

Spotsylvania VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR FISCAL YEAR ENDED

2015



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County of Spotsylvania, Virginia

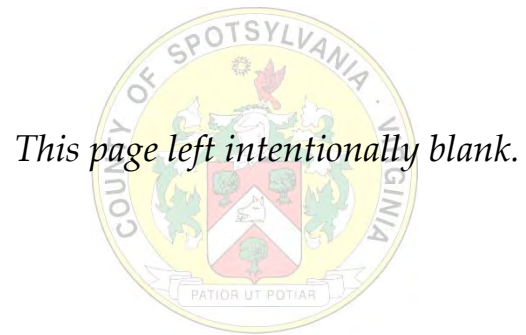
COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ending June 30, 2015

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

Published by the Accounting Division
of the Department of Finance



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PART I: INTRODUCTORY SECTION

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County of Spotsylvania

Founded 1721

Board of Supervisors
GREG CEBULA
ANN L. HEIDIG
TIMOTHY J. McLAUGHLIN
DAVID ROSS
GARY F. SKINNER
PAUL D. TRAMPE
CHRIS YAKABOUSKI



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

Service, Integrity, Pride

December 8, 2015

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, 2015. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with governmental auditing standards generally accepted in the United States of America. Due to a delay in receiving critical information from the Virginia Retirement System, to support the County's implementation of the new pension and accounting standard, we were not able to meet the State's deadline for delivery of this report. While the delivery of this report was delayed by only eight days, we regret the delay and fully anticipate that future deadlines will be met.

Management assumes full responsibility for the preparation and fair presentation of these financial statements; this includes the design, implementation, and maintenance of relevant internal controls. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The County's financial statements have been audited by Cherry Bekaert, LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unqualified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2015, which is presented on pages 15 – 17 of this report.

The management's discussion and analysis (MD&A) immediately following the independent auditor's report provides a narrative introduction, overview, and analysis of the basic financial

statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The County's annual audit must also include a single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to the single audit, including the schedule of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are provided under separate report.

SPOTSYLVANIA COUNTY AND ITS SERVICES

Located in the northeastern section of Virginia, Spotsylvania County is bordered on the north by the Rappahannock and Rapidan Rivers, on the south by the North Anna River, on the west by Orange County, and on the east by Caroline County. The City of Fredericksburg borders the County to the northeast. The County is approximately 55 miles north of Richmond and 55 miles south of Washington, D.C. Spotsylvania's unique heritage began in 1721, and was named for Alexander Spotswood, who was Royal Colonial Governor of Virginia from 1710 to 1722. Spotsylvania County's 407 square miles contain a mix of beautiful rural landscape alongside an energetic, growing community. Spotsylvania is one of Virginia's fastest-growing counties, largely because of its desirable location along Interstate 95, midway between metropolitan Washington and Richmond.



The County is governed by a Board of Supervisors, comprised of seven members, who are each elected from one of seven districts to serve four-year staggered terms. The Board appoints a County Administrator, who serves at the pleasure of the Board, to act as the Board's agent in the administration and operation of its departments and agencies. All departments report to the County Administrator except for the School Board and the Constitutional Offices - Clerk of the Circuit Court, Commissioner of Revenue, Commonwealth's Attorney, Sheriff, and Treasurer - who are elected by the citizens. In addition, the Social Services Advisory Board is appointed by the Board of Supervisors and reports directly to them. The Health Department and Court System are under the control of the Commonwealth of Virginia.

The County provides a full range of governmental services including law enforcement, fire and rescue, court services, education, health and social services, parks and recreation, solid waste disposal, and community development. The County also operates a water and sewer utility system serving over 30,000 customers, and participates in a regional jail and juvenile detention center, library, community services board, and juvenile group home. Education services are provided through the Spotsylvania County School Board, a legally separate entity, which is governed by seven members elected by district. Due to the material relationship between the School Board and the County, the School Board is included as a discretely presented component unit in this report.

LOCAL ECONOMY

The County's economy continues to be strong. Its proximity to two strong economic and employment hubs, Washington, DC and the City of Richmond, connected by rail, interstate and local highways, attributes to positive workforce and commercial development. The County's unemployment rate of 5.1%, in June of 2015, is just slightly above the statewide rate of 5.0% and continues to remain below the national rate of 5.5%. Additionally, the County's unemployment rate is competitive within the State itself, as the 49th lowest in the State (out of 133 counties & cities) reported by the Virginia Employment Commission in September of 2015.

Wealth and income levels continue to remain above state average and at 148.0% of the U.S. average, and per capita income levels are 11% higher than the national average. While a majority of residents commute outside of the County for work, local employment continues to grow with 195 new startup firms established in the County, an overall 7.0% increase. Retail sales continue to grow above pre-recession levels with a 5.6% increase in calendar year 2014 compared to the State increase of 3.5%. Going into the next year, the County is projecting growth of 4.0% in retail spending to reflect both population growth and new retail sites.

As property taxes are the single highest revenue source to the County, the health of the real estate market is critical to its ability to provide vital service needs to the community. Although fiscal year 2015 did not represent a reassessment year, real property tax revenues reflected a 1.4% increase from new construction. In addition, non-business personal property, the County's second largest revenue stream, reported a strong 4.2% increase in taxable property values. These increases combined with strong sales tax revenues continue to support a growing consumer confidence in the County.

Local Industry

Combined with local economic incentives, a skilled workforce and available undeveloped property, local industry continues to expand and diversify in County targeted industries of healthcare, manufacturing, professional services (high tech/IT/defense) and tourism. Employment rose in the target industry sectors by 5% from 2013 to 2014. Overall, total industry sectors rose by 100 new establishments and 1,285 new jobs. The average annual wage rose from \$36,400 to \$36,764 over the same period. Vacancy rates continue to trend downward year over year.

Healthcare

Healthcare, the County's third largest industry, averages 653 establishments or 24% of the total base for Spotsylvania, and employs an average of 4,095 workers, the third highest in the County. The Spotsylvania Regional Medical Center (SMRC), employing approximately 450 employees, is the County's largest private employer, and is responsible for roughly \$1.2 million in taxes to the County. For the sixth consecutive year, HCA was named by the Ethisphere Institute as one of the world's 100 most ethical companies. SRMC was in the top five within HCA's 163-hospital chain. The presence of the SRMC and Medisorp, Inc.'s free-standing Emergency and Outpatient Center continue to spur growth in adjacent medical facilities. In 2015, the United States Veterans Administration considered the Fredericksburg region one of the nation's fastest growing veteran communities and leased 11,576 square feet at the Lee's Hill Medical Plaza to operate a state-of-the-art medical facility.

Manufacturing/ Distribution Centers

Spotsylvania County is home to many manufacturing and distribution facilities for national and worldwide companies. Kaeser Compressors, Inc., one of the largest and most successful suppliers of air systems with over 3,000 employees worldwide and headquartered in the County, is scheduled to complete a 50,000 square foot, \$4.3 million expansion to their existing facility in July 2016 to accommodate the company's growing packaging and shipping operations. OFIC North America, Inc., a national company with two manufacturing/assembly locations in the County, also expanded their footprint by 30,000 square feet for additional warehouse storage.

Professional Services (high tech/IT/defense)

The County's proximity to three nearby military bases, Quantico Marine Corps, Naval Surface Warfare Center, and Fort A.P. Hill, provide for jobs in defense, engineering and information technology, bringing in millions of federal dollars to the County annually. New and relocated businesses to the County continue to increase in this area. One of the more notable is Patriot3, a premier provider and authority in elevated tactical systems, invested \$2.0 million for the purchase of and relocation to an existing 20,000 square foot facility. The company has over 40 employees and exports to more than 30 countries.

Tourism

One of the County's primary markets, due to its relative size and importance within the local economy is tourism, and according to the Virginia Tourism Corporation, Spotsylvania County currently ranks 18th out of 134 counties and incorporated cities within the Commonwealth for tourism. Known as the "Crossroads of the Civil War," Spotsylvania County is rich in historical resources, and welcomes visitors to numerous battlefields within its National Military Park. As of the third quarter of 2014, there were 215 tourism-related firms such as hotels, restaurants and attractions, employing 4,846 workers. In 2014 more than 849,000 visits were recorded at local attractions, including the Civil War Battlefields, Lake Anna and other visitor sites and special events.

The County isn't limited to just its historic events. Dominion Raceway and Entertainment, opening spring of 2016, just off of I-95 and only minutes from the State capital, will feature three motorsports tracks, an outdoor concert venue, 10 acre retail center and a 33 acre commercial center. The main 36,600 square foot complex will host corporate events, commercial product releases, a restaurant, and live music and is expected to significantly boost economic activity in the southern portion of the County. In January of 2015, the Virginia Youth Soccer Association (VYSA), and its Sportsplex located on 80 acres in the County, was awarded the bid to host the 2017/2018 U.S. Youth Soccer Region 1 Championships. The opening ceremony will be held at the new Dominion Raceway and the event itself is expected to require at least 4,000 hotel rooms and draw considerable tourism exposure and retail sales for the County.

RELEVANT FINANCIAL POLICIES

The County continues to meet all adopted fiscal policy guidelines necessary to maintain fiscal stability and accountability in the use of its resources to provide services to citizens. On October 13, 2015 the Board of Supervisors adopted revisions to the current fiscal policy guidelines in an effort to stress the stewardship principles and strengthen the County's financial position.

Strong Reserve Levels

As our financial advisors continue to advise that no single policy is as significant as our fiscal stability reserve, an emergency fund established to address unforeseen circumstances or financial emergencies. The October 2015 revisions increased the fiscal stability reserve (FSR) level to 11%, up from 10% and specified that the reserve would only be used on critical, unexpected financial needs costing \$1 million or greater or resulting from a natural disaster, declared state of emergency or local catastrophe that cannot be resolved through other less extraordinary budgetary action. At the end of the current fiscal year, County's General Fund reported \$42.4 million in reserve, the equivalent of slightly over two months of general fund expenditures. In addition to redefining its fiscal stability reserve the Board has required, no later than fiscal year 2018, for the County to maintain a minimum unassigned fund balance of 1.25% of the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. This budget stabilization reserve will be used to address potential revenue declines or other economic stresses placed on the budget. Other adoptions to the policy include an improved definition of the health insurance reserve and the creation of a \$2.0 million economic opportunities reserve.

Adoption of these revisions will strengthen the County's position with rating agencies, and provide a certain degree of flexibility to take advantage of opportunities that may arise.

Debt Capacity

The County's credit rating continues to be very strong, with a moderately low debt profile, reporting net overall debt equal to \$3,210 per capita, a decrease of 3.9% from the previous year. Although the County has no legal limitations on the amount of debt it can issue, the County has

created self-imposed limits. Debt service as a percentage of total governmental and school spending was 8.8%, well within the County's adopted policy of 12%.

On November 4, 2014, voters approved three of five bond issues granting the County a \$241.4 million credit limit for transportation, schools and public safety projects. A maximum of \$63.3 million to be used with other available funds will be used for public road capital improvements such as I-95 exits 118 and 126 and the Route 1 corridor. School available borrowing of \$141.7 million will fund new and replacement buses, the renovation and maintenance of schools, and various technology and equipment upgrades and replacements. Lastly, voters also approved \$36.4 million for public safety projects to include construction of a new animal shelter and fire training facility, replacement of the County's computer aided dispatch system, and other equipment needs.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

Economic Development

The County's primary economic development mission is to attract new businesses and capital investment within the County in order to provide a supportive climate for the growth of existing businesses and to stimulate the creation of jobs and tax revenues. The County's Economic Development and Tourism Department and the Economic Development Authority continue to work jointly on understanding and tracking trends in the local economy, as well as evaluating the potential for future growth of existing industries. These activities are a reflection of a larger initiative by the County's Board of Supervisors to take better advantage of the County's opportunities and to evaluate the return on investment of resources in various government-sponsored development activities. In 2015, the Board saw such an opportunity when it partnered with the Commonwealth of Virginia to secure the construction of the \$125 million regional headquarters and distribution facility of LIDL, a German global discount supermarket chain, in Spotsylvania County. The addition of this facility will create an additional 200 jobs in Spotsylvania County.

As part of the County's strategic plan to reduce traffic congestion and spur economic development, the County, in conjunction with the Potomac and Rappahannock Transportation Commission (PRTC), entered into plans to build a Virginia Rail Express (VRE) station that will become the new end for the Fredericksburg line. The station, projected to be completed in 2015, is expected to draw 1,300 riders per day within the first six months, but more riders are anticipated with the potential addition of a 62 acre mixed-use development next to the future VRE station.

Capital Projects

Each year the County prepares a five-year Capital Improvement Plan (CIP), which is adopted by the Board and published concurrently with the annual adopted budget, and serves as a significant tool to assist in long range planning for municipal capital needs. Capital improvement projects over the next five years total \$313.3 million, up from \$239.7 in the previous year, and is comprised of \$59.7 million in general government projects, \$66.1 million in transportation, school projects of \$111.9 million, and \$75.7 million in water and sewer projects.

A variety of funding sources including general obligation bonds, revenue bonds, capital leases, general fund revenues, and utility fund revenues will fund the projects, with approximately 70% funded through debt and 30% funded from pay-go sources.

AWARDS AND ACKNOWLEDGEMENTS

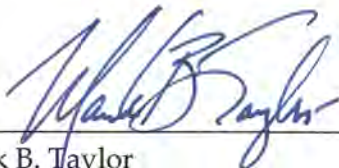
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2014. This was the twentieth consecutive 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.

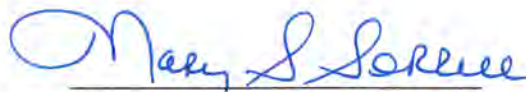
The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2015. This is the nineteenth award in as many years. In order to achieve this award, the County's budget document must meet program criteria as a policy document, a financial plan, an operations guide, and as a communications device.

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

Respectfully submitted,



Mark B. Taylor
County Administrator



Mary S. Sorrell
Director of Finance

Principal Officials

Board of Supervisors



Chris J. Yakabouski
Battlefield District
Chair



Greg L. Cebula
Berkeley District
Vice-Chair



Timothy J. McLaughlin
Chancellor District



David L. Ross
Courtland District



Gary F. Skinner
Lee Hill District



Ann L. Heidig
Livingston District



Paul D. Trampe
Salem District

County of Spotsylvania

Constitutional Officers

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

County Administrative Officers

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

Spotsylvania School Board

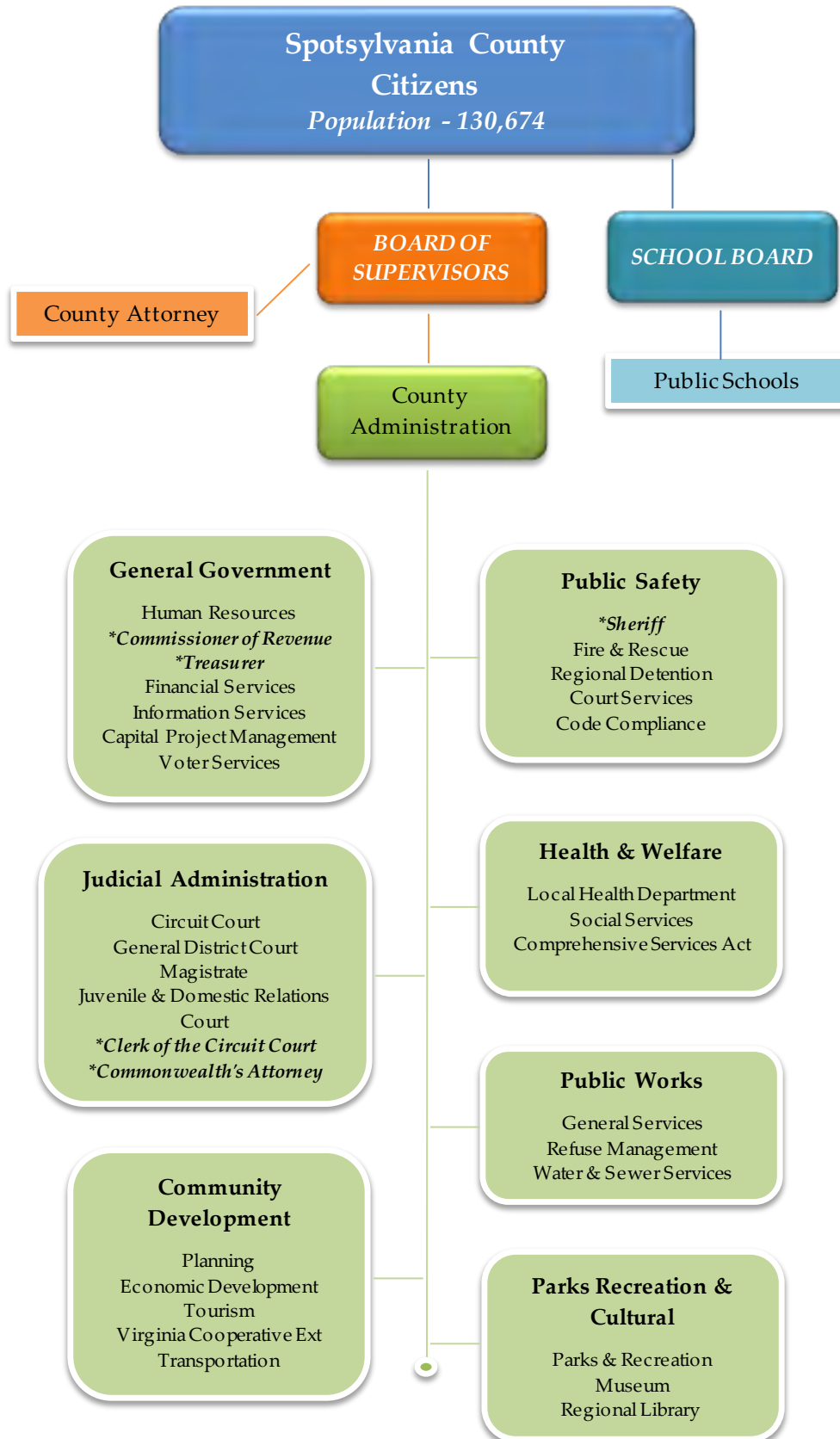
School Board

Erin K. Grampp	Berkeley District
William M. Blaine, Jr.	Salem District
Amanda Blalock	Lee Hill District
Dr. James A. Meyer	Courtland District
Ray Lora	Livingston District
Baron P. Braswell	Battlefield District
Dawn Shelley	Chancellor District

School Administrative Officers

Dr. S. Scott Baker	Superintendent
Carol E. Flenard	Assistant Superintendent of Instruction
LaShahn Gaines	Chief Financial Officer
Barbara L. Stombeck	Director of Finance
Marcia S. Stevens	Director of Budget & Payroll

Spotsylvania County Organizational Chart



* denotes Constitutional Officer

Spotsylvania County Certificate of Achievement



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**County of Spotsylvania
Virginia**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2014

Executive Director/CEO

PART II: FINANCIAL SECTION

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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the "County"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the *Specifications for Audits of Counties, Cities, and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia, as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 20 and presented in Note 8 to the financial statements, the County adopted new accounting guidance, *GASB Statement No. 68, Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and *GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*, effective July 1, 2014. As a result, related net position as of June 30, 2014 has been restated. Our opinions are not modified with respect to this matter.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedule – General Fund and Notes, and pension and other postemployment benefits' trend information on pages 18-30, 86-87, 88-91 and Note 12, respectively, 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 as listed in the table of contents, and Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2015, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Richmond, Virginia
December 3, 2015

Management's Discussion & Analysis

As management of the County of Spotsylvania, Virginia (County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2015. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 3 of this report.

Financial Highlights

Government-wide financials

- 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 \$172.0 million (*net position*). Of this amount, \$81.4 million represents an unrestricted net deficit.
- The County's total net position increased by \$24.0 million, \$3.9 million above the previous year's change in net position, attributable to development driven capital contributions and scheduled water and sewer rate increases.

Fund financials

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$128.0 million, an increase of \$16.4 million, a result of \$11.4 million in new general obligation debt issued remaining unspent as of June 30, 2015 and higher than anticipated property tax collections. Approximately 36.4% of combined fund balance (\$46.6 million) is available for spending at the government's discretion (*unassigned fund balance*). Of this amount, \$42.4 million is held as a fiscal stability reserve.
- At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General Fund was \$65.3 million, or approxi-

mately 28.2% (a little over three months) of total general fund expenditures.

Other key highlights

- During the current fiscal year the County issued general obligation bonds totaling \$91.8 million. Of this amount, \$76.9 million, plus associated offering premiums, were used to refund various issuances to take advantage of favorable interest rates and reduce future debt service payments by \$10.7 million.
- Effective for the current fiscal year the County, and its component unit – School Board, adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date - an Amendment to GASB Statement No.68*. As a result, the County restated prior period net position to recognize its future obligations for pension liabilities previously only reported on a funded basis in the notes to the financial statements. The County and School Board's net adjustment decreased net position by \$16.5 million and \$219.5 million, respectively. Details of these changes may be found in Note 20 of these financial statements.

Overview of the Financial Statements

The discussion and analysis provided herein is intended to serve as an introduction to the County's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to the financial statements. This report also includes required supplementary information intended to furnish additional detail to support the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *Statement of Net Position* presents financial information on all of the County's assets, liabilities and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods.

Both the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, public safety, judicial administration, health and social services, parks and recreation, waste collection and disposal, and community development. The business-type activities include water and sewer operations.

The government-wide financial statements include not only the County itself (known as the *Primary Government*), but also a legally separate School Board for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information of the Primary Government itself.

The government-wide financial statements can be found on pages 33 - 35 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund ac-

counting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains five individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and the Capital Projects Fund, which are considered major funds. Data from the other three governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the section of this report.

The County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided, in the required supplementary information section of this report, for the General Fund to demonstrate compliance with this budget. Additional

budgetary comparison for the Capital Projects Fund and non-major governmental funds can also be found in the other Supplementary Information section of this report.

The basic governmental fund financial statements can be found on pages 36 - 39 of this report.

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. The basic proprietary fund financial statements can be found on pages 40 - 43 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government and are not reported in the government-wide financial statements because the resources are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The County has two *agency funds*, which report resources held by the County in a custodial capacity for individuals, private organizations and other governments. The agency fund financial statements can be found on page 44 of this report.

The **notes to the financial statements** provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 45 - 83 of this report.

Other information is provided in addition to the basic financial statements and accompanying notes on pages 86 - 121 of this report. This section provides combining statements in connection with non-major governmental funds, as well as more detailed reporting of the County's agency funds and its component unit, the Spotsylvania County School Board.

Government-wide Overall Financial Analysis

Net Position

At the close of the current fiscal year, liabilities and deferred inflows of resources of the County exceeded assets and deferred outflows by \$172.0 million as reflected in Table 1 below. While the School Board did see a significant reduction in net position due to the implementation of GASB 68, the entity still maintained a positive net position of \$8.1 million.

Table 1

Summary of Net Position								
As of June 30, 2015								
(amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2015	2014*	2015	2014*	2015	2014*	2015	2014*
Current and other assets	\$ 250.6	\$ 233.6	\$ 89.4	\$ 90.2	\$ 340.0	\$ 323.8	\$ 54.0	\$ 47.7
Capital assets, net	125.5	120.9	299.8	297.3	425.3	418.2	306.9	315.5
Total assets	376.1	354.5	389.2	387.5	765.3	742.0	360.9	363.2
Total deferred outflows	7.0	6.3	2.4	2.6	9.4	8.9	16.0	14.7
Other liabilities	43.3	40.3	3.0	2.7	46.3	43.0	28.4	26.7
Long-term liabilities	331.7	338.6	142.6	148.4	474.3	487.0	303.2	329.7
Total liabilities	375.0	378.9	145.6	151.1	520.6	530.0	331.6	356.4
Total deferred inflows	81.1	73.0	1.0	-	82.1	73.0	37.1	-
Net position:								
Net investment in capital assets	60.8	57.7	177.0	157.6	237.8	215.3	306.9	315.5
Restricted	9.5	1.4	6.1	6.1	15.6	7.5	5.5	4.0
Unrestricted*	(143.3)	(150.2)	61.9	75.3	(81.4)	(74.9)	(304.3)	(298.0)
Total net position*	\$ (73.0)	\$ (91.1)	\$ 245.0	\$ 239.0	\$ 172.0	\$ 147.9	\$ 8.1	\$ 21.5

* Amounts restated for implementation of GASB 68, see Note 20 for additional information.

Of the classifications reported in Table 1, the Primary Government's net investment in capital assets (e.g. land, buildings, equipment), less any related outstanding debt, represent the largest portion of net position at \$237.8 million. Of this balance, a significant portion (74.4%) is the County's investment in its water and sewer system. The County uses its capital assets to provide a variety of services to its citizens; accordingly, these assets are not available for future spending. An additional portion of the County's net position (9.1%) represents restricted resources that are subject to external restraints for debt service, transportation capital projects.

After adjusting for restricted funds and net investment in capital assets, the County maintains a net deficit in unrestricted net position of \$81.4 million. However, it is

important to note that the business-type activity (*water and sewer fund*) continues to report a positive unrestricted net position of \$61.9 million as of June 30, 2015. The remaining \$143.3 million deficit in governmental activities is due largely to \$159.2 million in outstanding School Board related debt activity. Under state law the School Board is not allowed to issue its own debt, accordingly these issuances increase the liabilities of the County with no corresponding asset, as the capital asset is owned and reported by the School Board.

Changes in Net Position

As reflected in Table 2 below, the primary government's net position increased \$24.0 million, an increase of \$3.9 million over the previous year. Key elements of the year over year changes are provided in this section.

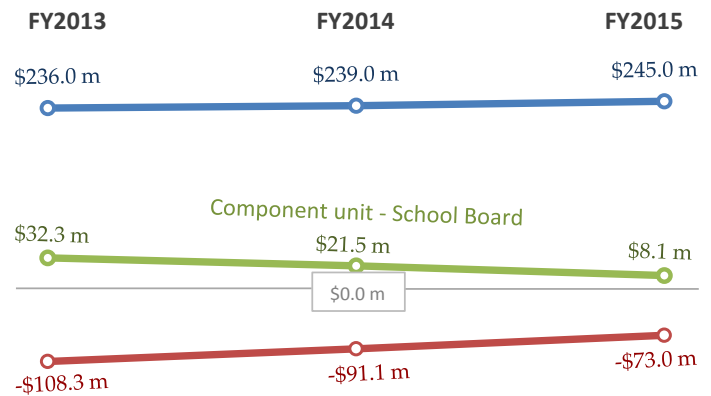
Table 2

Changes in Net Position For the Year ended June 30, 2015 (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Unit School Board	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenues:								
Program Revenues:								
Charges for services	\$ 11.9	\$ 10.7	\$ 30.3	\$ 28.4	\$ 42.2	\$ 39.1	\$ 7.9	\$ 8.2
Operating grants and contributions	17.8	16.1	0.5	0.5	18.3	16.6	141.0	135.3
Capital grants and contributions	3.5	3.8	8.2	6.3	11.7	10.1	0.3	0.6
General Revenues:								
General property taxes	154.8	151.4	-	-	154.8	151.4	-	-
Other taxes	48.2	51.7	-	-	48.2	51.7	-	-
Grants not restricted	15.4	15.6	-	-	15.4	15.6	-	-
County contribution	-	-	-	-	-	-	101.7	102.5
Investment earnings	0.5	0.5	0.3	0.4	0.8	0.9	-	-
Miscellaneous	0.2	0.1	-	-	0.2	0.1	0.3	0.3
Total Revenues	252.3	249.9	39.3	35.6	291.6	285.5	251.2	246.9
Expenses:								
General government	14.3	13.9	-	-	14.3	13.9	-	-
Judicial administration	9.1	8.4	-	-	9.1	8.4	-	-
Public safety	47.3	48.2	-	-	47.3	48.2	-	-
Public works	10.5	12.6	-	-	10.5	12.6	-	-
Health and welfare	18.1	18.5	-	-	18.1	18.5	-	-
Education	102.1	102.7	-	-	102.1	102.7	264.6	257.7
Parks and recreation	8.0	7.9	-	-	8.0	7.9	-	-
Community development	14.6	8.3	-	-	14.6	8.3	-	-
Water and sewer	-	-	33.6	33.0	33.6	33.0	-	-
Interest on long-term debt	10.6	11.8	-	-	10.6	11.8	-	-
Total Expenses	234.6	232.3	33.6	33.0	268.2	265.3	264.6	257.7
Increase (decrease) in net position before transfers and special items	17.7	17.6	5.7	2.6	23.4	15.9	(13.4)	(10.8)
Transfers	(0.2)	(0.4)	0.2	0.4	-	-	-	-
Special item - gain on sale of land	0.6	-	-	-	0.6	-	-	-
Increase (decrease) in net position	18.1	17.2	5.9	3.0	24.0	20.2	(13.4)	(10.8)
Net position - beginning, unadjusted	(76.8)	(94.0)	241.3	238.3	164.5	144.3	241.0	251.8
Less prior period adjustment (Note 20)	(14.3)	-	(2.2)	-	(16.5)	-	(219.5)	-
Net position - beginning, as restated	(91.1)	-	239.1	-	148.0	-	21.5	-
Net position - ending	\$ (73.0)	\$ (76.8)	\$ 245.0	\$ 241.3	\$ 172.0	\$ 164.5	\$ 8.1	\$ 241.0

As noted previously, net position over time may serve as a useful indicator of a government's financial position. Chart 1 provides a graph of the changes in total net position over the past three years. Business-type activities continue to see stable, moderate increases averaging 1.9% annually. Governmental activities net position increases remain strong in response to planned reductions in County and School Board's bonded debt outperforming increases in other long-term obligations such as health and pension benefits. In comparison, the School Board's net position continues to decline annually as a result of unfunded other postemployment benefits.

