



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30  
2020  
FOR FISCAL YEAR ENDED





# *County of Spotsylvania, Virginia*

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



Fiscal Year Ending June 30, 2020

Ed Petrovitch, County Administrator  
Mark L. Cole, Deputy County Administrator  
Bonnie Jewell, Assistant County Administrator/CFO  
Rebecca R. Forry, Chief Accounting Officer  
Eric Slivka, Controller

Published by the Office of Accounting & Procurement



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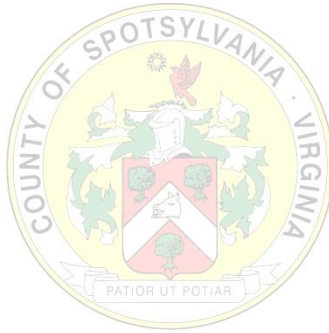


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## ***PART I: INTRODUCTORY SECTION***

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## County of Spotsylvania

Founded 1721

**Board of Supervisors**  
**DEBORAH H. FRAZIER**  
**BARRY K. JETT**  
**KEVIN W. MARSHALL**  
**TIMOTHY J. MCLAUGHLIN**  
**DAVID ROSS**  
**GARY F. SKINNER**  
**CHRIS YAKABOUSKI**



Service, Integrity, Pride

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

December 8, 2020

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, 2020. 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 CliftonLarsonAllen 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, 2020, which is presented on pages 19 – 21 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 CliftonLarsonAllen LLP, is 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.

## PROFILE OF THE COUNTY AND OUR GOVERNMENT

Spotsylvania County contains a mix of beautiful rural and urban landscapes and is one of Virginia’s fastest-growing counties. Within its boundaries, the County possesses the scenic beauty of Lake Anna, rural vistas, suburban amenities and a wealth of historical attractions from the Colonial and Civil War eras. The growing Spotsylvania community has attracted many dynamic commercial and



retail businesses which serve area residents and visitors. These resources also make the County a favorite tourist destination.

## History

In 1721, a vast new county was formed in the young colony of Virginia. Extending far beyond the Blue Ridge Mountains, this frontier outpost was named for Alexander Spotswood, Colonial Governor of Virginia. Much of the County’s early development is attributed to Spotswood’s ironworks that he founded in the early 1700’s. His “Iron Mines Company”, a mining and smelting operation, was founded in 1725 at Germanna. A blast furnace, also founded by Spotswood, was operated in this area from 1730 through 1785. Remnants of the ironworks are still found in the County.

Known as the “Crossroads of the Civil War”, four major Civil War battles were fought on Spotsylvania soils including one of the bloodiest of the war, the Battle of Spotsylvania Courthouse, in May 1864. It was during this battle that the clash between the armies of Ulysses S. Grant and Robert E. Lee known as the “Bloody Angle” took place and at Chancellorsville, Stonewall Jackson fell to the mistaken fire of his own men.

The National Park Service maintains more than 4,400 acres of Civil War battlefields in various locations throughout the County.



## Geography

Spotsylvania County is located along Interstate 95, midway between the Nation's capital of Washington D.C. and the State's capital of Richmond. The County is bounded by Caroline County on the east; Louisa and Hanover counties along the North Anna River on the south; Culpeper and Stafford counties and the City of Fredericksburg on the north along the Rappahannock and Rapidan rivers; and Orange County on the west. About 65% of the County is located in Virginia's Piedmont physiographic province and about 35% is in the Coastal Plain. The County's area is 414.25 square miles and elevations range from sea level to 540 feet.

## Government

Spotsylvania County is governed by a seven-member Board of Supervisors, elected for staggered four-year terms. The Board of Supervisors sets county policies, adopts ordinances, appropriates funds, approves land rezoning and special exceptions to the zoning ordinance, and carries out other responsibilities set forth by the State and County code.

The County functions under the traditional form of government with a Board-appointed County Administrator who acts as the Board's agent in the administration and operation of the departments and agencies. Additionally, County citizens elect and are served by five constitutional officers: Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth's Attorney. The Health Department and the court system are under the control of the Commonwealth of Virginia, while mental health services are provided by the Rappahannock Area Community Services Board.

Spotsylvania County Public Schools (SCPS), reported as a component unit of the County within the financial statements, are governed by a seven-member elected School Board. Since its inception in 1870, consisting of scattered one-room schools, the school system has evolved to the present system of separate elementary, middle, and high schools. Today, SCPS serves just over 23,000 students daily from preschool to grade twelve and is comprised of 31 schools and centers: 17 elementary schools, 7 middle schools, 5 high schools, a Career and Technical Center, and an Alternative Learning Center. The School System also represents the largest employer for Spotsylvania County with approximately 3,200 employees.



The County provides general governmental services for its citizens including emergency medical services and fire protection, collection and disposal of refuse, water and sewer services, parks and recreation, libraries, and detention centers. Other services provided by the County for which partial funding is received from the State include public education in grades preK-12, certain technical,

vocational and special education; mental health assistance; agricultural services; law enforcement; health and social services; and judicial activities.

## ECONOMIC CONDITION AND OUTLOOK

Spotsylvania County's strong economy, combined with responsible fiscal management, has allowed the County to meet the unprecedented challenges faced during the COVID-19 global pandemic. Its proximity to two strong economic and employment hubs, Washington, DC and the City of Richmond, attributes to a broad and diverse workforce and greater development opportunities, which is key to mitigating the more devastating effects of a significant economic downturn.

Spotsylvania County's tax base is anchored by its strong residential market. Median home sale price increased by 28% over the past five years; however, home prices remain affordable. In 2020, Redfin released its top 10 list of outlying counties where sales are up significantly, prices have risen and properties are selling faster, ranking Spotsylvania County 10<sup>th</sup> in the nation. With median housing prices under \$350,000, increased telecommuting

opportunities expected to outlast the pandemic, and a diverse selection of things to do outdoors, Spotsylvania County continues to be a popular destination.

*"I think that's what people are looking for. They want a place where there are lots of beautiful outdoor areas to explore,"*

*– Redfin chief economist Daryl Fairweather.*

Additionally, the type of housing within the County has continued to diversify since 2010, with growth in single-family attached homes and multi-family apartments. Settings are also diverse from wide tracts of land to mixed use development. Southpoint Landing, the final area within Southpoint's 335 acres to be developed includes an already completed 280-unit apartment complex with many additional apartments currently under construction and conveniently located along I-95. The project is anticipated to have more than a million square feet with discussions already in progress with several national retailers and a hotel with plans for additional mixed-use buildings.

## New Developments

As the County continues to grow, it also must evolve to meet the diverse needs of its citizens. The Spotsylvania Towne Centre has been staple of commercial opportunity for the County, but the developer is now looking to bring "more emphasis on it being less mall and more town center." The new vision for the mall includes the replacement of a now shuttered anchor store with two four-story buildings containing 250 luxury apartments and approximately 500 square feet of new commercial space.



In September 2020, the Department of Veterans Affairs announced its intention to build a four-story, \$100 million, 427,000 square foot outpatient facility. Construction is expected to begin in 2021, with an estimated completion date in 2023, and offers exceptional opportunity to obtain local services for veterans, diversify the local economy, increase the tax base, and revitalize a portion of the Route 1 corridor.



A prototype of a U.S. Department of Veterans Affairs clinic courtesy of Carnegie Management and Development Corp.



Prototype courtesy of Bonaventure

The County is also looking to address the need for affordable housing opportunities for all ages. Partnering with the Spotsylvania Economic Development Authority (EDA), the County Board of Supervisors approved EDA's plans to provide financing for two rental housing projects. Through the EDA's bond financing program, in November 2019, \$22 million in housing revenue bonds was made available for the acquisition, construction and

equipping two four-story multifamily residential housing containing approximately 200 residential units, one community building and one office located on approximately 9.53 acres of land off of Route 1 in the Massaponax area.

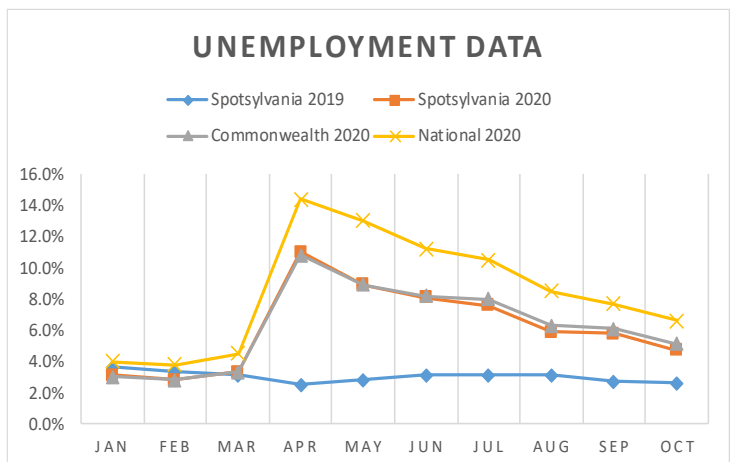
Shortly afterwards, in December 2019, the EDA authorized a new issue of up to \$39 million in multifamily housing revenue bonds to help finance a 187 unit, age-restricted affordable apartment community convenient to the I-95 corridor and close proximity to retail amenities of nearby Cosner's Corner.



Prototype courtesy of KCG Companies

### Other Economic Indicators

While the commercial and housing markets continued to expand bringing critical revenues into the County, fiscal year 2020 was marked as a year of highs and lows. Prior to the pandemic, unemployment was at record lows in the County, reporting unemployment at 3.1% in January of 2020, which has declined in each of the last 9 years. Along with the rest of the nation, unemployment rates began to spike in April of 2020 to a high of 11.0%. While not at pre-pandemic levels, unemployment rates continue to improve every month with the most recent available data showing the County's unemployment rate of 4.7% in



October of 2020, compared to the Commonwealth and nation of 5.1% and 6.6%, respectively. Unemployment during the pandemic is concentrated among lower-waged workers, particularly those in service jobs. Where possible, companies instituted remote working capabilities, suggesting the recession for higher-waged workers may be over. As the vaccine is released in early 2021, it is expected that the service industry will start to rebound with more people looking to connect and get out of the home.

Whereas revenues associated with the tourism and service industry declined, as expected, in response to travel restrictions and shut down orders; consumption based revenues such as sales taxes were extremely resilient. Sales tax revenues were up \$1.8 million in fiscal year 2020, a 9.5% increase over the previous year. This is attributed to adaptability of business to reach its consumers electronically and the boom in local home improvements, as families look to take advantage of historically low interest rates to buy a first home or move into something larger that is still very affordable, and as more time is being spent on home improvement projects as people stay home.

## RELEVANT FINANCIAL POLICIES

The County maintains a strong financial position through the adoption of a comprehensive set of financial policies. These policies are a key part of the County's governance portfolio and help promote sustainable development and intergenerational equity, both of which are critical to balancing the needs of a community. Some of the more relevant policies are highlighted below.

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"Given the County's conservative budgeting and numerous formalized financial policies and practices, we expect Spotsylvania County will maintain its strong financial operations despite the current economic recession and pandemic."

– S&P Global Rating August 2020

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Required Reserve Levels - Tied to liquidity and contingency planning needs, the County maintains the following key reserves.

***Fiscal Stability Reserve.*** The County commits within its General Fund balance at the close of each fiscal year a reserve equal to no less than 11% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. As of June 30, 2020, the fiscal stability reserve was \$51.0 million, an increase of \$0.4 million, or 0.8%.

***Health Insurance Reserve.*** The County maintains a self-insured 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. The reserve at June 30, 2020 was \$4.9 million.

***Budget Stabilization Reserve.*** The County maintains a reserve, not to exceed \$5.0 million, to address potential revenue declines or other economic stress placed on the budget.



**Economic Opportunities Reserve.** The County maintains a reserve funded at \$2.0 million for the purpose of funding matches to State grants and to provide other up-front incentives to substantial economic development opportunities.

**Debt Management** - Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits through its debt service to governmental fund expenditures and debt to assessed value ratios. Debt service as a percentage of governmental and school spending was 9.12%, well within the County's adopted policy of 12% and below the County's 2025 target of 10%. Net debt as a percentage of taxable property assessed value was 1.55%, below the required 3% set by the County.

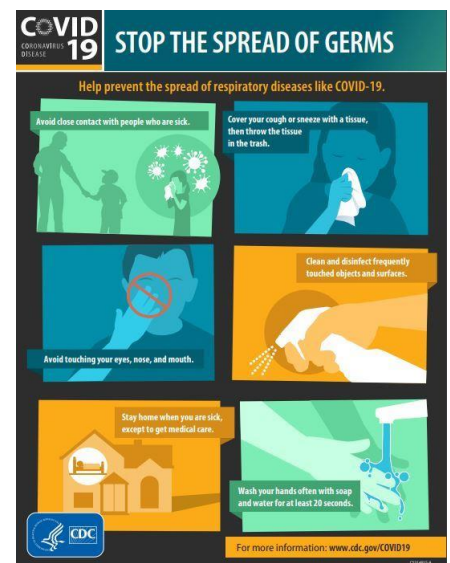
**Revenue Policies** – critical to addressing current and future operating needs, the County maintains the following minimum level requirements.

**Property tax collections.** By policy, the annual level of uncollected property taxes should not exceed two percent over a rolling three-year period. While the rate of uncollected property tax naturally rose during the pandemic, at 1.23%, the Treasurer's Office remains well below the maximum 2% allowed.

## MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Since the beginning of the pandemic, the County has been proactively engaged to help protect the community and establish critical continuity of essential government services. Though not all inclusive, some examples of important actions include:

- The declaration of a local emergency on March 17, 2020 allowing for access to federal and state aid, relaxing of certain procurement laws, and to give small businesses opportunities for critical loans through the Small Business Administration
- Delayed tax payment deadlines for business license and personal property taxes
- Implemented a freeze on hiring, discretionary spending, and certain cash-funded capital projects
- Set the real estate tax rate at \$0.8094 which is nearly 4 cents below the 2019 tax rate and slightly below the equalized rate of \$0.8100
- The County's Emergency Operations Center facilitated emergency operations through multi-agency collaboration
- The County's Public Health and Community Engagement Departments provided timely updates on COVID statuses and community impact to the Board of Supervisors, the media, and its citizens through multiple communication platforms



- Quickly geared up to implement telework across all departments to continue services to the community
- Implemented process changes to safely maintain citizen's access to government facilities and staff, including scheduled Board of Supervisor meetings
- Adopted the State Corporation Commission's statewide moratorium on water shutoffs avoiding disconnection of approximately 2,800 cumulative customers (560 unique) from mid-March through August
- The Sheriff's Office mobilized deputies to help deliver important medication and meals to the elderly
- The Schools implemented a meal delivery service to ensure students continued to receive hot meals while public schools were shut down.



The County also embarked on its 2020 Census. In 2019, the County launched the "Complete Count" campaign which included County staff, community groups, schools, and partner agencies like the regional library. In spite of the pandemic, the committee successfully implemented community outreach strategies resulting in a self-response rate of 77%, up from 72.5% in 2010.

Construction on two major capital projects continued to proceed despite difficulties encountered during the pandemic:

- The Judicial Center project consists of a 33,000 square foot expansion to provide additional courtrooms and judicial support spaces to meet current case loading and provide room for expansion to meet additional cash loading within the planning period. Existing space within the Center is receiving varying degrees of renovation including HVAC replacement, a new security checkpoint, and refurbished General District Court Clerk in the former Circuit Court building.
- The Animal Shelter project allows for a 19,200 square foot expansion, with larger kennels, visitation rooms and "real-life rooms" that have a home-like setting. Additional improvements are being made to animal intake and holding areas as well as an expanded spay and neuter clinic.



Photo by Peter Cihelka / The Free Lance-Star

## Looking Ahead

The County seeks to consistently maintain a strong financial position. This requires regular long-term planning of operating and capital requirements for its general government and utilities programs. Part of this planning includes looking ahead to new opportunities for responsible growth and what infrastructure needs to be in place to support it.

A logical extension to the Route 1 revitalization near Massapanox area, Thornburg represents the County's next growth corridor. With its location at the I-95 interchange and large-scale available tracts, this area continues to draw interest from commercial and industrial users with several prospects actively engaged in site selection studies. In addition, data center inquiries are increasing, particularly as the pandemic has shifted a significant amount of business to online services. To effectively respond to planned growth, the County coordinated with VDOT to complete work on a \$22.4 million road improvement project at Exit 118, including widening the Mudd Tavern bridge over I-95, adding new turn lanes and installing new traffic lights.

### *Capital Projects*

Each year the County's Capital Improvement Plan (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 needs. When the pandemic struck near the end of this year's budget process and the General Fund budget was adjusted to remove the originally proposed approximately seven-cents tax rate increase, staff immediately recognized there would be a lasting impact in terms of reduced cash available for capital and to the debt service to expenditures ratio. However, time did not permit for a complete refiguring of the CIP in addition to the rebalancing that was happening for all other funds in FY 2021. For this reason, the Board adopted only FY 2021 projects in conjunction with the FY 2021 Budget approval. To get back on track, staff plans to present to the Board a FY 2022 – FY 2026 CIP for adoption in Fall 2020, but significant out-year project being considered include:

- Continued build-out of Livingston Landfill (~\$10M)
- Replacement of aging fire & rescue station, 1-2 new stations, and a fire training & logistics center (~\$19M)
- Replacement public safety equipment and apparatus (typical replacement cycles) (~\$18M)
- Transportation projects matching and/or leveraging State Revenue Sharing and/or State Smartscale funds (~\$70M, which will likely extend beyond the next five years)
- Renovation/expansion of the Spotsylvania Middle School (~\$55M)
- Classroom addition at Thornburg Middle School (~\$10M)
- School capital maintenance (~\$50M)
- School technology replacement/upgrades (~\$20M)
- School bus replacements/new buses (~\$16M)

### 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, 2019. This is the 25th 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, 2020. 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 24th award in as many years.

In September 2019, Governor Ralph Northam recognized Spotsylvania County for its partnership with the Virginia Farmland Preservation Fund & local Purchase of Development Rights (PDR). Spotsylvania County is one of 16 Virginia localities that has invested time and resources to develop its own PDR through its Planning Department. Since 2008, the participating localities have been successful in preserving 100 farms, including nearly 14,000 acres.



The Spotsylvania Information Services Department was formally recognized on September 5, 2019 with the 2019 Virginia Governor's Technology Award for its fiber initiative project. Spotsylvania initiated a multi-year plan to run fiber connectivity strategically through the county, allowing implementation of advanced technology to improve operations and save on annual costs. The project included a new digital alert notification system, access to public wireless at community centers and libraries, including broadband in rural areas where previously unavailable.

In August 2020, Spotsylvania County Public Schools was recognized by Forbes Business Magazine as one of Virginia's best employers as part of its annual listing of America's Best (100) Employers by state. Ranking 37 out of 100 recognized Virginia employers, Spotsylvania County Public Schools was also ranked 4<sup>th</sup> highest out of ten other Virginia schools listed. This marks the first year Virginia public schools have made the listing.

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"When considering the number and quality of organizations and employers throughout the Commonwealth, we are proud to be recognized among such distinguished companies."

- Dr. S. Scott Baker, Superintendent of Spotsylvania County Public Schools

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Spotsylvania High School and Riverbend High School were recognized by the Governor for their participation in the 2019 Girls Go CyberStart Program. Sponsored by SANS Institute, the national Girls Go CyberStart Program involves a series of online challenges designed to place girls in grades 9 through 12 in the role of a cybersecurity professional tasked with solving realistic problems and puzzles.

In January 2020, Salem Supervisor Deborah Frazier made history as the first African American to be sworn in as a member of the Spotsylvania County Board of Supervisors. Dr. Frazier has been an educator for over 35 years and currently serves as the principal of Chancellor Middle School.

The preparation of this report would not have been possible without the skill, effort, and dedication of the entire staff of the Office of Accounting and Procurement. We wish to thank all Spotsylvania County and School Board departments for their assistance in providing the data necessary to prepare this report. Credit is also due to the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Spotsylvania's finances.

Respectfully submitted,



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Ed Petrovitch  
County Administrator



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Rebecca R. Forry  
Chief Accounting Officer



## Spotsylvania Board of Supervisors



Chris Yakabouski  
Battlefield District



Timothy J. McLaughlin  
Chancellor District



David Ross  
Courtland District



Gary F. Skinner  
Lee Hill District  
Chairman



Kevin Marshall  
Berkeley District  
Vice Chairman



Dr. Deborah H. Frazier  
Salem District



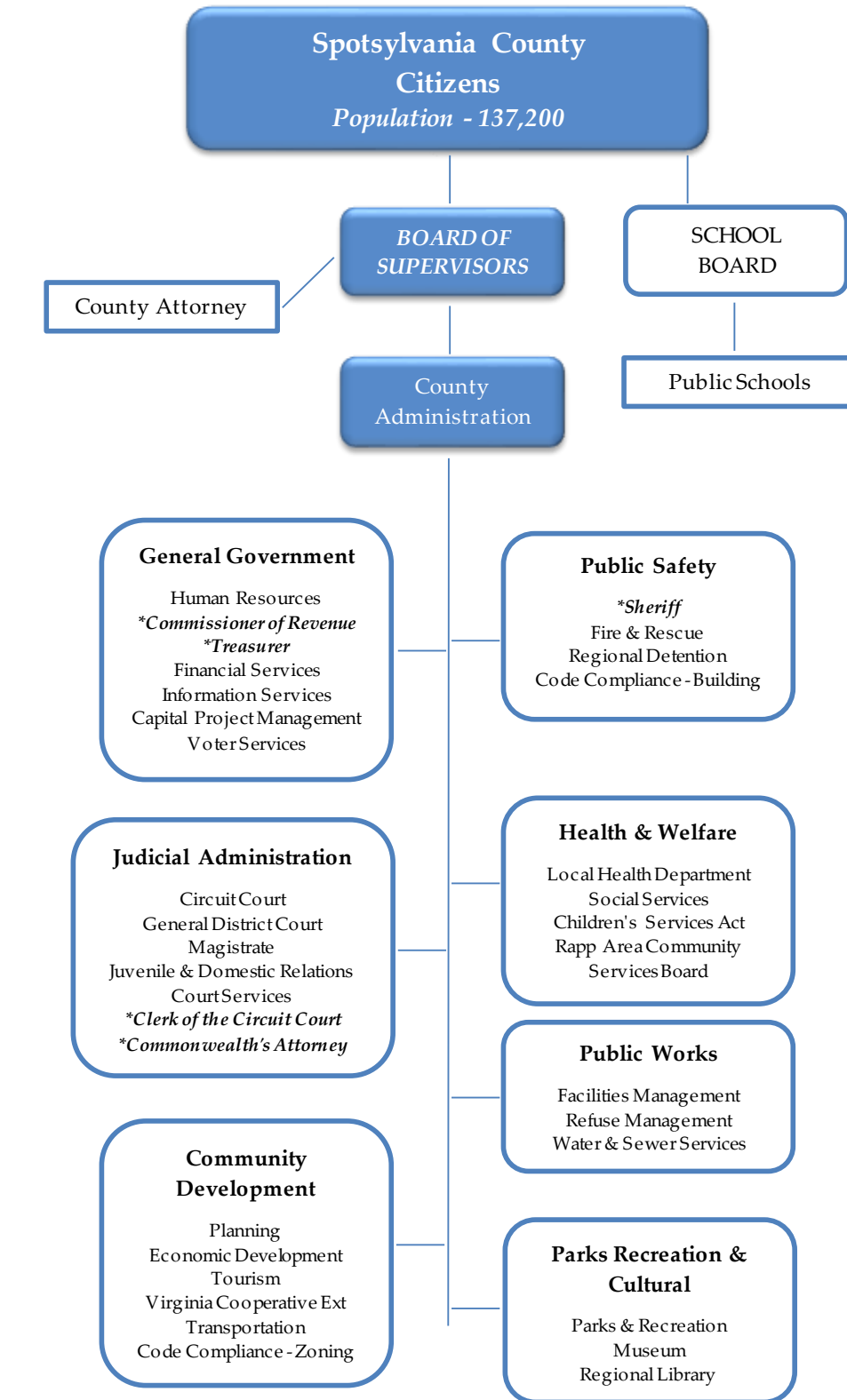
Barry K. Jett  
Livingston District

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## County Administrative & Financial Officers

Ed Petrovitch	County Administrator
Mark L. Cole	Deputy County Administrator
Karl R. Holsten	County Attorney
Bonnie Jewell	Assistant County Administrator - CFO
Ben Loveday	Assistant County Administrator – Community Operations
Wanda Parrish	Assistant County Administrator – Community Development
Rebecca R. Forry	Chief Accounting Officer
Larry Pritchett	County Treasurer
Laurie Newman	Chief Human Resources Officer
Debbie Williams	Commissioner of the Revenue

# Spotsylvania County Organizational Chart

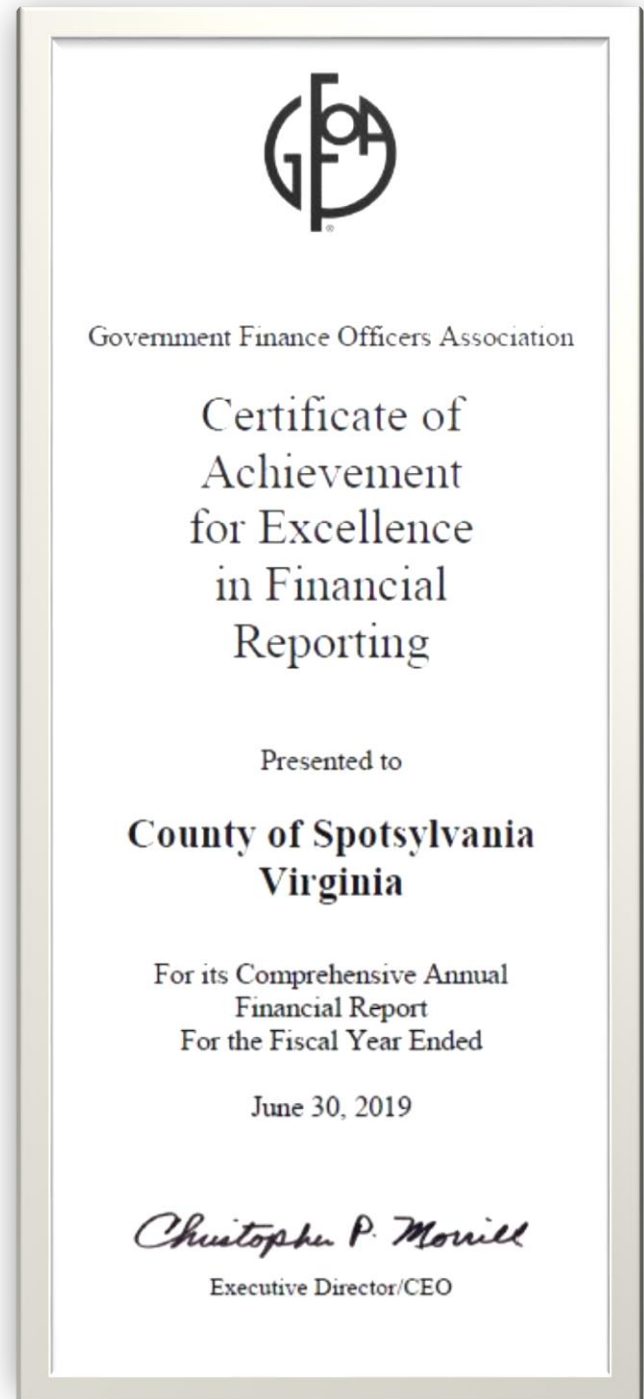


\* denotes Constitutional Officer

## *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, 2019. 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.

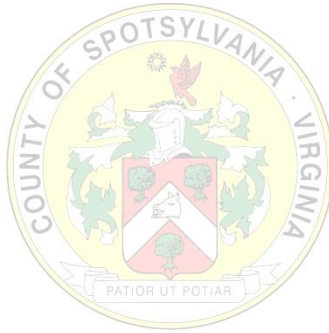
A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine eligibility for another certificate.





## ***PART II: FINANCIAL SECTION***

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CliftonLarsonAllen LLP  
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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 aggregate discretely presented component units, 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, 2020, 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.



A member of  
**Nexia**  
International

To the Honorable Members of the Board of Supervisors  
County of Spotsylvania

***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 aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia, as of June 30, 2020, 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.

***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 Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

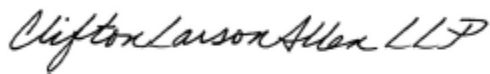
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes 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.

To the Honorable Members of the Board of Supervisors  
County of Spotsylvania

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

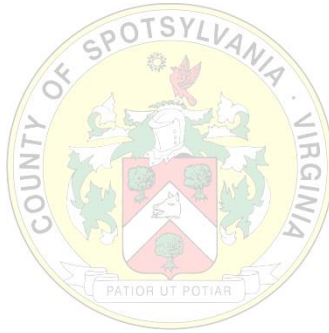
In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and 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.



CliftonLarsonAllen LLP

Arlington, Virginia

December 8, 2020



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## Management's Discussion & Analysis (MD&A)

As management of the County of Spotsylvania (the 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, 2020. We encourage readers to consider the information presented here in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the County's financial statements, including the notes to the financial statements, which are located after this analysis.

### Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$199.8 million (net position). The unrestricted net position, which represents the amounts available to meet the County's ongoing obligations to citizens and creditors, was a deficit of \$105.2 million. The County is committed to providing postemployment benefits to its employees. As a result, the County has recognized substantial liabilities in the financial statements for these benefits. As of June 30, 2020, the County reported liabilities of \$146.4 million for postemployment benefits, which has caused the deficit balance in the unrestricted net position.
- The County's total net position increased \$46.9 million primarily as a result of commercial and residential growth and rising property values within the County. Additional information can be found within the Government-Wide Financial Analysis Section.
- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$187.6 million, an increase of \$26.9 million. Of this amount, \$11.6 million, or 6.2% is available for spending at the government's discretion (unassigned fund balance). Unrestricted fund balance of the General Fund (the total of the committed, assigned, and unassigned components of fund balance) was \$118.0 million, or approximately 41% of total general fund expenditures.

### 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 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 units	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"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures, and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of revenues, expenses, and changes in fund net position</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in fiduciary net position</li> </ul>
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 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 County’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. The *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* – account for functions of the County that are primarily supported by taxes and intergovernmental revenues (e.g. federal and state grants). The majority of the County's basic services, such as education, law enforcement, fire and rescue, health & welfare, general government, public works, and parks, fall with this category.
- *Business-type activities* – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The County's water and sewer services are included here.
- *Discretely presented component units* – account for functions of legally separate entities for which the County is financially accountable. The County has two discretely presented component units, the Spotsylvania County Public School System (School Board) and the Economic Development Authority (EDA).

## 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. The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.
  - Capital assets used in governmental activities are not reported in governmental fund statements.
  - Long-term liabilities, unless due and payable, are not included in the fund financial statements.
  - Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
  - Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
  - Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.
- *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 pur-

poses. 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 Financial Analysis

The County's combined net position was approximately \$199.8 million as of June 30, 2020. Analyzing the net position of governmental and business-type activities separately, the governmental activities reported a deficit balance of \$96.3 million and the business-type activities net position was \$296.1 million. This analysis focuses on the assets and deferred outflow of resources, liabilities and deferred inflows of resources, and net position (Table 2), and changes in revenues and expenses (Table 3) of the County's governmental and business-type activities and associated component units.

