



ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30th
2023
FOR FISCAL YEAR ENDED

SPOTSYLVANIA COUNTY EARNS
AAA BOND RATING

FitchRatings

MOODY'S

STANDARD
& POOR'S

HIGHEST POSSIBLE CREDIT RATING FOR LOCAL GOVERNMENTS



County of Spotsylvania, Virginia

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ending June 30, 2023

Ed Petrovitch, County Administrator
Mark L. Cole, Deputy County Administrator
Rebecca R. Forry, Chief Financial Officer
Eric Slivka, Controller
Heath Holladay, Financial Reporting Manager

Published by the Department of Finance



The Spotsylvania High School marching band performs during the groundbreaking event at Kalahari Resorts & Conventions in Spotsylvania County, Virginia. The 1.38 million square foot project will include amenities for the whole family, including over 265,000 square feet of indoor waterpark & family entertainment center spaces.



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INTRODUCTORY SECTION



Spotsylvania Towne Centre



County of Spotsylvania

Founded 1721

Board of Supervisors
DEBORAH H. FRAZIER
LORI HAYES
JACOB LANE
KEVIN W. MARSHALL
TIMOTHY J. MCLAUGHLIN
DAVID ROSS
CHRIS YAKABOUSKI



Service, Integrity, Pride

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

December 29, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2023. The *Code of Virginia* requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with governmental auditing standards generally accepted in the United States of America.

This report consists of management's representations concerning the finances of the County. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management has established an internal control framework. The framework is designed to protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the County's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We believe the information presented is accurate in all material respects.

The County's financial statements have been audited by CliftonLarsonAllen LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unmodified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2023, which is presented on pages 15 – 18 of this report.

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

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The MD&A can be found immediately following the Independent Auditor's Report and should be read in conjunction with the letter of transmittal.

PROFILE OF THE COUNTY AND OUR GOVERNMENT

Spotsylvania County contains a mix of beautiful rural and urban landscapes and is one of Virginia's fastest-growing counties. Within its boundaries, the County possesses the scenic beauty of Lake Anna, rural vistas, suburban amenities and a wealth of historical attractions from the Colonial and Civil War eras. The growing Spotsylvania community has attracted many dynamic commercial and retail businesses which serve area residents and visitors. These resources also make the County a favorite tourist destination.



History

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

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

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



Geography

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

Government

Spotsylvania County is governed by a seven-member Board of Supervisors, elected for staggered four-year terms. The Board of Supervisors sets county policies, adopts ordinances, appropriates funds, approves land rezoning

and special exceptions to the zoning ordinance, and carries out other responsibilities set forth by the State and County code.

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

Spotsylvania County Public Schools (SCPS), reported as a component unit of the County within the financial statements, are governed by a seven-member elected School Board. Since its inception in 1870, consisting of scattered one-room schools, the school system has evolved to the present system of separate elementary, middle, and high schools. Today, SCPS serves just under 24,000 students daily from preschool to grade twelve and is comprised of 31 schools and centers: 17 elementary schools, 7 middle schools, 5 high schools, a Career and Technical Center, and an Alternative Learning Center. The School System also represents the largest employer for Spotsylvania County with approximately 3,300 employees.



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

ECONOMIC CONDITION AND OUTLOOK

Spotsylvania County's General Fund ended the year strong, reporting \$158.4 million in fund balance, up \$11.0 million from the previous year. Toward the end of the fiscal year, the rate of economic growth started to slow in response to continued elevated inflation, high interest rates, dissipating pandemic savings, and rising consumer debt. Growth in retail sales remained strong at 6.9%, slightly higher than statewide reported activity, but below the double-digit growth seen over the past two years. Our forecast for fiscal year 2024 anticipates a continued slowdown in growth to 1.8%, slightly below pre-pandemic levels. A more long-term view shows a stabilization in fiscal year 2025 and recovery to pre-pandemic growth rates of 2.5% in 2026.

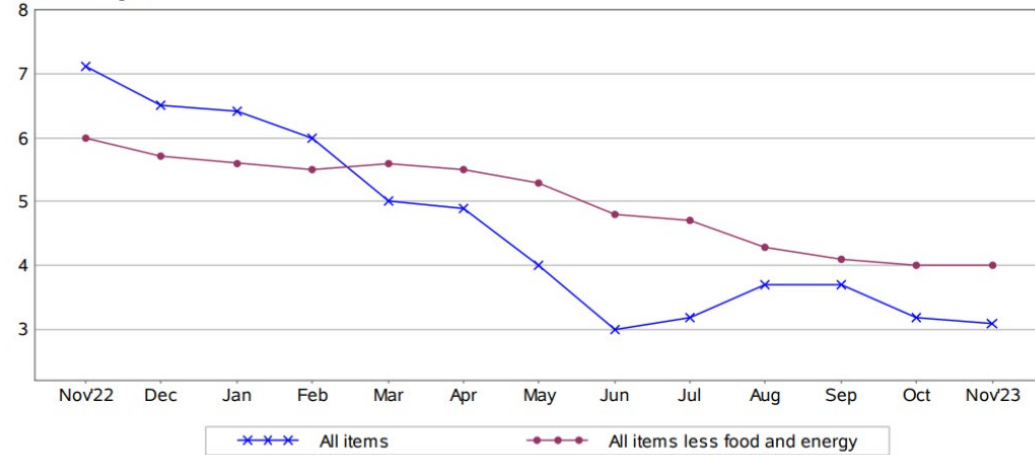
	Taxable Retail Sales (\$ in 000's)		
	Fiscal Year 2022	Fiscal Year 2023	2023 v. 2022 %
Spotsylvania County	\$ 2,236.4	\$ 2,390.1	6.9%
All Virginia Counties	80,177.1	85,225.5	6.3%
Commonwealth of VA	124,277.3	131,446.1	5.8%

Source: Virginia Dept of Taxation through Weldon Cooper Center for Public Service

In November 2023, the Consumer Price Index of All Urban Consumers (CPI-U) rose 0.1% to 3.1%. Aggressive interest rate increases by the Federal Reserve appear to be working in bringing down inflation from the high

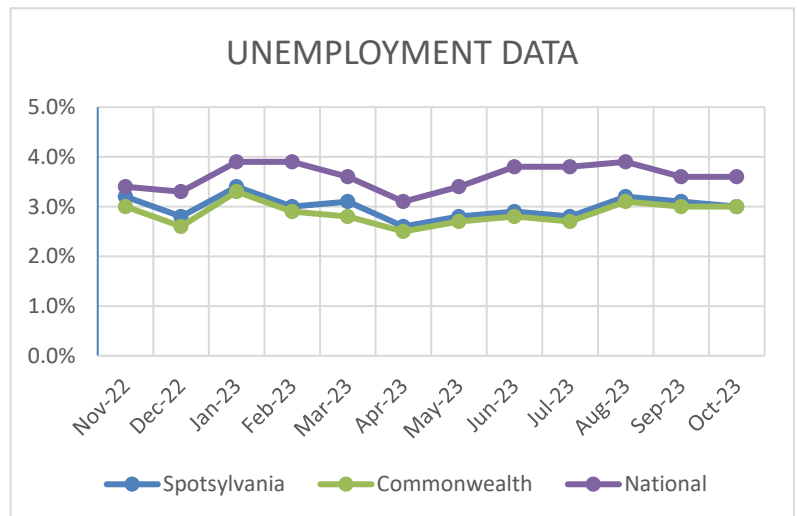
levels seen in fiscal year 2021-22. Keeping inflation in check were energy prices, which fell by 2.3% in November with gasoline dipping by 6%. At the same time, shelter prices were the main drivers of inflation, up 6.5% percent for the same period. It should be noted, student loan repayments started up again in October 2023, with impacted households having less to spend on goods and services. According to Moody's, the resumption of student loan payments will pull an estimated \$70 billion per year out of the national economy. While it's difficult to project such an impact, the Commonwealth feels it to be "somewhat marginal, but if the U.S. consumer were weakening in October already, then student loans may have the potential to worsen the situation."

Chart 2. 12-month percent change in CPI for All Urban Consumers (CPI-U), not seasonally adjusted, Nov. 2022 - Nov. 2023



Source: Bureau of Labor Statistics

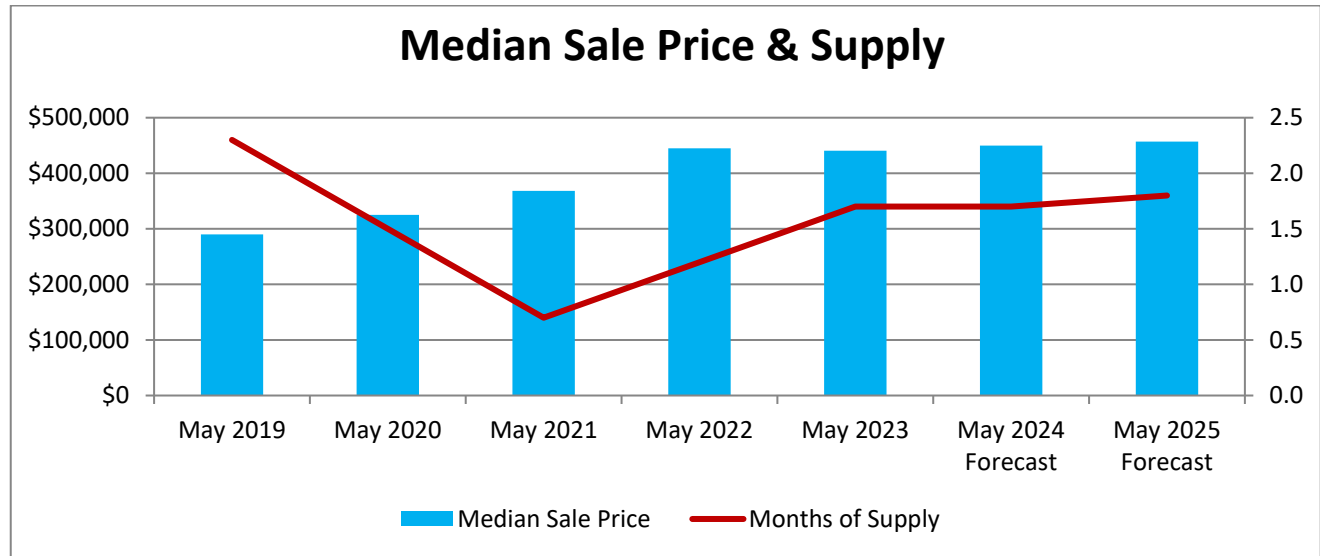
Spotsylvania's labor force grew 4.2% over the past year, with the number employed growing slightly faster, decreasing the unemployment rate by 0.1% to 2.9% as of June 2023. The County continues to compare favorably to the statewide and nationwide averages of 2.9% and 3.6%, respectively. Looking ahead, the State is projecting unemployment to rise to 3.6% in fiscal year 2025, reaching its peak of 4.9% in the third quarter of calendar year 2024. As the County tends to trend similarly to the State, staff assumes the same projection for Spotsylvania.



Source: Local Area Unemployment Statistics (LAUS) and Bureau of Labor Statistics

Property taxes represent the largest revenue source for the County's General Fund at 62.1%. A strong real estate market allows the County to provide high quality services at a competitive tax rate. As of May 2023, the County's market continued to slow with 156 units sold, down from 246 units in the previous year. On average, homes are taking longer to sell, increasing the number of active listings to 292 units up from 273 units. New listings have also slowed, keeping inventory tight, with months of supply at 1.7. Due to the tight inventories, the median sale

price remained strong, reducing by less than a percent to \$440,600 in May of 2023. Staff is projecting mild increases in median sale price of 2.1% and 1.2% in 2024 and 2025, respectively, with the months of supply to remain relative the same in 2024 and increasing slightly to 1.8 in 2025.



RELEVANT FINANCIAL POLICIES

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

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

Fiscal Stability Reserve. The County commits within its General Fund balance at the close of each fiscal year a reserve equal to no less than 11% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. As of June 30, 2023, the fiscal stability reserve was \$66.2 million, an increase of \$4.8 million, or 7.8%.

Health Insurance Reserve. The County maintains a self-insured health insurance reserve for both the County and the SCPS equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences. The reserve at June 30, 2023 was \$5.7 million and \$16.5 million, respectively.

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

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

Debt Management - Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits through its debt service to governmental fund expenditures and debt to assessed value ratios. Debt service as a percentage of governmental and school spending was 8.06%, well within the County's adopted policy of 12% and below the County's 2025 target of 10%. Net debt as a percentage of taxable property assessed value was 1.16%, below the required 3% set by the County.



For the first time, Spotsylvania County earned the highest ratings from all three major bond rating agencies. The County has held AAA ratings from Standard and Poor's since 2019, and from Fitch since 2016, and was notified in August of 2023 of its rating upgrade from Aa1 to Aaa from Moody's. Only 11 states, 48 counties and 36 cities in the United States have a triple-A bond rating from all three major rating agencies. "This notable accomplishment not only sets us apart, it indicates confidence in the county's financial strength and ultimately saves our taxpayers money by lowering the county's interest rates during the borrowing process. This is a win for the County and it's a win for our taxpayers," - Edward Petrovitch, Spotsylvania County Administrator.

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

Property tax collections. By policy, the annual level of uncollected property taxes should not exceed two percent over a rolling three-year period. Uncollected property taxes as of June 2023, remained below this threshold, increasing slightly to 1.9%.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

The County's strategic plan adopted by the Board of Supervisors creates a vision of "setting the standard for Virginia Counties". The plan centers around seven strategic initiatives; Quality Government, Public Safety, Educational Opportunity, Infrastructure Investment, Economic Prosperity, Growth Management, and Environmental Stewardship.

As the population grows and development continues in the County, demand for County-provided services continues to climb and staff resources are necessary to respond to the service demands. To respond to these increased service needs, the 2024 Adopted Budget approved an additional 20.87 net new positions across various departments. The County also met its long-term fiscal policy goal to contribute the full annual recommended Other Postemployment Benefits (OPEB) retiree health insurance contribution by fiscal year 2024. As of June 30, 2023, the County and School Board maintained OPEB reserves of \$21.1 million and \$14.4 million, respectively.

In addition to the County's ongoing investment to maintain its equipment and facilities, more notable infrastructure investments included in the County's FY 2024 to FY2028 Adopted Capital Improvement Plan include:

- \$19.6 million to address public safety space needs to be completed in 2027.
- Expansion and improvement to the County's landfill of \$23.3 million with scheduled completion in 2026.

- Almost \$30.0 million in expanded fire & rescue facilities to include a proposed fire training and logistics center with design work to start in 2027; the replacement of Company 3 in Partlow, expected to be operational in fiscal year 2025; a new fire and rescue station in Massaponax, estimated to be operational in fiscal year 2027; and design work to begin in 2028 for a new fire and rescue station in the Shady Grove area.
- Additional funding committed for the renovation and expansion of the Spotsylvania Middle School of \$42.0 million with an estimated completion date of 2025.
- Additional funding committed for the Motts Water Treatment Plant expansion, rehabilitation and resiliency project of \$89.5 million, to double the capacity of the Plant to 24 MGD to meet future water demands.
- Additional funding committed for the Massaponax Wastewater Treatment Plant expansion project of \$24.9 million, to increase capacity from 9.4 MGD to 13.4 MGD and allow for the decommissioning of the FMC Wastewater Treatment Plant and transition all County wastewater flow, except for the Thornburg service area, to the Massaponax plant for treatment.

Transportation

The FY 2024 – FY 2028 Adopted Capital Improvement Plan includes an additional \$128.1 million in future leveraged county funds to address the County’s ever-growing transportation needs. The Plan includes:

- \$13.6 million for the widening of Harrison Road;
- \$4.5 million for rural road safety improvements;
- \$60.8 million in VA hospital related transportation commitments; and
- \$37.3 million in Smartscale projects for Rt. 208 operational improvements, widening of Rt. 2, and the Benchmark intersection project.

Economic Development

In October of 2023, the County approved four rezonings, authorizing Amazon Web Services (AWS) to build an estimated 6.6 million square feet of data centers in Spotsylvania County and an infrastructure investment to support a joint project bringing 4.5 million in data centers to Caroline County. AWS has projected to spend \$6.0 billion in real and personal property directly related to the data

centers over the next 10 to 15 years and up to an additional \$1.0 billion in infrastructure for power interconnection, sitework, water and road improvements. In addition to the taxes the data centers will pay directly, the economic activity that they generate also results in additional tax collections from “second-round” economic effects of business-to-business transactions between the direct vendors to data centers and their suppliers. AWS also commits to being a “good neighbor” through their AWS InCommunities program which include STEM education, access and equity, local tech upskilling, environmental stewardship, and employee engagement. Spotsylvania County is excited to welcome AWS to the neighborhood!



Source: Amazon Web Services (AWS) Oregon Data Center

AWARDS AND ACKNOWLEDGEMENTS



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2022. This is the 28th 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 Annual Comprehensive 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 Annual Comprehensive 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, 2024. In order to achieve this award, the County's budget document must meet program criteria as a policy document, a financial plan, an operations guide, and as a communications device. This is the 27th award in as many years.

The preparation of this report could not have been possible without the concentrated, dedicated, and coordinated effort of the Finance Department, and the cooperation and assistance of all County departments and the School Board's Finance Department. We also thank the Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Spotsylvania's finances.

Respectfully submitted,


 Ed Petrovitch
 County Administrator


 Rebecca R. Forry
 Chief Financial Officer

Spotsylvania Board of Supervisors



Chris Yakabouski
Battlefield District



Timothy J. McLaughlin
Chancellor District



David Ross
Courtland District
Chair



Lori Hayes
Lee Hill District



Kevin Marshall
Berkeley District



Dr. Deborah H. Frazier
Salem District

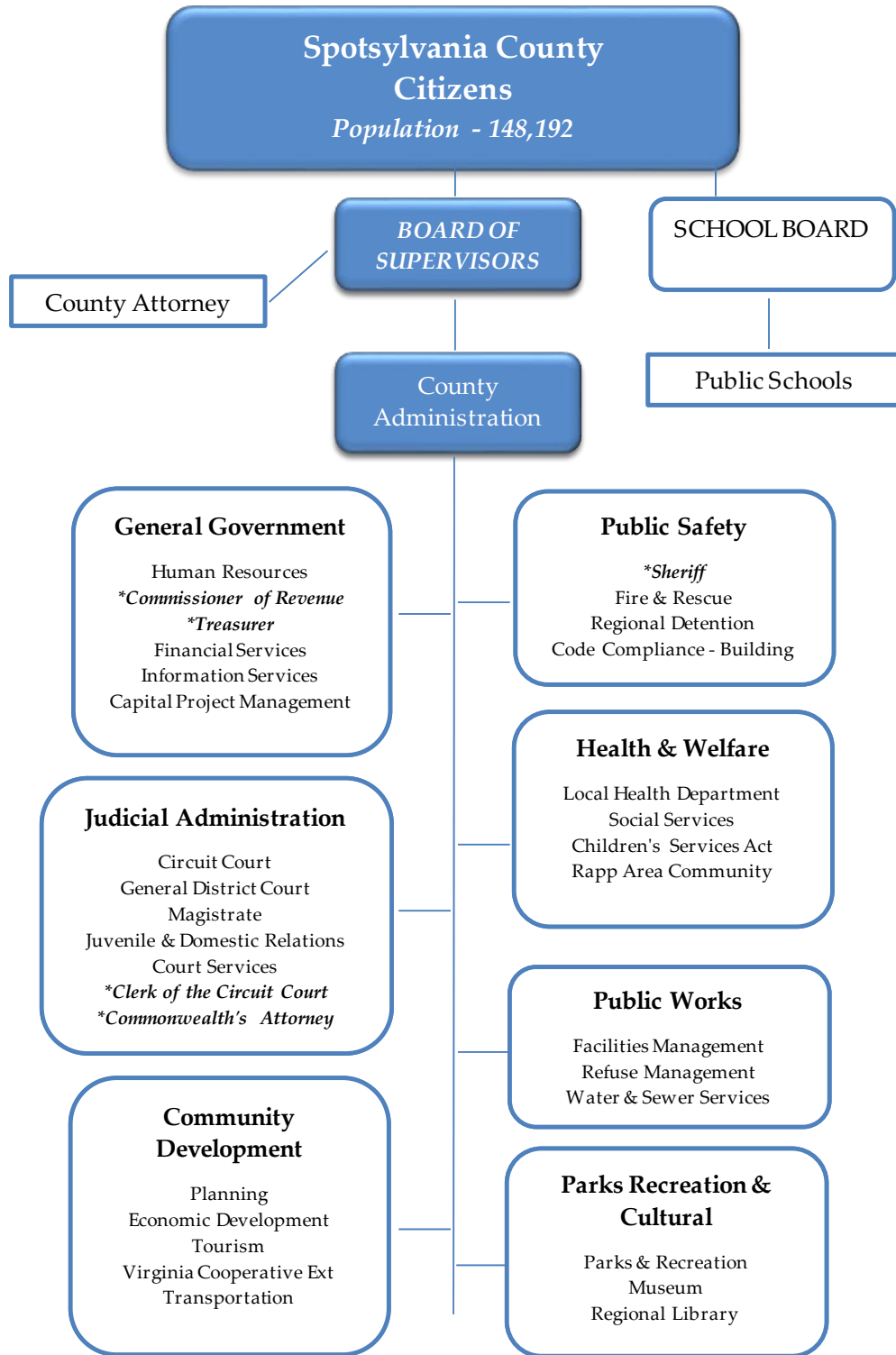


Jacob Lane
Livingston District
Vice-Chair

County Administrative & Financial Officers

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

Spotsylvania County Organizational Chart

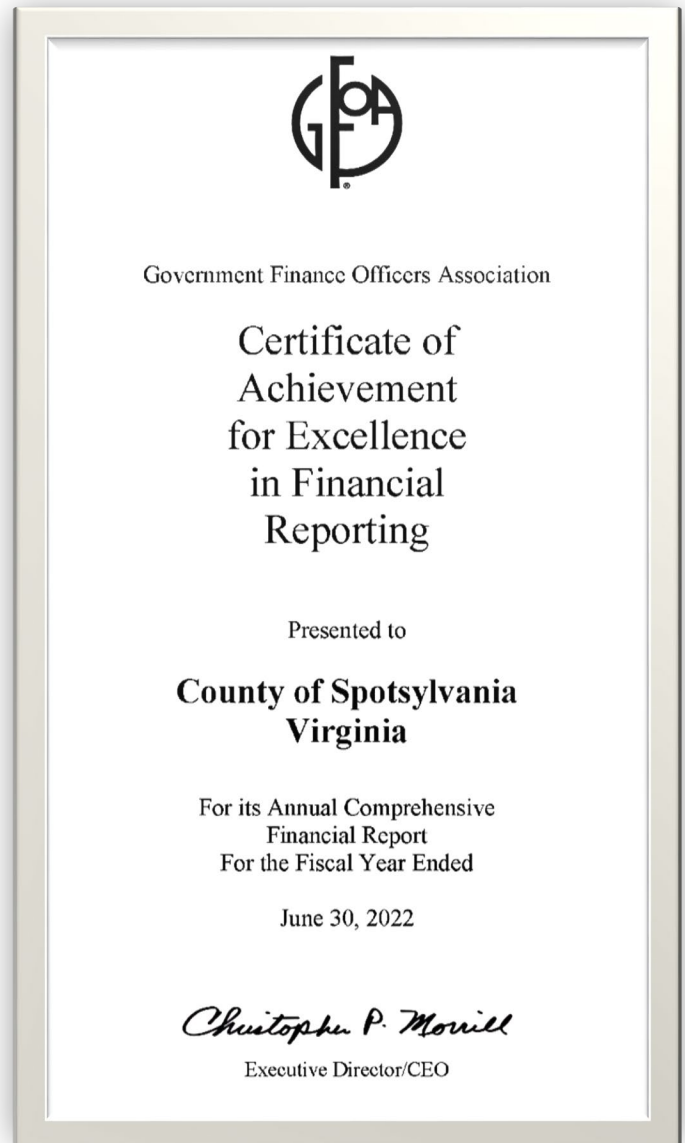


* denotes Constitutional Officer

Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2022. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County of Spotsylvania's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the County of Spotsylvania and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2022, the County adopted new accounting guidance for Subscription-Based Information Technology Arrangements (SBITA). The guidance requires governments to recognize a right-to-use SBITA asset and corresponding SBITA liability for all SBITA with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Honorable Members of the Board of Supervisors
County of Spotsylvania

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of County of Spotsylvania's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Spotsylvania's ability to continue as a going concern for a reasonable period of time.

Honorable Members of the Board of Supervisors
County of Spotsylvania

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) and the required supplementary information other than MD&A as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the *Governmental Accounting Standards Board* who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Spotsylvania's basic financial statements. The accompanying combining and individual fund statements and budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section and Statistical Section, as listed in the table of contents but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

Honorable Members of the Board of Supervisors
County of Spotsylvania

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 2023, on our consideration of the County of Spotsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Spotsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Spotsylvania's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Arlington, Virginia
December 28, 2023

Management's Discussion & Analysis (MD&A)

As management of the County of Spotsylvania (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the County's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Statements

- 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 \$355.3 million (net position), a 19.8% increase from the previous year. Net position for governmental activities increased by \$29.7 million, reporting a net position of \$3.6 million. Net position for business-type activities increased by \$29.0 million bringing its total net position to \$351.7 million.
- Program and general revenues for governmental activities increased by \$28.4 million, or 8.4%, from the previous year. Total expenses, prior to transfers, increased by \$34.0 million, or 11.3%, from the previous year.
- Program and other general revenues for business-type activities increased by \$24.0 million, or 45.5%, from the previous year. Total expenses, prior to transfers, increased by \$9.4 million, or 24.5%, from the previous year.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$248.7 million, an increase of \$21.0 million, or 9.2%. Of this amount, \$24.8 million, or 10.0% is available for spending at the government's discretion (unassigned fund balance). Unrestricted fund balance of the General Fund (the total of the committed, assigned, and unassigned components of fund balance) was \$151.6 million, a little over five months, or 44.9%, of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

GOVERNMENT-WIDE STATEMENTS

The government-wide statements report information about the County as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* presents information on all the County's assets and deferred outflows of resources less liabilities and deferred inflows of resources, resulting in the County's net position. The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year, regardless of when cash is received or paid. The government-wide financial statements of the County are divided into three categories:

- *Governmental activities* – account for functions of the County that are primarily supported by taxes and intergovernmental revenues (e.g. federal and state grants). The majority of the County's basic services, such as education, law enforcement, fire and rescue, health & welfare, general government, public works, and parks, fall with this category.
- *Business-type activities* – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The County's water and sewer services are included here.
- *Discretely presented component units* – account for functions of legally separate entities for which the County is financially accountable. The County has two discretely presented component units, the Spotsylvania County Public School System (School Board) and the Economic Development Authority (EDA).

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the County's most significant *funds* – not the County as a whole. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County has three kinds of funds:

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statement that explains the relationship between them. The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.
 - Capital assets used in governmental activities are not reported in governmental fund statements.
 - Long-term liabilities, unless due and payable, are not included in the fund financial statements.
 - Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
 - Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
 - Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.

- *Proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, in this case, water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary funds* – Resources held for other governments, individuals, or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported are used for their intended purposes. The County’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.

Government-wide Financial Analysis

The table below presents a Summary of Net Position for the reporting entity as of June 30, 2023 and 2022:

Table 2 Summary of Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 426.9	\$ 385.2	\$ 191.1	\$ 135.4	\$ 618.0	\$ 520.6	\$ 91.6	\$ 77.7
Capital assets, net	164.6	150.4	371.2	335.1	535.8	485.5	340.0	\$ 330.9
Total assets	591.5	535.6	562.3	470.5	1,153.8	1,006.1	431.6	408.6
Total deferred outflows	33.5	41.2	5.2	6.1	38.7	47.3	83.5	98.9
Other liabilities	58.7	40.7	11.6	9.4	70.3	50.1	37.5	31.0
Long-term liabilities	410.1	391.5	197.3	134.7	607.4	526.2	323.0	337.8
Total liabilities	468.8	432.2	208.9	144.1	677.7	576.3	360.5	368.8
Total deferred inflows	152.6	170.7	6.9	9.8	159.5	180.5	197.0	243.8
Net position:								
Net investment in capital assets	113.1	101.9	261.9	232.9	375.0	334.8	338.6	330.9
Restricted	14.6	14.4	3.0	2.6	17.6	17.0	24.2	17.2
Unrestricted	(124.1)	(142.4)	86.8	87.2	(37.3)	(55.2)	(405.2)	(453.2)
Total net position	\$ 3.6	\$ (26.1)	\$ 351.7	\$ 322.7	\$ 355.3	\$ 296.6	\$ (42.4)	\$ (105.1)

Primary Government

The largest portion of the Primary Government’s net position represents \$375.0 million of investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. The restricted net position of \$17.6 million represents resources subject to external restrictions on how they may be used, and include future debt service (\$3.0 million), capital projects (\$4.3 million), transportation (\$4.7 million), and grant program and opioid recovery funds of (\$5.6 million). The remaining balance equals a net deficit of \$37.3 million, driven mostly from \$172.7 million in debt incurred by the County on-behalf of the School Board without the offset of related capital assets reported by the School Board. When School Board debt is excluded, the Primary Government’s unrestricted net position rises to \$113.9 million, and a total net position of \$528.0 million.

Component Units

Net position of component units consists of School Board net investment in capital assets of \$338.6 million and \$24.2 million in School Board funds restricted for capital projects of \$20.3 million, student activity funds of \$2.8 million,

and \$1.1 million in net pension assets. Unrestricted net position includes \$1.5 million primarily from land held as an investment with the EDA, and a School Board deficit of \$406.7 million primarily from net postemployment liabilities.

