |
| Construction in progress                         | 334,252                 | 573,502        | 907,754        | -                        |
| Jointly owned construction in progress           | 22,055,543              | 27,914,195     | 8,926,712      | 41,043,026               |
| Total capital assets not subject to depreciation | \$ 29,391,703           | \$ 28,501,197  | \$ 9,891,437   | \$ 48,001,463            |
| Capital assets subject to depreciation:          |                         |                |                |                          |
| Buildings  | \$ 21,484,439           | \$ 675,318     | \$ 105,592     | \$ 22,054,165            |
| Lease buildings                                  | 2,661,054               | -              | -              | 2,661,054                |
| Improvements other than buildings                | 4,625,657               | 1,575,521      | 25,000         | 6,176,178                |
| Machinery and equipment                          | 22,477,459              | 908,539        | 260,207        | 23,125,791               |
| Lease equipment                                  | 941,598                 | 3,652,705      | -              | 4,594,303                |
| Subscription asset                               | 464,148                 | -              | -              | 464,148                  |
| Jointly owned assets - buildings                 | 42,181,400              | 5,785,001      | 11,308,547     | 36,657,854               |
| Total capital assets subject to depreciation     | \$ 94,835,755           | \$ 12,597,084  | \$ 11,699,346  | \$ 95,733,493            |
| Accumulated depreciation/amortization:           |                         |                |                |                          |
| Buildings  | \$ (11,738,668)         | \$ (492,556)   | \$ (92,765)    | \$ (12,138,459)          |
| Lease buildings                                  | (357,567)               | (252,410)      | -              | (609,977)                |
| Improvements other than buildings                | (2,224,731)             | (235,790)      | (20,521)       | (2,440,000)              |
| Machinery and equipment                          | (20,020,189)            | (695,647)      | (260,207)      | (20,455,629)             |
| Lease equipment                                  | (200,000)               | (200,000)      | -              | (400,000)                |
| Subscription asset                               | (92,830)                | (92,830)       | -              | (185,660)                |
| Jointly owned assets - buildings                 | (20,219,813)            | (1,109,971)    | (3,802,391)    | (17,527,393)             |
| Total accumulated depreciation                   | \$ (54,853,798)         | \$ (3,079,204) | \$ (4,175,884) | \$ (53,757,118)          |
| Total capital assets being depreciated, net      | \$ 39,981,957           | \$ 9,517,880   | \$ 7,523,462   | \$ 41,976,375            |
| Governmental activities capital assets, net      | \$ 69,373,660           | \$ 38,019,077  | \$ 17,414,899  | \$ 89,977,838            |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

|                                   |    |                  |
|-----------------------------------|----|------------------|
| General government administration | \$ | 285,193          |
| Judicial administration           |    | 180,914          |
| Public safety                     |    | 955,643          |
| Public works                      |    | 19,350           |
| Health and welfare                |    | 141,658          |
| Education                         |    | 1,120,563        |
| Parks, recreation and cultural    |    | 370,641          |
| Community development             |    | 5,242            |
| Total Governmental activities     | \$ | <u>3,079,204</u> |

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2024:

|  | Balance<br>July 1, 2023 | Increases      | Decreases    | Balance<br>June 30, 2024 |
|--|-------------------------|----------------|--------------|--------------------------|
| <b>Business-type activities:</b>                 |                         |                |              |                          |
| Capital assets not subject to depreciation:      |                         |                |              |                          |
| Land   | \$ 3,690,276            | \$ -           | \$ 82,901    | \$ 3,607,375             |
| Construction in progress                         | 97,733                  | 1,129,665      | -            | 1,227,398                |
| Total capital assets not subject to depreciation | \$ 3,788,009            | \$ 1,129,665   | \$ 82,901    | \$ 4,834,773             |
| Capital assets subject to depreciation:          |                         |                |              |                          |
| Plant in service                                 | \$ 37,542,295           | \$ 348,299     | \$ 496,437   | \$ 37,394,157            |
| Machinery and equipment                          | 2,968,291               | 75,111         | -            | 3,043,402                |
| Buildings  | 6,542,938               | 10,774         | -            | 6,553,712                |
| Total capital assets subject to depreciation     | \$ 47,053,524           | \$ 434,184     | \$ 496,437   | \$ 46,991,271            |
| Accumulated depreciation:                        |                         |                |              |                          |
| Plant in service                                 | \$ (21,270,409)         | \$ (851,562)   | \$ (355,584) | \$ (21,766,387)          |
| Machinery and equipment                          | (1,031,177)             | (203,592)      | -            | (1,234,769)              |
| Buildings  | (5,135,067)             | (144,650)      | -            | (5,279,717)              |
| Total accumulated depreciation                   | \$ (27,436,653)         | \$ (1,199,804) | \$ (355,584) | \$ (28,280,873)          |
| Total capital assets being depreciated, net      | \$ 19,616,871           | \$ (765,620)   | \$ 140,853   | \$ 18,710,398            |
| Business-type activities capital assets, net     | \$ 23,404,880           | \$ 364,045     | \$ 223,754   | \$ 23,545,171            |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2024:

**Component Unit - School Board:**

**Component Unit - School Board:**

|  | Balance<br>July 1, 2023 | Increases      | Decreases       | Balance<br>June 30, 2024 |
|--|-------------------------|----------------|-----------------|--------------------------|
| Capital assets not subject to depreciation:      |                         |                |                 |                          |
| Land   | \$ 1,476,061            | \$ -           | \$ 34,000       | \$ 1,442,061             |
| Construction in progress                         | 20,000                  | -              | 20,000          | -                        |
| Total capital assets not subject to depreciation | \$ 1,496,061            | \$ -           | \$ 54,000       | \$ 1,442,061             |
| Capital assets subject to depreciation:          |                         |                |                 |                          |
| Buildings  | \$ 6,967,105            | \$ 3,347,026   | \$ -            | \$ 10,314,131            |
| Machinery and equipment                          | 11,296,518              | 2,217,041      | 643,248         | 12,870,311               |
| Jointly owned assets - buildings                 | 58,279,247              | -              | (11,308,547)    | 69,587,794               |
| Total capital assets subject to depreciation     | \$ 76,542,870           | \$ 5,564,067   | \$ (10,665,299) | \$ 92,772,236            |
| Accumulated depreciation:                        |                         |                |                 |                          |
| Buildings  | \$ (1,958,912)          | \$ (444,510)   | \$ -            | \$ (2,403,422)           |
| Machinery and equipment                          | (7,795,734)             | (777,614)      | (643,248)       | (7,930,100)              |
| Jointly owned assets - buildings                 | (27,936,376)            | (1,533,573)    | 3,802,391       | (33,272,340)             |
| Total accumulated depreciation                   | \$ (37,691,022)         | \$ (2,755,697) | \$ 3,159,143    | \$ (43,605,862)          |
| Total capital assets being depreciated, net      | \$ 38,851,848           | \$ 2,808,370   | \$ (7,506,156)  | \$ 49,166,374            |
| Governmental activities capital assets, net      | \$ 40,347,909           | \$ 2,808,370   | \$ (7,452,156)  | \$ 50,608,435            |

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, 2024, is that school financed assets in the amount of \$60,173,487 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 6—CAPITAL ASSETS: (CONTINUED)**

A summary of changes for the component Unit Economic Development Authority capital assets at June 30, 2024 follows:

|  | Balance<br>July 1, 2023 | Increases    | Decreases | Balance<br>June 30, 2024 |
|--|-------------------------|--------------|-----------|--------------------------|
| <b>Business-type activities:</b>                 |                         |              |           |                          |
| 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  | \$ (12,273,937)         | \$ (547,350) | \$ -      | \$ (12,821,287)          |
| Machinery and equipment                          | (7,234)                 | -            | -         | (7,234)                  |
| Total accumulated depreciation                   | \$ (12,281,171)         | \$ (547,350) | \$ -      | \$ (12,828,521)          |
| Total capital assets being depreciated, net      | \$ 5,947,635            | \$ (547,350) | \$ -      | \$ 5,400,285             |
| Business-type activities capital assets, net     | \$ 6,421,370            | \$ (547,350) | \$ -      | \$ 5,874,020             |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**NOTE 7—INTERFUND TRANSFERS:**

Interfund transfers for the year ended June 30, 2024, consisted of the following:

| <u>Fund</u>              | <u>Transfers In</u> | <u>Transfers Out</u> |
|--------------------------|---------------------|----------------------|
| Primary Government:      |                     |                      |
| Governmental Funds:      |                     |                      |
| General Fund             | \$ -                | \$ 9,537,368         |
| Debt Service             | 6,650,594           | -                    |
| Capital Projects         | 2,856,999           | -                    |
| School Sales Tax         | -                   | 2,292,105            |
| Other Governmental Funds | 2,301,756           | -                    |
| Total Governmental Funds | \$ 11,809,349       | \$ 11,829,473        |
| Enterprise Funds:        |                     |                      |
| Utilities                | 20,124              | -                    |
| Total-All Funds          | \$ 11,829,473       | \$ 11,829,473        |

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, 2024 (CONTINUED)

**NOTE 8—LONG-TERM OBLIGATIONS:**

**Primary Government:**

A summary of long-term obligation transactions for the year ended June 30, 2024 is as follows:

|                                  | Balance<br>at July 1,<br>2023 | Issuances/<br>Increases | Retirements/<br>Decreases | Balance<br>at June 30,<br>2024 | Amounts<br>Due<br>Within<br>One Year |
|----------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|--------------------------------------|
| Governmental Activities:         |                               |                         |                           |                                |                                      |
| Incurred by County:              |                               |                         |                           |                                |                                      |
| Compensated absences             | \$ 2,091,736                  | \$ 350,627              | \$ 209,173                | \$ 2,233,190                   | \$ 223,319                           |
| Net OPEB liabilities             | 5,105,059                     | 3,485,235               | 3,427,934                 | 5,162,360                      | 13,174                               |
| Net pension liability            | 4,910,556                     | 10,789,826              | 7,963,292                 | 7,737,090                      | -                                    |
| Lease liabilities                | 3,114,816                     | 3,652,705               | 407,198                   | 6,360,323                      | 713,120                              |
| Subscription liability           | 369,980                       | -                       | 80,361                    | 289,619                        | 88,096                               |
| Direct borrowing and placements: |                               |                         |                           |                                |                                      |
| Loan payable                     | 4,097,760                     | -                       | 494,398                   | 3,603,362                      | 502,279                              |
| Total incurred by County         | \$ 19,689,907                 | \$ 18,278,393           | \$ 12,582,356             | \$ 25,385,944                  | \$ 1,539,988                         |
| Incurred by School Board:        |                               |                         |                           |                                |                                      |
| Direct borrowing and placements: |                               |                         |                           |                                |                                      |
| General obligation bonds         | \$ 54,386,587                 | \$ 31,005,000           | \$ 3,861,126              | \$ 81,530,461                  | \$ 3,850,284                         |
| Add deferred amounts:            |                               |                         |                           |                                |                                      |
| For issuance premium             | 4,114,604                     | 1,880,759               | 209,931                   | 5,785,432                      | -                                    |
| Total incurred by School Board   | \$ 58,501,191                 | \$ 32,885,759           | \$ 4,071,057              | \$ 87,315,893                  | \$ 3,850,284                         |
| Total Governmental Activities    | \$ 78,191,098                 | \$ 51,164,152           | \$ 16,653,413             | \$ 112,701,837                 | \$ 5,390,272                         |
| Business-type Activities:        |                               |                         |                           |                                |                                      |
| Compensated absences             | \$ 129,658                    | \$ 19,445               | \$ 12,966                 | \$ 136,137                     | \$ 13,614                            |
| Net OPEB liabilities             | 150,931                       | 41,012                  | 35,213                    | 156,730                        | 889                                  |
| Net pension liability            | 384,322                       | 745,646                 | 593,256                   | 536,712                        | -                                    |
| Equipment purchase agreement     | -                             | 3,480,000               | -                         | 3,480,000                      | 289,000                              |
| Direct borrowing and placements: |                               |                         |                           |                                |                                      |
| Loan payable                     | 4,512,503                     | -                       | 773,105                   | 3,739,398                      | 773,904                              |
| Total Business-type Activities   | \$ 5,177,414                  | \$ 4,286,103            | \$ 1,414,540              | \$ 8,048,977                   | \$ 1,077,407                         |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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<br>June 30, | Governmental Activities |                     |                        |                  |  |                   |  |                      |
|-------------------------|-------------------------|---------------------|------------------------|------------------|--|-------------------|--|----------------------|
|                         | Incurred by County      |                     |                        |                  |  |                   | Incurred by School Board                   |                      |
|                         | Lease Liabilities       |                     | Subscription Liability |                  | Direct Borrowings<br>and Direct Placements |                   | Direct Borrowings<br>and Direct Placements |                      |
|                         |                         |                     |                        |                  | Loan Payable                               |                   | General Obligation<br>Bonds                |                      |
|                         | Principal               | Interest            | Principal              | Interest         | Principal                                  | Interest          | Principal                                  | Interest             |
| 2025                    | \$ 713,120              | \$ 258,862          | \$ 88,096              | \$ 13,757        | \$ 502,279                                 | \$ 41,215         | \$ 3,850,284                               | \$ 4,135,914         |
| 2026                    | 739,933                 | 232,049             | 96,354                 | 9,572            | 504,700                                    | 38,294            | 4,377,045                                  | 3,600,820            |
| 2027                    | 767,858                 | 204,123             | 105,169                | 4,994            | 506,955                                    | 34,514            | 4,554,162                                  | 3,406,964            |
| 2028                    | 596,947                 | 175,034             | -                      | -                | 514,037                                    | 29,754            | 4,236,650                                  | 3,214,684            |
| 2029                    | 580,073                 | 149,374             | -                      | -                | 515,946                                    | 24,013            | 4,050,490                                  | 3,028,316            |
| 2030                    | 573,564                 | 125,501             | -                      | -                | 522,690                                    | 17,285            | 3,815,490                                  | 2,851,456            |
| 2031                    | 598,071                 | 100,993             | -                      | -                | 536,755                                    | 6,826             | 3,985,489                                  | 2,664,319            |
| 2032                    | 584,820                 | 75,776              | -                      | -                | -  | -                 | 4,142,712                                  | 2,468,443            |
| 2033                    | 597,288                 | 50,485              | -                      | -                | -  | -                 | 4,337,713                                  | 2,275,166            |
| 2034                    | 608,649                 | 24,124              | -                      | -                | -  | -                 | 4,422,713                                  | 2,076,437            |
| 2035                    | -                       | -                   | -                      | -                | -  | -                 | 3,777,713                                  | 1,773,836            |
| 2036                    | -                       | -                   | -                      | -                | -  | -                 | 3,665,000                                  | 1,496,599            |
| 2037                    | -                       | -                   | -                      | -                | -  | -                 | 3,825,000                                  | 1,343,214            |
| 2038                    | -                       | -                   | -                      | -                | -  | -                 | 3,990,000                                  | 1,178,148            |
| 2039                    | -                       | -                   | -                      | -                | -  | -                 | 4,160,000                                  | 1,000,960            |
| 2040                    | -                       | -                   | -                      | -                | -  | -                 | 4,355,000                                  | 815,175              |
| 2041                    | -                       | -                   | -                      | -                | -  | -                 | 4,545,000                                  | 620,306              |
| 2042                    | -                       | -                   | -                      | -                | -  | -                 | 4,410,000                                  | 420,430              |
| 2043                    | -                       | -                   | -                      | -                | -  | -                 | 4,610,000                                  | 218,156              |
| 2044                    | -                       | -                   | -                      | -                | -  | -                 | 2,420,000                                  | 58,080               |
| Total                   | <u>6,360,323</u>        | <u>\$ 1,396,321</u> | <u>\$ 289,619</u>      | <u>\$ 28,323</u> | <u>\$ 3,603,362</u>                        | <u>\$ 191,901</u> | <u>\$ 81,530,461</u>                       | <u>\$ 38,647,423</u> |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)**

**Primary Government: (Continued)**

| Year Ending<br>June 30, | Business-type Activities                   |                   |                                 |                   |
|-------------------------|--|-------------------|---------------------------------|-------------------|
|                         | Direct Borrowings<br>and Direct Placements |                   | Equipment Purchase<br>Agreement |                   |
|                         | Loan Payable                               |                   |                                 |                   |
|                         | Principal                                  | Interest          | Principal                       | Interest          |
| 2025                    | \$ 773,904                                 | \$ 38,817         | \$ 289,000                      | \$ 131,582        |
| 2026                    | 779,169                                    | 34,088            | 301,000                         | 119,945           |
| 2027                    | 691,067                                    | 28,364            | 313,000                         | 107,834           |
| 2028                    | 493,861                                    | 22,768            | 326,000                         | 95,230            |
| 2029                    | 495,644                                    | 17,152            | 339,000                         | 82,113            |
| 2030                    | 505,753                                    | 7,061             | 353,000                         | 68,464            |
| 2031                    | -  | -                 | 367,000                         | 54,263            |
| 2032                    | -  | -                 | 382,000                         | 39,489            |
| 2033                    | -  | -                 | 397,000                         | 24,123            |
| 2034                    | -  | -                 | 413,000                         | 8,146             |
| Total                   | \$ <u>3,739,398</u>                        | \$ <u>148,250</u> | \$ <u>3,480,000</u>             | \$ <u>731,189</u> |

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# COUNTY OF GLOUCESTER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (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)   |       |                      |             |                     |                          | \$ 2,233,190                    | \$ 223,319                 |
| Net OPEB liabilities (payable from the General Fund)   |       |                      |             |                     |                          | \$ 5,162,360                    | \$ 13,174                  |
| Net pension liability (payable from the General Fund)  |       |                      |             |                     |                          | \$ 7,737,090                    | \$ -                       |
| 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                | 1,508,451                       | 129,707                    |
| \$457,183 building lease, due in monthly installments of \$4,724.  |       | 2.82%                | 07/01/21    | 05/34/34            | 457,183                  | 335,955                         | 42,362                     |
| \$449,107 building lease, due in monthly installments of \$6,076.  |       | 5.25%                | 07/01/21    | 11/30/28            | 449,107                  | 286,884                         | 59,269                     |
| \$941,598 equipment lease, due in annual installments of \$200,000.  |       | 2.04%                | 01/01/22    | 01/31/27            | 941,598                  | 576,328                         | 188,243                    |
| \$3,652,705 equipment lease, due in annual installments of \$467,773.  |       | 4.77%                | 07/01/24    | 01/01/34            | 3,652,705                | 3,652,705                       | 293,539                    |
| Total Lease Liabilities  |       |                      |             |                     |                          | 6,360,323                       | 713,120                    |
| Subscription Liability:  |       |                      |             |                     |                          |                                 |                            |
| Subscription based IT arrangement for Omnigo with varying annual payments ranging from \$94,168 to \$110,164 |       | 4.75%                | 07/01/22    | 07/01/26            | 464,148                  | \$ 289,619                      | \$ 88,096                  |
| Direct borrowings and placements:  |       |                      |             |                     |                          |                                 |                            |
| Loan payable:  |       |                      |             |                     |                          |                                 |                            |
| Virginia Resources Authority Loan  | (a)   | 5.125%               | 11/17/21    | 04/01/30            | 4,663,789                | \$ 3,603,362                    | \$ 502,279                 |
| Total long-term obligations incurred by the County   |       |                      |             |                     |                          | \$ 25,385,944                   | \$ 1,539,988               |
| Direct borrowings and placements:  |       |                      |             |                     |                          |                                 |                            |
| General Obligation Bonds:  |       |                      |             |                     |                          |                                 |                            |
| Qualified School Construction Bonds through Virginia Public School Authority (VPSA)                          | (b)   | 4.25%                | 08/12/15    | 11/01/30            | 500,000                  | \$ 194,444                      | \$ 27,778                  |
| Qualified School Construction Bonds through VPSA   | (b)   | 3.84%                | 08/12/15    | 11/01/30            | 5,999,684                | 2,999,835                       | 272,712                    |
| VPSA Bond outstanding \$4,425,000 plus unamortized premium of \$635,932.                                     | (b)   | 2.05% through 5.05%  | 10/20/20    | 07/15/40            | 4,870,000                | 5,060,932                       | 180,000                    |
| VPSA Bond outstanding \$1,395,000 plus unamortized premium of \$24,303.                                      | (b)   | 4.225% through 5.10% | 08/12/15    | 11/01/30            | 6,505,000                | 1,419,303                       | 445,000                    |
| VPSA Bond outstanding \$8,675,000 plus unamortized premium of \$551,482.                                     | (b)   | 2.30% through 5.05%  | 08/12/15    | 11/01/30            | 15,845,000               | 9,226,482                       | 910,000                    |
| VPSA Bond outstanding \$1,441,182 plus unamortized premium of \$57,225.                                      | (b)   | 4.35% through 5.10%  | 08/12/15    | 11/01/30            | 6,364,713                | 1,498,407                       | 349,794                    |
| VPSA Bond outstanding \$31,395,000 plus unamortized premium of \$2,635,731.                                  | (b)   | 5.05% through 4.8%   | 04/20/22    | 01/15/43            | 32,425,000               | 34,030,731                      | 1,080,000                  |
| VPSA Bond outstanding \$31,005,000 plus unamortized premium of \$1,880,759.                                  | (b)   | 5.05% through        | 11/09/23    | 07/15/43            | 31,005,000               | 32,885,759                      | 585,000                    |
| Total General Obligation Bonds   |       |                      |             |                     |                          | \$ 87,315,893                   | \$ 3,850,284               |
| Total Direct Borrowings and Placements   |       |                      |             |                     |                          | \$ 87,315,893                   | \$ 3,850,284               |
| Total long-term obligations incurred by School Board, payable from the General Fund                          |       |                      |             |                     |                          | \$ 87,315,893                   | \$ 3,850,284               |
| Total outstanding debt - governmental activities   |       |                      |             |                     |                          | \$ 112,701,837                  | \$ 5,390,272               |

# COUNTY OF GLOUCESTER, VIRGINIA

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

### NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

#### Primary Government: (Continued)

Details of business-type activities long-term obligations:

|  | Interest<br>Rates | Date<br>Issued | Final<br>Maturity<br>Date | Amount of<br>Original<br>Issue | Balance<br>Business-Type<br>Activities | Amount<br>Due Within<br>One Year |
|--|-------------------|----------------|---------------------------|--------------------------------|--|----------------------------------|
| Compensated absences (payable from the Enterprise Fund)  |                   |                |                           |                                | \$ 136,137                             | \$ 13,614                        |
| Net OPEB liabilities (payable from the Enterprise Fund)  |                   |                |                           |                                | \$ 156,730                             | \$ 889                           |
| Net pension liability (payable from the Enterprise Fund) |                   |                |                           |                                | \$ 536,712                             | \$ -                             |
| Equipment purchase agreement:                            |                   |                |                           |                                |  |                                  |
| Master equipment purchase agreement                      | 3.945%            | 10/12/23       | 10/01/33                  | 3,480,000                      | \$ 3,480,000                           | \$ 289,000                       |
| Direct borrowings and placements:                        |                   |                |                           |                                |  |                                  |
| <u>Loan payable:</u>                                     |                   |                |                           |                                |  |                                  |
| Virginia Resources Authority Loan                        | (a) 5.125%        | 11/17/21       | 04/01/30                  | 5,365,437                      | \$ 3,739,398                           | \$ 773,904                       |
| Total outstanding debt - business-type activities        |                   |                |                           |                                | \$ 8,048,977                           | \$ 1,077,407                     |

#### 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, 2024 (CONTINUED)

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**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, 2024:

|   | <u>Balance<br/>at July 1,<br/>2023</u> | <u>Increases</u>     | <u>Decreases</u>     | <u>Balance<br/>at June 30,<br/>2024</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|---|--|----------------------|----------------------|---|--|
| Compensated absences<br>(payable from the<br>School Fund) | \$ 1,860,531                           | \$ 224,142           | \$ 186,053           | \$ 1,898,620                            | \$ 189,862                                 |
| Net OPEB liabilities                                      | 15,480,622                             | 2,857,021            | 2,662,000            | 15,675,643                              | 87,495                                     |
| Net pension liability                                     | <u>35,799,355</u>                      | <u>19,268,346</u>    | <u>17,372,881</u>    | <u>37,694,820</u>                       | <u>-</u>                                   |
| Total incurred by School<br>Board                         | <u>\$ 53,140,508</u>                   | <u>\$ 22,349,509</u> | <u>\$ 20,220,934</u> | <u>\$ 55,269,083</u>                    | <u>\$ 277,357</u>                          |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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, 2024:

|                                  | Balance<br>at July 1,<br>2023 | Issuances/<br>Increases | Retirements/<br>Decreases | Balance<br>at June 30,<br>2024 | Amounts<br>Due Within<br>One Year |
|----------------------------------|-------------------------------|-------------------------|---------------------------|--------------------------------|-----------------------------------|
| Direct borrowing and placements: |                               |                         |                           |                                |                                   |
| Lease Revenue Bond               | \$ 7,236,474                  | \$ -                    | \$ 1,116,601              | \$ 6,119,873                   | \$ 1,173,144                      |
| Total                            | \$ 7,236,474                  | \$ -                    | \$ 1,116,601              | \$ 6,119,873                   | \$ 1,173,144                      |

Details of long-term indebtedness:

|  | Amount<br>Outstanding |
|--|-----------------------|
| <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. | \$ 6,119,873          |
| Total Debt incurred by the Component Unit Economic Development Authority   | \$ 6,119,873          |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**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<br>June 30, | Lease Revenue Bonds |            |
|-------------------------|---------------------|------------|
|                         | Principal           | Interest   |
| 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                   | \$ 6,119,873        | \$ 759,583 |

**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, 2024 (CONTINUED)

### NOTE 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2024, deferred and unavailable revenue are reported as follows:

|  | Government-wide Statements |                         | Balance Sheet        |
|--|----------------------------|-------------------------|----------------------|
|  | Governmental Activities    | Business-Tye Activities | Governmental Funds   |
| Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures | \$ -                       | \$ -                    | \$ 4,280,366         |
| 2nd half assessments due in December 2023  | 24,887,736                 | 29,374                  | 24,887,736           |
| Prepaid property taxes due in December 2023 but paid in advance by taxpayers   | 490,261                    | 327                     | 490,261              |
|  | <u>\$ 25,377,997</u>       | <u>\$ 29,701</u>        | <u>\$ 29,658,363</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, 2024 (CONTINUED)

**NOTE 11—COMMITMENTS AND CONTINGENCIES: (Continued)**

The County was committed under the following construction contracts at June 30, 2024:

| <u>Contractor</u>          | <u>Project</u>         | <u>Contract Sum</u> | <u>Balance</u> |
|----------------------------|------------------------|---------------------|----------------|
| E.T. Gresham Company, Inc. | High School Renovation | \$ 46,965,475       | \$ 12,376,845  |

**NOTE 12—LITIGATION:**

At June 30, 2024, 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, 2022                              | \$ 1,775,258 |
| Incurred claims (including IBNR and changes in estimates) | 9,059,534    |
| Claim payments  | (9,176,267)  |
| Unpaid claims, June 30, 2023                              | \$ 1,658,525 |
| Incurred claims (including IBNR and changes in estimates) | 8,317,210    |
| Claim payments  | (9,476,735)  |
| Unpaid claims, June 30, 2024                              | \$ 499,000   |

All of the unpaid claims are due within one year.

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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#### **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, 2024 (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, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

|  | <b>Primary<br/>Government</b> | <b>Component Unit<br/>School Board<br/>Nonprofessional</b> |
|--|-------------------------------|--|
| Inactive members or their beneficiaries currently receiving benefits | 267                           | 149  |
| Inactive members:  |                               |  |
| Vested inactive members  | 72                            | 40   |
| Non-vested inactive members  | 77                            | 80   |
| Inactive members active elsewhere in VRS                             | 167                           | 57   |
| Total inactive members   | 316                           | 177  |
| Active members   | 323                           | 147  |
| Total covered employees  | 906                           | 473  |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**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, 2024 was 12.07% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$2,378,709 and \$2,218,072 for the years ended June 30, 2024 and June 30, 2023, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2024 was 5.79% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$232,351 and \$205,855 for the years ended June 30, 2024 and June 30, 2023, 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, 2023. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**NOTE 14—PENSION PLANS: (CONTINUED)**

*Actuarial Assumptions - General Employees*

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

|                                       |   |
|---------------------------------------|---|
| 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, 2024 (CONTINUED)

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#### **NOTE 14—PENSION PLANS: (CONTINUED)**

##### ***Actuarial Assumptions - General Employees (Continued)***

The actuarial assumptions used in the June 30, 2022 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:

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, 2022, 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, 2023:

|                                       |   |
|---------------------------------------|---|
| 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, 2024 (CONTINUED)

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#### **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, 2022 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:

###### 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, 2024 (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:

| <b>Asset Class (Strategy)</b> | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|-------------------------------|--|---|--|
| Public Equity                 | 34.00%   | 6.14%   | 2.09%  |
| Fixed Income                  | 15.00%   | 2.56%   | 0.38%  |
| Credit Strategies             | 14.00%   | 5.60%   | 0.78%  |
| Real Assets                   | 14.00%   | 5.02%   | 0.70%  |
| Private Equity                | 16.00%   | 9.17%   | 1.47%  |
| MAPS - Multi-Asset Public S   | 4.00%  | 4.50%   | 0.18%  |
| PIP - Private Investment P    | 2.00%  | 7.18%   | 0.14%  |
| Cash                          | 1.00%  | 1.20%   | 0.01%  |
| <b>Total</b>                  | <b>100.00%</b>                                       |   | <b>5.75%</b>   |
|                               |  | <b>Inflation</b>  | <b>2.50%</b>   |
|                               |  | <b>Expected arithmetic nominal return**</b>                     | <b>8.25%</b>   |

\*The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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, 2024, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2023, 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 112%, respectively of the actuarially determined contribution rate. From July 1, 2023 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<br>Pension<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2022  | \$ 87,919,634                        | \$ 82,624,756                            | \$ 5,294,878                             |
| Changes for the year:  |                                      |  |  |
| Service cost   | \$ 2,266,070                         | \$ -                                     | \$ 2,266,070                             |
| Interest   | 5,949,876                            | -  | 5,949,876                                |
| Differences between expected<br>and actual experience            | 3,225,935                            | -  | 3,225,935                                |
| Contributions - employer   | -                                    | 2,219,377                                | (2,219,377)                              |
| Contributions - employee   | -                                    | 935,865                                  | (935,865)                                |
| Net investment income  | -                                    | 5,358,302                                | (5,358,302)                              |
| Benefit payments, including refunds<br>of employee contributions | (4,078,779)                          | (4,078,779)                              | -  |
| Administrative expense   | -                                    | (52,741)                                 | 52,741                                   |
| Other changes  | -                                    | 2,154                                    | (2,154)                                  |
| Net changes  | \$ 7,363,102                         | \$ 4,384,178                             | \$ 2,978,924                             |
| Balances at June 30, 2023  | \$ 95,282,736                        | \$ 87,008,934                            | \$ 8,273,802                             |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 14—PENSION PLANS: (CONTINUED)**

***Changes in Net Pension Liability***

|  | Component School Board (nonprofessional) |  |  |
|--|--|--|--|
|  | Increase (Decrease)                      |  |  |
|  | Total<br>Pension<br>Liability<br>(a)     | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>Pension<br>Liability<br>(a) - (b) |
| Balances at June 30, 2022  | \$ 22,093,060                            | \$ 22,379,205                            | \$ (286,145)                             |
| Changes for the year:  |  |  |  |
| Service cost   | \$ 314,737                               | \$ -                                     | \$ 314,737                               |
| Interest   | 1,464,605                                | -  | 1,464,605                                |
| Differences between expected<br>and actual experience            | 52,771                                   | -  | 52,771                                   |
| Contributions - employer   | -  | 203,766                                  | (203,766)                                |
| Contributions - employee   | -  | 189,083                                  | (189,083)                                |
| Net investment income  | -  | 1,411,705                                | (1,411,705)                              |
| Benefit payments, including refunds<br>of employee contributions | (1,419,889)                              | (1,419,889)                              | -  |
| Administrative expense   | -  | (14,624)                                 | 14,624                                   |
| Other changes  | -  | 563                                      | (563)                                    |
| Net changes  | \$ 412,224                               | \$ 370,604                               | \$ 41,620                                |
| Balances at June 30, 2023  | \$ 22,505,284                            | \$ 22,749,809                            | \$ (244,525)                             |

***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<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| County  |                        |                             |                        |
| Net Pension Liability (Asset)                 | \$ 20,761,315          | \$ 8,273,802                | \$ (2,014,001)         |
| Component Unit School Board (nonprofessional) |                        |                             |                        |
| Net Pension Liability (Asset)                 | 2,282,599              | (244,525)                   | (2,392,921)            |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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, 2024, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,053,907 and (\$191,516), respectively. At June 30, 2024, 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                               | \$ 2,065,527                   | \$ 521,850                    | \$ 26,385                                     | \$ 95,394                     |
| Changes of assumptions   | -                              | -                             | -   | -                             |
| Net difference between projected and actual earnings on pension plan investments | -                              | 1,293,014                     | -   | 377,510                       |
| Proportionate share  | 24,655                         | 24,655                        | -   | -                             |
| Employer contributions subsequent to the measurement date                        | 2,378,709                      | -                             | 232,351                                       | -                             |
| Total  | \$ 4,468,891                   | \$ 1,839,519                  | \$ 258,736                                    | \$ 472,904                    |

\$2,378,709 and \$232,351 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, 2025. 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> |
|---------------------------|---------------------------|--|
| 2025                      | \$ (298,428)              | \$ (333,991)   |
| 2026                      | (667,391)                 | (448,968)  |
| 2027                      | 1,179,282                 | 323,690  |
| 2028                      | 37,200                    | 12,750   |
| 2029                      | -                         | -  |
| Thereafter                | -                         | -  |

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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#### **NOTE 14—PENSION PLANS: (CONTINUED)**

##### ***Pension Plan Data***

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 was 16.62% of covered employee compensation. This was the General Assembly approved rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 \$6,287,565 and \$5,887,192 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$147.5 million to the VRS Teacher Retirement Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a non-employer contribution. The school division's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

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

At June 30, 2024, the school division reported a liability of \$37,694,820 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2023 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion was 0.37295% as compared to 0.37602% at June 30, 2022.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 14—PENSION PLANS: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

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

For the year ended June 30, 2024, the school division recognized pension expense of \$3,752,038. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2023 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2024, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---|--|---|
| Differences between expected and actual experience  | \$ 3,238,017                                     | \$ 1,471,013                                    |
| Change of assumptions   | 1,708,838  | -   |
| Net difference between projected and actual earnings on pension plan investments                              | -  | 2,450,924                                       |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 1,627,775  | 1,365,311                                       |
| Employer contributions subsequent to the measurement date   | <u>6,287,565</u>                                 | <u>-</u>  |
| Total   | <u>\$ 12,862,195</u>                             | <u>\$ 5,287,248</u>                             |

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**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)***

\$6,287,565 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, 2025. 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> |    |             |
|---------------------------|----|-------------|
| 2025                      | \$ | (652,641)   |
| 2026                      |    | (2,192,725) |
| 2027                      |    | 3,448,901   |
| 2028                      |    | 683,847     |
| 2029                      |    | -           |

***Actuarial Assumptions***

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2022, 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, 2023.

|                                       |   |
|---------------------------------------|---|
| 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 |

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## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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#### **NOTE 14—PENSION PLANS: (CONTINUED)**

##### **Component Unit School Board (professional) (Continued)**

###### Mortality rates:

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

###### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

###### Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2022 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. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Net Pension Liability

The net pension liability (NPL) is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2023, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

|   |    | Teacher<br>Employee<br>Retirement Plan |
|---|----|--|
| Total Pension Liability   | \$ | 57,574,609                             |
| Plan Fiduciary Net Position   |    | 47,467,405                             |
| Employers' Net Pension Liability (Asset)                                      | \$ | 10,107,204                             |
|   |    |  |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Pension Liability |    | 82.45%                                 |

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

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

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

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

|   | Rate        |                  |               |
|---|-------------|------------------|---------------|
|   | 1% Decrease | Current Discount | 1% Increase   |
|   | (5.75%)     | (6.75%)          | (7.75%)       |
| School division's proportionate<br>share of the VRS Teacher<br>Employee Retirement Plan<br>Net Pension Liability (Asset) \$ | 66,819,472  | \$ 37,694,820    | \$ 13,751,961 |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

**NOTE 14—PENSION PLANS: (CONTINUED)**

**Component Unit School Board (professional) (Continued)**

***Pension Plan Fiduciary Net Position***

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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           | \$ 4,468,891        | \$ 1,839,519        | \$ 8,273,802                  | \$ 2,053,907        | \$ -                        | \$ -                | \$ -                          | \$ -                |
| School Board Nonprofessional | -                   | -                   | -                             | -                   | 258,736                     | 472,904             | (244,525)                     | (191,516)           |
| School Board Professional    | -                   | -                   | -                             | -                   | 12,862,195                  | 5,287,248           | 37,694,820                    | 3,752,038           |
| Totals                       | <u>\$ 4,468,891</u> | <u>\$ 1,839,519</u> | <u>\$ 8,273,802</u>           | <u>\$ 2,053,907</u> | <u>\$ 13,120,931</u>        | <u>\$ 5,760,152</u> | <u>\$ 37,450,295</u>          | <u>\$ 3,560,522</u> |

**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       |

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

#### **NOTE 16—LEASE RECEIVABLE:**

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

| <b>Lease Description</b> | <b>Start Date</b> | <b>End Date</b> | <b>Payment<br/>Frequency</b> | <b>Discount<br/>Rate</b> | <b>Receivable<br/>Balance</b> |
|--------------------------|-------------------|-----------------|------------------------------|--------------------------|-------------------------------|
| Beehive Drive tower      | 7/1/2021          | 2/28/2026       | Monthly                      | 3.47%                    | \$ 32,342                     |
| Beehive Drive tower      | 7/1/2024          | 7/1/2028        | Annually                     | 3.94%                    | 92,671                        |
| VIMS tower               | 7/1/2021          | 2/28/2026       | Monthly                      | 3.47%                    | 34,930                        |
| Total                    |                   |                 |                              |                          | <u>\$ 159,943</u>             |

Lease revenue for the year ended June 30, 2024 was \$17,958 for governmental activities and \$19,437 for business-type activities.

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

##### ***Plan Description***

The Group Life Insurance (GLI) Plan was established pursuant to §51.1-500 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of the state agencies, teachers, and employees of participating political subdivisions are automatically covered by the VRS GLI Plan upon employment. This is a cost-sharing multiple-employer plan administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

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

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

##### ***Eligible Employees***

The GLI Plan was established July 1, 1960, for state employees, teachers, and employees of political subdivisions that elect the plan. Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

##### ***Benefit Amounts***

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

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

##### ***Benefit Amounts (Continued)***

members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,254 as of June 30, 2024.

##### ***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% ( $1.34\% \times 60\%$ ) and the employer component was 0.54% ( $1.34\% \times 40\%$ ).

