

Spotsylvania VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30

2018

FOR FISCAL YEAR ENDED





The County of Spotsylvania dedicates this 2018 Comprehensive Annual Financial Report in memory of Carolyn Marsh, President of the Spotsylvania Volunteer Rescue Squad.

President Marsh served our citizens proudly for over 30 years and will be greatly missed.

Our Mission Is To Help Others



County of Spotsylvania, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ending June 30, 2018

Mark B. Taylor, County Administrator
Mark L. Cole, Deputy County Administrator
Edward Petrovitch, Deputy County Administrator
Mary S. Sorrell, Director of Finance
Rebecca R. Forry, Controller

Published by the Accounting Division
of the Department of Finance



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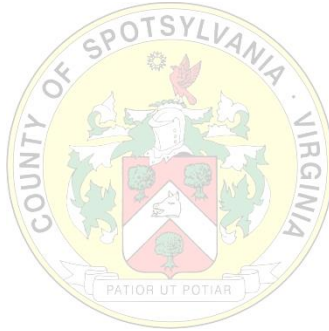
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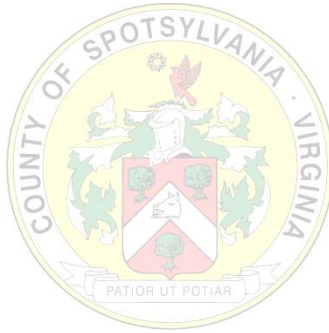
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PART I: INTRODUCTORY SECTION



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County of Spotsylvania

Founded 1721

Board of Supervisors
GREG BENTON
KEVIN W. MARSHALL
TIMOTHY J. McLAUGHLIN
DAVID ROSS
GARY F. SKINNER
PAUL D. TRAMPE
CHRIS YAKABOUSKI



Service, Integrity, Pride

County Administrator
MARK B. TAYLOR
Deputy County Administrators
MARK L. COLE
ED PETROVITCH
P.O. BOX 99, SPOTSYLVANIA, VA 22553
Voice: (540) 507-7010
Fax: (540) 507-7019

January 7, 2019

Mr. Chairman, Members of the Board of County Supervisors,
and Citizens of the County of Spotsylvania, Virginia:

We are pleased to present the *Comprehensive Annual Financial Report* (CAFR) of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2018. The *Code of Virginia* requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with governmental auditing standards generally accepted in the United States of America.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework. The framework is designed to protect the County's assets from loss, theft, or misuse and to 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 framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information presented is accurate in all material respects.

The County's financial statements have been audited by Cherry Bekaert LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unmodified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2018, which is presented on pages 15 – 17 of this report.

The audit of the financial statements was part of a broader, federally mandated “Single Audit” designed to meet the needs of federal agencies that provide aid to the County. The standards governing single audit engagements require the auditor to report on the County’s internal controls and compliance with legal requirements, particularly as they relate to federal awards. This information, also audited by Cherry Bekaert LLP, will be available in a separately issued report.

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). The MD&A can be found immediately following the Independent Auditor’s Report and should be read in conjunction with the letter of transmittal.

SPOTSYLVANIA COUNTY AND ITS SERVICES

Located in the northeastern section of Virginia, Spotsylvania County is bordered on the north by the Rappahannock and Rapidan Rivers, on the south by the North Anna River, on the west by Orange County, and on the east by Caroline County. The City of Fredericksburg borders the County to the northeast. The County is approximately 55 miles north of Richmond and 55 miles south of Washington, D.C. Spotsylvania’s unique heritage began in 1721, and was named for Alexander Spotswood, who was Royal Colonial Governor of Virginia from 1710 to 1722. Spotsylvania County’s 407 square miles contain a mix of beautiful rural landscape alongside an energetic, growing community. As of June 30, 2018, the County’s population was estimated at 133,783 and continues to grow, on average, by 1.1% annually. While growth has been relatively stable over the last ten years, projections released by the Weldon Cooper Center in June 2017, reflect a potential 44.4% growth in population by 2045 to 192,503. In fact, over the past few decades, Virginia’s center of population has gradually moved up interstate 95 and based on current projections, by 2040, will be located in Spotsylvania County just outside of the City of Fredericksburg.

Center of Population for Virginia: 1940-2040



Credit: Weldon Cooper Center

The County is governed by a Board of Supervisors, comprised of seven members, who are each elected from one of seven districts to serve four-year staggered terms. The Board appoints a County Administrator, who serves at the pleasure of the Board, to act as the Board’s agent in the administration and operation of its departments and agencies. The Board appoints a County Attorney to provide legal counsel to the Board of Supervisors, the County Administrator and all County offices, departments, agencies, commissions and boards. All other departments report to the County Administrator except for the School Board and the Constitutional Offices - Clerk of the Circuit Court, Commissioner of Revenue, Commonwealth’s Attorney, Sheriff,

and Treasurer - who are elected by the citizens. In addition, the Social Services Advisory Board is appointed by the Board of Supervisors and reports directly to them. The Health Department and Court System are under the control of the Commonwealth of Virginia.

The County provides a full range of governmental services including law enforcement, fire and rescue, court services, education, health and social services, parks and recreation, solid waste disposal, and community development. The County also operates a water and sewer utility system serving over 30,000 customers, and participates in a regional jail and juvenile detention center, library, community services board, and juvenile group home. Education services are provided through the Spotsylvania County School Board, a legally separate entity, which is governed by seven members elected by district, and reported as a discretely presented component unit within the County's financial statements. See Note 1 to the basic financial statements for a more detailed discussion of the reporting entity.

In 2018, the Board of Supervisors adopted a Strategic Plan that includes a vision to set the standard for Virginia Counties. The Board's stated mission is to ensure the delivery of quality government services that are customer-focused, promote a safe, healthy, and prosperous community, and reflect excellence in financial stewardship. The plan lays out the County's values, including Accountability, Integrity, Service and Transparency and includes long-term strategic goals of Quality Government; Public Safety; Infrastructure Improvement; Growth Management; Environmental Stewardship; Educational Opportunity; and Economic Prosperity.

Service improvements approved by the Board in 2018 include the addition of a satellite Library at the Spotsylvania Towne Centre, funding to provide a School Resource Officer in every Spotsylvania County School (High, Middle and Elementary) and expansion of 24/7 Advanced Life Support Coverage throughout Spotsylvania County.

LOCAL ECONOMY

The County's economy continues to be strong. Its proximity to two strong economic and employment hubs, Washington, DC and the City of Richmond, connected by rail, interstate and local highways, attributes to positive workforce and commercial development. Due to its desirable location, a majority of residents continue to commute outside of the County for work. However, the County continues to seek opportunities to strengthen the economy through targeted economic development efforts that increase local employment. New jobs in the County rose 1.4% in 2018, in line with new job growth across the State. Manufacturing and Educational Services led the increase with over 15% gains in employment. Employment in the real estate industry continues to grow as inventory is turning over faster and the number of new housing units rise. In response to the overall growth in the County, the unemployment rate dropped for the seventh consecutive year to 3.2%, from a peak of 7.0% in 2010, equal to the Commonwealth's rate and below the national rate of 4.0%.

Growth in the County's major revenue streams reflects a healthy and thriving community. Real property values, used to generate real estate tax revenues, rose for the third straight year, up 7.7% from the previous year and 23.7% from five years ago. Retail sales were up 2.8% in calendar year 2017, outpacing the Commonwealth's increase of 2.0%.

Local industry continues to expand and diversify in part because of the County's proximity to the Nation's Capital and to Interstate 95. Partnerships with high schools and community colleges continue to create an educated workforce. Investments in key infrastructure (water/sewer and fiber); fast-tracked permitting; comparatively low water/sewer fees; low tax rates; and high quality County and Regional service provisions have made Spotsylvania County an attractive place for businesses to locate. The County's economic development vision is to emphasize businesses that "do real things" and hire new employees at salaries greater than the county average, with the goal of getting talent off of I-95 and into jobs in Spotsylvania. Below are some of the more notable economic development highlights:



- idX, a manufacturer of consumer environments for the retail, financial, hospitality, restaurant and point-of-sale markets, relocated its business operations from Baltimore, Maryland to the 250,000 square foot former General Motors plant which has been vacant since 2010. The company invested \$7.2 million in capital expenditures and intends to hire 175 full-time employees.



- HDT Expeditionary Systems, Inc., who performs military systems research, product development, and engineering services, will expand its operation in the County to a 40,000 square foot facility and will add 20 additional full-time employees to their current 30 employees. The Company intends to increase their staff by 5% each year for 10 years.



- RPI Group, Inc., who is in the business of cyber security, secure wireless solutions, systems engineering and technical assistance and defense research and development, relocated their operations to Spotsylvania. They plan to expand from 32 full-time employees to 40 full-time employees over the next two years.



- Publix Supermarket, a privately-owned company that has been named to Fortune Magazine's list of 100 best companies to work for in America 19 years in a row, opened in Spotsylvania in July 2018. The facility is a new 49,000 square foot store with 140 employees.

The local retail market is healthy with low vacancy rates and continued construction activity. Across many of the County's more populated areas, hubs of retail and mixed use development continue to mature and expand in line with consumer demands.

The Spotsylvania Courthouse Village, a neo-traditional town square development, commonly referred to as “The Village”, provides residents and visitors with pedestrian access to on-site shopping, restaurants and offices, as well as year-round events. The project developer envisions that the Village could eventually include 500,000 square feet of office, retail and civic uses, as well as 1,500 residential units. Construction was recently completed on a five-story mixed-use building (Hanover House) with apartments and retail spaces now being leased. Future plans include another mixed-use building and hotel in the Village.



Hanover House



Located a few miles south of Southpoint is Cosner's Corner, a 980,000 square foot retail and office development located one mile from I-95. The development features major national retailers, banks, and a full palette of restaurants. Cosner's Corner is also home to the County's largest private employer, the Spotsylvania Regional Medical Center, as well as two luxury apartment home complexes. The newest \$75.0 million complex, located directly across from the hospital, contains 274 apartments, a clubhouse, and 10,000 square feet of indoor amenity space.

Located in one of the fastest growing corridors in Virginia at Exit 126, Southpoint covers 335 acres and is home to three retail developments, Southpoint I & II and Southpoint Landing. Southpoint I & II consists of 1.2 million square feet of mixed use retail/commercial space offering a variety of retail, restaurants, and professional office space. Southpoint Landing is the final area to be developed, and currently includes a 48,000 square foot, three-story office building, and a 280-unit apartment complex which opened in June 2017. The project is anticipated to have more than 1 million square feet, with the developer in discussion with several national retailers, a hotel and additional mixed-use buildings.



Southpoint Landing

RELEVANT FINANCIAL POLICIES

The County continues to meet all adopted fiscal policy guidelines necessary to maintain fiscal stability and accountability in the use of its resources to provide services to citizens. The County's unrestricted fund balance (*committed, assigned, and unassigned*) grew 12.2% to \$119.2 million, equating to almost five months of 2018 governmental expenditures, well above industry minimum recommendations of two months. Of the County's unrestricted fund balance, \$59.5 million has not been assigned to a specific purpose and includes \$47.4 million in committed fiscal stability reserve and \$4.2 million in budget stabilization reserve, a minimum unassigned fund balance set by the Board.

The County's credit rating continues to be very strong, with a moderately low debt profile, reporting net overall debt of \$3,070 per capita, a 2.2% decrease from the previous year. Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits. Debt service as a percentage of governmental and school spending was 9.0%, well within the County's adopted policy of 12% and below the County's 2025 target of 10%.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Despite the fact the economy is improving and the economic indicators are all trending positive, similar to many other Virginia localities, the County still faces challenges. As the number of County retirees increase and healthcare costs continue to rise, the County faces tough decisions on when and how to fund its other postemployment benefit plans (OPEB). To address this challenge, effective in fiscal year 2016, the Board kicked off a phased-in funding plan to reserve 100% of the General Fund's annual required contribution within eight years. In 2018, in an effort to reduce the County's OPEB liability, the Board approved revisions to the County's retiree health insurance benefits, adding an option for qualifying retirees and current employees who retire and reach Medicare age, to choose a County funded Health Reimbursement Account (HRA). Employees hired after September 25, 2018 will be offered the HRA plan only. In 2019, the County will explore how best to invest these long-term assets to maximize investment returns and help offset future costs.

Transportation issues continue to be demanding, as these projects tend to be complex and costly. The Commonwealth owns and maintains the roads and bridges within the County, funding for improvements is handled at the state level and subject to prioritization across many infrastructure needs within the Commonwealth. To improve one of the nation's busiest traffic corridors, in 2016 the proposed Atlantic Gateway Project was selected for a federal FASTLANE grant of \$165 million. In January 2018, the project was extended to include an additional \$277 million in funding to include the Northbound Rappahannock River Crossing, which is a major priority of the Spotsylvania region. In the Spotsylvania area, the project will extend the I-95 Express Lanes north and south; build a new northbound and southbound I-95 bridge over the Rappahannock River; upgrade the I-95 corridor from the Potomac River to Fredericksburg; expand commuter bus service; and, add 14 miles of new track to existing rail service. In addition to this work, the Board continues to expand transportation related work and in its most recent five-year Capital Improvement Plan (CIP) allocated \$36.9 million of County funds to be used in combination with Federal and State funding.

Capital Projects

Each year the County's CIP, which is adopted by the Board and published concurrently with the annual adopted budget, serves as a significant tool to assist in long range planning for municipal capital needs. Capital improvement projects over the next five years, excluding transportation projects, total \$338.6 million, of which, a majority is expected to cover improvements or replacements of various assets currently owned by the County. However, there are many new facilities in the pipeline to address anticipated growth in the region, such as, a new regional library branch and fire and rescue station in

the Massaponax area, a new County office building, new parks, and a new fire and training logistic center.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2017. This was the twenty-third consecutive year that the County has received 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, whose contents conform to both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2018. In order to achieve this award, the County's budget document must meet program criteria as a policy document, a financial plan, an operations guide, and as a communications device. This is the twenty-second award in as many years, but is the first time the budget has received the Special Capital Recognition. Such special recognition is awarded when the capital projects portion of the budget document is rated "outstanding" by each member of the review panel. Last year, of the 1,623 governments in the United States and Canada that received the Distinguished Budget Presentation Award, only 13 (0.8%) achieved the Special Capital Recognition. Spotsylvania County is pleased to join Leesburg and Prince William as the only Virginia localities to achieve this special recognition.

The preparation of this report would not be possible without the skill, effort, and dedication of the County and School Board Finance staff, and our Treasurer's office. We wish to thank all our County's departments and agencies for their cooperation and assistance in providing the critical data necessary to compile an accurate and timely financial report.

Respectfully submitted,


Mark B. Taylor
County Administrator
Mary S. Sorrell
Director of Finance

Principal Officials

Board of Supervisors



Greg Benton
Livingston District
Chair



Paul D. Trampe
Salem District
Vice-Chair



Chris J. Yakabouski
Battlefield District



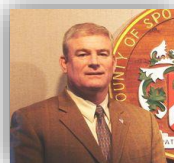
Kevin Marshall
Berkeley District



Timothy J. McLaughlin
Chancellor District



David Ross
Courtland District



Gary F. Skinner
Lee Hill District

County of Spotsylvania

Constitutional Officers

Christalyn M. Jett	Clerk of Circuit Court
Travis D. Bird	Commonwealth Attorney
Larry K. Pritchett	Treasurer
Roger L. Harris	Sheriff
Deborah F. Williams	Commissioner of Revenue

County Administrative Officers

Mark B. Taylor	County Administrator
Mark L. Cole	Deputy County Administrator
Edward Petrovitch	Deputy County Administrator
Karl R. Holsten	County Attorney
Mary S. Sorrell	Director of Finance
Rebecca R. Forry	Controller

Spotsylvania School Board

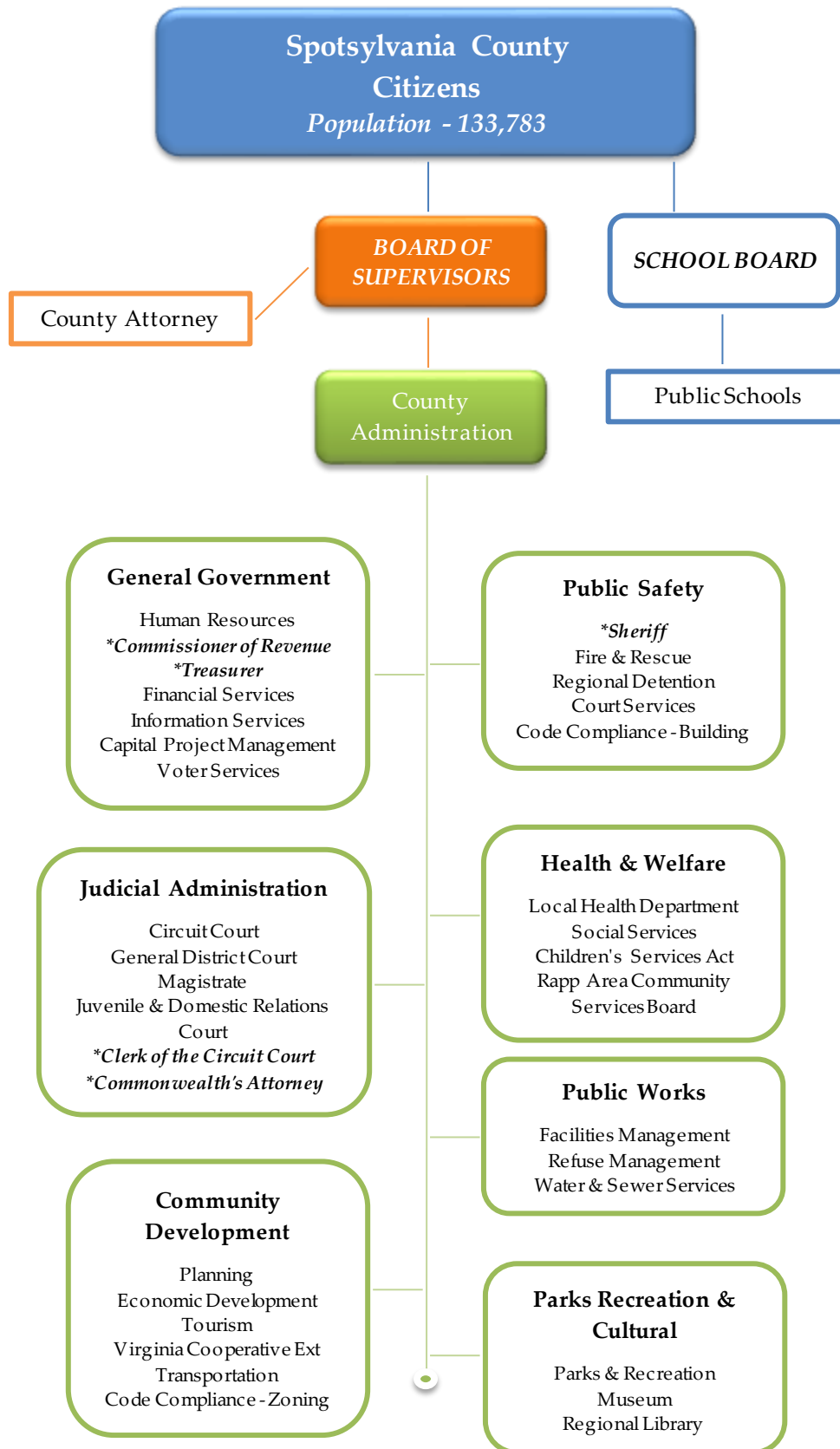
School Board

Baron P. Braswell	Battlefield District
Erin K. Grampp	Berkley District
Dawn Shelley	Chancellor District
Dr. James A. Meyer	Courtland District
Lisa Phelps	Lee Hill District
Kirk Twigg	Livingston District
William M. Blaine, Jr.	Salem District

School Administrative Officers

Dr. S. Scott Baker	Superintendent
Carol E. Flenard	Assistant Superintendent of Instruction
LaShahn Gaines	Chief Financial Officer
Phillip Trayer	Director of Finance
Bridgette Smith-Hurd	Accounting Manager

Spotsylvania County Organizational Chart

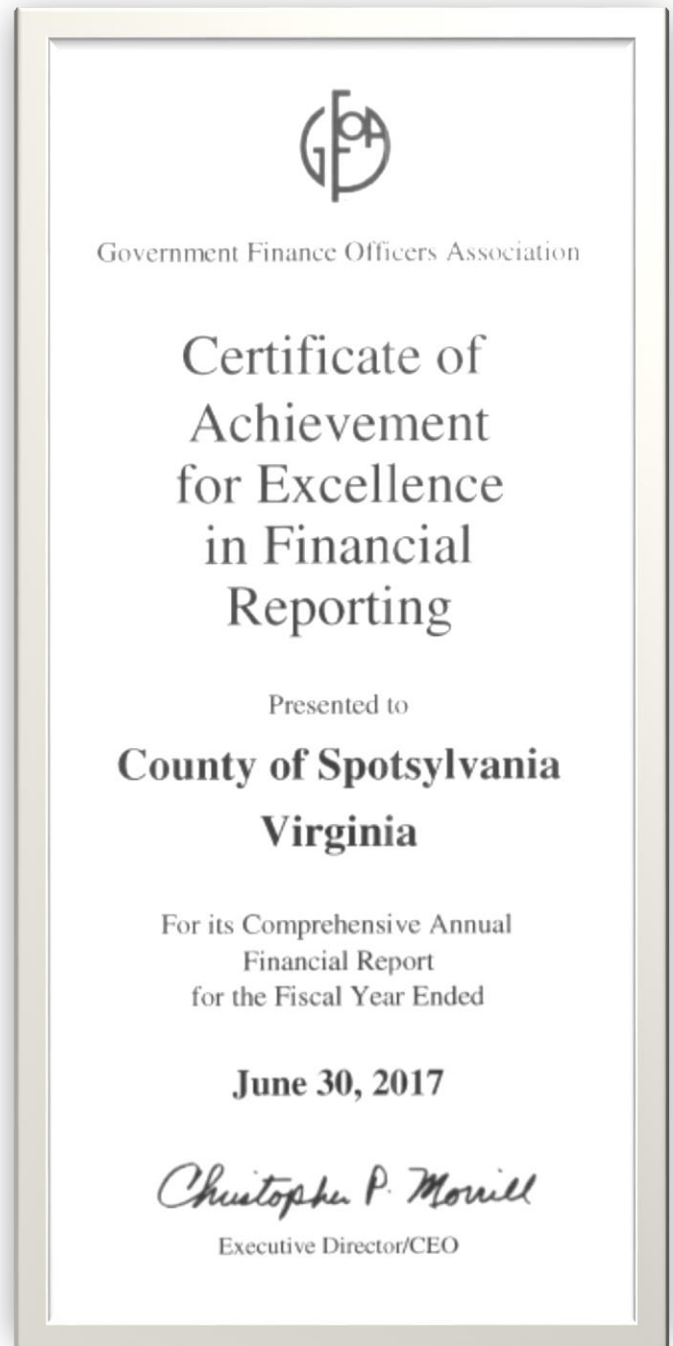


* denotes Constitutional Officer

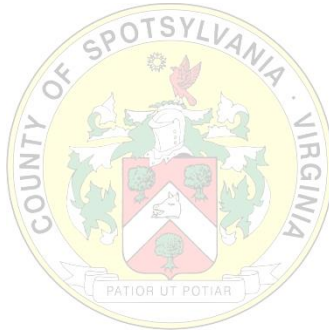
Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. 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 that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.



PART II: FINANCIAL SECTION



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Report of Independent Auditor

To the Honorable Members of the Board of Supervisors
County of Spotsylvania, 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 unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the "County"), as of and for the year ended June 30, 2018, 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.

Auditor's 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 and specifications 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 auditor's 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 unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia, as of June 30, 2018, 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.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the County adopted new accounting guidance, Governmental Accounting Standards Board (the "GASB") Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, effective July 1, 2017. Our opinions are 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 ("MD&A") and the required supplementary information other than MD&A, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 is 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 January 7, 2019, on our consideration of the County'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 the County'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 the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Cheryl Behrman CPA". The signature is written in a cursive, flowing style.

Richmond, Virginia
January 7, 2019

Management's Discussion & Analysis (MD&A)

As management of the County of Spotsylvania, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2018. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal at the beginning of this report.

Financial Highlights

Selected high-level results of the County can be found in the section below. More detailed information regarding factors driving these changes is discussed under the applicable financial analysis sections of this MD&A.

Government-wide financials

- The County's total net position, as restated, increased by \$10.0 million. Growth in the County's business-type activity (Water and Sewer) rose by \$8.9 million to \$260.7 million. Governmental Activities continue to report increases in net position, reducing its net deficit by \$1.1 million to a deficit of \$150.2 million.
- During the year, Governmental Activities' expenses rose 5.2% to \$279.3 million. Due mainly to the rise in operating grants & contributions, program revenue growth exceeded expense growth by 0.3%, reducing the County's reliance on general revenues.
- The County issued \$26.2 million in General Obligation (GO) Public Improvement Bonds Series 2017A. Proceeds will be used to finance school and public safety projects.
- The County's business-type activity revenues increased 6.7% to \$45.9 million. Due to necessary non-capital infrastructure repairs, expenses rose 7.7% to \$36.4 million.

Fund financials

- The General Fund balance increased by \$10.1 million, or 12.8%. The County met all its fiscal policy requirements with \$12.1 million remaining in unassigned fund balance, of which \$4.2 million is held for budget stabilization.
- The fund balance of the Capital Projects Fund decreased by \$1.4 million to \$51.1 million related to a planned use of fund balance. The remaining non-major funds reported an increase of \$0.5 million in accumulated fund balance.

Overview of the Financial Statements

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information (RSI)*, and an optional section that presents *combining statements* for non-major governmental funds. The basic financial statements include two kinds of statements that present different views of the County:

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds'* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.
 - *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
 - *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

The basic financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The basic financial statements are followed by a section of RSI that further explains and supports the information in the financial statements. In addition to these required elements, we have included a section with combining statements that provide the details about our non-major governmental funds and Component unit – School Board, each of which are added together and presented in their respective single columns in the basic financial statements.

Table 1 below summarizes the major features of the County’s financial statements, including the portion of the County government they cover and the types of information they contain. The remainder of this overview section explains the structure and contents of each of the statements.

Table 1 Major Features of County’s Government-wide and Fund Financial Statements				
	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire County government (except fiduciary funds) and the County’s Component unit – School Board	The activities of the County that are not proprietary or fiduciary (e.g. public safety)	Activities the County operates similar to private businesses such as the water and sewer system	Instances in which the County is the trustee or agent for someone else’s resources
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how it has changed. Net position is the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources. *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. The government-wide financial statements of the County are divided into three categories:

- *Governmental activities* – Most of the County's basic services are included here, such as sheriff, fire, public works, and parks. Property taxes and state and federal grants finance most of these activities.
- *Business-type activities* – The County charges fees to customers to help cover the costs of certain services it provides. The County's water and sewer services are included here.
- *Component units* – The County includes the Spotsylvania County School System here. Although legally separate, inclusion is important because the County is financially accountable for the School Board.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Funds are accounting devices that

the County uses to keep track of specific sources of funding and spending for particular purposes. The County has three kinds of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statement that explains the relationship between them.
- *Proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, in this case, water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary funds* – Resources held for other governments, individuals, or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported are used for their intended purposes. The County's fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County's government-wide financial statements because the County cannot use these assets to finance its operations.

Government-wide Overall Financial Analysis

Net Position

At the close of the current fiscal year, the County's combined net position, as restated, increased by \$10.0 million to \$110.5 million. The County's Component unit – School Board also reported an increase equaling \$14.5 million reducing the net deficit to \$151.1 million, as restated. A summary presentation of net position is provided in Table 2 below:

Table 2 Summary of Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2018	2017*	2018	2017*	2018	2017*	2018	2017*
Current and other assets	\$ 283.5	\$ 269.3	\$ 96.3	\$ 93.8	\$ 379.8	\$ 363.1	\$ 61.2	\$ 54.2
Capital assets, net	135.2	137.2	304.1	304.8	439.3	442.0	318.9	310.9
Total assets	418.7	406.5	400.4	398.6	819.1	805.1	380.1	365.1
Total deferred outflows*	8.4	11.4	2.7	3.3	11.1	14.7	31.4	39.9
Other liabilities	42.7	40.5	3.1	4.8	45.8	45.3	34.0	34.2
Long-term liabilities*	439.8	448.0	137.8	145.2	577.6	593.2	474.6	524.6
Total liabilities	482.5	488.5	140.9	150.0	623.4	638.5	508.6	558.8
Total deferred inflows	94.8	80.7	1.5	0.1	96.3	80.8	54.0	11.8
Net position:								
Net investment in capital	71.8	71.0	192.4	187.2	264.2	258.2	318.9	310.8
Restricted	9.5	8.8	2.8	2.7	12.3	11.5	4.3	6.7
Unrestricted*	(231.5)	(231.1)	65.5	61.9	(166.0)	(169.2)	(474.3)	(483.1)
Total net position*	\$ (150.2)	\$ (151.3)	\$ 260.7	\$ 251.8	\$ 110.5	\$ 100.5	\$ (151.1)	\$ (165.6)

* Amounts restated. Details available in Note 22 to the financial statements.

The County's governmental activities net position increased by \$1.1 million, reducing its deficit to \$150.2 million. However, all of the components of this increase are either restricted as to the purposes they can be used for or are invested in capital assets (e.g. buildings, equipment, and so on). Consequently, the *unrestricted* component of net position is a deficit of \$231.5 million. Of this deficit, \$168.3 represents net bonded debt the County has incurred on-behalf of the School Board. Without this debt, the County would report a positive net position of \$18.1 million.

The total reporting entity, which includes the Component unit – School Board, reported a net deficit of \$40.6 million, down from the prior year's restated net deficit of \$65.1 million. This combined net deficit is the result of the reporting entity's full recognition of its Other Postemployment Benefits (OPEB) of \$247.0 million, recorded as a prior period adjustment in accordance with the implementation of the Governmental Accounting Standards Board issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

Changes in Net Position

As reflected in Table 3 below, the Primary Government's net position increased \$10.0 million, down slightly from the prior year's increase of \$13.4 million. Both revenues and expenses of the Primary Government reported growth of 4.2% and 5.5% respectively. The Component unit – School Board's increase in net position of \$14.5 million is a result of a 4.2% growth in revenues combined with a 5.3% drop in expenditures. Additional information regarding the factors driving these changes can be found on the following pages.

Table 3 Changes in Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues								
Program Revenues:								
Charges for services	\$ 13.6	\$ 12.8	\$ 33.4	\$ 32.5	\$ 47.0	\$ 45.3	\$ 9.3	\$ 8.5
Operating grants and contributions	22.5	20.5	0.5	0.5	23.0	21.0	152.2	145.8
Capital grants and contributions	2.8	2.8	11.3	9.5	14.1	12.3	1.5	0.9
General Revenues:								
General property taxes	172.1	166.8	-	-	172.1	166.8	-	-
Other taxes	47.2	45.6	-	-	47.2	45.6	-	-
Payments from Primary Government	-	-	-	-	-	-	124.1	120.2
Other general revenues	21.6	21.1	0.7	0.5	22.3	21.6	0.4	0.4
Total Revenues	279.8	269.6	45.9	43.0	325.7	312.6	287.5	275.8
Expenses								
General government	17.4	17.1	-	-	17.4	17.1	-	-
Judicial administration	9.1	9.1	-	-	9.1	9.1	-	-
Public safety	60.8	56.9	-	-	60.8	56.9	-	-
Public works	11.9	10.0	-	-	11.9	10.0	-	-
Health and welfare	24.1	21.3	-	-	24.1	21.3	-	-
Education	124.4	120.5	-	-	124.4	120.5	273.0	288.4
Parks and recreation	8.4	8.2	-	-	8.4	8.2	-	-
Community development	13.3	12.2	-	-	13.3	12.2	-	-
Water and sewer	-	-	36.4	33.8	36.4	33.8	-	-
Interest on long-term debt	9.9	10.1	-	-	9.9	10.1	-	-
Total Expenses	279.3	265.4	36.4	33.8	315.7	299.2	273.0	288.4
Excess (deficiency) before transfers and special items	0.5	4.2	9.5	9.2	10.0	13.4	14.5	(12.6)
Transfers	0.6	(0.1)	(0.6)	0.1	-	-	-	-
Increase (decrease) in net position	1.1	4.1	8.9	9.3	10.0	13.4	14.5	(12.6)
Net position - beginning, unadjusted	(68.9)	(71.7)	262.1	252.8	193.2	181.1	(11.3)	(3.0)
Less prior period adjustment	(82.4)	(1.3)	(10.3)	-	(92.7)	(1.3)	(154.3)	4.3
Net position - beginning, as restated	(151.3)	(73.0)	251.8	252.8	100.5	179.8	(165.6)	1.3
Net position - ending	\$(150.2)	\$ (68.9)	\$ 260.7	\$ 262.1	\$ 110.5	\$ 193.2	\$(151.1)	\$ (11.3)

Details of prior period adjustments can be found in Note 22 to the financial statements.

GOVERNMENTAL ACTIVITIES

Revenues

Revenues for fiscal year 2018 were \$279.8 million, an overall increase of \$10.2 million or 3.8%. Of this increase, almost half was the result of higher property tax revenues of \$5.3 million, driven by a combination of new construction, rising real property values, and an adopted 2018 tax rate that is 1.66 cents above equalization.

Local tax revenues (e.g. sales, meals) increased overall by \$1.6 million, or 3.5%. Local sales and meals taxes continue to grow at consistent rates of 2.2% and 2.6% respectively. Business license revenues rose 8.7%, an impressive increase in light of the change in the minimum reporting threshold from \$750,000 to \$1.0 million of annual revenues effective January 1, 2018. Fuel tax reported the highest growth year over year of \$521,867 or 13.9% as a result of increased gas prices.

Operating grants and contributions rose \$2.0 million, or 9.8%. The County continues to struggle with rising mandated costs from various Social Service and Children Services Act (CSA) programs. For every dollar spent locally a portion is returned through reimbursements from federal and state allocations, which amounted to \$1.6 million in 2018, a 13.1% increase.

The County is also starting to see a recovery in investment returns. Other General Revenues rose \$0.5 million after accounting for both realized and unrealized gains on investments for the year.

