



County of Gloucester, Virginia

Annual Comprehensive Financial Report

For Fiscal Year Ending June 30, 2021



INTRODUCTORY SECTION

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COUNTY OF GLOUCESTER, VIRGINIA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

Prepared By:

Gloucester County
Department of Finance

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COUNTY OF GLOUCESTER, VIRGINIA
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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COUNTY OF GLOUCESTER, VIRGINIA

Board of Supervisors

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

Kevin M. Smith
Phillip N. Bazzani

Michael R. Winebarger

Michael Hedrick
Ashley C. Chriscoe

County School Board

Robin Rice, Chair
Elisa A. Nelson, Vice-Chair

Darren P. Post
George R. Burak

Brenda Mack

Troy M. Andersen
Anita F. Parker

Board of Social Services

Mark Dutton, Chair
Corky Hogge, Vice-Chair

Debra Goodier
Harrison Dixon

Phyllis Dixon

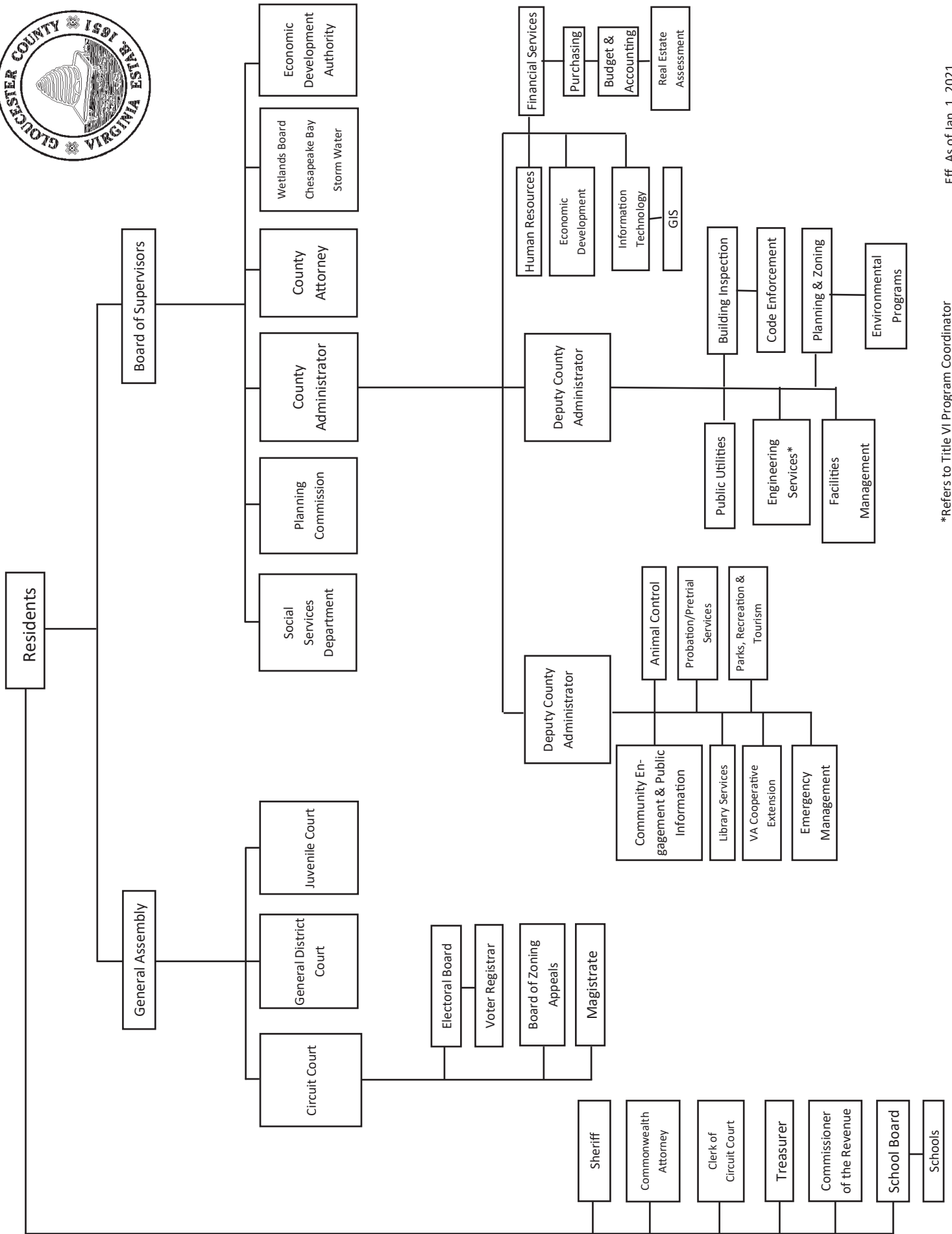
Doug Vaughan
Dr. Dan Warren

Other Officials

County Administrator	J. Brent Fedors
Judge of the Circuit Court	Honorable Jeffrey W. Shaw
Clerk of the Circuit Court.....	Cathy 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 Cressondra B. Conyers
Judge of the General District Court.....	Honorable Stephanie E. Merritt
Sheriff.....	D.W. Warren
Superintendent of Schools.....	Walter R. Clemons, Ph.D.
Director of Department of Social Services	Lisa Kersey
County Attorney	Edwin N. Wilmot

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Gloucester County Organizational Chart



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Government Finance Officers Association

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**County of Gloucester
Virginia**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morrell

Executive Director/CEO

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



November 15, 2021

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, 2021, in conformity with the U.S. generally accepted accounting principles (GAAP) and audited in accordance with auditing standards generally accepted in the U.S. by a firm of licensed certified public accountants as required by the Code of Virginia. This report is intended to provide informative and relevant financial data for the residents and business owners in the County, Board of Supervisors, investors, creditors, and any other interested readers. All are encouraged to contact the Gloucester County Department of Financial Services with any comments or questions concerning this financial report.

Robinson, Farmer, Cox Associates, Certified Public Accountants, conducted the audit of the County's financial statements for the fiscal year ended June 30, 2021, and have issued an unmodified ("clean") opinion on those statements. The independent auditor's report is located at the front of the Financial Section of this report.

The goal of the independent audit was to provide reasonable assurance that the basic financial statements of the County for the fiscal year ended June 30, 2021, are free of material misstatements. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements; assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The audit was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also report on the County's compliance with federal requirements for each major program as well as on the County's internal controls over compliance as required by the U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. These reports are available in the Compliance Section of this report.

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

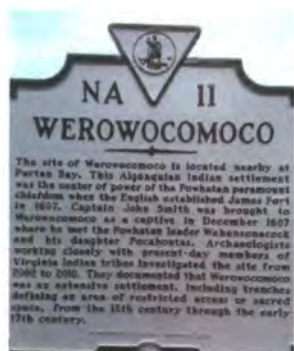
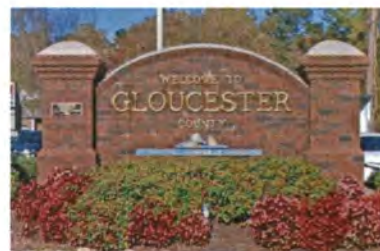
To provide a reasonable basis for making these representations, management of the County has established a comprehensive internal control framework that is designed to ensure compliance with applicable laws and regulations and County policies, safeguard the County's assets, and compile sufficient reliable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

belief, the enclosed data are accurate in all material respects and are reported to present fairly the financial position and results of operations of the various funds and component units of the County. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

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

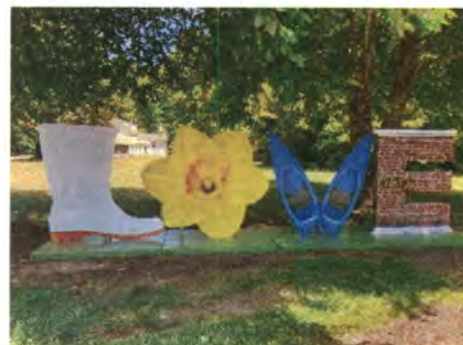
Profile of Gloucester County

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



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

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



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

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

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

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



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

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

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



Parks, Recreation, and Cultural provides and promotes leisure services such as park activities, educational and hobby programs, senior citizen activities, youth programs, adult athletic leagues, bus tours, special events, including the County's signature event – the Daffodil Festival, and other activities for County residents in addition to the daily operation and maintenance of

the County's seven parks. The Gloucester County Public Libraries provide library services through two branch libraries, the bookmobile, and an e-branch which provides remote access to the library collection through the library's web site.



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



Education provides support to the County's public school system administered by the Gloucester County School Board (School



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

In addition, the County operates and maintains a water and sewer utility system, which services both residents and businesses in various geographically dispersed areas of the County. The County provides utility service to approximately 5,000 water accounts and 1,700 wastewater accounts.

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

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

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

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

Local Economy

In contrast to the pandemic focused year FY2020, FY2021 showed promise of a swift financial recovery. The FY2021 budget was adjusted based on concerns of grim revenue projections, but sales, local and general property tax revenues far exceeded originally budgeted amounts.

The most recent reassessment for the County was effective January 01, 2020. The next reassessment is scheduled for completion on January 1, 2023. For calendar year 2021, the County Assessor reported an increased value of all real property in the County of 1.195%. The value increase is attributed to new development and construction that occurred in the County during 2020. At present, the forecast for further measured growth in real property values is mixed. The COVID-19 pandemic and related stay at home orders prompted an increase in home improvements and construction during calendar year 2020. Low interest rates also provided an environment in which this trend continued throughout FY2021.



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 12 new businesses, 2 expansions and 123 new home-based businesses for the fiscal year. The number of new home-based businesses was relatively level. The focus of the Department of Economic Development returned to its primary

responsibilities of business attraction and retention, following a year of COVID-19 where the primary goal had shifted to solely business retention. However, the Small Business Incentive Program continues to be a valuable lifeline in helping businesses with their expansions and marketing and advertising costs.



Furthermore, the department of Planning and Zoning is undertaking a comprehensive update to the County's Zoning Ordinance. This update will incorporate revisions based on changes to the State Code, Board of Supervisors' initiatives as outlined in the Strategic Plan, recommendations from the Business Development Focus Group, and recommendations identified in the County's Comprehensive Plan and by staff as part of their daily interactions with the public. This update is well underway, with a draft of Articles 1-9 currently available for review. The last comprehensive update of the Zoning Ordinance was done more than 20 years ago. Details on the Zoning Ordinance Update can be found on the Planning and Zoning website at: <https://www.gloucesterva.info/1135/Zoning-Ordinance-Update>.

Not only does Gloucester County attract great entrepreneurial spirit, but also those who strive to achieve the highest excellence in business and service. The County was one of 212 localities that received the "Opportunity Zone" nomination by Governor Ralph Northam in 2018, which was later officially accepted by the U.S. Department of Treasury in 2019. This is an economic and community development tax incentive program that provides an avenue for investors to support distressed communities and address areas of the Commonwealth that have experienced uneven economic growth and recovery. The opportunity zone designation provides investors with tax credits through December 2028.

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:

Riverside Walter Reed Hospital – various improvements including lab, office, and parking improvements with a two-story expansion were recently completed. A site plan for an addition/renovation to their cancer center is currently under review.

The Villages – zoning approved for approximately 900 acre Planned Unit Development (PUD) with 1,142 residential units proposed. Site plans for Phase I (62 single-family detached and 145 townhome lots) and II (141 single-family detached and 71 townhome lots) are under review.

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



Main Street Landing – 126-lot Planned Unit Development (PUD) on 59 acres near the intersection of Main Street (17 Business, South) and US Route 17, North in the Courthouse Village. Phase 1 was approved in May 2020 (37 lots) and homes are under construction. Phase II (33 lots) and III (66 lots) were approved in March and September 2021, respectively.

Use Permit (CUP) to operate a 150-acre utility-scale (20MW) solar power plant (Winterberry) just south of the County's business park in December of 2020 and another CUP to operate an electrical storage facility on an adjacent parcel in August of 2021.

Carver's Creek Solar – Preliminary approval for this 150 Megawatt solar energy facility was granted in April 2020. The site plans for Phases I, IA, and II were reviewed and approved in FY2021.



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

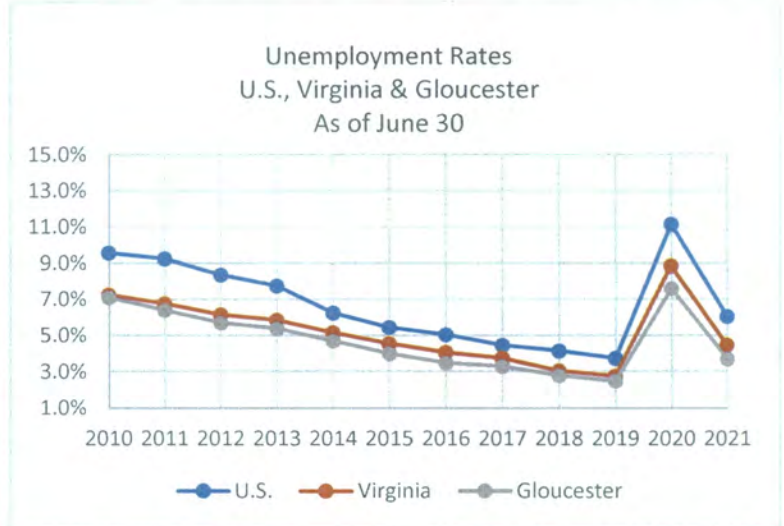


New Gloucester Restaurants – five new restaurants opened in FY2021: Creekside Café and Market located at 6824 Coleman Crossing Avenue in Hayes; Jersey Mike's Subs located at 6828 Walton's Lane in the Fox Mill Centre; Tacos Vamonós located at 7088 Hayes Shopping Center, Unit 1, Tropical Smoothie Café located at 6691 Fox Centre Pkwy in the Fox Mill Centre and The Farmasea Restaurant located 6764 Main Street.

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

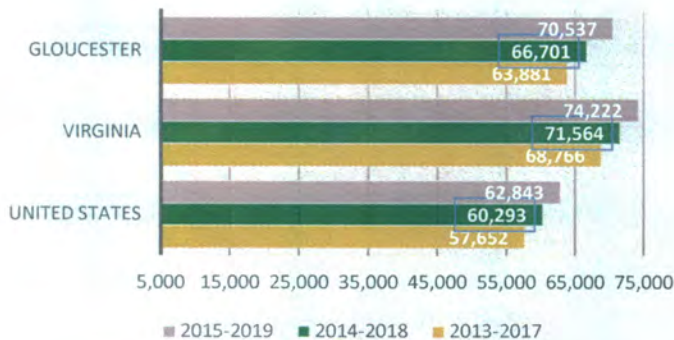
The largest civilian employment sectors in Gloucester County with a thousand employees or more are Retail Trade, Health Care and Social Assistance, Local Government, and Accommodation and Food Services (Source: Virginia Employment Commission). Though the civilian labor force has remained relatively stable, the region and the County are heavily dependent on defense and military related expenditures; therefore, federal budget uncertainty and any related decisions at the Federal level can impact the overall regional economy.

As of June 2021, the County's unemployment rate decreased 3.9% , from 7.6% to 3.7%, as compared to June 2020. As jobs began recovering from the pandemic laden environment. Gloucester County's rate continues to compare favorably with Virginia at 4.5% and the United States at 6.1% (Source: Virginia Employment Commission).

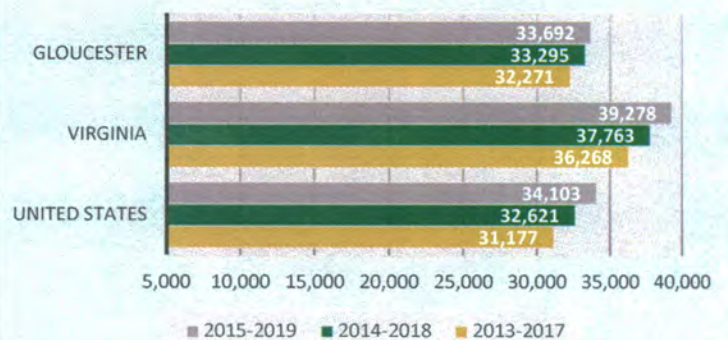


As the following charts illustrate, based on the most recent estimates available, Gloucester County has continued to see increasing median household and per capita income levels over the past three cycles. Generally, Gloucester trends higher than the U.S. trends but lower than the Commonwealth trends. This generality changed between 2015 and 2019 for per capita income trends, where Gloucester fell below both the Commonwealth and the U.S. (Source: U.S. Census Bureau).

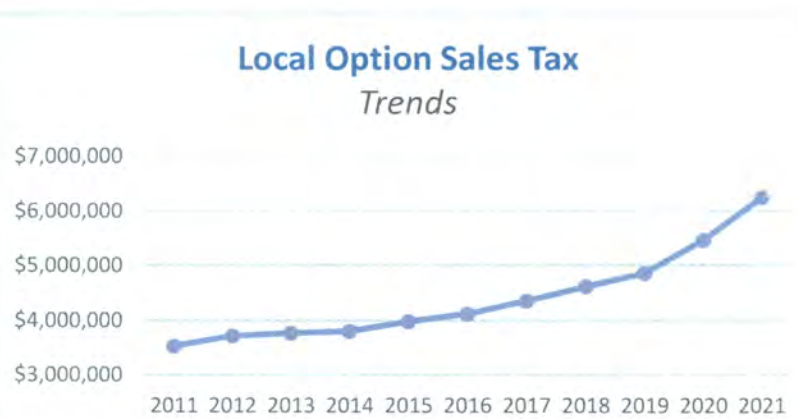
Median Household Income Trends



Per Capita Income Trends



The County saw an increase in local option sales tax of 13% over the prior year - the largest increase in more than a decade. The increase is believed to be a combination of Virginia beginning to collect sales tax from remote sellers, such as internet sales, coupled with an unexpected positive side effect of the pandemic, where commuting decreased due to stay at home orders. Those who otherwise would have commuted out of the County instead stayed home and spent locally. The increase in spending may also have been heightened by direct fiscal stimulus payments to families in late 2020 and early 2021.



Long Term Financial Planning

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

The development and evaluation process for the FY2022-FY2026 CIP began in October with the Planning Commission evaluating requests put forth by County departments and the School Board. The Planning Commission was not only asked to review project requests for conformity with the Comprehensive Plan as per the Code of Virginia 15.2-2239, but also asked to act as citizen representation by providing a thorough review of submitted CIP project requests; evaluating eligibility, justification, and alignment with community needs; and prioritizing the recommended projects, based on the approved criteria ratings, for consideration by the County Administrator. The County Administrator, as part of the proposed budget to the Board, develops the recommended capital budget and 5-year plan; balancing the competing needs for capital investment with available funding options within the County's current debt and fund balance policies. The result represented a balance between finite resources and an ever-increasing number of competing priorities. This balance was achieved using the priorities and objectives established by the Board consistent with the County's Strategic Priorities Plan and Comprehensive Plan.

In response to the fiscal challenges inherent to our economic environment, the County adopts a conservative approach toward debt management. The County's Debt Obligation Policy was revised on June 16, 2020, increasing the portion of the County's operating budget that may be dedicated for repayment of debt by policy from a maximum 10% to 15% of governmental fund expenditures. As of FYE 2021, actual results are 7.2%. Gloucester County primarily utilizes the Virginia Resources Authority and Virginia Public School Authority to issue debt. These authorities provide cost-effective financing to Virginia communities and public schools, and do not require the County to have a rating from the nationally recognized rating agencies.

Relevant Financial Policies

The primary objective of sound financial management policies and guidelines is for the Board of Supervisors to create the framework for making financial decisions. The County Administrator is responsible for the daily administration of the Board's policies and general County operations. The County Administrator may designate other County officials to assist in the administration of these policies. These financial management policies are a statement of the guidelines and goals that influence and guide the

financial management practices of the County of Gloucester. For a complete listing of the County's Financial Guidelines, please see the County's Adopted Annual Budget and Capital Improvement Plan document at <http://gloucesterva.info/1015/Budgets-Financial-Reports>.

The County believes that sound financial management principles always require that sufficient funds be retained by the County to provide a stable financial base. To retain this stable financial base, in FY2017 the Board adjusted its Fund Balance policy to target unassigned fund balance in the General Fund 14% - 16% of budgeted governmental fund expenditures less any capital outlay projects funded with bond proceeds. Over the past seven fiscal years, the County maintained an actual Unassigned General Fund Balance level between 14% and 20%. These levels have been sufficient to fund the cash flow needs of the County, to provide financial reserves for unanticipated expenditures and revenue shortfalls, and to provide funds for all existing encumbrances.

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

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

Major Initiatives

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

Having a vision and a set of strategic goals provide County leaders with an improved framework to enhance their ability to prioritize and allocate resources with focus on results. The County's strategic goals are to:

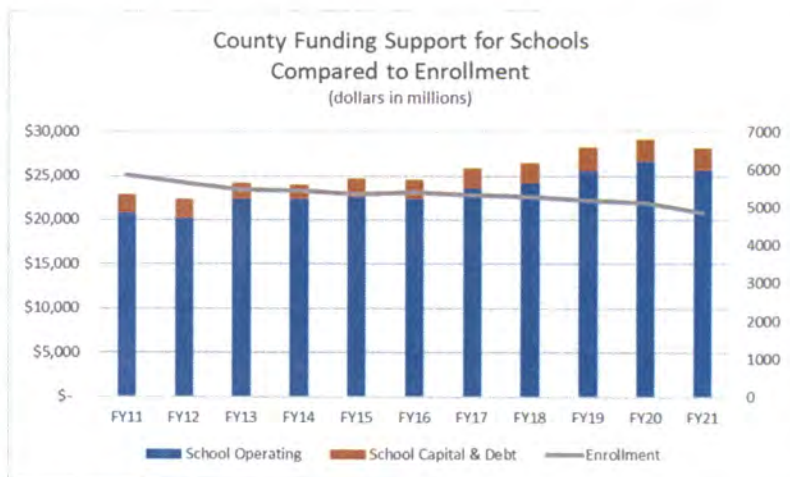
- Be a destination of choice for entrepreneurs looking for a qualified and stable workforce, affordable real estate, and a relaxed and fulfilling lifestyle;
- Provide the opportunity for all of its citizens to have a quality education;
- Have efficient and strategically placed roads, water, sewer, broadband,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

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

Several County facility improvement projects concluded in FY2021, including the construction of a new Animal Control Facility and many smaller renovations to comply with social distancing and COVID-19 safety measures.

Starting in 2008, the Federal Emergency Management Agency (FEMA) awarded a series of grants totaling more than \$15 million to Gloucester County to acquire or elevate properties that have sustained damage or can expect to sustain damage as a result of coastal storms. The Mitigation Grant Program seeks to protect and reduce the damages associated with natural disasters by returning acquired properties to green space and raising homes to a desired flood protection elevation. As of FY2021, the program has supported increased resiliency of nearly 100 homes and properties in the County. During FY2021, the County managed two FEMA Elevation grants, which will elevate 12 additional homes.

One of the most important services that the County provides to its citizens is public education and a quality education system continues to be one of the County's top priorities. During FY2021, the County continued its support for school capital projects, the largest of which included engineering and design for a major renovation of Gloucester High School and a new school transportation facility. Planning also continued for significant upcoming investments in various school construction projects. Total requests for the five-year CIP (FY22-FY26), excluding one of two Options for the renovation of Gloucester High School totaled \$80.0 million (\$57.3M School projects + \$22.7M County projects). The major cost driver of the GCPS requests relates to construction costs of a \$43.4M major renovation of Gloucester High School (GHS). The original structure, built in 1974, has undergone various expansions and miscellaneous renovations. Another cost driver is construction costs of a new transportation facility, budgeted at \$5.0M and increased to \$7.4M after the close of FYE 2021 based on actual bids received. Current facilities are undersized for the increased number and diversity of the vehicles to be maintained. These major School projects will be funded with 20-year bonds.



In November 2020 Gloucester County voters approved a referendum to allow the Board of Supervisors the option to consider up to an additional 1% sales tax solely to fund capital projects for the construction or renovation of Gloucester County schools. On March 2, 2021, a Public Hearing was held, and Board of Supervisors unanimously passed a resolution amending the County code to add the new 1% sales tax effective July 1, 2021. The new local option sales tax provided the Board another option for funding major construction and/or renovation projects for the School System, relieving pressure on the Real Estate Tax rate (widely considered the only other option for funding such substantial capital investments, or debt service related thereto). Gloucester County was among the first of Virginia localities to set a referendum and approve this new revenue opportunity.

Although school enrollment has been on a slow decline for over a decade, increasing incremental costs and needs for capital repairs remain major factors in budget development. The County continues to provide increasing support to the school system to attempt to meet these needs. Each successive fiscal year, the County budget provides for the highest per-pupil spending in the history of the school division.

Awards and Acknowledgements

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

Public Utilities

Virginia's Office of Drinking Water, housed under the Virginia Department of Health, recently announced that Gloucester County's Water Treatment Plant has received back-to-back performance awards for 2019 and 2020. The local plant was awarded the 2019 and 2020 Gold Water Treatment Performance Award for Excellence in Clarification, Filtration and Backwash. According to the VDH, the recipients of these awards recognize that their treatment plants produce water that is at least three times cleaner than required by the U.S. Environmental Protection Agency. The plants that receive the awards also demonstrate excellence in their day-to-day operations.



Treasurer's Office

In September 2020, the Gloucester County Treasurer's office received its accreditation from the Treasurer's Association of Virginia (TAV). While it is not required for any treasurer's office to be accredited, receiving accreditation acknowledges that the office meets the statewide best practices for performance in treasury management. As part of the accreditation process, offices must successfully pass an outside audit with no findings of material weakness. The rigorous accreditation process also requires proof of continuing education such as attendance of an ethics course by the treasurer and educational requirements for all staff. Accredited offices are required to have written policies in place addressing areas such as personnel, customer service and delinquent collections.



Schools



Gloucester High School.

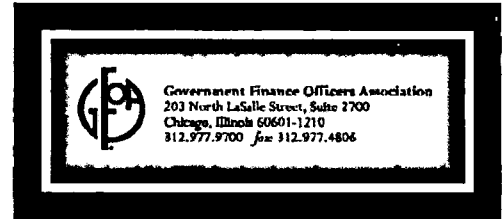
The Gloucester County Public Schools Educational Foundation announced Megan Harris as the Division Teacher of the Year for Gloucester County Public Schools. Mrs. Harris teaches 7th grade math, pre-algebra, and algebra I at Peasley Middle School. Two other finalists, Christine Keene from Abingdon Elementary and Emily Nunez from Gloucester High School, were recognized as Teacher of the Year for their respective levels. Mrs. Keene has taught kindergarten at Abingdon Elementary since 1990. Mrs. Nunez teaches English 9, 10, and 11 at

Finance

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a Certificate of Achievement for Excellence in Financial Reporting to the County of Gloucester for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2020. This was the twenty-fifth consecutive year that the County government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report that demonstrates the spirit of transparency and full disclosure. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

The GFOA also awarded the Distinguished Budget Presentation Award to Gloucester County for its FY2021 Adopted Budget Book. This was the sixth year that the County achieved this prestigious award. In order to receive this award, a governmental entity must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device.



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

Respectfully submitted,

Carol Steele
Acting County Administrator

Cheryl Spivey, CPA
Chief Financial Officer

FINANCIAL SECTION

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Independent Auditors' Report

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

Report on the Financial Statements

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 24 to the financial statements, in 2021, the County adopted new accounting guidance, GASB Statement Nos. 84, *Fiduciary Activities*, and 90, *Majority Equity Interests* during the fiscal year ended June 30, 2021. Our opinion is not modified with respect to these matters.

Restatement of Beginning Balances

As described in Note 25 to the financial statements, in 2021, the County restated beginning balances to reflect the requirements of GASB Statement No. 84. Our opinion is not modified with respect to this matter.

Other Matters

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 on pages 4-15, 115, and 116-140 be presented to supplement the basic financial statements. Such information, 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 and Other 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 introductory section, other supplementary information, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U. S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Supplementary and Other Information (Continued)

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2021, on our consideration of County of Gloucester, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County of Gloucester, Virginia's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County of Gloucester, Virginia's internal control over financial reporting and compliance.

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 15, 2021

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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, 2021. 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 \$56.1 million, an increase of \$1.3 million from FY 2020. The Component Units closed the year with a deficit balance of \$(23.2) million, a deficit decrease of \$0.3 million from FY 2020.
- At June 30, 2021, the unrestricted net position of the Primary Government is \$26.3 million, which may be used to meet the County's ongoing obligations to citizens and creditors.
- At June 30, 2021, the County's governmental funds reported combined ending fund balances of \$32.1 million, an increase of \$8.9 million from the prior year. Approximately 17.2 percent of this amount, or \$5.5 million, is restricted or non-spendable.
- At June 30, 2021, the General Fund's unassigned fund balance was \$23.2 million. Adjusted unassigned fund balance per the County's revised Fund Balance Policy is \$22.6 million (\$23.2 million less the budgeted use of \$0.6 million in unassigned fund balance for FY22), or approximately 20.5% of budgeted governmental fund expenditures less any capital projects funded with bond proceeds. For FY2021, this balance exceeded the Board of Supervisors' adopted Fund Balance policy target of 14-16%, primarily due to higher than anticipated revenues.
- The County's Primary Government total long-term debt increased by \$9.2 million from the prior year's balance of \$52.5 million to \$61.7 million at June 30, 2021 due primarily to the increase in net pension liability and issuance of general obligation bonds issued for school projects.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

be considered, such as changes in the County's property tax base and the condition of the County's infrastructure.

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

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

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

Fund Financial Statements

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

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

The County maintains six 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, and County Capital Improvements Fund, all of which are major funds. Data from the other three County 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 37.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund 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 enterprise fund. The fund financial statements provide more detail and additional information, such as cash flows.

The basic proprietary fund financial statements can be found at Exhibits 7 through 9 of this report.

- 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 Escrow Fund.

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

Notes to the Financial Statements

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

Other Information

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

The combining statements referred to earlier in connection with non-major 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 \$56.1 million at the close of the most recent year. A large portion of the County's net position (\$29.8 million, approximately 53.2% 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 \$26.3 million or 46.8% of the Primary Government's total net position may be used to meet the County's ongoing obligations to citizens and creditors.

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

Summary of Net Position As of June 30, 2021 and 2020 (\$ in thousands)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 66,080	\$ 58,461	\$ 5,547	\$ 4,713	\$ 71,628	\$ 63,173	\$ 10,169	\$ 9,349
Capital assets	45,252	48,161	24,331	25,456	69,583	73,617	48,102	47,519
Total assets	\$ 111,332	\$ 106,621	\$ 29,878	\$ 30,169	\$ 141,210	\$ 136,790	\$ 58,271	\$ 56,868
Pension related items	6,330	2,937	460	198	6,790	3,135	15,034	11,415
OPEB related items	2,132	1,429	59	61	2,192	1,490	1,357	1,317
Deferred charges on refunding	100	112	93	117	193	229	-	-
Total deferred outflows	\$ 8,563	\$ 4,478	\$ 612	\$ 376	\$ 9,175	\$ 4,854	\$ 16,391	\$ 12,731
Long-term debt outstanding	\$ 51,244	\$ 41,910	\$ 6,426	\$ 6,633	\$ 57,670	\$ 48,544	\$ 82,262	\$ 75,561
Other liabilities	11,795	13,680	953	890	12,748	14,571	9,376	8,738
Total liabilities	\$ 63,039	\$ 55,590	\$ 7,379	\$ 7,524	\$ 70,418	\$ 63,114	\$ 91,638	\$ 84,299
Deferred revenue -								
property taxes	\$ 22,685	\$ 22,056	\$ -	\$ -	\$ 22,685	\$ 22,056	\$ -	\$ -
Pension related items	12	726	0.6	39	12	764	4,023	5,909
OPEB related items	1,152	847	27	33	1,180	880	2,217	2,785
Total deferred inflows	23,848	23,629	28	72	23,876	23,700	6,240	8,694
Net position								
Net investment in capital assets	\$ 11,392	\$ 16,970	\$ 18,444	\$ 18,885	\$ 29,836	\$ 35,855	\$ 38,790	\$ 37,246
Unrestricted (deficit)	21,616	14,911	4,639	4,064	26,255	18,975	(62,006)	(60,146)
Total net position	\$ 33,008	\$ 31,881	\$ 23,083	\$ 22,949	\$ 56,091	\$ 54,830	\$ (23,216)	\$ (22,900)

The Primary Government's net position increased \$1.3 million from FY 2020. The Component Units closed the year with a deficit balance of \$23.2 million, a deficit increase of \$0.3 million from FY 2020. The net deficit position as of June 30, 2021 is attributed to the School Board component unit's \$56.2 million net pension liability that is a component of its Long-term debt shown in the chart above.

