



FISCAL YEAR

2025

COUNTY OF GLOUCESTER

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
JUNE 30, 2025



**Gloucester County,
Virginia**



www.gloucesterva.gov

County of Gloucester, Virginia

Annual Comprehensive Financial Report

For the Fiscal Year Ended June 30, 2025

Prepared by:
Gloucester County
Fiscal Services Department

COUNTY OF GLOUCESTER, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

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COUNTY OF GLOUCESTER, VIRGINIA

Board of Supervisors

Kevin M. Smith, Chair
Ashley C. Chriscoe, Vice-Chair

Phillip N. Bazzani
Kenneth W. Gibson

Christopher A. Hutson

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

County School Board

Leonne Arsenovic, Chair
Anita Parker, Vice-Chair

Troy Andersen
Fred A. Brewer, Jr.

Carlton L. Drew

Cindy M. Saulman
Kari Scruggs

Board of Social Services

Aaron Connor, Chair
Carlton (Corky) Hogge, Vice-Chair

Doug Vaughan
Phyllis Dixon

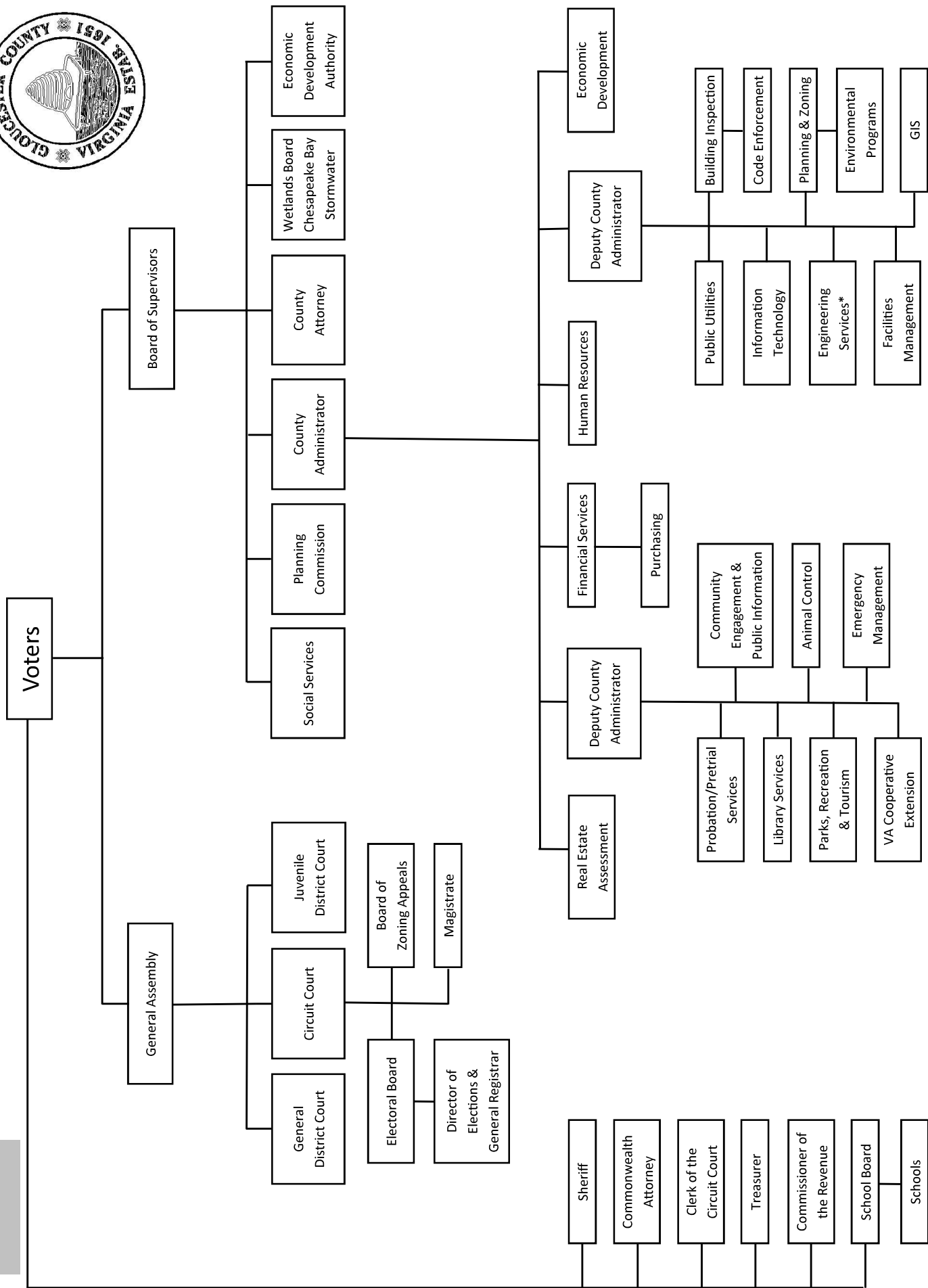
Ashley C. Chriscoe (BOS Liaison)
Bruce Coor

Kathy Phillips
Debra Goodier

Other Officials

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

Gloucester County Organizational Chart



*Refers to Title VI Program Coordinator



Government Finance Officers Association

**Certificate of
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**County of Gloucester
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morill

Executive Director/CEO



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



December 2, 2025

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, 2025. This report has been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental entities in the United States and has been audited in accordance with auditing standards generally accepted in the United States by a firm of licensed certified public accountants, as required by the Code of Virginia.

This report is intended to provide informative, transparent, and relevant financial data to the residents and business owners of Gloucester County, the Board of Supervisors, investors, creditors, and other interested stakeholders. Readers are encouraged to contact the Gloucester County Department of Financial Services with any comments or questions regarding this report.

Robinson, Farmer, Cox Associates, Certified Public Accountants, conducted the audit of the County's financial statements for the fiscal year ended June 30, 2025, and issued an unmodified ("clean") opinion on those statements. The independent auditor's report is presented at the beginning of the Financial Section of this document.

The objective of the independent audit was to provide reasonable assurance that the County's basic financial statements for the fiscal year ended June 30, 2025, are free from material misstatement. The audit process included examination, on a test basis, of evidence supporting the amounts and disclosures presented in the financial statements; assessment of the accounting principles and significant estimates used by management; and evaluation of the overall financial statement presentation.

This audit also encompassed a federally mandated Single Audit, designed to meet the specific requirements of federal and state grantor agencies. Under the standards governing Single Audit engagements, the independent auditor reports not only on the fair presentation of the County's financial statements, but also on compliance with applicable federal and state program requirements and on the County's internal control over compliance. These additional reports, issued in accordance with U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are included in the Compliance Section of this report.

The Fiscal Services Department has prepared this report in accordance with the financial reporting standards 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 presented, as well as the completeness and fairness of all disclosures contained herein, rests with County management.

To provide a reasonable basis for making these representations, County management has established a comprehensive internal control framework designed to ensure compliance with applicable laws, regulations, and County policies; safeguard the County's assets; and generate reliable information for

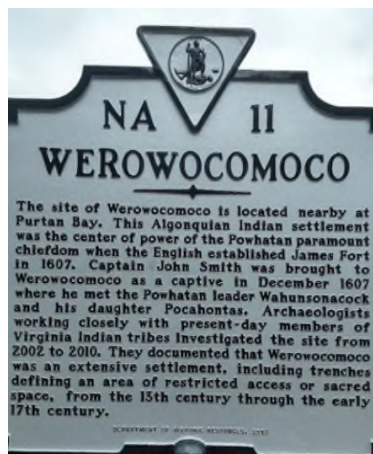
the preparation of the County's financial statements in conformity with generally accepted accounting principles (GAAP). Recognizing that the cost of internal controls should not exceed their anticipated benefits, the County's framework has been structured to provide reasonable, rather than absolute, assurance that the financial statements are 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 further requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of a Management's Discussion and Analysis (MD&A). This Letter of Transmittal is intended to present an overview of the County and summarize key information regarding its economic condition. It is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report in the Financial Section of this document.

Profile of Gloucester County

Gloucester County, established in 1651, encompasses approximately 225 square miles of land area and 32 square miles of water area. According to the 2020 U.S. Census, the County's population was 38,711. Gloucester County is empowered by the Code of Virginia to levy property taxes on both real estate and personal property located within its jurisdiction.



The County holds a place of significant historical and cultural importance as the site of Werowocomoco, the capital of the Powhatan Confederacy—a union of approximately 30 Native American tribes governed under the leadership of Chief Powhatan. The site, consisting primarily of forest and farmland, has been identified as the location where Captain John Smith was brought following his capture by Native Americans and where he met Chief Powhatan and his daughter Pocahontas. Archaeological findings indicate that the settlement was occupied as early as 1200 CE and served as a spiritual and political center for the Algonquian-speaking peoples. When completed, the park will become part of the Captain John Smith Chesapeake National Historic Trail. While the site is not yet open to the public, interpretive signage is currently displayed at the Courthouse Visitors Center, made possible through grant funding from the National Park Service.



Photo: Betty Saxman

In addition to Werowocomoco, Gloucester County is home to Virginia's 40th State Park — Machicomoco State Park. The park's name, Machicomoco, meaning "a special meeting place," reflects its significance as a riverfront site historically inhabited by Virginia Indians. The park features an open-air interpretive pavilion highlighting Virginia Indian culture, landscape, and migration, along with a paved multi-use trail, campground with yurts, picnic shelters, a car-top boat launch with an accessible entry structure, and floating docks on Timberneck Creek for day use and fishing. Machicomoco State Park offers residents and visitors alike an opportunity to engage with the region's deep cultural heritage and natural beauty.

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 37th 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 operates under the County Administrator form of government, in accordance with the provisions of the Code of Virginia. Legislative and policy-making authority is vested in the Board of Supervisors (Board), which establishes policies for the administration of County affairs. The Board is composed of seven members, representing the County's five magisterial districts and two members elected at large. The Board elects a Chairman from among its members, who typically serves a one-year term. The Board also appoints a County Administrator, who serves at its pleasure and functions as the chief administrative officer of the County, responsible for carrying out the policies established by the Board and overseeing the day-to-day operations of County government.

The County provides a comprehensive range of general governmental and administrative services to its citizens and business community. These include the offices of the Board of Supervisors, County Administrator, County Attorney, Commissioner of the Revenue, Treasurer, and Registrar, as well as the departments of Human Resources, Information Technology, Geographic Information Systems (GIS), and Financial Services—which encompasses Real Estate Assessment, Fiscal Services, and Central Purchasing. The Central Purchasing Division also provides shared accounting and procurement support services to the Gloucester County Public Schools (GCPS).

The County's Judicial Administration function includes the Circuit Court, General District Court, Magistrate, Juvenile and Domestic Relations Court, Clerk of the Circuit Court, Victim and Witness Assistance Program, Court Services, the Group Home Commission, and the Commonwealth's Attorney. Together, these offices and programs ensure the fair administration of justice and support the judicial needs of Gloucester County residents.

The County's Public Safety operations encompass a wide range of essential services designed to protect life, property, and the environment. These functions include Law Enforcement, provided through the Sheriff's Office and County Jail, as well as the departments of Emergency Management, Building Inspections, Animal Control, Environmental Services, and Stormwater Programs. The County also provides financial support to Probation and Pretrial Services, the Regional Radio (911) System, and the County's two Volunteer Fire and Rescue Squads. Together, these services reflect Gloucester County's ongoing commitment to maintaining a safe and resilient community through proactive planning, coordinated emergency response, and enforcement of public safety regulations.





The Public Works function of Gloucester County is composed of Engineering Services and Facilities Management. Engineering Services is responsible for administering the County's capital improvement projects and overseeing solid waste management operations to ensure the efficient and environmentally responsible handling of the County's waste streams. The Commonwealth of Virginia retains responsibility for the construction and maintenance of highways, streets, and related infrastructure within the County. Facilities

Management provides comprehensive building maintenance and operational support for County-owned properties and also administers the Mosquito Control Unit, which works to protect public health through proactive monitoring and abatement programs.

The Health and Welfare function of Gloucester County encompasses a range of programs and services designed to promote the well-being of residents and strengthen community support systems. This function includes the Community Services Board, which provides comprehensive mental health, intellectual disability, and substance abuse services to individuals and families within the County. It also includes the Department of Social Services, which administers Virginia Public Assistance programs and the Children's Services Act (CSA) funds. These programs are mandated by Federal and State law and focus on determining eligibility and providing essential support to qualified individuals and families in need. Together, these departments ensure that critical human services are delivered efficiently and equitably to promote the overall health, safety, and welfare of the community.

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 Library system provides service in the Main Library and the Point Branch Library as well as an e-branch that provides remote access to the library collection through the library's website.



The Community Development function of Gloucester County consists of the departments of Planning and Zoning, Economic Development, Clean Community, Extension Services, and Tourism, which also includes the County's Historic Museum. The Planning and Zoning Department is responsible for the preparation and maintenance of the Comprehensive Plan, administration of zoning ordinances, analysis of demographic data, and the review and disposition of land use and subdivision applications. These efforts help ensure orderly growth, compatible land use, and the preservation of the County's character and natural resources.

The Economic Development Department focuses on attracting, retaining, and supporting the expansion of high-quality businesses and industries that contribute to a stable and diverse local economy. Through strategic partnerships, business support programs, and targeted marketing efforts, the department seeks to enhance employment opportunities, strengthen the tax base, and improve the overall standard of living for Gloucester County residents.



The Education function of Gloucester County provides financial and administrative support to the Gloucester County Public Schools (GCPS) system, which is governed by the Gloucester County School

Board. GCPS delivers comprehensive public education from kindergarten through grade twelve (K-12) across eight schools, consisting of five elementary schools, two middle schools, and one high school, which also offers virtual and online learning programs to meet the diverse needs of students. In addition to supporting the public school system, the County's Education function includes Community Engagement and Cable Services, which oversee citizen outreach initiatives and provide shared communication and media support for the GCPS system. The County's annual contribution to Rappahannock Community College is also reported under this function, reflecting Gloucester County's ongoing commitment to advancing educational opportunities and workforce development for its residents.

The County also operates and maintains a water and sewer utility system that provides essential services to both residential and commercial customers located throughout various geographically dispersed areas



of Gloucester County. The system is managed to ensure the reliable delivery of safe drinking water and the effective collection and treatment of wastewater in accordance with applicable state and federal environmental regulations. As of the most recent reporting period, the County provides utility services to approximately 5,200 water accounts and 1,900 wastewater accounts. The County's current investment in its utility infrastructure reflects its commitment to supporting sustainable growth, protecting public health, and ensuring the long-term integrity of essential community services.

In accordance with the requirements of the Governmental Accounting Standards Board (GASB), the financial reporting entity of Gloucester County includes the primary government (the County) and its component units. Component units are legally separate entities for which the County is financially accountable or for which the County's governing body exercises significant financial influence. The discretely presented component units qualifying for inclusion in this report are the Gloucester County School Board and the Gloucester County Economic Development Authority (EDA). Discretely presented component units are reported separately within the County's financial statements to emphasize their legal separation from the primary government and to distinguish their respective financial positions, operating results, and cash flows from those of the County. The Gloucester County School Board oversees the operation of the County's public schools and administers its own appropriations within the expenditure categories established by the Code of Virginia. However, the School Board is fiscally dependent upon the County, as the Board of Supervisors approves its budget, levies the necessary taxes to fund school operations, and authorizes debt for school capital projects. Additional information regarding these legally separate entities is provided in Note 1 of the Notes to the Basic Financial Statements.

The annual budget serves as the foundation for communicating Gloucester County's major financial and operational objectives, as well as for allocating resources to achieve them. The budget development process is a comprehensive effort that involves coordination among all departments, agencies, and governing bodies of the County. This process typically begins in the summer, with the submission of five-year capital improvement plans and operating budget requests from each department and agency for consideration by the County Administrator.

The Finance Department provides initial projections for major revenue categories, which serve as a fiscal framework for the County Administrator in the preparation of a proposed balanced budget. This proposed budget is generally presented to the Board of Supervisors in March. In accordance with the Code of Virginia, the Board of Supervisors holds public hearings to obtain citizen input on the proposed budget prior to adoption. The final budget is typically adopted no later than May

1. Upon adoption, the budget appropriation resolution establishes the legal level of budgetary control, restricting expenditures at both the fund (e.g., General Fund) and function (e.g., Public Safety) levels. Upon adoption, the budget appropriation resolution establishes the legal level of budgetary control, which restricts expenditures at the fund (e.g., General Fund) and function (e.g., Public Safety) levels. The County's budget framework ensures financial accountability, transparency, and disciplined resource management throughout the fiscal year, supporting the effective achievement of the County's strategic and operational goals.

Once the annual budget is adopted, the County places significant emphasis on controlling expenditures and monitoring revenues to ensure fiscal responsibility and adherence to legal and policy requirements. The County employs an encumbrance accounting system as a key mechanism for maintaining budgetary control. The primary objective of these controls is to ensure compliance with the legal provisions of the annual appropriated budget. The annual appropriated budget encompasses the activities of the General Fund, Special Revenue Funds, Capital Projects Funds, Debt Service Funds, School Funds, and Proprietary Funds. The level of budgetary control, defined as the point at which expenditures may not legally exceed appropriations, is established at the function level, except for the School Operating Fund, which is budgeted at the fund level in accordance with state requirements.

Continuous monitoring of revenues and expenditures throughout the fiscal year is a shared responsibility of department and agency directors in coordination with the Financial Services Department. Encumbered amounts lapse at fiscal year-end; however, outstanding encumbrances related to multi-year projects or initiatives are generally re-appropriated in the subsequent fiscal year's budget to ensure continuity of operations and project completion.

The Fiscal Services Department is responsible for reviewing all departmental transfer requests to ensure that sufficient appropriations are available prior to approval. The County Administrator is authorized to redistribute appropriations within and among funds as necessary to address operational requirements and to promote the effective use of County resources in the best interests of Gloucester County. However, any revisions that increase the total appropriations of the County's approved budget must receive formal approval from the Board of Supervisors. Budget-to-actual comparisons are presented in this report for each governmental and enterprise fund for which an annual budget has been adopted, providing transparency and accountability in the County's financial management practices.

Local Economy

Gloucester County's economy stayed steady for Fiscal Year 2025. Unemployment was between 3.0 to 3.1% through the first six months of 2025. Mortgage interest rates averaged around 6.2% to 6.4% for the first six months of 2025, representing a downward trend from the beginning of the year. Additionally, home improvement and new construction permits have increased steadily during the same time period.

The results of the County Assessor's report indicate an overall value increase of all taxable real property of 0.006% (6/10ths of 1 percent) as of January 1, 2025. The modest increase is attributable to new development and construction that occurred in the County during calendar year 2024. The Assessor notes that the County's Triennial reassessment is underway and that new assessment notices will be mailed in December of 2025. He also noted that sale prices for single family homes, excluding waterfront properties, have increased on average 22% since January 1 of 2023, which was the effective date of value for the previous reassessment.

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 31 new commercial businesses and 106 home-based businesses for the fiscal year. Gloucester's fastest growing occupations included: Healthcare, Personal Care & Service; Community and Social Service; Computer and Mathematical; Education and Retail.

Go Virginia initiatives continued to make meaningful strides across the Commonwealth. Gloucester is part of Regional Council 6 made up of business leaders, educators, economic developers, and local officials from across the region. In FY2025 the Council approved a regional planning grant for enhancing the talent pipeline for Health Sciences and Higher Education services through the Bay Consortium Workforce Board and the Hampton Roads Workforce Council. 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 FY2025, the Small Business Incentive Program awarded 53 grants totaling \$88,849 with private investments of \$2,317,967. By every account, the tenth year of the program continued to be a very successful economic driver and marketing tool for the County. Total grants awarded since 2016 is 443 with \$680,281 in grants and \$35,618,608 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 was approved in March of 2025.

Ware Academy - site plan for Phase II of the Ware Academy expansion project was approved in August of 2024. Construction was completed in the Spring of 2025.

Gateway Private School - site plans to convert a residential group home to a private school were approved in September of 2024. Renovations were completed in early 2025, and it is now open.

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 (still!) 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, a revised site plan for Winterberry was approved in November of 2024, construction is complete, and the project is now under Dominion Energy's control.

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. Construction is nearing completion.

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 now 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. Build-out is approximately 50% as of Fall 2025.

Mike's Tire - Site plan for expansion of parking/towing facilities is currently under review.

Safe Harbor Self Storage - site work for an expansion of this facility began in 2024 and is now complete.

Ram's Convenience Store - Site plan for conversion of a bank building to a convenience store (Gloucester Point) was approved and construction has started.

Sheetz Convenience Store - a rezoning to allow the gas station/convenience store was approved by the Board of Supervisors in August of 2024. The site plan is currently under review.

Tyndall Point Villas - Residential development with 34 condos and two (2) single-family lots is currently under review. Rezoning the property from B-1 to MF-1 (conditional) was approved by the BOS

Gloucester Volunteer Fire & Rescue - Site plans for an expansion (Ark Road) and new Fire Station (Main Street) are currently under review.

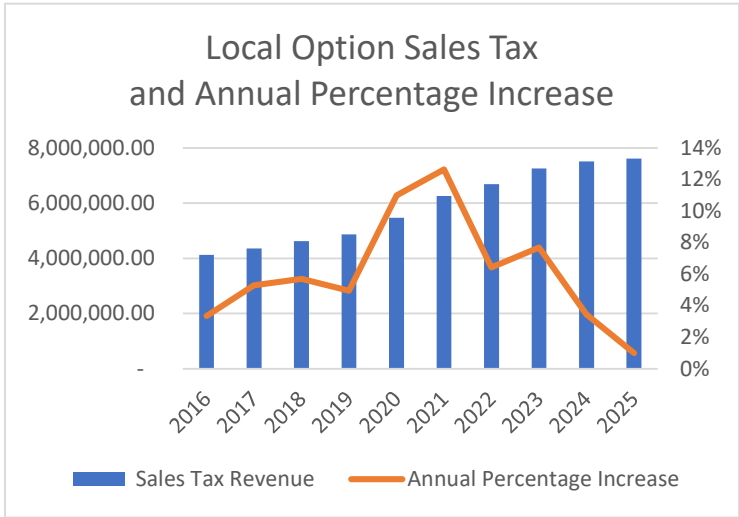
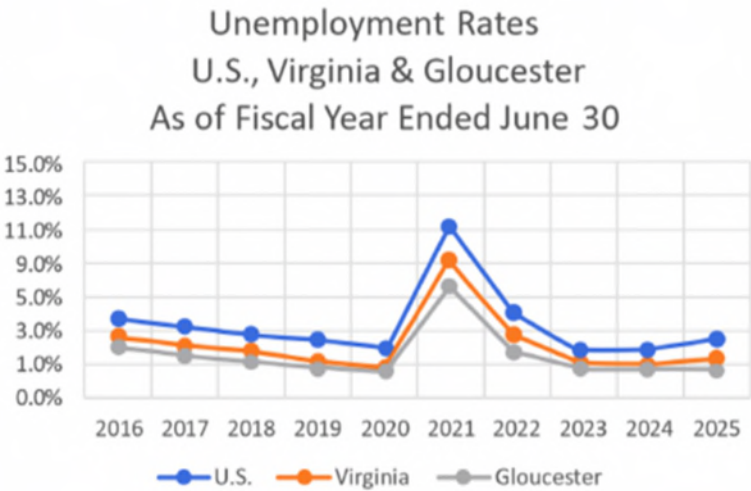
O'Reilly Auto Parts - Site plan for the new store on Walton Lane is currently under review.

New Gloucester Restaurants - Several new restaurants opened this fiscal year, including the Cereal Plug, Lotus Café, Dunkin' Donuts (Gloucester Point), and Porter's on Main.

New Gloucester Business - New businesses that opened in 2025 include: Buoy 22 (clothing) in January, Spex Optical in February, The Nook (bookstore) in April, Timeless Treasures (antiques) in July, and Virginia Made Products (specialty retail) in August.

Maintaining and enhancing the quality of life for residents and business owners requires sustained commitment to long-term economic development strategies. Gloucester County continues to demonstrate this commitment through prudent planning and strategic investment in the community’s economic foundation. Positive trends persist across multiple sectors of the local economy, including increases in real estate values, growth in median household and per capita income levels, and continued strength in local sales tax collections. These indicators reflect a stable and resilient economic environment that supports the County’s long-term fiscal sustainability and community vitality.

The largest civilian employment sectors in Gloucester County include Government, Health Care and Social Assistance, Retail Trade, and Accommodation and Food Services (Source: Virginia Employment Commission). As of June 2025, the County experienced a notable increase in unemployment, with the Health Care and Social Assistance industry reporting the largest number of claims. The County’s unemployment rate rose by 0.7 percentage points, increasing from 2.7 percent in June 2024 to 3.4 percent in June 2025 (Source: Virginia Employment Commission). This increase effectively narrowed the long-standing gap between the County and the Commonwealth’s unemployment rates. Despite the uptick, Gloucester County’s rate remained below the national average of 4.1 percent, continuing to reflect relative economic stability within the local labor market.



Based on the Virginia Department of Taxation’s estimated Fiscal Year (FY) 2025 Local 1% Option Sales and Use Tax revenue of \$7,240,862, the County is projected to maintain a favorable trend in local option sales tax collections. The increase from the actual amount of FY2024 to the FY2025 estimate, as illustrated by the blue bars in the accompanying graph, demonstrates continued economic stability and consumer activity within the County. While the trend remains positive, the rate of growth has moderated to approximately 1.25 percent, compared to a 4.0 percent increase in the prior fiscal year, indicating a normalization in post-pandemic economic conditions.

Long Term Financial Planning

Gloucester County has long recognized the importance of strategic financial planning to ensure the County’s continued fiscal stability and long-term sustainability. Through comprehensive planning efforts, the County is able to thoroughly analyze emerging issues and proposed initiatives, obtain

valuable public input through hearings and community engagement, and develop service-level plans that align resources with identified priorities and community needs.

The County's principal tool for long-term financial planning is the Five-Year Capital Improvement Plan (CIP), which serves as a roadmap for addressing capital needs and managing infrastructure investments. The CIP is guided by the County's Comprehensive Plan, which was updated and adopted in February 2016, and reflects a coordinated approach to planning, prioritizing, and financing projects that support the County's strategic goals and enhance the quality of life for its residents.

The development and evaluation process for the Fiscal Year (FY) 2025-FY 2029 Capital Improvement Plan (CIP) began in August, with the Planning Commission reviewing project requests submitted by County departments and the School Board. In accordance with Section 15.2-2239 of the Code of Virginia, the Planning Commission was tasked with evaluating each project request for conformity with the County's Comprehensive Plan. In addition, the Commission served as a citizen review body, conducting a thorough assessment of the submitted projects to evaluate eligibility, justification, and alignment with community needs. Based on approved criteria and rating standards, the Commission prioritized project recommendations for consideration by the County Administrator.

As part of the annual budget process, the County Administrator developed a recommended capital budget and five-year plan, incorporating the Planning Commission's recommendations and balancing the competing needs for capital investment with available funding sources. This evaluation was conducted within the parameters of the County's debt management and fund balance policies to ensure long-term financial sustainability.

The resulting Capital Improvement Plan reflects a careful balance between finite financial resources and the growing number of community priorities. The plan is aligned with the Board of Supervisors' strategic priorities and guided by the County's Strategic Priorities Plan and Comprehensive Plan, ensuring that capital investments support both current service demands and the County's long-term vision for growth and development.

In recognition of the fiscal challenges inherent in the broader economic environment, Gloucester County continues to employ a conservative approach to debt management to ensure the long-term sustainability of its financial position. The County's Debt Obligation Policy, revised and adopted on June 16, 2020, limits the portion of the County's operating budget that may be dedicated to debt service to a maximum of 15 percent of governmental fund expenditures. As of Fiscal Year 2025, the County's actual debt service expenditures were well within this policy limit, at approximately 8.2 percent of governmental fund expenditures.

Gloucester County primarily issues debt through the Virginia Resources Authority (VRA) and the Virginia Public School Authority (VPSA). These state-level financing authorities provide cost-effective borrowing options for Virginia localities and public school systems, reducing issuance costs and simplifying the borrowing process. Participation in these programs also allows the County to obtain favorable financing without the necessity of maintaining an independent credit rating from nationally recognized rating agencies.

This prudent approach to debt management reflects the County's ongoing commitment to fiscal responsibility, affordable borrowing practices, and the preservation of financial flexibility for future capital and operational needs.

Relevant Financial Policies

The primary objective of Gloucester County's financial management policies is to provide a structured framework for the Board of Supervisors in making informed and responsible fiscal decisions. These policies are designed to promote long-term financial stability, maintain the County's fiscal integrity,

and ensure the efficient use of public resources in delivering high-quality services to residents and businesses.

The County Administrator is responsible for the day-to-day administration of the Board's financial policies and overall County operations. The County Administrator may delegate authority to other County officials, as appropriate, to assist in implementing and managing these policies. Collectively, the County's financial management policies represent a comprehensive set of guidelines and objectives that influence and guide the County's budgeting, debt management, investment, and financial reporting practices.

A complete listing of Gloucester County's Financial Management Policies and Guidelines can be found in the County's Adopted Annual Budget and Capital Improvement Plan (CIP), available on the County's website at: <https://gloucesterva.gov/financial-services>

Gloucester County recognizes that sound financial management requires maintaining sufficient reserves to provide a stable financial foundation for ongoing operations. To preserve this stability, the Board of Supervisors revised the Fund Balance Policy in Fiscal Year 2017, establishing a target range for unassigned fund balance in the General Fund of 14 to 16 percent of budgeted governmental fund expenditures, excluding any capital outlay projects funded with bond proceeds. As of Fiscal Year 2025, the County's unassigned fund balance exceeded the Board's adopted target range, primarily due to higher-than-anticipated General Fund revenues. This level of fund balance has been sufficient to meet the County's cash flow needs, provide financial reserves for unforeseen expenditures and revenue shortfalls, and support existing encumbrances.

The County places a strong emphasis on fiscal monitoring and accountability. Through the use of regular financial reports presented at public meetings, the County actively evaluates revenue estimates to identify potential shortfalls and emerging trends that could impact current and future budgets. Likewise, expenditure control is maintained through robust accounts payable oversight and strict adherence to purchasing card policies and procedures.

Gloucester County considers the adoption, adherence, and regular review of financial management policies to be a cornerstone of responsible governance. These policies are periodically reviewed and updated to improve clarity, strengthen documentation, and enhance the transparency of management practices. A complete listing of Board-adopted financial and administrative policies is available on the County's website at: <http://gloucesterva.info/769/Board-Policies>.

Major Initiatives

As outlined in the County's Strategic Priorities Plan, the Board of Supervisors' Vision for 2035 states 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."

This vision serves as a guiding framework for aligning policies, programs, and investments to foster long-term community prosperity and quality of life. Having a clearly defined vision and a set of strategic goals enables County leaders to prioritize and allocate resources effectively, ensuring that decision-making remains focused on measurable results and community outcomes.

In Fiscal Year 2024, the Board of Supervisors reaffirmed this commitment by revising both the County's vision and mission statements to reflect Gloucester's evolving priorities and enduring character:

- **Vision Statement:** *Gloucester County is the place where character and historic significance intertwine to make Gloucester “The Land of the Life Worth Living.”*
- **Mission Statement:** *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.*

While several previously initiated projects and programs have continued through Fiscal Year 2024 and into Fiscal Year 2025, the major initiatives outlined in this report represent the tangible progress achieved toward the Board’s strategic goals. These initiatives demonstrate the dedication of County staff to advancing Gloucester’s vision through innovative solutions, fiscal stewardship, and community engagement.



During Fiscal Year 2025, Gloucester County successfully completed several significant facility improvement and infrastructure projects aimed at enhancing operational efficiency and public service delivery. Major completed projects included the renovation of Building 4, the Older Adult Facility renovations, and multiple paving projects, such as the parking lot improvements serving the Sheriff’s Office, Animal Control, and Woodville Park.

In addition to these completed efforts, several important initiatives remain in progress, including the Aberdeen Creek Dredging Project, the Historic Building Conditions Assessments, and other planned capital improvement projects. These ongoing efforts underscore the County’s continued commitment to maintaining critical infrastructure, preserving its historic assets, and enhancing the overall quality of life for residents.

Providing high-quality public education remains one of Gloucester County’s highest priorities and most significant ongoing investments in community development. The County continues to demonstrate its strong commitment to education by supporting a range of school capital improvement projects designed to enhance safety, functionality, and learning environments for students and staff. During Fiscal Year 2025, the County advanced several key Gloucester County Public Schools (GCPS) projects, including the Gloucester High School renovation, heating, ventilation, and air conditioning

(HVAC) system replacements, the school bus replacement program, and school security improvements. The FY2025 budget included \$930,000 in capital improvements for the schools—funding carried forward from the prior year—as well as \$24.1 million in carryover funds specifically dedicated to the Gloucester High School renovation.

The 1% local option sales tax for school capital improvements continues to serve as a vital funding source, leveraging the County’s retail economy to finance eligible school projects and reducing reliance on the General Fund. For the FY2025-FY2029 Five-Year Capital Improvement Plan (CIP), total GCPS capital requests amounted to approximately \$13.3 million, with major cost drivers including \$4.9 million for HVAC projects and \$6.6 million for the ongoing school bus replacement program. Through these continued investments, Gloucester County reaffirms its dedication to ensuring that its schools remain safe, modern, and conducive to academic excellence, supporting both current educational needs and the County’s long-term vision for community growth and vitality.

The additional 1% local option sales tax dedicated to school capital improvements, which became effective on July 1, 2021, has provided the Board of Supervisors with an important alternative funding mechanism for major construction and renovation projects within the Gloucester County Public Schools (GCPS) system. This dedicated revenue source has helped to reduce reliance on real estate tax revenues, historically the



County’s primary method for financing large-scale capital projects and the associated debt service. By utilizing this sales tax revenue to support debt payments for qualified school projects, the County has strengthened its ability to manage capital needs while maintaining a stable tax rate structure.

In Fiscal Year 2025, the County received approximately \$6.1 million in School Sales Tax proceeds. Of this amount, \$4.9 million was transferred to the Debt Service Fund to cover debt payments associated with eligible school capital projects, while \$1.7 million was appropriated and reserved for future project needs.

Projects qualifying for funding through this revenue source include the Gloucester High School renovation, school HVAC replacements, school paving initiatives, playground equipment replacement, construction of the Achilles Elementary School Bus Loop, and the Page Middle School Athletic Field project. For additional details regarding the remaining balance of the School Sales Tax Fund, refer to the Management’s Discussion and Analysis (MD&A) section of this report.

Awards and Acknowledgements

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

Community Engagement & Public Information Department



The Community Engagement & Public Information Department earned two 2025 Virginia Association of Counties (VACo) Achievement Awards in recognition of its innovation in communication and community engagement. The awards honored the “*Current Conversations*” podcast—launched in 2020 to connect residents with local issues—and “*Reaching a Different Audience via Video*”, a short-form social media video initiative that has significantly enhanced public outreach. Together, these achievements showcase Gloucester County’s commitment to creative, transparent, and effective communication with its community.

Animal Control

For the 3rd 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 2024 by exceeding a 90 percent save rate for cats and dogs. Gloucester’s team of officers and volunteers found adoptive homes for 127 dogs in 2024, contributing to a total of 157 adoptions to include cats, livestock, and small animals.

This accomplishment represents so much more than a number. It reflects dedicated staff, committed volunteers, and motivated supporters.



Commissioner of Revenue

Gloucester County’s Commissioner of the Revenue’s Office has earned 2025 Accreditation from the Commissioner of the Revenue Association of Virginia (CORA), marking the first year the office has received this prestigious recognition. This accreditation confirms operational excellence, strong customer service, and full compliance with state standards for assessment and taxpayer services. Congratulations to the entire team for their commitment to accuracy, transparency, and outstanding service to Gloucester residents.





Schools

Congratulations to Gloucester County Public Schools Teachers of the Year! We are so proud of these outstanding educators and the impact they make every single day!