Changes in Net Position

The following table summarizes the changes in net position for the primary government and its component units for the fiscal years ended Jun 30, 2023 and 2022:

Table 3 Changes in Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2023	2022	2023	2022	2023	2022	2023	2022
Revenues								
Program Revenues:								
Charges for services	\$ 17.7	\$ 18.0	\$ 42.6	\$ 38.8	\$ 60.3	\$ 56.8	\$ 3.5	\$ 1.7
Operating grants and contributions	29.8	26.8	0.3	0.1	30.1	26.9	232.4	217.1
Capital grants and contributions	3.8	0.5	29.0	15.5	32.8	16.0	1.0	-
General Revenues:								
General property taxes	212.4	202.1	-	-	212.4	202.1	-	-
Other taxes	73.7	69.6	-	-	73.7	69.6	-	-
Payments from Primary Government	-	-	-	-	-	-	142.9	126.6
Other general revenues	27.1	19.1	4.9	(1.6)	32.0	17.4	1.6	1.1
Total Revenues	364.5	336.1	76.8	52.8	441.3	388.9	381.4	346.5
Expenses								
General government	22.9	20.8	-	-	22.9	20.8	-	-
Judicial administration	13.1	11.0	-	-	13.1	11.0	-	-
Public safety	85.5	77.7	-	-	85.5	77.7	-	-
Public works	16.1	12.7	-	-	16.1	12.7	-	-
Health and welfare	27.7	26.0	-	-	27.7	26.0	-	-
Education	139.9	125.7	-	-	139.9	125.7	315.5	305.3
Parks and recreation	9.2	8.5	-	-	9.2	8.5	-	-
Community development	12.4	11.0	-	-	12.4	11.0	3.2	1.0
Water and sewer	-	-	47.7	38.3	47.7	38.3	-	-
Interest on long-term debt	8.1	7.5	-	-	8.1	7.5	-	-
Total Expenses	334.9	300.9	47.7	38.3	382.6	339.2	318.7	306.3
Excess before transfers	29.6	35.2	29.1	14.5	58.7	49.7	62.7	40.2
Transfers	0.1	0.1	(0.1)	(0.1)	-	0.1	-	-
Increase(decrease) in net position	29.7	35.3	29.0	14.4	58.7	49.7	62.7	40.2
Net position - beginning	(26.1)	(61.4)	322.7	308.3	296.6	246.9	(105.1)	(145.3)
Net position - ending	\$ 3.6	\$ (26.1)	\$ 351.7	\$ 322.7	\$ 355.3	\$ 296.6	\$ (42.4)	\$ (105.1)

GOVERNMENTAL ACTIVITIES

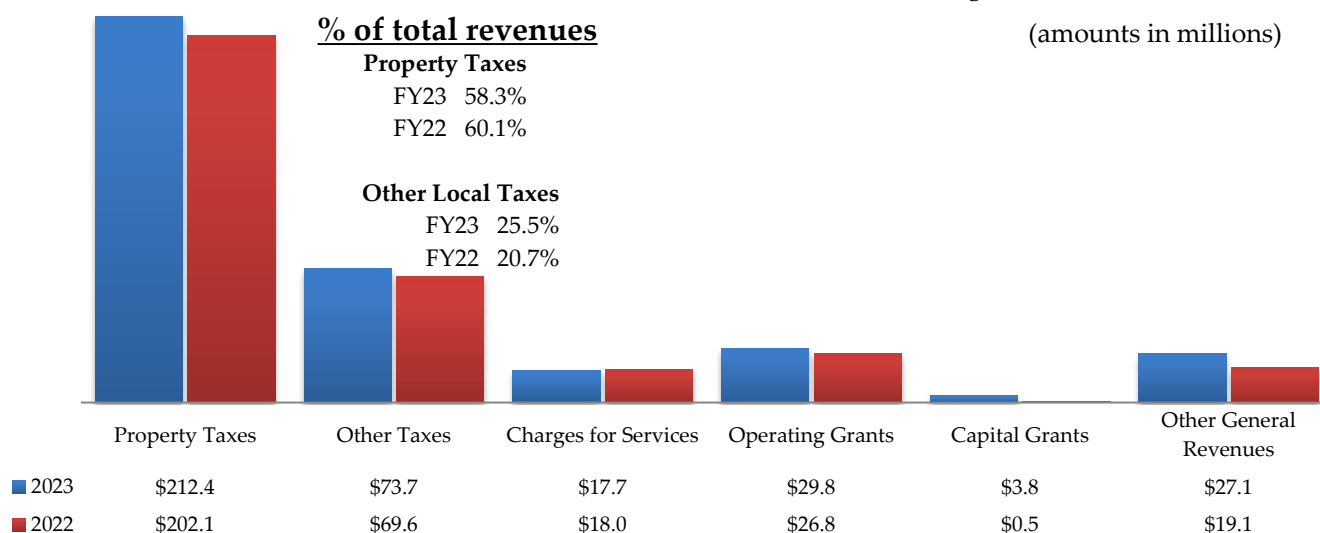
Revenues

Revenues from governmental activities for fiscal year 2023 totaled \$364.5 million, an increase of \$28.4 million or 8.4% from the previous fiscal year. The chart below provides information on year over year changes by each major revenue source.

Chart 1

Governmental Activities - Revenue by Source

For Years ending June 30, 2023 and 2022



Program Revenues

Overall program revenues increased by \$6.0 million, or 13.2%, to \$51.3 million for fiscal year 2023.

- Charges for services decreased \$0.3 million, or 1.7%, as a result of a slowdown in building permit activity.
- Operating grants and contributions increased by \$3.0 million, or 11.2%, from the recognition of \$1.5 million in American Rescue Plan Act of 2021 – Coronavirus State and Local Fiscal Recovery Funds, from the revenue replacement allowable use category, used for general government employee bonuses; \$0.5 million in increased state Children's Services Act funding; and \$0.4 million in increased funding for federally mandated public assistance programs.
- Most capital grants and contributions are cyclical in nature and non-recurring. For fiscal year 2023, revenues increased by \$3.3 million, reflecting \$2.3 million in developer donated assets for Keswick Park and \$0.9 million in funding from the Northern Virginia Transportation Authority to support construction of the Massaponax commuter lot.

General Revenues

Overall general revenues, consisting mostly of general property taxes, increased by \$22.4 million, or 7.7%, to \$313.2 million for the year.

- General property taxes, the single largest source of local government tax revenue, rose \$10.3 million, or 5.1%. Real property assessed values rose 2.4% (\$0.5 billion) in 2023 in response to new construction and rezonings. The rise in assessed values combined with an increase in the tax rate of \$0.0340, contributed to \$7.5 million in new revenues. Due to the significant growth of new and used vehicles in calendar year 2022, fiscal year

2023 assessments were up 9.9% (\$0.2 billion) from the previous year, providing \$2.8 million in additional revenue.

- Other local taxes rose \$4.1 million, or 5.9%, from growth in consumer spending, generating additional sales tax of \$2.0 million and meals tax of \$1.4 million. Revenues from fuel taxes increased \$0.7 million through a combination of increased fuel prices and consumption.
- Other general revenues increased by \$8.0 million, or 41.9%, due primarily from investment returns of \$8.9 million through a combination of realized gains of \$6.3 million and \$2.4 million in unrealized investment gains.

Expenses

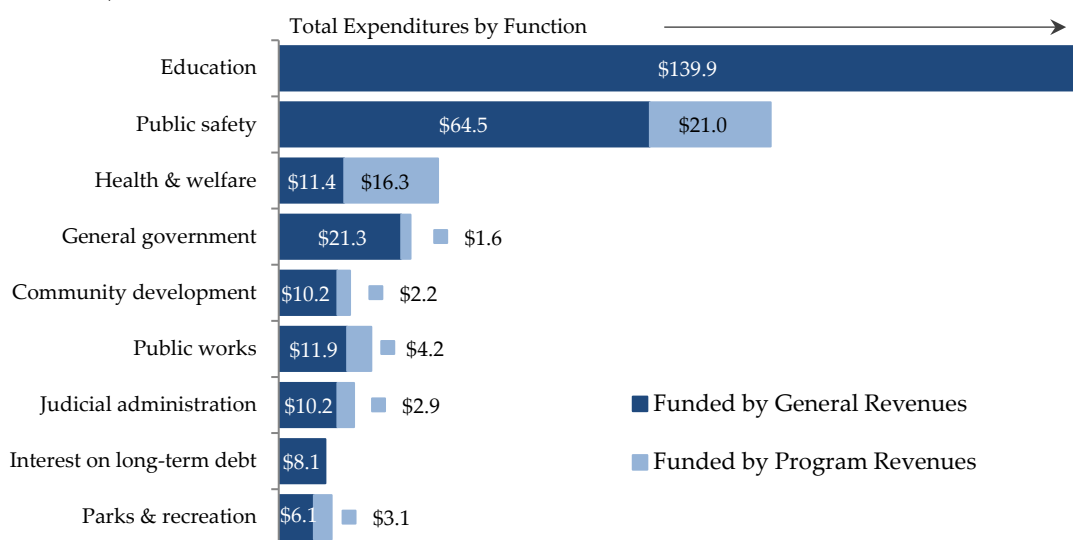
Expenses of governmental activities for fiscal year 2023 totaled \$334.9 million. Of this amount, \$51.3 million was paid from program specific revenues, leaving a net functional cost of \$283.6 million to be funded by general revenues such as - taxes, interest and unrestricted aid from the Commonwealth. The chart below provides a breakdown of the allocation of general revenues by function (in dark blue) to cover any expenses not met through its program specific revenues (in light blue.)

Governmental Activities - Funding of Net Functional Costs

For the Year ended June 30, 2023

(amounts in millions)

Chart 2

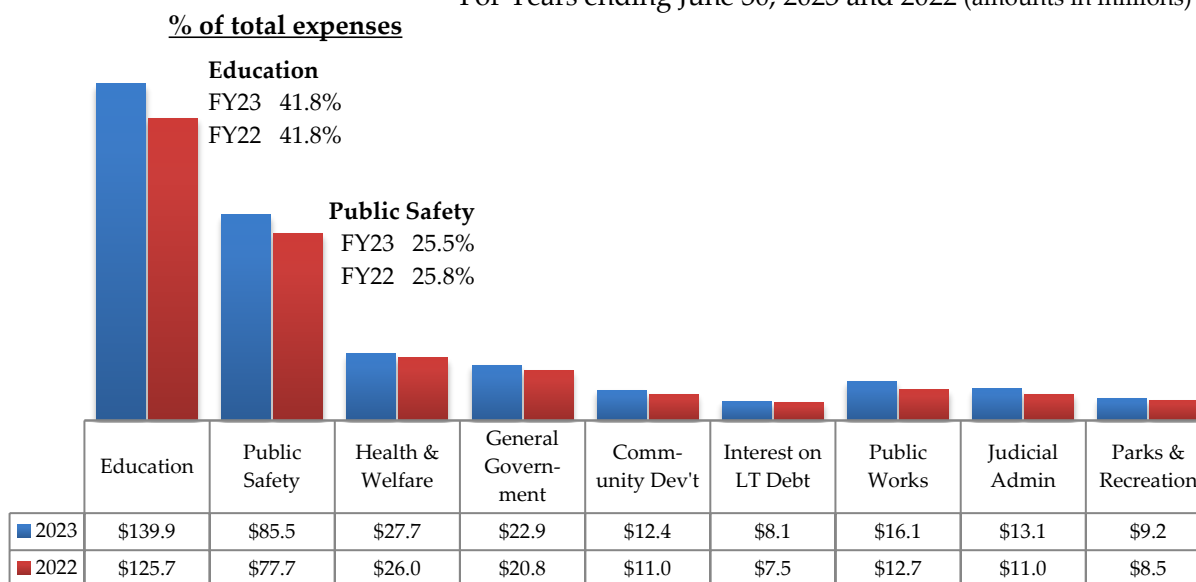


Governmental Expenses (continued)

Expenses from governmental activities for fiscal year 2023 increased \$34.0 million or 11.3% from the previous fiscal year. Of this increase, approximately \$14.1 million relates to increased personnel related costs. The most significant drivers of this increase represent the first full year of the mid-year FY22 salary adjustment, a 2.6% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2.0% performance merit for full-time and part-time employees not on the public safety pay scale, \$3,000 bonus to match similar Sheriff's Office bonuses provided in the previous year, as well as the authorization of 40.86 new FTEs in the 2023 adopted budget. Additional personnel cost changes include an increase to pension expense of \$3.7 million

Chart 3**Governmental Activities - Expenses by Function**

For Years ending June 30, 2023 and 2022 (amounts in millions)



In addition to the year over year personnel cost changes noted above, notable functionally-specific year over year changes are as follows:

- Education expense represents a contribution to the Germanna Community College of \$0.2 million (for both FY23 and FY22) and the County's local transfer to the Component unit – School Board of \$139.7 million (a \$14.1 million increase) to fund operating expenses after all other funding sources (e.g. federal and state) are exhausted. Actual contributions to the School Board totaled \$143.2 million, before required debt adjustments below represent an increase of \$7.4 million, or 5.4%, from increased personnel costs and a one-time contribution of \$3.0 million to the School Capital Projects fund for the Spotsylvania Middle School expansion project.

	2023	2022
Payments from the Primary Government (County) for school operating expenditures prior to the following adjustments:	<u>\$143,210,392</u>	<u>\$135,793,494</u>
Less: Transfer to the County for school insurance reserves refunded from third party administrator	-	(228,499)
Less: Net non-cash financial reporting adjustments for bonds issued by the County on-behalf of the School Board:		
Move bond proceeds to the County for reporting purposes	25,368,977	18,481,727
Move debt service to the County for reporting purposes	<u>(28,829,843)</u>	<u>(28,486,029)</u>
Reported school operating expense of the Primary Government:	<u>\$139,749,526</u>	<u>\$125,560,693</u>

- Landfill closure and post closure costs increased by \$2.1 million from available volume consumed and inflationary increases to post closure estimates.
- Interest on long-term debt increased by \$0.6 million, or 8.0%, from the recognition of arbitrage liabilities of \$1.0 million offset by reductions in bond interest expense.

BUSINESS-TYPE ACTIVITIES

Net position related to the County's business-type activities increased by \$29.0 million, or 9.0%. Overall revenues, consisting mostly of water and sewer user fees, increased by \$24.0 million, or 45.5%.

- Water and sewer user fees increased \$3.8 million, or 9.8%, from new connections and planned rate increases of 8.1% (based on average monthly residential bill using 4,300 gallons.)
- Capital grants and contributions increased \$13.5 million, or 87.1%, from \$6.0 million in state assistance from the Water Quality Improvement Fund (WQIF) to fund improvements to the Thornburg and Massaponax Waste Water Treatment Plants; \$2.3 million in availability fee revenues from scheduled rate increases and four apartment complex connections; \$1.5 million in developer donated infrastructure assets; and \$3.7 in cost sharing revenues from capital improvement projects.
- Other general revenues increased by \$6.5 million, due primarily from investment returns of \$6.2 million through a combination of realized gains of \$3.6 million and \$2.6 million in unrealized investment gains.

Overall expenses increased by \$9.4 million, or 24.5%. Of this increase, approximately \$1.3 million relates to increased personnel related costs. The most significant drivers of this increase represent a 2.6% cost of living adjustment for all employees and a 2% performance merit for full-time and part-time employees, \$3,000 bonus to match similar Sheriff's Office bonuses provided in the previous year, as well as the authorization of 14 new FTEs in the 2023 adopted budget. Additional personnel cost changes include an increase to pension expense of \$0.4 million. Debt service increased \$2.5 million from \$0.5 million in bond issuance costs, \$1.6 million in increased interest expense from rising interest rates and project borrowing needs, and \$0.4 million in recognized arbitrage liabilities. The majority of the remaining \$5.6 million is from cost pressures relating to inflation and increased volume and pricing of chemical treatment and power supply needs.

COMPONENT UNITS

School Board

For fiscal year 2023, the School Board reported an increase in net position of \$62.7 million. Total revenues rose \$32.7 million, or 9.5%, from increased operating grants and contributions of \$15.3 million, or 7.0%, mostly from increased State funding as part of the new biennium budget; \$14.4 million from increased payments from the primary government as previously discussed under the governmental expenses section of this MD&A; and \$1.7 million in increased charges for food service to offset reductions in federal assistance. Overall expenses increased by \$10.2 million, or 3.3%. Compensation and benefits increased \$14.9 million, or 5.9%, before adjustments for reduced pension and other postemployment liabilities of \$7.3 million. Purchased services increased \$5.0 million, material and supplies decreased by \$3.8 million, and other charges increased \$1.7 million.

Economic Development Authority

Payments from the Primary Government (County) and related incentive expenditures increased \$2.2 million from growth in VA Hospital construction incentives.

Financial Analysis of Governmental Funds

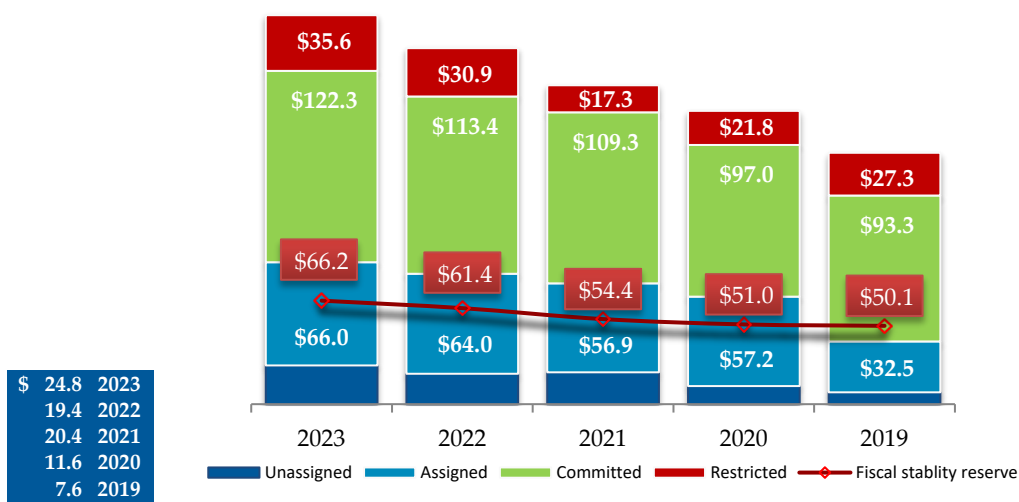
Combined governmental fund balances at year-end equaled \$248.7 million, an increase of \$21.0 million, or 9.2%. As the County's available fund balance is of critical importance to its overall financial health, the Board has established fiscal policies to govern its required balances and allowable uses. Detailed information on these required minimum

balances can be found under section 1.15 in the Notes to the Financial Statements. Chart 4 provides a snapshot of the combined governmental fund balances at each year-end and their categorical allocations reported from the highest level of constraint of Restricted down to the lowest level of constraint of Unassigned. Detailed information of balances held under each of the following categories is presented in the Notes to the Financial Statements under Note 8.

- **Non-spendable** fund balance, representing amounts comprised of funds that cannot be spent because they are either not in spendable form represent \$57,415 from the implementation of GASB 87, Leases, in fiscal year 2022.
- **Restricted** fund balance, representing amounts limited to specific purposes imposed by external parties, increased 15.2% to \$35.6 million primarily from an increase in restricted general fund revenues.
- **Committed** fund balance rose \$8.9 million, or 7.8%, to \$122.3 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Committed General Fund reserves increased by 7.5% and include major commitments of \$66.2 million in fiscal stability reserve and \$5.7 million in health insurance reserve. The Capital Projects Fund includes \$38.5 million in locally funded cash reserves for future capital projects, a decrease of 2.7%.
- **Assigned** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2023, assigned fund balance increased by 3.1% to \$66.0 million. Of this amount, the General Fund holds \$16.8 million in carryover and use of fund balance available for the fiscal year 2024 budget, OPEB retiree health insurance reserves of \$12.2 million, School health insurance reserve of \$16.5 million, and a \$2.0 million economics opportunities reserve.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After the funding of the County's Budget Stabilization Reserve of \$5.0 million, total unassigned fund balance of the General Fund is \$24.8 million, up \$5.4 million from the previous year.

Chart 4

Governmental Fund Balances
For the Five Years ending June 30, 2023
(amounts in millions)



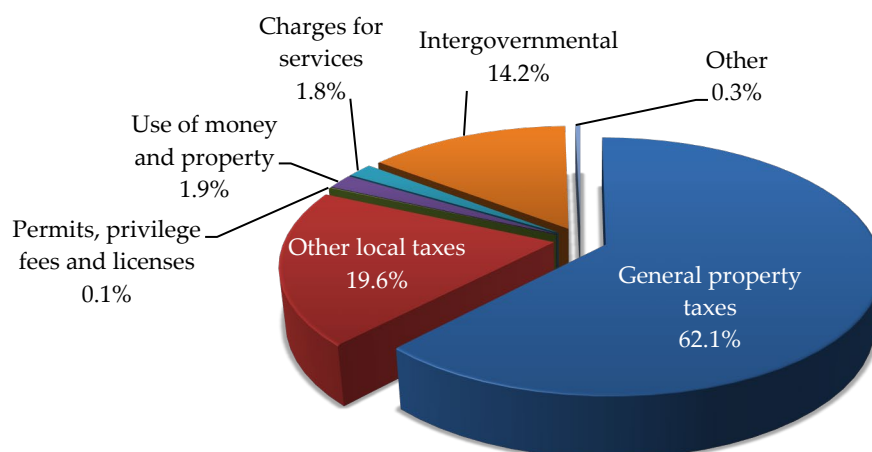
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

Governmental Fund Revenues

Total governmental fund revenues increased by \$28.4 million in fiscal year 2023. General property and other local taxes accounted for 78.5% of total revenues and reported a collective increase of \$14.4 million, or 11.0%.

Total revenues of the General Fund rose \$27.8 million, or 8.9% from the previous year. General property tax collections for the General Fund increased by \$12.4 million, or 6.2%. Other local taxes continue to report strong growth of \$3.6 million, or 5.7%. Intergovernmental revenues increased by \$4.1 million, or 9.3%. Use of money and property increased by \$7.3 million primarily from realized and unrealized investment returns.

Chart 5



Revenue sources (\$ in millions):

General property taxes	\$ 210.8
Other local taxes	66.6
Permits, fees and licenses	0.2
Use of money and property	6.3
Charges for services	6.1
Intergovernmental	48.2
Other revenue	1.2
Total	\$ 339.4

General Fund - Revenue Sources For the Year ended June 30, 2023

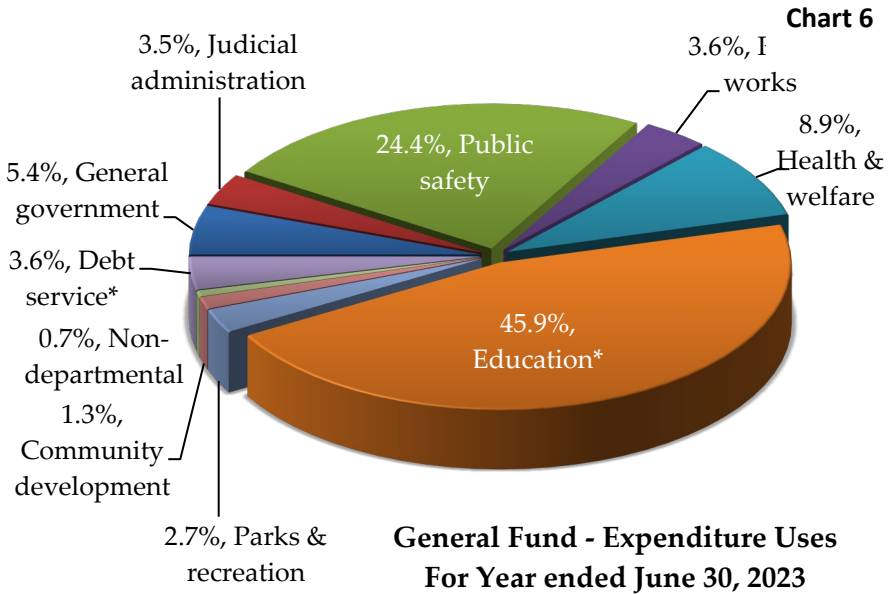
Governmental Fund Expenditures

Fiscal year 2023 total governmental fund expenditures increased \$34.4 million, or 10.1%. Expenditures of the General Fund, the County's main operating fund, increased \$23.2 million, or 8.0%, from the previous year (after the removal of \$7.0 million in year over year Education reporting adjustments*). Activity factored into this increase is highlighted below:

- Compensation and benefits increased \$9.7 million across all functions primarily from a 2.6% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2.0% performance merit for full-time and part-time employees not on the public safety pay scale. As part of the 2023 adopted budget, the Board also approved an additional net 39.86 FTEs. The \$9.7 million was reported in general government administration (\$1.6 million), public safety (\$4.2) million, health and human services (\$1.3 million), with the remaining \$2.6 million spread across the other various functions.
- Operating expenditures rose \$2.9 million, or 6.0%, of this amount, \$2.6 million was related to public safety needs.
- Expenditures from capital outlays increased \$1.1 million, with 63% in public safety, 13% in health and human services, 7% in parks & recreation, with the remaining 17% spread across the other various functions.

- The County's local transfer to the School Board increased \$7.4 million to \$143.2 million in fiscal year 2023, driven predominantly from rising personnel costs and a one-time contribution to the Schools' Capital Projects fund of \$3.0 million for the Spotsylvania Middle School expansion project.

Expenditure uses (\$ in millions)	
General government	\$ 17.0
Judicial administration	10.9
Public safety	76.2
Public works	11.3
Health & welfare	27.7
Education*	143.4
Parks & recreation	8.3
Community development	4.2
Non-departmental	2.1
Debt service*	11.4
Total Expenditures:	\$ 312.5
Education adjustments*:	
Issuance of bonds	25.4
Total Expenditures (Exh-IV):	\$ 337.9



- * The Code of Virginia requires local governments to issue debt through bond referendum on-behalf of the School Board. For financial reporting, GAAP does not allow for the allocation of debt activity to the component-unit school board. As a result, reporting adjustments are necessary to reclass and combine school debt activity with debt activity of the General Fund. The net of these adjustments are recorded through the Education function. Details on these adjustments can be found within Exhibit X of these financial statements.

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

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

- The "carryover" of obligated or approved fiscal year 2022 funding not yet expended by the County and Schools of \$10.3 million was approved and appropriated to education (\$5.9 million), public safety (\$3.3 million), general government (\$0.5 million), and \$0.6 million spread over the remaining functions.

FINAL BUDGET TO ACTUAL

As of June 30, the County's General Fund reported a positive budget variance of \$40.8 million consisting of \$21.8 million in additional revenues and other financing sources and \$19.0 million in unexpended budgeted expenditures and other financing uses. The most notable variances are as follows:

Revenues:

- General property taxes exceeded budgeted projections by \$9.8 million consisting mainly of increased current and delinquent personal property tax collections of \$4.9 million, and \$3.6 million in current real property taxes as a result of the FY 2024 tax rate adopted of \$0.7717, a \$0.034 increase effective with first half real estate tax bills due in June 2023.
- Revenues from other local taxes exceeded budgeted projections by \$5.4 million primarily from local sales tax (\$1.1 million), meals tax (\$2.8 million), business license revenues (\$1.2 million), transient occupancy tax (\$0.7 million), and cigarette taxes of \$0.3 million. These increases were partially offset by a drop in recordation tax revenues of \$1.4 million.
- Revenue from the use of money and property exceeded budget by \$4.8 million in response to increased realized investment revenues from a larger balance of invested funds and higher market rates.

Expenditures:

- Current expenditures, excluding Education, were less than the amended budget by \$13.9 million as a result of:
 - Vacancy savings of \$2.1 million;
 - Unexpended Social Services and Children's Services Act program costs of \$4.4 million;
 - Unexpended public safety state and federal assistance of \$2.7 million;
 - OPEB contributions budgeted of \$2.9 million, but which annually fall to the fund balance at fiscal year-end and are reserved for future transfer to an OPEB trust;
 - Economic development incentive payments being less than projected by \$0.5 million; and
 - \$0.3 million in budgeted contingency savings.
- The County's local education transfer to the School Board which pays for operating costs, not funded through other intergovernmental sources (state and federal funding), was below budget by \$4.0 million mostly from vacancy savings.

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

Capital Assets and Debt Administration

CAPITAL ASSETS

County capital assets consist of land, buildings, furniture, equipment and vehicles, and water and sewer infrastructure which are used for operations, and construction in progress. Construction in progress maintains the balance of funds expended on on-going projects as they are incurred. Once the asset is placed into service, the cost is transferred from construction in progress to the appropriate capital category based on the nature of the asset.

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2023, increased to \$535.8 million (net of accumulated depreciation), up 10.4% from the previous year, as reported in the table below.

Table 4**Capital Assets**

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2023	2022		
Land & land improvements	\$ 15.3	\$ 9.7	\$ 25.0	\$ 23.4	1.6	6.8%
Land improvements, depreciable	19.8	1.7	21.5	11.9	9.6	80.7%
Buildings & improvements	70.7	84.4	155.1	162.8	(7.7)	-4.7%
Right-to-use buildings & improvements	0.3	-	0.3	-	0.3	100.0%
Furniture, equipment & vehicles	43.8	13.3	57.1	57.5	(0.4)	-0.7%
Right-to-use furniture, equipment & vehicles	7.3	1.0	8.3	-	8.3	100.0%
Water & sewer systems	-	198.8	198.8	196.0	2.8	1.4%
Construction in progress	7.4	62.3	69.7	33.9	35.8	105.6%
Total capital assets	\$ 164.6	\$ 371.2	\$ 535.8	\$ 485.5	50.3	10.4%

Major capital asset activities for fiscal year 2023 included the following:

Governmental Activities:

- Solid waste disposal cells A and B of the phase II, Livingston landfill expansion project was completed in June 2023 totaling \$9.0 million accounting for the majority of the increase in depreciable land improvements in 2023.
- The County adopted GASB 96, *Subscription-Based Information Technology Arrangements* in fiscal year 2023, adding a beginning balance of \$7.6 million to right-to-use furniture, equipment and vehicles.