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

Years Ended June 30, 2021 and 2020 (\$ in thousands)									
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units		
	2021	2020	2021	2020	2021	2020	2021	2020	
Revenues:									
Program revenue:									
Charges for services	\$ 1,422	\$ 1,416	\$ 4,898	\$ 4,313	\$ 6,320	\$ 5,728	\$ 2,585	\$ 2,352	
Operating grants and contributions	15,436	9,231	-	-	15,436	9,231	38,566	35,137	
Capital grants and contributions	848	613	-	-	848	613	-	-	
General revenues:									
Property taxes	44,532	42,407	51	39	44,583	42,446	-	-	
Other taxes	13,434	11,647	-	-	13,434	11,647	-	-	
Unrestricted revenues	170	371	9	55	179	427	8	28	
Miscellaneous	312	855	-	-	312	855	377	116	
Grants and contributions	4,053	4,234	-	-	4,053	4,234	-	-	
Payment from County	-	-	-	-	-	-	28,517	29,223	
Transfers	(11)	-	11	-	-	-	-	-	
Total revenue	\$ 80,195	\$ 70,774	\$ 4,969	\$ 4,407	\$ 85,164	\$ 75,180	\$ 70,053	\$ 66,856	
Expenses:									
General government	\$ 7,279	\$ 6,728	\$ -	\$ -	\$ 7,279	\$ 6,728	\$ -	\$ -	
Judicial administration	2,426	2,195	-	-	2,426	2,195	-	-	
Public safety	19,872	17,520	-	-	19,872	17,520	-	-	
Public works	3,619	2,550	-	-	3,619	2,550	-	-	
Health and welfare	6,211	6,608	-	-	6,211	6,608	-	-	
Parks, recreation, and cultural	2,482	2,453	-	-	2,482	2,453	-	-	
Community development	3,920	2,111	-	-	3,920	2,111	2,343	1,519	
Interest on long-term debt	1,251	1,109	-	-	1,251	1,109	-	-	
Education	32,007	31,122	-	-	32,007	31,122	68,026	65,540	
Public Utilities	-	-	4,836	4,383	4,836	4,383	-	-	
Total expenses	\$ 79,068	\$ 72,396	\$ 4,836	\$ 4,383	\$ 83,903	\$ 76,779	\$ 70,369	\$ 67,060	
Change in net position, before transfers	\$ 1,127	\$ (1,622)	\$ 134	\$ 23	\$ 1,261	\$ (1,599)	\$ (316)	\$ (204)	
Transfers	-	-	-	-	-	-	-	-	
Change in net position	1,127	(1,622)	134	23	1,261	(1,599)	(316)	(204)	
Net position, beginning as restated	31,881	33,503	22,949	22,926	54,830	56,429	(22,900)	(22,696)	
Net position, ending	\$ 33,008	\$ 31,881	\$ 23,083	\$ 22,949	\$ 56,091	\$ 54,830	\$ (23,216)	\$ (22,900)	

Governmental Activities

Overall revenues for the County's Governmental Activities were \$80.2 million for FY 2021, an increase of \$9.4 million from the prior year. Property tax revenues, the County's largest revenue source, consists of both Real Estate and Personal Property. Property tax revenues in FY 2021 were \$44.5 million, an increase of \$2.1 million over the prior year. This reflects real estate tax billings during the last half of calendar year 2020 and the first half of calendar year 2021. The County's assessed real property tax base for calendar year 2020 saw an increase of approximately \$275.4 million, primarily due to the biennial reassessment of all real property located in the County, new development, and new construction, and an increase for calendar year 2021 of \$42.6 million, which was not a reassessment year. The increase in tax base is a contributing factor to an increase in property tax revenue. No changes were made to tax rates in calendar years 2020 or 2021, and the collection rate for FY 2021 real estate taxes was 96.8%, an improvement by 1% from the previous year. The collection rate improvement is attributed to the start of a recovery from the COVID-19 Pandemic, which financially impacted many taxpayers and slowed collection efforts.

A surprising improvement was the steady increase in other taxes, which was up \$1.8 million, or 15.3% over FY2020. The largest driver in this revenue increase was the local option sales tax, which increased

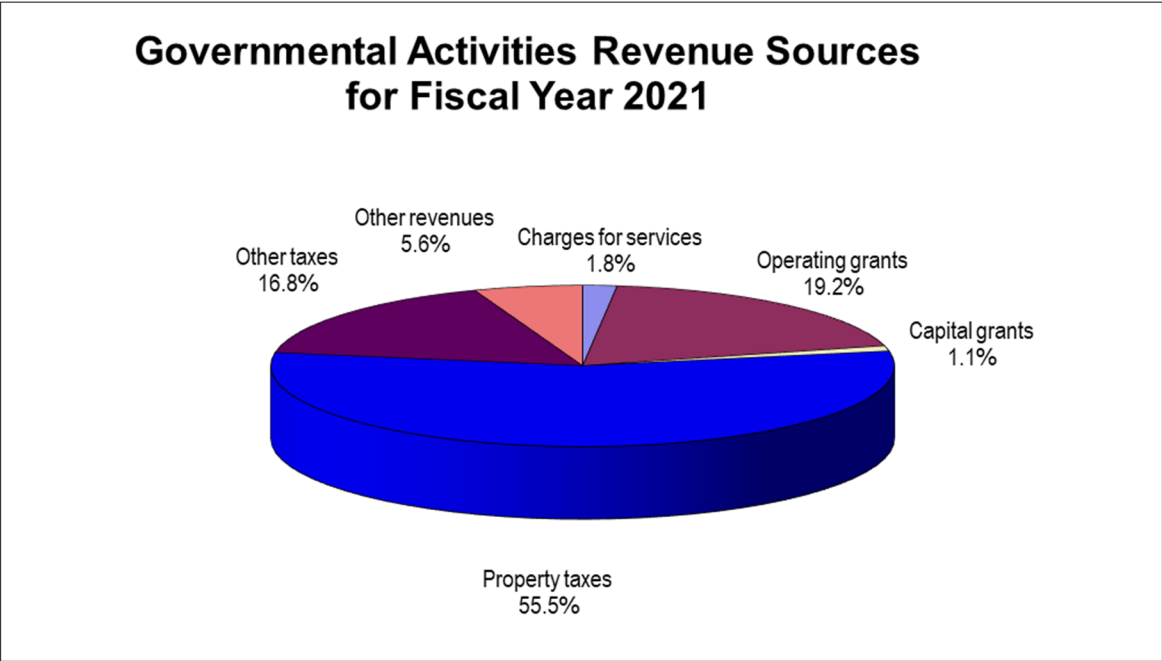
13% over the prior year. This is primarily a result of remote internet sales becoming subject to sales tax and partially attributable to many residents working from home, who had likely been commuting out of the County in previous years. Spending was also boosted due to government stimulus in the form of direct payments to individuals in late FY2020 and early FY2021.

Unrestricted revenues from use of money and property declined in FY2021, mainly due to a continuing decline in earnings rates on deposits and investments throughout the fiscal year. The County participates in the Local Government Investment Pool (LGIP), where rates declined from an effective yield of .323% in July 2020 to .054% in June 2021. The interest rate on the County's main deposit account also declined in FY2021, from .75% in July 2020 to .08% in June 2021.

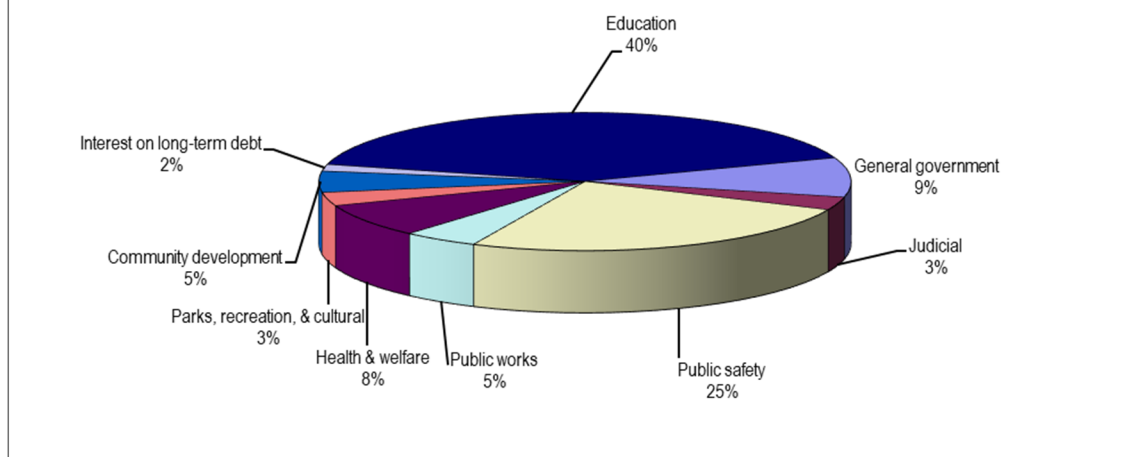
Miscellaneous revenue includes items that are infrequent, unexpected, and/or not able to be classified in one of the other revenue categories and, as such, is subject to variances, possibly large, from year to year.

For the fiscal year ended June 30, 2021, expenses relating to Governmental Activities were \$6.7 million more than the prior year. The main cost drivers included increased funding for public safety, community development, and public works. 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 2021



Business-type Activities

The County's net position from Business-type activities increased slightly over the prior year at \$23.1 million. This is partially attributed to a slight decrease in long-term debt, due to retirement of principal items. 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 enterprise fund, which provides water and wastewater services to approximately 5,000 and 1700 customers in the County, respectively. Like all Business-type Activities, the Utility Fund attempts to recover much of the operating expenses it incurs to meet service demands through user fees.

Utility charges for services in the current year increased by \$586K, or 13.6%. The increase is largely attributed to a \$324K increase in water and sewer connection fee revenues from new development. Also, utility customer payments were severely impacted by COVID-19. Many customers paused payments and disconnections were suspended, which resulted in increased delinquent accounts and late fees.

Utility operating expenses increased by \$452K, or 10.3%. The increase is largely attributed to a \$233K in pension liability expenses and other increases in costs to operate and maintain the system.

Financial Analysis of Governmental Funds

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

Governmental Fund Balance

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

Summary of Fund Balance As of June 30, 2021 and 2020 (\$ in thousands)								
	General Fund		Major Capital Projects Fund		Debt Service Fund		Total Primary Government	
	2021	2020	2021	2020	2021	2020	2021	2020
Nonspendable:								
Prepays	\$ 400	\$ 385	\$ 3	\$ -	\$ -	\$ -	\$ 403	\$ 385
Total nonspendable	\$ 400	\$ 385	\$ 3	\$ -	\$ -	\$ -	\$ 403	\$ 385
Restricted:								
Sheriff's asset forfeiture, federal	\$ 3	\$ 6	\$ -	\$ -	\$ -	\$ -	\$ 3	\$ 6
Sheriff's asset forfeiture, state	22	30	-	-	-	-	22	30
Commonwealth Attorney's asset forfeiture, federal	0.5	0.5	-	-	-	-	0	1
Commonwealth Attorney's asset forfeiture, state	7	7	-	-	-	-	7	7
SNAP funds, school construction	-	-	4,971	-	-	-	4,971	-
Proffers	-	-	111	43	-	-	111	43
Total restricted	\$ 33	\$ 43	\$ 5,082	\$ 43	\$ -	\$ -	\$ 5,115	\$ 86
Committed:								
Mosquito control	\$ 115	\$ 99	\$ -	\$ -	\$ -	\$ -	\$ 115	\$ 99
Tourism projects	539	469	7	7	-	-	546	476
Daffodil festival	33	62	-	-	-	-	33	62
Program donations	30	29	-	-	-	-	30	29
Subsequent expenditures	-	-	264	352	-	-	264	352
Probation and pretrial	119	116	-	-	-	-	119	116
Cable services	867	917	-	-	-	-	867	917
County capital replacement	1,038	943	-	-	-	-	1,038	943
Park projects	-	-	31	89	-	-	31	89
Older adult capital projects	-	-	72	86	-	-	72	86
Total committed	\$ 2,741	\$ 2,634	\$ 373	\$ 534	\$ -	\$ -	\$ 3,115	\$ 3,168
Assigned	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ 105	\$ 260	\$ 365
Total assigned	\$ 260	\$ 260	\$ -	\$ -	\$ -	\$ 105	\$ 260	\$ 365
Unassigned	\$ 23,194	\$ 19,213	\$ -	\$ -	\$ -	\$ -	\$ 23,194	\$ 19,213
Total fund balances	\$ 26,628	\$ 22,535	\$ 5,458	\$ 577	\$ -	\$ 105	\$ 32,086	\$ 23,217

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the County's financial requirements. Committed, assigned, and unassigned fund balances serve as a useful measure of a government's net resources that may be leveraged for spending at the end of the fiscal year. At the end of FY 2021, the County's governmental funds reported combined ending fund balances of \$32.1 million, a net increase of \$8.9 million in comparison with that of the prior year. The increase is attributable mainly to unspent bond proceeds and unassigned fund balance.

Nonspendable and restricted fund balance equates to 17.2% or \$5.5 million of the total governmental fund balance and is comprised of prepaid items, restricted funds related to seized assets, restricted bond proceeds for school construction, and proffers. The unspent bond proceeds for school construction make up \$5 million of the restricted fund balance and is one of the main drivers of the increased total County fund balances.

Committed fund balance equates to 9.7% or \$3.1 million of the total governmental fund balance. This is comprised of committed funds that can only be used for specific purposes already imposed by a formal action of the County Board of Supervisors. \$2.7 million or 88% of the total committed fund balance is from the general fund. The remaining committed fund balance of \$373K is appropriated for ongoing capital projects.

The assigned fund balance of \$260K, or .8% of the total governmental fund balance, applies to funds that are intended for specific purposes designated and proposed by the County Administrator.

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

General Fund

The General Fund is the major governmental fund of the County. At the end of the current year, the General Fund's fund balance was \$26.6 million, or 83% of the total fund balance. General Fund unassigned fund balance was \$23.2 million. The Board of Supervisors revised the County's Fund Balance policy in June 2017 to keep an unassigned general fund balance level of 14-16% of governmental fund expenditures less any capital projects funded with bond proceeds. Adjusted unassigned fund balance per revised Fund Balance Policy is \$20.6 million (\$23.2 million less budgeted use of unassigned fund balance for FY 2022). The unassigned fund balance in the General Fund was approximately 17.1% using this policy criterion, which exceeds the 16% in the Board policy. The additional fund balance is the result of higher than anticipated revenues in FY2021, mainly driven by local tax revenues.

General Fund Budgetary Highlights

At the end of FY 2021, General Fund additional budget appropriations resulted in an increase of \$794K between originally adopted FY 2021 budget appropriations for expenditures and transfers out and the final budget. The increase resulted primarily from re-appropriations of FY 2020 budget commitments for completion of ongoing projects in FY 2021, mid-year employee bonuses, bids for school athletic fields being overbudget, and a pass-through state historical grant project for the Woodville School.

General Fund revenues exceeded final budget projections in FY 2021 by \$3.4 million, the majority of which is attributable to an additional \$1.3 million in property tax collections and \$3 million in other local taxes. Tax revenue projections were budgeted conservatively due to the anticipated impacts of the COVID-19 pandemic but ultimately performed much better than expected, causing a positive budget to actual variance. Total General Fund expenditures for FY 2021 were less than the final budget by \$2.3 million. Major contributing factors include unexpended local transfer to Schools/Education of \$812K, and overall conservative use of funds by County departments, notably in the general government administration and public safety functions which were under budget by \$403K and \$306K, respectively.

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

Capital Improvements Fund

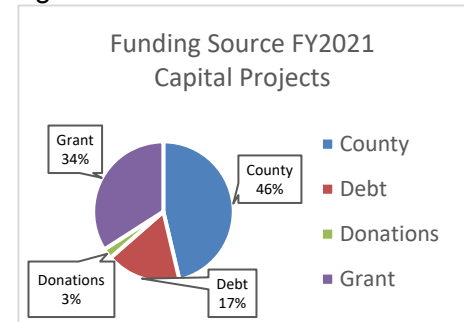
The County Capital Projects Fund accounts for financial resources to be used for the acquisition or construction of major capital facilities, other than those reported for by the Proprietary Fund. The County Capital Improvements Fund has a fund balance of \$5.5 million, which is committed for School capital projects. This fund balance includes \$5 million in unspent bond proceeds held for school projects.

Capital Assets and Capital Projects

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021 amounted to \$69.6 million (net of accumulated depreciation). This represents a decrease of \$4 million from fiscal year 2020 attributed to accumulated depreciation and minimal large asset additions. 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.

Major capital expenditures during the fiscal year included the following:

- \$1.2M Major renovation of Social Services building
- \$386K Studies for County creek dredging projects
- \$249K Achilles bus loop
- \$214K FEMA Hazard Mitigation private home elevations
- \$286K School bus safety communication system
- \$180K Engineering for school bus compound
- \$127K Park projects, primarily playground equipment at Woodville Park



Of the major capital expenditures, Capital assets, net of accumulated depreciation, are illustrated in the following table:

Capital Assets As of June 30, 2021 and 2020 (\$ in thousands)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Land	\$ 7,002	\$ 7,002	\$ 3,690	\$ 3,690	\$ 10,692	\$ 10,692	\$ 1,950	\$ 1,950
Construction in progress	2,067	891	59	79	2,126	812	311	61
Jointly owned construction in progress	333	101	-	-	333	-	-	-
Buildings	9,239	9,522	19,306	20,348	28,545	31,404	12,508	13,329
Improvements other than buildings	2,663	2,890	-	-	2,663	2,807	-	-
Equipment	1,482	2,869	1,276	1,340	2,758	6,139	3,544	2,461
Jointly owned assets	22,467	24,885	-	-	22,467	27,228	29,789	29,718
Total	\$ 45,252	\$ 48,161	\$ 24,331	\$ 25,456	\$ 69,583	\$ 73,617	\$ 48,102	\$ 47,519

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 Debt

At June 30, 2021, the County's Primary Government had total outstanding debt of \$61.7 million. Details are summarized in the following table:

Long-Term Debt As of June 30, 2021 and 2020 (\$ in thousands)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Bonds Payable:								
General obligation bonds	\$ 28,971	\$ 25,925	\$ -	\$ -	\$ 28,971	\$ 28,373	\$ -	\$ -
Revenue bonds	-	-	5,980	6,688	5,980	7,402	9,311	10,274
Loans and Notes	-	-	-	-	-	-	-	-
Literary loans	-	-	-	-	0	0	-	-
Capital leases	4,989	5,378	-	-	4,989	5,958	-	-
Derivative instrument liability	-	-	-	-	-	-	-	-
OPEB liability	6,855	6,142	242	218	7,097	5,594	16,095	15,452
Net pension liability	11,653	5,656	833	342	12,486	3,653	56,216	49,139
Compensated absences	2,079	2,029	100	103	2,179	2,029	1,835	1,843
Total	\$ 54,547	\$ 45,130	\$ 7,155	\$ 7,352	\$ 61,702	\$ 52,482	\$ 83,457	\$ 76,708

The Total Primary Government long-term debt increased by \$9.2 million from the prior year's balance due mainly to the issuance of general obligation bonds for school construction and increases in net pension liability. The Component Unit long-term debt increased by \$6.7 million primarily due to the School Board's increase in net pension liability.

The County is not subject to a statutory debt limitation, but the County's Debt Obligation Policy, which was adopted on April 4, 2000, and revised on June 16, 2020, limits net debt as a percentage of assessed value not to exceed 3%. In addition, the general obligation debt service and capital lease payments will not exceed 15% of general government expenditures. As of the end of FY 2021, the County's net debt as a percentage of assessed value was less than .72% and the debt payments percentage of governmental expenditures was 7.2%.

Additional information on the County's long-term debt 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

Over the last decade, the County's unemployment rate continued to show steady improvement year after year, dipping to a 10 year low in 2019 at 2.5% (*Source: Virginia Employment Commission*). However, restrictions arising from the COVID-19 Pandemic caused historically high state-wide unemployment rates, nearly doubling to 5.4% in calendar year 2020. Consistent with improvement in other trends as the County emerges from the pandemic, the unemployment rate improved to a rate of 3.7% in June 2021. Continued improvement in unemployment statistics is expected into FY2022.

Along with everchanging economic factors, the Board of Supervisors considered many other factors when developing the fiscal year 2022 General Fund budget and the FY2022-FY2026 Five Year Capital Improvement Project (CIP) Plan. In contrast to the monumental year of FY2021, where the budget was completely reworked in expectation of worsening economic conditions due to COVID-19, the FY2022 budget was based with awareness of the pandemic, while removing the pandemic as a budgetary driver.

Along with unprecedented stimulus, it was also an unprecedented year in predictability for federal and state funding. Changes in federal spending and shifting of funds among competing agencies is always a consideration for impact on future state budgets. As in the past, Commonwealth could pass these changes on to the localities, reducing further what little budget flexibility we have.

Guidance provided by the Board specific to FY 2022 Operating Budget and 5 Year CIP development was similar to that of the prior year: produce a financial plan that incorporates little or no real estate tax increase; does not reduce service levels; and does not eliminate programs.

The FY 2022 General Fund adopted budget is \$69.7 million, which is comprised of \$35 million in operating expenditures and approximately \$34.7 million in transfers to other funds. Of this transfer amount, \$27.7 million supports our School Division's operating budget. Also programmed into the FY 2022 budget is approximately \$52.3 million in new school projects to be funded with debt, and repaid primarily with a new 1% sales tax. The projects include the final engineering, design and construction costs for renovations of the Gloucester High School and the school's transportation facility, new Achilles Elementary School bus loop, and new athletic fields at the Page Middle School. For FY 2022, the real estate tax rate remained at \$0.695 and personal property tax rate remained at \$2.95. Additional information regarding the County Fiscal Year 2022 Adopted budget can be found on the Financial Services website at <https://www.gloucesterva.info/1015/Budgets-Financial-Reports>.

The FY 2022 School Operating Budget was approved at \$65.4 million, which is a \$4.4 million more than the adopted FY 2021 School Operating Budget. The County's contribution to the School Operations, which is 42.4% of the total School Operating Budget, increased by \$1.3 million. Additional information regarding the School Board Fiscal Year 2022 Adopted Budget can be found on the School's Budget and Finance website at <https://gets.gc.k12.va.us/budget-and-finance>.

Economic conditions, trends, and revenue collections continue to be closely monitored. Key factors that are expected to impact future budgets include the rate of continued economic recovery from COVID-19 pandemic, inflation, maintaining service levels for citizens, and funding for facility maintenance and capital improvements.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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Statement of Net Position
June 30, 2021

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	School Board	EDA
ASSETS					
Cash and cash equivalents	\$ 24,212,595	\$ 3,998,207	\$ 28,210,802	\$ 1,035,252	\$ 48,874
Cash in custody of others	4,970,683	-	4,970,683	-	-
Investments	233,159	89,919	323,078	6,407	759,772
Receivables (net of allowance for uncollectibles):					
Taxes receivable	33,181,197	7,261	33,188,458	-	-
Accounts receivable	731,547	777,343	1,508,890	116,525	123,828
Internal balances	(28,511)	28,511	-	-	-
Due from other governmental units	2,376,913	5,253	2,382,166	6,954,430	-
Inventories	-	210,641	210,641	37,425	1,083,044
Prepaid items	402,790	-	402,790	3,861	-
Restricted assets:					
Cash and cash equivalents (in custody of others)	-	430,017	430,017	-	-
Capital assets (net of accumulated depreciation):					
Land	7,001,908	3,690,276	10,692,184	1,476,061	473,735
Buildings and system	31,705,941	19,305,606	51,011,547	35,073,180	7,223,847
Improvements other than buildings	2,662,895	-	2,662,895	-	-
Machinery and equipment	1,481,566	1,275,939	2,757,505	3,544,125	-
Construction in progress	2,399,854	58,874	2,458,728	310,560	-
Total assets	\$ 111,332,537	\$ 29,877,847	\$ 141,210,384	\$ 48,557,826	\$ 9,713,100
DEFERRED OUTFLOWS OF RESOURCES					
Pension related items	\$ 6,330,182	\$ 459,910	\$ 6,790,092	\$ 15,034,427	\$ -
OPEB related items	2,132,367	59,159	2,191,526	1,356,684	-
Deferred charges on refunding	99,970	93,273	193,243	-	-
Total deferred outflows of resources	\$ 8,562,519	\$ 612,342	\$ 9,174,861	\$ 16,391,111	\$ -
LIABILITIES					
Accounts payable	\$ 999,879	\$ 146,546	\$ 1,146,425	\$ 2,374,353	\$ 39,038
Accrued liabilities	1,015,310	14,293	1,029,603	5,767,122	-
Accrued interest payable	510,677	10,465	521,142	-	-
Due to other governmental units	5,061,376	-	5,061,376	-	-
Unearned revenue	848,088	-	848,088	-	-
Deposits held in escrow	-	52,335	52,335	-	-
Long-term liabilities:					
Due within one year	3,302,747	729,008	4,031,755	183,479	1,011,559
Due in more than one year	51,243,954	6,426,485	57,670,440	73,962,749	8,299,256
Total liabilities	\$ 63,038,819	\$ 7,379,132	\$ 70,417,951	\$ 82,287,703	\$ 9,349,853
DEFERRED INFLOWS OF RESOURCES					
Deferred revenue - property taxes	\$ 22,684,522	\$ -	\$ 22,684,522	\$ -	\$ -
Pension related items	11,641	641	12,282	4,023,436	-
OPEB related items	1,152,190	27,441	1,179,631	2,216,564	-
Total deferred inflow of resources	\$ 23,848,353	\$ 28,082	\$ 23,876,435	\$ 6,240,000	\$ -
NET POSITION					
Net investment in capital assets	\$ 11,391,918	\$ 18,443,968	\$ 29,835,886	\$ 40,403,926	\$ (1,613,233)
Unrestricted (deficit)	21,615,966	4,639,007	26,254,973	(63,982,692)	1,976,480
Total net position	\$ 33,007,884	\$ 23,082,975	\$ 56,090,859	\$ (23,578,766)	\$ 363,247

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, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT:				
Governmental activities:				
General government administration	\$ 7,279,364	\$ 3,476	\$ 492,243	\$ -
Judicial administration	2,425,945	160,048	871,145	-
Public safety	19,872,272	499,636	4,651,159	-
Public works	3,619,414	551,085	-	34,555
Health and welfare	6,210,692	-	4,474,595	-
Education	32,007,187	-	2,792,631	-
Parks, recreation, and cultural	2,481,849	196,776	273,569	-
Community development	3,919,597	11,082	1,523,358	813,888
Interest on long-term debt	1,251,346	-	357,122	-
Total governmental activities	\$ 79,067,666	\$ 1,422,103	\$ 15,435,822	\$ 848,443
Business-type activities:				
Public utilities	\$ 4,835,657	\$ 4,898,385	\$ -	\$ -
Total business-type activities	\$ 4,835,657	\$ 4,898,385	\$ -	\$ -
Total primary government	\$ 83,903,323	\$ 6,320,488	\$ 15,435,822	\$ 848,443
COMPONENT UNITS:				
School Board	\$ 68,026,341	\$ 38,360	\$ 38,566,526	\$ -
Economic Development Authority	2,343,101	2,547,237	-	-
Total component units	\$ 70,369,442	\$ 2,585,597	\$ 38,566,526	\$ -
General revenues:				
General property taxes				
Local sales and use tax				
Consumer utility tax				
Business license taxes				
Restaurant food taxes				
Other local taxes				
Unrestricted revenues from use of money and property				
Miscellaneous				
Grants and contributions not restricted to specific programs				
Payment from Gloucester County				
Transfers				
Total general revenues and transfers				
Change in net position				
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	
\$ (6,783,645)	\$ -	\$ (6,783,645)			
(1,394,752)	-	(1,394,752)			
(14,721,477)	-	(14,721,477)			
(3,033,774)	-	(3,033,774)			
(1,736,097)	-	(1,736,097)			
(29,214,556)	-	(29,214,556)			
(2,011,504)	-	(2,011,504)			
(1,571,269)	-	(1,571,269)			
(894,224)	-	(894,224)			
<u>\$ (61,361,298)</u>	<u>\$ -</u>	<u>\$ (61,361,298)</u>			
\$ -	\$ 62,729	\$ 62,729			
\$ -	\$ 62,729	\$ 62,729			
<u>\$ (61,361,298)</u>	<u>\$ 62,729</u>	<u>\$ (61,298,569)</u>			
\$ -	\$ -	\$ -	\$ (29,421,455)	\$ -	
-	-	-	-	204,136	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (29,421,455)</u>	<u>\$ 204,136</u>	
\$ 44,532,103	\$ 50,657	\$ 44,582,760	\$ -	\$ -	
6,262,576	-	6,262,576	-	-	
757,551	-	757,551	-	-	
2,011,717	-	2,011,717	-	-	
2,699,399	-	2,699,399	-	-	
1,702,408	-	1,702,408	-	-	
169,672	9,088	178,760	3,143	4,667	
311,546	-	311,546	376,743	-	
4,052,756	-	4,052,756	-	-	
-	-	-	28,517,028	-	
(11,267)	11,267	-	-	-	
<u>\$ 62,488,461</u>	<u>\$ 71,012</u>	<u>\$ 62,559,473</u>	<u>\$ 28,896,914</u>	<u>\$ 4,667</u>	
\$ 1,127,163	\$ 133,741	\$ 1,260,904	\$ (524,541)	\$ 208,803	
31,880,721	22,949,234	54,829,955	(23,054,225)	154,444	
<u>\$ 33,007,884</u>	<u>\$ 23,082,975</u>	<u>\$ 56,090,859</u>	<u>\$ (23,578,766)</u>	<u>\$ 363,247</u>	

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FUND FINANCIAL STATEMENTS

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Balance Sheet

Governmental Funds

June 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total
ASSETS					
Cash and cash equivalents	\$ 23,401,134	\$ -	\$ -	\$ 811,461	\$ 24,212,595
Cash in custody of others	-	-	4,970,683	-	4,970,683
Investments	134,969	-	98,190	-	233,159
Receivables (net of allowance for uncollectibles):					
Taxes receivable	33,181,197	-	-	-	33,181,197
Accounts receivable	716,044	-	-	15,503	731,547
Due from other funds	298,035	114,015	472,199	-	884,249
Due from other governmental units	1,725,937	-	273,295	377,681	2,376,913
Prepaid items	399,975	-	2,815	-	402,790
Total assets	<u>\$ 59,857,291</u>	<u>\$ 114,015</u>	<u>\$ 5,817,182</u>	<u>\$ 1,204,645</u>	<u>\$ 66,993,133</u>
LIABILITIES					
Accounts payable	\$ 522,432	\$ 114,015	\$ 300,662	\$ 62,770	\$ 999,879
Accrued liabilities	1,015,310	-	-	-	1,015,310
Retainage payable	-	-	56,788	-	56,788
Due to other governmental units	5,061,376	-	-	-	5,061,376
Due to other funds	563,429	-	-	349,331	912,760
Unearned revenue	53,645	-	1,899	792,544	848,088
Total liabilities	<u>\$ 7,216,192</u>	<u>\$ 114,015</u>	<u>\$ 359,349</u>	<u>\$ 1,204,645</u>	<u>\$ 8,894,201</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	\$ 26,013,229	\$ -	\$ -	\$ -	\$ 26,013,229
Total deferred inflows of resources	<u>\$ 26,013,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,013,229</u>
Fund balances:					
Nonspendable	\$ 399,975	\$ -	\$ 2,815	\$ -	\$ 402,790
Restricted	32,823	-	5,081,683	-	5,114,506
Committed	2,741,220	-	373,335	-	3,114,555
Assigned	260,000	-	-	-	260,000
Unassigned	23,193,852	-	-	-	23,193,852
Total fund balances	<u>\$ 26,627,870</u>	<u>\$ -</u>	<u>\$ 5,457,833</u>	<u>\$ -</u>	<u>\$ 32,085,703</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 59,857,291</u>	<u>\$ 114,015</u>	<u>\$ 5,817,182</u>	<u>\$ 1,204,645</u>	<u>\$ 66,993,133</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, 2021

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

Total fund balances per Exhibit 3 - Balance Sheet - Governmental Funds		\$	32,085,703
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			
Capital assets, cost	\$	95,668,083	
Accumulated depreciation		<u>(50,415,919)</u>	45,252,164
Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable in the funds.			
Unavailable revenue - property taxes	\$	<u>3,328,707</u>	3,328,707
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	\$	99,970	
OPEB related items		2,132,367	
Pension related items		<u>6,330,182</u>	8,562,519
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	\$	(32,325,698)	
Less: Issuance premium (to be amortized over life of debt)		(1,634,518)	
Accrued Interest payable		(510,677)	
Net OPEB liability		(6,854,890)	
Net pension liability		(11,652,653)	
Compensated absences		<u>(2,078,942)</u>	(55,057,378)
Deferred inflows of resources are not due and payable in the current period and, therefore, are not reported in the funds.			
Pension related items	\$	(11,641)	
OPEB related items		<u>(1,152,190)</u>	<u>(1,163,831)</u>
Net position of governmental activities		\$	<u>33,007,884</u>

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

COUNTY OF GLOUCESTER, VIRGINIA

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Debt Service	Capital Projects	Other Governmental Funds	Total
REVENUES					
General property taxes	\$ 44,376,967	\$ -	\$ -	\$ -	\$ 44,376,967
Other local taxes	13,433,651	-	-	-	13,433,651
Permits, privilege fees, and regulatory licenses	440,781	-	-	-	440,781
Fines and forfeitures	44,321	-	-	-	44,321
Revenue from the use of money and property	151,810	-	4,475	13,387	169,672
Charges for services	937,001	-	-	-	937,001
Miscellaneous	232,455	-	74,984	4,107	311,546
Recovered costs	445,385	-	-	-	445,385
Intergovernmental:					
Commonwealth	8,808,935	-	627,477	2,012,250	11,448,662
Federal	346,108	357,122	220,966	7,964,163	8,888,359
Total revenues	\$ 69,217,414	\$ 357,122	\$ 927,902	\$ 9,993,907	\$ 80,496,345
EXPENDITURES					
Current:					
General government administration	\$ 6,482,123	\$ -	\$ -	\$ 179,675	\$ 6,661,798
Judicial administration	2,157,099	-	-	-	2,157,099
Public safety	16,294,149	-	-	1,155,820	17,449,969
Public works	2,538,458	-	-	-	2,538,458
Health and welfare	797,681	-	-	6,245,982	7,043,663
Education	26,255,251	-	-	2,806,018	29,061,269
Parks, recreation, and cultural	2,247,145	-	-	-	2,247,145
Community development	1,241,908	-	-	1,515,026	2,756,934
Nondepartmental	397,135	-	-	-	397,135
Capital projects	-	-	2,785,727	-	2,785,727
Debt service:					
Principal retirement	-	2,950,217	-	-	2,950,217
Interest and other fiscal charges	-	1,280,108	-	-	1,280,108
Total expenditures	\$ 58,410,949	\$ 4,230,325	\$ 2,785,727	\$ 11,902,521	\$ 77,329,522
Excess (deficiency) of revenues over (under) expenditures	\$ 10,806,465	\$ (3,873,203)	\$ (1,857,825)	\$ (1,908,614)	\$ 3,166,823
OTHER FINANCING SOURCES (USES)					
Transfers in	\$ -	\$ 3,625,623	\$ 1,291,714	\$ 1,908,614	\$ 6,825,951
Transfers out	(6,837,218)	-	-	-	(6,837,218)
Issuance of debt	-	5,335,000	4,870,000	-	10,205,000
Bond premium issuance	122,756	-	577,128	-	699,884
Refunding of lease revenue bonds	-	(5,192,000)	-	-	(5,192,000)
Total other financing sources (uses)	\$ (6,714,462)	\$ 3,768,623	\$ 6,738,842	\$ 1,908,614	\$ 5,701,617
Net change in fund balances	\$ 4,092,003	\$ (104,580)	\$ 4,881,017	\$ -	\$ 8,868,440
Fund balances - beginning	22,535,867	104,580	576,816	-	23,217,263
Fund balances - ending	\$ 26,627,870	\$ -	\$ 5,457,833	\$ -	\$ 32,085,703

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, 2021

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

Net change in fund balances - total governmental funds	\$	8,868,440
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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 depreciation exceeded the capital outlays in the current period.