Chart 1

Governmental Activities - Revenues by Source

For Years ending June 30, 2018 and 2017

(amounts in millions)

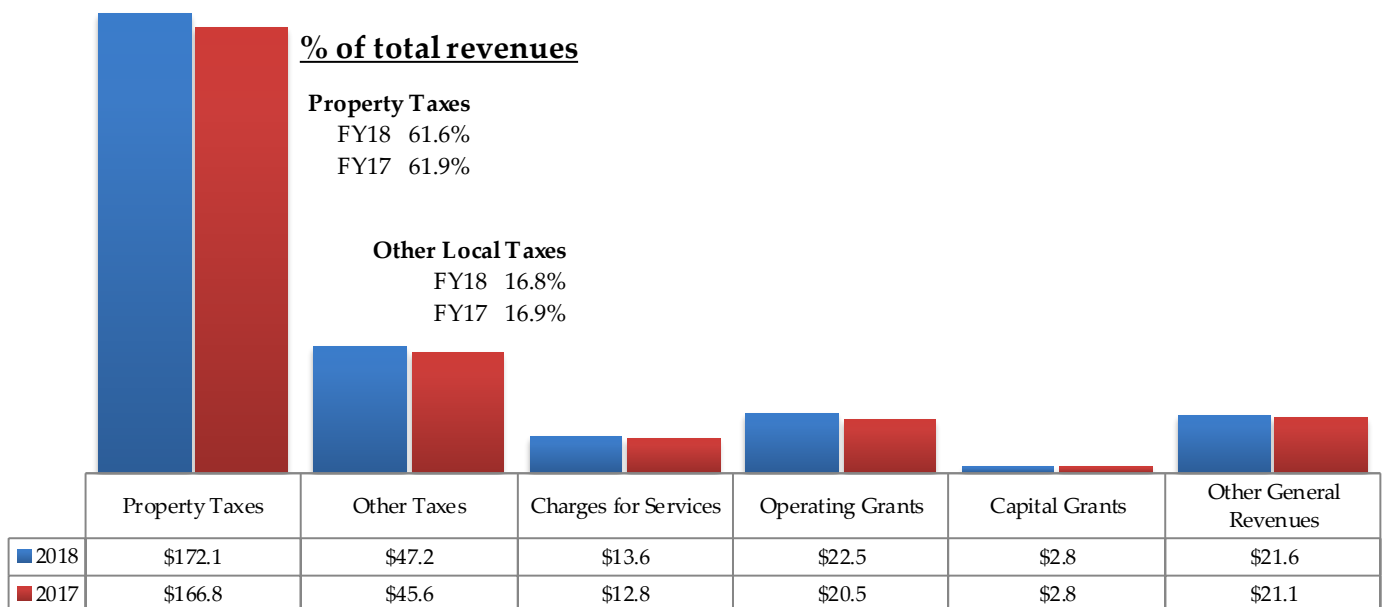
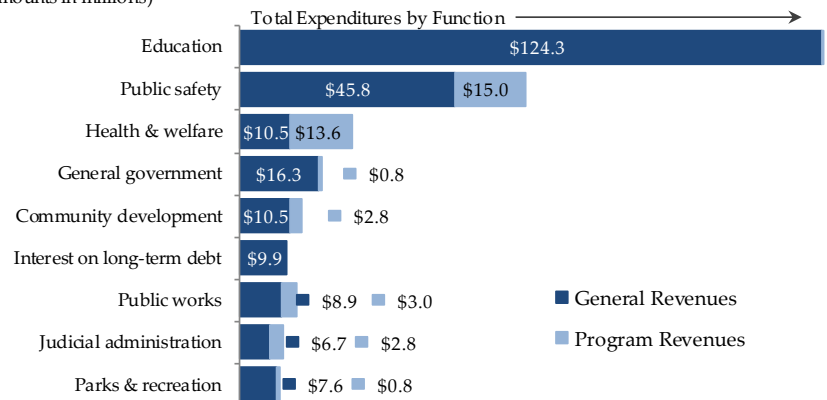


Chart 2

Expenses

Expenses for fiscal year 2018 totaled \$279.3 million, an increase of \$13.9 million or 5.2%. Of this amount, \$38.9 million was paid through program revenues consisting of \$13.6 million in service charges and \$25.3 million in funds subsidized by other governments and organizations through various grants and contributions. The remaining \$240.4 million in expenses was funded through general revenues such as taxes, interest, and unrestricted aid from the Commonwealth. A breakdown of the funding of net functional costs by function can be found in Chart 2.

Governmental Activities - Funding of Net Functional Costs
For the Year ended June 30, 2018
(amounts in millions)



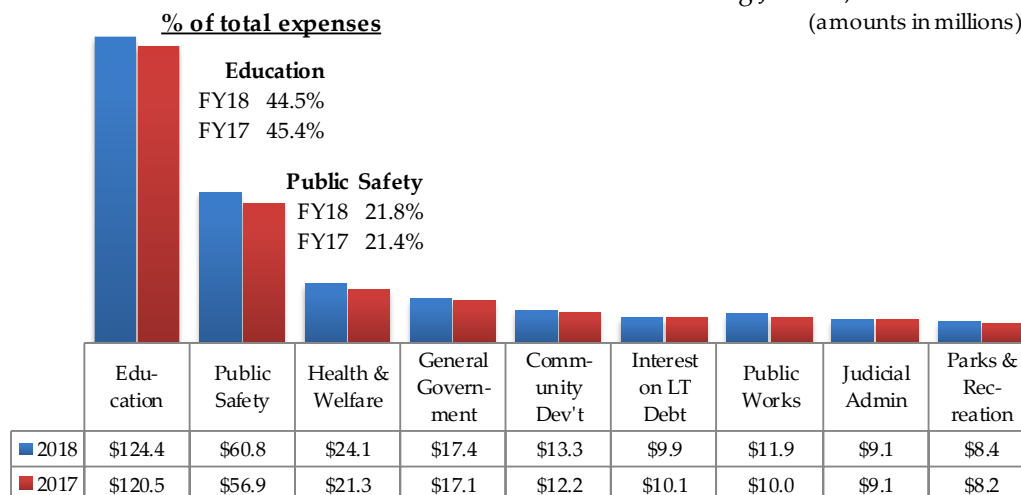
As reflected in Chart 3 below, education related costs account for 44.5% of the County's annual expenses for 2018. Also known as the County's local transfer to Schools, it represents funding to the School Board that includes required funding per state guidelines, debt service and any additional local transfer elected by the Board. An adjustment is then made to account for any debt proceeds and associated debt service incurred by the School Board but is required by law to be reported by the County. For 2018, the year over year change in the reporting adjustment of \$5.0 million offset an actual decrease of \$1.1 million in the School Board's spending of the County's local

transfer as a result of improved self-funded insurance claim activity for the year.

Public safety expense rose \$3.9 million, or 6.9% to cover increased personnel costs relating to new hires, compensation study adjustments, and increased overtime in Fire & Rescue to cover reduced levels of volunteerism. Health & Welfare costs rose by \$2.8 million, or 13.2% primarily from increases in the number of special education placement days, combined with rising levels of foster care placements.

Governmental Activities - Expenses by Function

For Years ending June 30, 2018 and 2017
(amounts in millions)



BUSINESS-TYPE ACTIVITIES

The County's water and sewer service revenues rose modestly by 2.8% to \$33.4 million from customer growth and seasonal increases in water demand. Donated water and sewer line infrastructure, due to continued growth in County development represented the largest revenue increase of \$1.8 million, up 18.9%. Operating costs are up 7.7% to \$36.4 million reflecting increases in non-recurring infrastructure repairs and studies that don't meet the requirements for capitalization.

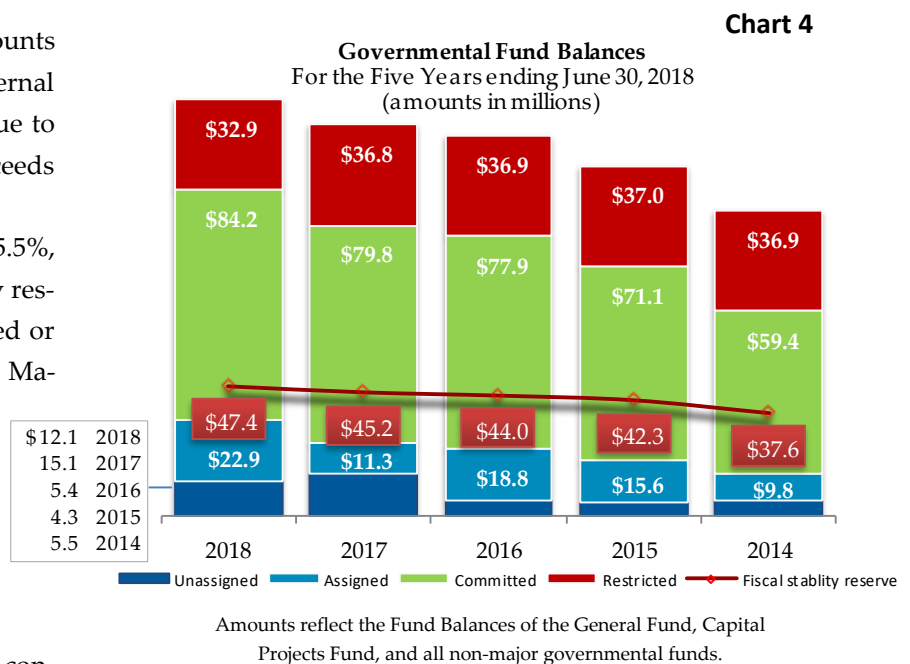
COMPONENT UNIT - SCHOOL BOARD

For fiscal year 2018, the School Board reported an increase in net position of \$14.5 million. Revenues increased \$11.7 million, or 4.2%, predominantly from increases in State and County funding. Expenditures decreased by \$15.4 million or 5.3%. Overall instructional costs increased \$4.6 million, or 2.4%, but this increase was offset by reductions in pension and other postemployment benefit expenses due to market returns on Plan assets exceeding projected earnings.

Financial Analysis of Governmental Funds

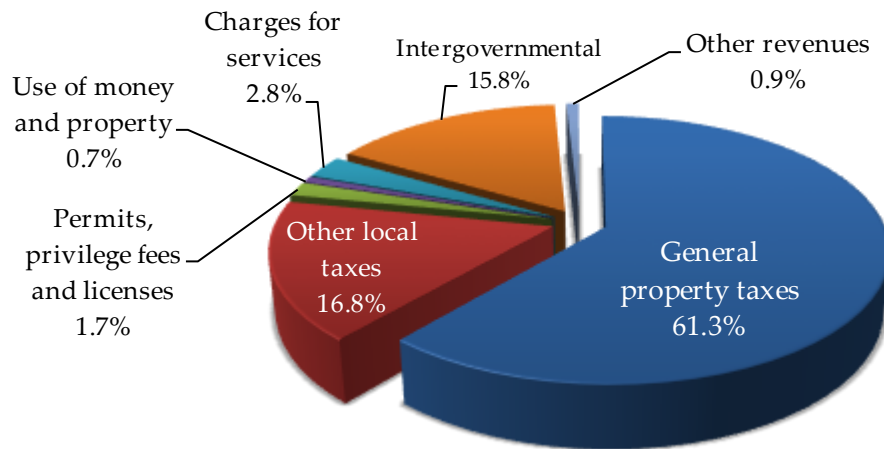
Combined governmental fund balances at year-end equaled \$152.1 million, an increase of \$9.2 million or 6.4%. As the County's available fund balance is of critical importance to its overall financial health, the Board has established fiscal policies to govern its required balances and allowable uses. Detailed information on these minimum required balances can be found under section 1.13 in the Notes to the Financial Statements. The following chart also provides a snapshot of the combined governmental fund balances at each year-end and their categorical allocations reported from the highest level of constraint of Restricted down to the lowest level of constraint of Unassigned.

- **Restricted** fund balance, representing amounts limited to specific purposes imposed by external parties, decreased 10.6% to \$32.9 million, due to increased spending of available bond proceeds for transportation improvements.
- **Committed** fund balance rose \$4.4 million, or 5.5%, to \$84.2 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Major commitments include \$47.4 in fiscal stability reserve, \$4.4 in health insurance reserve, \$25.9 million in cash funded capital projects, and \$1.8 million in funds held in a revocable trust for future LOSAP pension benefits.
- **Assigned** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2018, assigned fund balance rose \$102.7% to \$22.9 million, as a result of increases in planned use of fund balance for education & cash funding of capital projects, in the 2019 budget, of \$2.5 million and \$8.6 respectively.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After funding of the County's Budget Stabilization Reserve of \$4.2 million, the remaining unassigned fund balance decreased by \$4.1 million due to the shifting of funds to assigned for the planned use of fund balance in 2019 for cash funding of capital projects.



The charts below provide useful information on the percentage and amounts of consolidated revenues received by source and how these funds were used by function. Additional information, not previously disclosed under the analysis of governmental activities, can be found on the following page.

Chart 5

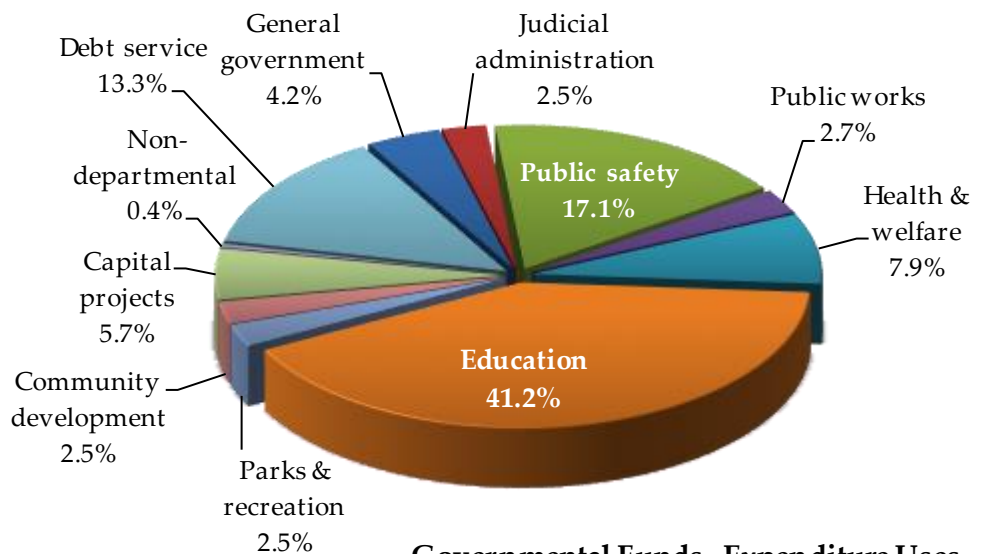


Revenue sources (\$ in millions):

General property taxes	\$ 172.3
Other local taxes	47.2
Permits, fees and licenses	4.8
Use of money and property	2.1
Charges for services	7.8
Intergovernmental	44.3
Other revenue	2.4
Total	\$ 280.9

**Governmental Funds - Revenue Sources
For the Year ended June 30, 2018**

Chart 6



Expenditure uses (\$ in millions)

General government	\$ 12.7
Judicial administration	7.5
Public safety	51.7
Public works	8.2
Health & welfare	23.8
Education	124.4
Parks & recreation	7.5
Community development	7.6
Capital projects	17.2
Non-departmental	1.2
Debt service	40.1
Total Expenditures:	\$ 301.9

**Governmental Funds - Expenditure Uses
For Year ended June 30, 2018**

Governmental Fund Revenues & Expenditures

In 2018, all major revenue categories reported revenue increases ranging from \$0.6 million in improved uses of money and property to \$4.8 million in increased property tax collections. In total, revenues surpassed 2017 by almost 5% totaling \$280.9 million for the year. Property and Other Local Taxes reported a combined increase of 3.0% in response to the County's steady growth in retail and residential development. Permits, privilege fees, and license revenues also rose in response to the County's growing mixed-use developments. In 2018, the number of new construction permits rose 80.6%, boosting building fee permit revenues by approximately \$1.0 million. Lastly, intergovernmental revenues increased by 10% due to rising levels of mandated local welfare costs in special education and foster care placements that are partially funded by federal and state allocations.

For 2018, expenditures did not appear to keep pace with revenues due to a large drop in capital projects spending of \$6.3 million. This 26.8% drop represented a natural lull in spending as large projects complete and new projects kick off. Public Safety, Health & Welfare, and Education all reported increases as previously mentioned under the analysis of Governmental Activity expenses. General government administration expenditures remained relatively flat, with all other functions reporting modest increases, of between \$0.3 and \$0.4 million, from expected increases in material and service costs and compensation study adjustments.

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

Over the course of the year, the Board revised the County budget several times. Most of these adjustments consisted of reallocations of funds between funding sources and departments, with the exception of the following amendments:

- Appropriation of \$0.5 million for six additional fire & rescue positions to assure base-level staffing at Fire/Rescue Station 5.

- \$2.1 million in "carryover" of obligated or approved fiscal year 2017 funding not yet expended.
- \$1.2 million for child welfare program expenditures for which the State has approved additional State & Federal budget allocations.

FINAL BUDGET TO ACTUAL

As of June 30, the County's General Fund reported a positive budget variance of \$9.6 million consisting of \$1.9 million in additional revenues and \$7.2 million in unexpended budgeted expenditures.

- Actual Health and Welfare expenditures exceeded budget from higher than anticipated state and federally mandated local costs, due to increases in the average number of special education placement days and rising levels of foster care placements. As a significant portion of these mandated costs are funded from Federal and State allocations, Intergovernmental revenues also exceeded budget projections.
- General government expenditures were below budget by \$2.1 million primarily from savings related to turnovers and vacancies.
- The County's local transfer to the School Board, reported as Education, was below budget by \$3.9 million due to a combination of turnover and cost savings and higher than expected revenues from the Commonwealth. The County's local transfer pays for operating costs in excess of federal and state funding received by the School Board.

Additional information on the County's General Fund budget compliance can be found in Exhibit IX, *Budgetary Comparison Schedule – General Fund*.

Capital Assets and Debt Administration

CAPITAL ASSETS

Table 4

Capital Assets

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2018	2017		
Land & land improvements	\$ 13.2	\$ 7.6	\$ 20.8	\$ 20.8	-	0.0%
Land improvements, depreciable	10.2	0.8	11.0	12.3	(1.3)	-10.6%
Buildings & improvements	67.3	100.3	167.6	174.3	(6.7)	-3.8%
Furniture, equipment & vehicles	40.0	11.2	51.2	51.8	(0.6)	-1.2%
Water & sewer systems	-	168.1	168.1	168.7	(0.6)	-0.4%
Construction in progress	4.5	16.0	20.5	14.1	6.4	45.4%
Total capital assets	\$ 135.2	\$ 304.0	\$ 439.2	\$ 442.0	(2.8)	-0.6%

At the end of the fiscal year 2018, the County reported total investments in capital assets of \$439.2 million, down 2.8% from the previous year. County capital assets consist of land, buildings, equipment, vehicles and water and sewer infrastructure which are used for operations. Details of their balances, net of depreciation, can be found within Table 4 below.

During 2018, with the exception of various vehicle and equipment replacements, capitalized asset activity was marginal with notable increases only reflected in the County's ongoing construction in progress efforts. Total capitalized costs for Governmental Activities was \$7.7 million and \$6.3 million for Business-type Activities with annual depreciation of \$11.5 million and \$11.6 million, respectively, resulting in a net 2.2% drop in activity for the year.

Construction in progress increased by \$6.4 million to \$20.5 million for the year. As of June 30, 2018, major projects include the renovation of the County's Judicial Center consisting of a 33,000 square foot expansion, HVAC replacement, replacement and security improvements; an expansion of the County's Animal Shelter; and various software upgrades to the County's financial and public safety systems. The Ni-

River Water Treatment Plan improvement project is in its final phase of construction and is expected to be completed in January 2019. Improvements include the replacement of three different proprietary coagulation and flocculation systems into a single system, improvements to the filtration system, modernization of the control system, replacement of the undersized residuals force main, and other improvements necessary to improve plant reliability and redundancy.

Additional information on the County's capital assets can be found in Note 4 to the financial statements.

Table 5

Capital Project Balances at June 30, 2018:

Project	Estimated Project Costs*	Construction in Progress as of 6/30/2018	Committed
Judicial Center Renovation	\$ 10,438,745	\$ 933,185	\$ 9,505,560
Animal Shelter Expansion	3,823,595	448,855	3,374,740
Software Upgrades	7,342,621	2,447,949	4,894,672
Ni River Water Treatment Plant	18,049,959	12,790,777	5,259,182
Water & Sewer Transmissions	15,570,549	2,285,135	13,285,414
Various Other Projects	7,762,509	1,558,447	6,204,062
	\$ 62,987,978	\$ 20,464,348	\$ 42,523,630
Governmental Activities:		\$ 4,438,472	
Business-type Activities:		16,025,876	
		\$ 20,464,348	

* Estimated amounts are reduced for non-capital related costs incurred to date.

DEBT ADMINISTRATION

Outstanding Bonds

(amounts in millions)

	Primary Government		%
	2018	2017	
Governmental activities:			
General obligation bonds - County	\$ 109.5	\$ 116.8	-6.3%
General obligation bonds - School Board	97.6	80.9	20.6%
Virginia public school authority bonds	13.3	18.3	-27.3%
Lease revenue bonds - County	12.4	13.8	-10.1%
Lease revenue bonds - School Board	58.3	62.3	-6.4%
Total governmental activities debt:	291.1	292.1	-0.3%
Business-type activities - revenue bonds	120.2	126.1	-4.7%
Total outstanding bonds:	\$ 411.3	\$ 418.2	-1.6%

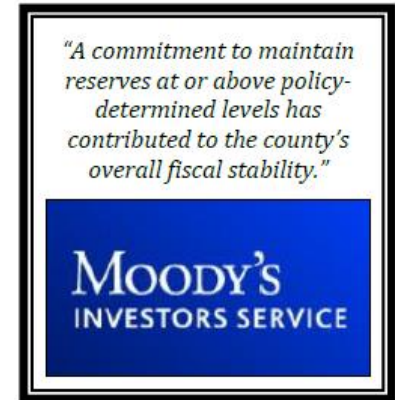


Table 6

At year-end the County reported \$411.3 million in bonds outstanding, a decrease of 1.6%. The County issued \$26.2 million in general obligation public improvement bonds to be finance various school and public safety projects. Detailed information regarding bonded debt and other long-term liabilities of the County can be found in Note 9 to the financial statements.

Although the County has no legal limitations on the amount of debt it can issue, the County has adopted certain financial policies limiting the amount of tax supported debt it may issue. The County continues to meet its self-imposed debt limits.

In early July 2018, County representatives met with Fitch, Moody's and Standard & Poor's to present current economic and financial information pertaining to the County. In response to this meeting, the County's credit ratings were affirmed by Fitch (AAA), Moody's (Aa1), and Standards & Poor's (AA+).

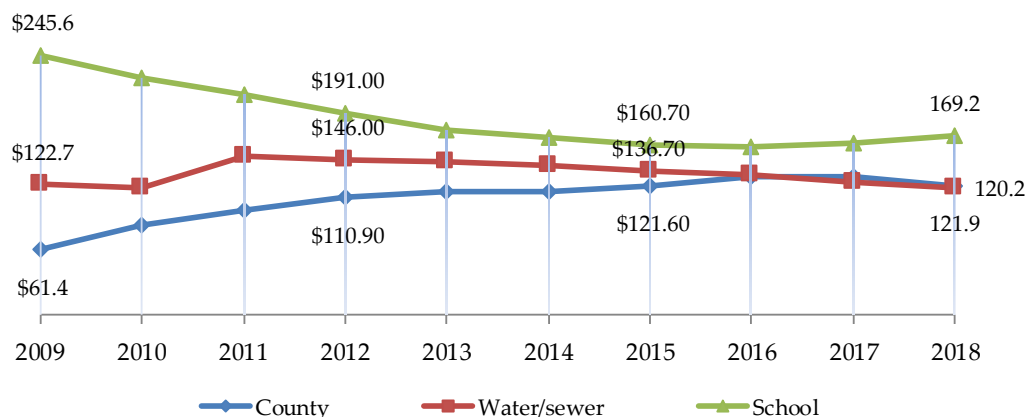
Debt Position Indicators

For Fiscal Years 2018 and 2017

	Ratio of debt service to expenditures	Ratio of debt to assessed value
2018	9.0%	1.66%
2017	9.4%	1.78%
Adopted Policy	Not to exceed 12%	Not to exceed 3%

Bonded Debt Levels

(amounts in millions)



Economic Factors

The following economic factors currently affect the County and were considered in the development of the 2019 fiscal year budget.

- 2018 represents a reassessment year. Reassessment figures reflect an approximate 8.2% increase in residential values and an approximate 5.7% increase in commercial values.
- The County was awarded a two-year SAFER grant for nine Firefighter/Medic positions in FY 2017 and FY 2018. In FY 2019, approximately \$450,000 in SAFER grant revenue will no longer be available to the County and will have to be absorbed in the budget as we continue to fund these positions.
- It is estimated \$1.7 million will be needed for COLA and longevity increases, and the County's second year of the three-year phase-in of its January 2017 Compensation Study. Funding will be needed for a 4% across-the-board pay increase for staff to implement the first year of the School Board's Compensation Study.
- The County had the 10th best unemployment rate within Virginia in December 2017. Population growth is expected to remain relatively equal to 2018.
- As of December 2017 the County had 14,029 units in approved developments not yet constructed.

Impact of New Accounting Pronouncements

The Government Accounting Standards Board issued Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"*. This statement requires the County's full recognition of its liability for its Other Postemployment Benefits (OPEB) on the government-wide statements. Implementation of this statement resulted in a decrease in total reporting entity net position of \$247.0 million. Additional information is provided in the Notes to the Financial Statements.

The Government Accounting Standards Board also issued Statement No. 89, *"Accounting for Interest Cost Incurred before the End of a Construction Period"*. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will no longer be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The County has elected an earlier application effective with the fiscal year that ends June 30, 2018. A prior period adjustment was unnecessary, as the requirements of this Statement were applied prospectively.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information may be sent by email to finance@spotsylvania.va.us or can be addressed to the Office of the Controller at 8800 Courthouse Road, Spotsylvania Virginia, 22553.

BASIC FINANCIAL STATEMENTS

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COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2018

Exhibit I

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and investments - pooled equity (Note 2)	\$ 139,085,725	\$ 81,629,190	\$ 220,714,915	\$ 4,758,355
Receivables, net (Note 3)	112,296,924	7,744,635	120,041,559	8,662,337
Prepaid items	1,496,598	67,532	1,564,130	1,345,654
Inventory	-	599,493	599,493	357,080
Due from Primary Government (Note 6)	-	-	-	24,496,404
Restricted cash and investments (Note 2)	30,607,911	6,255,194	36,863,105	7,235,544
Claim reserves held by others (Note 17)	-	-	-	14,374,538
Capital assets, net (Note 4):				
Non-depreciable assets	17,676,045	23,656,782	41,332,827	23,163,846
Depreciable assets	117,497,138	280,416,109	397,913,247	295,716,225
Total assets	<u>\$ 418,660,341</u>	<u>\$ 400,368,935</u>	<u>\$ 819,029,276</u>	<u>\$ 380,109,983</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on debt refunding	\$ 2,052,932	\$ 1,915,606	\$ 3,968,538	\$ -
Pension contributions (Note 8)	4,180,703	576,205	4,756,908	20,830,926
Pension actuarial differences (Note 8)	1,869,887	213,227	2,083,114	3,425,000
OPEB contributions (Note 12)	230,688	32,502	263,190	7,116,080
OPEB actuarial differences (Note 12)	65,738	9,262	75,000	-
Total deferred outflows of resources	<u>\$ 8,399,948</u>	<u>\$ 2,746,802</u>	<u>\$ 11,146,750</u>	<u>\$ 31,372,006</u>
LIABILITIES				
Accounts payable	\$ 2,557,813	\$ 1,696,914	\$ 4,254,727	\$ 5,092,705
Retainage payable	30,000	550,215	580,215	230,453
Accrued salaries and benefits	2,005,054	236,870	2,241,924	28,699,224
Accrued bond interest	3,703,387	413,838	4,117,225	-
Other accrued liabilities	1,931,623	115,908	2,047,531	-
Due to component unit (Note 6)	24,496,404	-	24,496,404	-
Deposits	7,906,413	115,499	8,021,912	-
Noncurrent liabilities (Note 9):				
Due within one year	29,607,445	5,870,887	35,478,332	6,006,460
Due in more than one year	410,232,008	131,947,247	542,179,255	468,588,651
Total liabilities	<u>\$ 482,470,147</u>	<u>\$ 140,947,378</u>	<u>\$ 623,417,525</u>	<u>\$ 508,617,493</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues:				
Property taxes (Note 3)	\$ 83,413,840	\$ -	\$ 83,413,840	\$ -
Special assessments	327,121	-	327,121	-
Pension actuarial differences (Note 8)	3,637,562	501,153	4,138,715	27,631,683
OPEB actuarial differences (Note 12)	7,394,239	993,351	8,387,590	26,302,367
Total deferred inflows of resources	<u>\$ 94,772,762</u>	<u>\$ 1,494,504</u>	<u>\$ 96,267,266</u>	<u>\$ 53,934,050</u>
NET POSITION				
Net investment in capital assets	\$ 71,766,427	\$ 192,452,788	264,219,215	\$ 318,880,071
Restricted for:				
Grant programs	2,032,919	-	2,032,919	-
Debt service	-	2,759,875	2,759,875	-
Transportation	5,057,129	-	5,057,129	-
Capital projects	2,471,665	-	2,471,665	4,272,755
Unrestricted	(231,510,760)	65,461,192	(166,049,568)	(474,222,380)
Total net position (deficit)	<u>\$ (150,182,620)</u>	<u>\$ 260,673,855</u>	<u>110,491,235</u>	<u>\$ (151,069,554)</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2018

Exhibit II

Page 1

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contribution	Governmental Activities
Primary Government:					
General government	\$ 17,392,453	\$ 265,648	\$ 569,925	\$ -	\$ (16,556,880)
Judicial administration	9,131,067	775,350	1,628,648	417,009	(6,310,060)
Public safety	60,753,497	7,901,848	6,518,446	488,604	(45,844,599)
Public works	11,926,955	3,032,680	19,766	-	(8,874,509)
Health and welfare	24,129,501	120,644	13,538,635	-	(10,470,222)
Education	124,350,214	-	-	-	(124,350,214)
Parks, recreation and cultural	8,373,248	693,232	11,405	14,025	(7,654,586)
Community development	13,300,334	788,171	187,809	1,916,789	(10,407,565)
Interest on long-term debt	9,906,608	-	-	-	(9,906,608)
Total governmental activities	\$ 279,263,877	\$ 13,577,573	\$ 22,474,634	\$ 2,836,427	\$ (240,375,243)
Business-type activities:					
Water and sewer	36,390,687	33,390,481	503,478	11,278,716	
Total Primary Government	<u>\$ 315,654,564</u>	<u>\$ 46,968,054</u>	<u>\$ 22,978,112</u>	<u>\$ 14,115,143</u>	
Component unit:					
School Board	<u>\$ 273,019,283</u>	<u>\$ 9,300,008</u>	<u>\$ 152,169,357</u>	<u>\$ 1,473,697</u>	
General revenues:					
Taxes					
Property taxes					\$ 172,085,446
Sales taxes					18,105,300
Utility taxes					3,326,637
Business licenses					4,751,227
Rental taxes					1,548,281
Motor vehicle licenses					3,129,093
Bank stock taxes					878,496
Recordation taxes					2,101,472
Meal taxes					9,062,517
Fuel taxes					4,316,101
Grants and contributions not restricted to specific programs					20,058,061
Payments from Primary Government					-
Interest and investment earnings					1,187,747
Miscellaneous					344,615
Transfers					597,794
Total general revenues and transfers					<u>\$ 241,492,787</u>
Change in net position					\$ 1,117,544
Net position (deficit), beginning, as restated (Note 22)					(151,300,164)
Net position (deficit), ending					<u>\$ (150,182,620)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2018

Exhibit II

Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position		
	Primary Government		Component Unit
	Business-type Activities	Total	School Board
Primary Government:			
General government		\$ (16,556,880)	
Judicial		(6,310,060)	
Public safety		(45,844,599)	
Public works		(8,874,509)	
Health and welfare		(10,470,222)	
Education		(124,350,214)	
Parks, recreation and cultural		(7,654,586)	
Community development		(10,407,565)	
Interest on long-term debt		(9,906,608)	
Total governmental activities		\$ (240,375,243)	
Business-type activities:			
Water and sewer	8,781,988	8,781,988	
Total Primary Government	\$ 8,781,988	\$ (231,593,255)	
Component unit:			
School Board			\$ (110,076,221)
General revenues:			
Taxes			
Property taxes	\$ -	\$ 172,085,446	\$ -
Sales taxes	-	18,105,300	-
Utility taxes	-	3,326,637	-
Business licenses	-	4,751,227	-
Rental taxes	-	1,548,281	-
Motor vehicle licenses	-	3,129,093	-
Bank stock taxes	-	878,496	-
Recordation taxes	-	2,101,472	-
Meals taxes	-	9,062,517	-
Fuel taxes	-	4,316,101	-
Grants and contributions not restricted to specific programs	-	20,058,061	-
Payments from Primary Government	-	-	124,119,694
Interest and investment earnings	455,718	1,643,465	278,394
Miscellaneous	262,777	607,392	156,454
Transfers	(597,794)	-	-
Total general revenues and transfers	\$ 120,701	\$ 241,613,488	\$ 124,554,542
Change in net position	\$ 8,902,689	\$ 10,020,233	\$ 14,478,321
Net position (deficit), beginning, as restated (Note 22)	251,771,166	100,471,002	(165,547,875)
Net position (deficit), ending	\$ 260,673,855	\$ 110,491,235	\$ (151,069,554)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2018

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 107,027,385	\$ 24,591,241	\$ 7,467,099	\$ 139,085,725
Receivables, net	106,334,720	550,573	5,411,631	112,296,924
Restricted cash and investments	1,803,511	28,036,247	768,153	30,607,911
Total assets	<u>\$ 215,165,616</u>	<u>\$ 53,178,061</u>	<u>\$ 13,646,883</u>	<u>\$ 281,990,560</u>
LIABILITIES				
Accounts payable	\$ 1,776,839	\$ 716,379	\$ 64,608	\$ 2,557,826
Retainage payable	-	30,000	-	30,000
Accrued salaries and benefits	2,272,745	2,161	114,967	2,389,873
Other accrued liabilities	1,633,638	166,461	3,015	1,803,114
Due to component unit	24,496,404	-	-	24,496,404
Deposits	6,572,051	671,506	662,856	7,906,413
Total liabilities	<u>\$ 36,751,677</u>	<u>\$ 1,586,507</u>	<u>\$ 845,446</u>	<u>\$ 39,183,630</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues:				
Property taxes	\$ 86,029,723	\$ -	\$ 563,471	\$ 86,593,194
Special assessments	-	326,733	-	326,733
Other revenues	3,463,997	171,980	119,408	3,755,385
Total deferred inflows of resources	<u>\$ 89,493,720</u>	<u>\$ 498,713</u>	<u>\$ 682,879</u>	<u>\$ 90,675,312</u>
FUND BALANCES				
Restricted	\$ 2,656,987	\$ 25,103,400	\$ 5,188,586	\$ 32,948,973
Committed	54,559,385	25,934,241	3,685,179	84,178,805
Assigned	19,566,422	55,200	3,244,793	22,866,415
Unassigned	12,137,425	-	-	12,137,425
Total fund balances	<u>\$ 88,920,219</u>	<u>\$ 51,092,841</u>	<u>\$ 12,118,558</u>	<u>\$ 152,131,618</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 215,165,616</u>	<u>\$ 53,178,061</u>	<u>\$ 13,646,883</u>	<u>\$ 281,990,560</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
**Reconciliation of the Governmental Funds' Balance Sheet
to the Statement of Net Position**
June 30, 2018

Page 2

Total fund balances - governmental funds (Exhibit III)		\$ 152,131,618	
<i>Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid expenses used current resources and, therefore, are not reported in the governmental funds.			1,496,598
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$ 17,676,045		
Depreciable assets	<u>117,497,138</u>		
			135,173,183
Deferred outflows of resources that represent a consumption of net position applying to future periods, and therefore, are not reported in the governmental funds.			
Deferred loss on debt refunding	\$ 2,052,932		
Deferred pension contributions	4,180,703		
Deferred pension actuarial differences	1,869,887		
Deferred OPEB contributions	230,688		
Deferred OPEB actuarial differences	<u>65,738</u>		
			8,399,948
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.			(3,703,387)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable, net of related costs	\$ (291,108,667)		
Net pension liability	(12,384,218)		
LOSAP pension benefits	(3,376,107)		
Other postemployment benefits	(118,289,640)		
Compensated absences	(4,498,264)		
Landfill closure obligation	(8,628,226)		
Insurance claims (excludes \$384,819 already recorded in the General Fund)	<u>(1,169,512)</u>		
			(439,454,634)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			
Property taxes	\$ 3,179,354		
Grant revenues	1,191,985		
Sales tax	1,619,969		
Other revenues	<u>943,431</u>		
			6,934,739
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period			
Deferred pension actuarial differences	(3,637,562)		
Deferred OPEB actuarial differences	<u>(7,394,239)</u>		
			(11,031,801)
Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds.			(128,884)
Total net position - governmental activities (Exhibit I)		<u>\$ (150,182,620)</u>	

COUNTY OF SPOTSYLVANIA, VIRGINIA
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2018

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 171,066,503	\$ 43,860	\$ 1,204,162	\$ 172,314,525
Other local taxes	42,903,023	-	4,272,463	47,175,486
Permits, fees and regulatory licenses	377,411	-	4,468,076	4,845,487
Fines and forfeitures	529,585	-	-	529,585
From use of money and property	1,218,332	769,682	69,482	2,057,496
Charges for services	5,232,462	-	2,645,026	7,877,488
Gifts and donations	167,352	1,391,553	28,839	1,587,744
Miscellaneous	217,659	10,000	139	227,798
Intergovernmental	42,939,648	1,329,046	-	44,268,694
Total revenues	<u>\$ 264,651,975</u>	<u>\$ 3,544,141</u>	<u>\$ 12,688,187</u>	<u>\$ 280,884,303</u>
EXPENDITURES				
Current:				
General government	\$ 12,657,779	\$ 68,447	\$ -	\$ 12,726,226
Judicial administration	7,508,648	-	-	7,508,648
Public safety	49,601,142	-	2,081,982	51,683,124
Public works	8,161,166	-	-	8,161,166
Health and welfare	23,781,266	-	-	23,781,266
Education	124,350,214	-	-	124,350,214
Parks, recreation and cultural	7,503,395	-	-	7,503,395
Community development	3,493,551	-	4,133,606	7,627,157
Non-departmental	1,219,696	-	-	1,219,696
Capital projects	-	17,175,243	-	17,175,243
Debt service:				
Principal retirement	25,367,453	-	2,983,620	28,351,073
Interest and other fiscal charges	9,820,219	-	1,707,167	11,527,386
Bond issuance costs	184,239	9,584	-	193,823
Total expenditures	<u>\$ 273,648,768</u>	<u>\$ 17,253,274</u>	<u>\$ 10,906,375</u>	<u>\$ 301,808,417</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,996,793)</u>	<u>\$ (13,709,133)</u>	<u>\$ 1,781,812</u>	<u>\$ (20,924,114)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (8,482,056)	\$ 10,372,131	\$ (1,292,281)	\$ 597,794
Issuance of debt	24,440,000	1,715,000	-	26,155,000
Premium on issuance of bonds	3,106,621	249,033	-	3,355,654
Total other financing sources (uses), net	<u>\$ 19,064,565</u>	<u>\$ 12,336,164</u>	<u>\$ (1,292,281)</u>	<u>\$ 30,108,448</u>
Net change in fund balances	\$ 10,067,772	\$ (1,372,969)	\$ 489,531	\$ 9,184,334
Fund balance, beginning	78,852,447	52,465,810	11,629,027	142,947,284
Fund balance, ending	<u>\$ 88,920,219</u>	<u>\$ 51,092,841</u>	<u>\$ 12,118,558</u>	<u>\$ 152,131,618</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2018

Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 9,184,334

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

Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense. 515,446

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay, net of disposals and related proceeds	\$ 9,489,696	
Depreciation expense	<u>(11,483,966)</u>	(1,994,270)

The issuance of long-term debt provides current 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.