Back Row

Left to Right: Beth Coleman, Judith Green, Lauren Epling
Front Row Left to Right: Susan Sharp, Courtney Chandler, Cassandra Carney, Michele Abrahamson, Nikki Blodgett

Congratulations!



Jim Eccleston - Region 3 Teacher of the Year

Gloucester High School social studies teacher James Eccleston has been named the Virginia Regional Teacher of the Year for Region 3 by the Virginia Department of Education. Mr. Eccleston has been a dedicated educator and mentor for nearly forty years, with 38 of those years spent inspiring Gloucester High School students to develop a deep appreciation for history and government. His commitment to teaching excellence and his positive influence on both students and colleagues have earned him recognition as one of eight regional honorees in the Commonwealth.

Gloucester County Public Schools has been awarded the Virginia District Purple Star Award for Supporting Military Families! This honor, bestowed by the Virginia Department of Education (VDOE) and the Virginia Council on the Interstate Compact on Educational Opportunity for Military Children, recognizes schools that demonstrate outstanding commitment to supporting military-connected students and their families.



Finance



The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to Gloucester County, Virginia, for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This recognition marks the twenty-ninth consecutive year that Gloucester County has earned this prestigious award.

To be awarded a Certificate of Achievement, a government must publish an easily readable and well-organized comprehensive annual financial report that demonstrates a strong commitment to transparency and full disclosure. The report must also satisfy both generally accepted accounting principles (GAAP) and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. Gloucester County believes that its current Annual Comprehensive Financial Report continues to meet the high standards of the program and will again be submitted to the GFOA for consideration.

In addition, the GFOA awarded the Distinguished Budget Presentation Award to Gloucester County for its Fiscal Year 2025 Adopted Budget Book. This marks the tenth consecutive year the County has received this distinction. To qualify for this award, a governmental entity must prepare a budget document that meets the program's rigorous criteria and functions effectively as a policy document, an operations guide, a financial plan, and a communication tool. These achievements reflect the County's ongoing commitment to excellence in financial reporting, transparent fiscal management, and effective communication with its citizens and stakeholders.



The preparation of this Annual Comprehensive Financial Report represents the culmination of the collective effort, dedication, and professionalism of the entire Gloucester County and Gloucester County Public Schools staff and officials. The County wishes to extend its sincere appreciation to all departments and individuals who contributed their time, expertise, and commitment to ensuring the accuracy, completeness, and quality of this report.

Special recognition is given to the Fiscal Services Department, whose exceptional efforts, technical expertise, and attention to detail made the completion of this document possible. Their continued dedication to maintaining the County's strong financial management practices and adherence to the highest standards of governmental accounting is deeply appreciated.

The County also extends its gratitude to the Board of Supervisors for their steadfast leadership, policy direction, and unwavering support in upholding the highest standards of fiscal responsibility and transparency in the management of County finances.

Respectfully submitted,

A handwritten signature in cursive script that reads "Carol Steele".

Carol E. Steele
County Administrator

A handwritten signature in cursive script that reads "Maria Calloway".

Maria C. Calloway
Deputy County Administrator/CFO



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

Independent Auditors' Report

**To the Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, Virginia**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of and for the year ended June 30, 2025, 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, 2025, 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.

Changes in Accounting Principles

As described in Note 24 to the financial statements, in 2025, the County adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2025, the County restated beginning balances to reflect the requirements of GASB Statement No. 101. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 26, 2025, 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.

Richmond, Virginia
November 26, 2025

Statement of Net Position
June 30, 2025

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 48,630,000	\$ 3,109,242	\$ 51,739,242	\$ 978,386	\$ 62,478
Investments	13,675,235	825,198	14,500,433	7,398	1,057,376
Receivables (net of allowance for uncollectibles):					
Taxes receivable	35,215,114	32,624	35,247,738	-	-
Accounts receivable	1,448,391	636,200	2,084,591	154,985	-
Interest receivable	38	41	79	-	-
Internal balances	2,124	(2,124)	-	-	-
Due from other governmental units	4,484,216	-	4,484,216	8,361,702	-
Inventories	-	247,628	247,628	45,033	649,536
Net pension asset	-	-	-	392,380	-
Net OPEB asset	17,568	1,423	18,991	-	-
Leases receivable	92,500	14,714	107,214	-	-
Prepaid items	451,205	11,000	462,205	-	-
Capital assets (net of accumulated depreciation):					
Land	6,958,437	3,607,375	10,565,812	1,442,061	473,735
Buildings and system	26,355,966	15,802,611	42,158,577	43,101,107	4,852,935
Leased buildings	1,798,667	-	1,798,667	-	-
Improvements other than buildings	3,775,835	-	3,775,835	-	-
Machinery and equipment	2,684,199	1,902,672	4,586,871	5,162,552	-
Leased equipment	3,994,303	-	3,994,303	-	-
Subscription asset	185,659	-	185,659	-	-
Construction in progress	56,434,517	3,421,747	59,856,264	59,493	-
Total assets	\$ 206,203,974	\$ 29,610,351	\$ 235,814,325	\$ 59,705,097	\$ 7,096,060
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 5,159,540	\$ 367,196	\$ 5,526,736	\$ 13,930,448	\$ -
OPEB related items	1,598,750	33,541	1,632,291	3,507,313	-
Deferred charges on refunding	115,696	96,206	211,902	-	-
Total deferred outflows of resources	\$ 6,873,986	\$ 496,943	\$ 7,370,929	\$ 17,437,761	\$ -
LIABILITIES					
Accounts payable	\$ 2,865,100	\$ 467,893	\$ 3,332,993	\$ 844,753	\$ 3,703
Accrued liabilities	1,034,638	44,438	1,079,076	7,273,438	-
Retainage payable	2,392,394	-	2,392,394	-	-
Accrued interest payable	1,047,207	40,670	1,087,877	-	20,461
Due to other governmental units	6,762,958	58,983	6,821,941	318,043	-
Unearned revenue	767,860	-	767,860	535,204	-
Deposits held in escrow	-	56,405	56,405	-	-
Long-term liabilities:					
Due within one year	5,944,908	1,094,774	7,039,682	263,385	1,232,550
Due in more than one year	101,635,244	5,898,032	107,533,276	50,571,958	3,714,179
Total liabilities	\$ 122,450,309	\$ 7,661,195	\$ 130,111,504	\$ 59,806,781	\$ 4,970,893
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 27,042,144	\$ 29,755	\$ 27,071,899	\$ -	\$ -
Leases related	86,109	12,958	99,067	-	-
Pension related items	2,281,807	168,008	2,449,815	6,988,714	-
OPEB related items	2,699,037	64,030	2,763,067	5,097,622	-
Total deferred inflow of resources	\$ 32,109,097	\$ 274,751	\$ 32,383,848	\$ 12,086,336	\$ -
NET POSITION					
Net investment in capital assets	\$ 20,190,484	\$ 19,499,316	\$ 39,689,800	\$ 49,765,213	\$ 379,941
Restricted:					
Net OPEB asset	17,568	1,423	18,991	-	-
Net pension asset	-	-	-	392,380	-
Unrestricted (deficit)	38,310,502	2,670,609	40,981,111	(44,907,852)	1,745,226
Total net position	\$ 58,518,554	\$ 22,171,348	\$ 80,689,902	\$ 5,249,741	\$ 2,125,167

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, 2025

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 9,777,488	\$ 93,805	\$ 512,791	\$ -
Judicial administration	2,632,359	259,589	992,242	-
Public safety	22,992,372	556,326	5,313,966	667,338
Public works	4,249,460	624,496	-	-
Health and welfare	8,194,913	-	4,875,628	-
Education	35,965,480	-	-	900,611
Parks, recreation, and cultural	3,347,989	358,601	272,894	-
Community development	2,178,601	20,814	858,556	22,267
Interest on long-term debt	4,760,836	-	-	-
Total governmental activities	\$ 94,099,498	\$ 1,913,631	\$ 12,826,077	\$ 1,590,216
Business-type activities:				
Public utilities	\$ 6,233,619	\$ 5,200,988	\$ -	\$ -
Nonmajor enterprise funds	57,371	14,867	-	-
Total business-type activities	\$ 6,290,990	\$ 5,215,855	\$ -	\$ -
Total primary government	\$ 100,390,488	\$ 7,129,486	\$ 12,826,077	\$ 1,590,216
COMPONENT UNITS:				
School Board	\$ 78,682,117	\$ 444,131	\$ 47,694,952	\$ -
Economic Development Authority	1,292,606	1,656,787	-	-
Total component units	\$ 79,974,723	\$ 2,100,918	\$ 47,694,952	\$ -
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				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Gloucester County				
Transfers				
Total general revenues				
Change in net position				
Net position - beginning				
Restatement				
Net position - beginning, as restated				
Net position - ending				

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

Net (Expense) Revenue and Changes in Net Position				
Primary Government			Component Units	
Governmental Activities	Business-type Activities	Total	School Board	EDA
\$ (9,170,892)	\$ -	\$ (9,170,892)		
(1,380,528)	-	(1,380,528)		
(16,454,742)	-	(16,454,742)		
(3,624,964)	-	(3,624,964)		
(3,319,285)	-	(3,319,285)		
(35,064,869)	-	(35,064,869)		
(2,716,494)	-	(2,716,494)		
(1,276,964)	-	(1,276,964)		
(4,760,836)	-	(4,760,836)		
<u>\$ (77,769,574)</u>	<u>\$ -</u>	<u>\$ (77,769,574)</u>		
\$ -	\$ (1,032,631)	\$ (1,032,631)		
-	(42,504)	(42,504)		
<u>\$ -</u>	<u>\$ (1,075,135)</u>	<u>\$ (1,075,135)</u>		
<u>\$ (77,769,574)</u>	<u>\$ (1,075,135)</u>	<u>\$ (78,844,709)</u>		
\$ -	\$ -	\$ -	\$ (30,543,034)	\$ -
-	-	-	-	364,181
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (30,543,034)</u>	<u>\$ 364,181</u>
\$ 52,790,133	\$ 55,654	\$ 52,845,787	\$ -	\$ -
7,611,238	-	7,611,238	-	-
755,005	-	755,005	-	-
2,598,938	-	2,598,938	-	-
3,563,181	-	3,563,181	-	-
7,620,186	-	7,620,186	-	-
2,457,822	250,127	2,707,949	18,089	44,142
1,006,021	-	1,006,021	1,242,110	-
4,250,846	-	4,250,846	-	-
-	-	-	31,224,014	-
(330,249)	330,249	-	-	-
<u>\$ 82,323,121</u>	<u>\$ 636,030</u>	<u>\$ 82,959,151</u>	<u>\$ 32,484,213</u>	<u>\$ 44,142</u>
<u>\$ 4,553,547</u>	<u>\$ (439,105)</u>	<u>\$ 4,114,442</u>	<u>\$ 1,941,179</u>	<u>\$ 408,323</u>
<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>
44,499	(6,759)	37,740	(83,391)	-
<u>\$ 53,965,007</u>	<u>\$ 22,610,453</u>	<u>\$ 76,575,460</u>	<u>\$ 3,308,562</u>	<u>\$ 1,716,844</u>
<u>\$ 58,518,554</u>	<u>\$ 22,171,348</u>	<u>\$ 80,689,902</u>	<u>\$ 5,249,741</u>	<u>\$ 2,125,167</u>

Balance Sheet
Governmental Funds
June 30, 2025

	General	Capital Projects	School Sales Tax	Nonmajor Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 32,418,443	\$ -	\$ 15,025,983	\$ 1,185,574	\$ 48,630,000
Investments	243,390	13,431,845	-	-	13,675,235
Receivables (net of allowance for uncollectibles):					
Taxes receivable	35,135,933	-	-	79,181	35,215,114
Accounts receivable	825,442	-	-	622,949	1,448,391
Lease receivable	92,500	-	-	-	92,500
Interest receivable	38	-	-	-	38
Due from other funds	28,892,776	674,552	-	133,206	29,700,534
Due from other governmental units	2,178,635	651,791	1,090,479	563,311	4,484,216
Prepaid items	397,534	-	-	53,671	451,205
Total assets	<u>\$ 100,184,691</u>	<u>\$ 14,758,188</u>	<u>\$ 16,116,462</u>	<u>\$ 2,637,892</u>	<u>\$ 133,697,233</u>
LIABILITIES					
Accounts payable	\$ 580,981	\$ 1,976,328	\$ -	\$ 307,791	\$ 2,865,100
Accrued liabilities	1,034,434	-	-	204	1,034,638
Retainage payable	-	2,392,394	-	-	2,392,394
Due to other governmental units	6,026,901	736,057	-	-	6,762,958
Due to other funds	29,224,036	-	-	474,374	29,698,410
Unearned revenue	85,443	17,854	-	664,563	767,860
Total liabilities	<u>\$ 36,951,795</u>	<u>\$ 5,122,633</u>	<u>\$ -</u>	<u>\$ 1,446,932</u>	<u>\$ 43,521,360</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 31,590,630	\$ -	\$ -	\$ 70,730	\$ 31,661,360
Unavailable revenue - opioid settlement	-	-	-	622,949	622,949
Lease related	86,109	-	-	-	86,109
Total deferred inflows of resources	<u>\$ 31,676,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 693,679</u>	<u>\$ 32,370,418</u>
Fund balances:					
Nonspendable	\$ 397,534	\$ -	\$ -	\$ 53,671	\$ 451,205
Restricted	42,680	8,430,386	16,116,462	302,537	24,892,065
Committed	2,575,738	1,205,169	-	141,073	3,921,980
Assigned	250,000	-	-	-	250,000
Unassigned	28,290,205	-	-	-	28,290,205
Total fund balances	<u>\$ 31,556,157</u>	<u>\$ 9,635,555</u>	<u>\$ 16,116,462</u>	<u>\$ 497,281</u>	<u>\$ 57,805,455</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 100,184,691</u>	<u>\$ 14,758,188</u>	<u>\$ 16,116,462</u>	<u>\$ 2,637,892</u>	<u>\$ 133,697,233</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, 2025

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds	\$	57,805,455	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	157,696,168	
Accumulated depreciation		<u>(55,508,585)</u>	102,187,583
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	4,619,216	
Unavailable revenue - opioid settlement		622,949	
Net OPEB asset		<u>17,568</u>	5,259,733
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	\$	115,696	
OPEB related items		1,598,750	
Pension related items		<u>5,159,540</u>	6,873,986
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	\$	(80,781,260)	
Less: Issuance premium (to be amortized over life of debt)		(5,489,729)	
Lease liabilities		(5,568,560)	
Subscription liability		(201,523)	
Accrued Interest payable		(1,047,207)	
Net OPEB liabilities		(5,402,759)	
Net pension liability		(7,871,441)	
Compensated absences		<u>(2,264,880)</u>	(108,627,359)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(2,281,807)	
OPEB related items		<u>(2,699,037)</u>	<u>(4,980,844)</u>
Net position of governmental activities	\$		<u><u>58,518,554</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, 2025

	General	Debt Service	Capital Projects	School Sales Tax Fund	Nonmajor Governmental Funds	Total
REVENUES						
General property taxes	\$ 52,320,158	\$ -	\$ -	\$ -	\$ 131,125	\$ 52,451,283
Other local taxes	16,098,365	-	-	6,050,183	-	22,148,548
Permits, privilege fees, and regulatory licenses	432,271	-	-	-	-	432,271
Fines and forfeitures	81,629	-	-	-	-	81,629
Revenue from the use of money and property	1,258,378	-	578,303	685,458	-	2,522,139
Charges for services	1,335,414	-	-	-	-	1,335,414
Miscellaneous	594,454	-	109,232	-	374,151	1,077,837
Recovered costs	1,062,674	-	-	-	-	1,062,674
Intergovernmental:						
Commonwealth	10,561,571	55,708	138,714	-	2,324,394	13,080,387
Federal	391,260	237,295	1,567,949	-	3,390,248	5,586,752
Total revenues	<u>\$ 84,136,174</u>	<u>\$ 293,003</u>	<u>\$ 2,394,198</u>	<u>\$ 6,735,641</u>	<u>\$ 6,219,918</u>	<u>\$ 99,778,934</u>
EXPENDITURES						
Current:						
General government administration	\$ 9,213,864	\$ -	\$ -	\$ -	\$ -	\$ 9,213,864
Judicial administration	2,585,686	-	-	-	-	2,585,686
Public safety	22,715,163	-	-	-	22,036	22,737,199
Public works	3,351,866	-	-	-	593,326	3,945,192
Health and welfare	729,880	-	-	-	7,482,750	8,212,630
Education	30,910,611	-	-	-	-	30,910,611
Parks, recreation, and cultural	2,985,238	-	-	-	-	2,985,238
Community development	1,742,273	-	-	-	-	1,742,273
Nondepartmental	381,802	-	-	-	-	381,802
Capital projects	-	-	19,996,195	-	-	19,996,195
Debt service:						
Principal retirement	319,433	4,912,989	-	-	-	5,232,422
Interest and other fiscal charges	86,628	4,289,352	-	-	-	4,375,980
Total expenditures	<u>\$ 75,022,444</u>	<u>\$ 9,202,341</u>	<u>\$ 19,996,195</u>	<u>\$ -</u>	<u>\$ 8,098,112</u>	<u>\$ 112,319,092</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 9,113,730</u>	<u>\$ (8,909,338)</u>	<u>\$ (17,601,997)</u>	<u>\$ 6,735,641</u>	<u>\$ (1,878,194)</u>	<u>\$ (12,540,158)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ -	\$ 8,909,338	\$ 2,360,525	\$ -	\$ 2,295,684	\$ 13,565,547
Transfers out	(8,794,099)	-	-	(4,771,448)	(330,249)	(13,895,796)
Total other financing sources (uses)	<u>\$ (8,794,099)</u>	<u>\$ 8,909,338</u>	<u>\$ 2,360,525</u>	<u>\$ (4,771,448)</u>	<u>\$ 1,965,435</u>	<u>\$ (330,249)</u>
Net change in fund balances	\$ 319,631	\$ -	\$ (15,241,472)	\$ 1,964,193	\$ 87,241	\$ (12,870,407)
Fund balances - beginning	31,236,526	-	24,877,027	14,152,269	410,040	70,675,862
Fund balances - ending	<u>\$ 31,556,157</u>	<u>\$ -</u>	<u>\$ 9,635,555</u>	<u>\$ 16,116,462</u>	<u>\$ 497,281</u>	<u>\$ 57,805,455</u>

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

Reconciliation of Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To the Statement of Activities
For the Year Ended June 30, 2025

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

Net change in fund balances - total governmental funds	\$ (12,870,407)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded the depreciation in the current period.

Capital asset additions	\$ 16,622,659	
Depreciation expense	(3,167,170)	
Jointly owned asset allocation of assets	(2,417,679)	
Jointly owned asset depreciation	<u>1,221,190</u>	12,259,000

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	(49,255)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes	\$ 338,850	
Opioid settlement	<u>(71,816)</u>	267,034

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.

Principal payments	5,232,422
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.

The following is a summary of items supporting this adjustment:

Change in compensated absences	\$ (76,189)	
OPEB expense	(103,508)	
Pension expense	279,306	
Amortization of deferred charges on refunding	(23,139)	
Premium amortization	295,703	
(Increase) decrease in accrued interest payable	<u>(657,420)</u>	<u>(285,247)</u>

Change in net position of governmental activities	\$ <u><u>4,553,547</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,993,804	\$ 115,438	\$ 3,109,242
Investments	825,198	-	825,198
Interest receivable	41	-	41
Taxes receivable (net of allowance for uncollectibles)	-	32,624	32,624
Accounts receivable (net of allowance for uncollectibles)	612,296	23,904	636,200
Due from other funds	9,800	-	9,800
Inventories	247,628	-	247,628
Prepaid items	11,000	-	11,000
Total current assets	\$ 4,699,767	\$ 171,966	\$ 4,871,733
Noncurrent assets:			
Net OPEB asset	\$ 1,423	\$ -	\$ 1,423
Lease receivable	14,714	-	14,714
Capital assets:			
Land	3,607,375	-	3,607,375
Utility plant in service	37,394,157	-	37,394,157
Machinery and equipment	3,334,474	-	3,334,474
Buildings	6,553,712	-	6,553,712
Construction in progress	3,421,747	-	3,421,747
Accumulated depreciation	(29,577,060)	-	(29,577,060)
Total net capital assets	\$ 24,734,405	\$ -	\$ 24,734,405
Total noncurrent assets	\$ 24,750,542	\$ -	\$ 24,750,542
Total assets	\$ 29,450,309	\$ 171,966	\$ 29,622,275
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charges on refundings	\$ 96,206	\$ -	\$ 96,206
Pension related items	367,196	-	367,196
OPEB related items	33,541	-	33,541
Total deferred outflows of resources	\$ 496,943	\$ -	\$ 496,943
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 463,030	\$ 4,863	\$ 467,893
Accrued liabilities	44,438	-	44,438
Accrued interest payable	40,670	-	40,670
Due to other funds	2,124	9,800	11,924
Due to other governmental units	58,983	-	58,983
Compensated absences - current portion	13,653	-	13,653
Deposits held in escrow	56,405	-	56,405
Loan payable - current portion	779,169	-	779,169
Equipment purchase agreement - current portion	301,000	-	301,000
Net OPEB liabilities - current portion	952	-	952
Total current liabilities	\$ 1,760,424	\$ 14,663	\$ 1,775,087

Statement of Net Position
Proprietary Funds
June 30, 2025

	Business-type Activities		
	Utilities Fund	Non Major Enterprise Funds	Total
LIABILITIES (Continued)			
Noncurrent liabilities:			
Loan payable - net of current portion	\$ 2,186,324	\$ -	\$ 2,186,324
Equipment purchase agreement - net of current portion	2,890,000	-	2,890,000
Net OPEB liabilities - net of current portion	155,471	-	155,471
Net pension liability	543,360	-	543,360
Compensated absences - net of current portion	122,877	-	122,877
Total noncurrent liabilities	\$ 5,898,032	\$ -	\$ 5,898,032
Total liabilities	\$ 7,658,456	\$ 14,663	\$ 7,673,119
DEFERRED INFLOWS OF RESOURCES			
Pension related items	\$ 168,008	\$ -	\$ 168,008
OPEB related items	64,030	-	64,030
Deferred revenue - property taxes	-	29,755	29,755
Lease related	12,958	-	12,958
Total deferred inflows of resources	\$ 244,996	\$ 29,755	\$ 274,751
NET POSITION			
Net investment in capital assets	\$ 19,499,316	\$ -	\$ 19,499,316
Restricted for net OPEB asset	1,423	-	1,423
Unrestricted	2,543,061	127,548	2,670,609
Total net position	\$ 22,043,800	\$ 127,548	\$ 22,171,348

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

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	Business-type activities		
	Utilities Fund	Nonmajor Enterprise Funds	Total
OPERATING REVENUES			
Charges for services:			
Water revenues	\$ 3,862,484	\$ -	\$ 3,862,484
Sewer revenues	886,204	-	886,204
Other revenues	323,250	14,867	338,117
Total operating revenues	<u>\$ 5,071,938</u>	<u>\$ 14,867</u>	<u>\$ 5,086,805</u>
OPERATING EXPENSES			
Personnel services	\$ 1,535,472	\$ -	\$ 1,535,472
Fringe benefits	707,652	-	707,652
Contractual services	1,023,077	-	1,023,077
Supplies	660,357	-	660,357
Insurance expense	31,306	-	31,306
Other charges	776,903	57,371	834,274
Depreciation	1,313,071	-	1,313,071
Total operating expenses	<u>\$ 6,047,838</u>	<u>\$ 57,371</u>	<u>\$ 6,105,209</u>
Operating income (loss)	<u>\$ (975,900)</u>	<u>\$ (42,504)</u>	<u>\$ (1,018,404)</u>
NONOPERATING REVENUES (EXPENSES)			
Connection fees	\$ 129,050	\$ -	\$ 129,050
Investment income	244,597	5,530	250,127
Taxes	-	55,654	55,654
Interest expense	(185,781)	-	(185,781)
Total nonoperating revenues (expenses)	<u>\$ 187,866</u>	<u>\$ 61,184</u>	<u>\$ 249,050</u>
Income (loss) before transfers	<u>\$ (788,034)</u>	<u>\$ 18,680</u>	<u>\$ (769,354)</u>
Transfers in	330,249	-	330,249
Change in net position	<u>\$ (457,785)</u>	<u>\$ 18,680</u>	<u>\$ (439,105)</u>
Total net position - beginning	\$ 22,508,344	\$ 108,868	\$ 22,617,212
Restatement	(6,759)	-	(6,759)
Total net position - beginning, as restated	<u>\$ 22,501,585</u>	<u>\$ 108,868</u>	<u>\$ 22,610,453</u>
Total net position - ending	<u>\$ 22,043,800</u>	<u>\$ 127,548</u>	<u>\$ 22,171,348</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, 2025

	Business-type activities		
	Utilities Fund	Nonmajor Enterprise Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers and users	\$ 4,750,826	\$ -	\$ 4,750,826
Receipts for miscellaneous items	326,199	(9,037)	317,162
Payments to suppliers	(2,228,631)	(55,870)	(2,284,501)
Payments to and for employees	(2,281,138)	-	(2,281,138)
Net cash provided by (used for) operating activities	\$ 567,256	\$ (64,907)	\$ 502,349
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Connection fees	\$ 129,050	\$ -	\$ 129,050
Tax revenue	-	56,042	56,042
Net cash provided by (used for) noncapital financing activities	\$ 129,050	\$ 56,042	\$ 185,092
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	\$ (2,502,305)	\$ -	\$ (2,502,305)
Capital contribution	330,249	-	330,249
Issuance of equipment purchase agreement	(289,000)	-	(289,000)
Principal paid on loan	(773,905)	-	(773,905)
Interest payments	(170,400)	-	(170,400)
Net cash provided by (used for) capital and related financing activities	\$ (3,405,361)	\$ -	\$ (3,405,361)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	\$ 1,973,900	\$ -	\$ 1,973,900
Interest income	244,657	5,530	250,187
Net cash provided by (used for) investing activities	\$ 2,218,557	\$ 5,530	\$ 2,224,087
Net increase (decrease) in cash and cash equivalents	\$ (490,498)	\$ (3,335)	\$ (493,833)
Cash and cash equivalents - beginning - including restricted	3,490,109	118,773	3,608,882
Cash and cash equivalents - ending - including restricted	\$ 2,999,611	\$ 115,438	\$ 3,115,049
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (975,900)	\$ (42,504)	\$ (1,018,404)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:			
Depreciation	\$ 1,313,071	\$ -	\$ 1,313,071
(Increase) decrease in accounts receivable	(34,634)	(23,904)	(58,538)
(Increase) decrease in lease receivable	20,216	-	20,216
(Increase) decrease in deferred outflows of resources - pension related items	(67,385)	-	(67,385)
(Increase) decrease in deferred outflows of resources - OPEB related items	7,428	-	7,428
(Increase) decrease in inventories	2,898	-	2,898
(Increase) decrease in prepaid items	(11,000)	-	(11,000)
Increase (decrease) in customer deposits	2,170	-	2,170
Increase (decrease) in accrued liabilities	(29,026)	-	(29,026)
Increase (decrease) in accounts payable	300,140	1,501	301,641
Increase (decrease) in unearned revenue	(22,211)	-	(22,211)
Increase (decrease) in net OPEB liability	(2,148)	-	(2,148)
Increase (decrease) in net pension liability	6,648	-	6,648
Increase (decrease) in deferred inflows of resources - pension related items	33,493	-	33,493
Increase (decrease) in deferred inflows of resources - OPEB related items	(15,020)	-	(15,020)
Increase (decrease) in deferred inflows of resources - lease	(19,437)	-	(19,437)
Increase (decrease) in compensated absences	393	-	393
Total adjustments	\$ 1,484,173	\$ (22,403)	\$ 1,461,770
Net cash provided by (used for) operating activities	\$ 508,273	\$ (64,907)	\$ 443,366
Schedule of non-cash investing and financing activities:			
Change in fair value of investments	\$ 507	\$ -	\$ 507

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2025

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 241,300
Investments	5,962
Accounts receivable	70,272
Total assets	\$ <u>317,534</u>
LIABILITIES	
Accounts payable	\$ 56,759
Accrued liabilities	127,521
Total liabilities	\$ <u>186,179</u>
NET POSITION	
Restricted for:	
Individuals	111,215
Other governments	20,140
Total net position	\$ <u><u>131,355</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, 2025

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Other governmental entities	\$ 933,828
Participant fees	218,914
Miscellaneous	83,714
Grant	29,006
Investment earnings:	
Interest and dividends	9,534
Total additions	\$ <u>1,274,996</u>
DEDUCTIONS	
Recipient payments	\$ 242,974
Administrative expenses	96,290
Payments for personnel	960,455
Payments for supplies	54,109
Total deductions	\$ <u>1,353,828</u>
Net increase (decrease) in fiduciary net position	\$ <u>(78,832)</u>
Net position, beginning	\$ <u>210,187</u>
Net position, ending	\$ <u><u>131,355</u></u>

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

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, 2025. We encourage readers to consider this discussion and analysis in conjunction with the transmittal letter in the Introductory Section of this report and the County's basic financial statements, which follow this section.

Financial Highlights

- The Primary Government ended the most recent year with a positive net position of \$80.7 million, an increase of \$4.2 million from FY2024. The Component Units closed the year with a balance of \$7.4 million, an increase of \$2.3 million compared to FY2024.
- At June 30, 2025, the unrestricted net position of the Primary Government is \$41.0 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2025, the County's governmental funds reported combined ending fund balances of \$57.8 million, a decrease of \$12.9 million from the prior year. Approximately 44% of the total fund balance is restricted or non-spendable, most of which is related to unspent school bond proceeds and the restricted school sales tax. The decrease in fund balance is attributable mostly to spending of bond proceeds.
- At June 30, 2025, the General Fund's unassigned fund balance was \$28.3 million. For FY2025, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%. The excess fund balance is primarily attributable to additional revenues generated from the real estate and personal property tax rate increases adopted for calendar year 2025, a portion of which was recognized in FY2025.
- The County's Primary Government total obligations decreased by \$(6.4) million, from the prior year's balance of \$136.4 million, to \$130.1 million at June 30, 2025, due primarily to debt retirement.

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 \$80.7 million at the close of the most recent year. A large portion of the County's net position (\$39.7 million, approximately 49.2% 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 \$41.0 million or 50.8% of the Primary Government's total net position may be used to meet the County's ongoing obligations to citizens and creditors.

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

Summary of Net Position As of June 30, 2025 and 2024 (\$ in thousands)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 104,016	\$ 116,059	\$ 4,876	\$ 7,302	\$ 108,836	\$ 123,361	\$ 11,709	\$ 11,776
Capital assets	102,188	89,978	24,734	23,545	126,922	113,523	55,092	56,482
Total assets	\$ 206,204	\$ 206,035	\$ 29,610	\$ 30,847	\$ 235,759	\$ 236,883	\$ 66,801	\$ 68,258
Pension related items	5,160	4,169	367	300	5,527	4,469	13,930	13,121
OPEB related items	1,599	1,522	34	41	1,632	1,563	3,507	3,885
Deferred charges on refunding	116	139	96	115	212	254	-	-
Total deferred outflows	\$ 6,874	\$ 5,830	\$ 497	\$ 456	\$ 7,371	\$ 6,286	\$ 17,438	\$ 17,006
Long-term debt outstanding	\$ 101,635	\$ 107,312	\$ 5,898	\$ 6,972	\$ 107,533	\$ 114,284	\$ 54,286	\$ 59,938
Other liabilities	20,815	20,687	1,763	1,438	22,522	22,125	10,492	10,144
Total liabilities	\$ 122,450	\$ 127,999	\$ 7,661	\$ 8,411	\$ 130,055	\$ 136,409	\$ 64,778	\$ 70,082
Deferred revenue -								
property taxes	\$ 27,042	\$ 25,378	\$ 30	\$ 30	\$ 27,072	\$ 25,408	\$ -	\$ -
Lease related	86	123	13	32	99	155	-	-
Pension related items	2,282	1,705	168	135	2,450	1,840	6,989	5,760
OPEB related items	2,699	2,741	64	79	2,763	2,820	5,098	4,313
Total deferred inflows	\$ 32,109	\$ 29,947	\$ 275	\$ 276	\$ 32,384	\$ 30,223	\$ 12,086	\$ 10,073
Net position								
Net investment in capital assets	\$ 20,190	\$ 20,716	\$ 19,499	\$ 19,020	\$ 39,690	\$ 39,737	\$ 50,145	\$ 50,363
Net pension asset	-	-	-	-	-	-	-	-
Net OPEB asset	18	-	1	-	-	-	392	245
Unrestricted (deficit)	38,311	33,204	2,671	3,597	40,981	36,801	(43,163)	(45,498)
Total net position	\$ 58,519	\$ 53,921	\$ 22,171	\$ 22,617	\$ 80,688	\$ 76,538	\$ 7,375	\$ 5,109

The Primary Government's net position increased by \$4.2 million from FY2024. The Component Units closed the year with a net position of \$7.4 million, an increase of \$2.3 million compared to FY2024. Total liabilities decreased by \$5.3 million, driven largely by scheduled debt service payments. While increases in deferred inflows, including pension-related items, partially offset the decrease in liabilities, the overall impact was still a positive increase in net position.

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:

Summary of Statement of Activities Years Ended June 30, 2025 and 2024 (\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2025	2024	2025	2024	2025	2024	2025	2024	
Revenues:									
Program revenue:									
Charges for services	\$ 1,849	\$ 1,975	\$ 5,216	\$ 4,788	\$ 7,065	\$ 6,763	\$ 2,101	\$ 2,475	
Operating grants and contributions	12,826	12,180	-	-	12,826	12,180	47,695	48,290	
Capital grants and contributions	1,590	1,393	-	-	1,590	1,393	-	-	
General revenues:									
Property taxes	52,790	50,974	56	56	52,846	51,029	-	-	
Other taxes	22,149	21,904	-	-	22,149	21,904	-	-	
Unrestricted revenues	2,522	3,378	250	290	2,772	3,667	62	91	
Miscellaneous	1,006	909	-	-	1,006	909	1,242	1,067	
Grants and contributions	4,251	4,272	-	-	4,251	4,272	-	-	
Loss on disposal of capital assets	(49)	-	-	(224)	(49)	(224)	-	-	
Payment from County	-	-	-	-	-	-	31,224	38,091	
Total revenue	\$ 98,934	\$ 96,985	\$ 5,522	\$ 4,929	\$ 104,456	\$ 101,894	\$ 82,324	\$ 90,014	
Expenses:									
General government	\$ 9,777	\$ 9,181	\$ -	\$ -	\$ 9,777	\$ 9,181	\$ -	\$ -	
Judicial administration	2,632	2,533	-	-	2,632	2,533	-	-	
Public safety	22,943	20,388	-	-	22,943	20,388	-	-	
Public works	4,143	2,982	-	-	4,143	2,982	-	-	
Health and welfare	8,195	7,976	-	-	8,195	7,976	-	-	
Education	36,072	47,016	-	-	36,072	47,016	78,682	74,225	
Parks, recreation, and cultural	3,348	4,824	-	-	3,348	4,824	-	-	
Community development	2,179	2,466	-	-	2,179	2,466	1,293	1,142	
Interest on long-term debt	4,761	2,316	-	-	4,761	2,316	-	-	
Public Utilities	-	-	6,291	5,773	6,291	5,773	-	-	
Total expenses	\$ 94,050	\$ 99,684	\$ 6,291	\$ 5,773	\$ 100,341	\$ 105,457	\$ 79,975	\$ 75,367	
Change in net position, before transfers	\$ 4,884	\$ (2,719)	\$ (769)	\$ (844)	\$ 4,114	\$ (3,563)	\$ 2,350	\$ 14,648	
Transfers	(330)	(20)	330	20	-	-	-	-	
Change in net position	4,554	(2,719)	(439)	(844)	4,114	(3,563)	2,350	14,648	
Net position, beginning	53,921	56,640	22,617	23,461	76,538	80,101	5,109	(9,539)	
Restatement	44	-	(7)	-	38	-	-	-	
Net position, ending	\$ 58,519	\$ 53,921	\$ 22,171	\$ 22,617	\$ 80,360	\$ 76,538	\$ 7,458	\$ 5,109	

Governmental Activities

Overall revenues for the County's Governmental Activities were \$98.6 million for FY2025, an increase of \$1.6 million from the prior year. Property tax revenues, the County's largest revenue source, consists of both Real Estate and Personal Property revenues. Property tax revenues in FY2025 were \$52.8 million, an increase of \$1.8 million over the prior year. This reflects real estate and personal property tax billings during the last half of calendar year 2024 and the first half of calendar year 2025. The County's taxable assessed real property tax base for calendar year 2025 remained fairly flat, which prompted the adoption of a tax increase of 3.1 cents on real estate and 15 cents on personal property. The tax increases were adopted during the FY2026 budget process, but since the County adopts tax rates on a calendar year basis, the increase is retroactive to January 1, 2025. Therefore, tax revenue collected in the second half of FY2025 was billed at the higher rates and yielded more revenue than anticipated for FY2025.