Capital asset additions	\$	3,277,050	
Depreciation expense		(3,515,548)	
Jointly owned asset allocation of assets		(3,772,324)	
Jointly owned asset depreciation		<u>1,102,234</u>	(2,908,588)

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

Property taxes	155,136
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The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of long-term debt	\$	(10,904,884)	
Principal payments		<u>8,142,217</u>	(2,762,667)

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	\$	(49,825)	
OPEB expense		(315,032)	
Pension expense		(1,889,063)	
Amortization of deferred charges on refunding		(12,458)	
Premium amortization		105,462	
(Increase) decrease in accrued interest payable		<u>(64,242)</u>	(2,225,158)

Change in net position of governmental activities	\$	<u><u>1,127,163</u></u>
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The notes to the financial statements are an integral part of this statement.

Statement of Net Position
Proprietary Fund
June 30, 2021

	Enterprise Fund Utilities Fund
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 3,998,207
Investments	89,919
Taxes receivable (net of allowance for uncollectibles)	7,261
Accounts receivable (net of allowance for uncollectibles)	777,343
Due from other funds	28,511
Due from other governmental units	5,253
Inventories	210,641
Total current assets	\$ 5,117,135
Noncurrent assets:	
Restricted current assets:	
Cash and cash equivalents (in custody of others)	\$ 430,017
Total restricted current assets	\$ 430,017
Capital assets:	
Land	\$ 3,690,276
Utility plant in service	37,209,597
Machinery and equipment	2,312,185
Buildings	6,542,938
Construction in progress	58,874
Accumulated depreciation	(25,483,175)
Total net capital assets	\$ 24,330,695
Total noncurrent assets	\$ 24,760,712
Total assets	\$ 29,877,847
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charges on refundings	\$ 93,273
Pension related items	459,910
OPEB related items	59,159
Total deferred outflows of resources	\$ 612,342
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 146,546
Accrued liabilities	14,293
Accrued interest payable	10,465
Compensated absences - current portion	10,008
Deposits held in escrow	52,335
Bonds payable - current portion	719,000
Total current liabilities	\$ 952,647

Statement of Net Position
Proprietary Fund
June 30, 2021

	Enterprise Fund Utilities Fund
Noncurrent liabilities:	
Bonds payable - net of current portion	\$ 5,261,000
Net OPEB liability	242,073
Net pension liability	833,342
Compensated absences - net of current portion	90,070
Total noncurrent liabilities	\$ 6,426,485
Total liabilities	\$ 7,379,132
DEFERRED INFLOWS OF RESOURCES	
Pension related items	\$ 641
OPEB related items	27,441
Total deferred inflows of resources	\$ 28,082
NET POSITION	
Net investment in capital assets	\$ 18,443,968
Unrestricted	4,639,007
Total net position	\$ 23,082,975

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

COUNTY OF GLOUCESTER, VIRGINIA**Exhibit 8**

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended June 30, 2021

	Enterprise Fund <u>Utilities Fund</u>
OPERATING REVENUES	
Charges for services:	
Water revenues	\$ 3,360,978
Sewer revenues	737,828
Intergovernmental revenue-Federal	4,147
Other revenues	174,393
Total operating revenues	\$ <u>4,277,346</u>
OPERATING EXPENSES	
Personnel services	\$ 1,223,348
Fringe benefits	804,380
Contractual services	279,194
Other charges	1,237,786
Depreciation	1,135,504
Total operating expenses	\$ <u>4,680,212</u>
Operating income (loss)	\$ <u>(402,866)</u>
NONOPERATING REVENUES (EXPENSES)	
Connection fees	\$ 621,040
Investment income	9,088
Taxes	50,657
Interest expense	(155,445)
Total nonoperating revenues (expenses)	\$ <u>525,340</u>
Income before transfers	\$ 122,474
Transfers in	11,267
Change in net position	\$ <u>133,741</u>
Total net position - beginning	22,949,234
Total net position - ending	\$ <u><u>23,082,975</u></u>

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

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2021

	Enterprise Fund Utilities Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 3,868,203
Receipts for miscellaneous items	169,132
Payments to suppliers	(1,517,355)
Payments to and for employees	(1,819,736)
Net cash provided by (used for) operating activities	\$ 700,245
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Transfers from other funds	\$ 11,267
Connection fees	621,040
Advances to other funds	(212,444)
Tax revenue	48,934
Net cash provided by (used for) noncapital financing activities	\$ 468,797
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	\$ (10,126)
Principal payments on bonds	(708,000)
Interest expense	(133,016)
Net cash provided by (used for) capital and related financing activities	\$ (851,142)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	\$ 7,355
Sale of investments	3,200,000
Net cash provided by (used for) investing activities	\$ 3,207,355
Net increase (decrease) in cash and cash equivalents	\$ 3,525,255
Cash and cash equivalents - beginning - including restricted	902,969
Cash and cash equivalents - ending - including restricted	\$ 4,428,224
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (402,866)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) by operating activities:	
Depreciation	\$ 1,135,504
(Increase) decrease in accounts receivable	(230,603)
(Increase) decrease in due from other governmental entities	(5,253)
(Increase) decrease in deferred outflows of resources	(259,905)
(Increase) decrease in inventories	(57,392)
Increase (decrease) in customer deposits	(4,155)
Increase (decrease) in accrued liabilities	(13,896)
Increase (decrease) in accounts payable	70,913
Increase (decrease) in net OPEB liability	23,897
Increase (decrease) in net pension liability	491,045
Increase (decrease) in deferred inflows of resources	(43,762)
Increase (decrease) in compensated absences	(3,283)
Total adjustments	\$ 1,103,110
Net cash provided by (used for) operating activities	\$ 700,245
Schedule of non-cash investing and financing activities:	
Change in fair value of investments	\$ 1,733

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

Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash and cash equivalents	\$ 168,370
Investments	5,163
Accounts receivable	874
Total assets	\$ <u>174,407</u>
LIABILITIES	
Accounts payable	\$ 73,784
Total liabilities	\$ <u>73,784</u>
NET POSITION	
Restricted for:	
Individuals	90,323
Other governments	10,300
Total net position	\$ <u><u>100,623</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, 2021

	<u>Custodial Funds</u>
ADDITIONS	
Contributions:	
Other governmental entities	\$ 561,197
Participant fees	151,270
Miscellaneous	27,077
Investment earnings:	
Interest and dividends	451
Total additions	\$ <u>739,995</u>
DEDUCTIONS	
Recipient payments	\$ 171,830
Administrative expenses	19,782
Payments for personnel	546,705
Payments for supplies	31,889
Total deductions	\$ <u>770,206</u>
Net increase (decrease) in fiduciary net position	\$ <u>(30,211)</u>
Net position, beginning - as restated	\$ <u>130,834</u>
Net position, ending	\$ <u><u>100,623</u></u>

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021

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

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 and intergovernmental revenues, 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, 2021 (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 combined financial statements to emphasize it is legally 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, 2021.

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, 2021.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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, 2021. 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.

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service principal and interest expenditures on general long-term debt as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Accordingly, real and personal property taxes are recorded as revenues and receivables when billed, net of allowances for uncollectible amounts. Property taxes not collected within 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.

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.

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 and the CARES Act.

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.

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 do not have a measurement focus. Fiduciary funds are not included in the government-wide financial statements. The County's Custodial Funds include amounts held for others in a fiduciary capacity, which includes the following funds: Special Welfare, Middle Peninsula Regional Special Education, Flexible Benefits, Escrow and Sheriff/Jail.

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

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

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 Funds consist of the Utilities Fund, which accounts for the operations of sewage pumping stations and collection systems, and the water distribution system.

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.

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 \$533,502 at June 30, 2021 and is comprised solely of property taxes.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

G. Receivables and Payables (Continued)

Real and Personal Property Tax Data:

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

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

The County bills and collects its own property taxes.

H. Capital Assets

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

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of assets constructed.

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

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

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

I. Compensated Absences

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

J. 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.

K. 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 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.

L. 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.

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

M. 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' net fiduciary 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.

N. 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.

O. 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.

P. 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.

Q. Fund Balance

The following classifications of fund balance describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that are not in spendable form (such as inventory and prepaids) or are 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;

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

Q. Fund Balance (Continued)

- 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 general 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. Assigned fund balance is established by the County Administrator, who has been given the delegated authority to assign amounts by the Board of Supervisors.

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

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Q. Fund Balance (Continued)

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

	General Fund	Major Capital Projects Fund	Total
Fund Balances:			
Nonspendable:			
Prepaid items	\$ 399,975	\$ 2,815	\$ 402,790
Total Nonspendable	\$ 399,975	\$ 2,815	\$ 402,790
Restricted:			
Sheriff's asset forfeiture, federal	\$ 3,083	\$ -	\$ 3,083
Sheriff's asset forfeiture, state	22,126	-	22,126
Commonwealth Attorney's asset forfeiture, federal	485	-	485
Commonwealth Attorney's asset forfeiture, state	7,129	-	7,129
SNAP funds, School construction		4,970,683	4,970,683
Proffers	-	111,000	111,000
Total Restricted	\$ 32,823	\$ 5,081,683	\$ 5,114,506
Committed:			
Mosquito control	\$ 115,475	\$ -	\$ 115,475
Tourism projects	539,298	6,700	545,998
Daffodil festival	33,153	-	33,153
Program donations	29,817	-	29,817
Subsequent expenditures	-	263,547	263,547
Probation and pretrial	118,739	-	118,739
Cable services	866,789	-	866,789
County capital replacement	1,037,949	-	1,037,949
Park projects	-	31,442	31,442
Older adult capital projects	-	71,646	71,646
Total Committed	\$ 2,741,220	\$ 373,335	\$ 3,114,555
Assigned:			
County administrator's contingency	\$ 260,000	\$ -	\$ 260,000
Total Assigned	\$ 260,000	\$ -	\$ 260,000
Unassigned	\$ 23,193,852	\$ -	\$ 23,193,852
Total Fund Balances	\$ 26,627,870	\$ 5,457,833	\$ 32,085,703

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

R. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position 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 the measurement of the net pension asset/liability and net OPEB liabilities and contributions to the pension and OPEB plans made during the current year and subsequent to the net pension asset/liability and net OPEB liability measurement date. For more detailed information on these items, reference the related notes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position 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 the measurement of the net pension asset/liability and net OPEB liabilities 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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

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.
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.

NOTE 3—DEPOSITS AND INVESTMENTS:

Deposits

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

Investments

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

Custodial Credit Risk (Investments)

The County’s investment policy requires that all securities purchased for the County be held by the County or by the County’s designated custodian. The County’s investments at June 30, 2021 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, 2021 (CONTINUED)

NOTE 3—DEPOSITS AND INVESTMENTS: (CONTINUED)

Credit Risk of Debt Securities

The County's rated debt investments as of June 30, 2021 were rated by Standard and Poor's and Moody's and the ratings are presented below using the Standard and Poor's and Moody's rating scale. The County's investment policy has an emphasis on high credit quality and known marketability. Obligations of the Commonwealth of Virginia and its local governments and public bodies are allowable under the County's investment policy provided they have a debt rating of at least AA by Standard and Poor's.

County's Rated Debt Investments' Values				
Rated Debt Investments		Fair Quality Ratings		
		AAAm	AAA	AA-
Primary Government:				
Local Government Investment Pool	\$	328,242	\$ -	\$ -
Virginia State Non-Arbitrage Pool		4,970,683	-	-
U.S. Government Obligations		430,017	-	-
Total	\$	<u>5,728,942</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-School Board:				
Local Government Investment Pool	\$	<u>6,407</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$	<u>6,407</u>	<u>\$ -</u>	<u>\$ -</u>
Component Unit-Economic Development Authority:				
Local Government Investment Pool	\$	<u>759,772</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$	<u>759,772</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, 2021 (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	\$ 328,242	\$ 328,242	\$ -
Virginia State Non-Arbitrage Pool	4,970,683	4,970,683	-
U.S. Government Obligations	430,017	430,017	
Total	<u>\$ 5,728,942</u>	<u>\$ 5,728,942</u>	<u>\$ -</u>
Component Unit-School Board:			
Local Government Investment Pool	\$ 6,407	\$ 6,407	\$ -
Total	<u>\$ 6,407</u>	<u>\$ 6,407</u>	<u>\$ -</u>
Component Unit-Economic Development Authority			
Local Government Investment Pool	\$ 759,772	\$ 759,772	\$ -
Total	<u>\$ 759,772</u>	<u>\$ 759,772</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, 2021 (CONTINUED)

NOTE 4—DUE FROM OTHER GOVERNMENTS:

At June 30, 2021, the County has receivables from and amounts due to other governments as follows:

		Component Unit	
	Primary Government	School Board	School Board Internal Service Fund
Amounts due from other governments are as follows:			
Other Local Governments:			
Gloucester County	\$ -	\$ 4,271,299	\$ 790,077
Commonwealth of Virginia:			
Local sales tax	1,124,019	-	-
Games of Skill tax	20,448	-	-
Local communication sales tax	175,499	-	-
Victim witness grant	6,047	-	-
Rental vehicle tax	7,363	-	-
VA Port Authority grant	209,413	-	-
CSA funds	79,647	-	-
VPA funds	111,888	-	-
State sales tax	-	906,164	-
Constitutional officer reimbursements	308,742	-	-
Other Grants	24,965	-	-
E-911 funds	10,331	-	-
Federal Government:			
School fund grants	-	986,890	-
Emergency services	37,353	-	-
Highway safety funds	18,457	-	-
VPA funds	186,146	-	-
Victim witness grant	18,142	-	-
Other federal grants	43,706	-	-
Total due from other governments	\$ 2,382,166	\$ 6,164,353	\$ 790,077
Amounts due to other governments are as follows:			
Gloucester County School Board	\$ 4,271,299	\$ -	\$ -
Gloucester School Board Self insurance fund	790,077	-	-
Total due to other governments	\$ 5,061,376	\$ -	\$ -

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 5—INTERFUND OBLIGATIONS:

Details of the Primary Government's interfund receivables and payables as of June 30, 2021, are as follows:

	Interfund Receivable	Interfund Payable
General	\$ 298,035	\$ 563,429
Capital Projects	472,199	-
Debt Service	114,015	-
CARES Act	-	13,234
Virginia Public Assistance	-	298,034
Comprehensive Services Act	-	38,063
Total Governmental Funds	<u>\$ 884,249</u>	<u>\$ 912,760</u>
Utilities	\$ 28,511	\$ -
Total All Funds	<u>\$ 912,760</u>	<u>\$ 912,760</u>

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

NOTE 6—CAPITAL ASSETS:

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

Primary Government:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Governmental activities:				
Capital assets not subject to depreciation:				
Land	\$ 7,001,908	\$ -	\$ -	\$ 7,001,908
Construction in progress	890,554	1,373,803	197,182	2,067,175
Jointly owned construction in progress	<u>101,447</u>	<u>231,232</u>	<u>-</u>	<u>332,679</u>
Total capital assets not subject to depreciation	<u>\$ 7,993,909</u>	<u>\$ 1,605,035</u>	<u>\$ 197,182</u>	<u>\$ 9,401,762</u>
Capital assets subject to depreciation:				
Buildings	\$ 19,821,683	\$ 197,182	\$ 4,500	\$ 20,014,365
Improvements other than buildings	4,431,306	-	-	4,431,306
Machinery and equipment	20,670,462	350,393	31,124	20,989,731
Jointly owned assets - buildings	<u>43,281,621</u>	<u>-</u>	<u>2,450,702</u>	<u>40,830,919</u>
Total capital assets subject to depreciation	<u>\$ 88,205,072</u>	<u>\$ 547,575</u>	<u>\$ 2,486,326</u>	<u>\$ 86,266,321</u>
Accumulated depreciation:				
Buildings	\$ (10,299,327)	\$ (480,296)	\$ (4,500)	\$ (10,775,123)
Improvements other than buildings	(1,540,814)	(227,597)	-	(1,768,411)
Machinery and equipment	(17,801,385)	(1,737,904)	(31,124)	(19,508,165)
Jointly owned assets - buildings	<u>(18,396,703)</u>	<u>(1,069,751)</u>	<u>(1,102,234)</u>	<u>(18,364,220)</u>
Total accumulated depreciation	<u>\$ (48,038,229)</u>	<u>\$ (3,515,548)</u>	<u>\$ (1,137,858)</u>	<u>\$ (50,415,919)</u>
Total capital assets being depreciated, net	<u>\$ 40,166,843</u>	<u>\$ (2,967,973)</u>	<u>\$ 1,348,468</u>	<u>\$ 35,850,402</u>
Governmental activities capital assets, net	<u>\$ 48,160,752</u>	<u>\$ (1,362,938)</u>	<u>\$ 1,545,650</u>	<u>\$ 45,252,164</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

Depreciation expense was charged to functions/programs as follows:

Governmental activities:

General government administration	\$	247,718
Judicial administration		195,634
Public safety		1,728,397
Public works		40,873
Health and welfare		51,880
Education		1,080,498
Parks, recreation and cultural		160,441
Community development		10,107
Total Governmental activities	\$	<u>3,515,548</u>

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 3,690,276	\$ -	\$ -	\$ 3,690,276
Construction in progress	<u>78,730</u>	<u>12,023</u>	<u>31,879</u>	<u>58,874</u>
Total capital assets not subject to depreciation	\$ <u>3,769,006</u>	\$ <u>12,023</u>	\$ <u>31,879</u>	\$ <u>3,749,150</u>
Capital assets subject to depreciation:				
Plant in service	\$ 37,726,808	\$ -	\$ 517,211	\$ 37,209,597
Machinery and equipment	2,282,203	29,982	-	2,312,185
Buildings	<u>6,542,938</u>	<u>-</u>	<u>-</u>	<u>6,542,938</u>
Total capital assets subject to depreciation	\$ <u>46,551,949</u>	\$ <u>29,982</u>	\$ <u>517,211</u>	\$ <u>46,064,720</u>
Accumulated depreciation:				
Plant in service	\$ (19,303,804)	\$ (857,559)	\$ (517,211)	\$ (19,644,152)
Machinery and equipment	(942,693)	(93,553)	-	(1,036,246)
Buildings	<u>(4,618,385)</u>	<u>(184,392)</u>	<u>-</u>	<u>(4,802,777)</u>
Total accumulated depreciation	\$ <u>(24,864,882)</u>	\$ <u>(1,135,504)</u>	\$ <u>(517,211)</u>	\$ <u>(25,483,175)</u>
Total capital assets being depreciated, net	\$ <u>21,687,067</u>	\$ <u>(1,105,522)</u>	\$ <u>-</u>	\$ <u>20,581,545</u>
Business-type activities capital assets, net	\$ <u>25,456,073</u>	\$ <u>(1,093,499)</u>	\$ <u>31,879</u>	\$ <u>24,330,695</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

The following is a summary of changes in capital assets for the fiscal year ending June 30, 2021:

Component Unit - School Board:

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets not subject to depreciation:				
Land	\$ 1,476,061	\$ -	\$ -	\$ 1,476,061
Construction in progress	61,322	249,238	-	310,560
Total capital assets not subject to depreciation	\$ 1,537,383	\$ 249,238	\$ -	\$ 1,786,621
Capital assets subject to depreciation:				
Buildings	\$ 6,316,484	\$ 258,058	\$ -	\$ 6,574,542
Machinery and equipment	11,835,473	1,632,996	189,215	13,279,254
Jointly owned assets - buildings	51,687,996	-	(2,450,702)	54,138,698
Total capital assets subject to depreciation	\$ 69,839,953	\$ 1,891,054	\$ (2,261,487)	\$ 73,992,494
Accumulated depreciation:				
Buildings	\$ (939,825)	\$ (350,673)	\$ -	\$ (1,290,498)
Machinery and equipment	(9,374,718)	(549,626)	(189,215)	(9,735,129)
Jointly owned assets - buildings	(21,969,804)	(1,277,524)	1,102,234	(24,349,562)
Total accumulated depreciation	\$ (32,284,347)	\$ (2,177,823)	\$ 913,019	\$ (35,375,189)
Total capital assets being depreciated, net	\$ 37,555,606	\$ (286,769)	\$ (1,348,468)	\$ 38,617,305
Governmental activities capital assets, net	\$ 39,092,989	\$ (37,531)	\$ (1,348,468)	\$ 40,403,926

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, 2021, is that school financed assets in the amount of \$22,782,428 are reported in the Primary Government for financial reporting purposes.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 6—CAPITAL ASSETS: (CONTINUED)

A summary of changes for the component Unit Economic Development Authority capital assets at June 30, 2021 follows:

	<u>Balance</u> <u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2021</u>
Business-type activities:				
Capital assets not subject to depreciation:				
Land	\$ 473,735	\$ -	\$ -	\$ 473,735
Total capital assets not subject to depreciation	\$ 473,735	\$ -	\$ -	\$ 473,735
Capital assets subject to depreciation:				
Buildings	\$ 18,221,572	\$ -	\$ -	\$ 18,221,572
Machinery and equipment	7,234	-	-	7,234
Total capital assets subject to depreciation	\$ 18,228,806	\$ -	\$ -	\$ 18,228,806
Accumulated depreciation:				
Buildings	\$ (10,268,862)	\$ (728,863)	\$ -	\$ (10,997,725)
Machinery and equipment	(7,234)	-	-	(7,234)
Total accumulated depreciation	\$ (10,276,096)	\$ (728,863)	\$ -	\$ (11,004,959)
Total capital assets being depreciated, net	\$ 7,952,710	\$ (728,863)	\$ -	\$ 7,223,847
Business-type activities capital assets, net	\$ 8,426,445	\$ (728,863)	\$ -	\$ 7,697,582

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 7—INTERFUND TRANSFERS:

Interfund transfers for the year ended June 30, 2021, consisted of the following:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Primary Government:		
Governmental Funds:		
General Fund	\$ -	\$ 6,837,218
Debt Service	3,625,623	-
Capital Projects	1,291,714	-
Other Governmental Funds	1,908,614	-
Total Governmental Funds	\$ 6,825,951	\$ 6,837,218
Enterprise Funds:		
Utilities	11,267	-
Total-All Funds	\$ 6,837,218	\$ 6,837,218

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, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS:

Primary Government:

A summary of long-term obligation transactions for the year ended June 30, 2021 is as follows:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Governmental Activities:					
Incurred by County:					
Compensated absences	\$ 2,029,117	\$ 1,665,284	\$ 1,615,459	\$ 2,078,942	\$ 207,894
Net OPEB liabilities	6,141,860	2,607,670	1,894,640	6,854,890	-
Net pension liability	5,656,212	9,355,530	3,359,089	11,652,653	-
Capital lease	185,998	-	185,998	-	-
Direct borrowing and placements:					
Lease revenue bond	5,192,000	5,335,000	5,538,000	4,989,000	461,000
Total incurred by County	\$ 19,205,187	\$ 18,963,484	\$ 12,593,186	\$ 25,575,485	\$ 668,894
Incurred by School Board:					
Direct borrowing and placements:					
General obligation bonds	\$ 24,884,917	\$ 4,870,000	\$ 2,418,219	\$ 27,336,698	\$ 2,633,853
Add deferred amounts:					
For issuance premium	1,040,096	699,884	105,462	1,634,518	-
Total incurred by School Board	\$ 25,925,013	\$ 5,569,884	\$ 2,523,681	\$ 28,971,216	\$ 2,633,853
Total Governmental Activities	\$ 45,130,200	\$ 24,533,368	\$ 15,116,867	\$ 54,546,701	\$ 3,302,747
Business-type Activities:					
Compensated absences	\$ 103,361	\$ 114,665	\$ 117,948	\$ 100,078	\$ 10,008
Net OPEB liabilities	218,176	45,365	21,468	242,073	-
Net pension liability	342,296	727,116	236,070	833,342	-
Direct borrowing and placements:					
Revenue bonds	6,688,000	-	708,000	5,980,000	719,000
Total Business-type Activities	\$ 7,351,833	\$ 887,146	\$ 1,083,486	\$ 7,155,493	\$ 729,008

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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		Governmental Activities	
	Incurred by County		Incurred by School Board	
	Direct Borrowings and Direct Placements		Direct Borrowings and Direct Placements	
	Lease Revenue Bond		General Obligation Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 461,000	\$ 85,653	\$ 2,633,853	\$ 1,191,555
2023	466,000	77,310	2,741,258	1,051,377
2024	472,000	68,868	2,831,126	956,185
2025	486,000	60,246	2,185,284	863,440
2027	495,000	51,417	2,257,045	777,870
2028	503,000	42,435	2,324,162	693,852
2029	514,000	33,282	1,891,650	617,091
2030	519,000	23,985	1,585,490	552,175
2031	530,000	14,544	1,220,490	503,080
2032	543,000	4,887	1,260,489	450,273
2033	-	-	1,277,712	395,544
2034	-	-	1,322,713	350,737
2035	-	-	1,362,713	305,402
2036	-	-	562,713	161,244
2037	-	-	295,000	37,154
2038	-	-	305,000	31,004
2039	-	-	310,000	24,700
2040	-	-	315,000	18,294
2041	-	-	325,000	11,328
2041	-	-	330,000	3,795
Total	\$ <u>4,989,000</u>	\$ <u>462,627</u>	\$ <u>27,336,698</u>	\$ <u>8,996,100</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Year Ending June 30,	Business-type Activities	
	Direct Borrowings and Direct Placements	
	Revenue Bonds	
	Principal	Interest
2022	\$ 719,000	\$ 118,031
2023	729,000	102,826
2024	749,000	87,308
2025	759,000	71,473
2026	775,000	55,367
2027	699,000	39,889
2028	506,000	27,237
2029	517,000	16,496
2030	527,000	5,533
Total	\$ <u>5,980,000</u>	\$ <u>524,160</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of governmental activities long-term obligations:

	<u>Notes</u>	<u>Interest Rates</u>	<u>Date Issued</u>	<u>Final Maturity Date</u>	<u>Amount of Original Issue</u>	<u>Balance Governmental Activities</u>	<u>Amount Due Within One Year</u>
Compensated absences (payable from the General Fund)						\$ 2,078,942	\$ 207,894
Net OPEB liabilities (payable from the General Fund)						\$ 6,854,890	\$ -
Net pension liability (payable from the General Fund)						\$ 11,652,653	\$ -
Direct borrowings and placements:							
<u>Revenue Bonds:</u>							
Lease Revenue Refunding Bond through Economic Development Authority of Gloucester County	(a)	1.80%	09/09/20	11/01/30	5,335,000	\$ 4,989,000	\$ 461,000
Total long-term obligations incurred by the County						\$ 25,575,485	\$ 668,894
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	\$ 290,000	\$ 40,000
Qualified School Construction Bonds through VPSA	(b)	3.84%	08/12/15	11/01/30	5,999,684	4,199,772	399,979
		3.1%					
VPSA Bond outstanding \$1,670,000 plus unamortized premium of \$51,666.	(b)	5.35%	08/12/15	11/01/30	7,525,000	1,721,666	530,000
		2.05%					
VPSA Bond outstanding \$4,870,000 plus unamortized premium of \$699,884.	(b)	5.05%	10/20/20	07/15/40	4,870,000	5,569,884	115,000
		4.225%					
VPSA Bond outstanding \$2,615,000 plus unamortized premium of \$48,607.	(b)	5.10%	08/12/15	11/01/30	6,505,000	2,663,607	390,000
		2.30%					
VPSA Bond outstanding \$11,235,000 plus unamortized premium of \$725,634.	(b)	5.05%	08/12/15	11/01/30	15,845,000	11,960,634	825,000
		4.35%					
VPSA Bond outstanding \$2,456,926 plus unamortized premium of \$108,727.	(b)	5.10%	08/12/15	11/01/30	6,364,713	2,565,653	333,874
Total General Obligation Bonds						\$ 28,971,216	\$ 2,633,853
Total Direct Borrowings and Placements						\$ 28,971,216	\$ 2,633,853
Total long-term obligations incurred by School Board, payable from the General Fund						\$ 28,971,216	\$ 2,633,853
Total outstanding debt - governmental activities						\$ 54,546,701	\$ 3,302,747

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

Details of governmental activities long-term obligations:

	Interest Rates	Date Issued	Final Maturity Date	Amount of Original Issue	Balance Business-Type Activities	Amount Due Within One Year	
Compensated absences (payable from the Enterprise Fund)					\$ 100,078	\$ 10,008	
Net OPEB liabilities (payable from the Enterprise Fund)					\$ 242,073	\$ -	
Net pension liability (payable from the Enterprise Fund)					\$ 833,342	\$ -	
Direct borrowings and placements:							
<u>Revenue Bonds:</u>							
Water and Sewer Revenue Bonds through Pinnacle Public Finance, Inc.	(c)	2.10%	03/30/16	12/01/29	9,427,000	\$ 5,980,000	\$ 719,000
Total Revenue Bonds						\$ 5,980,000	\$ 719,000
Total Direct Borrowings and Placements						\$ 5,980,000	\$ 719,000
Total outstanding debt - business-type activities						\$ 7,155,493	\$ 729,008

Notes:

- (a) Pledged collateral includes the courthouse building and all fixtures and equipment. In the event of default, the lender may declare the entire unpaid principal and interest on the issuance due and payable.
- (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.
- (c) All Enterprise Fund revenue is pledged to collateralize all revenue bonds as long as they remain outstanding. In the event of default, the lender may declare the entire unpaid principal and interest on the issuance due and payable. Outstanding revenue bonds at June 30, 2021 report remaining principal and interest balances payable of \$5,980,000 and \$524,160, respectively.