Business-type Activities:

- Ownership of various new water and sewer transmission lines, valued at approximately \$9.1 million, was transferred to the County as a result of planned growth in commercial and residential development.
- Construction work continues on the Thornburg wastewater treatment plant upgrade (WWTP). The project will replace the existing Thornburg WWTP with a new facility that will be more efficient and meet increased wastewater processing demands without expanding the facility's footprint. Fiscal year 2023 costs incurred were \$8.1 million for a total capital outlay to date of \$20.7 million. The facility is expected to be operational in 2024.
- Work on the Massaponax WWTP expansion continues with year to date project costs of \$22.6 million. The project will expand the facility to treat all County wastewater flow, except for the Thornburg service area, allowing for the decommissioning of the FMC WWTP. The facility is expected to be operational in late 2024.
- Design work began for the expansion of the Motts Water Treatment Plant. Once completed, the project will double the current capacity from 12 million gallons per day (MGD) to 24 MGD to meet future water demands. Total project costs to date are \$6.9 million.

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the County reported \$456.1 million in outstanding bonds and related unamortized bond premiums, an increase of 14.7%. Of this amount, \$202.9 million represents general obligation bonds backed by the full faith and credit of the County, \$37.5 million in public facility revenue bonds secured through various County and School facilities, and \$165.8 million in water and sewer revenue and refunding bonds payable from net revenues derived from the County's water and sewer system.

Outstanding Bonds & Related Unamortized Premiums

Table 5

(amounts in millions)

	Primary Government		%
	2023	2022	Change
Governmental activities:			
General obligation bonds - County	\$ 82.7	\$ 84.1	-1.7%
General obligation bonds - School Board	120.2	115.2	4.3%
Public facility revenue bonds - County	6.2	7.0	-11.4%
Public facility revenue bonds - School Board	31.3	35.4	-11.6%
Unamortized premiums on all bonds	33.7	34.1	-1.2%
Total governmental activities debt:	274.1	275.8	-0.6%
Water & Sewer revenue & refunding bonds	165.8	107.3	54.5%
Unamortized premiums	16.2	14.6	11.0%
Total business-type activities debt:	182.0	121.9	49.3%
Total outstanding bonds:	\$ 456.1	\$ 397.7	14.7%

In August of 2022, the County issued \$31.1 million in general obligation bonds (adjusted for premium of \$3.8 million and payment of \$0.3 million in issuance costs) to finance school, public safety and transportation projects of \$34.6 million. In November of 2022, the County issued \$65.3 million in Water and Sewer Revenue Bonds (adjusted for premium of \$2.8 million and payment of \$0.4 million in issuance costs), to finance water and sewer infrastructure projects of \$67.7 million. In addition to planned water and sewer line upgrades, major plant upgrades include \$22.7 million for the Massaponax WWTP expansion, \$6.0 million for the Thornburg WWTP upgrade, \$6.0 million for the FMC to Massaponax WWTP conveyance, and \$4.4 million for the Motts WTP expansion, rehabilitation and resiliency project.

In the fall of 2023, County representatives met with Fitch, Moody's and Standard & Poor's to present current economic and financial information pertaining to Spotsylvania County. As a result, the County was

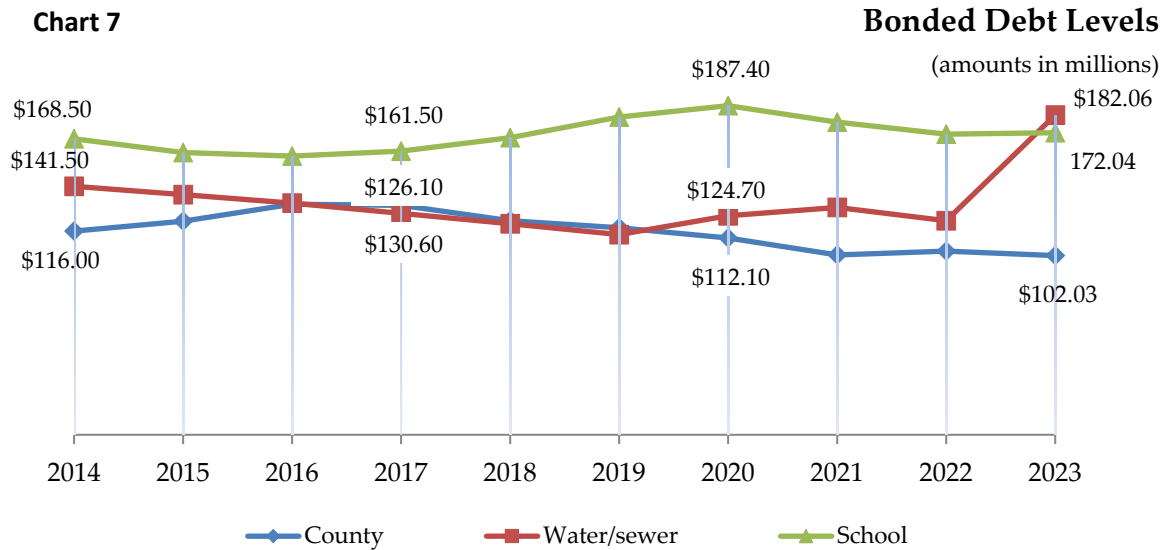
Rating Agency	General Obligation Bonds	EDA Revenue Bonds	Utilities Revenue Bonds
Fitch	AAA	AA+	AA+
Moody's	Aaa	Aa2	Aa2
Standard & Poor's	AAA	AA+	AA+

upgraded from Aa1 to Aaa by Moody's to earn 3 AAA ratings for the first time on its general obligation bonds. Only 11 states, 48 counties and 36 cities in the United States have a triple-A bond rating from all three major rating agencies. The highest ratings, Aaa/AAA, are granted to counties that are best managed and prepared to meet debt obligations during periods of recession or fiscal stress.

We are pleased to report that Standard & Poor's also upgraded our rating from AA to AA+ with a stable outlook for our Water and Sewer revenue bonds. Fitch affirmed our current AA+ rating with a stable outlook, and Moody's

affirmed their Aa2 rating but upgraded the outlook to positive. Typically, a positive outlook means that unless something changes for the worse, Moody's will consider another upgrade within the next two years. "AA" ratings are only one step below "AAA" and are judged to be of high quality and are subject to very low credit risk.

Bonded debt levels outstanding for the current year and previous nine years by activity are as follows.



More detailed information regarding bonded debt and other long-term liabilities of the County can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget

The adopted 2024 General Fund budget of \$368.2 million reflects a \$26.8 million, or 7.8% increase in revenues from the 2023 adopted budget. This increase includes a projected use of fund balance of \$12.1 million. The following information provides highlights of the 2024 General Fund Adopted Budget.

- The 2023 land book value reflects an increase in residential and commercial values of 2.7% and 1.1%, respectively. The total assessed value growth for calendar year 2024 is estimated at 2.4%. The County's housing market remains strong with an average assessed value of \$331,900 for residential properties with a home. The Board set an increased tax rate of \$0.7717 for fiscal year 2024, up from \$0.7377 to fund the needs of public safety and schools.
- New vehicle values remained high in January of 2023, marking a year over year increase of 4.2%. Used retail prices have fallen 3.8%, but are still 35% above pre-pandemic levels. The Board maintained the previous year's reduced the tax rate of \$5.42 (down from \$6.35) for the class of personal property including most passenger automobiles to offset elevated prices.
- The transient occupancy tax was increased from 7% to 9% to generate \$435,000 in new revenue.
- The meals tax rate is increased from 4.5% to 6.0% to generate \$3.9 million in new revenue.
- Funding is included for the following compensation adjustments:
 - Implementation of the next step on the public safety pay scale.
 - 18.87 net new positions are added to maintain or enhance the delivery of services to citizens.

- A 6.0% cost of living adjustment and 2.0% merit increase for all employees not on the public safety pay scale.
- The budget includes a \$13.9 million transfer from the General Fund to the Capital Projects Fund to cash fund capital projects and reduce borrowing needs.
- A planned transfer of \$2.4 million from the General Fund fund balance to the Transportation Fund to help address projected out-year needs.
- The net local transfer to the Schools increased by \$10.8 million to \$148.9 million in support of compensation adjustments to include \$1.2 million in one-time matching funds for the State retention initiative, after removing the FY 2023 onetime transfer for the teacher pay study and accounting for the increase in Schools' debt service. A onetime transfer of \$0.7 million to the Schools' Capital Projects fund to help offset increased costs related to the Spotsylvania Middle School expansion.

Request for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position

June 30, 2023

Exhibit I

	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and investments - pooled equity (Note 2)	\$ 249,562,811	\$ 96,132,387	\$ 345,695,198	\$ 23,199,710	\$ 1,513,305
Receivables, net (Note 3.01)	142,071,904	19,332,682	161,404,586	15,666,145	-
Lease Receivable (Note 3.02)	2,123,876	1,546,305	3,670,181	-	-
Prepaid items	2,581,819	87,055	2,668,874	2,846,244	-
Inventory	-	1,003,933	1,003,933	600,504	-
Due from primary government (Note 6)	-	-	-	9,711,936	-
Restricted cash and investments (Note 2)	30,600,677	72,959,117	103,559,794	35,713,182	-
Land held as investment	-	-	-	-	1,230,600
Capital assets, net (Note 4):					
Non-depreciable assets	22,662,457	72,007,851	94,670,308	20,881,812	-
Depreciable assets	141,941,455	299,188,336	441,129,791	319,098,776	-
Net pension assets (Note 7.05)	-	-	-	1,133,771	-
Total assets	\$ 591,544,999	\$ 562,257,666	\$ 1,153,802,665	\$ 428,852,080	\$ 2,743,905
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding	\$ -	\$ 928,336	\$ 928,336	\$ -	\$ -
Pension contributions (Note 7.05)	8,779,787	1,101,896	9,881,683	24,906,253	-
Pension actuarial differences (Note 7.05)	12,518,109	1,528,530	14,046,639	14,737,695	-
OPEB contributions (Note 7.06)	348,674	50,557	399,231	7,963,590	-
OPEB actuarial differences (Note 7.06)	11,812,706	1,600,701	13,413,407	35,868,648	-
Total deferred outflows of resources	\$ 33,459,276	\$ 5,210,020	\$ 38,669,296	\$ 83,476,186	\$ -
LIABILITIES					
Accounts payable	\$ 4,128,050	\$ 7,453,895	\$ 11,581,945	\$ 12,096,814	\$ 1,235,324
Retainage payable	131,726	1,960,188	2,091,914	286,244	-
Accrued salaries and benefits	1,123,500	130,907	1,254,407	17,057,381	-
Accrued interest	3,976,439	601,355	4,577,794	-	-
Other accrued liabilities	2,922,467	778,049	3,700,516	24,964	6,750
Unearned revenue	24,215,952	524,752	24,740,704	6,770,565	-
Due to component unit (Note 6)	9,711,936	-	9,711,936	-	-
Deposits	12,503,918	122,491	12,626,409	-	-
Noncurrent liabilities (Note 7):					
Due within one year	33,208,823	7,646,998	40,855,821	6,006,932	-
Due in more than one year	376,855,405	189,654,835	566,510,240	316,969,848	-
Total liabilities	\$ 468,778,216	\$ 208,873,470	\$ 677,651,686	\$ 359,212,748	\$ 1,242,074
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ 101,462,713	\$ -	\$ 101,462,713	\$ -	\$ -
Special assessments	164,339	-	164,339	-	-
Leases	2,066,461	1,488,506	3,554,967	-	-
Debt refunding	698,775	-	698,775	-	-
Pension actuarial differences (Note 7.05)	10,647,465	1,115,418	11,762,883	34,357,510	-
OPEB actuarial differences (Note 7.06)	37,533,678	4,297,099	41,830,777	162,617,225	-
Total deferred inflows of resources	\$ 152,573,431	\$ 6,901,023	\$ 159,474,454	\$ 196,974,735	\$ -
NET POSITION					
Net investment in capital assets	\$ 113,129,467	\$ 258,584,293	\$ 371,713,760	\$ 338,620,751	\$ -
Restricted for:					
Grant programs	5,627,312	-	5,627,312	-	-
Debt service	-	2,997,218	2,997,218	-	-
Transportation	4,745,478	-	4,745,478	-	-
Capital projects	4,275,719	-	4,275,719	20,326,136	-
Net pension assets	-	-	-	1,133,771	-
Student activities	-	-	-	2,786,582	-
Unrestricted	(124,125,348)	90,111,682	(34,013,666)	(406,726,457)	1,501,830
Total net position (deficit)	\$ 3,652,628	\$ 351,693,193	\$ 355,345,821	\$ (43,859,217)	\$ 1,501,830

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, 2023

Exhibit II - Page 1

Functions/Programs	Expenses	Program Revenues			Primary Governmental Activities
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
General government	\$ 22,921,204	\$ 346,497	\$ 1,251,853	\$ -	\$ (21,322,854)
Judicial administration	13,146,846	621,236	2,364,755	-	(10,160,855)
Public safety	85,466,528	11,464,200	9,406,292	144,779	(64,451,257)
Public works	16,102,975	3,652,321	171,620	355,530	(11,923,504)
Health and human services	27,666,948	20,630	16,259,926	-	(11,386,392)
Education	139,938,697	-	2,082	-	(139,936,615)
Parks, recreation and cultural	9,198,533	759,367	62,414	2,329,040	(6,047,712)
Community development	12,387,063	873,469	274,610	1,013,341	(10,225,643)
Interest on long-term debt	8,103,514	-	-	-	(8,103,514)
Total governmental activities	\$ 334,932,308	\$ 17,737,720	\$ 29,793,552	\$ 3,842,690	\$ (283,558,346)
Business-type activities:					
Water and sewer	47,671,223	42,643,590	310,665	29,012,628	
Total Primary Government	\$ 382,603,531	\$ 60,381,310	\$ 30,104,217	\$ 32,855,318	
Component unit:					
School Board	\$ 315,456,968	\$ 3,495,964	\$ 232,382,192	\$ 984,572	
Economic Development Authority	\$ 3,226,059	\$ 40,088	\$ -	\$ -	
General revenues:					
Taxes					
Property taxes					\$ 212,438,720
Sales taxes					29,733,863
Utility taxes					3,417,519
Business licenses					6,428,153
Rental taxes					3,116,672
Motor vehicle licenses					3,347,494
Bank stock taxes					1,190,732
Recordation taxes					2,642,278
Meal taxes					15,171,263
Fuel taxes					6,916,231
Cigarette taxes					1,732,080
Grants and contributions not restricted to specific programs					19,455,137
Payments from Primary Government					-
Interest and investment earnings					7,403,301
Miscellaneous					280,316
Transfers					54,683
Total general revenues and transfers					\$ 313,328,442
Change in net position					\$ 29,770,096
Net position (deficit), beginning					(26,117,468)
Net position (deficit), ending					\$ 3,652,628

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, 2023

Exhibit II - Page 2

Net (Expense) Revenue & Changes in Net Position

Functions/Programs	Primary Government		Component Unit	
	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:				
General government		\$ (21,322,854)		
Judicial administration		(10,160,855)		
Public safety		(64,451,257)		
Public works		(11,923,504)		
Health and human services		(11,386,392)		
Education		(139,936,615)		
Parks, recreation and cultural		(6,047,712)		
Community development		(10,225,643)		
Interest on long-term debt		(8,103,514)		
Total governmental activities		\$ (283,558,346)		
Business-type activities:				
Water and sewer	24,295,660	24,295,660		
Total Primary Government	\$ 24,295,660	\$ (259,262,686)		
Component units:				
School Board			\$ (78,594,240)	
Economic Development Authority				\$ (3,185,971)
General revenues:				
Taxes				
Property taxes	\$ -	\$ 212,438,720	\$ -	\$ -
Sales taxes	-	29,733,863	-	-
Utility taxes	-	3,417,519	-	-
Business licenses	-	6,428,153	-	-
Rental taxes	-	3,116,672	-	-
Motor vehicle licenses	-	3,347,494	-	-
Bank stock taxes	-	1,190,732	-	-
Recordation taxes	-	2,642,278	-	-
Meal taxes	-	15,171,263	-	-
Fuel taxes	-	6,916,231	-	-
Cigarette taxes	-	1,732,080	-	-
Grants and contributions not restricted to specific programs	-	19,455,137	-	-
Payments from Primary Government	-	-	139,749,526	3,187,559
Interest and investment earnings	4,390,701	11,794,002	1,312,015	701
Miscellaneous	324,818	605,134	313,359	1,734
Transfers	(54,683)	-	-	-
Total general revenues and transfers	<u>\$ 4,660,836</u>	<u>\$ 317,989,278</u>	<u>\$ 141,374,900</u>	<u>\$ 3,189,994</u>
Change in net position	\$ 28,956,496	\$ 58,726,592	\$ 62,780,660	\$ 4,023
Net position (deficit), beginning	<u>322,736,697</u>	<u>296,619,229</u>	<u>(106,639,877)</u>	<u>1,497,808</u>
Net position (deficit), ending	<u><u>\$ 351,693,193</u></u>	<u><u>\$ 355,345,821</u></u>	<u><u>\$ (43,859,217)</u></u>	<u><u>\$ 1,501,831</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Balance Sheet - Governmental Funds

June 30, 2023

Exhibit III - Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 186,624,691	\$ 42,920,539	\$ 20,017,581	\$ 249,562,811
Receivables, net	135,136,736	232,479	6,702,689	142,071,904
Lease receivable	2,123,876	-	-	2,123,876
Restricted cash and investments	2,037,297	27,522,052	1,041,328	30,600,677
Total assets	<u>\$ 325,922,600</u>	<u>\$ 70,675,070</u>	<u>\$ 27,761,598</u>	<u>\$ 424,359,268</u>
LIABILITIES				
Accounts payable	\$ 2,513,842	\$ 1,335,657	\$ 278,551	\$ 4,128,050
Retainage payable	-	131,726	-	131,726
Accrued salaries and benefits	1,371,041	2,174	50,132	1,423,347
Other accrued liabilities	1,494,180	263,093	4,346	1,761,619
Unearned revenue	24,215,952	-	-	24,215,952
Due to component unit	9,711,936	-	-	9,711,936
Deposits	8,173,372	2,240,266	2,090,280	12,503,918
Total liabilities	<u>\$ 47,480,323</u>	<u>\$ 3,972,916</u>	<u>\$ 2,423,309</u>	<u>\$ 53,876,548</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	\$ 110,489,110	\$ -	\$ 534,099	\$ 111,023,209
Special assessments	-	164,339	-	164,339
Other revenues	7,494,759	68,140	944,000	8,506,899
Leases	2,066,461	-	-	2,066,461
Total deferred inflows of resources	<u>\$ 120,050,330</u>	<u>\$ 232,479</u>	<u>\$ 1,478,099</u>	<u>\$ 121,760,908</u>
FUND BALANCES				
Non spendable	\$ 57,415	\$ -	\$ -	\$ 57,415
Restricted	6,705,448	22,796,442	6,075,016	35,576,906
Committed	74,431,825	38,534,315	9,359,804	122,325,944
Assigned	52,421,540	5,138,918	8,425,370	65,985,828
Unassigned	24,775,719	-	-	24,775,719
Total fund balances	<u>\$ 158,391,947</u>	<u>\$ 66,469,675</u>	<u>\$ 23,860,190</u>	<u>\$ 248,721,812</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 325,922,600</u>	<u>\$ 70,675,070</u>	<u>\$ 27,761,598</u>	<u>\$ 424,359,268</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Position

June 30, 2023

Exhibit III - Page 2

Total fund balances - governmental funds (Exhibit III)

\$ 248,721,812

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

Prepaid items used current resources and, therefore, are not reported in the governmental funds.

2,581,819

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

Non-depreciable assets

\$ 22,662,457

Depreciable assets, net of depreciation

141,941,455

164,603,912

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 pension contributions

\$ 8,779,787

Deferred pension actuarial differences

12,518,109

Deferred OPEB contributions

348,674

Deferred OPEB actuarial differences

11,812,706

33,459,276

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

(3,976,439)

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

\$ (274,072,826)

Net pension liability

(21,651,441)

LOSAP pension benefits

(3,489,254)

Other postemployment benefits

(81,826,299)

Lease liability

(459,403)

Subscription liability

(6,692,295)

Compensated absences

(6,172,153)

Landfill closure obligation

(13,790,547)

Insurance claims (excludes \$299,847 accrued in the General Fund)

(1,610,163)

(409,764,381)

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

Property taxes

\$ 9,560,496

Intergovernmental revenues

2,940,467

Sales tax

2,649,404

Other local revenues

2,917,028

18,067,395

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

Deferred pension actuarial differences

\$ (10,647,465)

Deferred debt refunding

(698,775)

Deferred OPEB actuarial differences

(37,533,678)

(48,879,918)

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

Arbitrage liability

\$ (1,042,970)

Other liabilities

(117,878)

(1,160,848)

Total net position - governmental activities (Exhibit I)

\$ 3,652,628

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds

For the Year Ended June 30, 2023

Exhibit IV - Page 1

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 210,834,857	\$ 33,575	\$ 1,105,977	\$ 211,974,409
Other local taxes	66,560,438	-	6,916,231	73,476,669
Permits, fees and regulatory licenses	235,801	-	6,634,300	6,870,101
Fines and forfeitures	403,721	-	-	403,721
From use of money and property	6,258,507	1,781,500	136,588	8,176,595
Charges for services	6,117,780	-	4,005,576	10,123,356
Gifts and donations	114,699	104,811	-	219,510
Miscellaneous	653,113	456,789	-	1,109,902
Intergovernmental	48,214,743	86,865	74,142	48,375,750
Total revenues	<u>\$ 339,393,659</u>	<u>\$ 2,463,540</u>	<u>\$ 18,872,814</u>	<u>\$ 360,730,013</u>
EXPENDITURES				
Current:				
General government	\$ 16,984,645	\$ 163,602	\$ -	\$ 17,148,247
Judicial administration	10,907,294	-	-	10,907,294
Public safety	76,257,041	-	2,832,872	79,089,913
Public works	11,299,243	-	58,885	11,358,128
Health and human services	27,731,542	-	-	27,731,542
Education	139,938,697	-	-	139,938,697
Parks, recreation and cultural	8,268,454	-	-	8,268,454
Community development	4,156,935	-	4,753,703	8,910,638
Non-departmental	2,060,479	-	-	2,060,479
Capital projects	-	25,152,015	-	25,152,015
Debt service:				
Bonded debt:				
Principal retirement	29,128,394	-	3,271,606	32,400,000
Interest and other fiscal charges	9,195,011	-	1,614,105	10,809,116
Bond issuance costs	184,442	69,359	-	253,801
Right to use assets:				
Principal retirement	1,669,944	-	8,857	1,678,801
Interest and other fiscal charges	69,594	-	79	69,673
Total expenditures	<u>\$ 337,851,715</u>	<u>\$ 25,384,976</u>	<u>\$ 12,540,107</u>	<u>\$ 375,776,798</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 1,541,944</u>	<u>\$ (22,921,436)</u>	<u>\$ 6,332,707</u>	<u>\$ (15,046,785)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (16,987,515)	\$ 19,176,364	\$ (2,134,166)	\$ 54,683
Issuance of bonds	22,610,000	8,435,000	-	31,045,000
Premium on bonds issued	2,758,977	1,053,117	-	3,812,094
Lease liabilities issued	316,869	-	-	316,869
Subscription liabilities issued	788,482	-	-	788,482
Total other financing sources (uses), net	<u>\$ 9,486,813</u>	<u>\$ 28,664,481</u>	<u>\$ (2,134,166)</u>	<u>\$ 36,017,128</u>
Net change in fund balances	<u>\$ 11,028,757</u>	<u>\$ 5,743,045</u>	<u>\$ 4,198,541</u>	<u>\$ 20,970,343</u>
Fund balance, beginning	147,363,190	60,726,630	19,661,649	227,751,469
Fund balance, ending	<u>\$ 158,391,947</u>	<u>\$ 66,469,675</u>	<u>\$ 23,860,190</u>	<u>\$ 248,721,812</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, 2023

Exhibit IV - Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 20,970,343

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

Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense. (182,521)

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

Capital outlay, net of disposals and related proceeds	\$ 19,427,196	
Depreciation expense	<u>(15,154,183)</u>	
		4,273,013

Donated capital assets are not reported in the governmental funds as there is no measurable cash exchange at the time of donation. However, in the statement of activities, the revenue related to the donation of the capital asset is reported and the functional expense is allocated over the useful life as depreciation expense. 2,329,040

In the Statement of Activities, only the gain or loss on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (125,564)

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

Debt issued or incurred:

Issuance of general obligation bonds	\$ (31,045,000)	
Premium on general obligation bonds	(3,812,094)	
Right to use leases incurred	(316,869)	
Right to use subscriptions incurred	<u>(788,482)</u>	
		(35,962,445)

Debt reductions:

Principal payments on bonds	32,400,000	
Principal payments on right to use leases	186,617	
Principal payments on right to use subscriptions	<u>1,492,184</u>	
		34,078,801

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

Property taxes	\$ 464,310	
Intergovernmental and other revenues	1,166,485	
Proportionate share of the Commonwealth's contribution to GLI (Group Life Insurance) OPEB liability	<u>83,437</u>	
		1,714,232

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	\$ 1,750,928	
Pension benefits (includes LOSAP - Length of Service Award Plan)	126,361	
Amortization of bond related costs	4,249,390	
Accrued interest	(177,344)	
Arbitrage liability	(1,042,970)	
Landfill closure obligation	(2,125,371)	
Compensated absences	92,264	
Insurance claims (excludes \$299,847 in claims expense reported in the General Fund)	<u>(198,061)</u>	

2,675,197

Change in net position - governmental activities (Exhibit II) \$ 29,770,096

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fund Net Position - Proprietary Fund

June 30, 2023

Exhibit V

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 96,132,387
Receivables, net	19,332,682
Lease receivable	1,546,305
Inventory	1,003,933
Prepaid items	87,055
Restricted cash and investments	72,959,117
Total current assets	<u>\$ 191,061,479</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	\$ 72,007,851
Depreciable assets	299,188,336
Total noncurrent assets	<u>\$ 371,196,187</u>
Total assets	<u>\$ 562,257,666</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	\$ 928,336
Pension contributions	1,101,896
Pension actuarial differences	1,528,530
OPEB contributions	50,557
OPEB actuarial differences	1,600,701
Total deferred outflows of resources	<u>\$ 5,210,020</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 7,453,895
Retainage payable	1,960,188
Accrued salaries and benefits	130,907
Accrued bond interest	601,355
Other accrued liabilities	778,049
Unearned revenue	524,752
Deposits	122,491
Current portion of long-term debt	7,646,998
Total current liabilities	<u>\$ 19,218,635</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	\$ 189,654,835
Total noncurrent liabilities	<u>\$ 189,654,835</u>
Total liabilities	<u>\$ 208,873,470</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	\$ 1,488,506
Pension actuarial differences	1,115,418
OPEB actuarial differences	4,297,099
Total deferred inflows of resources	<u>\$ 6,901,023</u>
NET POSITION	
Net investment in capital assets	\$ 258,584,293
Restricted for debt service	2,997,218
Unrestricted	90,111,682
Total net position	<u><u>\$ 351,693,193</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Net Position - Proprietary Fund

For the Year Ended June 30, 2023

Exhibit VI

	<u>Water & Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 40,829,626
Other operating revenues	1,813,964
Total operating revenues	<u>\$ 42,643,590</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 12,488,987
Contractual services	6,016,549
Materials and supplies	4,139,582
Depreciation	13,243,512
Other services and charges	5,834,762
Total operating expenses	<u>\$ 41,723,392</u>
Operating income	<u>\$ 920,198</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (5,394,225)
Bond issuance costs	(486,255)
Investment earnings, net	4,390,701
Intergovernmental revenues	7,499,186
Loss on disposal of capital assets	(67,351)
Miscellaneous income	324,818
Total non-operating expenses, net	<u>\$ 6,266,874</u>
Income before contributions and transfers	<u>\$ 7,187,072</u>
Capital contributions:	
Availability fees	\$ 9,024,354
Other capital contributions	12,799,753
Total capital contributions	<u>\$ 21,824,107</u>
Transfers to other funds, net	(54,683)
Total capital contributions and transfers	<u>\$ 21,769,424</u>
Change in net position	<u>\$ 28,956,496</u>
Net position, beginning	322,736,697
Net position, ending	<u><u>\$ 351,693,193</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2023

Exhibit VII - Page 1

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 39,848,578
Receipts from other operating revenues	1,821,478
Receipt of customer deposits	29,300
Payments to suppliers and service providers	(12,358,349)
Payments to employees for salaries and benefits	(13,195,132)
Return of customer deposits	(8,850)
Net cash provided by operating activities	\$ 16,137,025
Cash flows from noncapital financing activities:	
Use of intergovernmental revenue	\$ (2,568,973)
Transfers out	(54,683)
Net cash used in noncapital financing activities	\$ (2,623,656)
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (38,662,182)
Proceeds from sale of capital assets	3,190
Principal paid on capital related debt	(6,914,499)
Interest paid on capital related debt	(6,545,075)
Proceeds from revenue bonds issued	68,142,797
Receipts from leased assets and project refunds	300,336
Capital contributions and grants	3,465,168
Receipt of availability fees	8,584,283
Net cash provided by capital and related financing activities	\$ 28,374,018
Cash flows from investing activities:	
Purchase of investment securities	\$ (10,289,365)
Sale of investment securities	22,425,929
Investment earnings, net	4,262,976
Net cash provided by investing activities	\$ 16,399,540
Net increase in cash and cash equivalents	\$ 58,286,927
Cash and cash equivalents:	
Beginning	56,735,307
Ending	\$ 115,022,234
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 96,132,387
Restricted cash and investments	72,959,117
	\$ 169,091,504
Less investments	54,069,270
Cash and cash equivalents, unrestricted and restricted	\$ 115,022,234

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, 2023

Exhibit VII - Page 2

Water & Sewer Fund**Reconciliation of operating income to net cash provided by operating activities:**

Operating income	\$ 920,198
Depreciation	13,243,512
Effect of changes in assets and liabilities:	
Accounts receivable (net of capital related financing)	(973,534)
Prepaid items	18,868
Inventory	(193,593)
Accounts payable	3,807,269
Salary and benefits payable (all benefits including pension and OPEB)	(706,145)
Customer deposits payable	20,450
Net cash provided by operating activities	\$ 16,137,025

Noncash investing, capital and financing activities:

Developer donated capital assets	\$ 8,497,471
Net book value of capital assets disposed or sold	(67,405)
Net change in availability fee and other capital contribution receivables	1,277,185
Difference between recognition of lease revenue and deferred inflows	27,173
Net change in fair value of investments	178,533
Net change in intergovernmental receivables	10,068,159
Net change in accrued interest receivable	4,779
Net change in arbitrage payable	(431,610)
Net change in deferred inflows and outflows related to bonded debt	1,331,650

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fiduciary Net Position

June 30, 2023

Exhibit VIII

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 605,420
Receivables - taxes for the Commonwealth of Virginia	<u>52,890</u>
Total assets	<u><u>\$ 658,310</u></u>
LIABILITIES	
Accounts payable and other liabilities	\$ 53,525
Due to other governments	19,934
Due to individuals or organizations	<u>-</u>
Total liabilities	<u><u>\$ 73,459</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 584,851
Total net position	<u><u>\$ 584,851</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023

Exhibit IX

	<u>Custodial Fund</u>
ADDITIONS	
Collections of taxes and fees for other governments	\$ 1,129,529
Social Security Administration deposits (special welfare)	18,108
Collections of Sheriff evidence funds	156,705
Deposits of unclaimed property	27,035
Deposits from and on behalf of service organizations	24,973
Collections for real estate sale (unclaimed property)	10,195
Total additions	<u>\$ 1,366,545</u>
DEDUCTIONS	
Payments of taxes and fees to other governments	\$ 1,272,604
Payments made to special welfare individuals	12,344
Evidence disbursements	652,230
Unclaimed property disbursements	84,665
Payments to service organizations	26,790
Payments to real estate holders (unclaimed property)	21,056
Total deductions	<u>\$ 2,069,689</u>
Net decrease in fiduciary net position	\$ (703,144)
Fiduciary net position, beginning	<u>1,287,995</u>
Fiduciary net position, ending	<u><u>\$ 584,851</u></u>

Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

The County of Spotsylvania, Virginia (the County) is organized under the board-administrator form of government. The governing body is the Board of Supervisors (the Board), which is comprised of seven members elected to a four-year term by the voters of the district in which the member resides. The Board appoints a County Administrator charged with the execution of the Board's policies and programs. Additionally, County citizens elect and are served by five constitutional officers: Treasurer, Commissioner of Revenue, Sheriff, Clerk of the Circuit Court, and Commonwealth's Attorney. The County's Health Department and the court system are under the control of the Commonwealth of Virginia.