Debt issued or incurred:

Issuance of general obligation bonds	\$ (29,510,654)	
Debt reductions:		
Principal payments on bonds	<u>28,351,073</u>	(1,159,581)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.

Property taxes	\$ (229,079)	
Intergovernmental and other revenues	<u>(871,597)</u>	(1,100,676)

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.

Other postemployment benefits obligation	\$ (6,088,654)	
Pension benefits	1,177,866	
LOSAP pension benefits	(218,436)	
Amortization of bond related costs	1,952,574	
Accrued interest	(137,973)	
Landfill closure obligation	(529,130)	
Compensated absences	(325,188)	
Insurance claims	(148,169)	
Other	<u>(10,599)</u>	(4,327,709)

Change in net position - governmental activities (Exhibit II) \$ 1,117,544

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND

June 30, 2018

Exhibit V

Water &
Sewer Fund

ASSETS

Current assets:

Cash and investments - pooled equity	\$ 81,629,190
Receivables, net	7,744,635
Inventory	599,493
Prepaid items	67,532
Restricted cash and investments	6,255,194
Total current assets	<u>\$ 96,296,044</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 23,656,782
Depreciable assets	280,416,109
Total noncurrent assets	<u>\$ 304,072,891</u>
Total assets	<u>\$ 400,368,935</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	\$ 1,915,606
Pension contributions	576,205
Pension actuarial differences	213,227
OPEB contributions	32,502
OPEB actuarial differences	9,262
Total deferred outflows of resources	<u>\$ 2,746,802</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 1,696,914
Retainage payable	550,215
Accrued salaries and benefits	236,870
Accrued bond interest	413,838
Other accrued liabilities	115,908
Deposits	115,499
Current portion of long-term debt	5,870,887
Total current liabilities	<u>\$ 9,000,131</u>

Noncurrent liabilities:

Noncurrent portion of long-term debt	\$ 131,947,247
Total noncurrent liabilities	<u>\$ 131,947,247</u>
Total liabilities	<u>\$ 140,947,378</u>

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 501,153
OPEB actuarial differences	993,351
Total deferred inflows of resources	<u>\$ 1,494,504</u>

NET POSITION

Net investment in capital assets	\$ 192,452,788
Restricted for debt service	2,759,875
Unrestricted	65,461,192
Total net position	<u>\$ 260,673,855</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
 POSITION - PROPRIETARY FUND**
 For the Year Ended June 30, 2018

Exhibit VI

	Water & Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 31,798,760
Other operating revenues	<u>1,591,721</u>
Total operating revenues	<u>\$ 33,390,481</u>
OPERATING EXPENSES	
Personnel	\$ 6,667,033
Fringe benefits	3,062,464
Contractual services	4,023,738
Materials and supplies	2,158,537
Depreciation	11,581,953
Other services and charges	<u>4,218,934</u>
Total operating expenses	<u>\$ 31,712,659</u>
Operating income	<u>\$ 1,677,822</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (4,678,028)
Interest income	455,718
Intergovernmental revenues	503,478
Miscellaneous income	<u>262,777</u>
Total non-operating expenses, net	<u>\$ (3,456,055)</u>
Loss before contributions and transfers	<u>\$ (1,778,233)</u>
Capital contributions:	
Availability fees	\$ 7,011,600
Other capital contributions	<u>4,267,116</u>
Total capital contributions	<u>\$ 11,278,716</u>
Transfers to other funds, net	<u>(597,794)</u>
Total capital contributions and transfers	<u>\$ 10,680,922</u>
Change in net position	<u>\$ 8,902,689</u>
Net position, beginning, as restated (Note 22)	<u>251,771,166</u>
Net position, ending	<u><u>\$ 260,673,855</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 For the Year Ended June 30, 2018

Exhibit VII

Page 1

	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 31,468,534
Receipts from other operating revenues	2,444,399
Receipt of customer deposits	13,970
Payments to suppliers and service providers	(12,358,241)
Payments to employees for salaries and benefits	(9,211,984)
Return of customer deposits	(11,680)
Net cash provided by operating activities	<u>\$ 12,344,998</u>
Cash flows from noncapital financing activities:	
Receipt of intergovernmental revenue	\$ 503,478
Transfers out	(597,794)
Net cash used in noncapital financing activities	<u>\$ (94,316)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (7,176,011)
Principal paid on capital debt	(5,471,000)
Interest paid on capital debt	(5,169,171)
Capital contributions and grants	772,747
Receipt of availability fees	6,575,601
Net cash used in capital and related financing activities	<u>\$ (10,467,834)</u>
Cash flows from investing activities:	
Purchase of investment securities	\$ (53,594,609)
Sale of investment securities	47,501,834
Interest on investments	1,148,166
Net cash used in investing activities	<u>\$ (4,944,609)</u>
Net decrease in cash and cash equivalents	\$ (3,161,761)
Cash and cash equivalents:	
Beginning	<u>20,597,546</u>
Ending	<u><u>\$ 17,435,785</u></u>
Shown on the combined Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 81,629,190
Restricted cash and investments	6,255,194
	<u>\$ 87,884,384</u>
Less investments	70,448,599
Cash and cash equivalents, unrestricted and restricted	<u><u>\$ 17,435,785</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 For the Year Ended June 30, 2018

Exhibit VII

Page 2

	<u>Water & Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,677,822
Depreciation	11,581,953
Changes in assets and liabilities:	
Decrease in accounts receivable (net of capital related financing)	522,452
Decrease in inventory	67,367
Decrease in accounts payable	(2,024,399)
Increase in salary and benefits payable	517,513
Increase in customer deposits payable	<u>2,290</u>
Net cash provided by operating activities	<u>\$ 12,344,998</u>
Noncash investing, capital and financing activities:	
Developer donated capital assets	\$ 3,402,231
Increase in availability fee and other capital contribution receivables	528,137
Net change in fair value of investments	(534,631)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2018

Exhibit VIII

	<u>Agency Funds</u>
ASSETS	
Cash and investments - pooled equity	\$ 454,274
Total assets	<u>\$ 454,274</u>
LIABILITIES	
Amounts held for others	\$ 454,274
Total liabilities	<u>\$ 454,274</u>

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

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Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

The County is a local government, governed by a Board of Supervisors (Board) comprised of seven members elected to a four-year term by the voters of the district in which the member resides. The Board appoints a County Administrator charged with the execution of the Board's policies and programs.

The County offers a full range of services for its citizens funded through various revenue streams such as taxes, charges for services, grants and contributions.

- Law enforcement
- Public education
- Court services
- Water supply
- Parks and recreation
- Fire and rescue
- Health and welfare
- Refuse Disposal
- Water sanitation
- Transportation

The accompanying financial statements present the County and its component unit, an entity for which the County is considered to be financially accountable. Blended component units are, in substance, part of the Primary Government's operations, even though they are legally separate entities. The County has no component units that meet the requirements for blending and the County's only discretely presented component unit is reported in a separate column in the government-wide statements to emphasize it is legally separate from the Primary Government.

Discretely Presented Component Unit:

The Spotsylvania County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. School Board members are elected to four-year terms by the voters of the district in which the member resides. The School Board functions independently of the County Board and County Administration, but is considered fiscally dependent based on the County's budgetary approval authority. In addition, the County Board must levy taxes

to finance School Board operations and issue debt on its behalf as the School Board can neither levy taxes nor incur bonded indebtedness under Virginia law. The School Board's fund financial statements are included in the other supplementary information section of this report. No separate financial report is issued.

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the County) and its component units. These statements include the financial activities of the overall government, except for its fiduciary activities. Financial activities are categorized as either governmental or business-type. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are for charges between the County's Water and Sewer Fund and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues for the various functions concerned.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* 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. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. In addition, the water and sewer fund recognizes a portion of its availability fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for the water and sewer fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

County's Major Governmental Funds:

The **General Fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenue is derived primarily from property taxes, utility taxes, state and federal distributions and other intergovernmental revenue. The general operating expenditures, fixed charges and capital outlay costs that are not paid through other funds are paid from the General Fund.

The **Capital Projects Fund** is used to account for the development, modernization and replacement of County infrastructure not financed by the proprietary fund. Financing is provided through general tax revenue, bond proceeds, state and federal aid, and investment income.

County's Major Enterprise Fund:

The **Water and Sewer Fund** is responsible for providing water, wastewater and reclaimed water services to residential, commercial, industrial, irrigation and wholesale customers. Operations are financed through a rate structure based on the amount of service used. Debt is issued, as needed, for large capital projects.

County's Fiduciary Funds:

Agency funds are used to account for assets held by the County as an agent for individuals, private organizations, other governments or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds consist of the Special Welfare Fund and the Contribution Fund.

County's Non-major Special Revenue Funds:

The **Fire and EMS Service Fee Fund** was created to account for the revenue recovery program established by County code section 9-39. The program authorizes charges for services to cover emergency medical transport provided by the County.

The **Code Compliance Fund** was established to account for the revenues and expenditures associated with the enforcement of building and zoning codes enacted by authority of the Commonwealth of Virginia. Fees are restricted by the Commonwealth to defray the cost of code enforcement functions.

The **Transportation Fund** is used to cover costs associated with planning and oversight of transportation projects, funding for the Fredericksburg Regional Transit (FRED) local bus system, and debt service. Funding is provided through a 2.1% tax on fuel distribution costs and real estate taxes generated from special service districts.

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, except for agency funds, which are custodial in nature (assets equal liabilities) and do not have a measurement focus or measurement of results of operations. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Property taxes, sales taxes, franchise taxes, various charges for services, 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 if received within a 45-day availability period, with the exception of local sales and use tax that follows a 30-day availability window. Expenditure-

driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 45 days after the end of the fiscal year. Revenues from reimbursement based grants of the Component unit – School Board are recognized when earned. All other revenue items are considered to be measurable and available only when cash is received.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from capital leases are reported as other financing sources.

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and amended by the County Board, School Board, County Administrator or the School Superintendent.

The appropriated budget is prepared by fund, function, and department. County department heads may transfer funding between accounts within their adopted operating budgets. County Administration has the authority to transfer funding between all categories of an adopted departmental budget and up to \$100,000 between adopted departmental budgets. All other revisions to the budget must be approved by the Board of Supervisors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level.

Appropriations in all budgeted funds lapse at the end of the fiscal year for all funds except the capital projects funds, which are appropriated on a project-length basis.

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. The County and many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedule presents the original budget, the final budget, and the actual activity of the major governmental funds. Reconciliations of the budgetary basis to the GAAP basis are presented as required supplementary information with explanations of the reconciling items. Budgetary information for non-major governmental funds is presented as other supplementary information.

1.05 CASH AND INVESTMENTS

The County maintains a single cash and investment pool for use by all funds except for its Length of Service Awards Program - pension trust and the Component unit – School Board's OPEB Trust. Investment income is allocated only when contractually or legally required based on its average daily balances. Investment earnings not required to be allocated are reported in the General Fund.

Cash equivalents:

For the purpose of the Statement of Cash Flows, the County considers cash and all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, as cash and cash equivalents.

For fair value disclosure requirements, cash equivalents represent money market investments reported at amortized cost and defined as short-term, highly liquid debt instruments. These instruments include commercial paper, bankers' acceptances, and U.S. Treasury and agency

obligations that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors.

The County holds negotiable certificates of deposit with varying maturities. For ease of presentation, these investments are reported in their entirety at fair value.

Net Asset Value (NAV):

Positions in external investment pools meeting certain provisions of GAAP are reported at their net asset value per share (which approximates fair value).

1.06 RECEIVABLES

Receivables consist of general accounts for services, intergovernmental revenues, property taxes, water and sewer fees and any necessary accruals needed for amounts due to the County as of June 30, 2018 and are reported net of allowance for uncollectibles. The property tax receivable allowance is calculated consistent with criteria established by the Auditor of Public Accounts of the Commonwealth of Virginia, which uses historical collection data, specific account analysis and management's judgment. All remaining accounts receivable utilize the aging analysis method in determining its allowance.

1.07 PROPERTY TAXES

Real property is assessed biennially at estimated fair market value on January 1. Real estate and personal property taxes are payable in two installments on June 5th and December 5th. The second installment due December 5th is included as a deferred inflow – unearned revenue as these taxes are restricted for use to the following fiscal year. Unpaid real estate taxes automatically constitute liens on real property, which must be satisfied prior to sale or transfer. Outstanding personal property taxes do not create a lien; however, once reported to the Virginia Department of Motor Vehicles, a hold will be placed on any license plate requests until paid.

1.08 INVENTORIES

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of expendable supplies and necessary repair and spare parts for vehicles, water and wastewater systems. The cost of such inventories are expensed when consumed rather than when purchased.

1.09 PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements and recorded as an expense when consumed rather than when purchased.

1.10 CAPITAL ASSETS

Capital assets, which include property, plant, equipment, utility infrastructure, and intangibles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Individual capital items under \$5,000, purchased in bulk at an amount greater than \$50,000 with an estimated useful life in excess of two years, are also capitalized. The County does not capitalize any infrastructure, such as roads or bridges, where ownership is conveyed to the Commonwealth.

Intangible assets include purchased and internally developed software, easements and purchased capacity. Purchased capacity consists of payments made by the County under intergovernmental agreements for the County's allocated share of improvements to sewage treatment systems owned and operated by other jurisdictions.

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

With the exception of land and construction in progress, assets are depreciated or amortized over their estimated useful life using the straight line method. Useful lives of the various major categories of capital assets are as follows:

Major Asset Type	Estimated Useful Life
Buildings and building improvements	10-50 years
Furniture and other equipment	3-20 years
Vehicles	5-15 years
Water and sewer systems	20-50 years
Software	3-10 years
Purchased sewer capacity	20-50 years

The term depreciation is used in the accompanying financial statements to describe both depreciation and amortization.

1.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions and OPEB in the government-wide Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position in this category. The 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 the refunding debt. Deferred outflows of resources for pensions and OPEB result from changes in actuarial assumptions, proportionate share, investments, experience and contributions made subsequent to the measurement date. Amounts other than contributions made subsequent to the measurement date and investment results are deferred and amortized over the remaining service life of all participants while investment experience amounts are deferred and amortized over a closed five-year period.

The County reports a separate section for deferred inflows of resources in addition to liabilities for both its governmental funds' Balance Sheet and its Statement of Net Position. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable

revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in actual experience, actuarial assumptions and proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows of resources resulting from pension and OPEB investment experience are also deferred and amortized over a closed five-year period.

1.12 COMPENSATED ABSENCES

The County's policy permits employees to accumulate earned but unused annual and sick leave benefits, which are eligible for payment upon separation from service. Annual leave payouts are limited to a maximum of 288 hours for full-time employees. Any amounts exceeding the maximum allowable accumulation, is converted to sick leave. Sick leave obligations are compensated at 25% of accrued sick leave, up to a maximum dollar amount of \$3,000 determined by employee's length of service. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements.

1.13 FUND BALANCE

Fund Balance Classifications

In the fund financial statements, governmental funds report fund balances as nonspendable, restricted, committed, assigned or unassigned based on the extent to which the County is bound to observe constraints imposed on the use of resources.

Nonspendable – includes amounts that cannot be spent because they are either not in spendable form (e.g., inventory), or are legally or contractually required to remain intact (e.g., endowment funds).

Restricted Fund Balance – amounts are limited to specific purposes imposed by external parties (e.g., grantors, creditors, contributors), or laws and regulations of other governments.

Committed Fund Balance – funds are reserved by resolution for specific purposes, using its highest level of decision making authority (i.e., the Board). Once reported as committed, amounts cannot be used for any other purpose unless the County takes equal action to remove or change the constraint.

Assigned Fund Balance – funds are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. Unlike committed funds, the assignment generally is temporary and additional action is not required for their removal. The Board authorizes the County Administrator and the Finance Director as authorities permitted to designate funds as assigned.

Unassigned Fund Balance – includes amounts considered available for any purpose. Due to its capacity to account for financial resources not constrained through other Funds, the General Fund is the only fund that may report a positive unassigned fund balance.

For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned, and unassigned fund balance.

Reserves

The County's fiscal policy requires the maintenance of fund balance reservations in the following priority order:

Fiscal Stability Reserve – The County commits within its General Fund at the close of each fiscal year a reserve equal to no less than 11% of the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. Appropriations from the Reserve may be made only by a majority vote of the Board of Supervisors to meet a critical, unexpected financial need costing at least \$1.0 million and resulting from a natural disaster, declared emergency, or from a local catastrophe that cannot be resolved through other less extraordinary budgetary action. The \$1.0 million cost requirement is met when the County incurs a loss in revenue, an increase in expenditures, or a combination of each stemming from eligible events. Any use of the reserve will be replenished within three fiscal years.

Self-insured Health Insurance Reserve – The County will maintain a committed self-funded health insurance reserve equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences. Any use of such reserve will be limited to payment of IBNR in the event the County changes to a new vendor for health insurance and to the payment of claims that exceed applied premiums. Any use of the reserve will be replenished within one year.

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to \$4.2 million is a component of unassigned fund balance at June 30, 2018.

Economic Opportunities Reserve - The County maintains an Economic Opportunities Reserve for the purpose of providing incentives to substantial economic develop-

ment opportunities. At the end of each fiscal year, the *assigned* reserve will be replenished to the \$2.0 million level in the event that unassigned fund balance remains after full funding of the fiscal stability, self-insured health insurance, and budget stabilization reserves.

1.14 NET POSITION

Net position is comprised of three categories: Net investments in capital assets; restricted net position; and unrestricted net position. Net investment in capital assets reflect the portion of net position associated with non-liquid, capital assets, less the outstanding debt related to these capital assets. The related debt is the debt less the unspent bond proceeds and any associated unamortized costs. Restricted net position consists of assets whose use is subject to constraints that is either externally imposed by creditors or by law. Net position, which is neither restricted nor related to capital assets, is reported as unrestricted net position.

Component unit – School Board Bonded Debt

The *Code of Virginia* (Code) establishes the School Board as a legal entity holding title to all school assets but having no taxing authority. The County must issue debt through bond referendum, Virginia Public School Authority or Literary Fund to finance the School Board's capital asset program. GAAP provides specific guidance that requires localities to separate internal activities (within the Primary Government) from intra-entity activities (between the Primary Government and its component units). This guidance prevents local governments from allocating debt incurred "on-behalf" of school boards to the Component unit – School Board column. Therefore, the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government - Governmental Activities column on Exhibit I.

As of June 30, 2018, the County reported \$168.3 million of "on-behalf" net school bonded debt with a corresponding reduction to the County's unrestricted net

position. To assist readers in understanding this relationship and to more accurately reflect the respective financial conditions of the Primary Government and the component unit – School Board the following table provides the associated net position before and after the allocation of “on-behalf” school bonded debt.

Note 2

Cash and Investments

2.01 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. 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 amount from 50% to 130% of excess deposits. Accordingly, all deposits reported in Table 4 are considered fully collateralized as of June 30, 2018.

2.02 INVESTMENTS

In accordance with Sec. 2.2-4500 of the Code, the County is authorized 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, the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable bank and certain corporate notes, bankers' acceptances; repurchase agreements, and the State Treasurer's Local Governmental Investment Pool, and the Virginia State Non-Arbitrage Program.

Table 1
Allocation of County Issued "on-behalf" Bonded Debt of the School Board

	Net Position Exhibit I	Allocation of "on-behalf" debt	Net Position after allocation
<i>Primary Government - Governmental Activities:</i>			
Net investment in capital assets	\$ 71,766,427	\$ -	\$ 71,766,427
Restricted	9,561,713	-	9,561,713
Unrestricted	(231,510,760)	168,253,934	(63,256,826)
Total net position at June 30, 2018	<u>\$ (150,182,620)</u>	<u>\$ 168,253,934</u>	<u>\$ 18,071,314</u>
<i>Component unit - School Board:</i>			
Net investment in capital assets	\$ 318,880,071	\$ (163,981,179)	\$ 154,898,892
Restricted	4,272,755	(4,272,755)	-
Unrestricted	(474,222,380)	-	(474,222,380)
Total net position at June 30, 2018	<u>\$ (151,069,554)</u>	<u>\$ (168,253,934)</u>	<u>\$ (319,323,488)</u>

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's investments are valued using a matrix pricing model considered a Level 2 input and reports the following recurring fair value measurements as of June 30, 2018:

Table 2
Investments Measured at Fair Value

Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 3,933,649
U.S. Treasury obligations	44,206,420
Federal agency obligations	30,141,511
Supra-national agency notes	8,693,278
Corporate notes	22,323,508
Municipals	1,351,775
Certificates of deposit	22,570,180
Total debt securities	<u>\$ 133,220,321</u>

External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2018:

Table 3 Investments Measured at Net Asset Value (NAV)		
Local Government Investment Pool	\$	44,909,841
Virginia State Non-arbitrage Program		37,262,702
	\$	82,172,543

Virginia Local Government Investment Pool (LGIP)

The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the Code, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pool rests with the Virginia State Treasury. It is the policy of the LGIP management to invest funds in accordance with Sections 2.2-4500, et seq. of the Code with the primary objectives (in priority order) of safety, liquidity and return on investment. The LGIP maintains a stable net asset value per share of \$1.00 using the amortized cost method of valuation. Redemptions of shares are not subject to redemption fees or withdrawal penalties and can be made on any banking day without limitation.

Virginia State Non-Arbitrage Program (SNAP)

The County participates in SNAP (the Program) for the investment of and accounting for bond proceeds and related funds in compliance with rebate requirements of the Internal Revenue Code of 1986, as amended. The Program invests in the PFM Funds Prime Series-SNAP Fund Class. Registered under the Investment Act of 1940, as amended, the SNAP Fund Class is a diversified, open-end fund with the primary objective to see as high a rate of current income as is consistent with maintaining liquidity and stability of principal, and to maintain a stable net asset value (NAV) of \$1.00 per share. Redemptions of shares are not subject to redemption fees or withdrawal penalties and can be made on any banking day without limitation.

Restricted Cash and Investments

As of June 30, 2018, the County and its Component-unit School Board maintained restricted cash and investments totaling \$36.9 million and \$7.2 million, respectively with the following restrictions:

Governmental activities:	
General Fund:	
LOSAP pension benefits	\$ 1,803,511
Capital Projects Fund:	
Project bond proceeds (SNAP)	28,036,247
Non-Major Governmental Funds:	
Transportation special service districts	768,153
Total restricted cash & investments:	\$ 30,607,911
Business-type activities:	
Water & Sewer Fund:	
Debt service	\$ 6,255,194
Total restricted cash & investments:	\$ 6,255,194
Total Primary Government restricted cash & investments:	\$ 36,863,105
Component Unit-School Board:	
Capital Projects Fund:	
Project bond proceeds (SNAP)	\$ 7,235,544
Total restricted cash & investments:	\$ 7,235,544

The Primary Government maintains a revocable, non-contributory, single member, defined benefit Length of Service Award Program (LOSAP). The Plan was established and is maintained to provide retirement benefits to vested participants in the Plan at the time of their retirement from fire and rescue volunteer services. Investments are held in nonparticipating interest-earning annuity contracts and valued at contract value.

Interest Rate Risk

In accordance with the County's investment policy, to the extent possible, the investment portfolio is structured to ensure sufficient cash is available to meet anticipated liquidity needs. Investments are limited to a maximum maturity of five years; however, debt service reserve funds with longer term investment horizons may be invested in securities exceeding five years if the maturity of such investment is made to coincide with the expected use of funds. The County manages its exposure to declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio to less than 3 years as shown in Table 4 below. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of this WAM calculation, the County assumes all of its investments will be held to maturity.

Table 4 Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 44,909,841	0.0014
SNAP	NAV	37,262,702	0.0013
Other money markets & mm mutual funds	Amortized cost	1,039,875	0.0028
Commercial paper	Amortized cost	22,941,774	0.0007
Repurchase agreements	Fair	3,933,649	0.0000
U.S. Treasury obligations	Fair	44,206,420	0.0561
Federal agency obligations	Fair	30,141,511	0.1902
Supra-national agency note	Fair	8,693,278	0.0048
Corporate notes	Fair	22,323,508	0.0043
Municipals	Fair	1,351,775	0.0073
Certificates of deposit	Fair	22,570,180	0.0017
Total investments:		\$ 239,374,513	
Portfolio weighted average maturity:			0.0316
Cash on hand		3,035	
Deposits		28,845,134	
LOSAP pension benefit Trust funds		1,803,511	
Total pooled cash and investments:		<u>\$ 270,026,193</u>	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 220,714,915	
Exh I: Total primary government restricted cash and investments		36,863,105	
Exh I: Component unit cash and investments - pooled equity		4,758,355	
Exh I: Component unit restricted cash and investments		7,235,544	
Exh VIII: Agency Funds' cash and investments - pooled equity		454,274	
		<u>\$ 270,026,193</u>	

Credit Risk

All investments and practices must meet or exceed state statutes and shall be diversified by security type and institution. Tables 5 and 6 below reflect the level of quality acceptable by investment type and pooled investments reported by credit quality and exposure as of June 30, 2018:

Table 5 Maximum Credit Exposure for Investments			
Authorized Investment	Minimum Credit Quality Rating	Maximum Credit Exposure	
		Sector Limit	Issuer Limit
U.S. Treasury obligations	AA or equivalent	100%	100%
Federal agency obligations	AA or equivalent	100%	35%
Municipal obligations	AA or equivalent	20%	5%
Commercial paper	Short-term debt rating of A-1 or equivalent	25%	5%
Corporate notes	AA or equivalent	20%	5%
Certificate of deposit	A-1 for maturities ≤ 1 year and AA for maturities > than one year	20%	5%
Money market mutual funds	AAA or equivalent and complies with Rule 2a7	100%	50%
Repurchase agreements	AA or equivalent	35%	35%

Table 6 Pooled Investments Reported by Credit Quality and Exposure			
Investments by Type	Fair Value	Credit Quality	
		Rating	Credit Exposure
LGIP	\$ 44,909,841	AAAm	18.76%
SNAP	37,262,702	AAAm	15.58%
Other money market mutual funds	1,039,875	AAAm	0.43%
Commercial paper	22,941,774	A-1	9.58%
Repurchase agreements	3,933,649	AAA	1.64%
U.S. Treasury obligations	44,206,420	AA	18.47%
Federal agency obligations	30,141,511	AA	12.59%
Supra-national agency note	8,693,278	AAA	3.63%
Corporate notes	22,323,508	AAA(14%)/ AA(86%)	9.33%
Municipals	1,351,775	AA-	0.56%
Certificates of Deposit	22,570,180	AA(47%)/ A(53%)	9.43%
Total investments:	\$ 239,374,513		100.00%

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated to the amount of the County's investment in a single issuer. No more than five percent of the pooled investment portfolio will be invested in securities of any single issuer with the exception of mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2018, investments from the following issuers exceeded five percent of the pooled investments.

Issuer	
Fannie Mae	5.95%
U.S. Treasury	18.47%

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able to recover the value of its investments or collateral securities that are in possession of any outside party. The County's investment policy requires all securities shall be held by the County or by the County's designated custodian. The designated custodian must be a third party, not a counterparty to the investment transaction, and all securities held must be identifiable on the custodian's books as belonging to the County. Therefore, the County has no custodial credit risk.

Note 3

Receivables

Receivables at June 30, 2018 consist of the following:

Table 7 Receivables					
	Primary Government - Governmental Activities				Component Unit
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board
Special assessments	\$ -	\$ 326,733	\$ -	\$ 326,733	\$ -
Property taxes					
Delinquent	10,619,760	-	15,359	8,750,457	-
Not yet due	80,682,293	-	548,111	81,230,404	-
Fuel taxes	-	-	4,408,179	4,408,179	-
EMS Transport fees	-	-	1,319,062	1,319,062	-
Accounts - other	6,829,078	6,355	18	6,835,451	333,574
Intergovernmental - Federal	1,028,982	76,598	-	1,105,580	3,323,552
Intergovernmental - State	9,936,110	140,887	-	10,076,997	5,005,211
Gross receivables	109,096,223	550,573	6,290,729	115,937,525	8,662,337
Allowance for uncollectibles	(2,761,503)	-	(879,098)	(3,640,601)	-
Net receivables at June 30, 2018	\$ 106,334,720	\$ 550,573	\$ 5,411,631	\$ 112,296,924	\$ 8,662,337
Primary Government - Business-type activities				Water & Sewer	
				Water & sewer services	\$ 6,249,603
				Notes - connection & availability fees	679,404
				Accounts - other	1,040,090
				Gross receivables	7,969,097
				Allowance for uncollectibles	(224,462)
				Net receivables at June 30, 2018	\$ 7,744,635
Total Primary Government net receivables at June 30, 2018					\$ 120,041,559

Special assessments of \$291,648 in the Capital Projects Fund and \$147,193 of connection and availability fees in the Water and Sewer Fund are not expected to be collected within one year.