<b>Table 2</b> <b>Summary of Net Position</b> (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 321.6	\$ 283.4	\$ 127.0	\$ 97.4	\$ 448.6	\$ 380.8	\$ 38.7	\$ 44.2
Capital assets, net	142.1	137.3	309.6	306.2	451.7	443.5	342.6	339.7
<b>Total assets</b>	<b>463.7</b>	<b>420.7</b>	<b>436.6</b>	<b>403.6</b>	<b>900.3</b>	<b>824.3</b>	<b>381.3</b>	<b>383.9</b>
<b>Total deferred outflows</b>	<b>37.3</b>	<b>18.3</b>	<b>6.6</b>	<b>4.1</b>	<b>43.9</b>	<b>22.4</b>	<b>77.3</b>	<b>31.7</b>
Other liabilities	32.9	28.5	2.0	2.6	34.9	31.1	20.6	25.3
Long-term liabilities	450.2	422.2	142.5	127.9	592.7	550.1	515.3	467.9
<b>Total liabilities</b>	<b>483.1</b>	<b>450.7</b>	<b>144.5</b>	<b>130.5</b>	<b>627.6</b>	<b>581.2</b>	<b>535.9</b>	<b>493.2</b>
<b>Total deferred inflows</b>	<b>114.2</b>	<b>109.5</b>	<b>2.6</b>	<b>3.1</b>	<b>116.8</b>	<b>112.6</b>	<b>64.3</b>	<b>55.9</b>
Net position:								
Net investment in capital assets	86.9	82.3	207.6	200.7	294.5	283.0	342.6	339.7
Restricted	6.9	11.4	3.6	2.9	10.5	14.3	7.4	1.4
Unrestricted	(190.1)	(214.9)	84.9	70.5	(105.2)	(144.4)	(491.6)	(474.6)
<b>Total net position</b>	<b>\$ (96.3)</b>	<b>\$ (121.2)</b>	<b>\$ 296.1</b>	<b>\$ 274.1</b>	<b>\$ 199.8</b>	<b>\$ 152.9</b>	<b>\$ (141.6)</b>	<b>\$ (133.5)</b>

### Primary Government

The largest portion of the Primary Government's net position represents \$294.5 million in investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. An additional portion of net position represents \$10.5 million in restricted net position. These resources are subject to external restrictions on how they may be used to include only costs associated with capital projects, public safety and transportation needs. The remaining balance equals a net deficit of \$105.2 million, of which \$186.6 million (of governmental activities unrestricted net deficit of \$190.1 million) represents a deficit related to debt incurred by the County on-behalf of the School Board.

### Component Units

- Net position of Component Units consists of School Board net investment in capital assets of \$342.6 million and \$7.4 million in School Board funds restricted for capital projects. Unrestricted net position includes \$1.5 million

primarily from land held as an investment within the EDA Fund, and a School Board deficit of \$493.1 million as a result of postemployment liabilities of \$506.9 million as of June 30, 2020.

### Changes in Net Position

As reflected in Table 3 below, the Primary Government's net position increased \$46.9 million, a 10.6% increase over the previous year in response to an overall growth in revenues of \$32.9 million, or 9.6%, and an increase in expenses of \$28.4 million, or 9.4%. Revenues and expenses of component units increased 0.8% and 10.1%, respectively. Additional information regarding the factors driving these changes can be found on the following pages.

<b>Table 3</b> <b>Changes in Net Position</b> (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>								
Program Revenues:								
Charges for services	\$ 13.9	\$ 14.6	\$ 36.8	\$ 34.2	\$ 50.7	\$ 48.8	\$ 6.6	\$ 8.0
Operating grants and contributions	34.9	24.8	0.6	0.5	35.5	25.3	166.6	159.2
Capital grants and contributions	3.3	2.4	20.5	10.3	23.8	12.7	-	-
General Revenues:								
General property taxes	186.1	179.8	-	-	186.1	179.8	-	-
Other taxes	53.0	49.7	-	-	53.0	49.7	-	-
Payments from Primary Government	-	-	-	-	-	-	123.8	126.1
Other general revenues	24.4	24.4	3.0	2.9	27.4	27.3	0.6	1.9
<b>Total Revenues</b>	<b>315.6</b>	<b>295.7</b>	<b>60.9</b>	<b>47.9</b>	<b>376.5</b>	<b>343.6</b>	<b>297.6</b>	<b>295.2</b>
<b>Expenses</b>								
General government	18.8	16.0	-	-	18.8	16.0	-	-
Judicial administration	10.0	6.6	-	-	10.0	6.6	-	-
Public safety	72.4	49.3	-	-	72.4	49.3	-	-
Public works	10.3	9.2	-	-	10.3	9.2	-	-
Health and welfare	26.4	24.3	-	-	26.4	24.3	-	-
Education	122.8	124.6	-	-	122.8	124.6	304.5	276.0
Parks and recreation	8.6	8.0	-	-	8.6	8.0	-	-
Community development	11.9	19.0	-	-	11.9	19.0	1.2	1.6
Water and sewer	-	-	38.9	34.2	38.9	34.2	-	-
Interest on long-term debt	9.5	10.0	-	-	9.5	10.0	-	-
<b>Total Expenses</b>	<b>290.7</b>	<b>267.0</b>	<b>38.9</b>	<b>34.2</b>	<b>329.6</b>	<b>301.2</b>	<b>305.7</b>	<b>277.6</b>
Excess before transfers	24.9	28.7	22.0	13.7	46.9	42.4	(8.1)	17.6
Transfers	-	0.3	-	(0.3)	-	-	-	-
<b>Increase(decrease) in net position</b>	<b>24.9</b>	<b>29.0</b>	<b>22.0</b>	<b>13.4</b>	<b>46.9</b>	<b>42.4</b>	<b>(8.1)</b>	<b>17.6</b>
<b>Net position - beginning</b>	<b>(121.2)</b>	<b>(150.2)</b>	<b>274.1</b>	<b>260.7</b>	<b>152.9</b>	<b>110.5</b>	<b>(133.5)</b>	<b>(151.1)</b>
<b>Net position - ending</b>	<b>\$ (96.3)</b>	<b>\$ (121.2)</b>	<b>\$ 296.1</b>	<b>\$ 274.1</b>	<b>\$ 199.8</b>	<b>\$ 152.9</b>	<b>\$ (141.6)</b>	<b>\$ (133.5)</b>

## GOVERNMENTAL ACTIVITIES

### Revenues

Revenues from governmental activities for fiscal year 2020 totaled \$315.6 million, increased by \$19.9 million or 6.7% from the previous fiscal year. Of this increase, \$6.3 million was the result of higher property tax revenues driven by a combination of new construction and rising real property assessed values of 8.9%.

Operating grants and contributions rose \$10.1 million, or 40.7%, due to the receipt of \$11.9 million in funding from the Coronavirus Relief Fund established by the Coronavirus Aid, Relief and Economic Security Act (CARES Act) provided by the federal government. Of that amount, \$10.3 million was used to cover a portion of public safety payroll costs incurred from March 1, 2020 through June 30, 2020, and substantially dedicated to mitigating and responding to the COVID-19 public health emergency. The remaining \$1.6 million is reported as a liability and deferred to fund allowable public safety costs in fiscal year 2021.

Other local taxes increased \$3.3 million, or 6.6%, primarily from increased local sales tax, business license, and recordation tax revenues of \$2.2 million, \$0.5 million, and \$0.8 million or 11.8%, 9.6%, and 38.3%, respectively. These increases were offset by a \$0.2 million, or 10.8%, decrease in transient occupancy taxes and a \$0.1 million, or 1.1%, decrease in meals tax revenues in response to travel restrictions and shut down orders from the pandemic.

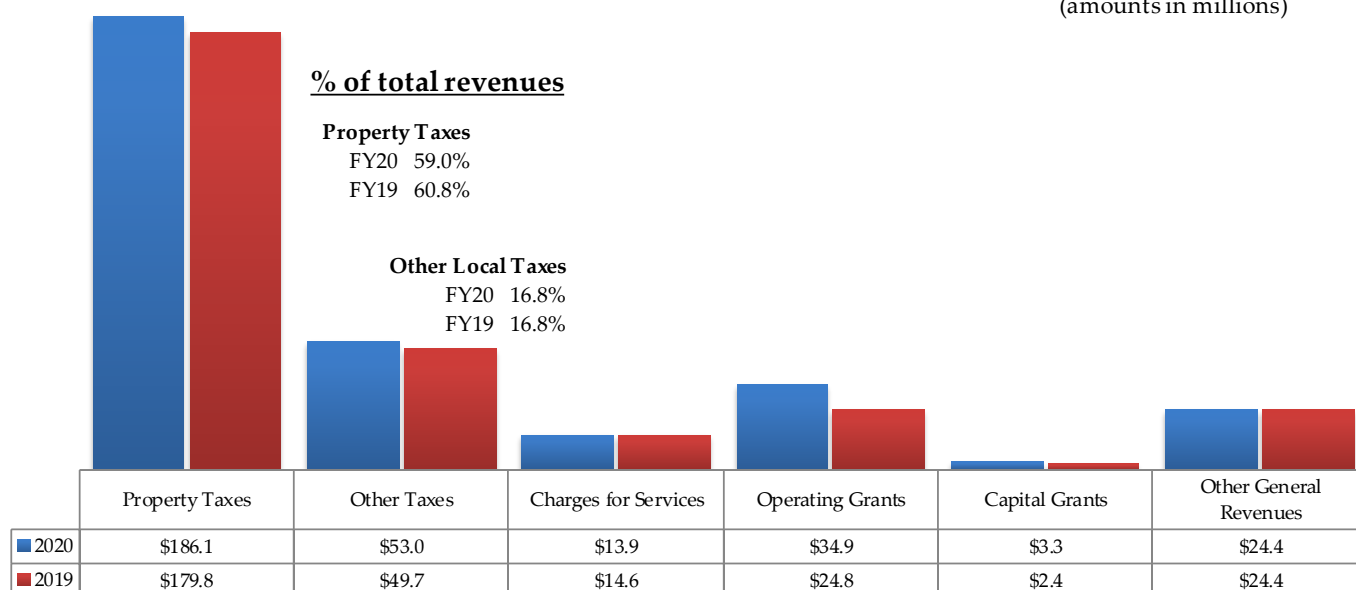
Similar to the travel industry, the service industry was hit hard by the pandemic. The County was not exempt from the affects, with a reported \$0.7 million year over year decline in charges for services, well below the five-year average annual growth of \$0.8 million. Areas disproportionately affected include court related fees, refuse disposal, recycling revenues, and parks & recreational fees.

**Chart 1**

### Governmental Activities - Revenues by Source

For Years ending June 30, 2020 and 2019

(amounts in millions)



## Expenses

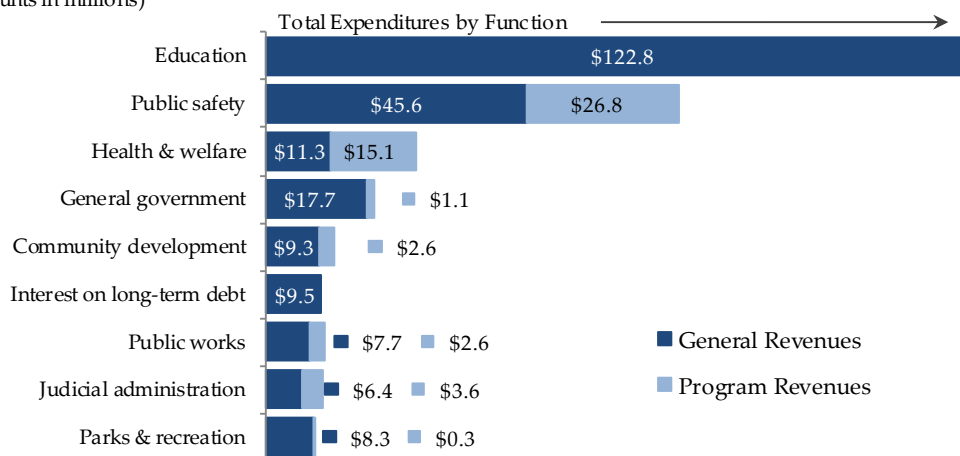
Governmental activities expenses for fiscal year 2020 totaled \$290.7 million. Of this amount, \$52.1 million was paid from program specific revenues consisting of \$13.9 million in service charges and \$38.2 million in funds subsidized by other governments and organizations through various grants and contributions. The remaining \$238.6 million in expenses was funded through general revenues such as taxes, interest, and unrestricted aid from the Commonwealth. The following chart provides a breakdown of the funding of net functional costs.

### Governmental Activities - Funding of Net Functional Costs

For the Year ended June 30, 2020

(amounts in millions)

Chart 2



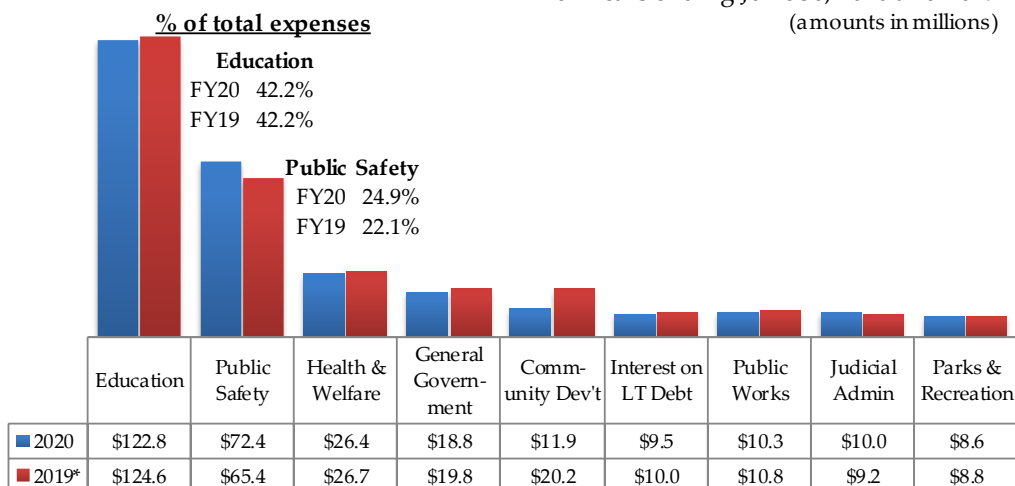
Governmental expenses increased \$23.7 million, or 8.9% from the previous year. A majority of this increase was the result of a January 1, 2019 OPEB plan provision change offering Health Reimbursement Accounts (HRAs) to all eligible post-65 retirees and mandating all employees hired on after September 25, 2018 to transition to an HRA when Medicare eligible. As required by GAAP, the savings related to the benefit change were immediately recognized as a \$28.5 million OPEB expense reduction in fiscal year 2019. After removing the recognition of this one-time expense adjustment to better analyze year over year results, overall expenses dropped, as expected, by \$4.8 million spread across multiple functions as shown in the chart below.

Chart 3

### Governmental Activities - Expenses by Function

For Years ending June 30, 2020 and 2019

(amounts in millions)



\* 2019 expenses exclude a one-time \$28.5 million expense reduction related to the recognition of OPEB Plan benefit changes.

*Governmental Activities – Expenses (continued)*

Fiscal year 2020 expenses across all functions reported increases in personnel costs associated with a 1.2% cost of living increase and a 1.2% merit increase for qualified employees, and an increased pension expense of \$2.3 million. In response to the pandemic, the County immediately initiated freezes in discretionary spending and non-essential position vacancies resulting in across the board, year over year expense reductions with the exception of public safety and judicial administration. Notable functionally-specific year over year changes are as follows:

- In addition to enacted cost of living increases and merits, the Board approved the implementation of an out of cycle public safety step compensation plan, effective mid-year for Sheriff and Fire and Rescue personnel in public safety and judicial administration positions. The new step plan, costing approximately \$3.2 million in fiscal year 2020 was implemented to address rising costs from turnover and related overtime demands.
- The majority of functions reported year over year expense reductions ranging from 1 to 5% of previous year expenses. Community development reported a greater than average decrease of \$8.3 million, or 41.0% primarily from reduced transportation project costs.

**BUSINESS-TYPE ACTIVITIES**

The County's water and sewer service revenues rose \$13.0 million, or 27.1%. Water and Sewer user fees increased \$2.3 million, or 10%, due to the combination of scheduled rate increases effective with the first billing cycle after June 30, 2019, and higher consumption amounts generated from an average increase in new customers of 1.9%. Capital grants and contributions increased \$10.2 million, almost doubling when compared to the previous year due to strong commercial and residential development. \$8.8 million of this increase was from availability fees of \$3.2 million and \$5.6 million in new transfers of developer built infrastructure of \$5.6 million. Overall expenses increased \$4.7 million, or 13.7%. A majority of this increase was the result of a January 1, 2019 OPEB plan provision change offering Health Reimbursement Accounts (HRAs) to all eligible post-65 retirees and mandating all employees hired on after September 25, 2018 to transition to an HRA when Medicare eligible. As required by GAAP, the savings related to the benefit change were immediately recognized as a \$3.7 million OPEB expense reduction in fiscal year 2019.

**COMPONENT UNITS***School Board*

For fiscal year 2020, the School Board reported a decrease in net position of \$8.4 million. Charges for services dropped \$1.7 million, or 21.3%, in response to pandemic-driven school closures. Operating grants and contributions increased \$7.4 million, or 4.6%, primarily from increases in State funding. Expenditures increased by \$28.5 million, or 10.3%, primarily from increased benefit costs. Current year self-funded health insurance costs, net of employee contributions, increased by \$7.6 million year over year. Expenses associated with pension and other postemployment benefits rose \$15.1 million.

*Economic Development Authority*

Charges for services rose \$0.3 million from administrative fees related to the issuance of tax exempt revenue bonds to assist borrowers in financing certain costs related to the construction of a multi-family residential rental housing project known as "Palmer's Creek Apartments" and a multi-family housing facility known as "Jackson Village I." Other general revenues decreased, as expected, from the one-time recognition in fiscal year 2019 of 48 acres in donated industrially zoned property valued at \$1.2 million. Payments from the Primary Government (County) and related expenditures dropped from \$1.6 million to \$1.2 million in 2020, primarily from reductions in business incentive payments.

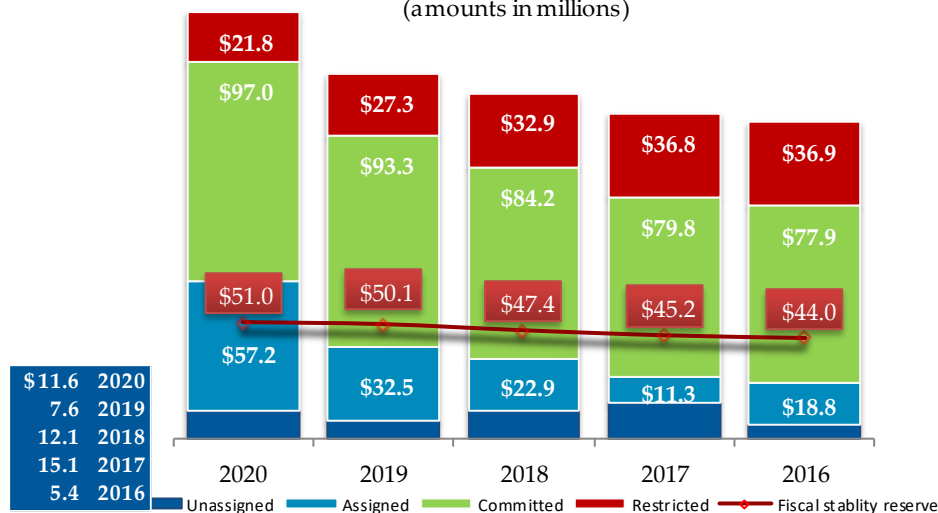
## Financial Analysis of Governmental Funds

Combined governmental fund balances at year-end equaled \$187.6 million, an increase of \$26.9 million, or 16.7%. 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. Chart 4 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 20.1% to \$21.8 million due primarily from \$2.2 million in increased spending of available bond proceeds for facility maintenance and improvements and a \$3.1 million reduction in funds held by the Potomac Regional Transportation Commission (PRTC) restricted for transportation improvements.
- **Committed** fund balance rose \$3.7 million, or 4.0%, to \$97.0 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 \$51.0 million in fiscal stability reserve, \$4.9 million in health insurance reserve, \$33.4 million in cash funded capital projects, and \$1.9 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 2020, assigned fund balance rose 76.0% to \$57.2 million. Major assignments include carryover and fiscal year 2021 approved use of fund balance of \$16.1 million, \$6.7 million General Fund transfer to the Capital Projects Fund for cash funding of future projects, County OPEB reserves of \$6.6 million, and School health insurance and OPEB reserves of \$12.8 million and \$5.2 million, respectively.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After funding of the County's Budget Stabilization Reserve of \$5.0 million, total unassigned fund balance is \$6.6 million, up \$2.3 million from the previous year.

Chart 4

**Governmental Fund Balances**  
For the Five Years ending June 30, 2020  
(amounts in millions)

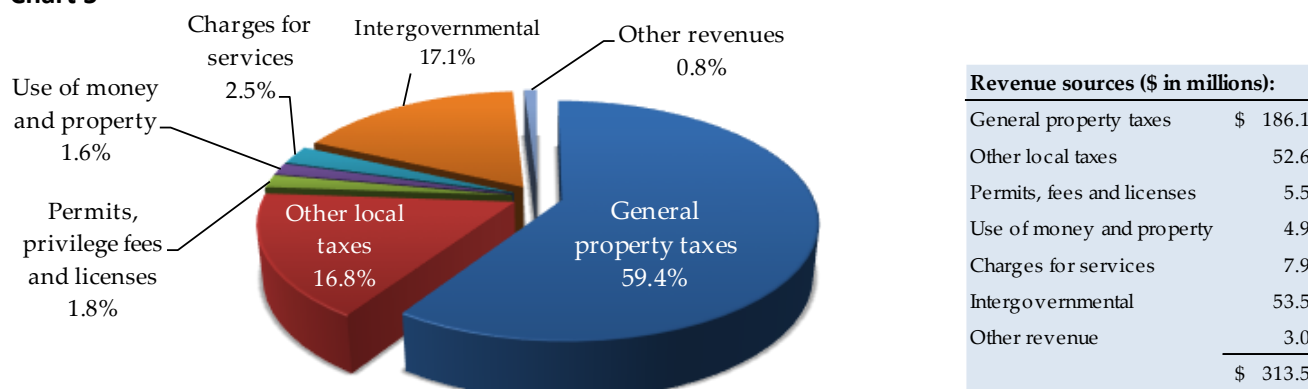


Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

## Governmental Fund Revenues

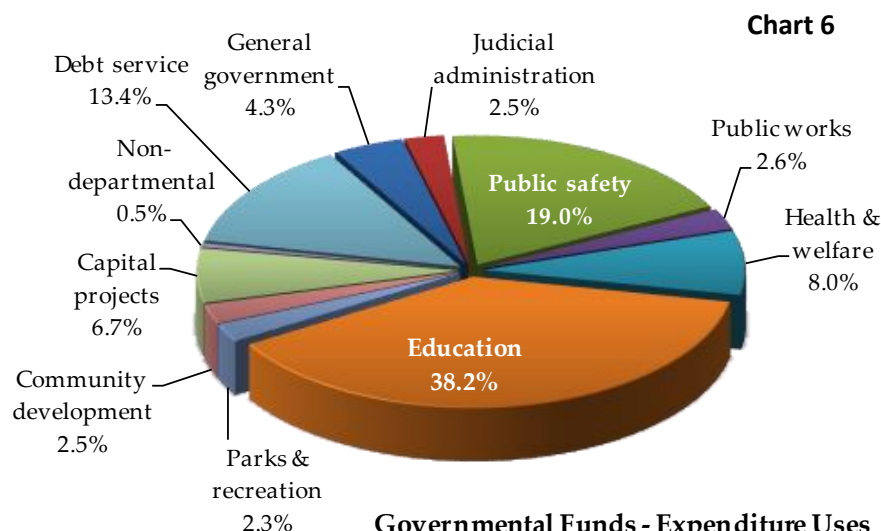
Total Governmental Fund revenues increased by \$32.6 million in fiscal year 2020. General property and other local taxes accounted for 76.2% of total revenues and reported a collective increase of \$10.8 million. General property tax increases of \$7.9 million reflect the continued rise in property values and new construction in the region. Sales and recordation taxes reported strong growth, in spite of the pandemic, of \$1.8 million and \$0.8 million respectively. The County believes that spending increases on consumer goods and stronger recordation tax revenues can be traced to Commonwealth stay-at-home orders and historically low interest rates driving up home improvements and new home purchases. Intergovernmental revenues reported the strongest growth of \$8.1 million, or 17.8% due to increased federal assistance dedicated to mitigating and responding to the COVID-19 public health emergency.

**Chart 5**



**Governmental Funds - Revenue Sources  
For the Year ended June 30, 2020**

Expenditure uses (\$ in millions)	
General government	\$ 14.0
Judicial administration	7.9
Public safety	61.2
Public works	8.3
Health & welfare	25.7
Education	122.8
Parks & recreation	7.3
Community development	7.9
Capital projects	21.6
Non-departmental	1.5
Debt service	43.2
<b>Total Expenditures:</b>	<b>\$ 321.4</b>



**Governmental Funds - Expenditure Uses  
For Year ended June 30, 2020**

## Governmental Fund Expenditures

Fiscal year 2020 total governmental fund expenditures decreased \$1.2 million, or 0.4%. When analyzing year over year spending, most functions remained relatively level or decreased in response to across the board hiring and discretionary spending freezes.



Notable year over year changes are as follows:

- Public Safety expenditures increased \$5.2 million, or 9.3%. Approximately \$4.1 million of this increase is in salaries and related benefits from scheduled cost of living and merit increases of 1.2%, respectively, and a mid-year implementation of a public safety step compensation plan of \$3.2 million;
- Parks and Recreation spending dropped \$0.7 million, or 8.8%. \$0.4 million of this decrease stems from the cancellations of spring special interest classes, leisure activities and youth sports programs due to COVID-19. The remaining \$0.3 million is primarily from a planned decrease in funding to the regional library of 2019 one-time funding in support of two new satellite locations;
- Capital projects spending decreased \$6.7 million or 23.7%. Capital project spending naturally fluctuates year to year based on the needs of the County. Transportation costs dropped \$7.6 million as work on Exit 118 East Improvements completed in December 2019 and work began on Exit 126 improvements scheduled for completion in fiscal year 2022.

## 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:

- \$7.9 million in refunding bond proceeds, including associated premiums offset by \$7.8 million in payment to escrow to payoff refunded bonds;
- \$3.2 million in public safety pay increases, effective in January 2020, funded through a combination of \$1.5 million in available fund balance, \$1.2 million reallocated transfer fund originally intended to cash fund capital projects, and \$0.5 million in reserved solar rollbacks;
- \$1.5 million of available fund balance to cover additional fire and rescue overtime needs;
- Approved “carryover” of obligated or approved fiscal year 2019 funding not yet expended for the County and School Board of \$3.2 million and \$3.4 million, respectively; and
- \$11.9 million in intergovernmental revenues associated with Federal CARES Act Coronavirus Relief Fund (CRF) assistance allocated to the County by the Commonwealth of Virginia to fund the County’s expenses associated with its response to the coronavirus emergency.

### FINAL BUDGET TO ACTUAL

As of June 30, the County’s General Fund reported a positive budget variance of \$26.0 million consisting of \$1.4 million in additional revenues, \$24.1 million in unexpended budgeted expenditures and \$0.5 in unexpended budgeted transfers out. The most notable variances are as follows:

#### *Revenues:*

- The uncollected property tax rate increased slightly to 1.43% from 1.26% in 2019 contributing to the property revenue being \$1.6 million less than projected;

- Revenues from other local taxes exceeded budgeted projections by \$2.7 million primarily from local sales tax and business license revenues of \$1.7 million and \$0.8 million, respectively;
- Revenues from the use of money and property exceeded conservatively budgeted investment earnings by \$2.0 million;
- Intergovernmental revenues reported a negative variance of \$1.6 million from Federal CARES Act Coronavirus Relief Fund budgeted and received, but unexpended as of June 30, 2020. The unexpected funds are reported as a liability and deferred to fund allowable public safety costs in fiscal year 2021.

*Expenditures:*

- Current expenditures, excluding Education discussed below, were less than the amended budget by \$10.6 million primarily as a result of hiring and discretionary spending freezes established in March of 2020 to address revenue uncertainties stemming from the pandemic.
- The County's local education transfer which pays for operating costs, not funded through other sources such as reserves, and local, state and federal funding, was below budget by \$13.5 million. Of this amount, \$5.5 million represents general operational savings and will be requested by the School Board for carryover to the fiscal year 2021 budget. The remaining \$8.0 million represents the return of the School Board's fluctuation reserve formerly held by its third party insurance administrator. The \$8.0 million in returned funds were transferred to the County's General Fund and added to the previous year's \$4.8 million in assigned fund balance for School health insurance reserve.

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

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$451.7 million (net of accumulated depreciation), up 1.9% from the previous year. County capital assets consist of land, buildings, furniture, equipment and vehicles, and water and sewer infrastructure which are used for operations, and construction in progress. Construction in progress maintains the balance of funds expended on on-going projects as they are incurred. Once the asset is placed into service the cost is transferred from construction in progress to the appropriate capital category based on the nature of the asset.

**Table 4**

#### Capital Assets

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2020	2019		
Land & land improvements	\$ 13.2	\$ 8.7	\$ 21.9	\$ 20.9	1.0	4.8%
Land improvements, depreciable	10.6	1.1	11.7	11.0	0.7	6.4%
Buildings & improvements	63.2	99.1	162.3	167.9	(5.6)	-3.3%
Furniture, equipment & vehicles	41.4	13.8	55.2	56.8	(1.6)	-2.8%
Water & sewer systems	-	181.3	181.3	174.5	6.8	3.9%
Construction in progress	13.7	5.6	19.3	12.3	7.0	56.9%
<b>Total capital assets</b>	<b>\$ 142.1</b>	<b>\$ 309.6</b>	<b>\$ 451.7</b>	<b>\$ 443.4</b>	<b>8.3</b>	<b>1.9%</b>

During 2020, total capitalized costs for Governmental Activities was \$16.9 million and \$17.0 million for Business-type Activities and annual depreciation of \$12.0 million and \$12.5 million, respectively. Construction in progress of the Primary Government, not yet placed in service as of June 30<sup>th</sup>, increased \$7.0 million for the year. Major capital asset events during the current fiscal year included the following:

*Governmental Activities:*

- \$3.1 million in funding was used to purchase new and replacement vehicles for public safety including three 2020 Pierce Enforcer fire trucks totaling \$2.4 million.
- Construction in progress increased by a net \$6.3 million primarily as a result of continued progress on expansion and renovation of the County's animal shelter (60% complete) and judicial center (40% complete) incurring costs to date of \$3.9 million and \$4.5 million, respectively.

*Business-type Activities:*

- Ownership of various new water and sewer transmission lines, valued at approximately \$9.0 million, was transferred to the County as a result of planned growth in commercial and residential development.
- \$3.2 million in funding was used to finalize installation of new residential meters and data collectors within the system. New software will give staff and customers real-time access to water usage data reducing water loss and property damage.

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

## DEBT ADMINISTRATION

At the end of the current fiscal year, the County reported \$424.2 million in outstanding bonds and related unamortized bond premiums, an increase of 2.8%. Of this amount, \$214.2 million represents general obligation bonds backed by the full faith and credit of the County, \$56.9 million in public facility revenue bonds secured through various County and School facilities, and \$127.7 million in water and sewer revenue and refunding bonds payable from net revenues derived from the County's water and sewer system.

### Outstanding Bonds

(amounts in millions)

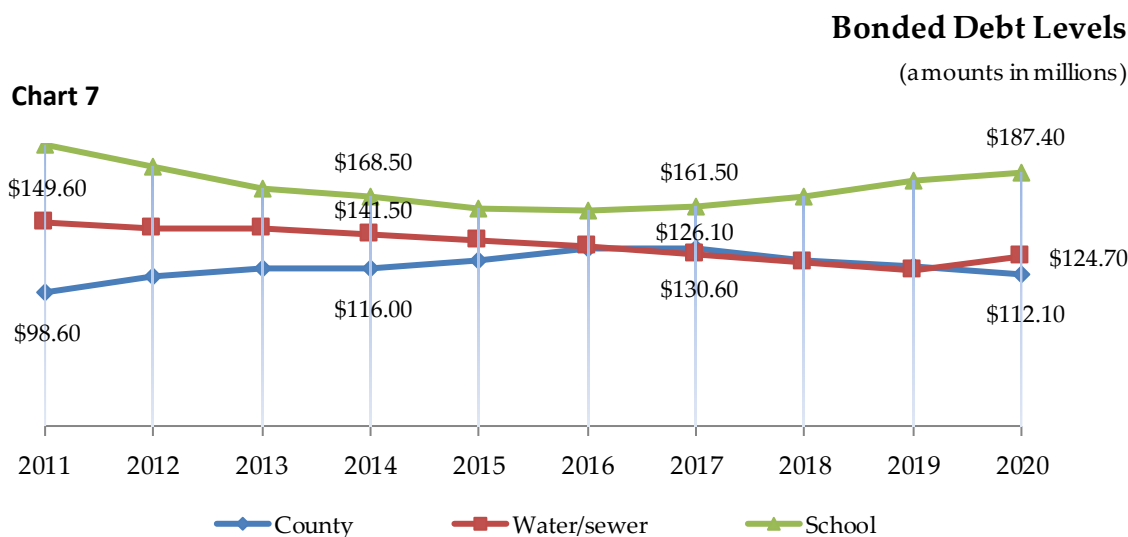
**Table 5**

	Primary Government		%
	2020	2019	Change
Governmental activities:			
General obligation bonds - County	\$ 91.7	\$ 99.8	-8.1%
General obligation bonds - School Board	122.5	115.5	6.1%
Public facility revenue bonds - County	9.5	10.7	-11.2%
Public facility revenue bonds - School Board	47.4	51.4	-7.8%
Unamortized premiums on all bonds	28.4	21.5	32.1%
Total governmental activities debt:	299.5	298.8	0.2%
Business-type activities - revenue bonds	124.7	114.0	9.4%
Total outstanding bonds:	\$ 424.2	\$ 412.8	2.8%

During the year, the County issued \$51.2 million in general obligation bonds (adjusted for premium of \$10.0 million and payment of \$0.4 million in issuance costs) to finance school, public safety and transportation projects of \$34.4 million, with the remaining \$26.4 million in net proceeds to refinance previously outstanding general obligations bonds to take advantage of favorable interest rates, resulting in an economic gain of \$3.1 million. In addition, the County issued \$28.7 million (adjusted for premium of \$4.9 million and payment of \$0.3 million in issuance costs) to fund \$16.5 million in water and sewer infrastructure projects, with the remaining \$17.4 million in net proceeds to refinance previously outstanding water and sewer revenue and refunding bonds resulting in an economic gain of \$1.1 million.