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

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

Discretely Presented Component Units:

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

The Economic Development Authority of Spotsylvania, Virginia (EDA) was established by ordinance of the Board pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1 Code of Virginia (the Code) of 1950, as amended) so that such authorities may acquire, own, lease and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth. Included in the discretely presented component unit EDA are the activities of economic development services. The County Board of Supervisors appoints the seven board directors of the EDA representing each of the seven districts of the County. By statute, the EDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates and the approval of prospective private activity bond issues. The EDA does not publish a separate financial report; therefore the fund financial statements of the EDA are included in the other supplementary information section of this report.

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. In addition, the water and sewer fund recognizes a portion of its availability fees intended to recover the cost of connecting new customers to the system as operating revenue. Operating expenses for the water and sewer fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

County's Major Governmental Funds:

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

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

County's Major Enterprise Fund:

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

County's Fiduciary Fund:

The ***Custodial Fund*** is used to account for resources held for the benefit of individuals, private organizations, and other governments.

County's Non-major Special Revenue Funds:

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

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

Property taxes, sales taxes, franchise taxes, various charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received within a 45-day availability period, with the exception of local sales and use tax that follows a 30-day availability window. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 45 days after the end of the fiscal year. Revenues from reimbursement based grants of the Component unit – School Board are recognized when earned. All other revenue items are considered to be measureable and available only when cash is received.

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

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts presented in the required supplementary information are as originally adopted and amended by the County Board, School Board, County Administrator or the School Superintendent.

A recommended budget is presented to the County Board at the functional level (i.e. general government, public safety, etc.). The County Board adopts the budget by resolution and funds are appropriated July 1. The resolution adopted by the Board, establishes the level of control at the fund level (e.g. General Fund) at which expenditures may not legally exceed appropriation. 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. The County adopted additional budgetary controls beyond the legal level, which limit authority to county department heads to only transfer funding between accounts within their operating budgets, and County Administration to transfer funding between all categories of a departmental budget and up to \$100,000 between departmental budgets. All other revisions to the budget must be approved by the Board of Supervisors.

Budgetary Comparison Schedules

Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in one way or another in the process of establishing the annual operating budgets of state and local governments and have a keen interest in following the actual financial progress of their governments. The County and many governments revise their original budgets over the course of the year for a variety of reasons. The budgetary comparison schedule presents the original budget, the final budget, and the actual activity of the major governmental funds. Reconciliations of the budgetary basis to the GAAP basis are presented as required supplementary information with explanations of the reconciling items. Budgetary information for non-major governmental funds is presented as other supplementary information.

1.05 CASH AND INVESTMENTS – POOLED EQUITY

The County maintains a single cash and investment pool for all its unrestricted funds except for its Length of Service Awards Program - revocable pension trust. Investment income is allocated only when contractually or legally required based on its average daily balances. Investment earnings not required to be allocated are reported in the General Fund.

For the purpose of the Statement of Cash Flows, the County considers cash and all highly liquid investments, including restricted assets with a maturity of three months or less when purchased, as cash and cash equivalents. Cash equivalents represent money market investments reported at amortized cost and defined as short-term, highly liquid debt instruments. These instruments include commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. The County holds negotiable certificates of deposit with varying maturities. For ease of presentation, these investments are reported in their entirety at fair value. Positions in external investment pools meeting certain provisions of GAAP are reported at their net asset value per share (which approximates fair value). All other investments are reported at fair value.

1.06 RECEIVABLES

Receivables consist of general accounts for services, intergovernmental revenues, property taxes, water and sewer fees and any necessary accruals needed for amounts due to the County at fiscal year-end and are reported net of allowance for uncollectible amounts. The property tax receivable allowance is calculated consistent with criteria established by the Auditor of Public Accounts of the Commonwealth of Virginia, which uses historical collection data, specific account

analysis and management's judgment. All remaining accounts receivable utilize the aging analysis method in determining its allowance.

1.07 PROPERTY TAXES

Real property is assessed biennially at estimated fair 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 of resources as these taxes are restricted for use to the following fiscal year. Unpaid real estate taxes automatically constitute liens on real property, which must be satisfied prior to sale or transfer. Outstanding personal property taxes do not create a lien; however, once reported to the Virginia Department of Motor Vehicles, a hold will be placed on any license plate requests until paid.

1.08 LEASE RECEIVABLE

The County's lease receivable is measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in the amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

1.09 PREPAID ITEMS

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

1.10 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 for accrual-based reporting.

1.11 RIGHT TO USE ASSETS

The County has recorded right to use assets as a result of implementing GASB 87 and GASB 96. Right to use assets are defined by the County as assets with an initial cost of more than \$50,000. The right to use lease assets are initially measured at an amount equal to the initial measurement period of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use subscription assets are initially measured at an amount equal to the initial measurement period of the related subscription liability, plus any subscription payments made prior to the subscription term, plus capitalizable implementation costs, less any incentives received at or before commencement of the subscription term. The right to use assets are amortized on a straight-line basis over the life of the related lease or subscription.

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 \$10,000 and an estimated useful life in excess of two years. Individual capital items under \$10,000, purchased in bulk at an amount greater than \$150,000 with an estimated useful life in excess of two years, are also capitalized. The County does not capitalize any infrastructure, such as roads or bridges, where ownership is conveyed to the Commonwealth.

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

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

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

Major Asset Type	Estimated Useful Life
Buildings and 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

The Statement of Net Position reports a separate section for deferred outflows of resources in addition to assets. The County reports deferred outflows of resources for deferred charges on refunding and amounts related to pensions and OPEB in the government-wide statements and the proprietary financial statements in this category. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or the refunding debt. Deferred outflows of resources for pensions and OPEB result from changes in actuarial assumptions, proportionate share, investments, experience and contributions made subsequent to the measurement date. Amounts other than contributions made subsequent to the measurement date and investment results are deferred and amortized over the remaining service life of all participants. Contributions are deferred and amortized over one year and investment experience amounts are deferred and amortized over a closed five-year period.

The County reports a separate section for deferred inflows of resources in addition to liabilities for both its governmental funds' Balance Sheet and its Statement of Net Position. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed or accrued and not collected, and lease receivables initiated and subsequently amortized on a straight-line basis over the term of the lease. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, and amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in actual experience, actuarial assumptions and proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows of resources resulting from pension and OPEB investment experience are also deferred and amortized over a closed five-year period. The County has also recorded amounts associated with long term receivables, primarily related to leases, as deferred inflows.

1.14 COMPENSATED ABSENCES

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

1.15 FUND BALANCE

Fund Balance Classifications

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

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

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

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

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

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

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

Reserves

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

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

Self-insured Health Insurance Reserve – The County will maintain a committed self-funded health insurance reserve equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three

years' experiences. Any use of such reserve will be limited to payment of IBNR in the event the County changes to a new vendor for health insurance and to the payment of claims that exceed applied premiums. Any use of the reserve will be replenished within one year.

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to \$5 million is a component of unassigned fund balance at June 30, 2023.

Economic Opportunities Reserve - The County maintains an Economic Opportunities Reserve for the purpose of providing incentives to substantial economic development opportunities. At the end of each fiscal year, the *assigned* reserve will be replenished to the \$2.0 million level in the event that unassigned fund balance remains after full funding of the fiscal stability, self-insured health insurance, and budget stabilization reserves.

1.16 NET POSITION

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

Component unit – School Board Bonded Debt

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

As of June 30, 2023, the County reported \$172.7 million of "on-behalf" net school bonded debt with a corresponding reduction to the County's unrestricted net position. To assist readers in understanding this relationship and to more accurately reflect the respective financial conditions of the Primary Government and the component unit – School Board the following table provides the associated net position before and after the allocation of "on-behalf" school bonded debt.

Allocation of County Issued "on-behalf" Bonded Debt of the School Board			
	Net Position Exhibit I	Allocation of "on-behalf" debt	Net Position after allocation
Primary Government - Governmental Activities:			
Net investment in capital assets	\$ 113,129,467	\$ -	\$ 113,129,467
Restricted	14,648,509	-	14,648,509
Unrestricted	(124,125,348)	172,713,052	48,587,704
Total net position at June 30, 2023	\$ 3,652,628	\$ 172,713,052	\$ 176,365,680
Component unit - School Board:			
Net investment in capital assets	\$ 338,620,751	\$ (156,093,011)	\$ 182,527,740
Restricted	24,246,489	(16,620,041)	7,626,448
Unrestricted	(406,726,457)	-	(406,726,457)
Total net position at June 30, 2023	\$ (43,859,217)	\$ (172,713,052)	\$ (216,572,269)

Note 2

Deposits and Investments

2.01 DEPOSITS

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

2.02 INVESTMENTS

In accordance with Sec. 2.2-4500 of the Code, the County is authorized to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development, the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable bank and certain corporate notes, bankers' acceptances; repurchase agreements, and the State Treasurer's Local Governmental Investment Pool, and the Virginia State Non-Arbitrage Program.

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's financial investments are valued using a matrix pricing model, a Level 2 input based on the securities relationship to benchmark quoted prices. The County reports the following recurring fair value measurements as of June 30, 2023:

Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 6,015,923
U.S. Treasury obligations	54,878,432
Federal agency obligations	25,594,958
Supra-national agency notes	6,195,976
Corporate notes	22,189,052
Municipals	1,555,475
Certificates of deposit	674,043
Total debt securities	\$ 117,103,859

External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2023:

Investments Measured at Net Asset Value (NAV)	
Virginia Local Government Investment Pool	\$ 195,627,783
Virginia State Non-arbitrage Program	119,933,835
	\$ 315,561,618

Virginia Local Government Investment Pool (LGIP)

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

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2023, the remaining 37 acres are valued at a fair market value of \$1.2 million based on an internal sales comparison appraisal (level 3 input) assuming the property's highest and best use. Land is not currently undergoing development and is intended to be sold to fund future economic development initiatives.

School Board OPEB Trust

Information related to the investments held in the OPEB trust fund of the component unit- School Board is discussed in Note 7.07.

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 the Weighted Average Maturity of Investments table. 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.

Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 195,627,783	0.0028
SNAP	NAV	119,933,835	0.0028
Other money markets & mm mutual funds	Amortized cost	5,231,360	0.0028
Commercial paper	Amortized cost	742,121	0.1935
Repurchase agreements	Fair	6,015,923	0.0028
U.S. Treasury obligations	Fair	54,878,432	0.8944
Federal agency obligations	Fair	25,594,958	1.8832
Supra-national agency note	Fair	6,195,976	0.6110
Corporate notes	Fair	22,189,052	1.6278
Municipals	Fair	1,555,475	0.6288
Certificates of deposit	Fair	674,043	0.1726
Total investments:		\$ 438,638,958	
Portfolio weighted average maturity:			0.3177
Cash on hand		2,870	
Deposits		69,607,484	
LOSAP pension benefit Trust funds		2,037,297	
Total pooled cash and investments:		<u>\$ 510,286,609</u>	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 345,695,198	
Exh I: Total primary government restricted cash and investments		103,559,794	
Exh I: Component unit school board cash and investments - pooled equity		23,199,710	
Exh I: Component unit school board restricted cash and investments		35,713,182	
Exh I: Component unit EDA cash and investments - pooled equity		1,513,305	
Exh VIII: Custodial cash and investments - pooled equity		605,420	
		<u>\$ 510,286,609</u>	

Credit Risk

All investments must meet or exceed state statutes and shall be diversified by security type and institution. The tables below reflect the level of quality acceptable per policy by investment type and pooled investments, which include (while not required) debt securities issued by the U.S. government, reported by credit quality and exposure as of June 30, 2023.

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			
Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	\$ 195,627,783	AAAm	44.60%
SNAP	119,933,835	AAAm	27.34%
Other money market mutual funds	5,231,360	AAAm	1.19%
Commercial paper	742,121	A-1	0.17%
Repurchase agreements	6,015,923	AAA	1.37%
U.S. Treasury obligations	54,878,432	AA(99%)/ A-1(1%)	12.51%
Federal agency obligations	25,594,958	AA(92%)/ A-1(8%)	5.84%
Supra-national agency note	6,195,976	AAA	1.41%
Corporate notes	22,189,052	AA(80%)/ A(20%)	5.06%
Municipals	1,555,475	AAA(15%)/ AA(85%)	0.36%
Certificates of Deposit	674,043	A-1	0.15%
Total investments:	\$ 438,638,958		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, 2023, the County has no concentrations of credit risk to report.

Custodial Credit Risk

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

Restricted Cash and Investments

As of June 30, 2023, the County and its Component-unit School Board maintain cash and investments totaling \$103.6 million and \$35.7 million, respectively, with the following restrictions:

Restricted Cash and Investments	
Governmental activities:	
General Fund - LOSAP pension benefits	\$ 2,037,297
Capital Projects Fund - Project bond proceeds (SNAP)	27,522,052
Transportation Fund - Transportation special service districts	1,041,328
Total restricted cash & investments:	\$ 30,600,677
Busines-type activities:	
Water & Sewer Fund - Project bond proceeds (SNAP)	\$ 69,961,899
Water & Sewer Fund - Debt service	2,997,218
Total restricted cash & investments:	\$ 72,959,117
Total Primary Government restricted cash & investments:	\$ 103,559,794
Component Unit-School Board:	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 32,926,600
Student Activity Fund - School activity fees & contributions	2,786,582
Total restricted cash & investments:	\$ 35,713,182

Note 3

Receivables

3.01 ACCOUNTS RECEIVABLE

Accounts receivable, net of related allowances, at June 30, 2023 consist of the following:

Receivables					
	Primary Government - Governmental Activities				Component Unit
			Other	Total	School Board
	General	Capital Projects	Governmental Funds	Governmental Funds	
Special assessments	\$ -	\$ 164,339	\$ -	\$ 164,339	\$ -
Property taxes					
Delinquent	13,022,295	-	26,961	13,049,256	-
Not yet due	101,440,168	-	485,238	101,925,406	-
Fuel taxes	-	-	4,745,478	4,745,478	-
EMS Transport fees	-	-	1,509,328	1,509,328	-
Accounts - other	11,048,492	-	952,382	12,000,874	280,853
Intergovernmental - Federal	2,179,193	29,699	-	2,208,892	9,613,201
Intergovernmental - State	10,083,655	38,441	-	10,122,096	5,772,091
Gross receivables	137,773,803	232,479	7,719,387	145,725,669	15,666,145
Allowance for uncollectibles	(2,637,067)	-	(1,016,698)	(3,653,765)	-
Net receivables at June 30, 2023	\$ 135,136,736	\$ 232,479	\$ 6,702,689	\$ 142,071,904	\$ 15,666,145
Primary Government - Business-type activities				Water & Sewer	
				Water & sewer services	\$ 7,563,358
				Notes - connection & availability fees	670,771
				Accounts - other	3,030,808
				Intergovernmental - State	8,420,307
				Gross receivables	19,685,244
				Allowance for uncollectibles	(352,562)
				Net receivables at June 30, 2023	\$ 19,332,682
Total Primary Government net receivables at June 30, 2023				\$ 161,404,586	

Accounts – other of \$1.3 million in the General Fund, special assessments of \$142,966 in the Capital Projects Fund and \$69,990 of connection and availability fees in the Water and Sewer Fund are not expected to be collected within one year.

3.02 LEASES RECEIVABLE

The County owns, operates and maintains various cell and water towers throughout the county. Extra space on these towers is leased out to telecommunication companies allowing for the installation and maintenance of cellular communication equipment. Lease agreements range from 2 years to 15 years with interest rates between 0.32% and 2.68%. For fiscal year 2023, the County recognized the following receivable, deferred inflows, and lease related revenue:

	General Fund			Water & Sewer Fund		
	Receivable at	Deferred	Fiscal Year	Receivable at	Deferred	Fiscal Year
	June 30, 2023	Inflow at	Revenue	June 30, 2023	Inflow at	Revenue
		June 30, 2023			June 30, 2023	
Tower space leases	\$ 2,123,876	\$ 2,066,461	\$ 204,020	\$ 1,546,305	\$ 1,488,506	\$ 157,043
Interest	-	-	17,968	-	-	14,286
	<u>\$ 2,123,876</u>	<u>\$ 2,066,461</u>	<u>\$ 221,988</u>	<u>\$ 1,546,305</u>	<u>\$ 1,488,506</u>	<u>\$ 171,329</u>

Note 4

Capital Assets

Capital asset, including right to use asset activity, from governmental activities for the year ended June 30, 2023 was as follows:

Capital Assets - Governmental Activities				
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land & land improvements	\$ 14,191,774	\$ 1,066,027	\$ -	\$ 15,257,801
Construction in progress	8,182,959	9,564,406	10,342,709	7,404,656
Total capital assets, not being depreciated	\$ 22,374,733	\$ 10,630,433	\$ 10,342,709	\$ 22,662,457
Capital assets being depreciated/amortized:				
Land improvements	\$ 27,808,194	\$ 11,607,434	\$ 80,100	\$ 39,335,528
Buildings & improvements	121,912,498	796,456	365,875	122,343,079
Right-to-use buildings & improvements	184,158	271,398	-	455,556
Furn, equip, software & vehicles	104,249,038	7,959,271	1,994,799	110,213,510
Right-to-use furn, equip, software & vehicles*	7,638,686	833,953	21,176	8,451,463
Total capital assets, being depreciated/amortized	261,792,574	21,468,512	2,461,950	280,799,136
Less accumulated depreciation/amortization for:				
Land improvements	17,658,259	1,936,074	80,100	19,514,233
Buildings & improvements	48,448,681	3,532,602	351,754	51,629,529
Right-to-use buildings & improvements	24,020	109,699	-	133,719
Furn, equip, software & vehicles	59,834,832	8,484,923	1,883,356	66,436,399
Right-to-use furn, equip, software & vehicles	74,092	1,090,885	21,176	1,143,801
Total accumulated depreciation/amortization	126,039,884	15,154,183	2,336,386	138,857,681
Total capital assets being depreciated/amortized, net	\$ 135,752,690	\$ 6,314,329	\$ 125,564	\$ 141,941,455
Governmental activities capital assets, net	\$ 158,127,423	\$ 16,944,762	\$ 10,468,273	\$ 164,603,912
Depreciation and amortization expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government	\$	5,139,673		
Judicial administration		1,842,628		
Public safety		5,320,938		
Public works		1,896,575		
Health and welfare		41,709		
Parks and recreation		865,030		
Community development		47,630		
		<u>\$ 15,154,183</u>		

*Adjusted for fiscal year 2023 implementation of GASB 96, Subscription-Based Information Technology Arrangements. See Note 16. Implementation of New Accounting Pronouncements.

Construction in progress from governmental activities for the year ended June 30, 2023 was as follows:

Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
Land assessment & tax systems	\$ 4,181,165	\$ 1,949,950	\$ 2,231,215
Computer aided dispatch system	1,624,524	-	1,624,524
Financial system upgrade	3,178,340	1,886,083	1,292,257
Fire house additions & replacements	13,090,595	3,478,313	9,612,282
Judicial center renovations	1,344,958	69,845	1,275,113
Other projects	265,930	20,465	245,465
	<u>\$ 23,685,512</u>	<u>\$ 7,404,656</u>	<u>\$ 16,280,856</u>

Capital asset, including right to use asset activity, of the Water and Sewer Fund for the year ended June 30, 2023 was as follows:

Capital Assets - Business-type Activities				
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land & land improvements	\$ 9,161,519	\$ 509,442	\$ -	\$ 9,670,961
Construction in progress	25,657,257	37,083,684	404,051	62,336,890
Total capital assets, not being depreciated	<u>\$ 34,818,776</u>	<u>\$ 37,593,126</u>	<u>\$ 404,051</u>	<u>\$ 72,007,851</u>
Capital assets being depreciated/amortized:				
Land improvements	\$ 3,744,434	\$ 12,826	\$ -	\$ 3,757,260
Buildings & improvements	179,083,277	-	10,175	179,073,102
Furn, equip, software & vehicles	30,390,605	2,125,063	725,046	31,790,622
Right-to-use furn, equip, software & vehicles*	1,111,642	-	-	1,111,642
Water & sewer systems	301,436,195	8,933,427	36,607	310,333,015
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated/amortized	<u>517,840,111</u>	<u>11,071,316</u>	<u>771,828</u>	<u>528,139,599</u>
Less accumulated depreciation/amortization for:				
Land improvements	1,960,442	133,367	-	2,093,809
Buildings & improvements	89,747,649	4,892,308	7,326	94,632,631
Furn, equip, software & vehicles	17,249,728	1,903,667	682,507	18,470,888
Right-to-use furn, equip, software & vehicles	-	110,707	-	110,707
Water & sewer systems	106,977,401	6,161,981	14,644	113,124,738
Purchased sewer capacity	477,008	41,482	-	518,490
Total accumulated depreciation/amortization	<u>216,412,228</u>	<u>13,243,512</u>	<u>704,477</u>	<u>228,951,263</u>
Total capital assets being depreciated/amortized, net	<u>\$ 301,427,883</u>	<u>\$ (2,172,196)</u>	<u>\$ 67,351</u>	<u>\$ 299,188,336</u>
Business-type activities capital assets, net	<u>\$ 336,246,659</u>	<u>\$ 35,420,930</u>	<u>\$ 471,402</u>	<u>\$ 371,196,187</u>

*Adjusted for fiscal year 2023 implementation of GASB 96, Subscription-Based Information Technology Arrangements. See Note 16. Implementation of New Accounting Pronouncements.

Construction in progress from business-type activities for the year ended June 30, 2023 was as follows:

Construction in Progress - Business-type Activities			
	Project Authorization	Spent to Date	Committed Funding
Pump station 24 sewer project	4,802,074	404,085	4,397,989
Fawn Lake pump stations	2,972,004	144,649	2,827,355
Thornburg WWTP upgrades	31,849,295	20,679,219	11,170,076
Massaponax WWTP expansions	84,123,019	22,575,321	61,547,698
Old Greenwich sewer replacement	1,447,226	400,409	1,046,817
Spotsylvania Towne Center sewer	2,351,729	1,545,161	806,568
Deep Run pump station rehabilitation	4,118,150	423,286	3,694,864
FMC WWTP to Massaponax WWTP	11,867,264	1,153,469	10,713,795
Thornburg sanitary sewer	4,962,853	67,029	4,895,824
Thornburg water distribution	8,843,114	3,045,909	5,797,205
Motts WTP Expansion	26,654,279	6,918,229	19,736,050
Pump station 24 Water Project	2,418,144	106,166	2,311,978
Tidewater trail waterline	1,669,509	212,251	1,457,258
Harrison Road waterline extension	7,639,687	692,551	6,947,136
Massaponax Tank	5,873,520	564,231	5,309,289
Lake Bottom Booster station	4,267,354	178,871	4,088,483
Other water service improvements	8,523,942	1,779,473	6,744,469
Other sewer service improvements	5,361,792	1,062,359	4,299,433
Other general service improvements	2,408,802	384,222	2,024,580
	<u>\$ 222,153,757</u>	<u>\$ 62,336,890</u>	<u>\$ 159,816,867</u>

Capital asset, including right to use asset activity, of the Component unit – School Board for the year ended June 30, 2023 was as follows:

Capital Assets - Component unit - School Board				
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	13,384,811	6,118,913	8,250,982	11,252,742
Total capital assets, not being depreciated	<u>\$ 23,013,881</u>	<u>\$ 6,118,913</u>	<u>\$ 8,250,982</u>	<u>\$ 20,881,812</u>
Capital assets being depreciated/amortized:				
Buildings & improvements	\$ 491,982,100	\$ 13,266,040	\$ -	\$ 505,248,140
Right-to-use buildings & improvements	-	15,527	-	15,527
Furn, equip, software & vehicles	138,167,561	16,454,802	3,332,310	151,290,053
Right-to-use furn, equip, software & vehicles*	3,578,047	48,237	23,285	3,602,999
Total capital assets, being depreciated/amortized	<u>633,727,708</u>	<u>29,784,606</u>	<u>3,355,595</u>	<u>660,156,719</u>
Less accumulated depreciation/amortization for:				
Buildings & improvements	235,389,606	12,505,825	-	247,895,431
Right-to-use buildings & improvements	-	5,822	-	5,822
Furn, equip, software & vehicles	86,910,035	8,542,308	2,878,013	92,574,330
Right-to-use furn, equip, software & vehicles	82,014	523,631	23,285	582,360
Total accumulated depreciation/amortization	<u>322,381,655</u>	<u>21,577,586</u>	<u>2,901,298</u>	<u>341,057,943</u>
Total capital assets being depreciated/amortized, net	<u>\$ 311,346,053</u>	<u>\$ 8,207,020</u>	<u>\$ 454,297</u>	<u>\$ 319,098,776</u>
Component unit - School Board activities capital assets, net	<u>\$ 334,359,934</u>	<u>\$ 14,325,933</u>	<u>\$ 8,705,279</u>	<u>\$ 339,980,588</u>

*Adjusted for fiscal year 2023 implementation of GASB 96, Subscription-Based Information Technology Arrangements. See Note 16. Implementation of New Accounting Pronouncements.

All depreciation and amortization 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, 2023 was as follows:

Construction in Progress - Component unit - School Board			
	Project Authorization	Spent to Date	Committed Funding
Massaponax High field conversion	\$ 1,287,627	\$ 1,227,983	\$ 59,644
Riverbend High Intercom Project	168,180	27,902	140,278
Battlefield Middle Intercom Project	98,212	12,717	85,495
Spotsylvania High Intercom Project	226,398	111,182	115,216
Spotsylvania ES Flooring & Carpet	48,033	30,565	17,468
Thornburg Middle Chiller Replacement	1,167,905	1,035,585	132,320
Riverview ES HVAC Replacement	3,413,055	1,655,514	1,757,541
JJW Water Treatment Renovation	563,492	410,399	153,093
Spotsy. H. & Post Oak M. Elev. Water St	1,964,761	1,672,166	292,595
SHS Upgrade HVAC Controls	1,500,000	462,514	1,037,486
Salem ReRoofing	56,330	41,285	15,045
Front Entrance Access Control	558,308	83,381	474,927
Berkley Water Treatment Renovation	429,322	349,141	80,181
SMS Renovation & Modular	57,655,941	3,671,619	53,984,322
MHS Bleachers	421,000	371,205	49,795
SHS Stage Lighting	64,500	47,380	17,120
Riverview ES Roof Replacement	62,910	42,204	20,706
	<u>\$ 69,685,974</u>	<u>\$ 11,252,742</u>	<u>\$ 58,433,232</u>

Note 5

Interfund Transfers

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, or (2) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. The following table summarizes the transfers between funds of the Primary Government as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances for Governmental Funds.

Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 50,500	\$ 4,842,998	\$ -	\$ 4,893,498
Capital Projects Fund	19,190,167	-	-	54,683	19,244,850
Other governmental funds	2,690,846	17,986	-	-	2,708,832
Water and Sewer Fund	-	-	-	-	-
Total	<u>\$ 21,881,013</u>	<u>\$ 68,486</u>	<u>\$ 4,842,998</u>	<u>\$ 54,683</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 \$9.7 million at June 30, 2023 represents School Board accrued revenues and payables expected to be reimbursed by the County in the next fiscal year.

Note 7

Long-term Debt and Other Liabilities

Long-term liability activity for the year ended June 30, 2023 was as follows:

Long-term Liabilities - Governmental Activities					
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Bond obligations:					
General obligation bonds	\$ 197,130,000	\$ 31,045,000	\$ 25,890,000	\$ 202,285,000	\$ 24,205,000
Direct placements:					
General obligation bonds	2,145,000	-	1,525,000	620,000	155,000
Public improvement bonds	42,450,000	-	4,985,000	37,465,000	4,970,000
Unamortized bond premiums	34,061,736	3,812,094	4,171,004	33,702,826	-
Total bond obligations (Note 7.01)	275,786,736	34,857,094	36,571,004	274,072,826	29,330,000
Other long-term liabilities:					
Compensated absences	6,264,417	7,844,894	7,937,158	6,172,153	478,355
Leases (Note 7.02.1)	329,150	316,869	186,616	459,403	176,476
Subscriptions (Note 7.02.2)*	7,395,997	788,482	1,492,184	6,692,295	1,183,361
Landfill closure obligation (Note 7.03)	11,665,177	2,247,331	121,961	13,790,547	130,621
Insurance claims payable (Note 11)	1,670,863	14,831,514	14,592,367	1,910,010	1,910,010
LOSAP pension liability (Note 7.04)	4,484,001	181,243	1,175,990	3,489,254	-
Net pension liability - VRS (Note 7.05)	11,740,534	17,962,890	8,051,983	21,651,441	-
Total OPEB liability - Healthcare (Note 7.06)	70,497,875	4,569,318	3,172,792	71,894,401	-
Total OPEB liability - LODA (7.08)	5,942,951	1,157,805	469,558	6,631,198	-
Net OPEB liability - VRS GLI (Note 7.09)	3,089,889	871,849	661,038	3,300,700	-
Total other long-term liabilities:	123,080,854	50,772,195	37,861,647	135,991,402	3,878,823
Total governmental activities	\$ 398,867,590	\$ 85,629,289	\$ 74,432,651	\$ 410,064,228	\$ 33,208,823

Long-term Liabilities - Business-type Activities					
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Bond obligations:					
Water & sewer revenue bonds	\$ 107,290,000	\$ 65,315,000	\$ 6,770,000	\$ 165,835,000	\$ 7,255,000
Unamortized bond premiums	14,618,499	2,827,795	1,265,660	16,180,634	-
Total bond obligations (Note 7.01):	121,908,499	68,142,795	8,035,660	182,015,634	7,255,000
Other long-term liabilities:					
Compensated absences	789,213	886,763	870,413	805,563	69,221
Subscriptions (Note 7.02.2)*	1,111,642	-	144,499	967,143	126,487
Insurance claims payable (Note 11)	175,306	1,808,065	1,787,081	196,290	196,290
Net pension liability - VRS (Note 7.05)	2,035,920	3,114,936	1,830,874	3,319,982	-
Total OPEB liability - Healthcare (Note 7.06)	9,401,674	609,369	492,419	9,518,624	-
Net OPEB liability - VRS GLI (Note 7.09)	439,133	123,008	83,544	478,597	-
Total other long-term liabilities:	13,952,888	6,542,141	5,208,830	15,286,199	391,998
Total business-type activities	\$ 135,861,387	\$ 74,684,936	\$ 13,244,490	\$ 197,301,833	\$ 7,646,998

Long-term Liabilities - Component unit- School Board					
	Balance July 1, 2022*	Increases	Decreases	Balance June 30, 2023	Due Within One Year
Compensated absences	\$ 7,471,145	\$ 2,637,275	\$ 2,930,885	\$ 7,177,535	\$ 600,158
Leases (Note 7.02.1)*	165,180	63,764	112,760	116,184	89,545
Subscriptions (Note 7.02.2)*	3,330,507	-	624,158	2,706,349	503,285
Insurance claims payable (Note 11)	5,045,905	44,824,178	45,056,139	4,813,944	4,813,944
Net pension liability - VRS (Note 7.05)	119,866,105	82,820,451	55,739,924	146,946,632	-
Net OPEB liability - Healthcare (Note 7.07)	176,650,076	11,336,857	55,217,326	132,769,607	-
Net OPEB liability - VRS GLI (Note 7.09)	8,267,026	2,448,709	2,178,210	8,537,525	-
Total OPEB liability - VRS HIC (Note 7.10)	20,346,749	2,002,676	2,440,421	19,909,004	-
Total Component unit - School Board	341,142,693	146,133,910	164,299,823	322,976,780	6,006,932

*Adjusted for fiscal year 2023 implementation of GASB 96, Subscription-Based Information Technology Arrangements. See Note 16. Implementation of New Accounting Pronouncements.

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

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

7.01 PRIMARY GOVERNMENT - BOND OBLIGATIONS

General Obligations Bonds

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

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

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2023, backed by the full faith and credit of the County, are comprised of the following individual issues:

Outstanding General Obligation Debt - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Spotsylvania County:						
Qualified Energy Conservation, Series 2012B	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	\$ 1,240,000	\$ 585,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	16,811,234
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	10,648,596
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	3,760,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	960,000
Public Improvement, Series 2018	09/2018	07/2018	2.50 - 5.00	\$275 - \$365	6,125,000	4,665,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$185 - \$325	4,665,000	3,420,000
Public Improvement - Refunding, Series 2019	08/2019	01/2035	4.00 - 5.00	\$305 - \$1,517	16,818,006	12,428,492
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$60 - \$65	1,240,000	1,050,000
Public Improvement - Refunding, Series 2020	09/2020	01/2030	5.00	\$680 - \$750	7,080,000	4,965,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$435 - \$610	12,365,000	11,510,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$90 - \$1,690	5,652,323	4,000,043
Public Improvement, Series 2022	08/2022	01/2042	4.00 - 5.00	\$20 - \$280	8,435,000	7,940,000
Total General Obligation Bonds - Spotsylvania County:						\$ 82,743,365

Outstanding General Obligation Debt - Governmental Activities (Continued)						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Component Unit - School Board:						
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	\$20,954,590	\$ 6,683,766
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	9,526,404
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	6,520,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	14,370,000
Public Improvement, Series 2018	09/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	20,825,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$560 - \$1,885	24,475,000	16,405,000
Public Improvement - Refunding, Series 2019	08/2019	01/2033	4.00 - 5.00	\$216 - \$484	5,206,994	2,781,508
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$195 - \$995	11,030,000	8,075,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$330 - \$1,315	15,580,000	12,980,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$107 - \$778	1,862,677	879,957
Public Improvement, Series 2022	08/2022	01/2042	4.00 - 5.00	\$305 - \$2,135	22,610,000	20,495,000
Total General Obligation Bonds - Component Unit - School Board:						\$119,541,635
Total Governmental Activities - General Obligation Bonds:						\$202,285,000

Direct Placements – Public Improvement Bonds

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

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

General obligation bonds payable and public improvement bonds payable at June 30, 2023, are comprised of the following individual issues:

Direct Placement Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Direct Placement Bonds - General Obligation:						
Component Unit - School Board						
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	\$ 620,000
Total Governmental Activities - direct placement - general obligation:						\$ 620,000
Direct Placement Bonds - Public Improvement:						
Spotsylvania County						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	\$ 6,305,000	\$ 3,145,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$182 - \$536	4,028,110	3,048,194
Total Spotsylvania County - direct placement - public improvement:						\$ 6,193,194
Component Unit - School Board						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	\$ 14,645,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$993 - \$2,928	21,971,890	16,626,806
Total Component Unit - School Board - direct placement - public improvement:						\$ 31,271,806
Total Governmental Activities - direct placement - public improvement:						\$ 37,465,000

In the event of default, possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, or any other necessary legal actions against the County to cure the default.

The following assets are held for collateral as of June 30, 2023:

Issue	Sale Date	Collateral
Public Facility Revenue & Refunding Bonds, Series 2021	08/2021	Courtland High School
Public Facility Revenue & Refunding Bonds, Series 2014	08/2014	John J. Wright Middle School

Water & Sewer Revenue Bonds

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

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

Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities - Revenue Bonds						
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	\$ 55,325,000	\$ 32,845,000
Water & Sewer Revenue Refunding, Series 2019	11/2019	12/2039	3.00 - 5.00	\$910 - \$2,125	28,665,000	25,130,000
Water & Sewer Revenue Refunding, Series 2020	11/2020	12/2040	3.00 - 5.00	\$1,020 - \$3,160	46,530,000	42,545,000
Water & Sewer Revenue, Series 2022	11/2022	12/2047	4.00 - 5.00	\$150 - \$4,700	65,315,000	65,315,000
Total Business-type Activities - Revenue Bonds:						\$ 165,835,000

New Debt Issuance

General Obligation Bonds

On August 23, 2022, the County issued \$31.1 million in General Obligation Public Improvement Bonds, Series 2022 with fixed interest rates ranging from 4 to 5%. The bonds are to be repaid in various installments beginning January 15, 2023 until final maturity on January 15, 2042. Net bond proceeds of \$34.6 million (adjusted for premium of \$3.8 million and payment of \$0.3 million in issuance costs) were used to purchase State Non-Arbitrage Program funds to finance school, public safety, and transportation projects in the County.

Revenue Bonds

On November 1, 2022, the County issued \$65.3 million in Water and Sewer Revenue Bonds, Series 2022, with fixed interest rates ranging from 4 to 5%. The bonds are to be repaid in various installments beginning December 1, 2023 until final maturity on December 1, 2047. Net bond proceeds of \$67.7 million (adjusted for premium of \$2.8 million and payment of \$0.4 million in issuance costs) were used to finance water and sewer infrastructure projects.

Amortization of Debt Service

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

Future Debt Service - Primary Government								
Fiscal Year	Governmental Activities							
	Direct Placements						Business-type Activities	
	General Obligation		General Obligation		Public Improvement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 24,205,000	\$ 8,498,792	\$ 155,000	\$ 139,653	\$ 4,970,000	\$ 1,531,728	\$ 7,255,000	\$ 6,944,319
2025	23,170,000	7,343,468	155,000	139,653	5,195,000	1,283,227	7,625,000	6,576,944
2026	22,810,000	6,311,417	155,000	139,653	5,280,000	1,064,578	7,990,000	6,191,194
2027	22,365,000	5,349,818	155,000	139,653	5,380,000	842,678	5,805,000	5,786,569
2028	15,260,000	4,392,717	-	-	5,585,000	614,877	6,065,000	5,524,069
2029 - 2033	58,615,000	12,641,017	-	-	10,795,000	739,745	43,710,000	22,108,327
2034 - 2038	28,110,000	3,858,327	-	-	260,000	9,100	40,670,000	13,369,708
2039 - 2043	7,750,000	489,050	-	-	-	-	25,195,000	7,009,563
2044 - 2048	-	-	-	-	-	-	21,520,000	2,508,300
Totals:	\$ 202,285,000	\$ 48,884,606	\$ 620,000	\$ 558,612	\$ 37,465,000	\$ 6,085,933	\$ 165,835,000	\$ 76,018,993

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Bonds are issued in accordance with the provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code, as amended. As of June 30, 2023, outstanding revenue bonds totaling \$39.0 million include the following issues:

Name of Issue	Date of Issue	Final Maturity	Original Borrowing	Principal Outstanding
Economic Development Authority of Spotsylvania County, Multifamily Housing Revenue Bonds (The Heights of Jackson Village I) Series 2019	12/13/2019	1/1/2040	\$39,000,000	\$39,000,000

Neither the EDA, nor the County, is obligated in any manner for the repayment of these bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

7.02 PRIMARY GOVERNMENT & SCHOOL BOARD RIGHT TO USE LIABILITY

7.02.1 Lease Liability

The County and School Board have entered into agreements to lease tower space and assorted office equipment for various terms under long-term, non-cancelable lease agreements. The leases expire at various dates through 2029 and provide for renewal options up to five years. The following lease agreements (grouped for purposes of disclosure) have been recorded at the present value of the future minimum lease payments as of the date of their inception.

Grouped Lease Agreement Information					
	Months to Expiration	Interest Rates	Monthly Principal	Original Borrowing	Principal Outstanding
Governmental Activities					
Office Equipment - Various	21 - 60	0.514% - 3.155%	\$49 - \$787	\$ 266,984	\$ 130,714
Building - FREM Training	36	2.038%	\$7,336	271,398	187,651
Tower Space - Pamunkey Rd	92	0.727%	\$1,844	184,158	141,038
Total Governmental Activities					\$ 459,403
School Board					
Office Equipment - Various	24 - 59	0.316% - 1.059%	\$180 - \$2,016	\$ 272,492	\$ 106,471
Building - BCWDB	24	0.312%	\$649	\$ 15,527	\$ 9,713
Total School Board					\$ 116,184

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, were as follows:

Principal and Interest Requirements to Maturity						
Year Ending June 30	Governmental Activities			School Board		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2024	\$ 176,476	\$ 5,469	\$ 181,945	\$ 89,545	\$ 531	\$ 90,076
2025	157,013	2,817	159,830	20,863	151	21,014
2026	48,229	1,017	49,246	5,776	26	5,802
2027	32,150	549	32,699	-	-	-
2028	27,433	242	27,675	-	-	-
Thereafter	18,102	49	18,151	-	-	-
Total	\$ 459,403	\$ 10,143	\$ 469,546	\$ 116,184	\$ 708	\$ 116,892

7.02.2 Subscription Liability

The County and School Board have entered into subscription agreements to use assorted software for various terms under subscription-based information technology arrangements (SBITA's). The subscriptions expire at various dates through 2033 and provide for renewal options up to ten years. The following SBITA's (grouped for purposes of disclosure) have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

Grouped Subscription Agreement Information					
	Months to Expiration	Interest Rates	Monthly Principal	Original Borrowing	Principal Outstanding
Governmental Activities					
Software - Various	24 - 120	1.710% - 3.144%	\$563 - \$38,512	\$ 8,184,479	\$ 6,692,295
Total Governmental Activities					\$ 6,692,295
Business-type Activities					
Software - Various	60 - 120	1.710% - 3.144%	\$1,016 - \$9,167	\$ 1,111,642	\$ 967,143
Total Governmental Activities					\$ 967,143
School Board					
Software - Various	24 - 120	1.710% - 2.560%	\$1,718 - \$16,021	\$ 3,330,507	\$ 2,706,349
Total School Board					\$ 2,706,349

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2023, were as follows:

Principal and Interest Requirements to Maturity									
Year Ending June 30	Governmental Activities			Business-type Activities			School Board		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2024	\$ 1,183,361	\$ 148,927	\$ 1,332,288	\$ 126,487	\$ 18,066	\$ 144,553	\$ 503,285	\$ 59,975	\$ 563,260
2025	1,086,974	121,714	1,208,688	129,015	15,538	144,553	436,186	49,679	485,865
2026	1,112,353	96,336	1,208,689	131,598	12,955	144,553	445,756	40,730	486,486
2027	1,100,561	70,337	1,170,898	134,235	10,318	144,553	429,484	31,575	461,059
2028	546,070	44,562	590,632	97,238	7,625	104,863	169,428	22,826	192,254
Thereafter	1,662,976	68,769	1,731,745	348,570	15,031	363,601	722,210	46,805	769,015
Total	\$ 6,692,295	\$ 550,645	\$ 7,242,940	\$ 967,143	\$ 79,533	\$ 1,046,676	\$ 2,706,349	\$ 251,590	\$ 2,957,939

In fiscal year 2023, the County and School Board made payments of \$106,148 and \$150,897 respectively, related to seat-based, non-subscription type agreements. These were not recognized as subscription liabilities and are not included in the tables above.

7.03 PRIMARY GOVERNMENT - LANDFILL CLOSURE OBLIGATION

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 \$0.5 million and \$13.3 million for closed and operating landfills, respectively, which is based on 100% and 43.6% usage, respectively. It is estimated that an additional \$5.6 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 (2052).

The estimated total current cost of the landfill closure and post-closure care (\$13.8 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, 2023. 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.

PENSION LIABILITIES – ALL PLANS

Summary of balances for all pension plans for the primary government and the component-unit School Board.

	Governmental Activities	Business-type Activities	Component unit- School Board
Pension liabilities			
Length of Service Award Program (Note 7.04)	\$ 8,682,277	\$ 1,101,896	\$ 24,906,253
Virginia Retirement System (Note 7.05.4)	97,510	-	-
	<u>\$ 8,779,787</u>	<u>\$ 1,101,896</u>	<u>\$ 24,906,253</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
Length of Service Award Program (Note 7.04)	\$ 97,510	\$ -	\$ -
Virginia Retirement System (Note 7.05.4)	8,682,277	1,101,896	24,906,253
Pension contributions (Exhibit I):	<u>\$ 8,779,787</u>	<u>\$ 1,101,896</u>	<u>\$ 24,906,253</u>
Pension actuarial differences:			
Length of Service Award Program (Note 7.04)	\$ 1,049,877	\$ -	\$ -
Virginia Retirement System (Note 7.05.4)	11,468,232	1,528,530	14,737,695
Pension actuarial differences (Exhibit I):	<u>\$ 12,518,109</u>	<u>\$ 1,528,530</u>	<u>\$ 14,737,695</u>
Deferred Inflows of Resources			
Pension actuarial differences:			
Length of Service Award Program (Note 7.04)	\$ 1,729,617	\$ -	\$ -
Virginia Retirement System (Note 7.05.4)	8,917,848	1,115,418	34,357,510
Pension actuarial differences (Exhibit I):	<u>\$ 10,647,465</u>	<u>\$ 1,115,418</u>	<u>\$ 34,357,510</u>
Pension expense			
Virginia Retirement System (Note 7.05.4)	\$ 8,518,744	\$ 1,104,078	\$ 5,813,260
Length of Service Award Program (Note 7.04)	135,374	-	-
	<u>\$ 8,654,118</u>	<u>\$ 1,104,078</u>	<u>\$ 5,813,260</u>

7.04 PRIMARY GOVERNMENT - LOSAP PENSION LIABILITY**Volunteer Fire & Rescue Length of Service Award Program****Plan description**

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

Plan membership

As of June 30, 2022, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:

Inactive members currently receiving benefits	77
Inactive members with deferred vested benefits	156
Active members	157
	<u>390</u>

Benefits provided

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

Contributions

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

Total pension liability

The Plan's total pension liability of \$3.5 million was determined and measured by an actuarial valuation performed as of June 30, 2022.

Changes in total pension liability

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2022.

Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2021	\$ 4,484,001
Changes for the year:	
Service cost	85,668
Interest on total pension liability	95,575
Differences between expected and actual experience	(93,030)
Changes in assumptions	(992,020)
Benefit payments	(90,940)
Balance at June 30, 2022	\$ 3,489,254

Actuarial assumptions

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

Rate of inflation	4.00%
Salary scale	No salary, inflation used
Discount rate	3.69%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA projected to 2022.

Discount rate

The discount rate used to measure the total pension liability was 3.69%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in 2021 to 3.69% in 2022.

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

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

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
Total pension liability	\$ 4,100,000	\$ 3,489,254	\$ 3,001,000

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

For the year ended June 30, 2023 the County recognized pension expense of \$0.1 million. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date. These payments of \$97,510 are reported as a deferred outflow of resources as of June 30, 2023, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2024.

At June 30, 2023, the County reported actuarially determined deferred inflows of resources of \$1,729,617 and deferred outflows of resources of \$1,049,877 that will be recognized as pension expense in future reporting periods as follows:

LOSAP Pension Deferred Outflows and Inflows of Resources		
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 32,848	\$ (360,412)
Change in assumptions	1,017,029	(1,369,205)
	<u>\$ 1,049,877</u>	<u>\$(1,729,617)</u>
Amortization for the year ending June 30,		
2024	\$ 156,980	\$ (203,542)
2025	156,980	(203,542)
2026	131,010	(203,542)
2027	109,758	(203,542)
2028	109,758	(203,542)
Thereafter	385,391	(711,907)
	<u>\$ 1,049,877</u>	<u>\$(1,729,617)</u>

Deferred outflows of resources and deferred inflows of resources related to the LOSAP pension plan are combined with the Virginia Retirement System pension plan for reporting on Exhibit I. The disaggregated amounts can be located at section 7.05.6 of the notes to the financial statements.

7.05 PRIMARY GOVERNMENT & SCHOOL BOARD - NET VRS PENSION LIABILITY**Defined Benefit Pension Plan***7.05.1 General information about the pension plan***Plan Description**

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

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

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

Summary of Significant Accounting Policies

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

Benefits Provided

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY			
Membership date is before July 1, 2010 and they were vested as of January 1, 2013 and have not taken a refund.	Membership date is on or after July 1, 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 determined using the member’s average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.			The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
AVERAGE FINAL COMPENSATION			
A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit 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.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
NORMAL RETIREMENT AGE			
Normal retirement age is 65. Political subdivision hazardous duty employees is age 60.	Normal Social Security retirement age. Political subdivision hazardous duty employees same as Plan 1.	Normal Social Security retirement age, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
EARLIEST REDUCED RETIREMENT ELIGIBILITY			
Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees may retire at age 50 with at least 5 years of service credit.	Members may retire with a reduced benefit as early as age 60 with at least five years of service credit. Political subdivision hazardous duty employees same as Plan 1.	Members may retire with a reduced benefit as early as age 60 with at least five years of service credit, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
EARLIEST UNREDUCED RETIREMENT ELIGIBILITY			
Age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. Hazardous duty employees may retire at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90. Political subdivision hazardous duty employees are the same as Plan 1.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT			
The 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.	The 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.
RETIREMENT CONTRIBUTIONS			
Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.		
SERVICE CREDIT			
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member is granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.			Service credit is used to determine vesting for the employer contribution portion of the plan.
PURCHASE OF PRIOR SERVICE			
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as a service credit in their plan. Prior service credit counts toward vesting and eligibility for retirement. Only active members are eligible to purchase prior service. Hybrid Retirement Plan members are ineligible for ported service.			Not applicable for defined contribution plans.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
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, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	School Board*
Inactive employees or beneficiaries currently receiving benefits	439	309
Inactive employees entitled to but not yet receiving benefits	709	271
Active employees	1,003	391
	<u>2,151</u>	<u>971</u>
* Excludes employees reported under the Teacher's Cost Sharing Plan.		

Contributions

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

Employees are required to contribute 5% of their creditable compensation for each pay period. The County and School Board are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In June 2022, the Commonwealth made a special contribution of approximately \$442.4 million to the VRS Teacher Employee Plan. Of this amount, \$6.8 million was proportionately allocated to the School Board's Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

Details of the County and School Board's contractually required rates for the year ended June 30, 2023, as a percentage of covered employee compensation, are provided in the table below.

	County	School Board	
		School Board	Teacher Plan
Employee contribution rate	5.00%	5.00%	5.00%
Employer contribution rate	13.72%	6.28%	16.62%
	<u>18.72%</u>	<u>11.28%</u>	<u>21.62%</u>

Contributions, both employer and employee, to the pension plan for the years ended June 30, 2023 and June 30, 2022 were as follows:

	Amounts in thousands		
	School Board		
	County	School Board	Teacher Plan
Year ended June 30, 2023	\$ 13,946	\$ 1,340	\$ 33,159
Year ended June 30, 2022	10,295	1,027	31,126

7.05.2 Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2022 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>.

7.05.3 Net Pension Asset / Liability

Multi-Employer Agent Plan

At June 30, 2023, the County's net pension liability was \$25.0 million and the School Board reported a net pension asset of \$1.1 million. Each multi-employer agent plan balance was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

School Board's Teacher Retirement Cost-Sharing Plan

The net pension liability of the cost-sharing plan is calculated separately for each school system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position.

As of June 30, 2022, the net pension liability amounts for the VRS Teacher Employee Retirement Plan (*for all school systems*) is as follows (amounts expressed in thousands):

	VRS Employee Retirement Plan - all School Systems in Commonwealth
Total pension liability	\$ 54,732,329
Plan fiduciary net position	45,211,731
Employers' Net Pension Liability	\$ 9,520,598
Plan fiduciary net position as a percentage of the total pension liability	82.61%

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

At June 30, 2023, the School Board reported a liability of \$146.9 million for its proportionate share of the VRS Employee Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022.

relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022 and 2021, the School Board's proportion was 1.54%.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2021, 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, 2022.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	6.75%	6.75%	6.75%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	15.00%	45.00%	Not available
Mortality tables:			
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally, 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a modified MP-2020 Improvement Scale, 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries/Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Changes to assumptions:			
The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	<ul style="list-style-type: none"> • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age. 	<ul style="list-style-type: none"> • Retirement rates adjusted to better fit experience and changed final retirement age from 65 to 70. 	<ul style="list-style-type: none"> • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
	<ul style="list-style-type: none"> • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service. 	<ul style="list-style-type: none"> • Withdrawal rates decreased and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty. 	<ul style="list-style-type: none"> • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service.
	<ul style="list-style-type: none"> • Disability rates – no change. • Line of duty disability rate – no change. • Discount rate – no change. 	<ul style="list-style-type: none"> • Disability rates – no change. • Line of duty disability rate – no change. • Discount rate – no change. 	<ul style="list-style-type: none"> • Disability rates – no change. • Discount rate – no change.

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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the table below.

Long-term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

** The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member (employee) contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined contribution rate from June 30, 2021, actuarial valuations, whichever was greater.

From July 1, 2022, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2022 for the County and School Board, respectively.

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, 2021	\$ 252,191,888	\$ 238,415,434	\$ 13,776,454
Changes for the year:			
Service cost	8,354,120	-	8,354,120
Interest	17,301,284	-	17,301,284
Changes of assumptions	-	-	-
Difference between expected and actual experience	(4,723,531)	-	(4,723,531)
Contributions - employer	-	7,025,192	(7,025,192)
Contributions - employee	-	3,270,189	(3,270,189)
Net investment income	-	(418,157)	418,157
Benefit payments, including refunds of employee contributions	(8,461,389)	(8,461,389)	-
Administrative expense	-	(145,953)	145,953
Other changes	-	5,633	(5,633)
Net changes	12,470,484	1,275,515	11,194,969
Balances at June 30, 2022	\$ 264,662,372	\$ 239,690,949	\$ 24,971,423
		Governmental activities:	21,651,441
		Business-type activities:	3,319,982
			\$ 24,971,423

School Board Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2021	\$ 37,165,490	\$ 39,556,343	\$ (2,390,853)
Changes for the year:			
Service cost	857,374	-	857,374
Interest	2,507,305	-	2,507,305
Changes in assumptions	-	-	-
Difference between expected and actual experience	(1,145,092)	-	(1,145,092)
Contributions - employer	-	580,238	(580,238)
Contributions - employee	-	446,899	(446,899)
Net investment income	-	(40,856)	40,856
Benefit payments, including refunds of employee contributions	(1,755,212)	(1,755,212)	-
Administrative expense	-	(24,687)	24,687
Other changes	-	911	(911)
Net changes	464,375	(792,707)	1,257,082
Balances at June 30, 2022	\$ 37,629,865	\$ 38,763,636	\$ (1,133,771)

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

Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate				
	Current Discount			
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)	
County's calculated net pension liability (asset)	\$ 64,540,611	\$ 24,971,423	\$ (7,037,101)	
School Board's calculated net pension liability (asset)	\$ 3,512,526	\$ (1,133,771)	\$ (4,934,148)	
Teacher Retirement Plan's calculated net pension liability*	\$ 262,457,934	\$ 146,946,632	\$ 52,895,031	

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

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

The following tables summarize the recognized pension expense at June 30, 2023, and the reported deferred outflows and inflows of resources by source as of the June 30, 2022 measurement date for the Primary Government and its Component unit – School Board. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportional share of employer contributions.