Chart 1

Net Position Trends



GOVERNMENTAL ACTIVITIES

During the current fiscal year, net position for governmental activities increased \$18.1 million (see Table 2 on the previous page), an increase of \$0.9 million or 5.2% over the previous year.

Revenues

Revenues for fiscal year 2015 were \$252.3 million, an increase of \$2.4 million or 1.0%. Property tax revenues increased by \$3.4 million or 2.2% from a combination of growth in taxable new construction real property values of 1.4%, and a 4.2% increase in non-business personal property values. Other local taxes declined by \$3.5 million or 6.8% due to a one-time influx of fuel taxes in the prior fiscal year from a single distributor under State audit. For a third year in a row, charges for services have grown

over 10% with refuse disposal leading this growth. Revenue growth has begun to stabilize as customer volumes begin to hit local market limitations.

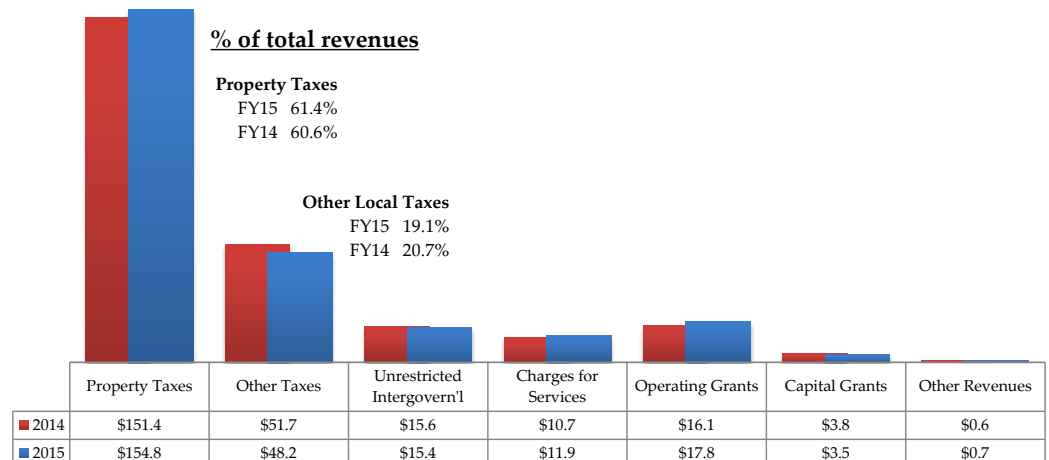
Operating grants and contributions increased by 10.6%, or \$1.7 million, from higher Federal and State public assistance and welfare revenues of \$0.7 million, or 7.8%, due to increased service levels, and \$0.5 million in additional grant funding for public safety, such as SAFER, to augment critical personnel gaps.

Chart 2

Governmental Activities - Revenues by Source

For Years ending June 30, 2015 and 2014

(amounts in millions)



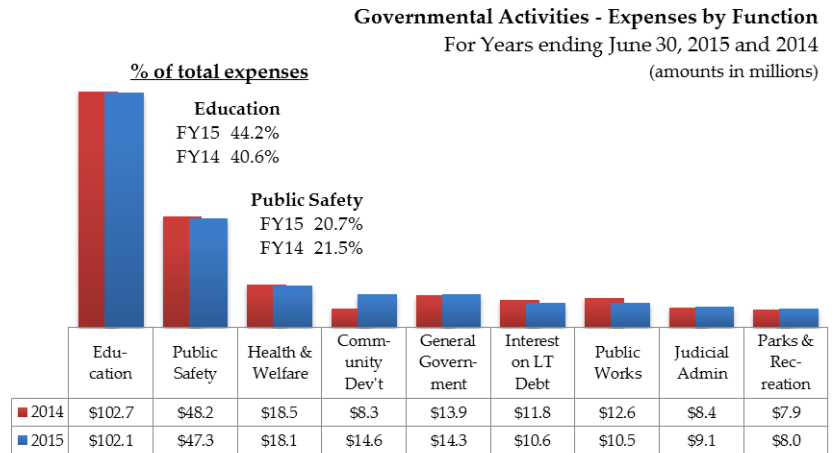
Expenses

Expenses for fiscal year 2015 were \$234.6 million, an increase of \$2.3 million or 1.0%. Transportation costs rose \$6.3 million or 75.9% in response to the construction of the new Virginia Railway Express (VRE) station and parking lot set to open in November 2016. Most other functions saw a decrease in overall costs from turnover vacancies and fuel price reduction savings.

Public works reported the highest decrease of \$2.1 million due to a one-time landfill liability adjustment in the prior fiscal year to record new estimates in corrective action plans. Lastly, interest on long-term debt continues to decrease reflecting a \$1.2 savings in the current year from prior year and current year refinancing to take advantage of low interest rates.

Chart 4 below depicts the total cost of each of the County's largest functions in relation to their program related revenues. Non-program related revenues, such as property taxes, are necessary to subsidize these functions, accounting for the difference between total cost and program revenues. For fiscal year 2015, total subsidized program revenues were \$201.3 million a \$0.4 million or 0.2% decrease. Education and interest expense do not receive program related revenues and are supported entirely by general revenues.

Chart 3

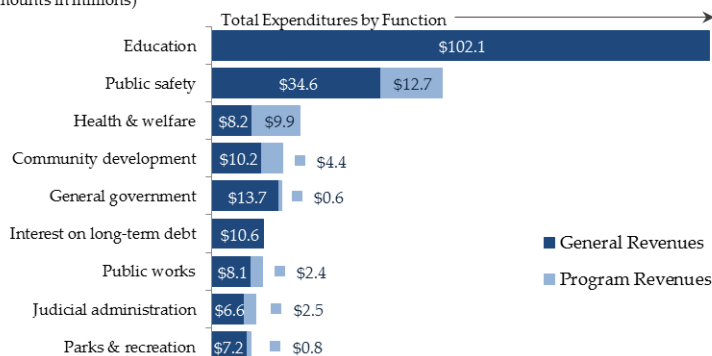


BUSINESS-TYPE ACTIVITIES

For the County's business-type activities, net position increased by \$5.9 million, or 2.5%, to \$245.0 million. Water and sewer revenues totaled \$39.3 million, an increase of \$3.7 million, or 10.4% over the previous year. This overall improvement is from a combination of increased charges for services of \$1.9 million or 6.7%, relating to water & sewer rate increases, and \$1.9 million or 30.2% more in availability fees and developer donated infrastructure from increased commercial and residential growth to the system. Total expenses for the fiscal year continue to stay fairly level at \$33.6 million up from \$33.0 million in the previous year.

Chart 4

Governmental Activities - Funding of Net Functional Costs
For the Year ended June 30, 2015
(amounts in millions)



COMPONENT UNIT - SCHOOL BOARD

For fiscal year 2015, the School Board reported a decrease in net position of \$13.4 million or 5.5%. Revenues increased \$4.3 million or 1.7% over the previous year, a result of increased School Basic Aid and other State funding driven by a re-benchmarking of costs for all Standards of Quality and other Direct Aid programs. Expenses increased \$6.9 million or 2.7% as a result of step and COLA increases for staff, a 22.8% VRS rate increase for teachers, and a 2% employer health insurance rate increase.

Financial Analysis of Governmental Funds

The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent a portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, or the County itself.

At June 30, 2015, the County reported a combined governmental fund balance of \$128.0 million (Chart 5), an increase of \$16.4 million or 14.7% in comparison with the prior year. Approximately 36.4% of this amount (\$46.6 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Of the \$46.6 million in unassigned funds, \$42.4 million represents the County's fiscal stabilization reserve intended for emergency use, such as natural disasters, or other significant events that signal a need for stabilization. The remaining fund balance is either *restricted*, *co-*

mmitted, or *assigned* and is not considered available for new spending as it has already been allocated to cover 1) \$37.0 million or 28.8% in restricted resources to meet future capital projects from unspent bond proceeds, transportation, debt service, and grant obligations, 2) \$25.4 million or 19.8% in committed funding for capital improvements, including transportation, and line of duty benefits for public safety personnel, 3) \$19.0 million or 14.9% in assigned fund balance intended for future economic opportunities, loss contingencies, employee benefits, and carryover of fiscal year 2015 unexpended budget.

Governmental funds include the County's General Fund, Capital Projects Fund and various special revenue funds created by the Board. Charts 6 & 7 on the opposite page provide useful information on the percentage of consolidated revenues received by source and how these funds were used by function. In addition, more noteworthy activity is discussed at the individual fund level and is intended to provide greater insight to the year over year changes in fund balance.

Chart 5

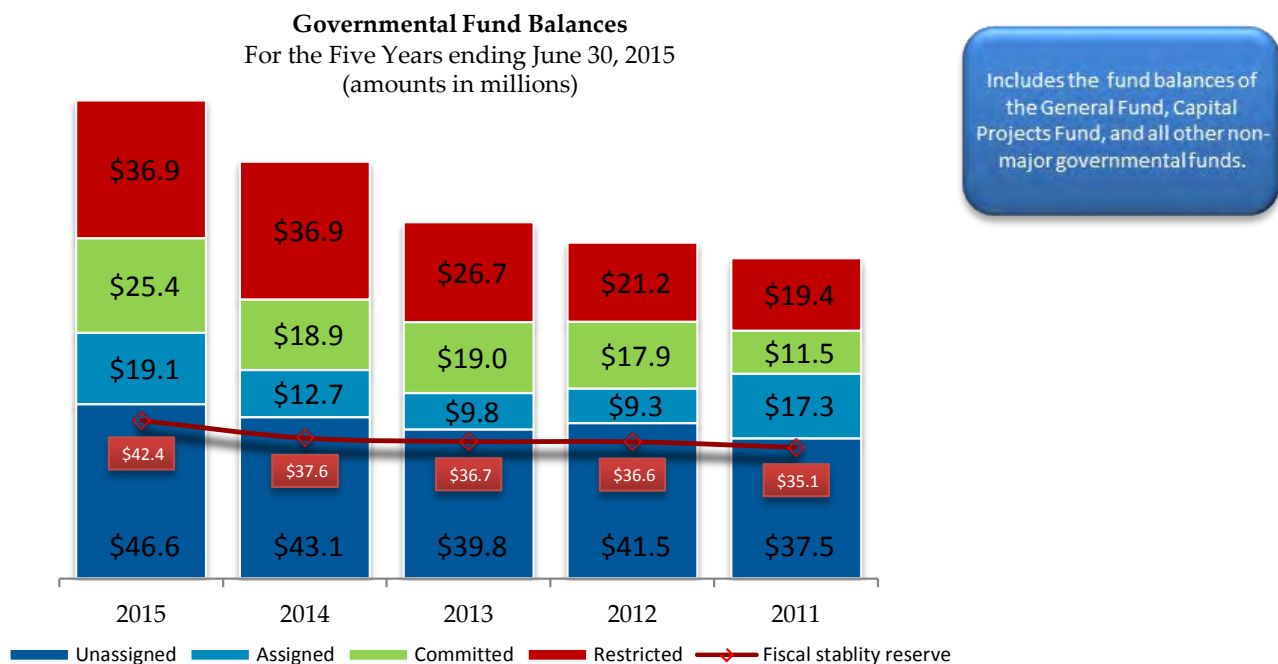
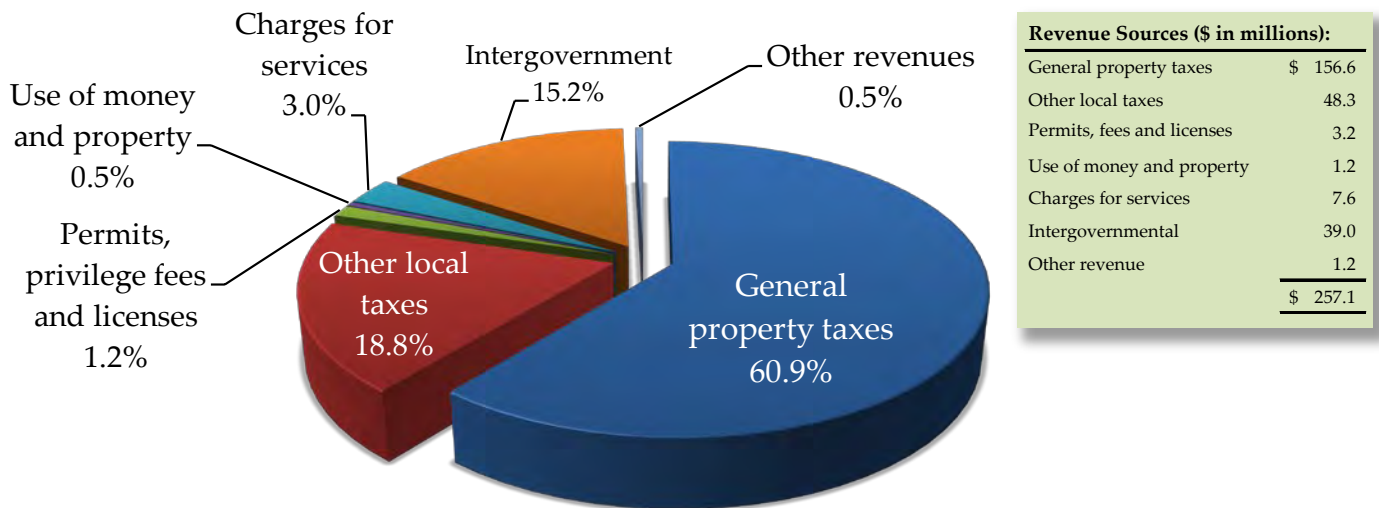
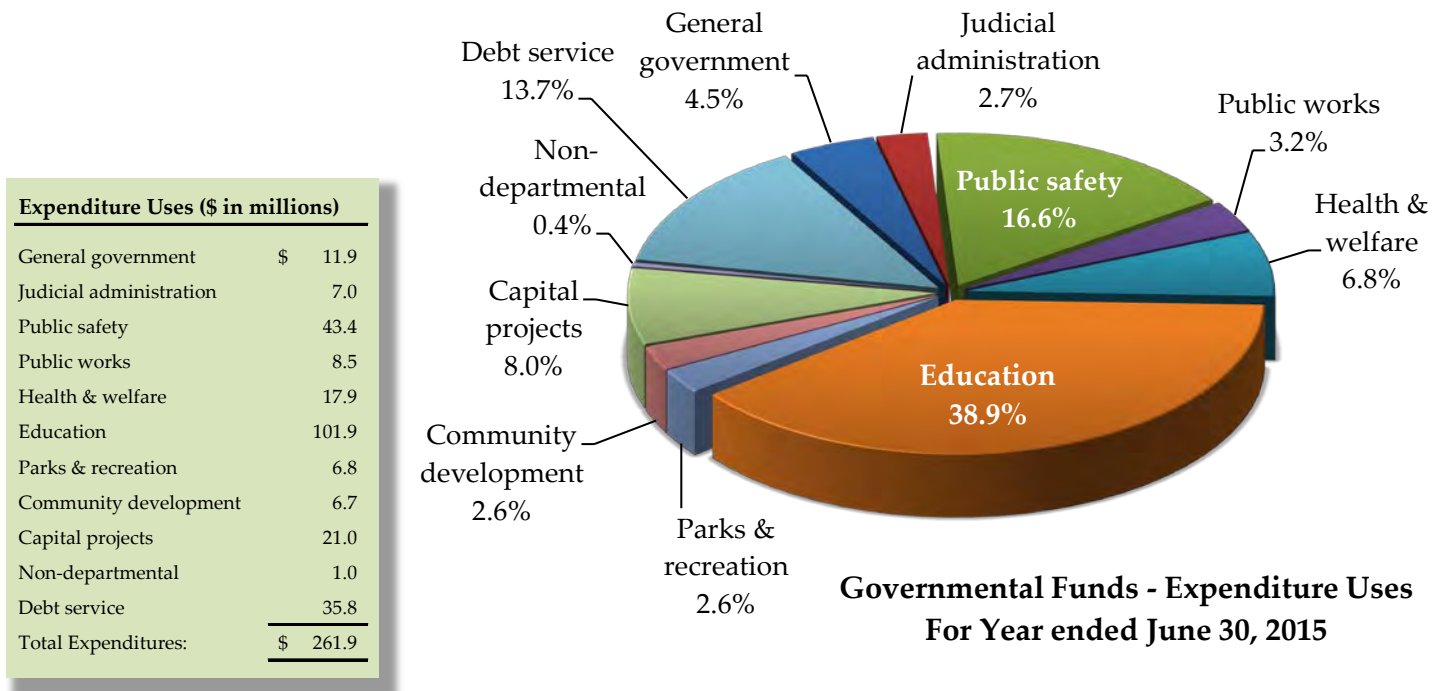


Chart 6



Governmental Funds - Revenue Sources For the Year ended June 30, 2015

Chart 7



Governmental Funds - Expenditure Uses For Year ended June 30, 2015

GENERAL FUND

The General Fund is the primary operating fund accounting for all financial resources of the general government, except those required to be accounted for in another fund. At the end of the current fiscal year, total fund balance was \$67.4 million, an increase of \$10.3 million or 18.0%. Unassigned fund balance was \$46.6 million and increase of \$3.5 or 8.2%. The General Fund's liquidity remains strong with unassigned fund balance representing approximately 20.4%, or slightly over two months of general fund expenditures.

Revenues

Overall revenues increased \$7.6 million or 3.3% over the previous year. With the exception of miscellaneous revenue, all major categories of revenue saw year over year increases. The most significant was \$4.7 million in general property tax collections discussed below.

Real Estate: Real property collections increased 1.8% from the previous year. Current fiscal year bill collections rose 2.2% or \$2.3 million while delinquent collections dropped moderately by \$0.3 million. It is important to note that 2015 does not represent a reassessment year for the County. As such, there are no assessment revisions to the property book other than new construction which reflected a 1.4% increase in overall taxable value.

Personal Property: Personal property collections increased 6.24% from the previous year. Current fiscal year bill collections rose 5.6% or \$1.9 million while delinquent collections rose by \$0.4 million or 12.0%. Unlike real property, all personal property values are updated annually. Non-business personal property (e.g. automobiles, trucks, recreational vehicles and boats), comprises approximately 82% of the total personal property levy. Growth in volume was modest at 1.73% while overall taxable property value grew at a greater pace of 4.2%, both of which were the main factors in the overall collection growth.

Expenditures

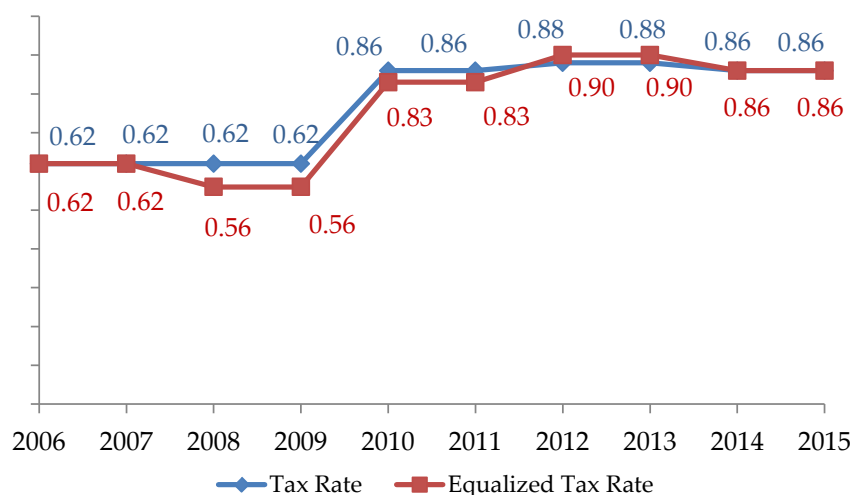
Overall expenditures decreased \$2.3 million or 1.0% from the previous year. Areas of general government, judicial administration and public safety all saw increases, ranging from 1.8% in public safety to 4.1% for judicial administration, attributed to inflationary increases in goods and salaries increases for staff. Public safety increases were mitigated by vacancies from employee turnover and fuel savings.

In contrast, functions such as public works, health and welfare, education, and community development reported decreases ranging from a low in health and welfare of 0.5% to a high of 11.2% in community development. With the exception of public works, turnover vacancies were the predominant impact. One-time purchases in the prior year for regulatory railroad maintenance in public works and an easement acquisition in community development resulted in expenditure declines of 2.2% and 11.2% respectively.

The County also reported a \$0.2 million, or 22.8% increase, in non-departmental retiree health care costs. These increases are expected to continue as the pool of eligible retirees grows. Lastly, the County also reported a \$2.6 million or 7.6% decrease in debt service costs as the County continues to refinance its bonded debt to take advantage of prevailing low interest rates.

Real Property Tax Rate History

Chart 8



CAPITAL PROJECTS FUND

The Capital Projects fund, a major fund, reported a \$6.4 million or 15.6% increase in fund balance during the current fiscal year bringing the overall fund balance to \$47.4 million. During the current fiscal year the County issued capital project related debt in the amount of \$12.3 million and its General Fund contributed \$8.3 in budgeted pay-go funding totaling \$20.6 million in new other financing revenues. However, as various capital projects progress, spending of \$21.0 million eclipsed these incoming revenues. The greater part of the surplus actually results in the close out of the Route 3 Widening project and receipt of \$4.3 million in work performed in prior fiscal years.

As previously mentioned, the County received \$20.6 million in new other financing sources. This influx of new funding has had no real affect on restricted funds as new proceeds have matched the spending down of previous year's issued debt. On the other hand, committed funds have increased by \$6.4 million or 52.0% in response to continued infusions of pay-go funding.

OTHER GOVERNMENTAL FUNDS

Other governmental funds include non-major special revenue funds, which are used to account for restricted and committed revenues as determined by the Board. For the fiscal year 2015, the combined fund balance for other governmental funds (*Fire/EMS Service, Code Compliance, and Transportation*) reflects a positive fund balance of \$13.2 million, a modest decrease of \$0.3 million or 2.2% from the previous year. This decrease is much smaller than the projected \$1.2 million loss; the majority of which (\$1.1 million) was expected to occur in the Transportation Fund.

While a variety of factors contributed to the mitigation of this anticipated loss, the main influences were increases in overall building permit and environmental engineering fees (\$0.4 million or 23.9%) and fuel tax collections (\$0.4 million or 9.0%, both indicators of growing economic confidence.

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

During the fiscal year ended June 30, 2015, the County revised its General Fund budget on several occasions. Most of these adjustments were not significant and consisted of reallocations of funds between funding sources and departments, with the exception of the following three amendments:

- \$3.2 million in "carryover" of obligated or approved fiscal year 2014 funding not yet expended. The majority of the funding is related to public safety grant restricted expenditures.
- Re-appropriation of \$2.2 million in unexpended 2014 educational expenditures to the School Board.
- Appropriation of \$27.3 million to refinance certain maturities of General Obligation Public Improvement Bonds, Series 2006.

FINAL BUDGET TO ACTUAL

As of June 30, the County's General Fund reported a positive budget variance of \$15.6 million consisting of \$4.2 million in additional revenues and \$10.7 million in unexpended budgeted expenditures.

Revenues

- General property tax revenues exceeded budget by \$3.1 million due to higher than anticipated collections of \$1.3 million in current real property taxes and \$1.2 million in delinquent personal property taxes.

Expenditures

<u>Function</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures</u>	<u>Difference</u>
General gov't	\$13.4 m	\$11.6 m	\$1.8 m
Judicial admin	\$8.1 m	\$7.1 m	\$1.0 m
Public safety	\$45.1 m	\$42.1 m	\$3.0 m
Education	\$119.0 m	\$116.5 m	\$2.5 m
			\$8.3 m

The most significant driver in the \$8.3 million variance stems from personnel turnover vacancies and health

insurance savings totaling \$3.1 million. Of this amount, \$0.6 million or 33% was reported in the function of general government, \$0.8 million or 80% in judicial administration, and \$1.0 million or 33% in public safety. The majority of the remaining \$1.2 million in general government excess budget was approved for carry over to fiscal year 2016 of which \$0.8 million relates to information service projects for security system enhancements, IS strategic plan development and other consulting work not completed as of the current fiscal year. Public safety also carried over approximately \$1.7 million in budgeted but unexpended restricted grant funding. Lastly, education expenditures fell under budget by \$2.5 million primarily due to salary and benefits lapses from vacancies and positions back-filled at lower pay levels and savings in non-compensation areas such as fuel costs.

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,

2015 amounts to \$425.3 million (net of accumulated depreciation), and includes land, buildings, equipment, vehicles, as well as, water and sewer treatment and distribution systems. The total increase in net capital assets for the current fiscal year was approximately \$7.1 million or 1.70%. Capital assets as of June 30, 2015 and 2014 are summarized in Table 3 below.

Major capital asset events during the current fiscal year included the following:

- Construction to replace one fire & rescue station and build an additional station. Current project authorization is \$8.5 million. Construction in progress as of the close of the fiscal year had reached \$2.6 million.
- The purchase of various new and replacement public safety vehicles at a total cost of \$4.4 million.
- The County's public safety 800MHz radio system is reaching its end-of-life. The County has contracted for major system upgrade services totaling \$20.8 million. Related construction in progress as of the close of the fiscal year has reached \$12.2 million.

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

Capital Assets

For Years ending June 30, 2015 and 2014

Table 3

	(amounts in millions)			
	Governmental Activities	Business-type Activities	Total Primary Government	
			2015	2014
Land	\$ 14.8	\$ 7.6	\$ 22.4	\$ 25.7
Buildings & improvements	109.0	171.7	280.7	271.8
Furniture, equipment & vehicles	58.1	15.3	73.4	66.9
Water & sewer systems	-	232.0	232.0	226.5
Construction in progress	16.6	9.9	26.5	21.2
Total capital assets	\$ 198.5	\$ 436.5	\$ 635.0	\$ 612.1
Less: Accumulated depreciation	(73.0)	(136.7)	(209.7)	(193.9)
Total capital assets, net	\$ 125.5	\$ 299.8	\$ 425.3	\$ 418.2

DEBT ADMINISTRATION

At the end of the current fiscal year, the County reported total bonded debt outstanding of \$419.0 million (Table 4). Of this amount, \$282.3 million is debt backed by the full faith and credit of the County, with the remainder secured by specific revenue sources.