Rating Agency	General Obligation Bonds	EDA Revenue Bonds	Utilities Revenue Bonds
Moody's	Aa1	Aa2	Aa2
Fitch	AAA	AA+	AA+
Standard & Poor's	AAA	AA+	AA

All outstanding bonds of the County are rated as very strong investment grade bonds. The County's "AAA" general obligation bond rating from two major rating agencies was affirmed when the County went to the municipal bond market in mid-September of 2020, reflecting on the County's "long track record of positive financial operations and very strong reserve levels." Bonded debt levels outstanding for the current year and previous nine years by activity can be located in Chart 7. More detailed information regarding bonded debt and other long-term liabilities of the County can be found in Note 9 to the financial statements.



## Economic Factors and Next Year's Budgets

The development of the 2021 fiscal year budget was significantly impacted by the COVID-19 pandemic. County management was challenged to develop a budget with limited information on the economic effects of the pandemic and how the state and federal governments would respond. At the time of development, unemployment had reached 11% in Spotsylvania County and 14.7% nationally, with service industries hit the hardest from stay-at-home and other emergency orders being implemented. Supply chains were also affected creating uncertainty in the availability of consumer goods. In response, the Board of Supervisors requested a budget scenario with an equalized real estate tax rate and ultimately adopted a rate of \$0.8094, slightly below the equalized rate.

To help mitigate the economic pressures faced by our constituents and cover potential revenue shortfalls stemming from the crisis, management eliminated from the 2021 fiscal year budget all employee cost of living and pay for performance

adjustments; the planned increased contribution to fund OPEB liabilities; as well as tuition reimbursement and all non-mandated training requirements. With the exception of five Social Services positions, all new initiatives necessary to maintain existing levels of service were also placed on hold. Given the potential for reduced availability of cash funding for capital projects, upon recommendation from management, the Board adopted just the first year (FY 2021) of the five-year CIP with a plan for County and School staff to revisit the out-year plan and present a new CIP to the respective Boards in the Fall.

### **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](mailto:finance@spotsylvania.va.us) or can be addressed to the Office of the Chief Accounting Officer at 8800 Courthouse Road, Spotsylvania Virginia, 22553.

## ***BASIC FINANCIAL STATEMENTS***

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2020

Exhibit I

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
<b>ASSETS</b>					
Cash and investments - pooled equity (Note 2)	\$ 180,092,079	\$ 95,666,099	\$275,758,178	\$ 7,171,777	\$ 351,946
Receivables, net (Note 3)	119,257,222	9,424,287	128,681,509	8,427,795	-
Prepaid items	1,316,708	142,447	1,459,155	1,093,499	-
Inventory	-	684,458	684,458	403,137	-
Due from Primary Government (Note 6)	-	-	-	10,280,452	-
Restricted cash and investments (Note 2)	20,988,252	21,039,685	42,027,937	8,146,733	-
Land held as investment	-	-	-	-	1,192,100
Claim reserves held by others (Note 17)	-	-	-	1,629,213	-
Capital assets, net (Note 4):					
Non-depreciable assets	26,916,247	14,387,100	41,303,347	52,346,830	-
Depreciable assets	115,181,927	295,244,818	410,426,745	290,301,966	-
Total assets	<u>\$ 463,752,435</u>	<u>\$ 436,588,894</u>	<u>\$900,341,329</u>	<u>\$ 379,801,402</u>	<u>\$ 1,544,046</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred charge on debt refunding	\$ 1,586,184	\$ 1,872,384	\$ 3,458,568	\$ -	\$ -
Pension contributions (Note 8)	4,776,909	646,992	5,423,901	21,490,318	-
Pension actuarial differences (Note 8)	7,987,255	1,082,263	9,069,518	22,844,669	-
OPEB contributions (Note 12)	264,073	39,116	303,189	6,906,314	-
OPEB actuarial differences (Note 12)	22,643,992	2,969,378	25,613,370	26,071,543	-
Total deferred outflows of resources	<u>\$ 37,258,413</u>	<u>\$ 6,610,133</u>	<u>\$ 43,868,546</u>	<u>\$ 77,312,844</u>	<u>\$ -</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 3,927,623	\$ 908,546	\$ 4,836,169	\$ 3,028,334	\$ 42,505
Retainage payable	357,887	-	357,887	286,705	-
Accrued salaries and benefits	3,756,060	429,500	4,185,560	17,230,121	-
Accrued bond interest	4,128,342	439,772	4,568,114	-	-
Other accrued liabilities	2,720,842	108,296	2,829,138	-	11,292
Due to component unit (Note 6)	10,280,452	-	10,280,452	-	-
Deposits	7,794,657	119,011	7,913,668	-	-
Noncurrent liabilities (Note 9):					
Due within one year	32,345,107	6,544,890	38,889,997	5,234,396	-
Due in more than one year	417,819,141	135,917,349	553,736,490	510,072,179	-
Total liabilities	<u>\$ 483,130,111</u>	<u>\$ 144,467,364</u>	<u>\$627,597,475</u>	<u>\$ 535,851,735</u>	<u>\$ 53,797</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred revenues:					
Property taxes	\$ 89,747,372	\$ -	\$ 89,747,372	\$ -	\$ -
Special assessments and other	1,911,263	-	1,911,263	-	-
Pension actuarial differences (Note 8)	2,248,901	299,632	2,548,533	22,929,334	-
OPEB actuarial differences (Note 12)	20,308,242	2,292,840	22,601,082	41,420,641	-
Total deferred inflows of resources	<u>\$ 114,215,778</u>	<u>\$ 2,592,472</u>	<u>\$116,808,250</u>	<u>\$ 64,349,975</u>	<u>\$ -</u>
<b>NET POSITION</b>					
Net investment in capital assets	\$ 86,941,739	\$ 207,595,907	294,537,646	\$ 342,648,796	\$ -
Restricted for:					
Grant programs	2,124,126	-	2,124,126	-	-
Debt service	-	3,609,671	3,609,671	-	-
Transportation	1,883,338	-	1,883,338	-	-
Capital projects	2,796,821	-	2,796,821	7,379,982	-
Unrestricted	(190,081,065)	84,933,613	(105,147,452)	(493,116,242)	1,544,046
Total net position (deficit)	<u>\$ (96,335,041)</u>	<u>\$ 296,139,191</u>	<u>\$199,804,150</u>	<u>\$ (143,087,464)</u>	<u>\$ 1,490,249</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, 2020

Exhibit II

Page 1

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
<b>Primary Government:</b>					
General government	\$ 18,762,590	\$ 301,992	\$ 717,176	\$ -	\$ (17,743,422)
Judicial administration	10,005,278	660,026	1,739,185	1,215,013	(6,391,054)
Public safety	72,426,937	9,225,162	17,159,673	428,105	(45,613,997)
Public works	10,316,037	2,594,169	21,029	-	(7,700,839)
Health and welfare	26,442,803	32,944	15,078,428	-	(11,331,431)
Education	122,806,912	-	1,836	-	(122,805,076)
Parks, recreation and cultural	8,650,653	331,217	990	71,632	(8,246,814)
Community development	11,904,826	781,917	217,954	1,600,046	(9,304,909)
Interest on long-term debt	9,448,013	-	-	-	(9,448,013)
Total governmental activities	\$290,764,049	\$13,927,427	\$ 34,936,271	\$ 3,314,796	\$ (238,585,555)
<b>Business-type activities:</b>					
Water and sewer	38,932,228	36,811,249	563,585	20,497,640	
Total Primary Government	<u>\$329,696,277</u>	<u>\$50,738,676</u>	<u>\$ 35,499,856</u>	<u>\$ 23,812,436</u>	
<b>Component unit:</b>					
School Board	<u>\$304,451,455</u>	<u>\$ 6,312,125</u>	<u>\$ 166,565,785</u>	<u>\$ -</u>	
Economic Development Authority	<u>\$ 1,256,461</u>	<u>\$ 331,648</u>	<u>\$ -</u>	<u>\$ -</u>	
<b>General revenues:</b>					
Taxes					
Property taxes					\$ 186,051,578
Sales taxes					21,172,941
Utility taxes					3,356,904
Business licenses					5,283,559
Rental taxes					1,339,402
Motor vehicle licenses					3,292,754
Bank stock taxes					802,914
Recordation taxes					2,793,094
Meal taxes					9,363,282
Fuel taxes					5,607,836
Grants and contributions not restricted to specific programs					19,761,777
Payments from Primary Government					-
Interest and investment earnings					4,052,056
Miscellaneous					592,427
Transfers					14,092
Total general revenues and transfers					<u>\$ 263,484,616</u>
Change in net position					<u>\$ 24,899,061</u>
Net position (deficit), beginning					<u>(121,234,102)</u>
Net position (deficit), ending					<u>\$ (96,335,041)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

Exhibit II

Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position			
	Primary Government		Component Unit	
	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:				
General government		\$ (17,743,422)		
Judicial		(6,391,054)		
Public safety		(45,613,997)		
Public works		(7,700,839)		
Health and welfare		(11,331,431)		
Education		(122,805,076)		
Parks, recreation and cultural		(8,246,814)		
Community development		(9,304,909)		
Interest on long-term debt		(9,448,013)		
Total governmental activities		\$ (238,585,555)		
Business-type activities:				
Water and sewer	18,940,246	18,940,246		
Total Primary Government	\$ 18,940,246	\$ (219,645,309)		
Component units:				
School Board			\$ (131,573,545)	
Economic Development Authority				\$ (924,813)
General revenues:				
Taxes				
Property taxes	\$ -	\$ 186,051,578	\$ -	\$ -
Sales taxes	-	21,172,941	-	-
Utility taxes	-	3,356,904	-	-
Business licenses	-	5,283,559	-	-
Rental taxes	-	1,339,402	-	-
Motor vehicle licenses	-	3,292,754	-	-
Bank stock taxes	-	802,914	-	-
Recordation taxes	-	2,793,094	-	-
Meals taxes	-	9,363,282	-	-
Fuel taxes	-	5,607,836	-	-
Grants and contributions not restricted to specific programs	-	19,761,777	-	-
Payments from Primary Government	-	-	122,617,741	1,218,611
Interest and investment earnings	2,951,143	7,003,199	466,621	20,977
Miscellaneous	140,866	733,293	144,604	-
Transfers	(14,092)	-	-	-
Total general revenues and transfers	\$ 3,077,917	\$ 266,562,533	\$ 123,228,966	\$ 1,239,588
Change in net position	\$ 22,018,163	\$ 46,917,224	\$ (8,344,579)	\$ 314,775
Net position (deficit), beginning	274,121,028	152,886,926	(134,742,885)	1,175,474
Net position (deficit), ending	\$ 296,139,191	\$ 199,804,150	\$ (143,087,464)	\$ 1,490,249

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2020

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 129,207,518	\$ 36,966,874	\$ 13,917,687	\$ 180,092,079
Receivables, net	115,106,607	1,142,795	3,007,820	119,257,222
Restricted cash and investments	1,949,180	18,215,159	823,913	20,988,252
Total assets	<u>\$ 246,263,305</u>	<u>\$ 56,324,828</u>	<u>\$ 17,749,420</u>	<u>\$ 320,337,553</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,981,047	\$ 1,532,200	\$ 414,376	\$ 3,927,623
Retainage payable	-	357,887	-	357,887
Accrued salaries and benefits	4,199,819	7,968	157,108	4,364,895
Other accrued liabilities	2,225,962	210,779	59,436	2,496,177
Due to component unit	10,280,452	-	-	10,280,452
Deposits	5,264,691	1,931,055	598,911	7,794,657
Total liabilities	<u>\$ 23,951,971</u>	<u>\$ 4,039,889</u>	<u>\$ 1,229,831</u>	<u>\$ 29,221,691</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenues:				
Property taxes	\$ 95,422,836	\$ -	\$ 715,710	\$ 96,138,546
Special assessments	-	272,406	-	272,406
Other revenues	6,179,684	856,918	6,186	7,042,788
Total deferred inflows of resources	<u>\$ 101,602,520</u>	<u>\$ 1,129,324</u>	<u>\$ 721,896</u>	<u>\$ 103,453,740</u>
<b>FUND BALANCES</b>				
Restricted	\$ 2,660,511	\$ 16,387,328	\$ 2,718,431	\$ 21,766,270
Committed	58,374,245	33,381,638	5,302,711	97,058,594
Assigned	48,027,281	1,386,649	7,776,551	57,190,481
Unassigned	11,646,777	-	-	11,646,777
Total fund balances	<u>\$ 120,708,814</u>	<u>\$ 51,155,615</u>	<u>\$ 15,797,693</u>	<u>\$ 187,662,122</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 246,263,305</u>	<u>\$ 56,324,828</u>	<u>\$ 17,749,420</u>	<u>\$ 320,337,553</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, 2020

Page 2

Total fund balances - governmental funds (Exhibit III)		\$	187,662,122
<i>Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid items used current resources and, therefore, are not reported in the governmental funds.			1,316,708
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$	26,916,247	
Depreciable assets, net of depreciation		<u>115,181,927</u>	
			142,098,174
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	\$	1,586,184	
Deferred pension contributions		4,776,909	
Deferred pension actuarial differences		7,987,255	
Deferred OPEB contributions		264,073	
Deferred OPEB actuarial differences		<u>22,643,992</u>	
			37,258,413
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.			(4,128,342)
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	\$	(299,509,229)	
Net pension liability		(19,775,330)	
LOSAP pension benefits		(3,700,768)	
Other postemployment benefits		(109,833,053)	
Compensated absences		(5,520,401)	
Landfill closure obligation		(9,914,304)	
Insurance claims (excludes \$608,835 accrued in the General Fund)		<u>(1,302,327)</u>	
			(449,555,413)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			
Property taxes	\$	6,391,174	
Intergovernmental revenues		2,963,514	
Sales tax		2,019,176	
Other local revenues		<u>421,241</u>	
			11,795,105
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period			
Deferred pension actuarial differences		2,248,901	
Deferred OPEB actuarial differences		<u>20,308,242</u>	
			(22,557,143)
Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds.			(224,665)
Total net position - governmental activities (Exhibit I)		\$	<u>(96,335,041)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2020

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 184,706,333	\$ 35,657	\$ 1,356,552	\$ 186,098,542
Other local taxes	46,963,078	-	5,607,836	52,570,914
Permits, fees and regulatory licenses	271,722	-	5,273,633	5,545,355
Fines and forfeitures	356,918	-	-	356,918
From use of money and property	3,557,195	1,208,931	111,552	4,877,678
Charges for services	4,787,180	-	3,073,041	7,860,221
Gifts and donations	196,642	2,211,331	-	2,407,973
Miscellaneous	206,364	141,321	-	347,685
Intergovernmental	53,185,280	184,113	119,115	53,488,508
Total revenues	<u>\$ 294,230,712</u>	<u>\$ 3,781,353</u>	<u>\$ 15,541,729</u>	<u>\$ 313,553,794</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 13,856,733	\$ 167,628	\$ -	\$ 14,024,361
Judicial administration	7,944,601	-	-	7,944,601
Public safety	58,934,273	-	2,300,260	61,234,533
Public works	8,284,639	-	26,063	8,310,702
Health and welfare	25,735,332	-	-	25,735,332
Education	122,806,912	-	-	122,806,912
Parks, recreation and cultural	7,271,230	-	-	7,271,230
Community development	3,504,373	-	4,368,687	7,873,060
Non-departmental	1,541,446	-	-	1,541,446
Capital projects	-	21,638,018	-	21,638,018
Debt service:				
Principal retirement	27,721,410	-	3,472,836	31,194,246
Interest and other fiscal charges	9,924,246	-	1,580,760	11,505,006
Bond issuance costs	245,908	31,301	69,791	347,000
Total expenditures	<u>\$ 287,771,103</u>	<u>\$ 21,836,947</u>	<u>\$ 11,818,397</u>	<u>\$ 321,426,447</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 6,459,609</u>	<u>\$ (18,055,594)</u>	<u>\$ 3,723,332</u>	<u>\$ (7,872,653)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (10,607,896)	\$ 12,808,006	\$ (2,186,018)	\$ 14,092
Issuance of bonds	24,475,000	4,665,000	-	29,140,000
Premium on bonds issued	4,597,310	881,265	-	5,478,575
Refunding bonds issued	11,882,131	-	10,142,869	22,025,000
Premium on refunding bonds issued	2,089,068	-	2,401,055	4,490,123
Payment to escrow for refunded bonds	(13,892,905)	-	(12,474,133)	(26,367,038)
Total other financing sources (uses), net	<u>\$ 18,542,708</u>	<u>\$ 18,354,271</u>	<u>\$ (2,116,227)</u>	<u>\$ 34,780,752</u>
Net change in fund balances	\$ 25,002,317	\$ 298,677	\$ 1,607,105	\$ 26,908,099
Fund balance, beginning, as restated	95,706,497	50,856,938	14,190,588	160,754,023
Fund balance, ending	<u>\$ 120,708,814</u>	<u>\$ 51,155,615</u>	<u>\$ 15,797,693</u>	<u>\$ 187,662,122</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, 2020

Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 26,908,099

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. (153,423)

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	\$ 16,856,632	
Depreciation expense	<u>(11,970,755)</u>	
		4,885,877

In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (69,927)

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 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	\$ (29,140,000)	
Premium on general obligation bonds	(5,478,575)	
Issuance of general obligation refunding bonds	(22,025,000)	
Premium on general obligation refunding bonds	<u>(4,490,123)</u>	
		(61,133,698)

Debt reductions:

Principal payments on bonds	31,194,246	
Payment to escrow for refunded debt (net of accrued interest of \$156,307)	<u>26,210,731</u>	
		57,404,977

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

Property taxes	\$ (46,964)	
Intergovernmental and other revenues	<u>2,212,115</u>	
		2,165,151

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	\$ (4,819,131)	
Pension benefits	(1,353,769)	
LOSAP pension benefits	(107,551)	
Amortization of bond related costs	2,849,904	
Accrued interest	(182,817)	
Landfill closure obligation	(497,334)	
Compensated absences	(865,137)	
Insurance claims (excludes \$340,092 in claims expense reported in the General Fund)	(25,373)	
Arbitrage	<u>(106,787)</u>	
		(5,107,995)

Change in net position - governmental activities (Exhibit II)		<u>\$ 24,899,061</u>
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COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND

June 30, 2020

Exhibit V

Water &  
Sewer Fund

ASSETS

Current assets:

Cash and investments - pooled equity	\$ 95,666,099
Receivables, net	9,424,287
Inventory	684,458
Prepaid items	142,447
Restricted cash and investments	21,039,685
Total current assets	<u>\$ 126,956,976</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 14,387,100
Depreciable assets	295,244,818
Total noncurrent assets	<u>\$ 309,631,918</u>
Total assets	<u>\$ 436,588,894</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	\$ 1,872,384
Pension contributions	646,992
Pension actuarial differences	1,082,263
OPEB contributions	39,116
OPEB actuarial differences	2,969,378
Total deferred outflows of resources	<u>\$ 6,610,133</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 908,546
Accrued salaries and benefits	429,500
Accrued bond interest	439,772
Other accrued liabilities	108,296
Deposits	119,011
Current portion of long-term debt	6,544,890
Total current liabilities	<u>\$ 8,550,015</u>

Noncurrent liabilities:

Noncurrent portion of long-term debt	\$ 135,917,349
Total noncurrent liabilities	<u>\$ 135,917,349</u>
Total liabilities	<u>\$ 144,467,364</u>

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 299,632
OPEB actuarial differences	2,292,840
Total deferred inflows of resources	<u>\$ 2,592,472</u>

NET POSITION

Net investment in capital assets	\$ 207,595,907
Restricted for debt service	3,609,671
Unrestricted	84,933,613
Total net position	<u>\$ 296,139,191</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, 2020

Exhibit VI

	Water & Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 35,205,991
Other operating revenues	1,605,258
Total operating revenues	<u>\$ 36,811,249</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 10,935,959
Contractual services	2,811,535
Materials and supplies	2,262,614
Depreciation	12,475,766
Other services and charges	4,585,581
Total operating expenses	<u>\$ 33,071,455</u>
Operating income	<u>\$ 3,739,794</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (4,550,339)
Bond issuance costs	(262,301)
Interest income	2,951,143
Intergovernmental revenues	563,585
Loss on disposal of capital assets	(1,048,133)
Miscellaneous income	140,866
Total non-operating expenses, net	<u>\$ (2,205,179)</u>
Income before contributions and transfers	<u>\$ 1,534,615</u>
Capital contributions:	
Availability fees	\$ 10,877,210
Other capital contributions	9,620,430
Total capital contributions	<u>\$ 20,497,640</u>
Transfers to other funds, net	(14,092)
Total capital contributions and transfers	<u>\$ 20,483,548</u>
Change in net position	\$ 22,018,163
Net position, beginning	274,121,028
Net position, ending	<u><u>\$ 296,139,191</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, 2020

Exhibit VII

Page 1

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 35,110,186
Receipts from other operating revenues	1,604,394
Receipt of customer deposits	24,060
Payments to suppliers and service providers	(10,430,198)
Payments to employees for salaries and benefits	(10,002,265)
Return of customer deposits	(21,130)
Net cash provided by operating activities	<u>\$ 16,285,047</u>
Cash flows from noncapital financing activities:	
Receipt of intergovernmental revenue	\$ 563,585
Transfers out	(14,092)
Net cash provided by noncapital financing activities	<u>\$ 549,493</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (8,198,974)
Principal paid on capital debt	(5,025,000)
Interest paid on capital debt	(5,397,556)
Proceeds from revenue refunding bonds issued	33,563,672
Payment to escrow agent for refunded debt	(17,138,000)
Capital contributions and grants	(54,260)
Receipt of availability fees	11,608,468
Net cash provided by capital and related financing activities	<u>\$ 9,358,350</u>
Cash flows from investing activities:	
Purchase of investment securities	\$ (52,969,510)
Sale of investment securities	54,591,051
Interest on investments	1,914,680
Net cash provided by investing activities	<u>\$ 3,536,221</u>
Net increase in cash and cash equivalents	\$ 29,729,111
Cash and cash equivalents:	
Beginning	16,685,972
Ending	<u><u>\$ 46,415,083</u></u>
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 95,666,099
Restricted cash and investments	21,039,685
	<u>\$ 116,705,784</u>
Less investments	70,290,701
Cash and cash equivalents, unrestricted and restricted	<u><u>\$ 46,415,083</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUND**  
 For the Year Ended June 30, 2020

Exhibit VII

Page 2

	<u>Water &amp; Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 3,739,794
Depreciation	12,475,766
Effect of changes in assets and liabilities:	
Accounts receivable (net of capital related financing)	(96,669)
Inventory	(122,965)
Accounts payable	(647,504)
Salary and benefits payable (all benefits including pension and OPEB)	933,695
Customer deposits payable	<u>2,930</u>
Net cash provided by operating activities	<u>\$ 16,285,047</u>
Noncash investing, capital and financing activities:	
Developer donated capital assets	\$ 8,978,285
Decrease in availability fee and other capital contribution receivables	(100,814)
Net change in fair value of investments	736,302

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2020

*Exhibit VIII*

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash and investments - pooled equity	\$ 323,324
Total assets	<u>\$ 323,324</u>
<b>LIABILITIES</b>	
Amounts held for others	\$ 323,324
Total liabilities	<u>\$ 323,324</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 of Spotsylvania, Virginia (the County) is organized under the board-administrator form of government. The governing body is the Board of Supervisors (the Board), which is 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. Additionally, County citizens elect and are served by five constitutional officers: Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth's Attorney. The County's Health Department and the court system are under the control of the Commonwealth of Virginia.

The County provides services for its citizens including emergency medical services and fire protection, collection and disposal of refuse, water and sewer activities, parks and recreation, libraries funded through various revenue streams such as taxes, charges for services, grants and contributions.

The accompanying financial statements present the County and its component units, entities 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 discretely presented component units are reported in separate columns in the government-wide statements to emphasize they are legally separate from the Primary Government.

#### *Discretely Presented Component Units:*

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.

The Economic Development Authority of Spotsylvania, Virginia (EDA) was established by ordinance of the Board pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1 *Code of Virginia* (the Code) of 1950, as amended) so that such authorities may acquire,

own, lease and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth. Included in the discretely presented component unit EDA are the activities of economic development services. The County Board of Supervisors appoints the seven board directors of the EDA representing each of the seven districts of the County. By statute, the EDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates and the approval of prospective private activity bond issues. The EDA'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 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 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. Expendi-

ture-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 measureable 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 DEPOSITS 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.

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. 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. Positions in external investment pools meeting certain provisions of GAAP are reported at their net asset value per share (which approximates fair value). All other investments are reported at 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 at fiscal year-end and are reported net of allowance for uncollectible amounts. 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 5<sup>th</sup> and December 5<sup>th</sup>. The second installment due December 5<sup>th</sup> 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:

<b>Major Asset Type</b>	<b>Estimated Useful Life</b>
Buildings and 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 statements and the proprietary financial statements 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. Contributions are deferred and amortized over one year and 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 \$5 million is a component of unassigned fund balance at June 30, 2020.

*Economic Opportunities Reserve* - The County maintains an Economic Opportunities Reserve for the purpose of providing incentives to substantial economic development 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, 2020, the County reported \$186.6 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.

<b>Table 1</b>			
<b>Allocation of County Issued "on-behalf" Bonded Debt of the School Board</b>			
	<b>Net Position Exhibit I</b>	<b>Allocation of "on-behalf" debt</b>	<b>Net Position after allocation</b>
<i><b>Primary Government - Governmental Activities:</b></i>			
Net investment in capital assets	\$ 86,941,739	\$ -	\$ 86,941,739
Restricted	6,804,285	-	6,804,285
Unrestricted	(190,081,065)	186,636,780	(3,444,285)
Total net position at June 30, 2020	<u>\$ (96,335,041)</u>	<u>\$ 186,636,780</u>	<u>\$ 90,301,739</u>
<i><b>Component unit - School Board:</b></i>			
Net investment in capital assets	\$ 342,648,796	\$ (179,256,798)	\$ 163,391,998
Restricted	7,379,982	(7,379,982)	-
Unrestricted	(493,116,242)	-	(493,116,242)
Total net position at June 30, 2020	<u>\$ (143,087,464)</u>	<u>\$ (186,636,780)</u>	<u>\$ (329,724,244)</u>

## Note 2

### Deposits 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.

## 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.

### 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 financial investments are valued using a matrix pricing model, a Level 2 input based on the securities relationship to benchmark quoted prices. The County reports the following recurring fair value measurements as of June 30, 2020:

Table 2 Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 3,262,316
U.S. Treasury obligations	44,636,461
Federal agency obligations	43,359,646
Supra-national agency notes	5,120,729
Corporate notes	16,023,568
Municipals	4,784,127
Certificates of deposit	10,143,205
Total debt securities	\$ 127,330,052

### External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2020:

Table 3 Investments Measured at Net Asset Value (NAV)	
Local Government Investment Pool	\$ 116,840,742
Virginia State Non-arbitrage Program	44,465,279
	\$ 161,306,021

*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.

**Defined Benefit Length of Service Award Program**

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.

**EDA – Land Held for Investment**

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2020, the remaining 37 acres are valued at a fair market value of \$1.2 million based on an internal sales comparison appraisal (level 3 input) assuming the property's highest and best use. Land is not currently undergoing development and is intended to be sold to fund future economic development initiatives.

**School Board OPEB Trust**

Information related to the investments held in the OPEB trust fund of the component unit-School Board is discussed in Note 12.03.