Note 4

Capital Assets

Capital asset activity from governmental activities for the year ended June 30, 2018 was as follows:

Table 8 Capital Assets - Governmental Activities				
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land & land improvements	\$ 13,237,573	\$ -	\$ -	\$ 13,237,573
Construction in progress	2,627,513	3,141,447	1,330,488	4,438,472
Total capital assets, not being depreciated	\$ 15,865,086	\$ 3,141,447	\$ 1,330,488	\$ 17,676,045
Capital assets being depreciated:				
Land improvements	\$ 22,711,536	\$ 507,711	\$ -	\$ 23,219,247
Buildings & improvements	104,286,364	656,916	-	104,943,280
Furniture, equipment & vehicles	77,893,640	6,514,110	2,422,745	81,985,005
Total capital assets, being depreciated	204,891,540	7,678,737	2,422,745	210,147,532
Less accumulated depreciation for:				
Land improvements	11,356,230	1,691,299	-	13,047,529
Buildings & improvements	34,553,983	3,058,489	-	37,612,472
Furniture, equipment & vehicles	37,620,905	6,734,178	2,364,690	41,990,393
Total accumulated depreciation	83,531,118	11,483,966	2,364,690	92,650,394
Total capital assets being depreciated, net	\$ 121,360,422	\$ (3,805,229)	\$ 58,055	\$ 117,497,138
Governmental activities capital assets, net	\$ 137,225,508	\$ (663,782)	\$ 1,388,543	\$ 135,173,183
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government	\$	2,990,025		
Judicial administration		1,244,575		
Public safety		4,859,638		
Public works		1,453,196		
Health and welfare		54,398		
Parks and recreation		829,754		
Community development		52,380		
		<u>\$ 11,483,966</u>		

Construction in progress from governmental activities for the year ended June 30, 2018 was as follows:

Table 9 Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
<i>Governmental Activity Projects</i>			
Merchange Square renovation	\$ 891,454	\$ 265,506	\$ 625,948
Land assessment & tax systems	2,408,027	1,238,381	1,169,646
Computer aided dispatch system	3,280,120	482,541	2,797,579
Financial system upgrade	1,091,773	608,321	483,452
Animal shelter expansion	3,823,595	448,855	3,374,740
Streetscape phase II	1,600,273	348,893	1,251,380
Judicial renovation	10,438,745	933,185	9,505,560
Hunting Run upgrades	866,255	29,932	836,323
Marshall Park upgrades	545,115	32,781	512,334
Other projects	388,803	50,077	338,726
	<u>\$ 25,334,160</u>	<u>\$ 4,438,472</u>	<u>\$ 20,895,688</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2018 was as follows:

Table 10 Capital Assets - Business-type Activities				
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land & land improvements	\$ 7,622,967	\$ 7,940	\$ -	\$ 7,630,907
Construction in progress	11,474,461	5,950,905	1,399,491	16,025,875
Total capital assets, not being depreciated	<u>\$ 19,097,428</u>	<u>\$ 5,958,845</u>	<u>\$ 1,399,491</u>	<u>\$ 23,656,782</u>
Capital assets being depreciated:				
Land improvements	\$ 2,358,342	\$ -	\$ -	\$ 2,358,342
Buildings & improvements	170,354,964	408,726	36,849	170,726,841
Furniture, equipment & vehicles	20,666,432	1,307,830	403,211	21,571,051
Water & sewer systems	248,238,428	4,595,411	-	252,833,839
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	<u>443,692,124</u>	<u>6,311,967</u>	<u>440,060</u>	<u>449,564,031</u>
Less accumulated depreciation for:				
Land improvements	1,446,441	-	-	1,446,441
Buildings & improvements	65,786,428	4,750,122	36,849	70,499,701
Furniture, equipment & vehicles	9,151,831	1,642,589	402,872	10,391,548
Water & sewer systems	81,351,376	5,147,763	-	86,499,139
Purchased sewer capacity	269,614	41,479	-	311,093
Total accumulated depreciation	<u>158,005,690</u>	<u>11,581,953</u>	<u>439,721</u>	<u>169,147,922</u>
Total capital assets being depreciated, net	<u>\$ 285,686,434</u>	<u>\$ (5,269,986)</u>	<u>\$ 339</u>	<u>\$ 280,416,109</u>
Business-type activities capital assets, net	<u>\$ 304,783,862</u>	<u>\$ 688,859</u>	<u>\$ 1,399,830</u>	<u>\$ 304,072,891</u>

Capital asset activity of the Component unit – School Board for the year ended June 30, 2018 was as follows:

Table 11				
Capital Assets - Component unit - School Board				
	Balance July 1, 2017	Increases	Decreases	Balance June 30, 2018
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	4,849,092	13,534,776	4,849,092	13,534,776
Total capital assets, not being depreciated	\$ 14,478,162	\$ 13,534,776	\$ 4,849,092	\$ 23,163,846
Capital assets being depreciated:				
Buildings & improvements	\$ 436,421,433	\$ 6,528,741	\$ -	\$ 442,950,174
Furniture, equipment & vehicles	99,510,043	8,702,124	2,233,346	105,978,821
Total capital assets, being depreciated	535,931,476	15,230,865	2,233,346	548,928,995
Less accumulated depreciation for:				
Buildings & improvements	179,869,995	10,025,339	-	189,895,334
Furniture, equipment & vehicles	59,686,038	5,326,149	1,694,751	63,317,436
Total accumulated depreciation	239,556,033	15,351,488	1,694,751	253,212,770
Total capital assets being depreciated, net	\$ 296,375,443	\$ (120,623)	\$ 538,595	\$ 295,716,225
Component unit-School Board				
capital assets, net	\$ 310,853,605	\$ 13,414,153	\$ 5,387,687	\$ 318,880,071

All depreciation of the component unit – School Board was charged to education.

Construction in progress activity for the Component unit – School Board for the year ended June 30, 2018 was as follows:

Table 12				
Construction in Progress - Component unit - School Board				
	Project Authorization	Spent to Date	Committed Funding	Required Future Financing
<i>Component unit - School Board</i>				
Tyler - Munis Software Implementation	\$ 15,827,820	\$ 1,437,512	\$ 14,390,308	\$ -
Courtland HS Project	34,138,174	8,370,561	25,767,613	-
SHS Instruction Space	113,158	60,614	52,544	-
Well Project	2,200,910	2,136,019	64,891	-
VOIP Telephone	1,049,102	979,736	69,366	-
Chancellor Middle School Entrance	244,500	146,000	98,500	-
SHS Greenhouse	280,676	213,279	67,397	-
Security Camera/Server	1,042,387	191,055	851,332	-
	\$ 54,896,727	\$ 13,534,776	\$ 41,361,951	\$ -

Note 5

Interfund Transfers

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, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following table summarizes the transfers between funds of the Primary Government.

Table 13
Transfers - Primary Government

Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 283,120	\$ 4,015,371	\$ -	\$ 4,298,491
Capital Projects Fund	10,187,077	-	-	712,975	10,900,052
Other governmental funds	2,593,470	175,391	-	-	2,768,861
Water and Sewer Fund	-	69,410	45,771	-	115,181
Total	\$ 12,780,547	\$ 527,921	\$ 4,061,142	\$ 712,975	\$ 18,082,585

Note 6

Receivables/Payables with Component Units

Transactions between the Primary Government and its Component unit-School Board are made for the purpose of providing operational support. The remaining balance of \$24.5 million at June 30, 2018 resulted from a timing difference between the dates that (1) services are provided, (2) transactions are recorded in the accounting system, and (3) payments are made between funds.

Note 7

Lease Obligations

Operating leases

The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were \$181,145 and are expected to remain at similar levels in future fiscal years, as expiring leases are generally renewed. All current leases are due to expire within the next five years.

Note 8

Defined Benefit Pension Plan

8.01 GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description

The County and School Board participate in the Virginia Retirement System's (VRS) Political Subdivision Retirement Plan, a multi-employer agent plan for County and School Board employees, and the VRS Teacher Employee Plan, a cost-sharing multiple-employer teacher retirement plan. For the purpose of future disclosure, the term Plan will incorporate both the agent and cost-sharing pension plans of both the County and School Board unless separately noted.

The Plan is administered by the Virginia Retirement System (System) along with plans for other employer groups in the Commonwealth of Virginia. Title 51.1, Article 2.1 of the *Code of Virginia* (1950)(Code), as amended, grants the authority to the VRS Board of Trustees for the general administration and operation the Plan. State

statutes governing the Plan administered by the System may be amended only by the General Assembly of Virginia.

All full-time, salaried permanent employees of the County and School Board are automatically covered by the Plan upon employment. Members earn one month of service credit for each month they are employed and for which they and their employer are paying contributions to VRS. Members are eligible to purchase prior public service, based on specific criteria as defined in the *Code*. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

Summary of significant accounting policies

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Plan, and the additions to/deductions from the Plan's net fiduciary position have been determined on the same basis as they were reported by 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.

Benefits Provided

The Plan provides retirement, disability, and death benefits. The System administers three different benefit plans for covered employees – Plan 1, Plan 2, and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each Plan and the eligibility for covered groups within each Plan are set out in the table below:

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY			
Membership date is before July 1, 2010 and they were vested as of January 1, 2013.	Membership date is after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Membership date is on or after January 1, 2014 for school division and political subdivision employees, and any member opting in from VRS Plans 1 or 2 during the election window. Political subdivision employees who are covered by enhanced benefits for hazardous duty employees are ineligible.	
VESTING			
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members are always 100% vested in the contributions that they make.		Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.	
CALCULATING THE BENEFIT			
The basic benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. An early retirement reduction factor is applied to the basic benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the basic benefit.		The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings.	

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
AVERAGE FINAL COMPENSATION			
Average of the 36 consecutive months of highest compensation as a covered employee.	A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.	Not applicable for defined contribution plans.	
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members and eligible political subdivision hazardous duty employees is 1.70%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.
NORMAL RETIREMENT AGE			
Age 65	Normal Social Security retirement age.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
EARLIEST REDUCED RETIREMENT ELIGIBILITY			
Members may retire with a reduced benefit as early as age 55 with a least five years of creditable service or age 50 with at least 10 years of creditable service.	Members may retire with a reduced benefit as early as age 60 with at least five years of creditable service.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
NORMAL RETIREMENT AGE & EARLIEST REDUCED RETIREMENT ELIGIBILITY – HAZARDOUS DUTY			
Normal retirement age is 60. Hazardous duty members are eligible for unreduced early retirement at age 65 with at least five years of creditable service or at age 50 with at least 30 years of creditable service.		Not applicable for the Hybrid Retirement Plan.	
COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT			
COLA matches the first 3% increase in the CPI-U and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.	COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) up to a maximum COLA of 3%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.		Not applicable for defined contribution plans.
DISABILITY COVERAGE			
For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service.	Members participate in the Virginia Local Disability Program (VDLP) and are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	

Employees covered by benefit terms

As of the June 30, 2016 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	School Board*
Inactive employees or beneficiaries currently receiving benefits	295	267
Inactive employees entitled to but not yet receiving benefits	522	220
Active employees	872	430
	<u>1,689</u>	<u>917</u>
* Excludes employees reported under the Teachers' Cost-Sharing Plan.		

Contributions

Contribution rates are computed in accordance with title 51.1-145 of the *Code*, and equal the sum of the normal contribution and any unfunded accrued liability. Contractual rates are established based on an independent actuarial valuation using recognized actuarial principles, methods and assumptions approved by the VRS Board of Trustees.

Employees are required to contribute 5% of their creditable compensation for each pay period. The County and School Board are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Details of the County and School Board's contractually required rates for the year ended June 30, 2018, as a percentage of covered employee compensation, are provided in the table below.

	County	School Board	
		School Board	Teacher Plan*
Employee contribution rate	5.00%	5.00%	5.00%
Employer contribution rate	9.08%	5.97%	16.32%
	<u>14.08%</u>	<u>10.97%</u>	<u>21.32%</u>
*For the year ended June 30, 2018, section 51.1-145 of the <i>Code</i> establishes the School Board's contractual rate at 89.84% of the actuarially determined employer contribution rate of 16.32%.			

8.02 FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2017 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2017-annual-report.pdf>.

8.03 NET PENSION LIABILITY**Multi-Employer Agent Plan**

The Plan's fiscal year 2018 net pension liability was measured as of June 30, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2016, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2017. As of June 30, 2018, the County and School Board's net pension liability was \$14.3 and \$0.4 million, respectively.

School Board's Teacher Retirement Cost-Sharing Plan

At June 30, 2018, the School Board reported a liability of \$196.4 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers. The School Board's proportion as of June 30, 2017 and June 30, 2016 was 1.60% and 1.63%, respectively.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2016, 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, 2017.

Table 14 Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	7.00%	7.00%	7.00%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	15.00%	45.00%	Not available
Mortality tables:			
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.	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.	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 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.	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.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and 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; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates lowered • Line of duty disability rate increased from 14% to 15% 	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates increased at age 50, and lowered rates at older ages • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better fit experience • Line of duty disability rate decreased from 60% to 45% 	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan 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 Table 15.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member (employee) 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 and the member rate. Through the fiscal year ending June 30, 2019, the rate contributed by the employer will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2019 on, participating employers are assumed 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 on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Table 15
Long-term Expected Rate of Return

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.30%

* Using the above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Changes in the net pension liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2017 for the County and School Board, respectively.

Table 16 County Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2016	\$ 160,299,929	\$ 138,186,758	\$ 22,113,171
Changes for the year:			
Service cost	5,653,746	-	5,653,746
Interest	11,029,822	-	11,029,822
Changes of assumptions	(1,373,199)	-	(1,373,199)
Difference between expected and actual experience	707,173	-	707,173
Contributions - employer	-	4,436,599	(4,436,599)
Contributions - employee	-	2,442,930	(2,442,930)
Net investment income	-	17,039,865	(17,039,865)
Benefit payments, including refunds of employee contributions	(5,462,089)	(5,462,089)	-
Administrative expense	-	(95,062)	95,062
Other changes	-	(15,298)	15,298
Net changes	10,555,453	18,346,945	(7,791,492)
Balances at June 30, 2017	\$ 170,855,382	\$ 156,533,703	\$ 14,321,679
		Governmental activities:	12,384,218
		Business-type activities:	1,937,461
			\$ 14,321,679

Table 17 School Board Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2016	\$ 28,026,612	\$ 26,018,133	\$ 2,008,479
Changes for the year:			
Service cost	948,099	-	948,099
Interest	1,906,012	-	1,906,012
Changes of assumptions	(213,070)	-	(213,070)
Difference between expected and actual experience	(147,496)	-	(147,496)
Contributions - employer	-	584,441	(584,441)
Contributions - employee	-	446,288	(446,288)
Net investment income	-	3,134,917	(3,134,917)
Benefit payments, including refunds of employee contributions	(1,595,728)	(1,595,728)	-
Administrative expense	-	(18,248)	18,248
Other changes	-	(2,792)	2,792
Net changes	897,817	2,548,878	(1,651,061)
Balances at June 30, 2017	\$ 28,924,429	\$ 28,567,011	\$ 357,418

Sensitivity of the net pension liability to changes in the discount rate

The following table presents the net pension liability of the County and School Board's multi-employer agent plans and Teacher Retirement Plan, calculated using each Plan's current discount rate, as well as what the respective Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

Table 18				
Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate				
	1% Decrease		Current Discount	
	(6.00%)		Rate	
			(7.00%)	
			1% Increase	
			(8.00%)	
County's calculated net pension liability (asset)	\$	39,152,702	\$	14,321,679
School Board's calculated net pension liability (asset)	\$	3,799,816	\$	357,418
Teacher Retirement Plan's calculated net pension liability*	\$	293,386,000	\$	196,464,000
			\$	116,289,000

* Represents the School Board's proportionate share of the VRS Teacher Employee Retirement Plan Net

8.04 PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

The following table summarizes the recognized pension expense at June 30, 2018, and the reported deferred outflows and inflows of resources related to pension by source as of the June 30, 2017 measurement date for the Primary Government and its Component unit – School Board.

Table 19						
Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions						
	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan			Internal Service	Teacher	Total
	Governmental	Business-type		Fund Fleet	Retirement Cost-	Component
	Activities	Activities	School Board	Services	sharing Plan	unit School
Total pension expense:	\$ 2,892,720	\$ 470,908	\$ 90,972	\$ 7,026	\$ 12,466,000	\$ 12,563,998
Deferred outflows - pension contributions:						
Employer contributions subsequent to the measurement date	\$ 4,103,933	\$ 576,205	\$ 544,582	\$ 42,037	\$ 20,244,307	\$ 20,830,926
Deferred outflows - actuarial differences:						
Difference between expected and actual experience	\$ 1,475,472	\$ 213,227	\$ -	\$ -	\$ -	\$ -
Change of assumptions	-	-	-	-	2,867,000	2,867,000
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	558,000	558,000
Total deferred outflows - actuarial differences:	\$ 1,475,472	\$ 213,227	\$ -	\$ -	\$ 3,425,000	\$ 3,425,000

Table 19 Continued

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

	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan			Internal Service Fund Fleet Services	Teacher Retirement Cost- sharing Plan	Total Component unit School Board
	Governmental Activities	Business-type Activities	School Board			
Deferred inflows						
Differences between expected and actual experience	\$ (279,620)	\$ (43,750)	\$ (301,743)	\$ (24,437)	\$ (13,911,000)	\$ (14,237,180)
Changes of assumptions	(929,279)	(145,398)	(134,928)	(10,927)	-	(145,855)
Net difference between projected and actual earnings on plan investments	(1,994,109)	(312,005)	(353,980)	(28,668)	(7,138,000)	(7,520,648)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	(5,728,000)	(5,728,000)
Total deferred inflows	\$ (3,203,008)	\$ (501,153)	\$ (790,651)	\$ (64,032)	\$ (26,777,000)	\$ (27,631,683)

Amortization of deferred outflows and inflows of resources

Employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized in pension expense as follows:

Table 19 Continued

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

	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan			Internal Service Fund Fleet Services	Teacher Retirement Cost- sharing Plan	Total Component unit School Board
	Governmental Activities	Business-type Activities	School Board			
Fiscal year ended June 30,						
2019	\$ (1,087,325)	\$ (181,223)	\$ (476,609)	\$ (38,599)	\$ (9,746,000)	\$ (10,261,208)
2020	541,283	90,215	(52,936)	(4,287)	(1,894,000)	(1,951,223)
2021	122,723	20,454	(14,266)	(1,155)	(3,208,000)	(3,223,421)
2022	(1,304,217)	(217,372)	(246,840)	(19,991)	(7,372,000)	(7,638,831)
2023	-	-	-	-	(1,132,000)	(1,132,000)
	\$ (1,727,536)	\$ (287,926)	\$ (790,651)	\$ (64,032)	\$ (23,352,000)	\$ (24,206,683)
Pension actuarial differences:						
Total deferred outflows	\$ 1,475,472	\$ 213,227	\$ -	\$ -	\$ 3,425,000	\$ 3,425,000
Total deferred inflows	(3,203,008)	(501,153)	(790,651)	(64,032)	(26,777,000)	(27,631,683)
	\$ (1,727,536)	\$ (287,926)	\$ (790,651)	\$ (64,032)	\$ (23,352,000)	\$ (24,206,683)

8.05 PAYABLES TO THE PENSION PLAN

The County and School Board reported payables of \$0.6 and \$3.3 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2018.

8.06 DISAGGREGATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS AS REPORTED ON EXHIBIT I

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
Virginia Retirement System (Note 8)	\$ 4,103,933	\$ 576,205	\$ 20,830,926
Length of Service Award Program (Note 13)	76,770	-	-
Pension contributions (Exhibit I):	\$ 4,180,703	\$ 576,205	\$ 20,830,926
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 1,475,472	\$ 213,227	\$ 3,425,000
Length of Service Award Program (Note 13)	394,415	-	-
Pension actuarial differences (Exhibit I):	\$ 1,869,887	\$ 213,227	\$ 3,425,000
Deferred Inflows of Resources			
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 3,203,008	\$ 501,153	\$ 27,631,683
Length of Service Award Program (Note 13)	434,554	-	-
Pension actuarial differences (Exhibit I):	\$ 3,637,562	\$ 501,153	\$ 27,631,683

Note 9

Long-term Liabilities

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance July 1, 2017 Restated*	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Governmental activities					
General obligation bonds payable:					
Principal of bonds payable	\$ 272,496,640	\$ 26,155,000	\$ 28,351,073	\$ 270,300,567	\$ 27,558,594
Unamortized premiums	19,639,662	3,355,654	2,187,216	20,808,100	-
Total bonds payable	292,136,302	29,510,654	30,538,289	291,108,667	27,558,594
Compensated absences	4,173,077	5,375,581	5,050,394	4,498,264	329,373
Landfill closure obligation	8,099,096	594,573	65,443	8,628,226	165,147
Insurance claims payable (Note 17)	1,235,851	11,956,446	11,637,966	1,554,331	1,554,331
LOSAP pension liability (Note 13)	3,627,705	295,768	547,366	3,376,107	-
VRS net pension liability (Note 8)	19,163,776	14,553,999	21,333,557	12,384,218	-
Total OPEB liability - Healthcare (Note 12.01)*	108,807,145	7,806,250	9,416,904	107,196,491	-
Total OPEB liability - LODA (12.02)*	6,830,833	1,137,037	276,441	7,691,429	-
Net OPEB liability - GLI (Note 12.04)*	3,877,663	296,426	772,369	3,401,720	-
Total governmental activities	\$ 447,951,448	\$ 71,526,734	\$ 79,638,729	\$ 439,839,453	\$ 29,607,445
Business-type activities					
Revenue bonds payable					
Principal of bonds payable	\$ 120,124,000	\$ -	\$ 5,471,000	\$ 114,653,000	\$ 5,680,000
Unamortized premiums	6,023,499	-	504,056	5,519,443	-
Total bonds payable	126,147,499	-	5,975,056	120,172,443	5,680,000
Compensated absences	640,157	690,900	681,267	649,790	36,734
Insurance claims payable (Note 17)	139,578	1,525,250	1,510,675	154,153	154,153
VRS net pension liability (Note 8)	2,949,395	-	1,011,934	1,937,461	-
Net OPEB liability - Healthcare (Note 12.01)*	14,725,036	1,056,432	1,356,461	14,425,007	-
Net OPEB liability - GLI (Note 12.04)*	546,337	41,764	108,821	479,280	-
Total business-type activities	\$ 145,148,002	\$ 3,314,346	\$ 10,644,214	\$ 137,818,134	\$ 5,870,887
Total Primary Government	\$ 593,099,450	\$ 74,841,080	\$ 90,282,943	\$ 577,657,587	\$ 35,478,332

* Details of restatement are located in Note 22 to the Financial Statements.

	Balance July 1, 2017 Restated*	Increases	Decreases	Balance June 30, 2018	Due Within One Year
Component unit - School Board					
Compensated absences	\$ 5,976,830	\$ 2,517,637	\$ 1,829,184	\$ 6,665,283	\$ 1,829,184
Insurance claims payable (Note 17)	4,457,733	37,387,938	37,668,395	4,177,276	4,177,276
Net pension liability (Note 8)	229,945,479	42,938,286	76,062,347	196,821,418	-
Net OPEB liability - Healthcare (Note 12.03)*	250,524,277	17,678,000	32,529,146	235,673,131	-
Net OPEB liability - GLI (Note 12.04)*	12,979,000	705,893	2,657,893	11,027,000	-
Net OPEB liability - HIC (Note 12.04)*	20,628,000	1,592,959	1,989,959	20,231,000	-
Total School Board	\$ 524,511,319	\$ 102,820,713	\$ 152,736,924	\$ 474,595,108	\$ 6,006,460

* Details of restatement are located in Note 22 to the Financial Statements.

Long-term liabilities of governmental activities are generally liquidated by the General Fund with the exceptions of employee benefit related obligations, (e.g., insurance claims and postemployment benefits), of which approximately 5% is liquidated by other governmental funds; and general obligation bonds, which is normally liquidated 90% and 10% from the General Fund and Transportation Fund, respectively.

Under Virginia state law, School Boards may not incur debt. Rather, the local government incurs debt *on behalf* of the local school board creating a *tenancy in common*. Per 15.2-1800.1 of the Code, in 2002, the County Board of Supervisors adopted a resolution opting out of a tenancy

in common. As a result, all school debt is reported as an obligation of the Primary Government and the related assets are reported as assets of the Component unit - School Board.

New Debt Issuance

On August 16, 2017, the County issued \$26.2 million in General Obligation (GO) Public Improvement Bonds, Series 2017A with fixed interest rates ranging from 2.4 to 5%. The Bonds will be payable semi-annually on January 15 and July 15 commencing January 15, 2018 until maturity on January 15, 2037. Proceeds will be used to finance school and public safety projects and related costs of issuing the bonds.

Amortization of Debt Service

Principal and interest to maturity for the County's General Obligation Bonds and Water and Sewer Fund's Revenue Bonds outstanding at June 30, 2018 are as follows:

Table 22 Future Debt Service - Primary Government							
Fiscal Year	Governmental Activities General		Business-type Activities Utility		Total Primary Government		
	Principal	Interest	Principal	Interest	Principal	Interest	
2019	\$ 27,558,594	\$ 11,031,373	\$ 5,680,000	\$ 4,966,044	\$ 33,238,594	\$ 15,997,417	
2020	26,086,459	9,876,179	5,903,000	4,732,225	31,989,459	14,608,404	
2021	25,891,511	8,747,988	6,111,000	4,486,716	32,002,511	13,234,704	
2022	25,646,000	7,582,312	6,383,000	4,209,117	32,029,000	11,791,429	
2023	23,737,000	6,431,355	6,650,000	3,916,095	30,387,000	10,347,450	
2024 - 2028	95,516,001	18,582,302	32,419,000	14,892,665	127,935,001	33,474,967	
2029 - 2033	38,869,328	4,391,794	28,496,000	8,538,219	67,365,328	12,930,013	
2034 - 2038	6,995,674	418,845	19,316,000	3,318,801	26,311,674	3,737,646	
2039 - 2043	-	-	3,695,000	312,869	3,695,000	312,869	
Totals:	\$ 270,300,567	\$ 67,062,148	\$ 114,653,000	\$ 49,372,751	\$ 384,953,567	\$ 116,434,899	

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2018, backed by the full faith and credit of the County, are comprised of the following individual issues:

Table 23 Outstanding General Obligation Debt - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Spotsylvania County:						
EDO Lease Revenue Bonds	05/2001	05/2021	6.16	\$18 - \$60	\$ 700,000	\$ 169,124
Public Improvements (Series A)	07/2009	07/2019	1.40 - 3.00	\$260 - \$1,315	11,665,000	2,625,000
Public Improvements (Series B)	07/2009	07/2034	5.20 - 5.90	\$405 - \$1,425	15,905,000	15,905,000
Public Improvements (Series A)	07/2010	07/2020	2.07	\$845 - \$1,075	8,680,000	1,690,000
Public Improvements (Series B)	07/2010	07/2030	3.38	\$840 - \$845	8,435,000	8,435,000
Public Improvements (Series A)	07/2011	01/2031	3.00 - 4.00	\$333 - \$330	6,939,045	4,302,423
Public Improvements (Refunding)	07/2011	01/2024	3.00 - 4.00	\$10 - \$580	5,650,000	2,840,000
EDO Public Facility Revenue	10/2011	06/2032	2.00 - 4.00	\$790	11,275,000	5,925,000
Public Improvements (Series A)	07/2012	06/2032	2.00 - 3.00	\$630 - \$775	8,995,000	4,865,000
Qualified Energy Conservation	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	1,240,000	885,000
Public Improvements	07/2013	06/2033	2.55	\$306	6,112,284	4,602,589
EDA Public Facility Revenue	08/2013	02/2030	2.61	\$98 - \$174	1,688,000	837,000
Public Improvements & Refunding	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	32,323,206
EDA Revenue & Refunding	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	6,305,000	4,935,000
Public Improvements	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	15,145,454
Public Improvements	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	7,145,000
Public Improvements	08/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	1,595,000
Total General Obligation Bonds - Spotsylvania County						\$ 114,224,796
Component Unit - School Board						
Virginia Public School Authority	11/1997	07/2017	4.35 - 5.23	\$410 - \$490	8,940,000	-
Virginia Public School Authority	11/1997	07/2017	4.35 - 5.23	\$372 - \$495	8,422,232	-
Virginia Public School Authority	04/1998	07/2018	4.10 - 5.35	\$665 - \$990	14,975,000	670,000
Virginia Public School Authority	11/1998	07/2018	4.35 - 5.10	\$435 - \$650	10,795,000	435,000
Virginia Public School Authority	11/1998	07/2018	3.60 - 5.10	\$196 - \$247	4,345,729	247,440
Virginia Public School Authority	04/1999	07/2019	4.35 - 5.23	\$90 - \$265	3,570,000	180,000
Virginia Public School Authority	05/2000	07/2020	4.35 - 5.23	\$370 - \$375	7,740,000	1,110,000
Virginia Public School Authority	05/2001	07/2021	4.10 - 5.60	\$470 - \$545	10,170,000	1,885,000
Virginia Public School Authority	11/2001	07/2021	3.10 - 5.35	\$400 - \$555	9,500,000	1,600,000
Virginia Public School Authority	05/2002	07/2022	3.60 - 5.60	\$820 - \$915	17,315,000	4,100,000
Virginia Public School Authority	11/2002	07/2023	2.35 - 5.10	\$550 - \$645	11,885,000	2,750,000
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	1,395,000
Public Improvements (Series A)	07/2011	01/2031	3.00 - 4.00	\$130 - \$247	3,975,956	2,142,576
EDA Revenue (Refunding)	07/2012	06/2029	2.00 - 5.00	\$1,345 - \$2,650	33,785,000	24,230,000
Public Improvements (Refunding)	07/2012	06/2029	2.00 - 5.00	\$630 - \$710	7,210,000	3,195,000
Public Improvements	07/2013	06/2033	2.55	\$273 - \$979	11,802,716	6,989,142
EDA Revenue (Refunding)	08/2013	02/2030	2.61	\$597 - \$881	11,695,000	9,204,000
Public Improvements (Refunding)	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	20,954,590	12,868,068
EDA Revenue (Refunding)	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	21,790,000
Public Improvements (Refunding)	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	22,419,545
Public Improvements	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	16,120,000
Public Improvements	08/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	22,745,000
Total General Obligation Bonds - Component Unit - School Board						\$ 156,075,771
Total Governmental Activities - General Obligation Bonds						\$ 270,300,567

Table 23 (continued)

Outstanding General Obligation Debt - Business-type Activities

	Sale Date	Final Maturity	Interest Rates to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities						
Utility Revenue (Refunding)	08/2010	06/2032	3.15	\$335 - \$1,740	\$ 28,405,000	\$ 18,460,000
Utility Revenue Build America	08/2010	06/2040	3.15	\$950 - \$1,880	29,450,000	29,450,000
Utility Revenue (Refunding)	08/2013	06/2035	2.59	\$772 - \$1,292	21,330,000	17,993,000
Utility Revenue (Refunding)	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	55,325,000	48,750,000
Total Business-type Activities						\$ 114,653,000
Total indebtedness - Primary Government:						\$ 387,149,640

Note 10

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of June 30, 2018, Industrial Revenue Bonds outstanding totaled \$3.3 million. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the EDA, nor the County is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 11

Closure and Post-Closure Care Costs

State and federal laws and regulations require the County to place final covers on its landfills when closed and to perform certain maintenance and monitoring functions at the landfill sites for ten years after final capping on the two landfills no longer accepting waste and thirty years after final capping on the currently operating landfill. In addition to operating expenses related to current activities of the landfill, a liability is being recognized based on the future of closure and post-closure care costs that will be incurred near or after the date the landfill no longer accepts waste. The recognition of these

landfill closure and post-closure care costs is based on the amount of landfill use during the year.

The estimated liability for landfill closure and post-closure care costs is \$0.8 million and \$7.8 million for closed and operating landfills, respectively, which is based on 100% and 75.1% usage, respectively. It is estimated that an additional \$1.9 million will be recognized as closure and post-closure care expenses between the date of the Statement of Net Position and the date the operating landfill open cells are expected to be filled to capacity (2024).

The estimated total current cost of the landfill closure and post-closure care (\$8.6 million for all landfills) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2018. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The County is not currently required by State or Federal laws and regulations to set aside funds to finance closure and post-closure care. The County intends to finance these costs through operating budgets. These costs, as well as future inflation costs and additional costs that might arise from changes in post-closure requirements (due to changes in technology or more rigorous environmental regulations, for example) may need to be covered by charges to future landfill users, taxpayers or both.

Note 12

Other Postemployment Health Care Benefits

12.00 DISAGGREGATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OTHER POSTEMPLOYMENT BENEFITS AS REPORTED ON EXHIBIT I

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 12.03)	\$ -	\$ -	\$ 4,875,779
VRS Group Life Insurance Program (Note 12.04)	230,688	32,502	705,893
VRS Health Insurance Credit Program (Note 12.04)	-	-	1,534,408
OPEB contributions (Exhibit I):	\$ 230,688	\$ 32,502	\$ 7,116,080
OPEB actuarial differences:			
VRS Group Life Insurance Program (Note 12.04)	\$ 65,738	\$ 9,262	\$ -
OPEB actuarial differences (Exhibit I):	\$ 65,738	\$ 9,262	\$ -
Deferred Inflows of Resources			
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	\$ 6,945,915	\$ 940,002	\$ -
School Board Retiree Healthcare (Note 12.03)	-	-	24,346,367
VRS Group Life Insurance Program (Note 12.04)	378,651	53,349	1,363,000
VRS Health Insurance Credit Program (Note 12.04)	69,673	-	593,000
OPEB actuarial differences (Exhibit I):	\$ 7,394,239	\$ 993,351	\$ 26,302,367

12.01 PRIMARY GOVERNMENT RETIREE HEALTHCARE PLAN

Plan description

The County administers a single-employer defined benefit plan that provides health and dental insurance during retirement for eligible retirees and their dependents. The retiree health plan provides subsidies, to the retiree only, for available coverage supported by the County for its active employees. A retiree's spouse or dependent may be covered by the County's Plan at the retiree's sole expense.

In order to be eligible for other postemployment benefits (OPEB) employees must meet VRS's retirement eligibility criteria. They also must retire directly from active employment and enroll in a medical plan offering at the time of retirement. In addition, employees must also

meet certain County service requirements based on their County hire date. Employees hired prior to November 1, 2007 must complete ten consecutive years of regular full-time employment with the County immediately prior to full (unreduced) retirement under VRS to be fully subsidized by the County. Employees hired on or after November 1, 2007 must complete at least twenty consecutive years of regular fulltime employment with the County immediately prior to full retirement under VRS for the full subsidy.

For employees retiring with reduced VRS pension benefits, regardless of their hire date, will be required to complete 20 or more consecutive years of full-time County service at retirement to be eligible for a minimum 50% subsidy toward their coverage. For every additional

consecutive year of service worked over twenty years the employee receives a 5% subsidy toward their coverage. Retirees reaching the age of 65 must apply for and receive Medicare coverage and convert to a Medicare carve-out policy. Line of duty disabilities receive full subsidization of their coverage regardless of years of service or hire date with the County.

The terms of the Plan are governed by the Board of Supervisors and can be amended by action of the Board at any time. No separate financial report is issued.

Employees covered by benefit terms

As of July 1, 2016, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	747
Retirees and Spouses	<u>156</u>
	<u>903</u>

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2018, the County has assigned fund balances of \$1,900,000, \$55,200 and \$875,000 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$2,980,200 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities. Per County fiscal policy, funding of 100% of the actuarially determined contribution is expected to be met in 2024.