The County's total debt decreased by \$7.1 million, or 1.7% during the current fiscal year, as a result of debt issuances during the year for an amount that was less than the regularly scheduled principal reductions on the existing debt and the portions of the existing debt refunded. A ten year trend of bonded debt by purpose is provided in Chart 9 below.

Subsequent to June 30, 2015, the County issued \$100.8 million in bonded debt to finance \$34.0 million of future capital projects, with the remaining funds used to refund certain outstanding maturities to take advantage of favorable interest rates and reduce future debt service.

Although the County has no legal limitations on the amount of debt it can issue, the County has adopted certain financial policies limiting the amount of tax supported debt it may issue. The County continues to meet its self-imposed debt limits as reflected in Table 5.

Outstanding Debt

(amounts in millions)

	Primary Government	
	2015	2014
Governmental activities:		
General obligation bonds - County	\$ 105.0	\$ 104.8
General obligation bonds - School Board	61.7	60.9
Virginia public school authority bonds	29.1	34.7
Lease revenue bonds - County	16.6	11.2
Lease revenue bonds - School Board	69.9	73.0
Total governmental activities debt:	282.3	284.6
Business-type activities - revenue bonds	136.7	141.5
Total outstanding debt:	419.0	426.1

Table 4

Debt Position Indicators

For Fiscal Years 2015 and 2014

	Ratio of debt service to expenditures	Ratio of debt to assessed value
2015	8.8%	1.9%
2014	9.6%	1.9%
Adopted Policy	Not to exceed 12%	Not to exceed 3-4%

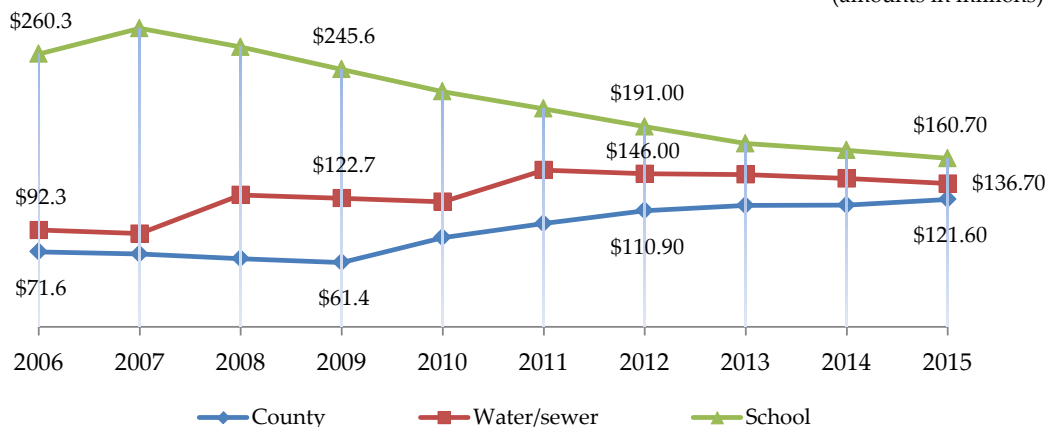
Table 5

Additional information on the County's long-term debt and subsequent debt issuances can be found in Note 9 of the notes to the financial statements.

Chart 9

Bonded Debt Levels

(amounts in millions)



Economic Factors

The following economic factors currently affect the County and were considered in the development of the 2016 fiscal year budget.

- Calendar year real property rates (\$0.86) remain at 2015 levels.
- Calendar year personal property rates decreased by five cents to \$6.73 per \$100 based on 50% of assessed value, with the exception of boats and boat trailers that decreased \$0.53 to \$6.25.
- Fire and rescue volunteer shortages and demands for more public safety coverage continue. In response, 15 fire and rescue positions will be funded starting February 2016 to staff the new Company 11 station anticipated to open prior to the close of fiscal year 2016. Additionally, funds for career development, pay parity adjustments and additional overtime have been reserved.
- As the economy continues to recover, the Board is seeking ways to address employee pay. For fiscal year 2016 a combination of one-time merit-based bonus and a 2% on-going merit-pay increase has been budgeted.

- Aging water and sewer infrastructure continues to be addressed through annual rate increases.
- Citizen concerns on transportation remain a key issue. \$10.3 million has been earmarked to begin various transportation improvements and bond issuance authority remain on the 2005 transportation bond referendum for general obligation bond financing of these projects.

Additional information pertaining to the County's economic activity over the past year can be found in the transmittal letter of this report.

Request for Information

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

BASIC FINANCIAL STATEMENTS

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COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2015

Exhibit I

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Cash and investments - pooled equity	\$ 104,987,792	\$ 68,736,078	\$ 173,723,870	\$ 3,038,376
Receivables, net	106,858,367	8,129,517	114,987,884	8,457,830
Prepaid items	902,782	205,325	1,108,107	273,085
Inventory	-	665,519	665,519	276,744
Due from Primary Government	-	-	-	27,764,637
Restricted cash and investments	37,863,370	11,611,799	49,475,169	-
Claim reserves held by others	-	-	-	14,167,539
Capital assets, net:				
Non-depreciable assets	31,364,394	17,520,902	48,885,296	11,683,146
Depreciable assets	94,105,696	282,349,674	376,455,370	295,240,119
Total assets	<u>\$ 376,082,401</u>	<u>\$ 389,218,814</u>	<u>\$ 765,301,215</u>	<u>\$ 360,901,476</u>
DEFERRED OUTFLOWS				
Deferred loss on debt refunding	\$ 2,417,667	\$ 1,654,801	\$ 4,072,468	\$ -
Deferred pension contributions	4,631,061	706,105	5,337,166	16,025,665
Total deferred outflows	<u>\$ 7,048,728</u>	<u>\$ 2,360,906</u>	<u>\$ 9,409,634</u>	<u>\$ 16,025,665</u>
LIABILITIES				
Accounts payable	\$ 3,715,918	\$ 1,897,958	\$ 5,613,876	\$ 4,216,430
Retainage payable	237,566	260,052	497,618	93,099
Accrued salaries and benefits	1,175,346	154,717	1,330,063	24,121,360
Accrued interest	3,622,692	381,613	4,004,305	-
Other accrued liabilities	1,937,803	78,758	2,016,561	-
Grant advancements	157,137	-	157,137	-
Due to component unit	27,764,637	-	27,764,637	-
Deposits	4,659,674	129,679	4,789,353	-
Noncurrent liabilities:				
Due within one year	24,908,824	5,343,909	30,252,733	5,331,322
Due in more than one year	306,832,525	137,337,553	444,170,078	297,855,191
Total liabilities	<u>\$ 375,012,122</u>	<u>\$ 145,584,239</u>	<u>\$ 520,596,361</u>	<u>\$ 331,617,402</u>
DEFERRED INFLOWS				
Unearned revenues:				
Property taxes	\$ 74,304,687	\$ -	\$ 74,304,687	\$ -
Special assessments	237,217	-	237,217	-
Pension actuarial differences	6,571,881	1,028,306	7,600,187	37,146,205
Total deferred inflows	<u>\$ 81,113,785</u>	<u>\$ 1,028,306</u>	<u>\$ 82,142,091</u>	<u>\$ 37,146,205</u>
NET POSITION				
Net investment in capital assets	\$ 60,801,684	\$ 176,968,942	237,770,626	\$ 306,923,265
Restricted for:				
Debt service	-	5,933,444	5,933,444	-
Transportation	8,348,247	-	8,348,247	-
Capital projects	1,217,551	161,557	1,379,108	5,583,358
Unrestricted	(143,362,260)	61,903,232	(81,459,028)	(304,343,089)
Total net position	<u>\$ (72,994,778)</u>	<u>\$ 244,967,175</u>	<u>\$ 171,972,397</u>	<u>\$ 8,163,534</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, 2015

Exhibit II

Page 1

		Program Revenues			Primary Government
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contribution	Governmental Activities
Primary Government:					
General government	\$ 14,290,798	\$ 313,185	\$ 324,639	\$ -	\$ (13,652,974)
Judicial administration	9,069,512	864,196	1,572,149	-	(6,633,167)
Public safety	47,259,320	6,621,499	5,800,144	230,686	(34,606,991)
Public works	10,511,829	2,357,653	20,766	-	(8,133,410)
Health and welfare	18,107,725	2,378	9,922,950	-	(8,182,397)
Education	102,086,347	-	-	-	(102,086,347)
Parks, recreation and cultural	7,982,016	741,790	-	-	(7,240,226)
Community development	14,635,882	953,580	177,873	3,271,631	(10,232,798)
Interest on long-term debt	10,649,707	-	-	-	(10,649,707)
Total governmental activities	\$ 234,593,136	\$ 11,854,281	\$ 17,818,521	\$ 3,502,317	\$ (201,418,017)
Business-type activities:					
Water and sewer	33,585,569	30,332,273	499,705	8,182,982	
Total Primary Government	<u>\$ 268,178,705</u>	<u>\$ 42,186,554</u>	<u>\$ 18,318,226</u>	<u>\$ 11,685,299</u>	
Component unit:					
School Board	<u>\$ 264,632,973</u>	<u>\$ 7,948,783</u>	<u>\$ 140,985,225</u>	<u>\$ 290,694</u>	
General revenues:					
Taxes					
Property taxes					\$ 154,769,787
Sales taxes					21,162,117
Utility taxes					3,229,140
Business licenses					4,323,114
Rental taxes					1,325,366
Motor vehicle licenses					2,943,272
Bank stock taxes					646,302
Recordation taxes					1,685,838
Meals taxes					8,154,067
Fuel taxes					4,704,502
Grants and contributions not restricted to specific programs					15,427,020
Payments from Primary Government					-
Interest and investment earnings					492,583
Miscellaneous					202,090
Transfers					(196,269)
Special item - gain on sale of land					615,680
Total general revenues, transfers and special items					<u>\$ 219,484,609</u>
Change in net position					\$ 18,066,592
Net position, beginning, as restated					<u>(91,061,370)</u>
Net position, ending					<u>\$ (72,994,778)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2015

Exhibit II

Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position		
	Primary Government		Component Unit
	Business-type Activities	Total	School Board
Primary Government:			
General government		\$ (13,652,974)	
Judicial		(6,633,167)	
Public safety		(34,606,991)	
Public works		(8,133,410)	
Health and welfare		(8,182,397)	
Education		(102,086,347)	
Parks, recreation and cultural		(7,240,226)	
Community development		(10,232,798)	
Interest on long-term debt		(10,649,707)	
Total governmental activities		\$ (201,418,017)	
Business-type activities:			
Water and sewer	5,429,391	5,429,391	
Total Primary Government	\$ 5,429,391	\$ (195,988,626)	
Component unit:			
School Board			\$ (115,408,271)
General revenues:			
Taxes			
Property taxes	\$ -	\$ 154,769,787	\$ -
Sales taxes	-	21,162,117	-
Utility taxes	-	3,229,140	-
Business licenses	-	4,323,114	-
Rental taxes	-	1,325,366	-
Motor vehicle licenses	-	2,943,272	-
Bank stock taxes	-	646,302	-
Recordation taxes	-	1,685,838	-
Meals taxes	-	8,154,067	-
Fuel taxes	-	4,704,502	-
Grants and contributions not restricted to specific programs	-	15,427,020	-
Payments from Primary Government	-	-	101,711,245
Interest and investment earnings	253,225	745,808	12,702
Miscellaneous	43,394	245,484	333,331
Transfers	196,269	-	-
Special item - gain on sale of land	-	615,680	-
Total general revenues and transfers	\$ 492,888	\$ 219,977,497	\$ 102,057,278
Change in net position	\$ 5,922,279	\$ 23,988,871	\$ (13,350,993)
Net position, beginning, as restated	239,044,896	147,983,526	21,514,527
Net position, ending	\$ 244,967,175	\$ 171,972,397	\$ 8,163,534

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2015

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 81,729,791	\$ 20,361,645	\$ 2,896,356	\$ 104,987,792
Receivables, net	95,666,204	1,378,744	9,813,554	106,858,502
Prepaid items	133,474	-	-	133,474
Restricted cash and investments	-	36,315,220	1,548,150	37,863,370
Total assets	<u>\$ 177,529,469</u>	<u>\$ 58,055,609</u>	<u>\$ 14,258,060</u>	<u>\$ 249,843,138</u>
LIABILITIES				
Accounts payable	\$ 1,887,931	\$ 1,751,245	\$ 76,742	\$ 3,715,918
Retainage payable	-	237,566	-	237,566
Accrued salaries and benefits	1,287,989	4,802	61,192	1,353,983
Other accrued liabilities	1,261,789	555,139	2,997	1,819,925
Due to component unit	21,437,264	6,327,373	-	27,764,637
Deposits	3,836,048	432,748	390,878	4,659,674
Grants advancements	157,137	-	-	157,137
Total liabilities	<u>\$ 29,868,158</u>	<u>\$ 9,308,873</u>	<u>\$ 531,809</u>	<u>\$ 39,708,840</u>
DEFERRED INFLOWS				
Unavailable revenue:				
Property taxes	\$ 77,973,636	\$ -	\$ 405,479	\$ 78,379,115
Special assessments	-	237,219	-	237,219
Other revenues	2,267,678	1,128,017	137,462	3,533,157
Total deferred inflows	<u>\$ 80,241,314</u>	<u>\$ 1,365,236</u>	<u>\$ 542,941</u>	<u>\$ 82,149,491</u>
FUND BALANCES				
Restricted	\$ 2,110,032	\$ 26,214,121	\$ 8,641,456	\$ 36,965,609
Committed	3,000,000	18,715,343	3,659,583	25,374,926
Assigned	15,677,030	2,452,036	882,271	19,011,337
Unassigned	46,632,935	-	-	46,632,935
Total fund balances	<u>\$ 67,419,997</u>	<u>\$ 47,381,500</u>	<u>\$ 13,183,310</u>	<u>\$ 127,984,807</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 177,529,469</u>	<u>\$ 58,055,609</u>	<u>\$ 14,258,060</u>	<u>\$ 249,843,138</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, 2015

Page 2

Total fund balances - governmental funds (Exhibit III) \$ 127,984,807

*Amounts reported for governmental activities in the Statement of Net Position
(Exhibit I) are different because:*

Prepaid expenses used current resources and, therefore, are not reported in the governmental funds. 769,173

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

Non-depreciable assets	\$ 31,364,394	
Depreciable assets	<u>94,105,696</u>	
		125,470,090

Deferred outflows of resources that represent a consumption of net position applying to future periods and therefore, are not reported in the governmental funds.

Deferred loss on debt refunding	\$ 2,417,667	
Deferred pension contributions	<u>4,631,061</u>	
		7,048,728

Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. (3,622,692)

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	\$ (282,242,603)	
Net pension liability	(10,780,072)	
Other postemployment benefits	(26,234,653)	
Compensated absences	(3,956,209)	
Landfill closure obligation	(7,484,579)	
Insurance claims	<u>(864,594)</u>	
		(331,562,710)

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

Property taxes	\$ 4,074,428	
Grant revenues	1,710,191	
Sales tax	1,480,086	
Other revenues	<u>342,880</u>	
		7,607,585

Deferred inflows of pension actuarial differences represent an acquisition of net position that is applicable to a future reporting period. (6,571,881)

Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds. (117,878)

Total net position - governmental activities (Exhibit I) \$ (72,994,778)

COUNTY OF SPOTSYLVANIA, VIRGINIA
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2015

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 155,952,351	\$ 22,872	\$ 679,917	\$ 156,655,140
Other local taxes	43,469,216	-	4,781,982	48,251,198
Permits, fees and regulatory licenses	272,506	-	2,912,477	3,184,983
Fines and forfeitures	634,822	-	-	634,822
From use of money and property	921,922	223,405	14,374	1,159,701
Charges for services	4,558,514	-	3,053,595	7,612,109
Gifts and donations	44,302	117,745	184,743	346,790
Miscellaneous	175,167	43,635	5,742	224,544
Intergovernmental	32,709,716	6,345,178	-	39,054,894
Total revenues	<u>\$ 238,738,516</u>	<u>\$ 6,752,835</u>	<u>\$ 11,632,830</u>	<u>\$ 257,124,181</u>
EXPENDITURES				
Current:				
General government	\$ 11,600,207	\$ 251,384	\$ -	\$ 11,851,591
Judicial administration	7,046,770	-	-	7,046,770
Public safety	42,110,181	-	1,771,603	43,881,784
Public works	8,479,503	-	-	8,479,503
Health and welfare	17,944,883	-	-	17,944,883
Education	101,940,702	-	-	101,940,702
Parks, recreation and cultural	6,848,209	-	-	6,848,209
Community development	2,757,590	-	3,503,330	6,260,920
Non-departmental	1,040,896	-	-	1,040,896
Capital projects	-	20,977,483	-	20,977,483
Debt service:				
Principal retirement	20,828,003	-	2,379,649	23,207,652
Interest and other fiscal charges	10,130,219	-	1,442,342	11,572,561
Bond issuance costs	726,556	112,249	57,620	896,425
Total expenditures	<u>\$ 231,453,719</u>	<u>\$ 21,341,116</u>	<u>\$ 9,154,544</u>	<u>\$ 261,949,379</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 7,284,797</u>	<u>\$ (14,588,281)</u>	<u>\$ 2,478,286</u>	<u>\$ (4,825,198)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (6,014,440)	\$ 8,654,851	\$ (2,836,680)	\$ (196,269)
Proceeds from sale of bonds	6,970,055	11,479,945	-	18,450,000
Premium on sale of bonds	738,163	851,150	-	1,589,313
Bonds issued for refunding	64,294,051	-	9,070,949	73,365,000
Premium on refunding bonds	6,808,331	-	1,353,413	8,161,744
Payment to escrow for refunded debt	(70,419,215)	-	(10,366,742)	(80,785,957)
Total other financing sources (uses), net	<u>\$ 2,376,945</u>	<u>\$ 20,985,946</u>	<u>\$ (2,779,060)</u>	<u>\$ 20,583,831</u>
SPECIAL ITEM				
Proceeds from sale of land	\$ 629,800	\$ -	\$ -	\$ 629,800
Net change in fund balances	\$ 10,291,542	\$ 6,397,665	\$ (300,774)	\$ 16,388,433
Fund balance, beginning	57,128,455	40,983,835	13,484,084	111,596,374
Fund balance, ending	<u>\$ 67,419,997</u>	<u>\$ 47,381,500</u>	<u>\$ 13,183,310</u>	<u>\$ 127,984,807</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, 2015

Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 16,388,433

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

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	\$ 11,872,395	
Depreciation expense	<u>(7,196,552)</u>	
		4,675,843

The issuance of long-term debt provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Debt issued or incurred:

Issuance of general obligation bonds	\$ (66,830,985)
Issuance of revenue and refunding bonds	(34,735,072)

Debt reductions:

Principal payments on bonds	23,207,652
Payment to escrow for refunded debt	<u>80,785,957</u>
	2,427,552

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

Property taxes	\$ (1,885,353)	
Intergovernmental and other revenues	<u>(3,012,633)</u>	
		(4,897,986)

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	\$ (3,923,479)	
Pension benefits	1,534,699	
Amortization of bond related costs	853,181	
Accrued interest	820,453	
Landfill closure obligation	(133,962)	
Compensated absences	230,608	
Insurance claims	7,687	
Other expenses	<u>83,563</u>	
		(527,250)

Change in net position - governmental activities (Exhibit II) \$ 18,066,592

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

June 30, 2015

Exhibit V

	Water & Sewer Fund
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 68,736,078
Receivables, net	8,129,517
Inventory	665,519
Prepaid items	205,325
Restricted cash and investments	11,611,799
Total current assets	<u>\$ 89,348,238</u>
Noncurrent assets:	
Capital assets, net:	
Land and construction in progress	\$ 17,520,902
Depreciable assets	282,349,674
Total noncurrent assets	<u>\$ 299,870,576</u>
Total assets	<u>\$ 389,218,814</u>
DEFERRED OUTFLOWS	
Deferred loss on debt refunding	\$ 1,654,801
Deferred pension contributions	706,105
Total deferred outflows	<u>\$ 2,360,906</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 1,897,958
Retainage payable	260,052
Accrued salaries and benefits	154,717
Accrued interest payable	381,613
Other accrued liabilities	78,758
Customer deposits	129,679
Current portion of long-term debt	5,343,909
Total current liabilities	<u>\$ 8,246,686</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	\$ 137,337,553
Total noncurrent liabilities	<u>\$ 137,337,553</u>
Total liabilities	<u>\$ 145,584,239</u>
DEFERRED INFLOWS	
Pension actuarial differences	\$ 1,028,306
NET POSITION	
Net investment in capital assets	\$ 176,968,942
Restricted for:	
Debt service	5,933,444
Capital projects	161,557
Unrestricted	61,903,232
Total net position	<u>\$ 244,967,175</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 NET POSITION -
 PROPRIETARY FUND**

For the Year Ended June 30, 2015

Exhibit VI

	Water & Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 28,534,124
Other operating revenues	1,798,149
Total operating revenues	<u>\$ 30,332,273</u>
OPERATING EXPENSES	
Personnel services	\$ 6,210,982
Fringe benefits	2,714,328
Contractual services	2,884,011
Materials and supplies	2,025,059
Depreciation	10,413,910
Other services and charges	3,945,751
Total operating expenses	<u>\$ 28,194,041</u>
Operating income	<u>\$ 2,138,232</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (5,391,528)
Interest income	253,225
Intergovernmental revenues	499,705
Miscellaneous income	43,394
Total non-operating expenses, net	<u>\$ (4,595,204)</u>
Loss before contributions and transfers	<u>\$ (2,456,972)</u>
Capital contributions:	
Availability fees	\$ 3,672,370
Other capital contributions	4,510,612
Total capital contributions	<u>\$ 8,182,982</u>
Transfers from other funds, net	196,269
Total capital contributions and transfers	<u>\$ 8,379,251</u>
Change in net position	<u>\$ 5,922,279</u>
Net position, beginning, as restated	239,044,896
Net position, ending	<u><u>\$ 244,967,175</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, 2015

Exhibit VII

Page 1

	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 27,527,366
Receipts from other operating revenues	1,790,053
Receipt of customer deposits	17,170
Payments to suppliers and service providers	(8,716,202)
Payments to employees for salaries and benefits	(8,689,048)
Return of customer deposits	(14,280)
Net cash provided by operating activities	<u>\$ 11,915,059</u>
Cash flows from noncapital financing activities:	
Receipt of intergovernmental revenue	\$ 499,705
Transfers in	196,269
Net cash provided by noncapital financing activities	<u>\$ 695,974</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (10,014,312)
Principal paid on capital debt	(4,557,000)
Interest paid on capital debt	(6,155,619)
Receipt of capital grants	2,387,120
Receipt of availability fees	3,581,149
Net cash used for capital and related financing activities	<u>\$ (14,758,662)</u>
Cash flows from investing activities:	
Purchase of investment securities	\$ (58,701,612)
Sale of investment securities	55,361,721
Interest on investments	603,299
Net cash used for investing activities	<u>\$ (2,736,592)</u>
Net decrease in cash and cash equivalents	\$ (4,884,221)
Cash and cash equivalents:	
Beginning	21,509,468
Ending	<u>\$ 16,625,247</u>
Shown on the combined balance sheet as:	
Cash and investments - pooled equity	\$ 68,736,078
Restricted cash and investments	11,611,799
	<u>\$ 80,347,877</u>
Less investments	63,722,630
Cash and cash equivalents, unrestricted and restricted	<u>\$ 16,625,247</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 For the Year Ended June 30, 2015

Exhibit VII

Page 2

	<u>Water & Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 2,138,232
Depreciation	10,413,910
Changes in assets and liabilities:	
Increase in accounts receivable	(1,014,854)
Decrease in inventory	21,415
Increase in accounts payable	117,204
Increase in salary and benefits payable	236,262
Increase in customer deposits payable	<u>2,890</u>
Net cash provided by operating activities	<u>\$ 11,915,059</u>
Noncash investing, capital and financing activities:	
Developer donated capital assets	\$ 2,261,850
Decrease in availability fee and other capital contribution receivables	(47,137)
Net change in fair value of investments	(71,913)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2015

Exhibit VIII

	Agency Funds
ASSETS	
Cash	\$ 317,969
Total assets	<u>\$ 317,969</u>
LIABILITIES	
Amounts held for others	\$ 317,969
Total liabilities	<u>\$ 317,969</u>

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

Note 1

Summary of Significant Accounting Policies

1.01 DESCRIPTION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the Primary Government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *Primary Government* is reported separately from certain legally separate *component units* for which the Primary Government is financially accountable.

1.02 REPORTING ENTITY

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

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

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

The accompanying financial statements present the County and its component unit, an entity for which the County is considered to be financially accountable. Blended component units are, in substance, part of the Primary Government's operations, even though they

are legally separate entities. The County has no component units that meet the requirements for blending and the County's only discretely presented component unit is reported in a separate column in the government-wide statements to emphasize it is legally separate from the Primary Government.

Discretely Presented Component Unit:

The Spotsylvania County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. School Board members are elected to four-year terms by the voters of the district in which the member resides. The School Board functions independently of the County Board and County Administration, but is fiscally dependent upon the County because the County Board approves the budget, levies the necessary taxes to finance operations and issues debt on its behalf as the School Board can neither levy taxes nor incur bonded indebtedness under Virginia law. The School Board does not issue separate financial statements, but its fund financial statements are included in the other supplementary information section of this report.

1.03 BASIS OF PRESENTATION

Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise fund. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

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 nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

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 used 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 established to account for the revenue recovery program established by County code section 9-39. The program authorizes charges for services to cover emergency medical transport provided by the County.

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

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

During the course of operations the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. While reported in fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

1.04 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.

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

The **governmental fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County and its component unit – School Board generally consider revenues to be available if they are collected within 45 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is

incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

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 the 45 day availability period, with the exception of local sales and use tax that follows a 30 day availability window. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source which is 45 days for the County and 90 days for the School Board. All other revenue items are considered to be measureable and available only when cash is received.

The proprietary and other postemployment benefit trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

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. Operating expenses include the direct costs of providing these services, administrative expenses, depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

1.05 BUDGET INFORMATION

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with GAAP for the General Fund with the exception of the reporting of debt service for School Board related debt. For GAAP purposes, School Board debt is reported in the Primary Government; however, the County reports these debt service payments in the component unit - School Board for budgetary purposes. A detailed reconciliation between GAAP and budgetary basis of reporting is provided in the Notes to the Required Supplementary Information for the Budgetary Comparison Schedule – General Fund.

The appropriated budget is prepared by fund, function, and department. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. 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.

1.06 CASH AND CASH EQUIVALENTS

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1.07 INVESTMENTS

Investments for the County, as well as its component unit, are reported at fair value (generally based on quoted market prices) except for the positions in the Local Government's Investment Pool (LGIP) and the Virginia State Non-Arbitrage Program (SNAP). In accordance with state law, each Pool operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, each Pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value).

The County utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated only when contractually or legally required. All investment earnings not legally or contractually assigned are credited to the General Fund.

1.08 RECEIVABLES

Receivables consist of general accounts for services, intergovernmental revenues, property taxes, water and sewer fees and any necessary accruals needed for amounts due to the County as of June 30, 2015. All receivables are reported net of an allowance for uncollectible accounts using the aging analysis method.

1.09 PROPERTY TAXES

Real property is assessed biennially at estimated fair market value on January 1. Real estate and personal property taxes are payable in two installments on June 5th and December 5th. The second installment due December 5th is included as a deferred inflow – unavailable revenues since 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.