### 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**

<b>Pooled Cash &amp; Investments by Type</b>	<b>Valuation</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (in years)</b>
LGIP	NAV	\$ 116,840,742	0.7013
SNAP	NAV	44,465,279	0.2669
Other money markets & mm mutual funds	Amortized cost	5,311,451	0.0131
Commercial paper	Amortized cost	7,390,806	0.3821
Repurchase agreements	Fair	3,262,316	0.0028
U.S. Treasury obligations	Fair	44,636,461	1.6985
Federal agency obligations	Fair	43,359,646	2.3997
Supra-national agency note	Fair	5,120,729	2.1086
Corporate notes	Fair	16,023,568	1.8707
Municipals	Fair	4,784,127	1.7612
Certificates of deposit	Fair	10,143,205	0.8199
Total investments:		\$ 301,338,330	
Portfolio weighted average maturity:			0.7200
Cash on hand		2,815	
Deposits		30,489,570	
LOSAP pension benefit Trust funds		1,949,180	
Total pooled cash and investments:		<u>\$ 333,779,895</u>	
<b>Reconciliation of pooled cash and investments:</b>			
Exh I: Total primary government cash and investments - pooled equity		\$ 275,758,178	
Exh I: Total primary government restricted cash and investments		42,027,937	
Exh I: Component unit school board cash and investments - pooled equity		7,171,777	
Exh I: Component unit school board restricted cash and investments		8,146,733	
Exh I: Component unit EDA cash and investments - pooled equity		351,946	
Exh VIII: Agency Funds' cash and investments - pooled equity		323,324	
		<u>\$ 333,779,895</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, 2020:

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	\$ 116,840,742	AAAm	38.77%
SNAP	44,465,279	AAAm	14.75%
Other money market mutual funds	5,311,451	AAAm	1.76%
Commercial paper	7,390,806	A-1	2.45%
Repurchase agreements	3,262,316	AAA	1.08%
U.S. Treasury obligations	44,636,461	AA	14.81%
Federal agency obligations	43,359,646	AA	14.39%
Supra-national agency note	5,120,729	AAA	1.70%
Corporate notes	16,023,568	AA(95%)/ A(5%)	5.32%
Municipals	4,784,127	AAA(14%)/ AA(86%)	1.59%
Certificates of Deposit	10,143,205	AA(25%)/ A(75%)	3.38%
<b>Total investments:</b>	<b>\$ 301,338,330</b>		<b>100.00%</b>

### 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, 2020, the following mortgage backed securities exceeded five percent of the pooled investment portfolio:

Federal National Mortgage Association	5.26%
Federal Home Loan Mortgage Corporation	7.10%

### 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.

### Restricted Cash and Investments

As of June 30, 2020, the County and its Component-unit School Board maintain restricted cash and investments totaling \$42.0 million and \$8.1 million, respectively, with the following restrictions:

Table 7 Restricted Cash and Investments	
<b>Governmental activities:</b>	
General Fund - LOSAP pension benefits	\$ 1,949,180
Capital Projects Fund - Project bond proceeds (SNAP)	18,215,159
Transportation Fund - Transportation special service districts	823,913
<b>Total restricted cash &amp; investments:</b>	<b>\$ 20,988,252</b>
<b>Business-type activities:</b>	
Water & Sewer Fund - Project bond proceeds (SNAP)	\$ 13,934,695
Water & Sewer Fund - Debt service	7,104,990
<b>Total restricted cash &amp; investments:</b>	<b>\$ 21,039,685</b>
<b>Total Primary Government restricted cash &amp; investments:</b>	<b>\$ 42,027,937</b>
<b>Component Unit-School Board:</b>	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 8,146,733
<b>Total restricted cash &amp; investments:</b>	<b>\$ 8,146,733</b>



## Note 3

### Receivables

Receivables at June 30, 2020 consist of the following:

Table 8 Receivables					
	Primary Government - Governmental Activities				Component Unit
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board
Special assessments	\$ -	\$ 272,406	\$ -	\$ 272,406	\$ -
Property taxes					
Delinquent	11,651,583	-	30,759	11,682,342	-
Not yet due	87,346,845	-	666,885	88,013,730	-
Fuel taxes	-	-	1,883,338	1,883,338	-
EMS Transport fees	-	-	1,239,155	1,239,155	-
Accounts - other	7,932,614	148,824	52,353	8,133,791	298,547
Intergovernmental - Federal	1,197,216	602,610	143	1,799,969	4,226,538
Intergovernmental - State	9,595,788	118,955	30	9,714,773	3,902,710
Gross receivables	117,724,046	1,142,795	3,872,663	122,739,504	8,427,795
Allowance for uncollectibles	(2,617,439)	-	(864,843)	(3,482,282)	-
Net receivables at June 30, 2020	<u>\$ 115,106,607</u>	<u>\$ 1,142,795</u>	<u>\$ 3,007,820</u>	<u>\$ 119,257,222</u>	<u>\$ 8,427,795</u>
Primary Government - Business-type activities				Water & Sewer	
Water & sewer services				\$ 6,971,338	
Notes - connection & availability fees				756,199	
Accounts - other				1,820,355	
Intergovernmental - Federal				54,541	
Intergovernmental - State				34,289	
Gross receivables				9,636,722	
Allowance for uncollectibles				(212,435)	
Net receivables at June 30, 2020				<u>\$ 9,424,287</u>	
Total Primary Government net receivables at June 30, 2020				<u>\$ 128,681,509</u>	

Special assessments of \$248,800 in the Capital Projects Fund and \$55,268 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, 2020 was as follows:

<b>Table 9</b>				
<b>Capital Assets - Governmental Activities</b>				
	<b>Balance July 1, 2019</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance June 30, 2020</b>
Capital assets, not being depreciated:				
Land & land improvements	\$ 13,237,573	\$ -	\$ -	\$ 13,237,573
Construction in progress	7,391,382	9,849,978	3,562,686	13,678,674
Total capital assets, not being depreciated	\$ 20,628,955	\$ 9,849,978	\$ 3,562,686	\$ 26,916,247
Capital assets being depreciated:				
Land improvements	\$ 24,055,941	\$ 1,829,478	\$ 43,690	\$ 25,841,729
Buildings & improvements	105,381,611	1,659,516	-	107,041,127
Furniture, equipment & vehicles	88,823,213	7,080,346	1,887,975	94,015,584
Total capital assets, being depreciated	218,260,765	10,569,340	1,931,665	226,898,440
Less accumulated depreciation for:				
Land improvements	14,196,712	1,107,599	43,690	15,260,621
Buildings & improvements	40,658,665	3,146,330	-	43,804,995
Furniture, equipment & vehicles	46,752,119	7,716,826	1,818,048	52,650,897
Total accumulated depreciation	101,607,496	11,970,755	1,861,738	111,716,513
Total capital assets being depreciated, net	\$ 116,653,269	\$ (1,401,415)	\$ 69,927	\$ 115,181,927
<b>Governmental activities capital assets, net</b>	<b>\$ 137,282,224</b>	<b>\$ 8,448,563</b>	<b>\$ 3,632,613</b>	<b>\$ 142,098,174</b>
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government		\$ 3,251,986		
Judicial administration		1,176,134		
Public safety		5,593,082		
Public works		1,056,887		
Health and welfare		62,172		
Parks and recreation		786,466		
Community development		44,028		
		<u>\$ 11,970,755</u>		

Construction in progress from governmental activities for the year ended June 30, 2020 was as follows:

Table 10 Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
<i>Governmental Activity Projects</i>			
Merchant Square renovation	\$ 520,217	\$ 86,004	\$ 434,213
Land assessment & tax systems	2,554,970	1,762,194	792,776
Computer aided dispatch system	4,164,207	1,084,382	3,079,825
Financial system upgrade	3,046,184	1,528,680	1,517,504
Animal shelter expansion	6,796,111	3,918,610	2,877,501
Firehouse #6 bunk addition	1,873,527	206,762	1,666,765
Judicial center renovation	14,463,440	4,544,757	9,918,683
Livingston Landfill	525,007	155,288	369,719
Other projects	732,945	391,997	340,948
	<u>\$ 34,676,608</u>	<u>\$ 13,678,674</u>	<u>\$ 20,997,934</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2020 was as follows:

Table 11 Capital Assets - Business-type Activities				
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land & land improvements	\$ 7,661,551	\$ 1,097,490	\$ -	\$ 8,759,041
Construction in progress	4,941,068	5,599,216	4,912,225	5,628,059
Total capital assets, not being depreciated	<u>\$ 12,602,619</u>	<u>\$ 6,696,706</u>	<u>\$ 4,912,225</u>	<u>\$ 14,387,100</u>
Capital assets being depreciated:				
Land improvements	\$ 2,645,609	\$ 199,906	\$ -	\$ 2,845,515
Buildings & improvements	178,379,821	684,764	-	179,064,585
Furniture, equipment & vehicles	26,675,609	1,044,525	-	27,720,134
Water & sewer systems	263,652,431	13,290,935	1,298,778	275,644,588
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	<u>473,427,428</u>	<u>15,220,130</u>	<u>1,298,778</u>	<u>487,348,780</u>
Less accumulated depreciation for:				
Land improvements	1,530,517	191,318	-	1,721,835
Buildings & improvements	75,180,899	4,822,333	-	80,003,232
Furniture, equipment & vehicles	11,977,754	1,969,861	-	13,947,615
Water & sewer systems	90,837,061	5,450,775	250,607	96,037,229
Purchased sewer capacity	352,572	41,479	-	394,051
Total accumulated depreciation	<u>179,878,803</u>	<u>12,475,766</u>	<u>250,607</u>	<u>192,103,962</u>
Total capital assets being depreciated, net	<u>\$ 293,548,625</u>	<u>\$ 2,744,364</u>	<u>\$ 1,048,171</u>	<u>\$ 295,244,818</u>
<b>Business-type activities capital assets, net</b>	<u><b>\$ 306,151,244</b></u>	<u><b>\$ 9,441,070</b></u>	<u><b>\$ 5,960,396</b></u>	<u><b>\$ 309,631,918</b></u>

Capital asset activity of the Component unit – School Board for the year ended June 30, 2020 was as follows:

Table 12 Capital Assets - Component unit - School Board				
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	33,550,331	9,713,553	546,124	42,717,760
Total capital assets, not being depreciated	\$ 43,179,401	\$ 9,713,553	\$ 546,124	\$ 52,346,830
Capital assets being depreciated:				
Buildings & improvements	\$ 448,373,796	\$ 2,692,732	\$ -	\$451,066,528
Furniture, equipment & vehicles	116,313,281	8,897,308	2,816,644	122,393,945
Total capital assets, being depreciated	564,687,077	11,590,040	2,816,644	573,460,473
Less accumulated depreciation for:				
Buildings & improvements	200,653,623	10,681,786	-	211,335,409
Furniture, equipment & vehicles	67,462,530	6,858,072	2,497,504	71,823,098
Total accumulated depreciation	268,116,153	17,539,858	2,497,504	283,158,507
Total capital assets being depreciated, net	\$ 296,570,924	\$ (5,949,818)	\$ 319,140	\$290,301,966
<b>Component unit-School Board</b>				
<b>capital assets, net</b>	<b>\$ 339,750,325</b>	<b>\$ 3,763,735</b>	<b>\$ 865,264</b>	<b>\$342,648,796</b>

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, 2020 was as follows:

Table 13 Construction in Progress - Component unit - School Board			
	Project Authorization	Spent to Date	Committed Funding
<i>Component unit - School Board</i>			
Courtland HS Project	\$ 35,753,911	\$ 35,697,234	\$ 56,677
Security Camera/Server	1,319,881	1,300,036	19,845
SHS Lighting	2,003,200	1,832,180	171,020
MHS Field Conversion	1,290,310	1,225,646	64,664
RHS Field Conversion	1,281,650	1,219,438	62,212
CHS Field Conversion	1,359,874	1,293,886	65,988
SHS Metal Shed	159,900	149,340	10,560
	<u>\$ 43,168,726</u>	<u>\$ 42,717,760</u>	<u>\$ 450,966</u>

## 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 14 Transfers - Primary Government					
Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 71,462	\$ 3,837,966	\$ -	\$ 3,909,428
Capital Projects Fund	12,877,324	-	-	94,465	12,971,789
Other governmental funds	1,640,000	13,722	-	-	1,653,722
Water and Sewer Fund	-	78,599	1,774	-	80,373
Total	<u>\$ 14,517,324</u>	<u>\$ 163,783</u>	<u>\$ 3,839,740</u>	<u>\$ 94,465</u>	

## 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 \$10.3 million at June 30, 2020 represents School Board accrued revenues and payables expected to be reimbursed by the County in the next fiscal year.

## 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 \$151,347 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, 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 on the following page.

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.
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 is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	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			
Normal retirement age is 65. Political subdivision hazardous duty employees is age 60.	Normal Social Security retirement age. Political subdivision hazardous duty employees same as Plan 1.		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 at least five years of creditable service or age 50 with at least 10 years of creditable service. Hazardous duty employees may retire at age 50 with at least 5 years of service credit.	Members may retire with a reduced benefit as early as age 60 with at least five years of creditable service. Political subdivision hazardous duty employees same as Plan 1.		Members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
EARLIEST UNREDUCED RETIREMENT ELIGIBILITY			
Members may retire with an unreduced benefit at age 65 with at least 5 years of creditable service or at age 50 with at least 30 years. Hazardous duty employees may retire at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90. Political subdivision hazardous duty employees are the same as Plan 1.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
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, 2018 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	355	275
Inactive employees entitled to but not yet receiving benefits	548	226
Active employees	939	429
	<u>1,842</u>	<u>930</u>
* Excludes employees reported under the Teacher's 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, 2020, as a percentage of covered employee compensation, are provided in the table below.

	School Board	
	School Board	Teacher Plan*
County		
Employee contribution rate	5.00%	5.00%
Employer contribution rate	9.68%	15.68%
	14.68%	20.68%

## 8.02 FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report located at <http://www.varetire.org/pdf/publications/2019-annual-report.pdf>.

## 8.03 NET PENSION LIABILITY

### Multi-Employer Agent Plan

At June 30, 2020, the County and School Board's net pension liability, measured as of June 30, 2019, was \$22.8 million and \$0.9 million, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2018, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2019.

### School Board's Teacher Retirement Cost-Sharing Plan

At June 30, 2020, the School Board reported a liability of \$208.0 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2019 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers. The School Board's proportion as of June 30, 2019 and June 30, 2018 was 1.58% and 1.57%, respectively.

## Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2018, 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, 2019.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
<b>Assumptions used in calculations:</b>			
Investment rate of return*	6.75%	6.75%	6.75%
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
<b>Mortality tables:</b>			
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 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	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.
<b>Changes to assumptions:</b>			
The actuarial assumptions used in the June 30, 2017 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"> <li>• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020</li> <li>• Retirement rates lowered at older ages and changed final retirement from 70 to 75</li> <li>• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service</li> <li>• Disability rates lowered</li> <li>• Line of duty disability rate increased from 14% to 15%</li> </ul>	<ul style="list-style-type: none"> <li>• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020</li> <li>• Retirement rates increased at age 50, and lowered rates at older ages</li> <li>• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service</li> <li>• Disability rates adjusted to better fit experience</li> <li>• Line of duty disability rate decreased from 60% to 45%</li> </ul>	<ul style="list-style-type: none"> <li>• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020</li> <li>• Retirement rates lowered at older ages and changed final retirement from 70 to 75</li> <li>• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service</li> <li>• Disability rates adjusted to better match experience</li> </ul>

### 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.

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	34.00%	5.61%	1.91%
Fixed Income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multi-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
<b>Total</b>	<b>100.00%</b>		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%

\*The above allocation provides a one-year return of 7.63%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation.

### Discount rate

The discount rate used to measure the total pension liability was 6.75%, down from the previous year's rate of 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.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2019, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined contribution rate from June 30, 2017, actuarial valuations, whichever was greater.

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.

### 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, 2019 for the County and School Board, respectively.

<b>Table 16</b>			
<b>County Pension Plan: Changes in the Net Pension Liability</b>			
	<b>Increase (Decrease)</b>		
	<b>Total Pension Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net Pension Liability</b>
	<b>(a)</b>	<b>(b)</b>	<b>(a)-(b)</b>
Balances at June 30, 2018	\$ 182,871,278	\$ 169,100,644	\$ 13,770,634
Changes for the year:			
Service cost	5,930,755	-	5,930,755
Interest	12,563,674	-	12,563,674
Changes of assumptions	6,513,017	-	6,513,017
Difference between expected and actual experience	3,053,786	-	3,053,786
Contributions - employer	-	4,991,625	(4,991,625)
Contributions - employee	-	2,720,647	(2,720,647)
Net investment income	-	11,453,293	(11,453,293)
Benefit payments, including refunds of employee contributions	(6,780,450)	(6,780,450)	-
Administrative expense	-	(108,403)	108,403
Other changes	-	(7,238)	7,238
Net changes	21,280,782	12,269,474	9,011,308
Balances at June 30, 2019	\$ 204,152,060	\$ 181,370,118	\$ 22,781,942
		Governmental activities:	19,775,330
		Business-type activities:	3,006,612
			\$ 22,781,942

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, 2018	\$ 30,283,041	\$ 30,168,613	\$ 114,428
Changes for the year:			
Service cost	936,954	-	936,954
Interest	2,064,704	-	2,064,704
Changes in assumptions	862,322	-	862,322
Difference between expected and actual experience	(112,706)	-	(112,706)
Contributions - employer	-	573,688	(573,688)
Contributions - employee	-	459,930	(459,930)
Net investment income	-	2,003,626	(2,003,626)
Benefit payments, including refunds of employee contributions	(1,574,539)	(1,574,539)	-
Administrative expense	-	(19,842)	19,842
Other changes	-	(1,262)	1,262
Net changes	2,176,735	1,441,601	735,134
Balances at June 30, 2019	\$ 32,459,776	\$ 31,610,214	\$ 849,562

\*Table excludes data for the VRS Teacher Retirement Plan, a cost-sharing pension plan.

### 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			
	Current Discount		
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)
County's calculated net pension liability (asset)	\$ 52,524,928	\$ 22,781,942	\$ (756,611)
School Board's calculated net pension liability (asset)	\$ 4,494,658	\$ 849,562	\$ (2,069,005)
Teacher Retirement Plan's calculated net pension liability*	\$ 313,164,268	\$ 208,022,522	\$ 121,089,772

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

## 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, 2020, and the reported deferred outflows and inflows of resources related to pension by source as of the June 30, 2019 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 Fund Fleet Services	Teacher Retirement Cost-sharing Plan	Total Component unit School Board
	Governmental	Business-type	School Board			
	Activities	Activities				
Total pension expense:	\$ 6,043,469	\$ 872,838	\$ 590,370	\$ 45,668	\$ 20,315,058	\$ 20,951,096
Deferred outflows - pension contributions:						
Employer contributions subsequent to the measurement date	\$ 4,689,701	\$ 646,992	\$ 552,891	\$ 42,647	\$ 20,894,780	\$ 21,490,318
Deferred outflows - actuarial differences:						
Difference between expected and actual experience	\$ 3,064,152	\$ 442,378	\$ -	\$ -	\$ -	\$ -
Change of assumptions	4,432,198	639,885	537,115	41,548	20,599,107	21,177,770
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	1,666,899	1,666,899
Total deferred outflows - actuarial differences:	\$ 7,496,350	\$ 1,082,263	\$ 537,115	\$ 41,548	\$ 22,266,006	\$ 22,844,669
Deferred inflows						
Difference between expected and actual experience	\$ (24,005)	\$ (4,049)	\$ (96,698)	\$ (8,824)	\$(13,320,561)	\$(13,426,083)
Changes of assumptions	(408,692)	(68,941)	(10,470)	(955)	-	(11,425)
Net difference between projected and actual earnings on plan investments	(1,343,567)	(226,642)	(239,110)	(21,818)	(4,567,681)	(4,828,609)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions					(4,663,217)	(4,663,217)
Total deferred inflows	\$ (1,776,264)	\$ (299,632)	\$ (346,278)	\$ (31,597)	\$(22,551,459)	\$(22,929,334)

### 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, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan		Internal		Teacher	Total
	Governmental	Business-type	Service Fund	Retirement	Cost-sharing	Component
	Activities	Activities	School Board	Fleet Services	Plan	unit School Board
<b>Fiscal year ended June 30,</b>						
2021	\$ 2,114,978	\$ 289,375	\$ 196,874	\$ 10,266	\$ (1,137,310)	\$ (930,170)
2022	650,573	89,013	(27,256)	(1,421)	(5,254,525)	(5,283,202)
2023	1,913,853	261,857	4,394	229	920,828	925,451
2024	1,040,682	142,386	16,825	877	3,371,680	3,389,382
2025	-	-	-	-	1,813,874	1,813,874
	<u>\$ 5,720,086</u>	<u>\$ 782,631</u>	<u>\$ 190,837</u>	<u>\$ 9,951</u>	<u>\$ (285,453)</u>	<u>\$ (84,665)</u>
<b>Pension actuarial differences:</b>						
Total deferred outflows	\$ 7,496,350	\$ 1,082,263	\$ 537,115	\$ 41,548	\$ 22,266,006	\$ 22,844,669
Total deferred inflows	(1,776,264)	(299,632)	(346,278)	(31,597)	(22,551,459)	(22,929,334)
	<u>\$ 5,720,086</u>	<u>\$ 782,631</u>	<u>\$ 190,837</u>	<u>\$ 9,951</u>	<u>\$ (285,453)</u>	<u>\$ (84,665)</u>

### 8.05 PAYABLES TO THE PENSION PLAN

The County and School Board reported payables of \$0.7 and \$1.8 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2020.

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

	Governmental Activities	Business-type Activities	Component unit- School
<b>Deferred Outflows of Resources:</b>			
Employer contributions subsequent to the measurement			
Virginia Retirement System (Note 8)	\$ 4,689,701	\$ 646,992	\$ 21,490,318
Length of Service Award Program (Note 13)	87,208	-	-
<b>Pension contributions (Exhibit I):</b>	<u>\$ 4,776,909</u>	<u>\$ 646,992</u>	<u>\$ 21,490,318</u>
<b>Pension actuarial differences:</b>			
Virginia Retirement System (Note 8)	\$ 7,496,350	\$ 1,082,263	\$ 22,844,669
Length of Service Award Program (Note 13)	490,905	-	-
<b>Pension actuarial differences (Exhibit I):</b>	<u>\$ 7,987,255</u>	<u>\$ 1,082,263</u>	<u>\$ 22,844,669</u>
<b>Deferred Inflows of Resources</b>			
<b>Pension actuarial differences:</b>			
Virginia Retirement System (Note 8)	\$ 1,776,264	\$ 299,632	\$ 22,929,334
Length of Service Award Program (Note 13)	472,637	-	-
<b>Pension actuarial differences (Exhibit I):</b>	<u>\$ 2,248,901</u>	<u>\$ 299,632</u>	<u>\$ 22,929,334</u>

# Note 9

## Long-term Liabilities

Long-term liability activity for the year ended June 30, 2020 was as follows:

Table 20 Long-term Liabilities - Primary Government					
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
<b>Governmental activities</b>					
Bond obligations:					
General obligation bonds	\$ 194,775,002	\$ 51,165,000	\$ 39,045,000	\$ 206,895,002	\$ 21,970,000
Direct placements:					
General obligation bonds	20,465,731	-	13,160,731	7,305,000	2,765,000
Public improvement bonds	62,092,246	-	5,199,246	56,893,000	5,173,000
Unamortized bond premiums	21,530,807	9,968,698	3,083,278	28,416,227	-
Total bond obligations:	298,863,786	61,133,698	60,488,255	299,509,229	29,908,000
Other long-term liabilities:					
Compensated absences	4,655,264	6,411,919	5,546,782	5,520,401	316,946
Landfill closure obligation (Note 11)	9,416,970	702,751	205,417	9,914,304	208,998
Insurance claims payable (Note 17)	1,545,698	12,353,558	11,988,093	1,911,163	1,911,163
LOSAP pension liability (Note 13)	3,460,811	431,911	191,954	3,700,768	-
VRS net pension liability (Note 8)	11,901,087	16,083,505	8,209,262	19,775,330	-
Total OPEB liability - Healthcare (Note 12.01)	79,591,859	21,464,533	1,419,169	99,637,223	-
Total OPEB liability - LODA (12.02)	9,206,392	1,308,245	4,220,560	6,294,077	-
Net OPEB liability - GLI (Note 12.04)	3,537,052	748,165	383,464	3,901,753	-
Total other long-term liabilities:	123,315,133	59,504,587	32,164,701	150,655,019	2,437,107
<b>Total governmental activities</b>	<b>\$ 422,178,919</b>	<b>\$ 120,638,285</b>	<b>\$ 92,652,956</b>	<b>\$ 450,164,248</b>	<b>\$ 32,345,107</b>
<b>Business-type activities</b>					
Bond obligations:					
Water & sewer revenue bonds	\$ 108,973,000	\$ 28,665,000	\$ 22,163,000	\$ 115,475,000	\$ 6,335,000
Unamortized premiums	5,015,387	4,898,672	646,934	9,267,125	-
Total bond obligations:	113,988,387	33,563,672	22,809,934	124,742,125	6,335,000
Other long-term liabilities:					
Compensated absences	700,722	796,607	716,041	781,288	40,337
Insurance claims payable (Note 17)	163,395	1,608,341	1,602,183	169,553	169,553
VRS net pension liability (Note 8)	1,869,547	2,526,565	1,389,500	3,006,612	-
Net OPEB liability - Healthcare (Note 12.01)	10,650,041	2,872,130	337,458	13,184,713	-
Net OPEB liability - GLI (Note 12.04)	505,948	110,836	38,836	577,948	-
Total other long-term liabilities:	13,889,653	7,914,479	4,084,018	17,720,114	209,890
<b>Total business-type activities</b>	<b>\$ 127,878,040</b>	<b>\$ 41,478,151</b>	<b>\$ 26,893,952</b>	<b>\$ 142,462,239</b>	<b>\$ 6,544,890</b>
<b>Total Primary Government</b>	<b>\$ 550,056,959</b>	<b>\$ 162,116,436</b>	<b>\$ 119,546,908</b>	<b>\$ 592,626,487</b>	<b>\$ 38,889,997</b>



Table 21 Long-term Liabilities - Component unit - School Board					
	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Due Within One Year
<b>Component unit - School Board</b>					
Compensated absences	\$ 6,645,281	\$ 2,871,553	\$ 2,147,418	\$ 7,369,416	\$ 420,547
Insurance claims payable (Note 17)	4,455,174	47,627,028	47,268,353	4,813,849	4,813,849
Net pension liability (Note 8)	184,251,428	47,734,089	23,113,433	208,872,084	-
Net OPEB liability - Healthcare (Note 12.03)	241,887,160	45,890,463	25,982,629	261,794,994	-
Net OPEB liability - GLI (Note 12.04)	10,847,000	2,238,645	1,284,873	11,800,772	-
Net OPEB liability - HIC (Note 12.04)	19,841,000	2,439,350	1,624,890	20,655,460	-
<b>Total School Board</b>	<b>\$ 467,927,043</b>	<b>\$ 148,801,128</b>	<b>\$ 101,421,596</b>	<b>\$ 515,306,575</b>	<b>\$ 5,234,396</b>

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 in the form of general obligation and public improvement bonds is reported as an obligation of the Primary Government and the related assets are reported as assets of the Component unit - School Board.

### General Obligations Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds (including Virginia Public School Authority bonds) are direct obligations and pledge the full faith and credit of the County. Section 15.2-2659 of the Code outlines remedies with respect to events of default for localities in Virginia on general obligation bonds.

In the event of default, the owner(s) or paying agent for the bonds submits an affidavit to the Governor of Virginia. The Governor of Virginia would make a summary investigation into the facts set forth in the affidavit. If established to the satisfaction of the Governor that a default has occurred, the Governor would direct the Comptroller of Virginia to withhold all further payment of the locality of all or any funds payable to the locality until the default is cured and make payment directly to the bondholders on behalf of the locality. This practice is commonly referred to as state aid intercept.

### Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2020, backed by the full faith and credit of the County, are comprised of the following individual issues:

	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
<b>Spotsylvania County:</b>						
Build America Bonds, Series 2010B	07/2010	07/2030	3.38	\$840 - \$845	\$ 8,435,000	\$ 8,435,000
Public Improvement, Series 2011A	07/2011	01/2031	3.00 - 4.00	\$333 - \$330	6,939,045	3,636,102
Refunding, Series 2011B	07/2011	01/2024	3.00 - 4.00	\$10 - \$580	5,650,000	1,845,000
Public Improvement, Series 2012A	07/2012	06/2032	2.00 - 3.00	\$630 - \$775	8,995,000	3,390,000
Qualified Energy Conservation, Series 2012B	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	1,240,000	765,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	26,533,889
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	13,339,192
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	5,785,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	1,335,000
Public Improvement, Series 2018	09/2018	07/2018	2.50 - 5.00	\$275 - \$365	6,125,000	5,760,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$185 - \$325	4,665,000	4,390,000
Public Improvement Refunding, Series 2019	08/2019	01/2035	4.00 - 5.00	\$305 - \$1,517	16,818,006	16,494,656
<b>Total General Obligation Bonds - Spotsylvania County:</b>						<b>\$ 91,708,839</b>
<b>Component Unit - School Board:</b>						
Public Improvement, Series A	07/2011	01/2031	3.00 - 4.00	\$130 - \$247	\$ 3,975,956	\$ 1,698,896
Public Improvement, Series 2012A	07/2012	06/2029	2.00 - 5.00	\$630 - \$710	7,210,000	1,905,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	20,954,590	10,356,115
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	16,815,807
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	12,275,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	19,355,000
Public Improvement, Series 2018	09/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	26,550,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$560 - \$1,885	24,475,000	22,055,000
Public Improvement Refunding, Series 2019	08/2019	01/2033	4.00 - 5.00	\$216 - \$484	5,206,994	4,175,345
<b>Total General Obligation Bonds - Component Unit - School Board:</b>						<b>\$115,186,163</b>
<b>Total Governmental Activities - General Obligation Bonds:</b>						<b>\$206,895,002</b>

### Direct Placements – Public Improvement Bonds

Periodically, the EDA has issued Public Facility Revenue Bonds as authorized in the Industrial Development and Revenue Bond Act, Section 15.2-4900 et. seq. of the Code. These bonds provide financial assistance to the County for the acquisition and construction of facilities in the public interest. The bonds are secured by the property financed and are payable solely from County appropriations through an authorized financing agreement with the EDA. Upon repayment of the bonds, ownership of the acquired facilities transfers to the County served by the bond issuance. Through an approved financing agreement, the County is obligated for repayment of the

bonds. Accordingly, the bonds are reported as County obligations. In the event of default, possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, or any other necessary legal actions against the County to cure the default. The following assets are held for collateral as of June 30, 2020:

Issue	Sale Date	Collateral
Public Facility Revenue Bonds, Series 2011	10/2011	Merchant Square Building
Public Facility Revenue & Refunding Bonds, Series 2012	07/2012	Courtland High School
Public Facility Revenue & Refunding Bonds, Series 2013	08/2013	Ni-River Middle School
Public Facility Revenue & Refunding Bonds, Series 2014	08/2014	Post Oak Middle School

### Schedule of Outstanding Direct Placement - General Obligation and Public Improvement Bonds

General obligation bonds payable and public improvement bonds payable at June 30, 2020, are comprised of the following individual issues:

Table 22 (continued) Direct Placement Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
<b>Direct Placement Bonds - General Obligation:</b>						
Component Unit - School Board						
VPSA, Series 2000A	05/2000	07/2020	4.35 - 5.23	\$370 - \$375	\$ 7,740,000	\$ 370,000
VPSA, Series 2001A	05/2001	07/2021	4.10 - 5.60	\$470 - \$545	10,170,000	940,000
VPSA, Series 2001B	11/2001	07/2021	3.10 - 5.35	\$400 - \$555	9,500,000	800,000
VPSA, Series 2002A	05/2002	07/2022	3.60 - 5.60	\$820 - \$915	17,315,000	2,460,000
VPSA, Series 2002B	11/2002	07/2023	2.35 - 5.10	\$550 - \$645	11,885,000	1,650,000
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	1,085,000
Total Component Unit - School Board - direct placement - general obligation:						\$ 7,305,000
<b>Total Governmental Activities - direct placement - general obligation:</b>						<b>\$ 7,305,000</b>
<b>Direct Placement Bonds - Public Improvement:</b>						
Spotsylvania County						
Public Facility Revenue, Series 2011	10/2011	06/2032	2.00 - 4.00	790	\$ 11,275,000	\$ 4,815,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$98 - \$174	1,688,000	490,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	6,305,000	4,215,000
Total Spotsylvania County - direct placement - public improvement:						\$ 9,520,000
Component Unit - School Board						
Public Facility Revenue, Series 2012	07/2012	06/2029	2.00 - 5.00	\$1,345 - \$2,650	\$ 33,785,000	\$ 20,440,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$597 - \$881	11,695,000	7,863,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	19,070,000
Total Component Unit - School Board - direct placement - public improvement:						\$ 47,373,000
<b>Total Governmental Activities - direct placement - public improvement:</b>						<b>\$ 56,893,000</b>

### Water & Sewer Revenue Bonds

The County issues revenue bonds to finance the costs of expansion and improvements to the County's water and sewer system. The bonds are limited obligations of the County, payable solely from net revenues derived from the County's water and sewer system, certain reserves, income from investments and proceeds of insurance. Net Revenues must be sufficient to equal at least 115% of the amount required to pay annual debt service on the bond's annual debt service.

In the case of an event of default, the Trustee may, if requested by the registered owners of not less than 25% in aggregate principal amount of bonds, proceed to protect and enforce its rights and the rights of the registered owners of the bonds by declaring the entire unpaid principal of and interest on the bonds due and payable or by instituting a mandamus or other suit, action or proceeding at law or in equity.

Table 22 (continued) Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
<b>Business-type Activities - Revenue Bonds</b>						
Water & Sewer Revenue, Series 2010A	08/2010	06/2032	3.15	\$335 - \$1,740	\$ 28,405,000	\$ 16,450,000
Water & Sewer Revenue, Series 2010B	08/2010	06/2040	3.15	\$950 - \$1,880	29,450,000	27,525,000
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	55,325,000	42,835,000
Water & Sewer Revenue Refunding, Series 2019	11/2019	12/2039	3.00 - 5.00	\$910 - \$2,125	28,665,000	28,665,000
<b>Total Business-type Activities - Revenue Bonds:</b>						<b>\$ 115,475,000</b>

### New Debt Issuance and Related Redemption

#### General Obligation Bonds

On August 20, 2019, the County issued \$51.2 million in General Obligation Public Improvement Bonds, Series 2019 with fixed interest rates ranging from 4 to 5% until final maturity on January 15, 2039. Net bond proceeds of \$60.8 million (adjusted for premium of \$10.0 million and payment of \$0.4 million in issuance costs) were used to purchase \$34.4 million in State Non-Arbitrage Program funds to finance school, public safety, and transportation projects in the County. The remaining \$26.4 million in net proceeds were wired to U.S. Bank, as escrow agent. This represents the redemption price of the Series 2009B Build America Bonds and Series 2013 Public Improvement Bonds of \$15.9 million and \$10.3 million, respectively. As a result, the bonds were redeemed on August 21, 2019 and removed from the Statement of Net Position, reducing total debt service payments by \$3.4 million to obtain an economic gain of \$3.1 million.

## Revenue Bonds

On November 26, 2019, the County issued \$28.7 million in Water and Sewer Revenue and Refunding bonds with fixed interest rates ranging from 3 to 5% until final maturity on December 1, 2039. Net bond proceeds of \$34.5 million (adjusted for premium of \$4.9 million and payment of \$0.3 million in issuance costs) were used to fund \$16.5 million in water and sewer infrastructure projects. The remaining \$17.4 million in net proceeds were wired to SunTrust Bank, as escrow agent, and used to redeem the Series 2013 Water and Sewer Revenue and Refunding Bonds of \$17.1 million on November 27, 2019. The reacquisition price exceeded the net carrying amount of the old debt by \$0.4 million. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The redemption of the Series 2013 Water and Sewer Revenue and Refunding Bonds reduced total debt service payments by \$1.3 million to obtain an economic gain of \$1.1 million.