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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, 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 \$113,932 and \$105,809 for the years ended June 30, 2024 and June 30, 2023, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$215,821 and \$201,298 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$26,145 and \$22,891 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The entity's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

##### ***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, 2024, the County reported a liability of \$997,589 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,897,914 and \$215,876, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2023 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, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.08318% as compared to 0.08110% at June 30, 2021. At June 30, 2023, the Component Unit School Board professional and nonprofessional groups' proportion was 0.15825% and 0.01800%, respectively, as compared to 0.16150% and 0.01710%, respectively, at June 30, 2022.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

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

For the year ended June 30, 2024, the County recognized GLI OPEB expense of \$60,876. For the year ended June 30, 2024, the Component Unit School Board professional group recognized GLI OPEB expense of \$79,728. For the year ended June 30, 2024, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$9,225. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2024, 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<br>(professional) |                                     | Component School Board<br>(nonprofessional) |                                     |
|--|--------------------------------------|-------------------------------------|--|-------------------------------------|---|-------------------------------------|
|  | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources     | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources        | Deferred<br>Inflows<br>of Resources |
| Differences between expected<br>and actual experience                                  | \$ 99,635                            | \$ 30,282                           | \$ 189,555                               | \$ 57,611                           | \$ 21,561                                   | \$ 6,553                            |
| Net difference between<br>projected and actual earnings<br>on GLI OPEB plan investment | -                                    | 40,089                              | -  | 76,269                              | -   | 8,675                               |
| Change of assumptions  | 21,324                               | 69,117                              | 40,569                                   | 131,495                             | 4,614                                       | 14,957                              |
| Changes in proportionate share   | 58,507                               | 22,717                              | 99,381                                   | 102,591                             | 21,531                                      | 10,386                              |
| Employer contributions<br>subsequent to the<br>measurement date                        | 113,932                              | -                                   | 215,821                                  | -                                   | 26,145                                      | -                                   |
| Total  | \$ 293,398                           | \$ 162,205                          | \$ 545,326                               | \$ 367,966                          | \$ 73,851                                   | \$ 40,571                           |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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)*

\$113,932, \$215,821, and \$26,145, 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, 2025. 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<br>June 30 | Component<br>Unit School<br>Board |                |   |
|-----------------------|-----------------------------------|----------------|---|
|                       | Primary<br>Government             | (professional) | Component Unit<br>School Board<br>(nonprofessional) |
| 2025                  | \$ 12,462                         | \$ (17,180)    | \$ 2,869  |
| 2026                  | (34,146)                          | (81,005)       | (4,894)   |
| 2027                  | 20,311                            | 28,434         | 3,765   |
| 2028                  | 4,475                             | 19,303         | 1,388   |
| 2029                  | 14,159                            | 11,987         | 4,007   |
| Thereafter            | -                                 | -              | -   |

**Actuarial Assumptions**

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. 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,<br>including inflation |

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

##### ***Actuarial Assumptions (Continued)***

##### **Mortality Rates - Teachers**

###### Pre-Retirement:

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

###### Post-Retirement:

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

###### Post-Disablement:

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

###### Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

###### Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 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. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

***Actuarial Assumptions: (Continued)***

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 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. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Line of Duty Disability   | No change  |
| Discount Rate   | No change  |

## COUNTY OF GLOUCESTER, VIRGINIA

### NOTES TO FINANCIAL STATEMENTS JUNE 30, 2024 (CONTINUED)

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

##### ***Actuarial Assumptions: (Continued)***

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

###### **Pre-Retirement:**

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

###### **Post-Retirement:**

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

###### **Post-Disablement:**

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

###### **Beneficiaries and Survivors:**

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

###### **Mortality Improvement Scale:**

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

The actuarial assumptions used in the June 30, 2022 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  |

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

***NET GLI OPEB Liability***

The net OPEB liability (NOL) for the GLI Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2023, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

|  |    | <b>GLI OPEB<br/>Plan</b> |
|--|----|--------------------------|
|  |    | <hr/>                    |
| Total GLI OPEB Liability   | \$ | 3,907,052                |
| Plan Fiduciary Net Position  |    | 2,707,739                |
| Employers' Net GLI OPEB Liability (Asset)                                      | \$ | <hr/>                    |
|  |    | 1,199,313                |
|  |    | <hr/>                    |
| Plan Fiduciary Net Position as a Percentage<br>of the Total GLI OPEB Liability |    | 69.30%                   |

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| Public Equity                        | 34.00%   | 6.14%   | 2.09%  |
| Fixed Income                         | 15.00%   | 2.56%   | 0.38%  |
| Credit Strategies                    | 14.00%   | 5.60%   | 0.78%  |
| Real Assets                          | 14.00%   | 5.02%   | 0.70%  |
| Private Equity                       | 16.00%   | 9.17%   | 1.47%  |
| MAPS - Multi-Asset Public Strategies | 4.00%  | 4.50%   | 0.18%  |
| PIP - Private Investment Partnership | 2.00%  | 7.18%   | 0.14%  |
| Cash                                 | 1.00%  | 1.20%   | 0.01%  |
| <b>Total</b>                         | <b>100.00%</b>                                       |   | <b>5.75%</b>   |
|                                      |  | <b>Inflation</b>  | <b>2.50%</b>   |
|                                      |  | <b>Expected arithmetic nominal return**</b>                     | <b>8.25%</b>   |

\*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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, 2023, 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 113% of the actuarially determined contribution rate. From July 1, 2023 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<br>(5.75%) | Current Discount<br>(6.75%) | 1% Increase<br>(7.75%) |
| County's proportionate<br>share of the GLI Plan<br>Net OPEB Liability                                      | \$ 1,478,738           | \$ 997,589                  | \$ 608,576             |
| Component School Board<br>(professional)'s proportionate<br>share of the GLI Plan<br>Net OPEB Liability    | 2,813,301              | 1,897,914                   | 1,157,817              |
| Component School Board<br>(nonprofessional)'s proportionate<br>share of the GLI Plan<br>Net OPEB Liability | 319,996                | 215,876                     | 131,695                |

***GLI Plan Fiduciary Net Position***

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 (CONTINUED)

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#### **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, 2024 (CONTINUED)

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

***Employees Covered by Benefit Terms***

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

|   | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>(nonprofessional)</u> |
|---|-------------------------------|--|
| Inactive members or their beneficiaries<br>currently receiving benefits | 88                            | 74   |
| Vested inactive members   | 7                             | 8  |
| Active members  | <u>229</u>                    | <u>204</u>   |
| Total covered employees   | <u>324</u>                    | <u>286</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, 2024 was 0.11% and 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Health Insurance Credit Program were \$10,723 and \$10,220 for the years ended June 30, 2024 and June 30, 2023, respectively. Contributions from the School Board to the HIC Plan were \$40,132 and \$35,158 for the years ended June 30, 2024 and June 30, 2023, respectively.

***Net HIC OPEB Liability***

The County and School Board's net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

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

***Actuarial Assumptions***

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

|  |   |
|--|---|
| 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,<br>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, 2024 (CONTINUED)

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**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, 2022 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. 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, 2024 (CONTINUED)

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**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, 2022 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, 2024 (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:

| <b>Asset Class (Strategy)</b>        | <b>Long-term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| Public Equity                        | 34.00%   | 6.14%   | 2.09%  |
| Fixed Income                         | 15.00%   | 2.56%   | 0.38%  |
| Credit Strategies                    | 14.00%   | 5.60%   | 0.78%  |
| Real Assets                          | 14.00%   | 5.02%   | 0.70%  |
| Private Equity                       | 16.00%   | 9.17%   | 1.47%  |
| MAPS - Multi-Asset Public Strategies | 4.00%  | 4.50%   | 0.18%  |
| PIP - Private Investment Partnership | 2.00%  | 7.18%   | 0.14%  |
| Cash                                 | 1.00%  | 1.20%   | 0.01%  |
| <b>Total</b>                         | <b>100.00%</b>                                       |   | <b>5.75%</b>   |
|                                      |  | <b>Inflation</b>  | <b>2.50%</b>   |
|                                      |  | <b>Expected arithmetic nominal return**</b>                     | <b>8.25%</b>   |

\*The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\* On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

***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, 2023, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2023 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

***Changes in Net HIC OPEB Liability (Asset)***

|   | Primary Government                    |  |   |
|---|---------------------------------------|--|---|
|   | Increase (Decrease)                   |  |   |
|   | Total<br>HIC OPEB<br>Liability<br>(a) | Plan<br>Fiduciary<br>Net Position<br>(b) | Net<br>HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2021   | \$ 352,112                            | \$ 354,047                               | \$ (1,935)  |
| Changes for the year:   |                                       |  |   |
| Service cost  | \$ 5,187                              | \$ -                                     | \$ 5,187  |
| Interest  | 23,364                                | -  | 23,364  |
| Differences between expected<br>and actual experience               | 20,300                                | -  | 20,300  |
| Contributions - employer  | -                                     | 10,214                                   | (10,214)  |
| Net investment income   | -                                     | 20,227                                   | (20,227)  |
| Benefit payments, including<br>refunds of employee<br>contributions | (22,326)                              | (22,326)                                 | -   |
| Administrative expense  | -                                     | (463)                                    | 463   |
| Other changes   | -                                     | 918                                      | (918)   |
| Net changes   | \$ 26,525                             | \$ 8,570                                 | \$ 17,955   |
| Balances at June 30, 2022   | \$ 378,637                            | \$ 362,617                               | \$ 16,020   |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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<br>HIC OPEB<br>Liability<br>(a)         | Plan<br>Fiduciary<br>Net Position<br>(b) | HIC OPEB<br>Liability (Asset)<br>(a) - (b) |
| Balances at June 30, 2022   | \$ 483,405                                    | \$ 190,244                               | \$ 293,161                                 |
| Changes for the year:   |   |  |  |
| Service cost  | \$ 3,491                                      | \$ -                                     | \$ 3,491                                   |
| Interest  | 31,769  | -  | 31,769                                     |
| Differences between expected<br>and actual experience               | 8,129   | -  | 8,129                                      |
| Contributions - employer  | -   | 35,158                                   | (35,158)                                   |
| Net investment income   | -   | 10,675                                   | (10,675)                                   |
| Benefit payments, including<br>refunds of employee<br>contributions | (32,474)                                      | (32,474)                                 | -  |
| Administrative expense  | -   | (229)                                    | 229  |
| Other changes   | -   | 956                                      | (956)                                      |
| Net changes   | \$ 10,915                                     | \$ 14,086                                | \$ (3,171)                                 |
| Balances at June 30, 2023   | \$ 494,320                                    | \$ 204,330                               | \$ 289,990                                 |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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%)     |
| <b>Primary Government:</b>                                |             |                  |             |
| Net HIC OPEB Liability (Asset) \$                         | 56,136 \$   | 16,020 \$        | (17,991)    |
| <b>Component Unit School Board<br/>(nonprofessional):</b> |             |                  |             |
| Net HIC OPEB Liability                                    | 337,194     | 289,990          | 249,538     |

***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, 2024, the County and School Board recognized HIC Plan OPEB expense of \$11,303 and \$40,181. At June 30, 2024, 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                                | \$ 23,158                      | \$ 25,424                     | \$ 6,742                                      | \$ 10,927                     |
| Net difference between projected and actual earnings on HIC OPEB plan investments | -                              | 2,959                         | -   | 318                           |
| Changes of assumptions  | 26,210                         | -                             | 54,082  | -                             |
| Employer contributions subsequent to the measurement date                         | 10,723                         | -                             | 40,132  | -                             |
| Total   | \$ 60,091                      | \$ 28,383                     | \$ 100,956                                    | \$ 11,245                     |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

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

\$10,723 and \$40,132 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, 2025. 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<br/>June 30</u> | <u>Primary<br/>Government</u> | <u>Component Unit<br/>School Board<br/>(nonprofessional)</u> |
|-------------------------------|-------------------------------|--|
| 2025                          | \$ 8,550                      | \$ 18,796  |
| 2026                          | 4,535                         | 16,512   |
| 2027                          | 7,278                         | 13,814   |
| 2028                          | 622                           | 457  |
| 2029                          | -                             | -  |
| Thereafter                    | -                             | -  |

***Health Insurance Credit Program Plan Data***

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 (CONTINUED)

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#### **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, 2024 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was the final approved General Assembly rate, which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$482,490 and \$450,402 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$4 million to the VRS Teacher HIC Plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. The school division's proportionate share is reflected in the grants and contributions not restricted to specific programs of the financial statements.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

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

At June 30, 2024, the school division reported a liability of \$4,522,342 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, 2023 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, 2022 and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the school division's proportion of the VRS Teacher Employee HIC was 0.37330% as compared to 0.37620% at June 30, 2022.

For the year ended June 30, 2024, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$354,528. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportionate share and differences between actual and expected contributions.

At June 30, 2024, 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:

|   | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ -                                      | \$ 199,051                               |
| Net difference between projected and actual earnings on Teacher HIC OPEB plan investments | 2,269                                     | -  |
| Change in assumptions   | 105,272                                   | 4,557                                    |
| Change in proportionate share and differences between actual and expected contributions   | 238,593                                   | 211,569                                  |
| Employer contributions subsequent to the measurement date                                 | 482,490                                   | -  |
| Total   | <u>\$ 828,624</u>                         | <u>\$ 415,177</u>                        |

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

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

\$482,490 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

| <u>Year Ended June 30</u> |             |
|---------------------------|-------------|
| 2025                      | \$ (22,165) |
| 2026                      | (23,346)    |
| 2027                      | (2,343)     |
| 2028                      | (21,536)    |
| 2029                      | 7,183       |
| Thereafter                | (6,836)     |

**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, 2022, 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, 2023.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

***Actuarial Assumptions (Continued)***

**Mortality Rates - Teachers**

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2022 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. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020           |
| Retirement Rates  | Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all |
| Withdrawal Rates  | Adjusted rates to better fit experience at each age and service decrement through 9 years of service   |
| Disability Rates  | No change  |
| Salary Scale  | No change  |
| Discount Rate   | No change  |

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

***Net Teacher Employee HIC OPEB Liability***

The net OPEB liability (NOL) for the Teacher Employee HIC Plan represents the plan’s total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

|   |    | Teacher<br>Employee HIC<br>OPEB Plan |
|---|----|--------------------------------------|
| Total Teacher Employee HIC OPEB Liability   | \$ | 1,475,471                            |
| Plan Fiduciary Net Position   |    | 264,054                              |
| Teacher Employee net HIC OPEB Liability (Asset)   | \$ | 1,211,417                            |
| Plan Fiduciary Net Position as a Percentage<br>of the Total Teacher Employee HIC OPEB Liability |    | 17.90%                               |

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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:

| <b>Asset Class (Strategy)</b>        | <b>Long-Term<br/>Target<br/>Asset<br/>Allocation</b> | <b>Arithmetic<br/>Long-term<br/>Expected<br/>Rate of Return</b> | <b>Weighted<br/>Average<br/>Long-term<br/>Expected<br/>Rate of Return*</b> |
|--------------------------------------|--|---|--|
| Public Equity                        | 34.00%   | 6.14%   | 2.09%  |
| Fixed Income                         | 15.00%   | 2.56%   | 0.38%  |
| Credit Strategies                    | 14.00%   | 5.60%   | 0.78%  |
| Real Assets                          | 14.00%   | 5.02%   | 0.70%  |
| Private Equity                       | 16.00%   | 9.17%   | 1.47%  |
| MAPS - Multi-Asset Public Strategies | 4.00%  | 4.50%   | 0.18%  |
| PIP - Private Investment Partnership | 2.00%  | 7.18%   | 0.14%  |
| Cash                                 | 1.00%  | 1.20%   | 0.01%  |
| <b>Total</b>                         | <b>100.00%</b>                                       |   | <b>5.75%</b>   |
|                                      |  | <b>Inflation</b>  | <b>2.50%</b>   |
|                                      |  | <b>Expected arithmetic nominal return**</b>                     | <b>8.25%</b>   |

\*The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

\*\*On June 15, 2023, the VRS Board elected a long-term rate of 6.75% which was roughly at the 45<sup>th</sup> percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

**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, 2023, 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, 2023 on, all agencies are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

***Sensitivity of the School Division’s Proportionate Share of the Teacher Employee HIC Net OPEB Liability to Changes in the Discount Rate***

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

|   | Rate         |                  |              |
|---|--------------|------------------|--------------|
|   | 1% Decrease  | Current Discount | 1% Increase  |
|   | (5.75%)      | (6.75%)          | (7.75%)      |
| School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan |              |                  |              |
| Net HIC OPEB Liability  | \$ 5,115,274 | \$ 4,522,342     | \$ 4,019,884 |

***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 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-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, 2024 (CONTINUED)

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#### **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, 2024 was \$830 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021 and represents the pay-as-you-go funding rate and not the full actuarial cost of the benefits under the program. The actuarially determined pay-as-you-go rate was expected to finance the costs and related expenses of benefits payable during the year. Contributions to the LODA Program from the entity were \$120,143 and \$95,969 for the years ended June 30, 2024 and June 30, 2023, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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, 2024, the entity reported a liability of \$2,899,183 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2023 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2022, and rolled forward to the measurement date of June 30, 2023. 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, 2023 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2023, the entity's proportion was 0.72320% as compared to 0.77250% at June 30, 2021.

For the year ended June 30, 2024, the entity recognized LODA OPEB expense of \$355,393. 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, 2024, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

|   | <b>Deferred<br/>Outflows<br/>of Resources</b> | <b>Deferred<br/>Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience \$                                 | 154,646                                       | \$ 545,914                                   |
| Net difference between projected and actual earnings on LODA OPEB program investments | -   | 8,482  |
| Change of assumptions   | 643,942                                       | 597,827                                      |
| Change in proportionate   | 201,275                                       | 419,439                                      |
| Employer contributions subsequent to the measurement date                             | 120,143                                       | -  |
| Total   | <u>\$ 1,120,006</u>                           | <u>\$ 1,571,662</u>                          |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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)***

\$120,143 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, 2025. 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> |             |
|---------------------------|-------------|
| 2025                      | \$ (47,529) |
| 2026                      | (47,263)    |
| 2027                      | (29,769)    |
| 2028                      | (37,761)    |
| 2029                      | (62,824)    |
| Thereafter                | (346,653)   |

***Actuarial Assumptions***

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

|  |                             |
|--|-----------------------------|
| Inflation                              | 2.50%                       |
| Salary increases, including inflation: |                             |
| Locality employees                     | N/A                         |
| Medical cost trend rates assumption:   |                             |
| Under age 65                           | 7.00%-4.75%                 |
| Ages 65 and older                      | 5.25%-4.75%                 |
| Year of ultimate trend rate:           |                             |
| Under age 65                           | Fiscal year ended 2028      |
| Ages 65 and older                      | Fiscal year ended 2023      |
| Investment rate of return              | 3.86%, including inflation* |

\* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.86% was used since it approximates the risk-free rate of return.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**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, 2022 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, 2024 (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, 2023, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

|   | <u>LODA Program</u> |
|---|---------------------|
| Total LODA OPEB Liability   | \$ 406,211          |
| Plan Fiduciary Net Position   | 5,311               |
| Employers' Net OPEB Liability (Asset)   | <u>\$ 400,900</u>   |
| <br>Plan Fiduciary Net Position as a Percentage<br>of the Total LODA OPEB Liability | <br><br>1.31%       |

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

**Long-Term Expected Rate of Return**

The long-term expected rate of return on LODA OPEB Program’s investments was set at 3.86% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments’ 6.75% assumption. Instead, the assumed annual rate of return of 3.86% 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 Fidelity Fixed Income General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2023.

***Discount Rate***

The discount rate used to measure the total LODA OPEB liability was 3.86%. 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, 2023, 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, 2024 (CONTINUED)

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

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

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

|   | Discount Rate          |                    |                        |
|---|------------------------|--------------------|------------------------|
|   | 1% Decrease<br>(2.69%) | Current<br>(3.69%) | 1% Increase<br>(4.69%) |
| County's proportionate<br>share of the LODA Net<br>OPEB Liability | \$ 3,250,674           | \$ 2,899,183       | \$ 2,601,827           |

***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<br>(6.00% decreasing<br>to 3.75%) | Current<br>(7.00% decreasing<br>to 4.75%) | 1% Increase<br>(8.00% decreasing<br>to 5.75%) |
| County's proportionate<br>share of the LODA Net<br>OPEB Liability | \$ 2,458,605                                  | \$ 2,899,183                              | \$ 3,445,128                                  |

***LODA OPEB Fiduciary Net Position***

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2023-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

**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, 2024 (measurement date), the following employees were covered by the benefit terms:

|                                      | Primary<br>Government | Component Unit<br>School Board |
|--------------------------------------|-----------------------|--------------------------------|
| Total active employees with coverage | 253                   | 596                            |
| Total retirees with coverage         | 4                     | 12                             |
| Total                                | 257                   | 608                            |

***Contributions***

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**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, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

***Actuarial Assumptions***

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

|                           |  |
|---------------------------|--|
| Salary Increases          | The salary increase rate was 2.50% per annum   |
| Discount Rate             | 4.29% based on the yield on a 20-year municipal bond<br>Aa index as of June 30, 2024 |
| Investment Rate of Return | N/A  |
| Healthcare Trend Rate     | The healthcare trend rate assumption starts at 6.25%<br>graded down to 4.25%/4.50%   |

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

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2024; 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 2024; 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 2024; 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 2024

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 2024; 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 2024; 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, 2024 (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, 2024.

***Changes in Total OPEB Liability***

|                           | Primary<br>Government<br>Total OPEB<br>Liability | Component<br>Unit School<br>Board<br>Total OPEB<br>Liability |
|---------------------------|--|--|
| Balances at June 30, 2022 | \$ 1,355,703                                     | \$ 8,338,153   |
| Changes for the year:     |  |  |
| Service cost              | 35,513   | 298,116  |
| Interest                  | 57,069   | 354,559  |
| Changes in assumptions    | (22,992)   | (137,639)  |
| Benefit payments          | (18,995)   | (103,668)  |
| Net changes               | \$ 50,595  | \$ 411,368   |
| Balances at June 30, 2023 | \$ 1,406,298                                     | \$ 8,749,521   |

***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 (3.29%) or one percentage point higher (5.29%) than the current discount rate:

|                                     | Rate                   |                                  |                        |
|-------------------------------------|------------------------|----------------------------------|------------------------|
|                                     | 1% Decrease<br>(3.29%) | Current Discount<br>Rate (4.29%) | 1% Increase<br>(5.29%) |
| <b>Primary Government:</b>          |                        |                                  |                        |
| Total OPEB liability                | \$ 1,559,658           | \$ 1,406,298                     | \$ 1,270,747           |
| <b>Component Unit School Board:</b> |                        |                                  |                        |
| Total OPEB liability                | 9,526,602              | 8,749,521                        | 7,936,284              |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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

**County and School Board: (Continued)**

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

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

|                                     | Rates   |  |   |
|-------------------------------------|---|--|---|
|                                     | 1% Decrease<br>(5.25% decreasing<br>to 3.25%/3.50%) | Healthcare Cost<br>Trend<br>(6.25% decreasing<br>to 4.25%/4.50%) | 1% Increase<br>(7.25% decreasing<br>to 5.25%/5.50%) |
| <b>Primary Government:</b>          |   |  |   |
| Total OPEB liability                | \$ 1,259,612  | \$ 1,406,298   | \$ 1,574,172  |
| <b>Component Unit School Board:</b> |   |  |   |
| Total OPEB liability                | 7,821,428   | 8,749,521  | 9,826,919   |

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

For the year ended June 30, 2024, the County and the School Board recognized OPEB expense in the amount of (\$85,003) and \$15,536. At June 30, 2024, 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<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources | Deferred<br>Outflows<br>of Resources | Deferred<br>Inflows<br>of Resources |
| Differences between expected and actual experience | \$ 89,249                            | \$ 728,595                          | \$ 2,335,969                         | \$ 225,076                          |
| Changes in assumptions                             | -                                    | 330,479                             | -                                    | 3,252,751                           |
| Total  | \$ 89,249                            | \$ 1,059,074                        | \$ 2,335,969                         | \$ 3,477,827                        |

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<br>Government | Component<br>Unit School<br>Board |
|--------------------|-----------------------|-----------------------------------|
|                    |                       |                                   |
| 2025               | \$ (177,585)          | \$ (637,137)                      |
| 2026               | (185,516)             | (172,467)                         |
| 2027               | (185,518)             | (172,465)                         |
| 2028               | (139,446)             | (24,546)                          |
| 2029               | (139,446)             | (24,546)                          |
| Thereafter         | (142,314)             | (110,697)                         |

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (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  | \$ 293,398         | \$ 162,205       | \$ 997,589         | \$ 60,876    | \$ -                        | \$ -             | \$ -               | \$ -         |
| School Board Nonprofessional                      | -                  | -                | -                  | -            | 73,851                      | 40,571           | 215,876            | 9,225        |
| School Board Professional                         | -                  | -                | -                  | -            | 545,326                     | 367,966          | 1,897,914          | 79,728       |
| Health Insurance Credit Program (Note 18)         | 60,091             | 28,383           | 16,020             | 11,303       | 100,956                     | 11,245           | 289,990            | 40,181       |
| Teacher Health Insurance Credit Program (Note 19) | -                  | -                | -                  | -            | 828,624                     | 415,177          | 4,522,342          | 354,528      |
| Line of Duty Act Program (Note 20)                | 1,120,006          | 1,571,662        | 2,899,183          | 355,393      | -                           | -                | -                  | -            |
| County Stand-Alone Plan (Note 21)                 | 89,249             | 1,059,074        | 1,406,298          | (85,003)     | -                           | -                | -                  | -            |
| School Stand-Alone Plan (Note 21)                 | -                  | -                | -                  | -            | 2,335,969                   | 3,477,827        | 8,749,521          | 15,536       |
| Totals  | \$ 1,562,744       | \$ 2,821,324     | \$ 5,319,090       | \$ 342,569   | \$ 3,884,726                | \$ 4,312,786     | \$ 15,675,643      | \$ 499,198   |

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2024 (CONTINUED)

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**NOTE 23—UPCOMING PRONOUNCEMENTS:**

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, 2024.

Statement No. 102, *Certain Risk Disclosures*, provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024.

Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

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

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*REQUIRED SUPPLEMENTARY INFORMATION*

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## General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

|   | Budgeted Amounts       |                        |                       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|------------------------|------------------------|-----------------------|---|
|   | Original               | Final                  | Actual<br>Amounts     |   |
| REVENUES  |                        |                        |                       |   |
| General property taxes                                    | \$ 51,177,193          | \$ 51,220,023          | \$ 50,666,723         | \$ (553,300)  |
| Other local taxes   | 15,382,091             | 15,382,091             | 15,976,373            | 594,282   |
| Permits, privilege fees, and regulatory licenses          | 493,594                | 493,594                | 415,743               | (77,851)  |
| Fines and forfeitures                                     | 49,245                 | 49,245                 | 74,709                | 25,464  |
| Revenue from the use of money and property                | 538,710                | 538,710                | 1,362,335             | 823,625   |
| Charges for services                                      | 983,743                | 983,743                | 1,484,998             | 501,255   |
| Miscellaneous   | 225,642                | 388,927                | 461,963               | 73,036  |
| Recovered costs   | 1,140,599              | 1,111,599              | 819,681               | (291,918)   |
| Intergovernmental:  |                        |                        |                       |   |
| Commonwealth  | 9,811,675              | 10,171,761             | 10,139,420            | (32,341)  |
| Federal   | 308,267                | 308,267                | 331,188               | 22,921  |
| Total revenues  | <u>\$ 80,110,759</u>   | <u>\$ 80,647,960</u>   | <u>\$ 81,733,133</u>  | <u>\$ 1,085,173</u>                                       |
| EXPENDITURES  |                        |                        |                       |   |
| Current:  |                        |                        |                       |   |
| General government administration                         | \$ 8,569,173           | \$ 8,921,542           | \$ 8,398,200          | \$ 523,342  |
| Judicial administration                                   | 2,401,707              | 2,530,825              | 2,476,857             | 53,968  |
| Public safety   | 22,061,901             | 22,883,089             | 21,712,323            | 1,170,766   |
| Public works  | 3,451,720              | 3,776,351              | 3,377,148             | 399,203   |
| Health and welfare  | 737,498                | 737,498                | 670,395               | 67,103  |
| Education   | 31,233,993             | 31,286,142             | 31,419,415            | (133,273)   |
| Parks, recreation, and cultural                           | 3,007,270              | 3,141,520              | 2,754,925             | 386,595   |
| Community development                                     | 1,696,072              | 1,783,152              | 1,551,036             | 232,116   |
| Nondepartmental   | 1,584,205              | 160,690                | 413,392               | (252,702)   |
| Debt service:   |                        |                        |                       |   |
| Principal retirement                                      | -                      | -                      | 303,079               | (303,079)   |
| Interest and other fiscal charges                         | -                      | -                      | 99,065                | (99,065)  |
| Total expenditures  | <u>\$ 74,743,539</u>   | <u>\$ 75,220,809</u>   | <u>\$ 73,175,835</u>  | <u>\$ 2,044,974</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ 5,367,220</u>    | <u>\$ 5,427,151</u>    | <u>\$ 8,557,298</u>   | <u>\$ 3,130,147</u>                                       |
| OTHER FINANCING SOURCES (USES)                            |                        |                        |                       |   |
| Transfers out   | <u>\$ (10,543,534)</u> | <u>\$ (11,329,928)</u> | <u>\$ (9,537,368)</u> | <u>\$ 1,792,560</u>                                       |
| Total other financing sources (uses)                      | <u>\$ (10,543,534)</u> | <u>\$ (11,329,928)</u> | <u>\$ (9,537,368)</u> | <u>\$ 1,792,560</u>                                       |
| Net change in fund balances                               | \$ (5,176,314)         | \$ (5,902,777)         | \$ (980,070)          | \$ 4,922,707  |
| Fund balances - beginning                                 | 5,176,314              | 5,902,777              | 32,216,596            | 26,313,819  |
| Fund balances - ending                                    | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ 31,236,526</u>  | <u>\$ 31,236,526</u>                                      |

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

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## School Sales Tax Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

|  | Budgeted Amounts |                |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|----------------|-------------------|---|
|  | Original         | Final          | Actual<br>Amounts |   |
| REVENUES                                   |                  |                |                   |   |
| Other local taxes                          | \$ 5,980,961     | \$ 5,980,961   | \$ 5,928,029      | \$ (52,932)   |
| Revenue from the use of money and property | 280,062          | 280,062        | 479,116           | 199,054   |
| Total revenues                             | \$ 6,261,023     | \$ 6,261,023   | \$ 6,407,145      | \$ 146,122  |
| OTHER FINANCING SOURCES (USES)             |                  |                |                   |   |
| Transfers out                              | \$ (2,292,105)   | \$ (2,292,105) | \$ (2,292,105)    | \$ -  |
| Total other financing sources (uses)       | \$ (2,292,105)   | \$ (2,292,105) | \$ (2,292,105)    | \$ -  |
| Net change in fund balances                | \$ 3,968,918     | \$ 3,968,918   | \$ 4,115,040      | \$ 146,122  |
| Fund balances - beginning                  | (3,968,918)      | (3,968,918)    | 10,037,229        | 14,006,147  |
| Fund balances - ending                     | \$ -             | \$ -           | \$ 14,152,269     | \$ 14,152,269   |

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, 2023

|   | 2023                 | 2022                  | 2021                 |
|---|----------------------|-----------------------|----------------------|
| <b>Total pension liability</b>  |                      |                       |                      |
| Service cost  | \$ 2,266,070         | \$ 1,864,723          | \$ 1,842,214         |
| Interest  | 5,949,876            | 5,735,944             | 5,223,971            |
| Changes in benefit terms  | -                    | 1,025,370             | -                    |
| Changes of assumptions  | -                    | -                     | 3,371,245            |
| Difference between expected and actual experience                                 | 3,225,935            | (1,895,140)           | (977,649)            |
| Benefit payments  | (4,078,779)          | (3,846,979)           | (3,632,451)          |
| <b>Net change in total pension liability</b>                                      | <b>\$ 7,363,102</b>  | <b>\$ 2,883,918</b>   | <b>\$ 5,827,330</b>  |
| <b>Total pension liability - beginning</b>  | <b>87,919,634</b>    | <b>85,035,716</b>     | <b>79,208,386</b>    |
| <b>Total pension liability - ending (a)</b>                                       | <b>\$ 95,282,736</b> | <b>\$ 87,919,634</b>  | <b>\$ 85,035,716</b> |
| <b>Plan fiduciary net position</b>  |                      |                       |                      |
| Contributions - employer  | \$ 2,219,377         | \$ 1,941,704          | \$ 1,764,009         |
| Contributions - employee  | 935,865              | 831,102               | 802,464              |
| Net investment income   | 5,358,302            | (89,275)              | 18,225,275           |
| Benefit payments  | (4,078,779)          | (3,846,979)           | (3,632,451)          |
| Administrative expense  | (52,741)             | (52,027)              | (45,119)             |
| Other   | 2,154                | 1,942                 | 1,720                |
| <b>Net change in plan fiduciary net position</b>                                  | <b>\$ 4,384,178</b>  | <b>\$ (1,213,533)</b> | <b>\$ 17,115,898</b> |
| <b>Plan fiduciary net position - beginning</b>                                    | <b>82,624,756</b>    | <b>83,838,289</b>     | <b>66,722,391</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                                   | <b>\$ 87,008,934</b> | <b>\$ 82,624,756</b>  | <b>\$ 83,838,289</b> |
| <b>County's net pension liability - ending (a) - (b)</b>                          | <b>\$ 8,273,802</b>  | <b>\$ 5,294,878</b>   | <b>\$ 1,197,427</b>  |
| <b>Plan fiduciary net position as a percentage of the total pension liability</b> | <b>91.32%</b>        | <b>93.98%</b>         | <b>98.59%</b>        |
| <b>Covered payroll</b>  | <b>\$ 19,579,723</b> | <b>\$ 17,640,228</b>  | <b>\$ 16,918,427</b> |
| <b>County's net pension liability as a percentage of covered payroll</b>          | <b>42.26%</b>        | <b>30.02%</b>         | <b>7.08%</b>         |

|    | 2020        |    | 2019        |    | 2018        |    | 2017        |    | 2016        |    | 2015        |    | 2014        |
|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|----|-------------|
| \$ | 1,898,366   | \$ | 1,698,206   | \$ | 1,676,568   | \$ | 1,722,474   | \$ | 1,729,707   | \$ | 1,746,320   | \$ | 1,706,383   |
|    | 4,783,955   |    | 4,558,992   |    | 4,343,905   |    | 4,186,921   |    | 3,978,981   |    | 3,729,750   |    | 3,522,284   |
|    | -           |    | -           |    | -           |    | -           |    | -           |    | -           |    | -           |
|    | -           |    | 2,097,224   |    | -           |    | 16,358      |    | -           |    | -           |    | -           |
|    | 3,297,585   |    | 392,718     |    | (275,493)   |    | (1,128,018) |    | (348,414)   |    | 431,689     |    | -           |
|    | (3,289,869) |    | (2,714,506) |    | (2,630,115) |    | (2,480,079) |    | (2,299,345) |    | (2,395,275) |    | (2,134,451) |
| \$ | 6,690,037   | \$ | 6,032,634   | \$ | 3,114,865   | \$ | 2,317,656   | \$ | 3,060,929   | \$ | 3,512,484   | \$ | 3,094,216   |
|    | 72,518,349  |    | 66,485,715  |    | 63,370,850  |    | 61,053,194  |    | 57,992,265  |    | 54,479,781  |    | 51,385,565  |
| \$ | 79,208,386  | \$ | 72,518,349  | \$ | 66,485,715  | \$ | 63,370,850  | \$ | 61,053,194  | \$ | 57,992,265  | \$ | 54,479,781  |
|    |             |    |             |    |             |    |             |    |             |    |             |    |             |
| \$ | 1,461,760   | \$ | 1,447,269   | \$ | 1,383,382   | \$ | 1,387,991   | \$ | 1,524,213   | \$ | 1,533,287   | \$ | 1,630,763   |
|    | 799,113     |    | 791,699     |    | 693,369     |    | 744,807     |    | 721,049     |    | 693,210     |    | 711,429     |
|    | 1,276,232   |    | 4,206,391   |    | 4,363,836   |    | 6,477,379   |    | 913,929     |    | 2,298,831   |    | 6,835,011   |
|    | (3,289,869) |    | (2,714,506) |    | (2,630,115) |    | (2,480,079) |    | (2,299,345) |    | (2,395,275) |    | (2,134,451) |
|    | (43,182)    |    | (40,997)    |    | (37,410)    |    | (37,007)    |    | (32,083)    |    | (31,171)    |    | (36,335)    |
|    | (1,504)     |    | (2,655)     |    | (3,900)     |    | (5,772)     |    | (387)       |    | (486)       |    | 360         |
| \$ | 202,550     | \$ | 3,687,201   | \$ | 3,769,162   | \$ | 6,087,319   | \$ | 827,376     | \$ | 2,098,396   | \$ | 7,006,777   |
|    | 66,519,841  |    | 62,832,640  |    | 59,063,478  |    | 52,976,159  |    | 52,148,783  |    | 50,050,387  |    | 43,043,610  |
| \$ | 66,722,391  | \$ | 66,519,841  | \$ | 62,832,640  | \$ | 59,063,478  | \$ | 52,976,159  | \$ | 52,148,783  | \$ | 50,050,387  |
|    |             |    |             |    |             |    |             |    |             |    |             |    |             |
| \$ | 12,485,995  | \$ | 5,998,508   | \$ | 3,653,075   | \$ | 4,307,372   | \$ | 8,077,035   | \$ | 5,843,482   | \$ | 4,429,394   |
|    |             |    |             |    |             |    |             |    |             |    |             |    |             |
|    | 84.24%      |    | 91.73%      |    | 94.51%      |    | 93.20%      |    | 86.77%      |    | 89.92%      |    | 91.87%      |
|    |             |    |             |    |             |    |             |    |             |    |             |    |             |
| \$ | 16,682,041  | \$ | 16,304,689  | \$ | 14,153,829  | \$ | 14,117,623  | \$ | 13,744,410  | \$ | 13,824,211  | \$ | 13,810,687  |
|    |             |    |             |    |             |    |             |    |             |    |             |    |             |
|    | 74.85%      |    | 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, 2023

|   | 2023                    | 2022                    | 2021                    |
|---|-------------------------|-------------------------|-------------------------|
| <b>Total pension liability</b>  |                         |                         |                         |
| Service cost  | \$ 314,737              | \$ 289,614              | \$ 302,456              |
| Interest  | 1,464,605               | 1,485,764               | 1,355,961               |
| Changes of assumptions  | -                       | -                       | 801,867                 |
| Difference between expected and actual experience   | 52,771                  | (753,284)               | 392,788                 |
| Benefit payments  | (1,419,889)             | (1,301,471)             | (1,137,882)             |
| <b>Net change in total pension liability</b>  | <b>\$ 412,224</b>       | <b>\$ (279,377)</b>     | <b>\$ 1,715,190</b>     |
| <b>Total pension liability - beginning</b>  | <b>22,093,060</b>       | <b>22,372,437</b>       | <b>20,657,247</b>       |
| <b>Total pension liability - ending (a)</b>   | <b>\$ 22,505,284</b>    | <b>\$ 22,093,060</b>    | <b>\$ 22,372,437</b>    |
| <b>Plan fiduciary net position</b>  |                         |                         |                         |
| Contributions - employer  | \$ 203,766              | \$ 186,137              | \$ 183,576              |
| Contributions - employee  | 189,083                 | 166,740                 | 165,326                 |
| Net investment income   | 1,411,705               | (10,869)                | 5,120,995               |
| Benefit payments  | (1,419,889)             | (1,301,471)             | (1,137,882)             |
| Refunds of contributions  | -                       | -                       | -                       |
| Administrative expense  | (14,624)                | (14,755)                | (13,158)                |
| Other   | 563                     | 526                     | 479                     |
| <b>Net change in plan fiduciary net position</b>  | <b>\$ 370,604</b>       | <b>\$ (973,692)</b>     | <b>\$ 4,319,336</b>     |
| <b>Plan fiduciary net position - beginning</b>  | <b>22,379,205</b>       | <b>23,352,897</b>       | <b>19,033,561</b>       |
| <b>Plan fiduciary net position - ending (b)</b>   | <b>\$ 22,749,809</b>    | <b>\$ 22,379,205</b>    | <b>\$ 23,352,897</b>    |
| <br><b>School Division's net pension liability (asset) - ending (a) - (b)</b>                 | <br><b>\$ (244,525)</b> | <br><b>\$ (286,145)</b> | <br><b>\$ (980,460)</b> |
| <br><b>Plan fiduciary net position as a percentage of the total pension liability</b>         | <br><b>101.09%</b>      | <br><b>101.30%</b>      | <br><b>104.38%</b>      |
| <br><b>Covered payroll</b>  | <br><b>\$ 4,235,933</b> | <br><b>\$ 3,689,975</b> | <br><b>\$ 3,616,273</b> |
| <br><b>School Division's net pension liability (asset) as a percentage of covered payroll</b> | <br><b>-5.77%</b>       | <br><b>-7.75%</b>       | <br><b>-27.11%</b>      |

| 2020          | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          |
|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ 290,581    | \$ 280,466    | \$ 288,543    | \$ 311,465    | \$ 426,688    | \$ 427,429    | \$ 409,024    |
| 1,275,548     | 1,279,984     | 1,207,530     | 1,227,510     | 1,180,310     | 1,153,160     | 1,095,611     |
| -             | 496,279       | -             | (28,612)      | -             | -             | -             |
| 742,110       | (426,009)     | 469,105       | (905,115)     | (120,700)     | (462,410)     | -             |
| (1,096,001)   | (942,404)     | (917,821)     | (863,540)     | (760,487)     | (700,146)     | (664,869)     |
| \$ 1,212,238  | \$ 688,316    | \$ 1,047,357  | \$ (258,292)  | \$ 725,811    | \$ 418,033    | \$ 839,766    |
| 19,445,009    | 18,756,693    | 17,709,336    | 17,967,628    | 17,241,817    | 16,823,784    | 15,984,018    |
| \$ 20,657,247 | \$ 19,445,009 | \$ 18,756,693 | \$ 17,709,336 | \$ 17,967,628 | \$ 17,241,817 | \$ 16,823,784 |
| \$ 165,295    | \$ 147,051    | \$ 174,431    | \$ 177,460    | \$ 294,552    | \$ 337,412    | \$ 369,055    |
| 173,184       | 150,025       | 142,021       | 145,681       | 171,445       | 197,164       | 201,136       |
| 366,146       | 1,236,796     | 1,328,369     | 2,006,570     | 287,673       | 736,846       | 2,207,074     |
| (1,096,001)   | (942,404)     | (917,821)     | (863,540)     | (760,487)     | (700,146)     | (664,869)     |
| -             | -             | -             | -             | -             | -             | -             |
| (12,915)      | (12,633)      | (11,736)      | (11,875)      | (10,449)      | (10,111)      | (11,877)      |
| (429)         | (776)         | (1,171)       | (1,773)       | (122)         | (154)         | 116           |
| \$ (404,720)  | \$ 578,059    | \$ 714,093    | \$ 1,452,523  | \$ (17,388)   | \$ 561,011    | \$ 2,100,635  |
| 19,438,281    | 18,860,222    | 18,146,129    | 16,693,606    | 16,710,994    | 16,149,983    | 14,049,348    |
| \$ 19,033,561 | \$ 19,438,281 | \$ 18,860,222 | \$ 18,146,129 | \$ 16,693,606 | \$ 16,710,994 | \$ 16,149,983 |
| \$ 1,623,686  | \$ 6,728      | \$ (103,529)  | \$ (436,793)  | \$ 1,274,022  | \$ 530,823    | \$ 673,801    |
| 92.14%        | 99.97%        | 100.55%       | 102.47%       | 92.91%        | 96.92%        | 95.99%        |
| \$ 3,753,820  | \$ 3,208,603  | \$ 2,990,016  | \$ 2,985,162  | \$ 3,485,857  | \$ 3,973,266  | \$ 4,025,922  |
| 43.25%        | 0.21%         | -3.46%        | -14.63%       | 36.55%        | 13.36%        | 16.74%        |