1.10 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.

1.11 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.

1.12 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 estimated fair market value on the acquisition date. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase for capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2015, the Water & Sewer Fund incurred \$6.0 million in interest costs of which \$0.6 million was capitalized to construction in progress.

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

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

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

1.13 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position may report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so

will *not* be recognized as an outflow of resources (expense/ expenditure) until then. Currently, the County reports two such items in the Statement of Net Position, a deferred pension contributions and a deferred loss on debt refunding. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred pension contributions represent payments from the County to the pension plan subsequent to the measurement date of the net pension liability and before the end of the reporting period.

In addition to liabilities, the statement of financial position may report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The County currently reports the following deferred inflows:

Unavailable revenues – reported only in the governmental funds' Balance Sheet, represent revenues that do not meet the definition of available under modified accrual accounting; as well as property taxes and special assessments received, or recognized as a receivable, prior to the period they are intended to finance.

Unearned revenues – reported in the Statement of Net Position, represents property taxes and special assessments received, or recognized as a receivable, prior to the period they are intended to finance.

Pension actuarial differences – represent amounts remaining to be expensed as a result of changes to the net pension liability such as differences between expected and actual experience, changes in assumptions about future economic and demographic factors, difference between projected and actual earnings on pension plan investments, and changes to the School Board's proportion of the collective net pension liability. These amounts are

required to be recognized in pension expense using a systematic and rational method over a closed period.

1.14 COMPENSATED ABSENCES

The County's policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. Vacation payouts are limited to a maximum of 288 hours for full-time employees. Annual leave, 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. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements.

1.15 FUND BALANCE

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

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.

1.16 NET POSITION

Net position is comprised of three categories: Net investments in capital assets; restricted net position; and unrestricted net position.

Net investments in capital assets reflects 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 credi-

tors or by law. Net position, which is neither restricted nor related to capital assets, is reported as unrestricted net position.

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. The County reports this debt, whereas the School Board reports the related capital assets. As a result, in the Statement of Net Position (Exhibit I), the debt reduces unrestricted net position for the Primary Government, while the capital assets are reported in the School Board’s net investments in capital assets. The School Board’s debt amount of \$159.2 million is reclassified as shown below in Table 1 to present the total reporting entity column of Exhibit I.

1.17 PROGRAM REVENUES

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational and capital requirements of a particular function. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than program revenues.

1.18 PROPRIETARY FUND – OPERATING AND NONOPERATING REVENUES AND EXPENSES

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues

Table 1 Reclassification of County Issued School Debt				
	Primary Government	Component Unit School Board	School Board Related Debt	Total Reporting Entity
Net investment in capital assets	\$ 237,770,626	\$ 306,923,265	\$ (153,616,745)	\$ 391,077,146
Restricted	15,660,799	5,583,358	(5,558,098)	15,686,059
Unrestricted	(81,459,028)	(304,343,089)	159,174,843	(226,627,274)
Total net position	<u>\$ 171,972,397</u>	<u>\$ 8,163,534</u>	<u>\$ -</u>	<u>\$ 180,135,931</u>

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 and internal service fund are charges to customers for sales and services. The water and sewer fund also recognizes a portion of its availability fees intended to recover the cost of connecting new customers to the system. Operating expenses for the water and sewer fund and the internal service 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.

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 of Virginia (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 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 (LGIP), and the Virginia State Non-Arbitrage Program (SNAP).

External Investment Pools

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. The LGIP reports to the Treasury Board at their regularly scheduled meetings, and the fair value of the position in the LGIP is the same as the value of the pool shares. Investments authorized by the LGIP are the same as those authorized for local governments in Section 2.2-4500 et seq. of the Code.

The County also invests in SNAP. The Virginia Treasury Board sponsors the SNAP program and has hired investment managers to provide investment, accounting and arbitrage calculation services for the proceeds of tax-exempt financings of Virginia governments. The Fund invests only in those instruments in which such governmental units are permitted to invest directly under Section 2.2-4500 of the Code. The Fund is managed in accordance with Rule 2a-7 under the Investment Company Act of 1940, as amended. In keeping with Rule 2a-7, and with procedures established by the SNAP Board of Trustees, SNAP limits its investments to those that the advisor believes presents minimal credit risk and maintains a stable net asset value of \$1.00 per share.

2.03 POOLED CASH AND INVESTMENTS

As of June 30, 2015, the County and its discretely presented component unit pooled cash and investments of \$226.5 million, including \$317,969 in agency funds, are subject to various interest rate, credit, concentration of credit, and custodial credit risk as described in Table 2.

As of June 30, 2015, the County held the following investments:

Table 2		
Fair Value and Weighted Average Maturity of Investments		
Pooled Cash & Investments by Type	Fair Value	Weighted Average Maturity (in years)
Local Government Investment Pool (LGIP)	\$ 5,575,503	0.0001
State Non-Arbitrage Program (SNAP)	41,984,632	0.0011
Other money markets & mm mutual funds	57,619,346	0.0015
Repurchase agreements	3,136,208	0.0028
U.S. Treasury obligations	35,487,549	1.6234
Federal agency obligations	36,196,209	1.6614
Commercial paper	5,321,705	0.2306
Corporate notes	20,640,811	1.7144
Certificates of deposit	11,951,878	0.8389
Total investments:	\$ 217,913,841	
Portfolio weighted average maturity:		0.7558
Cash on hand	2,885	
Deposits	8,638,658	
Total pooled cash and investments:	\$ 226,555,384	
Reconciliation of pooled cash and investments:		
Exh I: Primary Government cash and investments	\$ 223,199,039	
Exh I: Component unit cash and investments	3,038,376	
Exh VIII: Agency funds' cash	317,969	
	\$ 226,555,384	

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 2 above. 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.

Credit Risk

All investments and practices must meet or exceed state statutes and shall be diversified by security type and institution. Table 3 on the following page defines the level of quality acceptable by investment type.

Table 3
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%

Pooled investments reported by credit quality and exposure consist of the following at June 30, 2015:

Table 4
Pooled Investments Reported by Credit Quality and Exposure

Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
Local Government Investment Pool (LGIP)	\$ 5,575,503	AAAm	2.56%
State Non-Arbitrage Program (SNAP)	41,984,632	AAAm	19.27%
Other money market mutual funds	57,619,346	AAAm	26.44%
Repurchase agreements	3,136,208	AAA	1.44%
U.S. Treasury obligations	35,487,549	AA	16.29%
Federal agency obligations	36,196,209	AA	16.61%
Commercial paper	5,321,705	A-1	2.44%
Corporate notes	20,640,811	AAA(12%)/ AA(88%)	9.47%
Certificates of deposit	11,951,878	AA(39%)/ A(61%)	5.48%
Total investments:	\$ 217,913,841		100.00%

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated to the amount of the County's investment in a single issuer. No more than five percent of the pooled

investment portfolio will be invested in securities of any single issuer with the exception of mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2015, invest-

ments from the following issuer exceeded five percent of the pooled investments.

Issuer	
Federal Home Loan Bank	10.52%

Custodial Credit Risk

Custodial credit risk is the risk that in the event of the failure of the counter party, the County will not be able

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

Note 3

Receivables

Receivables at June 30, 2015 consist of the following:

Table 5				
Receivables				
	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
Special assessments	\$ 237,219	\$ -	\$ 237,219	\$ -
Property taxes				
Delinquent	6,361,385	-	6,361,385	-
Not yet due	77,973,637	-	77,973,637	-
Fuel taxes	8,919,054	-	8,919,054	-
EMS Transport fees	1,371,686	-	1,371,686	-
Utility operations	-	8,466,159	8,466,159	-
Accounts - other	6,253,044	-	6,253,044	302,886
Intergovernmental - Federal	564,555	-	564,555	3,400,398
Intergovernmental - State	9,538,224	-	9,538,224	4,754,546
Gross receivables	111,218,804	8,466,159	119,684,963	8,457,830
Allowance for uncollectibles	(4,360,437)	(336,642)	(4,697,079)	-
Balances at June 30, 2015	<u>\$ 106,858,367</u>	<u>\$ 8,129,517</u>	<u>\$ 114,987,884</u>	<u>\$ 8,457,830</u>

Note 4

Capital Assets

Capital asset activity for the year ended June 30, 2015 was as follows:

Table 6				
Capital Assets - Governmental Activities				
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 15,886,716	\$ 18,213	\$ 1,132,537	\$ 14,772,392
Construction in progress	11,642,266	6,242,046	1,292,310	16,592,002
Total capital assets, not being depreciated	\$ 27,528,982	\$ 6,260,259	\$ 2,424,847	\$ 31,364,394
Capital assets being depreciated:				
Buildings & improvements	\$ 107,778,135	\$ 1,248,016	\$ -	\$ 109,026,151
Furniture, equipment & vehicles	53,116,564	6,788,968	1,823,110	58,082,422
Total capital assets, being depreciated	160,894,699	8,036,984	1,823,110	167,108,573
Less accumulated depreciation for:				
Buildings & improvements	32,050,974	3,840,937	-	35,891,911
Furniture, equipment & vehicles	35,397,314	3,355,615	1,641,963	37,110,966
Total accumulated depreciation	67,448,288	7,196,552	1,641,963	73,002,877
Total capital assets being depreciated, net	\$ 93,446,411	\$ 840,432	\$ 181,147	\$ 94,105,696
Governmental activities capital assets, net	\$ 120,975,393	\$ 7,100,691	\$ 2,605,994	\$ 125,470,090
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government	\$ 1,202,759			
Judicial administration	1,285,580			
Public safety	2,928,919			
Public works	677,487			
Health and welfare	30,212			
Parks and recreation	1,021,058			
Community development	50,537			
	<u>\$ 7,196,552</u>			

Construction in progress from governmental activities for the year ended June 30, 2015 was as follows:

Table 7 Construction in Progress - Governmental Activities				
	Project Authorization	Spent to Date	Committed Funding	Restricted Future Financing
<i>Governmental Activity Projects</i>				
Replace fire station no. 5	\$ 5,108,859	\$ 1,805,043	\$ 3,303,816	\$ -
Lee Hill fire & rescue station	3,444,774	826,659	2,618,115	-
Enterprise-wide fiber network	833,981	251,375	582,606	-
Land assessment & tax systems	1,675,968	831,895	844,073	-
Public safety radio system enhancement	20,817,475	12,210,876	8,606,599	-
Financial system upgrade	700,366	337,452	362,914	-
Courthouse area streetscape project	1,632,943	244,567	1,388,376	-
Other projects	310,479	84,135	226,344	-
	<u>\$ 34,524,845</u>	<u>\$ 16,592,002</u>	<u>\$ 17,932,843</u>	<u>\$ -</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2015 was as follows

Table 8 Capital Assets - Business-type Activities				
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 9,781,230	\$ 5,000	\$ 2,181,713	\$ 7,604,517
Construction in progress	9,599,804	10,218,729	9,902,148	9,916,385
Total capital assets, not being depreciated	<u>\$ 19,381,034</u>	<u>\$ 10,223,729</u>	<u>\$ 12,083,861</u>	<u>\$ 17,520,902</u>
Capital assets being depreciated:				
Buildings & improvements	\$ 163,967,577	\$ 7,761,192	\$ -	\$ 171,728,769
Furniture, equipment & vehicles	13,766,832	1,696,757	116,810	15,346,779
Water & sewer systems	224,469,411	5,420,676	-	229,890,087
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	<u>404,277,778</u>	<u>14,878,625</u>	<u>116,810</u>	<u>419,039,593</u>
Less accumulated depreciation for:				
Buildings & improvements	53,480,564	4,769,800	148,002	58,102,362
Furniture, equipment & vehicles	5,963,325	993,654	94,814	6,862,165
Water & sewer systems	66,781,759	4,756,977	-	71,538,736
Purchased sewer capacity	145,177	41,479	-	186,656
Total accumulated depreciation	<u>126,370,825</u>	<u>10,561,910</u>	<u>242,816</u>	<u>136,689,919</u>
Total capital assets being depreciated, net	<u>\$ 277,906,953</u>	<u>\$ 4,316,715</u>	<u>\$ (126,006)</u>	<u>\$ 282,349,674</u>
Business-type activities capital assets, net	<u>\$ 297,287,987</u>	<u>\$ 14,540,444</u>	<u>\$ 11,957,855</u>	<u>\$ 299,870,576</u>

* A reclassification of \$2,181,713 of depreciable land improvements from Land to Buildings & improvements was necessary to correct the presentation of assets for the Water and Sewer Fund. All reclassified assets have been properly depreciated since acquisition.

Capital asset activity of the component unit – School Board for the year ended June 30, 2015 was as follows:

Table 9				
Capital Assets - Component Unit - School Board				
	Balance July 1, 2014	Increases	Decreases	Balance June 30, 2015
Capital assets, not being depreciated:				
Land	\$ 9,648,651	\$ 15,671	\$ -	\$ 9,664,322
Construction in progress	1,564,406	1,791,826	1,337,408	2,018,824
Total capital assets, not being depreciated	\$ 11,213,057	\$ 1,807,497	\$ 1,337,408	\$ 11,683,146
Capital assets being depreciated:				
Buildings & improvements	\$ 426,350,172	\$ 1,721,279	\$ -	\$ 428,071,451
Furniture, equipment & vehicles	82,074,824	3,415,757	367,886	85,122,695
Total capital assets, being depreciated	508,424,996	5,137,036	367,886	513,194,146
Less accumulated depreciation for:				
Buildings & improvements	150,761,717	10,204,133	-	160,965,850
Furniture, equipment & vehicles	53,367,769	3,915,570	295,162	56,988,177
Total accumulated depreciation	204,129,486	14,119,703	295,162	217,954,027
Total capital assets being depreciated, net	\$ 304,295,510	\$ (8,982,667)	\$ 72,724	\$ 295,240,119
Component Unit-School Board capital assets, net	\$ 315,508,567	\$ (7,175,170)	\$ 1,410,132	\$ 306,923,265

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, 2015 was as follows:

Table 10				
Construction in Progress - Component Unit - School Board				
	Project Authorization	Spent to Date	Committed Funding	Required Future Financing
<i>Component unit - School Board</i>				
Lee Hill Elementary - roof replacement	\$ 231,241	\$ 219,679	\$ 11,562	\$ -
Career & Technical Center - HVAC	1,206,972	1,079,536	127,436	-
Battlefield Elementary - roof replacement	518,539	492,612	25,927	-
Elementary School #18	29,831,067	226,997	29,604,070	-
	<u>\$ 31,787,819</u>	<u>\$ 2,018,824</u>	<u>\$ 29,768,995</u>	<u>\$ -</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 11 summarizes transfers between funds for the Primary Government.

Table 11 Transfers - Primary Government					
Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Gov't Funds	Water & Sewer Fund	
General fund	\$ -	\$ 353,215	\$ 3,404,838	\$ -	\$ 3,758,053
Capital projects fund	8,710,226	-	407,240	185,502	9,302,968
Other gov't funds	941,823	260,561	-	-	1,202,384
Water and sewer fund	120,444	34,341	226,986	-	381,771
Total	<u>\$ 9,772,493</u>	<u>\$ 648,117</u>	<u>\$ 4,039,064</u>	<u>\$ 185,502</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 \$27.8 million at June 30, 2015 resulted from the time lag between dates that (1) services are provided, (2) transactions are recorded in the accounting system, and (3) payments are made between funds.

Note 7

Lease Obligations

Operating leases

The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were \$180,168, 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the County and School Board respective retirement plans (Plan) and the additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they were reported by the Virginia Retirement System (System). 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.

8.02 GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description

The County and School Board participate in the VRS, a

defined benefit pension plan, to include an agent, multiple-employer plan for County and School Board employees, and 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 System along with plans for other employer groups in the Commonwealth of Virginia. Title 51.1, Article 2.1 of the *Code of Virginia* (1950)(Code), as amended, grants the authority to the VRS Board of Trustees for the general administration and operation the Plan. State statutes governing the Plan adminis-

tered by the System may be amended only by the General Assembly of Virginia.

All full-time, salaried permanent (professional) 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.

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 plan has a different eligibility and benefit structure as set out in the table below:

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

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

Employees covered by benefit terms

As of the June 30, 2013 actuarial valuation, the following employees of the Plan were covered by the benefit terms:

	County	School Board*
Inactive employees or beneficiaries currently receiving benefits	214	217
Inactive employees entitled to but not yet receiving benefits	448	210
Active employees	816	452
	1,478	879

* 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 has elected, as provided under title 51.1-144 of the *Code*, to phase-in this contribution, for all employees in service with the County on June 30, 2012, through a 1% incremental increase per year until the 5% is met in fiscal year 2017. Each employee receives an annual salary increase equal to the 1% through the phase-in period. The School Board elected the immediate adoption of the full 5% employee contribution and equivalent salary increase. All employees who commence or recommence employment on or after July 1, 2012 are required to contribute the full 5%.

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, 2015, as a percentage of covered employee compensation, are provided in the table below.

	School Board		
	County	School Board	Teacher Plan*
Employee contribution rate	5.00%	5.00%	5.00%
Employer contribution rate	10.58%	8.17%	9.50%
	15.58%	13.17%	14.50%

*For the year ended June 30, 2015, section 51.1-145 of the *Code* establishes the School Board's contractual rate at 79.69% of the actuarially determined rate of 18.20%.

8.03 FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2014 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2014-annual-report.pdf>.

8.04 NET PENSION LIABILITY**Agent Employer Plan**

The County and School Board's net pension liability, measured as of June 30, 2014, was \$12.5 and \$0.9 million as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2014.

School Board's Teacher Retirement Cost-Sharing Plan

At June 30, 2015, the School Board reported a liability of \$195.8 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2014 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined

employer contributions to the Plan for the year ended June 30, 2014 relative to the total of the actuarially determined employer contributions for all participating

employers. At June 30, 2014, the School Board's proportion was 1.62% as compared to 1.68% at June 30, 2013.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2013, 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, 2014.

Table 12 Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	7.00%	7.00%	7.00%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	14.00%	60.00%	Not available
Mortality tables:			
Pre-retirement	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 4 years and females set back 2 years.	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 2 years and females set back 2 years.	RP-2000 Employee Mortality Table Projected with Scale AA to 2020 with males set forward 3 years and females set back 5 years.
Post-retirement	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set forward 1 year.	RP-2000 Combined Mortality Table Projected with Scale AA to 2020 with males set back 2 years and females set back 3 years.
Post-Disability	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 3 years and no provision for future mortality improvement.	RP-2000 Disability Life Mortality Table Projected to 2020 with males set back 1 year and no provision for future mortality improvement.
Changes of assumptions:			
The actuarial assumptions used in the June 30, 2013 valuation were based on the results of an actuarial experience study for the period from July 1, 2008 through June 30, 2012. The following are the changes to the actuarial assumptions as a result of the experience study.	<ul style="list-style-type: none"> • Updated mortality table • Decrease in rates of service retirement • Decrease in rates of disability retirement • Reduced rate of salary increase by 0.25% per year 	<ul style="list-style-type: none"> • Updated mortality table • Adjustments to rates of service retirement for females • Increase in rates of withdrawal • Decrease in male and female rates of disability 	<ul style="list-style-type: none"> • Updated mortality table • Adjustments to rates of service retirement • Decrease in rates of withdrawal for 3 through 9 years of service • Decrease in rates of disability • Reduced rate of salary increase by 0.25% per year

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 estimates of arithmetic real rates of return for each major asset class are summarized in Table 13.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that County contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Through the fiscal year ending June 30, 2018, the rate contributed by the School Board for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, the School Board is assumed to contribute 100% of the actuarially determined contribution rates.

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Table 13**Long-term Expected Rate of Return**

Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Average Long-term Expected Rate of Return
U.S. equity	19.50%	6.46%	1.26%
Developed non U.S. equity	16.50%	6.28%	1.04%
Emerging market equity	6.00%	10.00%	0.60%
Fixed income	15.00%	0.09%	0.01%
Emerging debt	3.00%	3.51%	0.11%
Rate sensitive credit	4.50%	3.51%	0.16%
Non rate sensitive credit	4.50%	5.00%	0.23%
Convertibles	3.00%	4.81%	0.14%
Public real estate	2.25%	6.12%	0.14%
Private real estate	12.75%	7.10%	0.91%
Private equity	12.00%	10.41%	1.25%
Cash	1.00%	-1.50%	-0.02%
Total	100.00%		5.83%
		Inflation	2.50%
		Expected arithmetic nominal return*	8.33%

* Using stochastic projection results provides an expected range of real rates of return over various time horizons. Looking at one year results produces an expected real rate of return of 8.33% but also has a high standard deviation, which means there is high volatility. Over larger time horizons the volatility declines significantly and provides a median return of 7.44%, including expected inflation of 2.50%.

Changes in the Net Pension Liability

The following Tables 14 and 15 represent the changes in net pension liability through the Plan's measurement date of June 30, 2014 for the County and School Board, respectively.

Table 14 County Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2013	\$ 128,326,767	\$ 105,993,233	\$ 22,333,534
Changes for the year:			
Service cost	5,122,634	-	5,122,634
Interest	8,848,943	-	8,848,943
Contributions - employer	-	5,846,929	(5,846,929)
Contributions - employee	-	1,053,842	(1,053,842)
Net investment income	-	17,024,303	(17,024,303)
Benefit payments, including refunds of employee contributions	(3,826,589)	(3,826,589)	-
Administrative expense	-	(88,130)	88,130
Other changes	-	896	(896)
Net changes	10,144,988	20,011,251	(9,866,263)
Balances at June 30, 2014	\$ 138,471,755	\$ 126,004,484	\$ 12,467,271
		Governmental activities:	10,780,072
		Business-type activities:	1,687,199
			\$ 12,467,271

Table 15 School Board Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at June 30, 2013	\$ 24,397,086	\$ 21,534,508	\$ 2,862,578
Changes for the year:			
Service cost	1,056,597	-	1,056,597
Interest	1,661,774	-	1,661,774
Contributions - employer	-	871,638	(871,638)
Contributions - employee	-	444,019	(444,019)
Net investment income	-	3,363,325	(3,363,325)
Benefit payments, including refunds of employee contributions	(1,314,924)	(1,314,924)	-
Administrative expense	-	(17,981)	17,981
Other changes	-	177	(177)
Net changes	1,403,447	3,346,254	(1,942,807)
Balances at June 30, 2014	\$ 25,800,533	\$ 24,880,762	\$ 919,771

* 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 16 presents the net pension liability of the County, School Board, and Teacher Retirement Plan, calculated using the 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 16 Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate				
	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)	
County's calculated net pension liability (asset)	\$ 33,412,768	\$ 12,467,271	\$ (4,707,836)	
School Board's calculated net pension liability (asset)	\$ 4,114,220	\$ 919,771	\$ (1,745,173)	
Teacher Retirement Plan's calculated net pension liability*	\$ 287,571,000	\$ 195,840,000	\$ 120,315,000	

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

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

For the year ended June 30, 2015, the County and School Board recognized pension expense of \$3.6 and \$144.5 million, respectively, as follows:

	Primary Government		Component Unit - School Board		
	Agent - Multiple Employer Plan				
	Governmental Activities	Business-type Activities	School Board	Internal Service Fund Fleet Services	Teacher Retirement Cost-sharing Plan
Total Pension Expense	\$ 3,096,362	\$ 484,490	\$ 384,391	\$ 29,645	\$ 14,034,000

At June 30, 2015, the Plan reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Deferred Inflows:					
Net difference between projected and actual earnings on pension plan investments	\$ 6,571,881	\$ 1,028,306	\$ 1,378,864	\$ 106,341	\$ 29,065,000
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	6,596,000
Total Deferred Inflows	\$ 6,571,881	\$ 1,028,306	\$ 1,378,864	\$ 106,341	\$ 35,661,000
Deferred Outflows:					
Employer contributions subsequent to the measurement date	\$ 4,631,061	\$ 706,105	\$ 699,292	\$ 50,335	\$ 15,276,038
Total Deferred Outflows	\$ 4,631,061	\$ 706,105	\$ 699,292	\$ 50,335	\$ 15,276,038

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, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Primary Government		Component Unit - School Board		
	Agent - Multiple Employer Plan				Teacher Retirement Cost-sharing Plan
	Governmental Activities	Business-type Activities	School Board	Internal Service Fund Fleet Services	
Fiscal year ended June 30,					
2016	\$ (1,642,971)	\$ (257,076)	\$ (344,716)	\$ (26,585)	\$ (8,723,000)
2017	(1,642,970)	(257,076)	(344,716)	(26,585)	(8,723,000)
2018	(1,642,970)	(257,077)	(344,716)	(26,585)	(8,723,000)
2019	(1,642,970)	(257,077)	(344,716)	(26,586)	(8,723,000)
Thereafter	-	-	-	-	(769,000)

8.06 PAYABLES TO THE PENSION PLAN

At June 30, 2015, the County and School Board reported payables of \$0.6 and \$3.3 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2015.

Note 9

Long-term Liabilities

The following Tables 17 and 18 provide a summary of changes in long-term obligations of the reporting entity for the year ended June 30, 2015.

Table 17 Long-term Liabilities - Primary Government					
	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Governmental Activities					
General obligation bonds payable:					
Principal of bonds payable	\$ 275,949,265	\$ 91,815,000	\$ 100,157,652	\$ 267,606,613	\$ 23,397,102
Unamortized premiums	8,664,986	9,751,057	3,780,053	14,635,990	-
Total bonds payable	284,614,251	101,566,057	103,937,705	282,242,603	23,397,102
Compensated absences	4,186,817	4,752,854	4,983,462	3,956,209	306,940
Landfill closure obligation	7,350,617	240,512	106,550	7,484,579	161,549
Insurance claims payable	849,658	9,214,674	9,021,099	1,043,233	1,043,233
Arbitrage liability	21,300	-	21,300	-	-
Net pension liability*	19,311,296	12,157,107	20,688,331	10,780,072	-
Other postemployment benefits	22,311,174	4,904,567	981,088	26,234,653	-
Total governmental activities	\$ 338,645,113	\$ 132,835,771	\$ 139,739,535	\$ 331,741,349	\$ 24,908,824

Table 17 (continued)

Long-term Liabilities - Primary Government

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Business-type Activities					
Revenue bonds payable:					
Principal of bonds payable	\$ 137,088,333	\$ -	\$ 4,557,000	\$ 132,531,333	\$ 5,197,000
Unamortized premiums	4,377,688	-	223,929	4,153,759	-
Total bonds payable	141,466,021	-	4,780,929	136,685,092	5,197,000
Compensated absences	660,349	696,029	716,621	639,757	22,285
Insurance claims payable	127,752	1,328,218	1,331,346	124,624	124,624
Net pension liability*	3,022,238	1,902,600	3,237,639	1,687,199	-
Other postemployment benefits	3,084,705	678,097	218,012	3,544,790	-
Total business-type activities	\$ 148,361,065	\$ 4,604,944	\$ 10,284,547	\$ 142,681,462	\$ 5,343,909
Total Primary Government	\$ 487,006,178	\$ 137,440,714	\$ 150,024,081	\$ 474,422,811	\$ 30,252,733

* Restated for implementation of new GASB standard - Note 20.

Table 18

Long-term Liabilities - Component Unit - School Board

	Balance July 1, 2014 (Restated)	Increases	Decreases	Balance June 30, 2015	Due Within One Year
Component unit - School Board					
Compensated absences	\$ 5,577,159	\$ 2,218,712	\$ 2,048,844	\$ 5,747,027	\$ 2,048,844
Insurance claims payable	3,276,788	35,361,984	35,356,294	3,282,478	3,282,478
Net pension liability*	234,162,578	16,770,352	54,173,159	196,759,771	-
Other postemployment benefits	86,571,137	18,733,000	7,906,900	97,397,237	-
Total School Board	\$ 329,587,662	\$ 73,084,048	\$ 99,485,197	\$ 303,186,513	\$ 5,331,322

* Restated for implementation of new GASB standard - Note 20.