Capital Leases

The County has entered into a lease agreement as lessee for financing the acquisition of radio equipment for public safety. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 8—LONG-TERM OBLIGATIONS: (CONTINUED)

Primary Government: (Continued)

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Radio Equipment	\$ 1,020,726
Less: Accumulated depreciation	(816,581)
	<u>\$ 204,145</u>

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, 2021:

	Balance at July 1, 2020		Increases		Decreases		Balance at June 30, 2021		Amounts Due Within One Year
Compensated absences (payable from the School Fund)	\$ 1,843,377	\$	236,961	\$	245,544	\$	1,834,794	\$	183,479
Net OPEB liabilities	15,452,097		2,539,691		1,896,761		16,095,027		-
Net pension liability	<u>49,139,078</u>		<u>22,558,828</u>		<u>15,481,499</u>		<u>56,216,407</u>		<u>-</u>
Total incurred by School Board	<u>\$ 66,434,552</u>	\$	<u>25,335,480</u>	\$	<u>17,623,804</u>	\$	<u>74,146,228</u>	\$	<u>183,479</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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, 2021:

	Balance at July 1, 2020	Issuances/ Increases	Retirements/ Decreases	Balance at June 30, 2021	Amounts Due Within One Year
Direct borrowing and placements:					
Lease Revenue Bond	\$ 10,273,619	\$ -	\$ 962,804	\$ 9,310,815	\$ 1,011,559
Total	\$ 10,273,619	\$ -	\$ 962,804	\$ 9,310,815	\$ 1,011,559

Details of long-term indebtedness:

	Amount Outstanding
<u>Lease Revenue Bond payable:</u>	
\$11,416,253 taxable Lease Revenue and Refunding Bonds, Series 2019, issued March 1, 2019, due in monthly installments through March 1, 2029, interest at 4.95%. Loan is secured by real estate owned by the Authority at 6000 Industrial Drive, Gloucester, Virginia.	\$ 9,310,815
Total Debt incurred by the Component Unit Economic Development Authority	\$ 9,310,815

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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
2022	\$ 1,011,559	\$ 438,170
2023	1,062,783	386,948
2024	1,116,600	333,132
2025	1,173,144	276,590
2026	1,232,550	217,186
2027	1,294,965	154,773
2028	1,360,540	89,199
2029	1,058,674	21,835
Total	\$ 9,310,815	\$ 1,917,833

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 10—DEFERRED AND UNAVAILABLE REVENUE:

At June 30, 2021, deferred and unavailable revenue are reported as follows:

	Government-wide Statements Governmental Activities	Balance Sheet Governmental Funds
Unavailable property tax revenue representing uncollected property tax billings that are not available for the funding of current expenditures	\$ -	\$ 3,328,707
2nd half assessments due in December 2021	22,155,100	22,155,100
Prepaid property taxes due in December 2021 but paid in advance by taxpayers	529,422	529,422
	\$ 22,684,522	\$ 26,013,229

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, 2021 (CONTINUED)****NOTE 11—COMMITMENTS AND CONTINGENCIES: (Continued)**

The County was committed under the following construction contracts at June 30, 2021:

<u>Contractor</u>	<u>Project</u>	<u>Contract Sum</u>	<u>Balance</u>
Precision Services, Inc.	Achilles Elementary School Bus Loop	\$ 611,307	\$ 318,834
Precision Services, Inc.	Page Middle School Baseball Field	554,556	537,606
Zandler Development Company	DSS Expansion	1,217,099	138,130

NOTE 12—LITIGATION:

At June 30, 2021, 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, 2019	\$ 690,636
Incurring claims (including IBNR and changes in estimates)	9,599,018
Claim payments	(9,201,021)
Unpaid claims, June 30, 2020	\$ 1,088,633
Incurring claims (including IBNR and changes in estimates)	9,933,954
Claim payments	(9,267,193)
Unpaid claims, June 30, 2021	\$ 1,755,394

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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, 2021 (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, 2019 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	222	127
Inactive members:		
Vested inactive members	62	30
Non-vested inactive members	78	59
Inactive members active elsewhere in VRS	147	50
Total inactive members	287	139
Active members	314	169
Total covered employees	823	435

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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, 2021 was 10.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$1,772,125 and \$1,468,440 for the years ended June 30, 2021 and June 30, 2020, respectively.

The Component Unit School Board's contractually required employer contribution rate for nonprofessional employees for the year ended June 30, 2021 was 5.88% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the Component Unit School Board's nonprofessional employees were \$185,459 and \$166,013 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net Pension Liability (Asset)

The net pension liability (NPL) is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The County's and Component Unit School Board's (nonprofessional) net pension liabilities were measured as of June 30, 2020. The total pension liabilities used to calculate the net pension liabilities were determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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, 2019, 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, 2020.

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*

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75 investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Actuarial Assumptions - General Employees (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2019, 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, 2020:

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

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

Mortality rates:

All Others (Non-10 Largest) - Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Long-Term Expected Rate of Return

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

<u>Asset Class (Strategy)</u>	<u>Long-Term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Str	6.00%	3.04%	0.18%
PIP - Private Investment Par	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

* The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; the County and Component Unit School Board (nonprofessional) was also provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017 actuarial valuations, whichever was greater. Through the fiscal year ended June 30, 2020, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 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, 2019	\$ 72,518,349	\$ 66,519,841	\$ 5,998,508
Changes for the year:			
Service cost	\$ 1,898,366	\$ -	\$ 1,898,366
Interest	4,783,955	-	4,783,955
Differences between expected and actual experience	3,297,585	-	3,297,585
Contributions - employer	-	1,461,760	(1,461,760)
Contributions - employee	-	799,113	(799,113)
Net investment income	-	1,276,232	(1,276,232)
Benefit payments, including refunds of employee contributions	(3,289,869)	(3,289,869)	-
Administrative expense	-	(43,182)	43,182
Other changes	-	(1,504)	1,504
Net changes	\$ 6,690,037	\$ 202,550	\$ 6,487,487
Balances at June 30, 2020	\$ 79,208,386	\$ 66,722,391	\$ 12,485,995

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Changes in Net Pension Liability

	Component School Board (nonprofessional)		
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balances at June 30, 2019	\$ 19,445,009	\$ 19,438,281	\$ 6,728
Changes for the year:			
Service cost	\$ 290,581	\$ -	\$ 290,581
Interest	1,275,548	-	1,275,548
Differences between expected and actual experience	742,110	-	742,110
Contributions - employer	-	165,295	(165,295)
Contributions - employee	-	173,184	(173,184)
Net investment income	-	366,146	(366,146)
Benefit payments, including refunds of employee contributions	(1,096,001)	(1,096,001)	-
Administrative expense	-	(12,915)	12,915
Other changes	-	(429)	429
Net changes	\$ 1,212,238	\$ (404,720)	\$ 1,616,958
Balances at June 30, 2020	\$ 20,657,247	\$ 19,033,561	\$ 1,623,686

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
County			
Net Pension Liability (Asset)	\$ 22,602,027	\$ 12,485,995	\$ 4,069,026
Component Unit School Board (nonprofessional)			
Net Pension Liability (Asset)	3,893,320	1,623,686	(296,449)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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, 2021, the County and Component Unit School Board (nonprofessional) recognized pension expense of \$3,845,954 and \$746,173, respectively. At June 30, 2021, 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	\$ 2,319,927	\$ 12,282	\$ 435,453	\$ 85,201
Changes of assumptions	708,334	-	99,255	-
Net difference between projected and actual earnings on pension plan investments	1,989,706	-	568,817	-
Employer contributions subsequent to the measurement date	1,772,125	-	185,459	-
Total	<u>\$ 6,790,092</u>	<u>\$ 12,282</u>	<u>\$ 1,288,984</u>	<u>\$ 85,201</u>

\$1,772,125 and \$185,459 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Year ended June 30	Primary Government	Component Unit School Board (nonprofessional)
2022	\$	1,986,187	\$ 329,358
2023		1,713,704	308,925
2024		670,270	196,056
2025		635,524	183,985
2026		-	-
Thereafter		-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the school division were \$5,012,876 and \$4,984,888 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$54,592,721 for its proportionate share of the Net Pension Liability. The Net Pension Liability was measured as of June 30, 2020 and the total pension liability used to calculate the Net Pension Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion was .37510% as compared to .37333% at June 30, 2019.

For the year ended June 30, 2021, the school division recognized pension expense of \$6,019,672. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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

At June 30, 2021, 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	\$ -	\$ 3,199,975
Change of assumptions	3,726,638	-
Net difference between projected and actual earnings on pension plan investments	4,152,381	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	853,548	738,260
Employer contributions subsequent to the measurement date	<u>5,012,876</u>	<u>-</u>
Total	<u>\$ 13,745,443</u>	<u>\$ 3,938,235</u>

\$5,012,876 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, 2022. 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>	
2022	\$ 93,316
2023	1,444,718
2024	1,815,819
2025	1,494,602
2026	(54,123)

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

Actuarial Assumptions

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

* Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

Mortality rates:

Pre-Retirement:

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-Retirement:

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 set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NPL amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

		Teacher Employee Retirement Plan
Total Pension Liability	\$	51,001,855
Plan Fiduciary Net Position		36,449,229
Employers' Net Pension Liability (Asset)	\$	<u>14,552,626</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability		71.47%

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 14—PENSION PLANS: (CONTINUED)

Component Unit School Board (professional) (Continued)

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)	\$ 80,099,783	\$ 54,592,721	\$ 33,495,157

Pension Plan Fiduciary Net Position

Detailed information about the VRS Teacher Retirement Plan's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Primary Government and Component Unit School Board

Aggregate Pension Information

	Primary Government				Component Unit School Board			
	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense	Deferred Outflows	Deferred Inflows	Net Pension Liability (Asset)	Pension Expense
VRS Pension Plans:								
Primary Government	\$ 6,790,092	\$ 12,282	\$ 12,485,995	\$ 3,845,954	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	1,288,984	85,201	1,623,686	746,173
School Board Professional	-	-	-	-	13,745,443	3,938,235	54,592,721	6,019,672
Totals	<u>\$ 6,790,092</u>	<u>\$ 12,282</u>	<u>\$ 12,485,995</u>	<u>\$ 3,845,954</u>	<u>\$ 15,034,427</u>	<u>\$ 4,023,436</u>	<u>\$ 56,216,407</u>	<u>\$ 6,765,845</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 15—SURETY BONDS:

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

NOTE 16—OPERATING LEASES:

The County leases space for the Main Street County Library under a noncancelable operating lease for an initial term of ten years, renewable for four successive periods of five years each. The total cost for the lease was \$175,228 for the year ended June 30, 2021. In FY 2020, the County decided to accept the second renewal term of 5 years. The future minimum lease payments for the first renewal term are as follows.

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 175,228
2023	175,228
2024	160,626
Total	<u>\$ 511,082</u>

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

NOTE 16—OPERATING LEASES:

The County leases space for the Gloucester Point County Library under a noncancelable operating lease for a term of twenty years. The total cost for the lease was \$50,978 for the year ended June 30, 2021. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 52,253
2023	53,559
2024	54,898
2025	56,271
2026	57,677
2027 - 2032	327,164
Total	<u><u>\$ 601,822</u></u>

The County leases space for the County Health Department under a noncancelable operating lease for an initial term of ten years, renewable for six successive periods of five years each. The total cost for the lease was \$72,665 for the year ended June 30, 2021. The future minimum lease payments for this lease are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 74,673
2023	76,167
2024	77,690
2025	79,244
2026	80,329
2027 - 2029	201,867
Total	<u><u>\$ 589,970</u></u>

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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

Plan Description (Continued)

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, safety belt benefit, repatriation benefit, felonious assault benefit, and accelerated death benefit option. The benefit amounts are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value. For covered members with at least 30 years of service credit, the minimum benefit payable was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,616 as of June 30, 2021.

Contributions

The contribution requirements for the GLI Plan are governed by §51.1-506 and §51.1-508 of the Code of Virginia, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Plan was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% ($1.34\% \times 60\%$) and the employer component was 0.54% ($1.34\% \times 40\%$). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2021 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Plan from the County were \$91,180 and \$86,788 for the years ended June 30, 2021 and June 30, 2020, respectively.

Contributions to the Group Life Insurance Plan from the Component Unit School Board professional group were \$169,261 and \$170,768 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions to the Group Life Insurance Plan from the Component Unit School Board nonprofessional group were \$19,563 and \$19,561 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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

At June 30, 2021, the County reported a liability of \$1,353,426 for its proportionate share of the Net GLI OPEB Liability. The Component Unit School Board professional and nonprofessional groups reported liabilities of \$2,662,962 and \$305,063, respectively, for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020 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, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the County's proportion was .08110% as compared to .08320% at June 30, 2019. At June 30, 2020, the Component Unit School Board professional and nonprofessional groups' proportion was .15960% and .01830%, respectively, as compared to .16040% and .01650%, respectively, at June 30, 2019.

For the year ended June 30, 2021, the County recognized GLI OPEB expense of \$63,966. For the year ended June 30, 2021, the Component Unit School Board professional group recognized GLI OPEB expense of \$109,705. For the year ended June 30, 2021, the Component Unit School Board nonprofessional group recognized GLI OPEB expense of \$7,698. 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, 2021, 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	\$ 86,810	\$ 12,157	\$ 170,804	\$ 23,918	\$ 19,567	\$ 2,741
Net difference between projected and actual earnings on GLI OPEB plan investment	40,656	-	79,993	-	9,164	-
Change of assumptions	67,687	28,260	133,179	55,604	15,257	6,370
Changes in proportionate share	94,508	46,271	64,857	58,456	29,521	26,652
Employer contributions subsequent to the measurement date	91,480	-	169,261	-	19,563	-
Total	\$ 381,141	\$ 86,688	\$ 618,094	\$ 137,978	\$ 93,072	\$ 35,763

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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)

\$91,480, \$169,261, and \$19,563, 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, 2022. 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:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (professional)</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ 32,740	\$ 48,265	\$ 659
2023	44,221	70,856	3,247
2024	54,700	83,069	10,184
2025	58,738	85,981	15,183
2026	12,985	21,614	7,305
Thereafter	(411)	1,070	1,168

Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. 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.

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COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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-Retirement:

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 set back 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 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions: (Continued)

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

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Plan is as follows (amounts expressed in thousands):

		GLI OPEB Plan
Total GLI OPEB Liability	\$	3,523,937
Plan Fiduciary Net Position		1,855,102
Employers' Net GLI OPEB Liability (Asset)	\$	<u>1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability		52.64%

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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 member contributions will be made per the VRS guidance 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. Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	Rate		
	1% Decrease (5.75%)	Current Discount (6.75%)	1% Increase (7.75%)
County's proportionate share of the GLI Plan Net OPEB Liability	\$ 1,779,182	\$ 1,353,426	\$ 1,007,672
Component School Board (professional)'s proportionate share of the GLI Plan Net OPEB Liability	3,500,668	2,662,962	1,982,667
Component School Board (nonprofessional)'s proportionate share of the GLI Plan Net OPEB Liability	401,029	305,063	227,130

GLI Plan Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (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, 2021 (CONTINUED)****NOTE 18—HEALTH INSURANCE CREDIT (HIC) PLAN (OPEB PLAN): (CONTINUED)*****Employees Covered by Benefit Terms***

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Primary Government	Component Unit School Board (nonprofessional)
Inactive members or their beneficiaries currently receiving benefits	<u>43</u>	<u>60</u>
Inactive members:		
Vested inactive members	-	-
Non-vested inactive members	-	-
Inactive members active elsewhere in VRS	-	-
Total inactive members	<u>43</u>	<u>60</u>
Active members	<u>141</u>	<u>169</u>
Total covered employees	<u>184</u>	<u>229</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, 2021 was .16% and .83% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate 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 \$12,494 and \$13,130 for the years ended June 30, 2021 and June 30, 2020, respectively. Contributions from the School Board to the HIC Plan were \$30,015 and \$30,301 for the years ended June 30, 2021 and June 30, 2020, respectively.

Net HIC OPEB Liability

The County and School Board's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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, 2019, 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, 2020.

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*

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions

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

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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:

<u>Asset Class (Strategy)</u>	<u>Long-term Target Asset Allocation</u>	<u>Arithmetic Long-term Expected Rate of Return</u>	<u>Weighted Average Long-term Expected Rate of Return*</u>
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

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, 2020, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Discount Rate (Continued)

contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Changes in Net HIC OPEB Liability

	Primary Government		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 320,836	\$ 300,262	\$ 20,574
Changes for the year:			
Service cost	\$ 9,858	\$ -	\$ 9,858
Interest	20,743	-	20,743
Differences between expected and actual experience	(5,225)	-	(5,225)
Contributions - employer	-	13,138	(13,138)
Net investment income	-	5,957	(5,957)
Benefit payments, including refunds of employee contributions	(27,071)	(27,071)	-
Administrative expense	-	(556)	556
Other changes	-	(3)	3
Net changes	\$ (1,695)	\$ (8,535)	\$ 6,840
Balances at June 30, 2020	\$ 319,141	\$ 291,727	\$ 27,414

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Changes in Net HIC OPEB Liability (Continued)

	Component Unit School Board (nonprofessional)		
	Increase (Decrease)		
	Total HIC OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net HIC OPEB Liability (Asset) (a) - (b)
Balances at June 30, 2019	\$ 390,085	\$ 145,935	\$ 244,150
Changes for the year:			
Service cost	\$ 5,958	\$ -	\$ 5,958
Interest	25,175	-	25,175
Change in benefit terms	15,181	-	15,181
Differences between expected and actual experience	11,113	-	11,113
Contributions - employer	-	30,031	(30,031)
Net investment income	-	2,664	(2,664)
Benefit payments, including refunds of employee contributions	(34,254)	(34,254)	-
Administrative expense	-	(271)	271
Other changes	-	(1)	1
Net changes	\$ 23,173	\$ (1,831)	\$ 25,004
Balances at June 30, 2020	\$ 413,258	\$ 144,104	\$ 269,154

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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)	\$	60,267	\$ 27,414	\$ (787)
Component Unit School Board (nonprofessional):				
Net HIC OPEB Liability		308,615	269,154	233,230

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, 2021, the County and School Board recognized HIC Plan OPEB expense of \$9,284 and \$37,362. At June 30, 2021, 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	\$ 2,265	\$ 10,973	\$ 12,092	\$ 13,430
Net difference between projected and actual earnings on HIC OPEB plan investments	9,543	-	4,937	-
Changes of assumptions	4,844	3,463	4,765	1,028
Employer contributions subsequent to the measurement date	12,494	-	30,015	-
Total	<u>\$ 29,146</u>	<u>\$ 14,436</u>	<u>\$ 51,809</u>	<u>\$ 14,458</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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)

\$12,494 and \$30,015 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

<u>Year Ended June 30</u>	<u>Primary Government</u>	<u>Component Unit School Board (nonprofessional)</u>
2022	\$ (2,098)	\$ 564
2023	188	1,812
2024	1,489	2,384
2025	3,327	2,576
2026	(690)	-
Thereafter	-	-

Health Insurance Credit Program Plan Data

Information about the VRS Political Subdivision HIC Plan is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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.

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, 2021 was 1.21% of covered employee compensation for employees in the VRS Teacher Employee HIC Plan. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the school division to the VRS Teacher Employee HIC Plan were \$378,511 and \$393,506 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

At June 30, 2021, the school division reported a liability of \$4,879,544 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, 2020 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, 2019 and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the school division's proportion of the VRS Teacher Employee HIC was .37400% as compared to .37310% at June 30, 2019.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

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

For the year ended June 30, 2021, the school division recognized VRS Teacher Employee HIC Plan OPEB expense of \$408,325. Since there was a change in proportionate share between measurement dates, a portion of the VRS Teacher Employee HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the school division reported deferred outflows of resources and deferred inflows of resources related to the VRS Teacher Employee HIC OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 65,165
Net difference between projected and actual earnings on Teacher HIC OPEB plan investments	21,624	-
Change in assumptions	96,462	26,660
Change in proportionate share	97,112	77,854
Employer contributions subsequent to the measurement date	<u>378,511</u>	<u>-</u>
Total	<u>\$ 593,709</u>	<u>\$ 169,679</u>

\$378,511 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Teacher Employee HIC OPEB will be recognized in the Teacher Employee HIC OPEB expense in future reporting periods as follows:

Year Ended June 30

2022	\$ 8,721
2023	10,865
2024	10,147
2025	6,387
2026	5,208
Thereafter	4,191

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions

The total Teacher Employee HIC OPEB liability for the VRS Teacher Employee HIC Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

*Administrative expenses as a percent of the fair value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GASB purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of OPEB liabilities.

Mortality Rates - Teachers

Pre-Retirement:

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-Retirement:

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 set back 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 2020; 115% of rates for males and females.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

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, 2020, NOL amounts for the VRS Teacher Employee HIC Plan is as follows (amounts expressed in thousands):

		Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$	1,448,676
Plan Fiduciary Net Position		144,160
Teacher Employee net HIC OPEB Liability (Asset)	\$	<u>1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability		9.95%

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

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP - Private Investment Partnership	3.00%	6.49%	0.19%
Total	<u>100.00%</u>		<u>4.64%</u>
		Inflation	<u>2.50%</u>
		Expected arithmetic nominal return*	<u>7.14%</u>

*The above allocation provides a one-year return of 7.14%. 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. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations provide a median return of 6.81%.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Discount Rate

The discount rate used to measure the total Teacher Employee HIC OPEB was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2020, 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, 2020 on, all agencies are assumed to continued to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Teacher Employee HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

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

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

	Rate		
	1% Decrease	Current Discount	1% Increase
	(5.75%)	(6.75%)	(7.75%)
School division's proportionate share of the VRS Teacher Employee HIC OPEB Plan			
Net HIC OPEB Liability	\$ 5,462,141	\$ 4,879,544	\$ 4,384,379

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 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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, 2021 (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 Line of Duty Act Program (LODA). As required by statute, the Virginia Retirement System (the System) is responsible for managing the assets of the program.

Benefit Amounts

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

The LODA program also provides health insurance benefits. Prior to July 1, 2017, these benefits were managed through the various employer plans and maintained the benefits that existed prior to the employee's death or disability. These premiums were reimbursed to the employer by the LODA program. Beginning July 1, 2017, 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. Individuals receiving the health insurance benefits must continue to meet eligibility requirements as defined by LODA.

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, 2021 was \$717.31 per covered full-time-equivalent employee. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019 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 \$99,169 and \$108,688 for the years ended June 30, 2021 and June 30, 2020, respectively.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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, 2021, the entity reported a liability of \$3,349,518 for its proportionate share of the Net LODA OPEB Liability. The Net LODA OPEB Liability was measured as of June 30, 2020 and the total LODA OPEB liability used to calculate the Net LODA OPEB Liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined pay-as-you-go employer contributions for all participating employers. At June 30, 2020, the entity's proportion was .79976% as compared to .77433% at June 30, 2019.

For the year ended June 30, 2021, the entity recognized LODA OPEB expense of \$297,622. 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, 2021, 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	\$ 355,558	\$ 456,650
Net difference between projected and actual earnings on LODA OPEB program investments	-	4,762
Change of assumptions	896,691	208,727
Change in proportionate	72,828	83,099
Employer contributions subsequent to the measurement date	99,169	-
Total	<u>\$ 1,424,246</u>	<u>\$ 753,238</u>

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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)

\$99,169 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, 2022. 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>	
2022	\$ 69,452
2023	70,332
2024	71,270
2025	71,547
2026	71,841
Thereafter	217,397

Actuarial Assumptions

The total LODA OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020. The assumptions include several employer groups. Salary increases and mortality rates included herein are for relevant employer groups. Information for other groups can be referenced in the VRS Annual Report.

Inflation	2.50%
Salary increases, including inflation:	
Locality employees	N/A
Medical cost trend rates assumption:	
Under age 65	7.00%-4.75%
Ages 65 and older	5.375%-4.75%
Year of ultimate trend rate:	
Under age 65	Fiscal year ended 2028
Ages 65 and older	Fiscal year ended 2023
Investment rate of return	2.21%, including inflation*

* Since LODA is funded on a current-disbursement basis, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (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:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:

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 with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. Changes to the actuarial assumptions as a result of the experience study are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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, 2020, NOL amounts for the LODA Program are as follows (amounts expressed in thousands):

	<u>LODA Program</u>
Total LODA OPEB Liability	\$ 423,147
Plan Fiduciary Net Position	4,333
Employers' Net OPEB Liability (Asset)	\$ <u><u>418,814</u></u>
Plan Fiduciary Net Position as a Percentage of the Total LODA OPEB Liability	1.02%

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

Net LODA OPEB Liability (Continued)

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

Long-Term Expected Rate of Return

The long-term expected rate of return on LODA OPEB Program's investments was set at 2.21% for this valuation. Since LODA is funded on a current-disbursement basis, it is not able to use the VRS Pooled Investments' 6.75% assumption. Instead, the assumed annual rate of return of 2.21% was used since it approximates the risk-free rate of return. This Single Equivalent Interest Rate (SEIR) is the applicable municipal bond index rate based on the Bond Buyer General Obligation 20-year Municipal Bond Index as of the measurement date of June 30, 2020.

Discount Rate

The discount rate used to measure the total LODA OPEB liability was 2.21%. 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, 2020, 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.

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

The following presents the covered employer's proportionate share of the net LODA OPEB liability using the discount rate of 2.21%, as well as what the covered employer's proportionate share of the net LODA OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.21%) or one percentage point higher (3.21%) than the current rate:

	Discount Rate		
	1% Decrease (1.21%)	Current (2.21%)	1% Increase (3.21%)
County's proportionate share of the LODA Net OPEB Liability	\$ 3,975,833	\$ 3,349,518	\$ 2,877,416

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

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

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

	Health Care Trend Rates		
	1% Decrease (6.00% decreasing to 3.75%)	Current (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
County's proportionate share of the LODA Net OPEB Liability	\$ 2,768,487	\$ 3,349,518	\$ 4,109,501

LODA OPEB Fiduciary Net Position

Detailed information about the LODA Program Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2020-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.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

County and School Board: (Continued)

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, 2021 (measurement date), the following employees were covered by the benefit terms:

	Primary Government	Component Unit School Board
Total active employees with coverage	255	512
Total active employees without coverage	47	109
Total retirees with coverage	3	24
Total	305	645

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.

Total OPEB Liability

The County and School Board's total OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

County and School Board: (Continued)

Actuarial Assumptions

The total OPEB liability in the July 1, 2020 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	2.94% based on the S&P municipal Bond 20 Year High Grade Rate index as of March 31, 2020
Investment Rate of Return	N/A
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 6.50% over 3 years

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 2021; 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 2021; 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 2021; 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 2021

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 2021; 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 2021; 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, 2021 (CONTINUED)

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

County and School Board: (Continued)

Discount Rate

The discount rate used when OPEB plan investments are insufficient to pay for future benefit payments is based on the S&P Municipal Bond 20-Year High Grade Rate Index as of March 31, 2021.

Changes in Total OPEB Liability

	Primary Government Total OPEB Liability	Component Unit School Board Total OPEB Liability
Balances at June 30, 2020	\$ 2,207,388	\$ 7,445,037
Changes for the year:		
Service cost	121,992	551,570
Interest	67,591	227,863
Benefit payments	(30,366)	(246,166)
Net changes	\$ 159,217	\$ 533,267
Balances at June 30, 2021	\$ 2,366,605	\$ 7,978,304

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 (1.94%) or one percentage point higher (3.94%) than the current discount rate:

	Rate		
	1% Decrease (1.94%)	Current Discount Rate (2.94%)	1% Increase (3.94%)
Primary Government:			
Total OPEB liability	\$ 2,606,413	\$ 2,366,605	\$ 2,146,750
Component Unit School Board:			
Total OPEB liability	8,760,041	7,978,304	7,258,921

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021 (CONTINUED)

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

County and School Board: (Continued)

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

The following presents the total OPEB liability of the County and School Board, as well as what the total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower (6.25% decreasing to 5.50% over 3 years) or one percentage point higher (8.25% decreasing to 7.50% over 3 years) than the current healthcare cost trend rates:

	Rates		
	1% Decrease (6.25% decreasing to 5.50%)	Healthcare Cost Trend (7.25% decreasing to 6.50%)	1% Increase (8.25% decreasing to 7.50%)
Primary Government:			
Total OPEB liability	\$ 2,050,157	\$ 2,366,605	\$ 2,744,957
Component Unit School Board:			
Total OPEB liability	6,903,721	7,978,304	9,276,807

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

For the year ended June 30, 2021, the County and the School Board recognized OPEB expense in the amount of \$197,514 and \$314,761. At June 30, 2021, 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	\$ 356,993	\$ -	\$ -	\$ 900,301
Changes in assumptions	-	325,269	-	958,385
Total	<u>\$ 356,993</u>	<u>\$ 325,269</u>	<u>\$ -</u>	<u>\$ 1,858,686</u>

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

Year Ended June 30	Primary Government	Component Unit School Board
2022	\$ 7,931	\$ (464,672)
2023	7,931	(464,672)
2024	7,931	(464,672)
2025	7,931	(464,670)
2026	-	-
Thereafter	-	-

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (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	\$ 381,141	\$ 86,688	\$ 1,353,426	\$ 63,966	\$ -	\$ -	\$ -	\$ -
School Board Nonprofessional	-	-	-	-	93,072	35,763	305,063	7,698
School Board Professional	-	-	-	-	618,094	137,978	2,662,962	109,705
Health Insurance Credit Program (Note 18)	29,146	14,436	27,414	9,284	51,809	14,458	269,154	37,362
Teacher Health Insurance Credit Program (Note 19)	-	-	-	-	593,709	169,679	4,879,544	408,325
Line of Duty Act Program (Note 20)	1,424,246	753,238	3,349,518	297,622	-	-	-	-
County Stand-Alone Plan (Note 21)	356,993	325,269	2,366,605	197,514	-	-	-	-
School Stand-Alone Plan (Note 21)	-	-	-	-	-	1,858,686	7,978,304	314,761
Totals	\$ 2,191,526	\$ 1,179,631	\$ 7,096,963	\$ 568,386	\$ 1,356,684	\$ 2,216,564	\$ 16,095,027	\$ 877,851

NOTE 23—FAIR VALUE MEASUREMENTS:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The County maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels as follows:

- Level 1. Quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at a measurement date
- Level 2. Directly or indirectly observable inputs for the asset or liability other than quoted prices

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 23—FAIR VALUE MEASUREMENTS: (CONTINUED)

- Level 3. Unobservable inputs that are supported by little or no market activity for the asset or liability

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk.

The County has the following recurring fair value measurements as of June 30, 2021:

Investment type	Balance June 30, 2021	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Primary Government				
Debt Securities:				
U.S Government Obligations	\$ 430,017	\$ 430,017	\$ -	\$ -
	\$ 430,017	\$ 430,017	\$ -	\$ -

NOTE 24—ADOPTION OF ACCOUNTING PRINCIPLES:

The County implemented provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* during the fiscal year ended June 30, 2021. This statement establishes criteria for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes and how those activities should be reported. The implementation of this Statement resulted in the restatement of net position as discussed in Note 25.

The County implemented provisions of Governmental Accounting Standards Board Statement No. 90, *Majority Equity Interests* during the fiscal year ended June 30, 2021. This statement provides guidance for reporting a government's majority equity interest in a legally separate organization and for reporting financial statement information for certain component units. No restatement was required as a result of this implementation.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 25—RESTATEMENT OF NET POSITION AND FUND BALANCE:

The following adjustments have been made to beginning balances to properly report Fiduciary Activities and beginning net position and fund balance at June 30, 2021:

	Component Unit	Component Unit	Primary Government - Custodial Funds				
	School Board	Special Fund - School Activity	Special Welfare	Regional Special Education	Flexible Benefits	Escrow	Sheriff/ Jail
Net Position/Fund Balance, June 30, 2020, as previously stated	\$ (23,548,155)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restatement:							
Implementation of GASB 84	493,930	493,930	17,777	23,158	49,552	8,739	31,608
Net Position/Fund Balance, July 1, 2020, as restated	\$ (23,054,225)	\$ 493,930	\$ 17,777	\$ 23,158	\$ 49,552	\$ 8,739	\$ 31,608

NOTE 26—UPCOMING PRONOUNCEMENTS:

Statement No. 87, *Leases*, requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021.

Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, provides guidance for reporting capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

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

Statement No. 92, *Omnibus 2020*, addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics such as leases, assets related to pension and postemployment benefits, and reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. The effective dates differ by topic, ranging from January 2020 to periods beginning after June 15, 2021.

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

NOTE 26—UPCOMING PRONOUNCEMENTS: (CONTINUED)

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

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code (IRC) Section 457 Deferred Compensation Plans - an Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*, (1) increases consistency and comparability related to reporting of fiduciary component units in certain circumstances; (2) mitigates costs associated with the reporting of certain plans as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Section 457 plans that meet the definition of a pension plan and for benefits provided through those plans. The effective dates differ based on the requirements of the Statement, ranging from June 2020 to reporting periods beginning after June 15, 2021.

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

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

The COVID-19 pandemic and its impact on operations continues to evolve. Specific to the County, COVID-19 impacted various parts of its 2021 operations and financial results including, but not limited to, costs for emergency preparedness and shortages of personnel. Federal relief has been received through various programs. Management believes the County is taking appropriate actions to mitigate the negative impact. The extent to which COVID-19 may impact operations in subsequent years remains uncertain, and management is unable to estimate the effects on future results of operations, financial condition, or liquidity for fiscal year 2022.

CARES Act Funding

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was passed by the federal government to alleviate some of the effects of the sharp economic downturn due to the COVID-19 pandemic, which included direct aid for state and local governments from the federal Coronavirus Relief Fund (CRF).