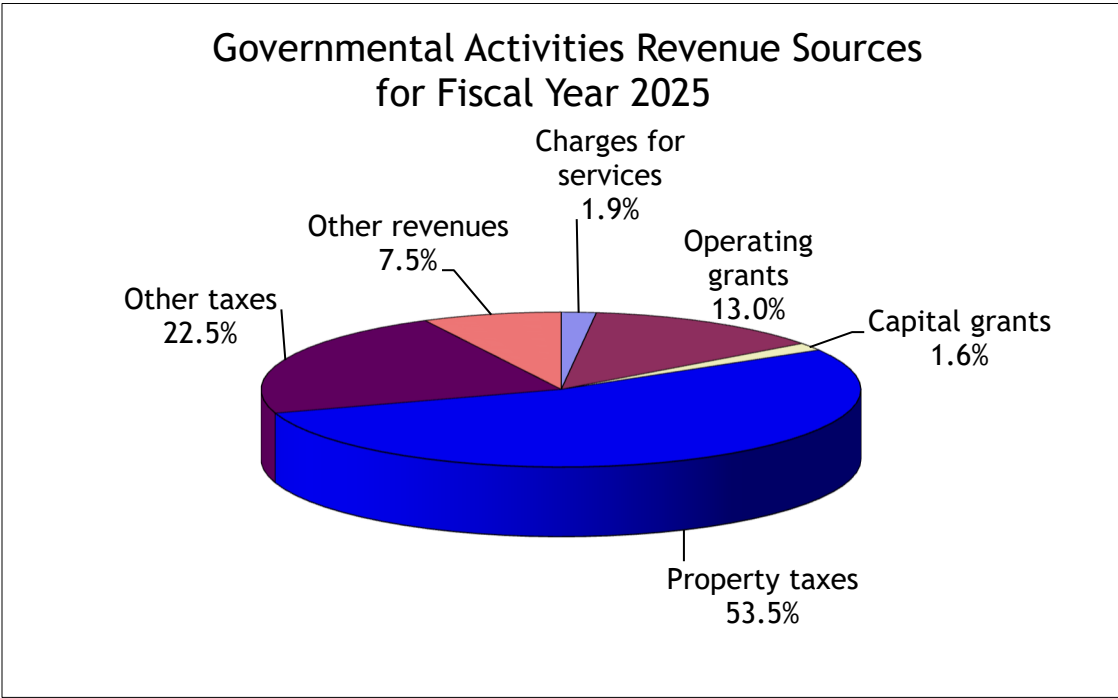
The collection rate for FY2025 real estate taxes was 97.4%, which is consistent with the collection rate in prior years. This is also consistent with the average percentage of real estate taxes that are collected in the fiscal year in which they are billed. Collection activity continues into the following year, generally resulting in total collections exceeding 99% within one year of billing.

Operating and capital grants and contribution revenue increased by a combined \$844,000 (6.2%). Operating grants increased due to inflationary adjustments in state shared expenses for Compensation Board-funded positions, while capital grants rose as a result of higher reimbursable grant activity during the year. Other taxes remained relatively flat, reflecting a general leveling of growth trends in meals, sales, and lodging tax revenues.

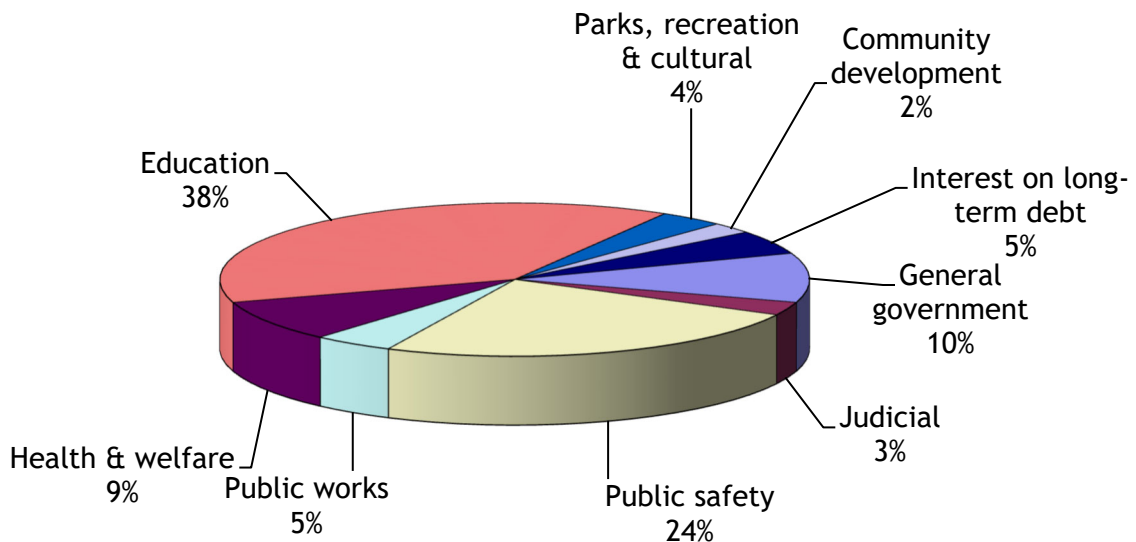
Miscellaneous revenue includes items that are infrequent, unexpected, and/or not able to be classified in one of the other revenue categories and, as such, is subject to variances, possibly large, from year to year.

For the fiscal year ended June 30, 2025, expenses relating to Governmental Activities were \$5.6 million (5.7%) less than the prior year. The main drivers were a decrease of \$5.6 million in the Education function, offset by increases in public safety and interest on long-term debt of \$2.6 million and \$2.4 million respectively. The decrease in education is due to a slowing in capital expenditures as the major renovation of Gloucester High School nears completion. The increase in public safety is due to increased operating costs, while the increase in interest on long-term debt is reflective of the first interest payment on the \$31.0 million bond to renovate the County’s only high school. 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 2025



Business-type Activities

The County's net position from Business-type activities decreased by \$447,000 from the prior year. This is attributed to an investment in capital assets, which increased by \$479,000 or 2.5%. 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. In FY2025, operating expenses increased by \$518,000 (9.0%), over FY2024 due to higher personnel, service, and supply costs.

Utility charges for services increased by \$428,000 (8.9%) which is attributed to a new equipment fee added in FY2025 and an increase in water and sewer rates that took effect May 1, 2025. In FY2024 and FY2025, application fees were the lowest they had been in the past 20 years, reflecting a slowdown in development within the utility service area. To help offset the decline in application revenue, the Board approved a 14% increase in water and sewer service fees. This increase was part of a five-year plan presented by the Director of Public Utilities, which identified critical capital improvement needs and emphasized the importance of service revenues fully supporting operating expenditures.

Utility Fund capital expenditures were also supported, in part, by the County's remaining American Rescue Plan Act (ARPA) funds, as shown by the \$330,000 transfer from the ARPA fund. Because ARPA resources are one-time in nature, they were used to fund capital needs, while the approved rate increases are intended to provide sustainable funding for ongoing operating expenses.

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

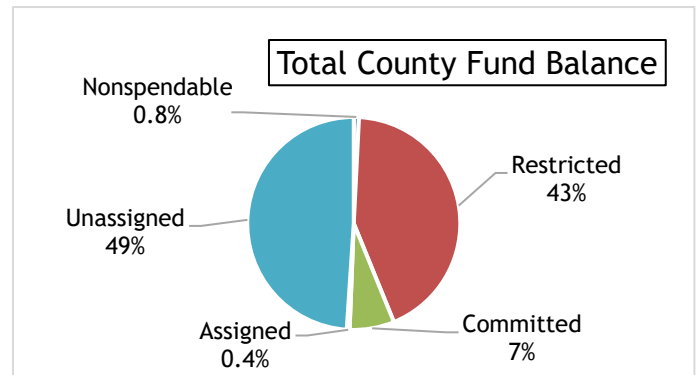
The fund balance for governmental funds is classified into categories based on the level of constraints that limit how the government can use the funds. The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally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

Major Funds						
	General Fund		Capital Projects Fund		School Sales Tax Fund	
	2025	2024	2025	2024	2025	2025
Nonspendable	\$ 398	\$ 43	\$ -	\$ 120	\$ -	\$ -
Restricted	43	47	8,430	22,827	16,116	14,152
Committed	2,576	2,558	1,205	1,930	-	-
Assigned	250	260	-	-	-	-
Unassigned	28,290	28,328	-	-	-	-
Total	\$ 31,556	\$ 31,237	\$ 9,636	\$ 24,877	\$ 16,116	\$ 14,152

Nonmajor Special Revenue Funds				
	Opioid Abatement Fund		Mosquito Control Fund	
	2025	2024	2025	2024
Nonspendable	\$ -	\$ -	\$ 54	\$ -
Restricted	303	240	-	-
Committed	-	-	141	170
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total	\$ 303	\$ 240	\$ 195	\$ 170

		Total Fund Balance	
		2025	2024
Nonspendable	\$	451	\$ 164
Restricted		24,892	37,267
Committed		3,922	4,658
Assigned		250	260
Unassigned		28,290	28,328
Total	\$	57,805	\$ 70,677



At the end of FY2025, the County's governmental funds reported combined ending fund balances of \$57.8 million, a net decrease of \$12.9 million in comparison with that of the prior year. A detailed explanation of the increase in total fund balance is below:

General Fund

The total fund balance in the General Fund increased by 1.0% or \$320,000. This modest growth reflects a year in which both revenues and expenditures increased, but revenues grew at a slightly faster rate. General Fund revenues grew by \$2.4 million (2.9%) in FY2025, attributed mainly to an increase in property tax revenues of \$1.7 million. This increase was driven by increases in the real estate and personal property tax rates adopted for calendar year 2025, which positively impacted the revenue in the second half of FY2025. Other local taxes, driven mainly by consumer spending, grew by only \$122,000 (0.8%), which is a stark contrast to FY2024 growth of 4.7%. The slower growth is attributed to pull-back of consumer spending due to ongoing high inflation and economic uncertainty. Other locally generated revenues generally performed close to expectations, with modest fluctuations among categories.

General fund expenditures increased by \$1.8 million (2.5%). The majority of General Fund departments experienced upward pressure on costs due to continued inflation—most notably in personnel costs, contractual services, and operating supplies. Public safety and general government functions accounted for the largest portions of this increase. In contrast, Education expenditures declined slightly in FY2025, as the School Division implemented spending controls and ended the year with lower operating requirements than initially appropriated.

Overall, the General Fund's revenue growth was sufficient to outpace the rise in expenditures, resulting in a slight increase in fund balance. The General Fund's unassigned fund balance ended the year above the Board of Supervisors' 14-16% policy range, reflecting the County's continued ability to respond to unanticipated needs..

Major Capital Projects Fund

The Major Capital Projects Fund experienced a \$15.2 million decrease in fund balance, driven almost entirely by the planned use of restricted bond proceeds for the Gloucester High School renovation. The 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 FY2025. The proceeds are expected to be fully spent by FY2026 when the project is completed. The capital projects fund revenues decreased by \$543,000, mainly due to less interest earnings on bond proceeds as the funds were expended. Capital projects expenditures decreased by \$18.1 million from FY2024, reflective of the Gloucester High School renovation nearing completion.

School Sales Tax Fund

The total fund balance in the School Sales Tax Fund grew by \$2.0 million (13.9%) over FY2024. Revenues in this fund consist of the 1% local option sales tax and interest earnings on those collections. Growth in both sources has slowed, resulting in a combined revenue increase of \$329,000 compared to the prior year. Higher interest earnings continue to be driven by growing cash balances, as sales tax revenues have accumulated since the tax was implemented in FY2021. While the revenues increased modestly, expenditures increased by \$2.5 million (108.2%) due to transfers to support school sales tax eligible debt service. This increase reflects the first planned debt service payment on the \$31 million bond issued for the high school renovation project. 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.

Nonmajor Special Revenue Funds

The nonmajor special revenue funds include the Opioid Abatement Fund and Mosquito Control Fund. The Opioid Abatement Fund balance increased by \$62,700, reflecting the receipt of opioid settlement funds. The County's opioid program began in late FY2024, making FY2025 the first year of full implementation. As a result, expenditures increased by \$285,000 to support program expenditures, while revenues increased by \$234,000 mainly from grant funds and planned opioid abatement disbursements.

The mosquito control fund increased by a modest \$24,500 from FY2024 to FY2025. 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. While revenues were steady, expenditures decreased by \$10,000, reflecting the cyclical nature of replenishing chemicals and other supplies, which are not required at the same level every year.

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 48.9% of the total governmental 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. As of June 30, 2025, unassigned fund balance was 16.9% of budgeted governmental expenditures, exceeding the upper end of the policy range. For the reasons outlined above, fund balance grew modestly and ended the year above the policy target. 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 2025, General Fund additional budget appropriations resulted in an increase of \$1.1 million between originally adopted FY 2025 budget appropriations for expenditures and transfers out and the final budget. Of this increase, \$815,000 is attributed to pass-through expenditures for solar inspections, and \$30,000 is from additional appropriations for the Economic Development Authority Small Business Incentives program. The remaining additional appropriations were for carryovers of prior year unspent appropriations and various grants and donations.

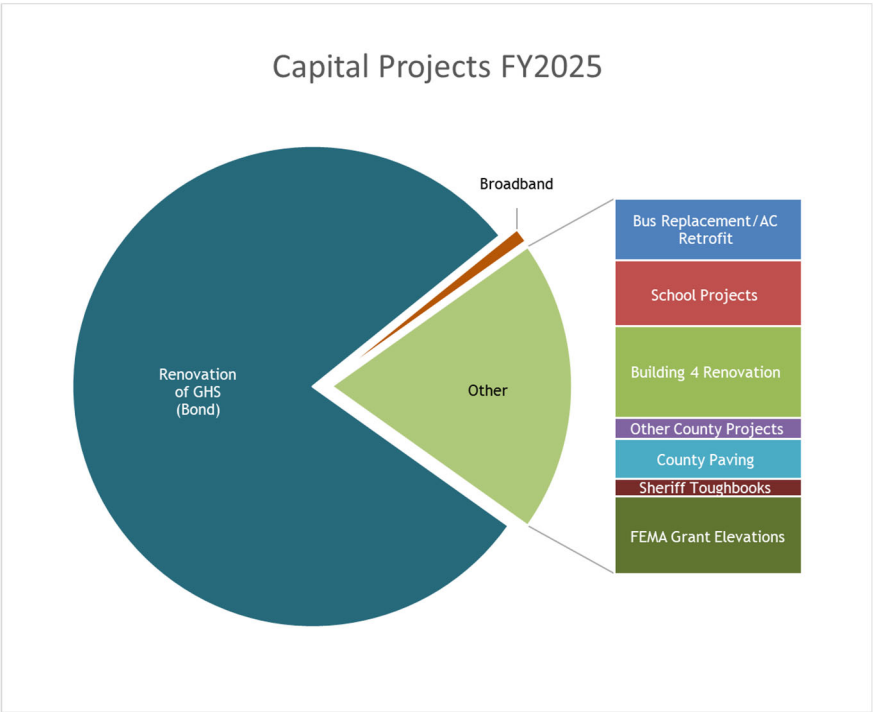
General Fund revenues exceeded final budget projections in FY 2025 by \$905,000 the majority of which is attributable to an additional \$1.3 million in property taxes over budgeted amounts. Other local taxes and permits fell short of budgets by \$347,000 and \$40,600, respectively, which partially offset the additional property tax revenues. The higher property tax revenue is attributed to an increase in real estate and personal property tax rates adopted as of January 1, 2025. The budget for

the upcoming year has been adjusted accordingly. Total General Fund expenditures for FY2025 were less than the final budget by \$1.5 million. Major contributing factors include unexpended solar appropriations of \$1.1 million in the public safety function and return of \$396,000 from the contribution to the School Board, representing unspent funds not required for FY2025 operations.

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 \$9.6 million, which includes \$8.4 million in restricted funds held for the major school projects and \$1.2 million in subsequent expenditures committed for ongoing capital projects. The largest capital project ongoing at the end of FY2025 was the renovation of Gloucester High School. A total of \$20.0 million was spent on capital projects in FY2025, of which \$15.9 million was funded with long-term obligations. Below is a chart showing the most significant capital projects funded in FY2025, and the chart on the following page shows a summary of capital assets, net of accumulated depreciation.



Capital Assets and Capital Projects

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounted to \$126.9 million (net of accumulated depreciation), an increase of \$13.4 million over FY2024. 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 \$13.4 million increase, construction in progress jointly owned by the County and Schools increased by \$15.4 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 2026.

Capital Assets									
As of June 30, 2025 and 2024									
(\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2025	2024	2025	2024	2025	2024	2025	2024	
Land	\$ 6,958	\$ 6,958	\$ 3,607	\$ 3,607	\$ 10,566	\$ 10,566	\$ 1,916	\$ 1,916	
Construction in progress	19	-	3,422	1,227	3,441	1,227	59	-	
Jointly owned construction in progress	56,415	41,043	-	-	56,415	41,043	-	-	
Buildings	9,411	9,916	15,803	16,902	25,213	26,817	12,319	13,311	
Leased buildings	1,799	2,051	-	-	1,799	2,051	-	-	
Improvements other than buildings	3,776	3,736	-	-	3,776	3,736	-	-	
Equipment	2,684	2,670	1,903	1,809	4,587	4,479	5,163	4,940	
Leased equipment	3,994	4,194	-	-	3,994	4,194	-	-	
Subscription asset	186	278	-	-	-	-	-	-	
Jointly owned assets	16,945	19,130	-	-	16,945	19,130	35,635	36,315	
Total	\$ 102,188	\$ 89,978	\$ 24,734	\$ 23,545	\$ 126,922	\$ 113,523	\$ 55,092	\$ 56,482	

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 decreased by \$6.2 million from the prior year's balance due to debt retirement. The Component Unit long-term debt decreased by \$5.7 million due mainly to a decrease in the School Board's total pension and OPEB liability of \$4.4 million and debt retirement of the Economic Development Authority of \$1.1 million.

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 FY2025, the County's net debt as a percentage of assessed value was 1.5% and the debt payments percentage of governmental expenditures was 8.2%.

At June 30, 2025, the County's Primary Government had total outstanding obligations of \$114.6 million. Details are summarized in the table on the following page:

<p style="text-align: center;">Long-Term Obligations As of June 30, 2025 and 2024 (\$ in thousands)</p>									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2025	2024	2025	2024	2025	2024	2025	2024	
Bonds Payable:									
General obligation bonds	\$ 83,170	\$ 87,316	\$ -	\$ -	\$ 83,170	\$ 87,316	\$ -	\$ -	
Revenue bonds	-	-	-	-	-	-	4,947	6,120	
Loan payable	3,101	3,603	2,965	3,739	6,067	7,343	-	-	
Literary loans	-	-	-	-	-	-	-	-	
Lease revenue bond	-	-	-	-	-	-	-	-	
Derivative instrument liability	-	-	-	-	-	-	-	-	
OPEB liability	5,403	5,162	156	157	5,559	5,319	13,956	15,676	
Net pension liability	7,871	7,737	543	537	8,415	8,274	34,994	37,695	
Lease liabilities	5,569	6,360	-	-	5,569	6,360	-	-	
Subscription liability	202	290	-	-	202	290	-	-	
Equipment purchase agreement	-	-	3,191	3,480	3,191	3,480	-	-	
Compensated absences	2,265	2,233	137	136	2,401	2,369	1,886	1,982	
Total	\$ 107,580	\$ 112,702	\$ 6,993	\$ 8,049	\$ 114,573	\$ 120,751	\$ 55,782	\$ 61,472	

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 FY2026 budget focuses on a consideration of a range of factors - from continued inflationary pressures to ever-growing necessity for capital improvements for existing County and School 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 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.

The FY2026 General Fund adopted budget is \$88.9 million, which is comprised of \$46.2 million in operating expenditures and approximately \$42.7 million in transfers to other funds. Of this transfer amount, \$30.4 million supports our School Division's operating budget. Also built into the FY2026 budget is approximately \$26.5 million in new county capital projects - including cash, debt and grant funded projects. The FY2026 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 funded projects is a new fire station for Gloucester Volunteer Fire & Rescue, budgeted at \$17.4 million, and \$4.9 million in School HVAC projects, both of which will be debt financed. Significant County projects include funding for a new financial and community development software (\$866k) and renovations at Gloucester Point Beach Park (\$2.6m) which are largely grant funded. For FY2026, the Board of Supervisors adopted a 3.1 cent real estate tax increase and a 15 cent personal property tax increase, therefore the new tax rates are \$0.614 and \$3.10 per \$100 of assessed value, respectively. Additionally, more than \$1.5 million in tax relief was provided for veterans, first responders, and the elderly. Additional information regarding the County Fiscal Year 2026 Adopted budget can be found on the Financial Services website at <https://gloucesterva.gov/financial-services>.

The FY 2026 School Operating Budget was approved at \$74.1 million, which is \$3.7 million less than the amended FY 2025 School Operating Budget. The County's contribution to the School Operations, which is 41.0% of the total School Operating Budget, remains at \$30.4 million. Additional information regarding the School Board Fiscal Year 2026 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

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, 2025 (CONTINUED)

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

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

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

Budgetary comparison schedules - Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments, and have a keen interest in following the actual financial progress of their governments over the course of the year. Many governments revise their original budgets over the course of the year for a variety of reasons.

A. Financial Reporting Entity

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

B. Individual Component Unit Disclosures

Blended Component Unit. The County has no blended component units to be included for the fiscal year ended June 30, 2025.

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, 2025.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

B. Individual Component Unit Disclosures: (Continued)

Discretely Presented Component Units: (Continued)

The Gloucester County Economic Development Authority (EDA) is responsible for industrial prospective bond issues and commercial development in the County. The Authority consists of seven members appointed by the Board of Supervisors. The Authority is fiscally dependent on the County as the County is involved in the day-to-day operations of the EDA, including the approval of private activity prospective bond issues and therefore, it is included in the County's financial statements as a discrete presentation for the year ended June 30, 2025. The Authority does not issue a separate financial report.

C. Other Related Organizations

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

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

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

Included in the County's Financial Report

None

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

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

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 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, 2025 (CONTINUED)

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

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

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

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

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

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

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

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

The County reports the following nonmajor governmental funds:

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

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

1. Governmental Funds (Continued)

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

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

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

E. Cash and Cash Equivalents:

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

F. Investments

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

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

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

G. Receivables and Payables

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

All trade and property tax receivables are shown net of an allowance for uncollectibles. The County calculates its allowance for uncollectible accounts using historical collection data and, in certain cases, specific account analysis. The allowance amounted to approximately \$510,623 at June 30, 2025 and is comprised solely of property taxes.

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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

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

H. Capital Assets (Continued)

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

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

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

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

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

I. Leases and Subscription-Based IT Arrangements

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

Lessee

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

I. Leases

Lessor

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

Subscriptions

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

Key Estimates and Judgments

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

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

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

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

J. Compensated Absences

The liability for compensated absences represents amounts owed to employees for earned but unused vacation and other leave benefits. In accordance with GASB Statement No. 101, *Compensated Absences*, this liability is recognized when the leave is attributable to services already rendered, the leave accumulates, and it is probable that the leave will be used or paid. The liability is measured using the pay rates in effect as of the reporting date, including salary-related payments that are directly and incrementally associated with payments for compensated absences. The portion of the liability expected to be paid within one year is reported as a current liability in the financial statements.

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, 2025 (CONTINUED)

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

M. Pensions

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

N. Other Postemployment Benefits (OPEB)

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

O. Long-term Obligations

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

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

P. Prepaid Items

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

Q. Inventory

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

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

R. Fund Balance

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

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

R. Fund Balance (Continued)

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

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

	General Fund	Major Capital Projects Fund	Major School Sales Tax Fund	Nonmajor Special Revenue Funds		Total
				Opioid Abatement Fund	Mosquito Control Fund	
Fund Balances:						
Nonspendable:						
Prepaid items	\$ 397,534	\$ -	\$ -	\$ -	\$ 53,671	\$ 451,205
Total Nonspendable	\$ 397,534	\$ -	\$ -	\$ -	\$ 53,671	\$ 451,205
Restricted:						
School sales tax	\$ -	\$ -	\$ 16,116,462	\$ -	\$ -	\$ 16,116,462
Opioid abatement	-	-	-	302,537	-	302,537
Wetlands in lieu	31,379	-	-	-	-	31,379
Solar	11,301	-	-	-	-	11,301
SNAP funds, School construction	-	8,306,386	-	-	-	8,306,386
Proffers	-	124,000	-	-	-	124,000
Total Restricted	\$ 42,680	\$ 8,430,386	\$ 16,116,462	\$ 302,537	\$ -	\$ 24,892,065
Committed:						
Mosquito control	\$ -	\$ -	\$ -	\$ -	\$ 141,073	\$ 141,073
Tourism projects	538,003	424,908	-	-	-	962,911
Daffodil festival	164,500	-	-	-	-	164,500
Program donations	135,713	-	-	-	-	135,713
Subsequent expenditures	-	449,599	-	-	-	449,599
Probation and pretrial	56,341	-	-	-	-	56,341
Cable services	66,256	291,792	-	-	-	358,048
County capital replacement	1,614,925	-	-	-	-	1,614,925
Park projects	-	31,442	-	-	-	31,442
Older adult capital projects	-	7,428	-	-	-	7,428
Total Committed	\$ 2,575,738	\$ 1,205,169	\$ -	\$ -	\$ 141,073	\$ 3,921,980
Assigned:						
County administrator's contingency	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Total Assigned	\$ 250,000	\$ -	\$ -	\$ -	\$ -	\$ 250,000
Unassigned	\$ 28,290,205	\$ -	\$ -	\$ -	\$ -	\$ 28,290,205
Total Fund Balances	\$ 31,556,157	\$ 9,635,555	\$ 16,116,462	\$ 302,537	\$ 194,744	\$ 57,805,455

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

NOTE 2—STEWARDSHIP, COMPLIANCE, AND ACCOUNTING:

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. Appropriations lapse on June 30, for all County units. Several Supplemental Appropriations were necessary during the fiscal year.
8. All budgetary data presented in the accompanying financial statements is the original budget at June 30. Several supplemental appropriations were necessary during the year and at year end because they were not included in the original budget.
9. Excess of expenditures over appropriations:
Expenditures did not exceed appropriations in any fund at June 30, 2025.

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, 2025 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, 2025 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2025 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	\$ 269,215	\$ -	\$ -
Virginia State Non-Arbitrage Pool	14,231,218	-	-
Total	<u>\$ 14,500,433</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 7,398	\$ -	\$ -
Total	<u>\$ 7,398</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-Economic Development Authority:			
Local Government Investment Pool	\$ 1,057,376	\$ -	\$ -
Total	<u>\$ 1,057,376</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, 2025 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Interest Rate Risk

Investment Maturities (in years)			
Investment Type	Fair Value	Less Than 1 Year	1-5 Years
Primary Government:			
Local Government Investment Pool	\$ 269,215	\$ 269,215	\$ -
Virginia State Non-Arbitrage Pool	14,231,218	14,231,218	-
Total	<u>\$ 14,500,433</u>	<u>\$ 14,500,433</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 7,398	\$ 7,398	\$ -
Total	<u>\$ 7,398</u>	<u>\$ 7,398</u>	<u>\$ -</u>
Component Unit-Economic Development Authority			
Local Government Investment Pool	\$ 1,057,376	\$ 1,057,376	\$ -
Total	<u>\$ 1,057,376</u>	<u>\$ 1,057,376</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, 2025 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2025, the County has receivables from and amounts due to other governments as follows:

		<u>Component Unit</u>
	<u>Primary Government</u>	<u>School Board</u>
Amounts due from other governments are as follows:		
Other Local Governments:		
Gloucester County	\$ -	\$ 6,026,901
Gloucester County School Board	318,043	-
Commonwealth of Virginia:		
Local sales tax	1,342,278	-
Local communication sales tax	158,252	-
Rental vehicle tax	10,550	-
CSA funds	84,487	-
VPA funds	194,184	-
State sales tax	-	1,321,051
School sales tax	1,090,479	-
Constitutional officer reimbursements	408,803	-
E-911 funds	13,726	-
Capital projects	4,801	-
Other state grants	165,557	256,401
Federal Government:		
School fund grants	-	757,349
VPA funds	284,640	-
Capital projects	328,947	-
Other federal grants	79,469	-
Total due from other governments	<u>\$ 4,484,216</u>	<u>\$ 8,361,702</u>
Amounts due to other governments are as follows:		
Other Local Governments:		
Gloucester County	\$ -	\$ 318,043
Gloucester County School Board	6,026,901	-
Commonwealth of Virginia	795,040	-
Total due to other governments	<u>\$ 6,821,941</u>	<u>\$ 318,043</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2025, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General	\$ 28,892,776	\$ 29,280,600
Capital Projects	674,552	-
Mosquito Control	132,883	-
Virginia Public Assistance	-	467,388
Comprehensive Services Act	323	-
American Rescue Plan Act	-	6,986
Utilities	9,800	2,124
Gloucester Sanitary District	-	9,800
Component Unit School Board:		
Internal Service Fund	56,564	-
Total All Funds	<u>\$ 29,766,898</u>	<u>\$ 29,766,898</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, 2025 (CONTINUED)

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2025:

Primary Government:

Primary Government:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 6,958,437	\$ -	\$ -	\$ 6,958,437
Construction in progress	-	19,085	-	19,085
Jointly owned construction in progress	41,043,026	15,372,406	-	56,415,432
Total capital assets not subject to depreciation	\$ 48,001,463	\$ 15,391,491	\$ -	\$ 63,392,954
Capital assets subject to depreciation:				
Buildings	\$ 22,054,165	\$ 11,287	\$ -	\$ 22,065,452
Lease buildings	2,661,054	-	-	2,661,054
Improvements other than buildings	6,176,178	379,125	-	6,555,303
Machinery and equipment	23,125,791	840,756	243,768	23,722,779
Lease equipment	4,594,303	-	-	4,594,303
Subscription asset	464,148	-	-	464,148
Jointly owned assets - buildings	36,657,854	-	2,417,679	34,240,175
Total capital assets subject to depreciation	\$ 95,733,493	\$ 1,231,168	\$ 2,661,447	\$ 94,303,214
Accumulated depreciation/amortization:				
Buildings	\$ (12,138,459)	\$ (516,204)	\$ -	\$ (12,654,663)
Lease buildings	(609,977)	(252,410)	-	(862,387)
Improvements other than buildings	(2,440,000)	(339,468)	-	(2,779,468)
Machinery and equipment	(20,455,629)	(777,464)	(194,513)	(21,038,580)
Lease equipment	(400,000)	(200,000)	-	(600,000)
Subscription asset	(185,660)	(92,829)	-	(278,489)
Jointly owned assets - buildings	(17,527,393)	(988,795)	(1,221,190)	(17,294,998)
Total accumulated depreciation	\$ (53,757,118)	\$ (3,167,170)	\$ (1,415,703)	\$ (55,508,585)
Total capital assets being depreciated, net	\$ 41,976,375	\$ (1,936,002)	\$ 1,245,744	\$ 38,794,629
Governmental activities capital assets, net	\$ 89,977,838	\$ 13,455,489	\$ 1,245,744	\$ 102,187,583

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	272,503
Judicial administration		177,990
Public safety		1,323,339
Public works		31,330
Health and welfare		79,874
Education		999,387
Parks, recreation and cultural		278,788
Community development		3,959
Total Governmental activities	\$	<u>3,167,170</u>

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,607,375	\$ -	\$ -	\$ 3,607,375
Construction in progress	<u>1,227,398</u>	<u>2,202,339</u>	<u>7,990</u>	<u>3,421,747</u>
Total capital assets not subject to depreciation	<u>\$ 4,834,773</u>	<u>\$ 2,202,339</u>	<u>\$ 7,990</u>	<u>\$ 7,029,122</u>
Capital assets subject to depreciation:				
Plant in service	\$ 37,394,157	\$ -	\$ -	\$ 37,394,157
Machinery and equipment	3,043,402	307,956	16,884	3,334,474
Buildings	<u>6,553,712</u>	<u>-</u>	<u>-</u>	<u>6,553,712</u>
Total capital assets subject to depreciation	<u>\$ 46,991,271</u>	<u>\$ 307,956</u>	<u>\$ 16,884</u>	<u>\$ 47,282,343</u>
Accumulated depreciation:				
Plant in service	\$ (21,766,387)	\$ (954,504)	\$ -	\$ (22,720,891)
Machinery and equipment	(1,234,769)	(213,917)	(16,884)	(1,431,802)
Buildings	<u>(5,279,717)</u>	<u>(144,650)</u>	<u>-</u>	<u>(5,424,367)</u>
Total accumulated depreciation	<u>\$ (28,280,873)</u>	<u>\$ (1,313,071)</u>	<u>\$ (16,884)</u>	<u>\$ (29,577,060)</u>
Total capital assets being depreciated, net	<u>\$ 18,710,398</u>	<u>\$ (1,005,115)</u>	<u>\$ -</u>	<u>\$ 17,705,283</u>
Business-type activities capital assets, net	<u>\$ 23,545,171</u>	<u>\$ 1,197,224</u>	<u>\$ 7,990</u>	<u>\$ 24,734,405</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2025:

Component Unit - School Board:

Component Unit - School Board:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets not subject to depreciation:				
Land	\$ 1,442,061	\$ -	\$ -	\$ 1,442,061
Construction in progress	-	59,493	-	59,493
Total capital assets not subject to depreciation	\$ 1,442,061	\$ 59,493	\$ -	\$ 1,501,554
Capital assets subject to depreciation:				
Buildings	\$ 10,314,131	\$ -	\$ -	\$ 10,314,131
Machinery and equipment	12,870,311	1,359,871	750,847	13,479,335
Jointly owned assets - buildings	69,587,794	-	(2,417,679)	72,005,473
Total capital assets subject to depreciation	\$ 92,772,236	\$ 1,359,871	\$ (1,666,832)	\$ 95,798,939
Accumulated depreciation:				
Buildings	\$ (2,403,422)	\$ (444,511)	\$ -	\$ (2,847,933)
Machinery and equipment	(7,930,100)	(1,137,530)	(750,847)	(8,316,783)
Jointly owned assets - buildings	(33,272,340)	(1,877,034)	1,221,190	(36,370,564)
Total accumulated depreciation	\$ (43,605,862)	\$ (3,459,075)	\$ 470,343	\$ (47,535,280)
Total capital assets being depreciated, net	\$ 49,166,374	\$ (2,099,204)	\$ (1,196,489)	\$ 48,263,659
Governmental activities capital assets, net	\$ 50,608,435	\$ (2,039,711)	\$ (1,196,489)	\$ 49,765,213

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, 2025, is that school financed assets in the amount of \$73,360,609 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of changes for the component Unit Economic Development Authority capital assets at June 30, 2025 follows:

	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 473,735	\$ -	\$ -	\$ 473,735
Total capital assets not subject to depreciation	\$ 473,735	\$ -	\$ -	\$ 473,735
Capital assets subject to depreciation:				
Buildings	\$ 18,221,572	\$ -	\$ -	\$ 18,221,572
Machinery and equipment	7,234	-	-	7,234
Total capital assets subject to depreciation	\$ 18,228,806	\$ -	\$ -	\$ 18,228,806
Accumulated depreciation:				
Buildings	\$ (12,821,287)	\$ (547,350)	\$ -	\$ (13,368,637)
Machinery and equipment	(7,234)	-	-	(7,234)
Total accumulated depreciation	\$ (12,828,521)	\$ (547,350)	\$ -	\$ (13,375,871)
Total capital assets being depreciated, net	\$ 5,400,285	\$ (547,350)	\$ -	\$ 4,852,935
Business-type activities capital assets, net	\$ 5,874,020	\$ (547,350)	\$ -	\$ 5,326,670

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2025, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ -	\$ 8,794,099
Debt Service	8,909,338	-
Capital Projects	2,360,525	-
School Sales Tax	-	4,771,448
Other Governmental Funds	2,295,684	330,249
Total Governmental Funds	\$ 13,565,547	\$ 13,895,796
Enterprise Funds:		
Utilities	\$ 330,249	\$ -
Total-All Funds	\$ 13,895,796	\$ 13,895,796

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, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2025 is as follows:

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Governmental Activities:							
Incurred by County:							
Compensated absences	\$ 2,233,190	\$ (44,499)	\$ 2,188,691	\$ 76,189 *	\$ -	\$ 2,264,880	\$ 226,488
Net OPEB liabilities	5,162,360	-	5,162,360	3,731,115	3,490,716	5,402,759	14,103
Net pension liability	7,737,090	-	7,737,090	11,160,605	11,026,254	7,871,441	-
Lease liabilities	6,360,323	-	6,360,323	-	791,763	5,568,560	726,218
Subscription liability	289,619	-	289,619	-	88,096	201,523	96,354
Direct borrowing and placements:							
Loan payable	3,603,362	-	3,603,362	-	502,279	3,101,083	504,700
Total incurred by County	\$ 25,385,944	\$ (44,499)	\$ 25,341,445	\$ 14,967,909	\$ 15,899,108	\$ 24,410,246	\$ 1,567,863
Incurred by School Board:							
Direct borrowing and placements:							
General obligation bonds	\$ 81,530,461	\$ -	\$ 81,530,461	\$ -	\$ 3,850,284	\$ 77,680,177	\$ 4,377,045
Add deferred amounts:							
For issuance premium	5,785,432	-	5,785,432	-	295,703	5,489,729	-
Total incurred by School Board	\$ 87,315,893	\$ -	\$ 87,315,893	\$ -	\$ 4,145,987	\$ 83,169,906	\$ 4,377,045
Total Governmental Activities	\$ 112,701,837	\$ (44,499)	\$ 112,657,338	\$ 14,967,909	\$ 20,045,095	\$ 107,580,152	\$ 5,944,908
Business-type Activities:							
Compensated absences	\$ 136,137	\$ 6,759	\$ 142,896	\$ -	\$ 6,366	\$ 136,530	\$ 13,653
Net OPEB liabilities	156,730	-	156,730	43,162	43,469	156,423	952
Net pension liability	536,712	-	536,712	770,239	763,591	543,360	-
Equipment purchase agreement	3,480,000	-	3,480,000	-	289,000	3,191,000	301,000
Direct borrowing and placements:							
Loan payable	3,739,398	-	3,739,398	-	773,905	2,965,493	779,169
Total Business-type Activities	\$ 8,048,977	\$ 6,759	\$ 8,055,736	\$ 813,401	\$ 1,876,331	\$ 6,992,806	\$ 1,094,774

*The change in the compensated absences liability is presented as a net change.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

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

Year Ending June 30,	Governmental Activities							
	Incurred by County						Incurred by School Board	
	Lease Liabilities		Subscription Liability		Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements	
					Loan Payable		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 726,218	\$ 245,764	\$ 96,354	\$ 9,572	\$ 504,700	\$ 38,294	\$ 4,377,045	\$ 3,600,820
2027	755,053	216,927	105,169	4,994	506,955	34,514	4,554,162	3,406,964
2028	585,178	186,802	-	-	514,037	29,754	4,236,650	3,214,684
2029	569,478	159,969	-	-	515,946	24,013	4,050,490	3,028,316
2030	564,290	134,775	-	-	522,690	17,285	3,815,490	2,851,456
2031	590,279	108,785	-	-	536,755	6,826	3,985,489	2,664,319
2032	578,681	81,915	-	-	-	-	4,142,712	2,468,443
2033	592,989	54,784	-	-	-	-	4,337,713	2,275,166
2034	606,394	26,379	-	-	-	-	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>5,568,560</u>	<u>\$ 1,216,100</u>	<u>\$ 201,523</u>	<u>\$ 14,566</u>	<u>\$ 3,101,083</u>	<u>\$ 150,686</u>	<u>\$ 77,680,177</u>	<u>\$ 34,511,509</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Year Ending June 30,	Business-type Activities			
	Direct Borrowings and Direct Placements		Equipment Purchase Agreement	
	Loan Payable			
	Principal	Interest	Principal	Interest
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	505,752	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>2,965,493</u>	\$ <u>109,433</u>	\$ <u>3,191,000</u>	\$ <u>599,607</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (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)						\$ 2,264,880	\$ 226,488
Net OPEB liabilities (payable from the General Fund)						\$ 5,402,759	\$ 14,103
Net pension liability (payable from the General Fund)						\$ 7,871,441	\$ -
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	1,378,745	134,280
\$457,183 building lease, due in monthly installments of \$4,724.		2.82%	07/01/21	05/34/34	457,183	293,593	43,572
\$449,107 building lease, due in monthly installments of \$6,076.		5.25%	07/01/21	11/30/28	449,107	227,615	62,457
\$941,598 equipment lease, due in annual installments of \$200,000.		2.04%	01/01/22	01/31/27	941,598	388,084	192,083
\$3,652,705 equipment lease, due in annual installments of \$467,773.		4.77%	07/01/24	01/01/34	3,652,705	3,280,523	293,826
Total Lease Liabilities						5,568,560	726,218
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	201,523	96,354
Direct borrowings and placements:							
<u>Loan payable:</u>							
Virginia Resources Authority Loan	(a)	5.125%	11/17/21	04/01/30	4,663,789	3,101,083	504,700
Total long-term obligations incurred by the County						\$ 24,410,246	\$ 1,567,863
Direct borrowings and placements:							
<u>General Obligation Bonds:</u>							
Qualified School Construction Bonds through Virginia Public School Authority (VPSA)	(b)	4.25%	08/12/15	11/01/30	500,000	166,667	27,777
Qualified School Construction Bonds through VPSA	(b)	3.84%	08/12/15	11/01/30	5,999,684	2,727,123	272,712
VPSA Bond outstanding \$4,245,000 plus unamortized premium of \$610,063.	(b)	2.05%					
		5.05%	10/20/20	07/15/40	4,870,000	4,855,063	190,000
VPSA Bond outstanding \$950,000 plus unamortized premium of \$16,202.	(b)	4.225%					
		5.10%	08/12/15	11/01/30	6,505,000	966,202	465,000
VPSA Bond outstanding \$7,765,000 plus unamortized premium of \$493,431.	(b)	2.30%					
		5.05%	08/12/15	11/01/30	15,845,000	8,258,431	945,000
VPSA Bond outstanding \$1,091,388 plus unamortized premium of \$40,057.	(b)	4.35%					
		5.10%	08/12/15	11/01/30	6,364,713	1,131,445	356,556
VPSA Bond outstanding \$30,315,000 plus unamortized premium of \$2,543,254.	(b)						
		5.05%	04/20/22	01/15/43	32,425,000	32,858,254	1,140,000
VPSA Bond outstanding \$30,420,000 plus unamortized premium of \$1,786,721.	(b)	4.8%					
		5.05%	11/09/23	07/15/43	31,005,000	32,206,721	980,000
Total General Obligation Bonds						\$ 83,169,906	\$ 4,377,045
Total Direct Borrowings and Placements						\$ 83,169,906	\$ 4,377,045
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 83,169,906	\$ 4,377,045
Total outstanding debt - governmental activities						\$ 107,580,152	\$ 5,944,908

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of business-type activities long-term obligations:

	Interest <u>Rates</u>	Date <u>Issued</u>	Final Maturity <u>Date</u>	Amount of Original <u>Issue</u>	Balance Business-Type <u>Activities</u>	Amount Due Within <u>One Year</u>
Compensated absences (payable from the Enterprise Fund)					\$ 136,530	\$ 13,653
Net OPEB liabilities (payable from the Enterprise Fund)					\$ 156,423	\$ 952
Net pension liability (payable from the Enterprise Fund)					\$ 543,360	\$ -
Equipment purchase agreement:						
Master equipment purchase agreement	3.945%	10/12/23	10/01/33	3,480,000	\$ 3,191,000	\$ 301,000
Direct borrowings and placements:						
<u>Loan payable:</u>						
Virginia Resources Authority Loan	(a) 5.125%	11/17/21	04/01/30	5,365,437	\$ 2,965,493	\$ 779,169
Total outstanding debt - business-type activities					\$ 6,992,806	\$ 1,094,774

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, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—School Board:

The following is a summary of long-term debt transactions of the Component Unit—School Board for the year ended June 30, 2025:

	Balance at July 1, 2024	Restatement	Restated Balance at July 1, 2024	Increases	Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Compensated absences (payable from the School Fund)	\$ 1,898,620	\$ 83,391	\$ 1,982,011	\$ -	\$ 95,795	* \$ 1,886,216	\$ 188,622
Net OPEB liabilities	15,675,643	-	15,675,643	2,626,110	4,346,180	13,955,573	74,763
Net pension liability	37,694,820	-	37,694,820	16,501,777	19,203,043	34,993,554	-
Total incurred by School Board	<u>\$ 55,269,083</u>	<u>\$ 83,391</u>	<u>\$ 55,352,474</u>	<u>\$ 19,127,887</u>	<u>\$ 23,645,018</u>	<u>\$ 50,835,343</u>	<u>\$ 263,385</u>

*The change in the compensated absences liability is presented as a net change.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025:

	Balance at July 1, 2024	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2025	Amounts Due Within One Year
Direct borrowing and placements:					
Lease Revenue Bond	\$ 6,119,873	\$ -	\$ 1,173,144	\$ 4,946,729	\$ 1,232,550
Total	\$ 6,119,873	\$ -	\$ 1,173,144	\$ 4,946,729	\$ 1,232,550

Details of long-term indebtedness:

	Amount Outstanding
Lease Revenue Bond payable:	
\$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.	\$ 4,946,729
Total Debt incurred by the Component Unit Economic Development Authority	\$ 4,946,729

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Component Unit—Economic Development Authority: (Continued)

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

Year Ending June 30,	Lease Revenue Bonds	
	Principal	Interest
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	\$ 4,946,729	\$ 482,993

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, 2025 (CONTINUED)

NOTE 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2025, 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	\$ -	\$ -	\$ 4,619,216
2nd half assessments due in December 2025	26,417,430	29,554	26,417,430
Prepaid property taxes due in December 2025 but paid in advance by taxpayers	624,714	201	624,714
	<u>\$ 27,042,144</u>	<u>\$ 29,755</u>	<u>\$ 31,661,360</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, 2025 (CONTINUED)

NOTE 11—COMMITMENTS AND CONTINGENCIES: (CONTINUED)

The County was committed under the following construction contracts at June 30, 2025:

<u>Contractor</u>	<u>Project</u>	<u>Contract Sum</u>	<u>Balance</u>
E.T. Gresham Company, Inc.	High School Renovation	\$ 49,012,542	\$ 1,164,667

NOTE 12—LITIGATION:

At June 30, 2025, 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, 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
Incurred claims (including IBNR and changes in estimates)	9,972,623
Claim payments	(10,089,623)
Unpaid claims, June 30, 2025	\$ 382,000

All of the unpaid claims are due within one year.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS:

Plan Description

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

Benefit Structures

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (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, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	Primary Government	Component Unit School Board Nonprofessional
Inactive members or their beneficiaries currently receiving benefits	272	149
Inactive members:		
Vested inactive members	74	43
Non-vested inactive members	89	88
Inactive members active elsewhere in VRS	161	57
Total inactive members	324	188
Active members	328	147
Total covered employees	924	484

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2025 was 12.46% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$2,740,682 and \$2,378,709 for the years ended June 30, 2025 and June 30, 2024, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2025 was 6.42% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$312,190 and \$232,351 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$88,697 and \$25,741 for the County and School Board, respectively, for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$96,537 and \$25,332 for the County and School Board, respectively, for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,118,761 and \$3,536,741 for the County and School Board, respectively, for the year ended June 30, 2025.

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, 2024. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees

The total pension liability for General Employees in the County’s and Component Unit School Board’s (nonprofessional) Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2023 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 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, 2023, 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, 2024:

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, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (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:

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.5% inflation assumption). 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 7.10%, 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 45th 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, 2025 (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. For the year ended June 30, 2024, the employer contribution rate was 100% of the actuarially determined employer contribution rate from the June 30, 2023 actuarial valuations. Through the fiscal year ended June 30, 2024, 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, 2024 on, participating employers and school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability

	Primary Government		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2023	\$ 95,282,736	\$ 87,008,934	\$ 8,273,802
Changes for the year:			
Service cost	\$ 2,514,169	\$ -	\$ 2,514,169
Interest	6,454,071	-	6,454,071
Differences between expected and actual experience	2,905,133	-	2,905,133
Contributions - employer	-	2,379,011	(2,379,011)
Contributions - employee	-	978,115	(978,115)
Net investment income	-	8,428,601	(8,428,601)
Benefit payments, including refunds of employee contributions	(4,362,073)	(4,362,073)	-
Administrative expense	-	(55,014)	55,014
Other changes	-	1,661	(1,661)
Net changes	\$ 7,511,300	\$ 7,370,301	\$ 140,999
Balances at June 30, 2024	\$ 102,794,036	\$ 94,379,235	\$ 8,414,801

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability (Asset)

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 22,505,284	\$ 22,749,809	\$ (244,525)
Changes for the year:			
Service cost	\$ 406,945	\$ -	\$ 406,945
Interest	1,498,182	-	1,498,182
Differences between expected and actual experience	542,847	-	542,847
Contributions - employer	-	227,247	(227,247)
Contributions - employee	-	212,521	(212,521)
Net investment income	-	2,170,738	(2,170,738)
Benefit payments, including refunds of employee contributions	(1,433,868)	(1,433,868)	-
Administrative expense	-	(15,100)	15,100
Other changes	-	423	(423)
Net changes	\$ 1,014,106	\$ 1,161,961	\$ (147,855)
Balances at June 30, 2024	\$ 23,519,390	\$ 23,911,770	\$ (392,380)

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 (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County			
Net Pension Liability (Asset)	\$ 21,090,220	\$ 8,414,801	\$ (2,060,296)
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	2,149,883	(392,380)	(2,531,435)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$2,434,434 and \$17,710, respectively. At June 30, 2025, 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	\$ 2,765,240	\$ -	\$ 263,029	\$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	2,429,001	-	647,866
Proportionate share	20,814	20,814	-	-
Employer contributions subsequent to the measurement date	2,740,682	-	312,190	-
Total	\$ 5,526,736	\$ 2,449,815	\$ 575,219	\$ 647,866

\$2,740,682 and \$312,190 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, 2026. 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>
2026	\$ (140,622)	\$ (319,773)
2027	1,476,148	189,856
2028	(481,043)	(121,084)
2029	(518,244)	(133,836)
2030	-	-
Thereafter	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 was 14.21% 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, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,630,063 and \$6,287,565 for the years ended June 30, 2025 and June 30, 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$148,204 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$150,006 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$17,916,208 for the year ended June 30, 2025.

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

At June 30, 2025, the school division reported a liability of \$34,993,554 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2024 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion was 0.37279% as compared to 0.37295% at June 30, 2023.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025, the school division recognized pension expense of \$3,489,616. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022 measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

At June 30, 2025, the school division reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 6,070,888	\$ 720,542
Change of assumptions	635,180	-
Net difference between projected and actual earnings on pension plan investments	-	4,816,884
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,018,845	803,422
Employer contributions subsequent to the measurement date	<u>5,630,316</u>	<u>-</u>
Total	<u>\$ 13,355,229</u>	<u>\$ 6,340,848</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

\$5,630,316 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, 2026. 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>	
2026	\$ (2,232,350)
2027	3,407,063
2028	643,000
2029	(433,648)
2030	-

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

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, 2025 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Mortality rates:

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement:

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (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, 2024, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	60,622,260
Plan Fiduciary Net Position		51,235,326
Employers' Net Pension Liability (Asset)	\$	9,386,934
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		84.52%

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

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

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee Retirement Plan Net Pension Liability (Asset) \$	65,011,164	\$ 34,993,554	\$ 10,410,086

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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			
			Net Pension				Net Pension	
	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 5,526,736	\$ 2,449,815	\$ 8,414,801	\$ 2,434,434	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	575,219	647,866	(392,380)	17,710
School Board Professional	-	-	-	-	13,355,229	6,340,848	34,993,554	3,489,616
Totals	<u>\$ 5,526,736</u>	<u>\$ 2,449,815</u>	<u>\$ 8,414,801</u>	<u>\$ 2,434,434</u>	<u>\$ 13,930,448</u>	<u>\$ 6,988,714</u>	<u>\$ 34,601,174</u>	<u>\$ 3,507,326</u>

NOTE 15—SURETY BONDS:

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

NOTE 16—LEASE RECEIVABLE:

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

<u>Lease Description</u>	<u>Start Date</u>	<u>End Date</u>	<u>Payment Frequency</u>	<u>Discount Rate</u>	<u>Receivable Balance</u>
Beehive Drive tower	7/1/2021	2/28/2026	Monthly	3.47%	\$ 16,173
Beehive Drive tower	7/1/2024	7/1/2028	Annually	3.94%	76,327
VIMS tower	7/1/2021	2/28/2026	Monthly	3.47%	14,714
Total					<u>\$ 107,214</u>

Lease revenue for the year ended June 30, 2025 was \$64,317 for governmental activities and \$22,182 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, 2025 (CONTINUED)

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

Benefit Amounts (Continued)

members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$9,532 as of June 30, 2025.

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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% x 60%) and the employer component was 0.47% (1.18% x 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025 was 0.47% 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, 2023. 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 \$103,955 and \$113,932 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 \$186,315 and \$215,821 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$22,851 and \$26,145 for the years ended June 30, 2025 and June 30, 2024, respectively.

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

At June 30, 2025, the County reported a liability of \$916,953 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$1,736,933 and \$210,463, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the County's proportion was 0.08318% as compared to 0.08217% at June 30, 2023. At June 30, 2024, the Component Unit School Board professional and nonprofessional groups' proportion was 0.15565% and 0.01886%, respectively, as compared to 0.15825% and 0.01800%, respectively, at June 30, 2023.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025, the County recognized GLI OPEB expense of \$39,876. For the year ended June 30, 2025, the Component Unit School Board professional group recognized GLI OPEB expense of \$33,376. For the year ended June 30, 2025, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$11,346. 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, 2025, the employer reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Primary Government		Component School Board (professional)		Component School Board (nonprofessional)	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,625	\$ 22,398	\$ 273,954	\$ 42,427	\$ 33,195	\$ 5,141
Net difference between projected and actual earnings on GLI OPEB plan investment	-	77,290	-	146,405	-	17,740
Change of assumptions	5,227	45,442	9,901	86,079	1,200	10,430
Changes in proportionate share	29,798	23,838	70,193	96,133	22,354	6,916
Employer contributions subsequent to the measurement date	103,955	-	186,315	-	22,851	-
Total	\$ 283,605	\$ 168,968	\$ 540,363	\$ 371,044	\$ 79,600	\$ 40,227

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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)

\$103,955, \$186,315, and \$22,851, 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ended June 30	Component Unit School Board		
	Primary Government	(professional)	Component Unit School Board (nonprofessional)
2026	\$ (35,319)	\$ (84,319)	\$ (3,428)
2027	18,436	23,315	5,828
2028	2,780	14,645	3,299
2029	12,370	7,087	5,999
2030	12,415	22,276	4,824
Thereafter	-	-	-

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

Actuarial Assumptions (Continued)

Mortality Rates - Teachers

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 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 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, 2024, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
		<hr/>
Total GLI OPEB Liability	\$	4,196,055
Plan Fiduciary Net Position		3,080,133
		<hr/>
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		73.41%

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, 2025 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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 45th 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, 2025 (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, 2024, 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, 2024 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	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,425,981	\$ 916,953	\$ 505,725
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	2,701,156	1,736,933	957,967
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	327,297	210,463	116,076

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program’s Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (CONTINUED)

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

Plan Description

The Political Subdivision Health Insurance Credit (HIC) Plan was established pursuant to §51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS Political Subdivision HIC Plan upon employment. This is an agent multiple-employer plan administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The HIC is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree's death.

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

Eligible Employees

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

Benefit Amounts

The Political Subdivision Retiree HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.

HIC Plan Notes

The monthly HIC benefit cannot exceed the individual premium amount. There is no HIC for premiums paid and qualified under LODA; however, the employee may receive the credit for premiums paid for other qualified health plans. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

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

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
Inactive members or their beneficiaries currently receiving benefits	87	73
Vested inactive members	7	6
Active members	<u>206</u>	<u>202</u>
Total covered employees	<u><u>300</u></u>	<u><u>281</u></u>

Contributions

The contribution requirements for active employees is governed by §51.1-1402(E) of the Code of Virginia, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County and School Board's contractually required employer contribution rate for the year ended June 30, 2025 was 0.06% and 0.83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$6,116 and \$10,723 for the years ended June 30, 2025 and June 30, 2024, respectively. Contributions from the School Board to the HIC Plan were \$40,361 and \$40,132 for the years ended June 30, 2025 and June 30, 2024, respectively.

Net HIC OPEB Liability

The County and School Board's net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

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, 2023, 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, 2024.

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

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

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (CONTINUED)

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

Actuarial Assumptions (Continued)

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (CONTINUED)

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

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

The actuarial assumptions used in the June 30, 2023 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 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, 2025 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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 45th 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, 2025 (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, 2024, the rate contributed by the entity for the HIC OPEB was 100% of the actuarially determined contribution rate. From July 1, 2024 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 HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 378,637	\$ 362,617	\$ 16,020
Changes for the year:			
Service cost	\$ 5,316	\$ -	\$ 5,316
Interest	25,128	-	25,128
Differences between expected and actual experience	(21,657)	-	(21,657)
Contributions - employer	-	10,726	(10,726)
Net investment income	-	33,527	(33,527)
Benefit payments, including refunds of employee contributions	(23,367)	(23,367)	-
Administrative expense	-	(454)	454
Other changes	-	(1)	1
Net changes	\$ (14,580)	\$ 20,431	\$ (35,011)
Balances at June 30, 2024	\$ 364,057	\$ 383,048	\$ (18,991)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

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

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

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total	Plan	
	HIC OPEB Liability (a)	Fiduciary Net Position (b)	HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2023	\$ 494,320	\$ 204,330	\$ 289,990
Changes for the year:			
Service cost	\$ 4,088	\$ -	\$ 4,088
Interest	32,515	-	32,515
Differences between expected and actual experience	(36,152)	-	(36,152)
Contributions - employer	-	40,132	(40,132)
Net investment income	-	19,811	(19,811)
Benefit payments, including refunds of employee contributions	(33,413)	(33,413)	-
Administrative expense	-	(271)	271
Net changes	\$ (32,962)	\$ 26,259	\$ (59,221)
Balances at June 30, 2024	\$ 461,358	\$ 230,589	\$ 230,769

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

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

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

The following presents the County and School Board's HIC Plan net HIC OPEB liability (asset) using the discount rate of 6.75%, as well as what the County and School Board's net HIC OPEB liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
Primary Government:			
Net HIC OPEB Liability (Asset) \$	18,702 \$	(18,991) \$	(51,067)
Component Unit School Board (nonprofessional):			
Net HIC OPEB Liability	274,352	230,769	193,377

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, 2025, the County and School Board recognized HIC Plan OPEB expense of \$7,146 and \$29,202. At June 30, 2025, 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	\$ 12,251	\$ 32,254	\$ 3,017	\$ 30,791
Net difference between projected and actual earnings on HIC OPEB plan investments	-	7,497	-	3,811
Changes of assumptions	17,054	-	32,873	-
Employer contributions subsequent to the measurement date	6,116	-	40,361	-
Total	\$ 35,421	\$ 39,751	\$ 76,251	\$ 34,602

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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)

\$6,116 and \$40,361 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, 2026. 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</u> <u>June 30</u>	<u>Primary</u> <u>Government</u>	<u>Component Unit</u> <u>School Board</u> <u>(nonprofessional)</u>
2026	\$ (3,733)	\$ 4,054
2027	(990)	1,356
2028	(3,823)	(2,961)
2029	(1,900)	(1,161)
2030	-	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (CONTINUED)

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

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

Eligible Employees

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

Benefit Amounts

The Teacher Employee HIC Plan is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For Teacher and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: \$4.00 per month, multiplied by twice the amount of service credit, or \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Plan Notes

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

Contributions

The contribution requirements for active employees is governed by §51.1-1401(E) of the Code of Virginia, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025 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, 2023. 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 \$479,429 and \$482,490 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025, the school division reported a liability of \$4,301,091 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, 2024 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, 2023 and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the school division's proportion of the VRS Teacher Employee HIC was 0.37218% as compared to 0.37330% at June 30, 2023.

For the year ended June 30, 2025, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$323,245. 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, 2025, 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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 203,775
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	-	15,299
Change in assumptions	74,095	-
Change in proportionate share and differences between actual and expected contributions	181,158	167,227
Employer contributions subsequent to the measurement date	479,429	-
Total	<u>\$ 734,682</u>	<u>\$ 386,301</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)

\$479,429 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, 2026. 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	\$ (39,366)
2026	(18,406)
2027	(37,552)
2028	(8,830)
2029	(17,786)
Thereafter	(9,108)

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, 2023, 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, 2024.

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2023 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 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, 2024, NOL amounts for the VRS Teacher Employee HIC Plan are as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,478,105
Plan Fiduciary Net Position		322,457
Teacher Employee net HIC OPEB Liability (Asset)	\$	1,155,648
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		21.82%

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, 2025 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP - Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
Expected arithmetic nominal return**			7.07%

*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). 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 7.10%, 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 45th 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, 2024, 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, 2024 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	\$	4,891,413	\$ 4,301,091	\$ 3,800,739

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 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (CONTINUED)

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

Plan Description

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

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

Eligible Employees

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

Benefit Amounts

The LODA program death benefit is a one-time payment made to the beneficiary or beneficiaries of a covered individual. Amounts vary as follows: \$100,000 when a death occurs as the direct or proximate result of performing duty as of January 1, 2006, or after; \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date (the benefit will be \$75,000 for approved presumptive deaths occurring on or after January 1, 2025); 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, 2025 was \$1,015 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023 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 \$153,265 and \$120,143 for the years ended June 30, 2025 and June 30, 2024, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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, 2025, the entity reported a liability of \$3,136,710 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2024 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2024, the entity's proportion was 0.79702% as compared to 0.72320% at June 30, 2023.

For the year ended June 30, 2025, the entity recognized LODA OPEB expense of \$393,278. 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, 2025, the entity reported deferred outflows of resources and deferred inflows of resources related to the LODA OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience \$	109,138	\$ 766,204
Net difference between projected and actual earnings on LODA OPEB program investments	-	10,369
Change of assumptions	578,223	631,748
Change in proportionate	472,639	359,085
Employer contributions subsequent to the measurement date	153,265	-
Total	<u>\$ 1,313,265</u>	<u>\$ 1,767,406</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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)

\$153,265 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, 2026. 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>	
2026	\$ (54,888)
2027	(36,532)
2028	(45,796)
2029	(73,580)
2030	(114,307)
Thereafter	(282,303)

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2023, 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, 2024. 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	7.25%-4.25%
Ages 65 and older	6.50%-4.25%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2034
Ages 65 and older	Fiscal year ended 2034
Investment rate of return	3.97%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 3.97% was used since it approximates the risk-free rate of return.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

Beneficiaries and Survivors:

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

Mortality Improvement Scale:

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

The actuarial assumptions used in the June 30, 2023 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, 2025 (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, 2024, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 398,395
Plan Fiduciary Net Position	4,841
Employers' Net OPEB Liability (Asset)	<u>\$ 393,554</u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.22%

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 3.97% 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 3.97% 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, 2024.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 3.97%. 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, 2024, 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.

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 3.97%, 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 (2.97%) or one percentage point higher (4.97%) than the current rate:

	Discount Rate		
	1% Decrease (2.97%)	Current (3.97%)	1% Increase (4.97%)
County's proportionate share of the LODA Net OPEB Liability	\$ 3,477,287	\$ 3,136,710	\$ 2,843,852

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 7.25% decreasing to 4.25%, 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 (6.25% decreasing to 3.25%) or one percentage point higher (8.25% decreasing to 5.25%) than the current rate:

	Health Care Trend Rates		
	1% Decrease (6.25% decreasing to 3.25%)	Current (7.25% decreasing to 4.25%)	1% Increase (8.25% decreasing to 5.25%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,672,060	\$ 3,136,710	\$ 3,706,842

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-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, 2025 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	276	531
Total retirees with coverage	4	17
Total	280	548

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, 2025 (CONTINUED)

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

County and School Board: (Continued)

Total OPEB Liability

The County and School Board’s total OPEB liability was measured as of June 30, 2025. 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, 2024 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	4.81%
Investment Rate of Return	N/A
Healthcare Trend Rate	The healthcare trend rate assumption starts at 6.25% graded down to 4.25%/4.50%

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

Pre-Commencement: RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with Scale BB to 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, 2025 (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 June 30, 2025.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2023	\$ 1,406,298	\$ 8,749,521
Changes for the year:		
Service cost	36,401	305,569
Interest	61,785	386,473
Difference between expected and actual experience	104,586	(894,538)
Changes in assumptions	(98,531)	(976,918)
Benefit payments	(5,020)	(93,790)
Net changes	\$ 99,221	\$ (1,273,204)
Balances at June 30, 2024	\$ 1,505,519	\$ 7,476,317

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 (3.81%) or one percentage point higher (5.81%) than the current discount rate:

	1% Decrease (3.81%)	Rate Current Discount Rate (4.81%)	1% Increase (5.81%)
Primary Government:			
Total OPEB liability	\$ 1,656,173	\$ 1,505,519	\$ 1,370,772
Component Unit School Board:			
Total OPEB liability	8,053,302	7,476,317	6,937,692

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (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		
	Healthcare Cost		
	1% Decrease (5.25% decreasing to 3.25%/3.50%)	Trend (6.25% decreasing to 4.25%/4.50%)	1% Increase (7.25% decreasing to 5.25%/5.50%)
Primary Government:			
Total OPEB liability	\$ 1,358,351	\$ 1,505,519	\$ 1,672,552
Component Unit School Board:			
Total OPEB liability	6,784,194	7,476,317	8,270,684

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

For the year ended June 30, 2025, the County and the School Board recognized OPEB expense in the amount of (\$78,642) and (\$132,241). At June 30, 2025, the County and the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Primary Government		Component Unit School Board	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 515,649	\$ 2,076,417	\$ 805,084
Changes in assumptions	-	271,293	-	3,460,364
Total	\$ -	\$ 786,942	\$ 2,076,417	\$ 4,265,448

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	Component
	Government	Unit School Board
2026	\$ (184,759)	\$ (359,613)
2027	(184,761)	(359,611)
2028	(138,689)	(211,692)
2029	(138,689)	(211,692)
2030	(138,683)	(211,692)
Thereafter	(1,361)	(834,731)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025 (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	\$ 283,605	\$ 168,968	\$ 916,953	\$ 39,876	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	79,600	40,227	210,463	11,346
School Board Professional	-	-	-	-	540,363	371,044	1,736,933	33,376
Health Insurance Credit Program (Note 18)	35,421	39,751	(18,991)	7,146	76,251	34,602	230,769	29,202
Teacher Health Insurance Credit Program (Note 19)	-	-	-	-	734,682	386,301	4,301,091	323,245
Line of Duty Act Program (Note 20)	1,313,265	1,767,406	3,136,710	393,278	-	-	-	-
County Stand-Alone Plan (Note 21)	-	786,942	1,505,519	(78,642)	-	-	-	-
School Stand-Alone Plan (Note 21)	-	-	-	-	2,076,417	4,265,448	7,476,317	(132,241)
Totals	\$ 1,632,291	\$ 2,763,067	\$ 5,540,191	\$ 361,658	\$ 3,507,313	\$ 5,097,622	\$ 13,955,573	\$ 264,928

NOTE 23—UPCOMING PRONOUNCEMENTS:

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.

Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of assets (lease assets, subscription assets, intangible right-to-use assets, and other intangible assets) to be disclosed separately in the capital asset note disclosures by major class of underlying asset. It also requires additional disclosures for capital assets held for sale. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

Implementation Guide No. 2025-1, *Implementation Guidance Update—2025*, 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025 (CONTINUED)

NOTE 24—CHANGE IN ACCOUNTING PRINCIPLE:

During the year ended June 30, 2025, the County implemented GASB Statement No. 101, *Compensated Absences*. This Statement establishes recognition and measurement guidance for compensated absences that are attributable to services already rendered and that are expected to be paid or settled. Implementation of this Statement required the recognition of a liability for certain leave benefits previously unrecorded or measured differently under prior standards.

The adoption of GASB 101 resulted in a restatement of beginning net position as shown in Note 25 below.

NOTE 25—RESTATEMENT OF BEGINNING BALANCES:

The beginning net position as of July 1, 2024, has been restated to reflect the cumulative effect of implementing GASB Statement No. 101, *Compensated Absences*.