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

ly. Under Virginia state law, School Boards may not incur debt. Rather, the local government incurs debt *on behalf* of the local school board creating a *tenancy in common*. Per 15.2-1800.1 of the Code, in 2002, the County Board of Supervisors adopted a resolution opting out of a tenancy in common. As a result, all school debt is reported as an obligation of the Primary Government

and the related assets are reported as assets of the component unit - School Board.

New Debt Issuance

On August 13, 2014, the County issued \$59.0 million in General Obligation Public Improvement Bonds, Series 2014 with interest rates ranging from 2 to 5% until final maturity on January 15, 2034. These bonds are subject to an optional redemption on the aggregate unpaid principal plus accrued and unpaid interest to January 15, 2024. Bond proceeds, including an offering premium of \$7.8 million were used to refund \$4.9 million of General Obligation School Refunding Bonds, Series 2004A, and advance refund \$48.2 million of General Obligation Public Improvement Bonds, Series 2006. The remaining proceeds, together with other funds, will be used to finance capital projects including local transportation, replacement of school buses, public school technology upgrades, and various school maintenance needs.

On August 14, 2014, the County issued \$32.8 million of Economic Development Authority Revenue and Refunding Bonds, Series 2014 with interest rates ranging from 2 to 5% until final maturity on June 1, 2034. These bonds are subject to an optional redemption on the aggregate unpaid principal plus accrued and unpaid interest to June 1, 2024. Total proceeds including an offering premium of \$2.0 million, will be used to fund the acquisition of fire equipment and the County's public

safety radio system totaling \$6.6 million, with the remaining \$28.1 million used to advance refund \$27.0 million of Economic Development Authority Revenue Bonds, Series 2005, and pay the associated issuance costs of the Series 2014 bonds.

Advance Refunding

As part of the County's current year debt issuance a portion of the proceeds were used to advance refund \$72.0 million of EDA Lease Revenue Bonds Series 2005 and General Obligation Public Improvement Bonds Series 2006. To secure future debt service payments on the refunded debt, net proceeds of \$75.8 million were deposited in an irrevocable trust with an escrow agent. As a result, these advance refunded bonds are considered defeased and the liability removed from the Statement of Net Position. Total defeased debt including prior year's balances, which have not been called or repaid, at June 30, 2015 was \$47.1 million.

As bonds are defeased, a deferred charge is normally created, accounting for the difference between the reacquisition price and the net carrying amount of the old debt. This deferred charge is reported separately on the Statement of Net Position as a deferred inflow or outflow and amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter. Detailed information on the effects of the 2015 advance refunding can be found in Table 19 below.

Table 19

Information on Advance Refund of Debt

Refunded Issue	Deferred (Gain) Loss on Refunding	Reduction of Debt Service in Years	Reduction in Debt Service Payments	Economic Gain
EDA Revenue Bonds, Series 2005	\$ (303,018)	no change	\$ 3,898,198	\$ 3,403,172
GO Public Improvement Bonds, Series 2006	1,582,260	no change	6,860,132	6,039,595

Amortization of Debt Service

Principal and interest to maturity for the County's General Obligation Bonds and Water and Sewer Fund's Revenue Bonds outstanding at June 30, 2015 are as follows:

Table 20						
Future Debt Service - Primary Government						
Fiscal Year	Governmental Activities		Business-type Activities Utility		Total Primary Government	
	General Obligation Bonds		Revenue Bonds			
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 23,397,102	\$ 10,658,554	\$ 5,197,000	\$ 5,948,137	\$ 28,594,102	\$ 16,606,691
2017	23,558,841	9,734,062	5,397,000	5,751,499	28,955,841	15,485,561
2018	21,856,073	8,829,207	5,636,000	5,537,418	27,492,073	14,366,625
2019	21,043,594	7,983,925	5,855,000	5,294,466	26,898,594	13,278,391
2020	19,571,459	7,165,051	6,088,000	5,055,231	25,659,459	12,220,282
2021 - 2025	88,985,973	23,770,493	34,369,000	21,041,211	123,354,973	44,811,704
2026 - 2030	58,562,000	7,805,158	29,636,000	13,374,852	88,198,000	21,180,010
2031 - 2035	10,631,571	831,482	26,880,000	7,072,252	37,511,571	7,903,734
2036 - 2040	-	-	13,473,333	1,866,500	13,473,333	1,866,500
Totals:	\$267,606,613	\$ 76,777,932	\$132,531,333	\$ 70,941,566	\$400,137,946	\$147,719,498

Schedule of Outstanding General Obligation Bonds

The County issues general obligation bonds to provide funds for the acquisition and construction of major capital projects. These bonds are direct obligations and pledge the full faith and credit of the County and are generally issued as serial bonds with maturities that range from 5 to 20 years, requiring total semi-annual installments ranging annually from \$0.5 to \$23.6 million. General obligations bonds outstanding at June 30, 2015 are as follows:

Table 21					
Outstanding General Obligation Debt - Governmental Activities					
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Original Borrowing	Principal Outstanding
Spotsylvania County:					
EDO Lease Revenue Bonds	05/2001	05/2021	6.16	\$ 700,000	\$ 306,698
Public Improvements	06/2006	07/2016	3.73 - 5.00	53,000,000	2,375,000
Public Improvements (Series A)	07/2009	07/2019	1.40 - 3.00	11,665,000	6,515,000
Public Improvements (Series B)	07/2009	07/2034	5.20 - 5.90	15,905,000	15,905,000
Public Improvements (Series A)	07/2010	07/2020	2.07	8,680,000	4,225,000
Public Improvements (Series B)	07/2010	07/2030	3.38	8,435,000	8,435,000
Public Improvements (Series A)	07/2011	01/2031	3.00 - 4.00	6,939,045	5,301,903
Pubic Improvements (Refunding)	07/2011	01/2024	3.00 - 4.00	5,650,000	4,475,000
EDO Public Facility Revenue	10/2011	06/2032	2.00 - 4.00	11,275,000	8,300,000
Public Improvements (Series A)	07/2012	06/2032	2.00 - 3.00	8,995,000	6,995,000
Qualified Energy Conservation	07/2012	06/2032	1.00 - 3.80	1,240,000	1,065,000
Public Improvements	07/2013	06/2033	2.55	6,112,284	5,523,913
EDA Public Facility Revenue	08/2013	02/2030	2.61	1,688,000	1,359,000
Public Improvements & Refunding	08/2014	01/2034	2.00 - 5.00	38,110,410	37,887,631
EDA Revenue & Refunding	08/2014	06/2034	2.00 - 5.00	6,305,000	6,005,000
Total General Obligation Bonds - Spotsylvania County					\$ 114,674,145

Table 21 (continued)					
Outstanding General Obligation Debt - Governmental Activities					
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Original Borrowing	Principal Outstanding
Component Unit - School Board					
Virginia Public School Authority	12/1995	07/2015	5.10 - 6.10	\$ 838,515	\$ 49,488
Virginia Public School Authority	05/1996	07/2016	4.60 - 5.80	2,200,000	220,000
Virginia Public School Authority	07/1997	07/2016	5.10 - 6.10	4,620,000	460,000
Virginia Public School Authority	11/1997	07/2017	4.35 - 5.23	8,940,000	1,230,000
Virginia Public School Authority	11/1997	07/2017	4.35 - 5.23	8,422,232	1,452,638
Virginia Public School Authority	04/1998	07/2018	4.10 - 5.35	14,975,000	2,680,000
Virginia Public School Authority	11/1998	07/2018	4.35 - 5.10	10,795,000	1,740,000
Virginia Public School Authority	11/1998	07/2018	3.60 - 5.10	4,345,729	960,788
Virginia Public School Authority	04/1999	07/2019	4.35 - 5.23	3,570,000	450,000
Virginia Public School Authority	05/2000	07/2020	4.35 - 5.23	7,740,000	2,225,000
Virginia Public School Authority	05/2001	07/2021	4.10 - 5.60	10,170,000	3,310,000
Virginia Public School Authority	11/2001	07/2021	3.10 - 5.35	9,500,000	2,800,000
Virginia Public School Authority	05/2002	07/2022	3.60 - 5.60	17,315,000	6,560,000
Virginia Public School Authority	11/2002	07/2023	2.35 - 5.10	11,885,000	4,400,000
Public Improvements	07/2007	07/2027	3.73 - 5.00	23,665,000	665,000
Public Improvements	06/2007	01/2027	4.25 - 5.00	41,110,000	18,900,000
Qualified School Construction	06/2010	06/2027	5.31	2,630,000	1,860,000
Public Improvements (Series A)	07/2011	01/2031	3.00 - 4.00	3,975,956	2,883,093
EDA Revenue (Refunding)	07/2012	06/2029	2.00 - 5.00	33,785,000	29,330,000
Public Improvements (Refunding)	07/2012	06/2029	2.00 - 5.00	7,210,000	5,155,000
Public Improvements	07/2013	06/2033	2.55	11,802,716	9,927,088
EDA Revenue (Refunding)	08/2013	02/2030	2.61	11,695,000	11,092,000
Public Improvements (Refunding)	08/2014	01/2034	2.00 - 5.00	20,954,590	18,977,373
EDA Revenue (Refunding)	08/2014	06/2034	2.00 - 5.00	26,445,000	25,605,000
Total General Obligation Bonds - Component Unit - School Board					\$ 152,932,468
Total Governmental Activities - General Obligation Bonds					\$ 267,606,613

Table 21 (continued)					
Outstanding General Obligation Debt - Business-type Activities					
	Sale Date	Final Maturity	Interest Rates to Maturity (%)	Original Borrowing	Principal Outstanding
Business-type Activities					
Utility Revenue (Refunding)	02/2005	06/2026	3.00 - 5.00	\$ 37,875,000	\$ 24,803,333
Utility Revenue	08/2007	06/2037	4.25 - 5.00	39,700,000	33,940,000
Utility Revenue (Refunding)	08/2010	06/2032	3.15	28,405,000	23,905,000
Utility Revenue Build America	08/2010	06/2040	3.15	29,450,000	29,450,000
Utility Revenue (Refunding)	08/2013	06/2035	2.59	21,330,000	20,433,000
Total Business-type Activities					\$ 132,531,333
Total indebtedness - Primary Government:					\$ 400,137,946

Note 10

Conduit Debt Obligations

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

At June 30, 2015, there was one series of Industrial Revenue Bonds outstanding with an aggregate principal amount payable of \$4.2 million.

Note 11

Closure and Post-Closure Care Costs

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

The estimated liability for landfill closure and post-closure care costs is \$0.8 million and \$6.7 million for closed and operating landfills, respectively, which is based on 100% and 63.8% usage, respectively. It is es-

timated that an additional \$2.6 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 (2021).

The estimated total current cost of the landfill closure and post-closure care (\$7.5 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, 2015. 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

Postemployment Health Care Benefits

12.01 PRIMARY GOVERNMENT

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 will provide 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.

To qualify, employees hired prior to November 1, 2007 must complete ten consecutive years of regular full-

time employment with the County immediately prior to full retirement under VRS or social security retirement 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 or social security retirement to be eligible for 50% subsidy towards their coverage. For every additional consecutive year of service worked over twenty years the employee receives a 5% subsidy toward their coverage. Once the retiree reaches the age of 65, the retiree must apply for and receive Medicare coverage and convert to a Medicare carve-out policy. In addition, line of duty disabilities will receive full subsidization of their coverage regardless of years of service or hire date with the County.

As of July 1, 2014, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	694
Retirees and Spouses	131

The terms of the Plan are governed by the Board of Supervisors and can be amended by board action at any time.

Funding policy

The County pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a County resolution that can be amended by the Board of Supervisors. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they become due.

Annual OPEB Cost and Net OPEB obligation

The County's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters

of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Table 22 below shows the components of the County's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the County's net OPEB obligation.

Table 22 Change in Net OPEB Obligation - Primary Government	
Annual required contribution	\$ 5,793,900
Interest on net OPEB obligation	1,015,835
Adjustment to ARC	(1,227,071)
Annual OPEB cost (expense)	\$ 5,582,664
Contributions made	(1,199,100)
Increase in net OPEB obligation	\$ 4,383,564
Net OPEB obligation - beginning of year	25,395,879
Net OPEB obligation - end of year	\$ 29,779,443
Governmental activities	\$ 26,234,653
Business-type activities	3,544,790
	\$ 29,779,443

The County's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the current and preceding two years can be found in Table 23 below.

Table 23 Annual OPEB Cost - Primary Government			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 5,582,664	21.5%	\$ 29,779,443
June 30, 2014	5,431,000	16.4%	25,395,879
June 30, 2013	5,118,000	11.8%	20,855,390

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit credit method was used. The actuarial value of the assets is determined by their market value. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.1%, from the Getzen Trend model, graded to 4.5% by 2073. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015, was

twenty-five years.

Funding status and funding progress

As of July 1, 2014, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$56.4 million and the actuarial value of assets was zero, resulting in an UAAL of \$56.4 million. The covered payroll (annual payroll of active employees covered by the plan) was \$43.9 million, and the ratio of the UAAL to the covered payroll was 128.4 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in Table 24 below, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Table 24
Required Supplementary Information - Schedule of Funding Progress for the Primary Government

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
July 1, 2014	\$ -	\$ 56,439,000	\$ 56,439,000	0%	\$ 43,941,400	128.4%
July 1, 2013*	-	55,915,000	55,915,000	0%	41,837,760	133.6%
July 1, 2012*	-	51,888,000	51,888,000	0%	40,121,877	129.3%
July 1, 2011*	-	49,282,000	49,282,000	0%	37,991,535	129.7%
July 1, 2010*	-	45,383,000	45,383,000	0%	36,911,000	122.9%
July 1, 2009*	-	30,666,000	30,666,000	0%	37,285,000	82.2%

* Required Supplementary Information is unaudited.

12.02 COMPONENT UNIT - SCHOOL BOARD

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 postemployment benefits other than pensions (OPEB).

The School Board has appointed a Local Finance Board to serve as trustee for the Pooled Trust. The Virginia Local Government Finance Corporation (VLGFC) provides the day-to-day administration of the Trust. An investment consultant has been hired by the Trust to provide investment advice to the trustees. A custodian bank has also been retained to assist with reporting of contributions, distributions and employer balances within the Trust.

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.

Summary of significant accounting policies

Basis of accounting

The Trust's financial statements are prepared using the accrual basis of accounting. Employer contributions to the Plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable.

Investments

Plan investments are reported at fair value at the last reported sales price on June 30, 2015.

Plan description

To be eligible for this Plan, the individual must retire from School Board employment and have either:

- ~ Age 55 and at least 5 consecutive years of service with Spotsylvania County Schools, or
- ~ Age 50 and 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 Schools. In addition, the individual and their dependents must have been eligible to enroll in the School Board's health insurance program for a period of one year prior to seeking retiree medical benefits. Once a retiree reaches Medicare eligibility age, the retiree must apply for and receive Medicare coverage (parts A and B). The retiree must also convert to a Medicare Complimentary Plan.

Individuals hired before July 1, 2009 pay the same premiums as active employees while they are pre-Medicare eligible. Surviving spouses of retired employees are able to continue medical coverage; however, the surviving spouse must pay the entire cost of the premium.

Individuals hired on or after July 1, 2009 will only receive a flat dollar subsidy. Spouses of such retirees will not receive any explicit subsidy from the School Board; however, spouses may continue to receive medical coverage.

As of July 1, 2013, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:

Active employees	2,238
Retirees (pre-Medicare)	352
Retirees (Medicare age)	497

Contributions

The Code allows for the School Board to make contributions to the Trust. These contributions are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation in the Trust.

Funding policy

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. At a minimum, benefits are financed on a pay-as-you-go basis.

Annual OPEB cost

The School Board's annual other postemployment benefit cost (expense) is calculated based on the annual required contribution of the employer, an amount actuarially determined in accordance with the parameters of GAAP. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following Table 25 shows the components of the School Board's annual OPEB cost for the year, amount actually contributed to the plan, and changes in the School Board's net OPEB obligation.

Table 25 Change in Net OPEB Obligation - Component Unit - School Board	
Annual required contribution	\$ 19,436,000
Interest on net OPEB obligation	3,030,000
Adjustment to ARC	(3,733,000)
Annual OPEB cost (expense)	\$ 18,733,000
Contributions made	(7,906,900)
Increase in net OPEB obligation	\$ 10,826,100
Net OPEB obligation - beginning of year	86,571,137
Net OPEB obligation - end of year	\$ 97,397,237

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and net OPEB obligation for the current and preceding two years are shown in Table 26.

Table 23 Annual OPEB Cost - Component Unit - School Board			
Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	\$ 18,733,000	42.2%	\$ 97,397,237
June 30, 2014	17,753,000	31.2%	86,571,137
June 30, 2013	20,271,000	25.3%	74,352,853

Actuarial methods and assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2013 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 3.4% by 2099. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2015, was twenty-four years.

Funded status and funding progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 0.73% funded. The actuarial accrued liability for benefits was \$196.3 million, and the actuarial value of assets was \$1.4 million, resulting in an unfunded actuarial accrued liability of \$194.8 million. The covered payroll (annual payroll of active employees covered by the plan) was \$131.2 million and the ratio of the UAAL to the covered payroll was 148.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far

into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Table 27 Required Supplementary Information - Schedule of Funding Progress for the Component Unit - School Board						
Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
July 1, 2013	1,439,000	196,279,000	194,840,000	0.73%	131,150,000	148.6%
July 1, 2012*	1,389,946	202,875,000	201,485,054	0.69%	122,189,000	164.9%
July 1, 2011*	1,400,000	154,091,000	152,691,000	0.91%	125,846,000	121.3%
July 1, 2009*	-	137,293,000	137,293,000	0.00%	132,534,000	103.6%
July 1, 2007*	-	106,789,000	106,789,000	0.00%	135,592,000	78.8%

* Required Supplementary Information is unaudited. Fiscal year 2008 represents first year of implementation.

Note 13

FUND BALANCE

Minimum fund balance – The County will maintain a budget stabilization reserve to address potential revenue declines or other economic stress placed on the budget. Beginning no later than fiscal year 2018, this reserve will be maintained in the unassigned fund balance category at a minimum of 1.25% of the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget.

Stabilization arrangement - Effective for fiscal year 2015, the Board modified County's fiscal policies to increase the fiscal stability reserve to no less than 11% of

the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. The balance in the reserve as of June 30, 2015 is \$42.4 million.

Expenditure of reserved amounts may occur only by a majority vote of the Board to meet a critical, unexpected financial need costing at least \$1.0 million and resulting from a natural disaster, declared state of emergency or local catastrophe. Use of the reserve will occur only after the budgeted contingency, budget stabilization reserve, and any other unassigned fund balance has been depleted and must be replenished within three fiscal years.

The County's governmental fund Balance Sheet displays restricted, committed, and assigned classifications of fund balance in the aggregate for ease of presentation. Definitions of classifications can be found in Note 1 of this report. Table 28 below provides specific purpose information by fund type as of June 30, 2015.

Table 28					
Fund Balance Classification					
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds	
Restricted for:					
Special service district transportation	\$ -	\$ -	\$ 594,488	\$ 594,488	
PRTC transportation funds	-	-	8,046,968	8,046,968	
Available bond proceeds:					
Transportation	-	16,697,429	-	16,697,429	
Fire & rescue facilities	-	6,427,067	-	6,427,067	
Other	-	3,081,325	-	3,081,325	
Grants and other contributions:					
Sheriff asset forfeiture	564,774	-	-	564,774	
Fire & rescue equipment & personnel	954,283	-	-	954,283	
Various other functions	590,975	8,300	-	599,275	
Total restricted fund balance:	\$ 2,110,032	\$ 26,214,121	\$ 8,641,456	\$ 36,965,609	
Committed for:					
Information technology	\$ -	\$ 9,171,056	\$ -	\$ 9,171,056	
Fire & rescue facilities & equipment	2,186,095	4,440,450	-	6,626,545	
General government facilities	-	2,570,630	-	2,570,630	
Public safety line of duty benefits	500,000	-	-	500,000	
Fire & rescue services	-	-	351,519	351,519	
Transportation needs	-	2,161,494	3,308,064	5,469,558	
Other	313,905	371,713	-	685,618	
Total committed fund balance:	\$ 3,000,000	\$ 18,715,343	\$ 3,659,583	\$ 25,374,926	
Assigned to:					
Future budget:					
General government	\$ 776,240	\$ -	\$ -	\$ 776,240	
Public safety	546,277	-	-	546,277	
Parks & recreation	37,763	537,884	-	575,647	
Economic development and tourism	3,056,382	-	-	3,056,382	
Other future budget needs	444,568	1,653,152	-	2,097,720	
OPEB reserve	-	11,000	115,000	126,000	
Stormwater maintenance reserve	58,375	-	247,784	306,159	
Tier drainage reserve	-	-	215,403	215,403	
Pay for performance plan	500,000	-	-	500,000	
Self-insured health insurance reserve	3,462,774	-	-	3,462,774	
Loss contingencies	1,650,000	250,000	-	1,900,000	
Future community center	629,800	-	-	629,800	
School Board carryover	2,514,851	-	-	2,514,851	
Economic opportunities reserve	2,000,000	-	-	2,000,000	
Code compliance services	-	-	304,084	304,084	
Total assigned fund balance:	\$ 15,677,030	\$ 2,452,036	\$ 882,271	\$ 19,011,337	
Unassigned:	\$ 46,632,935	\$ -	\$ -	\$ 46,632,935	
Total fund balance:	\$ 67,419,997	\$ 47,381,500	\$ 13,183,310	\$ 127,984,807	

Note 14

Commitments and Contingencies

14.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating \$19.8 million and \$4.0 million, respectively, at June 30, 2015. The School Board has commitments to complete school construction of \$27.8 million at June 30, 2015.

Bonds authorized at June 30, 2015 but not issued are as follows:

Public safety and general capital projects	\$ 69,405,417
Parks and libraries	897,540
Schools	152,937,845
Transportation	159,109,657
	<u>\$ 382,350,459</u>

14.02 CONTINGENCIES

Grants

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

Litigation

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

On May 5, 2014 the County received a work order request in the amount of \$3.9 million in relation to the federally funded Route 3 Design-Build Widening Project. The contractor alleges it was delayed on the project and is entitled to additional compensation. At this

time, it is the County's position that the claim is substantially without merit. Any final claims, if awarded, are not considered reimbursable through the federal grant; however, management maintains appropriate legal contingency reserves for such situations.

Note 15

Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are mitigated through the purchase of commercial insurance and participation in public entity risk pools. During the last three fiscal years, settled claims from these risks have not exceeded commercial coverage.

Health Insurance Plan

Spotsylvania County

The County is self-insured for its medical and dental benefits for employees up to \$150,000 per employee, per year. Claims in excess of the limitation are covered by third-party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged. Claims processing and payments are made through a third-party administrator. The County provided funding, approximating one month of claims, in advance at the beginning of the contract. Actual claims are billed to and paid by the County monthly to reestablish available funds to draw down. No funds are held by the administrator at year-end.

The County has assigned approximately \$3.5 million of the General Fund's fund balance at June 30, 2015 to ensure adequate funds are available to cover unusual claim fluctuations and (IBNR) incurred but not reported claims. The County uses information provided by the third-party administrator to record self-insurance liabilities, including IBNR, at year-end. Amounts due in future years on claims as of June 30, 2015 are recognized as a long-term liability due within one year in the

Statement of Net Position. Changes in the incurred but not reported claims for the past two fiscal years can be found in Table 29.

School Board

The School Board has chosen to partially retain the risk associated with the employees' health and dental insurance plans. Risk is retained up to an individual stop loss amount of \$150,000 during the contract year. Premiums are paid for participating employees to a third party administrator to cover actual claims processed and other related charges incurred. Any current year premium payments in excess of actual claims are combined with any prior year surpluses and held on deposit by the administrator to pay future healthcare premiums.

To manage the risk of unexpected claim fluctuations and IBNR liabilities, the School Board has approximately \$14.2 million held in reserve by the Plan administrator reported as Claim reserves – held by others on the Statement of Net Position. Changes in the incurred but not reported claims for the past two fiscal years can be found in Table 29.

Property and Casualty

Spotsylvania County & School Board

Both the County and School Board participate in the Virginia Group Self-Insurance Risk Pools for its property, automobile, general liability, public officials, and workers' compensation coverage. Contributions and assessments, based upon classifications and rates, from

which expenses of the provider and claims and awards are to be paid. Any deficits incurred in the Risk Pool are recovered through a pro-rata assessment based on members' annual to total pool contributions.

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, 2015.

Note 16

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 12 MGD. The City has reserved capacity of

Table 29
Change in Self-funded Health and Dental Insurance Claim Liabilities

Fiscal Year	Insurance Claim Liability July 1, 2014	Claims and Other Charges Processed	Claim Payments	Insurance Claim Liability June 30, 2015
<i>Primary Government</i>				
2015	\$ 977,410	\$ 10,542,892	\$ 10,352,445	\$ 1,167,857
2014	1,044,721	9,892,574	9,959,885	977,410
<i>Component Unit - School Board</i>				
2015	\$ 3,276,788	\$ 35,361,984	\$ 35,356,294	\$ 3,282,478
2014	3,388,673	32,047,611	32,159,496	3,276,788

5 MGD. The City is obligated under the agreement to cover their share in the daily operational and maintenance costs associated with the production of potable water. The County bills the City based on their 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 17

Joint Ventures

17.01 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 2015, the County received \$4.8 million in Motor Fuel Tax and paid \$1.5 million in subsidies. As of June 30, 2015, PRTC holds \$8.1 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.

17.02 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, 2015 totaled \$4.2 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.

17.03 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 cover-

ing 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, 2015 of \$1.3 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 18 Jointly Governed Organizations

18.01 CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the Code, as amended. Member jurisdictions are the City of Fredericksburg and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional Library Board consisting of one representative from the County of Westmoreland and two representatives each from the remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2015, the County's appropriation to the Library was \$4.0 million.

18.02 SPOTSYLVANIA-STAFFORD-FREDERICKSBURG REGIONAL GROUP HOME

The Home, also known as the Chaplin Youth Center, is a regional juvenile post-dispositional group home for the care and treatment of youths, created by concurrent resolutions of the County and Stafford Board of Supervisors and the Fredericksburg City Council in 1990 pursuant to authority granted in Code 16.1-315. The Chaplin Youth Center is operated by the Group Home Commission created by the concurrent resolutions of these three localities. The Commission is granted pow-

er to make and execute contracts and other instruments necessary or convenient to the exercise of its powers. The Commission currently operates a single facility in Stafford County and is opening a new facility in Fredericksburg. The County's appropriation to the Group Home for the year ended June 30, 2015 was \$132,755.

Note 19

Subsequent Events

On August 6, 2015, the County issued \$45.5 million in General Obligation (GO) Public Improvement Bonds and Refunding Bonds, Series 2015 with fixed interest rates ranging from 3 to 5% and a final maturity date of January 15, 2035. Proceeds will be used to finance and refinance a portion of the costs associated with a program of capital improvements, including various public school facility projects, public safety and general government projects and road and rail transportation projects. A portion of the proceeds will also be used to refund certain outstanding maturities of the County's General Obligation School Refunding Bonds, Series 2007 as well as pay the costs of issuance associated with the Series 2015 Bonds.

On August 13, 2015, the County issued \$55.3 million in Water and Sewer System Revenue Refunding Bonds, Series 2015 with fixed interest rates ranging from 3 to 5% and a final maturity date of June 1, 2037. Proceeds will be used to current refund \$24.8 million of outstanding principal related to the County's \$37.9 million of

Water and Sewer System Revenue Refunding Bonds, Series 2005; advance refund \$32.1 million, a portion of the outstanding principal of the County's \$39.7 million of Water and Sewer System Revenue Bonds, Series 2007, with remaining funds used to finance the costs of issuance associated with the Series 2015 Bonds.