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions - Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government
Total pension expense:	<u>\$ 8,518,744</u>	<u>\$ 1,104,078</u>	<u>\$ 9,622,822</u>
Deferred outflows - pension contributions:			
Employer contributions subsequent to the measurement date	<u>\$ 8,682,277</u>	<u>\$ 1,101,896</u>	<u>\$ 9,784,173</u>
Deferred outflows - actuarial differences:			
Difference between expected and actual experience	\$ 5,607,820	\$ 747,432	\$ 6,355,252
Change of assumptions	5,860,412	781,098	6,641,510
Total deferred outflows - actuarial differences:	<u>\$ 11,468,232</u>	<u>\$ 1,528,530</u>	<u>\$ 12,996,762</u>
Deferred inflows - actuarial differences:			
Difference between expected and actual experience	\$ (3,239,866)	\$ (405,233)	\$ (3,645,099)
Net difference between projected and actual earnings on plan investments	(5,677,982)	(710,185)	(6,388,167)
Total deferred inflows - actuarial differences	<u>\$ (8,917,848)</u>	<u>\$ (1,115,418)</u>	<u>\$ (10,033,266)</u>

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions - Component Unit - School Board				
	Component unit - School Board			
	Multi-Employer Agent Plan		Teacher	Total
	Internal		Retirement	Component
	School Board	Fleet Services	Cost-sharing Plan	unit School Board
Total pension expense:	<u>\$ 23,569</u>	<u>\$ 2,960</u>	<u>\$ 5,786,731</u>	<u>\$ 5,813,260</u>
Deferred outflows - pension contributions:				
Employer contributions subsequent to the measurement date	<u>\$ 583,654</u>	<u>\$ 47,276</u>	<u>\$ 24,275,323</u>	<u>\$ 24,906,253</u>
Deferred outflows - actuarial differences:				
Difference between expected and actual experience	\$ 72,298	\$ 5,482	\$ -	\$ 77,780
Change of assumptions	275,594	20,897	13,854,107	14,150,598
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	\$ -	\$ -	\$ 509,317	\$ 509,317
Total deferred outflows - actuarial differences:	<u>\$ 347,892</u>	<u>\$ 26,379</u>	<u>\$ 14,363,424</u>	<u>\$ 14,737,695</u>
Deferred inflows - actuarial differences:				
Difference between expected and actual experience	\$ (663,622)	\$ (49,360)	\$ (10,132,551)	\$ (10,845,533)
Net difference between projected and actual earnings on plan investments	(1,061,294)	(78,938)	(19,158,763)	(20,298,995)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	(3,212,982)	(3,212,982)
Total deferred inflows - actuarial differences	<u>\$ (1,724,916)</u>	<u>\$ (128,298)</u>	<u>\$ (32,504,296)</u>	<u>\$ (34,357,510)</u>

Amortization of Deferred Outflows and Inflows of Resources

Employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Primary Government			Component unit - School Board			
	Multi-Employer Agent Plan					Teacher	Total
	Governmental Activities	Business-type Activities	Total Primary Government	School Board	Internal	Retirement	Component
					Service Fund Fleet Services	Cost-sharing Plan	unit School Board
Fiscal year ended June 30,							
2024	\$ 1,939,637	\$ 314,184	\$ 2,253,821	\$ (469,876)	\$ (34,777)	\$ (5,886,641)	\$ (6,391,294)
2025	884,727	143,308	1,028,035	(694,019)	(51,367)	(7,402,648)	(8,148,034)
2026	(2,773,048)	(449,180)	(3,222,228)	(713,221)	(52,789)	(13,502,240)	(14,268,250)
2027	2,499,068	404,800	2,903,868	500,092	37,014	8,650,657	9,187,763
2028	-	-	-	-	-	-	-
	<u>\$ 2,550,384</u>	<u>\$ 413,112</u>	<u>\$ 2,963,496</u>	<u>\$ (1,377,024)</u>	<u>\$ (101,919)</u>	<u>\$ (18,140,872)</u>	<u>\$ (19,619,815)</u>
Pension actuarial differences:							
Total deferred outflows	\$ 11,468,232	\$ 1,528,530	\$ 12,996,762	\$ 347,892	\$ 26,379	\$ 14,363,424	\$ 14,737,695
Total deferred inflows	(8,917,848)	(1,115,418)	(10,033,266)	(1,724,916)	(128,298)	(32,504,296)	(34,357,510)
	<u>\$ 2,550,384</u>	<u>\$ 413,112</u>	<u>\$ 2,963,496</u>	<u>\$ (1,377,024)</u>	<u>\$ (101,919)</u>	<u>\$ (18,140,872)</u>	<u>\$ (19,619,815)</u>

7.05.5 Payables to the Pension Plan

The County and School Board reported payables of \$1.1 and \$0.8 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2023.

OPEB LIABILITIES – ALL PLANS

Summary of balances for all OPEB plans for the primary government and the component-unit School Board.

	Primary Government		Component Unit- School Board
	Governmental Activities	Business-type Activities	
OPEB Liabilities			
Primary Government Retiree Healthcare (Note 7.06)	\$ 71,894,401	\$ 9,518,624	\$ -
School Board Retiree Healthcare (Note 7.07)	-	-	132,769,607
Primary Government LODA (Note 7.08)	6,631,198	-	-
VRS Group Life Insurance Program (Note 7.09)	3,300,700	478,597	8,537,525
VRS Health Insurance Credit Program (Note 7.10)	-	-	19,909,004
	<u>\$ 81,826,299</u>	<u>\$ 9,997,221</u>	<u>\$ 161,216,136</u>
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 7.07)	\$ -	\$ -	\$ 5,143,855
VRS Health Insurance Credit Program (Note 7.10)	-	-	1,927,735
VRS Group Life Insurance Program (Note 7.09)	348,674	50,557	892,000
OPEB contributions (Exhibit I):	<u>\$ 348,674</u>	<u>\$ 50,557</u>	<u>\$ 7,963,590</u>
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 7.06)	\$ 10,321,099	\$ 1,484,939	\$ -
Primary Government LODA Program (7.08)	693,241	-	-
School Board Retiree Healthcare (Note 7.07)	-	-	34,058,809
VRS Health Insurance Credit Program (Note 7.10)	-	-	746,676
VRS Group Life Insurance Program (Note 7.09)	798,366	115,762	1,063,163
OPEB actuarial differences (Exhibit I):	<u>\$ 11,812,706</u>	<u>\$ 1,600,701</u>	<u>\$ 35,868,648</u>
OPEB Expense			
Primary Government Retiree Healthcare (Note 7.06)	\$ 168,451	\$ 21,075	\$ -
School Board Retiree Healthcare (Note 7.07)	-	-	(14,489,768)
Primary Government LODA (Note 7.08)	462,870	-	-
VRS Group Life Insurance Program (Note 7.09)	240,673	34,897	194,969
VRS Health Insurance Credit Program (Note 7.10)	-	-	1,462,617
	<u>\$ 871,994</u>	<u>\$ 55,972</u>	<u>\$ (12,832,182)</u>

7.06 PRIMARY GOVERNMENT - TOTAL OPEB LIABILITY – RETIREE HEALTHCARE**Plan Description**

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

In order to be eligible for other postemployment benefits (OPEB) employees must meet VRS's retirement eligibility criteria. They also must retire directly from active employment and enroll in a medical plan offering at the time of retirement. In addition, employees must also meet certain County service requirements based on their County hire date. Employees hired prior to November 1, 2007 must complete ten consecutive years of regular full-time employment with the County immediately prior to full (unreduced) retirement under VRS to be fully subsidized by the County. Employees hired on or after November 1, 2007 must complete at least twenty consecutive years of regular fulltime employment with the County immediately prior to full retirement under VRS for the full subsidy.

Employees retiring with reduced VRS pension benefits, regardless of their hire date, will be required to complete 20 or more consecutive years of full-time County service at retirement to be eligible for a minimum 50% subsidy toward their coverage. For every additional consecutive year of service worked over twenty years the employee receives a 5% subsidy toward their coverage. Retirees reaching the age of 65 must apply for and receive Medicare coverage and convert to a Medicare carve-out policy. Line of duty disabilities receive full subsidization of their coverage regardless of years of service or hire date with the County.

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

Post-65 Health Reimbursement Accounts (HRAs)

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

Employees Covered by Benefit Terms

As of June 30, 2021, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	849
Retirees and Spouses	212
	<u>1061</u>

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2023, the County has assigned fund balances of \$12,153,361, \$92,056 and \$2,160,118 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$6,685,844 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$81.4 million was determined by an actuarial valuation as of June 30, 2021 and projected forward to a measurement date of June 30, 2023.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability as of June 30, 2022	\$ 79,899,549
Service Cost	2,307,499
Interest	2,871,188
Change of assumptions	(1,445,827)
Benefit payments	(2,219,384)
Total OPEB liability as of June 30, 2023	\$ 81,413,025
Primary Government:	
Governmental	\$ 71,894,401
Business-type	9,518,624
	\$ 81,413,025

Actuarial Assumptions

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.65%
Healthcare cost trend rate	6.70% to 3.90% over 52 years

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date increasing from 3.54% as of June 30, 2022 to 3.65% as of June 30, 2023.

Assumption rates for retirement, mortality, withdrawal, and disability were based on the most recent experience study performed for VRS. This study examined actual VRS experience over the four-year period ending June 30, 2016. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 26, 2017.

Sensitivity of the Total OPEB Liability to Changes in the Discount rate and Healthcare cost Trend

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

Discount rate sensitivity

	2.65%	3.65%	4.65%
Total OPEB liability	<u>\$ 96,008,338</u>	<u>\$ 81,413,025</u>	<u>\$ 69,727,165</u>

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	<u>\$ 67,215,991</u>	<u>\$ 81,413,025</u>	<u>\$ 99,839,696</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

The County recognized OPEB expense for fiscal year 2023 of \$189,526. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 4,155,287	\$ (12,083,171)
Changes of assumptions	7,650,751	(24,576,831)
Total	<u>\$ 11,806,038</u>	<u>\$ (36,660,002)</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2024	\$ 4,177,186	\$ (8,449,464)
2025	4,177,186	(7,732,580)
2026	3,451,666	(7,013,917)
2027	-	(5,337,036)
2028	-	(5,337,036)
Thereafter	-	(2,789,969)
Total	<u>\$ 11,806,038</u>	<u>\$ (36,660,002)</u>
Governmental Activities	\$ 10,321,099	\$ (32,458,693)
Business-type Activities	1,484,939	(4,201,309)
	<u>\$ 11,806,038</u>	<u>\$ (36,660,002)</u>

7.07 SCHOOL BOARD - NET OPEB LIABILITY – RETIREE HEALTHCARE**Plan Description***Plan administration*

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

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

Plan membership

As of September 17, 2021, the most recent actuarial valuation, membership consisted of the following:

	2021	2019
Active employees	2,333	2,115
Retirees (pre-Medicare)	219	281
Retirees (Medicare-age)	869	855
Total	3,421	3,251

Benefits provided

The Plan provides healthcare insurance for eligible retirees and their dependents through the School Board's group health insurance plan. To be eligible for the Plan, employees must be entitled to full or reduced pension benefits through the Virginia Retirement System (VRS) and reach:

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

The individual and their dependents must be enrolled in the group plan for a period of one year prior to seeking retiree medical benefits. Individuals hired on or after July 1, 2007 must have a minimum of 15 years of consecutive service with Spotsylvania County Public Schools. Prior to Medicare eligibility, retirees may choose among the same health insurance options as active employees. 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, which is secondary to Medicare. Spouses of retired employees may continue medical coverage but will not receive any explicit subsidy from the School Board.

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2023, there are no Plan contribution requirements, benefits are financed on a pay-as-you-go basis. Contributions into the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation.

Investments*Investment policy*

To assist local governments in funding their OPEB liabilities, the Virginia Association of Counties and the Virginia Municipal League established the VACo/VML Pooled OPEB Trust (Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees comprised of nine voting members. Trustees are members of the local finance boards of participating political subdivisions and are elected for staggered three-year terms by the participants in the Trust.

The Trust is comprised of two investment portfolios and operates under the Virginia Pooled OPEB Trust Fund Agreement ("Trust Agreement"). The School Board's participates in the Virginia Pooled OPEB Trust Portfolio I ("Portfolio I") a default portfolio with an asset allocation constructed to achieve a long-term expected rate of return of approximately 7.5%. The Trust seeks to maximize the total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection. The investment policy seeks to achieve long-term objectives while maintaining prudent investment guidelines. The objective is partly achieved through asset diversification. The Board of Trustees, with assistance from the investment consultant, makes asset class choices and sets the asset class target allocations. The Board of Trustees chooses which investment managers to include in the investment portfolios. Investment managers construct and manage the strategies for the Trust's investment portfolios.

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. Participant ownership is proportionate and based on market value. The value of each share is determined by dividing the value of the net position of the portfolio by the number of units outstanding at the end of the month when the portfolios are valued. Investments are reported at fair value approximating NAV. The Net Asset Value ("NAV") is floating and fluctuates in accordance with market conditions including asset prices and interest rate levels. Shares are purchased and redeemed at the floating NAV. Interest income is allocated to participants' accounts once per month. Employer contributions are recognized when received. Distributions are recognized when a formal request from a participating employer's local finance board is received. Generally, participants may redeem their investment at the end of a calendar quarter upon 90 days' written notice.

Audited financial statements of the Virginia Pooled OPEB Trust Fund are available through the VML/VACo Finance Program, Attn: Managing Director, 8 E. Main St., Suite 100, Richmond, VA 23219.

Concentrations

As of June 30, 2023, there are no investments in any one organization that represent 5% or more of the Plan's fiduciary net position.

Rate of return

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.5%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of April 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Changes in the Net OPEB Liability

Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2021	\$ 188,376,805	\$ 11,726,729	\$ 176,650,076
Service Cost	7,770,288	-	7,770,288
Interest	3,566,569	-	3,566,569
Difference between actual and expected experience	(1,985,269)	-	(1,985,269)
Changes of assumptions	(48,299,397)	-	(48,299,397)
Employer contributions	-	6,170,905	(6,170,905)
Net investment income	-	(1,238,245)	1,238,245
Benefit payments	(3,250,763)	(3,250,763)	-
Balances, June 30, 2022	\$ 146,178,233	\$ 13,408,626	\$ 132,769,607

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of April 1, 2021, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022, unless otherwise specified:

Investment rate of return, net*	7.0%
Salary increases*	3.50 – 5.95%
Blended discount rate	3.99%
*Includes inflation at	2.50%

Mortality rates are based on the Pub. T.H-2010 Mortality Table (teacher, headcount-weighted), Fully Generational, Projected using Scale MP-2018 and base year 2010.

Healthcare cost trend rates are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model with an initial rate of 4.9% for 2021, decreasing gradually to an ultimate rate of 4.0% for 2075 and later years.

Demographic assumptions mirror those used for the School Board's pension plan, with adjustments made for the actual experience of the School Board employees. The retirement, termination, disability, and mortality assumptions are based on the latest VRS Actuarial Valuation of Other Postemployment Benefits report. Gross claims are based on enrollment and medical and prescription drug premiums for employees and pre age 65 retirees from October 1, 2021 through September 30, 2022. Medical and prescription drug rates were projected assuming 5% annual trend.

Changes in assumptions and other inputs:

- A change in the discount rate from 1.92% in 2021 to 3.99% in 2022.
- The medical trend was updated.
- The claims assumptions were updated to include the most recent claims experience and rates. As of January 1, 2021, the retiree health benefits changed from Healthsmart and Anthem Part D, both self-funded plans, to Aetna, a premium only plan. Healthsmart was the Medicare supplement and Anthem Part D was the RX. Aetna coverage is the Medicare supplement and the Medicare RX together. This change reduced liabilities by over 40 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend

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

Discount rate sensitivity

	1% Decrease 2.99%	Current Rate 3.99%	1% Increase 4.99%
Net OPEB liability	<u>\$ 153,502,715</u>	<u>\$ 132,769,607</u>	<u>\$ 115,748,255</u>

Healthcare rate sensitivity

	1% Decrease Trend Rate of 3.00%	Current Rate Trend Rate of 4.00%	1% Increase Trend Rate of 5.00%
Net OPEB liability	<u>\$ 111,882,814</u>	<u>\$ 132,769,607</u>	<u>\$ 158,962,755</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the fiscal year ended June 30, 2023, the School Board recognized an OPEB expense of (\$14,489,768). At June 30, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ -	\$ 109,667,624
Changes of assumptions	32,704,340	49,622,218
Net difference between projected and actual earnings	1,354,469	-
Total	<u>\$ 34,058,809</u>	<u>\$ 159,289,842</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2024	\$ 9,169,532	\$ (34,057,773)
2025	9,159,273	\$ (34,057,773)
2026	9,126,247	(30,597,895)
2027	5,319,280	(26,898,380)
2028	1,284,477	(26,494,499)
Thereafter	-	(7,183,522)
Total	<u>\$ 34,058,809</u>	<u>\$ (159,289,842)</u>

GASB 74 OPEB Liability

The following presents information required under GAAP. Use of this information should be limited to the School Board's OPEB Trust Fund, a component unit of the School Board, as reported within Schedule F-1 School Board's Statement of Net Position – Fiduciary Funds, Schedule F-2 School Board's Statement of Changes in Net Position – Fiduciary Funds, and their related Schedules of Required Supplementary Information.

Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2023, were as follows:

Total OPEB liability	\$ 98,465,379
Plan fiduciary net position	14,416,646
School Board's net OPEB liability	<u>\$ 84,048,733</u>
Plan fiduciary net position as a % of the total OPEB liability	14.64%

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation as of March 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023, unless otherwise specified:

Investment rate of return, net*	6.75%
Salary increases*	1.00 – 3.45%
Blended discount rate	6.75%
*Includes inflation at	2.50%

Mortality rates are based on the Pub. T.H-2010 Mortality Table (teacher, headcount-weighted), Fully Generational, Projected using Scale MP-2021 and base year 2010.

Healthcare cost trend rates are based on the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model with an initial rate of 7.5% for 2023, decreasing gradually to an ultimate rate of 3.94% for 2075 and later years.

Demographic assumptions mirror those used for the School Board's pension plan, with adjustments made for the actual experience of the School Board employees. The retirement, termination, and disability assumptions are based on the Teachers and Local Non-Top 10 Employers (non-hazardous duty employees) in the VRS experience study dated September 10, 2021. The mortality assumption is based on the SOA Pub 2010 headcount-weighted mortality tables, projected using mortality improvement scale MP-2021. The average premium was calculated by blending the FY2023 premiums for each plan based on enrollment as of the valuation date and trending to the midpoint of the projection period using 7.50% trend. The average premium for the pre-Medicare plans was then age adjusted to determine a retiree per capita cost.

Changes in assumptions and other inputs:

- A change in the discount rate from 3.99% in 2022 to 6.75% in 2023.
- The mortality improvement scale was updated to MP-2021.
- The per capita cost assumption was updated based on the FY2023 premium rates provided by the Schools.
- The healthcare cost trend assumption was updated based on the 2022 Getzen model released by the SOA.
- The retirement, termination, disability, salary scale, and spouse age differential assumptions were updated based on those developed in the VRS experience study dated September 10, 2021.

The Trust utilizes a strategic asset allocation approach with its investments to achieve the long-term return objectives for Portfolio I. The strategic asset allocation for the portfolio was determined by using the investment consultant's proprietary asset allocation modeling tool. The asset allocation model uses historical returns, volatility, and correlations for each asset class to provide a range of potential risk and return outcomes for Portfolio I. The long-term target allocations are included in the following table, as well as the arithmetic nominal and real rates of return for each asset class. The weighted average real rate of return is derived from the target allocation and real rate of return for each asset class. The weighted averages are combined and added to the expected long-term inflation rate to calculate the expected arithmetic nominal return.

The strategic asset allocation targets and allowable asset allocation ranges are outlined in the Trust's Investment Policy Statement, which was approved by the Trust's Board on March 18, 2022. The table on the next page provides the target asset allocation for the Trust's Portfolio I, the 2023 nominal and real capital market assumptions for those asset classes, and the weighted average real return based on the long-term capital market assumptions, as determined by the investment consultant.

Asset Class	Target Asset Allocation	Long-Term Arithmetic Average Nominal Return ¹	Long-Term Arithmetic Average Real Return ²	Long-Term Arithmetic Weighted Average Real Return
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.64%	2.89%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.92%	7.17%	1.51%
U.S. Small Cap Equity	10.00%	11.36%	8.61%	0.86%
International Developed Equity	13.00%	10.81%	8.06%	1.05%
Emerging Market Equity	5.00%	12.08%	9.33%	0.47%
Long/Short Equity	6.00%	8.52%	5.77%	0.35%
Private Equity	10.00%	13.30%	10.55%	1.06%
Core Real Estate	10.00%	9.29%	6.54%	0.65%
Opportunistic Real Estate	5.00%	12.29%	9.54%	0.48%
Total	100.00%			7.01%
		Inflation		2.75%
		Expected arithmetic nominal return		9.76%

1) Long-Term Arithmetic Average Nominal Return is the average return assumption for any given year derived from long-term risk premiums and a long-term average risk-free rate.

2) Long-Term Arithmetic Average Real Return is the Long-Term Arithmetic Average Nominal Return minus an average annual inflation rate of 2.75%.

Discount rate

The School Board maintains an irrevocable trust valued at \$14.4 million as of June 30, 2023. The Plan's fiduciary net position was projected for each year based on the expected total contributions, benefit payments, and investment earnings from the Trust, and is projected to remain solvent. Therefore, the expected rate of return of 6.75% is used as the discount rate as of June 30, 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend

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

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

Discount rate sensitivity

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB liability	\$ 94,557,229	\$ 84,048,733	\$ 75,101,039

Healthcare rate sensitivity

	1% Decrease Trend Rate of 2.94%	Current Rate Trend Rate of 3.94%	1% Increase Trend Rate of 4.94%
Net OPEB liability	\$ 73,863,172	\$ 84,048,733	\$ 96,191,782

7.08 PRIMARY GOVERNMENT – TOTAL OPEB LIABILITY – LINE OF DUTY ACT (LODA) PLAN**Plan Description**

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

The LODA program provides death and disability benefits for public safety employees and volunteer firefighters who die or are who disabled in the line of duty. Benefits include a \$100,000 life insurance benefit for death occurring as a direct or proximate result of duties, a \$25,000 death benefit for death by presumptive clause within five years of retirement. The Plan also provides medical benefits for disabled employees and their families, including surviving spouses.

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

Medical Benefits

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

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

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

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

- Disabled employees receive LODA coverage for life.
- Eligible spouses receive LODA coverage for life. However, health care benefits terminate upon the earlier of the spouse's death, divorce, or election of alternate coverage.
- There is no suspension of benefits due to income.
- Current/existing surviving spouses who remarry prior to July 1, 2017 will continue to receive LODA benefits. Surviving spouses who remarry after July 1, 2017 will lose LODA benefits.
- There is reimbursement for Medicare Part B premiums

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

Medical Plans

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

Medicare B Premiums

LODA pays the Medicare Part B premium for eligible participants that were disabled prior to July 1, 2017 and their eligible spouses once they become Medicare eligible. The Medicare Part B premium depends upon income. Monthly Medicare B premiums ranged from \$160 to \$177 for 2023 and \$149 to \$170 for 2022.

LODA Premiums

VRS LODA premiums for the fiscal year ending June 30, 2023 are as follows:

Plan 1 (former LODA)	Premium
Single	\$ 1,119.00
Family	\$ 2,653.00
Plan 3 (Medicare primary)	Premium
Single	\$ 296.00

Plan Participants

As of June 30, 2022, the most recent actuarial valuation date, membership in the Plan consisted of the following:

	Employees	Volunteer Firefighters	Total
Active members	473	152	625
Retirees eligible for post-Medicare coverage	N/A	N/A	10
Retirees not eligible for post-Medicare coverage	N/A	N/A	4

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. As of June 30, 2023, the County has committed \$500,000 in General Fund fund balance to finance future LODA OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$6.6 million was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Balance as of June 30, 2022	\$ 5,942,951
Service Cost	814,327
Interest	215,287
Experience losses	128,191
Changes of assumptions	(124,127)
Benefit payments	(345,431)
Balance as of June 30, 2023	\$ 6,631,198

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount rate	3.69%
Medical cost trend rate	6.00% in 2022 to 3.94% in 2075
Salary increases	3.50 – 4.75%
Mortality rates	
Pre-commencement	Pub-2010 Headcount-Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years with 75% of Mortality Improvement Scale MP2020.
Post-commencement	
Healthy	Pub 2010-Headcount-Weighted Safety Retirees Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years with 75% of Mortality Improvement Scale MP2020.
Disabled	Pub-2010 Headcount-Weighted Safety Disabled Retirees Rates projected generationally; 95% of rates for males; 90% of rates for females set forward 3 years with 75% of Mortality Improvement Scale MP2020.
Service related deaths	Direct result 12.50% and presumptive result 12.5%
Service related disability	65% of disabilities assumed to be service related

The discount rate was based on 20-Year municipal AA rated bonds as of June 30, 2023. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA model was released in October 2010 and updated in November 2021.

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 3.69% in 2022 to 3.86% in 2023.
- Premium rates were updated.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend

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

Discount rate sensitivity

	1% Decrease 2.86%	Current Rate 3.86%	1% Increase 4.86%
Total OPEB liability	\$ 7,411,910	\$ 6,631,198	\$ 5,962,988

Healthcare rate sensitivity

	1% Decrease 2.94%	Current Rate 3.94%	1% Increase 4.94%
Total OPEB liability	\$ 5,548,859	\$ 6,631,198	\$ 7,980,728

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the year ended June 30, 2023, the County recognized OPEB expense of \$462,870. At June 30, 2023, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 125,815	\$ (3,524,787)
Changes of assumptions	567,426	(889,576)
Total	\$ 693,241	\$ (4,414,363)

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2024	\$ 128,333	\$ (695,077)
2025	128,333	(695,077)
2026	128,333	(695,078)
2027	128,330	(686,372)
2028	66,653	(683,064)
Thereafter	113,259	(959,695)
Total	\$ 693,241	\$ (4,414,363)

7.09 PRIMARY GOVERNMENT & SCHOOL BOARD VRS GROUP LIFE INSURANCE PROGRAM**Summary of Significant Accounting Policies**

The County and School Board participate in the Virginia Retirement System (VRS) Group Life Insurance (GLI) Program, a multiple employer, cost-sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to Section 51.1-500 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to

the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description

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

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for GLI Program OPEB, including eligibility, coverage and benefits is set out in the table below:

GLI PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City School Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> • <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit. • <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Seatbelt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation and is currently \$8,984.

Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and § 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the County and School Board for the years ended June 30, 2023 and June 30, 2022 were as follows:

	Governmental Activities	Business-type Activities	Spotsylvania County School Board	Spotsylvania School Board Teacher Plan
Contributions for year ended June 30, 2023	\$ 348,674	\$ 50,557	\$ 62,291	\$ 829,709
Contributions for year ended June 30, 2022	322,837	45,881	52,951	780,912

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

At June 30, 2023, the County and School Board reported liabilities for their proportionate share of the net GLI OPEB liabilities as shown in the following table. The net GLI OPEB liabilities were measured as of June 30, 2022 and the total GLI OPEB liabilities used to calculate the net GLI OPEB liabilities were determined by actuarial valuations performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The County's and School Board's proportions of the net GLI OPEB liability were based on their actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022, relative to the total of the actuarially determined employer contributions for all participating employers.

For the year ended June 30, 2023, the County and School Board recognized GLI OPEB expense as shown in the following table. Since there was a change in proportionate shares between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Proportionate share of GLI OPEB Liability and related OPEB Expense						
	County of Spotsylvania			Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Total Component Unit-School Board
	Governmental Activities	Business-type Activities	Total			
Net OPEB liability	\$ 3,300,700	\$ 478,597	\$ 3,779,297	\$ 562,072	\$ 7,975,453	\$ 8,537,525
OPEB expense	\$ 240,673	\$ 34,897	\$ 275,570	\$ 6,788	\$ 188,181	\$ 194,969
Proportion at June 30, 2022			0.31387%	0.04668%	0.66236%	
Proportion at June 30, 2021			0.30311%	0.04780%	0.66226%	

At June 30, 2023, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources							
		County of Spotsylvania			Spotsylvania	Spotsylvania	Total
		Governmental	Business-type		County School	County School	Component
		Activities	Activities	Total	Board	Board Teacher	Unit-School
						Plan	Board
Deferred outflows							
Differences between expected and actual experience	\$	261,374	\$ 37,899	\$ 299,273	\$ 44,509	\$ 631,555	\$ 676,064
Net difference between projected and actual earnings on OPEB plan investments		-	-	-	-	-	-
Change in assumptions		123,111	17,851	140,962	20,964	297,472	318,436
Changes in proportionate share		413,881	60,012	473,893	7,300	61,363	68,663
Total deferred outflows	\$	798,366	\$ 115,762	\$ 914,128	\$ 72,773	\$ 990,390	\$ 1,063,163
Deferred inflows							
Differences between expected and actual experience	\$	(132,416)	\$ (19,200)	\$ (151,616)	\$ (22,549)	\$ (319,956)	\$ (342,505)
Net difference between projected and actual earnings on OPEB plan investments		(206,245)	(29,905)	(236,150)	(35,121)	(498,348)	(533,469)
Change in assumptions		(321,501)	(46,617)	(368,118)	(54,748)	(776,841)	(831,589)
Change in proportionate share		(460)	(68)	(528)	(39,556)	(196,204)	(235,760)
Total deferred inflows	\$	(660,622)	\$ (95,790)	\$ (756,412)	\$ (151,974)	\$ (1,791,349)	\$ (1,943,323)

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net GLI OPEB liabilities in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in GLI OPEB expense in future reporting periods as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources Maturities							
	County of Spotsylvania			Spotsylvania	Spotsylvania	Total	
	Governmental	Business-type		County School	County School		
	Activities	Activities	Total	Board	Board Teacher	Plan	Component Unit-School Board
Year ending June 30,							
2024	\$ 70,793	\$ 10,265	\$ 81,058	\$ (18,143)	\$ (196,576)	\$ (214,719)	
2025	55,308	8,019	63,327	(15,571)	(153,989)	(169,560)	
2026	(77,821)	(11,284)	(89,105)	(34,887)	(425,988)	(460,875)	
2027	92,360	13,392	105,752	(3,809)	34,951	31,142	
2028	(2,896)	(420)	(3,316)	(6,791)	(59,357)	(66,148)	
Thereafter	-	-	-	-	-	-	
	\$ 137,744	\$ 19,972	\$ 157,716	\$ (79,201)	\$ (800,959)	\$ (880,160)	
OPEB actuarial differences:							
Total deferred outflows	\$ 798,366	\$ 115,762	\$ 914,128	\$ 72,773	\$ 990,390	\$ 1,063,163	
Total deferred inflows	(660,622)	(95,790)	(756,412)	(151,974)	(1,791,349)	(1,943,323)	
	\$ 137,744	\$ 19,972	\$ 157,716	\$ (79,201)	\$ (800,959)	\$ (880,160)	

Actuarial Assumptions

The total GLI OPEB liability was based on actuarial valuations as of June 30, 2021, 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, 2022.