The impact of these adjustments on beginning net position is as follows:

	Net Position		
	Governmental Activities	Business-Type Activities	Component Unit
		Utilities Fund	School Board
Balance at July 1, 2024, as previously stated	\$ 53,920,508	\$ 22,508,344	\$ 3,391,953
Restatement:			
Implementation of GASB 101:			
Adjustment to compensated absences	44,499	(6,759)	(83,391)
Balance at July 1, 2024, as restated	<u>\$ 53,965,007</u>	<u>\$ 22,501,585</u>	<u>\$ 3,308,562</u>

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget - Positive (Negative)
	Original	Final	Actual Amounts	
REVENUES				
General property taxes	\$ 51,061,227	\$ 51,061,227	\$ 52,320,158	\$ 1,258,931
Other local taxes	16,445,818	16,445,818	16,098,365	(347,453)
Permits, privilege fees, and regulatory licenses	472,896	472,896	432,271	(40,625)
Fines and forfeitures	66,247	66,247	81,629	15,382
Revenue from the use of money and property	1,132,272	1,132,272	1,258,378	126,106
Charges for services	1,350,819	1,350,819	1,335,414	(15,405)
Miscellaneous	565,714	565,714	594,454	28,740
Recovered costs	479,890	1,249,345	1,062,674	(186,671)
Intergovernmental:				
Commonwealth	10,369,729	10,413,870	10,561,571	147,701
Federal	428,772	472,500	391,260	(81,240)
Total revenues	<u>\$ 82,373,384</u>	<u>\$ 83,230,708</u>	<u>\$ 84,136,174</u>	<u>\$ 905,466</u>
EXPENDITURES				
Current:				
General government administration	\$ 8,974,488	\$ 9,219,890	\$ 9,213,864	\$ 6,026
Judicial administration	2,642,673	2,705,711	2,585,686	120,025
Public safety	22,559,441	23,779,124	22,715,163	1,063,961
Public works	3,532,997	3,498,161	3,351,866	146,295
Health and welfare	715,714	724,514	729,880	(5,366)
Education	31,263,374	31,315,958	30,910,611	405,347
Parks, recreation, and cultural	2,826,888	2,965,012	2,985,238	(20,226)
Community development	2,026,688	2,107,701	1,742,273	365,428
Nondepartmental	663,085	(113,930)	381,802	(495,732)
Debt service:				
Principal retirement	224,843	229,639	319,433	(89,794)
Interest and other fiscal charges	105,467	100,672	86,628	14,044
Total expenditures	<u>\$ 75,535,658</u>	<u>\$ 76,532,452</u>	<u>\$ 75,022,444</u>	<u>\$ 1,510,008</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,837,726</u>	<u>\$ 6,698,256</u>	<u>\$ 9,113,730</u>	<u>\$ 2,415,474</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ (9,706,714)</u>	<u>\$ (9,817,235)</u>	<u>\$ (8,794,099)</u>	<u>\$ 1,023,136</u>
Total other financing sources (uses)	<u>\$ (9,706,714)</u>	<u>\$ (9,817,235)</u>	<u>\$ (8,794,099)</u>	<u>\$ 1,023,136</u>
Net change in fund balances	\$ (2,868,988)	\$ (3,118,979)	\$ 319,631	\$ 3,438,610
Fund balances - beginning	31,236,526	31,236,526	31,236,526	-
Fund balances - ending	<u>\$ 28,367,538</u>	<u>\$ 28,117,547</u>	<u>\$ 31,556,157</u>	<u>\$ 3,438,610</u>

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

School Sales Tax Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Other local taxes	\$ 6,256,551	\$ 6,256,551	\$ 6,050,183	\$ (206,368)
Revenue from the use of money and property	281,244	281,244	685,458	404,214
Total revenues	<u>\$ 6,537,795</u>	<u>\$ 6,537,795</u>	<u>\$ 6,735,641</u>	<u>\$ 197,846</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (4,863,734)	\$ (4,863,734)	\$ (4,771,448)	\$ 92,286
Total other financing sources (uses)	<u>\$ (4,863,734)</u>	<u>\$ (4,863,734)</u>	<u>\$ (4,771,448)</u>	<u>\$ 92,286</u>
Net change in fund balances	\$ 1,674,061	\$ 1,674,061	\$ 1,964,193	\$ 290,132
Fund balances - beginning	14,152,269	14,152,269	14,152,269	-
Fund balances - ending	<u>\$ 15,826,330</u>	<u>\$ 15,826,330</u>	<u>\$ 16,116,462</u>	<u>\$ 290,132</u>

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

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

	2024	2023	2022
Total pension liability			
Service cost	\$ 2,514,169	\$ 2,266,070	\$ 1,864,723
Interest	6,454,071	5,949,876	5,735,944
Changes in benefit terms	-	-	1,025,370
Changes of assumptions	-	-	-
Difference between expected and actual experience	2,905,133	3,225,935	(1,895,140)
Benefit payments	(4,362,073)	(4,078,779)	(3,846,979)
Net change in total pension liability	\$ 7,511,300	\$ 7,363,102	\$ 2,883,918
Total pension liability - beginning	95,282,736	87,919,634	85,035,716
Total pension liability - ending (a)	<u>\$ 102,794,036</u>	<u>\$ 95,282,736</u>	<u>\$ 87,919,634</u>
Plan fiduciary net position			
Contributions - employer	\$ 2,379,011	\$ 2,219,377	\$ 1,941,704
Contributions - employee	978,115	935,865	831,102
Net investment income	8,428,601	5,358,302	(89,275)
Benefit payments	(4,362,073)	(4,078,779)	(3,846,979)
Administrative expense	(55,014)	(52,741)	(52,027)
Other	1,661	2,154	1,942
Net change in plan fiduciary net position	\$ 7,370,301	\$ 4,384,178	\$ (1,213,533)
Plan fiduciary net position - beginning	87,008,934	82,624,756	83,838,289
Plan fiduciary net position - ending (b)	<u>\$ 94,379,235</u>	<u>\$ 87,008,934</u>	<u>\$ 82,624,756</u>
County's net pension liability - ending (a) - (b)	\$ 8,414,801	\$ 8,273,802	\$ 5,294,878
Plan fiduciary net position as a percentage of the total pension liability	91.81%	91.32%	93.98%
Covered payroll	\$ 21,087,256	\$ 19,579,723	\$ 17,640,228
County's net pension liability as a percentage of covered payroll	39.90%	42.26%	30.02%

	2021		2020		2019		2018		2017		2016		2015
\$	1,842,214	\$	1,898,366	\$	1,698,206	\$	1,676,568	\$	1,722,474	\$	1,729,707	\$	1,746,320
	5,223,971		4,783,955		4,558,992		4,343,905		4,186,921		3,978,981		3,729,750
	-		-		-		-		-		-		-
	3,371,245		-		2,097,224		-		16,358		-		-
	(977,649)		3,297,585		392,718		(275,493)		(1,128,018)		(348,414)		431,689
	(3,632,451)		(3,289,869)		(2,714,506)		(2,630,115)		(2,480,079)		(2,299,345)		(2,395,275)
\$	5,827,330	\$	6,690,037	\$	6,032,634	\$	3,114,865	\$	2,317,656	\$	3,060,929	\$	3,512,484
	79,208,386		72,518,349		66,485,715		63,370,850		61,053,194		57,992,265		54,479,781
\$	85,035,716	\$	79,208,386	\$	72,518,349	\$	66,485,715	\$	63,370,850	\$	61,053,194	\$	57,992,265
\$	1,764,009	\$	1,461,760	\$	1,447,269	\$	1,383,382	\$	1,387,991	\$	1,524,213	\$	1,533,287
	802,464		799,113		791,699		693,369		744,807		721,049		693,210
	18,225,275		1,276,232		4,206,391		4,363,836		6,477,379		913,929		2,298,831
	(3,632,451)		(3,289,869)		(2,714,506)		(2,630,115)		(2,480,079)		(2,299,345)		(2,395,275)
	(45,119)		(43,182)		(40,997)		(37,410)		(37,007)		(32,083)		(31,171)
	1,720		(1,504)		(2,655)		(3,900)		(5,772)		(387)		(486)
\$	17,115,898	\$	202,550	\$	3,687,201	\$	3,769,162	\$	6,087,319	\$	827,376	\$	2,098,396
	66,722,391		66,519,841		62,832,640		59,063,478		52,976,159		52,148,783		50,050,387
\$	83,838,289	\$	66,722,391	\$	66,519,841	\$	62,832,640	\$	59,063,478	\$	52,976,159	\$	52,148,783
\$	1,197,427	\$	12,485,995	\$	5,998,508	\$	3,653,075	\$	4,307,372	\$	8,077,035	\$	5,843,482
	98.59%		84.24%		91.73%		94.51%		93.20%		86.77%		89.92%
\$	16,918,427	\$	16,682,041	\$	16,304,689	\$	14,153,829	\$	14,117,623	\$	13,744,410	\$	13,824,211
	7.08%		74.85%		36.79%		25.81%		30.51%		58.77%		42.27%

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, 2015 through June 30, 2024

	2024	2023	2022
Total pension liability			
Service cost	\$ 406,945	\$ 314,737	\$ 289,614
Interest	1,498,182	1,464,605	1,485,764
Changes of assumptions	-	-	-
Difference between expected and actual experience	542,847	52,771	(753,284)
Benefit payments	(1,433,868)	(1,419,889)	(1,301,471)
Net change in total pension liability	\$ 1,014,106	\$ 412,224	\$ (279,377)
Total pension liability - beginning	22,505,284	22,093,060	22,372,437
Total pension liability - ending (a)	\$ 23,519,390	\$ 22,505,284	\$ 22,093,060
Plan fiduciary net position			
Contributions - employer	\$ 227,247	\$ 203,766	\$ 186,137
Contributions - employee	212,521	189,083	166,740
Net investment income	2,170,738	1,411,705	(10,869)
Benefit payments	(1,433,868)	(1,419,889)	(1,301,471)
Refunds of contributions	-	-	-
Administrative expense	(15,100)	(14,624)	(14,755)
Other	423	563	526
Net change in plan fiduciary net position	\$ 1,161,961	\$ 370,604	\$ (973,692)
Plan fiduciary net position - beginning	22,749,809	22,379,205	23,352,897
Plan fiduciary net position - ending (b)	\$ 23,911,770	\$ 22,749,809	\$ 22,379,205
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ (392,380)	 \$ (244,525)	 \$ (286,145)
 Plan fiduciary net position as a percentage of the total pension liability	 101.67%	 101.09%	 101.30%
 Covered payroll	 \$ 4,835,149	 \$ 4,235,933	 \$ 3,689,975
 School Division's net pension liability (asset) as a percentage of covered payroll	 -8.12%	 -5.77%	 -7.75%

2021	2020	2019	2018	2017	2016	2015
\$ 302,456	\$ 290,581	\$ 280,466	\$ 288,543	\$ 311,465	\$ 426,688	\$ 427,429
1,355,961	1,275,548	1,279,984	1,207,530	1,227,510	1,180,310	1,153,160
801,867	-	496,279	-	(28,612)	-	-
392,788	742,110	(426,009)	469,105	(905,115)	(120,700)	(462,410)
(1,137,882)	(1,096,001)	(942,404)	(917,821)	(863,540)	(760,487)	(700,146)
\$ 1,715,190	\$ 1,212,238	\$ 688,316	\$ 1,047,357	\$ (258,292)	\$ 725,811	\$ 418,033
20,657,247	19,445,009	18,756,693	17,709,336	17,967,628	17,241,817	16,823,784
\$ 22,372,437	\$ 20,657,247	\$ 19,445,009	\$ 18,756,693	\$ 17,709,336	\$ 17,967,628	\$ 17,241,817
\$ 183,576	\$ 165,295	\$ 147,051	\$ 174,431	\$ 177,460	\$ 294,552	\$ 337,412
165,326	173,184	150,025	142,021	145,681	171,445	197,164
5,120,995	366,146	1,236,796	1,328,369	2,006,570	287,673	736,846
(1,137,882)	(1,096,001)	(942,404)	(917,821)	(863,540)	(760,487)	(700,146)
-	-	-	-	-	-	-
(13,158)	(12,915)	(12,633)	(11,736)	(11,875)	(10,449)	(10,111)
479	(429)	(776)	(1,171)	(1,773)	(122)	(154)
\$ 4,319,336	\$ (404,720)	\$ 578,059	\$ 714,093	\$ 1,452,523	\$ (17,388)	\$ 561,011
19,033,561	19,438,281	18,860,222	18,146,129	16,693,606	16,710,994	16,149,983
\$ 23,352,897	\$ 19,033,561	\$ 19,438,281	\$ 18,860,222	\$ 18,146,129	\$ 16,693,606	\$ 16,710,994
\$ (980,460)	\$ 1,623,686	\$ 6,728	\$ (103,529)	\$ (436,793)	\$ 1,274,022	\$ 530,823
104.38%	92.14%	99.97%	100.55%	102.47%	92.91%	96.92%
\$ 3,616,273	\$ 3,753,820	\$ 3,208,603	\$ 2,990,016	\$ 2,985,162	\$ 3,485,857	\$ 3,973,266
-27.11%	43.25%	0.21%	-3.46%	-14.63%	36.55%	13.36%

Schedule of Employer's Share of Net Pension Liability VRS Teacher Retirement Plan
Pension Plans
For the Measurement Dates of June 30, 2015 through June 30, 2024

Date (1)	Employer's Proportion of the Net Pension Liability (Asset) (2)	Employer's Proportionate Share of the Net Pension Liability (Asset) (3)		Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (6)	
2024	0.37279%	\$	34,993,554	\$	39,875,204	87.76%	84.52%
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%

Schedule of Employer Contributions

Pension Plans

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

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government					
2025	\$ 2,740,682	\$ 2,740,682	\$ -	\$ 21,995,843	12.46%
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%
Component Unit School Board (nonprofessional)					
2025	\$ 312,190	\$ 312,190	\$ -	\$ 4,862,769	6.42%
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%
Component Unit School Board (professional)					
2025	\$ 5,630,316	\$ 5,630,316	\$ -	\$ 39,622,210	14.21%
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%

*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, 2025

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, 2023 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 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 2024

Date (1)	Employer's Proportion of the Net GLI OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability (6)
Primary Government:					
2024	0.08217%	\$ 916,953	\$ 21,098,477	4.35%	73.41%
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):					
2024	0.15565%	\$ 1,736,933	\$ 39,966,760	4.35%	73.41%
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):					
2024	0.01886%	\$ 210,463	\$ 4,841,725	4.35%	73.41%
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, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2025	\$ 103,955	\$ 103,955	\$ -	\$ 22,118,032	0.47%
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):					
2025	\$ 186,315	\$ 186,315	\$ -	\$ 39,641,482	0.47%
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):					
2025	\$ 22,851	\$ 22,851	\$ -	\$ 4,861,966	0.47%
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, 2025

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, 2023 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 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 2024

	2024	2023	2022
Total HIC OPEB Liability			
Service cost	\$ 5,316	\$ 5,187	\$ 10,662
Interest	25,128	23,364	23,189
Changes in assumptions	-	-	37,524
Differences between expected and actual experience	(21,657)	20,300	(38,276)
Benefit payments	(23,367)	(22,326)	(27,738)
Net change in total HIC OPEB liability	\$ (14,580)	\$ 26,525	\$ 5,361
Total HIC OPEB Liability - beginning	378,637	352,112	346,751
Total HIC OPEB Liability - ending (a)	\$ 364,057	\$ 378,637	\$ 352,112
Plan fiduciary net position			
Contributions - employer	\$ 10,726	\$ 10,214	\$ 13,325
Net investment income	33,527	20,227	742
Benefit payments	(23,367)	(22,326)	(27,738)
Administrative expense	(454)	(463)	(604)
Other	(1)	918	17,142
Net change in plan fiduciary net position	\$ 20,431	\$ 8,570	\$ 2,867
Plan fiduciary net position - beginning	362,617	354,047	351,180
Plan fiduciary net position - ending (b)	\$ 383,048	\$ 362,617	\$ 354,047
County's net HIC OPEB liability/asset - ending (a) - (b)	\$ (18,991)	\$ 16,020	\$ (1,935)
Plan fiduciary net position as a percentage of the total HIC OPEB liability	105.22%	95.77%	100.55%
Covered payroll	\$ 9,748,440	\$ 9,291,279	\$ 8,328,029
County's net HIC OPEB liability as a percentage of covered payroll	-0.19%	0.17%	-0.02%

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
\$ 346,751	\$ 319,141	\$ 320,836	\$ 299,197	\$ 304,458
\$ 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
\$ 351,180	\$ 291,727	\$ 300,262	\$ 288,332	\$ 280,302
\$ (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, 2024

	2024	2023	2022
Total HIC OPEB Liability			
Service cost	\$ 4,088	\$ 3,491	\$ 4,679
Interest	32,515	31,769	26,630
Changes in benefit terms		-	-
Changes of assumptions	-	-	91,814
Differences between expected and actual experience	(36,152)	8,129	(11,889)
Benefit payments	(33,413)	(32,474)	(35,343)
Net change in total HIC OPEB liability	\$ (32,962)	\$ 10,915	\$ 75,891
Total HIC OPEB Liability - beginning	494,320	483,405	407,514
Total HIC OPEB Liability - ending (a)	\$ 461,358	\$ 494,320	\$ 483,405
Plan fiduciary net position			
Contributions - employer	\$ 40,132	\$ 35,158	\$ 30,601
Net investment income	19,811	10,675	49
Benefit payments	(33,413)	(32,474)	(35,343)
Administrative expense	(271)	(229)	(315)
Other	-	956	17,905
Net change in plan fiduciary net position	\$ 26,259	\$ 14,086	\$ 12,897
Plan fiduciary net position - beginning	204,330	190,244	177,347
Plan fiduciary net position - ending (b)	\$ 230,589	\$ 204,330	\$ 190,244
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 230,769	\$ 289,990	\$ 293,161
Plan fiduciary net position as a percentage of the total HIC OPEB liability	49.98%	41.34%	39.35%
Covered payroll	\$ 4,835,149	\$ 4,235,933	\$ 3,689,974
School Board's net HIC OPEB liability as a percentage of covered payroll	4.77%	6.85%	7.94%

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

2021	2020	2019	2018	2017
\$ 6,324	\$ 5,958	\$ 5,855	\$ 6,008	\$ 7,069
26,769	25,175	27,056	26,070	25,888
-	15,181	-	-	-
5,935	-	8,607	-	(5,500)
(11,423)	11,113	(24,262)	10,002	-
(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
\$ (5,744)	\$ 23,173	\$ (10,121)	\$ 13,489	\$ 6,344
413,258	390,085	400,206	386,717	380,373
<u>\$ 407,514</u>	<u>\$ 413,258</u>	<u>\$ 390,085</u>	<u>\$ 400,206</u>	<u>\$ 386,717</u>
\$ 30,016	\$ 30,031	\$ 25,674	\$ 18,538	\$ 18,508
37,010	2,664	8,837	9,627	14,450
(33,349)	(34,254)	(27,377)	(28,591)	(21,113)
(434)	(271)	(190)	(214)	(227)
-	(1)	(10)	(747)	747
\$ 33,243	\$ (1,831)	\$ 6,934	\$ (1,387)	\$ 12,365
144,104	145,935	139,001	140,388	128,023
<u>\$ 177,347</u>	<u>\$ 144,104</u>	<u>\$ 145,935</u>	<u>\$ 139,001</u>	<u>\$ 140,388</u>
\$ 230,167	\$ 269,154	\$ 244,150	\$ 261,205	\$ 246,329
43.52%	34.87%	37.41%	34.73%	36.30%
\$ 3,616,273	\$ 3,753,820	\$ 3,208,603	\$ 2,990,016	\$ 2,985,162
6.36%	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, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
Primary Government:					
2025	\$ 6,116	\$ 6,116	\$ -	10,193,516	0.06%
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%
Component Unit School Board (nonprofessional):					
2025	\$ 40,361	\$ 40,361	\$ -	4,862,769	0.83%
2024	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

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, 2023 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 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 2024

Date (1)	Employer's Proportion of the Net HIC OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) (3)	Employer's Covered Payroll (4)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability (6)
2024	0.37218% \$	4,301,091 \$	39,875,204	10.79%	21.82%
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, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Employer's Covered Payroll (4)	Contributions as a % of Covered Payroll (5)
2025	\$ 479,429	\$ 479,429	\$ -	\$ 39,622,210	1.21%
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%

Notes to Required Supplementary Information
Teacher Employee Health Insurance Credit (HIC) Plan
For the Year Ended June 30, 2025

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, 2023 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 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 2024

Date (1)	Employer's Proportion of the Net LODA OPEB Liability (Asset) (2)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) (3)	Covered- Employee Payroll * (4)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4) (5)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability (6)
2024	0.79702%	\$ 3,136,710	\$ N/A	N/A	1.22%
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, 2025

Date	Contractually Required Contribution (1)	Contributions in Relation to Contractually Required Contribution (2)	Contribution Deficiency (Excess) (3)	Covered- Employee Payroll * (4)	Contributions as a % of Covered - Employee Payroll (5)
2025	\$ 153,265	\$ 153,265	\$ -	N/A	N/A
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, 2025

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, 2023 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

COUNTY OF GLOUCESTER, VIRGINIA

Exhibit 32

Schedule of Changes in Total OPEB Liability and Related Ratios
Primary Government
For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 36,401	\$ 35,513	\$ 122,065	\$ 119,088	\$ 121,992	\$ 116,183	\$ 99,166	\$ 94,444
Interest	61,785	57,069	96,537	72,566	67,591	61,685	61,011	56,708
Changes in assumptions	(98,531)	(22,992)	(121,109)	(276,422)	-	535,489	-	-
Differences between expected and actual experience	104,586	-	(971,461)	-	-	(487,903)	-	-
Benefit payments	(5,020)	(18,995)	(17,001)	(35,165)	(30,366)	(28,313)	(18,411)	(17,047)
Net change in total OPEB liability	\$ 99,221	\$ 50,595	\$ (890,969)	\$ (119,933)	\$ 159,217	\$ 197,141	\$ 141,766	\$ 134,105
Total OPEB liability - beginning	1,406,298	1,355,703	2,246,672	2,366,605	2,207,388	2,010,247	1,868,481	1,734,376
Total OPEB liability - ending	\$ 1,505,519	\$ 1,406,298	\$ 1,355,703	\$ 2,246,672	\$ 2,366,605	\$ 2,207,388	\$ 2,010,247	\$ 1,868,481
Covered-employee payroll	\$ 22,301,385	\$ 22,052,195	\$ 16,394,563	\$ 14,069,175	\$ 16,192,863	\$ 15,797,915	\$ 14,183,817	\$ 13,837,870
County's total OPEB liability (asset) as a percentage of covered-employee payroll	6.75%	6.38%	8.27%	15.97%	14.62%	13.97%	14.17%	13.50%

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

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Total OPEB Liability and Related Ratios

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2025

	2025	2024	2023
Total OPEB liability			
Service cost	\$ 305,569	\$ 298,116	\$ 551,899
Interest	386,473	354,559	335,907
Changes in assumptions	(976,918)	(137,639)	(2,987,440)
Differences between expected and actual experience	(894,538)	-	2,855,073
Benefit payments	(93,790)	(103,668)	(155,011)
Net change in total OPEB liability	\$ (1,273,204)	\$ 411,368	\$ 600,428
Total OPEB liability - beginning	8,749,521	8,338,153	7,737,725
Total OPEB liability - ending	\$ 7,476,317	\$ 8,749,521	\$ 8,338,153
 Covered-employee payroll	 \$ 36,211,961	 \$ 37,660,072	 \$ 41,740,968
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 20.65%	 23.23%	 19.98%

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, 2025

Valuation Date: 7/1/2024
Measurement Date: 6/30/2025

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	4.81%
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, 2025

Valuation Date: 7/1/2024
Measurement Date: 6/30/2025

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	4.81%
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.

Debt Service Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental:				
Commonwealth	\$ 104,414	\$ 104,414	\$ 55,708	\$ (48,706)
Federal	225,060	225,060	237,295	12,235
Total revenues	<u>\$ 329,474</u>	<u>\$ 329,474</u>	<u>\$ 293,003</u>	<u>\$ (36,471)</u>
EXPENDITURES				
Debt service:				
Principal retirement	\$ 4,358,408	\$ 5,008,579	\$ 4,912,989	\$ 95,590
Interest and other fiscal charges	4,931,015	4,280,844	4,289,352	(8,508)
Total expenditures	<u>\$ 9,289,423</u>	<u>\$ 9,289,423</u>	<u>\$ 9,202,341</u>	<u>\$ 87,082</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,959,949)</u>	<u>\$ (8,959,949)</u>	<u>\$ (8,909,338)</u>	<u>\$ 50,611</u>
OTHER FINANCING SOURCES (USES)				
Transfers in-general fund	\$ 4,096,215	\$ 4,096,215	\$ 4,137,890	\$ 41,675
Transfers in-school sales tax	4,863,734	4,863,734	4,771,448	(92,286)
Total other financing sources (uses)	<u>\$ 8,959,949</u>	<u>\$ 8,959,949</u>	<u>\$ 8,909,338</u>	<u>\$ (50,611)</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>

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 578,303	\$ 578,303
Miscellaneous	144,742	154,742	109,232	(45,510)
Intergovernmental:				
Commonwealth	564,825	635,357	138,714	(496,643)
Federal	3,728,032	3,728,032	1,567,949	(2,160,083)
Total revenues	<u>\$ 4,437,599</u>	<u>\$ 4,518,131</u>	<u>\$ 2,394,198</u>	<u>\$ (2,123,933)</u>
EXPENDITURES				
Capital projects	<u>\$ 29,614,022</u>	<u>\$ 31,038,079</u>	<u>\$ 19,996,195</u>	<u>\$ 11,041,884</u>
Total expenditures	<u>\$ 29,614,022</u>	<u>\$ 31,038,079</u>	<u>\$ 19,996,195</u>	<u>\$ 11,041,884</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,176,423)</u>	<u>\$ (26,519,948)</u>	<u>\$ (17,601,997)</u>	<u>\$ 8,917,951</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 2,250,004</u>	<u>\$ 2,360,525</u>	<u>\$ 2,360,525</u>	<u>\$ -</u>
Total other financing sources (uses)	<u>\$ 2,250,004</u>	<u>\$ 2,360,525</u>	<u>\$ 2,360,525</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ (22,926,419)</u>	<u>\$ (24,159,423)</u>	<u>\$ (15,241,472)</u>	<u>\$ 8,917,951</u>
Fund balances - beginning	<u>24,877,027</u>	<u>24,877,027</u>	<u>24,877,027</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 1,950,608</u></u>	<u><u>\$ 717,604</u></u>	<u><u>\$ 9,635,555</u></u>	<u><u>\$ 8,917,951</u></u>

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

			Special Revenue			
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	American Rescue Plan Act Fund	Opioid Abatement Fund	Mosquito Control Fund	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ 869,458	\$ 316,091	\$ 25	\$ 1,185,574
Receivables (net of allowance for uncollectibles):						
Taxes receivable	-	-	-	-	79,181	79,181
Accounts receivable	-	-	-	622,949	-	622,949
Due from other funds	-	323	-	-	132,883	133,206
Due from other governmental units	478,824	84,487	-	-	-	563,311
Prepaid items	-	-	-	-	53,671	53,671
Total assets	<u>\$ 478,824</u>	<u>\$ 84,810</u>	<u>\$ 869,458</u>	<u>\$ 939,040</u>	<u>\$ 265,760</u>	<u>\$ 2,637,892</u>
LIABILITIES						
Accounts payable	\$ 11,436	\$ 84,810	\$ 197,909	\$ 13,554	\$ 82	\$ 307,791
Accrued liabilities	-	-	-	-	204	204
Due to other funds	467,388	-	6,986	-	-	474,374
Unearned revenue	-	-	664,563	-	-	664,563
Total liabilities	<u>\$ 478,824</u>	<u>\$ 84,810</u>	<u>\$ 869,458</u>	<u>\$ 13,554</u>	<u>\$ 286</u>	<u>\$ 1,446,932</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue - property taxes	\$ -	\$ -	\$ -	\$ -	\$ 70,730	\$ 70,730
Unavailable revenue - opioid settlement	-	-	-	622,949	-	622,949
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 622,949</u>	<u>\$ 70,730</u>	<u>\$ 693,679</u>
Fund balances:						
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 53,671	\$ 53,671
Restricted	-	-	-	302,537	-	302,537
Committed	-	-	-	-	141,073	141,073
Total fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,537</u>	<u>\$ 194,744</u>	<u>\$ 497,281</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 478,824</u>	<u>\$ 84,810</u>	<u>\$ 869,458</u>	<u>\$ 939,040</u>	<u>\$ 265,760</u>	<u>\$ 2,637,892</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	Special Revenue					
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	American Rescue Plan Act Fund	Opioid Abatement Fund	Mosquito Control Fund	Total
REVENUES						
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ 131,125	\$ 131,125
Miscellaneous	-	5,567	-	368,584	-	374,151
Intergovernmental:						
Commonwealth	1,441,745	882,649	-	-	-	2,324,394
Federal	2,535,948	15,286	839,014	-	-	3,390,248
Total revenues	<u>\$ 3,977,693</u>	<u>\$ 903,502</u>	<u>\$ 839,014</u>	<u>\$ 368,584</u>	<u>\$ 131,125</u>	<u>\$ 6,219,918</u>
EXPENDITURES						
Current:						
Public safety	\$ -	\$ -	\$ 22,036	\$ -	\$ -	\$ 22,036
Public works	-	-	486,729	-	106,597	593,326
Health and welfare	5,727,017	1,449,862	-	305,871	-	7,482,750
Education	-	-	-	-	-	-
Total expenditures	<u>\$ 5,727,017</u>	<u>\$ 1,449,862</u>	<u>\$ 508,765</u>	<u>\$ 305,871</u>	<u>\$ 106,597</u>	<u>\$ 8,098,112</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,749,324)</u>	<u>\$ (546,360)</u>	<u>\$ 330,249</u>	<u>\$ 62,713</u>	<u>\$ 24,528</u>	<u>\$ (1,878,194)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	\$ 1,749,324	\$ 546,360	\$ -	\$ -	\$ -	\$ 2,295,684
Transfers out	-	-	(330,249)	-	-	(330,249)
Total other financing sources (uses)	<u>\$ 1,749,324</u>	<u>\$ 546,360</u>	<u>\$ (330,249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,965,435</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ 62,713	\$ 24,528	\$ 87,241
Fund balances - beginning	-	-	-	239,824	170,216	410,040
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,537</u>	<u>\$ 194,744</u>	<u>\$ 497,281</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, 2025

	Virginia Public Assistance Fund				Comprehensive Services Act Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final			Original	Final		
REVENUES								
General property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-	3,720	3,720	5,567	1,847
Intergovernmental:								
Commonwealth	1,766,131	1,766,131	1,441,745	(324,386)	1,402,165	1,402,165	882,649	(519,516)
Federal	2,615,281	2,615,281	2,535,948	(79,333)	18,000	18,000	15,286	(2,714)
Total revenues	<u>\$ 4,381,412</u>	<u>\$ 4,381,412</u>	<u>\$ 3,977,693</u>	<u>\$ (403,719)</u>	<u>\$ 1,423,885</u>	<u>\$ 1,423,885</u>	<u>\$ 903,502</u>	<u>\$ (520,383)</u>
EXPENDITURES								
Current:								
Public safety	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Public works	-	-	-	-	-	-	-	-
Health and welfare	6,671,407	6,671,407	5,727,017	944,390	2,494,385	2,494,385	1,449,862	1,044,523
Community development	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 6,671,407</u>	<u>\$ 6,671,407</u>	<u>\$ 5,727,017</u>	<u>\$ 944,390</u>	<u>\$ 2,494,385</u>	<u>\$ 2,494,385</u>	<u>\$ 1,449,862</u>	<u>\$ 1,044,523</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,289,995)</u>	<u>\$ (2,289,995)</u>	<u>\$ (1,749,324)</u>	<u>\$ 540,671</u>	<u>\$ (1,070,500)</u>	<u>\$ (1,070,500)</u>	<u>\$ (546,360)</u>	<u>\$ 524,140</u>
OTHER FINANCING SOURCES (USES)								
Transfers in	\$ 2,289,995	\$ 2,289,995	\$ 1,749,324	\$ (540,671)	\$ 1,070,500	\$ 1,070,500	\$ 546,360	\$ (524,140)
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>\$ 2,289,995</u>	<u>\$ 2,289,995</u>	<u>\$ 1,749,324</u>	<u>\$ (540,671)</u>	<u>\$ 1,070,500</u>	<u>\$ 1,070,500</u>	<u>\$ 546,360</u>	<u>\$ (524,140)</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 Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 119,426	\$ 119,426	\$ 131,125	\$ 11,699
-	-	-	-	338,429	338,429	368,584	30,155	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
1,543,275	1,543,275	839,014	(704,261)	-	-	-	-	-	-	-	-
<u>\$ 1,543,275</u>	<u>\$ 1,543,275</u>	<u>\$ 839,014</u>	<u>\$ (704,261)</u>	<u>\$ 338,429</u>	<u>\$ 338,429</u>	<u>\$ 368,584</u>	<u>\$ 30,155</u>	<u>\$ 119,426</u>	<u>\$ 119,426</u>	<u>\$ 131,125</u>	<u>\$ 11,699</u>
\$ 31,192	\$ 31,192	\$ 22,036	\$ 9,156	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,512,083	1,512,083	486,729	1,025,354	-	-	-	-	119,426	119,426	106,597	12,829
-	-	-	-	338,429	338,429	305,871	32,558	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-	-
<u>\$ 1,543,275</u>	<u>\$ 1,543,275</u>	<u>\$ 508,765</u>	<u>\$ 1,034,510</u>	<u>\$ 338,429</u>	<u>\$ 338,429</u>	<u>\$ 305,871</u>	<u>\$ 32,558</u>	<u>\$ 119,426</u>	<u>\$ 119,426</u>	<u>\$ 106,597</u>	<u>\$ 12,829</u>
\$ -	\$ -	\$ 330,249	\$ 330,249	\$ -	\$ -	\$ 62,713	\$ 62,713	\$ -	\$ -	\$ 24,528	\$ 24,528
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	(330,249)	(330,249)	-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ (330,249)</u>	<u>\$ (330,249)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 62,713	\$ 62,713	\$ -	\$ -	\$ 24,528	\$ 24,528
-	-	-	-	-	-	239,824	239,824	-	-	170,216	170,216
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 302,537</u>	<u>\$ 302,537</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 194,744</u>	<u>\$ 194,744</u>

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2025

	Gloucester Sanitary District	Gloucester Point Sanitary District	Total
ASSETS			
Cash and cash equivalents	\$ 25,588	\$ 89,850	\$ 115,438
Receivables (net of allowance for uncollectibles):			
Taxes receivable	15,713	16,911	32,624
Accounts receivable	11,935	11,969	23,904
Total assets	<u>\$ 53,236</u>	<u>\$ 118,730</u>	<u>\$ 171,966</u>
LIABILITIES			
Accounts payable	\$ 3,126	\$ 1,737	\$ 4,863
Due to other funds	9,800	-	9,800
Total liabilities	<u>\$ 12,926</u>	<u>\$ 1,737</u>	<u>\$ 14,663</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue - property taxes	\$ 14,651	\$ 15,104	\$ 29,755
Total deferred inflows of resources	<u>\$ 14,651</u>	<u>\$ 15,104</u>	<u>\$ 29,755</u>
NET POSITION			
Unrestricted	\$ 25,659	\$ 101,889	\$ 127,548
Total fund balances	<u>\$ 25,659</u>	<u>\$ 101,889</u>	<u>\$ 127,548</u>
Total liabilities and fund balances	<u>\$ 53,236</u>	<u>\$ 118,730</u>	<u>\$ 171,966</u>

Combining Statement of Revenues, Expenses, and Changes in Net Position
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Gloucester Sanitary District	Gloucester Point Sanitary District	Total
OPERATING REVENUES			
Miscellaneous	\$ 14,867	\$ -	\$ 14,867
Total operating revenues	<u>\$ 14,867</u>	<u>\$ -</u>	<u>\$ 14,867</u>
OPERATING EXPENSES			
Other charges	\$ 36,385	\$ 20,986	\$ 57,371
Total operating expenses	<u>\$ 36,385</u>	<u>\$ 20,986</u>	<u>\$ 57,371</u>
Operating income (loss)	<u>\$ (21,518)</u>	<u>\$ (20,986)</u>	<u>\$ (42,504)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	\$ 1,276	\$ 4,254	\$ 5,530
Taxes	<u>27,547</u>	<u>28,107</u>	<u>55,654</u>
Total nonoperating revenues (expenses)	<u>\$ 28,823</u>	<u>\$ 32,361</u>	<u>\$ 61,184</u>
Net change in net position	\$ 7,305	\$ 11,375	\$ 18,680
Net position - beginning	<u>18,354</u>	<u>90,514</u>	<u>108,868</u>
Net position - ending	<u><u>\$ 25,659</u></u>	<u><u>\$ 101,889</u></u>	<u><u>\$ 127,548</u></u>

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, 2025

	Gloucester Sanitary District			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
General property taxes	\$ 25,798	\$ 25,798	\$ 27,547	\$ 1,749
Revenue from the use of money and property	607	607	1,276	669
Miscellaneous	-	-	14,867	14,867
Total revenues	\$ 26,405	\$ 26,405	\$ 43,690	\$ 17,285
EXPENDITURES				
Current:				
Public works	\$ 25,673	\$ 25,673	\$ 36,385	\$ (10,712)
Total expenditures	\$ 25,673	\$ 25,673	\$ 36,385	\$ (10,712)
Excess (deficiency) of revenues over (under) expenditures	\$ 732	\$ 732	\$ 7,305	\$ 6,573
Net change in net position	\$ 732	\$ 732	\$ 7,305	\$ 6,573
Net position - beginning	18,354	18,354	18,354	-
Net position - ending	\$ 19,086	\$ 19,086	\$ 25,659	\$ 6,573