COUNTY OF GLOUCESTER, VIRGINIA

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2021 (CONTINUED)

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

CARES Act Funding (Continued)

Each locality received its CRF allocations based on population in two equal payments, with the second and final round of funding being received during fiscal year 2021. The County received total CRF funding of \$6,516,938. In addition, the School Board received CRF funding from the Virginia Department of Education in the amount of \$884,328. As a condition of receiving CRF funds, any funds unexpended as of December 31, 2021 will be returned to the federal government. Unspent CRF funds in the amount of \$792,544 are reported as unearned revenue as of June 30.

ARPA Funding

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

On July 23, 2021, the County received its share of the first half of the CSLFRF funds in the amount of \$3,627,205. As a condition of receiving CSLFRF funds, any funds unobligated by December 31, 2024, and unexpended by December 31, 2026, will be returned to the federal government. No ARPA Funds have been received or expended as of June 30.

ESF Funding

The CARES Act also established the Education Stabilization Fund (ESF) and allocated \$30.75 billion to the U.S. Department of Education. The ESF is composed of three primary emergency relief funds: (1) a Governor's Emergency Education Relief (GEER) Fund, (2) an Elementary and Secondary School Emergency Relief (ESSER) Fund, and (3) a Higher Education Emergency Relief (HEER) Fund. The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA Act) was signed into law on December 27, 2020 and added \$81.9 billion to the ESF. In March 2021, the American Rescue Plan Act (ARP Act), in support of ongoing state and institutional COVID-19 recovery efforts, added more than \$170 billion to the ESF. The School Board is receiving this funding from the Virginia Department of Education on a reimbursement basis.

REQUIRED SUPPLEMENTARY INFORMATION

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General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
General property taxes	\$ 43,078,536	\$ 43,078,536	\$ 44,376,967	\$ 1,298,431
Other local taxes	10,098,146	10,406,154	13,433,651	3,027,497
Permits, privilege fees, and regulatory licenses	407,580	407,580	440,781	33,201
Fines and forfeitures	100,400	100,400	44,321	(56,079)
Revenue from the use of money and property	488,619	488,619	151,810	(336,809)
Charges for services	1,135,376	1,135,376	937,001	(198,375)
Miscellaneous	202,719	233,047	232,455	(592)
Recovered costs	685,745	655,517	445,385	(210,132)
Intergovernmental:				
Commonwealth	8,879,554	8,996,545	8,808,935	(187,610)
Federal	300,144	303,420	346,108	42,688
Total revenues	\$ 65,376,819	\$ 65,805,194	\$ 69,217,414	\$ 3,412,220
EXPENDITURES				
Current:				
General government administration	\$ 7,121,863	\$ 6,884,838	\$ 6,482,123	\$ 402,715
Judicial administration	2,245,563	2,221,233	2,157,099	64,134
Public safety	16,202,800	16,600,648	16,294,149	306,499
Public works	2,440,370	2,626,498	2,538,458	88,040
Health and welfare	809,728	809,830	797,681	12,149
Education	27,213,370	27,145,045	26,255,251	889,794
Parks, recreation, and cultural	2,550,326	2,449,103	2,247,145	201,958
Community development	1,347,249	1,324,177	1,241,908	82,269
Nondepartmental	442,483	641,272	397,135	244,137
Total expenditures	\$ 60,373,752	\$ 60,702,644	\$ 58,410,949	\$ 2,291,695
Excess (deficiency) of revenues over (under) expenditures	\$ 5,003,067	\$ 5,102,550	\$ 10,806,465	\$ 5,703,915
OTHER FINANCING SOURCES (USES)				
Transfers out	\$ (8,833,346)	\$ (9,298,524)	\$ (6,837,218)	\$ 2,461,306
Bond premium issuance	80,000	80,000	122,756	42,756
Total other financing sources (uses)	\$ (8,753,346)	\$ (9,218,524)	\$ (6,714,462)	\$ 2,504,062
Net change in fund balances	\$ (3,750,279)	\$ (4,115,974)	\$ 4,092,003	\$ 8,207,977
Fund balances - beginning	3,750,279	4,115,974	22,535,867	18,419,893
Fund balances - ending	\$ -	\$ -	\$ 26,627,870	\$ 26,627,870

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

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios
Primary Government
Pension Plans
For the Measurement Dates of June 30, 2014 through June 30, 2020

	2020	2019
Total pension liability		
Service cost	\$ 1,898,366	\$ 1,698,206
Interest	4,783,955	4,558,992
Difference between expected and actual experience	3,297,585	392,718
Changes of assumptions	-	2,097,224
Benefit payments	(3,289,869)	(2,714,506)
Net change in total pension liability	\$ 6,690,037	\$ 6,032,634
Total pension liability - beginning	72,518,349	66,485,715
Total pension liability - ending (a)	\$ 79,208,386	\$ 72,518,349
Plan fiduciary net position		
Contributions - employer	\$ 1,461,760	\$ 1,447,269
Contributions - employee	799,113	791,699
Net investment income	1,276,232	4,206,391
Benefit payments	(3,289,869)	(2,714,506)
Administrator charges	(43,182)	(40,997)
Other	(1,504)	(2,655)
Net change in plan fiduciary net position	\$ 202,550	\$ 3,687,201
Plan fiduciary net position - beginning	66,519,841	62,832,640
Plan fiduciary net position - ending (b)	\$ 66,722,391	\$ 66,519,841
County's net pension liability - ending (a) - (b)	\$ 12,485,995	\$ 5,998,508
Plan fiduciary net position as a percentage of the total pension liability	84.24%	91.73%
Covered payroll	\$ 16,682,041	\$ 16,304,689
County's net pension liability as a percentage of covered payroll	74.85%	36.79%

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

Exhibit 13

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

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios
 Component Unit School Board (nonprofessional)
 Pension Plans
 For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Total pension liability		
Service cost	\$ 290,581	\$ 280,466
Interest	1,275,548	1,279,984
Difference between expected and actual experience	742,110	(426,009)
Changes of assumptions	-	496,279
Benefit payments	(1,096,001)	(942,404)
Net change in total pension liability	<u>\$ 1,212,238</u>	<u>\$ 688,316</u>
Total pension liability - beginning	<u>19,445,009</u>	<u>18,756,693</u>
Total pension liability - ending (a)	<u><u>\$ 20,657,247</u></u>	<u><u>\$ 19,445,009</u></u>
 Plan fiduciary net position		
Contributions - employer	\$ 165,295	\$ 147,051
Contributions - employee	173,184	150,025
Net investment income	366,146	1,236,796
Benefit payments	(1,096,001)	(942,404)
Administrative expense	(12,915)	(12,633)
Other	(429)	(776)
Net change in plan fiduciary net position	<u>\$ (404,720)</u>	<u>\$ 578,059</u>
Plan fiduciary net position - beginning	<u>19,438,281</u>	<u>18,860,222</u>
Plan fiduciary net position - ending (b)	<u><u>\$ 19,033,561</u></u>	<u><u>\$ 19,438,281</u></u>
 School Division's net pension liability (asset) - ending (a) - (b)	 \$ 1,623,686	 \$ 6,728
 Plan fiduciary net position as a percentage of the total pension liability	 92.14%	 99.97%
 Covered payroll	 \$ 3,753,820	 \$ 3,208,603
 School Division's net pension liability (asset) as a percentage of covered payroll	 43.25%	 0.21%

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

Exhibit 14

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

COUNTY OF GLOUCESTER, VIRGINIA

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

Pension Plans

For the Measurement Dates of June 30, 2014 through June 30, 2020

	<u>2020</u>	<u>2019</u>
Employer's Proportion of the Net Pension Liability (Asset)	0.37510%	0.37333%
Employer's Proportionate Share of the Net Pension Liability (Asset)	\$ 54,592,721	\$ 49,132,350
Employer's Covered Payroll	32,792,135	31,324,082
Employer's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	166.48%	156.85%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.47%	73.51%

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

Exhibit 15

	2018	2017	2016	2015	2014
	0.37012%	0.38104%	0.37070%	0.37696%	0.38539%
\$	43,526,000	\$ 46,860,000	\$ 51,950,000	\$ 47,446,000	\$ 46,573,000
	29,956,443	30,132,419	28,264,289	28,026,897	28,183,593
	145.30%	155.51%	183.80%	169.29%	165.25%
	74.81%	72.92%	68.28%	70.68%	70.88%

Schedule of Employer Contributions

Pension Plans

For the Years Ended June 30, 2012 through June 30, 2020

Date	Contributions in Relation to			Employer's Covered Payroll	Contributions as a % of Covered Payroll
	Contractually Required Contribution	Contractually Required Contribution	Contribution Deficiency (Excess)		
(1)	(2)	(3)	(4)	(5)	
Primary Government					
2021	\$ 1,772,125	\$ 1,772,125	\$ -	\$ 16,918,427	10.47%
2020	1,468,440	1,468,440	-	16,682,041	8.80%
2019	1,450,980	1,450,980	-	16,304,689	8.90%
2018	1,385,499	1,385,499	-	14,153,829	9.79%
2017	1,410,351	1,410,351	-	14,117,623	9.99%
2016	1,531,127	1,531,127	-	13,744,410	11.14%
2015	1,533,287	1,533,287	-	13,824,211	11.09%
2014	1,631,042	1,631,042	-	13,810,687	11.81%
2013	1,560,294	1,560,294	-	13,211,634	11.81%
2012	1,136,083	1,136,083	-	12,189,732	9.32%
Component Unit School Board (nonprofessional)					
2021	\$ 185,459	\$ 185,459	\$ -	\$ 3,616,273	5.13%
2020	166,013	166,013	-	3,753,820	4.42%
2019	148,301	148,301	-	3,208,603	4.62%
2018	175,385	175,385	-	2,990,016	5.87%
2017	184,184	184,184	-	2,985,162	6.17%
2016	297,344	297,344	-	3,485,857	8.53%
2015	337,412	337,412	-	3,973,266	8.49%
2014	369,177	369,177	-	4,025,922	9.17%
2013	362,215	362,215	-	3,950,003	9.17%
2012	262,579	262,579	-	3,822,107	6.87%
Component Unit School Board (professional)					
2021	\$ 5,012,876	\$ 5,012,876	\$ -	\$ 31,281,939	16.02%
2020	5,141,807	5,141,807	-	32,792,135	15.68%
2019	4,784,066	4,784,066	-	31,324,082	15.68%
2018	4,786,776	4,786,776	-	29,956,443	16.32%
2017	4,396,122	4,396,122	-	30,132,419	14.66%
2016	3,973,959	3,973,959	-	28,264,289	14.06%
2015	4,063,900	4,063,900	-	28,026,897	14.50%
2014	3,286,207	3,286,207	-	28,183,593	11.66%
2013	3,283,284	3,283,284	-	28,158,525	11.66%

Current year contributions are from VRS records and prior year contributions are from the VRS actuarial valuation performed each year. Schedule is intended to show information for 10 years. Only 9 years of information are available for the professional group of the Component Unit School Board.

Notes to Required Supplementary Information
Pension Plans
For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

All Others (Non 10 Largest) - Hazardous Duty:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Component Unit School Board - Professional Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of County's Share of Net OPEB Liability

Group Life Insurance (GLI) Plan

For the Measurement Dates of June 30, 2017 through 2020

Date	Employer's Proportion of the Net GLI OPEB Liability (Asset)	Employer's Proportionate Share of the Net GLI OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total GLI OPEB Liability
				Proportionate Share of the Net GLI OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
(1)	(2)	(3)	(4)	(5)	(6)
Primary Government:					
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):					
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):					
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, 2021

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:					
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):					
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):					
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, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Schedule of Changes in the County's Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Primary Government
For the Measurement Dates of June 30, 2017 through 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 9,858	\$ 9,258	\$ 9,327	\$ 10,108
Interest	20,743	20,292	20,541	20,191
Differences between expected and actual experience	(5,225)	3,417	(13,093)	-
Changes in assumptions	-	7,308	-	(9,679)
Benefit payments	(27,071)	(18,636)	(22,036)	(9,197)
Net change in total HIC OPEB liability	\$ (1,695)	\$ 21,639	\$ (5,261)	\$ 11,423
Total HIC OPEB Liability - beginning	320,836	299,197	304,458	293,035
Total HIC OPEB Liability - ending (a)	\$ 319,141	\$ 320,836	\$ 299,197	\$ 304,458
Plan fiduciary net position				
Contributions - employer	\$ 13,138	\$ 12,652	\$ 12,249	\$ 12,479
Net investment income	5,957	18,334	19,722	28,877
Benefit payments	(27,071)	(18,636)	(22,036)	(9,197)
Administrative expense	(556)	(398)	(457)	(472)
Other	(3)	(22)	(1,448)	1,448
Net change in plan fiduciary net position	\$ (8,535)	\$ 11,930	\$ 8,030	\$ 33,135
Plan fiduciary net position - beginning	300,262	288,332	280,302	247,167
Plan fiduciary net position - ending (b)	\$ 291,727	\$ 300,262	\$ 288,332	\$ 280,302
County's net HIC OPEB liability - ending (a) - (b)	\$ 27,414	\$ 20,574	\$ 10,865	\$ 24,156
Plan fiduciary net position as a percentage of the total HIC OPEB liability	91.41%	93.59%	96.37%	92.07%
Covered payroll	\$ 7,723,247	\$ 7,438,663	\$ 6,446,775	\$ 6,568,163
County's net HIC OPEB liability as a percentage of covered payroll	0.35%	0.28%	0.17%	0.37%

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

Schedule of Changes in Net OPEB Liability and Related Ratios
Health Insurance Credit (HIC) Plan
Component Unit School Board (nonprofessional)
For the Measurement Dates of June 30, 2017 through June 30, 2020

	2020	2019	2018	2017
Total HIC OPEB Liability				
Service cost	\$ 5,958	\$ 5,855	\$ 6,008	\$ 7,069
Interest	25,175	27,056	26,070	25,888
Changes in benefit terms	15,181	-	-	-
Differences between expected and actual experience	11,113	(24,262)	10,002	-
Changes of assumptions	-	8,607	-	(5,500)
Benefit payments	(34,254)	(27,377)	(28,591)	(21,113)
Net change in total HIC OPEB liability	\$ 23,173	\$ (10,121)	\$ 13,489	\$ 6,344
Total HIC OPEB Liability - beginning	390,085	400,206	386,717	380,373
Total HIC OPEB Liability - ending (a)	\$ 413,258	\$ 390,085	\$ 400,206	\$ 386,717
Plan fiduciary net position				
Contributions - employer	\$ 30,031	\$ 25,674	\$ 18,538	\$ 18,508
Net investment income	2,664	8,837	9,627	14,450
Benefit payments	(34,254)	(27,377)	(28,591)	(21,113)
Administrative expense	(271)	(190)	(214)	(227)
Other	(1)	(10)	(747)	747
Net change in plan fiduciary net position	\$ (1,831)	\$ 6,934	\$ (1,387)	\$ 12,365
Plan fiduciary net position - beginning	145,935	139,001	140,388	128,023
Plan fiduciary net position - ending (b)	\$ 144,104	\$ 145,935	\$ 139,001	\$ 140,388
School Board's net HIC OPEB liability - ending (a) - (b)	\$ 269,154	\$ 244,150	\$ 261,205	\$ 246,329
Plan fiduciary net position as a percentage of the total HIC OPEB liability	34.87%	37.41%	34.73%	36.30%
Covered payroll	\$ 3,753,820	\$ 3,208,603	\$ 2,990,016	\$ 2,985,162
School Board's net HIC OPEB liability as a percentage of covered payroll	7.17%	7.61%	8.74%	8.25%

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

Schedule of Employer Contributions
 Health Insurance Credit (HIC) Plan
 For the Years Ended June 30, 2018 through June 30, 2021

<u>Date</u>	<u>Contractually Required Contribution (1)</u>	<u>Contributions in Relation to Contractually Required Contribution (2)</u>	<u>Contribution Deficiency (Excess) (3)</u>	<u>Employer's Covered Payroll (4)</u>	<u>Contributions as a % of Covered Payroll (5)</u>
Primary Government:					
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):					
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, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14.00% to 15.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

Non-Largest Ten Locality Employers - Hazardous Duty Employees

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%
Discount Rate	Decreased rate from 7.00% to 6.75%

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 2020

Date	Employer's Proportion of the Net HIC OPEB Liability (Asset)	Employer's Proportionate Share of the Net HIC OPEB Liability (Asset)	Employer's Covered Payroll	Employer's	Plan Fiduciary Net Position as a Percentage of Total HIC OPEB Liability
				Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of Covered Payroll (3)/(4) (5)	
(1)	(2)	(3)	(4)	(5)	(6)
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, 2021

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

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

Notes to Required Supplementary Information
 Teacher Employee Health Insurance Credit (HIC) Plan
 For the Year Ended June 30, 2021

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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	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 2020

Date	Employer's Proportion of the Net LODA OPEB Liability (Asset)	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset)	Covered- Employee Payroll *	Employer's Proportionate Share of the Net LODA OPEB Liability (Asset) as a Percentage of its Covered-Employee Payroll (3)/(4)	Plan Fiduciary Net Position as a Percentage of Total LODA OPEB Liability
(1)	(2)	(3)	(4)	(5)	(6)
2020	0.7998% \$	3,349,518 \$	N/A	N/A	1.02%
2019	0.7743%	2,778,189	N/A	N/A	0.79%
2018	0.7790%	2,442,000	N/A	N/A	0.60%
2017	0.8049%	2,115,000	N/A	N/A	1.30%

N/A

Covered payroll for the LODA Program is not a relevant measurement as over 75% of covered participants are volunteers rather than employees.

Schedule of Employer Contributions
Line of Duty Act (LODA) Program
For the Years Ended June 30, 2016 through June 30, 2021

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)
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. However, when volunteers and part-time employees make up a significant percentage of the employer's members in the plan, the employer may determine that covered-employee payroll is misleading and, therefore, not applicable for disclosure.

Notes to Required Supplementary Information
Line of Duty Act (LODA) Program
For the Year Ended June 30, 2021

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, 2019 valuation were based on results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016. 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)	Updated to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60.00% to 45.00%

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

Primary Government

For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 121,992	\$ 116,183	\$ 99,166	\$ 94,444
Interest	67,591	61,685	61,011	56,708
Changes in assumptions	-	535,489	-	-
Differences between expected and actual experience	-	(487,903)	-	-
Benefit payments	(30,366)	(28,313)	(18,411)	(17,047)
Net change in total OPEB liability	\$ 159,217	\$ 197,141	\$ 141,766	\$ 134,105
Total OPEB liability - beginning	2,207,388	2,010,247	1,868,481	1,734,376
Total OPEB liability - ending	\$ 2,366,605	\$ 2,207,388	\$ 2,010,247	\$ 1,868,481
 Covered-employee payroll	 \$ 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	 14.62%	 13.97%	 14.17%	 13.50%

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

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

Component Unit School Board

For the Years Ended June 30, 2018 through June 30, 2021

	2021	2020	2019	2018
Total OPEB liability				
Service cost	\$ 551,570	\$ 525,305	\$ 648,551	\$ 617,668
Interest	227,863	292,260	292,727	273,191
Changes in assumptions	-	(1,437,579)	-	-
Differences between expected and actual experience	-	(1,350,451)	-	-
Benefit payments	(246,166)	(229,525)	(297,576)	(275,533)
Net change in total OPEB liability	\$ 533,267	\$ (2,199,990)	\$ 643,702	\$ 615,326
Total OPEB liability - beginning	7,445,037	9,645,027	9,001,325	8,385,999
Total OPEB liability - ending	\$ 7,978,304	\$ 7,445,037	\$ 9,645,027	\$ 9,001,325
 Covered-employee payroll	 \$ 29,920,339	 \$ 29,190,575	 \$ 25,603,368	 \$ 24,978,896
 County's total OPEB liability (asset) as a percentage of covered-employee payroll	 26.67%	 25.50%	 37.67%	 36.04%

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

Notes to Required Supplementary Information - County OPEB
For the Year Ended June 30, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

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	2.94% based on the S&P Municipal Bond 20 Year High Grade Rate index as of March 31, 2020
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 6.5% over 3 years
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB 20 to 2020; males set forward 1 year; female's setback 1 year with 1.5% increase compounded from ages 70 to 85. The mortality rates for disabled retirees was calculated using the 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, 2021

Valuation Date: 7/1/2020
Measurement Date: 6/30/2021

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	2.94% based on the S&P Municipal Bond 20 Year High Grade Rate index as of March 31, 2020
Inflation	2.50% per year as of June 30, 2017; 2.50% per year as of June 30, 2018
Healthcare Trend Rate	The healthcare trend rate assumption starts at 7.25% graded down to 6.5% over 3 years
Salary Increase Rates	The salary increase rate was 2.50% per annum
Retirement Age	The average age of retirement is 65
Mortality Rates	The mortality rates for active and healthy retirees was calculated using the 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. The mortality rates for disabled retirees was calculated using the RP-2014 Disabled Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

OTHER SUPPLEMENTARY INFORMATION

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*COMBINING AND INDIVIDUAL FUND FINANCIAL
STATEMENTS AND SCHEDULES*

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Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts			Variance with
	Original	Final	Actual Amounts	Final Budget - Positive (Negative)
REVENUES				
Federal	\$ 233,269	\$ 233,269	\$ 357,122	\$ 123,853
Total revenues	\$ 233,269	\$ 233,269	\$ 357,122	\$ 123,853
EXPENDITURES				
Debt service:				
Principal retirement	\$ 3,021,234	\$ 3,021,234	\$ 2,950,217	\$ 71,017
Interest and other fiscal charges	1,210,839	1,210,839	1,280,108	(69,269)
Total expenditures	\$ 4,232,073	\$ 4,232,073	\$ 4,230,325	\$ 1,748
Excess (deficiency) of revenues over (under)				
expenditures	\$ (3,998,804)	\$ (3,998,804)	\$ (3,873,203)	\$ 125,601
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 3,998,804	\$ 3,998,804	\$ 3,625,623	\$ (373,181)
Issuance of lease revenue bonds	-	-	5,335,000	5,335,000
Refunding of lease revenue bonds	-	-	(5,192,000)	(5,192,000)
Total other financing sources (uses)	\$ 3,998,804	\$ 3,998,804	\$ 3,768,623	\$ (230,181)
Net change in fund balances	\$ -	\$ -	\$ (104,580)	\$ (104,580)
Fund balances - beginning	-	-	104,580	104,580
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

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Capital Projects Fund

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

For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 4,475	\$ 4,475
Miscellaneous	-	-	74,984	74,984
Intergovernmental:				
Commonwealth	8,887,081	9,302,492	627,477	(8,675,015)
Federal	2,543,120	2,563,120	220,966	(2,342,154)
Total revenues	<u>\$ 11,430,201</u>	<u>\$ 11,865,612</u>	<u>\$ 927,902</u>	<u>\$ (10,937,710)</u>
EXPENDITURES				
Capital projects	\$ 18,689,478	\$ 20,030,066	\$ 2,785,727	\$ 17,244,339
Total expenditures	<u>\$ 18,689,478</u>	<u>\$ 20,030,066</u>	<u>\$ 2,785,727</u>	<u>\$ 17,244,339</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,259,277)</u>	<u>\$ (8,164,454)</u>	<u>\$ (1,857,825)</u>	<u>\$ 6,306,629</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 2,298,808	\$ 2,845,896	\$ 1,291,714	\$ (1,554,182)
Issuance of bonds	4,844,714	5,283,077	4,870,000	(413,077)
Premium on bond issuance	-	-	577,128	577,128
Total other financing sources (uses)	<u>\$ 7,143,522</u>	<u>\$ 8,128,973</u>	<u>\$ 6,738,842</u>	<u>\$ (1,390,131)</u>
Net change in fund balances	\$ (115,755)	\$ (35,481)	\$ 4,881,017	\$ 4,916,498
Fund balances - beginning	115,755	35,481	576,816	541,335
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,457,833</u>	<u>\$ 5,457,833</u>

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	Special Revenue			
	Virginia Public Assistance Fund	Comprehensive Services Act Fund	CARES Act Fund	Total
ASSETS				
Cash and cash equivalents	\$ -	\$ -	\$ 811,461	\$ 811,461
Receivables (net of allowance for uncollectibles):				
Accounts receivable	-	15,503	-	15,503
Due from other governmental units	298,034	79,647	-	377,681
Total assets	<u>\$ 298,034</u>	<u>\$ 95,150</u>	<u>\$ 811,461</u>	<u>\$ 1,204,645</u>
LIABILITIES				
Accounts payable	\$ -	\$ 57,087	\$ 5,683	\$ 62,770
Due to other funds	298,034	38,063	13,234	349,331
Deferred revenue	-	-	792,544	792,544
Total liabilities	<u>\$ 298,034</u>	<u>\$ 95,150</u>	<u>\$ 811,461</u>	<u>\$ 1,204,645</u>

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	Virginia Public Assistance Fund	Comprehensive Services Act Fund	CARES Act Fund	Total
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ 13,387	\$ 13,387
Miscellaneous	234	3,873	-	4,107
Intergovernmental:				
Commonwealth	1,342,115	670,135	-	2,012,250
Federal	2,271,139	49,872	5,643,152	7,964,163
Total revenues	<u>\$ 3,613,488</u>	<u>\$ 723,880</u>	<u>\$ 5,656,539</u>	<u>\$ 9,993,907</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ 179,675	\$ 179,675
Public safety	-	-	1,155,820	1,155,820
Health and welfare	5,053,444	1,192,538	-	6,245,982
Education	-	-	2,806,018	2,806,018
Community development	-	-	1,515,026	1,515,026
Total expenditures	<u>\$ 5,053,444</u>	<u>\$ 1,192,538</u>	<u>\$ 5,656,539</u>	<u>\$ 11,902,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,439,956)</u>	<u>\$ (468,658)</u>	<u>\$ -</u>	<u>\$ (1,908,614)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 1,439,956	\$ 468,658	\$ -	\$ 1,908,614
Total other financing sources (uses)	<u>\$ 1,439,956</u>	<u>\$ 468,658</u>	<u>\$ -</u>	<u>\$ 1,908,614</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>

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, 2021

Virginia Public Assistance Fund				
	Budgeted Amounts		Actual	Variance with Final Budget Positive Negative
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	234	234
Intergovernmental:				
Commonwealth	1,594,986	1,594,986	1,342,115	(252,871)
Federal	2,057,977	2,057,977	2,271,139	213,162
Total revenues	<u>\$ 3,652,963</u>	<u>\$ 3,652,963</u>	<u>\$ 3,613,488</u>	<u>\$ (39,475)</u>
EXPENDITURES				
Current:				
General government administration	\$ -	\$ -	\$ -	\$ -
Public safety	-	-	-	-
Health and welfare	5,459,942	5,482,523	5,053,444	429,079
Education	-	-	-	-
Community development	-	-	-	-
Total expenditures	<u>\$ 5,459,942</u>	<u>\$ 5,482,523</u>	<u>\$ 5,053,444</u>	<u>\$ 429,079</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,806,979)</u>	<u>\$ (1,829,560)</u>	<u>\$ (1,439,956)</u>	<u>\$ 389,604</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>\$ 1,806,979</u>	<u>\$ 1,829,560</u>	<u>\$ 1,439,956</u>	<u>\$ (389,604)</u>
Total other financing sources (uses)	<u>\$ 1,806,979</u>	<u>\$ 1,829,560</u>	<u>\$ 1,439,956</u>	<u>\$ (389,604)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Comprehensive Services Act Fund				CARES Act Fund			
Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
Original	Final			Original	Final		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,387	\$ 13,387
3,720	3,720	3,873	153	-	-	-	-
789,280	789,280	670,135	(119,145)	-	-	-	-
18,000	18,000	49,872	31,872	-	5,963,571	5,643,152	(320,419)
<u>\$ 811,000</u>	<u>\$ 811,000</u>	<u>\$ 723,880</u>	<u>\$ (87,120)</u>	<u>\$ -</u>	<u>\$ 5,963,571</u>	<u>\$ 5,656,539</u>	<u>\$ (307,032)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 179,675	\$ 179,675	\$ -
-	-	-	-	-	1,448,958	1,155,820	293,138
1,424,000	1,424,000	1,192,538	231,462	-	-	-	-
-	-	-	-	-	2,806,018	2,806,018	-
-	-	-	-	-	1,528,920	1,515,026	13,894
<u>\$ 1,424,000</u>	<u>\$ 1,424,000</u>	<u>\$ 1,192,538</u>	<u>\$ 231,462</u>	<u>\$ -</u>	<u>\$ 5,963,571</u>	<u>\$ 5,656,539</u>	<u>\$ 307,032</u>
<u>\$ (613,000)</u>	<u>\$ (613,000)</u>	<u>\$ (468,658)</u>	<u>\$ 144,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 613,000</u>	<u>\$ 613,000</u>	<u>\$ 468,658</u>	<u>\$ (144,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 613,000</u>	<u>\$ 613,000</u>	<u>\$ 468,658</u>	<u>\$ (144,342)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Combining Statement of Fiduciary Net Position
 Fiduciary Funds
 June 30, 2021

	Custodial Funds				
	Middle Peninsula Regional				
	Special Welfare	Special Education	Flexible Benefits	Sheriff/Jail	Total
ASSETS					
Cash and cash equivalents	\$ 19,349	\$ 78,921	\$ 37,052	\$ 33,048	\$ 168,370
Investments	-	5,163	-	-	5,163
Accounts receivable	874	-	-	-	874
Total assets	<u>\$ 20,223</u>	<u>\$ 84,084</u>	<u>\$ 37,052</u>	<u>\$ 33,048</u>	<u>\$ 174,407</u>
LIABILITIES					
Accounts payable	\$ -	\$ 73,784	\$ -	\$ -	\$ 73,784
Total liabilities	<u>\$ -</u>	<u>\$ 73,784</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 73,784</u>
NET POSITION					
Restricted for:					
Individuals	\$ 20,223	\$ -	\$ 37,052	\$ 33,048	\$ 90,323
Other governments	-	10,300	-	-	10,300
Total net position	<u>\$ 20,223</u>	<u>\$ 10,300</u>	<u>\$ 37,052</u>	<u>\$ 33,048</u>	<u>\$ 100,623</u>

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2021

	Custodial Funds					Total
	Special Welfare	Middle Peninsula Regional Special Education	Flexible Benefits	Escrow	Sheriff/ Jail	
ADDITIONS						
Contributions:						
Other governmental entities	\$ -	\$ 561,197	\$ -	\$ -	\$ -	\$ 561,197
Participant fees	-	-	151,270	-	-	151,270
Miscellaneous	14,526	7,029	-	-	5,522	27,077
Investment earnings:						
Interest and dividends	50	401	-	-	-	451
Total additions	<u>\$ 14,576</u>	<u>\$ 568,627</u>	<u>\$ 151,270</u>	<u>\$ -</u>	<u>\$ 5,522</u>	<u>\$ 739,995</u>
DEDUCTIONS						
Recipient payments	\$ 12,130	\$ -	\$ 159,700	\$ -	\$ -	\$ 171,830
Administrative expenses	-	2,891	4,070	8,739	4,082	19,782
Payments for personnel		546,705	-	-	-	546,705
Purchases for supplies		31,889	-	-	-	31,889
Total deductions	<u>\$ 12,130</u>	<u>\$ 581,485</u>	<u>\$ 163,770</u>	<u>\$ 8,739</u>	<u>\$ 4,082</u>	<u>\$ 770,206</u>
Net increase (decrease) in fiduciary net position	<u>\$ 2,446</u>	<u>\$ (12,858)</u>	<u>\$ (12,500)</u>	<u>\$ (8,739)</u>	<u>\$ 1,440</u>	<u>\$ (30,211)</u>
Net position, beginning - as restated	<u>\$ 17,777</u>	<u>\$ 23,158</u>	<u>\$ 49,552</u>	<u>\$ 8,739</u>	<u>\$ 31,608</u>	<u>\$ 130,834</u>
Net position, ending	<u>20,223</u>	<u>10,300</u>	<u>37,052</u>	<u>-</u>	<u>33,048</u>	<u>100,623</u>

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*DISCRETELY PRESENTED COMPONENT UNIT
SCHOOL BOARD*

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Combining Balance Sheet

Discretely Presented Component Unit - School Board

June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 50	\$ 554,565	\$ 480,637	\$ 1,035,252
Investments	-	6,407	-	6,407
Receivables (net of allowance for uncollectibles):				
Accounts receivable	116,525	-	-	116,525
Due from other governmental units	5,986,632	177,721	-	6,164,353
Inventories	-	37,425	-	37,425
Prepaid items	2,405	1,456	-	3,861
Total assets	<u>\$ 6,105,612</u>	<u>\$ 777,574</u>	<u>\$ 480,637</u>	<u>\$ 7,363,823</u>
LIABILITIES				
Accounts payable	\$ 511,223	\$ 107,736	\$ -	\$ 618,959
Accrued liabilities	5,594,389	172,733	-	5,767,122
Total liabilities	<u>\$ 6,105,612</u>	<u>\$ 280,469</u>	<u>\$ -</u>	<u>\$ 6,386,081</u>
FUND BALANCES				
Nonspendable	\$ 2,405	\$ 38,881	\$ -	\$ 41,286
Assigned	(2,405)	458,224	480,637	936,456
Total fund balances	<u>\$ -</u>	<u>\$ 497,105</u>	<u>\$ 480,637</u>	<u>\$ 977,742</u>
Total liabilities and fund balances	<u>\$ 6,105,612</u>	<u>\$ 777,574</u>	<u>\$ 480,637</u>	<u>\$ 7,363,823</u>

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

Total fund balances per above \$ 977,742

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

Capital assets, cost	\$ 75,779,115	
Accumulated depreciation	<u>(35,375,189)</u>	40,403,926

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

Pension related items	\$ 15,034,427	
OPEB related items	<u>1,356,684</u>	16,391,111

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.