Total OPEB Liability

The County's total OPEB liability of \$122 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions

The total OPEB liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount rate	3.87%
Healthcare cost trend rate	4.20 - 8.20%
Salary increases	3.50 - 4.75%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date. Mortality rates were based on the RP-2000 mortality tables. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of the most recent actuarial experience for the VRS.

Changes in the Total OPEB Liability

Table 24 Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$ 123,532,181
Service cost	4,409,615
Interest	4,452,830
Changes of assumptions	(9,319,483)
Benefit payments	<u>(1,453,645)</u>
Total OPEB liability - ending	<u>\$ 121,621,498</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2017 to 3.87% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend

The following presents the sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend using rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount rate sensitivity

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Total OPEB liability	\$ 149,051,405	\$ 121,621,498	\$ 100,444,092

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 96,918,903	\$ 121,621,498	\$ 154,806,348

OPEB expense and deferred inflows of resources related to other postemployment benefits

For the year ended June 30, 2018, the County recognized OPEB expense of \$7,428,879. At June 30, 2018, the County reported deferred inflows of resources related to the following sources:

	Deferred Inflows
Changes of assumptions	\$ (7,885,917)

Changes of assumptions will be recognized in OPEB expense as follows:

Year ending June 30,	
2019	\$ (1,433,767)
2020	(1,433,767)
2021	(1,433,767)
2022	(1,433,767)
2023	(1,433,767)
Thereafter	(717,082)
Total	\$ (7,885,917)
Governmental Activities	\$ (6,945,915)
Business-type Activities	(940,002)
	\$ (7,885,917)

12.02 PRIMARY GOVERNMENT LINE OF DUTY ACT (LODA) PLAN

Plan description

The County is a non-participating employer of Virginia's Line of Duty Act (LODA) program as governed by §9.1-400.1 of the *Code of Virginia*, as amended, and directly funds the costs of benefits provided under LODA. All employees and volunteers in hazardous duty positions and hazardous duty employees who are covered under the Virginia Retirement System are automatically covered by the LODA program.

The LODA program provides death and health insurance benefits for eligible individuals. The death benefit is a onetime payment made to the beneficiary or beneficiaries of a covered individual of \$100,000 when death occurs as the direct result of performing duty or \$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. Funeral benefits are also available if requested. The County will pay health insurance premiums for eligible employees and their spouse and family members to the Department of Health Resources and Management, Virginia assuming full retirement and maintaining the level of coverage in existence at the time of disability.

As of June 30, 2018, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	728
Retirees and Spouses	11
	<u>739</u>

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2018, the County has committed fund balances of \$500,000 in its General Fund to fund future LODA OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$7.7 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Discount rate	3.62%
Healthcare cost trend rate	3.90% - 5.40%
Salary increases	3.50% - 4.75%

The discount rate was based on 20-Year municipal AA rated bonds as of June 30, 2018. Mortality rates were based on the RP-2014 mortality tables.

Changes in the Total OPEB Liability

Table 25 Changes in the total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$ 6,830,833
Service cost	879,700
Interest	240,554
Experience gains	(38,810)
Changes in assumptions	(39,572)
Benefit payments	(181,276)
Total OPEB liability - ending	\$ 7,691,429

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.62% in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend

The following presents the sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend using rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount rate sensitivity

	1% Decrease 2.62%	Current Rate 3.62%	1% Increase 4.62%
Total OPEB liability	\$ 8,765,940	\$ 7,691,429	\$ 6,783,128

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 6,407,732	\$ 7,691,429	\$ 9,297,003

OPEB expense and deferred inflows of resources related to other postemployment benefits

For the year ended June 30, 2018, the County recognized OPEB expense of \$1,128,328. At June 30, 2018, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows
Differences between expected and actual experience	\$ (34,498)
Changes of assumptions	(35,175)
Total	\$ (69,673)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2019	\$ (8,709)
2020	(8,709)
2021	(8,709)
2022	(8,709)
2023	(8,709)
Thereafter	(26,128)
Total	\$ (69,673)

12.03 SCHOOL BOARD RETIREE HEALTHCARE PLAN

Plan description

Plan administration

The School Board provides post-retirement healthcare benefits through a single-employer defined benefit plan (the Plan) to all eligible permanent full-time employees. Pursuant to Code Section 15.2-1544, the School Board has joined the Virginia Pooled OPEB Trust Fund. This Trust, operating as the "VACo-VML Pooled OPEB Trust" (Pooled Trust), was established as an irrevocable trust to receive, invest, and disburse funds set aside by political subdivisions of the Commonwealth of Virginia to defray future expenses related to OPEB.

Management of the Plan is vested by the School Board to a Local Finance Board, which consists of eight members – two School Board members, the School Superintendent, CFO, finance management team and one citizen representative. The Local Finance Board has been empowered to establish and amend postemployment benefits, and to act as trustee for the Pooled Trust. The Virginia Local Government Finance Corporation (VLGFC) provides the day-to-day administration of the Trust.

Plan membership

At June 30, 2017 and 2018, membership consisted of the following:

	2017	2018
Active employees	2,356	2,356
Retirees (pre-Medicare)	296	296
Retirees (Medicare-age)	744	711
Total	3,396	3,363

Benefits provided

The Plan provides healthcare insurance for eligible retirees and their dependents through the School Board's group health insurance plan. Pre-Medicare retirees may remain in the group plan providing medical, prescription drug, dental and vision benefits. Once a retiree is Medicare eligible, they are moved to a Medicare Complementary Plan, which is secondary to Medicare.

Spouses of retired employees may continue medical coverage but will not receive any explicit subsidy from the School Board.

To be eligible for the Plan, employees must be entitled to full or reduced pension benefits through the Virginia Retirement System (VRS) and reach:

- ~ Age 55 with at least 5 consecutive years of service with Spotsylvania County Schools, or
- ~ Age 50 with at least 10 consecutive years of service with Spotsylvania County Schools

Individuals hired on or after July 1, 2007 must have a minimum of 15 years of consecutive service with Spotsylvania County Public Schools.

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2018, there are no Plan contribution requirements, benefits are financed on a pay-as-you-go basis. Contributions into the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation.

Investments

Investment policy

The Board of Trustees, consisting of nine members, establishes and maintains investment policies and objectives. It is the policy of the Board to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The Trustees are responsible for setting the portfolio's long-term asset allocation, after taking into consideration expectations for asset class returns and volatility, risk tolerance and liquidity needs.

The following was the Board's adopted asset allocation policy as of June 30, 2018:

Table 26 Asset allocation	
Asset Class (Strategy)	Target Allocation
U.S. Large Cap equity	26%
U.S. Small Cap equity	10%
International Developed equity	13%
Emerging Market equity	5%
Private equity	5%
Fixed income	21%
Diversified Hedge funds	10%
Real Estate	7%
Commodities	3%
Total	100%

All assets of the Pooled Trust are commingled for investment purposes; however, contributions, investment gains and losses, and distributions for each participating Local Finance Board are accounted for separately. Audited financial statements of the Virginia Pooled OPEB Trust Fund are available through the VML/VACo Finance Program, Attn: Comptroller, 1108 E. Main St., Suite 801, Richmond, VA 23219.

Concentrations

As of June 30, 2018, there are no investments in any one organization that represent 5% or more of the Plan's fiduciary net position.

Rate of return

For the year ended June 30, 2018, the annual money-weighted rate of return on investments, net of investment expense, was 9.60%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

The Board's total OPEB liability of \$238.8 million was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.30%
Investment rate of return	7.00%
Discount rate	3.58%
Healthcare cost trend rate	3.00 - 7.60%
Salary increases	3.50 - 5.95%

The discount rate was based on bond rates published by the Federal Reserve for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Mortality rates were based on the RP-2000 mortality tables.

The actuarial assumptions used in the July 1, 2017 valuation were based on the results of the most recent actuarial experience for the VRS.

Changes in the Net OPEB Liability

Table 27 Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2016	\$ 253,302,000	\$ 2,777,723	\$ 250,524,277
Service cost	10,523,000	-	10,523,000
Changes of assumptions	(27,679,000)	-	(27,679,000)
Employer contributions	-	4,496,337	(4,496,337)
Net investment income	-	353,809	(353,809)
Benefit payments	(4,496,337)	(4,496,337)	-
Balances, June 30, 2017	\$ 238,804,663	\$ 3,131,532	\$ 235,673,131

Changes of assumptions and other inputs reflect a change in the discount rate from 2.58% in 2016 to 3.58% in 2017.

Sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend

The following presents the sensitivity of the total OPEB liability to changes in the discount rate and healthcare cost trend using rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

Discount rate sensitivity

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
Net OPEB liability	\$ 274,767,468	\$ 235,673,131	\$ 204,113,468

The following presents the net OPEB liability of the Schools Board, as well as what the Schools Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

Healthcare rate sensitivity

	1% Decrease Trend Rate in 2075 of 2.90%	Current Trend Rate in 2075 of 3.90%	1% Increase Trend Rate in 2075 of 4.90%
Net OPEB liability	\$ 199,048,468	\$ 235,673,131	\$ 282,619,468

OPEB expense and deferred flows of resources related to other postemployment benefits

For the year ended June 30, 2018, the Schools Board recognized OPEB expense of \$13,991,559. At June 30, 2018, the Schools Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings on OPEB plan investments	\$ -	\$ (127,367)
Changes of assumptions		(24,219,000)
Contributions subsequent to measurement date	4,875,779	-
Total	\$ 4,875,779	\$ (24,346,367)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ending June 30,	
2019	\$ (3,492,000)
2020	(3,492,000)
2021	(3,492,000)
2022	(3,491,367)
2023	(3,460,000)
Thereafter	(6,919,000)
Total	\$ (24,346,367)

GASB 74 OPEB Liability

The following presents information required under GASB Statement No. 74 (GASB 74), *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*. Use of this information should be limited to the School Board's OPEB Trust Fund, a component unit of the School Board, as reported within Schedule F-1 School Board's Statement of Net Position – Fiduciary Funds, Schedule F-2 School Board's Statement of Changes in Net Position – Fiduciary Funds, and their related Schedules of Required Supplementary Information.

Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2018, were as follows:

Total OPEB liability	\$ 245,314,441
Plan fiduciary net position	3,427,283
School Board's net OPEB liability	\$ 241,887,158

Plan fiduciary net position as a % of the total OPEB liability	1.40%
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Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Investment rate of return, net*	7.0%
Salary increases*	3.5 – 5.95%
Blended discount rate	3.62%
*Includes inflation at	2.3%

Mortality rates are based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA with the following adjustments:

Teachers Males set back 2 years/ females set back 3 years
General Males set forward 1 year

Healthcare cost trend rates are based on the Long-Run Medical Cost Trend Model with an initial rate of 5.8% for 2018, decreasing gradually to an ultimate rate of 4.0% for 2077 and later years.

Demographic assumptions mirror those used for the School Board's pension plan, with adjustments made for the actual experience of the School Board employees. The retirement, termination, disability, and mortality assumptions are based on the latest VRS Actuarial Valuation of Other Postemployment Benefits report.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2018 are summarized in Table 26 on page 78.

Discount rate

The discount rate used to measure the total OPEB liability was 3.62%. The projection of cash flows used to determine the discount rate assumed that contributions from the School Board will be made at the same level as the subsequent years' adopted budget. Based on this assumption, the OPEB plan's fiduciary net position is expected to be exhausted in future years. Benefits that are paid prior to the estimated date that assets are exhausted are discounted at the expected rate of return of 7.0%. Benefits paid subsequent to this date are discounted

based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index.

Sensitivity of the net OPEB liability to changes in the discount rate

The following presents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 2.62%	Current Rate 3.62%	1% Increase 4.62%
Net OPEB liability	\$ 281,964,225	\$ 241,887,158	\$ 209,484,519

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates

The following presents the net OPEB liability of the School Board, as well as what the School Board's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease Trend Rate in 2075 of 2.90%	Current Trend Rate in 2075 of 3.90%	1% Increase Trend Rate in 2075 of 4.90%
Net OPEB liability	\$ 202,656,027	\$ 241,887,158	\$ 292,210,218

12.04 VRS MULTIPLE-EMPLOYER PLANS

The County and School Board participate in two cost-sharing multiple employer other postemployment benefit plans administered by the VRS:

- VRS Teacher Employee Health Insurance Credit Program (HIC)
- VRS Group Life Insurance Program (GLI)

The HIC and GLI may hereafter referred to collectively as the "Plans".

Summary of Significant Accounting Policies

HIC

The HIC was established pursuant to Section 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. The HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and the HIC OPEB expense, information about the fiduciary net position of the VRS HIC; and the additions to/deductions from the VRS HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GLI

The GLI provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's 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.

Plan Descriptions

HIC

All full-time, salaried permanent (professional) employees of public school divisions are automatically covered by the HIC. This plan is administered by the VRS, 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 health insurance credit 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.

GLI

All full-time, salaried permanent employees of the state agencies, teachers and employees of participating political subdivisions are automatically covered by the GLI upon employment. This plan is administered by the VRS, along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance 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 program, it is not included as part of the Group Life Insurance Program OPEB.

Plan Provisions

HIC PLAN PROVISIONS
<p>Eligible Employees</p> <p>The HIC was established July 1, 1993 for retired Teacher Employees covered under VRS who retire with at least 15 years of service credit.</p> <p>Eligible employees are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS.
<p>Benefit Amounts</p> <p>The HIC provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • <u>At Retirement</u> – 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. • <u>Disability Retirement</u> – 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: <ul style="list-style-type: none"> o \$4.00 per month, multiplied by twice the amount of service credit, or o \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.
<p>HIC Notes</p> <ul style="list-style-type: none"> • The monthly Health Insurance Credit 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 health insurance credit as a retiree.

GLI PLAN PROVISIONS

Eligible Employees

The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City Schools Board

Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.

Benefit Amounts

The benefits payable GLI have several components.

- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
 - Accidental dismemberment benefit
 - Safety belt benefit
 - Repatriation benefit
 - Felonious assault benefit
 - Accelerated death benefit option

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program 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.

Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,111.

Contributions

HIC

The contribution requirements are governed by Section 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, 2018 was 1.23% of covered payroll for employees in the HIC. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 to the HIC were \$1.5 and \$1.4 million for the years ended June 30, 2018 and June 30, 2017, respectively.

GLI

The contribution requirements are governed by Sections 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 was 1.31% of covered payroll. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution,

however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2018 was 0.52% of covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2015. 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 HIC and GLI for the years ended June 30, 2018 and June 30, 2017 are shown in Table 28.

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

At June 30, 2018, the County and School Board reported liabilities for their proportionate share of the net OPEB liability of the HIC and GLI as shown in Table 28. The net OPEB liabilities were measured as of June 30, 2017 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The County's and School Board's proportions of the net OPEB liability were based on their actuarially determined employer contributions to the HIC and GLI for the year ended June 30, 2017 relative to the total of the actuarially determined employer contributions for all participating employers.

At June 30, 2017 and 2016, the County's and School Board's proportion of the HIC and GLI were as shown in Table 28.

	GLI				HIC
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities			
Net OPEB liability	\$ 3,401,720	\$ 479,280	\$ 751,000	\$ 10,276,000	\$ 20,231,000
OPEB expense	\$ 50,837	\$ 7,163	\$ 6,000	\$ 92,000	\$ 1,593,000
Proportion at June 30, 2017	0.25793%	0.25793%	0.04992%	0.68283%	1.59468%
Proportion at June 30, 2016	0.28286%	0.28286%	0.05059%	0.69127%	1.62639%
Contributions for year ended June 30, 2018	\$ 230,688	\$ 32,502	\$ 48,389	\$ 657,504	\$ 1,534,408
Contributions for year ended June 30, 2017	\$ 216,448	\$ 30,552	\$ 47,882	\$ 654,943	\$ 1,396,959

For the year ended June 30, 2018, the County and School Board recognized HIC and GLI OPEB expense as shown in Table 28. Since there was a change in proportionate shares between June 30, 2016 and June 30, 2017 a portion of the OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2018, the County and School Board reported OPEB expenses, deferred outflows of resources and deferred inflows of resources from various sources as detailed in Table 29:

Table 29 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources					
	GLI			HIC	
	County of Spotsylvania Governmental Activities	Business-type Activities	Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan
Net OPEB liability					
OPEB expense					
Contributions subsequent to the measurement date	230,688	32,502	48,389	657,504	1,534,408
Total	<u>\$ 296,426</u>	<u>\$ 41,764</u>	<u>\$ 48,389</u>	<u>\$ 657,504</u>	<u>\$ 1,534,408</u>
Deferred inflows					
Differences between expected and actual experience	\$ (75,380)	\$ (10,620)	\$ (17,000)	\$ (228,000)	\$ -
Net difference between projected and actual investment earnings on OPEB plan investments	(127,970)	(18,030)	(28,000)	(387,000)	(37,000)
Change of assumptions	(175,301)	(24,699)	(39,000)	(529,000)	(207,000)
Change in proportionate share	-	-	(10,000)	(125,000)	(349,000)
Total	<u>\$ (378,651)</u>	<u>\$ (53,349)</u>	<u>\$ (94,000)</u>	<u>\$ (1,269,000)</u>	<u>\$ (593,000)</u>

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net OPEB liabilities in the fiscal year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Table 30 Deferred Outflows of Resources and Deferred Inflows of Resources Maturities					
	GLI			HIC	
	County of Spotsylvania Governmental Activities	Business-type Activities	Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan
Year ending June 30,					
2019	\$ (64,451)	\$ (9,081)	\$ (19,361)	\$ (261,380)	\$ (98,369)
2020	(64,451)	(9,081)	(19,361)	(261,380)	(98,369)
2021	(64,451)	(9,081)	(19,361)	(261,380)	(98,369)
2022	(64,456)	(9,081)	(19,363)	(261,395)	(98,291)
2023	(38,003)	(5,354)	(11,416)	(154,117)	(76,195)
Thereafter	(17,101)	(2,409)	(5,138)	(69,348)	(123,407)
	<u>\$ (312,913)</u>	<u>\$ (44,087)</u>	<u>\$ (94,000)</u>	<u>\$ (1,269,000)</u>	<u>\$ (593,000)</u>

Actuarial Assumptions

The HIC and GLI total OPEB liabilities were based on actuarial valuations as of June 30, 2016, 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, 2017.

Inflation	2.50%
Salary increases, including inflation	3.50 - 5.95%
	7.00%, net of plan investment expenses, including inflation*
Investment rate of return	

* Administrative expenses as a percent of the market 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 GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% 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 7.0% 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.

Mortality rates – General Employees

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 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, 2016 valuations were based on the results of an actuarial experience study for the four-year 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	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

Plans' Net OPEB Liability

The net OPEB liability for the HIC and GLI represents the Plans' total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2017, the net liability amounts are as follows:

Table 31 Plans' Net OPEB Liability		
	HIC	GLI
Total OPEB liability	\$ 1,364,702,000	\$ 2,942,426,000
Plan fiduciary net position	96,091,000	1,437,586,000
Net OPEB liability	<u>\$ 1,268,611,000</u>	<u>\$ 1,504,840,000</u>
Plan fiduciary net position as a percentage of the total OPEB liability	7.04%	48.86%

The total OPEB liabilities are calculated by the VRS's actuary, and the Plans' fiduciary net position is reported in the VRS's financial statements. The net OPEB liabilities are disclosed in accordance with the requirements of GAAP in the VRS's notes to the financial statements and required supplementary information.

Long-Term Expected Rate of Return

The long-term expected rate of return on VRS 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:

Table 32 Target Asset Allocation			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Fixed income	15.00%	0.69%	0.10%
Credit Strategies	15.00%	3.96%	0.59%
Real Assets	15.00%	5.76%	0.86%
Private Equity	15.00%	9.53%	1.43%
Total	<u>100.00%</u>		4.80%
		Inflation	2.50%
		Expected arithmetic nominal return*	<u>7.30%</u>

* The above allocation provides a one-year return of 7.30%. 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 6.83%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the HIC and GLI total OPEB liabilities was 7.00%. 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 ending June 30, 2019, the rate contributed by each school division for the VRS HIC and GLI will be subject to the portion of the VRS Board-certified rates that are funded

by the Virginia General Assembly. From July 1, 2019 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC and GLI plans' 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 OPEB liabilities.

Sensitivity of the County's and School Board's Proportionate Share of the Net OPEB Liabilities to Changes in the Discount Rate

The following presents the County's and School Board's proportionate share of the HIC and GLI net OPEB liabilities using the discount rate of 7.00%, as well as what the proportionate share of the net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1.00% Lower (6.00%)	Current Discount Rate (7.00%)	1.00% Higher (8.00%)
HIC - School Board Teacher Plan	\$ 22,580,015	\$ 20,231,000	\$ 18,234,613
GLI - County	\$ 5,019,675	\$ 3,881,000	\$ 2,957,930
GLI - School Board	\$ 971,341	\$ 751,000	\$ 572,380
GLI - School Board Teacher Plan	\$ 13,290,951	\$ 10,276,000	\$ 7,832,000

HIC and GLI Fiduciary Net Position

Detailed information about the HIC and GLI Fiduciary Net Position is available in the separately issued VRS 2017 Comprehensive Annual Financial Report (CAFR). A copy of the 2017 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2017-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13

Volunteer Fire & Rescue Length of Service Award Program

Plan description

The County is the administrator of a revocable, noncontributory, single employer, defined benefit Length of Service Retirement Plan (the Plan). The Plan covers voluntary fire and rescue service members, who are not County employees, but who serve voluntarily with one of the County's volunteer fire and rescue companies. Members are eligible to participate in the Plan if they are 18 years of age and complete one year of active service.

Plan membership

As of June 30, 2017, the most recent actuarial valuation date, membership in the Plan was as follows:

Inactive members currently receiving benefits	57
Inactive members with deferred vested benefits	135
Active members	226
Total	418

Benefits provided

The Plan provides retirement, death and disability benefits. Retirement benefits vest within ten years of credited service. Normal commencement of retirement benefits is age 65, after which members are entitled to receive monthly benefit payments for life based on years of creditable service (minimum of 10 years) up to a maximum benefit of \$250 per month. The Board maintains the authority to establish, amend and revoke the benefit provisions of this Plan.

Contributions

The Plan's funding policy provides for annual contributions by the County at actuarially determined rates to accumulate sufficient assets to pay benefits when due. Plan members are not required to and do not contribute to the Plan. The Board maintains the authority to amend the Plan's funding policy at any time. Accumulated Plan assets are held in a revocable trust and, therefore, do not meet the definition of pension plan assets per GAAP.

Total pension liability

The Plan's total pension liability of \$3.4 million was determined and measured by an actuarial valuation performed as of June 30, 2017.

Changes in total pension liability

The following table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2017.

Table 33 Changes in the Total LOSAP Pension Liability	
	LOSAP Total Pension Liability
Balance at June 30, 2016	\$ 3,627,705
Changes for the year:	
Service cost	147,428
Interest on total pension liability	102,283
Differences between expected and actual experience	46,057
Changes in assumptions	(469,718)
Benefit payments	(77,648)
Balance at June 30, 2017	\$ 3,376,107

Actuarial assumptions

The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Rate of inflation	2.0%
Salary scale	No salary, inflation used
Discount rate	3.58%

Mortality rates are based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA.

Discount rate

The discount rate used to measure the total pension liability was 3.58%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 2.85% in 2017 to 3.58% in 2018.

Sensitivity of the total pension liability to changes in the discount rate

The following presents the total LOSAP pension liability of the County, as well as what the County's liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease 2.58%	Current Rate 3.58%	1% Increase 4.58%
Net OPEB liability	\$ 4,054,000	\$ 3,376,107	\$ 2,848,000

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

For the year ended June 30, 2018 the County recognized pension expense of \$0.2 million. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date. These payments of \$76,770 are reported as a deferred outflow of resources as of June 30, 2018, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2019.

At June 30, 2018, the County reported actuarially determined deferred inflows of resources related to pension assumption changes of \$434,554 and deferred outflows of resources related to pension experience of \$47,770 and pension assumption changes of \$346,646 that will be recognized as pension expense in future reporting periods as follows:

Year ending June 30,		
2019	\$	15,339
2020		15,339
2021		15,339
2022		15,339
2023		15,339
Thereafter		(116,833)
Total	\$	(40,138)

Note 14

FUND BALANCE

The following table provides additional detail regarding the County's governmental fund balances as of June 30, 2018:

Table 34 Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 780,407	\$ 780,407
PRTC transportation funds	-	-	4,408,179	4,408,179
Transient occupancy - tourism	781,700	-	-	781,700
Available bond proceeds:				
Transportation	-	8,580,874	-	8,580,874
Facility maintenance & improvements	-	12,328,452	-	12,328,452
Other	-	4,036,442	-	4,036,442
Grants and other contributions:				
Forfeiture & seizure - drug enforcement	669,851	149,332	-	819,183
Fire & rescue equipment & personnel	905,511	-	-	905,511
Other	299,925	8,300	-	308,225
Total restricted fund balance:	\$ 2,656,987	\$ 25,103,400	\$ 5,188,586	\$ 32,948,973
Committed for:				
Fiscal stability reserve	\$ 47,391,540	\$ -	\$ -	\$ 47,391,540
Health insurance reserve	4,352,752	-	-	4,352,752
LOSAP Benefits	1,803,511	-	-	1,803,511
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	7,223,761	-	7,223,761
Fire & rescue facilities, equipment & service	-	2,453,034	320,555	2,773,589
Facility maintenance & improvements	-	5,287,837	-	5,287,837
Transportation	-	642,835	3,364,624	4,007,459
Economic development initiatives	511,582	3,235,000	-	3,746,582
Other	-	7,091,774	-	7,091,774
Total committed fund balance:	\$ 54,559,385	\$ 25,934,241	\$ 3,685,179	\$ 84,178,805
Assigned to:				
2019 budget:				
Education	\$ 4,127,402	\$ -	\$ -	\$ 4,127,402
Various other functions	759,220	-	-	759,220
Capital projects	8,595,000	-	-	8,595,000
Other postemployment benefits	1,900,000	55,200	875,000	2,830,200
Stormwater maintenance	-	-	210,458	210,458
Economic development incentives	855,000	-	-	855,000
Loss contingencies	700,000	-	-	700,000
Future community center	629,800	-	-	629,800
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	2,159,335	2,159,335
Total assigned fund balance:	\$ 19,566,422	\$ 55,200	\$ 3,244,793	\$ 22,866,415
Unassigned * :	\$ 12,137,425	\$ -	\$ -	\$ 12,137,425
Total fund balance:	\$ 88,920,219	\$ 51,092,841	\$ 12,118,558	\$ 152,131,618
* Includes \$4.2 million in budget stabilization funds, a minimum fund balance established by the Board.				

Note 15

Commitments and Contingencies

15.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating \$2.2 million and \$3.2 million, respectively, at June 30, 2018. The School Board has construction project commitments of \$27.1 million at June 30, 2018.

Bonds authorized at June 30, 2018, but not issued are as follows:

Public safety	\$ 27,238,641
Schools	95,451,960
Transportation	62,373,950
Total	<u>\$ 185,064,551</u>

15.02 CONTINGENCIES

Grants

The County participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the County's compliance with applicable grant requirements will be established at a future date. The amount of expenditures, which may be disallowed by the granting agencies, cannot be determined at this time, although the County anticipates such amounts, if any, will be immaterial.

Litigation

The County is subject to a variety of pending and threatened litigation, claims, and assessments none of which are expected to have a material impact on the financial statements.

Note 16

Tax Incentives

In coordination with Economic Development Authority of the County of Spotsylvania, Virginia, the County enters into various tax incentive agreements, as authorized by Section 15.2-953 of the Code, to attract, retain and facilitate expansion of high quality business and industry

resulting in a stable, diverse local economy and an improved standard of living for the citizens of the County. All payments are subject to annual appropriation by the County's Board of Supervisors.

For fiscal year ended June 30, 2018, the County reimbursed various business taxes totaling \$230,002, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture.
- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a \$125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to \$7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment.
- On June 8, 2006, the County entered into an agreement with a local developer to facilitate the development of an \$80.0 million first-class retail center. As part of this agreement the County has agreed to reimburse the developer up to \$17.1 million in new local sales tax generated over a twenty-year period.

Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. For the year ending June 30, 2018, the reimbursement amounted to \$176,549.

Note 17

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. These risks are mitigated through the purchase of commercial insurance and participation in public entity risk pools. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Health Insurance Plan

Spotsylvania County

The County is self-insured for its medical and dental benefits for employees up to \$200,000 per employee, per year. Claims in excess of the limitation are covered by third-party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged. Claims processing and payments are made through a third-party administrator. The County provided funding, approximating one month of claims, in advance at the beginning of the contract. Actual claims are billed to and paid by the County monthly to reestablish available funds to draw down. No funds are held by the administrator at year-end.

The County has committed \$4.4 million of the General Fund's fund balance at June 30, 2018 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). The County uses information provided by the third-party administrator to record self-insurance liabilities, including IBNR, at year-end. Amounts due in future years on claims as of June 30, 2018 are recognized as a long-term liability due within one year in the Statement of Net Position. Changes in the incurred but not reported claims

for the past two fiscal years can be found in Table 35 below.

School Board

The School Board has chosen to partially retain the risk associated with the employees' health and dental insurance plans. Risk is retained up to an individual stop loss amount of \$200,000 during the contract year. Premiums are paid for participating employees to a third party administrator to cover actual claims processed and other related charges incurred. Any current year premium payments in excess of actual claims are combined with any prior year surpluses and held on deposit by the administrator to pay future healthcare premiums. To manage the risk of unexpected claim fluctuations and IBNR liabilities, the School Board has \$14.4 million held in reserve by the Plan administrator reported as Claim reserves – held by others on the Statement of Net Position.

Changes in the incurred but not reported claims for the past two fiscal years can be found in Table 35 below.

Fiscal Year	Insurance Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Insurance Claim Liability Ending
<i>Primary Government</i>				
2018	\$ 1,375,429	\$ 13,481,696	\$ 13,148,641	\$ 1,708,484
2017	1,157,572	12,070,626	11,852,769	1,375,429
<i>Component unit - School Board</i>				
2018	\$ 4,457,733	\$ 37,387,938	\$ 37,668,395	\$ 4,177,276
2017	3,718,769	40,849,076	40,110,112	4,457,733

Primary Government:	
Governmental	\$ 1,554,331
Business-type	154,153
	<u>\$ 1,708,484</u>

Property and Casualty

Spotsylvania County & School Board

The County and School Board participate in Virginia Group Self-Insurance Risk Pools providing coverage for commercial general liability, property, automobile and workers' compensation. In the case of a loss deficit and depletion of all assets and available insurance in the pool, 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.

Line of Duty Benefits

Spotsylvania County

The Line of Duty Act (LODA) provides important benefits to public safety officers and public safety volunteers and their beneficiaries due to death or disability resulting from performance of their duties. The County has contracted with VACoRP to administer the Plan and is charged a minimal premium to cover the risk of any claims above the \$500,000 deductible. The amount of the deductible has been allocated as committed fund balance in the General Fund as of June 30, 2018.

Note 18

Interjurisdictional Agreements

The County shares an agreement with the City of Fredericksburg, Virginia (City) for joint provisions of water and sewer services. Neither party to the agreement holds any influence to the counterpart's treatment systems.

Joint-Use Water Facilities

In 1995, an agreement between the City and the County provided for the development of a shared water treatment plant at the Motts Run Reservoir. The Motts Run Plant, which is operated by the County, has a treatment capacity of 15 MGD. The City has reserved capacity of 5 MGD. The City is obligated under the agreement to cover their share in the daily operational and maintenance costs associated with the production of potable water. The County bills the City based on their propor-

tionate share of water consumed and records as operating revenues in the County's Water and Sewer fund. In addition, as part of the agreement, any related capital improvement costs are to be shared based on proportionate reserved capacity. The City is billed for their share as costs are incurred. The County recognizes the City's share as capital contribution revenues in its Water and Sewer fund.

Joint-Use Wastewater Facilities

Through agreement, the County and City share the Hazel Run Interceptor Line (Line), a line extending from the County's existing Hazel Run Lift Station to the City's existing Hazel Run Gravity Line. The purpose of the Line, which is maintained by the City, is to provide the transportation of County and City sewage originating in the Hazel Run Watershed to the City Wastewater Treatment Facility, and/or the County's FMC Wastewater Treatment Facility. Costs of necessary capital improvements to the Line are borne between the County and City on a pro-rata basis, established using actual sewage flow. Any capital improvement costs paid by the County are reported as purchased capacity. Through these capital payments, the County maintains exclusive entitlement to flow capacities within the Line.

Furthermore, the County has agreed to provide wastewater treatment capacity to the City of 1.5 MGD at the FMC facility. City wastewater treated at the FMC facility is billed to the City based on their proportionate share of wastewater treated. Amounts received by the County are treated as operating revenues in the County's Water and Sewer fund. Similar to the joint water facility agreement, any related capital improvement costs to the FMC facility are to be shared based on proportionate reserved capacity. The City is billed for their share as costs are incurred. The County recognizes the City's share as capital contribution revenues in its Water and Sewer fund.

Note 19

Joint Ventures

19.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

On August 18, 2009, the County of Spotsylvania entered into agreement with the Potomac and Rappahannock Transportation Commission (PRTC) effective February 15, 2010. The PRTC was created in fiscal year 1987 to levy a 2% Motor Fuel Tax authorized by the Commonwealth. The PRTC is a joint venture of the contiguous jurisdictions of Prince William, Stafford, Manassas, Manassas Park, Fredericksburg, and Spotsylvania and was established to improve transportation systems, composed of transit facilities, public highways and other modes of transport. While each jurisdiction effectively controls PRTC's use of motor fuel tax proceeds from that jurisdiction, they do not have an explicit, measurable equity interest in the PRTC.

The governing body of each member jurisdiction appoints, from among its members, its representatives to act as Commissioners. The Commission has fifteen members, including three from the General Assembly and one ex-officio representative from the Virginia Department of Transportation. Each Commission member, including the Virginia Department of Transportation, is entitled to one vote in all matters requiring action by the Commission. No jurisdiction holds more than 50% membership in the Commission.

The County is required to fund its share of administrative expenses and subsidies, which includes both the existing VRE related debt service and any new VRE related debt service as authorized by the County. For fiscal year 2018, the County received \$4.2 million in Motor Fuel Tax and paid \$1.6 million in subsidies. As of June 30, 2018, PRTC holds \$4.4 million in County fuel tax receipts available for future transportation project appropriations.

Copies of PRTC's financial statements may be obtained by writing to PRTC Finance Division, 14700 Potomac Mills Road, Woodbridge, Virginia 22192.

19.02 RAPPAHANNOCK REGIONAL JAIL AUTHORITY

The Rappahannock Regional Jail Authority (Authority) was created in January 1995 to share the cost of operating the existing security center and constructing, equipping, maintaining and operating a new regional facility. Member jurisdictions include the City of Fredericksburg, and the Counties of Spotsylvania, Stafford and King George. A twelve-member board consisting of three representatives from each of the member jurisdictions governs the Authority.