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan  
Pension Plans  
For the Measurement Dates of June 30, 2014 through June 30, 2023

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| Date | Employer's<br>Proportion of the<br>Net Pension<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the Net<br>Pension Liability<br>(Asset) | Employer's<br>Covered Payroll | Employer's<br>Proportionate Share<br>of the Net Pension<br>Liability (Asset) as a<br>Percentage of its<br>Covered Payroll<br>(3)/(4) | Plan Fiduciary<br>Net Position as a<br>Percentage of the<br>Total Pension<br>Liability |
|------|---|---|-------------------------------|--|--|
| (1)  | (2)   | (3)   | (4)                           | (5)  | (6)  |
| 2023 | 0.37295%  | \$ 37,694,820   | \$ 37,223,267                 | 101.27%  | 82.45%   |
| 2022 | 0.37602%  | 35,799,355  | 35,062,165                    | 102.10%  | 82.61%   |
| 2021 | 0.35434%  | 27,507,760  | 31,281,939                    | 87.93%   | 85.46%   |
| 2020 | 0.37510%  | 54,592,721  | 32,792,135                    | 166.48%  | 71.47%   |
| 2019 | 0.37333%  | 49,132,350  | 31,324,082                    | 156.85%  | 73.51%   |
| 2018 | 0.37012%  | 43,526,000  | 29,956,443                    | 145.30%  | 74.81%   |
| 2017 | 0.38104%  | 46,860,000  | 30,132,419                    | 155.51%  | 72.92%   |
| 2016 | 0.37070%  | 51,950,000  | 28,264,289                    | 183.80%  | 68.28%   |
| 2015 | 0.37696%  | 47,446,000  | 28,026,897                    | 169.29%  | 70.68%   |
| 2014 | 0.38539%  | 46,573,000  | 28,183,593                    | 165.25%  | 70.88%   |

## Schedule of Employer Contributions

## Pension Plans

For the Years Ended June 30, 2015 through June 30, 2024

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| <b>Primary Government</b>                            |  |   |   |   |   |
| 2024   | \$ 2,378,709                                     | \$ 2,378,709  | \$ -  | \$ 21,087,256                           | 11.28%  |
| 2023   | 2,218,072  | 2,218,072   | -   | 19,579,723                              | 11.33%  |
| 2022   | 1,945,994  | 1,945,994   | -   | 17,640,228                              | 11.03%  |
| 2021   | 1,772,125  | 1,772,125   | -   | 16,918,427                              | 10.47%  |
| 2020   | 1,468,440  | 1,468,440   | -   | 16,682,041                              | 8.80%   |
| 2019   | 1,450,980  | 1,450,980   | -   | 16,304,689                              | 8.90%   |
| 2018   | 1,385,499  | 1,385,499   | -   | 14,153,829                              | 9.79%   |
| 2017   | 1,410,351  | 1,410,351   | -   | 14,117,623                              | 9.99%   |
| 2016   | 1,531,127  | 1,531,127   | -   | 13,744,410                              | 11.14%  |
| 2015   | 1,533,287  | 1,533,287   | -   | 13,824,211                              | 11.09%  |
| <b>Component Unit School Board (nonprofessional)</b> |  |   |   |   |   |
| 2024   | \$ 232,351                                       | \$ 232,351  | \$ -  | \$ 4,835,149                            | 4.81%   |
| 2023   | 205,855  | 205,855   | -   | 4,235,933                               | 4.86%   |
| 2022   | 188,202  | 188,202   | -   | 3,689,975                               | 5.10%   |
| 2021   | 185,459  | 185,459   | -   | 3,616,273                               | 5.13%   |
| 2020   | 166,013  | 166,013   | -   | 3,753,820                               | 4.42%   |
| 2019   | 148,301  | 148,301   | -   | 3,208,603                               | 4.62%   |
| 2018   | 175,385  | 175,385   | -   | 2,990,016                               | 5.87%   |
| 2017   | 184,184  | 184,184   | -   | 2,985,162                               | 6.17%   |
| 2016   | 297,344  | 297,344   | -   | 3,485,857                               | 8.53%   |
| 2015   | 337,412  | 337,412   | -   | 3,973,266                               | 8.49%   |
| <b>Component Unit School Board (professional)</b>    |  |   |   |   |   |
| 2024   | \$ 6,287,565                                     | \$ 6,287,565  | \$ -  | \$ 39,875,204                           | 15.77%  |
| 2023   | 5,887,192  | 5,887,192   | -   | 37,223,267                              | 15.82%  |
| 2022   | 5,586,102  | 5,586,102   | -   | 35,062,165                              | 15.93%  |
| 2021   | 5,012,876  | 5,012,876   | -   | 31,281,939                              | 16.02%  |
| 2020   | 5,141,807  | 5,141,807   | -   | 32,792,135                              | 15.68%  |
| 2019   | 4,784,066  | 4,784,066   | -   | 31,324,082                              | 15.68%  |
| 2018   | 4,786,776  | 4,786,776   | -   | 29,956,443                              | 16.32%  |
| 2017   | 4,396,122  | 4,396,122   | -   | 30,132,419                              | 14.66%  |
| 2016   | 3,973,959  | 3,973,959   | -   | 28,264,289                              | 14.06%  |
| 2015   | 4,063,900  | 4,063,900   | -   | 28,026,897                              | 14.50%  |
| 2014   | 3,286,207  | 3,286,207   | -   | 28,183,593                              | 11.66%  |

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

Notes to Required Supplementary Information  
Pension Plans  
For the Year Ended June 30, 2024

**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, 2022 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:

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 2023

| Date   | Employer's<br>Proportion of the<br>Net GLI OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net GLI OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's   | Plan Fiduciary<br>Net Position<br>as a<br>Percentage of<br>Total GLI<br>OPEB Liability |
|--|--|--|----------------------------------|--|--|
|  |  |  |                                  | Proportionate Share<br>of the Net GLI OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) |  |
| (1)  | (2)  | (3)  | (4)                              | (5)  | (6)  |
| Primary Government:                            |  |  |                                  |  |  |
| 2023   | 0.08318%   | \$ 997,589   | \$ 19,594,233                    | 5.09%  | 69.30%   |
| 2022   | 0.08110%   | 976,643  | 17,644,041                       | 5.54%  | 67.21%   |
| 2021   | 0.08200%   | 955,285  | 16,940,675                       | 5.64%  | 67.45%   |
| 2020   | 0.08110%   | 1,353,426  | 16,689,998                       | 8.11%  | 52.64%   |
| 2019   | 0.08320%   | 1,353,885  | 16,310,336                       | 8.30%  | 52.00%   |
| 2018   | 0.07448%   | 1,131,000  | 14,153,829                       | 7.99%  | 51.22%   |
| 2017   | 0.07668%   | 1,154,000  | 14,117,623                       | 8.17%  | 48.86%   |
| Component Unit School Board (professional):    |  |  |                                  |  |  |
| 2023   | 0.15825%   | \$ 1,897,914   | \$ 37,277,370                    | 5.09%  | 69.30%   |
| 2022   | 0.16150%   | 1,944,495  | 35,128,769                       | 5.54%  | 67.21%   |
| 2021   | 0.15180%   | 1,767,597  | 31,344,548                       | 5.64%  | 67.45%   |
| 2020   | 0.15960%   | 2,662,962  | 32,839,934                       | 8.11%  | 52.64%   |
| 2019   | 0.16036%   | 2,609,484  | 31,436,508                       | 8.30%  | 52.00%   |
| 2018   | 0.15783%   | 2,397,000  | 29,956,443                       | 8.00%  | 51.22%   |
| 2017   | 0.16329%   | 2,458,000  | 30,132,419                       | 8.16%  | 48.86%   |
| Component Unit School Board (nonprofessional): |  |  |                                  |  |  |
| 2023   | 0.01800%   | \$ 215,876   | \$ 4,239,115                     | 5.09%  | 69.30%   |
| 2022   | 0.01710%   | 205,900  | 3,719,200                        | 5.54%  | 67.21%   |
| 2021   | 0.01750%   | 204,330  | 3,622,730                        | 5.64%  | 67.45%   |
| 2020   | 0.01830%   | 305,063  | 3,761,700                        | 8.11%  | 52.64%   |
| 2019   | 0.01651%   | 268,661  | 3,235,982                        | 8.30%  | 52.00%   |
| 2018   | 0.01587%   | 241,000  | 2,990,016                        | 8.06%  | 51.22%   |
| 2017   | 0.01663%   | 250,000  | 2,985,162                        | 8.37%  | 48.86%   |

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

## Schedule of Employer Contributions

## Group Life Insurance (GLI) Plan

For the Years Ended June 30, 2016 through June 30, 2024

| Date   | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|--|--|---|---|---|---|
| Primary Government:                            |  |   |   |   |   |
| 2024   | \$ 113,932                                       | \$ 113,932  | \$ -  | \$ 21,098,477                           | 0.54%   |
| 2023   | 105,809  | 105,809   | -   | 19,594,233                              | 0.54%   |
| 2022   | 95,278   | 95,278  | -   | 17,644,041                              | 0.54%   |
| 2021   | 91,480   | 91,480  | -   | 16,940,675                              | 0.54%   |
| 2020   | 86,788   | 86,788  | -   | 16,689,998                              | 0.52%   |
| 2019   | 84,814   | 84,814  | -   | 16,310,336                              | 0.52%   |
| 2018   | 73,647   | 73,647  | -   | 14,153,829                              | 0.52%   |
| 2017   | 73,548   | 73,548  | -   | 14,117,623                              | 0.52%   |
| 2016   | 66,124   | 66,124  | -   | 13,744,410                              | 0.48%   |
| Component Unit School Board (professional):    |  |   |   |   |   |
| 2024   | \$ 215,821                                       | \$ 215,821  | \$ -  | \$ 39,966,760                           | 0.54%   |
| 2023   | 201,298  | 201,298   | -   | 37,277,370                              | 0.54%   |
| 2022   | 189,695  | 189,695   | -   | 35,128,769                              | 0.54%   |
| 2021   | 169,261  | 169,261   | -   | 31,344,548                              | 0.54%   |
| 2020   | 170,768  | 170,768   | -   | 32,839,934                              | 0.52%   |
| 2019   | 163,470  | 163,470   | -   | 31,436,508                              | 0.52%   |
| 2018   | 157,280  | 157,280   | -   | 29,956,443                              | 0.53%   |
| 2017   | 157,819  | 157,819   | -   | 30,132,419                              | 0.52%   |
| 2016   | 134,853  | 134,853   | -   | 28,264,289                              | 0.48%   |
| Component Unit School Board (nonprofessional): |  |   |   |   |   |
| 2024   | \$ 26,145  | \$ 26,145   | \$ -  | \$ 4,841,725                            | 0.54%   |
| 2023   | 22,891   | 22,891  | -   | 4,239,115                               | 0.54%   |
| 2022   | 20,084   | 20,084  | -   | 3,719,200                               | 0.54%   |
| 2021   | 19,563   | 19,563  | -   | 3,622,730                               | 0.54%   |
| 2020   | 19,561   | 19,561  | -   | 3,761,700                               | 0.52%   |
| 2019   | 16,827   | 16,827  | -   | 3,235,892                               | 0.52%   |
| 2018   | 15,688   | 15,688  | -   | 2,990,016                               | 0.52%   |
| 2017   | 16,072   | 16,072  | -   | 2,985,162                               | 0.52%   |
| 2016   | 16,834   | 16,834  | -   | 3,485,857                               | 0.48%   |

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

Notes to Required Supplementary Information  
 Group Life Insurance (GLI) Plan  
 For the Year Ended June 30, 2024

**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, 2022 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:

**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  |

# COUNTY OF GLOUCESTER, VIRGINIA

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

### Health Insurance Credit (HIC) Plan

#### Primary Government

For the Measurement Dates of June 30, 2017 through 2022

|  | 2023                | 2022                |
|--|---------------------|---------------------|
| <b>Total HIC OPEB Liability</b>  |                     |                     |
| Service cost   | \$ 5,187            | \$ 10,662           |
| Interest   | 23,364              | 23,189              |
| Changes in assumptions   | -                   | 37,524              |
| Differences between expected and actual experience                                 | 20,300              | (38,276)            |
| Benefit payments   | (22,326)            | (27,738)            |
| <b>Net change in total HIC OPEB liability</b>                                      | <b>\$ 26,525</b>    | <b>\$ 5,361</b>     |
| <b>Total HIC OPEB Liability - beginning</b>  | <b>352,112</b>      | <b>346,751</b>      |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <b>\$ 378,637</b>   | <b>\$ 352,112</b>   |
| <b>Plan fiduciary net position</b>   |                     |                     |
| Contributions - employer   | \$ 10,214           | \$ 13,325           |
| Net investment income  | 20,227              | 742                 |
| Benefit payments   | (22,326)            | (27,738)            |
| Administrative expense   | (463)               | (604)               |
| Other  | 918                 | 17,142              |
| <b>Net change in plan fiduciary net position</b>                                   | <b>\$ 8,570</b>     | <b>\$ 2,867</b>     |
| <b>Plan fiduciary net position - beginning</b>                                     | <b>354,047</b>      | <b>351,180</b>      |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <b>\$ 362,617</b>   | <b>\$ 354,047</b>   |
| <b>County's net HIC OPEB liability/asset - ending (a) - (b)</b>                    | <b>\$ 16,020</b>    | <b>\$ (1,935)</b>   |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | <b>95.77%</b>       | <b>100.55%</b>      |
| <b>Covered payroll</b>   | <b>\$ 9,291,279</b> | <b>\$ 8,328,029</b> |
| <b>County's net HIC OPEB liability as a percentage of covered payroll</b>          | <b>0.17%</b>        | <b>-0.02%</b>       |

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.

Exhibit 22

|    | 2021           | 2020              | 2019              | 2018              | 2017              |
|----|----------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 9,106          | \$ 9,858          | \$ 9,258          | \$ 9,327          | \$ 10,108         |
|    | 20,637         | 20,743            | 20,292            | 20,541            | 20,191            |
|    | 4,373          | -                 | 7,308             | -                 | (9,679)           |
|    | 20,291         | (5,225)           | 3,417             | (13,093)          | -                 |
|    | (26,797)       | (27,071)          | (18,636)          | (22,036)          | (9,197)           |
| \$ | 27,610         | \$ (1,695)        | \$ 21,639         | \$ (5,261)        | \$ 11,423         |
|    | 319,141        | 320,836           | 299,197           | 304,458           | 293,035           |
| \$ | <u>346,751</u> | <u>\$ 319,141</u> | <u>\$ 320,836</u> | <u>\$ 299,197</u> | <u>\$ 304,458</u> |
|    |                |                   |                   |                   |                   |
| \$ | 12,495         | \$ 13,138         | \$ 12,652         | \$ 12,249         | \$ 12,479         |
|    | 74,603         | 5,957             | 18,334            | 19,722            | 28,877            |
|    | (26,797)       | (27,071)          | (18,636)          | (22,036)          | (9,197)           |
|    | (848)          | (556)             | (398)             | (457)             | (472)             |
|    | -              | (3)               | (22)              | (1,448)           | 1,448             |
| \$ | 59,453         | \$ (8,535)        | \$ 11,930         | \$ 8,030          | \$ 33,135         |
|    | 291,727        | 300,262           | 288,332           | 280,302           | 247,167           |
| \$ | <u>351,180</u> | <u>\$ 291,727</u> | <u>\$ 300,262</u> | <u>\$ 288,332</u> | <u>\$ 280,302</u> |
|    |                |                   |                   |                   |                   |
| \$ | (4,429)        | \$ 27,414         | \$ 20,574         | \$ 10,865         | \$ 24,156         |
|    |                |                   |                   |                   |                   |
|    | 101.28%        | 91.41%            | 93.59%            | 96.37%            | 92.07%            |
|    |                |                   |                   |                   |                   |
| \$ | 7,808,918      | \$ 7,723,247      | \$ 7,438,663      | \$ 6,446,775      | \$ 6,568,163      |
|    |                |                   |                   |                   |                   |
|    | -0.06%         | 0.35%             | 0.28%             | 0.17%             | 0.37%             |

# COUNTY OF GLOUCESTER, VIRGINIA

## 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, 2023

|  | 2023                | 2022                | 2021                |
|--|---------------------|---------------------|---------------------|
| <b>Total HIC OPEB Liability</b>  |                     |                     |                     |
| Service cost   | \$ 3,491            | \$ 4,679            | \$ 6,324            |
| Interest   | 31,769              | 26,630              | 26,769              |
| Changes in benefit terms   | -                   | -                   | -                   |
| Changes of assumptions   | -                   | 91,814              | 5,935               |
| Differences between expected and actual experience                                 | 8,129               | (11,889)            | (11,423)            |
| Benefit payments   | (32,474)            | (35,343)            | (33,349)            |
| <b>Net change in total HIC OPEB liability</b>                                      | <b>\$ 10,915</b>    | <b>\$ 75,891</b>    | <b>\$ (5,744)</b>   |
| <b>Total HIC OPEB Liability - beginning</b>  | <b>483,405</b>      | <b>407,514</b>      | <b>413,258</b>      |
| <b>Total HIC OPEB Liability - ending (a)</b>                                       | <b>\$ 494,320</b>   | <b>\$ 483,405</b>   | <b>\$ 407,514</b>   |
| <b>Plan fiduciary net position</b>   |                     |                     |                     |
| Contributions - employer   | \$ 35,158           | \$ 30,601           | \$ 30,016           |
| Net investment income  | 10,675              | 49                  | 37,010              |
| Benefit payments   | (32,474)            | (35,343)            | (33,349)            |
| Administrative expense   | (229)               | (315)               | (434)               |
| Other  | 956                 | 17,905              | -                   |
| <b>Net change in plan fiduciary net position</b>                                   | <b>\$ 14,086</b>    | <b>\$ 12,897</b>    | <b>\$ 33,243</b>    |
| <b>Plan fiduciary net position - beginning</b>                                     | <b>190,244</b>      | <b>177,347</b>      | <b>144,104</b>      |
| <b>Plan fiduciary net position - ending (b)</b>                                    | <b>\$ 204,330</b>   | <b>\$ 190,244</b>   | <b>\$ 177,347</b>   |
| <b>School Board's net HIC OPEB liability - ending (a) - (b)</b>                    | <b>\$ 289,990</b>   | <b>\$ 293,161</b>   | <b>\$ 230,167</b>   |
| <b>Plan fiduciary net position as a percentage of the total HIC OPEB liability</b> | <b>41.34%</b>       | <b>39.35%</b>       | <b>43.52%</b>       |
| <b>Covered payroll</b>   | <b>\$ 4,235,933</b> | <b>\$ 3,689,974</b> | <b>\$ 3,616,273</b> |
| <b>School Board's net HIC OPEB liability as a percentage of covered payroll</b>    | <b>6.85%</b>        | <b>7.94%</b>        | <b>6.36%</b>        |

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.

# Exhibit 23

|    | 2020      | 2019         | 2018         | 2017         |
|----|-----------|--------------|--------------|--------------|
| \$ | 5,958     | \$ 5,855     | \$ 6,008     | \$ 7,069     |
|    | 25,175    | 27,056       | 26,070       | 25,888       |
|    | 15,181    | -            | -            | -            |
|    | -         | 8,607        | -            | (5,500)      |
|    | 11,113    | (24,262)     | 10,002       | -            |
|    | (34,254)  | (27,377)     | (28,591)     | (21,113)     |
| \$ | 23,173    | \$ (10,121)  | \$ 13,489    | \$ 6,344     |
|    | 390,085   | 400,206      | 386,717      | 380,373      |
| \$ | 413,258   | \$ 390,085   | \$ 400,206   | \$ 386,717   |
| \$ | 30,031    | \$ 25,674    | \$ 18,538    | \$ 18,508    |
|    | 2,664     | 8,837        | 9,627        | 14,450       |
|    | (34,254)  | (27,377)     | (28,591)     | (21,113)     |
|    | (271)     | (190)        | (214)        | (227)        |
|    | (1)       | (10)         | (747)        | 747          |
| \$ | (1,831)   | \$ 6,934     | \$ (1,387)   | \$ 12,365    |
|    | 145,935   | 139,001      | 140,388      | 128,023      |
| \$ | 144,104   | \$ 145,935   | \$ 139,001   | \$ 140,388   |
| \$ | 269,154   | \$ 244,150   | \$ 261,205   | \$ 246,329   |
|    | 34.87%    | 37.41%       | 34.73%       | 36.30%       |
| \$ | 3,753,820 | \$ 3,208,603 | \$ 2,990,016 | \$ 2,985,162 |
|    | 7.17%     | 7.61%        | 8.74%        | 8.25%        |

## Schedule of Employer Contributions

## Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2018 through June 30, 2024

| Date  | Contractually<br>Required<br>Contribution<br>(1) | Contributions in<br>Relation to<br>Contractually<br>Required<br>Contribution<br>(2) | Contribution<br>Deficiency<br>(Excess)<br>(3) | Employer's<br>Covered<br>Payroll<br>(4) | Contributions<br>as a % of<br>Covered<br>Payroll<br>(5) |
|---|--|---|---|---|---|
| <b>Primary Government:</b>                            |  |   |   |   |   |
| 2024  | \$ 10,723  | \$ 10,723   | \$ -  | \$ 9,748,440                            | 0.11%   |
| 2023  | 10,220   | 10,220  | -   | 9,291,279                               | 0.11%   |
| 2022  | 13,325   | 13,325  | -   | 8,328,029                               | 0.16%   |
| 2021  | 12,494   | 12,494  | -   | 7,808,918                               | 0.16%   |
| 2020  | 13,130   | 13,130  | -   | 7,723,247                               | 0.17%   |
| 2019  | 12,646   | 12,646  | -   | 7,438,663                               | 0.17%   |
| 2018  | 12,249   | 12,249  | -   | 6,446,775                               | 0.19%   |
| <b>Component Unit School Board (nonprofessional):</b> |  |   |   |   |   |
| 2023  | \$ 40,132  | \$ 40,132   | \$ -  | \$ 4,835,149                            | 0.83%   |
| 2023  | 35,158   | 35,158  | -   | 4,235,933                               | 0.83%   |
| 2022  | 30,627   | 30,627  | -   | 3,689,974                               | 0.83%   |
| 2021  | 30,015   | 30,015  | -   | 3,616,273                               | 0.83%   |
| 2020  | 30,031   | 30,031  | -   | 3,753,820                               | 0.80%   |
| 2019  | 25,669   | 25,669  | -   | 3,208,603                               | 0.80%   |
| 2018  | 18,538   | 18,538  | -   | 2,990,016                               | 0.62%   |

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

Notes to Required Supplementary Information  
Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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**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, 2022, 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:

**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 2023

| Date | Employer's<br>Proportion<br>of the Net<br>HIC OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net HIC OPEB<br>Liability (Asset) | Employer's<br>Covered<br>Payroll | Employer's   | Plan Fiduciary<br>Net Position<br>as a Percentage<br>of Total HIC<br>OPEB Liability |
|------|---|--|----------------------------------|--|---|
|      |   |  |                                  | Proportionate Share<br>of the Net HIC OPEB<br>Liability (Asset)<br>as a Percentage of<br>Covered Payroll<br>(3)/(4)<br>(5) |   |
| (1)  | (2)   | (3)  | (4)                              | (5)  | (6)   |
| 2023 | 0.37330% \$   | 4,522,342 \$   | 37,223,267                       | 12.15%   | 17.90%  |
| 2022 | 0.37620%  | 4,698,913  | 35,062,165                       | 13.40%   | 15.08%  |
| 2021 | 0.35731%  | 4,540,113  | 31,281,939                       | 14.51%   | 13.15%  |
| 2020 | 0.37400%  | 4,879,544  | 32,792,135                       | 14.88%   | 9.95%   |
| 2019 | 0.37314%  | 4,884,765  | 31,297,428                       | 15.61%   | 8.97%   |
| 2018 | 0.36994%  | 4,697,000  | 29,956,443                       | 15.68%   | 8.08%   |
| 2017 | 0.37997%  | 4,820,000  | 30,132,419                       | 16.00%   | 7.04%   |

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

## Schedule of Employer Contributions

## Teacher Employee Health Insurance Credit (HIC) Plan

For the Years Ended June 30, 2016 through June 30, 2024

| Date | Contributions in<br>Relation to           |   |  | Employer's<br>Covered<br>Payroll | Contributions<br>as a % of<br>Covered<br>Payroll |
|------|---|---|--|----------------------------------|--|
|      | Contractually<br>Required<br>Contribution | Contractually<br>Required<br>Contribution | Contribution<br>Deficiency<br>(Excess) |                                  |  |
|      | (1)                                       | (2)                                       | (3)                                    | (4)                              | (5)  |
| 2024 | \$ 482,490                                | \$ 482,490                                | \$ -                                   | \$ 39,875,204                    | 1.21%  |
| 2023 | 450,402                                   | 450,402                                   | -                                      | 37,223,267                       | 1.21%  |
| 2022 | 424,252                                   | 424,252                                   | -                                      | 35,062,165                       | 1.21%  |
| 2021 | 378,511                                   | 378,511                                   | -                                      | 31,281,939                       | 1.21%  |
| 2020 | 393,506                                   | 393,506                                   | -                                      | 32,792,135                       | 1.20%  |
| 2019 | 375,569                                   | 375,569                                   | -                                      | 31,297,428                       | 1.20%  |
| 2018 | 367,997                                   | 367,997                                   | -                                      | 29,956,443                       | 1.23%  |
| 2017 | 332,858                                   | 332,858                                   | -                                      | 30,132,419                       | 1.10%  |
| 2016 | 299,601                                   | 299,601                                   | -                                      | 28,264,289                       | 1.06%  |

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

Notes to Required Supplementary Information  
Teacher Employee Health Insurance Credit (HIC) Plan  
For the Year Ended June 30, 2024

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**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, 2022 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. 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 2023

| Date | Employer's<br>Proportion<br>of the Net<br>LODA OPEB<br>Liability (Asset) | Employer's<br>Proportionate<br>Share of the<br>Net LODA OPEB<br>Liability (Asset) | Covered-<br>Employee<br>Payroll * | Employer's<br>Proportionate Share<br>of the Net LODA OPEB<br>Liability (Asset)<br>as a Percentage of its<br>Covered-Employee Payroll | Plan Fiduciary<br>Net Position<br>as a Percentage<br>of Total LODA<br>OPEB Liability |
|------|--|---|-----------------------------------|--|--|
|      |  |   |                                   | (3)/(4)  |  |
| (1)  | (2)  | (3)   | (4)                               | (5)  | (6)  |
| 2023 | 0.72320% \$  | 2,899,183 \$  | N/A                               | N/A  | 1.31%  |
| 2022 | 0.77250%   | 2,923,644   | N/A                               | N/A  | 1.87%  |
| 2021 | 0.72030%   | 3,176,463   | N/A                               | N/A  | 1.68%  |
| 2020 | 0.79976%   | 3,349,518   | N/A                               | N/A  | 1.02%  |
| 2019 | 0.77433%   | 2,778,189   | N/A                               | N/A  | 0.79%  |
| 2018 | 0.77901%   | 2,442,000   | N/A                               | N/A  | 0.60%  |
| 2017 | 0.80488%   | 2,115,000   | N/A                               | N/A  | 1.30%  |

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

## Schedule of Employer Contributions

## Line of Duty Act (LODA) Program

For the Years Ended June 30, 2016 through June 30, 2024

| Date | Contributions in<br>Relation to                  |  | Contribution<br>Deficiency<br>(Excess) | Covered-<br>Employee<br>Payroll * | Contributions<br>as a % of<br>Covered -<br>Employee<br>Payroll |
|------|--|--|--|-----------------------------------|--|
|      | Contractually<br>Required<br>Contribution<br>(1) | Contractually<br>Required<br>Contribution<br>(2) |  |                                   |  |
| 2024 | \$ 120,143                                       | \$ 120,143                                       | \$ -                                   | N/A                               | N/A  |
| 2023 | 95,969   | 95,969   | -                                      | N/A                               | N/A  |
| 2022 | 106,396  | 106,396  | -                                      | N/A                               | N/A  |
| 2021 | 99,169   | 99,169   | -                                      | N/A                               | N/A  |
| 2020 | 108,688  | 108,688  | -                                      | N/A                               | N/A  |
| 2019 | 103,924  | 103,924  | -                                      | N/A                               | N/A  |
| 2018 | 82,977   | 82,977   | -                                      | N/A                               | N/A  |
| 2017 | 86,807   | 86,807   | -                                      | N/A                               | N/A  |
| 2016 | 80,031   | 80,031   | -                                      | N/A                               | N/A  |

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

Notes to Required Supplementary Information  
Line of Duty Act (LODA) Program  
For the Year Ended June 30, 2024

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**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, 2022 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  |

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Schedule of Changes in Total OPEB Liability (Asset) and Related Ratios  
Primary Government  
For the Years Ended June 30, 2018 through June 30, 2024

|  | 2024                     | 2023                     | 2022                     | 2021                     | 2020                     | 2019                     | 2018                     |
|--|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| <b>Total OPEB liability</b>  |                          |                          |                          |                          |                          |                          |                          |
| Service cost   | \$ 35,513                | \$ 122,065               | \$ 119,088               | \$ 121,992               | \$ 116,183               | \$ 99,166                | \$ 94,444                |
| Interest   | 57,069                   | 96,537                   | 72,566                   | 67,591                   | 61,685                   | 61,011                   | 56,708                   |
| Changes in assumptions   | (22,992)                 | (121,109)                | (276,422)                | -                        | 535,489                  | -                        | -                        |
| Differences between expected and actual experience   | -                        | (971,461)                | -                        | -                        | (487,903)                | -                        | -                        |
| Benefit payments   | (18,995)                 | (17,001)                 | (35,165)                 | (30,366)                 | (28,313)                 | (18,411)                 | (17,047)                 |
| <b>Net change in total OPEB liability</b>  | <b>\$ 50,595</b>         | <b>\$ (890,969)</b>      | <b>\$ (119,933)</b>      | <b>\$ 159,217</b>        | <b>\$ 197,141</b>        | <b>\$ 141,766</b>        | <b>\$ 134,105</b>        |
| <b>Total OPEB liability - beginning</b>  | <b>1,355,703</b>         | <b>2,246,672</b>         | <b>2,366,605</b>         | <b>2,207,388</b>         | <b>2,010,247</b>         | <b>1,868,481</b>         | <b>1,734,376</b>         |
| <b>Total OPEB liability - ending</b>   | <b>\$ 1,406,298</b>      | <b>\$ 1,355,703</b>      | <b>\$ 2,246,672</b>      | <b>\$ 2,366,605</b>      | <b>\$ 2,207,388</b>      | <b>\$ 2,010,247</b>      | <b>\$ 1,868,481</b>      |
| <br><b>Covered-employee payroll</b>  | <br><b>\$ 22,052,195</b> | <br><b>\$ 16,394,563</b> | <br><b>\$ 14,069,175</b> | <br><b>\$ 16,192,863</b> | <br><b>\$ 15,797,915</b> | <br><b>\$ 14,183,817</b> | <br><b>\$ 13,837,870</b> |
| <br><b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | <br><b>6.38%</b>         | <br><b>8.27%</b>         | <br><b>15.97%</b>        | <br><b>14.62%</b>        | <br><b>13.97%</b>        | <br><b>14.17%</b>        | <br><b>13.50%</b>        |

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

# COUNTY OF GLOUCESTER, VIRGINIA

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

Component Unit School Board

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

|  | 2024                     | 2023                     |
|--|--------------------------|--------------------------|
| <b>Total OPEB liability</b>  |                          |                          |
| Service cost   | \$ 298,116               | \$ 551,899               |
| Interest   | 354,559                  | 335,907                  |
| Changes in assumptions   | (137,639)                | (2,987,440)              |
| Differences between expected and actual experience   | -                        | 2,855,073                |
| Benefit payments   | (103,668)                | (155,011)                |
| <b>Net change in total OPEB liability</b>  | <b>\$ 411,368</b>        | <b>\$ 600,428</b>        |
| <b>Total OPEB liability - beginning</b>  | <b>8,338,153</b>         | <b>7,737,725</b>         |
| <b>Total OPEB liability - ending</b>   | <b>\$ 8,749,521</b>      | <b>\$ 8,338,153</b>      |
| <br><b>Covered-employee payroll</b>  | <br><b>\$ 37,660,072</b> | <br><b>\$ 41,740,968</b> |
| <br><b>County's total OPEB liability (asset) as a percentage of covered-employee payroll</b> | <br><b>23.23%</b>        | <br><b>19.98%</b>        |

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

Exhibit 33

|    | 2022             | 2021             | 2020             | 2019             | 2018             |
|----|------------------|------------------|------------------|------------------|------------------|
| \$ | 538,438          | \$ 551,570       | \$ 525,305       | \$ 648,551       | \$ 617,668       |
|    | 248,351          | 227,863          | 292,260          | 292,727          | 273,191          |
|    | (887,524)        | -                | (1,437,579)      | -                | -                |
|    | -                | -                | (1,350,451)      | -                | -                |
|    | (139,844)        | (246,166)        | (229,525)        | (297,576)        | (275,533)        |
| \$ | (240,579)        | \$ 533,267       | \$ (2,199,990)   | \$ 643,702       | \$ 615,326       |
|    | 7,978,304        | 7,445,037        | 9,645,027        | 9,001,325        | 8,385,999        |
| \$ | <u>7,737,725</u> | <u>7,978,304</u> | <u>7,445,037</u> | <u>9,645,027</u> | <u>9,001,325</u> |
| \$ | 28,470,552       | \$ 29,920,339    | \$ 29,190,575    | \$ 25,603,368    | \$ 24,978,896    |
|    | 27.18%           | 26.67%           | 25.50%           | 37.67%           | 36.04%           |

Notes to Required Supplementary Information - County OPEB  
For the Year Ended June 30, 2024

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Valuation Date: 7/1/2022  
Measurement Date: 6/30/2024

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         | 4.29% based on the yield on a 20-year municipal bond Aa index as of June 30, 2024   |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%   |
| Salary Increase Rates | The salary increase rate was 2.50% per annum  |
| Retirement Age        | The average age of retirement is 65   |
| Mortality Rates       | Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020; males setback 1 year, 85% of rates; females setback 1 year. Post-Commencement: RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year; female's setback 1 year with 1.5% increase compounded from ages 70 to 85. Post-Disablement: RP-2014 Disability Mortality Rates projected with Scale BB to 2020; males 115% of rates; females 130% of rates |

Notes to Required Supplementary Information - Component Unit School Board  
For the Year Ended June 30, 2024

---

Valuation Date: 7/1/2022  
Measurement Date: 6/30/2024

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         | 4.29% based on the yield on a 20-year municipal bond Aa index as of June 30, 2024  |
| Healthcare Trend Rate | The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%  |
| Salary Increase Rates | The salary increase rate was 2.50% per annum   |
| Retirement Age        | The average age of retirement is 65  |
| Mortality Rates       | Pre-Commencement: RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 2020. Post-Commencement: RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males 1% increase compounded from ages 70 to 90; females setback 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90. Post-Disablement: RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females. |