(965,317)

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	\$ (1,834,794)	
Net OPEB liability	(16,095,027)	
Net pension liability	<u>(56,216,407)</u>	(74,146,228)

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

Pension related items	\$ (4,023,436)	
OPEB related items	<u>(2,216,564)</u>	(6,240,000)

Net position of governmental activities		\$ <u>(23,578,766)</u>
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Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds - Discretely Presented Component Unit - School Board
 For the Year Ended June 30, 2021

	School Operating Fund	School Cafeteria Fund	School Activity Fund	Total Governmental Funds
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 643	\$ -	\$ 3,143
Charges for services	15,100	23,260	-	38,360
Miscellaneous	56,847	8,189	311,707	376,743
Recovered costs	124,756	-	-	124,756
Intergovernmental:				
Local government	25,597,700	-	-	25,597,700
Commonwealth	32,334,526	23,313	-	32,357,839
Federal	3,910,551	2,298,136	-	6,208,687
Total revenues	\$ 62,041,980	\$ 2,353,541	\$ 311,707	\$ 64,707,228
EXPENDITURES				
Current:				
Education	\$ -	\$ 2,345,176	\$ 325,000	\$ 2,670,176
Instruction	45,617,592	-	-	45,617,592
Administration, Attendance, Health	2,752,832	-	-	2,752,832
Pupil Transportation	4,087,542	-	-	4,087,542
Operations and Maintenance	6,506,391	-	-	6,506,391
Technology	2,926,925	-	-	2,926,925
Total expenditures	\$ 61,891,282	\$ 2,345,176	\$ 325,000	\$ 64,561,458
Excess (deficiency) of revenues over (under) expenditures	\$ 150,698	\$ 8,365	\$ (13,293)	\$ 145,770
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ 150,698	\$ -	\$ 150,698
Transfers out	(150,698)	-	-	(150,698)
Total other financing sources (uses)	\$ (150,698)	\$ 150,698	\$ -	\$ -
Net change in fund balances	\$ -	\$ 159,063	\$ (13,293)	\$ 145,770
Fund balances - beginning, as restated	-	338,042	493,930	831,972
Fund balances - ending	\$ -	\$ 497,105	\$ 480,637	\$ 977,742

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 \$ 145,770

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	\$ 4,590,994	
Depreciation expense	(3,280,057)	1,310,937

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	\$ 8,583	
Pension expense	(1,572,111)	
OPEB expense	(34,162)	(1,597,690)

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.

	(383,558)
Change in net position of governmental activities	\$ (524,541)

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Operating Fund			Variance with Final Budget Positive (Negative)
	Budgeted Amounts			
	Original	Final	Actual	
REVENUES				
Revenue from the use of money and property	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Charges for services	58,000	58,000	15,100	(42,900)
Miscellaneous	57,000	57,000	56,847	(153)
Recovered costs	183,096	183,096	124,756	(58,340)
Intergovernmental:				
Local government	26,481,726	26,409,548	25,597,700	(811,848)
Commonwealth	31,724,401	31,724,401	32,334,526	610,125
Federal	2,486,238	4,184,049	3,910,551	(273,498)
Total revenues	<u>\$ 60,992,961</u>	<u>\$ 62,618,594</u>	<u>\$ 62,041,980</u>	<u>\$ (576,614)</u>
EXPENDITURES				
Current:				
Instruction	\$ 44,386,258	\$ 46,084,069	\$ 45,617,592	\$ 466,477
Administration, Attendance, Health	2,700,170	2,700,170	2,752,832	(52,662)
Pupil Transportation	4,336,544	4,264,366	4,087,542	176,824
Operations and Maintenance	6,620,755	6,620,755	6,506,391	114,364
Technology	2,949,234	2,949,234	2,926,925	22,309
Total expenditures	<u>\$ 60,992,961</u>	<u>\$ 62,618,594</u>	<u>\$ 61,891,282</u>	<u>\$ 727,312</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,698</u>	<u>\$ 150,698</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,698)</u>	<u>\$ (150,698)</u>
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (150,698)</u>	<u>\$ (150,698)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Cafeteria Fund - Discretely Presented Component Unit - School Board
For the Year Ended June 30, 2021

	School Cafeteria Fund			
	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Revenue from the use of money and property	\$ 14,885	\$ 14,885	\$ 643	\$ (14,242)
Charges for services	1,313,500	1,313,500	23,260	(1,290,240)
Miscellaneous	25,500	25,500	8,189	(17,311)
Intergovernmental:				
Commonwealth	45,147	45,147	23,313	(21,834)
Federal	1,338,000	1,338,000	2,298,136	960,136
Total revenues	<u>\$ 2,737,032</u>	<u>\$ 2,737,032</u>	<u>\$ 2,353,541</u>	<u>\$ (383,491)</u>
EXPENDITURES				
Current:				
Education	\$ 2,772,032	\$ 2,772,032	\$ 2,345,176	\$ 426,856
Total expenditures	<u>\$ 2,772,032</u>	<u>\$ 2,772,032</u>	<u>\$ 2,345,176</u>	<u>\$ 426,856</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (35,000)</u>	<u>\$ (35,000)</u>	<u>\$ 8,365</u>	<u>\$ 43,365</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ -	\$ -	\$ 150,698	\$ 150,698
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 150,698</u>	<u>\$ 150,698</u>
Net change in fund balances	\$ (35,000)	\$ (35,000)	\$ 159,063	\$ 194,063
Fund balances - beginning	35,000	35,000	338,042	303,042
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 497,105</u>	<u>\$ 497,105</u>

Statement of Fiduciary Net Position
Fiduciary Fund - Discretely Presented Component Unit School Board
June 30, 2021

	Scholarship Private-Purpose Trust
	<hr/>
ASSETS	
Cash and cash equivalents	\$ 8,174
Total assets	<hr/> <hr/> \$ 8,174
NET POSITION	
Held in trust for scholarships	<hr/> <hr/> \$ 8,174

Statement of Changes in Fiduciary Net Position
 Fiduciary Fund - Discretely Presented Component Unit School Board
 For the Year Ended June 30, 2021

	Scholarship Private-Purpose Trust
ADDITIONS	
Contributions:	
Private donations	\$ 3,034
Total contributions	\$ 3,034
Investment earnings:	
Interest	\$ 76
Total investment earnings	\$ 76
Total additions	\$ 3,110
DEDUCTIONS	
Scholarships	\$ 8,000
Total deductions	\$ 8,000
Change in net position	\$ (4,890)
Net position - beginning	13,064
Net position - ending	\$ 8,174

Statement of Net Position

Internal Service Fund - Discretely Presented Component Unit - School Board

June 30, 2021

	<u>Self- Insurance Fund</u>
ASSETS	
Current assets:	
Due from other governmental units	790,077
Total current assets	\$ <u>790,077</u>
 Total assets	 \$ <u>790,077</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ <u>1,755,394</u>
Total current liabilities	<u>1,755,394</u>
 Total liabilities	 \$ <u>1,755,394</u>
NET POSITION	
Unrestricted	\$ <u>(965,317)</u>
Total net position	\$ <u><u>(965,317)</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, 2021

	Self- Insurance Fund
	<hr/>
OPERATING REVENUES	
Charges for services:	
Insurance premiums	\$ 9,550,396
Total operating revenues	\$ <u>9,550,396</u>
OPERATING EXPENSES	
Insurance claims and expenses	\$ 9,933,954
Total operating expenses	\$ <u>9,933,954</u>
Operating income (loss)	\$ <u>(383,558)</u>
Total net position - beginning	\$ <u>(581,759)</u>
Total net position - ending	\$ <u><u>(965,317)</u></u>

Statement of Cash Flows

Internal Service Fund - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2021

	<u>Self- Insurance Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts for insurance premiums	\$ 9,267,193
Payments for premiums	(9,267,193)
Net cash provided by (used for) operating activities	\$ -
Cash and cash equivalents - beginning	\$ -
Cash and cash equivalents - ending	\$ -
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (383,558)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	\$ 10,241
(Increase) decrease in intergovernmental receivables	(293,444)
Increase (decrease) in accounts payable	666,761
Total adjustments	\$ 383,558
Net cash provided by (used for) operating activities	\$ -

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*DISCRETELY PRESENTED COMPONENT UNIT
ECONOMIC DEVELOPMENT AUTHORITY*

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Statement of Net Position

Discretely Presented Component Unit - Economic Development Authority

June 30, 2021

ASSETS

Current assets:

Cash and cash equivalents	\$	48,874
Investments		759,772
Accounts receivable		123,828
Inventories		1,083,044
Total current assets	\$	<u>2,015,518</u>

Noncurrent assets:

Capital assets:

Land	\$	473,735
Buildings		18,221,572
Machinery and equipment		7,234
Accumulated depreciation		(11,004,959)
Total net capital assets	\$	<u>7,697,582</u>
Total noncurrent assets	\$	<u>7,697,582</u>
Total assets	\$	<u>9,713,100</u>

LIABILITIES

Current liabilities:

Accounts payable	\$	39,038
Bonds payable - current portion		1,011,559
Total current liabilities	\$	<u>1,050,597</u>

Noncurrent liabilities:

Bonds payable - net of current portion	\$	<u>8,299,256</u>
Total noncurrent liabilities	\$	<u>8,299,256</u>
Total liabilities	\$	<u>9,349,853</u>

NET POSITION

Net investment in capital assets	\$	(1,613,233)
Unrestricted		1,976,480
Total net position	\$	<u>363,247</u>

Statement of Revenues, Expenses, and Changes in Net Position
Discretely Presented Component Unit - Economic Development Authority
For the Year Ended June 30, 2021

OPERATING REVENUES

Charges for services:

Rents	\$	1,485,942
Contributions from local governments		20,000
Other revenues		5,765
Federal CARES Act Grant income		858,717
Local grant income		176,813
Total operating revenues	\$	<u>2,547,237</u>

OPERATING EXPENSES

Contractual services	\$	9,088
Other charges		3,969
CARES business grants		858,717
Grant expenses		176,813
Insurance		391
Economic development incentive programs		74,978
Depreciation		728,863
Total operating expenses	\$	<u>1,852,819</u>

Operating income (loss)	\$	<u>694,418</u>
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NONOPERATING REVENUES (EXPENSES)

Investment income	\$	4,667
Interest expense		(490,282)
Total nonoperating revenues (expenses)	\$	<u>(485,615)</u>

Change in net position	\$	208,803
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Total net position - beginning		154,444
Total net position - ending	\$	<u><u>363,247</u></u>

Statement of Cash Flows

Discretely Presented Component Unit - Economic Development Authority

For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers and users	\$ 2,403,409
Receipts for local government contributions	20,000
Payments for operating activities	(1,129,230)
Net cash provided by (used for) operating activities	<u>\$ 1,294,179</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal payments on bonds	\$ (962,804)
Interest payments	(490,282)
Net cash provided by (used for) capital and related financing activities	<u>\$ (1,453,086)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Sale (purchase) of investments	\$ 48,756
Interest income	4,667
Net cash provided by (used for) investing activities	<u>\$ 53,423</u>

Net increase (decrease) in cash and cash equivalents	\$ (105,484)
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Cash and cash equivalents - beginning	154,358
Cash and cash equivalents - ending	<u><u>\$ 48,874</u></u>

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

Operating income (loss)	\$ 694,418
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	\$ 728,863
(Increase) decrease in accounts receivable	(123,828)
Increase (decrease) in accounts payable	(5,274)
Total adjustments	<u>\$ 599,761</u>
Net cash provided by (used for) operating activities	<u><u>\$ 1,294,179</u></u>

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SUPPORTING SCHEDULES

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Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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:				
Real property taxes	\$ 31,676,991	\$ 31,676,991	\$ 32,390,785	\$ 713,794
Real and personal public service corporation taxes	1,100,237	1,100,237	1,062,620	(37,617)
Personal property taxes	9,735,353	9,735,353	10,293,866	558,513
Mobile home taxes	50,000	50,000	61,033	11,033
Penalties	285,544	285,544	368,026	82,482
Interest	230,411	230,411	200,637	(29,774)
Total general property taxes	<u>\$ 43,078,536</u>	<u>\$ 43,078,536</u>	<u>\$ 44,376,967</u>	<u>\$ 1,298,431</u>
Other local taxes:				
Local sales and use taxes	\$ 4,223,491	\$ 4,531,499	\$ 6,262,576	\$ 1,731,077
Consumers' utility taxes	760,000	760,000	757,551	(2,449)
Electric consumption taxes	140,000	140,000	134,842	(5,158)
Business license taxes	1,813,670	1,813,670	2,011,717	198,047
Bank stock taxes	360,000	360,000	352,183	(7,817)
Taxes on recordation and wills	540,000	540,000	865,822	325,822
Hotel and motel room taxes	192,120	192,120	234,217	42,097
Restaurant food taxes	2,068,865	2,068,865	2,699,399	630,534
Games of Skill taxes	-	-	115,344	115,344
Total other local taxes	<u>\$ 10,098,146</u>	<u>\$ 10,406,154</u>	<u>\$ 13,433,651</u>	<u>\$ 3,027,497</u>
Permits, privilege fees, and regulatory licenses:				
Animal licenses	\$ 32,000	\$ 32,000	\$ 28,768	\$ (3,232)
Permits and other licenses	<u>375,580</u>	<u>375,580</u>	<u>412,013</u>	<u>36,433</u>
Total permits, privilege fees, and regulatory licenses	<u>\$ 407,580</u>	<u>\$ 407,580</u>	<u>\$ 440,781</u>	<u>\$ 33,201</u>
Fines and forfeitures:				
Court fines and forfeitures	\$ 100,000	\$ 100,000	\$ 44,286	\$ (55,714)
Parking fines	400	400	35	(365)
Total fines and forfeitures	<u>\$ 100,400</u>	<u>\$ 100,400</u>	<u>\$ 44,321</u>	<u>\$ (56,079)</u>
Revenue from use of money and property:				
Revenue from use of money	\$ 386,045	\$ 386,045	\$ 40,626	\$ (345,419)
Revenue from use of property	<u>102,574</u>	<u>102,574</u>	<u>111,184</u>	<u>8,610</u>
Total revenue from use of money and property	<u>\$ 488,619</u>	<u>\$ 488,619</u>	<u>\$ 151,810</u>	<u>\$ (336,809)</u>

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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)				
Charges for services:				
Charges for law enforcement and traffic control	\$ 49,000	\$ 49,000	\$ 53,044	\$ 4,044
Charges for courthouse maintenance	14,000	14,000	8,166	(5,834)
Circuit court judge fees	42,000	42,000	45,620	3,620
Charges for courthouse security	50,000	50,000	43,632	(6,368)
Charges for probation	12,000	12,000	14,700	2,700
Charges for Commonwealth's Attorney	4,000	4,000	3,609	(391)
Charges for animal shelter fees	8,500	8,500	5,811	(2,689)
Charges for library	48,000	48,000	90,956	42,956
Charges for sanitation and waste removal	553,096	553,096	551,085	(2,011)
Charges for parks and recreation	269,000	269,000	115,704	(153,296)
Charges for sale of tourism items	7,500	7,500	7,389	(111)
Charges for sale of publications and commemorative material	8,730	8,730	3,693	(5,037)
Charges for daffodil festival	69,550	69,550	(9,884)	(79,434)
Charges for use of credit cards	-	-	3,476	3,476
Total charges for services	\$ 1,135,376	\$ 1,135,376	\$ 937,001	\$ (198,375)
Miscellaneous:				
Miscellaneous	\$ 202,719	\$ 233,047	\$ 232,455	\$ (592)
Total miscellaneous	\$ 202,719	\$ 233,047	\$ 232,455	\$ (592)
Recovered costs:				
Recovered costs sheriff	\$ 53,200	\$ 53,200	\$ 33,781	\$ (19,419)
Recovered costs jail	19,000	19,000	18,065	(935)
Treasurer recovered costs	95,683	95,683	76,463	(19,220)
Probation & pretrial recovered costs	91,000	91,000	53,550	(37,450)
Recovered costs fuel	80,000	80,000	68,799	(11,201)
Recovered costs other	105,108	105,108	15,296	(89,812)
Recovered costs utilities	166,754	166,754	166,754	-
Demolition recovered costs	25,000	25,000	12,677	(12,323)
Grants	50,000	19,772	-	(19,772)
Total recovered costs	\$ 685,745	\$ 655,517	\$ 445,385	\$ (210,132)
Total revenue from local sources	\$ 56,197,121	\$ 56,505,229	\$ 60,062,371	\$ 3,557,142
Intergovernmental:				
Revenue from the Commonwealth:				
Noncategorical aid:				
Motor vehicle carriers' tax	\$ 3,000	\$ 3,000	\$ 1,787	\$ (1,213)
Mobile home titling tax	40,000	40,000	32,518	(7,482)
Motor vehicle rental tax	80,000	80,000	97,804	17,804
Communication tax	1,300,000	1,300,000	1,125,191	(174,809)
Personal property tax relief funds	2,778,640	2,778,640	2,778,640	-
Total noncategorical aid	\$ 4,201,640	\$ 4,201,640	\$ 4,035,940	\$ (165,700)

Schedule of Revenues - Budget and Actual

Governmental Funds

For the Year Ended June 30, 2021

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)				
Categorical aid:				
Shared expenses:				
Commonwealth's attorney	\$ 431,157	\$ 431,157	\$ 426,892	\$ (4,265)
Sheriff	2,664,738	2,664,738	2,621,404	(43,334)
Jail	40,800	40,800	64,438	23,638
Asset forfeiture	-	-	2,890	2,890
Commissioner of revenue	132,549	132,549	129,672	(2,877)
Treasurer	143,910	143,910	138,360	(5,550)
Registrar/electoral board	47,800	47,800	44,536	(3,264)
Clerk of the Circuit Court	291,429	291,429	297,567	6,138
Total shared expenses	\$ 3,752,383	\$ 3,752,383	\$ 3,725,759	\$ (26,624)
Other categorical aid:				
Emergency medical services	\$ 84,300	\$ 84,300	\$ 43,513	\$ (40,787)
Litter control grant	7,254	7,254	8,332	1,078
E911 wireless grant	110,000	110,000	120,879	10,879
Library grant	156,499	173,490	173,569	79
Other state grants	457,000	557,000	534,179	(22,821)
Victim-witness grant	26,178	26,178	26,298	120
Fire programs	84,300	84,300	140,466	56,166
Total other categorical aid	\$ 925,531	\$ 1,042,522	\$ 1,047,236	\$ 4,714
Total categorical aid	\$ 4,677,914	\$ 4,794,905	\$ 4,772,995	\$ (21,910)
Total revenue from the Commonwealth	\$ 8,879,554	\$ 8,996,545	\$ 8,808,935	\$ (187,610)
Revenue from the federal government:				
Noncategorical aid:				
Payments in lieu of taxes	\$ 16,773	\$ 16,773	\$ 16,816	\$ 43
Categorical aid:				
V-stop prosecutor grant	\$ 41,174	\$ 41,174	\$ 38,603	\$ (2,571)
Public assistance and welfare administration	120,000	120,000	141,334	21,334
Highway safety grant	30,000	30,000	45,790	15,790
Victim witness grant	78,553	78,553	78,895	342
Emergency management grant	13,644	16,920	13,644	(3,276)
Other federal grants	-	-	11,026	11,026
Total categorical aid	\$ 283,371	\$ 286,647	\$ 329,292	\$ 42,645
Total revenue from the federal government	\$ 300,144	\$ 303,420	\$ 346,108	\$ 42,688
Total General Fund	\$ 65,376,819	\$ 65,805,194	\$ 69,217,414	\$ 3,412,220

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Miscellaneous:				
Other miscellaneous	\$ -	\$ -	\$ 234	\$ 234
Total revenue from local sources	\$ -	\$ -	\$ 234	\$ 234
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Public assistance and welfare administration	\$ 1,594,986	\$ 1,594,986	\$ 1,342,115	\$ (252,871)
Total categorical aid	\$ 1,594,986	\$ 1,594,986	\$ 1,342,115	\$ (252,871)
Total revenue from the Commonwealth	\$ 1,594,986	\$ 1,594,986	\$ 1,342,115	\$ (252,871)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 2,057,977	\$ 2,057,977	\$ 2,271,139	\$ 213,162
Total categorical aid	\$ 2,057,977	\$ 2,057,977	\$ 2,271,139	\$ 213,162
Total revenue from the federal government	\$ 2,057,977	\$ 2,057,977	\$ 2,271,139	\$ 213,162
Total Virginia Public Assistance Fund	\$ 3,652,963	\$ 3,652,963	\$ 3,613,488	\$ (39,475)
Comprehensive Services Act Fund:				
Revenue from local sources:				
Miscellaneous:				
Other miscellaneous	\$ 3,720	\$ 3,720	\$ 3,873	\$ 153
Total revenue from local sources	\$ 3,720	\$ 3,720	\$ 3,873	\$ 153
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Comprehensive services act	\$ 787,000	\$ 787,000	\$ 668,993	\$ (118,007)
Public assistance and welfare administration	2,280	2,280	1,142	(1,138)
Total categorical aid	\$ 789,280	\$ 789,280	\$ 670,135	\$ (119,145)
Total revenue from the Commonwealth	\$ 789,280	\$ 789,280	\$ 670,135	\$ (119,145)
Revenue from the federal government:				
Categorical aid:				
Public assistance and welfare administration	\$ 18,000	\$ 18,000	\$ 10,915	\$ (7,085)
TANF funds	-	-	38,957	38,957
Total revenue from the federal government	\$ 18,000	\$ 18,000	\$ 49,872	\$ 31,872
Total Comprehensive Services Act Fund	\$ 811,000	\$ 811,000	\$ 723,880	\$ (87,120)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Special Revenue Funds: (Continued)				
CARES Act Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 13,387	\$ 13,387
Revenue from the federal government:				
Categorical aid:				
Coronavirus Aid, Relief, and Economic Security Act funds	\$ -	\$ 5,963,571	\$ 5,643,152	\$ (320,419)
Total revenue from the federal government	\$ -	\$ 5,963,571	\$ 5,643,152	\$ (320,419)
Total CARES Act Fund	\$ -	\$ 5,963,571	\$ 5,656,539	\$ (307,032)
Total Special Revenue Funds	\$ 4,463,963	\$ 10,427,534	\$ 9,993,907	\$ (433,627)
Debt Service Fund:				
Intergovernmental:				
Revenue from the federal government:				
Categorical aid:				
Other categorical aid	\$ 233,269	\$ 233,269	\$ 357,122	\$ 123,853
Total Debt Service Fund	\$ 233,269	\$ 233,269	\$ 357,122	\$ 123,853
Capital Projects Funds:				
County Capital Improvements Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ -	\$ -	\$ 4,475	\$ 4,475
Total revenue from use of money and property	\$ -	\$ -	\$ 4,475	\$ 4,475
Miscellaneous:				
Cash proffers	\$ -	\$ -	\$ 68,000	\$ 68,000
Donations or other miscellaneous	-	-	6,984	6,984
Total miscellaneous	\$ -	\$ -	\$ 74,984	\$ 74,984
Total revenue from local sources	\$ -	\$ -	\$ 79,459	\$ 79,459
Intergovernmental:				
Revenue from the Commonwealth:				
Categorical aid:				
Other state grants	\$ 8,887,081	\$ 9,302,492	\$ 627,477	\$ (8,675,015)
Total categorical aid	\$ 8,887,081	\$ 9,302,492	\$ 627,477	\$ (8,675,015)
Total revenue from the Commonwealth	\$ 8,887,081	\$ 9,302,492	\$ 627,477	\$ (8,675,015)
Revenue from the federal government:				
Categorical aid:				
Other federal grants	\$ 2,543,120	\$ 2,563,120	\$ 220,966	\$ (2,342,154)
Total categorical aid	\$ 2,543,120	\$ 2,563,120	\$ 220,966	\$ (2,342,154)
Total revenue from the federal government	\$ 2,543,120	\$ 2,563,120	\$ 220,966	\$ (2,342,154)
Total County Capital Improvements Fund	\$ 11,430,201	\$ 11,865,612	\$ 927,902	\$ (10,937,710)
Total Primary Government	\$ 81,504,252	\$ 88,331,609	\$ 80,496,345	\$ (7,835,264)

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

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:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of property	\$ 2,500	\$ 2,500	\$ 2,500	\$ -
Charges for services:				
Tuition and payments from other divisions	\$ 58,000	\$ 58,000	\$ 15,100	\$ (42,900)
Miscellaneous:				
Other miscellaneous	\$ 57,000	\$ 57,000	\$ 56,847	\$ (153)
Recovered costs:				
Other recovered costs	\$ 183,096	\$ 183,096	\$ 124,756	\$ (58,340)
Total recovered costs	\$ 183,096	\$ 183,096	\$ 124,756	\$ (58,340)
Total revenue from local sources	\$ 300,596	\$ 300,596	\$ 199,203	\$ (101,393)
Intergovernmental:				
Revenue from local governments:				
Contribution from County of Gloucester, Virginia	\$ 26,481,726	\$ 26,409,548	\$ 25,597,700	\$ (811,848)
Total revenue from local governments	\$ 26,481,726	\$ 26,409,548	\$ 25,597,700	\$ (811,848)
Revenue from the Commonwealth:				
Categorical aid:				
Share of state sales tax	\$ 6,398,491	\$ 6,398,491	\$ 6,851,756	\$ 453,265
Basic school aid	15,927,440	15,927,440	15,496,529	(430,911)
ISAP	16,772	16,772	16,773	1
Remedial summer education	83,983	83,983	80,651	(3,332)
Remedial education	385,245	385,245	375,545	(9,700)
Special education	1,507,348	1,507,348	1,469,392	(37,956)
Regular foster care	15,781	15,781	-	(15,781)
Gifted and talented	162,048	162,048	157,967	(4,081)
English as a second language	35,543	35,543	32,581	(2,962)
Textbook payment	328,590	328,590	320,316	(8,274)
Vocational standards of quality payments	207,910	207,910	202,675	(5,235)

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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: (Continued)				
Categorical aid: (Continued)				
Social security fringe benefits	\$ 868,330	\$ 868,330	\$ 846,465	\$ (21,865)
Retirement fringe benefits	2,024,065	2,024,065	1,973,099	(50,966)
Group life insurance fringe benefits	61,150	61,150	59,610	(1,540)
State lottery payments	1,146,341	1,146,341	1,242,928	96,587
Early reading intervention	84,781	84,781	80,434	(4,347)
Medicaid Reimbursement	295,000	295,000	264,506	(30,494)
Project graduation	4,986	4,986	4,986	-
Homebound education	27,860	27,860	17,182	(10,678)
Regional program tuition	675,000	675,000	274,726	(400,274)
Vocational educational equipment	11,495	11,495	13,892	2,397
Special education - foster children	-	-	14,590	14,590
At risk payments	480,432	480,432	468,390	(12,042)
National Board Certification TC	30,000	30,000	22,500	(7,500)
Industry credential student	8,500	8,500	1,218	(7,282)
Industrial based cert	-	-	729	729
Primary class size	323,875	323,875	312,027	(11,848)
VA Preschool	293,995	293,995	133,073	(160,922)
Race to GED	3,000	3,000	3,000	-
Mentor teacher program	2,739	2,739	4,701	1,962
VPSA technology	258,000	258,000	258,000	-
Algebra Readiness	52,701	52,701	54,848	2,147
No loss funding	-	-	1,092,092	1,092,092
Vocational education occupational prep	3,000	3,000	3,468	468
Other state funds	-	-	183,877	183,877
Total categorical aid	\$ 31,724,401	\$ 31,724,401	\$ 32,334,526	\$ 610,125
 Total revenue from the Commonwealth	 \$ 31,724,401	 \$ 31,724,401	 \$ 32,334,526	 \$ 610,125
Revenue from the federal government:				
Categorical aid:				
Title I	\$ 737,545	\$ 737,545	\$ 743,209	\$ 5,664
Title VI-B, special education	1,164,398	1,164,398	1,103,866	(60,532)
Vocational education	71,727	71,727	82,046	10,319
Title II	201,920	201,920	154,769	(47,151)
Impact aid	60,000	60,000	98,903	38,903

Schedule of Revenues - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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: (Continued)				
Categorical aid: (Continued)				
ROTC	\$ 100,648	\$ 100,648	\$ 107,839	\$ 7,191
Other federal funds	150,000	150,000	-	(150,000)
Federal CARES Act	-	1,697,811	1,578,916	(118,895)
VA preschool	-	-	41,003	41,003
Total categorical aid	<u>\$ 2,486,238</u>	<u>\$ 4,184,049</u>	<u>\$ 3,910,551</u>	<u>\$ (273,498)</u>
Total revenue from the federal government	<u>\$ 2,486,238</u>	<u>\$ 4,184,049</u>	<u>\$ 3,910,551</u>	<u>\$ (273,498)</u>
Total School Operating Fund	<u>\$ 60,992,961</u>	<u>\$ 62,618,594</u>	<u>\$ 62,041,980</u>	<u>\$ (576,614)</u>
School Cafeteria Fund:				
Revenue from local sources:				
Revenue from use of money and property:				
Revenue from the use of money	\$ 14,885	\$ 14,885	\$ 643	\$ (14,242)
Total revenue from use of money and property	<u>\$ 14,885</u>	<u>\$ 14,885</u>	<u>\$ 643</u>	<u>\$ (14,242)</u>
Charges for services:				
Cafeteria sales	\$ 1,288,500	\$ 1,288,500	\$ 21,024	\$ (1,267,476)
Other charges for services	25,000	25,000	2,236	(22,764)
Total charges for services	<u>\$ 1,313,500</u>	<u>\$ 1,313,500</u>	<u>\$ 23,260</u>	<u>\$ (1,290,240)</u>
Miscellaneous:				
Other miscellaneous	\$ 25,500	\$ 25,500	\$ 8,189	\$ (17,311)
Total miscellaneous	<u>\$ 25,500</u>	<u>\$ 25,500</u>	<u>\$ 8,189</u>	<u>\$ (17,311)</u>
Total revenue from local sources	<u>\$ 1,353,885</u>	<u>\$ 1,353,885</u>	<u>\$ 32,092</u>	<u>\$ (1,321,793)</u>
Intergovernmental:				
Categorical aid:				
School food program grant	\$ 45,147	\$ 45,147	\$ 23,313	\$ (21,834)
Total categorical aid	<u>\$ 45,147</u>	<u>\$ 45,147</u>	<u>\$ 23,313</u>	<u>\$ (21,834)</u>
Total revenue from the Commonwealth	<u>\$ 45,147</u>	<u>\$ 45,147</u>	<u>\$ 23,313</u>	<u>\$ (21,834)</u>
Revenue from the federal government:				
Categorical aid:				
School food program grant	\$ 1,280,000	\$ 1,280,000	\$ 2,108,428	\$ 828,428
Head Start	58,000	58,000	-	(58,000)
USDA commodities	-	-	189,708	189,708
Total categorical aid	<u>\$ 1,338,000</u>	<u>\$ 1,338,000</u>	<u>\$ 2,298,136</u>	<u>\$ 960,136</u>
Total revenue from the federal government	<u>\$ 1,338,000</u>	<u>\$ 1,338,000</u>	<u>\$ 2,298,136</u>	<u>\$ 960,136</u>
Total School Cafeteria Fund	<u>\$ 2,737,032</u>	<u>\$ 2,737,032</u>	<u>\$ 2,353,541</u>	<u>\$ (383,491)</u>

Schedule of Revenues - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

Fund, Major and Minor Revenue Source	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Discretely Presented Component Unit-School Board:				
School Activity Fund:				
Miscellaneous revenue:				
Other miscellaneous	\$ -	\$ -	\$ 311,707	\$ 311,707
Total miscellaneous revenue	\$ -	\$ -	\$ 311,707	\$ 311,707
Total School Activity Fund	\$ -	\$ -	\$ 311,707	\$ 311,707
Total Discretely Presented Component Unit- School Board	\$ 63,729,993	\$ 65,355,626	\$ 64,707,228	\$ (648,398)