GLI Plan Actuarial Assumptions			
	Locality - General Employees	Locality - Hazardous Duty Employees	Teacher Plan
Assumptions used in calculations:			
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation		
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none">• Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020• Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service• Disability rates no change• Discount rate no change	<ul style="list-style-type: none">• Mortality rates updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020• Retirement rates adjusted to better fit experience and changed final retirement age from 65 to 70• Withdrawal rates decreased and changed from rates based on age and service to rates based on service only to better fit experience and be more consistent with Locals Top 10 Hazardous Duty• Disability rates no change• Discount rate no change	<ul style="list-style-type: none">• Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020• Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service• Disability rates no change• Discount rate no change
Mortality tables:			
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally, males set forward 1 year; 105% of rates for females

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

Plans' Net GLI OPEB Liability

The net OPEB liability for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, the net OPEB liability amounts for the GLI Program are as follows (amounts expressed in thousands):

	VRS GLI OPEB Program
Total GLI OPEB Liability	\$ 3,577,346
Plan Fiduciary Net Position	2,413,074
GLI Net OPEB Liability	<u>\$ 1,164,272</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the County and School Board for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Long-Term Expected Rate of Return

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Long-term Expected Rate of Return*
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Mult-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time providing a median return of 7.11%, including expected inflation of 2.50%.

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

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

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
GLI - County	\$ 5,499,320	\$ 3,779,297	\$ 2,389,284
GLI - School Board	\$ 817,881	\$ 562,072	\$ 355,344
GLI - School Board Teacher Plan	\$ 11,605,218	\$ 7,975,453	\$ 5,042,106

Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the 2022 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS GLI OPEB Plan

The County and School Board reported the following payables for the outstanding amount of contributions to the VRS GLI OPEB Plans required for the year ended June 30, 2023.

GLI - County	\$	84,691
GLI - School Board		5,425
GLI - School Board Teacher Plan		47,708
	\$	<u>137,824</u>

7.10 SCHOOL BOARD VRS HEALTH INSURANCE CREDIT PROGRAM

The School Board participates in the following two multiple employer other postemployment benefit plans administered by the VRS, collectively referred to as the “HIC plans” or “Plans”.

- VRS Teacher Employee Health Insurance Credit Program – cost sharing plan
- VRS Political Subdivision Health Insurance Credit Program – agent defined plan

Summary of Significant Accounting Policies

The HIC plans were established pursuant to Section 51.1-1400 et seq. of the Code of Virginia, as amended, and which provides the authority under which benefit terms are established or may be amended. The HIC plans are defined benefit plans that provide a credit toward the cost of health insurance coverage for retired teachers and political subdivision employees of participating employers. For purposes of measuring each Plan’s OPEB liability, deferred outflows of resources and deferred inflows of resources and related expense, information about each Plan’s fiduciary net position; and the additions to/deductions from each Plan’s net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

On April, 2020 the Virginia General Assembly amended Section 51.1-1400 et seq. of the Code of Virginia to provide the health insurance credit benefit to employees of local school divisions who are not teachers, who retired under the VRS, including the hybrid retirement program, and who rendered at least 15 years of creditable service, regardless of their date of retirement. The health insurance credit shall only be available on a prospective basis for those eligible retired employees of a local school division who retired prior to July 1, 2020, but did not receive a health insurance credit prior to this date.

Plan Description

All full-time, salaried permanent employees of public school divisions are automatically covered by the Plans upon employment. The Plans are administered by the Virginia Retirement System (the System), along with pension and other OPEB plans, for public employer groups in the Commonwealth of Virginia. Members earn one month of service credit toward the benefit for each month they are employed and for which their employer pays contributions to VRS. The health insurance credit is a tax-free reimbursement in an amount set by the General Assembly for each year of service credit against qualified health insurance premiums retirees pay for single coverage, excluding any portion covering the spouse or dependents. The credit cannot exceed the amount of the premiums and ends upon the retiree’s death.

The specific information about each Plan's eligibility, coverage and benefits is set out in the table below:

HIC PLAN PROVISIONS	
Eligible Employees The HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and teachers employees, which are covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS. 	
Benefit Amounts The HIC provides the following benefits for eligible employees:	
Teacher Employee HIC Program <ul style="list-style-type: none"> • <u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is either: <ul style="list-style-type: none"> ○ \$4.00 per month, multiplied by twice the amount of service credit, or ○ \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. 	Political Subdivision HIC Program <ul style="list-style-type: none"> • <u>At Retirement</u> – For employees who retire with at least 15 years of service credit, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <u>Disability Retirement</u> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
Health Insurance Credit Program Notes <ul style="list-style-type: none"> • The monthly Health Insurance Credit benefit cannot exceed the individual premium amount. • Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the health insurance credit as a retiree. 	

Employees covered by benefit terms

As of the June 30, 2021, actuarial valuation, the following employees were covered by the benefit terms of the Political Subdivision Health Insurance Credit Program:

Inactive members or their beneficiaries currently receiving benefits	79
Inactive members:	
Vested inactive members	4
Non-vested inactive members	0
Inactive members active elsewhere in the System	0
Total inactive members	83
Active members	391
Total covered employees	474
- Data excludes teacher employees covered through the cost-sharing Teacher Employee HIC Program	

Contributions

Teacher Employee HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2023, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan were \$1.9 million and \$1.8 million for the years ended June 30, 2023 and June 30, 2022, respectively.

Political Subdivision HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The contractually required employer contribution rate for the year ended June 30, 2023, was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan were \$71,069 and \$49,941 for the years ended June 30, 2023 and June 30, 2022, respectively.

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for the Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2022 Annual Comprehensive Financial Report. A copy of the 2022 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Net OPEB Liability

The following represents the net HIC OPEB liabilities through the Plans' measurement date of June 30, 2022.

	Net HIC OPEB Liability
HIC - School Board Cost-Sharing Teacher Plan	\$ 19,297,019
HIC - Political Subdivision Agent Plan	611,985
	<u>\$ 19,909,004</u>

Teacher Employee HIC Program

The net OPEB liability for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, the net OPEB liability amounts for the Plan, prior to each employers' allocation of their proportionate share, is as follows (amounts expressed in thousands):

	VRS Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,470,891
Plan Fiduciary Net Position	221,845
Teacher Employee Net HIC OPEB Liability	<u>\$ 1,249,046</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	15.08%

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

At June 30, 2023, the School Board reported a liability of \$19.3 million for its proportionate share of the VRS Teacher Employer Health Insurance Credit Program Net OPEB Liability. The net OPEB liability was measured as of June 30, 2022 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. The School Board's proportion of the net OPEB liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. The School Board's proportion was 1.55% as of June 30, 2022 and June 30, 2021.

Political Subdivision HIC Program

At June 30, 2023, the School Board's net Health Insurance Credit OPEB liability of \$0.6 million was measured as of June 30, 2022. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Actuarial Assumptions

The total HIC OPEB liabilities were based on actuarial valuations as of June 30, 2021, 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, 2022.

Plan Actuarial Assumptions		
	Political Subdivision	Teacher Plan
Assumptions used in calculations:		
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation	
Mortality tables:		
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Plan Actuarial Assumptions		
	Political Subdivision	Teacher Plan
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	<ul style="list-style-type: none"> Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 	<ul style="list-style-type: none"> Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Changes to assumptions:		
The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none"> Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all Withdrawal rates adjusted to better fit experience at each age and service decrement through 9 years of service. Disability rates no change Discount rate no change 	<ul style="list-style-type: none"> Mortality Rates update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 Retirement rates adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service Disability rates no change Discount rate no change

The actuarial assumptions used in the June 30, 2021 valuations were based on the results of an actuarial experience study for the four-year period from July 1, 2016 through June 30, 2020 except for the change in the discount rate, which is based on VRS Board action effective as of July 1, 2019.

Long-Term Expected Rate of Return

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

The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Long-term Expected Rate of Return
Public Equity	34.00%	5.71%	1.94%
Fixed income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
Multi-Asset Public Strategies	6.00%	3.73%	0.22%
Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.83%

*The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

Discount Rate

Teacher Employee HIC Program

The discount rate used to measure the total Teacher Employee HIC OPEB liability was 6.75%. The projection of cash flow used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2022, the rate contributed by each school division will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Political Subdivision HIC Program

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. For July 1, 2022, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore,

the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB Liability.

Change in the Political Subdivision Net HIC OPEB Liability

The following table represents the change in net OPEB liability through the Plan's measurement date of June 30, 2022.

School Board - Changes in the Political Subdivision Net HIC OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2021	\$ 575,098	\$ 53,845	\$ 521,253
Changes for the year:			
Service cost	12,891	-	12,891
Interest	39,038	-	39,038
Change in benefit terms	-	-	-
Changes in assumptions	72,028	-	72,028
Difference between expected and actual experience	16,621	-	16,621
Contributions - employer	-	49,941	(49,941)
Contributions - employee	-	-	-
Net investment income	-	(634)	634
Benefit payments, including refunds of employee contributions	(19,300)	(19,300)	-
Administrative expense	-	(173)	173
Other changes	-	712	(712)
Net changes	121,278	30,546	90,732
Balances at June 30, 2022	\$ 696,376	\$ 84,391	\$ 611,985

* Table excludes data for the VRS Teacher Employee HIC program, a cost-sharing pension plan.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the School Board's Political Subdivision HIC agent plan and the Teacher Employee HIC cost-sharing plan, calculated using each Plan's current discount rate, as well as what the respective Plan's net OPEB 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.

	1.00% Lower (5.75%)	Current Discount (6.75%)	1.00% Higher (7.75%)
HIC - School Board Teacher Plan*	\$ 21,747,962	\$ 19,297,019	\$ 17,219,417
HIC - Political Subdivision Plan	\$ 685,394	\$ 611,985	\$ 549,427

*Represents the School Board's proportionate share of the VRS Teacher Employee HIC Program

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits

For the year ended June 30, 2023, the School Board recognized Political Subdivision HIC Program and Teacher Employee HIC Program OPEB expense of \$67,166 and \$1,395,451, respectively. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC program OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, the School Board's reported deferred inflows of resources and deferred outflows of resources related to the School Board's Health Insurance Credit Program the following sources:

Deferred Inflows and Outflows of Resources Related to OPEB					
	Component unit - School Board				
	Political Subdivision HIC Program			Teacher Employee HIC Program	Total Component unit - School Board
	School Board	Internal Service Fund			
		Fleet Services	Total		
Deferred outflows - OPEB contributions:					
Employer contributions subsequent to the measurement date	\$ 66,172	\$ 4,897	\$ 71,069	\$ 1,856,666	\$ 1,927,735
Deferred outflows - actuarial differences:					
Changes of assumptions	\$ 67,487	\$ 4,995	\$ 72,482	\$ 563,764	\$ 636,246
Net difference between expected and actual experience	12,573	930	13,503	-	13,503
Net difference between projected and actual earnings on plan	1,005	74	1,079	-	1,079
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	95,848	95,848
Total deferred outflows - actuarial differences:	\$ 81,065	\$ 5,999	\$ 87,064	\$ 659,612	\$ 746,676
Deferred inflows - actuarial differences:					
Changes of assumptions	\$ -	\$ -	\$ -	\$ (49,278)	\$ (49,278)
Net difference between expected and actual experience	-	-	-	(786,577)	(786,577)
Net difference between projected and actual earnings on plan investments	-	-	-	(19,369)	(19,369)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(528,836)	(528,836)
Total deferred inflows - actuarial differences	\$ -	\$ -	\$ -	\$ (1,384,060)	\$ (1,384,060)

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net OPEB liabilities in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Deferred Inflows and Outflows of Resources Related to OPEB						
Component unit - School Board						
		Political Subdivision HIC Program				Total
		Internal			Teacher	Component
		Service Fund			Employee HIC	unit School
		School Board	Fleet Services	Total	Program	Board
Fiscal year ended June 30,						
2024	\$	19,053	\$ 1,410	\$ 20,463	\$ (205,622)	\$ (185,159)
2025		19,053	1,410	20,463	(176,569)	(156,106)
2026		19,055	1,410	20,465	(115,688)	(95,223)
2027		18,793	1,391	20,184	(39,445)	(19,261)
2028		5,111	378	5,489	(111,071)	(105,582)
Thereafter		-	-	-	(76,053)	(76,053)
	\$	81,065	\$ 5,999	\$ 87,064	\$ (724,448)	\$ (637,384)
OPEB actuarial differences:						
Total deferred outflows	\$	81,065	\$ 5,999	\$ 87,064	\$ 659,612	\$ 746,676
Total deferred inflows		-	-	-	(1,384,060)	(1,384,060)
	\$	81,065	\$ 5,999	\$ 87,064	\$ (724,448)	\$ (637,384)

Payables to the HIC OPEB Plans

The School Board reported the following payables for the outstanding amount of contributions to its OPEB Plans required for the year ended June 30, 2023.

HIC - School Board Cost-Sharing Teacher Plan	\$	43,080
HIC - Political Subdivision Agent Plan		2,534
	\$	<u>45,614</u>

Note 8**Fund Balance**

Governmental fund balance allocations for the year ended June 30, 2023 are as follows:

Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Non-spendable for:				
Leases	\$ 57,415	\$ -	\$ -	\$ 57,415
Total non-spendable fund balance	\$ 57,415	\$ -	\$ -	\$ 57,415
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 1,329,538	\$ 1,329,538
PRTC transportation funds	-	-	4,745,478	4,745,478
Transient occupancy - tourism	1,217,314	-	-	1,217,314
Available bond proceeds:				
Transportation	-	12,820,368	-	12,820,368
Fire & Rescue	-	7,802,071	-	7,802,071
Other	-	2,127,387	-	2,127,387
Grant and other contributions:				
Forfeiture & seizure - drug enforcement	1,296,887	-	-	1,296,887
Fire & rescue equipment & personnel	2,317,483	-	-	2,317,483
Opioid settlement	482,943	-	-	482,943
ARPA interst restricted for Motts Run	673,916	-	-	673,916
Other	716,905	46,616	-	763,521
Total restricted fund balance	\$ 6,705,448	\$ 22,796,442	\$ 6,075,016	\$ 35,576,906
Committed for:				
Fiscal stability reserve	\$ 66,175,365	\$ -	\$ -	\$ 66,175,365
Health insurance reserve	5,719,163	-	-	5,719,163
LOSAP Benefits	2,037,297	-	-	2,037,297
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	9,821,845	-	9,821,845
Fire & rescue facilities, equipment & service	-	7,369,002	582,598	7,951,600
Facility maintenance & improvements	-	4,978,799	-	4,978,799
Transportation	-	3,839,401	8,777,206	12,616,607
Capital projects - various other	-	3,142,737	-	3,142,737
Capital projects - future budget	-	9,382,531	-	9,382,531
Total committed fund balance:	\$ 74,431,825	\$ 38,534,315	\$ 9,359,804	\$ 122,325,944

Fund Balance Classification continued				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assigned to:				
Carryover & FY24 use of fund balance:				
Education	\$ 5,941,524	\$ -	\$ -	\$ 5,941,524
Public safety	1,482,615	-	-	1,482,615
General government	2,505,977	-	-	2,505,977
Economic development	-	5,046,862	-	5,046,862
Transportation	2,400,000	-	-	2,400,000
Transfer to Capital Projects	3,612,934	-	620,000	4,232,934
Various other	852,264	-	1,060,370	1,912,634
OPEB reserve	12,153,361	92,056	2,160,118	14,405,535
ARPA interest	309,983	-	-	309,983
Loss contingencies	2,865,000	-	-	2,865,000
Future community center	629,800	-	-	629,800
Kalahari incentive	1,200,000	-	-	1,200,000
School health insurance reserve	16,468,082	-	-	16,468,082
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	4,584,882	4,584,882
Total assigned fund balance:	\$ 52,421,540	\$ 5,138,918	\$ 8,425,370	\$ 65,985,828
Unassigned*:	\$ 24,775,719	\$ -	\$ -	\$ 24,775,719
Total fund balance:	\$ 158,391,947	\$ 66,469,675	\$ 23,860,190	\$ 248,721,812

* includes \$5 million in budget stabilization funds, a minimum fund balance established by the Board.

Note 9

Commitments and Contingencies

9.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating \$0.8 million and \$105.4 million, respectively, at June 30, 2023. The School Board has construction project commitments of \$58.4 million at June 30, 2023.

Bonds authorized at June 30, 2023 but not issued are as follows:

Public safety	\$ 46,501,115
Schools	200,091,960
Transportation	144,186,459
	<u>\$ 390,779,534</u>

9.02 CONTINGENCIES

Grants

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

Litigation

The County, including its component units, is subject to a variety of pending and threatened litigation, claims, and assessments. Although the outcome is not presently determinable, in the opinion of legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the County or School Board.

Note 10

Tax Incentives

In coordination with Economic Development Authority of the County of Spotsylvania, Virginia, the County enters into various tax incentive agreements, as authorized by Section 15.2-953 of the Code, to attract, retain and facilitate expansion of high quality business and industry resulting in a stable, diverse local economy and an improved standard of living for the citizens of the County. All payments are subject to annual appropriation by the County's Board of Supervisors.

For fiscal year ended June 30, 2023, the County reimbursed various business taxes totaling \$.6 million, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture. For the year ending June 30, 2023, the County reimbursed \$30,727.
- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a \$125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to \$7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment. For the year ending June 30, 2023, the County reimbursed \$315,906.
- On June 8, 2006, the County entered into an agreement with a local developer to facilitate the development of an \$80.0 million first-class retail center. As part of this agreement the County has agreed to reimburse the developer up to \$17.1 million in new local sales tax generated over a twenty-year period. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. For the year ending June 30, 2023, the County reimbursed \$177,401.
- On May 24, 2022, the County entered into an agreement with an entertainment company to incentivize the construction of a family resort and convention center with approximately 1.38 million square feet of commercial space to include a 900-room hotel; 156,278-square foot convention center; 267,429-square foot indoor waterpark & family entertainment center; multiple restaurant and retail facilities; and a 10-acre outdoor resort pool/waterpark; creating more than 1,000 local jobs. The property is located in a growth-designated area with a focus on tourism. Once the waterpark opens, it is expected to generate nearly \$ 7 million a year in tax revenue in excess of the tax incentives for Spotsylvania County. At build out, Kalahari Resort is projected to be the single largest taxpayer in the county.

As part of this agreement the County has agreed to reimburse the developer 100% of business tangible property taxes, 3% of meals taxes collected, 100% of business license fees, and 5% of transient occupancy tax collected over a twenty-year period. The twenty-year period will begin when the occupancy permit has been issued. Various levels of non-compliance and recapture are in place to protect the County's investment. The project is expected to open no

later than June 30, 2028. The County's early projections estimate approximately \$150.9 million in incentives will be paid out over the twenty year period. For the year ended June 20, 2023, there were no qualifying reimbursements.

Note 11

Risk Management

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

Health Insurance Plan

The County and School Board are self-insured for its medical and dental benefits for employees up to \$200,000 per employee, per year. Claims in excess of the limitation are covered by third-party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged. Claims processing and payments are made through a third-party administrator and billed weekly. No funds are held by the administrator at year-end.

The County and School Board have reserved \$5.7 million and \$16.5 million, respectively, of fund balance at June 30, 2023 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). Self-insurance liabilities, including IBNR, are estimated based on information provided by the third-party administrator and recognized as a long-term liability due within one year in the Statement of Net Position. Changes in self-insurance liabilities for the past two fiscal years can be found in the following table.

Change in Self-funded Health and Dental Insurance Claim Liabilities				
Fiscal Year	Insurance Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Insurance Claim Liability Ending
<i>Primary Government</i>				
2023	\$ 1,846,169	\$ 16,639,579	\$ 16,379,448	\$ 2,106,300
2022	1,938,748	16,164,139	16,256,718	1,846,169
<i>Component unit - School Board</i>				
2023	\$ 5,045,905	\$ 44,824,178	\$ 45,056,139	\$ 4,813,944
2022	4,719,532	45,754,378	45,428,005	5,045,905

Primary Government:

Governmental	\$ 1,910,010
Business-type	196,290
	<u>\$ 2,106,300</u>

Property and Casualty

Spotsylvania County & School Board

The County and School Board participate in Virginia Group Self-Insurance Risk Pools providing coverage for commercial general liability, property, automobile and workers' compensation. In the case of a loss deficit and depletion of all assets and available insurance in the pool, the pool may assess all members in the proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

Line of Duty Benefits

Spotsylvania County

The Line of Duty Act (LODA) provides important benefits to public safety officers and public safety volunteers and their beneficiaries due to death or disability resulting from performance of their duties. The County has contracted with VACoRP to administer the Plan and is charged a minimal premium to cover the risk of any claims above the \$500,000 deductible. The amount of the deductible has been allocated as committed fund balance in the General Fund as of June 30, 2023.

Note 12

Interjurisdictional Agreements

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

Joint-Use Water Facilities

In 1995, an agreement between the City and the County provided for the development of a shared water treatment plant at the Motts Run Reservoir. The Motts Run Plant, which is operated by the County, has a treatment capacity of 15 MGD. The City has reserved capacity of 5 MGD. The City is obligated under the agreement to cover their share of the daily operational and maintenance costs associated with the production of potable water. The County bills the City based on their proportionate share of water consumed and records as operating revenues in the County's Water and Sewer fund. In addition, as part of the agreement, any related capital improvement costs are to be shared based on proportionate reserved capacity. The City is billed for their share as costs are incurred. The County recognizes the City's share as capital contribution revenues in its Water and Sewer fund.

Joint-Use Wastewater Facilities

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

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

Note 13

Joint Ventures

13.01 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 2023, the County received \$6.9 million in Motor Fuel Tax and paid \$1.2 million in subsidies. As of June 30, 2023, the PRTC holds \$4.8 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.

13.02 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, 2023 totaled \$7.7 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.

13.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2023 of \$1.5 million.

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

Note 14

Jointly Governed Organizations

14.01 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, 2023, the County's appropriation to the Library was \$4.3 million.

Note 15

Subsequent Events

On September 20, 2023, the County issued \$58.3 million in General Obligation Public Improvement Bonds, Series 2023 with a fixed interest rate of 5%. The bonds are to be repaid in various installments beginning January 15, 2024 until final maturity on January 15, 2043. Net bond proceeds of \$63.8 million (adjusted for premium of \$5.8 million and payment of \$0.3 million in issuance costs) will be used to reimburse the County for costs related to the school, public safety, and transportation projects to be financed with such proceeds.

On November 30, 2023, the County issued \$35.0 million in Water and Sewer Revenue Bonds, Series 2023, with a fixed interest rate of 5%. The bonds are to be repaid in various installments beginning December 1, 2024 until final maturity on December 1, 2048. Net bond proceeds of \$38.0 million (adjusted for premium of \$3.3 million and payment of \$0.3 million in issuance costs) will be used to reimburse the County for costs related to water and sewer infrastructure projects to be financed with such proceeds.

Note 16

Implementation of New Accounting Pronouncements

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this statement, the County is required to recognize a subscription liability and an intangible right-to-use subscription asset.

The following subscription asset and liability balances were adopted as of July 1, 2022 for the Statement of Net Position and reported under Note 4. Capital Assets, within the category of Right-to-use furniture, equipment, software & vehicles, and under Note 7. Long-term Debt and Other Liabilities, within the category of Subscriptions.

	Governmental Activities	Business-type Activities	School Board
Subscription assets	\$ 7,395,997	\$ 1,111,642	\$ 3,330,507
Subscription liabilities	\$ 7,395,997	\$ 1,111,642	\$ 3,330,507

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023

Exhibit X - Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 200,976,112	\$ 200,976,112	\$ 210,834,857	\$ 9,858,745
Other local taxes	61,182,566	61,182,566	66,560,438	5,377,872
Permits, fees and regulatory licenses	228,200	228,200	235,801	7,601
Fines and forfeitures	395,500	395,500	403,721	8,221
From use of money and property	1,235,622	1,387,338	6,187,636	4,800,298
Charges for services	5,547,734	5,548,034	6,117,780	569,746
Gifts and donations	41,425	47,425	114,699	67,274
Miscellaneous	92,500	92,500	653,113	560,613
Intergovernmental	47,716,894	48,747,814	48,214,743	(533,071)
Total revenues	\$ 317,416,553	\$ 318,605,489	\$ 339,322,788	\$ 20,717,299
EXPENDITURES				
Current:				
General government	\$ 19,876,954	\$ 20,804,100	\$ 16,984,645	\$ 3,819,455
Judicial administration	11,556,867	12,014,129	10,907,294	1,106,835
Public safety	75,809,442	80,158,288	76,189,867	3,968,421
Public works	10,886,431	11,090,496	11,299,243	(208,747)
Health and human services	32,892,438	33,261,484	27,731,542	5,529,942
Education	138,270,587	147,370,107	143,399,563	3,970,544
Parks, recreation and cultural	8,423,694	8,602,758	8,268,454	334,304
Community development	5,055,004	5,320,131	4,156,935	1,163,196
Non-departmental	1,983,750	1,977,350	2,060,479	(83,129)
Debt service:				
Bonded debt:				
Principal retirement	7,366,926	7,330,353	7,330,353	-
Interest and other fiscal charges	2,405,735	2,347,481	2,347,651	(170)
Right to use assets:				
Principal retirement	-	-	1,669,944	(1,669,944)
Interest and other fiscal charges	-	-	69,594	(69,594)
Total expenditures	\$ 314,527,828	\$ 330,276,677	\$ 312,415,564	\$ 17,861,113
Excess of revenues over expenditures	\$ 2,888,725	\$ (11,671,188)	\$ 26,907,224	\$ 38,578,412
Other financing uses:				
Transfers out	\$ (18,060,639)	\$ (18,111,954)	\$ (16,987,515)	\$ 1,124,439
Premium on refunding bonds issued	-	-	-	-
Payment to escrow for refunded bonds	-	-	-	-
Lease liabilities issued	-	-	316,869	316,869
Subscription liabilities issued	-	-	788,482	788,482
Total other financing uses	\$ (18,060,639)	\$ (18,111,954)	\$ (15,882,164)	\$ 2,229,790
Net change in fund balances	\$ (15,171,914)	\$ (29,783,142)	\$ 11,025,060	\$ 40,808,202
Fund balance, beginning	15,171,914	29,783,142	145,329,590	115,546,448
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 156,354,650</u>	<u>\$ 156,354,650</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Required Supplementary Information - Notes to Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2023

Exhibit X - Page 2

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

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

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

	Budgetary Basis (Exh X)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 6,187,636	\$ -	\$ 70,871	\$ 6,258,507
EXPENDITURES				
Current:				
Public safety	76,189,867	-	67,174	76,257,041
Education	143,399,563	(3,460,866)	-	139,938,697
Debt service:				
Principal retirement	7,330,353	21,798,041	-	29,128,394
Interest and other charges	2,347,651	6,847,360	-	9,195,011
Bond issuance costs	-	184,442	-	184,442
Other financing sources (uses):				
Issuance of bonds	-	22,610,000	-	22,610,000
Premium on bonds issued	-	2,758,977	-	2,758,977
Total reconciling adjustments:		\$ -	\$ 3,697	
Net change in fund balances (Exh X & IV):	\$ 11,025,060	\$ -	\$ 3,697	\$ 11,028,757
Fund balance, beginning (Exh X & IV)	145,329,590	-	2,033,600	147,363,190
Fund balance, ending (Exh X & IV)	<u>\$ 156,354,650</u>	<u>\$ -</u>	<u>\$ 2,037,297</u>	<u>\$ 158,391,947</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XI - Page 1

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 8,354	\$ 7,209	\$ 6,468	\$ 5,931	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123	
Interest	17,301	14,387	13,530	12,564	11,745	11,029	10,191	9,544	8,849	
Differences between actual and expected experience	(4,724)	10,686	286	3,054	864	707	1,873	(766)	-	
Changes of assumptions	-	10,644	-	6,513	-	(1,373)	-	-	-	
Benefit payments, including refunds of employee contributions	(8,461)	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,263)	(3,827)	
Net change in total pension liability	12,470	35,186	12,854	21,281	12,016	10,555	11,909	9,920	10,145	
Total pension liability - beginning	252,192	217,006	204,152	182,871	170,855	160,300	148,391	138,471	128,326	
Total pension liability - ending	<u>\$ 264,662</u>	<u>\$ 252,192</u>	<u>\$ 217,006</u>	<u>\$ 204,152</u>	<u>\$ 182,871</u>	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$138,471</u>	
Plan fiduciary net position										
Contributions - employer	\$ 7,025	\$ 6,466	\$ 5,337	\$ 4,991	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736	
Contributions - employee	3,270	3,028	2,824	2,721	2,507	2,443	2,303	2,246	2,165	
Net investment income	(418)	51,290	3,506	11,453	11,629	17,039	2,399	5,869	17,024	
Benefit payments, including refunds of employee contributions	(8,461)	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,262)	(3,827)	
Administrative expense	(146)	(122)	(115)	(108)	(97)	(95)	(82)	(76)	(88)	
Other	6	5	(4)	(7)	(10)	(15)	(1)	(1)	1	
Net change in plan fiduciary net position	1,276	52,927	4,118	12,269	12,567	18,347	3,776	8,407	20,011	
Plan fiduciary net position - beginning	238,415	185,488	181,370	169,101	156,534	138,187	134,411	126,004	105,993	
Plan fiduciary net position - ending	<u>\$ 239,691</u>	<u>\$ 238,415</u>	<u>\$ 185,488</u>	<u>\$ 181,370</u>	<u>\$ 169,101</u>	<u>\$ 156,534</u>	<u>\$ 138,187</u>	<u>\$ 134,411</u>	<u>\$126,004</u>	
County's net pension liability-ending	<u>\$ 24,971</u>	<u>\$ 13,777</u>	<u>\$ 31,518</u>	<u>\$ 22,782</u>	<u>\$ 13,770</u>	<u>\$ 14,321</u>	<u>\$ 22,113</u>	<u>\$ 13,980</u>	<u>\$ 12,467</u>	
Plan fiduciary net position as a % of the total pension liability	90.6%	94.5%	85.5%	88.8%	92.5%	91.6%	86.2%	90.6%	91.0%	
Covered payroll	\$ 68,128	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592	
County's net pension liability as a % of covered payroll	36.7%	22.1%	54.1%	42.2%	27.2%	30.2%	48.7%	31.8%	28.6%	