Note 20

Restatement of Prior Period Net Position

Effective for fiscal year 2015, the County and School Board adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* and GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date – an Amendment of GASB Statement No. 68*. The requirements of these Statements resulted in the following significant changes to this report.

- Recognition of the entire net pension liability and any associated deferred inflows and deferred outflows of resources in the Statement of Net Position as reflected in Table 30.
- More robust disclosures to improve decision-usefulness of information.
- New required supplementary information (RSI) schedules providing net pension liability information, including ratios and contributions schedules that provide measures to evaluate decisions related to the assessment of contribution rates.

Table 30 Restatement of Prior Period Net Position			
	Government-wide Statement of Net Position		
	Primary Government		Component Unit - School Board
	Governmental Activities	Business-type Activities	
Net position as previously reported at June 30, 2014	\$ (76,805,779)	\$ 241,275,910	\$ 240,972,466
Pension deferred outflows of contributions	5,055,705	791,224	14,704,638
Net pension liability	(19,311,296)	(3,022,238)	(234,162,577)
Net position as restated at June 30, 2014	\$ (91,061,370)	\$ 239,044,896	\$ 21,514,527

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2015

Exhibit IX

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 152,436,105	\$ 152,893,371	\$ 155,952,351	\$ 3,058,980
Other local taxes	43,384,687	43,739,087	43,469,216	(269,871)
Permits, fees and regulatory licenses	260,800	260,800	272,506	11,706
Fines and forfeitures	618,300	621,900	634,822	12,922
From use of money and property	529,363	663,063	847,799	184,736
Charges for services	3,570,817	4,376,209	4,558,514	182,305
Gifts and donations	41,425	16,966	44,302	27,336
Miscellaneous	94,850	110,447	175,167	64,720
Intergovernmental	30,196,345	31,742,138	32,709,716	967,578
Total revenues	<u>\$ 231,132,692</u>	<u>\$ 234,423,981</u>	<u>\$ 238,664,393</u>	<u>\$ 4,240,412</u>
EXPENDITURES				
Current:				
General government	\$ 12,505,664	\$ 13,402,071	\$ 11,600,207	\$ 1,801,864
Judicial administration	7,869,102	8,106,370	7,046,770	1,059,600
Public safety	42,275,605	45,111,400	42,110,181	3,001,219
Public works	9,297,097	9,388,482	8,479,503	908,979
Health and welfare	18,333,548	18,416,292	17,944,883	471,409
Education	116,644,796	118,983,733	116,468,882	2,514,851
Parks, recreation and cultural	6,994,354	7,003,504	6,848,209	155,295
Community development	2,419,115	2,622,850	2,146,529	476,321
Non-departmental	1,292,644	1,377,027	1,040,896	336,131
Debt service:				
Principal retirement	5,858,248	5,475,520	5,475,520	-
Interest and other fiscal charges	3,257,092	3,217,572	3,227,945	(10,373)
Bond issuance costs	-	151,591	151,591	-
Total expenditures	<u>\$ 226,747,265</u>	<u>\$ 233,256,412</u>	<u>\$ 222,541,116</u>	<u>\$ 10,715,296</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,385,427</u>	<u>\$ 1,167,569</u>	<u>\$ 16,123,277</u>	<u>\$ 14,955,708</u>
Other financing uses:				
Transfers out	\$ (6,744,220)	\$ (6,839,196)	\$ (6,328,074)	\$ 511,122
Bonds issued for refunding	-	27,425,170	27,425,170	-
Payment to escrow for refunded debt	-	(27,335,575)	(27,273,579)	61,996
Total other financing sources (uses), net	<u>\$ (6,744,220)</u>	<u>\$ (6,749,601)</u>	<u>\$ (6,176,483)</u>	<u>\$ 573,118</u>
SPECIAL ITEM				
Proceeds from sale of land	\$ -	\$ 629,800	\$ 629,800	\$ -
Net change in fund balances	\$ (2,358,793)	\$ (4,952,232)	\$ 10,576,594	\$ 15,528,826
Fund balance, beginning	2,358,793	4,952,232	56,203,110	51,250,878
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,779,704</u>	<u>\$ 66,779,704</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, 2015

Exhibit IX

Page 2

The General Fund Budget Comparison Schedule is presented on a modified accrual basis of accounting with the exception of perspective differences described in Notes 1 & 2. As a result of these perspective differences, a schedule of reconciling line items is provided below.

Note 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 (per GAAP) 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.

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

	Budgetary Basis (Exh IX)	School Debt Service (Note 1)	EDO Fund Activity (Note 2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 847,799	\$ -	\$ 74,123	\$ 921,922
EXPENDITURES				
Current:				
Education	116,468,882	(14,528,180)	-	101,940,702
Community development	2,146,529	-	611,061	2,757,590
Debt service:				
Principal retirement	5,475,520	15,311,694	40,789	20,828,003
Interest and other charges	3,227,945	6,881,315	20,959	10,130,219
Bond issuance costs	151,591	574,965	-	726,556
Other financing sources (uses):				
Transfers in (out)	(6,328,074)	-	313,634	(6,014,440)
Proceeds from sale of bonds	-	7,708,218	-	7,708,218
Bonds issued for refunding	27,425,170	43,677,212	-	71,102,382
Payment to escrow for refunded debt	(27,273,579)	(43,145,636)	-	(70,419,215)
Total reconciling adjustments:		\$ -	\$ (285,052)	-
 Net change in fund balances (Exh IX & IV)	 \$ 10,576,594	 \$ -	 \$ (285,052)	 \$ 10,291,542
Fund balance, beginning (Exh IX & IV)	56,203,110	-	925,345	57,128,455
Fund balance, ending (Exh IX & IV)	<u>\$ 66,779,704</u>	<u>\$ -</u>	<u>\$ 640,293</u>	<u>\$ 67,419,997</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT X

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

	Measurement Date									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
(Amounts in thousands)	2014 is the first year for presentation, no other data is available.									
Total pension liability										
Service cost	\$ 5,123									
Interest	8,849									
Benefit payments, including refunds of employee contributions	(3,827)									
Net change in total pension liability	10,145									
Total pension liability - beginning	128,326									
Total pension liability - ending	<u>\$ 138,471</u>									
Plan fiduciary net position										
Contributions - employer	\$ 5,847									
Contributions - employee	1,054									
Net investment income	17,024									
Benefit payments, including refunds of employee contributions	(3,827)									
Administrative expense	(88)									
Other	<u>1</u>									
Net change in plan fiduciary net position	20,011									
Plan fiduciary net position - beginning	105,993									
Plan fiduciary net position - ending	<u>\$ 126,004</u>									
County's net pension liability-ending	<u>\$ 12,467</u>									
Plan fiduciary net position as a % of the total pension liability	91.0%									
Covered-employee payroll	\$ 43,592									
County's net pension liability as a % of covered-employee payroll	28.6%									

Notes to Schedule:

Per GASB68, net pension liabilities are reported using the measurement date, which is one year prior to the CAFR reporting date (i.e., FY15 CAFR = FY14 NPL measurement date.)

Benefit changes - There have been no significant changes to the System's benefit provisions.Changes in assumptions - general employees - Updated mortality table, decrease in service retirement rates, decrease in disability retirement rates, reduced rate of salary increase by .25%Changes in assumptions - public safety - Updated mortality table, adjustments to female service retirement rates, increase in rates of withdrawal, and decrease in disability rates

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)	Measurement Date									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Total pension liability										
Service cost	\$ 1,057									
Interest	1,662									
Benefit payments, including refunds of employee contributions	(1,315)									
Net change in total pension liability	1,404									
Total pension liability - beginning	24,397									
Total pension liability - ending	<u>\$ 25,801</u>									
Plan fiduciary net position										
Contributions - employer	\$ 872									
Contributions - employee	444									
Net investment income	3,363									
Benefit payments, including refunds of employee contributions	(1,315)									
Administrative expense	(18)									
Net change in plan fiduciary net position	3,346									
Plan fiduciary net position - beginning	21,535									
Plan fiduciary net position - ending	<u>\$ 24,881</u>									
School Board's net pension liability-ending	<u>\$ 920</u>									
Plan fiduciary net position as a % of the total pension liability	96.43%									
Covered-employee payroll	\$ 8,922									
School Board's net pension liability as a % of covered-employee payroll	10.31%									

Notes to Schedule:

Per GASB68, net pension liabilities are reported using the measurement date, which is one year prior to the CAFR reporting date (i.e., FY15 CAFR = FY14 NPL measurement date.)

Benefit changes - There have been no significant changes to the System's benefit provisions.Changes in assumptions - Updated mortality table, decrease in service retirement rates, decrease in disability retirement rates, reduced rate of salary increase by .25%

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)

	Measurement Date									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Proportion of the net pension liability	1.62056%									
Proportionate share of the net pension liability	\$ 195,840									
Covered-employee payroll	\$ 118,052									
Proportionate share of the net pension liability as a % of its covered-employee payroll	1.66%									
Plan fiduciary net position as a % of the total pension liability	70.88%									

2014 is the first year for presentation, no other data is available.

Notes to Schedule:

Per GASB68, net pension liabilities are reported using the measurement date of one year prior to the CAFR reporting date (i.e., FY15 CAFR = FY14 NPL measurement date.)

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

EXHIBIT XIII

(Amounts in thousands)	Fiscal Year									
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
County of Spotsylvania										
Contractually required contribution	\$ 5,337									
Contributions in relation to the contractually required contribution	(5,337)									
Contribution excess	\$ -									
Covered-employee payroll	\$ 47,670									
Contributions as a percentage of covered-employee payroll	11.19%									
Spotsylvania County School Board										
Contractually required contribution	\$ 750									
Contributions in relation to the contractually required contribution	(750)									
Contribution excess	\$ -									
Covered-employee payroll	\$ 8,916									
Contributions as a percentage of covered-employee payroll	8.41%									
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 15,276									
Contributions in relation to the contractually required contribution	(15,276)									
Contribution excess	\$ -									
Covered-employee payroll	\$ 117,099									
Contributions as a percentage of covered-employee payroll	13.05%									

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

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OTHER SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUND

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

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COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2015

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 30,000	\$ 30,000	\$ 22,872	\$ (7,128)
From use of money and property	-	85,562	223,405	137,843
Gifts and donations	71,447	197,100	117,745	(79,355)
Miscellaneous	-	72,366	43,635	(28,731)
Intergovernmental	708,490	14,209,874	6,345,178	(7,864,696)
Total revenues	<u>\$ 809,937</u>	<u>\$ 14,594,902</u>	<u>\$ 6,752,835</u>	<u>\$ (7,842,067)</u>
EXPENDITURES				
Current:				
General government	\$ 330,382	\$ 330,382	\$ 251,384	\$ 78,998
Capital projects	9,437,724	73,097,404	20,977,483	52,119,921
Debt service:				
Bond issuance costs	-	138,502	112,249	26,253
Total expenditures	<u>\$ 9,768,106</u>	<u>\$ 73,566,288</u>	<u>\$ 21,341,116</u>	<u>\$ 52,225,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (8,958,169)</u>	<u>\$ (58,971,386)</u>	<u>\$ (14,588,281)</u>	<u>\$ 44,383,105</u>
Other financing sources:				
Transfers in	\$ 8,132,479	\$ 9,085,982	\$ 8,654,851	\$ (431,131)
Proceeds from sale of bonds	-	11,479,945	11,479,945	-
Premium on sale of bonds	-	851,150	851,150	-
Total other financing sources	<u>\$ 8,132,479</u>	<u>\$ 21,417,077</u>	<u>\$ 20,985,946</u>	<u>\$ (431,131)</u>
Net change in fund balances	\$ (825,690)	\$ (37,554,309)	\$ 6,397,665	\$ 43,951,974
Fund balance, beginning	825,690	37,554,309	40,983,835	3,429,526
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,381,500</u>	<u>\$ 47,381,500</u>

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OTHER GOVERNMENTAL FUNDS

Nonmajor funds:

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
COMBINING BALANCE SHEET - OTHER GOVERNMENTAL FUNDS
 June 30, 2015

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ -	\$ 1,060,730	\$ 1,835,626	\$ 2,896,356
Receivables, net	488,982	39	9,324,533	9,813,554
Restricted cash and investments	-	-	1,548,150	1,548,150
Total assets	<u>\$ 488,982</u>	<u>\$ 1,060,769</u>	<u>\$ 12,708,309</u>	<u>\$ 14,258,060</u>
LIABILITIES				
Accounts payable	\$ -	\$ 72,027	\$ 4,715	\$ 76,742
Accrued salaries and benefits	-	54,442	6,750	61,192
Other accrued liabilities	-	2,997	-	2,997
Deposits	-	64,032	326,846	390,878
Total liabilities	<u>\$ -</u>	<u>\$ 193,498</u>	<u>\$ 338,311</u>	<u>\$ 531,809</u>
DEFERRED INFLOWS				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 405,479	\$ 405,479
Other revenues	137,462	-	-	137,462
Total deferred inflows	<u>\$ 137,462</u>	<u>\$ -</u>	<u>\$ 405,479</u>	<u>\$ 542,941</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 8,641,456	\$ 8,641,456
Committed	351,520	-	3,308,063	3,659,583
Assigned	-	867,271	15,000	882,271
Total fund balances	<u>\$ 351,520</u>	<u>\$ 867,271</u>	<u>\$ 11,964,519</u>	<u>\$ 13,183,310</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 488,982</u>	<u>\$ 1,060,769</u>	<u>\$ 12,708,309</u>	<u>\$ 14,258,060</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2015

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 679,917	\$ 679,917
Other local taxes	-	-	4,781,982	4,781,982
Permits, privilege fees and regulatory licenses	-	2,897,427	15,050	2,912,477
From use of money and property	-	-	14,374	14,374
Charges for services	2,860,423	193,172	-	3,053,595
Gifts and donations	-	-	184,743	184,743
Miscellaneous	-	5,742	-	5,742
Total revenues	<u>\$ 2,860,423</u>	<u>\$ 3,096,341</u>	<u>\$ 5,676,066</u>	<u>\$ 11,632,830</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 1,771,603	\$ -	\$ 1,771,603
Community development	-	1,298,296	2,205,034	3,503,330
Debt service:				
Principal retirement	-	-	2,379,649	2,379,649
Interest and other fiscal charges	-	-	1,442,342	1,442,342
Bond issuance costs	-	-	57,620	57,620
Total expenditures	<u>\$ -</u>	<u>\$ 3,069,899</u>	<u>\$ 6,084,645</u>	<u>\$ 9,154,544</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,860,423	\$ 26,442	\$ (408,579)	\$ 2,478,286
Other financing sources (uses):				
Transfers in (out)	\$ (2,964,248)	\$ 501,233	\$ (373,665)	\$ (2,836,680)
Bonds issued for refunding	-	-	9,070,949	9,070,949
Premiums on refunding bonds	-	-	1,353,413	1,353,413
Payment to escrow for refunded debt	-	-	(10,366,742)	(10,366,742)
Total other financing sources (uses), net	<u>\$ (2,964,248)</u>	<u>\$ 501,233</u>	<u>\$ (316,045)</u>	<u>\$ (2,779,060)</u>
Net change in fund balances	\$ (103,825)	\$ 527,675	\$ (724,624)	\$ (300,774)
Fund balance, beginning	455,345	339,596	12,689,143	13,484,084
Fund balance, ending	<u>\$ 351,520</u>	<u>\$ 867,271</u>	<u>\$ 11,964,519</u>	<u>\$ 13,183,310</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - FIRE/EMS SERVICE FEE FUND

For the Year Ended June 30, 2015

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,650,000	\$ 2,650,000	\$ 2,860,423	\$ 210,423
Total revenues	<u>\$ 2,650,000</u>	<u>\$ 2,650,000</u>	<u>\$ 2,860,423</u>	<u>\$ 210,423</u>
 Other financing uses:				
Transfers out	\$ (2,738,937)	\$ (2,738,937)	\$ (2,964,248)	\$ (225,311)
	<u>\$ (2,738,937)</u>	<u>\$ (2,738,937)</u>	<u>\$ (2,964,248)</u>	<u>\$ (225,311)</u>
 Net change in fund balances	\$ (88,937)	\$ (88,937)	\$ (103,825)	\$ (14,888)
Fund balance, beginning	<u>88,937</u>	<u>88,937</u>	<u>455,345</u>	<u>366,408</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 351,520</u></u>	<u><u>\$ 351,520</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND

For the Year Ended June 30, 2015

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 2,542,200	\$ 2,542,200	\$ 2,897,427	\$ 355,227
Charges for services	175,000	175,000	193,172	18,172
Miscellaneous	5,840	11,490	5,742	(5,748)
Total revenues	<u>\$ 2,723,040</u>	<u>\$ 2,728,690</u>	<u>\$ 3,096,341</u>	<u>\$ 367,651</u>
EXPENDITURES				
Public safety	\$ 1,853,304	\$ 1,889,195	\$ 1,771,603	\$ 117,592
Community development	1,671,910	1,672,070	1,298,296	373,774
Total expenditures	<u>\$ 3,525,214</u>	<u>\$ 3,561,265</u>	<u>\$ 3,069,899</u>	<u>\$ 491,366</u>
Excess of revenues over expenditures	<u>\$ (802,174)</u>	<u>\$ (832,575)</u>	<u>\$ 26,442</u>	<u>\$ 859,017</u>
Other financing sources:				
Transfers in	\$ 805,529	\$ 805,529	\$ 501,233	\$ (304,296)
	<u>\$ 805,529</u>	<u>\$ 805,529</u>	<u>\$ 501,233</u>	<u>\$ (304,296)</u>
Net change in fund balances	\$ 3,355	\$ (27,046)	\$ 527,675	\$ 554,721
Fund balance, beginning	(3,355)	27,046	339,596	312,550
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 867,271</u>	<u>\$ 867,271</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND

For the Year Ended June 30, 2015

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 718,924	\$ 718,924	\$ 679,917	\$ (39,007)
Other local taxes	4,358,108	4,358,108	4,781,982	423,874
Permits, privilege fees and regulatory licenses	12,000	12,000	15,050	3,050
From use of money and property	10,000	10,000	14,374	4,374
Gifts and donations	-	-	184,743	184,743
Total revenues	<u>\$ 5,099,032</u>	<u>\$ 5,099,032</u>	<u>\$ 5,676,066</u>	<u>\$ 577,034</u>
EXPENDITURES				
Current:				
Community development	\$ 2,239,471	\$ 2,239,471	\$ 2,205,034	\$ 34,437
Debt service:				
Principal retirement	2,642,381	2,379,649	2,379,649	-
Interest and other fiscal charges	1,451,816	1,443,033	1,442,342	691
Bond issuance costs	-	57,620	57,620	-
Total expenditures	<u>\$ 6,333,668</u>	<u>\$ 6,119,773</u>	<u>\$ 6,084,645</u>	<u>\$ 35,128</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,234,636)</u>	<u>\$ (1,020,741)</u>	<u>\$ (408,579)</u>	<u>\$ 612,162</u>
Other financing sources (uses):				
Transfers in (out), net	\$ 25,769	\$ (144,166)	\$ (373,665)	\$ (229,499)
Bonds issued for refunding	-	10,424,362	10,424,362	-
Payment to escrow for refunded debt	-	(10,390,308)	(10,366,742)	23,566
Total other financing sources (uses), net	<u>\$ 25,769</u>	<u>\$ (110,112)</u>	<u>\$ (316,045)</u>	<u>\$ (205,933)</u>
Net change in fund balances	<u>\$ (1,208,867)</u>	<u>\$ (1,130,853)</u>	<u>\$ (724,624)</u>	<u>\$ 406,229</u>
Fund balance, beginning	<u>1,208,867</u>	<u>1,130,853</u>	<u>12,689,143</u>	<u>11,558,290</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,964,519</u>	<u>\$ 11,964,519</u>

AGENCY FUNDS

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS

June 30, 2015

Schedule C-1

	Special Welfare	Contribution Fund	Total
ASSETS			
Cash	\$ 10,647	\$ 307,322	\$ 317,969
Total assets	<u>\$ 10,647</u>	<u>\$ 307,322</u>	<u>\$ 317,969</u>
LIABILITIES			
Amounts held for others	\$ 10,647	\$ 307,322	\$ 317,969
Total liabilities	<u>\$ 10,647</u>	<u>\$ 307,322</u>	<u>\$ 317,969</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS**

For the Fiscal Year Ended June 30, 2015

Schedule C-2

	Balance July 1, 2014	Additions	Deductions	Balance June 30, 2015
SPECIAL WELFARE				
ASSETS				
Cash	\$ 20,044	\$ 186,528	\$ 195,925	\$ 10,647
Total assets	<u>\$ 20,044</u>	<u>\$ 186,528</u>	<u>\$ 195,925</u>	<u>\$ 10,647</u>
LIABILITIES				
Amounts held for others	\$ 20,044	\$ 186,528	\$ 195,925	\$ 10,647
Total liabilities	<u>\$ 20,044</u>	<u>\$ 186,528</u>	<u>\$ 195,925</u>	<u>\$ 10,647</u>
CONTRIBUTION FUND				
ASSETS				
Cash	\$ 286,490	\$ 648,663	\$ 627,831	\$ 307,322
Total assets	<u>\$ 286,490</u>	<u>\$ 648,663</u>	<u>\$ 627,831</u>	<u>\$ 307,322</u>
LIABILITIES				
Amounts held for others	\$ 286,490	\$ 1,131,082	\$ 1,110,250	\$ 307,322
Total liabilities	<u>\$ 286,490</u>	<u>\$ 1,131,082</u>	<u>\$ 1,110,250</u>	<u>\$ 307,322</u>
TOTAL - ALL FIDUCIARY FUNDS				
ASSETS				
Cash	\$ 306,534	\$ 835,191	\$ 823,756	\$ 317,969
Total assets	<u>\$ 306,534</u>	<u>\$ 835,191</u>	<u>\$ 823,756</u>	<u>\$ 317,969</u>
LIABILITIES				
Amounts held for others	\$ 306,534	\$ 1,317,610	\$ 1,306,175	\$ 317,969
Total liabilities	<u>\$ 306,534</u>	<u>\$ 1,317,610</u>	<u>\$ 1,306,175</u>	<u>\$ 317,969</u>

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DISCRETELY PRESENTED COMPONENT UNIT

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

Governmental funds:

The *school operating fund* 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, 2015

Schedule D-1

	Operating	Cafeteria	Capital Projects	Total
ASSETS				
Cash and investments - pooled equity	\$ -	\$ 2,623,013	\$ 6,199	\$ 2,629,212
Receivables, net	7,170,309	1,285,168	-	8,455,477
Due from Primary Government	21,980,719	-	5,783,918	27,764,637
Claim reserves held by others	14,167,539	-	-	14,167,539
Total assets	<u>\$ 43,318,567</u>	<u>\$ 3,908,181</u>	<u>\$ 5,790,117</u>	<u>\$ 53,016,865</u>
LIABILITIES				
Accounts payable	\$ 2,999,917	\$ 1,047,645	\$ 113,659	\$ 4,161,221
Retainage payable	-	-	93,099	93,099
Accrued salaries and benefits	23,814,308	307,052	-	24,121,360
Total liabilities	<u>\$ 26,814,225</u>	<u>\$ 1,354,697</u>	<u>\$ 206,758</u>	<u>\$ 28,375,680</u>
DEFERRED INFLOWS				
Unavailable revenues	<u>\$ 2,336,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,336,803</u>
FUND BALANCE				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 5,583,359	\$ 5,583,359
Committed for:				
Food service	-	2,553,484	-	2,553,484
Assigned to:				
Health insurance reserve	14,167,539	-	-	14,167,539
Total fund balance	<u>\$ 14,167,539</u>	<u>\$ 2,553,484</u>	<u>\$ 5,583,359</u>	<u>\$ 22,304,382</u>
Total liabilities and fund balance	<u>\$ 43,318,567</u>	<u>\$ 3,908,181</u>	<u>\$ 5,790,117</u>	<u>\$ 53,016,865</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, 2015

Page 2

Total fund balances of the component unit - School Board (Schedule D-1)	\$ 22,304,382
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*Amounts reported for the Component Unit - School Board in the
Statement of Net Position (Exhibit I) are different because:*

Prepaid expenses used current resources and, therefore, are not reported in the governmental funds.	273,085
---	---------

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

Non-depreciable assets	\$ 11,588,746	
Depreciable assets, net	<u>285,189,244</u>	
		296,777,990

Deferred outflows of pension contributions represent a consumption of net position that is applicable to a future reporting period.	15,975,330
---	------------

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

Other postemployment benefits	\$ (96,886,168)	
Net pension liability	(196,694,003)	
Insurance claims	(3,265,229)	
Compensated absences	<u>(5,643,009)</u>	
		(302,488,409)

Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.	2,336,802
--	-----------

Deferred inflows of pension actuarial differences represent an acquisition of net position that is applicable to a future reporting period.	(37,039,864)
---	--------------

Internal service fund included in entity-wide statements (Sch E-1).	<u>10,024,218</u>
---	-------------------

Total net position of the component unit - School Board (Exhibit I)	<u><u>\$ 8,163,534</u></u>
---	----------------------------

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, 2015

Schedule D-2

	Operating	Cafeteria	Capital Projects	Total
REVENUES				
From use of money and property	\$ -	\$ -	\$ 12,701	\$ 12,701
Charges for services	2,835,260	4,601,991	-	7,437,251
Miscellaneous	311,975	94,081	-	406,056
Gifts and donations	74,316	-	-	74,316
Intergovernmental	136,107,795	4,880,651	-	140,988,446
Payments from Primary Government	94,046,416	-	7,664,829	101,711,245
Total revenues	<u>\$ 233,375,762</u>	<u>\$ 9,576,723</u>	<u>\$ 7,677,530</u>	<u>\$ 250,630,015</u>
EXPENDITURES				
Current:				
Education	\$ 231,588,961	\$ 8,625,566	\$ -	\$ 240,214,527
Capital projects	-	-	6,161,378	6,161,378
Total expenditures	<u>\$ 231,588,961</u>	<u>\$ 8,625,566</u>	<u>\$ 6,161,378</u>	<u>\$ 246,375,905</u>
Excess of revenues over expenditures	<u>\$ 1,786,801</u>	<u>\$ 951,157</u>	<u>\$ 1,516,152</u>	<u>\$ 4,254,110</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (138,186)</u>	<u>\$ 63,870</u>	<u>\$ 74,316</u>	<u>\$ -</u>
	<u>\$ (138,186)</u>	<u>\$ 63,870</u>	<u>\$ 74,316</u>	<u>\$ -</u>
Net change in fund balances	\$ 1,648,615	\$ 1,015,027	\$ 1,590,468	\$ 4,254,110
Fund balance, beginning	<u>12,518,924</u>	<u>1,538,457</u>	<u>3,992,891</u>	<u>18,050,272</u>
Fund balance, ending	<u><u>\$ 14,167,539</u></u>	<u><u>\$ 2,553,484</u></u>	<u><u>\$ 5,583,359</u></u>	<u><u>\$ 22,304,382</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Component Unit School Board to the Statement of Activities
For the Year Ended June 30, 2015

Page 2

Net change in fund balance of the component unit - School Board (Schedule D-2): \$ 4,254,110

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

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	\$ 5,601,375	
Depreciation expense	<u>(13,770,375)</u>	(8,169,000)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements. 140,432

Contributions for other postemployment benefits are reported as expenditures in governmental funds. However, contributions made in amounts greater than the annual required contribution result in an increase in the net OPEB obligation on the Statement of Net Position and do not result in an expense in the Statement of Activities. 1,029,852

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	\$ (11,788,568)	
Pension benefits	1,556,939	
Insurance claims	11,559	
Compensated absences	(65,849)	
Other expenses	<u>68,826</u>	(10,217,093)

Change in Internal Service Fund (Sch E-2) included in the entity-wide statements. (389,294)

Change in net position of the component unit - School Board (Exhibit II) \$ (13,350,993)

COUNTY OF SPOTSYLVANIA, VIRGINIA
**COMBINING BUDGETARY COMPARISON SCHEDULE - DISCRETELY PRESENTED COMPONENT UNIT -
 SCHOOL BOARD**

For the Year Ended June 30, 2015

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	\$ -	\$ 27,756	\$ -	\$ (27,756)	\$ -	\$ -	\$ -	\$ -
Charges for services	2,909,917	2,909,917	2,835,260	(74,657)	4,845,991	4,837,991	4,601,991	(236,000)
Miscellaneous	273,243	273,243	311,975	38,732	21,473	21,473	94,081	72,608
Gifts and donations	-	74,316	74,316	-	-	-	-	-
Intergovernmental	135,674,042	135,602,314	136,107,795	505,481	4,606,879	4,606,879	4,880,651	273,772
Payments from Primary Government	116,415,339	118,754,276	116,239,425	(2,514,851)	-	-	-	-
Total revenues	\$ 255,272,541	\$ 257,641,822	\$ 255,568,771	\$ (2,073,051)	\$ 9,474,343	\$ 9,466,343	\$ 9,576,723	\$ 110,380
Expenditures								
Current:								
Education	\$ 232,319,067	\$ 235,243,975	\$ 231,588,961	\$ 3,655,014	\$ 9,530,213	\$ 9,530,213	\$ 8,625,566	\$ 904,647
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	15,714,212	15,311,694	15,311,694	-	-	-	-	-
Interest and fiscal charges	7,183,392	6,930,910	6,881,315	49,595	-	-	-	-
Bond issuance costs	-	531,576	531,576	-	-	-	-	-
Total expenditures	\$ 255,216,671	\$ 258,018,155	\$ 254,313,546	\$ 3,704,609	\$ 9,530,213	\$ 9,530,213	\$ 8,625,566	\$ 904,647
Excess (deficiency) of revenues over (under) expenditures	\$ 55,870	\$ (376,333)	\$ 1,255,225	\$ 1,631,558	\$ (55,870)	\$ (63,870)	\$ 951,157	\$ 1,015,027
Other financing sources (uses):								
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds issued for refunding	-	40,429,538	40,429,538	-	-	-	-	-
Premium on refunding bonds	-	3,247,674	3,247,674	-	-	-	-	-
Payment to escrow for refunded debt	-	(43,173,392)	(43,145,636)	27,756	-	-	-	-
Transfers	(55,870)	(138,186)	(138,186)	-	55,870	63,870	63,870	-
Total other financing sources (uses), net	\$ (55,870)	\$ 365,634	\$ 393,390	\$ 27,756	\$ 55,870	\$ 63,870	\$ 63,870	\$ -
Net change in fund balances	\$ -	\$ (10,699)	\$ 1,648,615	\$ 1,659,314	\$ -	\$ -	\$ 1,015,027	\$ 1,015,027
Fund balance, beginning	-	10,699	12,518,924	12,508,225	-	-	1,538,457	1,538,457
Fund balance, ending	\$ -	\$ -	\$ 14,167,539	\$ 14,167,539	\$ -	\$ -	\$ 2,553,484	\$ 2,553,484

Budgets are prepared on a modified accrual basis adjusted for school debt service activity. The amounts presented here include net school debt service payments and school bonds issued of \$14,528,180 that are obligations of the Primary Government. Details may be found in Exhibit IX, Notes to Required Supplementary Information.