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*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, 2024

|   | Budgeted Amounts      |                       |                       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|-----------------------|-----------------------|-----------------------|---|
|   | Original              | Final                 | Actual<br>Amounts     |   |
| REVENUES  |                       |                       |                       |   |
| Intergovernmental:  |                       |                       |                       |   |
| Commonwealth  | \$ 109,358            | \$ 109,358            | \$ 104,414            | \$ (4,944)  |
| Federal   | 225,060               | 225,060               | 237,998               | 12,938  |
| Total revenues  | <u>\$ 334,418</u>     | <u>\$ 334,418</u>     | <u>\$ 342,412</u>     | <u>\$ 7,994</u>   |
| EXPENDITURES  |                       |                       |                       |   |
| Debt service:   |                       |                       |                       |   |
| Principal retirement                                      | \$ 4,540,003          | \$ 4,540,003          | \$ 4,540,004          | \$ (1)  |
| Interest and other fiscal charges                         | 2,952,378             | 2,952,378             | 2,453,002             | 499,376   |
| Total expenditures  | <u>\$ 7,492,381</u>   | <u>\$ 7,492,381</u>   | <u>\$ 6,993,006</u>   | <u>\$ 499,375</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (7,157,963)</u> | <u>\$ (7,157,963)</u> | <u>\$ (6,650,594)</u> | <u>\$ 507,369</u>   |
| OTHER FINANCING SOURCES (USES)                            |                       |                       |                       |   |
| Transfers in-general fund                                 | \$ 4,865,858          | \$ 4,865,858          | \$ 4,358,489          | \$ (507,369)  |
| Transfers in-school sales tax                             | 2,292,105             | 2,292,105             | 2,292,105             | -   |
| Total other financing sources (uses)                      | <u>\$ 7,157,963</u>   | <u>\$ 7,157,963</u>   | <u>\$ 6,650,594</u>   | <u>\$ (507,369)</u>                                       |
| Net change in fund balances                               | \$ -                  | \$ -                  | \$ -                  | \$ -  |
| Fund balances - beginning                                 | -                     | -                     | -                     | -   |
| Fund balances - ending                                    | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ -</u>   |

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## Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2024

|  | Budgeted Amounts       |                        | Actual<br>Amounts      | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------------|------------------------|------------------------|---|
|  | Original               | Final                  |                        |   |
| <b>REVENUES</b>  |                        |                        |                        |   |
| Revenue from the use of money and property                   | \$ -                   | \$ 48,300              | \$ 1,536,260           | \$ 1,487,960  |
| Miscellaneous  | 138,416                | 212,049                | 9,268                  | (202,781)   |
| Intergovernmental:   |                        |                        |                        |   |
| Commonwealth   | 670,363                | 841,470                | 402,497                | (438,973)   |
| Federal  | 4,161,928              | 4,161,928              | 990,488                | (3,171,440)   |
| Total revenues   | <u>\$ 4,970,707</u>    | <u>\$ 5,263,747</u>    | <u>\$ 2,938,513</u>    | <u>\$ (2,325,234)</u>                                     |
| <b>EXPENDITURES</b>  |                        |                        |                        |   |
| Capital projects   | \$ 65,537,959          | \$ 64,583,546          | \$ 38,047,677          | \$ 26,535,869   |
| Total expenditures   | <u>\$ 65,537,959</u>   | <u>\$ 64,583,546</u>   | <u>\$ 38,047,677</u>   | <u>\$ 26,535,869</u>                                      |
| Excess (deficiency) of revenues over (under)<br>expenditures | <u>\$ (60,567,252)</u> | <u>\$ (59,319,799)</u> | <u>\$ (35,109,164)</u> | <u>\$ 24,210,635</u>                                      |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                        |                        |                        |   |
| Transfers in   | \$ 2,856,999           | \$ 2,856,999           | \$ 2,856,999           | \$ -  |
| Issuance of lease  | 3,850,000              | 3,850,000              | 3,652,705              | (197,295)   |
| Issuance of bond   | 47,027,350             | 47,027,350             | 32,885,759             | (14,141,591)  |
| Total other financing sources (uses)                         | <u>\$ 53,734,349</u>   | <u>\$ 53,734,349</u>   | <u>\$ 39,395,463</u>   | <u>\$ (14,338,886)</u>                                    |
| Net change in fund balances                                  | \$ (6,832,903)         | \$ (5,585,450)         | \$ 4,286,299           | \$ 9,871,749  |
| Fund balances - beginning                                    | 6,832,903              | 5,585,450              | 20,590,728             | 15,005,278  |
| Fund balances - ending                                       | <u>\$ -</u>            | <u>\$ -</u>            | <u>\$ 24,877,027</u>   | <u>\$ 24,877,027</u>                                      |

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2024

|   | Special Revenue                 |                                 |                               |                       |                       |                     |
|---|---------------------------------|---------------------------------|-------------------------------|-----------------------|-----------------------|---------------------|
|   | Virginia Public Assistance Fund | Comprehensive Services Act Fund | American Rescue Plan Act Fund | Opioid Abatement Fund | Mosquito Control Fund | Total               |
| <b>ASSETS</b>   |                                 |                                 |                               |                       |                       |                     |
| Cash and cash equivalents   | \$ -                            | \$ -                            | \$ 1,442,724                  | \$ 248,630            | \$ -                  | \$ 1,691,354        |
| Receivables (net of allowance for uncollectibles):                  |                                 |                                 |                               |                       |                       |                     |
| Taxes receivable  | -                               | -                               | -                             | -                     | 77,992                | 77,992              |
| Accounts receivable   | 348                             | -                               | -                             | 694,765               | -                     | 695,113             |
| Due from other funds  | -                               | -                               | -                             | -                     | 164,577               | 164,577             |
| Due from other governmental units                                   | 398,419                         | 234,187                         | 169,178                       | -                     | -                     | 801,784             |
| Total assets  | <u>\$ 398,767</u>               | <u>\$ 234,187</u>               | <u>\$ 1,611,902</u>           | <u>\$ 943,395</u>     | <u>\$ 242,569</u>     | <u>\$ 3,430,820</u> |
| <b>LIABILITIES</b>  |                                 |                                 |                               |                       |                       |                     |
| Accounts payable  | \$ 5,229                        | \$ 99,852                       | \$ 57,277                     | \$ 8,806              | \$ 264                | \$ 171,428          |
| Accrued liabilities   | -                               | -                               | -                             | -                     | 1,010                 | 1,010               |
| Due to other governmental units                                     | 44,739                          | -                               | -                             | -                     | -                     | 44,739              |
| Due to other funds  | 348,799                         | 134,335                         | 51,047                        | -                     | -                     | 534,181             |
| Unearned revenue  | -                               | -                               | 1,503,578                     | -                     | -                     | 1,503,578           |
| Total liabilities   | <u>\$ 398,767</u>               | <u>\$ 234,187</u>               | <u>\$ 1,611,902</u>           | <u>\$ 8,806</u>       | <u>\$ 1,274</u>       | <u>\$ 2,254,936</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                |                                 |                                 |                               |                       |                       |                     |
| Unavailable revenue - property taxes                                | \$ -                            | \$ -                            | \$ -                          | \$ -                  | \$ 71,079             | \$ 71,079           |
| Unavailable revenue - opioid settlement                             | -                               | -                               | -                             | 694,765               | -                     | 694,765             |
| Total deferred inflows of resources                                 | <u>\$ -</u>                     | <u>\$ -</u>                     | <u>\$ -</u>                   | <u>\$ 694,765</u>     | <u>\$ 71,079</u>      | <u>\$ 765,844</u>   |
| <b>Fund balances:</b>   |                                 |                                 |                               |                       |                       |                     |
| Restricted  | \$ -                            | \$ -                            | \$ -                          | \$ 239,824            | \$ -                  | \$ 239,824          |
| Committed   | -                               | -                               | -                             | -                     | 170,216               | 170,216             |
| Total fund balances   | <u>\$ -</u>                     | <u>\$ -</u>                     | <u>\$ -</u>                   | <u>\$ 239,824</u>     | <u>\$ 170,216</u>     | <u>\$ 410,040</u>   |
| Total liabilities, deferred inflows of resources, and fund balances | <u>\$ 398,767</u>               | <u>\$ 234,187</u>               | <u>\$ 1,611,902</u>           | <u>\$ 943,395</u>     | <u>\$ 242,569</u>     | <u>\$ 3,430,820</u> |

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2024

|   | Special Revenue                          |                                       |                                     |                             |                             |                       |
|---|--|---------------------------------------|-------------------------------------|-----------------------------|-----------------------------|-----------------------|
|   | Virginia<br>Public<br>Assistance<br>Fund | Comprehensive<br>Services Act<br>Fund | American Rescue<br>Plan Act<br>Fund | Opioid<br>Abatement<br>Fund | Mosquito<br>Control<br>Fund | Total                 |
| <b>REVENUES</b>   |  |                                       |                                     |                             |                             |                       |
| General property taxes                                    | \$ -                                     | \$ -                                  | \$ -                                | \$ -                        | \$ 128,864                  | \$ 128,864            |
| Miscellaneous   | 11                                       | -                                     | -                                   | 134,606                     | -                           | 134,617               |
| Intergovernmental:  |  |                                       |                                     |                             |                             |                       |
| Commonwealth  | 1,340,046                                | 1,089,185                             | -                                   | -                           | -                           | 2,429,231             |
| Federal   | 2,391,181                                | 32,838                                | 785,266                             | -                           | -                           | 3,209,285             |
| Total revenues  | <u>\$ 3,731,238</u>                      | <u>\$ 1,122,023</u>                   | <u>\$ 785,266</u>                   | <u>\$ 134,606</u>           | <u>\$ 128,864</u>           | <u>\$ 5,901,997</u>   |
| <b>EXPENDITURES</b>                                       |  |                                       |                                     |                             |                             |                       |
| Current:  |  |                                       |                                     |                             |                             |                       |
| Public safety   | \$ -                                     | \$ -                                  | \$ 244,574                          | \$ -                        | \$ -                        | \$ 244,574            |
| Public works  | -  | -                                     | 19,511                              | -                           | -                           | 19,511                |
| Health and welfare  | 5,312,778                                | 1,842,239                             | -                                   | 21,170                      | -                           | 7,176,187             |
| Education   | -  | -                                     | -                                   | -                           | 116,210                     | 116,210               |
| Community development                                     | -  | -                                     | 521,181                             | -                           | -                           | 521,181               |
| Total expenditures  | <u>\$ 5,312,778</u>                      | <u>\$ 1,842,239</u>                   | <u>\$ 785,266</u>                   | <u>\$ 21,170</u>            | <u>\$ 116,210</u>           | <u>\$ 8,077,663</u>   |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (1,581,540)</u>                    | <u>\$ (720,216)</u>                   | <u>\$ -</u>                         | <u>\$ 113,436</u>           | <u>\$ 12,654</u>            | <u>\$ (2,175,666)</u> |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |  |                                       |                                     |                             |                             |                       |
| Transfers in  | \$ 1,581,540                             | \$ 720,216                            | \$ -                                | \$ -                        | \$ -                        | \$ 2,301,756          |
| Total other financing sources (uses)                      | <u>\$ 1,581,540</u>                      | <u>\$ 720,216</u>                     | <u>\$ -</u>                         | <u>\$ -</u>                 | <u>\$ -</u>                 | <u>\$ 2,301,756</u>   |
| Net change in fund balances                               | \$ -                                     | \$ -                                  | \$ -                                | \$ 113,436                  | \$ 12,654                   | \$ 126,090            |
| Fund balances - beginning                                 | -  | -                                     | -                                   | 126,388                     | 157,562                     | 283,950               |
| Fund balances - ending                                    | <u>\$ -</u>                              | <u>\$ -</u>                           | <u>\$ -</u>                         | <u>\$ 239,824</u>           | <u>\$ 170,216</u>           | <u>\$ 410,040</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, 2024

|   | Virginia Public Assistance Fund |                       |                       |   | Comprehensive Services Act Fund |                       |                     |   |
|---|---------------------------------|-----------------------|-----------------------|---|---------------------------------|-----------------------|---------------------|---|
|   | Budgeted Amounts                |                       | Actual                | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts                |                       | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original                        | Final                 |                       |   | Original                        | Final                 |                     |   |
| <b>REVENUES</b>   |                                 |                       |                       |   |                                 |                       |                     |   |
| General property taxes                                    | \$ -                            | \$ -                  | \$ -                  | \$ -  | \$ -                            | \$ -                  | \$ -                | \$ -  |
| Miscellaneous   | -                               | -                     | 11                    | 11  | 3,720                           | 3,720                 | -                   | (3,720)   |
| Intergovernmental:  |                                 |                       |                       |   |                                 |                       |                     |   |
| Commonwealth  | 1,807,272                       | 1,807,272             | 1,340,046             | (467,226)   | 852,280                         | 852,280               | 1,089,185           | 236,905   |
| Federal   | 2,601,286                       | 2,601,286             | 2,391,181             | (210,105)   | 18,000                          | 18,000                | 32,838              | 14,838  |
| Total revenues  | <u>\$ 4,408,558</u>             | <u>\$ 4,408,558</u>   | <u>\$ 3,731,238</u>   | <u>\$ (677,320)</u>                                     | <u>\$ 874,000</u>               | <u>\$ 874,000</u>     | <u>\$ 1,122,023</u> | <u>\$ 248,023</u>                                       |
| <b>EXPENDITURES</b>                                       |                                 |                       |                       |   |                                 |                       |                     |   |
| Current:  |                                 |                       |                       |   |                                 |                       |                     |   |
| Public safety   | \$ -                            | \$ -                  | \$ -                  | \$ -  | \$ -                            | \$ -                  | \$ -                | \$ -  |
| Health and welfare  | 6,579,235                       | 6,615,938             | 5,312,778             | 1,303,160   | 1,524,000                       | 2,253,567             | 1,842,239           | 411,328   |
| Public works  | -                               | -                     | -                     | -   | -                               | -                     | -                   | -   |
| Community development                                     | -                               | -                     | -                     | -   | -                               | -                     | -                   | -   |
| Total expenditures  | <u>\$ 6,579,235</u>             | <u>\$ 6,615,938</u>   | <u>\$ 5,312,778</u>   | <u>\$ 1,303,160</u>                                     | <u>\$ 1,524,000</u>             | <u>\$ 2,253,567</u>   | <u>\$ 1,842,239</u> | <u>\$ 411,328</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (2,170,677)</u>           | <u>\$ (2,207,380)</u> | <u>\$ (1,581,540)</u> | <u>\$ 625,840</u>                                       | <u>\$ (650,000)</u>             | <u>\$ (1,379,567)</u> | <u>\$ (720,216)</u> | <u>\$ 659,351</u>                                       |
| <b>OTHER FINANCING SOURCES (USES)</b>                     |                                 |                       |                       |   |                                 |                       |                     |   |
| Transfers in  | \$ 2,170,677                    | \$ 2,207,380          | \$ 1,581,540          | \$ (625,840)  | \$ 650,000                      | \$ 1,379,567          | \$ 720,216          | \$ (659,351)  |
| Total other financing sources (uses)                      | <u>\$ 2,170,677</u>             | <u>\$ 2,207,380</u>   | <u>\$ 1,581,540</u>   | <u>\$ (625,840)</u>                                     | <u>\$ 650,000</u>               | <u>\$ 1,379,567</u>   | <u>\$ 720,216</u>   | <u>\$ (659,351)</u>                                     |
| 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>   |

| American Rescue Plan Act Fund |                     |                   |   | Opioid Abatement Fund |                   |                   |   | Mosquito Control Fund |                   |                   |   |
|-------------------------------|---------------------|-------------------|---|-----------------------|-------------------|-------------------|---|-----------------------|-------------------|-------------------|---|
| Budgeted Amounts              |                     | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts      |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) | Budgeted Amounts      |                   | Actual            | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original                      | Final               |                   |   | Original              | Final             |                   |   | Original              | Final             |                   |   |
| \$ -                          | \$ -                | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  | \$ 121,473            | \$ 121,473        | \$ 128,864        | \$ 7,391  |
| -                             | -                   | -                 | -   | 100,000               | 100,000           | 134,606           | 34,606  | -                     | -                 | -                 | -   |
| -                             | -                   | -                 | -   | -                     | -                 | -                 | -   | -                     | -                 | -                 | -   |
| 1,350,000                     | 2,316,532           | 785,266           | (1,531,266)   | -                     | -                 | -                 | -   | -                     | -                 | -                 | -   |
| <u>\$ 1,350,000</u>           | <u>\$ 2,316,532</u> | <u>\$ 785,266</u> | <u>\$ (1,531,266)</u>                                   | <u>\$ 100,000</u>     | <u>\$ 100,000</u> | <u>\$ 134,606</u> | <u>\$ 34,606</u>  | <u>\$ 121,473</u>     | <u>\$ 121,473</u> | <u>\$ 128,864</u> | <u>\$ 7,391</u>   |
|                               |                     |                   |   |                       |                   |                   |   |                       |                   |                   |   |
| \$ -                          | \$ 279,000          | \$ 244,574        | \$ 34,426   | \$ -                  | \$ -              | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  |
| -                             | -                   | -                 | -   | 100,000               | 100,000           | 21,170            | 78,830  | -                     | -                 | -                 | -   |
| 1,150,000                     | 1,150,000           | 19,511            | 1,130,489   | -                     | -                 | -                 | -   | 168,985               | 168,985           | 116,210           | 52,775  |
| 200,000                       | 887,532             | 521,181           | 366,351   | -                     | -                 | -                 | -   | -                     | -                 | -                 | -   |
| <u>\$ 1,350,000</u>           | <u>\$ 2,316,532</u> | <u>\$ 785,266</u> | <u>\$ 1,531,266</u>                                     | <u>\$ 100,000</u>     | <u>\$ 100,000</u> | <u>\$ 21,170</u>  | <u>\$ 78,830</u>  | <u>\$ 168,985</u>     | <u>\$ 168,985</u> | <u>\$ 116,210</u> | <u>\$ 52,775</u>  |
|                               |                     |                   |   |                       |                   |                   |   |                       |                   |                   |   |
| \$ -                          | \$ -                | \$ -              | \$ -  | \$ -                  | \$ -              | \$ 113,436        | \$ 113,436  | \$ (47,512)           | \$ (47,512)       | \$ 12,654         | \$ 60,166   |
|                               |                     |                   |   |                       |                   |                   |   |                       |                   |                   |   |
| \$ -                          | \$ -                | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  |
| \$ -                          | \$ -                | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  | \$ -                  | \$ -              | \$ -              | \$ -  |
|                               |                     |                   |   |                       |                   |                   |   |                       |                   |                   |   |
| \$ -                          | \$ -                | \$ -              | \$ -  | \$ -                  | \$ -              | \$ 113,436        | \$ 113,436  | \$ (47,512)           | \$ (47,512)       | \$ 12,654         | \$ 60,166   |
| -                             | -                   | -                 | -   | -                     | -                 | 126,388           | 126,388   | 47,512                | 47,512            | 157,562           | 110,050   |
| <u>\$ -</u>                   | <u>\$ -</u>         | <u>\$ -</u>       | <u>\$ -</u>   | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ 239,824</u> | <u>\$ 239,824</u>                                       | <u>\$ -</u>           | <u>\$ -</u>       | <u>\$ 170,216</u> | <u>\$ 170,216</u>                                       |

Combining Statement of Net Position  
Nonmajor Enterprise Funds  
June 30, 2024

|   | Gloucester<br>Sanitary<br>District | Gloucester Point<br>Sanitary<br>District | Total             |
|---|------------------------------------|--|-------------------|
| <b>ASSETS</b>   |                                    |  |                   |
| Cash and cash equivalents                             | \$ 28,046                          | \$ 90,727                                | \$ 118,773        |
| Receivables (net of allowance<br>for uncollectibles): |                                    |  |                   |
| Taxes receivable                                      | 15,395                             | 16,419                                   | 31,814            |
| Accounts receivable                                   | 873                                | 271                                      | 1,144             |
| Total assets  | <u>\$ 44,314</u>                   | <u>\$ 107,417</u>                        | <u>\$ 151,731</u> |
| <b>LIABILITIES</b>                                    |                                    |  |                   |
| Accounts payable                                      | \$ 1,599                           | \$ 1,763                                 | \$ 3,362          |
| Due to other funds                                    | 9,800                              | -  | 9,800             |
| Total liabilities                                     | <u>\$ 11,399</u>                   | <u>\$ 1,763</u>                          | <u>\$ 13,162</u>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                                    |  |                   |
| Deferred revenue - property taxes                     | \$ 14,561                          | \$ 15,140                                | \$ 29,701         |
| Total deferred inflows of resources                   | <u>\$ 14,561</u>                   | <u>\$ 15,140</u>                         | <u>\$ 29,701</u>  |
| <b>NET POSITION</b>                                   |                                    |  |                   |
| Unrestricted  | \$ 18,354                          | \$ 90,514                                | \$ 108,868        |
| Total fund balances                                   | <u>\$ 18,354</u>                   | <u>\$ 90,514</u>                         | <u>\$ 108,868</u> |
| Total liabilities and fund balances                   | <u>\$ 44,314</u>                   | <u>\$ 107,417</u>                        | <u>\$ 151,731</u> |

Combining Statement of Revenues, Expenses, and Changes in Net Position  
 Nonmajor Enterprise Funds  
 For the Year Ended June 30, 2024

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|   | Gloucester<br>Sanitary<br>District | Gloucester Point<br>Sanitary<br>District | Total       |
|---|------------------------------------|--|-------------|
| <b>OPERATING REVENUES</b>               |                                    |  |             |
| Miscellaneous                           | \$ 8,816                           | \$ -                                     | \$ 8,816    |
| Total operating revenues                | \$ 8,816                           | \$ -                                     | \$ 8,816    |
| <b>OPERATING EXPENSES</b>               |                                    |  |             |
| Other charges                           | \$ 28,566                          | \$ 21,299                                | \$ 49,865   |
| Total operating expenses                | \$ 28,566                          | \$ 21,299                                | \$ 49,865   |
| Operating income (loss)                 | \$ (19,750)                        | \$ (21,299)                              | \$ (41,049) |
| <b>NONOPERATING REVENUES (EXPENSES)</b> |                                    |  |             |
| Investment income                       | \$ 914                             | \$ 4,016                                 | \$ 4,930    |
| Taxes                                   | 27,415                             | 28,116                                   | 55,531      |
|   | \$ 28,329                          | \$ 32,132                                | \$ 60,461   |
| Net change in net position              | \$ 8,579                           | \$ 10,833                                | \$ 19,412   |
| Net position - beginning                | 9,775                              | 79,681                                   | 89,456      |
| Net position - ending                   | \$ 18,354                          | \$ 90,514                                | \$ 108,868  |

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Revenues, Expenses, and Changes in Net Position - Budget and Actual

Nonmajor Enterprise Funds

For the Year Ended June 30, 2024

|   | Gloucester Sanitary District |           |           |   |
|---|------------------------------|-----------|-----------|---|
|   | Budgeted Amounts             |           | Actual    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original                     | Final     |           |   |
| <b>REVENUES</b>   |                              |           |           |   |
| General property taxes                                    | \$ 25,839                    | \$ 25,839 | \$ 27,415 | \$ 1,576  |
| Revenue from the use of money and property                | 204                          | 204       | 914       | 710   |
| Miscellaneous   | -                            | -         | 8,816     | 8,816   |
| Total revenues  | \$ 26,043                    | \$ 26,043 | \$ 37,145 | \$ 11,102   |
| <b>EXPENDITURES</b>                                       |                              |           |           |   |
| Current:  |                              |           |           |   |
| Public works  | \$ 22,200                    | \$ 22,200 | \$ 28,566 | \$ (6,366)  |
| Total expenditures  | \$ 22,200                    | \$ 22,200 | \$ 28,566 | \$ (6,366)  |
| Excess (deficiency) of revenues over (under) expenditures | \$ 3,843                     | \$ 3,843  | \$ 8,579  | \$ 4,736  |
| Net change in net position                                | \$ 3,843                     | \$ 3,843  | \$ 8,579  | \$ 4,736  |
| Net position - beginning                                  | (3,843)                      | (3,843)   | 9,775     | 13,618  |
| Net position - ending                                     | \$ -                         | \$ -      | \$ 18,354 | \$ 18,354   |

| Gloucester Point Sanitary District |                  |                  |   |
|------------------------------------|------------------|------------------|---|
| Budgeted Amounts                   |                  | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
| Original                           | Final            |                  |   |
| \$ 25,214                          | \$ 25,214        | \$ 28,116        | \$ 2,902  |
| 1,112                              | 1,112            | 4,016            | 2,904   |
| -                                  | -                | -                | -   |
| <u>\$ 26,326</u>                   | <u>\$ 26,326</u> | <u>\$ 32,132</u> | <u>\$ 5,806</u>   |
|                                    |                  |                  |   |
| \$ 21,000                          | \$ 21,000        | \$ 21,299        | \$ (299)  |
| <u>\$ 21,000</u>                   | <u>\$ 21,000</u> | <u>\$ 21,299</u> | <u>\$ (299)</u>   |
|                                    |                  |                  |   |
| \$ 5,326                           | \$ 5,326         | \$ 10,833        | \$ 5,507  |
|                                    |                  |                  |   |
| \$ 5,326                           | \$ 5,326         | \$ 10,833        | \$ 5,507  |
| (5,326)                            | (5,326)          | 79,681           | 85,007  |
| <u>\$ -</u>                        | <u>\$ -</u>      | <u>\$ 90,514</u> | <u>\$ 90,514</u>  |

Combining Statement of Cash Flows  
Nonmajor Enterprise Funds  
For the Year Ended June 30, 2024

|  | Gloucester<br>Sanitary<br>District | Gloucester Point<br>Sanitary<br>District | Total              |
|--|------------------------------------|--|--------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                                    |  |                    |
| Receipts for miscellaneous items   | \$ 7,943                           | \$ (271)                                 | \$ 7,672           |
| Payments to suppliers  | (28,545)                           | (21,270)                                 | (49,815)           |
| Net cash provided by (used for) operating activities   | <u>\$ (20,602)</u>                 | <u>\$ (21,541)</u>                       | <u>\$ (42,143)</u> |
| <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>   |                                    |  |                    |
| Advances from other funds  | \$ 2,459                           | \$ -                                     | \$ 2,459           |
| Tax revenue  | 31,083                             | 31,135                                   | 62,218             |
| Net cash provided by (used for) noncapital financing activities  | <u>\$ 33,542</u>                   | <u>\$ 31,135</u>                         | <u>\$ 64,677</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                                    |  |                    |
| Interest income  | \$ 914                             | \$ 4,016                                 | \$ 4,930           |
| Net cash provided by (used for) investing activities   | <u>\$ 914</u>                      | <u>\$ 4,016</u>                          | <u>\$ 4,930</u>    |
| Net increase (decrease) in cash and cash equivalents   | \$ 13,854                          | \$ 13,610                                | \$ 27,464          |
| Cash and cash equivalents - beginning - including restricted   | 14,192                             | 77,117                                   | 91,309             |
| Cash and cash equivalents - ending - including restricted  | <u>\$ 28,046</u>                   | <u>\$ 90,727</u>                         | <u>\$ 118,773</u>  |
| Reconciliation of excess (deficiency) of revenues over (under) expenditures to net cash provided by (used for) operating activities: |                                    |  |                    |
| Operating income (loss)  | \$ (19,750)                        | \$ (21,299)                              | \$ (41,049)        |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:                         |                                    |  |                    |
| (Increase) decrease in accounts receivable   | \$ (873)                           | \$ (271)                                 | \$ (1,144)         |
| Increase (decrease) in accounts payable  | 21                                 | 29                                       | 50                 |
| Total adjustments  | <u>\$ (852)</u>                    | <u>\$ (242)</u>                          | <u>\$ (1,094)</u>  |
| Net cash provided by (used for) operating activities   | <u>\$ (20,602)</u>                 | <u>\$ (21,541)</u>                       | <u>\$ (42,143)</u> |
| <b>Schedule of non-cash investing and financing activities:</b>  |                                    |  |                    |
| Change in fair value of investments  | \$ -                               | \$ -                                     | \$ -               |

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

Combining Statement of Fiduciary Net Position  
 Fiduciary Funds  
 June 30, 2024

|                                 | Custodial Funds           |                   |                   |                  |                   |
|---------------------------------|---------------------------|-------------------|-------------------|------------------|-------------------|
|                                 | Middle Peninsula Regional |                   |                   |                  |                   |
|                                 | Special Welfare           | Special Education | Flexible Benefits | Sheriff/Jail     | Total             |
| <b>ASSETS</b>                   |                           |                   |                   |                  |                   |
| Cash and cash equivalents       | \$ 17,483                 | \$ 126,288        | \$ 50,849         | \$ 64,708        | \$ 259,328        |
| Investments                     | -                         | 5,685             | -                 | -                | 5,685             |
| Accounts receivable             | -                         | 24,642            | -                 | -                | 24,642            |
| Due from other government units | -                         | 14,306            | -                 | -                | 14,306            |
| Total assets                    | <u>\$ 17,483</u>          | <u>\$ 170,921</u> | <u>\$ 50,849</u>  | <u>\$ 64,708</u> | <u>\$ 303,961</u> |
| <b>LIABILITIES</b>              |                           |                   |                   |                  |                   |
| Accounts payable                | \$ -                      | \$ 9,343          | \$ -              | \$ -             | \$ 9,343          |
| Accrued liabilities             | -                         | 84,431            | -                 | -                | 84,431            |
| Total liabilities               | <u>\$ -</u>               | <u>\$ 93,774</u>  | <u>\$ -</u>       | <u>\$ -</u>      | <u>\$ 93,774</u>  |
| <b>NET POSITION</b>             |                           |                   |                   |                  |                   |
| Restricted for:                 |                           |                   |                   |                  |                   |
| Individuals                     | \$ 17,483                 | \$ -              | \$ 50,849         | \$ 64,708        | \$ 133,040        |
| Other governments               | -                         | 77,147            | -                 | -                | 77,147            |
| Total net position              | <u>\$ 17,483</u>          | <u>\$ 77,147</u>  | <u>\$ 50,849</u>  | <u>\$ 64,708</u> | <u>\$ 210,187</u> |

Combining Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2024

|   | Custodial Funds    |   |                      |                  | Total               |
|---|--------------------|---|----------------------|------------------|---------------------|
|   | Special<br>Welfare | Middle<br>Peninsula<br>Regional<br>Special<br>Education | Flexible<br>Benefits | Sheriff/<br>Jail |                     |
| <b>ADDITIONS</b>                                  |                    |   |                      |                  |                     |
| Contributions:                                    |                    |   |                      |                  |                     |
| Other governmental entities                       | \$ -               | \$ 668,592  | \$ -                 | \$ -             | \$ 668,592          |
| Participant fees                                  | -                  | -   | 206,261              | -                | 206,261             |
| Miscellaneous                                     | 12,250             | 40  | -                    | 97,370           | 109,660             |
| Grant   | -                  | 14,306  | -                    | -                | 14,306              |
| Investment earnings:                              |                    |   |                      |                  |                     |
| Interest and dividends                            | 815                | 8,053   | -                    | -                | 8,868               |
| Total additions                                   | <u>\$ 13,065</u>   | <u>\$ 690,991</u>                                       | <u>\$ 206,261</u>    | <u>\$ 97,370</u> | <u>\$ 1,007,687</u> |
| <b>DEDUCTIONS</b>                                 |                    |   |                      |                  |                     |
| Recipient payments                                | \$ 13,846          | \$ -  | \$ 196,500           | \$ -             | \$ 210,346          |
| Administrative expenses                           | -                  | 15,846  | -                    | 65,621           | 81,467              |
| Payments for personnel                            | -                  | 615,921   | -                    | -                | 615,921             |
| Purchases for supplies                            | -                  | 8,412   | -                    | -                | 8,412               |
| Total deductions                                  | <u>\$ 13,846</u>   | <u>\$ 640,179</u>                                       | <u>\$ 196,500</u>    | <u>\$ 65,621</u> | <u>\$ 916,146</u>   |
| Net increase (decrease) in fiduciary net position | <u>\$ (781)</u>    | <u>\$ 50,812</u>  | <u>\$ 9,761</u>      | <u>\$ 31,749</u> | <u>\$ 91,541</u>    |
| Net position, beginning                           | <u>\$ 18,264</u>   | <u>\$ 26,335</u>  | <u>\$ 41,088</u>     | <u>\$ 32,959</u> | <u>\$ 118,646</u>   |
| Net position, ending                              | <u>\$ 17,483</u>   | <u>\$ 77,147</u>  | <u>\$ 50,849</u>     | <u>\$ 64,708</u> | <u>\$ 210,187</u>   |

*DISCRETELY PRESENTED COMPONENT UNIT  
SCHOOL BOARD*

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## Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2024

|   | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Activity<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------|----------------------------|--------------------------------|
| <b>ASSETS</b>   |                             |                             |                            |                                |
| Cash and cash equivalents                             | \$ 50                       | \$ 637,933                  | \$ 741,136                 | \$ 1,379,119                   |
| Investments   | -                           | 7,054                       | -                          | 7,054                          |
| Receivables (net of allowance<br>for uncollectibles): |                             |                             |                            |                                |
| Accounts receivable                                   | 66,619                      | 5,744                       | -                          | 72,363                         |
| Due from other funds                                  | -                           | 212,549                     | -                          | 212,549                        |
| Due from other governmental units                     | 7,699,895                   | 50,427                      | -                          | 7,750,322                      |
| Inventories   | -                           | 52,306                      | -                          | 52,306                         |
| Total assets  | <u>\$ 7,766,564</u>         | <u>\$ 966,013</u>           | <u>\$ 741,136</u>          | <u>\$ 9,473,713</u>            |
| <b>LIABILITIES</b>                                    |                             |                             |                            |                                |
| Accounts payable                                      | \$ 475,998                  | \$ 16,653                   | \$ -                       | \$ 492,651                     |
| Accrued liabilities                                   | 6,759,974                   | 316,139                     | -                          | 7,076,113                      |
| Due to other governmental units                       | 318,043                     | -                           | -                          | 318,043                        |
| Due to other funds                                    | 212,549                     | -                           | -                          | 212,549                        |
| Total liabilities                                     | <u>\$ 7,766,564</u>         | <u>\$ 332,792</u>           | <u>\$ -</u>                | <u>\$ 8,099,356</u>            |
| <b>FUND BALANCES</b>                                  |                             |                             |                            |                                |
| Nonspendable  | \$ -                        | \$ 52,306                   | \$ -                       | \$ 52,306                      |
| Assigned  | -                           | 580,915                     | 741,136                    | 1,322,051                      |
| Total fund balances                                   | <u>\$ -</u>                 | <u>\$ 633,221</u>           | <u>\$ 741,136</u>          | <u>\$ 1,374,357</u>            |
| Total liabilities and fund balances                   | <u>\$ 7,766,564</u>         | <u>\$ 966,013</u>           | <u>\$ 741,136</u>          | <u>\$ 9,473,713</u>            |

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

Total fund balances per above \$ 1,374,357

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

|                          |               |            |
|--------------------------|---------------|------------|
| Capital assets, cost     | \$ 94,214,297 |            |
| Accumulated depreciation | (43,605,862)  | 50,608,435 |
| Net pension asset        |               | 244,525    |

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

|                       |               |            |
|-----------------------|---------------|------------|
| Pension related items | \$ 13,120,931 |            |
| OPEB related items    | 3,884,726     | 17,005,657 |

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.