In accordance with the Authority agreement, member jurisdictions pay operating (per diem) and debt service costs based on the percentage of inmate population. Due to this requirement of the Agreement, the County retains an ongoing financial responsibility for the joint venture. The County's payments for the year ended June 30, 2018 totaled \$5.0 million.

Copies of Rappahannock Regional Jail Authority's financial statements may be obtained by writing to the Director of Support Services, Rappahannock Regional Jail, P.O. Box 3300, Stafford, VA 22554.

19.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2018 of \$1.5 million.

Copies of Rappahannock Juvenile Center's financial statements may be obtained by writing to Finance, Rappahannock Juvenile Center, 275 Wyche Road, Stafford, VA 22555.

Note 20

Jointly Governed Organizations

CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the Code, as amended. Member jurisdictions are the City of Fredericksburg and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional Library Board consisting of one representative from the County of Westmoreland and two representatives each from the

remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2018, the County's appropriation to the Library was \$4.4 million.

Note 21

Subsequent Events

On August 14, 2018, the County issued \$34.59 million in General Obligation (GO) Public Improvement Bonds, Series 2018 with fixed interest rates ranging from 2.5 to 5%. The Bonds will be payable semi-annually on January 15 and July 15 commencing January 15, 2019 until maturity on July 15, 2038. Proceeds will be used to finance school, public safety and transportation projects and related costs of issuing the bonds.

Note 22

Implementation of GASB Statement No. 75 and Restatement of Beginning Balances

Effective for fiscal year 2018, the County and School Board implemented GASB Statement No. 75. As a result, the County's and School Board's net position (deficit) as of June 30, 2017 has been restated to eliminate the net OPEB obligation previously reported under GASB Statement No. 45 and recognize the net OPEB liability and contributions subsequent to the measurement date as of the beginning of fiscal year 2018 as follows:

Table 36 Restatement of Beginning Balances			
	Governmental Activities	Business-type Activities / Water & Sewer Fund	Component-unit School Board
Net position, June 30, 2017, as previously reported	\$ (68,929,974)	\$ 262,130,451	\$ (11,290,827)
Adoption of GAAP			
Net OPEB obligation (GASB 45)	36,928,609	4,881,544	123,278,110
Net OPEB liability (GASB 75)	(119,515,641)	(15,271,373)	(284,131,227)
Contributions subsequent to the measurement date	216,842	30,544	6,596,069
Net position, June 30, 2017, restated	\$ (151,300,164)	\$ 251,771,166	\$ (165,547,875)

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2018

Exhibit IX

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 168,329,941	\$ 170,647,665	\$ 171,066,503	\$ 418,838
Other local taxes	41,646,000	43,152,000	42,903,023	(248,977)
Permits, fees and regulatory licenses	345,200	366,200	377,411	11,211
Fines and forfeitures	556,300	508,500	529,585	21,085
From use of money and property	909,698	1,370,090	1,119,795	(250,295)
Charges for services	4,236,666	4,862,420	5,232,462	370,042
Gifts and donations	41,425	116,380	167,352	50,972
Miscellaneous	87,100	140,860	213,829	72,969
Intergovernmental	37,448,813	41,467,019	42,939,648	1,472,629
Total revenues	<u>\$ 253,601,143</u>	<u>\$ 262,631,134</u>	<u>\$ 264,549,608</u>	<u>\$ 1,918,474</u>
EXPENDITURES				
Current:				
General government	\$ 14,118,587	\$ 14,747,985	\$ 12,657,779	\$ 2,090,206
Judicial administration	7,643,356	7,850,902	7,508,648	342,254
Public safety	47,598,081	50,729,899	49,635,232	1,094,667
Public works	9,247,281	9,278,253	8,161,166	1,117,087
Health and welfare	20,609,059	22,163,585	23,781,266	(1,617,681)
Education	124,305,835	125,742,856	121,865,454	3,877,402
Parks, recreation and cultural	7,520,722	7,619,552	7,503,395	116,157
Community development	2,638,489	2,730,330	2,466,484	263,846
Non-departmental	1,132,117	1,132,117	1,219,696	(87,579)
Debt service:				
Principal retirement	6,884,327	6,864,609	6,864,609	-
Interest and other fiscal charges	3,409,014	3,381,677	3,383,693	(2,016)
Total expenditures	<u>\$ 245,106,868</u>	<u>\$ 252,241,765</u>	<u>\$ 245,047,422</u>	<u>\$ 7,194,343</u>
Excess of revenues over expenditures	<u>\$ 8,494,275</u>	<u>\$ 10,389,369</u>	<u>\$ 19,502,186</u>	<u>\$ 9,112,817</u>
Other financing uses:				
Transfers out	<u>\$ (7,760,090)</u>	<u>\$ (9,977,935)</u>	<u>\$ (9,456,891)</u>	<u>\$ 521,044</u>
Total other financing uses	<u>\$ (7,760,090)</u>	<u>\$ (9,977,935)</u>	<u>\$ (9,456,891)</u>	<u>\$ 521,044</u>
Net change in fund balances	\$ 734,185	\$ 411,434	\$ 10,045,295	\$ 9,633,861
Fund balance, beginning	(734,185)	(411,434)	76,559,832	76,971,266
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,605,127</u>	<u>\$ 86,605,127</u>

Notes to required supplementary information are an integral part of this schedule.

COUNTY OF SPOTSYLVANIA, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
 For the Year Ended June 30, 2018

Exhibit IX

Page 2

The General Fund Budget Comparison Schedule is prepared on the modified accrual basis of accounting , with the following exceptions:

1 - Under Virginia state law, school boards may not incur debt. Rather, the local government incurs debt on behalf of the local school board, resulting in any debt obligation and its associated debt service being reported under the Primary Government. In comparison, the County's legally adopted budget does not reflect this debt activity as these funds have already been budgeted and appropriated under the component unit - School Board.

2 - Adjustments are required to remove activity related to the Economic Development Opportunity Fund(EDO), which has been consolidated with the General Fund for financial reporting purposes. The EDO fund, a non-major special revenue fund for accounting purposes, does not meet the criteria for separate reporting in the County's external financial statements and is not part of the legally adopted budget of the General Fund.

3 - Adjustments are required to remove activity related to the County's Length of Service Award Program (LOSAP), which has been consolidated with the General Fund for financial reporting purposes. As a revocable trust, Plan assets of the LOSAP no longer meet the requirements to be reported separately within a fiduciary fund and are not part of the legally adopted budget of the General Fund.

	Budgetary Basis (Exh X)	School Debt Service (1)	EDO Fund Activity (2)	LOSAP Trust (3)	GAAP Basis (Exh IV)
REVENUES					
From use of money and property	\$ 1,119,795	\$ -	\$ 40,819	\$ 57,718	\$ 1,218,332
Miscellaneous	213,829	-	3,830	-	217,659
EXPENDITURES					
Current:					
Public safety	49,635,232	-	-	(34,090)	49,601,142
Education	121,865,454	2,484,760	-	-	124,350,214
Community development	2,466,484	-	1,027,067	-	3,493,551
Debt service:					
Principal retirement	6,864,609	18,454,734	48,110	-	25,367,453
Interest and other charges	3,383,693	6,422,888	13,638	-	9,820,219
Bond issuance costs	-	184,239	-	-	184,239
Other financing sources (uses):					
Transfers in (out)	(9,456,891)	-	974,835	-	(8,482,056)
Proceeds from sale of bonds	-	24,440,000	-	-	24,440,000
Premium on sale of bonds	-	3,106,621	-	-	3,106,621
Total reconciling adjustments:		\$ -	\$ (69,331)	\$ 91,808	-
Net change in fund balances (Exh IX & IV):	\$ 10,045,295	\$ -	\$ (69,331)	\$ 91,808	\$ 10,067,772
Fund balance, beginning (Exh IX & IV)	76,559,832	-	580,912	1,711,703	78,852,447
Fund balance, ending (Exh IX & IV)	<u>\$ 86,605,127</u>	<u>\$ -</u>	<u>\$ 511,581</u>	<u>\$ 1,803,511</u>	<u>\$ 88,920,219</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT X

Schedule of Changes in Net Pension Liability and Related Ratios - County

Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability	2015 is the first year for presentation, no other data is available.									
Service cost	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123						
Interest	11,029	10,191	9,544	8,849						
Differences between actual and expected experience	707	1,873	(766)	-						
Changes of assumptions	(1,373)	-	-	-						
Benefit payments, including refunds of employee contributions	(5,462)	(5,605)	(4,263)	(3,827)						
Net change in total pension liability	10,555	11,909	9,920	10,145						
Total pension liability - beginning	160,300	148,391	138,471	128,326						
Total pension liability - ending	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$ 138,471</u>						
Plan fiduciary net position										
Contributions - employer	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736						
Contributions - employee	2,443	2,303	2,246	2,165						
Net investment income	17,039	2,399	5,869	17,024						
Benefit payments, including refunds of employee contributions	(5,462)	(5,605)	(4,262)	(3,827)						
Administrative expense	(95)	(82)	(76)	(88)						
Other	(15)	(1)	(1)	1						
Net change in plan fiduciary net position	18,347	3,776	8,407	20,011						
Plan fiduciary net position - beginning	138,187	134,411	126,004	105,993						
Plan fiduciary net position - ending	<u>\$ 156,534</u>	<u>\$ 138,187</u>	<u>\$ 134,411</u>	<u>\$ 126,004</u>						
County's net pension liability-ending	<u>\$ 14,321</u>	<u>\$ 22,113</u>	<u>\$ 13,980</u>	<u>\$ 12,467</u>						
Plan fiduciary net position as a % of the total pension liability	91.6%	86.2%	90.6%	91.0%						
Covered payroll	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592						
County's net pension liability as a % of covered payroll	30.2%	48.7%	31.8%	28.6%						

Notes to Schedule:

The amounts presented have a measurement date of the previous fiscal year end.

Benefit changes:

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

Changes in assumptions

VRS adopted updated assumptions based on the experience study for the period of June 30, 2012 to June 30, 2016. The changes are summarized below:

General employees:

- Updated mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Adjusted withdrawals to match experience through 9 yrs
- Increase in line of duty disability rates from 14% to 15%

Public Safety employees:

- Updated mortality table
- Increase in age 50 retirement rates, decreased others
- Adjusted withdrawals to match experience through 9 yrs
- Adjusted disability rates to better match experience
- Decreased line of duty rate from 60% to 45%

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XI

Schedule of Changes in Net Pension Liability and Related Ratios - School Board

Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability					2015 is the first year for presentation, no other data is available.					
Service cost	\$ 948	\$ 993	\$ 1,024	\$ 1,057						
Interest	1,906	1,846	1,760	1,662						
Difference between expected and actual experience	(148)	(454)	(156)	-						
Change in assumptions	(213)	-	-	-						
Benefit payments, including refunds of employee contributions	(1,595)	(1,467)	(1,321)	(1,315)						
Net change in total pension liability	898	918	1,307	1,404						
Total pension liability - beginning	28,026	27,108	25,801	24,397						
Total pension liability - ending	<u>\$ 28,924</u>	<u>\$ 28,026</u>	<u>\$ 27,108</u>	<u>\$ 25,801</u>						
Plan fiduciary net position										
Contributions - employer	\$ 584	\$ 729	\$ 762	\$ 872						
Contributions - employee	446	443	448	444						
Net investment income	3,135	447	1,128	3,363						
Benefit payments, including refunds of employee contributions	(1,595)	(1,467)	(1,321)	(1,315)						
Administrative expense	(18)	(16)	(16)	(18)						
Other	(3)	-	-	-						
Net change in plan fiduciary net position	2,549	136	1,001	3,346						
Plan fiduciary net position - beginning	26,018	25,882	24,881	21,535						
Plan fiduciary net position - ending	<u>\$ 28,567</u>	<u>\$ 26,018</u>	<u>\$ 25,882</u>	<u>\$ 24,881</u>						
School Board's net pension liability-endi	<u>\$ 357</u>	<u>\$ 2,008</u>	<u>\$ 1,226</u>	<u>\$ 920</u>						
Plan fiduciary net position as a % of the total pension liability	98.77%	92.84%	95.48%	96.43%						
Covered payroll	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922						
School Board's net pension liability as a % of covered payroll	3.90%	22.13%	13.56%	10.31%						

Notes to Schedule:

The amounts presented have a measurement date of the previous fiscal year end.

Benefit changes:

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

Changes of Assumptions:

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four year period ending June 30, 2016:

- Update mortality table
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Adjusted withdrawals to better fit experience through 9 yrs

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XII

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

Last Ten Fiscal Years

(Amounts in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
					2015 is the first year for presentation, no other data is available.					
Proportion of the net pension liability	1.59753%	1.62648%	1.62945%	1.62056%						
Proportionate share of the net pension liability	\$ 196,464	\$ 227,937	\$ 205,089	\$ 195,840						
Covered payroll	\$ 125,768	\$ 123,993	\$ 121,089	\$ 118,052						
Proportionate share of the net pension liability as a % of its covered payroll	156.21%	183.83%	169.37%	165.89%						
Plan fiduciary net position as a % of the total pension liability	72.92%	68.28%	70.68%	70.88%						

Notes to Schedule:

The amounts presented have a measurement date of the previous fiscal year end.

Benefit changes

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

Changes of assumptions

The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four year period ending June 30, 2016:

- Update mortality table
- Decrease in rates of service retirement
- Adjust withdrawals to better fit experience through 9 yrs
- Adjust disability rates to better match experience

COUNTY OF SPOTSYLVANIA, VIRGINIA
Schedule of Employer Contributions - Pensions
 Last Ten Fiscal Years

EXHIBIT XIII

(Amounts in thousands)	Fiscal Year									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County of Spotsylvania										
Contractually required contribution	\$ 4,680	\$ 4,436	\$ 4,762	\$ 4,631		2015 is the first year of presentation, no other data is available.				
Contributions in relation to the										
contractually required contribution	(4,680)	(4,436)	(4,762)	(4,631)						
Contribution excess	\$ -	\$ -	\$ -	\$ -						
Covered payroll	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942						
Contributions as a percentage of										
covered payroll	9.25%	9.34%	10.48%	10.54%						
Spotsylvania County School Board										
Contractually required contribution	\$ 587	\$ 584	\$ 729	\$ 762						
Contributions in relation to the										
contractually required contribution	(587)	(584)	(729)	(762)						
Contribution excess	\$ -	\$ -	\$ -	\$ -						
Covered payroll	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042						
Contributions as a percentage of										
covered payroll	6.31%	6.37%	8.03%	8.43%						
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 20,244	\$ 18,162	\$ 17,436	\$ 17,567						
Contributions in relation to the										
contractually required contribution	(20,244)	(18,162)	(17,436)	(17,567)						
Contribution excess	\$ -	\$ -	\$ -	\$ -						
Covered payroll	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089						
Contributions as a percentage of										
covered payroll	16.00%	14.44%	14.06%	14.51%						

Notes to Schedule:

Amounts presented represent contractually determined contributions established by the System. Amounts are adjusted annually to address immaterial purchases of past services made by outside parties to allow for reconciliation to contributions reported in Exhibit X and XI.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIV

Schedule of Employer's Share of Net OPEB Group Life Insurance Liability

Last Ten Fiscal Years

(Amounts in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County of Spotsylvania										
Proportion of the net OPEB GLI liability	0.25793%									
Proportionate share of the net OPEB GLI liability	\$ 3,881									
Covered payroll	\$ 47,576									
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.16%									
Plan fiduciary net position as a % of the total OPEB GLI liability	48.86%									
Spotsylvania County School Board										
Proportion of the net OPEB GLI liability	0.04992%									
Proportionate share of the net OPEB GLI liability	\$ 751									
Covered payroll	\$ 9,208									
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.16%									
Plan fiduciary net position as a % of the total OPEB GLI liability	48.86%									
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB GLI liability	0.68283%									
Proportionate share of the net OPEB GLI liability	\$ 10,276									
Covered payroll	\$ 125,950									
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.16%									
Plan fiduciary net position as a % of the total OPEB GLI liability	48.86%									

Notes to Schedule :

2018 is the first year of presentation, no other data is available.

Amounts presented have a measurement date of the previous fiscal year end.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Schedule of Employer GLI Contributions
 Last Ten Fiscal Years

EXHIBIT XV

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
County of Spotsylvania										
Contractually required contribution	263	247	241	233	222	213	167	163	134	139
Contributions in relation to required contribution	263	247	218	211	201	193	106	103	76	104
Contribution deficiency/(excess)	-	-	23	22	21	20	61	60	58	35
Employer's covered payroll	50,613	47,576	45,440	43,948	41,844	40,150	38,006	36,935	37,293	38,497
Contributions as a % of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%
Spotsylvania County School Board										
Contractually required contribution	48	48	48	48	47	48	38	37	32	33
Contributions in relation to required contribution	48	48	44	44	43	43	24	24	17	24
Contribution deficiency/(excess)	-	-	4	4	4	5	14	13	15	9
Employer's covered payroll	9,309	9,208	9,092	9,073	8,916	9,007	8,571	8,518	8,793	9,047
Contributions as a % of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	658	655	658	643	629	640	510	517	446	468
Contributions in relation to required contribution	658	655	596	582	570	580	325	329	238	351
Contribution deficiency/(excess)	-	-	62	61	59	60	185	188	208	117
Employer's covered payroll	126,501	125,950	124,222	121,231	118,759	120,819	115,949	117,456	123,851	129,868
Contributions as a % of covered payroll	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%	0.27%

COUNTY OF SPOTSYLVANIA, VIRGINIA
Schedule of Employer GLI Contributions
 Last Ten Fiscal Years

EXHIBIT XV

Page 2

Notes to Schedule

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

Changes of assumptions - The following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the System for the four-year period ending June 30, 2016:

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
	Line of Duty Disability	Increased rate from 14% to 15%
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
	Line of Duty Disability	Decreased rate from 60% to 45%
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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVI

Schedule of Employer's Share of Net OPEB Health Insurance Credit Program

Last Ten Fiscal Years

(Amounts in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB HIC liability	1.59468%									
Proportionate share of the net OPEB HIC liability	\$ 20,231									
Covered payroll	\$ 125,852									
Proportionate share of the net OPEB HIC liability as a % of its covered payroll	16.08%									
Plan fiduciary net position as a % of the total OPEB HIC liability	7.04%									

Notes to Schedule:

2018 is the first year of presentation, no other data is available.

Amounts presented have a measurement date of the previous fiscal year end.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Schedule of Employer HIC Contributions
 Last Ten Fiscal Years

EXHIBIT XVII

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	1,554	1,548	1,463	1,430	1,387	1,391	1,250	1,267	1,386	1,451
Contributions in relation to required contribution	1,554	1,397	1,315	1,284	1,315	1,320	694	704	917	1,400
Contribution (deficiency)/excess	-	151	148	146	72	71	556	563	469	51
Employer's covered payroll	126,375	125,852	124,013	121,149	118,512	118,901	115,739	117,322	123,744	129,590
Contributions as a % of covered payroll	1.23%	1.11%	1.06%	1.06%	1.11%	1.11%	0.60%	0.60%	1.04%	1.08%

Notes to Schedule

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 following changes in actuarial assumptions were made effective June 30, 2016 based on the most recent experience study of the system for the four-year period ending June 30, 2016:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVIII

Schedule of Changes in total OPEB Liability - Retiree Healthcare and Related Ratios - County
Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	2018 is the first year for presentation, no other data is available.									
Service cost	\$ 4,412									
Interest	4,451									
Changes of assumptions	(9,319)									
Benefit payments	<u>(1,454)</u>									
Net change in total OPEB liability	(1,910)									
Total OPEB liability - beginning	<u>123,532</u>									
Total OPEB liability - ending	<u>\$ 121,622</u>									
Covered-employee payroll	\$ 50,613									
County's total OPEB liability as a % of covered-employee payroll	240.30%									

Notes to Schedule :

There are no assets accumulated in a trust that meet the criteria of GAAP.

The amounts presented have a measurement date of June 30, 2018.

There have been no actuarially significant changes to benefit provisions.

The discount rate used to determine the total OPEB liability was 3.87% in 2018 and 3.5% in 2017 respectively.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIX

Schedule of Changes in Net OPEB Liability - Retiree Healthcare and Related Ratios - School Board

Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 9,179	\$ 10,523								
Interest	8,413	7,155								
Difference between expected and actual experience	(2,920)	-								
Changes of assumptions	(3,475)	(27,679)								
Benefit payments	<u>(4,688)</u>	<u>(4,496)</u>								
Net change in total OPEB liability	6,509	(14,497)								
Total OPEB liability - beginning	<u>238,805</u>	<u>253,302</u>								
Total OPEB liability - ending	<u>\$ 245,314</u>	<u>\$ 238,805</u>								
Plan fiduciary net position										
Contributions - employer	\$ 4,688	\$ 4,496								
Net investment income	299	357								
Benefit payments	(4,688)	(4,496)								
Administrative expense	<u>(4)</u>	<u>(3)</u>								
Net change in plan fiduciary net position	295	354								
Plan fiduciary net position - beginning	<u>3,132</u>	<u>2,778</u>								
Plan fiduciary net position - ending	<u>\$ 3,427</u>	<u>\$ 3,132</u>								
School Board's net OPEB liability-ending	<u>\$ 241,887</u>	<u>\$ 235,673</u>								
Plan fiduciary net position as a % of the total OPEB liability	1.40%	1.31%								
Covered-employee payroll	\$ 135,808	\$ 134,931								
School Board's net OPEB liability as a % of covered-employee payroll	178.11%	174.66%								

Notes to Schedule :

For purposes of Exhibits I & II, Total OPEB Liability - Retiree Healthcare is presented having a measurement date of the previous fiscal year, June 30, 2017.

There have been no actuarially significant changes to benefit provisions.

Changes in assumptions:

6/30/2018 3.62%

6/30/2017 3.58%

6/30/2016 2.85%

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XX

Schedule of School Board Contributions to OPEB - Retiree Healthcare

Last Ten Fiscal Years

(Amounts in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	2018 is the first year for presentation, no other data is available.									
Actuarially determined contribution	\$ 19,891	\$ 19,891								
Contributions in relation to the actuarially determined contribution	<u>4,688</u>	<u>4,496</u>								
Contribution deficiency (excess)	<u>\$ 15,203</u>	<u>\$ 15,395</u>								
Covered-employee payroll	\$ 135,808	\$ 134,931								
Contributions as a percentage of covered-employee payroll	3.45%	3.33%								

Notes to Schedule :

Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Inflation	2.3%
Healthcare cost trend rates	Long-Run Medical Cost Trend Model with an initial rate of 5.8%, decreasing gradually to 4.0% for 2077 and later years.
Salary increases	3.5% - 5.95%, including inflation
Mortality	RP-2000 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA
Discount rate/ Bond rate	3.62% as of 6/30/2018, 3.58% as of 6/30/2017
Investment rate of return, net	7.00%, including inflation

COUNTY OF SPOTSYLVANIA, VIRGINIA

*EXHIBIT XXI***Schedule of OPEB - Retiree Healthcare Investment Returns - School Board**

Last Ten Fiscal Years

(Amounts in thousands)

2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
------	------	------	------	------	------	------	------	------	------

2017 is the first year for presentation, no other data is available.

Annual money-weighted rate of return,
net of investment expense

9.60%	13.04%								
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COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXII

Schedule of Changes in Total OPEB Liability - LODA and Related Ratios

Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
	2018 is the first year for presentation, no other data is available.									
Service cost	\$ 880									
Interest	240									
Differences between expected and actual experience	(39)									
Changes of assumptions	(40)									
Benefit payments	<u>(181)</u>									
Net change in total OPEB liability	860									
Total OPEB liability - beginning	<u>6,831</u>									
Total OPEB liability - ending	<u>\$ 7,691</u>									
Covered-employee payroll	N/A									
County's total OPEB liability as a % of covered-employee payroll	N/A									

Notes to Schedule:

The amounts presented have a measurement date of June 30, 2018

There have been no actuarially significant changes to benefit provisions as this is the first year of presentation.

The discount rate used to determine the total OPEB liability was 3.62% in 2018 and 3.58% in 2017 respectively.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXIII

Schedule of Changes in Length of Service Award Program (LOSAP) Total Pension Liability and Related Ratios
Last Ten Fiscal Years

(Amounts in thousands)	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total pension liability	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 147	\$ 109								
Interest	102	114								
Differences between actual and expected experience	46	6								
Change in assumptions	(469)	446								
Benefit payments, including refunds of employee contributions	(77)	(70)								
Net change in total pension liability	(251)	605								
Total pension liability - beginning	3,627	3,022								
Total pension liability - ending	<u>\$ 3,376</u>	<u>\$ 3,627</u>								
Covered-employee payroll	N/A	N/A								
Total pension liability as a % of covered-employee payroll	N/A	N/A								

Notes to Schedule :

There are no assets accumulated in a trust that meet the criteria under GAAP.

A discount rate of 3.58% used to measure the total pension liability was based on the Bond Buyer 20-Bond GO Index.

There is no covered employee payroll since this plan provides benefits for volunteers. Projected inflation is used in place of the projected rate of change in salary.

The amounts presented have a measurement date of the previous fiscal year.

OTHER SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUND

The *capital projects fund* is used to account for the development, modernization and replacement of County infrastructure not financed by the proprietary fund.

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COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2018

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 43,860	\$ 4,260
From use of money and property	170,000	170,000	769,682	599,682
Gifts and donations	33,891	1,464,655	1,391,553	(73,102)
Miscellaneous	-	10,000	10,000	-
Intergovernmental	458,345	2,104,945	1,329,046	(775,899)
Total revenues	<u>\$ 701,836</u>	<u>\$ 3,789,200</u>	<u>\$ 3,544,141</u>	<u>\$ (245,059)</u>
EXPENDITURES				
Current:				
General government	\$ 146,666	\$ 145,726	\$ 68,447	\$ 77,279
Capital projects	9,674,535	64,085,133	17,175,243	46,909,890
Debt service:				
Bond issuance costs	-	17,412	9,584	7,828
Total expenditures	<u>\$ 9,821,201</u>	<u>\$ 64,248,271</u>	<u>\$ 17,253,274</u>	<u>\$ 46,994,997</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (9,119,365)</u>	<u>\$ (60,459,071)</u>	<u>\$ (13,709,133)</u>	<u>\$ 46,749,938</u>
Other financing sources:				
Transfers in	\$ 9,579,858	\$ 11,479,100	\$ 10,372,131	\$ (1,106,969)
Proceeds from sale of bonds	-	1,715,000	1,715,000	-
Premium on sale of bonds	-	249,033	249,033	-
Total other financing sources	<u>\$ 9,579,858</u>	<u>\$ 13,443,133</u>	<u>\$ 12,336,164</u>	<u>\$ (1,106,969)</u>
Net change in fund balances	\$ 460,493	\$ (47,015,938)	\$ (1,372,969)	\$ 45,642,969
Fund balance, beginning	(460,493)	47,015,938	52,465,810	5,449,872
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,092,841</u>	<u>\$ 51,092,841</u>

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OTHER GOVERNMENTAL FUNDS

Nonmajor funds:

The *fire/EMS service fee fund* is used to account for the revenue recovery program established by county code section 9-39, authorizing charges for services to cover emergency medical support provided by the County. Fees received are used to defray the cost of fire and emergency management services in the county.

The *code compliance fund* is used to account for revenues and expenditures associated with the enforcement of building and zoning codes enacted by authority of the Commonwealth of Virginia.

The *transportation fund* is used to cover costs associated with the planning and oversight of transportation projects, funding for the Fredericksburg Regional Transit (FRED) local bus system, and debt service.

COUNTY OF SPOTSYLVANIA, VIRGINIA
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 June 30, 2018

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ -	\$ 3,540,279	\$ 3,926,820	\$ 7,467,099
Receivables, net	439,963	18	4,971,650	5,411,631
Restricted cash and investments	-	-	768,153	768,153
Total assets	<u>\$ 439,963</u>	<u>\$ 3,540,297</u>	<u>\$ 9,666,623</u>	<u>\$ 13,646,883</u>
LIABILITIES				
Accounts payable	\$ -	\$ 61,721	\$ 2,887	\$ 64,608
Accrued salaries and benefits	-	105,532	9,435	114,967
Other accrued liabilities	-	3,015	-	3,015
Deposits	-	189,436	473,420	662,856
Total liabilities	<u>\$ -</u>	<u>\$ 359,704</u>	<u>\$ 485,742</u>	<u>\$ 845,446</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 563,471	\$ 563,471
Other revenues	119,408	-	-	119,408
Total deferred inflows of resources	<u>\$ 119,408</u>	<u>\$ -</u>	<u>\$ 563,471</u>	<u>\$ 682,879</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 5,188,586	\$ 5,188,586
Committed	320,555	-	3,364,624	3,685,179
Assigned	-	3,180,593	64,200	3,244,793
Total fund balances	<u>\$ 320,555</u>	<u>\$ 3,180,593</u>	<u>\$ 8,617,410</u>	<u>\$ 12,118,558</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 439,963</u>	<u>\$ 3,540,297</u>	<u>\$ 9,666,623</u>	<u>\$ 13,646,883</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2018

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,204,162	\$ 1,204,162
Other local taxes	-	-	4,272,463	4,272,463
Permits, privilege fees and regulatory licenses	-	4,451,912	16,164	4,468,076
From use of money and property	-	-	69,482	69,482
Charges for services	2,396,740	248,286	-	2,645,026
Gifts and donations	-	-	28,839	28,839
Miscellaneous	-	139	-	139
Total revenues	<u>\$ 2,396,740</u>	<u>\$ 4,700,337</u>	<u>\$ 5,591,110</u>	<u>\$ 12,688,187</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 2,081,982	\$ -	\$ 2,081,982
Community development	-	1,760,812	2,372,794	4,133,606
Debt service:				
Principal retirement	-	-	2,983,620	2,983,620
Interest and other fiscal charges	-	-	1,707,167	1,707,167
Total expenditures	<u>\$ -</u>	<u>\$ 3,842,794</u>	<u>\$ 7,063,581</u>	<u>\$ 10,906,375</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,396,740	\$ 857,543	\$ (1,472,471)	\$ 1,781,812
Other financing sources (uses):				
Transfers in (out)	<u>\$ (2,367,723)</u>	<u>\$ 245,822</u>	<u>\$ 829,620</u>	<u>\$ (1,292,281)</u>
Total other financing sources (uses), net	<u>\$ (2,367,723)</u>	<u>\$ 245,822</u>	<u>\$ 829,620</u>	<u>\$ (1,292,281)</u>
Net change in fund balances	\$ 29,017	\$ 1,103,365	\$ (642,851)	\$ 489,531
Fund balance, beginning	<u>291,538</u>	<u>2,077,228</u>	<u>9,260,261</u>	<u>11,629,027</u>
Fund balance, ending	<u><u>\$ 320,555</u></u>	<u><u>\$ 3,180,593</u></u>	<u><u>\$ 8,617,410</u></u>	<u><u>\$ 12,118,558</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - FIRE/EMS SERVICE FEE FUND

For the Year Ended June 30, 2018

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,600,000	\$ 2,600,000	\$ 2,396,740	\$ (203,260)
Total revenues	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>	<u>\$ 2,396,740</u>	<u>\$ (203,260)</u>
 Other financing uses:				
Transfers out	\$ (2,770,705)	\$ (2,770,705)	\$ (2,367,723)	\$ 402,982
Total other financing uses	<u>\$ (2,770,705)</u>	<u>\$ (2,770,705)</u>	<u>\$ (2,367,723)</u>	<u>\$ 402,982</u>
 Net change in fund balances	\$ (170,705)	\$ (170,705)	\$ 29,017	\$ 199,722
Fund balance, beginning	<u>170,705</u>	<u>170,705</u>	<u>291,538</u>	<u>\$ 120,833</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 320,555</u></u>	<u><u>\$ 320,555</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND

For the Year Ended June 30, 2018

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 2,951,381	\$ 3,077,263	\$ 4,451,912	\$ 1,374,649
Charges for services	199,647	199,647	248,286	48,639
Miscellaneous	-	-	139	139
Total revenues	<u>\$ 3,151,028</u>	<u>\$ 3,276,910</u>	<u>\$ 4,700,337</u>	<u>\$ 1,423,427</u>
EXPENDITURES				
Public safety	\$ 2,069,445	\$ 2,150,554	\$ 2,081,982	\$ 68,572
Community development	1,626,960	1,750,031	1,760,812	(10,781)
Total expenditures	<u>\$ 3,696,405</u>	<u>\$ 3,900,585</u>	<u>\$ 3,842,794</u>	<u>\$ 57,791</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (545,377)</u>	<u>\$ (623,675)</u>	<u>\$ 857,543</u>	<u>\$ 1,481,218</u>
Other financing sources:				
Transfers in	\$ 245,532	\$ 250,774	\$ 245,822	\$ (4,952)
Total other financing sources	<u>\$ 245,532</u>	<u>\$ 250,774</u>	<u>\$ 245,822</u>	<u>\$ (4,952)</u>
Net change in fund balances	\$ (299,845)	\$ (372,901)	\$ 1,103,365	\$ 1,476,266
Fund balance, beginning	299,845	372,901	2,077,228	1,704,327
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,180,593</u></u>	<u><u>\$ 3,180,593</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND

For the Year Ended June 30, 2018

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,019,436	\$ 1,019,436	\$ 1,204,162	\$ 184,726
Other local taxes	3,656,687	3,656,687	4,272,463	615,776
Permits, privilege fees and regulatory licenses	15,315	15,315	16,164	849
From use of money and property	15,000	15,000	69,482	54,482
Gifts and donations	-	-	28,839	28,839
Total revenues	<u>\$ 4,706,438</u>	<u>\$ 4,706,438</u>	<u>\$ 5,591,110</u>	<u>\$ 884,672</u>
EXPENDITURES				
Current:				
Community development	\$ 2,378,156	\$ 2,378,156	\$ 2,372,794	\$ 5,362
Debt service:				
Principal retirement	2,983,620	2,983,620	2,983,620	-
Interest and other fiscal charges	1,701,687	1,701,687	1,707,167	(5,480)
Total expenditures	<u>\$ 7,063,463</u>	<u>\$ 7,063,463</u>	<u>\$ 7,063,581</u>	<u>\$ (118)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (2,357,025)</u>	<u>\$ (2,357,025)</u>	<u>\$ (1,472,471)</u>	<u>\$ 884,554</u>
Other financing sources:				
Transfers in	\$ 681,353	\$ 681,353	\$ 829,620	\$ 148,267
Total other financing sources	<u>\$ 681,353</u>	<u>\$ 681,353</u>	<u>\$ 829,620</u>	<u>\$ 148,267</u>
Net change in fund balances	\$ (1,675,672)	\$ (1,675,672)	\$ (642,851)	\$ 1,032,821
Fund balance, beginning	<u>1,675,672</u>	<u>1,675,672</u>	<u>9,260,261</u>	<u>7,584,589</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,617,410</u>	<u>\$ 8,617,410</u>

AGENCY FUNDS

Agency funds account for assets held by the County as an agent for individuals, private organizations, other governments, or other funds. The agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

The *special welfare fund* accounts for funds belonging to individuals in the custody of the local social service agency.