Gloucester Point Sanitary District				
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	
Original	Final			
\$ 26,670	\$ 26,670	\$ 28,107	\$ 1,437	
3,706	3,706	4,254	548	
-	-	-	-	
\$ 30,376	\$ 30,376	\$ 32,361	\$ 1,985	
\$ 21,808	\$ 21,808	\$ 20,986	\$ 822	
\$ 21,808	\$ 21,808	\$ 20,986	\$ 822	
\$ 8,568	\$ 8,568	\$ 11,375	\$ 2,807	
\$ 8,568	\$ 8,568	\$ 11,375	\$ 2,807	
90,514	90,514	90,514	-	
\$ 99,082	\$ 99,082	\$ 101,889	\$ 2,807	

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended June 30, 2025

	Gloucester Sanitary District	Gloucester Point Sanitary District	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts for miscellaneous items	\$ 2,932	\$ (11,969)	\$ (9,037)
Payments to suppliers	(34,858)	(21,012)	(55,870)
Net cash provided by (used for) operating activities	<u>\$ (31,926)</u>	<u>\$ (32,981)</u>	<u>\$ (64,907)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Tax revenue	\$ 28,192	\$ 27,850	\$ 56,042
Net cash provided by (used for) noncapital financing activities	<u>\$ 28,192</u>	<u>\$ 27,850</u>	<u>\$ 56,042</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	\$ 1,276	\$ 4,254	\$ 5,530
Net cash provided by (used for) investing activities	<u>\$ 1,276</u>	<u>\$ 4,254</u>	<u>\$ 5,530</u>
Net increase (decrease) in cash and cash equivalents	\$ (2,458)	\$ (877)	\$ (3,335)
Cash and cash equivalents - beginning - including restricted	28,046	90,727	118,773
Cash and cash equivalents - ending - including restricted	<u>\$ 25,588</u>	<u>\$ 89,850</u>	<u>\$ 115,438</u>
Reconciliation of excess (deficiency) of revenues over (under) expenditures to net cash provided by (used for) operating activities:			
Operating income (loss)	\$ (21,518)	\$ (20,986)	\$ (42,504)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:			
(Increase) decrease in accounts receivable	\$ (11,935)	\$ (11,969)	\$ (23,904)
Increase (decrease) in accounts payable	1,527	(26)	1,501
Total adjustments	<u>\$ (10,408)</u>	<u>\$ (11,995)</u>	<u>\$ (22,403)</u>
Net cash provided by (used for) operating activities	<u>\$ (31,926)</u>	<u>\$ (32,981)</u>	<u>\$ (64,907)</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2025

	Custodial Funds				Total
	Special Welfare	Middle Peninsula Regional Special Education	Flexible Benefits	Sheriff/ Jail	
ASSETS					
Cash and cash equivalents	\$ 10,091	\$ 135,244	\$ 56,571	\$ 39,394	\$ 241,300
Investments	-	5,962	-	-	5,962
Accounts receivable	5,159	65,113	-	-	70,272
Total assets	<u>\$ 15,250</u>	<u>\$ 206,319</u>	<u>\$ 56,571</u>	<u>\$ 39,394</u>	<u>\$ 317,534</u>
LIABILITIES					
Accounts payable	\$ -	\$ 56,759	\$ -	\$ -	\$ 56,759
Accrued liabilities	-	127,521	-	-	127,521
Due to other funds	-	1,899	-	-	1,899
Total liabilities	<u>\$ -</u>	<u>\$ 186,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 186,179</u>
NET POSITION					
Restricted for:					
Individuals	\$ 15,250	-	\$ 56,571	\$ 39,394	\$ 111,215
Other governments	-	20,140	-	-	20,140
Total net position	<u>\$ 15,250</u>	<u>\$ 20,140</u>	<u>\$ 56,571</u>	<u>\$ 39,394</u>	<u>\$ 131,355</u>

Combining Statement of Changes in Fiduciary Net Position
 Fiduciary Funds
 For the Year Ended June 30, 2025

	Custodial Funds				Total
	Special Welfare	Middle Peninsula Regional Special Education	Flexible Benefits	Sheriff/ Jail	
ADDITIONS					
Contributions:					
Other governmental entities	\$ -	\$ 933,828	\$ -	\$ -	\$ 933,828
Participant fees	-	-	218,914	-	218,914
Miscellaneous	26,766	161	-	56,787	83,714
Grant	-	29,006	-	-	29,006
Investment earnings:					
Interest and dividends	783	8,751	-	-	9,534
Total additions	<u>\$ 27,549</u>	<u>\$ 971,746</u>	<u>\$ 218,914</u>	<u>\$ 56,787</u>	<u>\$ 1,274,996</u>
DEDUCTIONS					
Recipient payments	\$ 29,782	\$ -	\$ 213,192	\$ -	\$ 242,974
Administrative expenses	-	14,189	-	82,101	96,290
Payments for personnel	-	960,455	-	-	960,455
Purchases for supplies	-	54,109	-	-	54,109
Total deductions	<u>\$ 29,782</u>	<u>\$ 1,028,753</u>	<u>\$ 213,192</u>	<u>\$ 82,101</u>	<u>\$ 1,353,828</u>
Net increase (decrease) in fiduciary net position	<u>\$ (2,233)</u>	<u>\$ (57,007)</u>	<u>\$ 5,722</u>	<u>\$ (25,314)</u>	<u>\$ (78,832)</u>
Net position, beginning	\$ 17,483	\$ 77,147	\$ 50,849	\$ 64,708	\$ 210,187
Net position, ending	<u>\$ 15,250</u>	<u>\$ 20,140</u>	<u>\$ 56,571</u>	<u>\$ 39,394</u>	<u>\$ 131,355</u>

Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2025

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50	\$ 142,998	\$ 835,338	\$ 978,386
Investments	-	7,398	-	7,398
Receivables (net of allowance for uncollectibles):				
Accounts receivable	85,780	12,641	-	98,421
Due from other governmental units	7,974,487	387,215	-	8,361,702
Inventories	-	45,033	-	45,033
Total assets	<u>\$ 8,060,317</u>	<u>\$ 595,285</u>	<u>\$ 835,338</u>	<u>\$ 9,490,940</u>
LIABILITIES				
Accounts payable	\$ 338,718	\$ 67,471	\$ -	\$ 406,189
Accrued liabilities	6,868,352	405,086	-	7,273,438
Due to other governmental units	318,043	-	-	318,043
Unearned revenue	535,204	-	-	535,204
Total liabilities	<u>\$ 8,060,317</u>	<u>\$ 472,557</u>	<u>\$ -</u>	<u>\$ 8,532,874</u>
FUND BALANCES				
Nonspendable	\$ -	\$ 45,033	\$ -	\$ 45,033
Assigned	-	77,695	835,338	913,033
Total fund balances	<u>\$ -</u>	<u>\$ 122,728</u>	<u>\$ 835,338</u>	<u>\$ 958,066</u>
Total liabilities and fund balances	<u>\$ 8,060,317</u>	<u>\$ 595,285</u>	<u>\$ 835,338</u>	<u>\$ 9,490,940</u>

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

Total fund balances per above \$ 958,066

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

Capital assets, cost	\$ 97,300,493	
Accumulated depreciation	(47,535,280)	49,765,213

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

Net pension asset		392,380
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Deferred outflows of resources are not available to pay for current-period expenditures, and, therefore, are not reported in the funds.

Pension related items	\$ 13,930,448	
OPEB related items	3,507,313	17,437,761

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.

(382,000)

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	\$ (1,886,216)	
Net OPEB liabilities	(13,955,573)	
Net pension liability	(34,993,554)	(50,835,343)

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

Pension related items	\$ (6,988,714)	
OPEB related items	(5,097,622)	(12,086,336)

Net position of governmental activities		\$ 5,249,741
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2025

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 15,589	\$ -	\$ 18,089
Charges for services	15,000	429,131	-	444,131
Miscellaneous	241,950	46,487	953,673	1,242,110
Intergovernmental:				
Local government	30,027,525	-	-	30,027,525
Commonwealth	41,864,702	80,187	-	41,944,889
Federal	2,874,591	2,875,472	-	5,750,063
Total revenues	<u>\$ 75,026,268</u>	<u>\$ 3,446,866</u>	<u>\$ 953,673</u>	<u>\$ 79,426,807</u>
EXPENDITURES				
Current:				
Education	\$ -	\$ 3,957,359	\$ 859,471	\$ 4,816,830
Instruction	54,700,662	-	-	54,700,662
Administration, Attendance, Health	3,134,218	-	-	3,134,218
Pupil Transportation	5,327,408	-	-	5,327,408
Operations and Maintenance	8,716,710	-	-	8,716,710
Technology	3,147,270	-	-	3,147,270
Total expenditures	<u>\$ 75,026,268</u>	<u>\$ 3,957,359</u>	<u>\$ 859,471</u>	<u>\$ 79,843,098</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (510,493)</u>	<u>\$ 94,202</u>	<u>\$ (416,291)</u>
Net change in fund balances	\$ -	\$ (510,493)	\$ 94,202	\$ (416,291)
Fund balances - beginning	-	633,221	741,136	1,374,357
Fund balances - ending	<u>-</u>	<u>122,728</u>	<u>835,338</u>	<u>958,066</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				\$ (416,291)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which the capital outlays exceeded depreciation in the current period.				
Capital asset additions		\$ 3,837,043		
Depreciation expense		<u>(4,680,265)</u>		(843,222)
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		\$ 95,795		
Pension expense		2,430,076		
OPEB expense		<u>557,821</u>		3,083,692
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.				
Change in net position of governmental activities				<u>117,000</u>
				<u>\$ 1,941,179</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, 2025

	School Operating Fund			Variance with Final Budget Positive Negative
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500
Charges for services	41,000	41,000	15,000	(26,000)
Miscellaneous	157,000	157,000	241,950	84,950
Intergovernmental:				
Local government	30,424,128	30,424,128	30,027,525	(396,603)
Commonwealth	42,217,000	43,918,728	41,864,702	(2,054,026)
Federal	3,251,373	3,251,373	2,874,591	(376,782)
Total revenues	\$ 76,092,501	\$ 77,794,229	\$ 75,026,268	\$ (2,767,961)
EXPENDITURES				
Current:				
Instruction	\$ 55,552,625	\$ 56,573,742	\$ 54,700,662	\$ 1,873,080
Administration, Attendance, Health	3,163,635	3,257,778	3,134,218	123,560
Pupil Transportation	5,331,244	5,635,506	5,327,408	308,098
Operations and Maintenance	8,814,477	9,160,486	8,716,710	443,776
Technology	3,230,520	3,166,717	3,147,270	19,447
Total expenditures	\$ 76,092,501	\$ 77,794,229	\$ 75,026,268	\$ 2,767,961
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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, 2025

	School Cafeteria Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts		Actual	
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 31,366	\$ 31,366	\$ 15,589	\$ (15,777)
Charges for services	845,250	845,250	429,131	(416,119)
Miscellaneous	20,500	20,500	46,487	25,987
Intergovernmental:				
Commonwealth	96,625	96,625	80,187	(16,438)
Federal	3,300,000	3,300,000	2,875,472	(424,528)
Total revenues	<u>\$ 4,293,741</u>	<u>\$ 4,293,741</u>	<u>\$ 3,446,866</u>	<u>\$ (846,875)</u>
EXPENDITURES				
Current:				
Education	\$ 5,018,741	\$ 5,018,741	\$ 3,957,359	\$ 1,061,382
Total expenditures	<u>\$ 5,018,741</u>	<u>\$ 5,018,741</u>	<u>\$ 3,957,359</u>	<u>\$ 1,061,382</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (725,000)</u>	<u>\$ (725,000)</u>	<u>\$ (510,493)</u>	<u>\$ 214,507</u>
Net change in fund balances	\$ (725,000)	\$ (725,000)	\$ (510,493)	\$ 214,507
Fund balances - beginning	633,221	633,221	633,221	-
Fund balances - ending	<u>\$ (91,779)</u>	<u>\$ (91,779)</u>	<u>\$ 122,728</u>	<u>\$ 214,507</u>

Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2025

	Scholarship Private-Purpose Trust
ASSETS	
Cash and cash equivalents	\$ 3,524
Total assets	<u>\$ 3,524</u>
NET POSITION	
Held in trust for scholarships	<u>\$ 3,524</u>

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2025

	Scholarship Private-Purpose Trust
ADDITIONS	
Investment earnings:	
Interest	\$ 168
Total investment earnings	\$ 168
Total additions	\$ 168
 Change in net position	 \$ 168
Net position - beginning	3,356
Net position - ending	\$ 3,524

Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2025

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Accounts receivable	\$ 56,564
Total current assets	<u>\$ 56,564</u>
 Total assets	 <u>\$ 56,564</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 438,564
Total current liabilities	<u>438,564</u>
 Total liabilities	 <u>\$ 438,564</u>
NET POSITION	
Unrestricted	\$ (382,000)
Total net position	<u><u>\$ (382,000)</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, 2025

	<u>Self- Insurance Fund</u>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 10,089,623
Total operating revenues	<u>\$ 10,089,623</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 9,972,623
Total operating expenses	<u>\$ 9,972,623</u>
Operating income (loss)	<u>\$ 117,000</u>
Total net position - beginning	\$ (499,000)
Total net position - ending	<u><u>\$ (382,000)</u></u>

Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2025

	Self- Insurance Fund
	<u> </u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 10,033,059
Payments for premiums	<u>(10,033,059)</u>
Net cash provided by (used for) operating activities	<u>\$ -</u>
Cash and cash equivalents - beginning	\$ -
Cash and cash equivalents - ending	<u><u>\$ -</u></u>
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ <u>117,000</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ 225,443
Increase (decrease) in due to other governmental units	(282,007)
Increase (decrease) in accounts payable	<u>(60,436)</u>
Total adjustments	<u>\$ (117,000)</u>
Net cash provided by (used for) operating activities	<u><u>\$ -</u></u>

Statement of Net Position
Discretely Presented Component Unit - Economic Development Authority
June 30, 2025

ASSETS

Current assets:

Cash and cash equivalents	\$	62,478
Investments		1,057,376
Inventories		649,536
Total current assets	\$	<u>1,769,390</u>

Noncurrent assets:

Capital assets:

Land	\$	473,735
Buildings		18,221,572
Machinery and equipment		7,234
Accumulated depreciation		(13,375,871)
Total net capital assets	\$	<u>5,326,670</u>
Total noncurrent assets	\$	<u>5,326,670</u>
Total assets	\$	<u>7,096,060</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	3,703
Accrued interest payable		20,461
Bonds payable - current portion		1,232,550
Total current liabilities	\$	<u>1,256,714</u>

Noncurrent liabilities:

Bonds payable - net of current portion	\$	3,714,179
Total noncurrent liabilities	\$	<u>3,714,179</u>
Total liabilities	\$	<u>4,970,893</u>

NET POSITION

Net investment in capital assets	\$	379,941
Unrestricted		1,745,226
Total net position	\$	<u>2,125,167</u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2025

OPERATING REVENUES

Charges for services:

Rents	\$	1,485,942
Contributions from local governments		60,000
State grant		110,845
Total operating revenues	\$	<u>1,656,787</u>

OPERATING EXPENSES

Contractual services	\$	16,232
Other charges		34,038
Grant expenses		110,845
Economic development incentive programs		98,878
Depreciation		547,350
Total operating expenses	\$	<u>807,343</u>
Operating income (loss)	\$	<u>849,444</u>

NONOPERATING REVENUES (EXPENSES)

Investment income	\$	44,142
Loss on sale of land		(208,979)
Interest expense		(276,284)
Total nonoperating revenues (expenses)	\$	<u>(441,121)</u>
Change in net position	\$	408,323

Total net position - beginning		1,716,844
Total net position - ending	\$	<u><u>2,125,167</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 1,485,942
Receipts for local government contributions	60,000
Receipts from grants	110,845
Payments for operating activities	(261,327)
Net cash provided by (used for) operating activities	<u>\$ 1,395,460</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from the sale of inventories	\$ 224,529
Principal payments on bonds	(1,173,144)
Interest payments	(276,284)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,224,899)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale (purchase) of investments	\$ (214,142)
Interest income	44,142
Net cash provided by (used for) investing activities	<u>\$ (170,000)</u>

Net increase (decrease) in cash and cash equivalents	\$ 561
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Cash and cash equivalents - beginning	61,917
Cash and cash equivalents - ending	<u><u>\$ 62,478</u></u>

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

Operating income (loss)	\$ 849,444
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 547,350
Increase (decrease) in accounts payable	(1,334)
Total adjustments	<u>\$ 546,016</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,395,460</u></u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 33,298,462	\$ 33,298,462	\$ 34,102,890	\$ 804,428
Delinquent real estate taxes	951,811	951,811	789,337	(162,474)
Real and personal public service corporation taxes	958,928	958,928	1,051,641	92,713
Current personal property taxes	13,487,527	13,487,527	13,863,032	375,505
Delinquent personal property taxes	1,484,594	1,484,594	1,587,002	102,408
Mobile home taxes	66,792	66,792	61,545	(5,247)
Penalties	510,141	510,141	556,967	46,826
Interest	302,972	302,972	307,744	4,772
Total general property taxes	\$ 51,061,227	\$ 51,061,227	\$ 52,320,158	\$ 1,258,931
Other local taxes:				
Local sales and use taxes	\$ 7,941,178	\$ 7,941,178	\$ 7,611,238	\$ (329,940)
Consumers' utility taxes	755,468	755,468	755,005	(463)
Electric consumption taxes	129,549	129,549	134,264	4,715
Business license taxes	2,639,042	2,639,042	2,598,938	(40,104)
Bank stock taxes	352,968	352,968	399,208	46,240
Taxes on recordation	400,516	400,516	465,490	64,974
Deeds of conveyance	129,835	129,835	137,675	7,840
Restaurant food taxes	3,655,625	3,655,625	3,563,181	(92,444)
Hotel and motel room taxes	441,637	441,637	433,366	(8,271)
Total other local taxes	\$ 16,445,818	\$ 16,445,818	\$ 16,098,365	\$ (347,453)
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 35,594	\$ 35,594	\$ 27,463	\$ (8,131)
Dangerous dog licenses	150	150	940	790
Exotic animal licenses	75	75	75	-
Land use application fees	1,560	1,560	2,240	680
Transfer fees	1,748	1,748	1,434	(314)
Zoning verification fee	-	-	900	
Zoning permits-construction	24,003	24,003	22,145	(1,858)
Zoning permits-business license	10,000	10,000	9,310	(690)
Subdivision plat fee	3,250	3,250	2,110	(1,140)
Zoning variance and appeals	1,650	1,650	550	(1,100)
Site plan approval	15,000	15,000	7,800	(7,200)
Rezoning code amendment	2,480	2,480	11,000	8,520
Chesapeake Bay permits	7,250	7,250	11,850	4,600
Stormwater	33,766	33,766	38,985	5,219
Building permits	315,977	315,977	279,034	(36,943)
Soil erosion permits	8,820	8,820	7,210	(1,610)
Wetland permits	7,073	7,073	8,500	1,427
Open burn permits	250	250	225	(25)
Wetlands in lieu	4,250	4,250	500	(3,750)
Total permits, privilege fees, and regulatory licenses	\$ 472,896	\$ 472,896	\$ 432,271	\$ (40,625)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Fines and forfeitures:				
Court fines and forfeitures	\$ 66,212	\$ 66,212	\$ 80,629	\$ 14,417
Parking fines	35	35	-	(35)
Bus patrol	-	-	1,000	1,000
Total fines and forfeitures	<u>\$ 66,247</u>	<u>\$ 66,247</u>	<u>\$ 81,629</u>	<u>\$ 15,382</u>
Revenue from use of money and property:				
Interest income	\$ 996,272	\$ 996,272	\$ 1,094,883	\$ 98,611
Rental income	6,500	6,500	6,232	(268)
Health Department rental	91,605	91,605	92,946	1,341
Tower lease	37,895	37,895	64,317	26,422
Total revenue from use of money and property	<u>\$ 1,132,272</u>	<u>\$ 1,132,272</u>	<u>\$ 1,258,378</u>	<u>\$ 126,106</u>
Charges for services:				
Charges for courthouse maintenance	\$ 9,800	\$ 9,800	\$ 13,191	\$ 3,391
Charges for circuit court judge fees	57,172	57,172	62,433	5,261
Charges for courthouse security	85,972	85,972	88,170	2,198
Charges for jail fees	7,635	7,635	7,187	(448)
Charges for probation	8,560	8,560	10,284	1,724
Charges for use of credit cards	80,000	80,000	93,805	13,805
Charges for use of credit cards-Library	1,000	1,000	181	(819)
Charges for Sheriff fees	3,279	3,279	3,129	(150)
Charges for concealed background check	26,600	26,600	33,416	6,816
Charges for Commonwealth's Attorney	3,031	3,031	3,882	851
Charges for animal shelter fees	8,690	8,690	16,006	7,316
Charges for sanitation and waste removal	728,709	728,709	624,496	(104,213)
Charges for recreation class fees	140,000	140,000	138,445	(1,555)
Charges for parks	65,000	65,000	86,698	21,698
Charges for park concessions	5,000	5,000	4,831	(169)
Charges for daffodil festival	77,583	77,583	98,787	21,204
Charges for sale of daffodil items	6,500	6,500	15,992	9,492
Charges for sale of tourism items	16,288	16,288	16,773	485
Charges for sale of commemorative items	5,000	5,000	4,041	(959)
Charges for library	15,000	15,000	13,639	(1,361)
Charges for sale of street maps	-	-	28	28
Total charges for services	<u>\$ 1,350,819</u>	<u>\$ 1,350,819</u>	<u>\$ 1,335,414</u>	<u>\$ (15,405)</u>
Miscellaneous:				
Donations	\$ 41,884	\$ 41,884	\$ 35,764	\$ (6,120)
Sale of equipment	-	-	2,199	2,199
Sale of vehicles	-	-	6,840	6,840
Surplus tax sales	150,000	150,000	190,142	40,142
Cable EG capital grant	40,916	40,916	17,895	(23,021)
Returned check fees	1,295	1,295	1,645	350
Other income	331,619	331,619	339,969	8,350
Total miscellaneous	<u>\$ 565,714</u>	<u>\$ 565,714</u>	<u>\$ 594,454</u>	<u>\$ 28,740</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Revenue from local sources: (Continued)				
Recovered costs:				
Recovered costs sheriff	\$ 85,000	\$ 85,000	\$ 159,917	\$ 74,917
Recovered costs Jail	29,240	29,240	28,153	(1,087)
Recovered costs treasurer	80,000	80,000	87,535	7,535
Recovered costs probation	87,800	87,800	86,700	(1,100)
Recovered costs miscellaneous	-	-	455	455
Recovered costs demolition	11,505	11,505	2,462	(9,043)
Recovered costs grants	46,000	172	-	(172)
Recovered costs repair & maintenance	-	-	428	428
Recovered costs automobile expense	6,311	6,311	11,170	4,859
Recovered cost fuel	99,734	99,734	95,354	(4,380)
Recovered cost library	3,676	3,676	2,686	(990)
Recovered cost animal control	1,000	1,000	3,803	2,803
Recovered costs court appointed attorney	18,075	18,075	14,692	(3,383)
Recovered costs bill in equity	-	-	241	241
Recovered costs commonwealth attorney	1,000	1,000	-	(1,000)
Recovered costs clerk document reproduction	8,234	8,234	4,367	(3,867)
Recovered costs solar inspections	-	815,283	561,740	(253,543)
Total recovered costs	\$ 479,890	\$ 1,249,345	\$ 1,062,674	\$ (186,671)
Total revenue from local sources	\$ 71,574,883	\$ 72,344,338	\$ 73,183,343	\$ 839,005
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Communication tax	\$ 1,028,610	\$ 1,028,610	\$ 991,675	\$ (36,935)
Motor vehicle carriers' tax	1,000	1,000	-	(1,000)
Personal property tax relief funds	2,778,640	2,778,640	2,778,640	-
Mobile home titling tax	32,232	32,232	72,140	39,908
Motor vehicle rental tax	94,110	94,110	114,472	20,362
Total noncategorical aid	\$ 3,934,592	\$ 3,934,592	\$ 3,956,927	\$ 22,335
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 533,193	\$ 533,193	\$ 539,201	\$ 6,008
Sheriff	3,496,868	3,496,868	3,637,653	140,785
Jail	107,702	107,702	65,785	(41,917)
Asset forfeiture	28,879	28,879	483	(28,396)
Commissioner of revenue	204,004	204,004	206,808	2,804
Treasurer	222,039	222,039	223,678	1,639
Registrar	65,216	65,216	73,667	8,451
Electoral board	7,483	7,483	8,638	1,155
Clerk of the Circuit Court	376,882	376,882	385,987	9,105
Total shared expenses	\$ 5,042,266	\$ 5,042,266	\$ 5,141,900	\$ 99,634

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth: (Continued)				
Other categorical aid:				
Emergency medical services	\$ 44,590	\$ 44,590	\$ 44,073	\$ (517)
Fire programs	174,295	174,295	198,391	24,096
Victim-witness grant	31,413	31,413	40,006	8,593
Litter control grant	22,627	22,627	19,542	(3,085)
Sheriff - school resource officers grant	165,853	165,853	162,290	(3,563)
E911 wireless grant	146,478	146,478	153,051	6,573
Library grant	230,853	247,894	247,894	-
Probation & pretrial	442,437	442,437	454,363	11,926
Sheriff witness protection grant	-	25,000	61	(24,939)
State grant-tourism	45,000	45,000	25,000	(20,000)
Other state grants	89,325	91,425	118,073	26,648
Total other categorical aid	\$ 1,392,871	\$ 1,437,012	\$ 1,462,744	\$ 25,732
Total categorical aid	\$ 6,435,137	\$ 6,479,278	\$ 6,604,644	\$ 125,366
Total revenue from the Commonwealth	\$ 10,369,729	\$ 10,413,870	\$ 10,561,571	\$ 147,701
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 778	\$ 778	\$ 916	\$ 1,694
Categorical aid:				
V-stop prosecutor grant	\$ 41,174	\$ 41,174	\$ 26,565	\$ (14,609)
Victim/witness grant	59,371	65,371	64,122	(1,249)
Emergency management grant	13,644	13,644	13,644	-
Highway safety grant	35,304	40,872	45,460	4,588
Asset forfeiture	25,673	25,673	-	(25,673)
Federal grants - BVP	1,078	1,078	5,500	4,422
Other federal revenue	251,750	283,910	235,053	(48,857)
Total categorical aid	\$ 427,994	\$ 471,722	\$ 390,344	\$ (81,378)
Total revenue from the federal government	\$ 428,772	\$ 472,500	\$ 391,260	\$ (81,240)
Total General Fund	\$ 82,373,384	\$ 83,230,708	\$ 84,136,174	\$ 905,466
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,766,131	\$ 1,766,131	\$ 1,441,745	\$ (324,386)
Total categorical aid	\$ 1,766,131	\$ 1,766,131	\$ 1,441,745	\$ (324,386)
Total revenue from the Commonwealth	\$ 1,766,131	\$ 1,766,131	\$ 1,441,745	\$ (324,386)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,615,281	\$ 2,615,281	\$ 2,535,948	\$ (79,333)
Total categorical aid	\$ 2,615,281	\$ 2,615,281	\$ 2,535,948	\$ (79,333)
Total revenue from the federal government	\$ 2,615,281	\$ 2,615,281	\$ 2,535,948	\$ (79,333)
Total Virginia Public Assistance Fund	\$ 4,381,412	\$ 4,381,412	\$ 3,977,693	\$ (403,719)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Comprehensive Services Act Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 3,720	\$ 3,720	\$ 5,567	\$ 1,847
Total revenue from local sources	\$ 3,720	\$ 3,720	\$ 5,567	\$ 1,847
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,280	\$ 2,280	\$ 1,779	\$ (501)
Comprehensive services act	1,399,885	1,399,885	880,870	(519,015)
Total categorical aid	\$ 1,402,165	\$ 1,402,165	\$ 882,649	\$ (519,516)
Total revenue from the Commonwealth	\$ 1,402,165	\$ 1,402,165	882,649	(519,516)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 18,000	\$ 18,000	\$ 14,046	\$ (3,954)
Comprehensive services act	-	-	1,240	1,240
Total revenue from the federal government	\$ 18,000	\$ 18,000	\$ 15,286	\$ (2,714)
Total Comprehensive Services Act Fund	\$ 1,423,885	\$ 1,423,885	\$ 903,502	\$ (520,383)
American Rescue Plan Act Fund:				
Revenue from the federal government:				
Categorical aid:				
American Rescue Plan Act funds	\$ 1,543,275	\$ 1,543,275	\$ 839,014	\$ (704,261)
Total categorical aid	\$ 1,543,275	\$ 1,543,275	\$ 839,014	\$ (704,261)
Total revenue from the federal government	\$ 1,543,275	\$ 1,543,275	\$ 839,014	\$ (704,261)
Total American Rescue Plan Act Fund	\$ 1,543,275	\$ 1,543,275	\$ 839,014	\$ (704,261)
Opioid Abatement Fund:				
Revenue from local sources:				
Miscellaneous:				
Opioid settlement funds	\$ 338,429	\$ 338,429	\$ 368,584	\$ 30,155
Total opioid abatement fund	\$ 338,429	\$ 338,429	\$ 368,584	\$ 30,155
Mosquito Control Fund:				
Revenue from local sources:				
General property taxes:	\$ 119,426	\$ 119,426	\$ 131,125	\$ 11,699
Total mosquito control fund	\$ 119,426	\$ 119,426	\$ 131,125	\$ 11,699
Total Special Revenue Funds	\$ 7,806,427	\$ 7,806,427	\$ 6,219,918	\$ (1,586,509)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
Debt Service Fund:				
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Other noncategorical aid	\$ 104,414	\$ 104,414	\$ 55,708	\$ (48,706)
Total noncategorical aid	\$ 104,414	\$ 104,414	\$ 55,708	\$ (48,706)
Revenue from the federal government:				
Noncategorical aid:				
Other noncategorical aid	\$ 225,060	\$ 225,060	\$ 237,295	\$ 12,235
Total noncategorical aid	\$ 225,060	\$ 225,060	\$ 237,295	\$ 12,235
Total Debt Service Fund	\$ 329,474	\$ 329,474	\$ 293,003	\$ (36,471)
School Sales Tax Fund:				
Revenue from local sources:				
Other local taxes:				
School sales tax	\$ 6,256,551	\$ 6,256,551	\$ 6,050,183	\$ (206,368)
Revenue from use of money and property:				
Revenue from the use of money	\$ 281,244	\$ 281,244	\$ 685,458	\$ 404,214
Total school sales tax fund	\$ 6,537,795	\$ 6,537,795	\$ 6,735,641	\$ 197,846
Capital Projects Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 578,303	\$ 578,303
Total revenue from use of money and property	\$ -	\$ -	\$ 578,303	\$ 578,303
Miscellaneous:				
Contributions-FEMA homeowner match	\$ 79,109	\$ 79,109	\$ 27,198	\$ (51,911)
Contributions-open broadband	29,633	29,633	29,634	1
In-kind rental income	36,000	36,000	36,000	-
In-kind contributions-Mathews broadband project	-	-	8,000	8,000
Donations - Animal Control	-	10,000	8,400	(1,600)
Total miscellaneous	\$ 144,742	\$ 154,742	\$ 109,232	\$ (45,510)
Total revenue from local sources	\$ 144,742	\$ 154,742	\$ 687,535	\$ 532,793

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund: (Continued)				
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
VPA dredging grant	\$ -	\$ 70,532	\$ (20,197)	\$ (90,729)
Virginia telecommunications initiative (VATI) grant	120,391	120,391	42,464	(77,927)
Virginia department of emergency management grants	128,000	128,000	-	(128,000)
FEMA elevation grants	316,434	316,434	116,447	(199,987)
Total categorical aid	\$ 564,825	\$ 635,357	\$ 138,714	\$ (496,643)
Total revenue from the Commonwealth	\$ 564,825	\$ 635,357	\$ 138,714	\$ (496,643)
Revenue from the federal government:				
Categorical aid:				
HVAC ARP grant	\$ 658,949	\$ 658,949	\$ -	\$ (658,949)
ESSER III	979,148	979,148	900,611	(78,537)
FEMA elevation grants	2,089,935	2,089,935	667,338	(1,422,597)
Total categorical aid	\$ 3,728,032	\$ 3,728,032	\$ 1,567,949	\$ (2,160,083)
Total revenue from the federal government	\$ 3,728,032	\$ 3,728,032	\$ 1,567,949	\$ (2,160,083)
Total Capital Projects Fund	\$ 4,437,599	\$ 4,518,131	\$ 2,394,198	\$ (2,123,933)
Total Primary Government	\$ 101,484,679	\$ 102,422,535	\$ 99,778,934	\$ (2,643,601)
Discretely Presented Component Unit-School Board:				
School Operating Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,000	\$ 2,000	\$ 2,500	\$ 500
Charges for services:				
Tuition and payments from other divisions	\$ 41,000	\$ 41,000	\$ 15,000	\$ (26,000)
Miscellaneous:				
Other miscellaneous	\$ 157,000	\$ 157,000	\$ 241,950	\$ 84,950
Total revenue from local sources	\$ 200,000	\$ 200,000	\$ 259,450	\$ 59,450
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Gloucester, Virginia	\$ 30,424,128	\$ 30,424,128	\$ 30,027,525	\$ (396,603)
Total revenue from local governments	\$ 30,424,128	\$ 30,424,128	\$ 30,027,525	\$ (396,603)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 7,430,326	\$ 7,204,578	7,497,891	\$ 293,313
Basic school aid	20,416,887	19,742,646	19,219,603	(523,043)
ISAEF	16,405	16,405	16,054	(351)
Remedial summer education	64,427	64,427	-	(64,427)
Regular foster care	-	-	31,933	31,933
Gifted ed-soq	184,351	184,351	181,303	(3,048)
Prevent/intervention/remediation	492,562	-	59,595	59,595
Compensation Supplement	219,335	745,879	734,659	(11,220)
Special ed-soq	2,148,838	2,148,838	2,113,311	(35,527)
Textbook payment	461,280	461,280	453,654	(7,626)
Vocational standards of quality payments	385,984	385,984	379,603	(6,381)
Industrial based cert	-	-	4,519	4,519
Social security fringe benefits	1,074,419	1,036,973	1,019,828	(17,145)
Retirement fringe benefits	2,310,145	2,229,492	2,192,631	(36,861)
Group life insurance fringe benefits	74,892	63,371	62,323	(1,048)
Early reading intervention	155,832	155,832	122,622	(33,210)
State lottery payments	1,167,536	1,274,264	1,264,273	(9,991)
Homebound education	16,759	16,759	10,268	(6,491)
Regional program tuition	329,578	329,578	417,312	87,734
Vocational educational equipment	17,474	17,474	14,194	(3,280)
Vocational educational occup prep	3,000	3,000	4,964	1,964
Special education - foster children	31,458	31,458	-	(31,458)
At risk - soq	1,362,919	2,795,086	2,752,521	(42,565)
National Board Certification TC	22,500	22,500	20,000	(2,500)
Primary class size	671,571	671,571	659,687	(11,884)
VA Preschool	616,125	616,125	556,325	(59,800)
Mentor teacher program	2,416	2,416	1,658	(758)
Miscellaneous	250,000	250,000	30,000	(220,000)
English as a second language	52,439	63,203	102,254	39,051
Race to GED	3,000	3,000	3,000	-
Industry credential student	5,000	5,000	1,048	(3,952)
Other state funds	-	1,147,695	1,287,462	139,767
SRO Grant	200,750	200,750	116,955	(83,795)
Project graduation	5,341	5,341	5,341	-
All-in spending	1,345,000	1,345,000	-	(1,345,000)
VPSA technology	258,000	258,000	258,000	-
Algebra readiness	70,451	70,452	73,156	2,704
Medicaid reimbursement	350,000	350,000	196,755	(153,245)
Total categorical aid	\$ 42,217,000	\$ 43,918,728	\$ 41,864,702	\$ (2,054,026)
Total revenue from the Commonwealth	\$ 42,217,000	\$ 43,918,728	\$ 41,864,702	\$ (2,054,026)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Operating Fund: (Continued)				
Intergovernmental: (Continued)				
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 935,000	\$ 935,000	\$ 657,815	\$ (277,185)
Miscellaneous	200,000	200,000	54,795	(145,205)
Impact aid	115,000	115,000	123,110	8,110
Title VI-B, special education	1,322,700	1,322,700	1,165,434	(157,266)
Vocational education - carl perkins	89,760	89,760	92,967	3,207
Title II	188,262	188,262	148,240	(40,022)
Title IV	45,000	45,000	71,613	26,613
ROTC	130,651	130,651	103,183	(27,468)
ESSER III	-	-	141,565	141,565
ESSER III Summer School	75,000	75,000	-	(75,000)
ESSER III -ul	100,000	100,000	106,327	6,327
ESSER III - bf/aft sch	50,000	50,000	75,980	25,980
E-rate	-	-	133,562	133,562
Total categorical aid	\$ 3,251,373	\$ 3,251,373	\$ 2,874,591	\$ (376,782)
Total revenue from the federal government	\$ 3,251,373	\$ 3,251,373	\$ 2,874,591	\$ (376,782)
Total School Operating Fund	\$ 76,092,501	\$ 77,794,229	\$ 75,026,268	\$ (2,767,961)
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 31,366	\$ 31,366	\$ 15,589	\$ (15,777)
Total revenue from use of money and property	\$ 31,366	\$ 31,366	\$ 15,589	\$ (15,777)
Charges for services:				
Cafeteria sales	\$ 825,250	\$ 825,250	\$ 398,343	\$ (426,907)
Other charges for services	20,000	20,000	30,788	10,788
Total charges for services	\$ 845,250	\$ 845,250	\$ 429,131	\$ (416,119)
Miscellaneous:				
Other miscellaneous	\$ 20,500	\$ 20,500	\$ 46,487	\$ 25,987
Total miscellaneous	\$ 20,500	\$ 20,500	\$ 46,487	\$ 25,987
Total revenue from local sources	\$ 897,116	\$ 897,116	\$ 491,207	\$ (405,909)
Intergovernmental:				
Categorical aid:				
School food program grant	\$ 96,625	\$ 96,625	\$ 80,187	\$ (16,438)
Total categorical aid	\$ 96,625	\$ 96,625	\$ 80,187	\$ (16,438)
Total revenue from the Commonwealth	\$ 96,625	\$ 96,625	\$ 80,187	\$ (16,438)
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 3,000,000	\$ 3,000,000	\$ 2,457,676	\$ (542,324)
Head Start	40,000	40,000	33,921	(6,079)
USDA commodities	260,000	260,000	383,875	123,875
Total categorical aid	\$ 3,300,000	\$ 3,300,000	\$ 2,875,472	\$ (424,528)
Total revenue from the federal government	\$ 3,300,000	\$ 3,300,000	\$ 2,875,472	\$ (424,528)
Total School Cafeteria Fund	\$ 4,293,741	\$ 4,293,741	\$ 3,446,866	\$ (846,875)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