(499,000)

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  | \$ (1,898,620) |              |
| Net OPEB liabilities  | (15,675,643)   |              |
| Net pension liability | (37,694,820)   | (55,269,083) |

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

|                       |                |              |
|-----------------------|----------------|--------------|
| Pension related items | \$ (5,760,152) |              |
| OPEB related items    | (4,312,786)    | (10,072,938) |

Net position of governmental activities \$ 3,391,953

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds - Discretely Presented Component Unit - School Board  
 For the Year Ended June 30, 2024

|   | School<br>Operating<br>Fund | School<br>Cafeteria<br>Fund | School<br>Activity<br>Fund | Total<br>Governmental<br>Funds |
|---|-----------------------------|-----------------------------|----------------------------|--------------------------------|
| <b>REVENUES</b>   |                             |                             |                            |                                |
| Revenue from the use of money and property  | \$ 2,000                    | \$ 41,069                   | \$ -                       | \$ 43,069                      |
| Charges for services  | 13,164                      | 807,062                     | -                          | 820,226                        |
| Miscellaneous   | 132,080                     | 13,818                      | 921,118                    | 1,067,016                      |
| Intergovernmental:  |                             |                             |                            |                                |
| Local government  | 30,584,591                  | -                           | -                          | 30,584,591                     |
| Commonwealth  | 39,810,037                  | 75,670                      | -                          | 39,885,707                     |
| Federal   | 5,469,362                   | 2,386,137                   | -                          | 7,855,499                      |
| Total revenues  | <u>\$ 76,011,234</u>        | <u>\$ 3,323,756</u>         | <u>\$ 921,118</u>          | <u>\$ 80,256,108</u>           |
| <b>EXPENDITURES</b>   |                             |                             |                            |                                |
| Current:  |                             |                             |                            |                                |
| Education   | \$ -                        | \$ 4,020,129                | \$ 805,704                 | \$ 4,825,833                   |
| Instruction   | 56,396,442                  | -                           | -                          | 56,396,442                     |
| Administration, Attendance, Health  | 2,894,460                   | -                           | -                          | 2,894,460                      |
| Pupil Transportation  | 5,365,440                   | -                           | -                          | 5,365,440                      |
| Operations and Maintenance  | 8,424,199                   | -                           | -                          | 8,424,199                      |
| Technology  | 2,930,693                   | -                           | -                          | 2,930,693                      |
| Total expenditures  | <u>\$ 76,011,234</u>        | <u>\$ 4,020,129</u>         | <u>\$ 805,704</u>          | <u>\$ 80,837,067</u>           |
| Excess (deficiency) of revenues over (under) expenditures   | <u>\$ -</u>                 | <u>\$ (696,373)</u>         | <u>\$ 115,414</u>          | <u>\$ (580,959)</u>            |
| Net change in fund balances   | \$ -                        | \$ (696,373)                | \$ 115,414                 | \$ (580,959)                   |
| Fund balances - beginning   | -                           | 1,329,594                   | 625,722                    | 1,955,316                      |
| Fund balances - ending  | <u>\$ -</u>                 | <u>\$ 633,221</u>           | <u>\$ 741,136</u>          | <u>\$ 1,374,357</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  |                             |                             |                            | \$ (580,959)                   |
| 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   |                             |                             | \$ 16,852,614              |                                |
| Depreciation expense  |                             |                             | <u>(6,558,088)</u>         | 10,294,526                     |
| 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  |                             |                             | \$ (38,089)                |                                |
| Pension expense   |                             |                             | 2,957,304                  |                                |
| OPEB expense  |                             |                             | <u>401,886</u>             | 3,321,101                      |
| Special contributions received from the Commonwealth for the teacher cost sharing pool are not reported in the governmental funds   |                             |                             |                            |                                |
|   |                             |                             |                            | 549,941                        |
| 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.   |                             |                             |                            |                                |
|   |                             |                             |                            | 536,485                        |
| Change in net position of governmental activities   |                             |                             |                            | <u>\$ 14,087,094</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, 2024

|   | School Operating Fund |                      |                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|-----------------------|----------------------|----------------------|---|
|   | Budgeted Amounts      |                      | Actual               |   |
|   | Original              | Final                |                      |   |
| REVENUES  |                       |                      |                      |   |
| Revenue from the use of money and property                | \$ 2,000              | \$ 2,000             | \$ 2,000             | \$ -  |
| Charges for services                                      | 41,000                | 41,000               | 13,164               | (27,836)  |
| Miscellaneous   | 157,000               | 157,000              | 132,080              | (24,920)  |
| Intergovernmental:  |                       |                      |                      |   |
| Local government  | 30,424,128            | 30,424,128           | 30,584,591           | 160,463   |
| Commonwealth  | 38,253,809            | 40,134,290           | 39,810,037           | (324,253)   |
| Federal   | 6,358,868             | 6,358,868            | 5,469,362            | (889,506)   |
| Total revenues  | <u>\$ 75,236,805</u>  | <u>\$ 77,117,286</u> | <u>\$ 76,011,234</u> | <u>\$ (1,106,052)</u>                                   |
| EXPENDITURES  |                       |                      |                      |   |
| Current:  |                       |                      |                      |   |
| Instruction   | \$ 55,407,083         | \$ 57,223,514        | \$ 56,396,442        | \$ 827,072  |
| Administration, Attendance, Health                        | 3,119,959             | 2,918,059            | 2,894,460            | 23,599  |
| Pupil Transportation                                      | 5,145,414             | 5,383,164            | 5,365,440            | 17,724  |
| Operations and Maintenance                                | 8,407,916             | 8,466,616            | 8,424,199            | 42,417  |
| Technology  | 3,156,433             | 3,125,933            | 2,930,693            | 195,240   |
| Total expenditures  | <u>\$ 75,236,805</u>  | <u>\$ 77,117,286</u> | <u>\$ 76,011,234</u> | <u>\$ 1,106,052</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>   |

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, 2024

|   | School Cafeteria Fund |                     |                     |   |
|---|-----------------------|---------------------|---------------------|---|
|   | Budgeted Amounts      |                     | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|   | Original              | Final               |                     |   |
| <b>REVENUES</b>   |                       |                     |                     |   |
| Revenue from the use of money and property                | \$ 15,121             | \$ 15,121           | \$ 41,069           | \$ 25,948   |
| Charges for services                                      | 826,400               | 826,400             | 807,062             | (19,338)  |
| Miscellaneous   | 20,500                | 20,500              | 13,818              | (6,682)   |
| Intergovernmental:  |                       |                     |                     |   |
| Commonwealth  | 124,087               | 124,087             | 75,670              | (48,417)  |
| Federal   | 2,700,000             | 2,900,000           | 2,386,137           | (513,863)   |
| Total revenues  | <u>\$ 3,686,108</u>   | <u>\$ 3,886,108</u> | <u>\$ 3,323,756</u> | <u>\$ (562,352)</u>                                     |
| <b>EXPENDITURES</b>                                       |                       |                     |                     |   |
| Current:  |                       |                     |                     |   |
| Education   | \$ 3,961,108          | \$ 4,611,108        | \$ 4,020,129        | \$ 590,979  |
| Total expenditures  | <u>\$ 3,961,108</u>   | <u>\$ 4,611,108</u> | <u>\$ 4,020,129</u> | <u>\$ 590,979</u>                                       |
| Excess (deficiency) of revenues over (under) expenditures | <u>\$ (275,000)</u>   | <u>\$ (725,000)</u> | <u>\$ (696,373)</u> | <u>\$ 28,627</u>  |
| Net change in fund balances                               | \$ (275,000)          | \$ (725,000)        | \$ (696,373)        | \$ 28,627   |
| Fund balances - beginning                                 | 1,329,594             | 1,329,594           | 1,329,594           | -   |
| Fund balances - ending                                    | <u>\$ 1,054,594</u>   | <u>\$ 604,594</u>   | <u>\$ 633,221</u>   | <u>\$ 28,627</u>  |

Statement of Fiduciary Net Position  
Fiduciary Fund - Discretely Presented Component Unit School Board  
June 30, 2024

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|                                | Scholarship<br>Private-Purpose<br>Trust |
|--------------------------------|---|
|                                | <hr/>                                   |
| <b>ASSETS</b>                  |   |
| Cash and cash equivalents      | \$ 3,356                                |
| Total assets                   | <hr/> <hr/> \$ 3,356                    |
| <b>NET POSITION</b>            |   |
| Held in trust for scholarships | <hr/> <hr/> \$ 3,356                    |

Statement of Changes in Fiduciary Net Position  
 Fiduciary Fund - Discretely Presented Component Unit School Board  
 For the Year Ended June 30, 2024

|                           | Scholarship<br>Private-Purpose<br>Trust |
|---------------------------|---|
| <b>ADDITIONS</b>          |   |
| Contributions:            |   |
| Private donations         | \$ 1,000                                |
| Total contributions       | \$ 1,000                                |
| Investment earnings:      |   |
| Interest                  | \$ 316                                  |
| Total investment earnings | \$ 316                                  |
| Total additions           | \$ 1,316                                |
| <b>DEDUCTIONS</b>         |   |
| Scholarships              | \$ 6,500                                |
| Total deductions          | \$ 6,500                                |
| Change in net position    | \$ (5,184)                              |
| Net position - beginning  | 8,540                                   |
| Net position - ending     | \$ 3,356                                |

## Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2024

|   | <u>Self-<br/>Insurance<br/>Fund</u> |
|---|-------------------------------------|
| <b>ASSETS</b>   |                                     |
| Current assets:   |                                     |
| Accounts receivable, net of allowances for uncollectibles | 282,007                             |
| Total current assets                                      | \$ <u>282,007</u>                   |
| <br>Total assets  | <br>\$ <u>282,007</u>               |
| <b>LIABILITIES</b>  |                                     |
| Current liabilities:                                      |                                     |
| Accounts payable  | \$ 499,000                          |
| Due to other governmental units                           | <u>282,007</u>                      |
| Total current liabilities                                 | <u>781,007</u>                      |
| <br>Total liabilities                                     | <br>\$ <u>781,007</u>               |
| <b>NET POSITION</b>                                       |                                     |
| Unrestricted  | \$ (499,000)                        |
| Total net position  | \$ <u><u>(499,000)</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, 2024

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|                                    | <b>Self-<br/>Insurance<br/>Fund</b> |
|------------------------------------|-------------------------------------|
|                                    | <hr/>                               |
| <b>OPERATING REVENUES</b>          |                                     |
| Charges for services:              |                                     |
| Insurance premiums                 | \$ 8,853,695                        |
| Total operating revenues           | \$ <u>8,853,695</u>                 |
| <b>OPERATING EXPENSES</b>          |                                     |
| Insurance claims and expenses      | \$ 8,317,210                        |
| Total operating expenses           | \$ <u>8,317,210</u>                 |
| <br>Operating income (loss)        | <br>\$ <u>536,485</u>               |
| <br>Total net position - beginning | <br>\$ <u>(1,035,485)</u>           |
| Total net position - ending        | \$ <u><u>(499,000)</u></u>          |

## Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2024

|   | <b>Self-<br/>Insurance<br/>Fund</b> |
|---|-------------------------------------|
|   | <u>                    </u>         |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |                                     |
| Receipts for insurance premiums   | \$ 9,476,735                        |
| Payments for premiums   | (9,476,735)                         |
| Net cash provided by (used for) operating activities  | <u>\$ -</u>                         |
| Cash and cash equivalents - beginning   | \$ -                                |
| Cash and cash equivalents - ending  | <u><u>\$ -</u></u>                  |
| <b>Reconciliation of operating income (loss) to net cash<br/>provided by (used for) operating activities:</b> |                                     |
| Operating income (loss)   | \$ <u>536,485</u>                   |
| Adjustments to reconcile operating income (loss) to net cash<br>provided (used) by operating activities:      |                                     |
| (Increase) decrease in accounts receivable  | \$ (282,007)                        |
| (Increase) decrease in intergovernmental receivables  | 905,047                             |
| Increase (decrease) in accounts payable   | (1,159,525)                         |
| Total adjustments   | <u>\$ (536,485)</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, 2024

**ASSETS**

## Current assets:

|                           |    |                  |
|---------------------------|----|------------------|
| Cash and cash equivalents | \$ | 61,917           |
| Investments               |    | 843,234          |
| Inventories               |    | 1,083,044        |
| Total current assets      | \$ | <u>1,988,195</u> |

## Noncurrent assets:

## Capital assets:

|                          |    |                  |
|--------------------------|----|------------------|
| Land                     | \$ | 473,735          |
| Buildings                |    | 18,221,572       |
| Machinery and equipment  |    | 7,234            |
| Accumulated depreciation |    | (12,828,521)     |
| Total net capital assets | \$ | <u>5,874,020</u> |
| Total noncurrent assets  | \$ | <u>5,874,020</u> |
| Total assets             | \$ | <u>7,862,215</u> |

**LIABILITIES**

## Current liabilities:

|                                 |    |                  |
|---------------------------------|----|------------------|
| Accounts payable                | \$ | 25,498           |
| Bonds payable - current portion |    | 1,173,144        |
| Total current liabilities       | \$ | <u>1,198,642</u> |

## Noncurrent liabilities:

|  |    |                  |
|--|----|------------------|
| Bonds payable - net of current portion | \$ | 4,946,729        |
| Total noncurrent liabilities           | \$ | <u>4,946,729</u> |
| Total liabilities                      | \$ | <u>6,145,371</u> |

**NET POSITION**

|                                  |    |                         |
|----------------------------------|----|-------------------------|
| Net investment in capital assets | \$ | (245,853)               |
| Unrestricted                     |    | 1,962,697               |
| Total net position               | \$ | <u><u>1,716,844</u></u> |

Statement of Revenues, Expenses, and Changes in Net Position  
Discretely Presented Component Unit - Economic Development Authority  
For the Year Ended June 30, 2024

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**OPERATING REVENUES**

## Charges for services:

|                                      |    |                  |
|--------------------------------------|----|------------------|
| Rents                                | \$ | 1,485,942        |
| Contributions from local governments |    | 30,000           |
| State grant                          |    | 139,155          |
| Total operating revenues             | \$ | <u>1,655,097</u> |

**OPERATING EXPENSES**

|   |    |                |
|---|----|----------------|
| Contractual services                    | \$ | 10,204         |
| Other charges                           |    | 8,878          |
| Grant expenses                          |    | 139,155        |
| Economic development incentive programs |    | 101,567        |
| Depreciation                            |    | 547,350        |
| Total operating expenses                | \$ | <u>807,154</u> |
| Operating income (loss)                 | \$ | <u>847,943</u> |

**NONOPERATING REVENUES (EXPENSES)**

|  |    |                  |
|--|----|------------------|
| Investment income                      | \$ | 47,467           |
| Interest expense                       |    | (334,704)        |
| Total nonoperating revenues (expenses) | \$ | <u>(287,237)</u> |

|                        |    |         |
|------------------------|----|---------|
| Change in net position | \$ | 560,706 |
|------------------------|----|---------|

|                                |    |                         |
|--------------------------------|----|-------------------------|
| Total net position - beginning |    | 1,156,138               |
| Total net position - ending    | \$ | <u><u>1,716,844</u></u> |

## Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2024

**CASH FLOWS FROM OPERATING ACTIVITIES**

|  |              |
|--|--------------|
| Receipts from customers and users                    | \$ 1,485,942 |
| Receipts for local government contributions          | 30,000       |
| Receipts from grants                                 | 139,155      |
| Payments for operating activities                    | (267,652)    |
| Net cash provided by (used for) operating activities | \$ 1,387,445 |

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

|  |                |
|--|----------------|
| Principal payments on bonds  | \$ (1,116,601) |
| Interest payments  | (334,704)      |
| Net cash provided by (used for) capital and related financing activities | \$ (1,451,305) |

**CASH FLOWS FROM INVESTING ACTIVITIES**

|  |           |
|--|-----------|
| Sale (purchase) of investments                       | \$ 2,534  |
| Interest income                                      | 47,467    |
| Net cash provided by (used for) investing activities | \$ 50,001 |

|  |             |
|--|-------------|
| Net increase (decrease) in cash and cash equivalents | \$ (13,859) |
|--|-------------|

|                                       |        |
|---------------------------------------|--------|
| Cash and cash equivalents - beginning | 75,776 |
|---------------------------------------|--------|

|                                    |           |
|------------------------------------|-----------|
| Cash and cash equivalents - ending | \$ 61,917 |
|------------------------------------|-----------|

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

|   |              |
|---|--------------|
| Operating income (loss)   | \$ 847,943   |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: |              |
| Depreciation  | \$ 547,350   |
| Increase (decrease) in accounts payable   | (7,848)      |
| Total adjustments   | \$ 539,502   |
| Net cash provided by (used for) operating activities  | \$ 1,387,445 |

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## *SUPPORTING SCHEDULES*

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Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source                   | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>General Fund:</b>                                   |                    |                 |               |   |
| Revenue from local sources:                            |                    |                 |               |   |
| General property taxes:                                |                    |                 |               |   |
| Current real estate taxes                              | \$ 33,938,032      | \$ 33,938,032   | \$ 33,125,020 | \$ (813,012)  |
| Delinquent real estate taxes                           | 908,981            | 951,811         | 709,263       | (242,548)   |
| Real and personal public service corporation taxes     | 958,928            | 958,928         | 1,097,267     | 138,339   |
| Current personal property taxes                        | 13,148,857         | 13,148,857      | 13,249,334    | 100,477   |
| Delinquent personal property taxes                     | 1,469,895          | 1,469,895       | 1,623,992     | 154,097   |
| Mobile home taxes                                      | 70,419             | 70,419          | 54,253        | (16,166)  |
| Penalties  | 422,951            | 422,951         | 504,916       | 81,965  |
| Interest   | 259,130            | 259,130         | 302,678       | 43,548  |
| Total general property taxes                           | \$ 51,177,193      | \$ 51,220,023   | \$ 50,666,723 | \$ (553,300)  |
| Other local taxes:                                     |                    |                 |               |   |
| Local sales and use taxes                              | \$ 7,494,000       | \$ 7,494,000    | \$ 7,510,379  | \$ 16,379   |
| Consumers' utility taxes                               | 763,099            | 763,099         | 744,634       | (18,465)  |
| Electric consumption taxes                             | 130,666            | 130,666         | 129,385       | (1,281)   |
| Business license taxes                                 | 2,216,575          | 2,216,575       | 2,585,676     | 369,101   |
| Bank stock taxes                                       | 422,033            | 422,033         | 341,268       | (80,765)  |
| Taxes on recordation                                   | 463,000            | 463,000         | 518,199       | 55,199  |
| Deeds of conveyence                                    | 174,874            | 174,874         | 123,118       | (51,756)  |
| Restaurant food taxes                                  | 3,375,470          | 3,375,470       | 3,577,510     | 202,040   |
| Hotel and motel room taxes                             | 342,374            | 342,374         | 446,204       | 103,830   |
| Total other local taxes                                | \$ 15,382,091      | \$ 15,382,091   | \$ 15,976,373 | \$ 594,282  |
| Permits, privilege fees, and regulatory licenses:      |                    |                 |               |   |
| Animal licenses  | \$ 32,824          | \$ 32,824       | \$ 32,359     | \$ (465)  |
| Dangerous dog licenses                                 | 240                | 240             | 150           | (90)  |
| Exotic animal licenses                                 | 175                | 175             | 100           | (75)  |
| Land use application fees                              | -                  | -               | 1,920         | 1,920   |
| Transfer fees  | 1,748              | 1,748           | 1,427         | (321)   |
| Zoning permits-construction                            | 26,385             | 26,385          | 21,230        | (5,155)   |
| Zoning permits-business license                        | 9,800              | 9,800           | 8,085         | (1,715)   |
| Subdivision plat fee                                   | 3,250              | 3,250           | 3,260         | 10  |
| Zoning variance and appeals                            | 1,100              | 1,100           | 1,650         | 550   |
| Site plan approval                                     | 15,000             | 15,000          | 12,050        | (2,950)   |
| Rezoning code amendment                                | 2,480              | 2,480           | 1,640         | (840)   |
| Chesapeake Bay permits                                 | 7,250              | 7,250           | 7,750         | 500   |
| Stormwater   | 27,245             | 27,245          | 26,227        | (1,018)   |
| Building permits                                       | 347,022            | 347,022         | 277,972       | (69,050)  |
| Soil erosion permits                                   | 8,820              | 8,820           | 7,285         | (1,535)   |
| Wetland permits  | 5,755              | 5,755           | 9,350         | 3,595   |
| Open burn permits                                      | 250                | 250             | 350           | 100   |
| Wetlands in lieu                                       | 4,250              | 4,250           | 2,938         | (1,312)   |
| Total permits, privilege fees, and regulatory licenses | \$ 493,594         | \$ 493,594      | \$ 415,743    | \$ (77,851)   |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source           | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>General Fund: (Continued)</b>               |                    |                 |              |   |
| Revenue from local sources: (Continued)        |                    |                 |              |   |
| Fines and forfeitures:                         |                    |                 |              |   |
| Court fines and forfeitures                    | \$ 49,210          | \$ 49,210       | \$ 73,564    | \$ 24,354   |
| Parking fines                                  | 35                 | 35              | 145          | 110   |
| Bus patrol                                     | -                  | -               | 1,000        | 1,000   |
| Total fines and forfeitures                    | \$ 49,245          | \$ 49,245       | \$ 74,709    | \$ 25,464   |
| Revenue from use of money and property:        |                    |                 |              |   |
| Interest income                                | \$ 405,499         | \$ 405,499      | \$ 1,228,442 | \$ 822,943  |
| Rental income                                  | 6,500              | 6,500           | 6,362        | (138)   |
| Health Department rental                       | 90,255             | 90,255          | 91,014       | 759   |
| Tower lease                                    | 36,456             | 36,456          | 36,517       | 61  |
| Total revenue from use of money and property   | \$ 538,710         | \$ 538,710      | \$ 1,362,335 | \$ 823,625  |
| Charges for services:                          |                    |                 |              |   |
| Charges for courthouse maintenance             | \$ 7,973           | \$ 7,973        | \$ 12,228    | \$ 4,255  |
| Charges for circuit court judge fees           | 46,600             | 46,600          | 56,051       | 9,451   |
| Charges for courthouse security                | 49,697             | 49,697          | 86,074       | 36,377  |
| Charges for jail fees                          | 4,860              | 4,860           | 6,981        | 2,121   |
| Charges for probation                          | 8,560              | 8,560           | 10,510       | 1,950   |
| Charges for use of credit cards                | 77,458             | 77,458          | 87,836       | 10,378  |
| Charges for use of credit cards-Library        | 297                | 297             | 196          | (101)   |
| Charges for Sheriff fees                       | 3,219              | 3,219           | 3,279        | 60  |
| Charges for Sheriff special investigation fees | 26,600             | 26,600          | 28,130       | 1,530   |
| Charges for Commonwealth's Attorney            | 3,031              | 3,031           | 3,540        | 509   |
| Charges for animal shelter fees                | 6,200              | 6,200           | 10,189       | 3,989   |
| Charges for sanitation and waste removal       | 478,061            | 478,061         | 815,815      | 337,754   |
| Charges for recreation class fees              | 130,760            | 130,760         | 145,187      | 14,427  |
| Charges for parks                              | 47,442             | 47,442          | 75,110       | 27,668  |
| Charges for park concessions                   | 3,116              | 3,116           | 3,546        | 430   |
| Charges for daffodil festival                  | 59,500             | 59,500          | 95,982       | 36,482  |
| Charges for sale of daffodil items             | 6,490              | 6,490           | 14,954       | 8,464   |
| Charges for sale of historical materials       | 100                | 100             | -            | (100)   |
| Charges for sale of tourism items              | 12,000             | 12,000          | 17,022       | 5,022   |
| Charges for sale of commemorative items        | 5,000              | 5,000           | 7,934        | 2,934   |
| Charges for library                            | 6,711              | 6,711           | 4,414        | (2,297)   |
| Charges for sale of publications               | 68                 | 68              | 20           | (48)  |
| Total charges for services                     | \$ 983,743         | \$ 983,743      | \$ 1,484,998 | \$ 501,255  |
| Miscellaneous:                                 |                    |                 |              |   |
| Donations                                      | \$ 43,006          | \$ 43,006       | \$ 15,875    | \$ (27,131)   |
| Sale of equipment                              | 6,787              | 6,787           | 1,153        | (5,634)   |
| Sale of vehicles                               | 13,101             | 13,101          | 1,025        | (12,076)  |
| Surplus tax sales                              | 56,378             | 219,663         | 334,552      | 114,889   |
| Cable EG capital grant                         | 32,330             | 32,330          | 26,272       | (6,058)   |
| Insurance recovery                             | 84                 | 84              | 4,553        | 4,469   |
| Returned check fees                            | 1,295              | 1,295           | 840          | (455)   |
| Other income                                   | 72,661             | 72,661          | 77,693       | 5,032   |
| Total miscellaneous                            | \$ 225,642         | \$ 388,927      | \$ 461,963   | \$ 73,036   |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source        | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>            |                    |                 |               |   |
| Revenue from local sources: (Continued)     |                    |                 |               |   |
| Recovered costs:                            |                    |                 |               |   |
| Recovered costs sheriff                     | \$ 60,382          | \$ 60,382       | \$ 111,360    | \$ 50,978   |
| Recovered costs Jail                        | 29,240             | 29,240          | 30,953        | 1,713   |
| Recovered costs treasurer                   | 61,426             | 61,426          | 112,304       | 50,878  |
| Recovered costs probation                   | 86,400             | 86,400          | 86,400        | -   |
| Recovered costs utilities                   | 190,896            | 190,896         | 190,896       | -   |
| Recovered costs demolition                  | 11,505             | 11,505          | 3,271         | (8,234)   |
| Recovered costs grants                      | 50,000             | 21,000          | -             | (21,000)  |
| Recovered costs automobile expense          | 6,311              | 6,311           | 7,688         | 1,377   |
| Recovered cost fuel                         | 95,770             | 95,770          | 92,406        | (3,364)   |
| Recovered cost library                      | 3,022              | 3,022           | 2,240         | (782)   |
| Recovered cost animal control               | 411                | 411             | 2,306         | 1,895   |
| Recovered costs court appointed attorney    | 1,260              | 1,260           | 3,737         | 2,477   |
| Recovered costs bill in equity              | 7,742              | 7,742           | 17,429        | 9,687   |
| Recovered costs clerk document reproduction | 8,234              | 8,234           | 4,462         | (3,772)   |
| Recovered costs solar inspections           | 528,000            | 528,000         | 154,229       | (373,771)   |
| Total recovered costs                       | \$ 1,140,599       | \$ 1,111,599    | \$ 819,681    | \$ (291,918)  |
| Total revenue from local sources            | \$ 69,990,817      | \$ 70,167,932   | \$ 71,262,525 | \$ 1,094,593  |
| Intergovernmental:                          |                    |                 |               |   |
| Revenue from the Commonwealth:              |                    |                 |               |   |
| Noncategorical aid:                         |                    |                 |               |   |
| Communication tax                           | \$ 1,092,119       | \$ 1,092,119    | \$ 996,522    | \$ (95,597)   |
| Motor vehicle carriers' tax                 | 2,213              | 2,213           | 1,218         | (995)   |
| Personal property tax relief funds          | 2,778,640          | 2,778,640       | 2,778,640     | -   |
| Mobile home titling tax                     | 41,277             | 41,277          | 49,390        | 8,113   |
| Motor vehicle rental tax                    | 75,065             | 75,065          | 102,960       | 27,895  |
| Total noncategorical aid                    | \$ 3,989,314       | \$ 3,989,314    | \$ 3,928,730  | \$ (60,584)   |
| Categorical aid:                            |                    |                 |               |   |
| Shared expenses:                            |                    |                 |               |   |
| Commonwealth's attorney                     | \$ 481,328         | \$ 511,409      | \$ 491,617    | \$ (19,792)   |
| Sheriff                                     | 3,241,360          | 3,395,017       | 3,403,926     | 8,909   |
| Jail  | 63,797             | 63,797          | 63,898        | 101   |
| Asset forfeiture                            | 2,555              | 2,555           | (1,579)       | (4,134)   |
| Commissioner of revenue                     | 178,336            | 207,046         | 188,104       | (18,942)  |
| Treasurer                                   | 210,405            | 215,945         | 212,400       | (3,545)   |
| Registrar                                   | 64,049             | 65,216          | 106,448       | 41,232  |
| Electoral board                             | 7,483              | 7,483           | 8,334         | 851   |
| Clerk of the Circuit Court                  | 352,685            | 364,237         | 396,417       | 32,180  |
| Total shared expenses                       | \$ 4,601,998       | \$ 4,832,705    | \$ 4,869,565  | \$ 36,860   |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source         | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>             |                    |                 |               |   |
| Intergovernmental: (Continued)               |                    |                 |               |   |
| Revenue from the Commonwealth: (Continued)   |                    |                 |               |   |
| Other categorical aid:                       |                    |                 |               |   |
| Emergency medical services                   | \$ 42,858          | \$ 42,858       | \$ 44,249     | \$ 1,391  |
| Fire programs                                | 155,313            | 155,313         | 174,295       | 18,982  |
| Victim-witness grant                         | 31,413             | 31,413          | 31,413        | -   |
| Litter control grant                         | 15,607             | 15,607          | 22,627        | 7,020   |
| Sheriff - sro grant                          | 165,853            | 165,853         | 107,744       | (58,109)  |
| E911 wireless grant                          | 146,478            | 146,478         | 151,793       | 5,315   |
| Library grant                                | 196,724            | 230,853         | 230,977       | 124   |
| Probation & pretrial                         | 416,117            | 416,117         | 440,847       | 24,730  |
| State grant-tourism                          | 30,000             | 55,000          | 45,000        | (10,000)  |
| Other state grants                           | 20,000             | 90,250          | 92,180        | 1,930   |
| Total other categorical aid                  | \$ 1,220,363       | \$ 1,349,742    | \$ 1,341,125  | \$ (8,617)  |
| Total categorical aid                        | \$ 5,822,361       | \$ 6,182,447    | \$ 6,210,690  | \$ 28,243   |
| Total revenue from the Commonwealth          | \$ 9,811,675       | \$ 10,171,761   | \$ 10,139,420 | \$ (32,341)   |
| Revenue from the federal government:         |                    |                 |               |   |
| Noncategorical aid:                          |                    |                 |               |   |
| Payments in lieu of taxes                    | \$ 778             | \$ 778          | \$ 887        | \$ 109  |
| Categorical aid:                             |                    |                 |               |   |
| DMV ground transportation safety grant       |                    |                 |               |   |
| V-stop prosecutor grant                      | \$ 41,174          | \$ 41,174       | \$ 31,541     | \$ (9,633)  |
| Victim/witness grant                         | 65,970             | 65,970          | 65,968        | (2)   |
| Emergency management grant                   | 13,644             | 13,644          | 13,644        | -   |
| Highway safety grant                         | 30,275             | 30,275          | 34,071        | 3,796   |
| Asset forfeiture                             | 150                | 150             | 148           | (2)   |
| Federal grants - bvp                         | 1,078              | 1,078           | 5,337         | 4,259   |
| Other federal revenue                        | 155,198            | 155,198         | 179,592       | 24,394  |
| Total categorical aid                        | \$ 307,489         | \$ 307,489      | \$ 330,301    | \$ 22,812   |
| Total revenue from the federal government    | \$ 308,267         | \$ 308,267      | \$ 331,188    | \$ 22,921   |
| Total General Fund                           | \$ 80,110,759      | \$ 80,647,960   | \$ 81,733,133 | \$ 1,085,173  |
| <b>Special Revenue Funds:</b>                |                    |                 |               |   |
| <b>Virginia Public Assistance Fund:</b>      |                    |                 |               |   |
| Miscellaneous:                               |                    |                 |               |   |
| Other miscellaneous                          | \$ -               | \$ -            | \$ 11         | \$ 11   |
| Total revenue from local sources             | \$ -               | \$ -            | \$ 11         | \$ 11   |
| Intergovernmental:                           |                    |                 |               |   |
| Revenue from the Commonwealth:               |                    |                 |               |   |
| Categorical aid:                             |                    |                 |               |   |
| Public assistance and welfare administration | \$ 1,807,272       | \$ 1,807,272    | \$ 1,340,046  | \$ (467,226)  |
| Total categorical aid                        | \$ 1,807,272       | \$ 1,807,272    | \$ 1,340,046  | \$ (467,226)  |
| Total revenue from the Commonwealth          | \$ 1,807,272       | \$ 1,807,272    | \$ 1,340,046  | \$ (467,226)  |
| Revenue from the federal government:         |                    |                 |               |   |
| Categorical aid:                             |                    |                 |               |   |
| Public assistance and welfare administration | \$ 2,601,286       | \$ 2,601,286    | \$ 2,391,181  | \$ (210,105)  |
| Total categorical aid                        | \$ 2,601,286       | \$ 2,601,286    | \$ 2,391,181  | \$ (210,105)  |
| Total revenue from the federal government    | \$ 2,601,286       | \$ 2,601,286    | \$ 2,391,181  | \$ (210,105)  |
| Total Virginia Public Assistance Fund        | \$ 4,408,558       | \$ 4,408,558    | \$ 3,731,238  | \$ (677,320)  |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source         | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>Comprehensive Services Act Fund:</b>      |                    |                 |              |   |
| Revenue from local sources:                  |                    |                 |              |   |
| Miscellaneous:                               |                    |                 |              |   |
| Other miscellaneous                          | \$ 3,720           | \$ 3,720        | \$ -         | \$ (3,720)  |
| Total revenue from local sources             | \$ 3,720           | \$ 3,720        | \$ -         | \$ (3,720)  |
| Intergovernmental:                           |                    |                 |              |   |
| Revenue from the Commonwealth:               |                    |                 |              |   |
| Categorical aid:                             |                    |                 |              |   |
| Public assistance and welfare administration | \$ 2,280           | \$ 2,280        | \$ 1,591     | \$ (689)  |
| Comprehensive services act                   | 850,000            | 850,000         | 1,087,594    | 237,594   |
| Total categorical aid                        | \$ 852,280         | \$ 852,280      | \$ 1,089,185 | \$ 236,905  |
| Total revenue from the Commonwealth          | \$ 852,280         | \$ 852,280      | 1,089,185    | 236,905   |
| Revenue from the federal government:         |                    |                 |              |   |
| Categorical aid:                             |                    |                 |              |   |
| Public assistance and welfare administration | \$ 18,000          | \$ 18,000       | \$ 12,562    | \$ (5,438)  |
| Comprehensive services act                   | -                  | -               | 20,276       | 20,276  |
| Total revenue from the federal government    | \$ 18,000          | \$ 18,000       | \$ 32,838    | \$ 14,838   |
| Total Comprehensive Services Act Fund        | \$ 874,000         | \$ 874,000      | \$ 1,122,023 | \$ 248,023  |
| <b>American Rescue Plan Act Fund:</b>        |                    |                 |              |   |
| Revenue from the federal government:         |                    |                 |              |   |
| Categorical aid:                             |                    |                 |              |   |
| American Rescue Plan Act funds               | \$ 1,350,000       | \$ 2,316,532    | \$ 785,266   | \$ (1,531,266)  |
| Total categorical aid                        | \$ 1,350,000       | \$ 2,316,532    | \$ 785,266   | \$ (1,531,266)  |
| Total revenue from the federal government    | \$ 1,350,000       | \$ 2,316,532    | \$ 785,266   | \$ (1,531,266)  |
| Total American Rescue Plan Act Fund          | \$ 1,350,000       | \$ 2,316,532    | \$ 785,266   | \$ (1,531,266)  |
| <b>Opioid Abatement Fund:</b>                |                    |                 |              |   |
| Revenue from local sources:                  |                    |                 |              |   |
| Miscellaneous:                               |                    |                 |              |   |
| Opioid settlement funds                      | \$ 100,000         | \$ 100,000      | \$ 134,606   | \$ 34,606   |
| Total opioid abatement fund                  | \$ 100,000         | \$ 100,000      | \$ 134,606   | \$ 34,606   |
| <b>Mosquito Control Fund:</b>                |                    |                 |              |   |
| Revenue from local sources:                  |                    |                 |              |   |
| General property taxes:                      | \$ 121,473         | \$ 121,473      | \$ 128,864   | \$ 7,391  |
| Total mosquito control fund                  | \$ 121,473         | \$ 121,473      | \$ 128,864   | \$ 7,391  |
| Total Special Revenue Funds                  | \$ 6,854,031       | \$ 7,820,563    | \$ 5,901,997 | \$ (1,918,566)  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source            | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|--------------|---|
| <b>Special Revenue Funds: (Continued)</b>       |                    |                 |              |   |
| <b>Debt Service Fund:</b>                       |                    |                 |              |   |
| Intergovernmental:                              |                    |                 |              |   |
| Revenue from the Commonwealth:                  |                    |                 |              |   |
| Noncategorical aid:                             |                    |                 |              |   |
| Other noncategorical aid                        | \$ 109,358         | \$ 109,358      | \$ 104,414   | \$ (4,944)  |
| Total noncategorical aid                        | \$ 109,358         | \$ 109,358      | \$ 104,414   | \$ (4,944)  |
| Revenue from the federal government:            |                    |                 |              |   |
| Noncategorical aid:                             |                    |                 |              |   |
| Other noncategorical aid                        | \$ 225,060         | \$ 225,060      | \$ 237,998   | \$ 12,938   |
| Total noncategorical aid                        | \$ 225,060         | \$ 225,060      | \$ 237,998   | \$ 12,938   |
| Total Debt Service Fund                         | \$ 334,418         | \$ 334,418      | \$ 342,412   | \$ 7,994  |
| <b>School Sales Tax Fund:</b>                   |                    |                 |              |   |
| Revenue from local sources:                     |                    |                 |              |   |
| Other local taxes:                              |                    |                 |              |   |
| School sales tax                                | \$ 5,980,961       | \$ 5,980,961    | \$ 5,928,029 | \$ (52,932)   |
| Revenue from use of money and property:         |                    |                 |              |   |
| Revenue from the use of money                   | \$ 280,062         | \$ 280,062      | \$ 479,116   | \$ 199,054  |
| Total school sales tax fund                     | \$ 6,261,023       | \$ 6,261,023    | \$ 6,407,145 | \$ 146,122  |
| <b>Capital Projects Fund:</b>                   |                    |                 |              |   |
| Revenue from local sources:                     |                    |                 |              |   |
| Revenue from use of money and property:         |                    |                 |              |   |
| Revenue from the use of money                   | \$ -               | \$ 48,300       | \$ 1,536,260 | \$ 1,487,960  |
| Total revenue from use of money and property    | \$ -               | \$ 48,300       | \$ 1,536,260 | \$ 1,487,960  |
| Miscellaneous:                                  |                    |                 |              |   |
| Contributions-FEMA homeowner match              | \$ 138,416         | \$ 138,416      | \$ 3,268     | \$ (135,148)  |
| Contributions-open broadband                    | -                  | 29,633          | -            | (29,633)  |
| In-kind rental income                           | -                  | 36,000          | -            | (36,000)  |
| In-kind contributions-Mathews broadband project | -                  | 8,000           | -            | (8,000)   |
| Cash proffers                                   | -                  | -               | 6,000        | 6,000   |
| Total miscellaneous                             | \$ 138,416         | \$ 212,049      | \$ 9,268     | \$ (202,781)  |
| Total revenue from local sources                | \$ 138,416         | \$ 260,349      | \$ 1,545,528 | \$ 1,285,179  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source                     | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>Capital Projects Fund: (Continued)</b>                |                    |                 |               |   |
| Intergovernmental:                                       |                    |                 |               |   |
| Revenue from the Commonwealth:                           |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| VPA dredging grant                                       | \$ 333,788         | \$ 408,788      | \$ 395,529    | \$ (13,259)   |
| Virginia telecommunications initiative (VATI) grant      | -                  | 96,107          | -             | (96,107)  |
| Virginia department of emergency management grants       | 336,575            | 336,575         | 6,968         | (329,607)   |
| Total categorical aid                                    | \$ 670,363         | \$ 841,470      | \$ 402,497    | \$ (438,973)  |
| Total revenue from the Commonwealth                      | \$ 670,363         | \$ 841,470      | \$ 402,497    | \$ (438,973)  |
| Revenue from the federal government:                     |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| HVAC ARP grant   | \$ 979,148         | \$ 979,148      | \$ -          | \$ (979,148)  |
| ESSER III  | 979,148            | 979,148         | 932,386       | (46,762)  |
| FEMA   | 2,203,632          | 2,203,632       | 58,102        | (2,145,530)   |
| Total categorical aid                                    | \$ 4,161,928       | \$ 4,161,928    | \$ 990,488    | \$ (3,171,440)  |
| Total revenue from the federal government                | \$ 4,161,928       | \$ 4,161,928    | \$ 990,488    | \$ (3,171,440)  |
| Total Capital Projects Fund                              | \$ 4,970,707       | \$ 5,263,747    | \$ 2,938,513  | \$ (2,325,234)  |
| Total Primary Government                                 | \$ 98,530,938      | \$ 100,327,711  | \$ 97,323,200 | \$ (3,004,511)  |
| <b>Discretely Presented Component Unit-School Board:</b> |                    |                 |               |   |
| <b>School Operating Fund:</b>                            |                    |                 |               |   |
| Revenue from local sources:                              |                    |                 |               |   |
| Revenue from use of money and property:                  |                    |                 |               |   |
| Revenue from the use of property                         | \$ 2,000           | \$ 2,000        | \$ 2,000      | \$ -  |
| Charges for services:                                    |                    |                 |               |   |
| Tuition and payments from other divisions                | \$ 41,000          | \$ 41,000       | \$ 13,164     | \$ (27,836)   |
| Miscellaneous:   |                    |                 |               |   |
| Other miscellaneous                                      | \$ 157,000         | \$ 157,000      | \$ 132,080    | \$ (24,920)   |
| Total revenue from local sources                         | \$ 200,000         | \$ 200,000      | \$ 147,244    | \$ (52,756)   |
| Intergovernmental:                                       |                    |                 |               |   |
| Revenue from local governments:                          |                    |                 |               |   |
| Contribution from County of Gloucester, Virginia         | \$ 30,424,128      | \$ 30,424,128   | \$ 30,584,591 | \$ 160,463  |
| Total revenue from local governments                     | \$ 30,424,128      | \$ 30,424,128   | \$ 30,584,591 | \$ 160,463  |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source                     | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>Discretely Presented Component Unit-School Board:</b> |                    |                 |               |   |
| <b>School Operating Fund: (Continued)</b>                |                    |                 |               |   |
| Intergovernmental: (Continued)                           |                    |                 |               |   |
| Revenue from the Commonwealth:                           |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| Share of state sales tax                                 | \$ 7,598,542       | \$ 7,598,542    | 7,295,827     | \$ (302,715)  |
| Basic school aid   | 15,669,318         | 15,669,318      | 15,912,688    | 243,370   |
| ISAEF  | 16,405             | 16,405          | 16,346        | (59)  |
| Remedial summer education                                | 123,503            | 123,503         | 81,280        | (42,223)  |
| Regular foster care                                      | -                  | -               | 9,826         | 9,826   |
| Gifted ed-soq  | 163,368            | 163,368         | 158,966       | (4,402)   |
| Prevent/intervention/remediation                         | 418,816            | 418,816         | 407,531       | (11,285)  |
| Compensation Supplement                                  | 2,116,126          | 2,358,844       | 2,327,894     | (30,950)  |
| Special ed-soq   | 1,306,943          | 1,306,943       | 1,271,727     | (35,216)  |
| Textbook payment   | 393,212            | 393,212         | 382,616       | (10,596)  |
| Vocational standards of quality payments                 | 243,567            | 243,567         | 237,004       | (6,563)   |
| Industrial based cert                                    | -                  | -               | 4,702         | 4,702   |
| Revenue from the Commonwealth: (Continued)               |                    |                 |               |   |
| Categorical aid: (Continued)                             |                    |                 |               |   |
| Social security fringe benefits                          | 897,038            | 897,038         | 872,867       | (24,171)  |
| Retirement fringe benefits                               | 2,091,109          | 2,091,109       | 2,034,763     | (56,346)  |
| Group life insurance fringe benefits                     | 62,377             | 62,377          | 60,696        | (1,681)   |
| Early reading intervention                               | 146,342            | 146,342         | 139,588       | (6,754)   |
| State lottery payments                                   | 1,185,657          | 1,185,657       | 1,170,335     | (15,322)  |
| Homebound education                                      | 17,512             | 17,512          | 9,908         | (7,604)   |
| Regional program tuition                                 | 321,189            | 321,189         | 431,647       | 110,458   |
| Vocational educational equipment                         | 17,585             | 17,585          | 89,890        | 72,305  |
| Vocational educational occup prep                        | 3,000              | 3,000           | 5,521         | 2,521   |
| Special education - foster children                      | 12,237             | 12,237          | 25,871        | 13,634  |
| At risk - soq  | 935,783            | 935,783         | 845,309       | (90,474)  |
| National Board Certification TC                          | 22,500             | 22,500          | 20,000        | (2,500)   |
| Primary class size                                       | 476,364            | 476,364         | 457,081       | (19,283)  |
| VA Preschool   | 418,013            | 418,013         | 486,003       | 67,990  |
| Mentor teacher program                                   | 2,919              | 2,919           | 2,416         | (503)   |
| POS Behavior Int   | 250,000            | 250,000         | 174,766       | (75,234)  |
| English as a second language                             | 43,096             | 43,096          | 44,013        | 917   |
| Race to GED  | 3,000              | 3,000           | -             | (3,000)   |
| Industry credential student                              | 5,000              | 5,000           | 2,856         | (2,144)   |
| Other state funds  | 1,050,013          | 1,050,013       | 2,462,430     | 1,412,417   |
| SRO Grant  | 200,750            | 200,750         | 215,714       | 14,964  |
| Project graduation                                       | 7,653              | 7,653           | 7,653         | -   |
| No loss funding  | 1,367,367          | 1,367,367       | -             | (1,367,367)   |
| All-in spending  | -                  | 1,637,763       | 1,637,763     | -   |
| VPSA technology  | 258,000            | 258,000         | 258,000       | -   |
| Algebra readiness  | 59,505             | 59,505          | 54,798        | (4,707)   |
| Medicaid reimbursement                                   | 350,000            | 350,000         | 193,742       | (156,258)   |
| Total categorical aid                                    | \$ 38,253,809      | \$ 40,134,290   | \$ 39,810,037 | \$ (324,253)  |
| Total revenue from the Commonwealth                      | \$ 38,253,809      | \$ 40,134,290   | \$ 39,810,037 | \$ (324,253)  |