The *contribution fund* accounts for funds held by the County for various donation accounts.

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS

June 30, 2018

Schedule C-1

	Special Welfare	Contribution Fund	Total
ASSETS			
Cash	\$ 6,754	\$ 447,520	\$ 454,274
Total assets	<u>\$ 6,754</u>	<u>\$ 447,520</u>	<u>\$ 454,274</u>
LIABILITIES			
Amounts held for others	\$ 6,754	\$ 447,520	\$ 454,274
Total liabilities	<u>\$ 6,754</u>	<u>\$ 447,520</u>	<u>\$ 454,274</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2018

Schedule C-2

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
SPECIAL WELFARE				
ASSETS				
Cash	\$ 9,490	\$ 56,989	\$ 59,725	\$ 6,754
Total assets	<u>\$ 9,490</u>	<u>\$ 56,989</u>	<u>\$ 59,725</u>	<u>\$ 6,754</u>
LIABILITIES				
Amounts held for others	\$ 9,490	\$ 56,989	\$ 59,725	\$ 6,754
Total liabilities	<u>\$ 9,490</u>	<u>\$ 56,989</u>	<u>\$ 59,725</u>	<u>\$ 6,754</u>
CONTRIBUTION FUND				
ASSETS				
Cash	\$ 421,213	\$ 784,291	\$ 757,984	\$ 447,520
Total assets	<u>\$ 421,213</u>	<u>\$ 784,291</u>	<u>\$ 757,984</u>	<u>\$ 447,520</u>
LIABILITIES				
Amounts held for others	\$ 421,213	\$ 1,452,502	\$ 1,426,195	\$ 447,520
Total liabilities	<u>\$ 421,213</u>	<u>\$ 1,452,502</u>	<u>\$ 1,426,195</u>	<u>\$ 447,520</u>
TOTAL - ALL FIDUCIARY FUNDS				
ASSETS				
Cash	\$ 430,703	\$ 841,280	\$ 817,709	\$ 454,274
Total assets	<u>\$ 430,703</u>	<u>\$ 841,280</u>	<u>\$ 817,709</u>	<u>\$ 454,274</u>
LIABILITIES				
Amounts held for others	\$ 430,703	\$ 1,509,491	\$ 1,485,920	\$ 454,274
Total liabilities	<u>\$ 430,703</u>	<u>\$ 1,509,491</u>	<u>\$ 1,485,920</u>	<u>\$ 454,274</u>

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DISCRETELY PRESENTED COMPONENT UNIT

The Spotsylvania County School Board has been included as a component unit of the County. While the County does not appoint members to the Board, the County does approve the School Board's budget and any debt issued, and provides significant funding.

Governmental funds:

The *school operating fund*, also known as the *School Board's General Fund*, is used to account for education activities, instructional and student support programs, general and administrative expenditures, normal operations and maintenance, and other approved expenditures not specifically designated to be accounted for in any other fund.

The *school cafeteria fund* is used to record the financial activities of the school's food service program. This includes reporting revenues and expenditures associated with school breakfast, lunch and snack programs.

The *school capital projects fund* accounts for the accumulation of funds to be used for constructing, acquiring, and rehabilitating capital assets.

Enterprise fund:

The *fleet services fund* is an internal service fund used to accumulate and charge costs of fleet management and maintenance to individual funds.

Fiduciary fund:

The *school opeb trust fund* is used for reporting resources set aside and held in an irrevocable trust arrangement for postemployment benefits.

COUNTY OF SPOTSYLVANIA, VIRGINIA
COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD
 June 30, 2018

Schedule D-1

	Operating	Cafeteria	Capital Projects	Total
ASSETS				
Cash and investments - pooled equity	\$ -	\$ 4,388,144	\$ -	\$ 4,388,144
Receivables, net	8,345,801	314,651	-	8,660,452
Due from Primary Government	24,496,404	-	-	24,496,404
Claim reserves held by others	14,374,538	-	-	14,374,538
Restricted cash and investments	-	-	7,235,544	7,235,544
Total assets	<u>\$ 47,216,743</u>	<u>\$ 4,702,795</u>	<u>\$ 7,235,544</u>	<u>\$ 59,155,082</u>
LIABILITIES				
Accounts payable	\$ 1,878,033	\$ 434,140	\$ 2,732,336	\$ 5,044,509
Retainage payable	-	-	230,453	230,453
Accrued salaries and benefits	28,384,402	312,932	-	28,697,334
Total liabilities	<u>\$ 30,262,435</u>	<u>\$ 747,072</u>	<u>\$ 2,962,789</u>	<u>\$ 33,972,296</u>
DEFERRED INFLOWS OF				
Unavailable revenues	<u>\$ 2,579,770</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,579,770</u>
FUND BALANCE				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 4,272,755	\$ 4,272,755
Committed for:				
Food service	-	3,955,723	-	3,955,723
Assigned to:				
Health insurance reserve	14,374,538	-	-	14,374,538
Total fund balance	<u>\$ 14,374,538</u>	<u>\$ 3,955,723</u>	<u>\$ 4,272,755</u>	<u>\$ 22,603,016</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 47,216,743</u>	<u>\$ 4,702,795</u>	<u>\$ 7,235,544</u>	<u>\$ 59,155,082</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Combining Balance Sheet Discretely Presented
Component Unit - School Board to the Statement of Net Position

June 30, 2018

Page 2

Total fund balances of the component unit - School Board (Schedule D-1) \$ 22,603,016

*Amounts reported for the Component Unit - School Board in the
Statement of Net Position (Exhibit I) are different because:*

Prepaid expenses use current resources and, therefore, are not reported in the governmental funds. 1,345,654

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

Non-depreciable assets	\$ 23,069,446	
Depreciable assets, net	<u>286,629,237</u>	
		309,698,683

Deferred outflows represent a consumption of net position that is applicable to a future reporting period.

Pension contributions	\$ 20,788,889	
Pension actuarial differences	3,425,000	
OPEB contributions	<u>7,093,817</u>	
		31,307,706

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

Other postemployment benefits	\$ (265,678,807)	
Net pension liability	(196,798,629)	
Insurance claims	(4,160,870)	
Compensated absences	<u>(6,523,233)</u>	
		(473,161,539)

Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements. 2,579,770

Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.

Pension actuarial differences	\$ (27,567,651)	
OPEB actuarial differences	<u>(26,171,893)</u>	
		(53,739,544)

Internal service fund included in entity-wide statements (Sch E-1). 8,296,700

Total net position of the component unit - School Board (Exhibit I) \$ (151,069,554)

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL
BOARD

For the Year Ended June 30, 2018

Schedule D-2

	Operating	Cafeteria	Capital Projects	Total
REVENUES				
From use of money and property	\$ -	\$ -	\$ 278,394	\$ 278,394
Charges for services	4,258,955	4,536,268	-	8,795,223
Miscellaneous	330,531	36,114	-	366,645
Intergovernmental	147,541,599	5,810,448	225,632	153,577,679
Payments from Primary Government	96,758,247	-	27,361,447	124,119,694
Total revenues	<u>\$ 248,889,332</u>	<u>\$ 10,382,830</u>	<u>\$ 27,865,473</u>	<u>\$ 287,137,635</u>
EXPENDITURES				
Current:				
Education	\$ 245,767,159	\$ 10,090,646	\$ -	\$ 255,857,805
Capital projects	-	-	24,256,595	24,256,595
Total expenditures	<u>\$ 245,767,159</u>	<u>\$ 10,090,646</u>	<u>\$ 24,256,595</u>	<u>\$ 280,114,400</u>
Excess of revenues over expenditures	<u>\$ 3,122,173</u>	<u>\$ 292,184</u>	<u>\$ 3,608,878</u>	<u>\$ 7,023,235</u>
Other financing sources (uses):				
Transfers in (out)	\$ (63,870)	\$ 63,870	\$ -	\$ -
Total other financing sources (uses), net	<u>\$ (63,870)</u>	<u>\$ 63,870</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ 3,058,303	\$ 356,054	\$ 3,608,878	\$ 7,023,235
Fund balance, beginning	<u>11,316,235</u>	<u>3,599,669</u>	<u>663,877</u>	<u>15,579,781</u>
Fund balance, ending	<u>\$ 14,374,538</u>	<u>\$ 3,955,723</u>	<u>\$ 4,272,755</u>	<u>\$ 22,603,016</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Component Unit School Board to the Statement of Activities
For the Year Ended June 30, 2018

Page 2

Net change in fund balance of the component unit - School Board (Schedule D-2): \$ 7,023,235

Amounts reported for the component unit - School Board in the Statement of Activities are different because:

Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense. 77,338

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 23,916,549	
Depreciation expense	<u>(15,351,488)</u>	
		8,565,061

Governmental funds report only proceeds from the sale of capital assets. However, in the Statement of Activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the loss related to the sale of capital assets. (210,192)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements. 65,375

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.

Other postemployment benefits	\$ (8,532,640)	
Pension benefits	8,249,994	
Insurance claims	273,683	
Compensated absences	<u>(670,957)</u>	
		(679,920)

Change in Internal Service Fund (Sch E-2) included in the entity-wide statements. (362,576)

Change in net position of the component unit - School Board (Exhibit II) \$ 14,478,321

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING BUDGETARY COMPARISON SCHEDULE - DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD

For the Year Ended June 30, 2018

Schedule D-3

Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,319,927	4,578,294	4,258,955	(319,339)	4,677,727	4,677,727	4,536,268	(141,459)
Miscellaneous	-	391,076	330,531	(60,545)	93,348	93,348	36,114	(57,234)
Intergovernmental	146,193,813	146,759,004	147,541,599	782,595	5,026,549	5,426,549	5,810,448	383,899
Payments from Primary Government	124,075,315	125,512,336	121,634,934	(3,877,402)	-	-	-	-
Total revenues	<u>\$ 274,589,055</u>	<u>\$ 277,240,710</u>	<u>\$ 273,766,019</u>	<u>\$ (3,474,691)</u>	<u>\$ 9,797,624</u>	<u>\$ 10,197,624</u>	<u>\$ 10,382,830</u>	<u>\$ 185,206</u>
Expenditures								
Current:								
Education	\$ 248,943,289	\$ 253,308,133	\$ 248,825,462	\$ 4,482,671	\$ 10,199,132	\$ 10,599,132	\$ 10,090,646	\$ 508,486
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	18,686,059	18,453,799	18,453,799	-	-	-	-	-
Interest and fiscal charges	6,895,837	6,432,046	6,422,888	9,158	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 274,525,185</u>	<u>\$ 278,193,978</u>	<u>\$ 273,702,149</u>	<u>\$ 4,491,829</u>	<u>\$ 10,199,132</u>	<u>\$ 10,599,132</u>	<u>\$ 10,090,646</u>	<u>\$ 508,486</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 63,870</u>	<u>\$ (953,268)</u>	<u>\$ 63,870</u>	<u>\$ 1,017,138</u>	<u>\$ (401,508)</u>	<u>\$ (401,508)</u>	<u>\$ 292,184</u>	<u>\$ 693,692</u>
Other financing sources (uses):								
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on sale of bonds	-	-	-	-	-	-	-	-
Transfers	(63,870)	(63,870)	(63,870)	-	63,870	63,870	63,870	-
Total other financing sources (uses), net	<u>\$ (63,870)</u>	<u>\$ (63,870)</u>	<u>\$ (63,870)</u>	<u>\$ -</u>	<u>\$ 63,870</u>	<u>\$ 63,870</u>	<u>\$ 63,870</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ (1,017,138)	\$ -	\$ 1,017,138	\$ (337,638)	\$ (337,638)	\$ 356,054	\$ 693,692
Fund balance, beginning	-	1,017,138	-	(1,017,138)	337,638	337,638	3,599,669	3,262,031
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,955,723</u>	<u>\$ 3,955,723</u>

Notes to schedule:

Budgets are prepared on a modified accrual basis with the exception of school debt service activity and self-funded insurance costs. The amounts presented here include net school debt service payments and school bonds issued of \$2,484,760 that are obligations of the Primary Government. Details may be found in Exhibit X, Notes to Required Supplementary Information. Insurance costs are budgeted and appropriated based on premiums established by the Plan and paid to the Plan Administrator. Premiums paid in excess of actual claims equaling \$3,058,303 in fiscal year 2018 represents a reconciling item to Schedule D-2.

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING BUDGETARY COMPARISON SCHEDULE - DISCRETELY PRESENTED COMPONENT UNIT -
SCHOOL BOARD

For the Year Ended June 30, 2018

Schedule D-3

Page 2

	Capital Projects				Totals			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ -	\$ 278,394	\$ 278,394	\$ -	\$ -	\$ 278,394	\$ 278,394
Charges for services	-	-	-	-	8,997,654	9,256,021	8,795,223	(460,798)
Miscellaneous	-	-	-	-	93,348	484,424	366,645	(117,779)
Intergovernmental	-	225,632	225,632	-	151,220,362	152,411,185	153,577,679	1,166,494
Payments from Primary Government	-	-	-	-	124,075,315	125,512,336	121,634,934	(3,877,402)
Total revenues	<u>\$ -</u>	<u>\$ 225,632</u>	<u>\$ 504,026</u>	<u>\$ 278,394</u>	<u>\$ 284,386,679</u>	<u>\$ 287,663,966</u>	<u>\$ 284,652,875</u>	<u>\$ (3,011,091)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 259,142,421	\$ 263,907,265	\$ 258,916,108	\$ 4,991,157
Capital projects	27,361,447	28,131,732	24,256,595	3,875,137	27,361,447	28,131,732	24,256,595	3,875,137
Debt service:								
Principal	-	-	-	-	18,686,059	18,453,799	18,453,799	-
Interest and fiscal charges	-	-	-	-	6,895,837	6,432,046	6,422,888	9,158
Bond issuance costs	-	185,203	185,203	-	-	185,203	185,203	-
Total expenditures	<u>\$ 27,361,447</u>	<u>\$ 28,316,935</u>	<u>\$ 24,441,798</u>	<u>\$ 3,875,137</u>	<u>\$ 312,085,764</u>	<u>\$ 317,110,045</u>	<u>\$ 308,234,593</u>	<u>\$ 8,875,452</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (27,361,447)</u>	<u>\$ (28,091,303)</u>	<u>\$ (23,937,772)</u>	<u>\$ 4,153,531</u>	<u>\$ (27,699,085)</u>	<u>\$ (29,446,079)</u>	<u>\$ (23,581,718)</u>	<u>\$ 5,864,361</u>
Other financing sources (uses):								
Proceeds from sale of bonds	\$ 27,361,447	\$ 24,440,000	\$ 24,440,000	\$ -	\$ 27,361,447	\$ 24,440,000	\$ 24,440,000	\$ -
Premium on sale of bonds	-	3,106,650	3,106,650	-	-	3,106,650	3,106,650	-
Transfers	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>\$ 27,361,447</u>	<u>\$ 27,546,650</u>	<u>\$ 27,546,650</u>	<u>\$ -</u>	<u>\$ 27,361,447</u>	<u>\$ 27,546,650</u>	<u>\$ 27,546,650</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (544,653)</u>	<u>\$ 3,608,878</u>	<u>\$ 4,153,531</u>	<u>\$ (337,638)</u>	<u>\$ (1,899,429)</u>	<u>\$ 3,964,932</u>	<u>\$ 5,864,361</u>
Fund balance, beginning	-	544,653	663,877	119,224	-	1,899,429	4,263,546	2,364,117
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,272,755</u>	<u>\$ 4,272,755</u>	<u>\$ (337,638)</u>	<u>\$ -</u>	<u>\$ 8,228,478</u>	<u>\$ 8,228,478</u>

Important information regarding differences between budgetary and GAAP basis reporting as detailed on the preceding page should be read in conjunction with this schedule.

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - INTERNAL SERVICE FUND - SCHOOL BOARD

June 30, 2018

Schedule E-1

Fleet Services
Fund

ASSETS

Current assets:

Cash and investments - pooled equity

\$ 370,211

Receivables, net

1,885

Inventory

357,080

Total current assets

729,176

Noncurrent assets:

Capital assets, net:

Non-depreciable assets

94,400

Depreciable assets

9,086,988

Total noncurrent assets

9,181,388

Total assets

\$ 9,910,564

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions

\$ 42,037

OPEB contributions

22,263

Total deferred outflows of resources

\$ 64,300

LIABILITIES

Current liabilities:

Accounts payable

\$ 50,086

Accrued insurance claims

16,406

Current portion of accrued leave

54,517

Total current liabilities

121,009

Noncurrent liabilities:

Noncurrent portion of accrued leave

87,533

Net pension liability

22,789

OPEB benefits

1,252,327

Total noncurrent liabilities

1,362,649

Total liabilities

\$ 1,483,658

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences

\$ 64,032

OPEB actuarial differences

130,474

Total deferred inflows of resources

\$ 194,506

NET POSITION

Net investment in capital assets

\$ 9,181,388

Unrestricted

(884,688)

Total net position

\$ 8,296,700

COUNTY OF SPOTSYLVANIA, VIRGINIA

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
INTERNAL SERVICE FUND - SCHOOL BOARD**

For the Year Ended June 30, 2018

Schedule E-2

	<u>Fleet Services Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,590,331
OPERATING EXPENSES	
Personnel services	\$ 943,177
Fringe benefits	416,941
Contractual services	128,228
Materials and supplies	1,017,884
Depreciation	360,196
Other services and charges	86,480
Total operating expenses	<u>\$ 2,952,906</u>
Operating loss	<u>\$ (362,575)</u>
Change in net position	<u>\$ (362,575)</u>
Net position, beginning, as restated (Note 22)	<u>8,659,275</u>
Net position, ending	<u><u>\$ 8,296,700</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND - SCHOOL BOARD

For the Year Ended June 30, 2018

Schedule E-3

	<u>Fleet Services Fund</u>
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,580,805
Receipts from external customers	8,663
Receipts from miscellaneous revenue	(292)
Payments to suppliers and service providers	(1,243,632)
Payments to employees for salaries and benefits	<u>(1,335,234)</u>
Net cash provided by operating activities	<u>10,310</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(31,793)</u>
Net cash used in capital and related financing activities	<u>(31,793)</u>
Net decrease in cash and cash equivalents	(21,483)
Cash and cash equivalents:	
Beginning	<u>391,694</u>
Ending	<u><u>\$ 370,211</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (362,575)
Depreciation expense	360,196
Increase in receivables	(1,155)
Increase in inventory	(21,335)
Increase in accounts payable	10,295
Increase in employment related benefits	<u>24,884</u>
Net cash provided by operating activities	<u><u>\$ 10,310</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - SCHOOL BOARD

June 30, 2018

Schedule F-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments:	
Common Trust Funds	<u>\$ 3,427,283</u>
Total assets	<u>\$ 3,427,283</u>
 NET POSITION	
Net position restricted for postemployment benefits other than pensions	<u>\$ 3,427,283</u>
Total net position	<u><u>\$ 3,427,283</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
- SCHOOL BOARD

For the Year Ended June 30, 2018

Schedule F-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	<u>\$ 4,687,676</u>
Investment income:	
Net increase in the fair value of investments	299,765
Less investment expense	<u>(500)</u>
Net investment income	<u>299,265</u>
Total additions	<u>\$ 4,986,941</u>
DEDUCTIONS	
Benefit payments	\$ 4,687,676
Administrative fees	<u>3,514</u>
Total deductions	<u>\$ 4,691,190</u>
Net increase in net position	\$ 295,751
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	<u>3,131,532</u>
Net position, ending	<u><u>\$ 3,427,283</u></u>

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PART III: STATISTICAL SECTION

STATISTICAL SECTION

This part of the County of Spotsylvania's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Tables
Financial Trends Information These schedules contain trend information to help the reader understand how the County's financial performance has changed over time.	S-1 to S-6
Revenue Capacity Information These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	S-7 to S-10
Debt Capacity Information These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and its ability to issue additional debt in the future.	S-11 to S-12
Demographic and Economic Information These schedules 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.	S-13 to S-14
Operating Information These schedules 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.	S-15 to S-18

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA
Net Position by Component
 Last Ten Fiscal Years

TABLE S-1

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities										
Net investment in capital assets	\$ 23.1	\$ 14.7	\$ 11.6	\$ 18.3	\$ 22.6	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8
Restricted	31.0	35.4	19.3	19.7	21.0	1.4	9.5	10.9	8.8	9.5
Unrestricted	(238.7)	(211.3)	(167.2)	(147.0)	(137.6)	(135.9)	(143.3)	(142.7)	(148.7)	(231.5)
Total governmental activities net position	\$ (184.6)	\$ (161.2)	\$ (136.3)	\$ (109.0)	\$ (94.0)	\$ (76.8)	\$ (73.0)	\$ (71.7)	\$ (68.9)	\$ (150.2)
Business-type activities										
Net investment in capital assets	\$ 177.9	\$ 175.7	\$ 170.5	\$ 166.1	\$ 164.7	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4
Restricted	10.8	0.6	34.1	19.4	15.7	6.1	6.1	0.9	2.7	2.8
Unrestricted	51.9	67.1	34.8	54.7	57.9	77.6	61.9	73.1	72.2	65.5
Total business-type activities net position	\$ 240.6	\$ 243.4	\$ 239.4	\$ 240.2	\$ 238.3	\$ 241.3	\$ 245.0	\$ 252.8	\$ 262.1	\$ 260.7
Primary Government										
Net investment in capital assets	\$ 201.0	\$ 190.4	\$ 182.2	\$ 184.4	\$ 187.3	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2
Restricted	41.8	36.0	53.4	39.1	36.7	7.5	15.6	11.8	11.5	12.3
Unrestricted	(186.8)	(144.2)	(132.4)	(92.3)	(79.7)	(58.3)	(81.4)	(69.6)	(76.5)	(166.0)
Total Primary Government net position	\$ 56.0	\$ 82.2	\$ 103.2	\$ 131.2	\$ 144.3	\$ 164.5	\$ 172.0	\$ 181.1	\$ 193.2	\$ 110.5
Component unit - School Board (1)										
Net investment in capital assets	\$ 350.5	\$ 349.3	\$ 328.3	\$ 330.6	\$ 322.6	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9
Restricted	13.9	2.6	4.8	3.8	0.7	4.0	5.6	4.8	0.7	4.3
Unrestricted	(22.2)	(42.7)	(44.0)	(66.0)	(71.5)	(78.5)	(304.3)	(309.6)	(322.8)	(474.3)
Total Component unit - School Board net position	\$ 342.2	\$ 309.2	\$ 289.1	\$ 268.4	\$ 251.8	\$ 241.0	\$ 8.2	\$ 1.3	\$ (11.3)	\$ (151.1)

(1) Component unit net position represents a significant portion of net position for the total reporting entity, and is therefore presented above.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Changes in Net Position
 Last Ten Fiscal Years

TABLE S-2
Page 1

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental activities										
General government	\$ 13.9	\$ 12.5	\$ 11.7	\$ 10.9	\$ 13.4	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4
Judicial administration	5.9	6.1	7.3	7.3	5.7	8.4	9.1	8.7	9.1	9.1
Public safety	40.3	40.2	41.0	43.4	49.1	48.2	47.3	49.0	56.9	60.8
Public works	9.0	6.9	8.8	9.5	9.2	12.6	10.5	12.3	10.0	11.9
Health and welfare	16.7	17.1	17.5	17.5	17.7	18.5	18.1	19.8	21.3	24.1
Education	95.3	77.9	85.8	88.6	92.9	102.7	102.1	114.7	120.5	124.4
Parks, recreation & cultural	9.8	7.1	7.9	7.9	8.1	8.0	8.0	7.9	8.2	8.4
Community development	6.9	17.3	12.9	14.6	19.4	8.3	14.6	18.8	12.2	13.3
Interest on long-term debt	15.4	13.1	15.2	14.2	12.6	11.7	10.6	10.4	10.1	9.9
Total governmental activities expenses	<u>\$ 213.2</u>	<u>\$ 198.2</u>	<u>\$ 208.1</u>	<u>\$ 213.9</u>	<u>\$ 228.1</u>	<u>\$ 232.3</u>	<u>\$ 234.6</u>	<u>\$ 256.9</u>	<u>\$ 265.4</u>	<u>\$ 279.3</u>
Business-type activities										
Water and sewer	<u>\$ 31.3</u>	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>
Total business-type activities expenses	<u>\$ 31.3</u>	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>
Total Primary Government expenses	<u>\$ 244.5</u>	<u>\$ 227.3</u>	<u>\$ 241.7</u>	<u>\$ 246.4</u>	<u>\$ 261.3</u>	<u>\$ 265.3</u>	<u>\$ 268.2</u>	<u>\$ 290.2</u>	<u>\$ 299.2</u>	<u>\$ 315.7</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	1.6	1.3	1.2	1.1	1.0	0.8	0.9	0.7	0.9	0.8
Public safety	7.3	4.5	4.4	4.4	5.8	5.9	6.6	7.5	7.5	7.9
Public works	2.9	0.5	0.7	0.8	1.3	1.9	2.4	2.5	2.7	3.0
Other	2.1	1.7	1.4	1.6	1.7	1.8	1.7	1.5	1.6	1.6
Operating grants & contributions	16.0	15.2	15.2	15.7	14.1	16.2	17.8	19.3	20.5	22.5
Capital grant & contributions	0.1	1.9	4.7	9.3	9.9	3.8	3.5	4.2	2.8	2.8
Total governmental activities program revenues	<u>\$ 30.2</u>	<u>\$ 25.4</u>	<u>\$ 27.9</u>	<u>\$ 33.2</u>	<u>\$ 34.1</u>	<u>\$ 30.7</u>	<u>\$ 33.2</u>	<u>\$ 36.0</u>	<u>\$ 36.3</u>	<u>\$ 38.9</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA
Changes in Net Position
 Last Ten Fiscal Years

TABLE S-2
 Page 2

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Business-type activities										
Charges for services										
Water and sewer	\$ 24.8	\$ 26.1	\$ 25.3	\$ 25.7	\$ 27.7	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4
Operating grants & contributions	-	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital grants & contributions	3.0	3.6	2.8	7.0	4.4	6.3	8.2	8.1	9.5	11.3
Total business-type program revenues	\$ 27.8	\$ 29.7	\$ 28.1	\$ 33.2	\$ 32.6	\$ 35.2	\$ 39.0	\$ 40.4	\$ 42.5	\$ 45.2
Total Primary Government program revenues	\$ 58.8	\$ 59.9	\$ 53.5	\$ 66.4	\$ 66.7	\$ 66.9	\$ 72.2	\$ 76.4	\$ 78.8	\$ 84.1
Net expense										
Governmental activities	\$ (183.0)	\$ (172.8)	\$ (180.2)	\$ (180.8)	\$ (194.0)	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)
Business-type activities	(3.5)	(0.6)	5.4	0.7	(0.6)	2.2	5.4	7.1	8.7	8.8
Total Primary Government net expenses	\$ (186.5)	\$ (173.4)	\$ (174.8)	\$ (180.1)	\$ (194.6)	\$ (199.5)	\$ (196.0)	\$ (213.8)	\$ (220.6)	\$ (231.6)
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 129.7	\$ 140.0	\$ 145.3	\$ 146.2	\$ 147.9	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1
Other taxes	39.1	39.4	42.9	45.5	47.3	51.7	48.2	48.1	45.6	47.2
Grants and contributions not restricted	16.0	15.8	15.3	15.3	15.4	15.6	15.4	15.6	20.2	20.1
Interest and investment earnings	1.6	0.6	0.8	0.3	-	0.5	0.5	1.2	0.6	1.1
Gain on sale of property	0.2	0.2	0.4	-	-	-	-	-	-	-
Miscellaneous	0.1	-	0.5	0.5	0.2	0.1	0.2	0.2	0.3	0.3
Transfers	0.1	0.2	-	0.3	-	(0.4)	(0.2)	0.2	(0.1)	0.6
Special item	-	-	-	-	-	-	0.6	(2.0)	-	-
Total governmental activities	\$ 186.8	\$ 196.2	\$ 205.2	\$ 208.1	\$ 210.8	\$ 218.9	\$ 219.5	\$ 225.1	\$ 233.4	\$ 241.4
Business-type activities										
Interest and investment earnings	2.6	0.8	0.9	0.4	0.3	0.4	0.3	0.8	0.3	0.5
Miscellaneous	1.0	1.6	0.5	-	-	-	-	0.1	0.2	0.3
Transfers	(0.1)	(0.2)	-	0.3	-	0.4	0.2	(0.2)	0.1	(0.6)
Total business-type activities	\$ 3.5	\$ 2.2	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.8	\$ 0.5	\$ 0.7	\$ 0.6	\$ 0.2
Total Primary Government	\$ 190.3	\$ 198.4	\$ 206.6	\$ 208.8	\$ 211.1	\$ 219.7	\$ 220.0	\$ 225.8	\$ 234.0	\$ 241.6
Change in net position										
Governmental activities	\$ 3.8	\$ 23.4	\$ 25.0	\$ 27.3	\$ 16.8	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1
Business-type activities	-	2.8	4.0	0.8	(0.3)	3.0	5.9	7.8	9.3	8.9
Total Primary Government	\$ 3.8	\$ 26.2	\$ 29.0	\$ 28.1	\$ 16.5	\$ 20.2	\$ 24.0	\$ 12.0	\$ 13.4	\$ 10.0

COUNTY OF SPOTSYLVANIA, VIRGINIA
Changes in Net Position
 Last Ten Fiscal Years

TABLE S-2
 Page 3

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Component unit - School Board (1)										
Expenses										
Education	\$ 262.0	\$ 260.8	\$ 243.1	\$ 244.9	\$ 261.5	\$ 257.7	\$ 264.6	\$ 281.6	\$ 288.4	\$ 273.0
Program revenues										
Charges for services	\$ 8.5	\$ 7.6	\$ 7.6	\$ 7.8	\$ 7.7	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3
Operating grants & contributions	142.9	141.2	128.9	127.3	138.2	135.3	141.0	143.7	145.8	152.2
Capital grants & contributions	11.3	0.2	-	-	0.2	0.6	0.3	0.9	0.9	1.5
Total Component unit - School Board program revenue	162.7	149.0	136.5	135.1	146.1	144.1	149.2	153.1	155.2	163.0
Total Component unit - School Board net expense	\$ (99.3)	\$ (111.8)	\$ (106.6)	\$ (109.8)	\$ (115.4)	\$ (113.6)	\$ (115.4)	\$ (128.5)	\$ (133.2)	\$ (110.0)
General revenues and other changes in net position										
Payments from Primary Government	\$ 83.9	\$ 77.9	\$ 85.8	\$ 88.4	\$ 92.7	\$ 102.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1
Interest and investment earnings	0.4	0.2	-	-	-	-	-	0.1	0.1	0.3
Miscellaneous	0.2	0.7	0.6	0.8	0.9	0.3	0.3	0.5	0.2	0.1
Total general revenues and transfers	\$ 84.5	\$ 78.8	\$ 86.4	\$ 89.2	\$ 93.6	\$ 102.8	\$ 102.0	\$ 115.1	\$ 120.6	\$ 124.5
Total Component unit - School Board change in net position	\$ (14.8)	\$ (33.0)	\$ (20.2)	\$ (20.6)	\$ (21.8)	\$ (10.8)	\$ (13.4)	\$ (13.4)	\$ (12.6)	\$ 14.5

(1) Component unit net position components are included in this table due to the School Board being a significant portion of the County.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Fund Balances of Governmental Funds
 Last Ten Fiscal Years

TABLE S-3

(Amounts in millions)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund:										
Prior to GASB 54:										
Unreserved										
Designated	\$ 37.1	\$ 41.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	1.4	6.4	-	-	-	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	-	0.2	1.5	1.5	1.6	2.1	2.7	2.7	2.7
Committed (1)	-	-	1.2	10.5	4.8	2.6	3.0	48.9	52.0	54.5
Assigned (1)	-	-	16.0	8.6	9.3	9.9	15.7	16.7	9.1	19.6
Unassigned	-	-	37.5	41.6	39.8	43.0	46.6	5.4	15.1	12.1
Total General Fund	<u>\$ 38.5</u>	<u>\$ 48.0</u>	<u>\$ 54.9</u>	<u>\$ 62.2</u>	<u>\$ 55.4</u>	<u>\$ 57.1</u>	<u>\$ 67.4</u>	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>
All other governmental funds:										
Prior to GASB 54:										
Reserved	\$ 27.8	\$ 35.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue funds	(5.2)	1.7	-	-	-	-	-	-	-	-
Capital Projects Fund	-	(2.0)	-	-	-	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	-	19.2	19.7	25.2	35.4	34.8	34.2	34.1	30.3
Committed	-	-	10.2	7.4	14.2	16.3	22.4	27.3	27.8	29.6
Assigned	-	-	0.8	0.7	0.5	2.8	3.4	2.1	2.2	3.3
Unassigned	-	-	(1.5)	0.1	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 22.6</u>	<u>\$ 35.2</u>	<u>\$ 28.7</u>	<u>\$ 27.9</u>	<u>\$ 39.9</u>	<u>\$ 54.5</u>	<u>\$ 60.6</u>	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>

(1) Effective for fiscal year 2016, the Board of Supervisors elected to amend County fiscal policy to increase the constraints over its fiscal stability reserve of \$42.4 million from unassigned to committed; and its health insurance reserve of \$3.5 million from assigned to committed.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

TABLE S-4

Page 1

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
General property taxes	\$ 128.8	\$ 136.8	\$ 144.9	\$ 147.2	\$ 147.8	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3
Other local taxes	39.1	38.2	42.1	45.6	47.2	51.7	48.3	48.1	45.6	47.2
Permits, privilege fees and regulatory licenses	3.2	2.3	2.3	2.4	2.7	2.7	3.2	4.3	3.8	4.8
Fines and forfeitures	1.2	1.0	0.9	0.8	0.6	0.5	0.6	0.5	0.6	0.5
Revenues from use of money and property	2.8	1.5	1.5	1.1	0.7	1.1	1.2	1.9	1.5	2.0
Charges for services	7.5	4.7	4.6	5.5	6.4	7.1	7.6	7.0	7.8	7.9
Miscellaneous	1.0	0.5	0.5	0.6	0.7	0.9	0.5	1.2	0.9	1.8
Intergovernmental	31.4	32.2	33.9	31.6	41.2	37.9	39.0	38.4	40.4	44.3
Total revenues	<u>\$ 215.0</u>	<u>\$ 217.2</u>	<u>\$ 230.7</u>	<u>\$ 234.8</u>	<u>\$ 247.3</u>	<u>\$ 253.8</u>	<u>\$ 257.1</u>	<u>\$ 263.1</u>	<u>\$ 268.1</u>	<u>\$ 280.8</u>
Expenditures										
General government	\$ 12.2	\$ 9.3	\$ 9.9	\$ 10.6	\$ 11.6	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7
Judicial administration	5.6	5.8	5.8	6.2	6.4	6.8	7.0	7.3	7.0	7.5
Public safety	37.2	36.4	37.0	39.4	44.4	44.3	43.9	45.8	48.1	51.7
Public works	7.4	6.6	7.2	8.0	8.3	8.7	8.5	8.5	7.9	8.2
Health and welfare	16.5	16.7	17.3	17.2	17.3	18.0	18.0	19.6	20.7	23.8
Education (2)	83.9	77.9	85.8	84.5	92.9	102.7	101.9	114.7	120.5	124.4
Parks, recreation and cultural	6.6	6.3	6.8	6.8	6.8	6.8	6.8	6.8	7.1	7.5
Community development	3.8	3.2	2.9	4.3	7.7	5.3	6.3	8.4	7.3	7.6
Non-departmental	0.4	0.5	0.5	0.5	0.5	0.7	1.0	1.1	1.2	1.2
Capital projects	11.0	19.9	43.2	27.0	16.2	14.0	21.0	27.5	23.5	17.2
Debt service:										
Principal (1)	25.4	25.0	26.0	27.1	26.8	25.2	23.2	25.4	27.8	28.4
Interest (1)	15.6	14.6	15.6	14.7	13.5	12.6	11.6	11.2	11.8	11.5
Bond issuance costs	-	(0.1)	0.1	(0.5)	0.9	0.2	0.9	0.3	0.3	0.2
Total expenditures	<u>\$ 225.6</u>	<u>\$ 222.1</u>	<u>\$ 258.1</u>	<u>\$ 245.8</u>	<u>\$ 253.3</u>	<u>\$ 256.8</u>	<u>\$ 262.0</u>	<u>\$ 288.2</u>	<u>\$ 296.0</u>	<u>\$ 301.9</u>
Other financing sources (uses)										
Issuance of debt (1)	\$ -	\$ 27.6	\$ 19.8	\$ 11.5	\$ 10.7	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5
Refunding bond proceeds	-	-	-	17.7	44.2	11.7	81.6	16.5	-	-
Payment to escrow for refunded debt	-	-	-	(6.0)	(43.5)	(11.6)	(80.8)	(16.4)	-	-
Lease proceeds and extinguishments	-	-	7.3	(7.3)	-	-	-	-	-	-

COUNTY OF SPOTSYLVANIA, VIRGINIA
Changes in Fund Balances of Governmental Funds
 Last Ten Fiscal Years

TABLE S-4

Page 2

(Amounts in millions)

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Continued from page 1										
Transfers in(out), net	0.1	0.2	-	0.3	-	-	(0.2)	0.2	(0.1)	0.6
Total other financing sources, net	\$ 0.1	\$ 27.8	\$ 27.1	\$ 16.2	\$ 11.4	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.6	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (10.5)	\$ (22.9)	\$ (0.3)	\$ (5.2)	\$ (5.4)	\$ 16.3	\$ 16.4	\$ 9.4	\$ 4.0	\$ 9.2
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 41.0	\$ 39.6	\$ 41.6	\$ 42.2	\$ 40.3	\$ 37.7	\$ 35.7	\$ 36.9	\$ 39.9	\$ 40.1
Total expenditures	225.6	222.1	258.1	246.8	253.3	256.8	261.9	288.2	296.0	301.8
Capital outlay Primary Government only (2)	31.0	4.2	34.0	15.1	6.0	11.1	11.9	16.6	15.7	9.5
Non-capital expenditures	194.6	217.9	224.1	231.7	247.3	245.7	250.0	271.6	280.3	292.3
Debt service as a percentage of non-capital expenditures: (Primary Government only)	21.1%	18.2%	18.6%	18.2%	16.3%	15.3%	14.3%	13.6%	14.2%	13.7%
Component unit - School Board:										
School expenditures excluding County contribution	167.7	164.1	139.0	136.5	147.7	135.5	144.7	152.8	159.1	156.0
Capital outlay component unit - School Board only (2)	16.7	14.9	4.1	7.4	6.4	7.6	5.6	9.1	19.8	23.9
Non-capital expenditures	151.0	149.2	134.9	129.1	141.3	127.9	139.1	143.7	139.3	132.1
Total Reporting Entity (1):										
Total debt service	41.0	39.6	41.6	42.2	40.3	37.7	35.7	36.9	39.9	40.1
Total non-capital expenditures	\$ 345.6	\$ 367.1	\$ 359.0	\$ 360.8	\$ 388.6	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	11.9%	10.8%	11.6%	11.7%	10.4%	10.1%	9.2%	8.9%	9.5%	9.4%

- (1) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority; therefore, the debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of non-capital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) The amount reported for "capital outlay Primary Government only" matches the reconciling item for capital outlay in the reconciliation between the government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds (Exhibit IV). The amount reported for "capital outlay component unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Discretely Presented Component Unit - School Board (Schedule D-2).