<u>Fund, Major and Minor Revenue Source</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Discretely Presented Component Unit-School Board:				
Gloucester County School Activity Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 953,673	\$ 953,673
Total miscellaneous revenue	\$ -	\$ -	\$ 953,673	\$ 953,673
 Total Gloucester County School Activity Fund	 \$ -	 \$ -	 \$ 953,673	 \$ 953,673
 Total Discretely Presented Component Unit- School Board	 \$ 80,386,242	 \$ 82,087,970	 \$ 79,426,807	 \$ (2,661,163)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund:				
General government administration:				
Legislative:				
Board of supervisors	\$ 268,340	\$ 268,340	\$ 243,157	\$ 25,183
General and financial administration:				
County administrator	\$ 881,760	\$ 905,268	\$ 930,752	\$ (25,484)
County attorney	386,524	396,487	398,257	(1,770)
Human resources	746,191	762,114	784,078	(21,964)
Commissioner of revenue	844,234	863,233	835,583	27,650
Real estate assessment	601,847	617,781	595,195	22,586
Treasurer	1,048,280	1,067,867	1,059,912	7,955
Fiscal services	749,921	768,659	868,220	(99,561)
Information technology	1,971,038	2,047,277	2,018,380	28,897
GIS	469,354	500,896	491,588	9,308
Purchasing	444,559	452,617	441,155	11,462
Other general and financial administration	151,039	151,039	126,272	24,767
Total general and financial administration	\$ 8,294,747	\$ 8,533,238	\$ 8,549,392	\$ (16,154)
Board of elections:				
Electoral board and officials	\$ 411,401	418,312	421,315	\$ (3,003)
Total board of elections	\$ 411,401	\$ 418,312	\$ 421,315	\$ (3,003)
Total general government administration	\$ 8,974,488	\$ 9,219,890	\$ 9,213,864	\$ 6,026
Judicial administration:				
Courts:				
Circuit court	\$ 111,090	\$ 113,549	\$ 111,171	\$ 2,378
General district court	20,040	20,040	20,667	(627)
Magistrate	500	500	793	(293)
Juvenile and domestic relations district court	8,204	8,204	6,052	2,152
Clerk of the circuit court	815,462	835,436	757,560	77,876
Victim and witness assistance	150,543	160,932	159,798	1,134
Court services unit	256,051	256,051	257,372	(1,321)
Group home commission	101,801	101,801	101,801	-
Total courts	\$ 1,463,691	\$ 1,496,513	\$ 1,415,214	\$ 81,299
Commonwealth's attorney:				
Commonwealth's attorney	\$ 1,178,982	\$ 1,209,198	\$ 1,170,472	\$ 38,726
Total commonwealth's attorney	\$ 1,178,982	\$ 1,209,198	\$ 1,170,472	\$ 38,726
Total judicial administration	\$ 2,642,673	\$ 2,705,711	\$ 2,585,686	\$ 120,025
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 8,942,389	\$ 9,179,278	\$ 8,609,881	\$ 569,397
School resource officers	262,723	262,723	287,375	(24,652)
Total law enforcement and traffic control	\$ 9,205,112	\$ 9,442,001	\$ 8,897,256	\$ 544,745

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire and rescue squads	\$ 5,701,726	\$ 5,701,726	\$ 5,758,102	\$ (56,376)
Radio system	984,460	984,460	953,216	31,244
State forestry service	7,497	7,497	7,494	3
Office of emergency services	275,590	283,911	307,566	(23,655)
Total fire and rescue services	<u>\$ 6,969,273</u>	<u>\$ 6,977,594</u>	<u>\$ 7,026,378</u>	<u>\$ (48,784)</u>
Correction and detention:				
County operated institutions	\$ 3,920,617	\$ 4,016,521	\$ 3,850,945	\$ 165,576
Probation and pretrial	674,195	689,746	666,867	22,879
Total correction and detention	<u>\$ 4,594,812</u>	<u>\$ 4,706,267</u>	<u>\$ 4,517,812</u>	<u>\$ 188,455</u>
Inspections:				
Building	\$ 748,531	\$ 767,660	\$ 672,131	\$ 95,529
Total inspections	<u>\$ 748,531</u>	<u>\$ 767,660</u>	<u>\$ 672,131</u>	<u>\$ 95,529</u>
Other protection:				
Environmental programs	\$ 434,453	\$ 1,267,942	\$ 956,953	\$ 310,989
Animal control	605,760	616,160	641,388	(25,228)
Medical examiner	1,500	1,500	3,245	(1,745)
Total other protection	<u>\$ 1,041,713</u>	<u>\$ 1,885,602</u>	<u>\$ 1,601,586</u>	<u>\$ 284,016</u>
Total public safety	<u>\$ 22,559,441</u>	<u>\$ 23,779,124</u>	<u>\$ 22,715,163</u>	<u>\$ 1,063,961</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 379,801	\$ 391,224	\$ 358,617	\$ 32,607
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 379,801</u>	<u>\$ 391,224</u>	<u>\$ 358,617</u>	<u>\$ 32,607</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 18,443	\$ 18,443	\$ 22,207	\$ (3,764)
Total sanitation and waste removal	<u>\$ 18,443</u>	<u>\$ 18,443</u>	<u>\$ 22,207</u>	<u>\$ (3,764)</u>
Maintenance of general buildings and grounds:				
General properties	\$ 3,134,753	\$ 3,088,494	\$ 2,971,042	\$ 117,452
Total maintenance of general buildings and grounds	<u>\$ 3,134,753</u>	<u>\$ 3,088,494</u>	<u>\$ 2,971,042</u>	<u>\$ 117,452</u>
Total public works	<u>\$ 3,532,997</u>	<u>\$ 3,498,161</u>	<u>\$ 3,351,866</u>	<u>\$ 146,295</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 511,885	\$ 520,685	\$ 526,051	\$ (5,366)
Total health	<u>\$ 511,885</u>	<u>\$ 520,685</u>	<u>\$ 526,051</u>	<u>\$ (5,366)</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 203,829	\$ 203,829	\$ 203,829	\$ -
Total mental health and mental retardation	\$ 203,829	\$ 203,829	\$ 203,829	\$ -
Total health and welfare	\$ 715,714	\$ 724,514	\$ 729,880	\$ (5,366)
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 15,303	\$ 15,303	\$ 15,303	\$ -
Community engagement and public information	735,190	787,688	815,449	(27,761)
Cable services	88,753	88,839	52,334	36,505
Contribution to County School Board	30,424,128	30,424,128	30,027,525	396,603
Total education	\$ 31,263,374	\$ 31,315,958	\$ 30,910,611	\$ 405,347
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 653,080	\$ 670,048	\$ 642,722	\$ 27,326
Park operations	927,916	971,692	993,823	(22,131)
Total parks and recreation	\$ 1,580,996	\$ 1,641,740	\$ 1,636,545	\$ 5,195
Cultural enrichment:				
Daffodil festival	\$ 70,257	\$ 70,901	\$ 81,413	\$ (10,512)
Total cultural enrichment	\$ 70,257	\$ 70,901	\$ 81,413	\$ (10,512)
Library:				
Contribution to county library	\$ 1,175,635	\$ 1,252,371	\$ 1,267,280	\$ (14,909)
Total library	\$ 1,175,635	\$ 1,252,371	\$ 1,267,280	\$ (14,909)
Total parks, recreation, and cultural	\$ 2,826,888	\$ 2,965,012	\$ 2,985,238	\$ (20,226)
Community development:				
Planning and community development:				
Economic development	\$ 339,821	\$ 376,142	\$ 361,588	\$ 14,554
Planning and zoning	1,056,588	1,093,275	876,789	216,486
Tourism	464,082	469,592	333,373	136,219
Total planning and community development	\$ 1,860,491	\$ 1,939,009	\$ 1,571,750	\$ 367,259
Environmental management:				
Clean community program	\$ 30,586	\$ 31,427	\$ 34,244	\$ (2,817)
Total environmental management	\$ 30,586	\$ 31,427	\$ 34,244	\$ (2,817)
Cooperative extension program:				
Extension office	\$ 135,611	\$ 137,265	\$ 136,279	\$ 986
Total cooperative extension program	\$ 135,611	\$ 137,265	\$ 136,279	\$ 986
Total community development	\$ 2,026,688	\$ 2,107,701	\$ 1,742,273	\$ 365,428

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Contributions to civic organizations:				
Bay Aging	\$ 16,073	\$ 16,073	\$ 16,073	\$ -
VersAbility Resources	13,000	13,000	13,000	-
Tidewater Soil & Water Conservation District	12,500	12,500	12,500	-
Gloucester Housing Partnership	36,000	36,000	36,000	-
Gloucester Mathews Free Clinic	65,000	65,000	65,000	-
Avalon Center	5,000	5,000	5,000	-
Bay Transit	199,729	199,729	199,729	-
Boys & Girls Club of the Virginia Peninsula	30,000	30,000	30,000	-
Gloucester Arts on Main	4,500	4,500	4,500	-
Total contributions to civic organizations	\$ 381,802	\$ 381,802	\$ 381,802	\$ -
Contingency:				
County administrator contingency	\$ 250,000	\$ 250,000	\$ -	\$ 250,000
Contingency-grants	46,000	172	-	172
Facilities maintenance repair & replace (FMRR)	15,000	15,000	-	15,000
Contingency-pay matters	270,283	(460,904)	-	(460,904)
Contingency-transfer savings	(300,000)	(300,000)	-	(300,000)
Total contingency	\$ 281,283	\$ (495,732)	\$ -	\$ (495,732)
Total nondepartmental	\$ 663,085	\$ (113,930)	\$ 381,802	\$ (495,732)
Debt service:				
Principal retirement	\$ 224,843	\$ 229,639	\$ 319,433	\$ (89,794)
Interest and other fiscal charges	105,467	100,672	86,628	14,044
Total debt service	\$ 330,310	\$ 330,311	\$ 406,061	\$ (75,750)
Total General Fund	\$ 75,535,658	\$ 76,532,452	\$ 75,022,444	\$ 1,510,008
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 4,794,740	\$ 4,794,740	\$ 4,412,294	\$ 382,446
Public assistance	1,742,000	1,772,500	1,257,988	514,512
Purchased services	91,800	61,300	49,798	11,502
Grants	38,800	38,800	2,927	35,873
Board of public welfare	4,067	4,067	4,010	57
Total welfare and social services	\$ 6,671,407	\$ 6,671,407	\$ 5,727,017	\$ 944,390
Total health and welfare	\$ 6,671,407	\$ 6,671,407	\$ 5,727,017	\$ 944,390
Total Virginia Public Assistance Fund	\$ 6,671,407	\$ 6,671,407	\$ 5,727,017	\$ 944,390
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 2,494,385	\$ 2,494,385	\$ 1,449,862	\$ 1,044,523
Total Comprehensive Services Act Fund	\$ 2,494,385	\$ 2,494,385	\$ 1,449,862	\$ 1,044,523

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
American Rescue Plan Act Fund:				
Premium pay:				
Employee Bonuses	\$ 31,192	\$ 31,192	\$ 22,037	\$ 9,155
Total premium pay	\$ 31,192	\$ 31,192	\$ 22,037	\$ 9,155
Public works:				
Utilities infrastructure:				
Utilities equipment	\$ 266,087	\$ 266,087	\$ 18,640	\$ 247,447
Pump station #11 repairs	53,500	53,500	34,800	18,700
Membranes RO skid #1	334,040	334,040	334,040	-
Point water tower age management	156,502	156,502	97,699	58,803
SCADA upgrades	442,238	442,238	-	442,238
PS #14 replacements	166,416	166,416	1,550	164,866
WTP P3 & P8 replacement	93,300	93,300	-	93,300
Total utilities infrastructure	\$ 1,512,083	\$ 1,512,083	\$ 486,729	\$ 1,025,354
Total public works	\$ 1,512,083	\$ 1,512,083	\$ 486,729	\$ 1,025,354
Total American Rescue Plan Act	\$ 1,543,275	\$ 1,543,275	\$ 508,766	\$ 1,034,509
Opioid Abatement Fund:				
Federal Opioid Abatement Fund:				
Opioid abatement projects	\$ 338,429	\$ 338,429	\$ 305,871	\$ 32,558
Total Opioid Abatement Fund	\$ 338,429	\$ 338,429	\$ 305,871	\$ 32,558
Debt Service Fund:				
Debt service:				
School sales tax eligible projects:				
Principal retirement	\$ 1,532,222	\$ 1,600,845	\$ 1,600,845	\$ -
Interest and other fiscal charges	3,331,512	3,170,603	3,170,603	-
Total school sales tax eligible projects	\$ 4,863,734	\$ 4,771,448	\$ 4,771,448	\$ -
Other debt service				
Principal retirement	\$ 2,826,186	\$ 3,407,734	\$ 3,312,144	\$ 95,590
Interest and other fiscal charges	1,599,503	1,110,241	1,118,749	(8,508)
Total other debt service	\$ 4,425,689	\$ 4,517,975	\$ 4,430,893	\$ 87,082
Total Debt Service Fund	\$ 9,289,423	\$ 9,289,423	\$ 9,202,341	\$ 87,082
Mosquito Control Fund				
Public works:				
Personnel	\$ 21,826	\$ 21,826	\$ 13,966	\$ 7,860
Mosquito control operations	97,600	97,600	92,631	4,969
Total Mosquito Control Fund	\$ 119,426	\$ 119,426	\$ 106,597	\$ 12,829

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Fund:				
Capital projects expenditures:				
Bus replacement	\$ 636,899	\$ 647,694	\$ 647,694	\$ -
School project contingency	-	127,293	127,293	-
School security-door system	-	379,482	285,870	93,612
School security improvements	292,939	288,531	273,788	14,743
Gloucester high school renovation	24,080,428	24,080,428	15,873,841	8,206,587
Broadband	186,024	462,107	192,330	269,777
Historic building preservation	250,000	406,272	14,962	391,310
Animal control improvements	-	10,000	8,400	1,600
Older adult facility	-	24,500	18,397	6,103
Aberdeen & Timberneck Dredging	-	70,532	-	70,532
FEMA home elevation projects	2,485,478	2,485,478	811,394	1,674,084
County paving	423,040	423,040	416,593	6,447
Parks & recreation ADA improvements	70,257	70,257	41,024	29,233
Building 4 renovation	472,000	873,075	963,146	(90,071)
Beaverdam floating dock	150,000	-	-	-
Elevator repair & refurbishment	100,000	191,100	61,589	129,511
Generator replacement	208,000	208,000	77,840	130,160
Sheriff toughbooks	182,034	182,034	182,034	-
Unavailable funds	-	31,333	-	31,333
Inflation contingency	76,923	76,923	-	76,923
Total capital projects expenditures	\$ 29,614,022	\$ 31,038,079	\$ 19,996,195	\$ 11,041,884
Total Capital Projects Fund	\$ 29,614,022	\$ 31,038,079	\$ 19,996,195	\$ 11,041,884
Total Primary Government	\$ 125,606,025	\$ 128,026,876	\$ 112,319,093	\$ 15,707,783

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 55,552,625	\$ 56,573,742	\$ 54,700,662	\$ 1,873,080
Total instruction costs	\$ 55,552,625	\$ 56,573,742	\$ 54,700,662	\$ 1,873,080
Administration, Attendance and Health:				
School board	\$ 141,646	\$ 178,646	\$ 179,211	\$ (565)
Other administration	3,021,989	3,079,132	2,955,007	124,125
Total administration, attendance and health	\$ 3,163,635	\$ 3,257,778	\$ 3,134,218	\$ 123,560
Pupil transportation:				
Pupil transportation	\$ 5,331,244	\$ 5,635,506	\$ 5,327,408	\$ 308,098
Total pupil transportation	\$ 5,331,244	\$ 5,635,506	\$ 5,327,408	\$ 308,098
Operating and maintenance costs:				
Operation and maintenance	\$ 8,814,477	\$ 9,160,486	\$ 8,716,710	\$ 443,776
Total operating and maintenance costs	\$ 8,814,477	\$ 9,160,486	\$ 8,716,710	\$ 443,776
Technology:				
Technology	\$ 3,230,520	\$ 3,166,717	\$ 3,147,270	\$ 19,447
Total technology	\$ 3,230,520	\$ 3,166,717	\$ 3,147,270	\$ 19,447
Total education	\$ 76,092,501	\$ 77,794,229	\$ 75,026,268	\$ 2,767,961
Total School Operating Fund	\$ 76,092,501	\$ 77,794,229	\$ 75,026,268	\$ 2,767,961
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 4,768,741	\$ 4,768,741	\$ 3,522,636	\$ 1,246,105
USDA commodities	250,000	250,000	434,723	(184,723)
Total school food services	\$ 5,018,741	\$ 5,018,741	\$ 3,957,359	\$ 1,061,382
Total education	\$ 5,018,741	\$ 5,018,741	\$ 3,957,359	\$ 1,061,382
Total School Cafeteria Fund	\$ 5,018,741	\$ 5,018,741	\$ 3,957,359	\$ 1,061,382
Gloucester County School Activity Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ -	\$ -	\$ 859,471	\$ (859,471)
Total education	\$ -	\$ -	\$ 859,471	\$ (859,471)
Total Gloucester County School Activity Fund	\$ -	\$ -	\$ 859,471	\$ (859,471)
Total Discretely Presented Component Unit - School Board	\$ 81,111,242	\$ 82,812,970	\$ 79,843,098	\$ 2,969,872

Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Gloucester Sanitary District:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 24,110	\$ 24,110	\$ 25,562	\$ 1,452
Delinquent real estate taxes	398	398	496	98
Real and personal public service corporation taxes	1,142	1,142	1,271	129
Penalties	116	116	174	58
Interest	32	32	44	12
Total general property taxes	<u>\$ 25,798</u>	<u>\$ 25,798</u>	<u>\$ 27,547</u>	<u>\$ 1,749</u>
Revenue from use of money and property:				
Interest income	\$ 607	\$ 607	\$ 1,276	\$ 669
Total revenue from use of money and property	<u>\$ 607</u>	<u>\$ 607</u>	<u>\$ 1,276</u>	<u>\$ 669</u>
Miscellaneous:				
Insurance recovery	\$ -	\$ -	\$ 14,867	\$ 14,867
Total miscellaneous	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,867</u>	<u>\$ 14,867</u>
Total revenue from local sources	<u>\$ 26,405</u>	<u>\$ 26,405</u>	<u>\$ 43,690</u>	<u>\$ 17,285</u>
Total Gloucester Sanitary District	<u><u>\$ 26,405</u></u>	<u><u>\$ 26,405</u></u>	<u><u>\$ 43,690</u></u>	<u><u>\$ 17,285</u></u>
Gloucester Point Sanitary District:				
Revenue from local sources:				
General property taxes:				
Current real estate taxes	\$ 25,258	\$ 25,258	\$ 26,970	\$ 1,712
Delinquent real estate taxes	976	976	651	(325)
Real and personal public service corporation taxes	188	188	229	41
Penalties	152	152	206	54
Interest	96	96	51	(45)
Total general property taxes	<u>\$ 26,670</u>	<u>\$ 26,670</u>	<u>\$ 28,107</u>	<u>\$ 1,437</u>
Revenue from use of money and property:				
Interest income	\$ 3,706	\$ 3,706	\$ 4,254	\$ 548
Total revenue from use of money and property	<u>\$ 3,706</u>	<u>\$ 3,706</u>	<u>\$ 4,254</u>	<u>\$ 548</u>
Total revenue from local sources	<u>\$ 30,376</u>	<u>\$ 30,376</u>	<u>\$ 32,132</u>	<u>\$ 1,756</u>
Total Gloucester Sanitary District	<u><u>\$ 30,376</u></u>	<u><u>\$ 30,376</u></u>	<u><u>\$ 32,361</u></u>	<u><u>\$ 1,985</u></u>

Schedule of Revenues - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2025

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Utilities Fund:				
Operating revenues:				
Charges for services:				
Water Revenues				
Water service	\$ 3,750,245	\$ 3,750,245	\$ 3,793,626	\$ 43,381
Miscellaneous water	35,816	35,816	58,428	22,612
Renewal-water	38,040	38,040	10,343	(27,697)
Collection-water	-	-	10	10
Transfer-water	13,854	13,854	12,029	(1,825)
Write off old accounts-water	(25,000)	(25,000)	(11,952)	13,048
Total water revenues	\$ 3,812,955	\$ 3,812,955	\$ 3,862,484	\$ 49,529
Sewer revenues				
Sewer service	\$ 984,734	\$ 984,734	\$ 898,156	\$ (86,578)
Write off of old accounts-sewer	(25,000)	(25,000)	(11,952)	13,048
Total sewer revenues	\$ 959,734	\$ 959,734	\$ 886,204.00	\$ (73,530)
Other revenues				
Water tower lease	\$ 24,280	\$ 24,280	\$ 22,182	\$ (2,098)
Credit card fees	16,000	16,000	16,643	643
After hours work	-	-	250	250
Conversion balances	-	-	133	133
Fats, oils & grease	2,000	2,000	-	(2,000)
Late fees	98,720	98,720	90,450	(8,270)
Equipment fee	160,500	160,500	157,783	(2,717)
Insurance recovery	-	22,211	22,211	-
Other income	19,228	19,228	11,988	(7,240)
Returned check fees	1,882	1,882	1,610	(272)
Total other revenues	\$ 322,610	\$ 344,821	\$ 323,250	\$ (21,571)
Total operating revenues	\$ 5,095,299	\$ 5,117,510	\$ 5,071,938	\$ (45,572)
Nonoperating revenues				
Connection fees:				
Application-water	\$ 463,250	\$ 463,250	\$ 66,550	\$ (396,700)
Development-water	68,250	68,250	9,500	(58,750)
Application-sewer	408,200	408,200	38,000	(370,200)
Development-sewer	158,449	158,449	15,000	(143,449)
Total connection fees	\$ 1,098,149	\$ 1,098,149	\$ 129,050	\$ (969,099)
Investment income	\$ 234,305	\$ 234,305	\$ 244,597	\$ 10,292
Total nonoperating revenues	\$ 1,332,454	\$ 1,332,454	\$ 373,647	\$ (958,807)
Total Utilities Fund	\$ 6,427,753	\$ 6,449,964	\$ 5,445,585	\$ (1,004,379)
Total Proprietary Funds	\$ 6,484,534	\$ 6,506,745	\$ 5,521,636	\$ (985,109)

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Gloucester Sanitary District:				
Public works				
Repair and maintenance-light poles	\$ 5,000	\$ 5,000	\$ 17,177	\$ (12,177)
Electrical services	20,673	20,673	19,208	1,465
Total public works	\$ 25,673	\$ 25,673	\$ 36,385	\$ (10,712)
Total Gloucester Sanitary District	\$ 25,673	\$ 25,673	\$ 36,385	\$ (10,712)
Gloucester Point Sanitary District:				
Public works				
Electrical services	\$ 21,808	\$ 21,808	\$ 20,986	\$ 822
Total public works	\$ 21,808	\$ 21,808	\$ 20,986	\$ 822
Total Gloucester Point Sanitary District	\$ 21,808	\$ 21,808	\$ 20,986	\$ 822
Utilities Fund:				
Public works				
Operating expenses				
Personnel				
Salaries	\$ 1,525,798	\$ 1,573,232	\$ 1,352,498	\$ 220,734
Salaries-work as required	-	-	55,329	(55,329)
Salaries-overtime	113,711	113,711	108,031	5,680
Oncall	20,742	20,742	19,614	1,128
Vacancy savings & contingency	(64,036)	(121,647)	-	(121,647)
Total personnel	\$ 1,596,215	\$ 1,586,038	\$ 1,535,472	\$ 50,566
Fringe benefits	\$ 838,742	\$ 848,919	\$ 707,652	\$ 141,267
Contractual services				
Merchant credit card fees	\$ 16,000	\$ 16,000	\$ 18,558	\$ (2,558)
Professional services	169,000	203,842	147,429	56,413
Consent order	-	45,219	45,236	(17)
Lab services	30,000	30,000	41,736	(11,736)
Repair and maintenance	60,000	60,000	269,801	(209,801)
Repair and maintenance/auto	29,365	29,365	70,703	(41,338)
Maintenance service contract	123,120	123,120	120,298	2,822
Automated metering infrastructure maintenance	110,000	110,000	114,000	(4,000)
Electrical services	215,000	215,000	195,316	19,684
Total contractual services	752,485	832,546	1,023,077	(190,531)
Supplies				
Office supplies	\$ 12,000	\$ 12,000	\$ 6,983	\$ 5,017
Chemical supplies	251,080	251,080	289,283	(38,203)
Plant supplies	55,525	55,525	45,879	9,646
Distribution supplies	93,915	93,915	16,675	77,240
Sewer repair supplies	15,000	37,211	155,701	(118,490)
Safety expenses	21,000	21,000	12,183	8,817

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Utilities Fund (continued):				
Public works (continued)				
Operating expenses (continued)				
Sewer main supplies	10,000	10,000	10,315	(315)
Tools	31,626	31,626	22,669	8,957
Automotive Supplies	46,123	46,123	32,109	14,014
Inventory supplies	83,480	83,480	68,560	14,920
Total supplies	\$ 619,749	\$ 641,960	\$ 660,357	\$ (18,397)
Insurance				
Vehicle insurance	\$ 16,000	\$ 16,000	\$ 5,100	\$ 10,900
General liability insurance	776	776	814	(38)
Property insurance	21,778	21,778	14,223	7,555
Flood insurance	11,446	11,446	11,169	277
Total insurance	\$ 50,000	\$ 50,000	\$ 31,306	\$ 18,694
Other charges				
Advertising	\$ 500	\$ 500	\$ 62	\$ 438
Banking fees	2,208	2,208	2,347	(139)
Postage	47,605	47,605	51,390	(3,785)
Telephone	9,058	9,058	7,093	1,965
Telecommunications	4,892	4,892	2,936	1,956
Training	15,548	15,548	9,086	6,462
Dues and membership	2,811	2,811	3,214	(403)
Uniforms and clothing	5,218	5,218	3,334	1,884
Furniture and fixtures	-	-	(3,693)	3,693
Miscellaneous	2,000	2,000	950	1,050
Payments to other government agencies	19,827	19,827	19,297	530
FMRR	261,133	261,133	88,476	172,657
Pump station #11 collection system	56,638	56,638	-	56,638
Pump station #13 collection system	30,000	70,912	4,083	66,829
Celements/Glooucester waterline replacement	434,200	452,535	-	452,535
Pump station #15 control panel replacement	-	90,000	90,000	-
Repair leak filter #1	86,205	94,425	99,997	(5,572)
Replacement of old meters	125,000	245,635	248,371	(2,736)
Water system security	-	55,226	3,790	51,436
Water treatment plant pump rebuild	146,000	84,931	8,269	76,662

Schedule of Expenditures - Budget and Actual
 Proprietary Funds
 For the Year Ended June 30, 2025

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Other charges (Continued)				
VPDES outfall modifications	500,000	471,170	-	471,170
Refurbish WTB motors	-	-	-	-
Lead service line inventory	25,000	30,000	16,484	13,516
Replace surface water plant motor control center	460,000	460,000	39,202	420,798
Forest Hill Ave waterline	560,000	560,000	-	560,000
Water plant SCADA	115,000	115,000	-	115,000
Tillage Heights waterline	40,000	40,000	-	40,000
HVAC water treatment plant	-	-	7,990	(7,990)
Inflation contingency	41,839	41,839	-	41,839
Compliance projects	280,500	280,500	74,225	206,275
AMI	-	2,380,675	-	2,380,675
Total other charges	\$ 3,271,182	\$ 5,900,286	\$ 776,903	\$ 5,123,383
Depreciation	\$ -	\$ -	\$ 1,313,071	\$ (1,313,071)
Total operating expenses	\$ 7,128,373	\$ 9,859,749	\$ 6,047,838	\$ 3,811,911
Nonoperating expenses				
Interest expense	\$ 289,304	\$ 170,400	\$ 185,781	\$ (15,381)
Total nonoperating expenses	\$ 289,304	\$ 170,400	\$ 185,781	\$ (15,381)
Total Utilities Fund	\$ 7,417,677	\$ 10,030,149	\$ 6,233,619	\$ 3,796,530
Total Proprietary Funds	\$ 7,537,265	\$ 10,149,737	\$ 6,286,679	\$ 3,863,058

Statistical Section

Contents

Tables

Financial Trends

These tables contain trend information to help the reader understand how the County's financial performance and wellbeing have changed over time.

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Revenue Capacity

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property and sales taxes.

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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.

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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.

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Operating Information

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

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Sources: Unless otherwise noted, the information in these tables is derived from the annual comprehensive financial reports for the relevant year.