Schedule of Revenues - Budget and Actual  
 Governmental Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source                     | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>Discretely Presented Component Unit-School Board:</b> |                    |                 |               |   |
| <b>School Operating Fund: (Continued)</b>                |                    |                 |               |   |
| Intergovernmental: (Continued)                           |                    |                 |               |   |
| Revenue from the federal government:                     |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| Title I  | \$ 935,000         | \$ 935,000      | \$ 841,581    | \$ (93,419)   |
| Miscellaneous  | 200,000            | 200,000         | -             | (200,000)   |
| Impact aid   | 115,000            | 115,000         | 181,851       | 66,851  |
| Title VI-B, special education                            | 1,300,000          | 1,300,000       | 1,370,094     | 70,094  |
| Vocational education - carl perkins                      | 85,425             | 85,425          | 90,763        | 5,338   |
| Title II   | 188,262            | 188,262         | 212,894       | 24,632  |
| Title IV   | 24,613             | 24,613          | 13,434        | (11,179)  |
| ROTC   | 125,000            | 125,000         | 132,952       | 7,952   |
| Revenue from the federal government: (Continued)         |                    |                 |               |   |
| Categorical aid: (Continued)                             |                    |                 |               |   |
| ESSER II   | 250,000            | 250,000         | 5,889         | (244,111)   |
| ESSER III  | 2,250,000          | 2,250,000       | 2,099,743     | (150,257)   |
| AUL/ESY  | 250,000            | 250,000         | 89,677        | (160,323)   |
| ESSER III Summer School                                  | 117,630            | 117,630         | 94,854        | (22,776)  |
| ESSER III -ul  | 380,977            | 380,977         | 274,650       | (106,327)   |
| ESSER III - bf/aft sch                                   | 134,458            | 134,458         | 58,477        | (75,981)  |
| ESSER III - mentor teacher                               | 2,503              | 2,503           | 2,503         | -   |
| Total categorical aid                                    | \$ 6,358,868       | \$ 6,358,868    | \$ 5,469,362  | \$ (889,506)  |
| Total revenue from the federal government                | \$ 6,358,868       | \$ 6,358,868    | \$ 5,469,362  | \$ (889,506)  |
| Total School Operating Fund                              | \$ 75,236,805      | \$ 77,117,286   | \$ 76,011,234 | \$ (1,106,052)  |
| <b>School Cafeteria Fund:</b>                            |                    |                 |               |   |
| Revenue from local sources:                              |                    |                 |               |   |
| Revenue from use of money and property:                  |                    |                 |               |   |
| Revenue from the use of money                            | \$ 15,121          | \$ 15,121       | \$ 41,069     | \$ 25,948   |
| Total revenue from use of money and property             | \$ 15,121          | \$ 15,121       | \$ 41,069     | \$ 25,948   |
| Charges for services:                                    |                    |                 |               |   |
| Cafeteria sales  | \$ 806,400         | \$ 806,400      | \$ 780,758    | \$ (25,642)   |
| Other charges for services                               | 20,000             | 20,000          | 26,304        | 6,304   |
| Total charges for services                               | \$ 826,400         | \$ 826,400      | \$ 807,062    | \$ (19,338)   |
| Miscellaneous:   |                    |                 |               |   |
| Other miscellaneous                                      | \$ 20,500          | \$ 20,500       | \$ 13,818     | \$ (6,682)  |
| Total miscellaneous                                      | \$ 20,500          | \$ 20,500       | \$ 13,818     | \$ (6,682)  |
| Total revenue from local sources                         | \$ 862,021         | \$ 862,021      | \$ 861,949    | \$ (72)   |
| Intergovernmental:                                       |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| School food program grant                                | \$ 124,087         | \$ 124,087      | \$ 75,670     | \$ (48,417)   |
| Total categorical aid                                    | \$ 124,087         | \$ 124,087      | \$ 75,670     | \$ (48,417)   |
| Total revenue from the Commonwealth                      | \$ 124,087         | \$ 124,087      | \$ 75,670     | \$ (48,417)   |
| Revenue from the federal government:                     |                    |                 |               |   |
| Categorical aid:   |                    |                 |               |   |
| School food program grant                                | \$ 2,642,000       | \$ 2,642,000    | \$ 2,147,580  | \$ (494,420)  |
| Head Start   | 58,000             | 58,000          | 36,630        | (21,370)  |
| USDA commodities   | -                  | 200,000         | 201,927       | 1,927   |
| Total categorical aid                                    | \$ 2,700,000       | \$ 2,900,000    | \$ 2,386,137  | \$ (513,863)  |
| Total revenue from the federal government                | \$ 2,700,000       | \$ 2,900,000    | \$ 2,386,137  | \$ (513,863)  |
| Total School Cafeteria Fund                              | \$ 3,686,108       | \$ 3,886,108    | \$ 3,323,756  | \$ (562,352)  |

Schedule of Revenues - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| <u>Fund, Major and Minor Revenue Source</u>                    | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget -<br/>Positive<br/>(Negative)</u> |
|--|----------------------------|-------------------------|-------------------|---|
| <b>Discretely Presented Component Unit-School Board:</b>       |                            |                         |                   |   |
| <b>Gloucester County School Activity Fund:</b>                 |                            |                         |                   |   |
| Miscellaneous revenue:   |                            |                         |                   |   |
| Other miscellaneous  | \$ -                       | \$ -                    | \$ 921,118        | \$ 921,118  |
| Total miscellaneous revenue                                    | \$ -                       | \$ -                    | \$ 921,118        | \$ 921,118  |
| <br>Total Gloucester County School Activity Fund               | <br>\$ -                   | <br>\$ -                | <br>\$ 921,118    | <br>\$ 921,118  |
| <br>Total Discretely Presented Component Unit-<br>School Board | <br>\$ 78,922,913          | <br>\$ 81,003,394       | <br>\$ 80,256,108 | <br>\$ (747,286)  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element           | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>General Fund:</b>                           |                    |                 |              |   |
| General government administration:             |                    |                 |              |   |
| Legislative:                                   |                    |                 |              |   |
| Board of supervisors                           | \$ 203,473         | \$ 203,473      | \$ 216,529   | \$ (13,056)   |
| General and financial administration:          |                    |                 |              |   |
| County administrator                           | \$ 845,856         | \$ 908,890      | \$ 882,415   | \$ 26,475   |
| County attorney                                | 359,528            | 377,119         | 376,386      | 733   |
| Human resources                                | 889,115            | 913,429         | 717,409      | 196,020   |
| Safety   | 1,800              | 4,937           | 4,844        | 93  |
| Commissioner of revenue                        | 729,347            | 758,136         | 740,019      | 18,117  |
| Real estate assessment                         | 568,402            | 593,717         | 555,480      | 38,237  |
| Treasurer                                      | 1,019,548          | 1,050,022       | 994,513      | 55,509  |
| Fiscal services                                | 661,742            | 690,346         | 622,310      | 68,036  |
| Information technology                         | 1,878,508          | 1,941,294       | 1,858,097    | 83,197  |
| GIS  | 465,643            | 496,111         | 453,526      | 42,585  |
| Purchasing                                     | 412,202            | 440,450         | 413,009      | 27,441  |
| Other general and financial administration     | 136,913            | 136,913         | 135,103      | 1,810   |
| Total general and financial administration     | \$ 7,968,604       | \$ 8,311,364    | \$ 7,753,111 | \$ 558,253  |
| Board of elections:                            |                    |                 |              |   |
| Electoral board and officials                  | \$ 397,096         | 406,705         | 428,560      | \$ (21,855)   |
| Total board of elections                       | \$ 397,096         | \$ 406,705      | \$ 428,560   | \$ (21,855)   |
| Total general government administration        | \$ 8,569,173       | \$ 8,921,542    | \$ 8,398,200 | \$ 523,342  |
| Judicial administration:                       |                    |                 |              |   |
| Courts:  |                    |                 |              |   |
| Circuit court                                  | \$ 99,827          | \$ 106,640      | \$ 104,680   | \$ 1,960  |
| General district court                         | 19,603             | 19,603          | 18,727       | 876   |
| Magistrate                                     | 750                | 750             | -            | 750   |
| Juvenile and domestic relations district court | 9,519              | 9,519           | 7,729        | 1,790   |
| Clerk of the circuit court                     | 692,311            | 723,686         | 747,303      | (23,617)  |
| Victim and witness assistance                  | 138,736            | 144,686         | 141,043      | 3,643   |
| Court services unit                            | 221,692            | 221,692         | 222,788      | (1,096)   |
| Group home commission                          | 118,518            | 118,518         | 118,518      | -   |
| Total courts                                   | \$ 1,300,956       | \$ 1,345,094    | \$ 1,360,788 | \$ (15,694)   |
| Commonwealth's attorney:                       |                    |                 |              |   |
| Commonwealth's attorney                        | \$ 1,100,751       | \$ 1,185,731    | \$ 1,116,069 | \$ 69,662   |
| Total commonwealth's attorney                  | \$ 1,100,751       | \$ 1,185,731    | \$ 1,116,069 | \$ 69,662   |
| Total judicial administration                  | \$ 2,401,707       | \$ 2,530,825    | \$ 2,476,857 | \$ 53,968   |
| Public safety:                                 |                    |                 |              |   |
| Law enforcement and traffic control:           |                    |                 |              |   |
| Sheriff  | \$ 8,055,007       | \$ 8,591,769    | \$ 8,250,592 | \$ 341,177  |
| SRO  | 238,325            | 249,591         | 179,334      | 70,257  |
| Total law enforcement and traffic control      | \$ 8,293,332       | \$ 8,841,360    | \$ 8,429,926 | \$ 411,434  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element                             | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>                                 |                    |                 |               |   |
| Public safety: (Continued)                                       |                    |                 |               |   |
| Fire and rescue services:  |                    |                 |               |   |
| Volunteer fire and rescue squads                                 | \$ 5,736,125       | \$ 5,736,125    | \$ 5,819,789  | \$ (83,664)   |
| Radio system   | 1,006,161          | 1,006,161       | 884,756       | 121,405   |
| State forestry service   | 7,497              | 7,497           | 7,497         | -   |
| Office of emergency services                                     | 251,512            | 262,023         | 267,601       | (5,578)   |
| Total fire and rescue services                                   | \$ 7,001,295       | \$ 7,011,806    | \$ 6,979,643  | \$ 32,163   |
| Correction and detention:  |                    |                 |               |   |
| County operated institutions                                     | \$ 3,834,507       | \$ 3,967,640    | \$ 3,791,365  | \$ 176,275  |
| Probation and pretrial   | 607,643            | 635,394         | 634,737       | 657   |
| Total correction and detention                                   | \$ 4,442,150       | \$ 4,603,034    | \$ 4,426,102  | \$ 176,932  |
| Inspections:   |                    |                 |               |   |
| Building   | \$ 800,432         | \$ 867,695      | \$ 662,665    | \$ 205,030  |
| Total inspections  | \$ 800,432         | \$ 867,695      | \$ 662,665    | \$ 205,030  |
| Other protection:  |                    |                 |               |   |
| Environmental programs   | \$ 949,458         | \$ 967,180      | \$ 634,619    | \$ 332,561  |
| Animal control   | 574,634            | 591,414         | 577,968       | 13,446  |
| Medical examiner   | 600                | 600             | 1,400         | (800)   |
| Total other protection   | \$ 1,524,692       | \$ 1,559,194    | \$ 1,213,987  | \$ 345,207  |
| Total public safety  | \$ 22,061,901      | \$ 22,883,089   | \$ 21,712,323 | \$ 1,170,766  |
| Public works:  |                    |                 |               |   |
| Maintenance of highways, streets, bridges<br>and sidewalks:      |                    |                 |               |   |
| General engineering  | \$ 463,204         | \$ 477,974      | \$ 239,874    | \$ 238,100  |
| Total maintenance of highways, streets,<br>bridges and sidewalks | \$ 463,204         | \$ 477,974      | \$ 239,874    | \$ 238,100  |
| Sanitation and waste removal:                                    |                    |                 |               |   |
| Refuse collection and disposal                                   | \$ 18,216          | \$ 18,216       | \$ 14,388     | \$ 3,828  |
| Total sanitation and waste removal                               | \$ 18,216          | \$ 18,216       | \$ 14,388     | \$ 3,828  |
| Maintenance of general buildings and grounds:                    |                    |                 |               |   |
| General properties   | \$ 2,970,300       | \$ 3,280,161    | \$ 3,122,886  | \$ 157,275  |
| Total maintenance of general buildings and grounds               | \$ 2,970,300       | \$ 3,280,161    | \$ 3,122,886  | \$ 157,275  |
| Total public works   | \$ 3,451,720       | \$ 3,776,351    | \$ 3,377,148  | \$ 399,203  |
| Health and welfare:  |                    |                 |               |   |
| Health:  |                    |                 |               |   |
| Supplement of local health department                            | \$ 560,255         | \$ 560,255      | \$ 493,152    | \$ 67,103   |
| Total health   | \$ 560,255         | \$ 560,255      | \$ 493,152    | \$ 67,103   |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element        | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>            |                    |                 |               |   |
| Health and welfare: (Continued)             |                    |                 |               |   |
| Mental health and mental retardation:       |                    |                 |               |   |
| Community services board                    | \$ 177,243         | \$ 177,243      | \$ 177,243    | \$ -  |
| Total mental health and mental retardation  | \$ 177,243         | \$ 177,243      | \$ 177,243    | \$ -  |
| Total health and welfare                    | \$ 737,498         | \$ 737,498      | \$ 670,395    | \$ 67,103   |
| Education:                                  |                    |                 |               |   |
| Other instructional costs:                  |                    |                 |               |   |
| Contribution to community colleges          | \$ 14,857          | \$ 14,857       | \$ 14,857     | \$ -  |
| Community engagement and public information | 697,614            | 740,345         | 733,204       | 7,141   |
| Cable services                              | 97,394             | 106,812         | 86,763        | 20,049  |
| Contribution to County School Board         | 30,424,128         | 30,424,128      | 30,584,591    | (160,463)   |
| Total education                             | \$ 31,233,993      | \$ 31,286,142   | \$ 31,419,415 | \$ (133,273)  |
| Parks, recreation, and cultural:            |                    |                 |               |   |
| Parks and recreation:                       |                    |                 |               |   |
| Recreation centers and playgrounds          | \$ 715,861         | \$ 745,052      | \$ 650,946    | \$ 94,106   |
| Park operations                             | 913,499            | 944,783         | 953,008       | (8,225)   |
| Total parks and recreation                  | \$ 1,629,360       | \$ 1,689,835    | \$ 1,603,954  | \$ 85,881   |
| Cultural enrichment:                        |                    |                 |               |   |
| Daffodil festival                           | \$ 62,072          | \$ 63,493       | \$ 58,217     | \$ 5,276  |
| Total cultural enrichment                   | \$ 62,072          | \$ 63,493       | \$ 58,217     | \$ 5,276  |
| Library:                                    |                    |                 |               |   |
| Contribution to county library              | \$ 1,315,838       | \$ 1,388,192    | \$ 1,092,754  | \$ 295,438  |
| Total library                               | \$ 1,315,838       | \$ 1,388,192    | \$ 1,092,754  | \$ 295,438  |
| Total parks, recreation, and cultural       | \$ 3,007,270       | \$ 3,141,520    | \$ 2,754,925  | \$ 386,595  |
| Community development:                      |                    |                 |               |   |
| Planning and community development:         |                    |                 |               |   |
| Economic development                        | \$ 321,181         | \$ 331,701      | \$ 319,611    | \$ 12,090   |
| Planning and zoning                         | 909,808            | 947,103         | 792,632       | 154,471   |
| Tourism                                     | 308,807            | 343,003         | 279,204       | 63,799  |
| Total planning and community development    | \$ 1,539,796       | \$ 1,621,807    | \$ 1,391,447  | \$ 230,360  |
| Environmental management:                   |                    |                 |               |   |
| Clean community program                     | \$ 27,589          | \$ 29,469       | \$ 30,924     | \$ (1,455)  |
| Total environmental management              | \$ 27,589          | \$ 29,469       | \$ 30,924     | \$ (1,455)  |
| Cooperative extension program:              |                    |                 |               |   |
| Extension office                            | \$ 128,687         | \$ 131,876      | \$ 128,665    | \$ 3,211  |
| Total cooperative extension program         | \$ 128,687         | \$ 131,876      | \$ 128,665    | \$ 3,211  |
| Total community development                 | \$ 1,696,072       | \$ 1,783,152    | \$ 1,551,036  | \$ 232,116  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element           | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|---------------|---|
| <b>General Fund: (Continued)</b>               |                    |                 |               |   |
| 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             | 107,830         | 107,830       | -   |
| Avalon Center                                  | 5,000              | 5,000           | 5,000         | -   |
| Bay Transit                                    | 193,912            | 193,912         | 193,912       | -   |
| Boys & Girls Club of the Virginia Peninsula    | 30,000             | 30,000          | 30,000        | -   |
| Total contributions to civic organizations     | \$ 370,562         | \$ 413,392      | \$ 413,392    | \$ -  |
| Contingency:                                   |                    |                 |               |   |
| County administrator contingency               | \$ 238,172         | \$ 238,172      | \$ -          | \$ 238,172  |
| Contingency-grants                             | 50,000             | 21,000          | -             | 21,000  |
| Grant match expenditure                        | 50,000             | 50,000          | -             | 50,000  |
| Facilities maintenance repair & replace (FMRR) | 155,700            | 5,699           | -             | 5,699   |
| Contingency-pay matters                        | 1,144,374          | -               | -             | -   |
| Contingency-gso to 7%                          | 142,970            | -               | -             | -   |
| Contingency-transfer savings                   | (300,000)          | (300,000)       | -             | (300,000)   |
| Contingency-vacancy savings                    | (300,000)          | (300,000)       | -             | (300,000)   |
| Administrative increases                       | 32,427             | 32,427          | -             | 32,427  |
| Total contingency                              | \$ 1,213,643       | \$ (252,702)    | \$ -          | \$ (252,702)  |
| Total nondepartmental                          | \$ 1,584,205       | \$ 160,690      | \$ 413,392    | \$ (252,702)  |
| Debt service:                                  |                    |                 |               |   |
| Principal retirement                           | \$ -               | \$ -            | \$ 303,079    | \$ (303,079)  |
| Interest and other fiscal charges              | -                  | -               | 99,065        | (99,065)  |
| Total debt service                             | \$ -               | \$ -            | \$ 402,144    | \$ (402,144)  |
| Total General Fund                             | \$ 74,743,539      | \$ 75,220,809   | \$ 73,175,835 | \$ 2,044,974  |
| <b>Special Revenue Funds:</b>                  |                    |                 |               |   |
| <b>Virginia Public Assistance Fund:</b>        |                    |                 |               |   |
| Health and welfare:                            |                    |                 |               |   |
| Welfare and social services:                   |                    |                 |               |   |
| Welfare administration                         | \$ 4,629,568       | \$ 4,666,271    | \$ 4,051,898  | \$ 614,373  |
| Public assistance                              | 1,797,000          | 1,797,000       | 1,221,728     | 575,272   |
| Purchased services                             | 98,800             | 98,800          | 25,849        | 72,951  |
| Grants   | 49,800             | 49,800          | 9,236         | 40,564  |
| Board of public welfare                        | 4,067              | 4,067           | 4,067         | -   |
| Total welfare and social services              | \$ 6,579,235       | \$ 6,615,938    | \$ 5,312,778  | \$ 1,303,160  |
| Total health and welfare                       | \$ 6,579,235       | \$ 6,615,938    | \$ 5,312,778  | \$ 1,303,160  |
| Total Virginia Public Assistance Fund          | \$ 6,579,235       | \$ 6,615,938    | \$ 5,312,778  | \$ 1,303,160  |
| <b>Comprehensive Services Act Fund:</b>        |                    |                 |               |   |
| Health and welfare:                            |                    |                 |               |   |
| Welfare and social services:                   |                    |                 |               |   |
| Comprehensive services act                     | \$ 1,524,000       | \$ 2,253,567    | \$ 1,842,239  | \$ 411,328  |
| Total Comprehensive Services Act Fund          | \$ 1,524,000       | \$ 2,253,567    | \$ 1,842,239  | \$ 411,328  |

Schedule of Expenditures - Budget and Actual  
Governmental Funds

| Fund, Function, Activity and Element     | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>American Rescue Plan Act Fund:</b>    |                    |                 |              |   |
| Premium pay:                             |                    |                 |              |   |
| Employee Bonuses                         | \$ -               | \$ 50,000       | \$ 15,574    | \$ 34,426   |
| Total premium pay                        | \$ -               | \$ 50,000       | \$ 15,574    | \$ 34,426   |
| Public safety:                           |                    |                 |              |   |
| Law enforcement eqp grant                | -                  | 229,000         | 229,000      | -   |
| Total public safety                      | \$ -               | \$ 229,000      | \$ 229,000   | \$ -  |
| Community development:                   |                    |                 |              |   |
| Broadband                                | \$ -               | \$ 364,842      | \$ -         | \$ 364,842  |
| Tourism                                  | 50,000             | 51,665          | 51,665       | -   |
| Beaverdam rescue boat                    | -                  | 4,750           | 4,750        | -   |
| Sidewalk repairs                         | -                  | 15,250          | 15,250       | -   |
| Library Improvements                     | 150,000            | 451,025         | 449,516      | 1,509   |
| Total community development              | \$ 200,000         | \$ 887,532      | \$ 521,181   | \$ 366,351  |
| Public works:                            |                    |                 |              |   |
| Utilities infrastructure:                |                    |                 |              |   |
| Pump station #11 repairs                 | \$ 1,000,000       | \$ 881,190      | \$ 19,511    | \$ 861,679  |
| Membranes-reverse osmosis skid #1        | 150,000            | 268,810         | -            | 268,810   |
| Total utilities infrastructure           | \$ 1,150,000       | \$ 1,150,000    | \$ 19,511    | \$ 1,130,489  |
| Total public works                       | \$ 1,150,000       | \$ 1,150,000    | \$ 19,511    | \$ 1,130,489  |
| Total American Rescue Plan Act           | \$ 1,350,000       | \$ 2,316,532    | \$ 785,266   | \$ 1,531,266  |
| <b>Opioid Abatement Fund:</b>            |                    |                 |              |   |
| Federal Opioid Abatement Fund:           |                    |                 |              |   |
| Opioid abatement projects                | \$ 100,000         | \$ 100,000      | \$ 21,170    | \$ 78,830   |
| Total Opioid Abatement Fund              | \$ 100,000         | \$ 100,000      | \$ 21,170    | \$ 78,830   |
| <b>Debt Service Fund:</b>                |                    |                 |              |   |
| Debt service:                            |                    |                 |              |   |
| School sales tax eligible projects:      |                    |                 |              |   |
| Principal retirement                     | \$ 964,616         | \$ 964,616      | \$ 964,617   | \$ (1)  |
| Interest and other fiscal charges        | 1,327,489          | 1,327,489       | 1,327,488    | 1   |
| Total school sales tax eligible projects | \$ 2,292,105       | \$ 2,292,105    | \$ 2,292,105 | \$ -  |
| Other debt service                       |                    |                 |              |   |
| Principal retirement                     | \$ 3,575,387       | \$ 3,575,387    | \$ 3,575,387 | \$ -  |
| Interest and other fiscal charges        | 1,624,889          | 1,624,889       | 1,125,514    | 499,375   |
| Total other debt service                 | \$ 5,200,276       | \$ 5,200,276    | \$ 4,700,901 | \$ 499,375  |
| Total Debt Service Fund                  | \$ 7,492,381       | \$ 7,492,381    | \$ 6,993,006 | \$ 499,375  |
| <b>Mosquito Control Fund</b>             |                    |                 |              |   |
| Public works:                            |                    |                 |              |   |
| Personnel                                | \$ 21,385          | \$ 21,385       | \$ 14,264    | \$ 7,121  |
| Mosquito control operations              | 147,600            | 147,600         | 101,946      | 45,654  |
| Total Mosquito Control Fund              | \$ 168,985         | \$ 168,985      | \$ 116,210   | \$ 52,775   |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element         | Original<br>Budget | Final<br>Budget | Actual         | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|----------------|---|
| <b>Capital Projects Fund:</b>                |                    |                 |                |   |
| Capital projects expenditures:               |                    |                 |                |   |
| Bus replacement                              | \$ 958,576         | \$ 958,576      | \$ 927,427     | \$ 31,149   |
| Bus a/c retrofit                             | 124,000            | 124,000         | 114,000        | 10,000  |
| School paving                                | 263,985            | 263,540         | -              | 263,540   |
| Bathroom Remodel                             | 513,500            | 513,500         | -              | 513,500   |
| School Project Contingency                   | 1,600,493          | 1,545,677       | 1,427,010      | 118,667   |
| School Security-Door System                  | -                  | 379,482         | -              | 379,482   |
| School security improvements                 | 320,518            | 320,518         | 31,986         | 288,532   |
| Gloucester high school renovation            | 52,128,296         | 49,130,536      | 28,147,793     | 20,982,743  |
| Transportation facility                      | 400,000            | 572,341         | 572,341        | -   |
| School playground equipment replacement      | -                  | 11,985          | -              | 11,985  |
| Broadband                                    | -                  | 476,182         | 14,075         | 462,107   |
| Older adult facility                         | 15,000             | 37,925          | 14,471         | 23,454  |
| Aberdeen & Timberneck creek dredging         | -                  | 75,000          | 41,543         | 33,457  |
| Court circle site improvements               | 33,763             | 33,763          | -              | 33,763  |
| Aberdeen Creek Pier Rehab                    | 445,050            | 445,050         | 450,270        | (5,220)   |
| Woodville Park Fields                        | 200,000            | 573,502         | 573,502        | -   |
| FEMA hazard mitigation elevation projects    | 2,678,624          | 2,678,624       | 68,088         | 2,610,536   |
| Hist Bldg Preservation                       | 175,000            | 250,000         | 93,728         | 156,272   |
| Ark park improvements                        | 123,300            | 123,300         | 123,167        | 133   |
| County paving projects                       | 434,953            | 666,953         | 667,595        | (642)   |
| Parks, recreation & tourism ADA improvements | 108,075            | 108,075         | 110,021        | (1,946)   |
| PS radio tower upgrades                      | 3,850,000          | 3,850,000       | 3,652,705      | 197,295   |
| Library Improvements                         | -                  | 200,000         | 256,059        | (56,059)  |
| Bus garage/bldg 4 reno                       | 805,000            | 805,000         | 403,925        | 401,075   |
| Jail console replacement                     | 209,826            | 209,826         | 212,494        | (2,668)   |
| Beaverdam floating dock                      | 150,000            | 150,000         | 145,477        | 4,523   |
| Unavailable funds                            | -                  | 80,191          | -              | 80,191  |
| Total capital projects expenditures          | \$ 65,537,959      | \$ 64,583,546   | \$ 38,047,677  | \$ 26,535,869   |
| Total Capital Projects Fund                  | \$ 65,537,959      | \$ 64,583,546   | \$ 38,047,677  | \$ 26,535,869   |
| Total Primary Government                     | \$ 157,496,099     | \$ 158,751,758  | \$ 126,294,181 | \$ 32,457,577   |

Schedule of Expenditures - Budget and Actual  
Governmental Funds  
For the Year Ended June 30, 2024

| Fund, Function, Activity and Element                        | Original<br>Budget | Final<br>Budget | Actual        | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---|--------------------|-----------------|---------------|---|
| <b>Discretely Presented Component Unit-School Board</b>     |                    |                 |               |   |
| <b>School Operating Fund:</b>                               |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| Instruction:  |                    |                 |               |   |
| Elementary and secondary schools                            | \$ 55,407,083      | \$ 57,223,514   | \$ 56,396,442 | \$ 827,072  |
| Total instruction costs                                     | \$ 55,407,083      | \$ 57,223,514   | \$ 56,396,442 | \$ 827,072  |
| Administration, Attendance and Health:                      |                    |                 |               |   |
| School board  | \$ 139,700         | \$ 165,092      | \$ 181,428    | \$ (16,336)   |
| Other administration  | 2,980,259          | 2,752,967       | 2,713,032     | 39,935  |
| Total administration, attendance and health                 | \$ 3,119,959       | \$ 2,918,059    | \$ 2,894,460  | \$ 23,599   |
| Pupil transportation:                                       |                    |                 |               |   |
| Pupil transportation  | \$ 5,145,414       | \$ 5,383,164    | \$ 5,365,440  | \$ 17,724   |
| Total pupil transportation                                  | \$ 5,145,414       | \$ 5,383,164    | \$ 5,365,440  | \$ 17,724   |
| Operating and maintenance costs:                            |                    |                 |               |   |
| Operation and maintenance                                   | \$ 8,407,916       | \$ 8,466,616    | \$ 8,424,199  | \$ 42,417   |
| Total operating and maintenance costs                       | \$ 8,407,916       | \$ 8,466,616    | \$ 8,424,199  | \$ 42,417   |
| Technology:   |                    |                 |               |   |
| Technology  | \$ 3,156,433       | \$ 3,125,933    | \$ 2,930,693  | \$ 195,240  |
| Total technology  | \$ 3,156,433       | \$ 3,125,933    | \$ 2,930,693  | \$ 195,240  |
| Total education   | \$ 75,236,805      | \$ 77,117,286   | \$ 76,011,234 | \$ 1,106,052  |
| Total School Operating Fund                                 | \$ 75,236,805      | \$ 77,117,286   | \$ 76,011,234 | \$ 1,106,052  |
| <b>School Cafeteria Fund:</b>                               |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| School food services:                                       |                    |                 |               |   |
| Administration of school food program                       | \$ 3,961,108       | \$ 4,411,108    | \$ 3,818,202  | \$ 592,906  |
| USDA commodities  | -                  | 200,000         | 201,927       | (1,927)   |
| Total school food services                                  | \$ 3,961,108       | \$ 4,611,108    | \$ 4,020,129  | \$ 590,979  |
| Total education   | \$ 3,961,108       | \$ 4,611,108    | \$ 4,020,129  | \$ 590,979  |
| Total School Cafeteria Fund                                 | \$ 3,961,108       | \$ 4,611,108    | \$ 4,020,129  | \$ 590,979  |
| <b>Gloucester County School Activity Fund:</b>              |                    |                 |               |   |
| Education:  |                    |                 |               |   |
| Instruction:  |                    |                 |               |   |
| Elementary and secondary schools                            | \$ -               | \$ -            | \$ 805,704    | \$ (805,704)  |
| Total education   | \$ -               | \$ -            | \$ 805,704    | \$ (805,704)  |
| Total Gloucester County School Activity Fund                | \$ -               | \$ -            | \$ 805,704    | \$ (805,704)  |
| Total Discretely Presented Component Unit -<br>School Board | \$ 79,197,913      | \$ 81,728,394   | \$ 80,837,067 | \$ 891,327  |

Schedule of Revenues - Budget and Actual  
 Proprietary Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source               | Original<br>Budget      | Final<br>Budget         | Actual                  | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|-------------------------|-------------------------|-------------------------|---|
| <b>Gloucester Sanitary District:</b>               |                         |                         |                         |   |
| Revenue from local sources:                        |                         |                         |                         |   |
| General property taxes:                            |                         |                         |                         |   |
| Current real estate taxes                          | \$ 22,079               | \$ 22,079               | \$ 25,145               | \$ 3,066  |
| Delinquent real estate taxes                       | 2,034                   | 2,034                   | 689                     | (1,345)   |
| Real and personal public service corporation taxes | 1,464                   | 1,464                   | 1,397                   | (67)  |
| Penalties  | 215                     | 215                     | 108                     | (107)   |
| Interest   | 47                      | 47                      | 76                      | 29  |
| Total general property taxes                       | <u>\$ 25,839</u>        | <u>\$ 25,839</u>        | <u>\$ 27,415</u>        | <u>\$ 1,576</u>   |
| Revenue from use of money and property:            |                         |                         |                         |   |
| Interest income                                    | \$ 204                  | \$ 204                  | \$ 914                  | \$ 710  |
| Total revenue from use of money and property       | <u>\$ 204</u>           | <u>\$ 204</u>           | <u>\$ 914</u>           | <u>\$ 710</u>   |
| Miscellaneous:                                     |                         |                         |                         |   |
| Insurance recovery                                 | \$ -                    | \$ -                    | \$ 8,816                | \$ 8,816  |
| Total miscellaneous                                | <u>\$ -</u>             | <u>\$ -</u>             | <u>\$ 8,816</u>         | <u>\$ 8,816</u>   |
| Total revenue from local sources                   | <u>\$ 26,043</u>        | <u>\$ 26,043</u>        | <u>\$ 37,145</u>        | <u>\$ 11,102</u>  |
| Total Gloucester Sanitary District                 | <u><u>\$ 26,043</u></u> | <u><u>\$ 26,043</u></u> | <u><u>\$ 37,145</u></u> | <u><u>\$ 11,102</u></u>                                   |
| <b>Gloucester Point Sanitary District:</b>         |                         |                         |                         |   |
| Revenue from local sources:                        |                         |                         |                         |   |
| General property taxes:                            |                         |                         |                         |   |
| Current real estate taxes                          | \$ 24,101               | \$ 24,101               | \$ 26,748               | \$ 2,647  |
| Delinquent real estate taxes                       | 582                     | 582                     | 834                     | 252   |
| Real and personal public service corporation taxes | 146                     | 146                     | 263                     | 117   |
| Penalties  | 242                     | 242                     | 166                     | (76)  |
| Interest   | 143                     | 143                     | 105                     | (38)  |
| Total general property taxes                       | <u>\$ 25,214</u>        | <u>\$ 25,214</u>        | <u>\$ 28,116</u>        | <u>\$ 2,902</u>   |
| Revenue from use of money and property:            |                         |                         |                         |   |
| Interest income                                    | \$ 1,112                | \$ 1,112                | \$ 4,016                | \$ 2,904  |
| Total revenue from use of money and property       | <u>\$ 1,112</u>         | <u>\$ 1,112</u>         | <u>\$ 4,016</u>         | <u>\$ 2,904</u>   |
| Total revenue from local sources                   | <u>\$ 26,326</u>        | <u>\$ 26,326</u>        | <u>\$ 32,132</u>        | <u>\$ 5,806</u>   |
| Total Gloucester Sanitary District                 | <u><u>\$ 26,326</u></u> | <u><u>\$ 26,326</u></u> | <u><u>\$ 32,132</u></u> | <u><u>\$ 5,806</u></u>                                    |

Schedule of Revenues - Budget and Actual  
 Proprietary Funds  
 For the Year Ended June 30, 2024

| Fund, Major and Minor Revenue Source             | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>Utilities Fund:</b>                           |                    |                 |              |   |
| Operating revenues:                              |                    |                 |              |   |
| Charges for services:                            |                    |                 |              |   |
| Water Revenues                                   |                    |                 |              |   |
| Water service                                    | \$ 3,485,350       | \$ 3,485,350    | \$ 3,617,069 | \$ 131,719  |
| Miscellaneous water                              | 33,499             | 33,499          | 44,102       | 10,603  |
| Renewal-water                                    | -                  | -               | 31,620       | 31,620  |
| Collection-water                                 | -                  | -               | 150          | 150   |
| Transfer-water                                   | 16,042             | 16,042          | 11,717       | (4,325)   |
| Write off off old accounts-water                 | -                  | -               | (15,084)     | (15,084)  |
| Total water revenues                             | \$ 3,534,891       | \$ 3,534,891    | \$ 3,689,574 | \$ 154,683  |
| Sewer revenues                                   |                    |                 |              |   |
| Sewer service                                    | \$ 795,555         | \$ 795,555      | \$ 836,180   | \$ 40,625   |
| Write off of old accounts-sewer                  | -                  | -               | (15,084)     | (15,084)  |
| Total sewer revenues                             | \$ 795,555         | \$ 795,555      | \$ 821,096   | \$ 25,541   |
| Other revenues                                   |                    |                 |              |   |
| Water tower lease                                | \$ 21,600          | \$ 21,600       | \$ 22,437    | \$ 837  |
| Credit card fees                                 | 7,162              | 7,162           | 14,906       | 7,744   |
| After hours work                                 | -                  | -               | 1,050        | 1,050   |
| Conversion balances                              | 1,388              | 1,388           | 1,462        | 74  |
| Fats, oils & grease                              | 2,331              | 2,331           | -            | (2,331)   |
| Late fees  | 64,325             | 64,325          | 82,229       | 17,904  |
| Insurance Recovery                               | -                  | -               | 2,000        | 2,000   |
| Other income                                     | 13,016             | 13,016          | 40,969       | 27,953  |
| Returned check fees                              | 945                | 945             | 1,470        | 525   |
| Total other revenues                             | \$ 110,767         | \$ 110,767      | \$ 166,523   | \$ 55,756   |
| Total operating revenues                         | \$ 4,441,213       | \$ 4,441,213    | \$ 4,677,193 | \$ 235,980  |
| Nonoperating revenues                            |                    |                 |              |   |
| Connection fees:                                 |                    |                 |              |   |
| Application-water                                | \$ 297,500         | \$ 297,500      | \$ 41,850    | \$ (255,650)  |
| Development-water                                | 42,500             | 42,500          | 8,500        | (34,000)  |
| Application-sewer                                | 340,000            | 340,000         | 32,800       | (307,200)   |
| Development-sewer                                | 85,000             | 85,000          | 18,587       | (66,413)  |
| Total connection fees                            | \$ 765,000         | \$ 765,000      | \$ 101,737   | \$ (663,263)  |
| Gain(loss) on disposal of property and equipment | \$ -               | \$ -            | \$ (223,754) | \$ (223,754)  |
| Investment income                                | \$ 111,813         | \$ 111,813      | \$ 284,761   | \$ 172,948  |
| Total nonoperating revenues                      | \$ 876,813         | \$ 876,813      | \$ 162,744   | \$ (714,069)  |
| Total Utilities Fund                             | \$ 5,318,026       | \$ 5,318,026    | \$ 4,839,937 | \$ (478,089)  |
| Total Proprietary Funds                          | \$ 5,370,395       | \$ 5,370,395    | \$ 4,909,214 | \$ (461,181)  |