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

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	\$ 184,073	\$ 184,073	\$ 158,935	\$ 25,138
General and financial administration:				
County administrator	\$ 796,860	\$ 711,663	\$ 709,936	\$ 1,727
Human resources	661,660	592,858	568,070	24,788
County attorney	319,476	319,992	308,263	11,729
Commissioner of revenue	563,077	565,920	571,322	(5,402)
County assessor	532,683	535,491	449,518	85,973
Treasurer	817,371	788,408	733,787	54,621
Fiscal services	633,889	548,910	538,446	10,464
Department of information technology	1,453,856	1,519,837	1,482,979	36,858
GIS	326,428	328,049	315,156	12,893
Purchasing	297,415	254,483	191,964	62,519
Other general and financial administration	254,290	254,290	216,769	37,521
Total general and financial administration	\$ 6,657,005	\$ 6,419,901	\$ 6,086,210	\$ 333,691
Board of elections:				
Electoral board and officials	\$ 280,785	\$ 280,864	\$ 236,978	\$ 43,886
Total board of elections	\$ 280,785	\$ 280,864	\$ 236,978	\$ 43,886
Total general government administration	\$ 7,121,863	\$ 6,884,838	\$ 6,482,123	\$ 402,715
Judicial administration:				
Courts:				
Circuit court	\$ 80,356	\$ 80,808	\$ 79,005	\$ 1,803
General district court	19,100	19,100	13,716	5,384
Commissioner of accounts	900	900	888	12
Magistrate	700	700	675	25
Juvenile and domestic relations district court	11,230	11,230	10,891	339
Clerk of the circuit court	613,568	582,811	579,607	3,204
Victim and witness assistance	132,947	133,957	128,274	5,683
Court services unit	177,803	177,803	169,256	8,547
Group home commission	256,999	256,999	228,672	28,327
Total courts	\$ 1,293,603	\$ 1,264,308	\$ 1,210,984	\$ 53,324
Commonwealth's attorney:				
Commonwealth's attorney	\$ 951,960	\$ 956,925	\$ 946,115	\$ 10,810
Total commonwealth's attorney	\$ 951,960	\$ 956,925	\$ 946,115	\$ 10,810
Total judicial administration	\$ 2,245,563	\$ 2,221,233	\$ 2,157,099	\$ 64,134
Public safety:				
Law enforcement and traffic control:				
Sheriff	\$ 6,517,611	\$ 6,877,240	\$ 6,757,522	\$ 119,718
Total law enforcement and traffic control	\$ 6,517,611	\$ 6,877,240	\$ 6,757,522	\$ 119,718

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Public safety: (Continued)				
Fire and rescue services:				
Volunteer fire and rescue squads	\$ 3,211,953	\$ 3,211,953	\$ 3,226,215	\$ (14,262)
Radio system	875,910	875,910	841,473	34,437
State forestry service	7,500	7,500	7,497	3
Office of emergency services	278,575	286,457	266,609	19,848
Total fire and rescue services	<u>\$ 4,373,938</u>	<u>\$ 4,381,820</u>	<u>\$ 4,341,794</u>	<u>\$ 40,026</u>
Correction and detention:				
County operated institutions	\$ 3,304,525	\$ 3,279,222	\$ 3,234,612	\$ 44,610
Probation and pretrial	557,448	523,647	487,629	36,018
Total correction and detention	<u>\$ 3,861,973</u>	<u>\$ 3,802,869</u>	<u>\$ 3,722,241</u>	<u>\$ 80,628</u>
Inspections:				
Building	\$ 630,845	\$ 636,729	\$ 609,998	\$ 26,731
Total inspections	<u>\$ 630,845</u>	<u>\$ 636,729</u>	<u>\$ 609,998</u>	<u>\$ 26,731</u>
Other protection:				
Environmental programs	\$ 356,046	\$ 357,999	\$ 320,463	\$ 37,536
Animal control	460,387	473,491	472,871	620
Medical examiner	2,000	2,000	760	1,240
Emergency response	-	68,500	68,500	-
Total other protection	<u>\$ 818,433</u>	<u>\$ 901,990</u>	<u>\$ 862,594</u>	<u>\$ 39,396</u>
Total public safety	<u>\$ 16,202,800</u>	<u>\$ 16,600,648</u>	<u>\$ 16,294,149</u>	<u>\$ 306,499</u>
Public works:				
Maintenance of highways, streets, bridges and sidewalks:				
General engineering	\$ 303,367	\$ 305,612	\$ 321,316	\$ (15,704)
Total maintenance of highways, streets, bridges and sidewalks	<u>\$ 303,367</u>	<u>\$ 305,612</u>	<u>\$ 321,316</u>	<u>\$ (15,704)</u>
Sanitation and waste removal:				
Refuse collection and disposal	\$ 14,512	\$ 26,512	\$ 26,414	\$ 98
Total sanitation and waste removal	<u>\$ 14,512</u>	<u>\$ 26,512</u>	<u>\$ 26,414</u>	<u>\$ 98</u>
Maintenance of general buildings and grounds:				
General properties	\$ 2,122,491	\$ 2,294,374	\$ 2,190,728	\$ 103,646
Total maintenance of general buildings and grounds	<u>\$ 2,122,491</u>	<u>\$ 2,294,374</u>	<u>\$ 2,190,728</u>	<u>\$ 103,646</u>
Total public works	<u>\$ 2,440,370</u>	<u>\$ 2,626,498</u>	<u>\$ 2,538,458</u>	<u>\$ 88,040</u>
Health and welfare:				
Health:				
Supplement of local health department	\$ 556,554	\$ 556,554	\$ 550,681	\$ 5,873
Mosquito control	114,325	114,427	108,151	6,276
Total health	<u>\$ 670,879</u>	<u>\$ 670,981</u>	<u>\$ 658,832</u>	<u>\$ 12,149</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Health and welfare: (Continued)				
Mental health and mental retardation:				
Community services board	\$ 138,849	\$ 138,849	\$ 138,849	\$ -
Total mental health and mental retardation	\$ 138,849	\$ 138,849	\$ 138,849	\$ -
Total health and welfare	\$ 809,728	\$ 809,830	\$ 797,681	\$ 12,149
Education:				
Other instructional costs:				
Contribution to community colleges	\$ 14,566	\$ 14,566	\$ 14,566	\$ -
Community engagement and public information	635,892	639,745	565,949	73,796
Cable services	81,186	81,186	77,036	4,150
Contribution to County School Board	26,481,726	26,409,548	25,597,700	811,848
Total education	\$ 27,213,370	\$ 27,145,045	\$ 26,255,251	\$ 889,794
Parks, recreation, and cultural:				
Parks and recreation:				
Recreation centers and playgrounds	\$ 651,314	\$ 607,514	\$ 519,152	\$ 88,362
Park operations	619,289	641,677	590,684	50,993
Total parks and recreation	\$ 1,270,603	\$ 1,249,191	\$ 1,109,836	\$ 139,355
Cultural enrichment:				
Daffodil festival	\$ 69,381	\$ 69,517	\$ 18,774	\$ 50,743
Total cultural enrichment	\$ 69,381	\$ 69,517	\$ 18,774	\$ 50,743
Library:				
Contribution to county library	\$ 1,210,342	\$ 1,130,395	\$ 1,118,535	\$ 11,860
Total library	\$ 1,210,342	\$ 1,130,395	\$ 1,118,535	\$ 11,860
Total parks, recreation, and cultural	\$ 2,550,326	\$ 2,449,103	\$ 2,247,145	\$ 201,958
Community development:				
Planning and community development:				
Community development	\$ 662,503	\$ 666,889	\$ 663,521	\$ 3,368
Tourism	276,016	246,574	178,121	68,453
Economic development	276,493	277,869	272,325	5,544
Total planning and community development	\$ 1,215,012	\$ 1,191,332	\$ 1,113,967	\$ 77,365
Environmental management:				
Clean community program	\$ 23,962	\$ 24,243	\$ 23,846	\$ 397
Total environmental management	\$ 23,962	\$ 24,243	\$ 23,846	\$ 397
Cooperative extension program:				
Extension office	\$ 108,275	\$ 108,602	\$ 104,095	\$ 4,507
Total cooperative extension program	\$ 108,275	\$ 108,602	\$ 104,095	\$ 4,507
Total community development	\$ 1,347,249	\$ 1,324,177	\$ 1,241,908	\$ 82,269

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
General Fund: (Continued)				
Nondepartmental:				
Contributions to civic organizations	\$ 319,300	\$ 320,300	\$ 276,500	\$ 43,800
Contingency	123,183	320,972	120,635	200,337
Total nondepartmental	<u>\$ 442,483</u>	<u>\$ 641,272</u>	<u>\$ 397,135</u>	<u>\$ 244,137</u>
Total General Fund	<u>\$ 60,373,752</u>	<u>\$ 60,702,644</u>	<u>\$ 58,410,949</u>	<u>\$ 2,291,695</u>
Special Revenue Funds:				
Virginia Public Assistance Fund:				
Health and welfare:				
Welfare and social services:				
Welfare administration	\$ 3,901,372	\$ 3,908,453	\$ 3,548,122	\$ 360,331
Public assistance	1,465,900	1,506,700	1,461,423	45,277
Purchased services	83,800	39,000	19,722	19,278
Grants	4,800	24,300	20,110	4,190
Board of public welfare	4,070	4,070	4,067	3
Total welfare and social services	<u>\$ 5,459,942</u>	<u>\$ 5,482,523</u>	<u>\$ 5,053,444</u>	<u>\$ 429,079</u>
Total health and welfare	<u>\$ 5,459,942</u>	<u>\$ 5,482,523</u>	<u>\$ 5,053,444</u>	<u>\$ 429,079</u>
Total Virginia Public Assistance Fund	<u>\$ 5,459,942</u>	<u>\$ 5,482,523</u>	<u>\$ 5,053,444</u>	<u>\$ 429,079</u>
Comprehensive Services Act Fund:				
Health and welfare:				
Welfare and social services:				
Comprehensive services act	\$ 1,424,000	\$ 1,424,000	\$ 1,192,538	\$ 231,462
Total Comprehensive Services Act Fund	<u>\$ 1,424,000</u>	<u>\$ 1,424,000</u>	<u>\$ 1,192,538</u>	<u>\$ 231,462</u>
CARES Act Fund:				
General government administration:				
Information technology	\$ -	\$ 146,665	\$ 146,665	\$ -
Unemployment	-	33,010	33,010	-
Total general government administration	<u>\$ -</u>	<u>\$ 179,675</u>	<u>\$ 179,675</u>	<u>\$ -</u>
Public safety:				
Public health, safety and PPE	<u>\$ -</u>	<u>\$ 1,448,958</u>	<u>\$ 1,155,820</u>	<u>\$ 293,138</u>
Community development:				
Economic development	<u>\$ -</u>	<u>\$ 1,528,920</u>	<u>\$ 1,515,026</u>	<u>\$ 13,894</u>
Education:				
Virtual instruction	\$ -	\$ 560,868	\$ 560,868	\$ -
Pupil transportation	-	2,245,150	2,245,150	-
Total education	<u>\$ -</u>	<u>\$ 2,806,018</u>	<u>\$ 2,806,018</u>	<u>\$ -</u>
Total CARES Act Fund	<u>\$ -</u>	<u>\$ 5,963,571</u>	<u>\$ 5,656,539</u>	<u>\$ 307,032</u>
Debt Service Fund:				
Debt service:				
Principal retirement	\$ 3,021,234	\$ 3,021,234	\$ 2,950,217	\$ 71,017
Interest and other fiscal charges	1,210,839	1,210,839	1,280,108	(69,269)
Total Debt Service Fund	<u>\$ 4,232,073</u>	<u>\$ 4,232,073</u>	<u>\$ 4,230,325</u>	<u>\$ 1,748</u>

Schedule of Expenditures - Budget and Actual
Governmental Funds
For the Year Ended June 30, 2021

Fund, Function, Activity and Element	Original Budget	Final Budget	Actual	Variance with Final Budget - Positive (Negative)
Capital Projects Funds:				
County Capital Improvements Fund:				
Capital projects expenditures:				
County capital assets	\$ 11,107,005	\$ 11,436,538	\$ 1,805,459	\$ 9,631,079
FEMA mitigation projects	2,737,759	2,737,759	213,945	2,523,814
School capital assets	4,844,714	5,855,769	766,323	5,089,446
Total capital projects expenditures	<u>\$ 18,689,478</u>	<u>\$ 20,030,066</u>	<u>\$ 2,785,727</u>	<u>\$ 17,244,339</u>
Total County Capital Improvements Fund	<u>\$ 18,689,478</u>	<u>\$ 20,030,066</u>	<u>\$ 2,785,727</u>	<u>\$ 17,244,339</u>
Total Primary Government	<u>\$ 90,179,245</u>	<u>\$ 97,834,877</u>	<u>\$ 77,329,522</u>	<u>\$ 20,505,355</u>
Discretely Presented Component Unit-School Board				
School Operating Fund:				
Education:				
Instruction:				
Elementary and secondary schools	\$ 44,386,258	\$ 46,084,069	\$ 45,617,592	\$ 466,477
Total instruction costs	<u>\$ 44,386,258</u>	<u>\$ 46,084,069</u>	<u>\$ 45,617,592</u>	<u>\$ 466,477</u>
Administration, Attendance and Health:				
School board	\$ 136,064	\$ 135,826	\$ 132,741	\$ 3,085
Other administration	2,564,106	2,564,344	2,620,091	(55,747)
Total administration, attendance and health	<u>\$ 2,700,170</u>	<u>\$ 2,700,170</u>	<u>\$ 2,752,832</u>	<u>\$ (52,662)</u>
Pupil transportation:				
Pupil transportation	\$ 4,336,544	\$ 4,264,366	\$ 4,087,542	\$ 176,824
Total pupil transportation	<u>\$ 4,336,544</u>	<u>\$ 4,264,366</u>	<u>\$ 4,087,542</u>	<u>\$ 176,824</u>
Operating and maintenance costs:				
Operation and maintenance	\$ 6,620,755	\$ 6,620,755	\$ 6,506,391	\$ 114,364
Total operating and maintenance costs	<u>\$ 6,620,755</u>	<u>\$ 6,620,755</u>	<u>\$ 6,506,391</u>	<u>\$ 114,364</u>
Technology:				
Technology	\$ 2,949,234	\$ 2,949,234	\$ 2,926,925	\$ 22,309
Total technology	<u>\$ 2,949,234</u>	<u>\$ 2,949,234</u>	<u>\$ 2,926,925</u>	<u>\$ 22,309</u>
Total education	<u>\$ 60,992,961</u>	<u>\$ 62,618,594</u>	<u>\$ 61,891,282</u>	<u>\$ 727,312</u>
Total School Operating Fund	<u>\$ 60,992,961</u>	<u>\$ 62,618,594</u>	<u>\$ 61,891,282</u>	<u>\$ 727,312</u>
School Cafeteria Fund:				
Education:				
School food services:				
Administration of school food program	\$ 2,772,032	\$ 2,772,032	\$ 2,155,468	\$ 616,564
USDA commodities	-	-	189,708	(189,708)
Total school food services	<u>\$ 2,772,032</u>	<u>\$ 2,772,032</u>	<u>\$ 2,345,176</u>	<u>\$ 426,856</u>
Total education	<u>\$ 2,772,032</u>	<u>\$ 2,772,032</u>	<u>\$ 2,345,176</u>	<u>\$ 426,856</u>
Total School Cafeteria Fund	<u>\$ 2,772,032</u>	<u>\$ 2,772,032</u>	<u>\$ 2,345,176</u>	<u>\$ 426,856</u>

Schedule of Expenditures - Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2021

<u>Fund, Function, Activity and Element</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:				
School Activity Fund:				
Education:				
Instruction:				-
Elementary and secondary schools	\$ -	\$ -	\$ 325,000	\$ (325,000)
Total education	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ (325,000)</u>
Total School Activity Fund	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,000</u>	<u>\$ (325,000)</u>
Total Discretely Presented Component Unit - School Board	<u>\$ 63,764,993</u>	<u>\$ 65,390,626</u>	<u>\$ 64,561,458</u>	<u>\$ 829,168</u>

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STATISTICAL SECTION

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Statistical Section

Contents

Tables

Financial Trends

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

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Revenue Capacity

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

5-8

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.

9-11

Demographic and Economic Information

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

12-13

Operating Information

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

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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)

	2021	2020	2019	2018
Governmental activities				
Net investment in capital assets	\$ 11,391,918	\$ 16,970,169	\$ 17,743,311	\$ 18,431,064
Unrestricted	21,615,966	14,910,552	15,759,342	15,040,469
Total governmental activities net position	<u>\$ 33,007,884</u>	<u>\$ 31,880,721</u>	<u>\$ 33,502,653</u>	<u>\$ 33,471,533</u>
Business-type activities				
Net investment in capital assets	\$ 18,443,968	\$ 18,885,015	\$ 19,338,462	\$ 17,703,636
Restricted	-	-	-	1,834,232
Unrestricted	4,639,007	4,064,219	3,587,462	2,948,373
Total business-type activities net position	<u>\$ 23,082,975</u>	<u>\$ 22,949,234</u>	<u>\$ 22,925,924</u>	<u>\$ 22,486,241</u>
Primary government				
Net investment in capital assets	\$ 29,835,886	\$ 35,855,184	\$ 37,081,773	\$ 36,134,700
Restricted	-	-	-	1,834,232
Unrestricted	26,254,973	18,974,771	19,346,804	17,988,842
Total primary government net position	<u>\$ 56,090,859</u>	<u>\$ 54,829,955</u>	<u>\$ 56,428,577</u>	<u>\$ 55,957,774</u>

Table 1

2017	2016	2015	2014	2013	2012
\$ 18,280,127	\$ 17,543,250	\$ 20,771,917	\$ 22,330,023	\$ 13,292,660	\$ 15,463,123
16,925,823	15,676,394	16,806,802	23,927,330	31,083,034	26,438,615
<u>\$ 35,205,950</u>	<u>\$ 33,219,644</u>	<u>\$ 37,578,719</u>	<u>\$ 46,257,353</u>	<u>\$ 44,375,694</u>	<u>\$ 41,901,738</u>
\$ 15,069,296	\$ 13,266,968	\$ 12,233,762	\$ 11,267,065	\$ 4,461,919	\$ 6,470,887
1,866,455	1,866,690	1,869,579	1,869,878	4,720,154	2,036,544
3,247,483	3,041,421	2,221,268	2,328,518	4,956,253	4,654,757
<u>\$ 20,183,234</u>	<u>\$ 18,175,079</u>	<u>\$ 16,324,609</u>	<u>\$ 15,465,461</u>	<u>\$ 14,138,326</u>	<u>\$ 13,162,188</u>
\$ 33,349,423	\$ 30,810,218	\$ 33,005,679	\$ 33,597,088	\$ 17,754,579	\$ 21,934,010
1,866,455	1,866,690	1,869,579	1,869,878	4,720,154	2,036,544
20,173,306	18,717,815	19,028,070	26,255,848	36,039,287	31,093,372
<u>\$ 55,389,184</u>	<u>\$ 51,394,723</u>	<u>\$ 53,903,328</u>	<u>\$ 61,722,814</u>	<u>\$ 58,514,020</u>	<u>\$ 55,063,926</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018
Expenses				
Governmental activities:				
General government administration	\$ 7,279,364	\$ 6,728,268	\$ 6,404,365	\$ 6,273,889
Judicial administration	2,425,945	2,194,538	2,146,477	2,022,836
Public safety	19,872,272	17,520,033	16,296,649	15,005,085
Public works	3,619,414	2,549,544	2,354,901	2,147,005
Health and welfare	6,210,692	6,607,759	6,130,510	5,515,673
Education	32,007,187	31,121,559	29,868,409	27,761,018
Parks, recreation, culture	2,481,849	2,453,113	2,443,912	2,437,963
Community development	3,919,597	2,111,415	1,508,533	2,569,352
Interest on long-term debt	1,251,346	1,109,287	1,289,739	1,375,212
Total governmental activities expenses	\$ 79,067,666	\$ 72,395,516	\$ 68,443,495	\$ 65,108,033
Business-type activities:				
Public utilities	\$ 4,835,657	\$ 4,383,288	\$ 4,196,717	\$ 3,542,913
Total business-type activities expenses	\$ 4,835,657	\$ 4,383,288	\$ 4,196,717	\$ 3,542,913
Total Primary government expenses	\$ 83,903,323	\$ 76,778,804	\$ 72,640,212	\$ 68,650,946
Program Revenues				
Governmental activities:				
Charges for services				
General government administration	\$ 3,476	\$ -	\$ -	\$ -
Judicial administration	160,048	165,055	215,232	239,638
Public safety	499,636	515,568	505,564	493,463
Public works	551,085	537,113	571,491	551,396
Health and welfare	-	-	-	-
Education	-	-	570	80
Parks, recreation, culture	196,776	188,892	383,437	363,322
Community development	11,082	9,099	-	-
Operating grants and contributions	15,435,822	9,231,380	8,855,506	8,487,119
Capital grants and contributions	848,443	612,726	408,508	1,149,639
Total governmental activities program revenues	\$ 17,706,368	\$ 11,259,833	\$ 10,940,308	\$ 11,284,657
Business-type activities:				
Charges for services	\$ 4,898,385	\$ 4,312,516	\$ 4,512,752	\$ 4,568,243
Capital grants and contributions	-	-	-	-
Total business-type activities program revenues	4,898,385	4,312,516	4,512,752	4,568,243
Total primary government program revenue	\$ 22,604,753	\$ 15,572,349	\$ 15,453,060	\$ 15,852,900
Net(Expense)/Revenue				
Governmental activities	\$ (61,361,298)	\$ (61,135,683)	\$ (57,503,187)	\$ (53,823,376)
Business-type activities	62,729	(70,772)	316,035	1,025,330
Total primary government net expense	\$ (61,298,569)	\$ (61,206,455)	\$ (57,187,152)	\$ (52,798,046)

Table 2
Page 1 of 2

2017	2016	2015	2014	2013	2012
\$ 5,985,400	\$ 5,213,213	\$ 5,402,313	\$ 5,575,520	\$ 5,465,093	\$ 4,420,563
1,747,820	1,832,619	1,830,328	1,978,698	1,802,483	1,784,911
14,420,083	13,746,855	12,838,684	13,224,115	12,943,310	12,376,310
2,118,053	2,168,694	2,140,168	2,487,293	2,218,227	2,496,814
5,514,819	5,018,243	5,441,279	5,223,039	5,052,386	4,446,775
27,272,736	33,924,847	29,991,304	27,169,073	25,586,345	24,339,028
2,359,727	2,316,509	2,198,664	2,375,530	2,166,475	2,111,087
2,670,768	1,850,500	3,330,733	2,604,102	1,254,998	1,170,407
1,564,983	1,903,921	2,019,045	1,912,060	1,598,864	1,624,212
<u>\$ 63,654,389</u>	<u>\$ 67,975,401</u>	<u>\$ 65,192,518</u>	<u>\$ 62,549,430</u>	<u>\$ 58,088,181</u>	<u>\$ 54,770,107</u>
\$ 3,669,366	\$ 3,828,006	\$ 3,873,419	\$ 4,164,968	\$ 4,561,013	\$ 4,765,426
<u>\$ 3,669,366</u>	<u>\$ 3,828,006</u>	<u>\$ 3,873,419</u>	<u>\$ 4,164,968</u>	<u>\$ 4,561,013</u>	<u>\$ 4,765,426</u>
<u>\$ 67,323,755</u>	<u>\$ 71,803,407</u>	<u>\$ 69,065,937</u>	<u>\$ 66,714,398</u>	<u>\$ 62,649,194</u>	<u>\$ 59,535,533</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
209,190	225,492	172,895	214,556	237,742	239,615
640,084	416,526	422,313	399,325	364,823	356,342
497,981	411,479	315,626	219,143	197,204	134,654
-	44,851	40,620	-	-	-
258	-	-	-	-	290
369,051	264,424	240,605	286,509	293,796	310,646
9,300	74,260	74,798	67,428	59,655	57,913
8,238,150	8,431,639	8,064,461	8,018,257	7,634,001	7,417,709
1,232,247	581,781	2,099,005	3,882,214	1,108,506	5,391,436
<u>\$ 11,196,261</u>	<u>\$ 10,450,452</u>	<u>\$ 11,430,323</u>	<u>\$ 13,087,432</u>	<u>\$ 9,895,727</u>	<u>\$ 13,908,605</u>
\$ 4,966,010	\$ 4,161,870	\$ 4,135,611	\$ 4,193,272	\$ 4,375,188	\$ 4,216,540
-	713,180	277,732	499,050	537,710	-
<u>4,966,010</u>	<u>4,875,050</u>	<u>4,413,343</u>	<u>4,692,322</u>	<u>4,912,898</u>	<u>4,216,540</u>
<u>\$ 16,162,271</u>	<u>\$ 15,325,502</u>	<u>\$ 15,843,666</u>	<u>\$ 17,779,754</u>	<u>\$ 14,808,625</u>	<u>\$ 18,125,145</u>
\$ (52,458,128)	\$ (57,524,949)	\$ (53,762,195)	\$ (49,461,998)	\$ (48,192,454)	\$ (40,861,502)
1,296,644	1,047,044	539,924	527,354	351,885	(548,886)
<u>\$ (51,161,484)</u>	<u>\$ (56,477,905)</u>	<u>\$ (53,222,271)</u>	<u>\$ (48,934,644)</u>	<u>\$ (47,840,569)</u>	<u>\$ (41,410,388)</u>

COUNTY OF GLOUCESTER, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2021	2020	2019	2018
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
General property taxes	\$ 44,532,103	\$ 42,406,876	\$ 41,229,104	\$ 40,204,898
Local sales and use tax	6,262,576	5,469,912	4,868,752	4,627,344
Consumer utility tax	757,551	743,181	740,458	733,044
Business license taxes	2,011,717	1,867,032	1,931,649	1,729,800
Restaurant food taxes	2,699,399	2,346,997	2,377,951	2,274,619
Other local taxes	1,702,408	1,220,134	1,195,686	1,199,763
Unrestricted revenues from use of money and property	169,672	371,220	484,500	356,250
Miscellaneous	311,546	854,758	396,215	321,874
Grants and contributions not restricted to specific programs	4,052,756	4,233,641	4,309,992	4,423,702
Transfers	(11,267)	-	-	(430,524)
Total governmental activities	\$ 62,488,461	\$ 59,513,751	\$ 57,534,307	\$ 55,440,770
Business-type activities:				
General property taxes	\$ 50,657	\$ 38,646	\$ 40,651	\$ 39,849
Unrestricted revenues from use of money and property	9,088	55,436	82,997	77,735
Grants and contributions not restricted to specific programs	-	-	-	779,370
Transfers	11,267	-	-	430,524
Total business-type activities	\$ 71,012	\$ 94,082	\$ 123,648	\$ 1,327,478
Total primary government	\$ 62,559,473	\$ 59,607,833	\$ 57,657,955	\$ 56,768,248
Change in Net Position				
Governmental activities	\$ 1,127,163	\$ (1,621,932)	\$ 31,120	\$ 1,617,394
Business-type activities	133,741	23,310	439,683	2,352,808
Total primary government	\$ 1,260,904	\$ (1,598,622)	\$ 470,803	\$ 3,970,202

Table 2
Page 2 of 2

2017	2016	2015	2014	2013	2012
\$ 39,729,693	\$ 38,881,635	\$ 37,735,100	\$ 37,840,631	\$ 37,352,864	\$ 34,983,672
4,363,168	4,132,108	3,993,673	3,811,874	3,777,448	3,729,207
725,381	716,300	711,867	707,280	702,582	699,428
1,682,846	1,552,245	1,547,404	1,560,493	1,504,047	1,516,103
2,194,698	2,116,520	1,896,892	1,857,472	1,857,427	1,789,149
1,202,114	1,109,601	989,921	938,370	947,651	779,100
202,694	154,286	174,416	182,207	177,210	154,387
432,749	670,380	438,304	579,009	664,749	672,476
4,486,617	4,505,799	4,500,206	4,540,079	4,559,150	4,543,046
(575,526)	(673,000)	(673,758)	(673,758)	(673,758)	(480,000)
\$ 54,444,434	\$ 53,165,874	\$ 51,314,025	\$ 51,343,657	\$ 50,869,370	\$ 48,386,568
\$ 38,722	\$ 39,235	\$ 39,471	\$ 39,533	\$ 39,313	\$ 38,705
97,263	91,191	86,723	86,490	112,266	98,396
-	-	-	-	-	-
575,526	673,000	673,758	673,758	673,758	480,000
\$ 711,511	\$ 803,426	\$ 799,952	\$ 799,781	\$ 825,337	\$ 617,101
\$ 55,155,945	\$ 53,969,300	\$ 52,113,977	\$ 52,143,438	\$ 51,694,707	\$ 49,003,669
\$ 1,986,306	\$ (4,359,075)	\$ (2,448,170)	\$ 1,881,659	\$ 2,676,916	\$ 7,525,066
2,008,155	1,850,470	1,339,876	1,327,135	1,177,222	68,215
\$ 3,994,461	\$ (2,508,605)	\$ (1,108,294)	\$ 3,208,794	\$ 3,854,138	\$ 7,593,281

COUNTY OF GLOUCESTER, VIRGINIA

Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2021	2020	2019	2018
General Fund				
Nonspendable	\$ 399,975	\$ 385,394	\$ 99,784	\$ 390,393
Restricted	32,823	43,121	38,307	79,268
Committed	2,741,220	2,634,123	2,440,816	1,983,468
Assigned	260,000	260,000	260,000	260,000
Unassigned	23,193,852	19,213,229	20,944,248	21,141,510
Total General Fund	<u>\$ 26,627,870</u>	<u>\$ 22,535,867</u>	<u>\$ 23,783,155</u>	<u>\$ 23,854,639</u>
All Other Governmental Funds				
Nonspendable	\$ 2,815	\$ -	\$ -	\$ 190,015
Restricted	5,081,683	43,000	137,100	125,000
Committed	373,335	533,816	685,451	700,298
Assigned	-	104,580	-	-
Unassigned	-	-	-	(190,015)
Total all other governmental funds	<u>\$ 5,457,833</u>	<u>\$ 681,396</u>	<u>\$ 822,551</u>	<u>\$ 825,298</u>

Table 3

2017	2016	2015	2014	2013	2012
\$ 400,064	\$ 48,681	\$ 65,035	\$ 52,694	\$ 51,122	\$ 52,204
82,362	77,013	133,004	141,770	141,989	128,885
1,672,041	1,310,127	1,118,337	1,015,138	1,024,155	921,746
-	-	-	-	-	-
20,524,588	20,009,317	17,523,379	18,249,344	16,960,462	15,321,565
<u>\$ 22,679,055</u>	<u>\$ 21,445,138</u>	<u>\$ 18,839,755</u>	<u>\$ 19,458,946</u>	<u>\$ 18,177,728</u>	<u>\$ 16,424,400</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
115,400	97,400	54,400	31,400	19,000	19,000
696,419	692,639	4,986,303	22,701,947	13,398,162	9,840,182
-	-	-	257,062	244,485	239,297
-	-	-	-	-	-
<u>\$ 811,819</u>	<u>\$ 790,039</u>	<u>\$ 5,040,703</u>	<u>\$ 22,990,409</u>	<u>\$ 13,661,647</u>	<u>\$ 10,098,479</u>

COUNTY OF GLOUCESTER, VIRGINIA

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

	2021	2020	2019	2018
REVENUES				
General property taxes	\$ 44,376,967	\$ 41,363,050	\$ 41,213,749	\$ 40,429,513
Other local taxes	13,433,651	11,647,256	11,114,496	10,564,570
Permits, privilege fees, and regulatory licenses	440,781	458,428	459,062	438,668
Fines and forfeitures	44,321	59,632	97,257	118,878
Revenue from the use of money and property	169,672	371,220	484,500	356,250
Charges for services	937,001	897,667	1,119,975	1,090,353
Miscellaneous	311,546	320,238	396,215	321,874
Recovered costs	445,385	571,175	222,897	434,664
Intergovernmental revenues:				
Commonwealth	11,448,662	10,716,317	10,734,135	10,781,075
Federal	8,888,359	3,361,430	2,839,871	3,279,385
Total revenues	\$ 80,496,345	\$ 69,766,413	\$ 68,682,157	\$ 67,815,230
EXPENDITURES				
Current:				
General government administration	\$ 6,661,798	\$ 6,696,148	\$ 6,388,524	\$ 5,963,044
Judicial administration	2,157,099	2,058,268	2,067,608	1,864,417
Public safety	17,449,969	15,476,843	14,944,726	13,715,518
Public works	2,538,458	2,551,198	2,343,097	2,157,205
Health and welfare	7,043,663	6,505,660	6,259,573	5,541,116
Education	29,061,269	27,314,420	26,337,674	24,850,100
Parks, recreation, and cultural	2,247,145	2,297,096	2,416,749	2,323,548
Community development	2,756,934	1,158,443	1,108,132	1,134,167
Nondepartmental	397,135	317,181	290,585	285,585
Capital projects	2,785,727	2,607,292	2,111,755	2,682,620
Debt service:				
Principal retirement	2,950,217	2,922,931	3,053,318	4,097,070
Interest and other fiscal charges	1,280,108	1,249,376	1,434,647	1,581,253
Principal retirement-School leases	-	-	-	-
Interest and other fiscal charges-School	-	-	-	-
Total expenditures	\$ 77,329,522	\$ 71,154,856	\$ 68,756,388	\$ 66,195,643
Excess (deficiency) of revenues over (under) expenditures	\$ 3,166,823	\$ (1,388,443)	\$ (74,231)	\$ 1,619,587
OTHER FINANCING SOURCES (USES)				
Transfers in	\$ 6,825,951	\$ 7,339,499	\$ 7,532,333	\$ 8,279,537
Transfers out	(6,837,218)	(7,339,499)	(7,532,333)	(8,710,061)
Issuance of general obligation bonds	10,205,000	-	-	-
Bond premium issuance	699,884	-	-	-
Issuance of capital leases	-	-	-	-
Insurance recovery	-	-	-	-
Refunding of lease revenue bonds	(5,192,000)	-	-	-
Total other financing sources (uses)	\$ 5,701,617	\$ -	\$ -	\$ (430,524)
Net change in fund balances	\$ 8,868,440	\$ (1,388,443)	\$ (74,231)	\$ 1,189,063
Fund balances - beginning	23,217,263	24,605,706	24,679,937	23,490,874
Fund balances - ending	\$ 32,085,703	\$ 23,217,263	\$ 24,605,706	\$ 24,679,937
Debt Service as a percentage of noncapital expenditures	5.71%	6.08%	6.67%	8.78%