## Amortization of Debt Service

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

Table 23 Future Debt Service - Primary Government								
Fiscal Year	Governmental Activities						Business-type Activities	
	General Obligation		Direct Placements					
			General Obligation		Public Improvement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 21,970,000	\$ 8,803,719	\$ 2,765,000	\$ 383,118	\$ 5,173,000	\$ 2,014,468	\$ 6,335,000	\$ 5,249,143
2022	22,020,000	7,747,033	2,395,000	264,581	5,330,000	1,803,403	6,635,000	4,940,894
2023	20,780,000	6,724,896	1,525,000	173,901	5,536,000	1,564,302	6,935,000	4,615,127
2024	19,030,000	5,769,604	155,000	139,653	5,522,000	1,315,223	7,255,000	4,273,092
2025	17,990,000	4,888,764	155,000	139,653	5,705,000	1,109,287	7,585,000	3,925,636
2026 - 2030	66,875,000	14,245,647	310,000	279,306	25,852,000	2,912,043	32,190,000	14,600,709
2031 - 2035	28,815,002	4,324,086	-	-	3,775,000	196,040	30,485,000	7,516,537
2036 - 2040	9,415,000	719,219	-	-	-	-	18,055,000	2,117,320
2041 - 2045	-	-	-	-	-	-	-	-
Totals:	\$206,895,002	\$ 53,222,968	\$ 7,305,000	\$ 1,380,212	\$ 56,893,000	\$ 10,914,766	\$115,475,000	\$ 47,238,458

## Note 10

### Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued 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. Bonds are issued in accord-

ance with the provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code, as amended. As of June 30, 2020, outstanding revenue bonds totaling \$62.4 million include the following issues:

Name of Issue	Date of Issue	Final Maturity	Original Borrowing	Principal Outstanding
Economic Development Authority of Spotsylvania County, Virginia Revenue Refunding Bonds (Civil War Preservation Trust Project) Series 2010	4/1/2010	4/1/2027	\$5,400,000	\$2,700,000
Economic Development Authority of Spotsylvania County, Virginia Housing Revenue Bonds (Palmer's Creek Apartments Project) Series 2019	11/1/2019	8/1/2022	\$20,700,000	\$20,700,000
Economic Development Authority of Spotsylvania County, Multifamily Housing Revenue Bonds (The Heights of Jackson Village I) Series 2019	12/13/2019	1/1/2040	\$39,000,000	\$39,000,000

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 \$0.3 million and \$9.6 million for closed and operating landfills, respectively, which is based on 100% and 85.9% usage, respectively. It is estimated that an additional \$1.3 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 (2022).

The estimated total current cost of the landfill closure and post-closure care (\$9.9 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, 2020. 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		Component Unit-School Board
	Governmental Activities	Business-type Activities	
<b>Deferred Outflows of Resources:</b>			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 12.03)	\$ -	\$ -	\$ 4,480,695
VRS Group Life Insurance Program (Note 12.04)	264,073	39,116	770,969
VRS Health Insurance Credit Program (Note 12.04)	-	-	1,654,650
<b>OPEB contributions (Exhibit I):</b>	<b>\$ 264,073</b>	<b>\$ 39,116</b>	<b>\$ 6,906,314</b>
<b>OPEB actuarial differences:</b>			
Primary Government Retiree Healthcare (Note 12.01)	\$ 21,477,109	\$ 2,860,487	\$ 23,743,625
Primary Government LODA Program (12.02)	431,757	-	-
VRS Group Life Insurance Program (Note 12.04)	735,126	108,891	1,675,938
VRS Health Insurance Credit Program (Note 12.04)	-	-	651,980
<b>OPEB actuarial differences (Exhibit I):</b>	<b>\$ 22,643,992</b>	<b>\$ 2,969,378</b>	<b>\$ 26,071,543</b>
<b>Deferred Inflows of Resources</b>			
<b>OPEB actuarial differences:</b>			
Primary Government Retiree Healthcare (Note 12.01)	\$ 16,416,742	\$ 2,256,044	\$ -
Primary Government LODA Program (12.02)	3,643,091	-	-
School Board Retiree Healthcare (Note 12.03)	-	-	39,565,098
VRS Group Life Insurance Program (Note 12.04)	248,409	36,796	1,048,263
VRS Health Insurance Credit Program (Note 12.04)	-	-	807,280
<b>OPEB actuarial differences (Exhibit I):</b>	<b>\$ 20,308,242</b>	<b>\$ 2,292,840</b>	<b>\$ 41,420,641</b>

#### 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.

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.

#### Post-65 Health Reimbursement Accounts (HRAs)

Effective January 1, 2019, Spotsylvania County began providing Health Reimbursement Accounts (HRAs) to eligible post-65 retirees. The County makes monthly contributions to the HRAs as determined by the Board of Supervisors. The contribution amount, which is determined annually, is based on the individual retiree's hire date with the County, years of consecutive full-time County services, and eligibility for either unreduced or reduced VRS pension benefits. Eligible expenses that can be paid from the HRA include premiums and other qualifying medical expenses. Excess amounts may be rolled over to subsequent months. Upon the death of the retiree, the surviving spouse may use any remaining funds to pay premiums and other qualifying medical expenses for up to 365 days from the retiree's death. Post-65 retirees hired before September 25, 2018 may elect to either enroll in an HRA or enroll in one of the County's health plan offerings. Post-65 retirees hired on or after September 25, 2018 may only elect to enroll in an HRA.



### Employees covered by benefit terms

As of July 1, 2018, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	811
Retirees and Spouses	169
	<u>980</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, 2020, the County has assigned fund balances of \$4,950,165, \$71,689 and \$1,557,910 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$4,790,411 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities. Per County fiscal policy, funding of 100% of the annual required contribution is expected to be met in 2024.

### Total OPEB Liability

The County's total OPEB liability of \$112.8 million was determined by an actuarial valuation as of July 1, 2018, calculated based on the discount rate and applicable actuarial assumptions, and then projected forward to the measurement date of June 30, 2020.

### Changes in the Total OPEB Liability

Table 24 Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$ 90,241,900
Service Cost	2,903,539
Interest	3,229,613
Changes of assumptions	18,203,511
Benefit payments	(1,756,627)
Total OPEB liability - ending	<u>\$ 112,821,936</u>
Primary Government:	
Governmental	\$ 99,637,223
Business-type	13,184,713
	<u>\$ 112,821,936</u>

### Actuarial Assumptions

The total OPEB liability in the July 1, 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	2.50%
Discount Rate	2.21%
Healthcare cost trend rate	9.50% to 4.00% over 56 years

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-2014 mortality tables.

The demographic assumptions used to determine the Total OPEB Liability as of June 30, 2020 were based on the results of an actuarial experience study for the Virginia Retirement System covering the period from July 1, 2012 to June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

With the exception of drop in the 20 Year Tax-Exempt Municipal Bond Yield from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020, no other significant changes to actuarial assumptions were applied.

### 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 of 1-percentage-point higher than the current rate.

#### Discount rate sensitivity

	1% Decrease 1.21%	Current Rate 2.21%	1% Increase 3.21%
Total OPEB liability	\$ 136,343,914	\$ 112,821,836	\$ 94,411,893

#### Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 90,597,135	\$ 112,821,936	\$ 142,563,567

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

The County recognized OPEB expense for fiscal year 2020 of \$6,481,027. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ 8,772,275	\$ -
Changes of assumptions	15,565,321	(18,672,786)
Total	<u>\$ 24,337,596</u>	<u>\$ (18,672,786)</u>

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

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Year ending June 30,		
2021	\$ 4,177,186	\$ (3,829,311)
2022	4,177,186	(3,829,311)
2023	4,177,186	(3,829,311)
2024	4,177,186	(3,112,428)
2025	4,177,186	(2,395,544)
Thereafter	3,451,666	(1,676,881)
Total	<u>\$ 24,337,596</u>	<u>\$ (18,672,786)</u>
Governmental Activities	\$ 21,477,109	\$ (16,416,742)
Business-type Activities	2,860,487	(2,256,044)
	<u>\$ 24,337,596</u>	<u>\$ (18,672,786)</u>

**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, as amended, and directly funds the costs of benefits provided under the County's single-employer LODA benefit plan. 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 disability benefits for public safety employees and volunteer firefighters who die or who disabled in the line of duty. Benefits include a \$100,000 life

insurance benefit for death occurring as a direct or proximate result of duties, a \$25,000 death benefit for death by presumptive clause within five years of retirement. The Plan also provides medical benefits for disabled employees and their families, including surviving spouses.

The Virginia Retirement System determines line of duty eligibility, and issues notification for benefit payments for LODA Fund non-participating employers. The Virginia Department of Human Resource Management (DHRM) administers continuous LODA health benefit plans, including disabled participants and their families.

### **Medical Benefits**

LODA provides medical insurance for eligible participants and their families. “Eligible spouse” is the spouse of a deceased person or a disabled person at the time of the death or disability. “Eligible dependent” is the natural or adopted child or children of a deceased person or disabled person or of a deceased or disabled person's eligible spouse. The child must be the result of a pregnancy that occurred prior to the time of the employee's death or disability; or the result of an adoption agreement entered into prior to the time of the employee's death or disability.

Participants with death or disability eligibility date after July 1, 2017:

- Coverage ends upon eligibility for Medicare due to attainment of age 65. However, if the participant qualifies for Social Security disability benefits or Railroad Retirement Plan disability benefits, then the participant may receive LODA medical benefits for life, but not Medicare Part B reimbursement.
- For eligible spouses, health care benefits terminate upon the earlier of the spouse's death, divorce, or election of alternate coverage. Unless the disabled retiree qualifies for Social Security disability benefits or Railroad Retirement Plan disability benefits, the spouse's health care benefits terminate when the spouse becomes eligible for Medicare due to age.
- If the participant's post-disability income is greater than his/her pre-disability income, then the participant's LODA benefits are suspended.
- Surviving spouses also receive LODA benefits. However, LODA benefits end if they remarry. There is no opportunity to return to the LODA program in the future.

Participants with death or disability eligibility date prior to July 1, 2017:

- Disabled employees receive LODA coverage for life.
- Eligible spouses receive LODA coverage for life. However, health care benefits terminate upon the earlier of the spouse's death, divorce, or election of alternate coverage.
- There is no suspension of benefits due to income.

- Current/existing surviving spouses who remarry prior to July 1, 2017 will continue to receive LODA benefits. Surviving spouses who remarry after July 1, 2017 will lose LODA benefits.
- There is reimbursement for Medicare Part B premiums

For dependent children, LODA coverage ends at the end of the year in which the child turns age 26. LODA requires that the County purchase medical insurance from the State Plan.

### Medical Plans

Health insurance under LODA covers medical insurance, dental insurance, vision insurance, and prescription insurance, including related Medicare coverage. LODA requires that the County purchase medical insurance from the State Plan. There are three plans: 1. Former LODA employment (not eligible for Medicare), 2. Current LODA employment (for LODA disabled participants who are currently employed by a LODA employer), and 3. Medicare primary plan. The two non-Medicare plans have the same benefit design based on the State employee/retiree health benefits program plans.

### Medicare B Premiums

LODA pays the Medicare Part B premium for eligible participants that were disabled prior to July 1, 2017 and their eligible spouses once they become Medicare eligible. The Medicare Part B premium depends upon income. Monthly Medicare B premium for 2020 and 2019 were \$138.00 and \$135.50, respectively.

### LODA Premiums

VRS LODA premiums for the fiscal year ending June 30, 2020 are as follows:

Plan 1 (former LODA)	Premium
Single	\$ 952.00
Family	\$ 2,258.00
Plan 3 (Medicare primary)	Premium
Single	\$ 283.00

### Plan Participants

As of June 30, 2020, the most recent actuarial valuation date, membership in the Plan consisted of the following:

	Employees	Volunteer Firefighters	Total
Active members	467	236	703
Retirees eligible for post-Medicare coverage	N/A	N/A	10
Retirees not eligible for post-Medicare coverage	N/A	N/A	3

### 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, 2020, 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 \$6.3 million was measured by an actuarial valuation as of June 30, 2020.

### Changes in the Total OPEB Liability

Table 25 Changes in the Total OPEB Liability	
	Total OPEB Liability
Balance as of June 30, 2019	\$ 9,206,392
Service Cost	1,020,404
Interest	284,091
Experience gains	(3,752,616)
Changes of assumptions	(261,035)
Benefit payments	(203,159)
Balance as of June 30, 2020	\$ 6,294,077

### Actuarial Assumptions

The total OPEB liability in the June 30, 2020 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	2.45%
Medical cost trend rate	4.70% in 2020 to 4.00% in 2075
Salary increases	3.50 – 4.75%
Mortality rates	
Pre-commencement	RP2014 Combined Mortality Table with 90% of male rates, projected to 2020 with scale BB and base year 2014. Female rates set forward 1 year.
Post-commencement	
Healthy	RP2014 Combined Mortality Table with a 1% increase in the base male rates beginning with age 70 and compounded to age 90 with no adjustment after age 90, projected to 2020 with scale BB and the base year 2014. Male and female rates are set forward 1 and 3 years respectively.
Disabled	RP2014 Disabled Retiree Mortality Table projected to 2020 with scale BB and base year 2014. Male rates set forward 2 years.
Service related deaths	Direct result 10.75% and presumptive result 14.5%
Service related disability	65% of disabilities assumed to be service related

The discount rate was based on 20-Year municipal AA rated bonds as of June 30, 2020. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA model was released in October 2010 and updated in September 2019.

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 3.13% in 2019 to 2.45% in 2020.
- The long-term medical trend was updated and the Cadillac tax was removed.
- Premium rates were updated.

#### **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 1.45%	Current Rate 2.45%	1% Increase 3.45%
Total OPEB liability	\$ 7,152,971	\$ 6,294,077	\$ 5,570,942

##### *Healthcare rate sensitivity*

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 5,219,448	\$ 6,294,077	\$ 7,641,595

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

For the year ended June 30, 2020, the County recognized OPEB expense of \$911,949.

At June 30, 2020, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Difference between expected and actual experience	\$ -	\$ (3,384,679)
Changes of assumptions	431,757	(258,412)
Total	<u>\$ 431,757</u>	<u>\$ (3,643,091)</u>

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

Year ending June 30,	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
2021	\$ 61,680	\$ (457,976)
2022	61,680	(457,976)
2023	61,680	(457,976)
2024	61,680	(457,976)
2025	61,680	(457,976)
Thereafter	123,357	(1,353,211)
Total	<u>\$ 431,757</u>	<u>\$ (3,643,091)</u>

**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, 2018 and 2019, membership consisted of the following:

	2018	2019
Active employees	2,356	2,115
Retirees (pre-Medicare)	296	281
Retirees (Medicare-age)	744	655
Total	3,396	3,051

#### *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, 2020, 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*

To assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials of participants in the Trust. The Board of Trustees has adopted an investment policy to achieve a compound annualized rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions of the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the investment policy, market and economic conditions, and prevailing prudent investment practices. The Board of Trustees also monitors the investments to ensure adherence to the adopted policies and guidelines

The Trust provides a diversified portfolio consisting of investments in various asset classes such as bonds, domestic equities, international equities and cash. The Trust categorizes its investments within the fair value hierarchy established by GAAP. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the NAV per share (or its equivalent) of the investment. Investments in the Trust are valued using the NAV per share which is determined by dividing the total value of the Trust by the number of outstanding shares. The NAV per share changes with the value of the underlying investments in the Trust. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice. The Trust currently invests in the following assets classes and strategies:

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%
<b>Total</b>	<b>100%</b>

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, 2019, 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, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 2.90%. 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 \$265.9 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2019.

#### **Changes in the Net OPEB Liability**

<b>Table 27</b>			
<b>Changes in Net OPEB Liability</b>			
	<b>Total OPEB Liability</b>	<b>Plan Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balances, June 30, 2018	\$ 245,314,441	\$ 3,427,283	\$ 241,887,158
Service Cost	9,446,889	-	9,446,889
Interest	8,742,678	-	8,742,678
Difference between actual and expected experience	(20,301,124)	-	(20,301,124)
Changes of assumptions	27,700,896	-	27,700,896
Employer contributions	-	5,477,864	(5,477,864)
Net investment income	-	203,641	(203,641)
Benefit payments	(5,048,545)	(5,048,545)	-
Balances, June 30, 2019	\$ 265,855,235	\$ 4,060,243	\$ 261,794,992

### Actuarial Assumptions

The total OPEB liability in the July 1, 2019 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%
Blended discount rate	3.13%
Salary increases	3.50 – 5.95%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale BB with the following adjustments:

Healthcare cost trend rates are based on the Long-Run Medical Cost Trend Model with an initial rate of 5.7% for 2019, decreasing gradually to an ultimate rate of 4.0% for 2077 and later years.

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. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the most recent actuarial experience for the VRS. Gross claims are based on enrollment and medical and prescription drug premiums for employees and pre age 65 retirees from October 1, 2018 through September 30, 2019. Medical and prescription drug rates were projected assuming 6% annual trend.

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 3.62% in 2018 to 3.13% in 2019.
- The claims assumptions were updated to include the most recent claims experience and rates.

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

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-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

**Discount rate sensitivity**

	1% Decrease 2.13%	Current Rate 3.13%	1% Increase 4.13%
Net OPEB liability	<u>\$ 309,644,810</u>	<u>\$ 261,794,992</u>	<u>\$ 223,816,115</u>

**Healthcare rate sensitivity**

	1% Decrease Trend Rate of 2.90%	Current Rate Trend Rate of 3.90%	1% Increase Trend Rate of 4.90%
Net OPEB liability	<u>\$ 219,089,367</u>	<u>\$ 261,794,992</u>	<u>\$ 316,956,224</u>

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

For the fiscal year ended June 30, 2020, the School Board recognized an OPEB expense of \$14,695,589. At June 30, 2020, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Net difference between projected and actual earnings	\$ -	\$ (68,636)
Changes of assumptions	23,743,625	(19,905,344)
Differences between expected and actual experience	-	(19,591,118)
Total	<u>\$ 23,743,625</u>	<u>\$ (39,565,098)</u>

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

Year ending June 30,	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
2021	\$ 3,957,271	\$ (7,196,313)
2022	3,957,271	(7,196,313)
2023	3,957,271	(7,164,439)
2024	3,957,271	(7,149,131)
2025	3,957,271	(7,159,390)
Thereafter	3,957,270	(3,699,512)
Total	<u>\$ 23,743,625</u>	<u>\$ (39,565,098)</u>

### **GASB 74 OPEB Liability**

The following presents information required under GAAP. 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, 2020, were as follows:

Total OPEB liability	\$ 300,644,661
Plan fiduciary net position	<u>4,179,345</u>
School Board's net OPEB liability	<u>\$ 296,465,316</u>
Plan fiduciary net position as a % of the total OPEB liability	1.39%

### *Actuarial assumptions*

The total OPEB liability was determined by an actuarial valuation as of July 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020, unless otherwise specified:

Investment rate of return, net*	7.0%
Salary increases*	3.50 – 5.95%
Discount rate	2.45%
*Includes inflation at	2.30%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale BB with the following adjustments:

Healthcare cost trend rates are based on the Long-Run Medical Cost Trend Model with an initial rate of 5.7% for 2019, decreasing gradually to an ultimate rate of 4.0% for 2077 and later years. The trend rates were adjusted to remove the Cadillac tax that was repealed in December 2019.

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. Gross claims are based on enrollment and medical and prescription drug premiums for employees and pre age 65 retirees from October 1, 2018 through

September 30, 2019. Medical and prescription drug rates were projected assuming 6% annual trend.

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, 2020 are summarized in Table 26.

*Discount rate*

The School Board maintains an irrevocable trust valued at \$4.2 million as of June 30, 2020. The discount rate used for liabilities that are not prefunded through an irrevocable trust is 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. Due to the minimum value held in trust to fund future OPEB liabilities, the entire liability is discounted using the municipal bond rate of 2.45% as of June 30, 2020.

*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 1.45%	Current Rate 2.45%	1% Increase 3.45%
Net OPEB liability	<u>\$ 353,177,722</u>	<u>\$ 296,465,316</u>	<u>\$ 251,809,939</u>

*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 of 2.90%	Current Rate Trend Rate of 3.90%	1% Increase Trend Rate of 4.90%
Net OPEB liability	<u>\$ 244,319,666</u>	<u>\$ 296,465,316</u>	<u>\$ 364,650,495</u>

#### 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 Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program is a multiple-employer, cost-sharing plan. The Teacher Employee Health Insurance Credit Program 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 Teacher Employee Health Insurance Credit Program 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 Teacher Employee Health Insurance Credit Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Teacher Employee Health Insurance Credit Program OPEB, and the Teacher Employee Health Insurance Credit Program OPEB expense, information about the fiduciary net position of the Virginia Retirement System (VRS) Teacher Employee Health Insurance Credit Program; and the additions to/deductions from the VRS Teacher Employee Health Insurance Credit Program’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 Virginia Retirement System (VRS) Group Life Insurance Program is a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The Group Life Insurance Program was established pursuant to Section 51.1-500 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The Group Life Insurance Program is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net Group Life Insurance Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Group Life Insurance Program OPEB, and Group Life Insurance Program OPEB expense, information about the fiduciary net position of the VRS Group Life Insurance program OPEB and the additions to/deductions from



the VRS Group Life Insurance Program 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 VRS Teacher Employee Health Insurance Credit Program. This plan is administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The 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 VRS Group Life Insurance Program upon employment. This plan is administered by the Virginia Retirement System (the System), along with pensions and other OPEB plans, for public employer groups in the Commonwealth of Virginia.

In addition to the Basic 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><b>Eligible Employees</b></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>

Eligible employees are enrolled automatically upon employment. They include:

- Full-time permanent (professional) salaried employees of public school divisions covered under VRS.

#### Benefit Amounts

The HIC provides the following benefits for eligible employees:

- At Retirement – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either:
  - \$4.00 per month, multiplied by twice the amount of service credit, or
  - \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

#### HIC Notes

- 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 under the GLI Program 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 \$8,463.

### **Contributions**

#### ***HIC***

The contribution requirements are governed by Section 51.1-1401(E) of the Code, 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, 2019 was 1.20% 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, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC were \$1.7 and \$1.6 million for the years ended June 30, 2020 and June 30, 2019, respectively.

#### ***GLI***

The contribution requirements for the Group Life Insurance Program are governed by Sections 51.1-506 and § 51.1-508 of the Code, 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 Group Life Insurance Program was 1.31% of covered employee compensation. 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, 2020, was 0.52% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. 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.

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

At June 30, 2020, 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, 2019 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations performed as of June 30, 2018, and rolled forward to the measurement date of June 30, 2019. 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, 2019 relative to the total of the actuarially determined employer contributions for all participating employers.

For the year ended June 30, 2020, 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 measurement dates, a portion of the OPEB expense was related to deferred amounts from changes in proportion.

Table 28 OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources					
	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	\$ 3,901,753	\$ 577,948	\$ 806,961	\$ 10,993,811	\$ 20,655,460
OPEB expense	\$ 140,918	\$ 20,874	\$ 16,047	\$ 211,542	\$ 1,618,435
Proportion at June 30, 2019	0.27529%	0.27529%	0.04959%	0.67560%	1.57784%
Proportion at June 30, 2018	0.26618%	0.26618%	0.04896%	0.66528%	1.56262%
Contributions for year ended June 30, 2020	\$ 264,073	\$ 39,116	\$ 53,356	\$ 717,614	\$ 1,654,650
Contributions for year ended June 30, 2019	\$ 245,501	\$ 35,117	\$ 50,551	\$ 689,075	\$ 1,588,133

At June 30, 2020, 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		Spotsylvania	Spotsylvania	Spotsylvania
	Governmental	Business-type	Spotsylvania	County School	County School
	Activities	Activities	County School Board	Board Teacher Plan	Board Teacher Plan
Deferred outflows					
Differences between expected and actual experience	\$ 259,490	\$ 38,437	\$ 53,668	\$ 731,154	\$ -
Net difference between projected and actual earnings on OPEB plan investments					1,304
Change in assumptions	246,334	36,488	50,947	694,085	480,748
Changes in proportionate share	229,302	33,966	8,405	137,679	169,928
Total deferred outflows	\$ 735,126	\$ 108,891	\$ 113,020	\$ 1,562,918	\$ 651,980
Deferred inflows					
Differences between expected and actual experience	\$ (50,609)	\$ (7,496)	\$ (10,467)	\$ (142,600)	\$ (116,995)
Net difference between projected and actual earnings on OPEB plan investments	(80,145)	(11,872)	(16,576)	(225,821)	-
Change in assumptions	(117,655)	(17,428)	(24,333)	(331,512)	(143,527)
Change in proportionate share	-	-	(16,786)	(280,168)	(546,758)
Total deferred inflows	\$ (248,409)	\$ (36,796)	\$ (68,162)	\$ (980,101)	\$ (807,280)

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, 2020. 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			Spotsylvania	Spotsylvania	
	Governmental	Business-type	Spotsylvania	County School	County School	
	Activities	Activities	County School	Board Teacher	Board Teacher	
Year ending June 30,			Board	Plan	Plan	
2021	\$ 64,557	\$ 9,563	\$ 254	\$ (3,616)	\$ (61,964)	
2022	64,561	9,563	255	(3,607)	(61,985)	
2023	98,505	14,591	7,275	92,036	(52,933)	
2024	122,918	18,207	14,672	191,931	(55,962)	
2025	107,281	15,891	17,261	234,593	(26,722)	
Thereafter	28,895	4,280	5,141	71,480	104,266	
	\$ 486,717	\$ 72,095	\$ 44,858	\$ 582,817	\$ (155,300)	
OPEB actuarial differences:						
Total deferred outflows	\$ 735,126	\$ 108,891	\$ 113,020	\$ 1,562,918	\$ 651,980	
Total deferred inflows	(248,409)	(36,796)	(68,162)	(980,101)	(807,280)	
	\$ 486,717	\$ 72,095	\$ 44,858	\$ 582,817	\$ (155,300)	

## Actuarial Assumptions

The HIC and GLI total OPEB liabilities were based on actuarial valuations as of June 30, 2018, 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, 2019.

Inflation	2.50%
Salary Increases, including inflation	Locality – General Employees 3.50 – 5.35%
	Locality – Hazardous Duty 3.50 – 4.75%
	Teachers 3.50 – 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation*

### 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.

### Mortality rates – Hazardous Duty 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 90% of rates; females set forward 1 year.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2018 valuations were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016 except for the change in the discount rate, which is based on VRS Board action effective as of July 1, 2019.

Changes to the actuarial assumptions as a result of the experience study are as follows:

Teachers:

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

General Employees:

Mortality Rates (Pre-retirement, post-retirement health, 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 termination rates to better fit experience at each age and service year.
Disability Rates	Lowered disability rates
Salary Scale	No change
Discount Rate	Decreased rate from 7.00% to 6.75%

Hazardous Duty Employees:

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

### 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, 2019, the net liability amounts and Plan fiduciary net position as a percentage of the total OPEB liability is shown in Table 31.

Table 31 Plans' Net OPEB Liability		
	GLI	HIC
Total OPEB liability	\$ 3,390,238,000	\$ 1,438,114,000
Plan fiduciary net position	1,762,972,000	129,016,000
Net OPEB liability	\$ 1,627,266,000	\$ 1,309,098,000
Plan fiduciary net position as a percentage of the total OPEB	52.00%	8.97%

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	Long-term Expected Rate of Return
Public Equity	34.00%	5.61%	1.91%
Fixed income	15.00%	0.88%	0.13%
Credit Strategies	14.00%	5.13%	0.72%
Real Assets	14.00%	5.27%	0.74%
Private Equity	14.00%	8.77%	1.23%
Multit-Asset Public Strategies	6.00%	3.52%	0.21%
Private Investment Partnership	3.00%	6.29%	0.19%
Total	100.00%		5.13%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.63%



### Discount Rate

The discount rate used to measure the HIC and GLI total OPEB liabilities was 6.75%. The projection of cash flow 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 which was 100% of the actuarially determined contribution rate. 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 6.75%, 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 (5.75%) or one percentage point higher (7.75%) than the current rate:

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
HIC - School Board Teacher Plan	\$ 23,116,972	\$ 20,655,460	\$ 18,564,410
GLI - County	\$ 5,885,087	\$ 4,479,701	\$ 3,339,972
GLI - School Board	\$ 1,060,124	\$ 806,961	\$ 601,654
GLI - School Board Teacher Plan	\$ 14,442,824	\$ 10,993,811	\$ 8,196,757

### HIC and GLI Fiduciary Net Position

Detailed information about the HIC and GLI Fiduciary Net Position is available in the separately issued VRS 2019 Comprehensive Annual Financial Report (CAFR). A copy of the 2019 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2019-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

### Payables to the GLI and HIC OPEB Plans

The County and School Board reported the following payables for the outstanding amount of contributions to the OPEB Plans required for the year ended June 30, 2020.

	GLI	HIC
HIC - School Board Teacher Plan	\$ -	\$ 136,159
GLI - County	66,828	-
GLI - School Board	10,976	-
GLI - School Board Teacher Plan	148,895	-

## 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, 2019, the most recent actuarial valuation date, membership in the Plan was as follows:

#### Number of Participants:

Inactive members currently receiving benefits	70
Inactive members with deferred vested benefits	143
Active members	180
	<u>393</u>

#### 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 \$3.7 million was determined and measured by an actuarial valuation performed as of June 30, 2019.

#### *Changes in total pension liability*

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2019.

Table 33 Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2018	\$ 3,460,811
Changes for the year:	
Service cost	84,756
Interest on total pension liability	131,336
Differences between expected and actual experience	(74,120)
Changes in assumptions	215,819
Benefit payments	(117,834)
Balance at June 30, 2019	\$ 3,700,768

#### *Actuarial assumptions*

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

Rate of inflation	2.00%
Salary scale	No salary, inflation used
Discount rate	3.50%

Mortality rates are based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA projected to 2019.

#### *Discount rate*

The discount rate used to measure the total pension liability was 3.50%, 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 3.87% in 2018 to 3.50% in 2019.

*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 2.50%	Current Rate 3.50%	1% Increase 4.50%
Net OPEB liability	\$ 4,439,000	\$ 3,700,768	\$ 3,124,000

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

For the year ended June 30, 2020 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 \$87,208 are reported as a deferred outflow of resources as of June 30, 2020, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2021.

At June 30, 2020, the County reported actuarially determined deferred inflows of resources of \$472,637 and deferred outflows of resources of \$490,905 that will be recognized as pension expense in future reporting periods as follows:

Table 34 LOSAP Pension Deferred Outflows and Inflows of Resources		
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 35,713	\$ (72,158)
Change in assumptions	455,192	(400,479)
	<u>\$ 490,905</u>	<u>\$ (472,637)</u>
Amortization for the year ending June 30,		
2021	\$ 68,659	\$ (45,118)
2022	68,659	(45,118)
2023	68,659	(45,118)
2024	68,659	(45,118)
2025	68,659	(45,118)
Thereafter	147,610	(247,047)
	<u>\$ 490,905</u>	<u>\$ (472,637)</u>

Deferred outflows of resources and deferred inflows of resources related to the LOSAP pension plan are combined with the Virginia Retirement System pension plan for reporting on Exhibit I. The disaggregated amounts can be located at section 8.06 of the notes to the financial statements.