Schedule of Expenditures - Budget and Actual  
 Proprietary Funds  
 For the Year Ended June 30, 2024

| Fund, Function, Activity and Element       | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|--------------|---|
| <b>Gloucester Sanitary District:</b>       |                    |                 |              |   |
| Public works                               |                    |                 |              |   |
| Repair and maintenance-light poles         | \$ 2,000           | \$ 2,000        | \$ 8,815     | \$ (6,815)  |
| Electrical services                        | 20,200             | 20,200          | 19,751       | 449   |
| Total public works                         | \$ 22,200          | \$ 22,200       | \$ 28,566    | \$ (6,366)  |
| Total Gloucester Sanitary District         | \$ 22,200          | \$ 22,200       | \$ 28,566    | \$ 6,366  |
| <b>Gloucester Point Sanitary District:</b> |                    |                 |              |   |
| Public works                               |                    |                 |              |   |
| Electrical services                        | \$ 21,000          | \$ 21,000       | \$ 21,299    | \$ (299)  |
| Total public works                         | \$ 21,000          | \$ 21,000       | \$ 21,299    | \$ (299)  |
| Total Gloucester Point Sanitary District   | \$ 21,000          | \$ 21,000       | \$ 21,299    | \$ 299  |
| <b>Utilities Fund:</b>                     |                    |                 |              |   |
| Public works                               |                    |                 |              |   |
| Operating expenses                         |                    |                 |              |   |
| Personnel                                  |                    |                 |              |   |
| Salaries                                   | \$ 1,536,868       | \$ 1,553,476    | \$ 1,385,330 | \$ 168,146  |
| Salaries-overtime                          | 36,000             | 36,000          | 100,005      | (64,005)  |
| Oncall                                     | 19,944             | 19,944          | 20,555       | (611)   |
| Total personnel                            | \$ 1,592,812       | \$ 1,609,420    | \$ 1,505,890 | \$ 103,530  |
| Fringe benefits                            | \$ 784,264         | \$ 787,780      | \$ 677,489   | \$ 110,291  |
| Contractual services                       |                    |                 |              |   |
| Merchant credit card fees                  | \$ 7,162           | \$ 7,162        | \$ 16,522    | \$ (9,360)  |
| Professional services                      | 101,500            | 177,840         | 145,542      | 32,298  |
| Consent order                              | 156,000            | 145,000         | 48,037       | 96,963  |
| Lab services                               | 30,000             | 30,000          | 29,868       | 132   |
| Repair and maintenance                     | 25,000             | 36,000          | 78,460       | (42,460)  |
| Repair and maintenance/Auto                | 28,621             | 28,621          | 22,458       | 6,163   |
| Maintenance service contract               | 120,000            | 120,000         | 170,804      | (50,804)  |
| Electrical services                        | 189,834            | 189,834         | 206,471      | (16,637)  |
| Total contractual services                 | 658,117            | 734,457         | 718,162      | 16,295  |
| Supplies                                   |                    |                 |              |   |
| Office supplies                            | \$ 15,000          | \$ 15,000       | \$ 4,626     | \$ 10,374   |
| Chemical supplies                          | 230,000            | 230,000         | 256,990      | (26,990)  |
| Plant supplies                             | 53,210             | 53,210          | 40,871       | 12,339  |
| Distribution supplies                      | 90,000             | 90,000          | 91,430       | (1,430)   |
| Sewer repair supplies                      | 6,000              | 6,000           | 25,355       | (19,355)  |
| Safety expenses                            | -                  | 21,000          | 8,076        | 12,924  |

Schedule of Expenditures - Budget and Actual  
 Proprietary Funds  
 For the Year Ended June 30, 2024

| Fund, Function, Activity and Element             | Original<br>Budget | Final<br>Budget | Actual     | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--|--------------------|-----------------|------------|---|
| <b>Utilities Fund (continued):</b>               |                    |                 |            |   |
| Public works (continued)                         |                    |                 |            |   |
| Operating expenses (continued)                   |                    |                 |            |   |
| Sewer main supplies                              | 5,000              | 5,000           | 6,935      | (1,935)   |
| Tools  | 17,850             | 17,850          | 8,698      | 9,152   |
| Automotive Supplies                              | 44,200             | 44,200          | 40,037     | 4,163   |
| Inventory supplies                               | 80,000             | 105,000         | 84,458     | 20,542  |
| Total supplies                                   | \$ 541,260         | \$ 587,260      | \$ 567,476 | \$ 19,784   |
| Insurance  |                    |                 |            |   |
| Vehicle insurance                                | \$ 8,500           | \$ 8,500        | \$ 14,393  | \$ (5,893)  |
| General liability insurance                      | 700                | 700             | 705        | (5)   |
| Property insurance                               | 19,600             | 19,600          | 19,798     | (198)   |
| Flood insurance                                  | 12,000             | 12,000          | 10,405     | 1,595   |
| Total insurance                                  | \$ 40,800          | \$ 40,800       | \$ 45,301  | \$ (4,501)  |
| Other charges                                    |                    |                 |            |   |
| Advertising                                      | \$ 548             | \$ 548          | \$ -       | \$ 548  |
| Banking fees                                     | 792                | 792             | 2,580      | (1,788)   |
| Postage  | 41,600             | 41,600          | 49,087     | (7,487)   |
| Telephone  | 13,800             | 13,800          | 7,566      | 6,234   |
| Telecommunications                               | 1,200              | 1,200           | 3,219      | (2,019)   |
| Training   | 14,900             | 14,900          | 8,411      | 6,489   |
| Dues and membership                              | 2,694              | 2,694           | 2,868      | (174)   |
| Uniforms and clothing                            | 5,000              | 5,000           | 3,298      | 1,702   |
| Furniture and fixtures                           | 4,000              | 4,000           | 9,520      | (5,520)   |
| Miscellaneous                                    | 23,000             | 2,000           | 4,183      | (2,183)   |
| Payments to other government agencies            | 19,000             | 19,000          | 19,115     | (115)   |
| FMRR   | 106,500            | 106,500         | 72,531     | 33,969  |
| Indirect costs                                   | 190,896            | 190,896         | 190,896    | -   |
| FMRR   | -                  | 23,480          | 19,480     | 4,000   |
| Pump station #11 sewer rehabilitation and repair | 111,484            | 56,638          | -          | 56,638  |
| Pump station #13 collection system               | 158,682            | 82,499          | 11,588     | 70,911  |
| Radio read conversion                            | 25,000             | -               | -          | -   |
| Water treatment plant roof and façade repair     | 97,597             | 121,599         | 99,185     | 22,414  |
| Celements/Gloucester waterline replacement       | 25,800             | 25,275          | -          | 25,275  |
| Pump station #15 control panel replacement       | 85,000             | 90,000          | -          | 90,000  |
| Repair leak filter #1                            | 94,425             | 94,425          | -          | 94,425  |
| Replacement of old meters                        | 312,242            | 247,795         | 1,170      | 246,625   |
| Sawgrass point waterline replacement             | 35,000             | 35,000          | -          | 35,000  |
| Water system security                            | 66,000             | 66,000          | -          | 66,000  |
| Vehicle replacement                              | 72,000             | 67,000          | 3,157      | 63,843  |
| Water treatment plant pump rebuild               | -                  | 253,656         | 179,719    | 73,937  |

Schedule of Expenditures - Budget and Actual  
 Proprietary Funds  
 For the Year Ended June 30, 2024

| Fund, Function, Activity and Element | Original<br>Budget | Final<br>Budget | Actual       | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|--------------------------------------|--------------------|-----------------|--------------|---|
| Other charges (Continued)            |                    |                 |              |   |
| VPDES outfall modifications          | 575,000            | 575,000         | -            | 575,000   |
| Refurbish WTB motors                 | 150,000            | -               | -            | -   |
| Lead service line inventory          | 30,000             | 30,000          | -            | 30,000  |
| Water line repair Burleigh road      | -                  | 348,190         | -            | 348,190   |
| WTP pump repairs                     | 84,645             | 84,645          | 84,645       | -   |
| AMI                                  | -                  | 3,400,000       | -            | 3,400,000   |
| Total other charges                  | \$ 2,346,805       | \$ 6,004,132    | \$ 772,218   | \$ 5,231,914  |
| Depreciation                         | \$ -               | \$ -            | \$ 1,199,804 | \$ (1,199,804)  |
| Total operating expenses             | \$ 5,964,058       | \$ 9,763,849    | \$ 5,486,340 | \$ 4,277,509  |
| Nonoperating expenses                |                    |                 |              |   |
| Interest expense                     | \$ 190,522         | \$ 106,863      | \$ 159,635   | \$ (52,772)   |
| Bond issuance costs                  | -                  | 250,000         | 77,314       | 172,686   |
| Total nonoperating expenses          | \$ 190,522         | \$ 356,863      | \$ 236,949   | \$ 119,914  |
| Total Utilities Fund                 | \$ 6,154,580       | \$ 10,120,712   | \$ 5,723,289 | \$ 4,397,423  |
| Total Proprietary Funds              | \$ 6,266,780       | \$ 10,232,912   | \$ 5,843,285 | \$ 4,402,359  |

## *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.

10-11

#### 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.

12-13

#### 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.

14-18

*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)

|   | 2024                 | 2023                 | 2022                 | 2021                 |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities                     |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 20,716,430        | \$ 24,325,862        | \$ 24,578,290        | \$ 11,391,918        |
| Restricted                                  | -                    | 1,790                | 4,097                | -                    |
| Unrestricted                                | 33,204,078           | 32,312,084           | 23,298,770           | 21,615,966           |
| Total governmental activities net position  | <u>\$ 53,920,508</u> | <u>\$ 56,639,736</u> | <u>\$ 47,881,157</u> | <u>\$ 33,007,884</u> |
| Business-type activities                    |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 19,020,119        | \$ 19,027,066        | \$ 18,541,067        | \$ 18,443,968        |
| Restricted                                  | -                    | 145                  | 332                  | -                    |
| Unrestricted                                | 3,597,093            | 4,433,817            | 4,837,252            | 4,639,007            |
| Total business-type activities net position | <u>\$ 22,617,212</u> | <u>\$ 23,461,028</u> | <u>\$ 23,378,651</u> | <u>\$ 23,082,975</u> |
| Primary government                          |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 39,736,549        | \$ 43,352,928        | \$ 43,119,357        | \$ 29,835,886        |
| Restricted                                  | -                    | 1,935                | 4,429                | -                    |
| Unrestricted                                | 36,801,171           | 36,745,901           | 28,136,022           | 26,254,973           |
| Total primary government net position       | <u>\$ 76,537,720</u> | <u>\$ 80,100,764</u> | <u>\$ 71,259,808</u> | <u>\$ 56,090,859</u> |

Table 1

| 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 16,970,169        | \$ 17,743,311        | \$ 18,431,064        | \$ 18,280,127        | \$ 17,543,250        | \$ 20,771,917        |
| -                    | -                    | -                    | -                    | -                    | -                    |
| 14,910,552           | 15,759,342           | 15,040,469           | 16,925,823           | 15,676,394           | 16,806,802           |
| <u>\$ 31,880,721</u> | <u>\$ 33,502,653</u> | <u>\$ 33,471,533</u> | <u>\$ 35,205,950</u> | <u>\$ 33,219,644</u> | <u>\$ 37,578,719</u> |
| \$ 18,885,015        | \$ 19,338,462        | \$ 17,703,636        | \$ 15,069,296        | \$ 13,266,968        | \$ 12,233,762        |
| -                    | -                    | 1,834,232            | 1,866,455            | 1,866,690            | 1,869,579            |
| 4,064,219            | 3,587,462            | 2,948,373            | 3,247,483            | 3,041,421            | 2,221,268            |
| <u>\$ 22,949,234</u> | <u>\$ 22,925,924</u> | <u>\$ 22,486,241</u> | <u>\$ 20,183,234</u> | <u>\$ 18,175,079</u> | <u>\$ 16,324,609</u> |
| \$ 35,855,184        | \$ 37,081,773        | \$ 36,134,700        | \$ 33,349,423        | \$ 30,810,218        | \$ 33,005,679        |
| -                    | -                    | 1,834,232            | 1,866,455            | 1,866,690            | 1,869,579            |
| 18,974,771           | 19,346,804           | 17,988,842           | 20,173,306           | 18,717,815           | 19,028,070           |
| <u>\$ 54,829,955</u> | <u>\$ 56,428,577</u> | <u>\$ 55,957,774</u> | <u>\$ 55,389,184</u> | <u>\$ 51,394,723</u> | <u>\$ 53,903,328</u> |

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

|   | 2024                   | 2023                   | 2022                   | 2021                   |
|---|------------------------|------------------------|------------------------|------------------------|
| Expenses  |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |
| General government administration               | \$ 9,181,181           | \$ 7,227,061           | \$ 7,341,776           | \$ 7,279,364           |
| Judicial administration                         | 2,533,495              | 2,394,897              | 2,246,615              | 2,425,945              |
| Public safety                                   | 20,388,333             | 21,821,567             | 17,994,636             | 19,872,272             |
| Public works                                    | 2,981,665              | 2,569,926              | 2,417,634              | 3,619,414              |
| Health and welfare                              | 7,976,147              | 7,265,302              | 6,340,541              | 6,210,692              |
| Education                                       | 47,016,311             | 37,758,280             | 26,922,092             | 32,007,187             |
| Parks, recreation, culture                      | 4,824,491              | 2,846,720              | 2,902,076              | 2,481,849              |
| Community development                           | 2,466,085              | 3,205,527              | 4,498,408              | 3,919,597              |
| Interest on long-term debt                      | 2,315,968              | 2,122,078              | 1,241,878              | 1,251,346              |
| Total governmental activities expenses          | <u>99,683,676</u>      | <u>87,211,358</u>      | <u>71,905,656</u>      | <u>79,067,666</u>      |
| Business-type activities:                       |                        |                        |                        |                        |
| Public utilities                                | 5,723,289              | 5,036,676              | 4,774,028              | 4,835,657              |
| Non-Major enterprise funds                      | 49,865                 | 51,198                 | 43,835                 |                        |
| Total business-type activities expenses         | <u>5,773,154</u>       | <u>5,087,874</u>       | <u>4,817,863</u>       | <u>4,835,657</u>       |
| Total Primary government expenses               | <u>\$ 105,456,830</u>  | <u>\$ 92,299,232</u>   | <u>\$ 76,723,519</u>   | <u>\$ 83,903,323</u>   |
| Program Revenues                                |                        |                        |                        |                        |
| Governmental activities:                        |                        |                        |                        |                        |
| Charges for services                            |                        |                        |                        |                        |
| General government administration               | \$ 87,836              | \$ 92,827              | \$ 64,934              | \$ 3,476               |
| Judicial administration                         | 243,112                | 211,762                | 165,106                | 160,048                |
| Public safety                                   | 464,322                | 494,602                | 557,707                | 499,636                |
| Public works                                    | 815,815                | 589,203                | 478,061                | 551,085                |
| Health and welfare                              | -                      | -                      | -                      | -                      |
| Education                                       | -                      | -                      | -                      | -                      |
| Parks, recreation, culture                      | 339,409                | 310,019                | 306,150                | 196,776                |
| Community development                           | 24,956                 | 19,621                 | 18,226                 | 11,082                 |
| Operating grants and contributions              | 12,179,507             | 13,124,491             | 12,743,053             | 15,435,822             |
| Capital grants and contributions                | 1,392,985              | 849,064                | 139,079                | 848,443                |
| Total governmental activities program revenues  | <u>\$ 15,547,942</u>   | <u>\$ 15,691,589</u>   | <u>\$ 14,472,316</u>   | <u>\$ 17,706,368</u>   |
| Business-type activities:                       |                        |                        |                        |                        |
| Charges for services                            | \$ 4,787,746           | \$ 4,987,411           | \$ 4,919,569           | \$ 4,898,385           |
| Capital grants and contributions                | -                      | -                      | 142,651                | -                      |
| Total business-type activities program revenues | <u>4,787,746</u>       | <u>4,987,411</u>       | <u>5,062,220</u>       | <u>4,898,385</u>       |
| Total primary government program revenue        | <u>\$ 20,335,688</u>   | <u>\$ 20,679,000</u>   | <u>\$ 19,534,536</u>   | <u>\$ 22,604,753</u>   |
| Net(Expense)/Revenue                            |                        |                        |                        |                        |
| Governmental activities                         | \$ (84,135,734)        | \$ (71,519,769)        | \$ (57,433,340)        | \$ (61,361,298)        |
| Business-type activities                        | (985,408)              | (100,463)              | 244,357                | 62,728                 |
| Total primary government net expense            | <u>\$ (85,121,142)</u> | <u>\$ (71,620,232)</u> | <u>\$ (57,188,983)</u> | <u>\$ (61,298,570)</u> |

Table 2  
Page 1 of 2

| 2020                   | 2019                   | 2018                   | 2017                   | 2016                   | 2015                   |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 6,728,268           | \$ 6,404,365           | \$ 6,273,889           | \$ 5,985,400           | \$ 5,213,213           | \$ 5,402,313           |
| 2,194,538              | 2,146,477              | 2,022,836              | 1,747,820              | 1,832,619              | 1,830,328              |
| 17,520,033             | 16,296,649             | 15,005,085             | 14,420,083             | 13,746,855             | 12,838,684             |
| 2,549,544              | 2,354,901              | 2,147,005              | 2,118,053              | 2,168,694              | 2,140,168              |
| 6,607,759              | 6,130,510              | 5,515,673              | 5,514,819              | 5,018,243              | 5,441,279              |
| 31,121,559             | 29,868,409             | 27,761,018             | 27,272,736             | 33,924,847             | 29,991,304             |
| 2,453,113              | 2,443,912              | 2,437,963              | 2,359,727              | 2,316,509              | 2,198,664              |
| 2,111,415              | 1,508,533              | 2,569,352              | 2,670,768              | 1,850,500              | 3,330,733              |
| 1,109,287              | 1,289,739              | 1,375,212              | 1,564,983              | 1,903,921              | 2,019,045              |
| <u>72,395,516</u>      | <u>68,443,495</u>      | <u>65,108,033</u>      | <u>63,654,389</u>      | <u>67,975,401</u>      | <u>65,192,518</u>      |
| 4,383,288              | 4,196,717              | 3,542,913              | 3,669,366              | 3,828,006              | 3,873,419              |
| <u>4,383,288</u>       | <u>4,196,717</u>       | <u>3,542,913</u>       | <u>3,669,366</u>       | <u>3,828,006</u>       | <u>3,873,419</u>       |
| <u>\$ 76,778,804</u>   | <u>\$ 72,640,212</u>   | <u>\$ 68,650,946</u>   | <u>\$ 67,323,755</u>   | <u>\$ 71,803,407</u>   | <u>\$ 69,065,937</u>   |
| \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   | \$ -                   |
| 165,055                | 215,232                | 239,638                | 209,190                | 225,492                | 172,895                |
| 515,568                | 505,564                | 493,463                | 640,084                | 416,526                | 422,313                |
| 537,113                | 571,491                | 551,396                | 497,981                | 411,479                | 315,626                |
| -                      | -                      | -                      | -                      | 44,851                 | 40,620                 |
| -                      | 570                    | 80                     | 258                    | -                      | -                      |
| 188,892                | 383,437                | 363,322                | 369,051                | 264,424                | 240,605                |
| 9,099                  | -                      | -                      | 9,300                  | 74,260                 | 74,798                 |
| 9,231,380              | 8,855,506              | 8,487,119              | 8,238,150              | 8,431,639              | 8,064,461              |
| 612,726                | 408,508                | 1,149,639              | 1,232,247              | 581,781                | 2,099,005              |
| <u>\$ 11,259,833</u>   | <u>\$ 10,940,308</u>   | <u>\$ 11,284,657</u>   | <u>\$ 11,196,261</u>   | <u>\$ 10,450,452</u>   | <u>\$ 11,430,323</u>   |
| \$ 4,312,516           | \$ 4,512,752           | \$ 4,568,243           | \$ 4,966,010           | \$ 4,161,870           | \$ 4,135,611           |
| -                      | -                      | -                      | -                      | 713,180                | 277,732                |
| <u>4,312,516</u>       | <u>4,512,752</u>       | <u>4,568,243</u>       | <u>4,966,010</u>       | <u>4,875,050</u>       | <u>4,413,343</u>       |
| <u>\$ 15,572,349</u>   | <u>\$ 15,453,060</u>   | <u>\$ 15,852,900</u>   | <u>\$ 16,162,271</u>   | <u>\$ 15,325,502</u>   | <u>\$ 15,843,666</u>   |
| \$ (61,135,683)        | \$ (57,503,187)        | \$ (53,823,376)        | \$ (52,458,128)        | \$ (57,524,949)        | \$ (53,762,195)        |
| (70,772)               | 316,035                | 1,025,330              | 1,296,644              | 1,047,044              | 539,924                |
| <u>\$ (61,206,455)</u> | <u>\$ (57,187,152)</u> | <u>\$ (52,798,046)</u> | <u>\$ (51,161,484)</u> | <u>\$ (56,477,905)</u> | <u>\$ (53,222,271)</u> |

COUNTY OF GLOUCESTER, VIRGINIA

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

|  | 2024           | 2023          | 2022          | 2021          |
|--|----------------|---------------|---------------|---------------|
| General Revenues and Other Changes in Net Position           |                |               |               |               |
| Governmental activities:                                     |                |               |               |               |
| Taxes:   |                |               |               |               |
| General property taxes                                       | \$ 50,973,852  | \$ 49,490,772 | \$ 47,196,515 | \$ 44,532,103 |
| Local sales and use tax                                      | 7,510,379      | 7,251,255     | 6,693,227     | 6,262,576     |
| Consumer utility tax   | 744,634        | 775,140       | 763,099       | 757,551       |
| Business license taxes                                       | 2,585,676      | 2,421,143     | 2,216,575     | 2,011,717     |
| Restaurant food taxes  | 3,577,510      | 3,355,355     | 3,085,826     | 2,699,399     |
| School sales tax   | 5,928,029      | 5,813,178     | 5,482,990     | -             |
| Other local taxes  | 1,558,174      | 1,456,029     | 1,724,695     | 1,702,408     |
| Unrestricted revenues from use of money and property         | 3,377,711      | 2,048,758     | 236,268       | 169,672       |
| Miscellaneous  | 908,636        | 1,271,776     | 571,395       | 311,546       |
| Grants and contributions not restricted to specific programs | 4,272,029      | 6,394,942     | 4,336,023     | 4,052,756     |
| Transfers  | (20,124)       | -             | -             | (11,267)      |
| Total governmental activities                                | \$ 81,416,506  | \$ 80,278,348 | \$ 72,306,613 | \$ 62,488,461 |
| Business-type activities:                                    |                |               |               |               |
| General property taxes                                       | \$ 55,531      | \$ 49,174     | \$ 44,171     | \$ 50,657     |
| Unrestricted revenues from use of money and property         | 289,691        | 133,666       | 7,148         | 9,088         |
| Grants and contributions not restricted to specific programs | -              | -             | -             | -             |
| Loss on disposal of capital assets                           | (223,754)      | -             | -             | -             |
| Transfers  | 20,124         | -             | -             | 11,267        |
| Total business-type activities                               | \$ 141,592     | \$ 182,840    | \$ 51,319     | \$ 71,012     |
| Total primary government                                     | \$ 81,558,098  | \$ 80,461,188 | \$ 72,357,932 | \$ 62,559,473 |
| Change in Net Position                                       |                |               |               |               |
| Governmental activities                                      | \$ (2,719,228) | \$ 8,758,579  | \$ 14,873,273 | \$ 1,127,163  |
| Business-type activities                                     | (843,816)      | 82,377        | 295,676       | 133,740       |
| Total primary government                                     | \$ (3,563,044) | \$ 8,840,956  | \$ 15,168,949 | \$ 1,260,903  |

| 2020           | 2019          | 2018          | 2017          | 2016           | 2015           |
|----------------|---------------|---------------|---------------|----------------|----------------|
| \$ 42,406,876  | \$ 41,229,104 | \$ 40,204,898 | \$ 39,729,693 | \$ 38,881,635  | \$ 37,735,100  |
| 5,469,912      | 4,868,752     | 4,627,344     | 4,363,168     | 4,132,108      | 3,993,673      |
| 743,181        | 740,458       | 733,044       | 725,381       | 716,300        | 711,867        |
| 1,867,032      | 1,931,649     | 1,729,800     | 1,682,846     | 1,552,245      | 1,547,404      |
| 2,346,997      | 2,377,951     | 2,274,619     | 2,194,698     | 2,116,520      | 1,896,892      |
| -              | -             | -             | -             | -              | -              |
| 1,220,134      | 1,195,686     | 1,199,763     | 1,202,114     | 1,109,601      | 989,921        |
| 371,220        | 484,500       | 356,250       | 202,694       | 154,286        | 174,416        |
| 854,758        | 396,215       | 321,874       | 432,749       | 670,380        | 438,304        |
| 4,233,641      | 4,309,992     | 4,423,702     | 4,486,617     | 4,505,799      | 4,500,206      |
| -              | -             | (430,524)     | (575,526)     | (673,000)      | (673,758)      |
| \$ 59,513,751  | \$ 57,534,307 | \$ 55,440,770 | \$ 54,444,434 | \$ 53,165,874  | \$ 51,314,025  |
| \$ 38,646      | \$ 40,651     | \$ 39,849     | \$ 38,722     | \$ 39,235      | \$ 39,471      |
| 55,436         | 82,997        | 77,735        | 97,263        | 91,191         | 86,723         |
| -              | -             | 779,370       | -             | -              | -              |
| -              | -             | -             | -             | -              | -              |
| -              | -             | 430,524       | 575,526       | 673,000        | 673,758        |
| \$ 94,082      | \$ 123,648    | \$ 1,327,478  | \$ 711,511    | \$ 803,426     | \$ 799,952     |
| \$ 59,607,833  | \$ 57,657,955 | \$ 56,768,248 | \$ 55,155,945 | \$ 53,969,300  | \$ 52,113,977  |
| \$ (1,621,932) | \$ 31,120     | \$ 1,617,394  | \$ 1,986,306  | \$ (4,359,075) | \$ (2,448,170) |
| 23,310         | 439,683       | 2,352,808     | 2,008,155     | 1,850,470      | 1,339,876      |
| \$ (1,598,622) | \$ 470,803    | \$ 3,970,202  | \$ 3,994,461  | \$ (2,508,605) | \$ (1,108,294) |

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

|                                    | 2024                 | 2023                 | 2022                 | 2021                 |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |
| Nonspendable                       | \$ 43,416            | \$ 388,126           | \$ 392,574           | \$ 399,975           |
| Restricted                         | 47,395               | 101,391              | 89,255               | 32,823               |
| Committed                          | 2,558,144            | 2,061,318            | 2,575,170            | 2,741,220            |
| Assigned                           | 260,000              | 260,000              | 260,000              | 260,000              |
| Unassigned                         | 28,327,571           | 29,405,761           | 26,572,890           | 23,193,852           |
| Total General Fund                 | <u>\$ 31,236,526</u> | <u>\$ 32,216,596</u> | <u>\$ 29,889,889</u> | <u>\$ 26,627,870</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |
| Nonspendable                       | \$ 120,391           | \$ 120,391           | \$ 199,474           | \$ 2,815             |
| Restricted                         | 37,218,916           | 25,780,072           | 35,916,123           | 5,081,683            |
| Committed                          | 2,100,029            | 5,011,444            | 4,381,083            | 373,335              |
| Assigned                           | -                    | -                    | -                    | -                    |
| Unassigned                         | -                    | -                    | -                    | -                    |
| Total all other governmental funds | <u>\$ 39,439,336</u> | <u>\$ 30,911,907</u> | <u>\$ 40,496,680</u> | <u>\$ 5,457,833</u>  |

Note: The County implemented GASB Statement 54, the new standard for fund balance reporting, in FY11.

Restatement of prior year balance is not feasible. Therefore, ten years of fund balance information in accordance with GASB 54 is not available, but will be accumulated over time.

Table 3

| 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 385,394           | \$ 99,784            | \$ 390,393           | \$ 400,064           | \$ 48,681            | \$ 65,035            |
| 43,121               | 38,307               | 79,268               | 82,362               | 77,013               | 133,004              |
| 2,634,123            | 2,440,816            | 1,983,468            | 1,672,041            | 1,310,127            | 1,118,337            |
| 260,000              | 260,000              | 260,000              | -                    | -                    | -                    |
| 19,213,229           | 20,944,248           | 21,141,510           | 20,524,588           | 20,009,317           | 17,523,379           |
| <u>\$ 22,535,867</u> | <u>\$ 23,783,155</u> | <u>\$ 23,854,639</u> | <u>\$ 22,679,055</u> | <u>\$ 21,445,138</u> | <u>\$ 18,839,755</u> |
| \$ -                 | \$ -                 | \$ 190,015           | \$ -                 | \$ -                 | \$ -                 |
| 43,000               | 137,100              | 125,000              | 115,400              | 97,400               | 54,400               |
| 533,816              | 685,451              | 700,298              | 696,419              | 692,639              | 4,986,303            |
| 104,580              | -                    | -                    | -                    | -                    | -                    |
| -                    | -                    | (190,015)            | -                    | -                    | -                    |
| <u>\$ 681,396</u>    | <u>\$ 822,551</u>    | <u>\$ 825,298</u>    | <u>\$ 811,819</u>    | <u>\$ 790,039</u>    | <u>\$ 5,040,703</u>  |

COUNTY OF GLOUCESTER, VIRGINIA

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

|  | 2024            | 2023           | 2022           |
|--|-----------------|----------------|----------------|
| <b>REVENUES</b>  |                 |                |                |
| General property taxes                                       | \$ 50,795,587   | \$ 49,008,016  | \$ 46,905,877  |
| Other local taxes  | 21,904,402      | 21,072,100     | 19,966,412     |
| Permits, privilege fees, and regulatory licenses             | 415,743         | 440,967        | 516,829        |
| Fines and forfeitures  | 74,709          | 65,227         | 49,245         |
| Revenue from the use of money and property                   | 3,377,711       | 2,066,716      | 236,268        |
| Charges for services   | 1,484,998       | 1,193,882      | 1,024,110      |
| Miscellaneous  | 605,848         | 879,799        | 571,395        |
| Recovered costs  | 819,681         | 695,418        | 584,285        |
| Intergovernmental revenues:                                  |                 |                |                |
| Commonwealth   | 13,075,562      | 13,933,419     | 11,072,783     |
| Federal  | 4,768,959       | 6,435,078      | 6,145,372      |
| Total revenues   | \$ 97,323,200   | \$ 95,790,622  | \$ 87,072,576  |
| <b>EXPENDITURES</b>  |                 |                |                |
| Current:   |                 |                |                |
| General government administration                            | \$ 8,398,200    | \$ 7,750,726   | \$ 7,254,309   |
| Judicial administration                                      | 2,476,857       | 2,274,390      | 2,140,393      |
| Public safety  | 21,956,897      | 21,289,695     | 17,930,731     |
| Public works   | 3,396,659       | 2,972,274      | 2,709,399      |
| Health and welfare   | 7,846,582       | 7,090,702      | 6,097,620      |
| Education  | 31,535,625      | 29,548,069     | 27,475,526     |
| Parks, recreation, and cultural                              | 2,754,925       | 2,472,008      | 4,288,529      |
| Community development  | 2,072,217       | 1,751,720      | 3,385,817      |
| Nondepartmental  | 413,392         | 370,562        | 322,306        |
| Capital projects   | 38,047,677      | 22,026,341     | 10,388,980     |
| Debt service:  |                 |                |                |
| Principal retirement   | 3,878,466       | 3,588,697      | 7,780,122      |
| Interest and other fiscal charges                            | 1,224,579       | 1,233,498      | 1,110,969      |
| Principal retirement-School                                  | 964,617         | 137,965        | 99,163         |
| Interest and other fiscal charges-School                     | 1,327,488       | 1,006,189      | 305,722        |
| Total expenditures   | \$ 126,294,181  | \$ 103,512,836 | \$ 91,289,586  |
| Excess (deficiency) of revenues over<br>(under) expenditures | \$ (28,970,981) | \$ (7,722,214) | \$ (4,217,010) |
| <b>OTHER FINANCING SOURCES (USES)</b>                        |                 |                |                |
| Transfers in   | \$ 11,809,349   | \$ 10,137,777  | \$ 9,143,269   |
| Transfers out  | (11,829,473)    | (10,137,777)   | (9,143,269)    |
| Issuance of general obligation bonds                         | 31,005,000      | -              | 32,425,000     |
| Bond premium issuance  | 1,880,759       | -              | 2,724,064      |
| Issuance of leases   | 3,652,705       | -              | 2,696,361      |
| Issuance of loan   | -               | -              | 4,672,451      |
| Issuance of subscription liability                           | -               | 464,148        | -              |
| Refunding of lease revenue bonds                             | -               | -              | -              |
| Total other financing sources (uses)                         | \$ 36,518,340   | \$ 464,148     | \$ 42,517,876  |
| Net change in fund balances                                  | \$ 7,547,359    | \$ (7,258,066) | \$ 38,300,866  |
| Fund balances - beginning                                    | 63,128,503      | 70,386,569     | 32,085,703     |
| Fund balances - ending                                       | \$ 70,675,862   | \$ 63,128,503  | \$ 70,386,569  |
| Debt Service as a percentage<br>of noncapital expenditures   | 7.78%           | 7.18%          | 11.75%         |

Table 4

| 2021 |             | 2020 |             | 2019 |             | 2018 |             | 2017 |             | 2016 |             | 2015 |              |
|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|-------------|------|--------------|
| \$   | 44,376,967  | \$   | 41,363,050  | \$   | 41,213,749  | \$   | 40,429,513  | \$   | 39,605,567  | \$   | 38,899,618  | \$   | 37,944,859   |
|      | 13,433,651  |      | 11,647,256  |      | 11,114,496  |      | 10,564,570  |      | 10,168,207  |      | 9,626,774   |      | 9,139,757    |
|      | 440,781     |      | 458,428     |      | 459,062     |      | 438,668     |      | 591,346     |      | 361,437     |      | 379,645      |
|      | 44,321      |      | 59,632      |      | 97,257      |      | 118,878     |      | 85,667      |      | 94,470      |      | 68,265       |
|      | 169,672     |      | 371,220     |      | 484,500     |      | 356,250     |      | 202,694     |      | 154,286     |      | 174,416      |
|      | 937,001     |      | 897,667     |      | 1,119,975   |      | 1,090,353   |      | 1,048,851   |      | 981,125     |      | 818,947      |
|      | 311,546     |      | 320,238     |      | 396,215     |      | 321,874     |      | 432,749     |      | 670,380     |      | 438,304      |
|      | 445,385     |      | 571,175     |      | 222,897     |      | 434,664     |      | 413,302     |      | 362,494     |      | 378,821      |
|      | 11,448,662  |      | 10,716,317  |      | 10,734,135  |      | 10,781,075  |      | 10,822,673  |      | 11,074,903  |      | 11,800,473   |
|      | 8,888,359   |      | 3,361,430   |      | 2,839,871   |      | 3,279,385   |      | 3,134,341   |      | 2,444,316   |      | 2,863,199    |
| \$   | 80,496,345  | \$   | 69,766,413  | \$   | 68,682,157  | \$   | 67,815,230  | \$   | 66,505,397  | \$   | 64,669,803  | \$   | 64,006,686   |
|      |             |      |             |      |             |      |             |      |             |      |             |      |              |
| \$   | 6,661,798   | \$   | 6,696,148   | \$   | 6,388,524   | \$   | 5,963,044   | \$   | 5,725,817   | \$   | 5,559,742   | \$   | 5,506,522    |
|      | 2,157,099   |      | 2,058,268   |      | 2,067,608   |      | 1,864,417   |      | 1,659,363   |      | 1,776,474   |      | 1,720,444    |
|      | 17,449,969  |      | 15,476,843  |      | 14,944,726  |      | 13,715,518  |      | 13,267,144  |      | 12,431,841  |      | 12,260,636   |
|      | 2,538,458   |      | 2,551,198   |      | 2,343,097   |      | 2,157,205   |      | 2,066,222   |      | 2,203,795   |      | 2,156,828    |
|      | 7,043,663   |      | 6,505,660   |      | 6,259,573   |      | 5,541,116   |      | 5,465,381   |      | 5,064,135   |      | 5,427,503    |
|      | 29,061,269  |      | 27,314,420  |      | 26,337,674  |      | 24,850,100  |      | 24,202,067  |      | 22,873,774  |      | 23,055,992   |
|      | 2,247,145   |      | 2,297,096   |      | 2,416,749   |      | 2,323,548   |      | 2,342,983   |      | 2,180,280   |      | 2,139,478    |
|      | 2,756,934   |      | 1,158,443   |      | 1,108,132   |      | 1,134,167   |      | 1,034,146   |      | 1,040,427   |      | 972,068      |
|      | 397,135     |      | 317,181     |      | 290,585     |      | 285,585     |      | 300,585     |      | 300,585     |      | 353,497      |
|      | 2,785,727   |      | 2,607,292   |      | 2,111,755   |      | 2,682,620   |      | 3,693,480   |      | 6,548,321   |      | 22,500,605   |
|      | 2,950,217   |      | 2,922,931   |      | 3,053,318   |      | 4,097,070   |      | 4,186,313   |      | 10,276,799  |      | 3,437,958    |
|      | 1,280,108   |      | 1,249,376   |      | 1,434,647   |      | 1,581,253   |      | 1,751,399   |      | 2,110,911   |      | 2,293,936    |
|      | -           |      | -           |      | -           |      | -           |      | -           |      | -           |      | 72,317       |
|      | -           |      | -           |      | -           |      | -           |      | -           |      | -           |      | 4,041        |
| \$   | 77,329,522  | \$   | 71,154,856  | \$   | 68,756,388  | \$   | 66,195,643  | \$   | 65,694,900  | \$   | 72,367,084  | \$   | 81,901,825   |
|      |             |      |             |      |             |      |             |      |             |      |             |      |              |
| \$   | 3,166,823   | \$   | (1,388,443) | \$   | (74,231)    | \$   | 1,619,587   | \$   | 810,497     | \$   | (7,697,281) | \$   | (17,895,139) |
|      |             |      |             |      |             |      |             |      |             |      |             |      |              |
| \$   | 6,825,951   | \$   | 7,339,499   | \$   | 7,532,333   | \$   | 8,279,537   | \$   | 8,369,496   | \$   | 7,729,031   | \$   | 9,188,198    |
|      | (6,837,218) |      | (7,339,499) |      | (7,532,333) |      | (8,710,061) |      | (8,945,022) |      | (8,402,031) |      | (9,861,956)  |
|      | 10,205,000  |      | -           |      | -           |      | -           |      | -           |      | -           |      | -            |
|      | 699,884     |      | -           |      | -           |      | -           |      | -           |      | -           |      | -            |
|      | -           |      | -           |      | -           |      | -           |      | 1,020,726   |      | -           |      | -            |
|      | -           |      | -           |      | -           |      | -           |      | -           |      | -           |      | -            |
|      | -           |      | -           |      | -           |      | -           |      | -           |      | -           |      | -            |
|      | (5,192,000) |      | -           |      | -           |      | -           |      | -           |      | 6,725,000   |      | -            |
| \$   | 5,701,617   | \$   | -           | \$   | -           | \$   | (430,524)   | \$   | 445,200     | \$   | 6,052,000   | \$   | (673,758)    |
|      |             |      |             |      |             |      |             |      |             |      |             |      |              |
| \$   | 8,868,440   | \$   | (1,388,443) | \$   | (74,231)    | \$   | 1,189,063   | \$   | 1,255,697   | \$   | (1,645,281) | \$   | (18,568,897) |
|      | 23,217,263  |      | 24,605,706  |      | 24,679,937  |      | 23,490,874  |      | 22,235,177  |      | 23,880,458  |      | 42,449,355   |
| \$   | 32,085,703  | \$   | 23,217,263  | \$   | 24,605,706  | \$   | 24,679,937  | \$   | 23,490,874  | \$   | 22,235,177  | \$   | 23,880,458   |
|      |             |      |             |      |             |      |             |      |             |      |             |      |              |
|      | 5.71%       |      | 6.08%       |      | 6.67%       |      | 8.78%       |      | 9.30%       |      | 18.66%      |      | 9.20%        |