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-5

Tax Revenues by Source Reported in the General Fund
Last Ten Fiscal Years

Fiscal Year	General Property Taxes (1)	Other Local Taxes			Total Tax Revenues
		Sales Taxes	Utilities Taxes (2)	Other Taxes	
2018	\$ 170,465,838	\$ 18,105,300	\$ 2,518,953	\$22,278,770	\$213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
2013	146,393,586	15,355,413	2,404,781	19,186,113	183,339,893
2012	145,533,200	15,110,445	2,446,630	18,324,183	181,414,458
2011	142,518,661	14,442,629	2,462,351	17,835,593	177,259,234
2010	135,397,845	13,971,811	2,489,229	16,896,976	168,755,861
2009	127,061,340	14,383,878	2,373,184	17,322,548	161,140,950
% Change 2018/2017	2.8%	2.2%	(3.2)%	3.5%	2.8%
% Change 2018/2009	34.2%	25.9%	6.1%	28.6%	32.4%
Category % of Total Taxes	79.9%	8.5%	1.2%	10.4%	100.0%

(1) Excludes administrative collection fees reported within the General Fund's general property taxes on Exhibit IV.

(2) Effective July 1, 2009, all communication sales and use tax, formerly remitted directly to localities by the provider and defined as local funding, was reclassified as State noncategorical funding and removed from this table. For ease of presentation, any communication sales and use tax received as local funding prior to July 1, 2009 has also been reclassified to State noncategorical funding and removed.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-6

General Revenues by Source - All Governmental Funds and the Component Unit - School Board
 Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes (3)	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)(3)	Total Revenues
2018	\$ 172,314,525	\$47,175,486	\$ 4,845,487	\$ 529,585	\$ 2,278,172	\$16,672,709	\$ 2,182,187	\$ 197,846,373	\$443,844,524
2017	167,521,135	45,574,161	3,781,794	558,004	1,573,898	15,870,501	1,210,728	187,046,968	423,137,189
2016	161,724,970	43,557,610	4,338,229	516,791	1,957,329	15,016,889	1,693,088	184,319,566	413,124,472
2015	156,655,140	43,526,116	3,184,983	634,822	1,172,402	15,049,360	1,051,706	184,768,422	406,042,951
2014	151,945,820	46,939,533	2,685,169	544,449	1,108,352	14,808,265	1,687,726	178,014,581	397,733,895
2013	147,829,247	42,360,777	2,654,404	642,498	743,743	13,618,541	1,606,764	184,382,796	393,838,770
2012	147,205,885	40,825,793	2,387,611	834,900	1,086,961	12,728,380	1,465,681	163,648,342	370,183,553
2011	144,911,369	37,113,867	2,210,433	933,327	1,528,698	11,822,621	1,113,581	167,785,857	367,419,753
2010	136,828,908	33,358,015	2,344,271	1,007,247	1,630,563	11,870,306	1,225,134	178,497,785	366,762,229
2009	128,835,304	34,079,612	3,176,811	1,163,163	3,243,952	15,722,456	1,358,757	179,333,599	366,913,654
% Change 2018/2017	2.9%	3.5%	28.1%	(5.1)%	44.7%	5.1%	80.2%	5.8%	4.9%
% Change 2018/2009	33.7%	38.4%	52.5%	(54.5)%	(29.8)%	6.0%	60.6%	10.3%	21.0%
% of Total Revenues	38.8%	10.6%	1.1%	0.1%	0.5%	3.8%	0.5%	44.6%	100.0%

(1) Includes revenues as reported on Schedule D-2 *Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board* with the exception of payments from Primary Government of \$124,119,694.

(2) Includes revenues reported as gifts and donations on the face of the financial statements.

(3) Effective July 1, 2009, all communication sales and use tax, formerly remitted directly to localities by the provider was reclassified as State noncategorical funding and reported as intergovernmental revenue. For ease of presentation, any communication sales and use tax received and reported as other local taxes prior to July 1, 2009 has also been reclassified to intergovernmental.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-7

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Amounts in thousands)

Calendar Year	Real Estate (2)	Mobile Home	Personal Property (3)	Machinery and Tools	Heavy Equipment	Public Service Corporation (4)	Total Assessed Value	Total Direct Tax Rate
2018	\$ 15,358,064	\$ 8,792	\$ 1,737,814	\$ 27,943	\$ 17,157	\$ 383,376	\$ 17,533,146	\$ 1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
2015	13,095,404	11,407	1,628,072	26,695	13,926	338,190	15,113,694	1.13
2014	12,930,409	11,730	1,604,441	28,908	14,169	309,858	14,899,515	1.13
2013	12,415,275	12,815	1,570,267	21,097	11,202	300,789	14,331,446	1.13
2012	12,333,058	12,395	1,555,948	22,598	10,875	292,129	14,227,003	1.13
2011	12,790,018	12,911	1,495,902	20,121	12,450	285,440	14,616,842	1.09
2010	12,637,662	12,304	1,482,839	36,991	16,792	278,593	14,465,181	1.10
2009	16,249,940	15,982	1,354,551	39,395	19,070	291,219	17,970,157	0.81
% Change 2018/2017	7.7%	(17.3)%	(0.0)%	11.1%	5.0%	(1.7)%	6.7%	
% Change 2018/2009	(5.5)%	(45.0)%	28.3%	(29.1)%	(10.0)%	31.6%	(2.4)%	
Category % of Total AV, CY 2018	87.6%	0.1%	9.9%	0.2%	0.1%	2.1%	100.0%	

(1) Assessed values of all classes of property approximate market value as of assessment date, unless otherwise noted.

(2) Real property is assessed biennially on January 1, with the resulting taxes being payable in two equal installments annually, on June 5 and December 5.

(3) Personal property is assessed at 50% of market value annually, while business furniture and fixtures are assessed at 20% to 50% of market value.

(4) The assessed values of Public Service Corporation real and personal property are determined by the State Corporation Commission.

Source: Commissioner of Revenue, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-8

Property Tax Rates per \$100 of Assessed Value
 Last Ten Fiscal Years

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2018	\$ 0.83	\$ 6.55	\$ 5.95	\$ 2.50	\$ 2.00
2017	0.85	6.55	5.95	2.50	2.00
2016	0.85	6.55	5.95	2.50	2.00
2015	0.86	6.76	5.95	2.50	2.00
2014	0.86	6.78	5.95	2.50	2.00
2013	0.88	6.37	5.95	2.50	2.00
2012	0.88	6.37	5.95	2.50	2.00
2011	0.86	6.26	5.95	2.50	2.00
2010	0.86	6.26	5.95	2.50	2.00
2009	0.62	6.26	5.95	2.50	2.00

(1) Effective starting tax year 2014, aircraft are no longer taxable. Effective starting in 2015, boats and boat trailers are taxed at \$6.25. Effective 2017 boat and trailers rate was reduced to \$6.24.

Source: Commissioner of Revenue, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA
Principal Property Taxpayers
Current Year and Nine Years Ago

TABLE S-9

(Amounts in thousands)

	Calendar Year 2017			Calendar Year 2008		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Spotsylvania Towne Centre	\$ 188,296	1	1.25%	\$ 116,029	1	0.69%
Dominion Virginia Power	155,977	2	1.03%	71,446	2	0.43%
Spotsylvania Regional Medical Ctr	80,996	3	0.54%	--		--
Lidl US Operations	93,309	4	0.62%	--		--
Rappahannock Electric Cooperative	71,616	5	0.47%	61,100	3	0.36%
Comcast of Va	8,242	6	0.05%	--		--
CVS VA Distribution	6,913	7	0.05%	--		--
Verizon VA	44,851	8	0.30%	50,134	4	0.30%
Columbia Gas of Va	42,988	9	0.28%	--		--
Lee Property Harrison Crossing	32,214	10	0.21%	--		--
NTS/Virginia Development	--		--	55,722	5	0.33%
Collegiate Funding Services	--		--	5,656	6	0.03%
General Motors	--		--	15,247	7	0.09%
Southpoint II LLC	--		--	22,690	8	0.14%
Verizon South, Inc.	--		--	27,673	9	0.16%
Adelphia Communications	--		--	3,361	10	0.02%
	<u>\$ 725,402</u>		<u>4.80%</u>	<u>\$ 429,058</u>		<u>2.55%</u>

Note: Assessed values include real and personal property. Schedule is ranked by tax paid. Due to varying rates for real and personal property, assessed values may appear to be out of order.

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA
Property Tax Levies and Collections
 Last Ten Fiscal Years

TABLE S-10

(Amounts in thousands)

Fiscal Year (4)	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy		Collections in Subsequent Years (1) (2)	Total Collections to Date	
		Amount (2)	Percentage of Levy (3)		Amount	Percentage of Levy (3)
2018	\$ 164,020	\$ 155,695	94.92%	\$ -	\$ 155,695	94.92%
2017	158,493	151,128	95.35%	5,691	156,819	98.94%
2016	153,011	145,122	94.84%	6,825	151,947	99.30%
2015	148,433	141,151	95.09%	7,300	148,451	100.01%
2014	145,809	137,564	94.35%	7,011	144,575	99.15%
2013	141,162	134,557	95.32%	6,458	141,015	99.90%
2012	141,374	132,979	94.06%	6,941	139,920	98.97%
2011	137,986	130,423	94.52%	6,996	137,419	99.59%
2010	131,069	123,576	94.28%	6,934	130,510	99.57%
2009	119,257	112,873	94.65%	5,925	118,798	99.62%

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

(3) Percentages are calculated using levy for fiscal year.

(4) Business property taxes included as of fiscal year 2010.

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA
Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

TABLE S-11
Page 1

(Amounts in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	Lease Revenue Bonds	Capital Leases	State Literary Fund Loans	Revenue Bonds				
2018	\$ 207,123	\$ 13,295	\$ 70,691	\$ -	\$ -	\$ 120,172	\$	411,281	1.54%	\$ 3.07
2017	197,720	18,336	76,081	-	-	126,147		418,284	1.48%	3.14
2016	184,864	23,701	81,364	-	-	131,894		421,823	1.39%	3.21
2015	166,632	29,107	86,503	-	-	136,685		418,927	1.39%	3.21
2014	165,705	34,621	84,288	-	-	141,466		426,080	1.36%	3.30
2013	159,200	39,385	82,574	-	-	140,390		421,549	1.32%	3.30
2012	158,787	45,060	87,236	-	7,263	144,258		442,604	1.25%	3.51
2011	163,511	51,331	80,475	7,253	7,924	147,855		458,349	1.18%	3.67
2010	157,507	58,634	84,466	-	8,845	119,389		428,841	1.19%	3.50
2009	142,581	66,044	88,332	650	9,775	122,654		430,036	1.16%	3.55

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
Ratios of General Bonded Debt Outstanding
 Last Ten Fiscal Years

TABLE S-11

Page 2

(Amounts in thousands, except per capita)

Fiscal Year	General Obligation Bonded Debt Outstanding (1)			Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)
	General Obligation Bonds	Virginia Public School Authority Bonds	Lease Revenue Bonds			
2018	\$ 207,123	\$ 13,295	\$ 70,691	\$ 291,109	1.66%	\$ 2.18
2017	197,720	18,336	76,081	292,137	1.78%	2.19
2016	184,864	23,701	81,364	289,929	1.81%	2.21
2015	166,632	29,107	86,503	282,242	1.87%	2.16
2014	165,705	34,621	84,288	284,614	1.91%	2.23
2013	159,200	39,385	82,574	281,159	1.96%	2.21
2012	158,787	45,060	87,236	291,083	2.04%	2.31
2011	163,511	51,331	80,475	295,317	2.01%	2.37
2010	157,507	58,634	84,466	300,607	2.08%	2.46
2009	142,581	66,044	88,332	296,957	1.65%	2.45

(1) Details regarding the County's outstanding debt can be found in the current financial statements. Includes all general obligation bonded debt issued on behalf of the School Board. Lease revenue bonds are issued for general government purposes and are paid by general government resources.

(2) See Schedule S-7 for the County's assessed value data.

(3) See Schedule S-13 for population data.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-12

Revenue Bond Coverage - Water and Sewer Revenue Bonds

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Gross Revenue (1)	Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Times (4)
				Principal	Interest (3)	Total	
2018	\$ 41,293	\$ 18,416	\$ 22,877	\$ 5,471	\$ 4,666	\$ 10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22
2015	34,783	16,535	18,248	4,557	5,645	10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65
2013	32,066	16,047	16,019	3,880	5,899	9,779	1.64
2012	29,441	16,550	12,891	3,600	5,371	8,971	1.44
2011	28,942	17,661	11,281	3,395	3,617	7,012	1.61
2010	27,668	15,269	12,399	3,265	4,692	7,957	1.56
2009	28,440	17,685	10,755	3,155	5,814	8,969	1.20

(1) Total revenues exclude intergovernmental reimbursement of construction costs, contributions from developers, and compost production services.

(2) Total expenses exclude depreciation, amortization, interest, and compost production costs.

(3) Excludes BAB subsidy revenues and new debt proceeds used to subsidize debt service interest.

(4) Legal limit: minimum of 1.15

COUNTY OF SPOTSYLVANIA, VIRGINIA
Demographic and Economic Statistics
 Last Ten Fiscal Years

TABLE S-13

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2018	133,783	\$ 6,318,518	\$ 47,230	23,794	3.2%
2017	133,033	6,283,096	47,230	23,598	3.8%
2016	131,405	6,206,206	47,230	23,678	4.2%
2015	130,032	6,015,371	46,261	23,817	4.8%
2014	128,880	5,746,085	44,585	23,773	5.5%
2013	127,445	5,557,586	43,608	23,725	6.3%
2012	125,833	5,546,730	44,080	23,775	6.5%
2011	124,534	5,363,398	43,068	23,868	7.0%
2010	122,397	5,074,943	41,463	24,084	7.0%
2009	120,977	4,942,717	40,857	24,202	5.7%

- (1) Estimated for July 1 of each year
 2009 - 2017 U.S. Bureau of the Census
 2018 Spotsylvania County Planning Department
- (2) Personal and per capita income reported per the Bureau of Economic Analysis, U.S. Department of Commerce includes the City of Fredericksburg and have been adjusted to remove the estimated portion belonging to the City. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year income data for 2009 - 2016 (the last year available). Per Capita Personal Income for 2017 and 2018 is assumed to be equal to 2016, the last year for which personal income data is available. Personal Income amounts for 2017 and 2018 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.
- (3) As of October 1 of each fiscal year
- (4) Virginia Employment Commission Local Area Unemployment Statistics; data presented at fiscal year-end

COUNTY OF SPOTSYLVANIA, VIRGINIA
Principal Employers
Current Year and Nine Years Ago

TABLE S-14

Employer	FY 2018			FY 2009		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	8.6%	Over 1,000	1	11.4%
County of Spotsylvania	Over 1,000	2	3.0%	500 to 999	2	2.9%
HCA Virginia Health System	500 to 999	3	2.1%	--		
Wal Mart	250 to 499	4	2.1%	500 to 999	3	2.6%
CVS, Inc.	250 to 499	5	1.0%	500 to 999	4	1.3%
Germanna Community College	250 to 499	6	1.0%	250 to 499	6	1.3%
Lidl US Operations	250 to 499	7	1.0%	--		
Weis Markets (previously Food Lion)	250 to 499	8	1.0%	250 to 499	5	1.3%
McDonald's	250 to 499	9	1.0%	100 to 249	10	0.6%
Kaeser Compressors, Inc.	100 to 249	10	0.5%	--		
Target Corp	--			100 to 249	7	0.6%
Carmax	--			100 to 249	8	0.6%
Carriage Hill Nursing Home	--			100 to 249	9	0.6%
Total employment	35,880			29,154		

Source: Virginia Employment Commission, Top 50 Employers
Percentage of total County employment based on the midpoint of the ranges given.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-15

Full-Time County Government Employees by Function

Last Ten Fiscal Years

Function/Program	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	115	115	116	116	122	124	128	127	132	137
Judicial administration	36	35	35	38	38	38	38	38	40	41
Public safety	399	382	381	374	401	416	438	452	470	497
Public works	56	49	49	44	48	48	49	50	50	50
Health and welfare	77	77	77	82	83	83	85	85	88	93
Parks, recreation & cultural	24	24	24	23	23	23	23	23	23	23
Community development	26	22	22	32	38	36	36	36	36	35
Total governmental activities	<u>733</u>	<u>704</u>	<u>704</u>	<u>709</u>	<u>753</u>	<u>768</u>	<u>797</u>	<u>811</u>	<u>839</u>	<u>876</u>
Business-type activities:										
Water and sewer	<u>111</u>	<u>113</u>	<u>113</u>	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>
Total business-type activities	<u>111</u>	<u>113</u>	<u>113</u>	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>
Total full-time employees	<u>844</u>	<u>817</u>	<u>817</u>	<u>822</u>	<u>867</u>	<u>883</u>	<u>914</u>	<u>929</u>	<u>958</u>	<u>996</u>

Source: County approved budget documents.

COUNTY OF SPOTSYLVANIA, VIRGINIA
Operating Indicators by Function
 Last Ten Fiscal Years

TABLE S-16

Page 1

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	58,990	59,122	59,248	59,682	59,803	60,459	60,765	61,040	61,624	62,107
Percentage of fair market value (2)	133.70%	90.30%	94.70%	90.20%	82.70%	89.50%	85.40%	92.00%	83.30%	n/a
Treasurer										
Real estate tax bills generated	133,784	125,530	127,740	127,923	132,219	135,270	131,710	130,725	131,269	132,330
Personal property tax bills generated (1)	271,542	245,127	248,054	268,067	293,817	298,844	305,300	306,102	305,378	316,851
Registrar										
Number of registered voters	74,600	75,854	77,350	79,900	81,922	82,355	83,220	84,754	86,200	88,465
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	24,745	23,098	21,458	25,702	28,618	20,024	22,080	23,086	23,149	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	2,174	1,931	1,792	1,666	1,400	1,280	1,319	1,387	1,435	n/a
Number of circuit court cases (1)	2,115	2,217	2,157	1,998	2,278	1,962	2,076	2,694	3,352	n/a
Number of General District Court cases (1)	12,362	11,945	10,700	9,974	8,667	8,028	8,245	8,804	8,444	n/a
Number of Juvenile & Domestic Relations Court cases (1)	4,004	5,143	3,267	3,018	3,062	2,817	2,873	2,381	2,552	n/a
Public safety										
Sheriff										
Calls for service	180,105	172,762	153,069	150,598	144,996	129,761	116,336	122,067	121,102	124,105
Calls for service per road deputy	2,814	2,657	2,430	2,091	2,013	1,802	1,615	1,695	1,681	1,477
Civil process papers served	45,326	48,010	60,512	49,999	38,281	43,224	42,149	43,441	40,817	44,490
Warrants served	13,279	12,880	12,280	11,019	11,055	9,986	10,714	10,917	11,146	11,151
Emergency Communications										
Total calls received	217,365	213,419	202,674	203,414	188,361	184,615	179,219	183,563	185,097	187,792
911 calls received	52,600	50,941	50,008	52,816	47,832	49,189	45,984	44,244	46,325	47,338
Fire, Rescue and Emergency Management										
Calls for service (3)	16,749	16,540	15,458	15,622	16,974	15,355	16,219	16,526	17,525	18,500
Animal Control										
Calls for service (all types)	6,275	8,035	8,517	8,387	8,212	8,386	8,084	8,803	8,925	9,453
Public works										
Refuse Disposal										
Solid waste - tons (1)	46,535	45,872	41,518	40,064	73,737	108,500	132,524	125,935	127,916	135,022
Recycling										
Recycled materials - tons	11,087	21,183	20,960	22,758	23,360	26,446	20,000	21,000	20,000	22,578
Sludge composted - tons	12,573	12,369	14,492	15,580	18,828	22,924	19,945	19,596	20,280	15,703

COUNTY OF SPOTSYLVANIA, VIRGINIA
Operating Indicators by Function
 Last Ten Fiscal Years

TABLE S-16
Page 2

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Health and welfare										
Social Services										
SNAP applications	2,793	3,739	3,628	4,250	4,530	4,709	4,658	4,319	4,038	n/a
Medicaid applications	2,558	2,024	2,250	3,766	3,960	4,786	4,833	4,033	4,025	5,095
Medicaid (avg monthly ongoing caseload)	6,588	7,561	8,295	8,612	6,760	6,869	7,651	8,298	8,287	8,945
Foster care children (avg monthly county)	116	134	121	97	90	82	78	88	97	141
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,964	7,762	7,669	7,540	7,293	7,024	7,037	6,466	6,607	6,744
Special interest/leisure participants	12,308	12,842	11,426	11,555	11,120	10,671	11,540	14,217	15,613	17,408
Park visitors	1,137,700	1,143,200	1,151,800	1,284,500	1,312,800	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600
Community development										
Planning										
Final platted lots approved (1)	64	48	441	110	278	236	252	550	499	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 34,190	\$ 33,787	\$ 33,787	\$ 31,014	\$ 31,995	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	n/a
Tourism										
Tourists visiting area (1)	601,949	782,505	624,786	736,492	799,887	849,000	935,538	1,673,261	1,799,951	n/a
Extension Office (4)										
Requests for educational information	8,237	15,453	6,486	7,043	3,694	2,462	10,392	15,970	20,119	21,439
Individuals participating in programs (1)	9,210	4,127	13,946	15,196	13,494	9,672	18,125	19,874	9,498	9,932
Other funds										
Code Compliance										
Community development permits issued	3,000	2,788	3,009	2,852	3,068	3,111	2,996	3,628	3,773	4,040
Building inspections	15,166	14,361	12,786	11,851	13,442	14,682	15,672	16,731	19,541	21,884
Utilities										
Average daily water consumption (mgd)	6.65	6.06	7.21	6.77	6.81	7.14	6.78	6.98	7.10	7.19
Average effluent flows (mgd)	7.88	8.27	6.72	7.50	7.50	9.54	8.13	8.90	8.90	10.70
Water customers	27,939	28,311	28,391	28,800	28,976	29,390	29,658	30,104	30,628	31,160
Sewer customers	27,065	27,352	27,435	27,416	27,691	28,095	28,338	28,768	29,285	29,813

n/a Not available

(1) Reported on a calendar year basis.

(2) Final 2017 State sales ratio will be issued late 2018.

(3) Began reporting on fiscal year basis in 2009.

(4) Change in 2010 - Program participants now include office visits, farm visits and similar one on one or small group interactions with staff. The requests for information are based on e-mail requests, phone requests and newsletters sent

Source: Various County Departments

COUNTY OF SPOTSYLVANIA, VIRGINIA
Capital Asset Statistics by Function
 Last Ten Fiscal Years

TABLE S-17

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	199	205	205	201	201	201	201	206	220	209
Fire & Rescue:										
Stations	13	13	13	13	13	13	13	13	12	12
Response units	65	65	67	67	67	69	69	69	72	72
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	12	12	12	13	13	13	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	470,659	471,659	471,659	661,497	649,397	649,721	649,721	649,721	649,721	709,706
Parks, recreation and cultural										
Parks	11	11	11	11	13	13	13	13	13	13
Park acreage	482	482	482	482	536	536	536	536	536	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Athletic fields maintained	32	32	32	32	37	37	37	37	37	37
Community centers	6	6	6	6	7	7	6	6	6	6
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	2	2	2	2
Museums	1	1	1	1	1	1	1	1	1	1
Community development										
Visitor centers	1	1	1	1	1	1	1	1	1	1
Public utilities										
Water mains (miles)	496	502	514	517	517	536	542	553	562	563
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	455	457	496	497	497	497	500	552	552	553
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallon)	12,300	12,300	12,300	13,700	13,700	13,700	13,700	13,700	13,700	13,700
Reservoirs	3	3	3	3	3	3	3	3	3	3
Vehicles maintained	56	56	53	52	52	51	52	50	50	46
Fleet Management										
Vehicles maintained	1,057	1,101	1,227	1,197	1,074	1,057	1,070	1,061	1,075	1,090

COUNTY OF SPOTSYLVANIA, VIRGINIA
Summary of Certain School Statistics
School Enrollment
 Last Five Fiscal Years

TABLE S-18

Page 1

	2014	2015	2016	2017	2018
Kindergarten	1,714	1,588	1,565	1,569	1,544
Elementary (grades 1-7)	12,450	12,518	12,316	12,166	12,284
Secondary (grades 8-12)	9,282	9,355	9,437	9,426	9,497
Pre-K/Headstart (SpEd)	327	356	360	437	469
Total enrollment (1)	<u>23,773</u>	<u>23,817</u>	<u>23,678</u>	<u>23,598</u>	<u>23,794</u>
Teachers and administrators	1,891	1,898	1,932	1,948	1,963
Other employees	1,119	1,120	1,147	1,159	1,138
Total employees (2)	<u>3,010</u>	<u>3,018</u>	<u>3,079</u>	<u>3,107</u>	<u>3,101</u>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	7	7	7	7	7
Total buildings	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

(1) As of September 30 of each school year.

(2) As budgeted.

COUNTY OF SPOTSYLVANIA, VIRGINIA
 Summary of Certain School Statistics
 Actual and Projected Average Daily Enrollment by Grade

TABLE S-18

Page 2

Grade	Actual Average Daily Enrollment by Grade					Projected Average Daily Enrollment by Grade				
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
K	1,714	1,588	1,565	1,569	1,544	1,698	1,696	1,693	1,667	1,730
1	1,760	1,774	1,612	1,580	1,651	1,727	1,728	1,728	1,741	1,765
2	1,680	1,798	1,776	1,603	1,646	1,763	1,754	1,755	1,795	1,791
3	1,782	1,713	1,801	1,789	1,642	1,628	1,781	1,773	1,706	1,848
4	1,820	1,791	1,716	1,762	1,850	1,640	1,656	1,809	1,703	1,751
5	1,778	1,842	1,812	1,758	1,827	1,804	1,667	1,684	1,766	1,751
6	1,801	1,787	1,785	1,848	1,785	1,862	1,842	1,728	1,748	1,812
7	1,829	1,813	1,814	1,826	1,883	1,793	1,915	1,914	1,741	1,791
8	1,901	1,836	1,867	1,853	1,863	1,901	1,830	1,970	1,953	1,785
9	1,976	2,087	2,017	2,014	2,033	2,050	2,109	2,049	2,078	2,070
10	1,892	1,835	1,928	1,928	1,906	1,872	1,916	1,966	1,894	1,992
11	1,732	1,828	1,773	1,828	1,835	1,820	1,823	1,857	1,941	1,817
12	1,781	1,769	1,852	1,803	1,860	1,818	1,905	1,899	2,082	2,121
Pre-K*	327	356	360	437	469	360	360	360	401	401
Total	23,773	23,817	23,678	23,598	23,794	23,736	23,982	24,185	24,216	24,425

Source: Superintendent of Schools, Spotsylvania County, Virginia.
 As of September 30 of each school year.

* Includes Head Start, Early Childhood Special Education, and Pre-Kindergarten

COUNTY OF SPOTSYLVANIA, VIRGINIA
Summary of Certain School Statistics
Data on Existing Public Schools

TABLE S-18

Page 3

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2017 - 2018 Enrollment
<i>Elementary:</i>						
Battlefield	K-5	30.0 Acres	1974	2000	833	641
Berkeley	K-5	17.0 Acres	1961	1971, 1979, 2000, 2005	353	260
Brock Road	K-5	24.4 Acres	1992	2004	907	644
Cedar Forest	K-5	52.2 Acres	2008	-	936	680
Chancellor	K-5	12.0 Acres	1940	1948, 1961, 2000	455	429
Courthouse Road	K-5	25.0 Acres	1994	2005	907	800
Courtland (1)	K-5	- Acres	1989	2000	789	497
Harrison Road (2)	K-5	- Acres	2001	2006	936	752
Lee Hill	K-5	21.0 Acres	1977	1990, 1999	807	665
Livingston	K-5	15.5 Acres	1961	1971, 1992	504	381
Parkside	K-5	26.8 Acres	2001	2007	936	847
Riverview	K-5	25.0 Acres	1994	2005	907	577
Robert E. Lee	K-5	14.1 Acres	1952	1977	585	513
Salem	K-5	20.0 Acres	1979	1989, 1999	815	617
Smith Station	K-5	23.0 Acres	1991	1999, 2004	986	661
Spotswood	K-5	20.0 Acres	1965	1971, 2000	641	544
Wilderness	K-5	25.0 Acres	1998	2003	936	652
						10,160
<i>Middle:</i>						
Battlefield	6-8	30.0 Acres	1978	2003	807	833
Chancellor (2)	6-8	- Acres	1989	-	857	859
Freedom	6-8	76.7 Acres	2003	-	948	769
Ni River	6-8	75.0 Acres	1999	-	774	723
Post Oak (3)	6-8	- Acres	2007	-	948	727
Spotsylvania	6-8	41.7 Acres	1968	1973	907	907
Thornburg	6-8	50.0 Acres	1994	-	790	713
						5,531
<i>Secondary:</i>						
Chancellor	9-12	100.0 Acres	1988	-	1,517	1,276
Courtland	9-12	100.0 Acres	1980	-	1,265	1,174
Massaponax	9-12	100.0 Acres	1998	2005	1,830	2,023
Riverbend	9-12	90.7 Acres	2004	-	1,995	1,980
Spotsylvania	9-12	100.0 Acres	1994	-	1,611	1,181
J.J. Wright Alternative	Pre K-12	20.0 Acres	1952	1962, 1982, 2008, 2009	500	n/a
Vocational Center (1)	-	-	1980	1993	-	n/a
						7,634

- (1) On same site as Courtland High School
(2) On same site as Chancellor High School
(3) On same site as Spotsylvania High School

Source: Superintendent of Schools, Spotsylvania County, Virginia

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