COUNTY OF SPOTSYLVANIA, VIRGINIA
 COMBINING BUDGETARY COMPARISON SCHEDULE - DISCRETELY PRESENTED COMPONENT UNIT -
 SCHOOL BOARD

For the Year Ended June 30, 2015

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	\$ -	\$ -	\$ 12,701	\$ 12,701	\$ -	\$ 27,756	\$ 12,701	\$ (15,055)
Charges for services	-	-	-	-	7,755,908	7,747,908	7,437,251	(310,657)
Miscellaneous	74,316	-	-	-	369,032	294,716	406,056	111,340
Gifts and donations	-	-	-	-	-	74,316	74,316	-
Intergovernmental	-	-	-	-	140,280,921	140,209,193	140,988,446	779,253
Payments from Primary Government	-	-	-	-	116,415,339	118,754,276	116,239,425	(2,514,851)
Total revenues	\$ 74,316	\$ -	\$ 12,701	\$ 12,701	\$ 264,821,200	\$ 267,108,165	\$ 265,158,195	\$ (1,949,970)
Expenditures								
Current:								
Education								
Capital projects	\$ 7,739,145	10,615,256	6,161,378	4,453,878	\$ 241,849,280	\$ 244,774,188	\$ 240,214,527	\$ 4,559,661
Debt service:					7,739,145	10,615,256	6,161,378	4,453,878
Principal	-	-	-	-	15,714,212	15,311,694	15,311,694	-
Interest and fiscal charges	-	-	-	-	7,183,392	6,930,910	6,881,315	49,595
Bond issuance costs	-	43,389	43,389	-	-	574,965	574,965	-
Total expenditures	\$ 7,739,145	\$ 10,658,645	\$ 6,204,767	\$ 4,453,878	\$ 272,486,029	\$ 278,207,013	\$ 269,143,879	\$ 9,063,134
Excess (deficiency) of revenues over (under) expenditures	\$ (7,664,829)	\$ (10,658,645)	\$ (6,192,066)	\$ 4,466,579	\$ (7,664,829)	\$ (11,098,848)	\$ (3,985,684)	\$ 7,113,164
Other financing sources (uses):								
Proceeds from sale of bonds	\$ 7,664,829	\$ 7,708,218	\$ 7,708,218	\$ -	\$ 7,664,829	\$ 7,708,218	\$ 7,708,218	\$ -
Bonds issued for refunding	-	-	-	-	-	40,429,538	40,429,538	-
Premium on refunding bonds	-	-	-	-	-	3,247,674	3,247,674	-
Payment to escrow for refunded debt	-	-	-	-	-	(43,173,392)	(43,145,636)	27,756
Transfers	-	74,316	74,316	-	-	-	-	-
Total other financing sources (uses), net	\$ 7,664,829	\$ 7,782,534	\$ 7,782,534	\$ -	\$ 7,664,829	\$ 8,212,038	\$ 8,239,794	\$ 27,756
Net change in fund balances	\$ -	\$ (2,876,111)	\$ 1,590,468	\$ 4,466,579	\$ -	\$ (2,886,810)	\$ 4,254,110	\$ 7,140,920
Fund balance, beginning	-	2,876,111	3,992,891	1,116,780	-	2,886,810	18,050,272	15,163,462
Fund balance, ending	\$ -	\$ -	\$ 5,583,359	\$ 5,583,359	\$ -	\$ -	\$ 22,304,382	\$ 22,304,382

Budgets are prepared on a modified accrual basis adjusted for school debt activity. The amounts presented here include net school debt service payments and school bonds issued of \$14,528,180 that are obligations of the Primary Government. Details may be found in Exhibit IX, Notes to Required Supplementary Information.

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - INTERNAL SERVICE FUND - SCHOOL BOARD

June 30, 2015

Schedule E-1

	Fleet Services Fund
--	------------------------

ASSETS

Current assets:

Cash and investments - pooled equity	\$ 409,164
Receivables, net	2,353
Inventory	276,744
Total current assets	<u>688,261</u>

Noncurrent assets:

Capital assets, net:

Land and construction in progress	94,400
Depreciable assets	10,050,875
Total noncurrent assets	<u>10,145,275</u>
Total assets	<u>\$ 10,833,536</u>

DEFERRED OUTFLOWS

Deferred pension contributions	<u>\$ 50,335</u>
--------------------------------	------------------

LIABILITIES

Current liabilities:

Accounts payable	\$ 55,208
Accrued insurance claims	17,249
Current portion of accrued leave	45,368
Total current liabilities	<u>117,825</u>

Noncurrent liabilities:

Other postemployment benefits	511,069
Noncurrent portion of accrued leave	58,650
Net pension liability	65,768
Total noncurrent liabilities	<u>635,487</u>
Total liabilities	<u>\$ 753,312</u>

DEFERRED INFLOWS

Pension actuarial differences	<u>\$ 106,341</u>
-------------------------------	-------------------

NET POSITION

Net investment in capital assets	\$ 10,145,275
Unrestricted	<u>(121,057)</u>
Total net position	<u>\$ 10,024,218</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, 2015

Schedule E-2

	<u>Fleet Services Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,505,416
OPERATING EXPENSES	
Personnel services	\$ 832,691
Fringe benefits	548,576
Contractual services	70,066
Materials and supplies	1,003,112
Depreciation	349,328
Other services and charges	<u>90,937</u>
Total operating expenses	<u>\$ 2,894,710</u>
Operating loss	<u>\$ (389,294)</u>
Change in net position	<u>\$ (389,294)</u>
Net position, beginning, as restated	<u>10,413,512</u>
Net position, ending	<u><u>\$ 10,024,218</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND - SCHOOL BOARD

For the Year Ended June 30, 2015

Schedule E-3

	Fleet Services Fund
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,466,444
Receipts from external customers	13,334
Receipts from miscellaneous revenue	23,811
Payments to suppliers and service providers	(1,166,864)
Payments to employees for salaries and benefits	(1,213,305)
Net cash provided by operating activities	<u>123,420</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(5,750)</u>
Net cash used for capital and related financing activities	<u>(5,750)</u>
Net increase in cash and cash equivalents	117,670
Cash and cash equivalents:	
Beginning	<u>291,494</u>
Ending	<u><u>\$ 409,164</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (389,294)
Depreciation expense	349,328
Increase in receivables	(1,827)
Increase in inventory	(23,677)
Increase in accounts payable	20,928
Increase in pension and other postemployment benefits	<u>167,962</u>
Net cash provided by operating activities	<u><u>\$ 123,420</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - SCHOOL BOARD

June 30, 2015

Schedule F-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments:	
Common Trust Funds	<u>\$ 2,793,281</u>
Total assets	<u>\$ 2,793,281</u>
 NET POSITION	
Net position held in trust for other postemployment benefits	<u>2,793,281</u>
Total net position	<u><u>\$ 2,793,281</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2015

Schedule F-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	<u>\$ 1,029,852</u>
Investment earnings:	
Net increase in the fair value of investments	<u>38,644</u>
Total investment earnings	<u>38,644</u>
Less investment expense	<u>500</u>
Total additions	<u>\$ 1,067,996</u>
DEDUCTIONS	
Administrative fees	<u>\$ 2,051</u>
Net increase in net position	<u>\$ 1,065,945</u>
Net position held in trust for other postemployment benefits	
Net position, beginning	<u>1,727,336</u>
Net position, ending	<u><u>\$ 2,793,281</u></u>

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PART III: STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Tables
Financial Trends Information These schedules contain trend information to help the reader understand how the County's financial performance has changed over time.	S-1 to S-6
Revenue Capacity Information These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	S-7 to S-10
Debt Capacity Information These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and its ability to issue additional debt in the future.	S-11 to S-12
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	S-13 to S-14
Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	S-15 to S-18

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-1

(Amounts in millions)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities										
Net investment in capital assets	\$ 7.7	\$ -	\$ 26.3	\$ 23.1	\$ 14.7	\$ 11.6	\$ 18.3	\$ 22.6	\$ 57.7	\$ 60.8
Restricted	59.0	45.6	45.6	31.0	35.4	19.3	19.7	21.0	1.4	9.5
Unrestricted	(240.3)	(249.9)	(260.2)	(238.7)	(211.3)	(167.2)	(147.0)	(137.6)	(135.9)	(143.3)
Total governmental activities net position	\$ (173.6)	\$ (204.3)	\$ (188.3)	\$ (184.6)	\$ (161.2)	\$ (136.3)	\$ (109.0)	\$ (94.0)	\$ (76.8)	\$ (73.0)
Business-type activities										
Net investment in capital assets	\$ 141.0	\$ 161.2	\$ 148.7	\$ 177.9	\$ 175.7	\$ 170.5	\$ 166.1	\$ 164.7	\$ 157.6	\$ 177.0
Restricted	22.3	3.4	25.6	10.8	0.6	34.1	19.4	15.7	6.1	6.1
Unrestricted	55.4	63.7	66.3	51.9	67.1	34.8	54.7	57.9	77.6	61.9
Total business-type activities net position	\$ 218.7	\$ 228.3	\$ 240.6	\$ 240.6	\$ 243.4	\$ 239.4	\$ 240.2	\$ 238.3	\$ 241.3	\$ 245.0
Primary Government										
Net investment in capital assets	\$ 148.7	\$ 161.2	\$ 175.0	\$ 201.0	\$ 190.4	\$ 182.2	\$ 184.4	\$ 187.3	\$ 215.3	\$ 237.8
Restricted	81.3	49.0	71.2	41.8	36.0	53.4	39.1	36.7	7.5	15.6
Unrestricted	(184.9)	(186.2)	(193.9)	(186.8)	(144.2)	(132.4)	(92.3)	(79.7)	(58.3)	(81.4)
Total Primary Government net position	\$ 45.1	\$ 24.0	\$ 52.3	\$ 56.0	\$ 82.2	\$ 103.2	\$ 131.2	\$ 144.3	\$ 164.5	\$ 172.0
Component unit - School Board (1)										
Net investment in capital assets	\$ 301.9	\$ 305.9	\$ 335.3	\$ 350.5	\$ 349.3	\$ 328.3	\$ 330.6	\$ 322.6	\$ 315.5	\$ 306.9
Restricted	48.5	82.0	33.6	13.9	2.6	4.8	3.8	0.7	4.0	5.6
Unrestricted	(4.0)	(3.9)	(12.0)	(22.2)	(42.7)	(44.0)	(66.0)	(71.5)	(78.5)	(304.3)
Total Component unit - School Board net position	\$ 346.4	\$ 384.0	\$ 356.9	\$ 342.2	\$ 309.2	\$ 289.1	\$ 268.4	\$ 251.8	\$ 241.0	\$ 8.2

(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)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Expenses										
Governmental activities										
General government	\$ 12.1	\$ 12.4	\$ 16.1	\$ 13.9	\$ 12.5	\$ 11.7	\$ 10.9	\$ 13.4	\$ 13.9	\$ 14.3
Judicial administration	4.7	5.2	5.9	5.9	6.1	7.3	7.3	5.7	8.4	9.1
Public safety	31.3	36.7	41.7	40.3	40.2	41.0	43.4	49.1	48.2	47.3
Public works	7.1	7.8	4.3	9.0	6.9	8.8	9.5	9.2	12.6	10.5
Health and welfare	13.5	15.8	17.2	16.7	17.1	17.5	17.5	17.7	18.5	18.1
Education	99.8	123.1	80.3	95.3	77.9	85.8	88.6	92.9	102.7	102.1
Parks, recreation & cultural	6.0	6.9	7.2	9.8	7.1	7.9	7.9	8.1	8.0	8.0
Community development	4.1	9.9	11.5	6.9	17.3	12.9	14.6	19.4	8.3	14.6
Interest on long-term debt	11.8	15.5	16.2	15.4	13.1	15.2	14.2	12.6	11.7	10.6
Total governmental activities expenses	<u>\$ 190.4</u>	<u>\$ 233.3</u>	<u>\$ 200.4</u>	<u>\$ 213.2</u>	<u>\$ 198.2</u>	<u>\$ 208.1</u>	<u>\$ 213.9</u>	<u>\$ 228.1</u>	<u>\$ 232.3</u>	<u>\$ 234.6</u>
Business-type activities										
Water and sewer	\$ 26.8	\$ 32.0	\$ 27.8	\$ 31.3	\$ 29.1	\$ 33.6	\$ 32.5	\$ 33.2	\$ 33.0	\$ 33.6
Total business-type activities expenses	<u>\$ 26.8</u>	<u>\$ 32.0</u>	<u>\$ 27.8</u>	<u>\$ 31.3</u>	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>
Total Primary Government expenses	<u>\$ 217.2</u>	<u>\$ 265.3</u>	<u>\$ 228.2</u>	<u>\$ 244.5</u>	<u>\$ 227.3</u>	<u>\$ 241.7</u>	<u>\$ 246.4</u>	<u>\$ 261.3</u>	<u>\$ 265.3</u>	<u>\$ 268.2</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	2.0	1.7	1.5	1.6	1.3	1.2	1.1	1.0	0.8	0.9
Public safety	7.9	5.7	5.6	7.3	4.5	4.4	4.4	5.8	5.9	6.6
Public works	2.3	2.3	2.7	2.9	0.5	0.7	0.8	1.3	1.9	2.4
Other	1.8	2.4	2.3	2.1	1.7	1.4	1.6	1.7	1.8	1.7
Operating grants & contributions	13.2	16.3	18.7	16.0	15.2	15.2	15.7	14.1	16.2	17.8
Capital grant & contributions	0.9	0.4	-	0.1	1.9	4.7	9.3	9.9	3.8	3.5
Total governmental activities program revenues	<u>\$ 28.1</u>	<u>\$ 29.0</u>	<u>\$ 31.0</u>	<u>\$ 30.2</u>	<u>\$ 25.4</u>	<u>\$ 27.9</u>	<u>\$ 33.2</u>	<u>\$ 34.1</u>	<u>\$ 30.7</u>	<u>\$ 33.2</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2
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	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(Amounts in millions)										
Business-type activities										
Charges for services										
Water and sewer	\$ 26.4	\$ 26.6	\$ 26.4	\$ 24.8	\$ 26.1	\$ 25.3	\$ 25.7	\$ 27.7	\$ 28.4	\$ 30.3
Operating grants & contributions	-	-	-	-	-	-	0.5	0.5	0.5	0.5
Capital grants & contributions	6.3	6.6	8.8	3.0	3.6	2.8	7.0	4.4	6.3	8.2
Total business-type program revenues	\$ 32.7	\$ 33.2	\$ 35.2	\$ 27.8	\$ 29.7	\$ 28.1	\$ 33.2	\$ 32.6	\$ 35.2	\$ 39.0
Total Primary Government program revenues	\$ 55.6	\$ 61.3	\$ 64.2	\$ 58.8	\$ 59.9	\$ 53.5	\$ 66.4	\$ 66.7	\$ 66.9	\$ 72.2
Net expense										
Governmental activities	\$ (162.3)	\$ (204.3)	\$ (169.4)	\$ (183.0)	\$ (172.8)	\$ (180.2)	\$ (180.8)	\$ (194.0)	\$ (201.7)	\$ (201.4)
Business-type activities	5.9	0.1	7.4	(3.5)	(0.6)	5.4	0.7	(0.6)	2.2	5.4
Total Primary Government net expenses	\$ (156.4)	\$ (204.2)	\$ (162.0)	\$ (186.5)	\$ (173.4)	\$ (174.8)	\$ (180.1)	\$ (194.6)	\$ (199.5)	\$ (196.0)
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 104.5	\$ 110.8	\$ 120.7	\$ 129.7	\$ 140.0	\$ 145.3	\$ 146.2	\$ 147.9	\$ 151.4	\$ 154.8
Other taxes	41.9	40.4	41.1	39.1	39.4	42.9	45.5	47.3	51.7	48.2
Grants and contributions not restricted	17.9	16.4	16.0	16.0	15.8	15.3	15.3	15.4	15.6	15.4
Interest and investment earnings	2.3	5.9	4.4	1.6	0.6	0.8	0.3	-	0.5	0.5
Gain on sale of property	-	-	(0.1)	0.2	0.2	0.4	-	-	-	0.6
Miscellaneous	2.1	0.2	0.2	0.1	-	0.5	0.5	0.2	0.1	0.2
Transfers	-	-	0.2	0.1	0.2	-	0.3	-	(0.4)	(0.2)
Total governmental activities	\$ 168.7	\$ 173.7	\$ 182.5	\$ 186.8	\$ 196.2	\$ 205.2	\$ 208.1	\$ 210.8	\$ 218.9	\$ 219.5
Business-type activities										
Grants and contributions not restricted	\$ -	\$ -	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	3.9	7.1	3.7	2.6	0.8	0.9	0.4	0.3	0.4	0.3
Gain on sale of property	0.5	-	-	-	-	-	-	-	-	-
Miscellaneous	0.1	1.4	1.2	1.0	1.6	0.5	-	-	-	-
Transfers	-	-	(0.1)	(0.1)	(0.2)	-	0.3	-	0.4	0.2
Total business-type activities	\$ 4.5	\$ 8.5	\$ 5.0	\$ 3.5	\$ 2.2	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.8	\$ 0.5
Total Primary Government	\$ 173.2	\$ 182.2	\$ 187.5	\$ 190.3	\$ 198.4	\$ 206.6	\$ 208.8	\$ 211.1	\$ 219.7	\$ 220.0
Change in net position										
Governmental activities	\$ 6.4	\$ (30.6)	\$ 13.0	\$ 3.8	\$ 23.4	\$ 25.0	\$ 27.3	\$ 16.8	\$ 17.2	\$ 18.1
Business-type activities	10.4	9.5	12.4	-	2.8	4.0	0.8	(0.3)	3.0	5.9
Total Primary Government	\$ 16.8	\$ (21.1)	\$ 25.4	\$ 3.8	\$ 26.2	\$ 29.0	\$ 28.1	\$ 16.5	\$ 20.2	\$ 24.0

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2
 Page 3

(Amounts in millions)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Component unit - School Board (1)										
Expenses										
Education	\$ 205.1	\$ 228.9	\$ 257.6	\$ 262.0	\$ 260.8	\$ 243.1	\$ 244.9	\$ 261.5	\$ 257.7	\$ 264.6
Program revenues										
Charges for services	\$ 7.1	\$ 6.1	\$ 8.2	\$ 8.5	\$ 7.6	\$ 7.6	\$ 7.8	\$ 7.7	\$ 8.2	\$ 7.9
Operating grants & contributions	113.4	132.1	139.1	142.9	141.2	128.9	127.3	138.2	135.3	141.0
Capital grants & contributions	0.7	-	-	11.3	0.2	-	-	0.2	0.6	0.3
Total Component unit - School Board program revenue	121.2	138.2	147.3	162.7	149.0	136.5	135.1	146.1	144.1	149.2
Net (expense)/revenue	\$ (83.9)	\$ (90.7)	\$ (110.3)	\$ (99.3)	\$ (111.8)	\$ (106.6)	\$ (109.8)	\$ (115.4)	\$ (113.6)	\$ (115.4)
General revenues and other changes in net position										
Payments from Primary Government	\$ 99.8	\$ 122.8	\$ 80.4	\$ 83.9	\$ 77.9	\$ 85.8	\$ 88.4	\$ 92.7	\$ 102.5	\$ 101.7
Interest and investment earnings	1.3	2.3	3.0	0.4	0.2	-	-	-	-	-
Miscellaneous	0.7	2.3	(0.2)	0.2	0.7	0.6	0.8	0.9	0.3	0.3
Total general revenues and transfers	\$ 101.8	\$ 127.4	\$ 83.2	\$ 84.5	\$ 78.8	\$ 86.4	\$ 89.2	\$ 93.6	\$ 102.8	\$ 102.0
Total Component unit - School Board change in net position	\$ 17.9	\$ 36.7	\$ (27.1)	\$ (14.8)	\$ (33.0)	\$ (20.2)	\$ (20.6)	\$ (21.8)	\$ (10.8)	\$ (13.4)

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-3

(Amounts in millions)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General Fund:										
Prior to GASB 54:										
Unreserved										
Designated	10.2	43.9	38.9	37.1	41.6	-	-	-	-	-
Undesignated	42.3	-	1.8	1.4	6.4	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	-	-	-	-	0.2	1.5	1.5	1.6	2.1
Committed	-	-	-	-	-	1.2	10.5	4.8	2.6	3.0
Assigned	-	-	-	-	-	16.0	8.6	9.3	9.9	15.7
Unassigned	-	-	-	-	-	37.5	41.6	39.8	43.0	46.6
Total General Fund	\$ 52.5	\$ 43.9	\$ 40.7	\$ 38.5	\$ 48.0	\$ 54.9	\$ 62.2	\$ 55.4	\$ 57.1	\$ 67.4
All other governmental funds:										
Prior to GASB 54:										
Reserved	\$ 59.0	\$ 45.6	\$ 35.2	\$ 27.8	\$ 35.5	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue funds	3.2	4.7	(4.4)	(5.2)	1.7	-	-	-	-	-
Capital Projects Fund	10.4	6.9	-	-	(2.0)	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	-	-	-	-	19.2	19.7	25.2	35.4	34.8
Committed	-	-	-	-	-	10.2	7.4	14.2	16.3	22.4
Assigned	-	-	-	-	-	0.8	0.7	0.5	2.8	3.4
Unassigned	-	-	-	-	-	(1.5)	0.1	-	-	-
Total all other governmental funds	\$ 72.6	\$ 57.2	\$ 30.8	\$ 22.6	\$ 35.2	\$ 28.7	\$ 27.9	\$ 39.9	\$ 54.5	\$ 60.6

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

TABLE S-4
Page 1

(Amounts in millions)

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenues										
General property taxes	\$ 104.1	\$ 110.2	\$ 119.5	\$ 128.8	\$ 136.8	\$ 144.9	\$ 147.2	\$ 147.8	\$ 151.9	\$ 156.7
Other local taxes	41.9	40.4	41.1	39.1	38.2	42.1	45.6	47.2	51.7	48.3
Permits, privilege fees and regulatory licenses	6.3	3.9	3.4	3.2	2.3	2.3	2.4	2.7	2.7	3.2
Fines and forfeitures	0.9	0.9	1.0	1.2	1.0	0.9	0.8	0.6	0.5	0.6
Revenues from use of money and property	2.7	6.3	5.0	2.8	1.5	1.5	1.1	0.7	1.1	1.2
Charges for services	6.5	7.1	7.2	7.5	4.7	4.6	5.5	6.4	7.1	7.6
Miscellaneous	1.4	1.7	2.0	1.0	0.5	0.5	0.6	0.7	0.9	0.5
Intergovernmental	31.1	31.7	33.3	31.4	32.2	33.9	31.6	41.2	37.9	39.0
Payment from component unit	-	0.3	-	-	-	-	-	-	-	-
Total revenues	\$ 194.9	\$ 202.5	\$ 212.5	\$ 215.0	\$ 217.2	\$ 230.7	\$ 234.8	\$ 247.3	\$ 253.8	\$ 257.1
Expenditures										
General government	\$ 10.9	\$ 12.0	\$ 13.4	\$ 12.2	\$ 9.3	\$ 9.9	\$ 10.6	\$ 11.6	\$ 11.5	\$ 11.9
Judicial administration	4.7	5.1	5.7	5.6	5.8	5.8	6.2	6.4	6.8	7.0
Public safety	29.7	34.9	38.9	37.2	36.4	37.0	39.4	44.4	44.3	43.9
Public works	6.7	7.5	7.8	7.4	6.6	7.2	8.0	8.3	8.7	8.5
Health and welfare	13.4	15.8	16.9	16.5	16.7	17.3	17.2	17.3	18.0	18.0
Education (2)	99.8	123.1	86.0	83.9	77.9	85.8	84.5	92.9	102.7	101.9
Parks, recreation and cultural	5.9	6.3	6.8	6.6	6.3	6.8	6.8	6.8	6.8	6.8
Community development	3.0	5.1	4.1	3.8	3.2	2.9	4.3	7.7	5.3	6.3
Non-departmental	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.5	0.7	1.0
Capital projects	7.7	26.4	27.7	11.0	19.9	43.2	27.0	16.2	14.0	21.0
Debt service:										
Principal (1)	17.4	18.8	21.8	25.4	25.0	26.0	27.1	26.8	25.2	23.2
Interest (1)	11.3	13.4	15.7	15.6	14.6	15.6	14.7	13.5	12.6	11.6
Bond issuance costs	2.1	1.0	-	-	(0.1)	0.1	(0.5)	0.9	0.2	0.9
Total expenditures	\$ 212.8	\$ 269.6	\$ 245.1	\$ 225.6	\$ 222.1	\$ 258.1	\$ 245.8	\$ 253.3	\$ 256.8	\$ 262.0
Other financing sources (uses)										
Bond proceeds (1)	\$ 76.7	\$ 41.1	\$ -	\$ -	\$ 27.6	\$ 19.8	\$ 11.5	\$ 10.7	\$ 19.6	\$ 20.0
Refunding bond proceeds	-	-	-	-	-	-	17.7	44.2	11.7	81.6
Payment to refund bond escrow agent	-	-	-	-	-	-	(6.0)	(43.5)	(11.6)	(80.8)
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