Principal Property Tax Payers  
Current Year and Nine Years Ago

| Taxpayer   | 2024                         |  | 2015                         |  |
|--|------------------------------|--|------------------------------|--|
|  | Taxable<br>Assessed<br>Value | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Percentage<br>of Total<br>County<br>Taxable<br>Assessed<br>Value |
| Riverbend Apartments LP                          | \$ 24,991,280                | 0.41 %   | \$ -                         | - %  |
| Evergreen Development Co. LLC                    | 18,823,990                   | 0.31   | 21,300,030                   | 0.51   |
| Wal-Mart Real Estate Business Trust              | 17,548,840                   | 0.29   | 13,691,030                   | 0.33   |
| York River Crossing Shopping Center LLC          | 14,847,640                   | 0.24   | 16,234,500                   | 0.39   |
| Fox Centre Two LLC                               | 11,408,450                   | 0.19   | -                            | -  |
| Horn Harbor Nursing Home Inc.                    | 10,436,690                   | 0.17   | 8,737,610                    | 0.21   |
| Newport News General Nonsectarian Hospital Assoc | 9,232,050                    | 0.15   | -                            | -  |
| Welltower OM Group LLC                           | 9,187,360                    | 0.15   | -                            | -  |
| IVQ Gloucester Propco LLC                        | 8,881,630                    | 0.15   | -                            | -  |
| Lowes Home Centers Inc                           | 8,100,190                    | 0.13   | 9,599,230                    | 0.23   |
| E. Clairborne Robins, Jr.                        | -                            | -  | 5,415,400                    | 0.13   |
| Gloucester Medical Arts I, LLC                   | -                            | -  | 8,087,130                    | 0.19   |
| Walter Reed Memorial Hospital                    | -                            | -  | 6,908,030                    | -  |
| Yorkview Apartments, Inc                         | -                            | -  | 6,412,710                    | -  |
| Nam Duc Vu & Hoa Anh Tran                        | -                            | -  | 6,108,160                    | 0.15   |
| The Industrial Development Assoc of Gloucester   | -                            | -  | 5,378,300                    | 0.13   |
| Thousand Trails, Inc.                            | -                            | -  | 8,452,450                    | 0.20   |
|  | <u>\$ 133,458,120</u>        | <u>2.19 %</u>  | <u>\$ 116,324,580</u>        | <u>2.47 %</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 Fiscal Year (Original Levy) | Adjustments | Total Adjusted Levy | Collected within the Fiscal Year of the Levy |                             | Collections in Subsequent Years | Total Collections to Date |                             |
|-------------|--|-------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
|             |  |             |                     | Amount                                       | Percentage of Original Levy |                                 | Amount                    | Percentage of Adjusted Levy |
| 2015        | 27,615,708                                       | (3,530)     | 27,612,178          | 26,880,696                                   | 97.34%                      | 722,555                         | 27,603,251                | 99.97%                      |
| 2016        | 28,574,808                                       | (3,508)     | 28,571,300          | 27,850,881                                   | 97.47%                      | 711,193                         | 28,562,074                | 99.97%                      |
| 2017        | 29,192,667                                       | (6,599)     | 29,186,068          | 28,438,565                                   | 97.42%                      | 735,083                         | 29,173,648                | 99.96%                      |
| 2018        | 29,569,340                                       | (8,399)     | 29,560,941          | 28,880,722                                   | 97.67%                      | 658,763                         | 29,539,485                | 99.93%                      |
| 2019        | 29,892,524                                       | (13,995)    | 29,878,529          | 29,203,018                                   | 97.69%                      | 646,367                         | 29,849,385                | 99.90%                      |
| 2020        | 30,923,858                                       | 40,968      | 30,964,826          | 29,610,532                                   | 95.75%                      | 1,315,777                       | 30,926,309                | 99.88%                      |
| 2021        | 31,971,959                                       | (5,233)     | 31,966,726          | 30,936,937                                   | 96.76%                      | 923,744                         | 31,860,681                | 99.67%                      |
| 2022        | 32,849,238                                       | 41,136      | 32,890,374          | 31,942,553                                   | 97.24%                      | 675,798                         | 32,618,351                | 99.17%                      |
| 2023        | 33,753,137                                       | 24,648      | 33,777,785          | 32,832,452                                   | 97.27%                      | 645,590                         | 33,478,042                | 99.11%                      |
| 2024        | 33,856,738                                       | -           | 33,856,738          | 32,950,267                                   | 97.32%                      | -                               | 32,950,267                | 97.32%                      |

Source: Gloucester County Treasurer's Office

COUNTY OF GLOUCESTER, VIRGINIA

Table 7

Personal Property Tax Levies and Collections  
Last Eight Fiscal Years

| Fiscal Year | Taxes Levied for the Fiscal Year (Original Levy) | Adjustments | Total Adjusted Levy | Collected within the Fiscal Year of the Levy |                             | Collections in Subsequent Years | Total Collections to Date |                             |
|-------------|--|-------------|---------------------|--|-----------------------------|---------------------------------|---------------------------|-----------------------------|
|             |  |             |                     | Amount                                       | Percentage of Original Levy |                                 | Amount                    | Percentage of Adjusted Levy |
| 2017        | \$ 9,161,733                                     | \$ (19,974) | \$ 9,141,759        | \$ 8,263,639                                 | 90.20%                      | \$ 786,866                      | \$ 9,050,505              | 99.00%                      |
| 2018        | 9,324,902  | (43,084)    | 9,281,818           | 8,299,389                                    | 89.00%                      | 881,677                         | 9,181,066                 | 98.91%                      |
| 2019        | 9,764,849  | (41,440)    | 9,723,409           | 8,759,851                                    | 89.71%                      | 841,682                         | 9,601,533                 | 98.75%                      |
| 2020        | 10,282,459                                       | (45,474)    | 10,236,985          | 9,053,909                                    | 88.05%                      | 1,023,488                       | 10,077,397                | 98.44%                      |
| 2021        | 10,864,302                                       | 472,618     | 11,336,920          | 9,336,139                                    | 85.93%                      | 1,738,101                       | 11,074,240                | 97.68%                      |
| 2022        | 11,880,542                                       | 167,265     | 12,047,807          | 10,352,178                                   | 87.14%                      | 1,170,773                       | 11,522,951                | 95.64%                      |
| 2023        | 14,025,457                                       | (76,211)    | 13,949,246          | 11,896,240                                   | 84.82%                      | 1,433,325                       | 13,329,565                | 95.56%                      |
| 2024        | 15,149,073                                       | -           | 15,149,073          | 13,138,835                                   | 86.73%                      | -                               | 13,138,835                | 86.73%                      |

Source: Gloucester County Treasurer's Office

Assessed Value and Estimated Actual Value of Taxable Property  
 Last Ten Fiscal Years  
*(in thousands of dollars)*

| Calendar<br>Year | Residential | Commercial | Total<br>Taxable<br>Assessed | Total<br>Direct<br>Tax | Estimated<br>Actual<br>Taxable | Tax<br>Exempt |
|------------------|-------------|------------|------------------------------|------------------------|--------------------------------|---------------|
| Ended            | Property    | Property   | Value                        | Rate                   | Value (1)                      | Property      |
| 2015             | 3,765,494   | 444,104    | 4,209,598                    | 0.680                  | 4,317,094                      | 373,475       |
| 2016             | 3,797,973   | 443,944    | 4,241,916                    | 0.695                  | 4,332,465                      | 358,584       |
| 2017             | 3,832,436   | 450,593    | 4,283,030                    | 0.695                  | 4,481,563                      | 379,400       |
| 2018             | 3,788,637   | 559,903    | 4,348,540                    | 0.695                  | 4,681,891                      | 385,986       |
| 2019             | 3,828,993   | 560,855    | 4,389,849                    | 0.695                  | 4,840,500                      | 392,341       |
| 2020             | 4,062,592   | 602,707    | 4,665,299                    | 0.695                  | 5,210,878                      | 404,067       |
| 2021             | 4,103,424   | 604,513    | 4,707,937                    | 0.695                  | 5,963,944                      | 420,014       |
| 2022             | 4,152,262   | 609,633    | 4,761,895                    | 0.725                  | 6,941,538 <sup>(2)</sup>       | 420,362       |
| 2023             | 5,264,271   | 701,687    | 5,965,958                    | 0.583                  | -                              | 455,734       |
| 2024             | 5,346,566   | 717,549    | 6,064,115                    | 0.583                  | -                              | 454,127       |

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<br>Year<br>Ended | Personal<br>Property (1) | Machinery<br>& Tools (1) | Boats (1)  | Public<br>Service (2) | Total       |
|---------------------------|--------------------------|--------------------------|------------|-----------------------|-------------|
| 2015                      | 385,720,050              | 10,298,798               | 41,513,977 | 158,444,423           | 595,977,248 |
| 2016                      | 399,860,453              | 8,258,417                | 42,504,814 | 137,719,792           | 588,343,476 |
| 2017                      | 401,812,412              | 8,221,958                | 43,339,570 | 139,424,060           | 592,798,000 |
| 2018                      | 416,210,705              | 9,127,041                | 49,670,200 | 141,956,353           | 616,964,299 |
| 2019                      | 443,372,502              | 9,117,208                | 55,722,634 | 149,841,016           | 658,053,360 |
| 2020                      | 445,235,880              | 9,064,563                | 60,402,549 | 147,537,741           | 662,240,733 |
| 2021                      | 488,259,928              | 9,107,240                | 70,906,165 | 150,900,067           | 719,173,400 |
| 2022                      | 663,223,574              | 8,958,870                | 78,745,830 | 140,116,067           | 891,044,341 |
| 2023                      | 616,206,080              | 10,250,770               | 77,763,015 | 131,953,958           | 836,173,823 |
| 2024                      | 607,631,263              | 9,120,260                | 75,077,867 | 169,136,537           | 860,965,927 |

(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

## Table 10

|            |          |
|------------|----------|
| Per Capita | 1,774.80 |
|            | 1,623.02 |
|            | 1,461.38 |
|            | 1,278.59 |
|            | 1,125.19 |
|            | 981.40   |
|            | 1,031.22 |
|            | 1,926.52 |
|            | 1,762.39 |
|            | N/A*     |

Ratio of General Bonded Debt Outstanding  
Last Ten Fiscal Years

| Fiscal<br>Year | General Bonded Debt Outstanding<br>General Obligation Bonds |                                 |            | Per<br>Capita(1) | Percentage<br>of Actual<br>Taxable<br>Value of<br>Property (2) |
|----------------|---|---------------------------------|------------|------------------|--|
|                | Governmental<br>Activities                                  | Business-<br>type<br>Activities | Total      |                  |  |
| 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           | 28,971,216  | -                               | 28,971,216 | 748.01           | 0.62%  |
| 2022           | 61,364,438  | -                               | 61,364,438 | 1,581.60         | 1.29%  |
| 2023           | 58,501,191  | -                               | 58,501,191 | 1,460.45         | 0.98%  |
| 2024           | 87,315,893  | -                               | 87,315,893 | N/A*             | 1.44%  |

**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 (2024 population figure not available at this time)

(2) See Table 6 for property value data

Demographic and Economic Statistics  
Last Ten Calendar Years

| Year | Population<br>(1) | Personal<br>Income<br>(in thousands)<br>(1) | Per<br>Capita<br>Personal<br>Income (1) | Unemployment<br>Rate<br>(2) | School<br>Enrollment<br>(3) |
|------|-------------------|---|---|-----------------------------|-----------------------------|
| 2014 | 37,225            | 1,602,569                                   | 42,684                                  | 4.7                         | 5,447                       |
| 2015 | 37,072            | 1,668,607                                   | 44,309                                  | 4.0                         | 5,354                       |
| 2016 | 36,983            | 1,736,968                                   | 45,865                                  | 3.6                         | 5,383                       |
| 2017 | 37,169            | 1,795,660                                   | 46,998                                  | 3.3                         | 5,319                       |
| 2018 | 37,194            | 1,818,627                                   | 47,364                                  | 2.7                         | 5,270                       |
| 2019 | 37,090            | 1,904,299                                   | 49,305                                  | 2.5                         | 5,186                       |
| 2020 | 38,711            | 2,027,634                                   | 52,410                                  | 5.4                         | 5,109                       |
| 2021 | 38,731            | 2,185,664                                   | 55,944                                  | 3.4                         | 4,874                       |
| 2022 | 38,799            | 2,270,781                                   | 57,498                                  | 2.7                         | 4,852                       |
| 2023 | 40,057            | 2,452,061                                   | 61,214                                  | 2.6                         | 4,879                       |

Sources:

- (1) Bureau of Economic Analysis (Revised Estimates as of November 14, 2024)
- (2) Virginia Employment Commission
- (3) Gloucester County Schools FY24 Budget Exective Summary

## Principal Employers

Current Year and Nine Years Ago

| Employer                               | 2024      |                                       | 2015      |                                       |
|--|-----------|---------------------------------------|-----------|---------------------------------------|
|  | Employees | Percentage of Total County Employment | Employees | Percentage of Total County Employment |
| Gloucester County Public Schools       | 500 - 999 | 4.9% - 9.9%                           | 500 - 999 | More than 10%                         |
| Riverside Regional Medical Center      | 500 - 999 | 4.9% - 9.9%                           | 500 - 999 | 5.0% - 9.9%                           |
| County of Gloucester                   | 250 - 499 | 2.5% - 4.9%                           | 250 - 499 | 2.5% - 4.9%                           |
| Wal Mart                               | 250 - 499 | 2.5% - 4.9%                           | 250 - 499 | 2.5% - 4.9%                           |
| Virginia Institute of Marine Science   | 250 - 499 | 2.5% - 4.9%                           | 250 - 499 | 2.5% - 4.9%                           |
| Food Lion                              | 101 - 249 | 1.0% 2.5%                             | 101 - 249 | 1.0% 2.4%                             |
| York Convalescent Center               | 100 - 249 | 1.0% 2.5%                             | 100 - 249 | 1.0% - 2.4%                           |
| Tidal Wave Auto Spa                    | 101 - 249 | 1.0% 2.5%                             | -         | - -                                   |
| Rappahannock Community College         | 100 - 249 | 1.0% - 2.5%                           | 100 - 249 | 1.0% - 2.4%                           |
| Lowes' Home Centers, Inc.              | 100 - 249 | 1.0% - 2.5%                           | 100 - 249 | 1.0% - 2.4%                           |
| Home Depot                             | 100 - 249 | 1.0% - 2.5%                           | 100 - 249 | 1.0% - 2.4%                           |
| Canon Environmental Technologies, Inc. | 100 - 249 | 1.0% - 2.5%                           | -         | - -                                   |
| Miller's Services                      | 100 - 249 | 1.0% - 2.5%                           | -         | - -                                   |

Sources:

*Virginia Employment Commission*

Budgeted Full-time Equivalent County Government Employees by Function  
Last Ten Fiscal Years

|  | Full-time Equivalent Employees as of June 30 |              |              |              |              |              |              |              |              |              |
|--|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
|  | 2024   | 2023         | 2022         | 2021         | 2020         | 2019         | 2018         | 2017         | 2016         | 2015         |
| <b>General Government Administration</b> |  |              |              |              |              |              |              |              |              |              |
| Board of Supervisors                     | 7.0  | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| County Administration                    | 5.0  | 5.0          | 5.5          | 5.0          | 5.0          | 5.0          | 5.0          | 4.5          | 5.0          | 7.0          |
| County Attorney                          | 2.0  | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Human Resources                          | 6.0  | 6.0          | 6.0          | 6.0          | 6.0          | 5.0          | 5.0          | 4.5          | 4.5          | 4.5          |
| Commission of Revenue                    | 8.6  | 8.6          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          |
| Real Estate Assessment                   | 5.6  | 5.6          | 5.5          | 5.5          | 5.5          | 5.0          | 5.0          | 5.5          | 6.5          | 6.5          |
| Treasurer                                | 8.6  | 8.0          | 8.0          | 8.0          | 8.0          | 8.5          | 8.5          | 9.0          | 9.0          | 9.0          |
| Financial Services                       | 6.0  | 6.0          | 6.0          | 6.0          | 5.5          | 5.0          | 5.0          | 5.0          | 6.0          | 5.0          |
| Information Technology                   | 8.0  | 8.0          | 8.0          | 8.0          | 8.0          | 8.5          | 8.5          | 9.0          | 9.0          | 8.0          |
| GIS (included with IT until 2012)        | 3.0  | 3.0          | 3.0          | 3.0          | 3.0          | 2.5          | 2.5          | 2.5          | 2.5          | 3.5          |
| Central Purchasing                       | 3.0  | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          |
| Registrar                                | 3.2  | 3.2          | 3.0          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          | 2.5          |
| <b>Judicial Administration</b>           |  |              |              |              |              |              |              |              |              |              |
| Circuit Court Judge                      | 1.0  | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          | 1.0          |
| Clerk of Circuit Court                   | 8.0  | 8.0          | 7.5          | 7.5          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| Victim Witness                           | 2.5  | 2.5          | 2.5          | 2.0          | 2.5          | 2.5          | 2.5          | 2.5          | 2.0          | 1.5          |
| Commonwealth Attorney                    | 9.0  | 9.0          | 9.0          | 9.0          | 9.0          | 9.0          | 8.0          | 7.5          | 7.5          | 7.5          |
| <b>Public Safety</b>                     |  |              |              |              |              |              |              |              |              |              |
| Sheriff                                  | 72.6   | 67.4         | 67.5         | 67.0         | 67.0         | 65.0         | 65.0         | 65.0         | 64.0         | 64.0         |
| Jail (included w/Sheriff until 2006)     | 33.6   | 33.6         | 33.5         | 33.5         | 33.5         | 33.5         | 33.5         | 33.0         | 36.5         | 38.5         |
| Probation/Pretial                        | 7.0  | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          |
| Building Inspections                     | 7.6  | 7.6          | 7.5          | 7.5          | 7.5          | 7.5          | 7.5          | 8.0          | 8.0          | 7.0          |
| Enviromental Programs                    | 4.0  | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.5          | 4.0          | 4.0          |
| Animal Control                           | 5.0  | 5.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 4.0          | 5.0          |
| Emergency Services                       | 2.6  | 2.6          | 2.5          | 2.5          | 2.5          | 3.0          | 3.0          | 3.0          | 2.0          | 2.0          |
| <b>Public Works</b>                      |  |              |              |              |              |              |              |              |              |              |
| Engineering                              | 3.0  | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.0          | 3.5          | 4.0          | 4.0          |
| Facilities Management                    | 24.5   | 24.5         | 24.5         | 24.5         | 24.5         | 26.0         | 26.0         | 27.0         | 28.0         | 28.0         |
| <b>Education</b>                         |  |              |              |              |              |              |              |              |              |              |
| Community Engagement                     | 9.0  | 8.5          | 8.5          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 8.0          | 7.5          |
| <b>Parks, Recreation &amp; Cultural</b>  |  |              |              |              |              |              |              |              |              |              |
| Parks & Recreation                       | 5.0  | 5.5          | 5.5          | 5.5          | 5.5          | 5.5          | 5.5          | 5.5          | 5.5          | 8.5          |
| Park Operations                          | 8.0  | 8.0          | 7.0          | 7.0          | 7.0          | 6.5          | 6.5          | 6.5          | 6.0          | 3.0          |
| Historical (combined w/Tourism 2014)     | -  | -            | -            | -            | -            | -            | -            | -            | -            | 0.5          |
| Library                                  | 11.7   | 11.6         | 11.0         | 11.5         | 11.5         | 12.0         | 12.0         | 12.0         | 12.0         | 12.5         |
| <b>Community Development</b>             |  |              |              |              |              |              |              |              |              |              |
| Planning & Zoning                        | 8.0  | 8.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 7.0          | 6.0          | 7.0          |
| Economic Development                     | 2.0  | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          | 2.0          |
| Clean Community                          | 0.5  | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          | 0.5          |
| Tourism                                  | 2.7  | 2.6          | 2.5          | 2.5          | 2.0          | 2.0          | 1.5          | 1.5          | 1.5          | 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          |
| <b>Utilities</b>                         |  |              |              |              |              |              |              |              |              |              |
|  | 28.0   | 28.0         | 27.0         | 29.0         | 28.0         | 26.5         | 24.5         | 23.5         | 24.5         | 26.0         |
| <b>TOTAL</b>                             | <b>322.3</b>                                 | <b>316.3</b> | <b>310.5</b> | <b>310.5</b> | <b>308.5</b> | <b>305.5</b> | <b>302.0</b> | <b>303.0</b> | <b>307.0</b> | <b>312.0</b> |

Source: Gloucester County Fiscal Services 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

|                                  | 2024        | 2023        | 2022        | 2021        |
|----------------------------------|-------------|-------------|-------------|-------------|
| Sheriff's Department (1)         |             |             |             |             |
| Reports taken                    | N/A         | 38,587      | 38,406      | 38,156      |
| Civil processed record workload  | N/A         | 27,345      | 24,323      | 24,836      |
| Circuit court days               | N/A         | 415         | 191         | 187         |
| General district court days      | N/A         | 144         | 107         | 110         |
| Juvenile and domestic court days | N/A         | 280         | 208         | 226         |
| Inmate average daily population  | N/A         | 34          | 34          | 34          |
| Parks, Recreation & Tourism (2)  |             |             |             |             |
| Number of Participants           | 3,588       | 3,226       | 3,488       | 1,823       |
| Library (3)                      |             |             |             |             |
| Material circulated              | 141,093     | 136,925     | 126,281     | 85,799      |
| Library patrons                  | 31,427      | 33,209      | 87,996      | 40,569      |
| Water system (4)                 |             |             |             |             |
| Number of customers              | 5,234       | 5,190       | 5,130       | 5,040       |
| Average daily consumption        | 859,887     | 858,759     | 922,775     | 895,704     |
| Annual consumption in gallons    | 313,859,000 | 313,447,000 | 336,813,915 | 326,932,108 |

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 15

| 2020        | 2019        | 2018        | 2017        | 2016        | 2015        |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 41,705      | 46,723      | 47,286      | 48,601      | 45,020      | 43,584      |
| 19,211      | 27,980      | 29,017      | 33,240      | 31,737      | 30,530      |
| 183         | 176         | 182         | 172         | 210         | 207         |
| 126         | 118         | 113         | 107         | 104         | 109         |
| 166         | 263         | 240         | 250         | 252         | 234         |
| 30          | 37          | 41          | 31          | 43          | 45          |
| 2,058       | 4,980       | 5,008       | 4,567       | 4,772       | 4,489       |
| 109,934     | 169,129     | 140,825     | 197,281     | 183,566     | 172,769     |
| 39,727      | 38,441      | 36,706      | 35,089      | 37,185      | 35,396      |
| 4,962       | 4,936       | 4,890       | 4,835       | 4,728       | 4,629       |
| 840,743     | 822,452     | 869,742     | 863,441     | 834,800     | 838,400     |
| 307,712,000 | 300,195,000 | 317,456,000 | 315,156,000 | 304,700,000 | 306,030,000 |

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

| Customer name                         | 2024                |        |                     | 2015                |        |                      |
|---------------------------------------|---------------------|--------|---------------------|---------------------|--------|----------------------|
|                                       | Average Water Usage |        | Average Sewer Usage | Average Water Usage |        | Average Sewer Usage* |
|                                       | Monthly             | Daily  | Monthly             | Monthly             | Daily  | Monthly              |
| Franklin Management-Woodsville MHP    | 592,000             | 19,733 |                     |                     |        |                      |
| TWAS-Car Wash                         | 483,000             | 16,100 | 483,000             |                     |        |                      |
| Walter Reed Conv Center               | 461,000             | 15,367 | 461,000             | 347,000             | 11,567 |                      |
| Riverside Health System-Medical Drive | 351,000             | 11,700 | 351,000             | 320,000             | 10,667 |                      |
| VIMS-MRL                              | 313,000             | 10,433 |                     | 509,000             | 16,967 |                      |
| VIMS-SRL                              | 251,000             | 8,367  |                     | 356,000             | 11,867 |                      |
| Gloucester House                      | 249,000             | 8,300  | 249,000             |                     |        |                      |
| RAI Care Center                       | 237,000             | 7,900  | 237,000             | 215,000             | 7,167  |                      |
| York River MHP                        | 234,000             | 7,800  |                     |                     |        |                      |
| York River Yacht Haven                | 190,000             | 6,333  | 190,000             | 301,000             | 10,033 |                      |
| IRT                                   |                     |        | 190,000             |                     |        |                      |
| BHD/YRYH                              |                     |        | 160,000             |                     |        |                      |
| U DO IT Laundry                       |                     |        | 156,000             |                     |        |                      |
| Auto Spa                              |                     |        | 142,000             |                     |        |                      |
| Franklin Management Wicomico MHP      |                     |        |                     | 242,000             | 8,067  |                      |
| Franklin Management Wicomico MHP      |                     |        |                     | 241,000             | 8,033  |                      |
| Colonial Point Apartments             |                     |        |                     | 219,000             | 7,300  |                      |
| Sanders Nursing Home                  |                     |        |                     | 175,000             | 5,833  |                      |

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

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|                                       | 2024      | 2023      | 2022      |
|---------------------------------------|-----------|-----------|-----------|
| Sheriff's Department (1)              |           |           |           |
| Stations                              | 1         | 1         | 1         |
| Patrol Units                          | 48        | 35        | 35        |
| Jail                                  | 1         | 1         | 1         |
| Mobile Command Center                 | 1         | 1         | 1         |
| Volunteer Fire and Rescue (2)         |           |           |           |
| Stations                              | 6         | 6         | 6         |
| Parks and recreation (3)              |           |           |           |
| Number of parks maintained            | 8         | 8         | 8         |
| Park acreage owned by the County      | 221       | 221       | 221       |
| Park acreage leased                   | 44        | 44        | 44        |
| Library (4)                           |           |           |           |
| Number of libraries                   | 2         | 2         | 2         |
| Number of bookmobiles                 | 1         | 1         | 1         |
| Water system (5)                      |           |           |           |
| Treatment capacity per day in gallons | 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 17

| 2021      | 2020      | 2019      | 2018      | 2017      | 2016      | 2015      |
|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| 41        | 41        | 41        | 32        | 32        | 31        | 33        |
| 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| 6         | 6         | 6         | 6         | 6         | 6         | 6         |
| 8         | 7         | 7         | 7         | 8         | 8         | 8         |
| 221       | 220       | 220       | 220       | 221       | 221       | 221       |
| 44        | 44        | 44        | 44        | 44        | 44        | 44        |
| 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 | 4,000,000 |

COUNTY OF GLOUCESTER, VIRGINIA

Table 18

Utility Monthly Service Rates  
Last Eight Fiscal Years

| Monthly Rates for Water Service        | FY24     | FY23     | FY22     | FY21     | FY20     | FY19     | FY18     | FY17     |
|--|----------|----------|----------|----------|----------|----------|----------|----------|
| Monthly nonuser service charge         | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 |
| First 2,000 gallons                    | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 | \$ 20.18 |
| Next 6,000 gallons, per 1,000 gallons  | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 | \$ 10.00 |
| Over 8,000 gallons, per 1,000 gallons  | \$ 10.40 | \$ 10.40 | \$ 10.40 | \$ 10.40 | \$ 10.40 | \$ 10.40 | \$ 10.40 | \$ 10.40 |
| Monthly Rates for Sewer Service        | FY24     | FY23     | FY22     | FY21     | FY20     | FY19     | FY18     | FY17     |
| Monthly nonuser service charge         | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 |
| First 2,000 gallons or less            | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 | \$ 11.17 |
| Next 2,000 gallons, per 1,000 gallons  | \$ 4.92  | \$ 4.92  | \$ 4.92  | \$ 4.92  | \$ 4.92  | \$ 4.92  | \$ 4.92  | \$ 4.92  |
| Next 4,000 gallons, per 1,000 gallons  | \$ 4.68  | \$ 4.68  | \$ 4.68  | \$ 4.68  | \$ 4.68  | \$ 4.68  | \$ 4.68  | \$ 4.68  |
| Next 3,000 gallons, per 1,000 gallons  | \$ 4.38  | \$ 4.38  | \$ 4.38  | \$ 4.38  | \$ 4.38  | \$ 4.38  | \$ 4.38  | \$ 4.38  |
| Next 64,000 gallons, per 1,000 gallons | \$ 4.18  | \$ 4.18  | \$ 4.18  | \$ 4.18  | \$ 4.18  | \$ 4.18  | \$ 4.18  | \$ 4.18  |
| Next 15,000 gallons, per 1,000 gallons | \$ 3.82  | \$ 3.82  | \$ 3.82  | \$ 3.82  | \$ 3.82  | \$ 3.82  | \$ 3.82  | \$ 3.82  |
| Over 90,000 gallons, per 1,000 gallons | \$ 3.27  | \$ 3.27  | \$ 3.27  | \$ 3.27  | \$ 3.27  | \$ 3.27  | \$ 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***

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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, 2024, 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 25, 2024.

**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 were not 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, Farnum, Cox Associates*

Richmond, Virginia  
November 25, 2024



**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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**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, 2024. County of Gloucester, Virginia's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, County of Gloucester, Virginia complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***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, Fanner, Cox Associates*

Richmond, Virginia  
November 25, 2024

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title                                | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|--|--|--|-------------------------|
| Department of Health and Human Services:   |  |  |                         |
| Pass Through Payments:   |  |  |                         |
| Department of Social Services:   |  |  |                         |
| Title VI-E Prevention Program  | 93.472                                     | 1140122/1140123                              | \$ 7,602                |
| Guardianship Assistance  | 93.090                                     | 1110122/1110123                              | 532                     |
| MaryLee Allen Promoting Safe and Stable Families Program   | 93.556                                     | 0950122/0950123                              | 16,216                  |
| Refugee and Entrant Assistance State/Replacement   |  |  |                         |
| Designee Administered Programs   | 93.566                                     | 0500122/0500123                              | 815                     |
| Low-Income Home Energy Assistance  | 93.568                                     | 0600422/0600423                              | 44,359                  |
| Temporary Assistance for Needy Families  | 93.558                                     | 0400122/0400123                              | 221,814                 |
| Child Care Mandatory and Matching Funds of the Child Care<br>and Development Fund (CCDF Cluster)         | 93.596                                     | 0760122/0760123                              | 56,414                  |
| Stephanie Tubbs Jones Child Welfare Services Program   | 93.645                                     | 0900122/0900123                              | 356                     |
| Foster Care - Title IV-E   | 93.658                                     | 1100122/1100123                              | 244,535                 |
| Adoption Assistance  | 93.659                                     | 1120122/1120123                              | 393,531                 |
| Social Services Block Grant  | 93.667                                     | 1000122/1000123                              | 224,782                 |
| John H. Chafee Foster Care Program for Successful Transition to Adulthood                                | 93.674                                     | 9150122-9150123                              | 3,451                   |
| Elder Abuse Prevention Interventions Program   | 93.747                                     | 8000221/8000222                              | 8,589                   |
| Children's Health Insurance Program  | 93.767                                     | 0540122/0540123                              | 6,468                   |
| Medical Assistance Program (Medicaid Cluster)  | 93.778                                     | 1200122/1200123                              | 582,263                 |
| Total Department of Health and Human Services  |  |  | \$ 1,811,727            |
| Department of Agriculture:   |  |  |                         |
| Pass Through Payments:   |  |  |                         |
| Department of Education:   |  |  |                         |
| Pandemic EBT Administrative Costs  | 10.649                                     | 1790100-86556                                | \$ 3,256                |
| Child and Adult Care Food Program (CACFP)  | 10.558                                     | 1790100-70027                                | 7,369                   |
| Team Nutrition Grants  | 10.574                                     | 1790100-60072                                | 1,925                   |
| Child Nutrition Cluster:   |  |  |                         |
| Summer Food Service Program for Children   | 10.559                                     | 202020N85034 1                               | \$ 33,754               |
| School Breakfast Program   | 10.553                                     | 1790100-40591                                | 590,889                 |
| Department of Agriculture:   |  |  |                         |
| Food Distribution--School  | 10.555                                     | not available                                | 201,927                 |
| Department of Education:   |  |  |                         |
| National School Lunch Program  | 10.555                                     | 1790100-40623                                | 1,510,388               |
| Total Child Nutrition Cluster  |  |  | \$ 2,336,958            |
| Department of Social Services:   |  |  |                         |
| State Administrative Matching Grants for the Supplemental<br>Nutrition Assistance Program (SNAP Cluster) | 10.561                                     | 0010122/0040122                              | \$ 765,791              |
| Total Department of Agriculture  |  |  | \$ 3,115,299            |

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024 (Continued)

| Federal Grantor/State Pass - Through Grantor/<br>Program or Cluster Title | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>Expenditures |
|---|--|--|-------------------------|
| Department of Justice:  |  |  |                         |
| Direct payments:  |  |  |                         |
| Bulletproof Vest Partnership Program                                      | 16.607                                     | N/A  | \$ 5,337                |
| Edward Byrne Memorial Justice Assistance Grant Program                    | 16.738                                     | N/A  | 1,223                   |
| Asset Forfeiture Proceeds   | 16.000                                     | N/A  | 148                     |
| Pass Through Payments:  |  |  |                         |
| Department of Criminal Justice Service:                                   |  |  |                         |
| Crime Victim Assistance   | 16.575                                     | 390002-CJS86018                              | \$ 65,968               |
| Violence Against Women Formula Grants                                     | 16.588                                     | 390002-CJS48035                              | 31,541                  |
| Total Department of Justice   |  |  | \$ 104,217              |
| Department of Homeland Security:  |  |  |                         |
| Direct payments:  |  |  |                         |
| Flood Mitigation Assistance   | 97.029                                     | N/A  | \$ 58,102               |
| Pass Through Payments:  |  |  |                         |
| Department of Emergency Management:                                       |  |  |                         |
| Emergency Management Performance Grants                                   | 97.042                                     | 775001-114363                                | \$ 13,644               |
| Total Department of Homeland Security                                     |  |  | \$ 71,746               |
| Department of Treasury  |  |  |                         |
| Direct payments:  |  |  |                         |
| COVID-19 - Local Assistance and Tribal Consistency Fund                   | 21.032                                     | N/A  | \$ 35,575               |
| Pass Through Payments:  |  |  |                         |
| Department of Accounts  |  |  |                         |
| COVID-19 Coronavirus State and Local Fiscal Recovery Fund                 | 21.027                                     | not available                                | 774,560                 |
| Total Department of Treasury  |  |  | \$ 810,135              |
| Department of Transportation:   |  |  |                         |
| Pass Through Payments:  |  |  |                         |
| Department of Motor Vehicles:   |  |  |                         |
| State and Community Highway Safety (Highway Safety Cluster)               | 20.600                                     | 6050700-53454                                | \$ 34,071               |
| Total Department of Transportation  |  |  | \$ 34,071               |
| Department of Defense:  |  |  |                         |
| Direct Payments:  |  |  |                         |
| ROTC  | 12.xxx                                     | N/A  | \$ 132,952              |
| Total Department of Defense   |  |  | \$ 132,952              |
| Department of Education:  |  |  |                         |
| Direct Payments:  |  |  |                         |
| Impact Aid  | 84.041                                     | N/A  | \$ 181,851              |
| Pass Through Payments:  |  |  |                         |
| Department of Education:  |  |  |                         |
| Title I Grants to Local Educational Agencies                              | 84.010                                     | 1790100-42901-42999                          | 841,581                 |
| Special Education Cluster:  |  |  |                         |
| Special Education - Grants to States                                      | 84.027                                     | 1790100-43071-61234                          | \$ 1,325,204            |
| Special Education - Preschool Grants                                      | 84.173                                     | 1790100-82521                                | 44,890                  |
| Total Special Education Cluster   |  |  | \$ 1,370,094            |

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2024 (Continued)

| Federal Grantor/State Pass - Through Grantor/<br>Drug enforcement funds (payment of seized asset funds) | Federal<br>Assistance<br>Listing<br>Number | Pass-Through<br>Entity Identifying<br>Number | Federal<br>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                                | \$ 90,763               |
| COVID-19 - Elementary and Secondary School Emergency Relief (ESSER) Fund                                | 84.425D                                    | not available                                | 95,566                  |
| COVID-19 - American Rescue Plan - Elementary and Secondary School<br>Emergency Relief (ARP ESSER)       | 84.425U                                    | not available                                | 3,462,613               |
|   |  | Total 84.425                                 | \$ 3,558,179            |
| Supporting Effective Instruction State Grants   | 84.367                                     | 1790100-61480                                | 148,156                 |
| Student Support and Academic Enrichment Program   | 84.424                                     | S424A170048                                  | 78,172                  |
| Total Department of Education - pass-through  |  |  | \$ 6,268,796            |
| Total Department of Education   |  |  | \$ 6,268,796            |
| Total Expenditures of Federal Awards  |  |  | \$ 12,348,943           |

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, 2024

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### 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, 2024. 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                    | \$ | 331,188          |
| Debt Service Fund               |    | 237,998          |
| Special Revenue Funds:          |    |                  |
| Virginia Public Assistance Fund |    | 2,391,181        |
| American Rescue Plan Act        |    | 785,266          |
| CSA Fund                        |    | 32,838           |
| Capital Projects Funds:         |    |                  |
| Capital Projects Fund           |    | 990,488          |
| Total primary government        | \$ | <u>4,768,959</u> |

Component Unit School Board:

|                                   |    |                  |
|-----------------------------------|----|------------------|
| School Operating Fund             | \$ | 5,469,362        |
| School Cafeteria Fund             |    | 2,386,137        |
| Total component unit School Board | \$ | <u>7,855,499</u> |

|  |    |              |
|--|----|--------------|
| Less: BABs federal interest rate subsidy | \$ | (237,998)    |
| Less: Head Start                         |    | (36,630)     |
| Less: Payment in lieu of taxes           |    | <u>(887)</u> |

|   |    |                          |
|---|----|--------------------------|
| Total federal expenditures per basic financial statements | \$ | <u><u>12,348,943</u></u> |
|---|----|--------------------------|

|   |    |                          |
|---|----|--------------------------|
| Total federal expenditures per the Schedule of Expenditures of Federal Awards | \$ | <u><u>12,348,943</u></u> |
|---|----|--------------------------|

### 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, 2024

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**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                            | COVID-19 Coronavirus State and Local Fiscal Recovery Fund |
| 84.010                            | Title I Grants to Local Educational Agencies              |

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.