COUNTY OF GLOUCESTER, VIRGINIA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2025	2024	2023	2022
Governmental activities				
Net investment in capital assets	\$ 20,190,484	\$ 20,716,430	\$ 24,325,862	\$ 24,578,290
Restricted	17,568	-	1,790	4,097
Unrestricted	38,310,502	33,204,078	32,312,084	23,298,770
Total governmental activities net position	<u>\$ 58,518,554</u>	<u>\$ 53,920,508</u>	<u>\$ 56,639,736</u>	<u>\$ 47,881,157</u>
Business-type activities				
Net investment in capital assets	\$ 19,499,316	\$ 19,020,119	\$ 19,027,066	\$ 18,541,067
Restricted	1,423	-	145	332
Unrestricted	2,670,609	3,597,093	4,433,817	4,837,252
Total business-type activities net position	<u>\$ 22,171,348</u>	<u>\$ 22,617,212</u>	<u>\$ 23,461,028</u>	<u>\$ 23,378,651</u>
Primary government				
Net investment in capital assets	\$ 39,689,800	\$ 39,736,549	\$ 43,352,928	\$ 43,119,357
Restricted	18,991	-	1,935	4,429
Unrestricted	40,981,111	36,801,171	36,745,901	28,136,022
Total primary government net position	<u>\$ 80,689,902</u>	<u>\$ 76,537,720</u>	<u>\$ 80,100,764</u>	<u>\$ 71,259,808</u>

Table 1

2021	2020	2019	2018	2017	2016
\$ 11,391,918	\$ 16,970,169	\$ 17,743,311	\$ 18,431,064	\$ 18,280,127	\$ 17,543,250
-	-	-	-	-	-
21,615,966	14,910,552	15,759,342	15,040,469	16,925,823	15,676,394
<u>\$ 33,007,884</u>	<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>
\$ 18,443,968	\$ 18,885,015	\$ 19,338,462	\$ 17,703,636	\$ 15,069,296	\$ 13,266,968
-	-	-	1,834,232	1,866,455	1,866,690
4,639,007	4,064,219	3,587,462	2,948,373	3,247,483	3,041,421
<u>\$ 23,082,975</u>	<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>
\$ 29,835,886	\$ 35,855,184	\$ 37,081,773	\$ 36,134,700	\$ 33,349,423	\$ 30,810,218
-	-	-	1,834,232	1,866,455	1,866,690
26,254,973	18,974,771	19,346,804	17,988,842	20,173,306	18,717,815
<u>\$ 56,090,859</u>	<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>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2025	2024	2023	2022
Expenses				
Governmental activities:				
General government administration	\$ 9,777,488	\$ 9,181,181	\$ 7,227,061	\$ 7,341,776
Judicial administration	2,632,359	2,533,495	2,394,897	2,246,615
Public safety	22,992,372	20,388,333	21,821,567	17,994,636
Public works	4,249,460	2,981,665	2,569,926	2,417,634
Health and welfare	8,194,913	7,976,147	7,265,302	6,340,541
Education	35,965,480	47,016,311	37,758,280	26,922,092
Parks, recreation, culture	3,347,989	4,824,491	2,846,720	2,902,076
Community development	2,178,601	2,466,085	3,205,527	4,498,408
Interest on long-term debt	4,760,836	2,315,968	2,122,078	1,241,878
Total governmental activities expenses	94,099,498	99,683,676	87,211,358	71,905,656
Business-type activities:				
Public utilities	6,233,619	5,723,289	5,036,676	4,774,028
Non-Major enterprise funds	57,371	49,865	51,198	43,835
Total business-type activities expenses	6,290,990	5,773,154	5,087,874	4,817,863
Total Primary government expenses	\$ 100,390,488	\$ 105,456,830	\$ 92,299,232	\$ 76,723,519
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ 93,805	\$ 87,836	\$ 92,827	\$ 64,934
Judicial administration	259,589	243,112	211,762	165,106
Public safety	556,326	464,322	494,602	557,707
Public works	624,496	815,815	589,203	478,061
Health and welfare	-	-	-	-
Education	-	-	-	-
Parks, recreation, culture	358,601	339,409	310,019	306,150
Community development	20,814	24,956	19,621	18,226
Operating grants and contributions	12,826,077	12,179,507	13,124,491	12,743,053
Capital grants and contributions	1,590,216	1,392,985	849,064	139,079
Total governmental activities program revenues	\$ 16,329,924	\$ 15,547,942	\$ 15,691,589	\$ 14,472,316
Business-type activities:				
Charges for services	\$ 5,215,855	\$ 4,787,746	\$ 4,987,411	\$ 4,919,569
Capital grants and contributions	-	-	-	142,651
Total business-type activities program revenues	5,215,855	4,787,746	4,987,411	5,062,220
Total primary government program revenue	\$ 21,545,779	\$ 20,335,688	\$ 20,679,000	\$ 19,534,536
Net(Expense)/Revenue				
Governmental activities	\$ (77,769,574)	\$ (84,135,734)	\$ (71,519,769)	\$ (57,433,340)
Business-type activities	(1,075,135)	(985,408)	(100,463)	244,357
Total primary government net expense	\$ (78,844,709)	\$ (85,121,142)	\$ (71,620,232)	\$ (57,188,983)

Table 2
Page 1 of 2

2021	2020	2019	2018	2017	2016
\$ 7,279,364	\$ 6,728,268	\$ 6,404,365	\$ 6,273,889	\$ 5,985,400	\$ 5,213,213
2,425,945	2,194,538	2,146,477	2,022,836	1,747,820	1,832,619
19,872,272	17,520,033	16,296,649	15,005,085	14,420,083	13,746,855
3,619,414	2,549,544	2,354,901	2,147,005	2,118,053	2,168,694
6,210,692	6,607,759	6,130,510	5,515,673	5,514,819	5,018,243
32,007,187	31,121,559	29,868,409	27,761,018	27,272,736	33,924,847
2,481,849	2,453,113	2,443,912	2,437,963	2,359,727	2,316,509
3,919,597	2,111,415	1,508,533	2,569,352	2,670,768	1,850,500
1,251,346	1,109,287	1,289,739	1,375,212	1,564,983	1,903,921
<u>79,067,666</u>	<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>
4,835,657	4,383,288	4,196,717	3,542,913	3,669,366	3,828,006
<u>4,835,657</u>	<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>\$ 83,903,323</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>
\$ 3,476	\$ -	\$ -	\$ -	\$ -	\$ -
160,048	165,055	215,232	239,638	209,190	225,492
499,636	515,568	505,564	493,463	640,084	416,526
551,085	537,113	571,491	551,396	497,981	411,479
-	-	-	-	-	44,851
-	-	570	80	258	-
196,776	188,892	383,437	363,322	369,051	264,424
11,082	9,099	-	-	9,300	74,260
15,435,822	9,231,380	8,855,506	8,487,119	8,238,150	8,431,639
848,443	612,726	408,508	1,149,639	1,232,247	581,781
<u>\$ 17,706,368</u>	<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>
\$ 4,898,385	\$ 4,312,516	\$ 4,512,752	\$ 4,568,243	\$ 4,966,010	\$ 4,161,870
-	-	-	-	-	713,180
<u>4,898,385</u>	<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>\$ 22,604,753</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>
\$ (61,361,298)	\$ (61,135,683)	\$ (57,503,187)	\$ (53,823,376)	\$ (52,458,128)	\$ (57,524,949)
62,728	(70,772)	316,035	1,025,330	1,296,644	1,047,044
<u>\$ (61,298,570)</u>	<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>

COUNTY OF GLOUCESTER, VIRGINIA

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

	2025	2024	2023	2022
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 52,790,133	\$ 50,973,852	\$ 49,490,772	\$ 47,196,515
Local sales and use tax	7,611,238	7,510,379	7,251,255	6,693,227
Consumer utility tax	755,005	744,634	775,140	763,099
Business license taxes	2,598,938	2,585,676	2,421,143	2,216,575
Restaurant food taxes	3,563,181	3,577,510	3,355,355	3,085,826
School sales tax	6,050,183	5,928,029	5,813,178	5,482,990
Other local taxes	1,570,003	1,558,174	1,456,029	1,724,695
Unrestricted revenues from use of money and property	2,457,822	3,377,711	2,048,758	236,268
Miscellaneous	1,006,021	908,636	1,271,776	571,395
Grants and contributions not restricted to specific programs	4,250,846	4,272,029	6,394,942	4,336,023
Transfers	(330,249)	(20,124)	-	-
Total governmental activities	\$ 82,323,121	\$ 81,416,506	\$ 80,278,348	\$ 72,306,613
Business-type activities:				
General property taxes	\$ 55,654	\$ 55,531	\$ 49,174	\$ 44,171
Unrestricted revenues from use of money and property	250,127	289,691	133,666	7,148
Grants and contributions not restricted to specific programs	-	-	-	-
Loss on disposal of capital assets	-	(223,754)	-	-
Transfers	330,249	20,124	-	-
Total business-type activities	\$ 636,030	\$ 141,592	\$ 182,840	\$ 51,319
Total primary government	\$ 82,959,151	\$ 81,558,098	\$ 80,461,188	\$ 72,357,932
Change in Net Position				
Governmental activities	\$ 4,553,547	\$ (2,719,228)	\$ 8,758,579	\$ 14,873,273
Business-type activities	(439,105)	(843,816)	82,377	295,676
Total primary government	\$ 4,114,442	\$ (3,563,044)	\$ 8,840,956	\$ 15,168,949

2021	2020	2019	2018	2017	2016
\$ 44,532,103	\$ 42,406,876	\$ 41,229,104	\$ 40,204,898	\$ 39,729,693	\$ 38,881,635
6,262,576	5,469,912	4,868,752	4,627,344	4,363,168	4,132,108
757,551	743,181	740,458	733,044	725,381	716,300
2,011,717	1,867,032	1,931,649	1,729,800	1,682,846	1,552,245
2,699,399	2,346,997	2,377,951	2,274,619	2,194,698	2,116,520
-	-	-	-	-	-
1,702,408	1,220,134	1,195,686	1,199,763	1,202,114	1,109,601
169,672	371,220	484,500	356,250	202,694	154,286
311,546	854,758	396,215	321,874	432,749	670,380
4,052,756	4,233,641	4,309,992	4,423,702	4,486,617	4,505,799
(11,267)	-	-	(430,524)	(575,526)	(673,000)
\$ 62,488,461	\$ 59,513,751	\$ 57,534,307	\$ 55,440,770	\$ 54,444,434	\$ 53,165,874
\$ 50,657	\$ 38,646	\$ 40,651	\$ 39,849	\$ 38,722	\$ 39,235
9,088	55,436	82,997	77,735	97,263	91,191
-	-	-	779,370	-	-
-	-	-	-	-	-
11,267	-	-	430,524	575,526	673,000
\$ 71,012	\$ 94,082	\$ 123,648	\$ 1,327,478	\$ 711,511	\$ 803,426
\$ 62,559,473	\$ 59,607,833	\$ 57,657,955	\$ 56,768,248	\$ 55,155,945	\$ 53,969,300
\$ 1,127,163	\$ (1,621,932)	\$ 31,120	\$ 1,617,394	\$ 1,986,306	\$ (4,359,075)
133,740	23,310	439,683	2,352,808	2,008,155	1,850,470
\$ 1,260,903	\$ (1,598,622)	\$ 470,803	\$ 3,970,202	\$ 3,994,461	\$ (2,508,605)

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2025	2024	2023	2022
General Fund				
Nonspendable	\$ 397,534	\$ 43,416	\$ 388,126	\$ 392,574
Restricted	42,680	47,395	101,391	89,255
Committed	2,575,738	2,558,144	2,061,318	2,575,170
Assigned	250,000	260,000	260,000	260,000
Unassigned	28,290,205	28,327,571	29,405,761	26,572,890
Total General Fund	<u>\$ 31,556,157</u>	<u>\$ 31,236,526</u>	<u>\$ 32,216,596</u>	<u>\$ 29,889,889</u>
All Other Governmental Funds				
Nonspendable	\$ 53,671	\$ 120,391	\$ 120,391	\$ 199,474
Restricted	24,849,385	37,218,916	25,780,072	35,916,123
Committed	1,346,242	2,100,029	5,011,444	4,381,083
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 26,249,298</u>	<u>\$ 39,439,336</u>	<u>\$ 30,911,907</u>	<u>\$ 40,496,680</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

2021	2020	2019	2018	2017	2016
\$ 399,975	\$ 385,394	\$ 99,784	\$ 390,393	\$ 400,064	\$ 48,681
32,823	43,121	38,307	79,268	82,362	77,013
2,741,220	2,634,123	2,440,816	1,983,468	1,672,041	1,310,127
260,000	260,000	260,000	260,000	-	-
23,193,852	19,213,229	20,944,248	21,141,510	20,524,588	20,009,317
<u>\$ 26,627,870</u>	<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>
\$ 2,815	\$ -	\$ -	\$ 190,015	\$ -	\$ -
5,081,683	43,000	137,100	125,000	115,400	97,400
373,335	533,816	685,451	700,298	696,419	692,639
-	104,580	-	-	-	-
-	-	-	(190,015)	-	-
<u>\$ 5,457,833</u>	<u>\$ 681,396</u>	<u>\$ 822,551</u>	<u>\$ 825,298</u>	<u>\$ 811,819</u>	<u>\$ 790,039</u>

COUNTY OF GLOUCESTER, VIRGINIA

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

	2025	2024	2023
REVENUES			
General property taxes	\$ 52,451,283	\$ 50,795,587	\$ 49,008,016
Other local taxes	22,148,548	21,904,402	21,072,100
Permits, privilege fees, and regulatory licenses	432,271	415,743	440,967
Fines and forfeitures	81,629	74,709	65,227
Revenue from the use of money and property	2,522,139	3,377,711	2,066,716
Charges for services	1,335,414	1,484,998	1,193,882
Miscellaneous	1,077,837	605,848	879,799
Recovered costs	1,062,674	819,681	695,418
Intergovernmental revenues:			
Commonwealth	13,080,387	13,075,562	13,933,419
Federal	5,586,752	4,768,959	6,435,078
Total revenues	\$ 99,778,934	\$ 97,323,200	\$ 95,790,622
EXPENDITURES			
Current:			
General government administration	\$ 9,213,864	\$ 8,398,200	\$ 7,750,726
Judicial administration	2,585,686	2,476,857	2,274,390
Public safety	22,737,199	21,956,897	21,289,695
Public works	3,945,192	3,396,659	2,972,274
Health and welfare	8,212,630	7,846,582	7,090,702
Education	30,910,611	31,535,625	29,548,069
Parks, recreation, and cultural	2,985,238	2,754,925	2,472,008
Community development	1,742,273	2,072,217	1,751,720
Nondepartmental	381,802	413,392	370,562
Capital projects	19,996,195	38,047,677	22,026,341
Debt service:			
Principal retirement	3,631,577	3,878,466	3,588,697
Interest and other fiscal charges	1,205,377	1,224,579	1,233,498
Principal retirement-School	1,600,845	964,617	137,965
Interest and other fiscal charges-School	3,170,603	1,327,488	1,006,189
Total expenditures	\$ 112,319,092	\$ 126,294,181	\$ 103,512,836
Excess (deficiency) of revenues over (under) expenditures	\$ (12,540,158)	\$ (28,970,981)	\$ (7,722,214)
OTHER FINANCING SOURCES (USES)			
Transfers in	\$ 13,565,547	\$ 11,809,349	\$ 10,137,777
Transfers out	(13,895,796)	(11,829,473)	(10,137,777)
Issuance of general obligation bonds	-	31,005,000	-
Bond premium issuance	-	1,880,759	-
Issuance of leases	-	3,652,705	-
Issuance of loan	-	-	-
Issuance of subscription liability	-	-	464,148
Refunding of lease revenue bonds	-	-	-
Total other financing sources (uses)	\$ (330,249)	\$ 36,518,340	\$ 464,148
Net change in fund balances	\$ (12,870,407)	\$ 7,547,359	\$ (7,258,066)
Fund balances - beginning	70,675,862	63,128,503	70,386,569
Fund balances - ending	\$ 57,805,455	\$ 70,675,862	\$ 63,128,503
Debt Service as a percentage of noncapital expenditures	10.04%	8.90%	7.54%

Table 4

2022		2021		2020		2019		2018		2017		2016	
\$	46,905,877	\$	44,376,967	\$	41,363,050	\$	41,213,749	\$	40,429,513	\$	39,605,567	\$	38,899,618
	19,966,412		13,433,651		11,647,256		11,114,496		10,564,570		10,168,207		9,626,774
	516,829		440,781		458,428		459,062		438,668		591,346		361,437
	49,245		44,321		59,632		97,257		118,878		85,667		94,470
	236,268		169,672		371,220		484,500		356,250		202,694		154,286
	1,024,110		937,001		897,667		1,119,975		1,090,353		1,048,851		981,125
	571,395		311,546		320,238		396,215		321,874		432,749		670,380
	584,285		445,385		571,175		222,897		434,664		413,302		362,494
	11,072,783		11,448,662		10,716,317		10,734,135		10,781,075		10,822,673		11,074,903
	6,145,372		8,888,359		3,361,430		2,839,871		3,279,385		3,134,341		2,444,316
\$	87,072,576	\$	80,496,345	\$	69,766,413	\$	68,682,157	\$	67,815,230	\$	66,505,397	\$	64,669,803
\$	7,254,309	\$	6,661,798	\$	6,696,148	\$	6,388,524	\$	5,963,044	\$	5,725,817	\$	5,559,742
	2,140,393		2,157,099		2,058,268		2,067,608		1,864,417		1,659,363		1,776,474
	17,930,731		17,449,969		15,476,843		14,944,726		13,715,518		13,267,144		12,431,841
	2,709,399		2,538,458		2,551,198		2,343,097		2,157,205		2,066,222		2,203,795
	6,097,620		7,043,663		6,505,660		6,259,573		5,541,116		5,465,381		5,064,135
	27,475,526		29,061,269		27,314,420		26,337,674		24,850,100		24,202,067		22,873,774
	4,288,529		2,247,145		2,297,096		2,416,749		2,323,548		2,342,983		2,180,280
	3,385,817		2,756,934		1,158,443		1,108,132		1,134,167		1,034,146		1,040,427
	322,306		397,135		317,181		290,585		285,585		300,585		300,585
	10,388,980		2,785,727		2,607,292		2,111,755		2,682,620		3,693,480		6,548,321
	7,780,122		2,950,217		2,922,931		3,053,318		4,097,070		4,186,313		10,276,799
	1,110,969		1,280,108		1,249,376		1,434,647		1,581,253		1,751,399		2,110,911
	99,163		-		-		-		-		-		-
	305,722		-		-		-		-		-		-
\$	91,289,586	\$	77,329,522	\$	71,154,856	\$	68,756,388	\$	66,195,643	\$	65,694,900	\$	72,367,084
\$	(4,217,010)	\$	3,166,823	\$	(1,388,443)	\$	(74,231)	\$	1,619,587	\$	810,497	\$	(7,697,281)
\$	9,143,269	\$	6,825,951	\$	7,339,499	\$	7,532,333	\$	8,279,537	\$	8,369,496	\$	7,729,031
	(9,143,269)		(6,837,218)		(7,339,499)		(7,532,333)		(8,710,061)		(8,945,022)		(8,402,031)
	32,425,000		10,205,000		-		-		-		-		-
	2,724,064		699,884		-		-		-		-		-
	2,696,361		-		-		-		-		1,020,726		-
	4,672,451		-		-		-		-		-		-
	-		-		-		-		-		-		-
	-		(5,192,000)		-		-		-		-		6,725,000
\$	42,517,876	\$	5,701,617	\$	-	\$	-	\$	(430,524)	\$	445,200	\$	6,052,000
\$	38,300,866	\$	8,868,440	\$	(1,388,443)	\$	(74,231)	\$	1,189,063	\$	1,255,697	\$	(1,645,281)
	32,085,703		23,217,263		24,605,706		24,679,937		23,490,874		22,235,177		23,880,458
\$	70,386,569	\$	32,085,703	\$	23,217,263	\$	24,605,706	\$	24,679,937	\$	23,490,874	\$	22,235,177
	12.55%		6.17%		6.20%		6.94%		8.89%		8.94%		19.61%

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2025		2016	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Riverbend Apartments LP	\$ 24,991,280	0.41 %	\$ -	- %
Evergreen Development Company LLC	19,195,510	0.32	21,310,040	0.51
Wal-Mart Real Estate Business Trust	17,548,840	0.29	13,691,030	0.32
York River Crossing Shopping Center LLC	14,847,640	0.24	15,143,000	0.36
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	9,910,430	0.16	-	-
Welltower OM Group LLC	9,187,360	0.15	-	-
IVQ Gloucester Propco LLC	8,881,630	0.15	-	-
Lowes Home Centers Inc	8,100,190	0.13	9,599,230	0.23
Gloucester Medical Arts I, LLC	-	-	8,087,130	0.19
Walter Reed Memorial Hospital	-	-	6,908,030	0.16
Nam Duc Vu & Hoa Anh Tran	-	-	7,074,410	0.17
Aggregate Industries Land Company Inc	-	-	7,223,590	0.17
Thousand Trails, Inc.	-	-	8,452,450	0.20
	<u>\$ 134,508,020</u>	<u>2.21 %</u>	<u>\$ 106,226,520</u>	<u>2.52 %</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		Total Collections to Date	
				Amount	Percentage of Original Levy	Amount	Percentage of Adjusted Levy
2016	28,574,808	(3,508)	28,571,300	27,850,881	97.47%	28,563,950	99.97%
2017	29,192,667	(6,599)	29,186,068	28,438,565	97.42%	29,177,316	99.97%
2018	29,569,340	(8,399)	29,560,941	28,880,722	97.67%	29,549,801	99.96%
2019	29,892,524	(13,995)	29,878,529	29,203,018	97.69%	29,862,771	99.95%
2020	30,923,858	40,968	30,964,826	29,610,532	95.75%	30,956,143	99.97%
2021	31,971,959	(5,233)	31,966,726	30,936,937	96.76%	31,940,119	99.92%
2022	32,849,238	41,136	32,890,374	31,942,553	97.24%	32,821,201	99.79%
2023	33,753,137	24,648	33,777,785	32,832,452	97.27%	33,619,425	99.53%
2024	33,856,738	10,831	33,867,569	32,950,267	97.32%	33,567,236	99.11%
2025	34,897,028	-	34,897,028	33,994,176	97.41%	33,994,176	97.41%

Source: Gloucester County Treasurer's Office

COUNTY OF GLOUCESTER, VIRGINIA

Table 7

Personal 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
2016	\$ 28,574,808	\$ (3,243)	\$ 28,571,565	\$ 27,850,881	97.47%	\$ 707,204	\$ 28,558,085	99.95%
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	(49,276)	10,233,183	9,053,909	88.05%	1,068,283	10,122,192	98.92%
2021	10,864,302	462,508	11,326,810	9,336,139	85.93%	1,837,034	11,173,173	98.64%
2022	11,880,542	(127,871)	11,752,671	10,352,178	87.14%	1,449,012	11,801,190	100.41%
2023	14,025,457	(82,198)	13,943,259	11,896,240	84.82%	1,706,642	13,602,882	97.56%
2024	15,149,073	196,445	15,345,518	13,138,835	86.73%	1,507,746	14,646,581	95.45%
2025	15,793,474	-	15,793,474	13,677,492	86.60%	-	13,677,492	86.60%

Source: Gloucester County Treasurer's Office

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

Calendar Year	Residential	Commercial	Total Taxable Assessed	Total Direct Tax	Estimated Actual Taxable	Tax Exempt
Ended	Property	Property	Value	Rate	Value (1)	Property
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 (2)	420,362
2023	5,264,271	701,687	5,965,958	0.583	5,105,070	455,734
2024	5,346,566	717,549	6,064,115	0.583	-	454,127
2025	5,362,814	721,234	6,084,049	0.614	-	457,856

Source: Gloucester County Commissioner of Revenue

(1) - The Estimated Actual Taxable Value is the Total Taxable Assessed Value multiplied by the median Assessment Sales Ratio published by the Virginia Department of Taxation. The Assessment Sales Ratio is based on calendar year sales, and therefore is not available for the most recent two years.

(2) - Assessment Sales Ratio updated

Assessed Value of Taxable Property Other than Real Property
Last Ten Calendar Years

Calendar Year Ended	Personal Property (1)	Machinery & Tools (1)	Boats (1)	Public Service (2)	Total
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
2025	618,199,981	9,186,780	72,331,382	173,392,184	873,110,327

(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

COUNTY OF GLOUCESTER, VIRGINIA

Table 10

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities					Business Type Activities							
	General Obligation Bonds	Lease Revenue Bond	Loan Payable	State Literary Funds		Lease Liabilities	Subscription Liabilities	Revenue Bonds	Equipment Purchase Agreement	Loan Payable	Total Primary Government	Percentage of Personal Income	Per Capita
				Loans									
2016	34,798,831	-	-	720,324		9,444,609	-	15,060,214	-	-	60,023,978	3.46%	1,623.02
2017	32,755,003	-	-	470,324		8,467,388	-	12,625,476	-	-	54,318,191	3.02%	1,461.38
2018	30,741,581	-	-	220,324		6,528,278	-	10,065,738	-	-	47,555,921	2.61%	1,278.59
2019	28,373,341	5,590,000	-	-		368,063	-	7,402,000	-	-	41,733,404	2.19%	1,125.19
2020	25,925,013	5,192,000	-	-		185,998	-	6,688,000	-	-	37,991,011	1.87%	981.40
2021	28,971,216	4,989,000	-	-		-	-	5,980,000	-	-	39,940,216	1.83%	1,031.22
2022	61,364,438	-	4,593,767	-		3,510,045	-	-	-	5,278,992	74,747,242	3.29%	1,926.52
2023	58,501,191	-	4,097,760	-		3,114,816	369,980	-	-	4,512,503	70,596,250	2.88%	1,762.39
2024	87,315,893	-	3,603,362	-		6,360,323	289,619	-	3,480,000	3,739,398	104,788,595	N/A*	N/A*
2024	83,169,906	-	3,101,083	-		5,568,560	201,523	-	3,191,000	2,965,493	98,197,565	N/A*	N/A*

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.

*Information not available at the time of completion.

Ratio of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt Outstanding General Obligation Bonds			Per Capita(1)	Percentage of Actual Taxable Value of Property (2)
	Governmental Activities	Business- type Activities	Total		
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	25,925,013	-	25,925,013	669.71	0.55%
2022	61,364,438	-	61,364,438	1,581.60	1.29%
2023	58,501,191	-	58,501,191	1,507.80	0.98%
2024	87,315,893	-	87,315,893	2,179.79	1.44%
2025	83,169,906	-	83,169,906	N/A*	1.37%

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 (1)	Personal Income (in thousands) (1)	Per Capita Personal Income (1)	Unemployment Rate (2)	School Enrollment (3)
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
2024	39,019	N/A*	N/A*	2.6	4,797

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

*Information not available at the time of completion.

Principal Employers

Current Year and Nine Years Ago

Employer	2025		2016	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Gloucester County Public Schools	500 - 999	5.0% - 9.9%	500 - 999	More than 10%
Riverside Regional Medical Center	500 - 999	5.0% - 9.9%	500 - 999	5.0% - 9.9%
County of Gloucester	250 - 499	2.5% - 5.0%	250 - 499	2.5% - 4.9%
Wal Mart	250 - 499	2.5% - 5.0%	250 - 499	2.5% - 4.9%
Virginia Institute of Marine Science	250 - 499	2.5% - 5.0%	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%	100 - 249	1.0% - 2.4%

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									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
General Government Administration										
Board of Supervisors	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Administration	5.0	5.0	5.0	5.5	5.0	5.0	5.0	5.0	4.5	5.0
County Attorney	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Resources	5.6	6.0	6.0	6.0	6.0	6.0	5.0	5.0	4.5	4.5
Commission of Revenue	9.6	8.6	8.6	8.0	8.0	8.0	8.0	8.0	8.0	8.0
Real Estate Assessment	5.6	5.6	5.6	5.5	5.5	5.5	5.0	5.0	5.5	6.5
Treasurer	8.6	8.6	8.0	8.0	8.0	8.0	8.5	8.5	9.0	9.0
Financial Services	7.0	6.0	6.0	6.0	6.0	5.5	5.0	5.0	5.0	6.0
Information Technology	8.0	8.0	8.0	8.0	8.0	8.0	8.5	8.5	9.0	9.0
GIS (included with IT until 2012)	3.0	3.0	3.0	3.0	3.0	3.0	2.5	2.5	2.5	2.5
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	3.2	3.0	2.5	2.5	2.5	2.5	2.5	2.5
Judicial Administration										
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of Circuit Court	8.0	8.0	8.0	7.5	7.5	7.0	7.0	7.0	7.0	7.0
Victim Witness	2.5	2.5	2.5	2.5	2.0	2.5	2.5	2.5	2.5	2.0
Commonwealth Attorney	9.0	9.0	9.0	9.0	9.0	9.0	9.0	8.0	7.5	7.5
Public Safety										
Sheriff	73.6	72.6	67.4	67.5	67.0	67.0	65.0	65.0	65.0	64.0
Jail (included w/Sheriff until 2006)	34.6	33.6	33.6	33.5	33.5	33.5	33.5	33.5	33.0	36.5
Probation/Pretrial	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	7.6	7.5	7.5	7.5	7.5	7.5	8.0	8.0
Environmental Programs	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.0
Animal Control	5.0	5.0	5.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Emergency Services	2.6	2.6	2.6	2.5	2.5	2.5	3.0	3.0	3.0	2.0
Public Works										
Engineering	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.5	4.0
Facilities Management	24.5	24.5	24.5	24.5	24.5	24.5	26.0	26.0	27.0	28.0
Education										
Community Engagement	9.5	9.0	8.5	8.5	8.0	8.0	8.0	8.0	8.0	8.0
Parks, Recreation & Cultural										
Parks & Recreation	5.0	5.0	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
Park Operations	8.0	8.0	8.0	7.0	7.0	7.0	6.5	6.5	6.5	6.0
Historical (combined w/Tourism 2014)	-	-	-	-	-	-	-	-	-	-
Library	12.7	11.7	11.6	11.0	11.5	11.5	12.0	12.0	12.0	12.0
Community Development										
Planning & Zoning	9.0	8.0	8.0	7.0	7.0	7.0	7.0	7.0	7.0	6.0
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	3.3	2.7	2.6	2.5	2.5	2.0	2.0	1.5	1.5	1.5
VA Cooperative Extension	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utilities	29.0	28.0	28.0	27.0	29.0	28.0	26.5	24.5	23.5	24.5
TOTAL	331.0	322.3	316.3	310.5	310.5	308.5	305.5	302.0	303.0	307.0

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

	2025	2024	2023	2022
Sheriff's Department (1)				
Reports taken	N/A	36,489	38,587	38,406
Civil processed record workload	N/A	26,889	27,345	24,323
Circuit court days	N/A	466	415	191
General district court days	N/A	238	144	107
Juvenile and domestic court days	N/A	327	280	208
Inmate average daily population	N/A	28	34	34
Parks, Recreation & Tourism (2)				
Number of Participants	3,511	3,588	3,226	3,488
Library (3)				
Material circulated	161,950	141,093	136,925	126,281
Library patrons	31,976	31,427	33,209	87,996
Water system (4)				
Number of customers	5,246	5,234	5,190	5,130
Average daily consumption	926,978	859,887	858,759	922,775
Annual consumption in gallons	338,347,000	313,859,000	313,447,000	336,813,915

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

2021	2020	2019	2018	2017	2016
38,156	41,705	46,723	47,286	48,601	45,020
24,836	19,211	27,980	29,017	33,240	31,737
187	183	176	182	172	210
110	126	118	113	107	104
226	166	263	240	250	252
34	30	37	41	31	43
1,823	2,058	4,980	5,008	4,567	4,772
85,799	109,934	169,129	140,825	197,281	183,566
40,569	39,727	38,441	36,706	35,089	37,185
5,040	4,962	4,936	4,890	4,835	4,728
895,704	840,743	822,452	869,742	863,441	834,800
326,932,108	307,712,000	300,195,000	317,456,000	315,156,000	304,700,000

COUNTY OF GLOUCESTER, VIRGINIA

Table 16

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

Customer name	2025			2016		
	Average Water Usage		Average Sewer Usage	Average Water Usage		Average Sewer Usage*
	Monthly	Daily	Monthly	Monthly	Daily	Monthly
VIMS-MRL	787,000	26,233	-	443,000	14,767	*
Franklin Management-Woodsville MHP	641,000	21,367	-	-	-	*
TWAS-Car Wash	445,000	14,833	445,000	-	-	*
Walter Reed Conv Center	334,000	11,133	334,000	259,000	8,633	*
Riverside Health System-Medical Drive	252,000	11,700	252,000	360,000	12,000	*
Gloucester House	249,000	8,300	249,000	-	-	*
VIMS-SRL	237,000	7,900	-	383,000	12,767	*
York River Yacht Haven	235,000	7,833	235,000	177,000	5,900	*
York River MHP	234,000	7,800	-	283,000	9,433	*
Cook Out	217,000	7,233	217,000	-	-	*
RAI Care Center	-	-	197,000	192,000	6,400	*
BHD/YRYH	-	-	159,000	-	-	*
U DO IT Laundry	-	-	145,000	-	-	*
Gloucester High School	-	-	144,000	-	-	*
Franklin Management Wicomico MHP	-	-	-	256,000	8,533	*
Franklin Management Wicomico MHP	-	-	-	241,000	8,033	*
Colonial Point Apartments	-	-	-	168,000	5,600	*

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

	2025	2024	2023
Sheriff's Department (1)			
Stations	1	1	1
Patrol Units	49	48	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

2022	2021	2020	2019	2018	2017	2016
1	1	1	1	1	1	1
35	41	41	41	32	32	31
1	1	1	1	1	1	1
1	1	1	1	1	1	1
6	6	6	6	6	6	6
8	8	7	7	7	8	8
221	221	220	220	220	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 Ten Fiscal Years

Monthly Rates for Water Service	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16
Monthly nonuser service charge	\$ 23.01	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
First 2,000 gallons	\$ 23.01	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
Next 6,000 gallons, per 1,000 gallons	\$ 11.40	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Over 8,000 gallons, per 1,000 gallons	\$ 11.86	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40
Monthly Rates for Sewer Service	FY25	FY24	FY23	FY22	FY21	FY20	FY19	FY18	FY17	FY16
Monthly nonuser service charge	\$ 12.73	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
First 2,000 gallons or less	\$ 12.73	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
Next 2,000 gallons, per 1,000 gallons	\$ 5.61	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Next 4,000 gallons, per 1,000 gallons	\$ 5.34	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68
Next 3,000 gallons, per 1,000 gallons	\$ 5.34	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38
Next 64,000 gallons, per 1,000 gallons	\$ 5.34	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18
Next 15,000 gallons, per 1,000 gallons	\$ 5.34	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82
Over 90,000 gallons, per 1,000 gallons	\$ 5.34	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27

Source: Gloucester County Utility Department



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

**Independent Auditors' Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

**To the Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, Virginia**

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of and for the year ended June 30, 2025, 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 26, 2025.

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.

Richmond, Virginia
November 26, 2025



ROBINSON, FARMER, COX ASSOCIATES, PLLC

Certified Public Accountants

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

**To the Honorable Members of the Board of Supervisors
County of Gloucester
Gloucester, Virginia**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited County of Gloucester, Virginia's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of County of Gloucester, Virginia's major federal programs for the year ended June 30, 2025. 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, 2025.

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.

Richmond, Virginia
November 26, 2025

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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>Federal Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)
21.027	COVID-19 - State and Local Fiscal Recovery Fund

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.

COUNTY OF GLOUCESTER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

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, 2025. 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	\$	391,260
Debt Service Fund		237,295
Special Revenue Funds:		
Virginia Public Assistance Fund		2,535,948
American Rescue Plan Act		839,014
CSA Fund		15,286
Capital Projects Funds:		
Capital Projects Fund		1,567,949
Total primary government	\$	<u>5,586,752</u>

Component Unit School Board:

School Operating Fund	\$	2,874,591
School Cafeteria Fund		2,875,472
Total component unit School Board	\$	<u>5,750,063</u>

Less: BABs federal interest rate subsidy	\$	(237,295)
Less: Head Start		(33,921)
Less: E-Rate		(133,562)
Less: Payment in lieu of taxes		<u>(916)</u>

Total federal expenditures per basic financial statements	\$	<u><u>10,931,121</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>10,931,121</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 15-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.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Virginia Department of Social Services:			
Title VI-E Prevention Program	93.472	1140124/1140125	\$ 13,018
Guardianship Assistance	93.090	1110124/1110125	608
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950124/0950125	20,437
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500124/0500125	244
Low-Income Home Energy Assistance	93.568	0600424/0600425	38,442
Temporary Assistance for Needy Families (TANF)	93.558	0400124/0400125	242,725
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760124/0760125	45,833
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900124/0900125	1,028
Foster Care - Title IV-E	93.658	1100124/1100125	249,802
Adoption Assistance	93.659	1120124/1120125	419,806
Social Services Block Grant	93.667	1000124/1000125	221,102
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150124-9150125	3,137
Elder Abuse Prevention Interventions Program	93.747	8000224/8000225	930
Children's Health Insurance Program	93.767	0540124/0540125	8,228
Medical Assistance Program (Medicaid Cluster)	93.778	1200124/1200125	672,986
Total Department of Health and Human Services			\$ 1,938,326
Department of Agriculture:			
Pass Through Payments:			
Virginia Department of Education:			
Child and Adult Care Food Program (CACFP)	10.558	1790100-70027	\$ 7,826
Child Nutrition Discretionary Grants Limited Availability	10.579	1790100-86804	11,094
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	202020N85034 1	\$ 126,378
School Breakfast Program	10.553	1790100-40591	689,731
Department of Agriculture:			
Food Distribution--School	10.555	not available	383,875
Department of Education:			
National School Lunch Program	10.555	1790100-40623	1,622,647
		Total 10.555	\$ 2,006,522
	Total Child Nutrition Cluster		\$ 2,822,631
Virginia Department of Social Services:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0010125/0040125	\$ 811,518
Total Department of Agriculture			\$ 3,653,069

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 5,500
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	14,927
Pass Through Payments:			
Virginia Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	390002-CJS86018	\$ 64,122
Violence Against Women Formula Grants	16.588	390002-CJS48035	26,565
Total Department of Justice			\$ 111,114
Department of Homeland Security:			
Direct payments:			
Flood Mitigation Assistance	97.029	N/A	\$ 667,338
Pass Through Payments:			
Virginia Department of Emergency Management:			
Emergency Management Performance Grants	97.042	775001-114363	\$ 13,644
Homeland Security Grant Program	97.067	7750100-52703	4,953
Total Department of Homeland Security			\$ 685,935
Department of Treasury			
Direct payments:			
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032	N/A	\$ 22,037
Pass Through Payments:			
Virginia Department of Accounts:			
Coronavirus State and Local Fiscal Recovery Fund	21.027	not available	816,978
Virginia Department of Education:			
Coronavirus State and Local Fiscal Recovery Fund	21.027	not available	955,405
		Total 21.027	1,772,383
Total Department of Treasury			\$ 1,794,420
Department of Transportation:			
Pass Through Payments:			
Virginia Department of Motor Vehicles:			
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	\$ 45,460
Total Department of Transportation			\$ 45,460
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 103,183
Total Department of Defense			\$ 103,183
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 123,110
Pass Through Payments:			
Virginia Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	657,815
Special Education Cluster:			
Special Education - Grants to States	84.027	1790100-43071-61234	\$ 1,128,335
Special Education - Preschool Grants	84.173	1790100-82521	37,099
Total Special Education Cluster			\$ 1,165,434

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025 (Continued)

Federal Grantor/State Pass - Through Grantor/ Drug enforcement funds (payment of seized asset funds)	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education: (Continued)			
Pass Through Payments: (Continued)			
Virginia Department of Education: (Continued)			
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	\$ 92,967
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	not available	323,872
Supporting Effective Instruction State Grants	84.367	1790100-61480	148,240
Student Support and Academic Enrichment Program	84.424	S424A170048	71,613
Total Department of Education - pass-through			\$ 2,583,051
Total Department of Education			\$ 2,583,051
Department of Commerce:			
Direct Payments:			
Broadband Equity, Access, and Deployment Program	11.035	N/A	\$ 16,563
Total Department of Commerce			\$ 16,563
Total Expenditures of Federal Awards			\$ 10,931,121

See accompanying notes to schedule of expenditures of federal awards.