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
(Amounts in millions)										
Transfers in	\$ 5.8	\$ 5.3	\$ 5.1	\$ 2.4	\$ 0.2	\$ -	\$ 0.3	\$ -	\$ -	\$ -
Transfers out	(5.8)	(5.3)	(5.0)	(2.3)	-	-	-	-	-	(2.0)
Total other financing sources (uses)	\$ 76.7	\$ 41.1	\$ 0.1	\$ 0.1	\$ 27.8	\$ 27.1	\$ 16.2	\$ 11.4	\$ 19.3	\$ 20.6
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.6
Net Change in Fund Balance	\$ 58.8	\$ (26.0)	\$ (32.5)	\$ (10.5)	\$ 22.9	\$ (0.3)	\$ 5.2	\$ 5.4	\$ 16.3	\$ 16.4
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 28.7	\$ 32.2	\$ 37.5	\$ 41.0	\$ 39.6	\$ 41.6	\$ 42.2	\$ 40.3	\$ 37.7	\$ 35.7
Total expenditures	212.8	269.6	245.1	225.6	222.1	258.1	246.8	253.3	256.8	261.9
Capital outlay Primary Government only (2)	7.7	23.0	50.7	31.0	4.2	34.0	15.1	6.0	11.1	11.9
Non-capital expenditures	205.1	246.6	194.4	194.6	217.9	224.1	231.7	247.3	245.7	250.0
Debt service as a percentage of non-capital expenditures: (Primary Government only)	14.0%	13.1%	19.3%	21.1%	18.2%	18.6%	18.2%	16.3%	15.3%	14.3%
Component unit - School Board:										
School expenditures excluding County contribution	121.4	109.9	110.0	167.7	164.1	139.0	136.5	147.7	135.5	144.7
Capital outlay component unit - School Board only (2)	24.8	12.1	43.6	16.7	14.9	4.1	7.4	6.4	7.6	5.6
Non-capital expenditures	96.6	97.8	66.4	151.0	149.2	134.9	129.1	141.3	127.9	139.1
Total Reporting Entity (1):										
Total debt service	28.7	32.2	37.5	41.0	39.6	41.6	42.2	40.3	37.7	35.7
Total non-capital expenditures	\$ 301.7	\$ 344.4	\$ 260.8	\$ 345.6	\$ 367.1	\$ 359.0	\$ 360.8	\$ 388.6	\$ 373.6	\$ 389.1
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	9.6%	9.3%	14.4%	11.9%	10.8%	11.6%	11.7%	10.4%	10.1%	9.2%

(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	
2015	\$ 155,425,369	\$ 16,437,035	\$ 7,277,122	\$ 19,755,059	\$ 198,894,585
2014	150,750,977	15,778,707	7,262,945	19,208,252	193,000,881
2013	146,393,586	15,355,413	7,256,197	19,186,113	188,191,309
2012	145,533,200	15,110,445	7,172,207	18,324,183	186,140,035
2011	142,518,661	14,442,629	7,447,080	17,835,593	182,243,963
2010	135,397,845	13,971,811	7,351,172	16,896,976	173,617,804
2009	127,061,340	14,383,878	7,396,550	17,322,548	166,164,316
2008	118,160,263	15,559,570	7,742,044	17,797,795	159,259,672
2007	109,399,710	14,679,664	5,962,982	19,778,583	149,820,939
2006	104,056,712	15,263,732	5,166,223	21,473,841	145,960,508
% Change 2015/2014	3.1%	4.2%	0.2%	2.8%	3.1%
% Change 2015/2006	49.4%	7.7%	40.9%	(8.0)%	36.3%
Category % of Total Taxes	78.2%	8.3%	3.6%	9.9%	100.0%

(1) Administrative collection fees of \$526,982 are excluded in the reporting of general property taxes.

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)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
2015	\$ 156,655,140	\$48,251,198	\$ 3,184,983	\$ 634,822	\$ 1,172,402	\$15,049,360	\$ 1,051,706	\$ 180,043,340	\$406,042,951
2014	151,945,820	51,671,775	2,685,169	544,449	1,108,352	14,808,265	1,687,726	173,282,339	397,733,895
2013	147,829,247	47,212,193	2,654,404	642,498	743,743	13,618,541	1,606,764	179,531,380	393,838,770
2012	147,205,885	45,551,370	2,387,611	834,900	1,086,961	12,728,380	1,465,681	158,922,765	370,183,553
2011	144,911,369	42,098,596	2,210,433	933,327	1,528,698	11,822,621	1,113,581	162,801,128	367,419,753
2010	136,828,908	38,219,958	2,344,271	1,007,247	1,630,563	11,870,306	1,225,134	173,635,842	366,762,229
2009	128,835,304	39,102,978	3,176,811	1,163,163	3,243,952	15,722,456	1,358,757	174,310,233	366,913,654
2008	119,490,196	41,099,409	3,437,935	974,608	8,044,111	15,479,460	3,695,857	170,863,780	363,085,356
2007	110,215,192	40,421,229	3,944,784	948,944	9,213,415	13,220,974	5,640,099	162,989,330	346,593,967
2006	104,056,712	41,903,796	6,303,089	903,098	4,644,992	13,531,860	1,848,506	144,542,410	317,734,463
% Change 2015/2014	3.1%	(6.6)%	18.6%	16.6%	5.8%	1.6%	(37.7)%	3.9%	2.1%
% Change 2015/2006	50.5%	15.1%	(49.5)%	(29.7)%	(74.8)%	11.2%	(43.1)%	24.6%	27.8%
% of Total Revenues	38.6%	11.9%	0.8%	0.2%	0.2%	3.7%	0.3%	44.3%	100.0%

(1) Includes revenues as reported on Schedule D-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board with the exception of Payments from Primary Government of \$101,711,245.

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABLE S-7

COUNTY OF SPOTSYLVANIA, VIRGINIA
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
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	14,616,843	1.09
2010	12,637,662	12,304	1,482,839	36,991	16,792	278,593	14,465,181	1.10
2009	16,249,940	15,982	1,354,551	39,395	19,070	291,219	17,970,157	0.81
2008	16,015,619	15,737	1,464,120	25,086	12,399	285,168	17,818,129	0.78
2007	13,821,768	17,583	1,372,859	24,857	18,272	233,059	15,488,399	0.79
2006	13,233,227	17,494	1,339,692	27,415	19,687	210,222	14,847,737	0.80
% Change 2015/2014	4.2%	(8.5)%	2.2%	37.0%	26.5%	3.0%	4.0%	
% Change 2015/2006	45.3%	(33.5)%	33.5%	(0.4)%	4.5%	85.2%	44.2%	
Category % of Total AV, CY 2015	86.6%	0.1%	10.8%	0.2%	0.1%	2.2%	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.

Sources: Property Books from the Commissioner of Revenue for 2006 through 2015 and the State Corporation Commission Certified Statements of Assessed Value for Public Service Corp. 2005 through 2011.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-8

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

Calendar Year	Real Estate & Mobile Home	Personal Property	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2015	\$ 0.86	\$ 6.76	\$ 5.95	\$ 2.50	\$ 2.00
2014	0.86	6.78	5.95	2.50	2.00
2013	0.88	6.37	5.95	2.50	2.00
2012	0.88	6.37	5.95	2.50	2.00
2011	0.86	6.26	5.95	2.50	2.00
2010	0.86	6.26	5.95	2.50	2.00
2009	0.62	6.26	5.95	2.50	2.00
2008	0.62	5.00	5.00	2.50	2.00
2007	0.62	5.00	5.00	2.50	2.00
2006	0.62	5.00	5.00	2.50	2.00

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 2014				Calendar Year 2005			
	Assessed Value	Rank	% of Total County Taxable Assessed Value		Assessed Value	Rank	% of Total County Taxable Assessed Value	
Spotsylvania Mall Company	\$ 192,900	1	1.45%		\$ 101,358	1	1.18%	
Spotsylvania Regional Medical Ctr	80,261	2	0.60%		--		--	
Dominion Virginia Power	95,305	3	0.72%		61,887	2	0.72%	
Rappahannock Electric Cooperative	77,494	4	0.58%		45,373	3	0.53%	
Verizon VA (1)	52,161	5	0.39%		19,885	5	0.23%	
Comcast of VA	7,960	6	0.06%		--		--	
CVS Pharmacy	7,556	7	0.06%		12,788	7	0.15%	
GLL BVK Prop L P	40,340	8	0.30%		--		--	
Lee Property Harrison Crossing	34,831	9	0.26%		--		--	
Station Square at Cosner's Corner	31,801	10	0.24%		--		--	
Verizon South	--		--		35,076	4	0.41%	
NTS/Virginia Development	--		--		22,918	6	0.27%	
Brittany III Ltd Partnership	--		--		20,472	8	0.24%	
Collegiate Funding Services	--		--		3,625	9	0.04%	
MGP Fred Operating B-II	--		--		19,532	10	0.23%	
	<u>\$ 620,609</u>		<u>4.66%</u>		<u>\$ 342,914</u>		<u>4.00%</u>	

(1) Formerly Bell Atlantic

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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)
2015	\$ 140,228	\$ 133,339	95.09%	\$ -	\$ 133,339	95.09%
2014	138,051	129,769	94.00%	5,408	135,177	97.92%
2013	133,114	126,568	95.08%	6,289	132,857	99.81%
2012	132,788	124,581	93.82%	6,530	131,111	98.74%
2011	129,556	122,179	94.31%	6,735	128,914	99.50%
2010	123,221	116,108	94.23%	6,575	122,683	99.56%
2009	119,262	112,873	94.64%	5,915	118,788	99.60%
2008	114,440	108,901	95.16%	5,495	114,396	99.96%
2007	105,414	100,292	95.14%	4,942	105,234	99.83%
2006	99,211	94,916	95.67%	4,232	99,148	99.94%

(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	Government Activities					Business-type Activities			
	Virginia Public								
	General Obligation Bonds	School Authority Bonds	Lease Revenue Bonds	Capital Leases	State Literary Fund Loans	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita
2015	\$ 166,632	\$ 29,107	\$ 86,503	\$ -	\$ -	\$ 136,685	\$ 418,927	1.36%	\$ 3.21
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.32%	3.30
2013	159,200	39,385	82,574	-	-	140,390	421,549	1.32%	3.30
2012	158,787	45,060	87,236	-	7,263	144,258	442,604	1.25%	3.51
2011	163,511	51,331	80,475	7,253	7,924	147,855	458,349	1.18%	3.67
2010	157,507	58,634	84,466	-	8,845	119,389	428,841	1.19%	3.50
2009	142,581	66,044	88,332	650	9,775	122,654	430,036	1.16%	3.55
2008	154,012	73,995	92,080	1,649	10,704	125,089	457,529	1.08%	3.82
2007	161,886	82,275	95,712	2,603	11,634	89,025	443,135	1.07%	3.73
2006	125,475	91,063	99,237	3,513	12,563	92,357	424,208	1.07%	3.60

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

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

TABLE S-11
 Page 2

(Amounts in thousands, except per capita)

Fiscal Year	General Obligation Bonded Debt Outstanding (1)				Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)	
	General Obligation Bonds	Virginia Public School Authority Bonds	Lease Revenue Bonds					
2015	\$	166,632	\$	29,107	\$	86,503	1.87%	2.16
2014		165,705		34,621		84,288	1.91%	2.23
2013		159,200		39,385		82,574	1.96%	2.21
2012		158,787		45,060		87,236	2.04%	2.31
2011		163,511		51,331		80,475	2.01%	2.37
2010		157,507		58,634		84,466	2.08%	2.46
2009		142,581		66,044		88,332	1.65%	2.45
2008		154,012		73,995		92,080	1.80%	2.67
2007		161,886		82,275		95,712	2.19%	2.86
2006		125,475		91,063		99,237	2.13%	2.68

(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	
2015	\$ 34,783	\$ 16,535	\$ 18,248	\$ 4,557	\$ 5,645	\$ 10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65
2013	32,066	16,047	16,019	3,880	5,899	9,779	1.64
2012	29,441	16,550	12,891	3,600	5,371	8,971	1.44
2011	28,942	17,661	11,281	3,395	3,617	7,012	1.61
2010	27,668	15,269	12,399	3,265	4,692	7,957	1.56
2009	28,440	17,685	10,755	3,155	5,814	8,969	1.20
2008	31,484	15,376	16,108	2,586	5,624	8,210	1.96
2007	35,089	16,313	18,776	3,333	9,324	12,657	1.48
2006	30,956	13,939	17,017	2,242	6,714	8,956	1.90

- (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)
2015	130,674	\$ 5,684,634	\$ 43,502	23,817	5.1%
2014	129,188	5,619,990	43,502	23,773	5.3%
2013	127,696	5,555,084	43,502	23,725	5.8%
2012	126,137	5,543,651	43,949	23,775	6.0%
2011	124,823	5,409,559	43,338	23,868	6.7%
2010	122,397	5,115,679	41,796	24,084	7.0%
2009	120,977	4,981,949	41,181	24,202	5.6%
2008	120,015	4,934,254	41,114	24,390	3.4%
2007	118,939	4,760,254	40,023	24,186	2.5%
2006	117,718	4,527,426	38,460	23,811	2.5%

- (1) Estimated for July 1 of each year
 2006 - 2014 U.S. Bureau of the Census
 2015 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 2006 - 2013 (the last year available). Per Capita Personal Income for 2014 and 2015 is assumed to be equal to 2013, the last year for which personal income data is available. Personal Income amounts for 2014 and 2015 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; represents calendar year data for 2006 - 2014, June 2015 data for 2015.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

TABLE S-14

Employer	FY 2015			FY 2006		
	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	10.8%
County of Spotsylvania	Over 1,000	2	3.0%	500 to 999	2	2.4%
HCA Virginia Health System	500 to 999	3	2.2%	--		
Wal Mart	250 to 499	4	1.1%	500 to 999	3	2.5%
Food Lion	250 to 499	5	1.1%	250 to 499	6	1.2%
CVS, Inc.	250 to 499	6	1.1%	500 to 999	4	2.5%
A T Solutions Inc.	250 to 499	7	1.1%	--		
Germanna Community College	250 to 499	8	1.1%	100 to 249	10	0.6%
United Parcel Service	250 to 499	9	1.1%	--		
Carmax	100 to 249	10	0.5%	--		
Giant Food	100 to 249	10	0.5%	--		
Lowe's Home Centers Inc.	--			250 to 499	5	1.2%
Collegiate Funding Services	--			250 to 499	7	1.2%
Motion Control Industries	--			250 to 499	8	1.2%
Open First	--			250 to 499	9	1.2%
Total employment	33,675			30,301		

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-15

Full-Time County Government Employees by Function

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Governmental activities:										
General government	106	111	117	115	115	116	116	122	124	128
Judicial administration	32	34	36	36	35	35	38	38	38	38
Public safety	321	372	393	399	382	381	374	401	416	438
Public works	46	55	57	56	49	49	44	48	48	49
Health and welfare	67	74	74	77	77	77	82	83	83	85
Parks, recreation & cultural	22	23	24	24	24	24	23	23	23	23
Community development	21	24	29	26	22	22	32	38	36	36
Total governmental activities	615	693	730	733	704	704	709	753	768	797
Business-type activities:										
Water and sewer	102	105	111	111	113	113	113	114	115	117
Total business-type activities	102	105	111	111	113	113	113	114	115	117
Total full-time employees	717	798	841	844	817	817	822	867	883	914

Source: County approved budget documents.

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-16
 Page 1

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	57,473	58,395	58,768	58,990	59,122	59,248	59,682	59,803	60,459	60,765
Percentage of fair market value (2)	74.70%	80.90%	109.50%	133.70%	90.30%	94.70%	90.20%	82.70%	89.50%	n/a
Treasurer										
Real estate tax bills generated	127,680	123,592	142,231	133,784	125,530	127,740	127,923	132,219	135,270	131,710
Personal property tax bills generated (1)	206,776	259,610	290,750	271,542	245,127	248,054	268,067	293,817	298,844	305,300
Registrar										
Number of registered voters	65,901	66,897	70,410	74,600	75,854	77,350	79,900	81,922	82,355	83,220
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	44,312	34,697	24,819	24,745	23,098	21,458	25,702	28,618	20,024	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,683	2,306	1,864	2,174	1,931	1,792	1,666	1,400	1,280	n/a
Number of circuit court cases (1)	1,772	1,786	1,936	2,115	2,217	2,157	1,998	2,278	1,962	n/a
Number of General District Court cases (1)	9,386	10,746	11,235	12,362	11,945	10,700	9,974	8,667	8,028	n/a
Number of Juvenile & Domestic Relations Court cases (1)	3,990	5,923	3,611	4,004	5,143	3,267	3,018	3,062	2,817	n/a
Public safety										
Sheriff										
Calls for service	166,330	167,720	167,523	180,105	172,762	153,069	150,598	144,996	129,761	116,336
Calls for service per road deputy	3,696	3,289	2,792	2,814	2,657	2,430	2,091	2,013	1,802	1,615
Civil process papers served	47,912	50,610	49,711	45,326	48,010	60,512	49,999	38,281	43,224	42,149
Warrants served	12,497	13,012	13,404	13,279	12,880	12,280	11,019	11,055	9,986	10,714
Emergency Communications										
Total calls received	222,722	215,984	205,535	217,365	213,419	202,674	203,414	188,361	184,615	179,219
911 calls received	52,118	51,826	52,600	52,600	50,941	50,008	52,816	47,832	49,189	45,984
Fire, Rescue and Emergency Management										
Calls for service (3)	15,802	16,576	17,021	16,749	16,540	15,458	15,622	16,974	15,355	16,219
Animal Control										
Calls for service (all types)	5,776	5,844	6,102	6,275	8,035	8,517	8,387	8,212	8,386	8,084
Public works										
Refuse Disposal										
Solid waste - tons (1)	59,060	56,989	53,081	46,535	45,872	41,518	40,064	73,737	108,500	132,524
Recycling										
Recycled materials - tons	14,998	15,002	17,662	11,087	21,183	20,960	22,758	23,360	26,446	20,000
Sludge composted - tons	11,479	12,246	12,037	12,573	12,369	14,492	15,580	18,828	22,924	19,945

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

TABLE S-16
 Page 2

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Health and welfare										
Social Services										
SNAP applications	2,108	2,140	2,434	2,793	3,739	3,628	4,250	4,530	4,709	4,658
Medicaid applications	2,404	2,526	2,425	2,558	2,024	2,250	3,766	3,960	4,786	4,833
Medicaid (avg monthly ongoing caseload)	5,267	5,199	5,780	6,588	7,561	8,295	8,612	6,760	6,869	7,651
Foster care children (avg monthly county)	94	97	111	116	134	121	97	90	82	78
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	8,533	8,431	7,998	7,964	7,762	7,669	7,540	7,293	7,024	7,037
Special interest/leisure participants	12,007	13,532	12,274	12,308	12,842	11,426	11,555	11,120	10,671	11,540
Park visitors	1,068,400	1,079,500	1,136,200	1,137,700	1,143,200	1,151,800	1,284,500	1,312,800	1,313,800	1,322,700
Community development										
Planning										
Final platted lots approved (1)	1,071	656	152	64	48	441	110	278	236	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 37,336	\$ 33,852	\$ 33,384	\$ 34,190	\$ 33,787	\$ 33,787	\$ 31,014	\$ 31,995	\$ 32,965	n/a
Tourism										
Tourists visiting area (1)	428,450	504,103	514,738	601,949	782,505	624,786	736,492	799,887	849,000	n/a
Extension Office (4)										
Requests for educational information	n/a	6,752	3,773	8,237	15,453	6,486	7,043	3,694	2,462	10,392
Individuals participating in programs (1)	n/a	7,005	6,178	9,210	4,127	13,946	15,196	13,494	9,672	18,125
Other funds										
Code Compliance										
Community development permits issued	4,006	3,541	3,504	3,000	2,788	3,009	2,852	3,068	3,111	2,996
Building inspections	38,795	38,394	28,871	15,166	14,361	12,786	11,851	13,442	14,682	15,672
Utilities										
Average daily water consumption (mgd)	6.03	6.10	6.40	6.65	6.06	7.21	6.77	6.81	7.14	6.78
Average effluent flows (mgd)	6.81	8.10	8.21	7.88	8.27	6.72	7.50	7.50	9.54	8.13
Water customers	26,925	27,396	27,586	27,939	28,311	28,391	28,800	28,976	29,390	29,658
Sewer customers	26,155	26,609	26,757	27,065	27,352	27,435	27,416	27,691	28,095	28,338

n/a Not available

(1) Reported on a calendar year basis.

(2) Final 2015 State sales ratio will be issued late 2016.

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

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

Source: Various County Departments

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

TABLE S-17

Function/Program	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	171	185	195	199	205	205	201	201	201	201
Fire & Rescue:										
Stations	14	14	13	13	13	13	13	13	13	13
Response units	58	58	61	65	65	67	67	67	69	69
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	12	12	12	12	12	12	13	13	13	16
Landfills	3	3	3	3	3	3	3	3	3	2
Square footage of buildings maintained	365,276	365,276	459,989	470,659	471,659	471,659	661,497	649,397	649,721	649,721
Parks, recreation and cultural										
Parks	9	9	11	11	11	11	11	13	13	13
Park acreage	331	331	482	482	482	482	482	536	536	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	7	7	7	7	7	7	7	7	7
Athletic fields maintained	20	20	32	32	32	32	32	37	37	37
Community centers	5	5	5	6	6	6	6	7	7	6
Public boat ramps	1	1	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	2	2	2	1	1	1	1	1	1	1
Public utilities										
Water mains (miles)	448	457	462	496	502	514	517	517	536	542
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	18,000	18,000	18,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	437	451	453	455	457	496	497	497	497	500
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallon	12,300	12,300	12,300	12,300	12,300	12,300	13,700	13,700	13,700	13,700
Reservoirs	3	3	3	3	3	3	3	3	3	3
Pumping stations	59	59	56	56	56	53	52	52	51	52
Fleet management										
Vehicles maintained (1)	n/a	n/a	n/a	1,057	1,101	1,227	1,197	1,074	1,057	1,070
n/a - not available										
(1) Joint Fleet Facility opened in FY 2009										

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

TABLE S-18

Page 1

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Kindergarten	1,686	1,673	1,702	1,714	1,588
Elementary (grades 1-7)	12,427	12,373	12,429	12,450	12,518
Secondary (grades 8-12)	9,394	9,405	9,251	9,282	9,355
Pre-K/Headstart (SpEd)	<u>361</u>	<u>324</u>	<u>385</u>	<u>327</u>	<u>356</u>
Total enrollment (1)	<u>23,868</u>	<u>23,775</u>	<u>23,767</u>	<u>23,773</u>	<u>23,817</u>
Teachers and administrators	1,907	1,895	1,901	1,891	1,898
Other employees	<u>1,147</u>	<u>1,136</u>	<u>1,126</u>	<u>1,119</u>	<u>1,120</u>
Total employees (2)	<u>3,054</u>	<u>3,031</u>	<u>3,027</u>	<u>3,010</u>	<u>3,018</u>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
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 Student Enrollment by Grade					Projected Average Daily Student Enrollment by Grade				
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
K	1,686	1,673	1,705	1,714	1,588	1,565	1,631	1,648	1,669	1,687
1	1,750	1,755	1,696	1,760	1,774	1,609	1,818	1,837	1,862	1,882
2	1,726	1,766	1,772	1,680	1,798	1,775	1,842	1,864	1,885	1,907
3	1,781	1,725	1,774	1,782	1,713	1,801	1,751	1,773	1,793	1,813
4	1,754	1,792	1,745	1,820	1,791	1,714	1,833	1,854	1,878	1,899
5	1,824	1,768	1,794	1,778	1,842	1,812	1,884	1,906	1,925	1,948
6	1,748	1,811	1,777	1,801	1,787	1,785	1,829	1,849	1,870	1,888
7	1,844	1,756	1,870	1,829	1,813	1,814	1,852	1,871	1,892	1,911
8	1,809	1,879	1,755	1,901	1,836	1,867	1,876	1,897	1,915	1,938
9	2,025	2,012	2,070	1,976	2,087	2,017	2,135	2,156	2,177	2,199
10	1,990	1,864	1,861	1,892	1,835	1,928	1,878	1,896	1,916	1,934
11	1,750	1,864	1,721	1,732	1,828	1,773	1,868	1,889	1,908	1,928
12	1,850	1,786	1,854	1,781	1,769	1,850	1,799	1,817	1,836	1,854
Pre-K*	331	324	331	327	356	425	364	371	371	377
Total	23,868	23,775	23,725	23,773	23,817	23,735	24,360	24,628	24,897	25,165

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	2014 - 2015 Enrollment
Elementary:						
Battlefield	0-00	30.0	1974	2000	833	646
Berkeley	K-5	17.0	1961	1971, 1979, 2000, 2005	353	256
Brock Road	K-5	24.4	1992	2004	907	711
Cedar Forest	K-5	52.2	2008	-	936	729
Chancellor	K-5	12.0	1940	1948, 1961, 2000	455	422
Courthouse Road	K-5	25.0	1994	2005	907	829
Courtland (1)	K-5	-	1989	2000	789	562
Harrison Road (2)	K-5	-	2001	2006	936	805
Lee Hill	K-5	21.0	1977	1990, 1999	807	648
Livingston	K-5	15.5	1961	1971, 1992	504	433
Parkside	K-5	26.8	2001	-	936	766
Riverview	K-5	25.0	1994	2005	907	717
Robert E. Lee	K-5	14.1	1952	1977	585	518
Salem	K-5	20.0	1979	1989, 1999	815	677
Smith Station	K-5	23.0	1991	1999, 2004	986	715
Spotswood	K-5	20.0	1965	1971, 2000	641	535
Wilderness	K-5	25.0	1998	2003	936	732
						<u>10,701</u>
Middle:						
Battlefield	6-8	30.0	1978	2003	807	817
Chancellor (2)	6-8	-	1989	-	857	825
Freedom	6-8	76.7	2003	-	948	824
Ni River	6-8	75.0	1999	-	774	745
Post Oak (3)	6-8	-	2007	-	948	747
Spotsylvania	6-8	41.7	1968	1973	907	800
Thornburg	6-8	50.0	1994	-	790	708
						<u>5,466</u>
Secondary:						
Chancellor	9-12	100.0	1988	-	1517	1,311
Courtland	9-12	100.0	1980	-	1265	1,178
Massaponax	9-12	100.0	1998	2005	1830	1,967
Riverbend	9-12	90.7	2004	-	1995	1,936
Spotsylvania	9-12	100.0	1994	-	1611	1,176
J.J. Wright Alternative	Pre K-12	20.0	1952	1962, 1982, 2008, 2009	500	n/a
Vocational Center (1)	-	-	1980	1993	-	n/a
						<u>7,568</u>

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

Source: Superintendent of Schools, Spotsylvania County, Virginia

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