Table 4

	2017		2016		2015		2014		2013		2012
\$	39,605,567	\$	38,899,618	\$	37,944,859	\$	37,996,998	\$	37,534,509	\$	34,600,348
	10,168,207		9,626,774		9,139,757		8,875,489		8,789,155		8,512,987
	591,346		361,437		379,645		352,330		307,747		318,074
	85,667		94,470		68,265		80,625		108,507		114,403
	202,694		154,286		174,416		182,207		177,210		154,387
	1,048,851		981,125		818,947		754,006		736,966		666,983
	432,749		670,380		438,304		579,009		664,749		672,476
	413,302		362,494		378,821		409,810		337,904		312,995
	10,822,673		11,074,903		11,800,473		11,034,381		10,781,890		10,422,899
	3,134,341		2,444,316		2,863,199		2,681,235		2,385,926		2,242,337
\$	<u>66,505,397</u>	\$	<u>64,669,803</u>	\$	<u>64,006,686</u>	\$	<u>62,946,090</u>	\$	<u>61,824,563</u>	\$	<u>58,017,889</u>
\$	5,725,817	\$	5,559,742	\$	5,506,522	\$	5,418,618	\$	5,027,276	\$	4,580,732
	1,659,363		1,776,474		1,720,444		1,812,592		1,634,575		1,644,976
	13,267,144		12,431,841		12,260,636		11,609,450		11,388,578		10,548,498
	2,066,222		2,203,795		2,156,828		2,172,118		2,119,356		2,021,420
	5,465,381		5,064,135		5,427,503		5,197,208		5,000,044		4,424,273
	24,202,067		22,873,774		23,055,992		22,839,193		22,777,077		20,419,880
	2,342,983		2,180,280		2,139,478		2,117,069		2,067,452		1,959,087
	1,034,146		1,040,427		972,068		1,034,876		901,444		746,246
	300,585		300,585		353,497		365,585		312,185		325,145
	3,693,480		6,548,321		22,500,605		14,208,476		5,825,679		5,540,772
	4,186,313		10,276,799		3,437,958		2,886,672		3,141,033		3,201,337
	1,751,399		2,110,911		2,293,936		1,653,660		1,695,351		1,702,835
	-		-		72,317		69,529		65,736		263,189
	-		-		4,041		8,255		12,048		18,318
\$	<u>65,694,900</u>	\$	<u>72,367,084</u>	\$	<u>81,901,825</u>	\$	<u>71,393,301</u>	\$	<u>61,967,834</u>	\$	<u>57,396,708</u>
\$	<u>810,497</u>	\$	<u>(7,697,281)</u>	\$	<u>(17,895,139)</u>	\$	<u>(8,447,211)</u>	\$	<u>(143,271)</u>	\$	<u>621,181</u>
\$	8,369,496	\$	7,729,031	\$	9,188,198	\$	8,000,299	\$	7,758,145	\$	10,042,633
	(8,945,022)		(8,402,031)		(9,861,956)		(8,674,057)		(8,431,903)		(10,522,633)
	-		-		-		15,845,000		5,999,684		500,000
	-		-		-		1,161,015		-		-
	1,020,726		-		-		-		-		-
	-		-		-		2,724,934		133,841		4,686,955
	-		6,725,000		-		-		-		-
\$	<u>445,200</u>	\$	<u>6,052,000</u>	\$	<u>(673,758)</u>	\$	<u>19,057,191</u>	\$	<u>5,459,767</u>	\$	<u>4,706,955</u>
\$	1,255,697	\$	(1,645,281)	\$	(18,568,897)	\$	10,609,980	\$	5,316,496	\$	5,328,136
	22,235,177		23,880,458		42,449,355		31,839,375		26,522,879		21,194,743
\$	<u>23,490,874</u>	\$	<u>22,235,177</u>	\$	<u>23,880,458</u>	\$	<u>42,449,355</u>	\$	<u>31,839,375</u>	\$	<u>26,522,879</u>
	<u>9.30%</u>		<u>18.66%</u>		<u>9.20%</u>		<u>7.94%</u>		<u>8.57%</u>		<u>9.53%</u>

Principal Property Tax Payers
Current Year and Nine Years Ago

Taxpayer	2021		2012	
	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value	Taxable Assessed Value	Percentage of Total County Taxable Assessed Value
Riverbend Apartments LP	\$ 23,823,230	0.51 %		
Evergreen Development Company LLC	15,123,780	0.32	\$ 25,674,400	0.61 %
York River Crossing Shopping Center LLC	14,179,980	0.30	12,562,800	0.30
Wal-Mart Real Estate Business Trust	13,825,590	0.29	13,599,900	0.32
Walter Reed Memorial Hospital Inc	12,342,590	0.26		
Lowes Home Centers Inc	9,697,340	0.21	8,446,000	0.20
Horn Harbor Nursing Home Inc	9,694,920	0.21	7,188,600	0.17
Thousand Trails Inc	8,253,710	0.18	5,522,100	0.13
Welltower OM Group LLC	8,005,750	0.17		
Aggregate Industries Land Company LLC	7,474,550	0.16		
Gloucester Medical Arts I, LLC			8,181,200	0.20
Timberneck, LLC			5,993,400	0.14
GH2, LLC			5,493,500	0.13
E. Clairborne Robins, Jr.			5,415,400	0.13
	<u>\$ 122,421,440</u>	<u>2.61 %</u>	<u>\$ 98,077,300</u>	<u>2.33 %</u>

Source: Gloucester County Commissioner of Revenue

COUNTY OF GLOUCESTER, VIRGINIA

Table 6

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
2012	\$ 25,336,144	\$ 25,647	\$ 25,361,791	\$ 24,405,721	96.33%	\$ 948,331	\$ 25,354,052	99.97%
2013	26,903,346	5,391	26,908,737	26,076,913	96.93%	823,249	26,900,162	99.97%
2014	27,043,283	(16,870)	27,026,413	26,277,315	97.17%	739,594	27,016,909	99.96%
2015	27,615,708	(3,466)	27,612,242	26,880,696	97.34%	721,058	27,601,754	99.96%
2016	28,574,808	(3,243)	28,571,565	27,850,881	97.47%	707,204	28,558,085	99.95%
2017	29,192,667	(6,308)	29,186,359	28,438,565	97.42%	722,331	29,160,896	99.91%
2018	29,569,340	(6,764)	29,562,576	28,880,722	97.67%	638,431	29,519,153	99.85%
2019	29,892,524	(9,818)	29,882,706	29,203,018	97.69%	552,402	29,755,420	99.57%
2020	30,923,858	56,852	30,980,710	29,610,532	95.75%	1,070,648	30,681,180	99.03%
2021	31,971,959	-	31,971,959	30,936,937	96.76%	-	30,936,937	96.76%

Source: Gloucester County Treasurer

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

Calendar Year Ended	Residential Property	Commercial Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value*	Tax Exempt Property
2012	\$ 3,752,701	\$ 439,874	\$ 4,192,575	0.65	\$ 3,830,235	\$ 306,387
2013	3,771,667	439,721	4,211,388	0.65	4,028,880	321,037
2014	3,799,377	437,932	4,237,310	0.65	4,077,473	322,225
2015	3,765,494	444,104	4,209,598	0.68	4,317,094	373,475
2016	3,797,973	443,944	4,241,916	0.695	4,332,465	358,584
2017	3,832,436	450,593	4,283,030	0.695	4,481,563	379,400
2018	3,788,637	559,903	4,348,540	0.695	4,681,891	385,986
2019	3,828,993	560,855	4,389,849	0.695	4,840,500	392,341
2020	4,062,592	602,707	4,665,299	0.695	5,183,666	404,067
2021	4,103,424	604,513	4,707,937	0.695	-	420,014

Source: Gloucester County Commissioner of Revenue

**The Estimated Actual Taxable Value is the Total Tax Assessed Value multiplied by the median Assessment Sales Ratio. The Assessment Sales Ratio is calculated annually by the Commissioner based on calendar year sales, and therefore is not available for the current fiscal year.*

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
2012	\$ 386,217,977	\$ 8,305,399	\$ 34,894,358	\$ 104,938,440	\$ 534,356,174
2013	400,536,792	8,218,191	43,702,556	155,642,943	608,100,482
2014	385,658,488	10,197,427	43,689,419	155,392,600	594,937,934
2015	385,720,050	10,298,798	41,513,977	158,444,423	595,977,248
2016	399,860,453	8,258,417	42,504,814	137,719,792	588,343,476
2017	401,812,412	8,221,958	43,339,570	139,424,060	592,798,000
2018	416,210,705	9,127,041	49,670,200	141,956,353	616,964,299
2019	443,372,502	9,117,208	55,722,634	149,841,016	658,053,360
2020	445,235,880	9,064,563	60,402,549	147,537,741	662,240,733
2021	488,259,928	9,107,240	70,906,165	150,900,067	719,173,400

(1) Source: Gloucester County Commissioner of Revenue

(2) Property assessments performed by the State Corporation Commission and includes real estate

Note -BOS eliminated the Boat Tax, effective calendar year 2015

Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business Type Activities			Percentage of Personal Income	Per Capita
	General Obligation Bonds	State Literary Funds Loans	Capital Lease and Notes Payable	General Obligation Bonds	Revenue Bonds	Total Primary Government		
2012	\$ 18,089,833	\$ 1,983,520	\$ 15,210,080	-	\$ 22,381,473	\$ 57,664,906	3.66%	\$ 1,559.52
2013	22,804,937	1,470,324	13,988,122	-	21,553,897	59,817,280	3.84%	1,606.61
2014	38,548,607	1,220,324	12,467,831	-	19,392,087	71,628,849	4.45%	1,924.21
2015	36,773,293	970,324	10,877,408	-	17,174,277	65,795,302	3.92%	1,774.80
2016	34,798,831	720,324	9,444,609	-	15,060,214	60,023,978	3.46%	1,623.02
2017	32,755,003	470,324	8,467,388	-	12,625,476	54,318,191	3.01%	1,461.38
2018	30,741,581	220,324	6,528,278	-	10,065,738	47,555,921	2.54%	1,278.59
2019	28,373,341	-	5,958,063	-	7,402,000	41,733,404	2.16%	1,125.19
2020	25,925,013	-	5,377,998	-	6,688,000	37,991,011	N/A*	981.40
2021	28,971,216	-	4,989,000	-	5,980,000	39,940,216	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				Percentage of Actual Taxable Value of Property (2)
	Governmental Activities	Business- type Activities	Total	Per Capita(1)	
2012	\$ 18,089,833	\$ -	\$ 18,089,833	\$ 489.23	0.43%
2013	22,804,937	-	22,804,937	612.51	0.54%
2014	38,548,607	-	38,548,607	1,035.56	0.91%
2015	36,773,293	-	36,773,293	991.94	0.87%
2016	34,798,831	-	34,798,831	940.94	0.82%
2017	32,755,003	-	32,755,003	881.25	0.76%
2018	30,741,581	-	30,741,581	826.52	0.71%
2019	28,373,341	-	28,373,341	764.99	0.65%
2020	25,925,013	-	25,925,013	669.71	0.56%
2021	28,971,216	-	28,971,216	N/A*	0.62%

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 12 (2021 population figure not available at this time)

(2) See Table 7 for property value data

Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Utilities Revenue		Less: Operating Expenses		Net Available Revenue		Debt Service		Coverage
							Principal	Interest	
2012	\$	3,893,650	\$	2,780,595	\$	1,113,055	\$ 1,790,872	\$ 1,063,304	0.39
2013		3,845,738		2,609,469		1,236,269	1,106,435	990,618	0.59
2014		4,193,272		2,550,179		1,643,093	1,987,000	793,760	0.59
2015		4,135,611		2,324,954		1,810,657	2,043,000	729,787	0.65
2016		4,161,870		2,318,445		1,843,425	1,980,000	766,538	0.67
2017		4,310,610		2,381,453		1,929,157	2,257,000	431,533	0.72
2018		4,179,603		2,289,258		1,890,345	2,382,000	309,767	0.70
2019		4,087,832		2,982,716		1,105,116	2,486,000	66,148	0.43
2020		4,108,581		3,054,406		1,054,175	714,000	173,022	1.19
2021		4,277,368		3,571,028		706,340	708,000	155,445	0.82

Note: Details regarding the County's outstanding debt can be found in the notes to the financial statements.
Operating expenses above exclude interest, depreciation and amortization of loan costs.

Demographic and Economic Statistics
Last Ten Calendar Years

Year	Population (1)	Personal Income (in thousands) (2)	Per Capita Personal Income (2)	Unemployment Rate (3)	School Enrollment (4)
2010	36,858	\$ 1,467,059	\$ 39,715	7.0	5,919
2011	36,987	1,522,586	41,275	6.3	5,850
2012	36,976	1,576,492	42,795	5.5	5,645
2013	37,232	1,557,771	42,368	5.1	5,469
2014	37,225	1,608,820	43,453	4.7	5,447
2015	37,072	1,679,981	45,393	4.0	5,354
2016	36,983	1,733,239	46,700	3.6	5,383
2017	37,169	1,803,993	48,371	3.3	5,319
2018	37,194	1,870,650	50,096	2.7	5,270
2019	37,090	1,936,385	51,847	2.5	5,186
2020	38,711	N/A*	N/A *	5.4	5,109

*Information not available at the time of completion.

Sources:

- (1) Weldon Cooper Center for Public Service at the University of Virginia
- (2) Bureau of Economic Analysis (Revised Estimates at November 17, 2020)
- (3) Virginia Employment Commission
- (4) Gloucester County Schools FY21 Adopted Budget Book

Principal Employers

Current Year and Nine Years Ago

Employer	2021		2012	
	Employees	Percentage of Total County Employment	Employees	Percentage of Total County Employment
Riverside Regional Medical Center	500 - 999	5.5% - 10.9%	500 - 999	5.4% - 0.0%
Gloucester County Public Schools	500 - 999	5.5% - 10.9%	1,000+	More than 10%
Virginia Institute of Marine Science	250 - 499	2.7% - 5.5%	250 - 499	2.7% - 5.4%
County of Gloucester	250 - 499	2.7% - 5.5%	250 - 499	2.7% - 5.4%
Wal Mart	100 - 249	1.1% - 2.7%	250 - 499	2.7% - 5.4%
Canon Environmental Technologies, Inc.	100 - 249	1.1% - 2.7%		
Lowes' Home Centers, Inc.	100 - 249	1.1% - 2.7%		
Home Depot	100 - 249	1.1% - 2.7%		
Rappahannock Community College	50 - 99	0.5% - 1.1%	250 - 499	2.7% - 5.4%
Vulcan Materials Company	0 - 49	Less than 1.1		
York Convalescent Center			100 - 249	1.1% - 2.7%
Lowes' Home Centers, Inc.			100 - 249	1.1% - 2.7%
Food Lion			100 - 249	1.1% - 2.7%
Industrial Resource Technologies, Inc.			100 - 249	1.1% - 2.7%

Sources:

*Virginia Employment Commission**Gloucester County Economic Development*

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

	Full-time Equivalent Employees as of June 30									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
General Government Administration										
Board of Supervisors	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
County Administration	5.5	5.0	5.0	5.0	4.5	5.0	7.0	6.0	4.5	4.5
County Attorney	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Human Resources	6.0	6.0	5.0	5.0	4.5	4.5	4.5	4.5	4.0	4.0
Commission of Revenue	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	7.5	7.5
Real Estate Assessment	5.5	5.5	5.0	5.0	5.5	6.5	6.5	6.5	6.5	6.5
Treasurer	8.5	8.0	8.5	8.5	9.0	9.0	9.0	9.0	9.0	9.0
Financial Services	5.0	5.5	5.0	5.0	5.0	6.0	5.0	5.0	5.0	5.0
Information Technology	7.0	8.0	8.5	8.5	9.0	9.0	8.0	9.0	9.0	9.0
GIS (included with IT until 2012)	3.0	3.0	2.5	2.5	2.5	2.5	3.5	3.5	3.5	3.5
Central Purchasing	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
Registrar	4.0	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5	2.5
Judicial Administration										
Circuit Court Judge	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Clerk of Circuit Court	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Victim Witness	2.5	2.5	2.5	2.5	2.5	2.0	1.5	1.5	1.5	1.5
Commonwealth Attorney	9.0	9.0	9.0	8.0	7.5	7.5	7.5	7.5	7.5	7.5
Public Safety										
Sheriff	64.5	67.0	65.0	65.0	65.0	64.0	64.0	61.5	50.0	50.0
E-911 (Combined w/Sheriff 2014)	-	-	-	-	-	-	-	-	11.5	11.5
Jail (included w/Sheriff until 2006)	31.5	33.5	33.5	33.5	33.0	36.5	38.5	37.5	37.0	35.0
Probation/Pretrial	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
Codes	-	-	-	-	-	-	-	-	14.0	13.0
Building Inspections	7.5	7.5	7.5	7.5	8.0	8.0	7.0	6.0		
Environmental Programs	4.0	4.0	4.0	4.0	4.5	4.0	4.0	4.0		
Animal Control	4.5	4.0	4.0	4.0	4.0	4.0	5.0	5.0	5.0	5.0
Emergency Services	2.5	2.5	3.0	3.0	3.0	2.0	2.0	1.5	1.5	1.5
Public Works										
Engineering	3.0	3.0	3.0	3.0	3.5	4.0	4.0	4.0	4.0	4.0
Facilities Management	24.5	24.5	26.0	26.0	27.0	28.0	28.0	28.5	28.5	28.5
Education										
Community Engagement	8.5	8.0	8.0	8.0	8.0	8.0	7.5	7.5	7.5	7.5
Cable Services	-	-	-	-	-	-	-	-	0.5	0.5
Parks, Recreation & Cultural										
Parks & Recreation	13.5	5.5	5.5	5.5	5.5	5.5	8.5	8.5	8.5	8.5
Park Operations	12.0	7.0	6.5	6.5	6.5	6.0	3.0	3.0	2.0	2.0
Historical (combined w/Tourism 2014)	-	-	-	-	-	-	0.5	0.5	0.5	0.5
Library	13.0	11.5	12.0	12.0	12.0	12.0	12.5	12.5	12.5	12.5
Community Development										
Planning & Zoning	7.0	7.0	7.0	7.0	7.0	6.0	7.0	7.0	5.0	5.0
Economic Development	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.5	1.5
Clean Community	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Tourism	2.5	2.0	2.0	1.5	1.5	1.5	1.0	1.0	1.0	1.0
VA Cooperative Extension	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Utilities	20.5	28.0	26.5	24.5	23.5	24.5	26.0	26.0	26.0	26.0
TOTAL	313.5	309	306	302	303	307	312	308	306	303

Source: Gloucester County Human Resources Department

Note: Work as Required employees are not included.

COUNTY OF GLOUCESTER, VIRGINIA

Operating Indicators by Function Last Ten Fiscal Years

	2021	2020	2019	2018
Sheriff's Department (1)				
Reports taken	N/A	41,705	46,723	47,286
Civil processed record workload	N/A	19,211	27,980	29,017
Circuit court days	N/A	183	176	182
General district court days	N/A	126	118	113
Juvenile and domestic court days	N/A	166	263	240
Inmate average daily population	N/A	30	37	41
Parks, Recreation & Tourism (2)				
Number of Participants	1,823	2,058	4,980	5,008
Library (3)				
Material circulated	85,799	109,934	169,129	140,825
Library patrons	40,569	39,727	38,441	36,706
Water system (4)				
Number of customers	5,040	4,962	4,936	4,890
Average daily consumption	895,704	840,743	822,452	869,742
Annual consumption in gallons	326,932,108	307,712,000	300,195,000	317,456,000

Sources:

- (1) Gloucester County Sheriff's Department (Information compiled each calendar year)
- (2) Gloucester County Parks, Recreation & Tourism Department
- (3) Gloucester County Library
- (4) Gloucester County Public Utilities

N/A - This information was not available as of the date of this report

Table 15

2017	2016	2015	2014	2013	2012
48,601	45,020	43,584	39,350	38,808	38,414
33,240	31,737	30,530	30,757	42,873	35,242
172	210	207	196	175	164
107	104	109	113	116	114
250	252	234	240	237	208
31	43	45	79	86	84
4,567	4,772	4,489	3,957	3,920	4,019
197,281	183,566	172,769	169,016	179,320	216,787
35,089	37,185	35,396	33,256	29,295	31,769
4,835	4,728	4,629	4,629	4,588	4,565
863,441	834,800	838,400	827,000	809,000	835,478
315,156,000	304,700,000	306,030,000	301,865,000	295,456,000	305,785,000

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COUNTY OF GLOUCESTER, VIRGINIA

Table 16

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

Customer name	2021				2012			
	Average Water Usage		Average Sewer Usage		Average Water Usage		Average Sewer Usage*	
	Monthly	Daily	Monthly	Daily	Monthly	Daily	Monthly	Daily
York River Yacht Haven	455,000	15,167	533,000	17,767	195,000	6,500		
Walter Reed Convalescent Center	421,000	14,033	378,000	12,600	345,000	11,500		
Franklin Management-Elm Street	334,000	11,133						
Vims-MRL	313,000	10,433			440,000	14,667		
Riverbend Apartments-Irrigation Meter	224,000	7,467						
Franklin Management-Wicomico Village	195,000	6,500						
RAI Care Centers	187,000	6,233	187,000	6,233				
York River MHP	161,000	5,367			185,000	6,167		
Colonial Point Apartments	149,000	4,967						
U DO IT Laundry	147,000	4,900	146,000	5,133				
Riverside Walter Reed Hospital					495,000	16,500		
V.I.M.S.-Chesapeake Bay Hall					302,000	10,067		
Sierra Communities					248,000	8,267		
Colonial Point Apartments					225,000	7,500		
Gloucester County Jail					192,000	6,400		
Thalhimer			154,000	4,867	169,000	5,633		
SOHO-Woodsville Road			144,000	4,800				
Gloucester House			141,000	4,700				
Auto Spa			130,000	4,333				
Cookout			130,000	4,333				
Super Walmart			124,000	4,133				

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

	2021	2020	2019	2018
Sheriff's Department (1)				
Stations	1	1	1	1
Patrol Units	41	41	41	32
Jail	1	1	1	1
Mobile Command Center	1	1	1	1
Volunteer Fire and Rescue (2)				
Stations	6	6	6	6
Parks and recreation (3)				
Number of parks maintained	8	7	7	7
Park acreage owned by the County	221	220	220	220
Park acreage leased	44	44	44	44
Library (4)				
Number of libraries	2	2	2	2
Number of bookmobiles	1	1	1	1
Water system (5)				
Treatment capacity per day in gallons	4,000,000	4,000,000	4,000,000	4,000,000

Sources:

- (1) Gloucester County Sheriff's Office
- (2) Gloucester County Department of Emergency Services
- (3) Gloucester County Department of Parks, Recreation & Tourism
- (4) Gloucester County Library
- (5) Gloucester County Public Utilities

Table 17

2017	2016	2015	2014	2013	2012
1	1	1	1	1	1
32	31	33	33	33	33
1	1	1	1	1	1
1	1	1	1	1	1
6	6	6	6	6	6
8	8	8	8	8	8
221	221	221	221	221	221
44	44	44	44	44	44
2	2	2	2	2	2
1	1	1	1	1	1
4,000,000	4,000,000	4,000,000	4,000,000	4,000,000	4,000,000

Utility Monthly Service Rates
Last Six Fiscal Years

Monthly Rates for Water Service	2016	2017	2018	2019	2020	2021
Monthly nonuser service charge	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
First 2,000 gallons	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18	\$ 20.18
Next 6,000 gallons, per 1,000 gallons	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00	\$ 10.00
Over 8,000 gallons, per 1,000 gallons	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40	\$ 10.40

Monthly Rates for Sewer Service	2016	2017	2018	2019	2020	2021
Monthly nonuser service charge	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
First 2,000 gallons or less	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17	\$ 11.17
Next 2,000 gallons, per 1,000 gallons	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92	\$ 4.92
Next 4,000 gallons, per 1,000 gallons	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68	\$ 4.68
Next 3,000 gallons, per 1,000 gallons	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38	\$ 4.38
Next 64,000 gallons, per 1,000 gallons	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18	\$ 4.18
Next 15,000 gallons, per 1,000 gallons	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82	\$ 3.82
Over 90,000 gallons, per 1,000 gallons	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27	\$ 3.27

Source: Gloucester County Utility Department

COMPLIANCE SECTION

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Gloucester, Virginia, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County of Gloucester, Virginia's basic financial statements, and have issued our report thereon dated November 15, 2021.

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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

Robinson, Farmer, Cox Associate

Richmond, Virginia
November 15, 2021



**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

We have audited County of Gloucester, Virginia's compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of County of Gloucester, Virginia's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and The Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about County of Gloucester, Virginia's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of County of Gloucester, Virginia's compliance.

Opinion on Each Major Federal Program

In our opinion, County of Gloucester, Virginia complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of County of Gloucester, Virginia is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered County of Gloucester, Virginia's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of County of Gloucester, Virginia's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Robinson, Farmer, Cox Associates

Richmond, Virginia
November 15, 2021

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Health and Human Services:			
Pass Through Payments:			
Department of Social Services:			
MaryLee Allen Promoting Safe and Stable Families Program	93.556	0950109/0950110	\$ 13,068
Refugee and Entrant Assistance State/Replacement			
Designee Administered Programs	93.566	0500109/0500110	505
Low-Income Home Energy Assistance	93.568	0600409/0600410	34,736
Temporary Assistance for Needy Families (TANF)	93.558	0400109/0400110	249,540
Child Care Mandatory and Matching Funds of the Child Care and Development Fund (CCDF Cluster)	93.596	0760109/0760110	43,912
Chafee Education and Training Vouchers Program	93.599	not available	4,408
Adoption and Legal Guardianship Incentive Payments	93.603	1120109/1120110	141
Stephanie Tubbs Jones Child Welfare Services Program	93.645	0900109/0900110	103
Foster Care - Title IV-E	93.658	1100109/1100110	380,750
Adoption Assistance	93.659	1120109/1120110	366,882
Social Services Block Grant	93.667	1000109/1000110	254,387
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150108-9150110	11,237
Children's Health Insurance Program	93.767	0540109/0540110	5,717
Medical Assistance Program (Medicaid Cluster)	93.778	1200109/1200110	485,864
Total Department of Health and Human Services			\$ 1,851,250
Department of Agriculture:			
Pass Through Payments:			
Department of Education:			
COVID-19 - Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202020N85034 1	\$ 294,669
Summer Food Service Program for Children (Child Nutrition Cluster)	10.559	202020N85034 1	1,813,759
		Total 10.559	\$ 2,108,428
Department of Agriculture:			
Food Distribution--School (Child Nutrition Cluster)	10.555	not available	\$ 189,708
		Total 10.555	\$ 189,708
Total Child Nutrition Cluster			\$ 2,298,136
Department of Social Services:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP Cluster)	10.561	0040109/0040110 0010109/0010110	\$ 652,098
			\$ 652,098
Total Department of Agriculture			\$ 2,950,234
Department of Justice:			
Direct payments:			
Bulletproof Vest Partnership Program	16.607	N/A	\$ 11,026
Pass Through Payments:			
Department of Criminal Justice Service:			
Crime Victim Assistance	16.575	390002-CJS86018	\$ 78,895
Violence Against Women Formula Grants	16.588	390002-CJS48035	38,603
Total Department of Justice			\$ 128,524

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Homeland Security:			
Pass Through Payments:			
Department of Emergency Management:			
Emergency Management Performance Grants	97.042	775001-114363	\$ 13,644
Homeland Security:			
Hazard Mitigation Grant	97.039	7760200-111,132	170,058
Total Department of Homeland Security			\$ 183,702
Department of Treasury			
Pass Through Payments:			
Department of Accounts			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	10110-728021	\$ 5,584,810
Department of Education			
COVID-19 Coronavirus Relief Funds (CRF)	21.019	10110-728021	884,328
Total Department of Treasury			\$ 6,469,138
Election Assistance Commission			
Pass Through Payments:			
Department of Elections:			
COVID- 19 - HAVA Election Security Grants	90.404	113200-116912	\$ 58,342
Total Election Assistance Commission			58,342
Department of Transportation:			
Pass Through Payments:			
Department of Transportation:			
Highway Planning and Construction (Highway Planning and Construction Cluster)	20.205	603002-103579	\$ 34,555
Department of Motor Vehicles:			
National Priority Safety Programs (Highway Safety Cluster)	20.616	605007-53000	26,719
State and Community Highway Safety (Highway Safety Cluster)	20.600	6050700-53454	19,071
Total Highway Safety Cluster			\$ 45,790
Total Department of Transportation			\$ 80,345
Department of Defense:			
Direct Payments:			
ROTC	12.xxx	N/A	\$ 107,839
Total Department of Defense			\$ 107,839
Department of the Interior:			
Direct Payments:			
Chesapeake Bay Gateways Network	15.930	N/A	\$ 20,500
Total Department of the Interior			\$ 20,500
Department of Education:			
Direct Payments:			
Impact Aid	84.041	N/A	\$ 98,903
Pass Through Payments:			
Department of Education:			
Title I Grants to Local Educational Agencies	84.010	1790100-42901-42999	743,209
Special Education - Grants to States (Special Education Cluster)	84.027	1790100-43071-61234	1,068,610
Special Education - Preschool Grants (Special Education Cluster)	84.173	1790100-82521	35,256
Total Special Education Cluster			\$ 1,103,866

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021 (Continued)

Federal Grantor/State Pass - Through Grantor/ Drug enforcement funds (payment of seized asset funds)	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Education: (Continued)			
Pass Through Payments: (Continued)			
Department of Education: (Continued)			
Career and Technical Education - Basic Grants to States	84.048	1790100-61095	\$ 82,046
COVID-19 Education Stabilization Fund - Elementary and Secondary			
School Emergency Relief	84.425D	not available	694,588
Supporting Effective Instruction State Grants	84.367	1790100-61480	106,260
Student Support and Academic Enrichment Program	84.424	S424A170048	48,509
Total Department of Education - pass-through			\$ 2,877,381
Total Department of Education			\$ 2,877,381
Total Expenditures of Federal Awards			\$ 14,727,255

See accompanying notes to schedule of expenditures of federal awards.

COUNTY OF GLOUCESTER, VIRGINIA

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

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, 2021. 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	\$	346,108
Debt Service Fund		357,122
Special Revenue Funds:		
Virginia Public Assistance Fund		2,271,139
CARES Act Fund		5,643,152
CSA Fund		49,872
Capital Projects Funds:		
County Capital Projects Fund		220,966
Proprietary Fund:		
Utilities Fund		4,147
Total primary government	\$	<u>8,892,506</u>

Component Unit School Board:

School Operating Fund	\$	3,910,551
School Cafeteria Fund		2,298,136
Total component unit School Board	\$	<u>6,208,687</u>

Less: BABs federal interest rate subsidy	\$	(357,122)
Less: Payment in lieu of taxes		<u>(16,816)</u>

Total federal expenditures per basic financial statements	\$	<u><u>14,727,255</u></u>
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Total federal expenditures per the Schedule of Expenditures of Federal Awards	\$	<u><u>14,727,255</u></u>
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Note 5 - Subrecipients

No awards were passed through to subrecipients.

Note 6 - De Minimis Cost Rate

The County did not elect to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

Note 7 - Loan Balances

The County has no loans or loan guarantees which are subject to reporting requirements for the current year.

COUNTY OF GLOUCESTER, VIRGINIA

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued

unmodified

Internal control over financial reporting:

Material weakness(es) identified?

_____ yes ☒ no

Significant deficiency(ies) identified?

_____ yes ☒ none reported

Noncompliance material to financial statements noted?

_____ yes ☒ no

Federal Awards

Internal control over major programs

Material weakness(es) identified?

_____ yes ☒ no

Significant deficiency(ies) identified?

_____ yes ☒ none reported

Type of auditors' report issued on compliance for major programs.

unmodified

Any audit findings disclosed that are required to be reported in accordance
2 CFR section 200.516(a)?

_____ yes ☒ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies
21.019	COVID-19 Coronavirus Relief Funds (CRF)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

☒ yes _____ no

Section II-Financial Statement Findings

None

Section III-Federal Award Findings and Questioned Costs

None

Section IV - Status of Prior Audit Findings

There were no prior year audit findings.

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