# Note 14

## FUND BALANCE

The following table provides additional detail regarding the County's governmental fund balances as of June 30, 2020:

Table 35 Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Restricted for:</b>				
Special service district transportation	\$ -	\$ -	\$ 835,093	\$ 835,093
PRTC transportation funds	-	-	1,883,338	1,883,338
Transient occupancy - tourism	632,333	-	-	632,333
Available bond proceeds:				
Transportation	-	4,307,811	-	4,307,811
Facility maintenance & improvements	-	7,736,455	-	7,736,455
Other	-	4,247,114	-	4,247,114
Grant and other contributions:				
Forfeiture & seizure - drug enforcement	865,041	49,332	-	914,373
Fire & rescue equipment & personnel	762,113	-	-	762,113
Other	401,024	46,616	-	447,640
<b>Total restricted fund balance</b>	<b>\$ 2,660,511</b>	<b>\$ 16,387,328</b>	<b>\$ 2,718,431</b>	<b>\$ 21,766,270</b>
<b>Committed for:</b>				
Fiscal stability reserve	\$ 51,031,774	\$ -	\$ -	\$ 51,031,774
Health insurance reserve	4,893,291	-	-	4,893,291
LOSAP Benefits	1,949,180	-	-	1,949,180
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	7,640,974	-	7,640,974
Fire & rescue facilities, equipment & service	-	3,033,696	486,688	3,520,384
Facility maintenance & improvements	-	8,292,086	-	8,292,086
Transportation	-	260,052	4,816,023	5,076,075
Capital projects - various other	-	4,421,293	-	4,421,293
Capital projects - future budget	-	9,733,537	-	9,733,537
<b>Total committed fund balance</b>	<b>\$ 58,374,245</b>	<b>\$ 33,381,638</b>	<b>\$ 5,302,711</b>	<b>\$ 97,058,594</b>
<b>Assigned to:</b>				
Carryover & FY21 use of fund balance:				
Education	\$ 8,090,389	\$ -	\$ -	\$ 8,090,389
Public safety	439,911	-	-	439,911
General government	1,087,795	-	-	1,087,795
Health & Human Services	486,000	-	-	486,000
Economic development	390,000	1,314,960	-	1,704,960
Backfill projected revenue loss	3,948,867	-	-	3,948,867
Various other functions	364,220	-	-	364,220
OPEB reserve	4,950,165	71,689	1,557,910	6,579,764
Transportation	-	-	2,155,223	2,155,223
Loss contingencies	900,000	-	-	900,000
Future community center	629,800	-	-	629,800
Future years of CIP	6,667,734	-	-	6,667,734
School OPEB reserve	5,243,212	-	-	5,243,212
School health insurance reserve	12,829,188	-	-	12,829,188
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	4,063,418	4,063,418
<b>Total assigned fund balance</b>	<b>\$ 48,027,281</b>	<b>\$ 1,386,649</b>	<b>\$ 7,776,551</b>	<b>\$ 57,190,481</b>
<b>Unassigned*</b>	<b>\$ 11,646,777</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,646,777</b>
<b>Total fund balance</b>	<b>\$ 120,708,814</b>	<b>\$ 51,155,615</b>	<b>\$ 15,797,693</b>	<b>\$ 187,662,122</b>

\* includes \$5 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 \$12.9 million and \$4.6 million, respectively, at June 30, 2020. The School Board has construction project commitments of \$0.5 million at June 30, 2020.

Bonds authorized at June 30, 2020 but not issued are as follows:

Public safety	\$	23,643,641
Schools		55,178,950
Transportation		42,511,960
	\$	<u>121,334,551</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 Uniform Guidance 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, including its component units, is subject to a variety of pending and threatened litigation, claims, and assessments. Although the outcome is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County or School Board.

## 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, 2020, the County reimbursed various business taxes totaling \$1.1 million, 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. For the year ending June 30, 2020, the County reimbursed \$20,312.
- 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. For the year ending June 30, 2020, the County reimbursed \$674,343.
- 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, 2020, the County reimbursed \$170,001.

## Note 17

### Risk Management

The County, including its component units, are 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

The County and School Board are 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 and billed weekly. No funds are held by the administrator at year-end.

The County and School Board have reserved \$4.9 million and \$12.8 million, respectively, of fund balance at June 30, 2020 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). Self-insurance liabilities, including IBNR, are estimated based on information provided by the third-party administrator and recognized as a long-term liability due within one year in the Statement of Net Position. Changes in self-insurance liabilities for the past two fiscal years can be found in Table 35 below.

Table 36 Change in Self-funded Health and Dental Insurance Claim Liabilities				
Fiscal Year	Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Claim Liability Ending
<i>Primary Government</i>				
2020	\$ 1,709,093	\$ 13,961,900	\$ 13,590,277	\$ 2,080,716
2019	1,708,484	14,004,257	14,003,648	1,709,093
<i>Component unit - School Board</i>				
2020	\$ 4,455,174	\$ 47,627,028	\$ 47,268,353	\$ 4,813,849
2019	4,177,276	42,279,240	42,001,342	4,455,174

**Primary Government:**

Governmental	\$ 1,911,163
Business-type	169,553
	<u>\$ 2,080,716</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, 2020.

**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 of the daily operational and maintenance costs associated with the production of potable water. The County bills the City based on their proportionate 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 2020, the County received \$5.6 million in Motor Fuel Tax and paid \$1.4 million in subsidies. As of June 30, 2020, the PRTC holds \$1.9 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, 2020 totaled \$6.2 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, 2020 of \$1.4 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 Li-

brary 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, 2020, the County's appropriation to the Library was \$4.6 million.

## Note 21

### Prior Period Adjustment

At June 30, 2019, deferred inflows of resources for unavailable property taxes was understated by \$1.6 million as a result of unrecorded unavailable prepaid property taxes. The net effect of the recognition of unavailable prepaid property taxes in fiscal year 2019 was an increase to general property tax revenue of \$458,650 (fiscal year 2018 prepaid taxes of \$2,091,679 less fiscal year 2019 prepaid taxes of \$1,633,028). Unavailable prepaid property taxes were appropriately recognized on the Statement of Net Position; therefore, a restatement of net position was not required.

The chart below summarizes the prior period adjustment to obtain the restated balances at June 30, 2019.

	General Fund		
	As Reported at 6/30/2019	Prior Period Adjustment	Restated at 6/30/2019
<b>Deferred Inflows of Resources:</b>			
Deferred revenues - property taxes	\$ 90,626,859	\$ 1,633,028	\$ 92,259,887
<b>Fund Balance:</b>			
Restricted	\$ 3,095,564		\$ 3,095,564
Committed	58,152,612		58,152,612
Assigned	26,772,989		26,772,989
Unassigned	9,318,360	(1,633,028)	7,685,332
Total fund balance:	\$ 97,339,525	\$ (1,633,028)	\$ 95,706,497

## Note 22

### Subsequent Events

The County has assumed that several revenue categories will be negatively impacted by the COVID-19 pandemic and is taking reasonable measures to control expenditures. The County has received significant stimulus funding to manage the impact of the pandemic and staff is working to maximize the usage of these resources. As there is still a significant level of uncertainty associated with the pandemic, the County continues to actively monitor developments and will take steps to respond according to the situation. On August 17, 2020, the County received a second

allocation of Coronavirus Relief Funds under the CARES Act in the amount of \$11,884,234 from the Commonwealth of Virginia.

On September 15, 2020, the County issued \$19.4 million in General Obligation Public Improvement and Refunding Bonds, Series 2020 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning January 15, 2021 until final maturity on January 15, 2040. Net bond proceeds of \$22.9 million (adjusted for premium of \$3.7 million and payment of \$0.2 million in issuance costs) will be used to finance or reimburse the County for \$14.4 million associated with school and transportation projects in the County, with the remaining \$8.5 million to refund Series 2010, General Obligation Public Improvement Bonds.

On November 4, 2020, the County issued \$46.5 million in Water and Sewer Revenue Refunding Bonds, Series 2020 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning June 1, 2021 until final maturity on December 1, 2040. Net bond proceeds of \$37.5 million (adjusted for premium of \$8.6 million and payment of \$0.3 million in issuance costs) and \$7.4 million in County debt service reserves will be used to finance or reimburse the County for \$17.3 million associated with water and sewer infrastructure projects in the County, with the remaining \$44.9 million to refund Series 2010A, Water and Sewer Revenue Refunding Bonds.

## ***REQUIRED SUPPLEMENTARY INFORMATION***

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COUNTY OF SPOTSYLVANIA, VIRGINIA  
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
For the Year Ended June 30, 2020

Exhibit IX

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
General property taxes	\$ 186,315,238	\$ 186,315,238	\$ 184,706,333	\$ (1,608,905)
Other local taxes	44,303,635	44,303,635	46,963,078	2,659,443
Permits, fees and regulatory licenses	149,516	149,516	271,722	122,206
Fines and forfeitures	552,500	552,500	356,918	(195,582)
From use of money and property	1,311,407	1,490,003	3,494,644	2,004,641
Charges for services	5,013,008	5,013,008	4,787,180	(225,828)
Gifts and donations	41,425	91,425	196,642	105,217
Miscellaneous	32,500	32,500	206,364	173,864
Intergovernmental	41,769,512	54,789,061	53,185,280	(1,603,781)
Total revenues	<u>\$ 279,488,741</u>	<u>\$ 292,736,886</u>	<u>\$ 294,168,161</u>	<u>\$ 1,431,275</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 15,901,711	\$ 16,850,369	\$ 13,856,733	\$ 2,993,636
Judicial administration	8,352,345	8,602,421	7,944,601	657,820
Public safety	55,416,303	62,788,615	58,974,210	3,814,405
Public works	9,121,887	9,119,082	8,284,639	834,443
Health and welfare	26,423,638	26,581,563	25,735,332	846,231
Education	131,370,587	135,043,088	121,544,469	13,498,619
Parks, recreation and cultural	8,031,794	8,042,445	7,271,230	771,215
Community development	4,161,953	4,406,985	3,504,373	902,612
Non-departmental	1,425,117	1,425,117	1,541,446	(116,329)
Debt service:				
Principal retirement	7,022,108	6,961,850	7,081,096	(119,246)
Interest and other fiscal charges	3,055,085	2,907,363	2,922,307	(14,944)
Bond issuance costs	-	42,640	42,640	-
Total expenditures	<u>\$ 270,282,528</u>	<u>\$ 282,771,538</u>	<u>\$ 258,703,076</u>	<u>\$ 24,068,462</u>
Excess of revenues over expenditures	<u>\$ 9,206,213</u>	<u>\$ 9,965,348</u>	<u>\$ 35,465,085</u>	<u>\$ 25,499,737</u>
Other financing uses:				
Transfers out	\$ (12,200,686)	\$ (11,083,222)	\$ (10,607,896)	\$ 475,326
Refunding bonds issued	-	6,463,628	6,675,137	211,509
Premium on refunding bonds issued	-	1,422,759	1,211,250	(211,509)
Payment to escrow for refunded bonds	-	(7,843,747)	(7,843,747)	-
Total other financing uses	<u>\$ (12,200,686)</u>	<u>\$ (11,040,582)</u>	<u>\$ (10,565,256)</u>	<u>\$ 475,326</u>
Net change in fund balances	\$ (2,994,473)	\$ (1,075,234)	\$ 24,899,829	\$ 25,975,063
Fund balance, beginning, as restated	<u>2,994,473</u>	<u>1,075,234</u>	<u>93,859,805</u>	<u>92,784,571</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 118,759,634</u>	<u>\$ 118,759,634</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, 2020

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 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 IX)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 3,494,644	\$ -	\$ 62,551	\$ 3,557,195
EXPENDITURES				
Current:				
Public safety	58,974,210	-	(39,937)	58,934,273
Education	121,544,469	1,262,443	-	122,806,912
Debt service:				
Principal retirement	7,081,096	20,640,314	-	27,721,410
Interest and other charges	2,922,307	7,001,939	-	9,924,246
Bond issuance costs	42,640	203,268	-	245,908
Other financing sources (uses):				
Issuance of bonds	-	24,475,000	-	24,475,000
Premium on bonds issued	-	4,597,310	-	4,597,310
Refunding bonds issued	6,675,137	5,206,994	-	11,882,131
Premium on refunding bonds issued	1,211,250	877,818	-	2,089,068
Payment to escrow for refunded bonds	(7,843,747)	(6,049,158)	-	(13,892,905)
Total reconciling adjustments:		\$ -	\$ 102,488	
Net change in fund balances (Exh IX & IV):	\$ 24,899,829	\$ -	\$ 102,488	\$ 25,002,317
Fund balance, beginning (Exh IX & IV)	93,859,805	\$ -	1,846,692	95,706,497
Fund balance, ending (Exh IX & IV)	<u>\$ 118,759,634</u>	<u>\$ -</u>	<u>\$ 1,949,180</u>	<u>\$ 120,708,814</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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability										
Service cost	\$ 5,931	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123				
Interest	12,564	11,745	11,029	10,191	9,544	8,849				
Differences between actual and expected experience	3,054	864	707	1,873	(766)	-				
Changes of assumptions	6,513	-	(1,373)	-	-	-				
Benefit payments, including refunds of employee contributions	(6,781)	(6,142)	(5,462)	(5,605)	(4,263)	(3,827)				
Net change in total pension liability	21,281	12,016	10,555	11,909	9,920	10,145				
Total pension liability - beginning	182,871	170,855	160,300	148,391	138,471	128,326				
Total pension liability - ending	<u>\$ 204,152</u>	<u>\$ 182,871</u>	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$ 138,471</u>				
Plan fiduciary net position										
Contributions - employer	\$ 4,991	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736				
Contributions - employee	2,721	2,507	2,443	2,303	2,246	2,165				
Net investment income	11,453	11,629	17,039	2,399	5,869	17,024				
Benefit payments, including refunds of employee contributions	(6,781)	(6,142)	(5,462)	(5,605)	(4,262)	(3,827)				
Administrative expense	(108)	(97)	(95)	(82)	(76)	(88)				
Other	(7)	(10)	(15)	(1)	(1)	1				
Net change in plan fiduciary net position	12,269	12,567	18,347	3,776	8,407	20,011				
Plan fiduciary net position - beginning	169,101	156,534	138,187	134,411	126,004	105,993				
Plan fiduciary net position - ending	<u>\$ 181,370</u>	<u>\$ 169,101</u>	<u>\$ 156,534</u>	<u>\$ 138,187</u>	<u>\$ 134,411</u>	<u>\$ 126,004</u>				
County's net pension liability-ending	<u>\$ 22,782</u>	<u>\$ 13,770</u>	<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	88.8%	92.5%	91.6%	86.2%	90.6%	91.0%				
Covered payroll	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592				
County's net pension liability as a % of covered payroll	42.2%	27.2%	30.2%	48.7%	31.8%	28.6%				

2015 is the first year of presentation, no other data is available.

## COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Changes in Net Pension Liability and Related Ratios - County  
Last Ten Fiscal Years

EXHIBIT X

Page 2

## Notes to Schedule

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

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 actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
	Disability Rates	Lowered disability rates
	Salary Scale	No change
	Line of Duty Disability	Increased rate from 14% to 15%
	Discount Rate	Decreased rate from 7.00% to 6.75%
Non-Largest Ten Locality Employers - Hazardous Duty Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Increased age 50 rates, and lowered rates at older ages
	Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year through 9 years of service
	Disability Rates	Adjusted rates to better match experience
	Salary Scale	No change
	Line of Duty Disability	Decreased rate from 60% to 45%
	Discount Rate	Decreased rate from 7.00% to 6.75%

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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Service cost	\$ 937	\$ 954	\$ 948	\$ 993	\$ 1,024	\$ 1,057				
Interest	2,065	1,972	1,906	1,846	1,760	1,662				
Difference between expected and actual experience	(112)	(59)	(148)	(454)	(156)	-				
Change in assumptions	862	-	(213)	-	-	-				
Benefit payments, including refunds of employee contributions	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)				
Net change in total pension liability	2,177	1,359	898	918	1,307	1,404				
Total pension liability - beginning	30,283	28,924	28,026	27,108	25,801	24,397				
Total pension liability - ending	<u>\$ 32,460</u>	<u>\$ 30,283</u>	<u>\$ 28,924</u>	<u>\$ 28,026</u>	<u>\$ 27,108</u>	<u>\$ 25,801</u>				
Plan fiduciary net position										
Contributions - employer	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762	\$ 872				
Contributions - employee	460	446	446	443	448	444				
Net investment income	2,004	2,097	3,135	447	1,128	3,363				
Benefit payments, including refunds of employee contributions	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)				
Administrative expense	(20)	(18)	(18)	(16)	(16)	(18)				
Other	(1)	(2)	(3)	-	-	-				
Net change in plan fiduciary net position	1,442	1,602	2,549	136	1,001	3,346				
Plan fiduciary net position - beginning	30,169	28,567	26,018	25,882	24,881	21,535				
Plan fiduciary net position - ending	<u>\$ 31,611</u>	<u>\$ 30,169</u>	<u>\$ 28,567</u>	<u>\$ 26,018</u>	<u>\$ 25,882</u>	<u>\$ 24,881</u>				
School Board's net pension liability-ending	<u>\$ 849</u>	<u>\$ 114</u>	<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	97.38%	99.62%	98.77%	92.84%	95.48%	96.43%				
Covered payroll	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922				
School Board's net pension liability as a % of covered payroll	8.75%	1.22%	3.90%	22.13%	13.56%	10.31%				

2015 is the first year of presentation, no other data is available.

## COUNTY OF SPOTSYLVANIA, VIRGINIA

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

## Last Ten Fiscal Years

EXHIBIT XI

Page 2

## Notes to Schedule

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

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 actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
	Disability Rates	Lowered disability rates
	Salary Scale	No change
	Line of Duty Disability	Increased rate from 14% to 15%
	Discount Rate	Decreased rate from 7.00% to 6.75%

## 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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability	1.58065%	1.56580%	1.59753%	1.62648%	1.62945%	1.62056%				
Proportionate share of the net pension liability	\$ 208,023	\$ 184,137	\$ 196,464	\$ 227,937	\$205,089	\$ 195,840				
Covered payroll	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$121,089	\$ 118,052	.			
Proportionate share of the net pension liability as a % of its covered payroll	157.18%	145.56%	156.21%	183.83%	169.37%	165.89%				
Plan fiduciary net position as a % of the total pension liability	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%				

2015 is the first year of presentation, no other data is available.

## COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

EXHIBIT XII

Page 2

## Notes to Schedule

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

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 actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

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

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

EXHIBIT XIII

(Amounts in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
County of Spotsylvania										
Contractually required contribution	\$ 5,580	\$ 4,991	\$ 4,680	\$ 4,436	\$ 4,762	\$ 4,631				
Contributions in relation to the contractually required contribution	(5,580)	(4,991)	(4,680)	(4,436)	(4,762)	(4,631)				
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942				
Contributions as a percentage of covered payroll	9.58%	9.25%	9.25%	9.34%	10.48%	10.54%				
Spotsylvania County School Board										
Contractually required contribution	\$ 649	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762				
Contributions in relation to the contractually required contribution	(649)	(574)	(587)	(584)	(729)	(762)				
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042				
Contributions as a percentage of covered payroll	6.30%	5.91%	6.31%	6.37%	8.03%	8.43%				
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 21,621	\$ 20,251	\$ 20,244	\$ 18,162	\$ 17,436	\$ 17,567				
Contributions in relation to the contractually required contribution	(21,621)	(20,251)	(20,244)	(18,162)	(17,436)	(17,567)				
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Covered payroll	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089				
Contributions as a percentage of covered payroll	15.68%	15.30%	16.00%	14.44%	14.06%	14.51%				

Notes to Schedule:

2015 is the first year of presentation, no other data is available.

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  
Schedule of Employer's Share of Net OPEB Group Life Insurance Liability  
Last Ten Fiscal Years

EXHIBIT XIV

(Amounts in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>County of Spotsylvania</b>										
Proportion of the net OPEB GLI liability	0.27529%	0.26618%	0.25793%							
Proportionate share of the net OPEB GLI liability	\$ 4,480	\$ 4,043	\$ 3,881							
Covered payroll	\$ 53,966	\$ 50,613	\$ 47,576							
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.30%	7.99%	8.16%							
Plan fiduciary net position as a % of the total OPEB GLI liability	52.00%	51.22%	48.86%							
<b>Spotsylvania County School Board</b>										
Proportion of the net OPEB GLI liability	0.04959%	0.04896%	0.04992%							
Proportionate share of the net OPEB GLI liability	\$ 807	\$ 743	\$ 751							
Covered payroll	\$ 9,721	\$ 9,309	\$ 9,208							
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.30%	7.98%	8.16%							
Plan fiduciary net position as a % of the total OPEB GLI liability	52.00%	51.22%	48.86%							
<b>Spotsylvania County School Board - Teacher Plan</b>										
Proportion of the net OPEB GLI liability	0.67560%	0.66528%	0.68283%							
Proportionate share of the net OPEB GLI liability	\$ 10,994	\$ 10,104	\$ 10,276							
Covered payroll	\$ 132,441	\$ 126,501	\$ 125,950							
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.30%	7.99%	8.16%							
Plan fiduciary net position as a % of the total OPEB GLI liability	52.00%	51.22%	48.86%							

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



COUNTY OF SPOTSYLVANIA, VIRGINIA  
**Schedule of Employer's Share of Net OPEB Group Life Insurance Liability**  
 Last Ten Fiscal Years

EXHIBIT XIV

Page 2

## Notes to Schedule

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

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 actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
	Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
	Disability Rates	Lowered disability rates
	Salary Scale	No change
	Line of Duty Disability	Increased rate from 14% to 15%
	Discount Rate	Decrease rate from 7.00% to 6.75%
Non-Largest Ten Locality Employers - Hazardous Duty Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Increased age 50 rates and lowered rates at older ages
	Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
	Disability Rates	Adjusted rates to better match experience
	Salary Scale	No change
	Line of Duty Disability	Decreased rate from 60% to 45%
	Discount Rate	Decrease rate from 7.00% to 6.75%
Teachers	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
	Disability Rates	Adjusted rates to better match experience
	Salary Scale	No change
	Discount Rate	Decrease rate from 7.00% to 6.75%

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

EXHIBIT XV

(Amounts in thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
County of Spotsylvania										
Contractually required contribution	303	281	263	247	241	233	222	213	167	163
Contributions in relation to required contribution	303	281	263	247	218	211	201	193	106	103
Contribution deficiency/(excess)	-	-	-	-	23	22	21	20	61	60
Employer's covered payroll	58,300	53,966	50,613	47,576	45,440	43,948	41,844	40,150	38,006	36,935
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%
Spotsylvania County School Board										
Contractually required contribution	54	51	48	48	48	48	47	48	38	37
Contributions in relation to required contribution	54	51	48	48	44	44	43	43	24	24
Contribution deficiency/(excess)	-	-	-	-	4	4	4	5	14	13
Employer's covered payroll	10,301	9,721	9,309	9,208	9,092	9,073	8,916	9,007	8,571	8,518
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	718	689	658	655	658	643	629	640	510	517
Contributions in relation to required contribution	718	689	658	655	596	582	570	580	325	329
Contribution deficiency/(excess)	-	-	-	-	62	61	59	60	185	188
Employer's covered payroll	138,005	132,440	126,501	125,950	124,222	121,231	118,759	120,819	115,949	117,456
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**Schedule of Employer's Share of Net OPEB Health Insurance Credit Program**  
 Last Ten Fiscal Years

EXHIBIT XVI

(Amounts in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net OPEB HIC liability	1.57784%	1.56262%	1.59468%							
Proportionate share of the net OPEB HIC liability	\$ 20,655	\$ 19,841	\$ 20,231							
Covered payroll	\$ 132,344	\$ 126,375	\$ 125,852							
Proportionate share of the net OPEB HIC liability as a % of its covered payroll	15.61%	15.70%	16.08%							
Plan fiduciary net position as a % of the total OPEB HIC liability	8.97%	8.08%	7.04%							

## Notes to Schedule:

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

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

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 actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 to June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

*EXHIBIT XVII*

(Amounts in thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	1,655	1,588	1,554	1,548	1,463	1,430	1,387	1,391	1,250	1,267
Contributions in relation to required contribution	1,655	1,588	1,554	1,548	1,463	1,430	1,387	1,391	1,250	1,267
Contribution (deficiency)/excess	-	-	-	-	-	-	-	-	-	-
Employer's covered payroll	137,888	132,344	126,375	125,852	124,013	121,149	118,512	118,901	115,739	117,322
Contributions as a % of covered payroll	1.20%	1.20%	1.23%	1.11%	1.06%	1.06%	1.11%	1.11%	0.60%	0.60%

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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
						2018 is the first year for presentation, no other data is available.				
Service cost	\$ 2,903	\$ 4,623	\$ 4,412							
Interest	3,230	5,285	4,451							
Changes of benefit items	-	(32,422)	-							
Changes of assumptions	18,204	(18,446)	(9,319)							
Experiences	-	11,850	-							
Benefit payments	(1,757)	(2,270)	(1,454)							
Net change in total OPEB liability	22,580	(31,380)	(1,910)							
Total OPEB liability - beginning	90,242	121,622	123,532							
Total OPEB liability - ending	<u>\$ 112,822</u>	<u>\$ 90,242</u>	<u>\$ 121,622</u>							
Covered-employee payroll	\$ 64,777	\$ 60,082	\$ 55,194							
County's total OPEB liability as a % of covered-employee payroll	174.17%	150.20%	220.35%							

Notes to Schedule :

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

Changes in benefit terms - Effective January 1, 2019, the county began providing HRAs to eligible post-65 retirees. Post-65 retirees hired before September 25, 2018 may elect to enroll in an HRA or the County's health plan. Post-65 retirees hired on or after September 25, 2018 may only elect to enroll in an HRA. The liability decrease associated with this plan change of about 32.4 million has been recognized per GASB 75 in the FY19 OPEB expense.

Changes in assumptions - With the exception of the drop in the 20 year tax-exempt municipal bond yield from 3.50% as of June 30, 2019 to 2.21% as of June 30, 2020, no other significant changes to actuarial assumptions were applied.

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)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 8,673	\$ 9,447	\$ 9,179	\$ 10,523						
Interest	8,207	8,743	8,413	7,155						
Difference between expected and actual experience	(2,827)	(20,301)	(2,920)	-						
Changes of assumptions	25,218	27,701	(3,475)	(27,679)						
Benefit payments	(4,481)	(5,049)	(4,688)	(4,496)						
Net change in total OPEB liability	34,790	20,541	6,509	(14,497)						
Total OPEB liability - beginning	265,855	245,314	238,805	253,302						
Total OPEB liability - ending	<u>\$ 300,645</u>	<u>\$ 265,855</u>	<u>\$ 245,314</u>	<u>\$ 238,805</u>						
Plan fiduciary net position										
Contributions - employer	\$ 4,481	\$ 5,478	\$ 4,688	\$ 4,496						
Net investment income	119	204	299	357						
Benefit payments	(4,481)	(5,049)	(4,688)	(4,496)						
Administrative expense	-	-	(4)	(3)						
Net change in plan fiduciary net position	119	633	295	354						
Plan fiduciary net position - beginning	4,060	3,427	3,132	2,778						
Plan fiduciary net position - ending	<u>\$ 4,179</u>	<u>\$ 4,060</u>	<u>\$ 3,427</u>	<u>\$ 3,132</u>						
School Board's net OPEB liability-ending	<u>\$ 296,466</u>	<u>\$ 261,795</u>	<u>\$ 241,887</u>	<u>\$ 235,673</u>						
Plan fiduciary net position as a % of the total OPEB liability	1.39%	1.53%	1.40%	1.31%						
Covered-employee payroll	\$ 148,123	\$ 141,996	\$ 135,808	\$ 134,931						
School Board's net OPEB liability as a % of covered-employee payroll	200.15%	184.37%	178.11%	174.66%						
Notes to Schedule :										
Information presented in this exhibit are in accordance with GASB 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i> .										
Total OPEB Liability - Retiree Healthcare, as reported on Exhibits I & II in accordance with GASB 75, is presented having a measurement date of the previous fiscal year.										
There are no actuarially significant changes to benefit provisions.										
Changes in assumptions:										
Change in Discount Rate:	2.45%	3.13%	3.62%	3.58%						

## COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XX

## Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

## Last Ten Fiscal Years

(Amounts in thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
					2017 is the first year for presentation, no other data is available.					
Annual money-weighted rate of return, net of investment expense	2.90%	5.90%	9.60%	13.04%						

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXI

Schedule of Changes in Total OPEB Liability - LODA and Related Ratios  
Last Ten Fiscal Years

(Amounts in thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
	2018 is the first year for presentation, no other data is available.									
Service cost	\$ 1,020	\$ 908	\$ 880							
Interest	284	274	240							
Differences between expected and actual experience	(3,752)	(29)	(39)							
Changes of assumptions	(261)	555	(40)							
Benefit payments	(203)	(193)	(181)							
Net change in total OPEB liability	(2,912)	1,515	860							
Total OPEB liability - beginning	9,206	7,691	6,831							
Total OPEB liability - ending	<u>\$ 6,294</u>	<u>\$ 9,206</u>	<u>\$ 7,691</u>							
Covered-employee payroll	N/A	N/A	N/A							
County's total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A							

Notes to Schedule:

There are no actuarially significant changes to benefit provisions.

Changes in discount rate: 2.45% 3.13% 3.62%

The medical trend was updated to the latest model released by the SOA and excludes the impact of the Cadillac Tax.



COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXII

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

(Amounts in thousands)	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 85	\$ 93	\$ 147	\$ 109						
Interest	131	119	102	114						
Differences between actual and expected experience	(74)	(5)	46	6						
Change in assumptions	216	(43)	(469)	446						
Benefit payments, including refunds of employee contributions	(118)	(79)	(77)	(70)						
Net change in total pension liability	240	85	(251)	605						
Total pension liability - beginning	3,461	3,376	3,627	3,022						
Total pension liability - ending	<u>\$ 3,701</u>	<u>\$ 3,461</u>	<u>\$ 3,376</u>	<u>\$ 3,627</u>						
Covered-employee payroll	N/A	N/A	N/A	N/A						
Total pension liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A						

Notes to Schedule :

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

Change in discount rate: 3.50% 3.87% 3.58% 2.85%

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***

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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, 2020

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 35,657	\$ (3,943)
From use of money and property	175,000	175,000	1,208,931	1,033,931
Gifts and donations	2,159,737	2,395,731	2,211,331	(184,400)
Miscellaneous	78,597	216,103	141,321	(74,782)
Intergovernmental	1,657,928	2,390,524	184,113	(2,206,411)
Total revenues	<u>\$ 4,110,862</u>	<u>\$ 5,216,958</u>	<u>\$ 3,781,353</u>	<u>\$ (1,435,605)</u>
EXPENDITURES				
Current:				
General government	\$ 172,490	\$ 172,490	\$ 167,628	\$ 4,862
Capital projects	16,994,996	55,406,899	21,638,018	33,768,881
Debt service:				
Bond issuance costs	-	36,215	31,301	4,914
Total expenditures	<u>\$ 17,167,486</u>	<u>\$ 55,615,604</u>	<u>\$ 21,836,947</u>	<u>\$ 33,778,657</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,056,624)</u>	<u>\$ (50,398,646)</u>	<u>\$ (18,055,594)</u>	<u>\$ 32,343,052</u>
Other financing sources:				
Transfers in	\$ 13,530,959	\$ 12,413,495	\$ 12,808,006	\$ 394,511
Issuance of bonds	-	4,665,000	4,665,000	-
Premium on bonds issued	-	881,265	881,265	-
Total other financing sources	<u>\$ 13,530,959</u>	<u>\$ 17,959,760</u>	<u>\$ 18,354,271</u>	<u>\$ 394,511</u>
Net change in fund balances	\$ 474,335	\$ (32,438,886)	\$ 298,677	\$ 32,737,563
Fund balance, beginning	(474,335)	32,438,886	50,856,938	18,418,052
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,155,615</u>	<u>\$ 51,155,615</u>

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## ***OTHER GOVERNMENTAL FUNDS***

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### ***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, 2020

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 118,389	\$ 6,324,231	\$ 7,475,067	\$ 13,917,687
Receivables, net	374,312	191	2,633,317	3,007,820
Restricted cash and investments	-	-	823,913	823,913
Total assets	<u>\$ 492,701</u>	<u>\$ 6,324,422</u>	<u>\$ 10,932,297</u>	<u>\$ 17,749,420</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 410,692	\$ 3,684	\$ 414,376
Accrued salaries and benefits	-	140,563	16,545	157,108
Other accrued liabilities	-	59,436	-	59,436
Deposits	-	234,284	364,627	598,911
Total liabilities	<u>\$ -</u>	<u>\$ 844,975</u>	<u>\$ 384,856</u>	<u>\$ 1,229,831</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 715,710	\$ 715,710
Other revenues	6,013	173	-	6,186
Total deferred inflows of resources	<u>\$ 6,013</u>	<u>\$ 173</u>	<u>\$ 715,710</u>	<u>\$ 721,896</u>
<b>FUND BALANCE</b>				
Restricted	\$ -	\$ -	\$ 2,718,431	\$ 2,718,431
Committed	486,688	-	4,816,023	5,302,711
Assigned	-	5,479,274	2,297,277	7,776,551
Total fund balances	<u>\$ 486,688</u>	<u>\$ 5,479,274</u>	<u>\$ 9,831,731</u>	<u>\$ 15,797,693</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 492,701</u>	<u>\$ 6,324,422</u>	<u>\$ 10,932,297</u>	<u>\$ 17,749,420</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2020

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 1,356,552	\$ 1,356,552
Other local taxes	-	-	5,607,836	5,607,836
Permits, privilege fees and regulatory licenses	-	5,258,713	14,920	5,273,633
From use of money and property	-	-	111,552	111,552
Charges for services	2,813,761	259,280	-	3,073,041
Intergovernmental	117,115	2,000	-	119,115
Total revenues	<u>\$ 2,930,876</u>	<u>\$ 5,519,993</u>	<u>\$ 7,090,860</u>	<u>\$ 15,541,729</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ 2,300,260	\$ -	\$ 2,300,260
Public works	-	-	26,063	26,063
Community development	-	2,330,576	2,038,111	4,368,687
Debt service:				
Principal retirement	-	-	3,472,836	3,472,836
Interest and other fiscal charges	-	-	1,580,760	1,580,760
Bond issuance costs	-	-	69,791	69,791
Total expenditures	<u>\$ -</u>	<u>\$ 4,630,836</u>	<u>\$ 7,187,561</u>	<u>\$ 11,818,397</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,930,876</u>	<u>\$ 889,157</u>	<u>\$ (96,701)</u>	<u>\$ 3,723,332</u>
Other financing sources (uses):				
Transfers in (out)	\$ (2,826,409)	\$ (71,557)	\$ 711,948	\$ (2,186,018)
Refunding bonds issued	-	-	10,142,869	10,142,869
Premium on refunding bonds issued	-	-	2,401,055	2,401,055
Payment to escrow for refunded bonds	-	-	(12,474,133)	(12,474,133)
Total other financing sources (uses), net	<u>\$ (2,826,409)</u>	<u>\$ (71,557)</u>	<u>\$ 781,739</u>	<u>\$ (2,116,227)</u>
Net change in fund balances	\$ 104,467	\$ 817,600	\$ 685,038	\$ 1,607,105
Fund balance, beginning	<u>382,221</u>	<u>4,661,674</u>	<u>9,146,693</u>	<u>14,190,588</u>
Fund balance, ending	<u><u>\$ 486,688</u></u>	<u><u>\$ 5,479,274</u></u>	<u><u>\$ 9,831,731</u></u>	<u><u>\$ 15,797,693</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**BUDGETARY COMPARISON SCHEDULE - FIRE/EMS SERVICE FEE FUND**  
 For the Year Ended June 30, 2020

*Schedule B-3.1*

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
Charges for services	\$ 2,500,000	\$ 2,500,000	\$ 2,813,761	\$ 313,761
Intergovernmental	-	-	117,115	117,115
Total revenues	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>	<u>\$ 2,930,876</u>	<u>\$ 430,876</u>
 Other financing uses:				
Transfers out	\$ (2,500,000)	\$ (2,500,000)	\$ (2,826,409)	\$ (326,409)
Total other financing uses	<u>\$ (2,500,000)</u>	<u>\$ (2,500,000)</u>	<u>\$ (2,826,409)</u>	<u>\$ (326,409)</u>
 Net change in fund balances	\$ -	\$ -	\$ 104,467	\$ 104,467
Fund balance, beginning	-	-	382,221	\$ 382,221
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 486,688</u>	<u>\$ 486,688</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND**  
 For the Year Ended June 30, 2020

*Schedule B-3.2*

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
Permits, privilege fees and regulatory licenses	\$ 3,951,911	\$ 4,544,602	\$ 5,258,713	\$ 714,111
Charges for services	215,208	215,208	259,280	44,072
Intergovernmental	-	-	2,000	2,000
Total revenues	<u>\$ 4,167,119</u>	<u>\$ 4,759,810</u>	<u>\$ 5,519,993</u>	<u>\$ 760,183</u>
<b>EXPENDITURES</b>				
Public safety	\$ 2,402,413	\$ 2,495,104	\$ 2,300,260	\$ 194,844
Community development	<u>1,831,279</u>	<u>2,346,401</u>	<u>2,330,576</u>	<u>15,825</u>
Total expenditures	<u>\$ 4,233,692</u>	<u>\$ 4,841,505</u>	<u>\$ 4,630,836</u>	<u>\$ 210,669</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (66,573)</u>	<u>\$ (81,695)</u>	<u>\$ 889,157</u>	<u>\$ 970,852</u>
<b>Other financing sources:</b>				
Transfers in (out)	\$ 290,231	\$ 290,231	\$ (71,557)	\$ (361,788)
Total other financing sources	<u>\$ 290,231</u>	<u>\$ 290,231</u>	<u>\$ (71,557)</u>	<u>\$ (361,788)</u>
Net change in fund balances	\$ 223,658	\$ 208,536	\$ 817,600	\$ 609,064
Fund balance, beginning	<u>(223,658)</u>	<u>(208,536)</u>	<u>4,661,674</u>	<u>4,870,210</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,479,274</u></u>	<u><u>\$ 5,479,274</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND  
For the Year Ended June 30, 2020

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,307,909	\$ 1,307,909	\$ 1,356,552	\$ 48,643
Other local taxes	5,081,000	5,081,000	5,607,836	526,836
Permits, privilege fees and regulatory licenses	16,000	16,000	14,920	(1,080)
From use of money and property	30,000	30,000	111,552	81,552
Total revenues	<u>\$ 6,434,909</u>	<u>\$ 6,434,909</u>	<u>\$ 7,090,860</u>	<u>\$ 655,951</u>
EXPENDITURES				
Current:				
Public works	\$ -	\$ -	\$ 26,063	\$ (26,063)
Community development	2,150,464	2,150,464	2,038,111	112,353
Debt service:				
Principal retirement	3,487,845	3,472,835	3,472,836	(1)
Interest and other fiscal charges	1,791,662	1,580,023	1,580,760	(737)
Bond issuance costs	-	69,791	69,791	-
Total expenditures	<u>\$ 7,429,971</u>	<u>\$ 7,273,113</u>	<u>\$ 7,187,561</u>	<u>\$ 85,552</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (995,062)</u>	<u>\$ (838,204)</u>	<u>\$ (96,701)</u>	<u>\$ 741,503</u>
Other financing sources:				
Transfers in	\$ 823,596	\$ 823,596	\$ 711,948	\$ (111,648)
Refunding bonds issued	-	10,403,205	10,142,869	(260,336)
Premium on refunding bonds issued	-	2,140,719	2,401,055	260,336
Payment to escrow for refunded bonds	-	(12,474,133)	(12,474,133)	-
Total other financing sources	<u>\$ 823,596</u>	<u>\$ 893,387</u>	<u>\$ 781,739</u>	<u>\$ (111,648)</u>
Net change in fund balances	\$ (171,466)	\$ 55,183	\$ 685,038	\$ 629,855
Fund balance, beginning	171,466	(55,183)	9,146,693	9,201,876
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,831,731</u>	<u>\$ 9,831,731</u>

## ***AGENCY FUNDS***

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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, 2020

*Schedule C-1*

	Special Welfare	Contribution Fund	Total
<b>ASSETS</b>			
Cash	\$ 10,288	\$ 313,036	\$ 323,324
Total assets	<u>\$ 10,288</u>	<u>\$ 313,036</u>	<u>\$ 323,324</u>
<b>LIABILITIES</b>			
Amounts held for others	\$ 10,288	\$ 313,036	\$ 323,324
Total liabilities	<u>\$ 10,288</u>	<u>\$ 313,036</u>	<u>\$ 323,324</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -  
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2020

Schedule C-2

	Balance July 1, 2019	Additions	Deductions	Balance June 30, 2020
<b>SPECIAL WELFARE</b>				
<b>ASSETS</b>				
Cash	\$ 7,264	\$ 36,917	\$ 33,893	\$ 10,288
Total assets	<u>\$ 7,264</u>	<u>\$ 36,917</u>	<u>\$ 33,893</u>	<u>\$ 10,288</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 7,264	\$ 36,917	\$ 33,893	\$ 10,288
Total liabilities	<u>\$ 7,264</u>	<u>\$ 36,917</u>	<u>\$ 33,893</u>	<u>\$ 10,288</u>
<b>CONTRIBUTION FUND</b>				
<b>ASSETS</b>				
Cash	\$ 504,992	\$ 513,454	\$ 705,410	\$ 313,036
Total assets	<u>\$ 504,992</u>	<u>\$ 513,454</u>	<u>\$ 705,410</u>	<u>\$ 313,036</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 504,992	\$ 563,843	\$ 755,799	\$ 313,036
Total liabilities	<u>\$ 504,992</u>	<u>\$ 563,843</u>	<u>\$ 755,799</u>	<u>\$ 313,036</u>
<b>TOTAL - ALL FIDUCIARY FUNDS</b>				
<b>ASSETS</b>				
Cash	\$ 512,256	\$ 550,371	\$ 739,303	\$ 323,324
Total assets	<u>\$ 512,256</u>	<u>\$ 550,371</u>	<u>\$ 739,303</u>	<u>\$ 323,324</u>
<b>LIABILITIES</b>				
Amounts held for others	\$ 512,256	\$ 600,760	\$ 789,692	\$ 323,324
Total liabilities	<u>\$ 512,256</u>	<u>\$ 600,760</u>	<u>\$ 789,692</u>	<u>\$ 323,324</u>



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## ***DISCRETELY PRESENTED COMPONENT UNIT***

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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, 2020

Schedule D-1

	Operating	Cafeteria	Capital Projects	Total
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 1,554,942	\$ 5,403,157	\$ -	\$ 6,958,099
Receivables, net	7,971,814	453,731	-	8,425,545
Due from Primary Government	10,280,452	-	-	10,280,452
Claim reserves held by others	1,629,213	-	-	1,629,213
Restricted cash and investments	-	-	8,146,733	8,146,733
Total assets	<u>\$ 21,436,421</u>	<u>\$ 5,856,888</u>	<u>\$ 8,146,733</u>	<u>\$ 35,440,042</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,292,175	\$ 934,662	\$ 766,751	\$ 2,993,588
Retainage payable	-	-	286,705	286,705
Accrued salaries and benefits	17,078,377	141,263	-	17,219,640
Total liabilities	<u>\$ 18,370,552</u>	<u>\$ 1,075,925</u>	<u>\$ 1,053,456</u>	<u>\$ 20,499,933</u>
<b>DEFERRED INFLOWS OF</b>				
Unavailable revenues	<u>\$ 1,436,656</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,436,656</u>
<b>FUND BALANCE</b>				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 7,093,277	\$ 7,093,277
Committed for:				
Food service	-	4,780,963	-	4,780,963
Assigned to:				
Health insurance reserve	1,629,213	-	-	1,629,213
Total fund balance	<u>\$ 1,629,213</u>	<u>\$ 4,780,963</u>	<u>\$ 7,093,277</u>	<u>\$ 13,503,453</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 21,436,421</u>	<u>\$ 5,856,888</u>	<u>\$ 8,146,733</u>	<u>\$ 35,440,042</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, 2020

Page 2

Total fund balances of the component unit - School Board (Schedule D-1) \$ 13,503,453

*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. 1,093,499

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

Non-depreciable assets	\$ 52,252,430	
Depreciable assets, net	<u>281,862,278</u>	
		334,114,708

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

Pension contributions	\$ 21,447,671	
Pension actuarial differences	22,803,121	
OPEB contributions	6,877,100	
OPEB actuarial differences	<u>25,906,743</u>	
		77,034,635

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

Other postemployment benefits	\$ (292,853,326)	
Net pension liability	(208,815,544)	
Insurance claims	(4,782,078)	
Compensated absences	<u>(7,212,687)</u>	
		(513,663,635)

Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements. 1,436,656

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

Pension actuarial differences	\$ (22,897,737)	
OPEB actuarial differences	<u>(41,196,997)</u>	
	-	(64,094,734)

Internal service fund included in entity-wide statements (Sch E-1). 7,487,954

Total net position of the component unit - School Board (Exhibit I) \$ (143,087,464)

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, 2020

Schedule D-2

	Operating	Cafeteria	Capital Projects	Total
<b>REVENUES</b>				
From use of money and property	\$ 71,350	\$ 51,941	\$ 343,330	\$ 466,621
Charges for services	1,942,410	3,848,523	-	5,790,933
Miscellaneous	435,966	25,068	-	461,034
Intergovernmental	160,672,406	6,740,707	-	167,413,113
Payments from Primary Government	93,713,045	-	28,904,696	122,617,741
Total revenues	<u>\$ 256,835,177</u>	<u>\$ 10,666,239</u>	<u>\$ 29,248,026</u>	<u>\$ 296,749,442</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 264,385,226	\$ 10,228,619	\$ -	\$ 274,613,845
Capital projects	-	-	22,377,926	22,377,926
Total expenditures	<u>\$ 264,385,226</u>	<u>\$ 10,228,619</u>	<u>\$ 22,377,926</u>	<u>\$ 296,991,771</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (7,550,049)</u>	<u>\$ 437,620</u>	<u>\$ 6,870,100</u>	<u>\$ (242,329)</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (63,870)</u>	<u>\$ 63,870</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses), net	<u>\$ (63,870)</u>	<u>\$ 63,870</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (7,613,919)	\$ 501,490	\$ 6,870,100	\$ (242,329)
Fund balance, beginning	<u>9,243,132</u>	<u>4,279,473</u>	<u>223,177</u>	<u>13,745,782</u>
Fund balance, ending	<u>\$ 1,629,213</u>	<u>\$ 4,780,963</u>	<u>\$ 7,093,277</u>	<u>\$ 13,503,453</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board to the Statement of Activities

For the Year Ended June 30, 2020

Page 2

Net change in fund balance of the component unit - School Board (Schedule D-2): \$ (242,329)

*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. 194,518

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	\$ 20,741,254	
Depreciation expense	<u>(17,178,362)</u>	
		3,562,892

In the Statement of Activities, only the gain or loss on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold. (316,432)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements. (847,328)

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	(9,571,682)	
Pension benefits	537,906	
Insurance claims	(356,308)	
Compensated absences	<u>(716,123)</u>	
		(10,106,207)

Change in Internal Service Fund (Sch E-2) included in the entity-wide statements. (589,693)

Change in net position of the component unit - School Board (Exhibit II) \$ (8,344,579)

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2020

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	\$ 105,000	\$ 105,000	\$ 71,350	\$ (33,650)	\$ 10,000	\$ 10,000	\$ 51,941	\$ 41,941
Charges for services	3,034,321	3,034,321	1,942,410	(1,091,911)	4,856,222	4,856,222	3,848,523	(1,007,699)
Miscellaneous	1,376,300	1,376,300	435,966	(940,334)	32,000	32,000	25,068	(6,932)
Intergovernmental	161,197,162	161,197,162	160,672,406	(524,756)	5,985,087	5,985,087	6,740,707	755,620
Payments from Primary Government	131,181,416	134,853,917	129,363,528	(5,490,389)	-	-	-	-
Total revenues	\$ 296,894,199	\$ 300,566,700	\$ 292,485,660	\$ (8,081,040)	\$ 10,883,309	\$ 10,883,309	\$ 10,666,239	\$ (217,070)
Expenditures								
Current:								
Education	\$ 268,980,968	\$ 272,653,469	\$ 264,385,226	\$ 8,268,243	\$ 12,341,528	\$ 12,341,528	\$ 10,228,619	\$ 2,112,909
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	20,037,649	20,037,649	20,640,314	(602,665)	-	-	-	-
Interest and fiscal charges	7,811,712	7,811,712	7,001,939	809,773	-	-	-	-
Bond issuance costs	-	35,654	35,654	-	-	-	-	-
Total expenditures	\$ 296,830,329	\$ 300,538,484	\$ 292,063,133	\$ 8,475,351	\$ 12,341,528	\$ 12,341,528	\$ 10,228,619	\$ 2,112,909
Excess (deficiency) of revenues over (under) expenditures	\$ 63,870	\$ 28,216	\$ 422,527	\$ 394,311	\$ (1,458,219)	\$ (1,458,219)	\$ 437,620	\$ 1,895,839
Other financing sources (uses):								
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-	-	-	-	-	-
Refunding bonds issued	-	5,158,166	5,206,994	48,828	-	-	-	-
Premium on refunding bonds issued	-	926,646	877,818	(48,828)	-	-	-	-
Payment to escrow for refunded bonds	-	(6,049,158)	(6,049,158)	-	-	-	-	-
Payments to Primary Government	-	-	(8,008,230)	(8,008,230)	-	-	-	-
Transfers	(63,870)	(63,870)	(63,870)	-	63,870	63,870	63,870	-
Total other financing sources (uses), net	\$ (63,870)	\$ (28,216)	\$ (8,036,446)	\$ (8,008,230)	\$ 63,870	\$ 63,870	\$ 63,870	\$ -
Net change in fund balances	\$ -	\$ -	\$ (7,613,919)	\$ (7,613,919)	\$ (1,394,349)	\$ (1,394,349)	\$ 501,490	\$ 1,895,839
Fund balance, beginning	-	-	9,243,132	9,243,132	1,394,349	1,394,349	4,279,473	2,885,124
Fund balance, ending	\$ -	\$ -	\$ 1,629,213	\$ 1,629,213	\$ -	\$ -	\$ 4,780,963	\$ 4,780,963

Notes to the Combining Budgetary Comparison Schedule are an integral part of this schedule.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2020

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	\$ -	\$ -	\$ 343,330	\$ 343,330	\$ 115,000	\$ 115,000	\$ 466,621	\$ 351,621
Charges for services	-	-	-	-	7,890,543	7,890,543	5,790,933	(2,099,610)
Miscellaneous	-	-	-	-	1,408,300	1,408,300	461,034	(947,266)
Intergovernmental	-	-	-	-	167,182,249	167,182,249	167,413,113	230,864
Payments from Primary Government	-	-	-	-	131,181,416	134,853,917	129,363,528	(5,490,389)
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 343,330</u>	<u>\$ 343,330</u>	<u>\$ 307,777,508</u>	<u>\$ 311,450,009</u>	<u>\$ 303,495,229</u>	<u>\$ (7,954,780)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 281,322,496	\$ 284,994,997	\$ 274,613,845	\$ 10,381,152
Capital projects	28,904,696	28,312,144	22,377,926	5,934,218	28,904,696	28,312,144	22,377,926	5,934,218
Debt service:								
Principal	-	-	-	-	20,037,649	20,037,649	20,640,314	(602,665)
Interest and fiscal charges	-	-	-	-	7,811,712	7,811,712	7,001,939	809,773
Bond issuance costs	-	167,614	167,614	-	-	203,268	203,268	-
Total expenditures	<u>\$ 28,904,696</u>	<u>\$ 28,479,758</u>	<u>\$ 22,545,540</u>	<u>\$ 5,934,218</u>	<u>\$ 338,076,553</u>	<u>\$ 341,359,770</u>	<u>\$ 324,837,292</u>	<u>\$ 16,522,478</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (28,904,696)</u>	<u>\$ (28,479,758)</u>	<u>\$ (22,202,210)</u>	<u>\$ 6,277,548</u>	<u>\$ (30,299,045)</u>	<u>\$ (29,909,761)</u>	<u>\$ (21,342,063)</u>	<u>\$ 8,567,698</u>
Other financing sources (uses):								
Issuance of bonds	\$ 28,904,696	\$ 24,475,000	\$ 24,475,000	\$ -	\$ 28,904,696	\$ 24,475,000	\$ 24,475,000	\$ -
Premium on bonds issued	-	4,597,310	4,597,310	-	-	4,597,310	4,597,310	-
Refunding bonds issued	-	-	-	-	-	5,158,166	5,206,994	48,828
Premium on refunding bonds issued	-	-	-	-	-	926,646	877,818	(48,828)
Payment to escrow for refunded bonds	-	-	-	-	-	(6,049,158)	(6,049,158)	-
Payments to Primary Government	-	-	-	-	-	-	(8,008,230)	(8,008,230)
Transfers	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	<u>\$ 28,904,696</u>	<u>\$ 29,072,310</u>	<u>\$ 29,072,310</u>	<u>\$ -</u>	<u>\$ 28,904,696</u>	<u>\$ 29,107,964</u>	<u>\$ 21,099,734</u>	<u>\$ (8,008,230)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 592,552</u>	<u>\$ 6,870,100</u>	<u>\$ 6,277,548</u>	<u>\$ (1,394,349)</u>	<u>\$ (801,797)</u>	<u>\$ (242,329)</u>	<u>\$ 559,468</u>
Fund balance, beginning	-	(592,552)	223,177	815,729	1,394,349	801,797	13,745,782	12,943,985
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,093,277</u>	<u>\$ 7,093,277</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,503,453</u>	<u>\$ 13,503,453</u>

Notes to the Combining Budgetary Comparison Schedule are an integral part of this schedule.



COUNTY OF SPOTSYLVANIA, VIRGINIA  
**NOTES TO COMBINING BUDGETARY COMPARISON SCHEDULE**  
 For the Year Ended June 30, 2020

*Schedule D-3*

*Page 3*

The School Board's Combining Budgetary 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 School Board's legally adopted budget reflects the debt activity as these funds are budgeted and appropriated under the component unit - School Board.

2 - The School Board's insurance fluctuation reserve account, held by a third-party administrator totaling \$8,008,230, was closed during the fiscal year with all funds remitted back to the School Board. The School Board returned the funds by transfer to the Primary Government to hold as part of the School Board's health insurance reserve.

	Budgetary Basis (Sch D-3)	Reconciling Activity			GAAP Basis (Sch D-2)
		Operating (1)	Capital Projects (1)	Transfer (2)	
<b>REVENUES</b>					
Payments from Primary Government	\$ 129,363,528	\$ (27,642,253)	\$ 28,904,696	\$ (8,008,230)	\$ 122,617,741
<b>EXPENDITURES</b>					
Debt service:					
Principal retirement	20,640,314	(20,640,314)	-	-	-
Interest and other charges	7,001,939	(7,001,939)	-	-	-
Bond issuance costs	203,268	(35,654)	(167,614)	-	-
Other financing sources (uses):					
Issuance of bonds	24,475,000	-	(24,475,000)	-	-
Premium on bonds issued	4,597,310	-	(4,597,310)	-	-
Refunding bonds issued	5,206,994	(5,206,994)	-	-	-
Premium on refunding bonds issued	877,818	(877,818)	-	-	-
Payment to escrow for refunded bonds	(6,049,158)	6,049,158	-	-	-
Payments to Primary Government	(8,008,230)	-	-	8,008,230	-

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COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF NET POSITION - INTERNAL SERVICE FUND - SCHOOL BOARD  
June 30, 2020

Schedule E-1

	Fleet Services Fund
<b>ASSETS</b>	
Current assets:	
Cash and investments - pooled equity	\$ 213,678
Receivables, net	2,250
Inventory	403,137
Total current assets	<u>619,065</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	94,400
Depreciable assets	8,439,688
Total noncurrent assets	<u>8,534,088</u>
Total assets	<u>\$ 9,153,153</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension contributions	\$ 42,647
Pension actuarial differences	41,548
OPEB contributions	29,214
OPEB actuarial differences	164,800
Total deferred outflows of resources	<u>\$ 278,209</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 34,746
Accrued salaries and benefits	10,481
Current portion of insurance claims payable	31,771
Current portion of compensated absences	3,934
Total current liabilities	<u>80,932</u>
Noncurrent liabilities:	
Noncurrent portion of compensated absences	152,795
Net pension liability	56,540
OPEB benefits	1,397,900
Total noncurrent liabilities	<u>1,607,235</u>
Total liabilities	<u>\$ 1,688,167</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension actuarial differences	\$ 31,597
OPEB actuarial differences	223,644
Total deferred inflows of resources	<u>\$ 255,241</u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 8,534,088
Unrestricted	(1,046,134)
Total net position	<u>\$ 7,487,954</u>

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

For the Year Ended June 30, 2020

*Schedule E-2*

	Fleet Services Fund
OPERATING REVENUES	
Charges for services	\$ 2,346,101
OPERATING EXPENSES	
Personnel	\$ 1,057,412
Fringe benefits	455,568
Contractual services	149,259
Materials and supplies	830,759
Depreciation	364,204
Other services and charges	78,592
Total operating expenses	<u>\$ 2,935,794</u>
Operating loss	<u>\$ (589,693)</u>
Change in net position	<u>\$ (589,693)</u>
Net position, beginning	<u>8,077,647</u>
Net position, ending	<u><u>\$ 7,487,954</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND - SCHOOL BOARD

For the Year Ended June 30, 2020

Schedule E-3

	Fleet Services Fund
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,332,339
Receipts from external customers	6,148
Receipts from miscellaneous revenue	7,510
Payments to suppliers and service providers	(1,063,217)
Payments to employees for salaries and benefits	(1,428,000)
Net cash used in operating activities	<u>(145,220)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(16,215)</u>
Net cash used in capital and related financing activities	<u>(16,215)</u>
Net decrease in cash and cash equivalents	(161,435)
Cash and cash equivalents:	
Beginning	<u>375,113</u>
Ending	<u><u>\$ 213,678</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (589,693)
Depreciation expense	364,204
Effect of changes in assets and liabilities	
Receivables	(104)
Inventory	(7,279)
Accounts payable	2,673
Employment related benefits	84,979
Net cash used in operating activities	<u><u>\$ (145,220)</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - SCHOOL BOARD

June 30, 2020

*Schedule F-1*

	<u>OPEB Trust Fund</u>
<b>ASSETS</b>	
Investments:	
Common Trust Funds	<u>\$ 4,179,345</u>
Total assets	<u>\$ 4,179,345</u>
 <b>NET POSITION</b>	
Net position restricted for postemployment benefits other than pensions	<u>\$ 4,179,345</u>
Total net position	<u><u>\$ 4,179,345</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

- SCHOOL BOARD

For the Year Ended June 30, 2020

Schedule F-2

	<u>OPEB Trust Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Employer contributions	<u>\$ 4,480,695</u>
Investment income:	
Interest	1,561
Net increase in the fair value of investments	122,553
Less investment expense	<u>(500)</u>
Net investment income	<u>123,614</u>
Total additions	<u>\$ 4,604,309</u>
<b>DEDUCTIONS</b>	
Benefit payments	\$ 4,480,695
Administrative fees	<u>4,512</u>
Total deductions	<u>\$ 4,485,207</u>
Net increase in net position	\$ 119,102
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	<u>4,060,243</u>
Net position, ending	<u><u>\$ 4,179,345</u></u>



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## ***DISCRETELY PRESENTED COMPONENT UNIT***

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The Spotsylvania Economic Development Authority has been included as a component unit of the County. The County appoints members to the Board, approves the EDA's budget and provides significant funding.

### ***Governmental funds:***

The *EDA fund*, is used to account for economic development activities of the County.

COUNTY OF SPOTSYLVANIA, VIRGINIA  
BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT -  
ECONOMIC DEVELOPMENT AUTHORITY  
June 30, 2020

*Schedule G-1*

ASSETS

Cash and investments - pooled equity	\$ 351,946
Land held for investment	<u>1,192,100</u>
Total assets	<u>\$ 1,544,046</u>

LIABILITIES

Accounts payable	\$ 42,505
Accrued expenses	<u>11,292</u>
Total liabilities	<u>\$ 53,797</u>

FUND BALANCE

Nonspendable - land held for investment	\$ 1,192,100
Unassigned	<u>298,149</u>
Total fund balance	<u>\$ 1,490,249</u>
Total liabilities and fund balance	<u>\$ 1,544,046</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
DISCRETELY PRESENTED COMPONENT UNIT - ECONOMIC DEVELOPMENT  
AUTHORITY

For the Year Ended June 30, 2020

*Schedule G-2*

REVENUES

Administrative fees	\$ 331,648
Interest	4,351
Change in fair value of land	16,626
Payments from Primary Government	<u>1,218,611</u>
Total revenues	<u>\$ 1,571,236</u>

EXPENDITURES

Community development:

Initiative program	\$ 1,218,611
Legal services	36,050
EDA member stipends	<u>1,800</u>
Total expenditures	<u>\$ 1,256,461</u>

Excess of revenues over expenditures	<u>\$ 314,775</u>
--------------------------------------	-------------------

Net change in fund balances	\$ 314,775
Fund balance, beginning	<u>1,175,474</u>
Fund balance, ending	<u><u>\$ 1,490,249</u></u>

## ***PART III: STATISTICAL SECTION***

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## 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
<b>Financial Trends Information</b> 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
<b>Revenue Capacity Information</b> 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
<b>Debt Capacity Information</b> 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
<b>Demographic and Economic Information</b> 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
<b>Operating Information</b> 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Governmental activities</b>										
Net investment in capital assets	\$ 11.6	\$ 18.3	\$ 22.6	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3	\$ 86.9
Restricted	19.3	19.7	21.0	1.4	9.5	10.9	8.8	9.5	11.4	6.8
Unrestricted (deficit)	<u>(167.2)</u>	<u>(147.0)</u>	<u>(137.6)</u>	<u>(135.9)</u>	<u>(143.3)</u>	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>	<u>(190.0)</u>
Total governmental activities net position	<u>\$ (136.3)</u>	<u>\$ (109.0)</u>	<u>\$ (94.0)</u>	<u>\$ (76.8)</u>	<u>\$ (73.0)</u>	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>	<u>\$ (96.3)</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 170.5	\$ 166.1	\$ 164.7	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7	\$ 207.6
Restricted	34.1	19.4	15.7	6.1	6.1	0.9	2.7	2.8	2.9	3.6
Unrestricted (deficit)	<u>34.8</u>	<u>54.7</u>	<u>57.9</u>	<u>77.6</u>	<u>61.9</u>	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>	<u>84.9</u>
Total business-type activities net position	<u>\$ 239.4</u>	<u>\$ 240.2</u>	<u>\$ 238.3</u>	<u>\$ 241.3</u>	<u>\$ 245.0</u>	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>	<u>\$ 296.1</u>
<b>Primary Government</b>										
Net investment in capital assets	\$ 182.2	\$ 184.4	\$ 187.3	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0	\$ 294.5
Restricted	53.4	39.1	36.7	7.5	15.6	11.8	11.5	12.3	14.3	10.4
Unrestricted (deficit)	<u>(132.4)</u>	<u>(92.3)</u>	<u>(79.7)</u>	<u>(58.3)</u>	<u>(81.4)</u>	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>	<u>(105.1)</u>
Total Primary Government net position	<u>\$ 103.2</u>	<u>\$ 131.2</u>	<u>\$ 144.3</u>	<u>\$ 164.5</u>	<u>\$ 172.0</u>	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>	<u>\$ 199.8</u>
<b>Component unit - School Board (1)</b>										
Net investment in capital assets	\$ 328.3	\$ 330.6	\$ 322.6	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7	\$ 342.6
Restricted	4.8	3.8	0.7	4.0	5.6	4.8	0.7	4.3	1.4	7.4
Unrestricted (deficit)	<u>(44.0)</u>	<u>(66.0)</u>	<u>(71.5)</u>	<u>(78.5)</u>	<u>(304.3)</u>	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>	<u>(493.1)</u>
Total Component unit - School Board net position	<u>\$ 289.1</u>	<u>\$ 268.4</u>	<u>\$ 251.8</u>	<u>\$ 241.0</u>	<u>\$ 8.2</u>	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>	<u>\$ (143.1)</u>

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
Page 1

(Amounts in millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
General government	\$ 11.7	\$ 10.9	\$ 13.4	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0	\$ 18.8
Judicial administration	7.3	7.3	5.7	8.4	9.1	8.7	9.1	9.1	6.6	10.0
Public safety	41.0	43.4	49.1	48.2	47.3	49.0	56.9	60.8	49.3	72.5
Public works	8.8	9.5	9.2	12.6	10.5	12.3	10.0	11.9	9.2	10.3
Health and welfare	17.5	17.5	17.7	18.5	18.1	19.8	21.3	24.1	24.3	26.4
Education	85.8	88.6	92.9	102.7	102.1	114.7	120.5	124.4	124.6	122.8
Parks, recreation & cultural	7.9	7.9	8.1	8.0	8.0	7.9	8.2	8.4	8.1	8.7
Community development	12.9	14.6	19.4	8.3	14.6	18.8	12.2	13.3	19.0	11.9
Interest on long-term debt	15.2	14.2	12.6	11.7	10.6	10.4	10.1	9.9	10.0	9.4
Total governmental activities expenses	<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>	<u>\$ 267.1</u>	<u>\$ 290.8</u>
Business-type activities										
Water and sewer	<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>	<u>\$ 34.2</u>	<u>\$ 38.9</u>
Total business-type activities expenses	<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>	<u>\$ 34.2</u>	<u>\$ 38.9</u>
Total Primary Government expenses	<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>	<u>\$ 301.3</u>	<u>\$ 329.7</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	1.2	1.1	1.0	0.8	0.9	0.7	0.9	0.8	0.8	0.7
Public safety	4.4	4.4	5.8	5.9	6.6	7.5	7.5	7.9	8.8	9.2
Public works	0.7	0.8	1.3	1.9	2.4	2.5	2.7	3.0	3.2	2.6
Other	1.4	1.6	1.7	1.8	1.7	1.5	1.6	1.6	1.6	1.1
Operating grants & contributions	15.2	15.7	14.1	16.2	17.8	19.3	20.5	22.5	24.8	34.9
Capital grant & contributions	4.7	9.3	9.9	3.8	3.5	4.2	2.8	2.8	2.4	3.3
Total governmental activities program revenues	<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>	<u>\$ 41.9</u>	<u>\$ 52.1</u>



COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
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(Amounts in millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Business-type activities</b>										
Charges for services										
Water and sewer	\$ 25.3	\$ 25.7	\$ 27.7	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2	\$ 36.8
Operating grants & contributions	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6
Capital grants & contributions	2.8	7.0	4.4	6.3	8.2	8.1	9.5	11.3	10.3	20.5
Total business-type program revenues	\$ 28.1	\$ 33.2	\$ 32.6	\$ 35.2	\$ 39.0	\$ 40.4	\$ 42.5	\$ 45.2	\$ 45.0	\$ 57.9
Total Primary Government program revenues	\$ 53.5	\$ 66.4	\$ 66.7	\$ 66.9	\$ 72.2	\$ 76.4	\$ 78.8	\$ 84.1	\$ 86.9	\$ 110.0
<b>Net expense</b>										
Governmental activities	\$ (180.2)	\$ (180.8)	\$ (194.0)	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)	\$ (238.6)
Business-type activities	5.4	0.7	(0.6)	2.2	5.4	7.1	8.7	8.8	10.8	19.0
Total Primary Government net expenses	\$ (174.8)	\$ (180.1)	\$ (194.6)	\$ (199.5)	\$ (196.0)	\$ (213.8)	\$ (220.6)	\$ (231.6)	\$ (214.4)	\$ (219.6)
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Property taxes	\$ 145.3	\$ 146.2	\$ 147.9	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8	\$ 186.1
Other taxes	42.9	45.5	47.3	51.7	48.2	48.1	45.6	47.2	49.7	53.0
Grants and contributions not restricted	15.3	15.3	15.4	15.6	15.4	15.6	20.2	20.1	19.8	19.8
Interest and investment earnings	0.8	0.3	-	0.5	0.5	1.2	0.6	1.1	4.1	4.0
Gain on sale of property	0.4	-	-	-	-	-	-	-	-	-
Miscellaneous	0.5	0.5	0.2	0.1	0.2	0.2	0.3	0.3	0.4	0.6
Transfers	-	0.3	-	(0.4)	(0.2)	0.2	(0.1)	0.6	0.3	-
Special item	-	-	-	-	0.6	(2.0)	-	-	-	-
Total governmental activities	\$ 205.2	\$ 208.1	\$ 210.8	\$ 218.9	\$ 219.5	\$ 225.1	\$ 233.4	\$ 241.4	\$ 254.1	\$ 263.5
Business-type activities										
Interest and investment earnings	0.9	0.4	0.3	0.4	0.3	0.8	0.3	0.5	2.7	3.0
Miscellaneous	0.5	-	-	-	-	0.1	0.2	0.3	0.2	0.1
Transfers	-	0.3	-	0.4	0.2	(0.2)	0.1	(0.6)	(0.3)	-
Total business-type activities	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.8	\$ 0.5	\$ 0.7	\$ 0.6	\$ 0.2	\$ 2.6	\$ 3.1
Total Primary Government	\$ 206.6	\$ 208.8	\$ 211.1	\$ 219.7	\$ 220.0	\$ 225.8	\$ 234.0	\$ 241.6	\$ 256.7	\$ 266.6
<b>Change in net position</b>										
Governmental activities	\$ 25.0	\$ 27.3	\$ 16.8	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9	\$ 24.9
Business-type activities	4.0	0.8	(0.3)	3.0	5.9	7.8	9.3	8.9	13.4	22.0
Total Primary Government	\$ 29.0	\$ 28.1	\$ 16.5	\$ 20.2	\$ 24.0	\$ 12.0	\$ 13.4	\$ 10.0	\$ 42.3	\$ 46.9

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
Page 3

(Amounts in millions)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Component unit - School Board (1)										
Expenses										
Education	\$ 243.1	\$ 244.9	\$ 261.5	\$ 257.7	\$ 264.6	\$ 281.6	\$ 288.4	\$ 273.0	\$ 276.0	\$ 304.5
Program revenues										
Charges for services	\$ 7.6	\$ 7.8	\$ 7.7	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1	\$ 6.3
Operating grants & contributions	128.9	127.3	138.2	135.3	141.0	143.7	145.8	152.2	159.2	166.6
Capital grants & contributions	-	-	0.2	0.6	0.3	0.9	0.9	1.5	0.1	-
Total Component unit - School Board program revenue	136.5	135.1	146.1	144.1	149.2	153.1	155.2	163.0	167.4	172.9
Total Component unit - School Board net expense	\$ (106.6)	\$ (109.8)	\$ (115.4)	\$ (113.6)	\$ (115.4)	\$ (128.5)	\$ (133.2)	\$ (110.0)	\$ (108.6)	\$ (131.6)
General revenues and other changes in net position										
Payments from Primary Government	\$ 85.8	\$ 88.4	\$ 92.7	\$ 102.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4	\$ 122.6
Interest and investment earnings	-	-	-	-	-	0.1	0.1	0.3	0.4	0.5
Miscellaneous	0.6	0.8	0.9	0.3	0.3	0.5	0.2	0.1	0.1	0.1
Total general revenues and transfers	\$ 86.4	\$ 89.2	\$ 93.6	\$ 102.8	\$ 102.0	\$ 115.1	\$ 120.6	\$ 124.5	\$ 124.9	\$ 123.2
Total Component unit - School Board change in net position	\$ (20.2)	\$ (20.6)	\$ (21.8)	\$ (10.8)	\$ (13.4)	\$ (13.4)	\$ (12.6)	\$ 14.5	\$ 16.3	\$ (8.4)

(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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Fund:										
Restricted	0.2	1.5	1.5	1.6	2.1	2.7	2.7	2.7	3.1	2.7
Committed (1)	1.2	10.5	4.8	2.6	3.0	48.9	52.0	54.5	58.2	58.4
Assigned (1)	16.0	8.6	9.3	9.9	15.7	16.7	9.1	19.6	26.8	48.0
Unassigned	37.5	41.6	39.8	43.0	46.6	5.4	15.1	12.1	9.3	11.6
Total General Fund	<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>	<u>\$ 97.4</u>	<u>\$ 120.7</u>
All other governmental funds:										
Restricted	19.2	19.7	25.2	35.4	34.8	34.2	34.1	30.3	24.2	19.1
Committed	10.2	7.4	14.2	16.3	22.4	27.3	27.8	29.6	35.1	38.7
Assigned	0.8	0.7	0.5	2.8	3.4	2.1	2.2	3.3	5.7	9.2
Unassigned	(1.5)	0.1	-	-	-	-	-	-	-	-
Total all other governmental funds	<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>	<u>\$ 65.0</u>	<u>\$ 67.0</u>

(1) Effective for fiscal year 2016, the Board of Supervisors amended the County's 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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b>Revenues</b>										
General property taxes	\$ 144.9	\$ 147.2	\$ 147.8	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2	\$ 186.1
Other local taxes	42.1	45.6	47.2	51.7	48.3	48.1	45.6	47.2	49.7	52.6
Permits, privilege fees and regulatory licenses	2.3	2.4	2.7	2.7	3.2	4.3	3.8	4.8	5.2	5.5
Fines and forfeitures	0.9	0.8	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.4
Revenues from use of money and property	1.5	1.1	0.7	1.1	1.2	1.9	1.5	2.0	4.9	4.9
Charges for services	4.6	5.5	6.4	7.1	7.6	7.0	7.8	7.9	8.7	7.9
Miscellaneous	0.5	0.6	0.7	0.9	0.5	1.2	0.9	1.8	2.2	2.7
Intergovernmental	33.9	31.6	41.2	37.9	39.0	38.4	40.4	44.3	45.4	53.5
Total revenues	<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>	<u>\$ 294.8</u>	<u>\$ 313.6</u>
<b>Expenditures</b>										
General government	\$ 9.9	\$ 10.6	\$ 11.6	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3	\$ 14.0
Judicial administration	5.8	6.2	6.4	6.8	7.0	7.3	7.0	7.5	7.7	7.9
Public safety	37.0	39.4	44.4	44.3	43.9	45.8	48.1	51.7	56.0	61.3
Public works	7.2	8.0	8.3	8.7	8.5	8.5	7.9	8.2	8.4	8.3
Health and welfare	17.3	17.2	17.3	18.0	18.0	19.6	20.7	23.8	26.5	25.7
Education (2)	85.8	84.5	92.9	102.7	101.9	114.7	120.5	124.4	124.6	122.8
Parks, recreation and cultural	6.8	6.8	6.8	6.8	6.8	6.8	7.1	7.5	8.0	7.3
Community development	2.9	4.3	7.7	5.3	6.3	8.4	7.3	7.6	8.2	7.9
Non-departmental	0.5	0.5	0.5	0.7	1.0	1.1	1.2	1.2	2.0	1.5
Capital projects	43.2	27.0	16.2	14.0	21.0	27.5	23.5	17.2	28.3	21.7
Debt service:										
Principal (1)	26.0	27.1	26.8	25.2	23.2	25.4	27.8	28.4	27.6	31.2
Interest (1)	15.6	14.7	13.5	12.6	11.6	11.2	11.8	11.5	11.7	11.5
Bond issuance costs	0.1	(0.5)	0.9	0.2	0.9	0.3	0.3	0.2	0.3	0.3
Total expenditures	<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>	<u>\$ 322.6</u>	<u>\$ 321.4</u>
<b>Other financing sources (uses)</b>										
Issuance of debt (1)	\$ 19.8	\$ 11.5	\$ 10.7	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7	\$ 34.6
Refunding bond proceeds	-	17.7	44.2	11.7	81.6	16.5	-	-	-	26.5
Payment to escrow for refunded debt	-	(6.0)	(43.5)	(11.6)	(80.8)	(16.4)	-	-	-	(26.4)
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)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Continued from page 1										
Transfers in(out), net	-	0.3	-	-	(0.2)	0.2	(0.1)	0.6	0.3	-
Total other financing sources, net	\$ 27.1	\$ 16.2	\$ 11.4	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0	\$ 34.8
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (0.3)	\$ (5.2)	\$ (5.4)	\$ (16.3)	\$ 16.4	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2	\$ 26.9
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 41.6	\$ 42.2	\$ 40.3	\$ 37.7	\$ 35.7	\$ 36.9	\$ 39.9	\$ 40.1	\$ 39.6	\$ 43.0
Total expenditures	258.1	246.8	253.3	256.8	261.9	288.2	296.0	301.8	322.6	321.4
Capital outlay Primary Government only (2)	34.0	15.1	6.0	11.1	11.9	16.6	15.7	9.5	14.0	16.9
Non-capital expenditures	224.1	231.7	247.3	245.7	250.0	271.6	280.3	292.3	308.6	304.5
Debt service as a percentage of non-capital expenditures: (Primary Government only)	18.6%	18.2%	16.3%	15.3%	14.3%	13.6%	14.2%	13.7%	12.8%	14.1%
Component unit - School Board:										
School expenditures excluding County contribution	139.0	136.5	147.7	135.5	144.7	152.8	159.1	156.0	176.7	174.4
Capital outlay component unit - School Board only (2)	4.1	7.4	6.4	7.6	5.6	9.1	19.8	23.9	37.6	20.7
Non-capital expenditures	134.9	129.1	141.3	127.9	139.1	143.7	139.3	132.1	139.1	153.7
Total Reporting Entity (1):										
Total debt service	41.6	42.2	40.3	37.7	35.7	36.9	39.9	40.1	39.6	43.0
Total non-capital expenditures	\$ 359.0	\$ 360.8	\$ 388.6	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7	\$ 458.2
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	11.6%	11.7%	10.4%	10.1%	9.2%	8.9%	9.5%	9.4%	8.8%	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	Other Taxes	
2020	\$ 184,127,074	\$ 20,731,314	\$ 2,624,828	\$ 23,606,936	\$ 231,090,152
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
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
% Change 2020/2019	4.4%	9.5%	(3.9)%	4.6%	4.7%
% Change 2020/2011	29.2%	43.5%	6.6%	32.4%	30.4%
Category % of Total Taxes	79.7%	9.0%	1.1%	10.2%	100.0%

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

## 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	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)(3)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
2020	\$ 186,098,542	\$52,570,914	\$ 5,545,355	\$ 356,918	\$ 5,281,748	\$13,651,154	\$ 3,216,692	\$ 220,901,621	\$487,622,944
2019	178,186,133	49,731,885	5,166,301	549,846	5,259,056	16,245,358	2,494,332	204,969,764	462,602,675
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
% Change 2020/2019	4.4%	5.7%	7.3%	(35.1)%	0.4%	(16.0)%	29.0%	7.8%	5.4%
% Change 2020/2011	28.4%	41.6%	150.9%	(61.8)%	245.5%	15.5%	188.9%	31.7%	32.7%

(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 \$122,617,741.

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

(3) Excludes revenues attributable to the LOSAP Trust of \$62,551

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
2020	\$ 17,043,131	\$ 11,232	\$ 1,862,180	\$ 28,398	\$ 21,881	\$ 413,003	\$ 19,379,825	\$ 1.05
2019	15,648,765	9,261	1,811,151	27,679	21,409	416,736	17,935,001	1.09
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
% Change 2020/2019	8.9%	21.3%	2.8%	2.6%	2.2%	(0.9)%	8.1%	
% Change 2020/2011	33.3%	(13.0)%	24.5%	41.1%	75.8%	44.7%	32.6%	
Category % of Total AV, CY 2020	87.9%	0.1%	9.6%	0.1%	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  
**Property Tax Rates per \$100 of Assessed Value**  
 Last Ten Fiscal Years

TABLE S-8

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2020	\$ 0.8094	\$ 6.55	\$ 5.95	\$ 2.50	\$ 2.00
2019	0.8474	6.55	5.95	2.50	2.00
2018	0.8330	6.55	5.95	2.50	2.00
2017	0.8500	6.55	5.95	2.50	2.00
2016	0.8500	6.55	5.95	2.50	2.00
2015	0.8600	6.76	5.95	2.50	2.00
2014	0.8600	6.78	5.95	2.50	2.00
2013	0.8800	6.37	5.95	2.50	2.00
2012	0.8800	6.37	5.95	2.50	2.00
2011	0.8600	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.

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 2019			Calendar Year 2010		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Spotsylvania Towne Centre	\$ 185,226	1	1.12%	\$ 155,030	1	1.15%
Dominion Virginia Power	175,587	2	1.03%	92,775	2	0.69%
Lidl US Operations	111,030	3	0.69%	--		--
Spotsylvania Regional Medical Ctr	79,571	4	0.48%	--		--
Rappahannock Electric Cooperative	78,404	5	0.47%	81,972	3	0.61%
Columbia Gas of VA	50,525	6	0.31%	26,141	9	0.19%
Verizon VA	40,583	7	0.25%	53,641	4	0.40%
Walton Virginia, LLC	37,987	8	0.23%	--		--
Comcast	8,909	9	0.05%	3,489	10	0.03%
CVS VA Distribution	6,232	10	0.04%	--		--
Southpoint II LLC	--		--	49,722	5	0.37%
NTS/Virginia Development	--		--	48,632	6	0.36%
GLL BUK Prop LP	--		--	40,381	7	0.30%
Lee Property Harrison Crossing	--		--	32,239	8	0.24%
	<u>\$ 774,054</u>		<u>4.67%</u>	<u>\$ 584,022</u>		<u>4.34%</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	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)
2020	\$ 179,047	\$ 167,880	93.76%	\$ -	\$ 167,880	93.76%
2019	172,191	161,306	93.68%	6,438	167,744	97.42%
2018	163,834	155,695	95.03%	6,183	161,878	98.81%
2017	158,338	151,128	95.45%	6,459	157,587	99.53%
2016	153,017	145,122	94.84%	7,060	152,182	99.45%
2015	148,424	141,151	95.10%	7,273	148,424	100.00%
2014	145,801	137,564	94.35%	7,217	144,781	99.30%
2013	141,159	134,557	95.32%	6,587	141,144	99.99%
2012	141,372	132,979	94.06%	6,931	139,910	98.97%
2011	137,978	130,423	94.52%	7,003	137,426	99.60%

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

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
	Virginia Public									
	General Obligation Bonds	School Authority Bonds	Public Improvement Bonds	Capital Leases	State Literary Fund Loans	Revenue Bonds				
2020	\$ 233,250	\$ 6,369	\$ 59,890	\$ -	\$ -	\$ 124,742	\$ 424,251	1.64%	\$ 3.09	
2019	224,319	9,153	65,392	-	-	113,988	412,852	1.68%	3.03	
2018	207,123	13,295	70,691	-	-	120,172	411,281	1.65%	3.07	
2017	197,720	18,336	76,081	-	-	126,147	418,284	1.55%	3.15	
2016	184,864	23,701	81,364	-	-	131,894	421,823	1.48%	3.21	
2015	166,632	29,107	86,503	-	-	136,685	418,927	1.44%	3.22	
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.35%	3.31	
2013	159,200	39,385	82,574	-	-	140,390	421,549	1.32%	3.31	
2012	158,787	45,060	87,236	-	7,263	144,258	442,604	1.26%	3.52	
2011	163,511	51,331	80,475	7,253	7,924	147,855	458,349	1.17%	3.68	

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	Public Improvement Bonds			
2020	\$ 233,250	\$ 6,369	\$ 59,890	\$ 299,509	1.55%	\$ 2.18
2019	224,319	9,153	65,392	298,864	1.67%	2.19
2018	207,123	13,295	70,691	291,109	1.66%	2.17
2017	197,720	18,336	76,081	292,137	1.78%	2.20
2016	184,864	23,701	81,364	289,929	1.81%	2.21
2015	166,632	29,107	86,503	282,242	1.87%	2.17
2014	165,705	34,621	84,288	284,614	1.91%	2.21
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

(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  
 Revenue Bond Coverage - Water and Sewer Revenue Bonds  
 Last Ten Fiscal Years

TABLE S-12

(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	
2020	\$ 51,008	\$ 19,883	\$ 31,125	\$ 5,025	\$ 4,638	\$ 9,663	3.22
2019	44,285	19,049	25,236	5,680	4,471	10,151	2.49
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

(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)
2020	137,200	\$ 6,968,418	\$ 50,790	23,935	8.1%
2019	136,215	6,918,390	50,790	23,674	3.1%
2018	134,011	6,806,448	50,790	23,814	3.2%
2017	132,739	6,472,198	48,759	23,592	3.8%
2016	131,252	6,232,417	47,484	23,678	4.3%
2015	129,948	6,035,568	46,446	23,817	4.8%
2014	128,804	5,769,970	44,797	23,773	5.5%
2013	127,392	5,564,650	43,681	23,725	6.2%
2012	125,827	5,556,231	44,158	23,775	6.5%
2011	124,537	5,369,345	43,114	23,868	7.0%

- (1) Estimated for July 1 of each year  
2011 - 2019 U.S. Bureau of the Census  
2020 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 2011 - 2018 (the last year available). Per Capita Personal Income for 2019 and 2020 is assumed to be equal to 2018, the last year for which personal income data is available. Personal Income amounts for 2019 and 2020 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 2020			FY 2011		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	9.0%	Over 1,000	1	10.2%
County of Spotsylvania	Over 1,000	2	3.2%	500 to 999	2	2.9%
HCA Virginia Health System	500 to 999	3	2.1%	250 to 499	5	1.2%
Wal Mart	250 to 499	4	1.0%	500 to 999	3	2.5%
CVS, Inc.	250 to 499	5	1.0%	500 to 999	4	2.5%
Lidl US Operations	250 to 499	6	1.0%	--		
Alorica, Inc.	250 to 499	7	1.0%	--		
Germanna Community College	250 to 499	8	1.0%	250 to 499	8	1.2%
United Parcel Service	250 to 499	9	1.0%	--		
Weis Markets (previously Food Lion)	250 to 499	10	1.0%	250 to 499	6	1.2%
Giant Food	--			250 to 499	7	1.2%
A T Solutions, Inc.	--			250 to 499	9	1.2%
Carmax	--			100 to 249	10	0.6%
Total employment	35,999			30,072		

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



COUNTY OF SPOTSYLVANIA, VIRGINIA  
Full-Time County Government Employees by Function  
Last Ten Fiscal Years

TABLE S-15

Function/Program	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities:										
General government	116	123	122	124	128	127	132	137	140	140
Judicial administration	35	38	38	38	38	38	40	41	41	42
Public safety	381	386	401	425	438	452	470	497	536	540
Public works	49	47	48	48	49	50	50	50	54	53
Health and welfare	77	82	83	83	85	85	88	93	103	110
Parks, recreation & cultural	24	23	23	23	23	23	23	23	24	25
Community development	22	37	38	36	36	36	36	35	39	41
Total governmental activities	704	736	753	777	797	811	839	876	937	951
Business-type activities:										
Water and sewer	113	113	114	115	117	118	119	120	122	122
Total business-type activities	113	113	114	115	117	118	119	120	122	122
Total full-time employees	817	849	867	892	914	929	958	996	1,059	1,073

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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	59,248	59,682	59,803	60,459	60,765	61,040	61,624	62,107	62,557	63,314
Percentage of fair market value (2)	94.70%	90.20%	82.70%	89.50%	85.40%	92.00%	83.30%	91.40%	86.80%	n/a
Treasurer										
Real estate tax bills generated	127,740	127,923	132,219	135,270	131,710	130,725	131,269	132,330	133,304	133,941
Personal property tax bills generated (1)	248,054	268,067	293,817	298,844	305,300	306,102	305,378	316,851	311,119	310,526
Registrar										
Number of registered voters	77,350	79,900	81,922	82,355	83,220	84,754	86,200	88,465	90,920	94,799
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	21,458	25,702	28,618	20,024	22,080	23,086	23,149	20,880	18,344	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,792	1,666	1,400	1,280	1,319	1,387	1,435	1,187	1,085	n/a
Number of circuit court cases (1)	2,157	1,998	2,278	1,962	2,076	2,694	3,352	3,113	2,923	n/a
Number of General District Court cases (1)	10,700	9,974	8,667	8,028	8,245	8,804	8,444	8,079	7,588	n/a
Number of Juvenile & Domestic Relations Court cases (1)	3,267	3,018	3,062	2,817	2,873	2,381	2,552	2,457	2,505	n/a
Public safety										
Sheriff										
Calls for service	153,069	150,598	144,996	129,761	116,336	122,067	121,102	124,105	118,984	120,087
Calls for service per road deputy	2,430	2,091	2,013	1,802	1,615	1,695	1,681	1,477	1,416	1,412
Civil process papers served	60,512	49,999	38,281	43,224	42,149	43,441	40,817	44,490	40,428	40,308
Warrants served	12,280	11,019	11,055	9,986	10,714	10,917	11,146	11,151	10,780	10,703
Emergency Communications										
Total calls received	202,674	203,414	188,361	184,615	179,219	183,563	185,097	187,792	194,092	190,168
911 calls received	50,008	52,816	47,832	49,189	45,984	44,244	46,325	47,338	48,652	49,642
Fire, Rescue and Emergency Management										
Calls for service	15,458	15,622	16,974	15,355	16,219	16,526	17,525	18,500	18,836	18,757
Animal Control										
Calls for service (all types)	8,517	8,387	8,212	8,386	8,084	8,803	8,925	9,453	12,246	11,543
Public works										
Refuse Disposal										
Solid waste - tons (1)	41,518	40,064	73,737	108,500	132,524	125,935	127,916	135,022	154,303	132,267
Recycling										
Recycled materials - tons	20,960	22,758	23,360	26,446	20,000	21,000	20,000	22,578	24,667	23,921
Sludge composted - tons	14,492	15,580	18,828	22,924	19,945	19,596	20,280	15,703	17,693	17,333

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

TABLE S-16  
Page 2

Function/Program	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Health and welfare										
Social Services										
SNAP applications	3,628	4,250	4,530	4,709	4,658	4,319	4,038	4,037	4,240	4,737
Medicaid applications	2,250	3,766	3,960	4,786	4,833	4,033	4,025	5,233	6,460	6,568
Medicaid (avg monthly ongoing caseload)	8,295	8,612	6,760	6,869	7,651	8,298	8,287	9,266	10,546	12,825
Foster care children (avg monthly county)	121	97	90	82	78	88	97	141	157	133
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,669	7,540	7,293	7,024	7,037	6,466	6,607	6,744	6,458	5,911
Special interest/leisure participants	11,426	11,555	11,120	10,671	11,540	14,217	15,613	17,408	18,131	18,988
Park visitors	1,151,800	1,284,500	1,312,800	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600	1,208,700	948,918
Community development										
Planning										
Final platted lots approved (1)	441	110	278	236	252	550	499	400	677	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 33,787	\$ 31,014	\$ 31,995	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	\$ 33,787	\$ 41,236	n/a
Tourism										
Tourists visiting area (1)	624,786	736,492	799,887	849,000	935,538	1,673,261	1,799,951	1,707,438	1,744,349	n/a
Extension Office (3)										
Requests for educational information	6,486	7,043	3,694	2,462	10,392	15,970	20,119	21,439	16,426	16,549
Individuals participating in programs	13,946	15,196	13,494	9,672	18,125	19,874	9,498	9,932	16,699	22,076
Other funds										
Code Compliance										
Community development permits issued	3,009	2,852	3,068	3,111	2,996	3,628	3,773	4,040	4,069	3,609
Building inspections	12,786	11,851	13,442	14,682	15,672	16,731	19,541	21,884	22,554	24,589
Utilities										
Average daily water consumption (mgd)	7.21	6.77	6.81	7.14	6.78	6.98	7.10	7.19	7.33	7.47
Average effluent flows (mgd)	6.72	7.50	7.50	9.54	8.13	8.90	8.90	10.70	9.13	8.48
Water customers	28,391	28,800	28,976	29,390	29,658	30,104	30,628	31,160	31,622	32,216
Sewer customers	27,435	27,416	27,691	28,095	28,338	28,768	29,285	29,813	30,271	30,852

n/a Not available

(1) Reported on a calendar year basis.

(2) Final 2020 State sales ratio will be issued late 2021

(3) Program participants 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	205	201	201	201	201	206	220	209	202	210
Fire & Rescue:										
Stations	13	13	13	13	13	13	12	12	12	12
Response units	67	67	67	69	69	69	72	72	72	71
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	12	13	13	13	16	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	471,659	661,497	649,397	649,721	649,721	649,721	649,721	709,706	709,849	709,549
Parks, recreation and cultural										
Parks	11	11	13	13	13	13	13	13	13	13
Park acreage	482	482	536	536	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	37	37	37	37	37	37	37	37
Community centers	6	6	7	7	6	6	6	6	5	5
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)	514	517	517	536	542	553	562	563	561	567
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)	496	497	497	497	500	552	552	553	551	556
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	12,300	13,700	13,700	13,700	13,700	13,700	13,700	13,700	13,745	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Vehicles maintained	53	52	52	51	52	50	50	46	48	48
Fleet Management										
Vehicles maintained	1,227	1,197	1,074	1,057	1,070	1,061	1,075	1,090	1,059	1,066

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

TABLE S-18

Page 1

	2016	2017	2018	2019	2020
Kindergarten	1,565	1,586	1,567	1,545	1,623
Elementary (grades 1-7)	12,316	12,182	12,325	12,219	12,368
Secondary (grades 8-12)	9,437	9,424	9,521	9,478	9,482
Pre-K/Headstart (SpEd)	360	400	401	432	462
Total enrollment (1)	<u>23,678</u>	<u>23,592</u>	<u>23,814</u>	<u>23,674</u>	<u>23,935</u>
Teachers and administrators	1,932	1,948	1,958	2,001	2,032
Other employees	1,147	1,159	1,137	1,196	1,214
Total employees (2)	<u>3,079</u>	<u>3,107</u>	<u>3,095</u>	<u>3,197</u>	<u>3,246</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				
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
K	1,565	1,586	1,567	1,545	1,623	1,615	1,631	1,631	1,630	1,626
1	1,612	1,579	1,664	1,599	1,614	1,685	1,677	1,679	1,678	1,677
2	1,776	1,602	1,652	1,721	1,641	1,654	1,720	1,712	1,714	1,713
3	1,801	1,792	1,646	1,698	1,758	1,683	1,684	1,751	1,742	1,745
4	1,716	1,771	1,854	1,688	1,747	1,799	1,713	1,713	1,782	1,773
5	1,812	1,760	1,836	1,866	1,747	1,793	1,834	1,746	1,746	1,817
6	1,785	1,850	1,788	1,841	1,924	1,789	1,827	1,875	1,770	1,779
7	1,814	1,828	1,885	1,806	1,937	1,969	1,830	1,870	1,918	1,809
8	1,867	1,858	1,865	1,899	1,844	1,977	2,010	1,868	1,909	1,958
9	2,017	2,014	2,043	2,025	2,118	2,031	2,171	2,210	2,052	2,096
10	1,928	1,928	1,910	1,874	1,947	2,018	1,931	2,064	2,101	1,953
11	1,773	1,824	1,839	1,820	1,775	1,861	1,928	1,844	1,971	2,005
12	1,852	1,800	1,864	1,860	1,798	1,831	1,915	1,982	1,898	2,022
Pre-K*	360	400	401	432	462	462	462	462	462	462
Total	23,678	23,592	23,814	23,674	23,935	24,167	24,333	24,407	24,373	24,435

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	2019 - 2020 Enrollment	
<i>Elementary:</i>							
Battlefield	0.00	30.0	Acres	1974	2000	833	675
Berkeley	K-5	17.0	Acres	1961	1971, 1979, 2000, 2005	353	267
Brock Road	K-5	24.4	Acres	1992	2004	907	681
Cedar Forest	K-5	52.2	Acres	2008	-	936	725
Chancellor	K-5	12.0	Acres	1940	1948, 1961, 2000	455	459
Courthouse Road	K-5	25.0	Acres	1994	2005	907	812
Courtland (1)	K-5	-	Acres	1989	2000	789	556
Harrison Road (2)	K-5	-	Acres	2001	2006	936	812
Lee Hill	K-5	21.0	Acres	1977	1990, 1999	807	653
Livingston	K-5	15.5	Acres	1961	1971, 1992	504	393
Parkside	K-5	26.8	Acres	2001	-	936	857
Riverview	K-5	25.0	Acres	1994	2005	907	664
Robert E. Lee	K-5	14.1	Acres	1952	1977	585	512
Salem	K-5	20.0	Acres	1979	1989, 1999	815	612
Smith Station	K-5	23.0	Acres	1991	1999, 2004	986	662
Spotswood	K-5	20.0	Acres	1965	1971, 2000	641	553
Wilderness	K-5	25.0	Acres	1998	2003	936	699
							10,592
<i>Middle:</i>							
Battlefield	6-8	30.0	Acres	1978	2003	807	859
Chancellor (2)	6-8	-	Acres	1989	-	857	866
Freedom	6-8	76.7	Acres	2003	-	948	823
Ni River	6-8	75.0	Acres	1999	-	774	723
Post Oak (3)	6-8	-	Acres	2007	-	948	748
Spotsylvania	6-8	41.7	Acres	1968	1973	907	940
Thornburg	6-8	50.0	Acres	1994	-	790	746
							5,705
<i>Secondary:</i>							
Chancellor	9-12	100.0	Acres	1988	-	1,517	1,317
Courtland	9-12	100.0	Acres	1980	-	1,265	1,413
Massaponax	9-12	100.0	Acres	1998	2005	1,830	1,745
Riverbend	9-12	90.7	Acres	2004	-	1,995	1,918
Spotsylvania	9-12	100.0	Acres	1994	-	1,611	1,204
J.J. Wright Alternative	Pre K-12	20.0	Acres	1952	1962, 1982, 2008, 2009	500	41
Vocational Center (1)	-	-		1980	1993	-	n/a
							7,638

- (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