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XI - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
	Disability Rates	No change
	Salary Scale	No change
	Line of Duty Disability	No change
	Discount Rate	No change
Non-Largest Ten Locality Employers - Hazardous Duty Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
	Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
	Disability Rates	No change
	Line of Duty Disability	No change
	Salary Scale	No change
	Discount Rate	No change

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XII - Page 1

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Service cost	\$ 857	\$ 950	\$ 973	\$ 937	\$ 954	\$ 948	\$ 993	\$ 1,024	\$ 1,057	
Interest	2,507	2,266	2,136	2,065	1,972	1,906	1,846	1,760	1,662	
Difference between expected and actual experience	(1,145)	257	510	(112)	(59)	(148)	(454)	(156)	-	
Change in assumptions	-	978	-	862	-	(213)	-	-	-	
Benefit payments, including refunds of employee contributions	(1,755)	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)	
Net change in total pension liability	464	2,726	1,979	2,177	1,359	898	918	1,307	1,404	
Total pension liability - beginning	37,165	34,439	32,460	30,283	28,924	28,026	27,108	25,801	24,397	
Total pension liability - ending	<u>\$ 37,629</u>	<u>\$ 37,165</u>	<u>\$ 34,439</u>	<u>\$ 32,460</u>	<u>\$ 30,283</u>	<u>\$ 28,924</u>	<u>\$ 28,026</u>	<u>\$ 27,108</u>	<u>\$ 25,801</u>	
Plan fiduciary net position										
Contributions - employer	\$ 580	\$ 588	\$ 597	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762	\$ 872	
Contributions - employee	447	451	483	460	446	446	443	448	444	
Net investment income	(41)	8,627	607	2,004	2,097	3,135	447	1,128	3,363	
Benefit payments, including refunds of employee contributions	(1,755)	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)	
Administrative expense	(25)	(22)	(21)	(20)	(18)	(18)	(16)	(16)	(18)	
Other	1	1	(1)	(1)	(2)	(3)	-	-	-	
Net change in plan fiduciary net position	(793)	7,920	25	1,442	1,602	2,549	136	1,001	3,346	
Plan fiduciary net position - beginning	39,556	31,636	31,611	30,169	28,567	26,018	25,882	24,881	21,535	
Plan fiduciary net position - ending	<u>\$ 38,763</u>	<u>\$ 39,556</u>	<u>\$ 31,636</u>	<u>\$ 31,611</u>	<u>\$ 30,169</u>	<u>\$ 28,567</u>	<u>\$ 26,018</u>	<u>\$ 25,882</u>	<u>\$ 24,881</u>	
School Board's net pension liability (asset) - ending	<u>\$ (1,134)</u>	<u>\$ (2,391)</u>	<u>\$ 2,803</u>	<u>\$ 849</u>	<u>\$ 114</u>	<u>\$ 357</u>	<u>\$ 2,008</u>	<u>\$ 1,226</u>	<u>\$ 920</u>	
Plan fiduciary net position as a % of the total pension liability	103.01%	106.43%	91.86%	97.38%	99.62%	98.77%	92.84%	95.48%	96.43%	
Covered payroll	\$ 10,131	\$ 9,833	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922	
School Board's net pension liability (asset) as a % of covered payroll	(11.19%)	(24.32%)	27.21%	8.75%	1.22%	3.90%	22.13%	13.56%	10.31%	

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XII - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age.
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service.
	Disability Rates	No change
	Salary Scale	No change
	Line of Duty Disability	No change
	Discount Rate	No change

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XIII - Page 1

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability	1.54509%	1.54457%	1.57287%	1.58065%	1.56580%	1.59753%	1.62648%	1.62945%	1.62056%	
Proportionate share of the net pension liability	\$ 146,947	\$ 119,866	\$ 228,939	\$ 208,023	\$ 184,137	\$ 196,464	\$ 227,937	\$ 205,089	\$ 195,840	
Covered payroll	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089	\$ 118,052	
Proportionate share of the net pension liability as a % of its covered payroll	102.05%	87.75%	166.03%	157.18%	145.56%	156.21%	183.83%	169.37%	165.89%	
Plan fiduciary net position as a % of the total pension liability	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%	

Schedule is intended to show information for 10 years. Since 2022 is the ninth year for this presentation, there are only nine years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XIII - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
	Disability Rates	No change
	Salary Scale	No change
	Discount Rate	No change

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

Exhibit XIV

(Amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County of Spotsylvania										
Contractually required contribution	\$ 10,221	\$ 7,365	\$ 6,754	\$ 5,580	\$ 5,167	\$ 4,813	\$ 4,516	\$ 4,806	\$ 4,649	
Contribution in relation to the contractually required contribution	(10,221)	(7,365)	(6,754)	(5,580)	(5,167)	(4,813)	(4,516)	(4,806)	(4,649)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 74,496	\$ 68,128	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	
Contributions as a percentage of covered payroll	13.72%	10.81%	10.81%	9.58%	9.58%	9.51%	9.51%	10.58%	10.58%	
Spotsylvania County School Board										
Contractually required contribution	\$ 720	\$ 679	\$ 659	\$ 649	\$ 611	\$ 616	\$ 607	\$ 741	\$ 739	
Contribution in relation to the contractually required contribution	(720)	(679)	(659)	(649)	(611)	(616)	(607)	(741)	(739)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 11,462	\$ 10,131	\$ 9,834	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	
Contributions as a percentage of covered payroll	6.28%	6.70%	6.70%	6.30%	6.30%	6.62%	6.62%	8.17%	8.17%	
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 25,502	\$ 23,931	\$ 22,703	\$ 21,621	\$ 20,751	\$ 20,645	\$ 18,438	\$ 17,433	\$ 17,558	
Contribution in relation to the contractually required contribution	(25,502)	(23,931)	(22,703)	(21,621)	(20,751)	(20,645)	(18,438)	(17,433)	(17,558)	
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Covered payroll	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089	
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%	14.50%	

Schedule is intended to show information for 10 years. Since 2023 is the ninth year for this presentation, there are only nine years available.

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

Last Ten Fiscal Years

Exhibit XV - Page 1

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County of Spotsylvania										
Proportion of the net OPEB GLI liability	0.31387%	0.30311%	0.28328%	0.27529%	0.26618%	0.25793%				
Proportionate share of the net OPEB GLI liability	\$ 3,779	\$ 3,529	\$ 4,728	\$ 4,480	\$ 4,043	\$ 3,881				
Covered payroll	\$ 68,274	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576				
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%				
Plan fiduciary net position as a % of the total OPEB GLI liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%				
Spotsylvania County School Board										
Proportion of the net OPEB GLI liability	0.04668%	0.04780%	0.05005%	0.04959%	0.04896%	0.04992%				
Proportionate share of the net OPEB GLI liability	\$ 562	\$ 557	\$ 835	\$ 807	\$ 743	\$ 751				
Covered payroll	\$ 10,154	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208				
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.53%	5.64%	8.11%	8.30%	7.98%	8.16%				
Plan fiduciary net position as a % of the total OPEB GLI liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%				
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB GLI liability	0.66236%	0.66226%	0.67056%	0.67560%	0.66528%	0.68283%				
Proportionate share of the net OPEB GLI liability	\$ 7,975	\$ 7,711	\$ 11,191	\$ 10,994	\$ 10,104	\$ 10,276				
Covered payroll	\$ 144,081	\$ 136,732	\$ 138,005	\$ 132,441	\$ 126,501	\$ 125,950				
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%				
Plan fiduciary net position as a % of the total OPEB GLI liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%				

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XV - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
	Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
	Disability Rates	No change
	Salary Scale	No change
	Line of Duty Disability	No change
	Discount Rate	No change
Non-Largest Ten Locality Employers - Hazardous Duty Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
	Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty.
	Disability Rates	No change
	Line of Duty Disability	No change
	Salary Scale	No change
	Discount Rate	No change
Teachers	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
	Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
	Disability Rates	No change
	Salary Scale	No change
	Discount Rate	No change

COUNTY OF SPOTSYLVANIA, VIRGINIA**Schedule of Employer GLI Contributions**

Last Ten Fiscal Years

Exhibit XVI

(Amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
County of Spotsylvania										
Contractually required contribution	\$ 403	\$ 369	\$ 338	\$ 303	\$ 281	\$ 263	\$ 247	\$ 241	\$ 233	\$ 222
Contribution in relation to the contractually required contribution	<u>\$ (403)</u>	<u>\$ (369)</u>	<u>\$ (338)</u>	<u>\$ (303)</u>	<u>\$ (281)</u>	<u>\$ (263)</u>	<u>\$ (247)</u>	<u>\$ (241)</u>	<u>\$ (233)</u>	<u>\$ (222)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 74,578	\$ 68,274	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576	\$ 45,440	\$ 43,948	\$ 41,844
Contributions as a % of covered payroll	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%
Spotsylvania County School Board										
Contractually required contribution	\$ 62	\$ 55	\$ 53	\$ 54	\$ 51	\$ 48	\$ 48	\$ 48	\$ 48	\$ 47
Contribution in relation to the contractually required contribution	<u>\$ (62)</u>	<u>\$ (55)</u>	<u>\$ (53)</u>	<u>\$ (54)</u>	<u>\$ (51)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (47)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 11,535	\$ 10,154	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208	\$ 9,092	\$ 9,073	\$ 8,916
Contributions as a % of covered payroll	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 829	\$ 778	\$ 738	\$ 718	\$ 689	\$ 658	\$ 655	\$ 658	\$ 643	\$ 629
Contribution in relation to the contractually required contribution	<u>\$ (829)</u>	<u>\$ (778)</u>	<u>\$ (738)</u>	<u>\$ (718)</u>	<u>\$ (689)</u>	<u>\$ (658)</u>	<u>\$ (655)</u>	<u>\$ (658)</u>	<u>\$ (643)</u>	<u>\$ (629)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 153,594	\$ 144,081	\$ 136,732	\$ 138,005	\$ 132,440	\$ 126,501	\$ 125,950	\$ 124,222	\$ 121,231	\$ 118,759
Contributions as a % of covered payroll	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Changes in the Net HIC OPEB Liability and Related Ratios - School Board

Last Ten Fiscal Years

Exhibit XVII - Page 1

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total HIC OPEB liability										
Service cost	\$ 13	\$ 14	\$ -							
Interest	39	34	-							
Change in benefit terms	-	-	505							
Differences between actual and expected experience	17	-	-							
Changes of assumptions	72	22	-							
Benefit payments	(19)	-	-							
Net change in total HIC OPEB liability	<u>122</u>	<u>70</u>	<u>505</u>							
Total HIC OPEB liability - beginning	<u>575</u>	<u>505</u>	<u>-</u>							
Total HIC OPEB liability - ending	<u><u>\$ 697</u></u>	<u><u>\$ 575</u></u>	<u><u>\$ 505</u></u>							
Plan fiduciary net position										
Contributions - employer	\$ 50	\$ 47	\$ -							
Contributions - employee	-	-	-							
Net investment income	(1)	7	-							
Benefit payments	(19)	-	-							
Administrative expense	-	-	-							
Other	1	-	-							
Net change in plan fiduciary net position	<u>31</u>	<u>54</u>	<u>-</u>							
Plan fiduciary net position - beginning	<u>54</u>	<u>-</u>	<u>-</u>							
Plan fiduciary net position - ending	<u><u>\$ 85</u></u>	<u><u>\$ 54</u></u>	<u><u>\$ -</u></u>							
School Board's net HIC OPEB liability-ending	<u><u>\$ 612</u></u>	<u><u>\$ 521</u></u>	<u><u>\$ 505</u></u>							
Plan fiduciary net position as a % of the total HIC OPEB liability	12.20 %	9.39 %	-							
Covered payroll	\$ 10,131	\$ 9,833	\$ 10,301							
School Board's net HIC OPEB liability as a % of covered payroll	6.04%	5.30%	4.90%							

Schedule is intended to show information for 10 years. Since 2022 is the third year for this presentation, there are only three years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Changes in the Net HIC OPEB Liability and Related Ratios - School Board

Last Ten Fiscal Years

Exhibit XVII - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
	Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
	Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
	Disability Rates	No change
	Salary Scale	No change
	Line of Duty Disability	No change
	Discount Rate	No change

COUNTY OF SPOTSYLVANIA, VIRGINIA**Schedule of Employer's Share of Net HIC OPEB Liability - Teacher Plan**

Last Ten Fiscal Years

Exhibit XVIII

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net HIC OPEB liability	1.54494%	1.54456%	1.57285%	1.57784%	1.56262%	1.59468%				
Proportionate share of the net HIC OPEB liability	\$ 19,297	\$ 19,826	\$ 20,518	\$ 20,655	\$ 19,841	\$ 20,231				
Covered payroll	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852				
Proportionate share of the net HIC OPEB liability as a % of its covered payroll	13.40%	14.51%	14.88%	15.61%	15.70%	16.08%				
Plan fiduciary net position as a % of the total HIC OPEB liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%				

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available.

Notes to Schedule:

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all.
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service.
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Employer Health Insurance Credit Contributions

Last Ten Fiscal Years

Exhibit XIX

(Amounts in thousands)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Spotsylvania County School Board Plan										
Contractually required contribution	\$ 71	\$ 49	\$ 47							
Contribution in relation to contractually required contribution	<u>(71)</u>	<u>(49)</u>	<u>(47)</u>							
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>							
Employer's covered payroll	\$ 11,462	\$ 10,131	\$ 9,833							
Contributions as a % of covered payroll	0.62%	0.48%	0.48%							
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 1,857	\$ 1,742	\$ 1,653	\$ 1,655	\$ 1,588	\$ 1,554	\$ 1,548	\$ 1,463	\$ 1,430	\$ 1,387
Contribution in relation to contractually required contribution	<u>(1,857)</u>	<u>(1,742)</u>	<u>(1,653)</u>	<u>(1,655)</u>	<u>(1,588)</u>	<u>(1,554)</u>	<u>(1,548)</u>	<u>(1,463)</u>	<u>(1,430)</u>	<u>(1,387)</u>
Contribution (deficiency)/excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852	\$ 124,013	\$ 121,149	\$ 118,512
Contributions as a % of covered payroll	1.21%	1.21%	1.21%	1.20%	1.20%	1.23%	1.11%	1.06%	1.06%	1.11%

Schedule is intended to show information for 10 years. Contributions for the Spotsylvania School Board Plan is the third year of presentation, no other data is available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Changes in Total OPEB Liability - Retiree Healthcare and Related Ratios - County

Last Ten Fiscal Years

Exhibit XX

(Amounts in thousands)

Measurement Date:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ 2,307	\$ 3,423	\$ 3,308	\$ 2,903	\$ 4,623	\$ 4,412				
Interest	2,871	2,170	2,547	3,230	5,285	4,451				
Changes of benefit items	-	-	-	-	(32,422)	-				
Changes of assumptions	(1,446)	(21,664)	(304)	18,204	(18,446)	(9,319)				
Differences between actual and expected experience	-	-	(18,796)	-	11,850	-				
Benefit payments	(2,219)	(2,117)	(1,490)	(1,757)	(2,270)	(1,454)				
Net change in total OPEB liability	<u>1,513</u>	<u>(18,188)</u>	<u>(14,735)</u>	<u>22,580</u>	<u>(31,380)</u>	<u>(1,910)</u>				
Total OPEB liability - beginning	<u>79,899</u>	<u>98,087</u>	<u>112,822</u>	<u>90,242</u>	<u>121,622</u>	<u>123,532</u>				
Total OPEB liability - ending	<u>\$ 81,412</u>	<u>\$ 79,899</u>	<u>\$ 98,087</u>	<u>\$ 112,822</u>	<u>\$ 90,242</u>	<u>\$ 121,622</u>				
Covered-employee payroll	\$ 86,669	\$ 76,951	\$ 69,498	\$ 64,777	\$ 60,082	\$ 55,194				
County's total OPEB liability as a % of covered-employee payroll	93.93%	103.83%	141.14%	174.17%	150.20%	220.35%				

Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available.

Notes to Schedule:

Benefits provided through the OPEB Retiree Healthcare Plan are not administered through a trust or equivalent arrangement as defined by GASB 75.

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

Changes in plan experience - No change.

Changes in assumptions

The June 30, 2023 actuarial valuation resulted in a \$1.4 million decrease in liability due to the increase in the discount rate from 3.54% to 3.65%.

Change in discount rate	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
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COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XXI

(Amounts in thousands)

Measurement date:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ 5,049	\$ 7,770	\$ 10,378	\$ 8,673	\$ 9,447	\$ 9,179	\$ 10,523			
Interest	5,720	3,566	7,273	8,207	8,743	8,413	7,155			
Difference between expected and actual experience	(12,826)	(1,985)	(135,177)	(2,827)	(20,301)	(2,920)	-			
Changes of assumptions	(40,511)	(48,299)	8,991	25,218	27,701	(3,475)	(27,679)			
Benefit payments	(5,144)	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)			
Net change in total OPEB liability	(47,712)	(42,199)	(112,268)	34,790	20,541	6,509	(14,497)			
Total OPEB liability - beginning	146,178	188,377	300,645	265,855	245,314	238,805	253,302			
Total OPEB liability - ending	\$ 98,466	\$ 146,178	\$ 188,377	\$ 300,645	\$ 265,855	\$ 245,314	\$ 238,805			
Plan fiduciary net position										
Contributions - employer	\$ 5,144	\$ 6,171	\$ 10,017	\$ 4,481	\$ 5,478	\$ 4,688	\$ 4,496			
Net investment income	1,022	(1,227)	1,269	124	208	299	357			
Benefit payments	(5,144)	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)			
Administrative expense	(14)	(12)	(5)	(5)	(4)	(4)	(3)			
Net change in plan fiduciary net position	1,008	1,681	7,548	119	633	295	354			
Plan fiduciary net position - beginning	13,408	11,727	4,179	4,060	3,427	3,132	2,778			
Plan fiduciary net position - ending	\$ 14,416	\$ 13,408	\$ 11,727	\$ 4,179	\$ 4,060	\$ 3,427	\$ 3,132			
School Board's net OPEB liability-ending	\$ 84,050	\$ 132,770	\$ 176,650	\$ 296,466	\$ 261,795	\$ 241,887	\$ 235,673			
Plan fiduciary net position as a % of the total OPEB liability	14.64%	9.17%	6.23%	1.39%	1.53%	1.40%	1.31%			
Covered-employee payroll	\$ 164,829	\$ 154,116	\$ 146,426	\$ 148,123	\$ 141,996	\$ 135,808	\$ 134,931			
School Board's net OPEB liability as a % of covered-employee payroll	50.99%	86.15%	120.64%	200.15%	184.37%	178.11%	174.66%			

Notes to Schedule:

Information presented in this schedule is in accordance with GASB 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans.

Total OPEB Liability - Retiree Healthcare, as reported on Exhibits I & II in accordance with GASB 75, is presented having a 2022 measurement date.

Changes in experience - Favorable demographic experience since the prior valuation resulted in a \$12.8 million dollar decrease in liability.

Changes in assumptions: The June 30, 2023 actuarial valuation resulted in a \$40.5 million dollar decrease in liability, primarily due to the increase of the discount rate from 3.99% to 6.75%. The healthcare cost trend assumption was updated based on the 2022 Getzen model released by the SOA. The mortality improvement scale was updated to MP 2021. The decrement, salary scale, and spouse age differential assumptions were updated based on those developed in the VRS experience study dated September 10, 2021.

Change in Discount Rate:	6.75%	3.99%	1.92%	2.45%	3.13%	3.62%	3.58%
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Schedule is intended to show information for 10 years. Since 2017 is the first year of presentation, no other data is available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

Exhibit XXII

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	7.52%	(10.21%)	27.82%	3.06%	5.78%	9.58%	12.88%			

Schedule is intended to show information for 10 years. Since 2017 is the first year of this presentation, no other data is available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XXIII

(Amounts in thousands)

Measurement Date:	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB liability										
Service cost	\$ 814	\$ 945	\$ 840	\$ 1,020	\$ 908	\$ 880				
Interest	215	143	152	284	274	240				
Differences between expected and actual experience	128	(1,728)	14	(3,752)	(29)	(39)				
Changes of assumptions	(124)	(756)	481	(261)	555	(40)				
Benefit payments	<u>(345)</u>	<u>(228)</u>	<u>(214)</u>	<u>(203)</u>	<u>(193)</u>	<u>(181)</u>				
Net change in total OPEB liability	688	(1,624)	1,273	(2,912)	1,515	860				
Total OPEB liability - beginning	<u>5,943</u>	<u>7,567</u>	<u>6,294</u>	<u>9,206</u>	<u>7,691</u>	<u>6,831</u>				
Total OPEB liability - ending	<u>\$ 6,631</u>	<u>\$ 5,943</u>	<u>\$ 7,567</u>	<u>\$ 6,294</u>	<u>\$ 9,206</u>	<u>\$ 7,691</u>				
 Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				
 County's total OPEB liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				

Schedule is intended to show information for 10 years. Since 2018 is the first year of this presentation, no other data is available.

Notes to Schedule:

There are no actuarially significant changes to benefit provisions.

Changes to Assumptions

Changes in discount rate:	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%
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COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XXIV

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total pension liability										
Service cost	\$ 86	\$ 128	\$ 90	\$ 85	\$ 93	\$ 147	\$ 109			
Interest	96	106	128	131	119	102	114			
Differences between actual and expected experience	(93)	(276)	10	(74)	(5)	46	6			
Change in assumptions	(992)	(238)	1,020	216	(43)	(469)	446			
Benefit payments, including refunds of employee contributions	(91)	(106)	(79)	(118)	(79)	(77)	(70)			
Net change in total pension liability	(994)	(386)	1,169	240	85	(251)	605			
Total pension liability - beginning	4,484	4,870	3,701	3,461	3,376	3,627	3,022			
Total pension liability - ending	\$ 3,490	\$ 4,484	\$ 4,870	\$ 3,701	\$ 3,461	\$ 3,376	\$ 3,627			
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Total pension liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			

Schedule is intended to show information for 10 years. Since 2016 is the first year of this presentation, no other data is available.

Notes to Schedule:

Benefits provided through the Length of Service Award Pension Program are not administered through a trust or equivalent arrangement as defined by GASB.

Change in discount rate: 3.69% 2.16% 2.21% 3.50% 3.87% 3.58% 2.85%

There is no covered employee payroll since this plan provides benefits for volunteers. Projected inflation is used in place of the projected rate of change in salary. Inflation rate projection as of June 30, 2022 remained at 4%.

Mortality Table - RP 2014 Combined - Projected to 2022

OTHER SUPPLEMENTARY INFORMATION

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.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Capital Projects Fund

For the Year Ended June 30, 2023

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 33,575	\$ (6,025)
From use of money and property	300,000	300,000	1,781,500	1,481,500
Gifts and donations	590,451	992,582	104,811	(887,771)
Miscellaneous	-	92,223	456,789	364,566
Intergovernmental	<u>7,624,554</u>	<u>9,475,352</u>	<u>86,865</u>	<u>(9,388,487)</u>
Total revenues	<u>\$ 8,554,605</u>	<u>\$ 10,899,757</u>	<u>\$ 2,463,540</u>	<u>\$ (8,436,217)</u>
EXPENDITURES				
Current:				
General government	\$ 225,469	\$ 228,700	\$ 163,602	\$ 65,098
Capital projects	26,737,110	90,435,934	25,152,015	65,283,919
Debt service:				
Bond issuance costs	<u>-</u>	<u>74,535</u>	<u>69,359</u>	<u>5,176</u>
Total expenditures	<u>\$ 26,962,579</u>	<u>\$ 90,739,169</u>	<u>\$ 25,384,976</u>	<u>\$ 65,354,193</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (18,407,974)</u>	<u>\$ (79,839,412)</u>	<u>\$ (22,921,436)</u>	<u>\$ 56,917,976</u>
Other financing sources:				
Transfers in	\$ 20,010,257	\$ 20,151,397	\$ 19,176,364	\$ (975,033)
Issuance of bonds	-	8,435,000	8,435,000	-
Premium on bonds issued	<u>-</u>	<u>1,053,117</u>	<u>1,053,117</u>	<u>-</u>
Total other financing sources	<u>\$ 20,010,257</u>	<u>\$ 29,639,514</u>	<u>\$ 28,664,481</u>	<u>\$ (975,033)</u>
Net change in fund balances	<u>\$ 1,602,283</u>	<u>\$ (50,199,898)</u>	<u>\$ 5,743,045</u>	<u>\$ 55,942,943</u>
Fund balance, beginning	<u>(1,602,283)</u>	<u>50,199,898</u>	<u>60,726,630</u>	<u>10,526,732</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 66,469,675</u>	<u>\$ 66,469,675</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, 2023

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 89,968	\$ 8,566,855	\$ 11,360,758	\$ 20,017,581
Receivables, net	492,630	44,018	6,166,041	6,702,689
Restricted cash and investments	-	-	1,041,328	1,041,328
Total assets	<u>\$ 582,598</u>	<u>\$ 8,610,873</u>	<u>\$ 18,568,127</u>	<u>\$ 27,761,598</u>
LIABILITIES				
Accounts payable	\$ -	\$ 272,502	\$ 6,049	\$ 278,551
Accrued salaries and benefits	-	45,350	4,782	50,132
Other accrued liabilities	-	4,346	-	4,346
Deposits	-	274,861	1,815,419	2,090,280
Total liabilities	<u>\$ -</u>	<u>\$ 597,059</u>	<u>\$ 1,826,250</u>	<u>\$ 2,423,309</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 534,099	\$ 534,099
Other revenues	-	44,000	900,000	944,000
Total deferred inflows of resources	<u>\$ -</u>	<u>\$ 44,000</u>	<u>\$ 1,434,099</u>	<u>\$ 1,478,099</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 6,075,016	\$ 6,075,016
Committed	582,598	-	8,777,206	9,359,804
Assigned	-	7,969,814	455,556	8,425,370
Total fund balances	<u>\$ 582,598</u>	<u>\$ 7,969,814</u>	<u>\$ 15,307,778</u>	<u>\$ 23,860,190</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 582,598</u>	<u>\$ 8,610,873</u>	<u>\$ 18,568,127</u>	<u>\$ 27,761,598</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Other Governmental Funds

For the Year Ended June 30, 2023

Schedule B-2

	Fire / EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,105,977	\$ 1,105,977
Other local taxes	-	-	6,916,231	6,916,231
Permits, fees and regulatory licenses	-	6,544,365	89,935	6,634,300
From use of money and property	-	39,368	97,220	136,588
Charges for services	3,561,150	444,426	-	4,005,576
Intergovernmental	-	64,577	9,565	74,142
Total revenues	<u>\$ 3,561,150</u>	<u>\$ 7,092,736</u>	<u>\$ 8,218,928</u>	<u>\$ 18,872,814</u>
EXPENDITURES				
Current:				
Public safety	-	2,832,872	-	2,832,872
Public works	-	-	58,885	58,885
Community development	-	3,004,244	1,749,459	4,753,703
Debt service:				
Bonded debt:				
Principal retirement	-	-	3,271,606	3,271,606
Interest and other fiscal charges	-	-	1,614,105	1,614,105
Right to use assets:				
Principal retirement	-	8,857	-	8,857
Interest and other charges	-	79	-	79
Total expenditures	<u>\$ -</u>	<u>\$ 5,846,052</u>	<u>\$ 6,694,055</u>	<u>\$ 12,540,107</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,561,150</u>	<u>\$ 1,246,684</u>	<u>\$ 1,524,873</u>	<u>\$ 6,332,707</u>
Other financing sources (uses):				
Transfers in (out)	\$ (3,561,150)	\$ 8,998	\$ 1,417,986	\$ (2,134,166)
Total other financing sources (uses), net	<u>\$ (3,561,150)</u>	<u>\$ 8,998</u>	<u>\$ 1,417,986</u>	<u>\$ (2,134,166)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 1,255,682</u>	<u>\$ 2,942,859</u>	<u>\$ 4,198,541</u>
Fund balance, beginning	582,598	6,714,132	12,364,919	19,661,649
Fund balance, ending	<u>\$ 582,598</u>	<u>\$ 7,969,814</u>	<u>\$ 15,307,778</u>	<u>\$ 23,860,190</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Fire/EMS Service Fee Fund

For the Year Ended June 30, 2023

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,700,000	\$ 2,700,000	\$ 3,561,150	\$ 861,150
Total revenues	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 3,561,150</u>	<u>\$ 861,150</u>
Other financing uses:				
Transfers out	\$ (2,700,000)	\$ (2,700,000)	\$ (3,561,150)	\$ (861,150)
Total other financing uses	<u>\$ (2,700,000)</u>	<u>\$ (2,700,000)</u>	<u>\$ (3,561,150)</u>	<u>\$ (861,150)</u>
Net change in fund balances	\$ -	\$ -	\$ -	\$ -
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>582,598</u>	<u>582,598</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 582,598</u></u>	<u><u>\$ 582,598</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Code Compliance Fund

For the Year Ended June 30, 2023

Schedule B-3.2

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 7,577,708	\$ 7,577,708	\$ 6,544,365	\$ (1,033,343)
From use of money and property	-	-	39,368	39,368
Charges for services	300,000	300,000	444,426	144,426
Intergovernmental	<u>77,508</u>	<u>77,508</u>	<u>64,577</u>	<u>(12,931)</u>
Total revenues	<u>\$ 7,955,216</u>	<u>\$ 7,955,216</u>	<u>\$ 7,092,736</u>	<u>\$ (862,480)</u>
EXPENDITURES				
Current:				
Public Safety	\$ 3,302,781	\$ 3,358,660	\$ 2,832,872	\$ 525,788
Community Development	4,174,474	4,193,853	3,004,244	1,189,609
Debt service:				
Right to use assets:				
Principal retirement	-	-	8,857	(8,857)
Interest and other charges	<u>-</u>	<u>-</u>	<u>79</u>	<u>(79)</u>
Total expenditures	<u>\$ 7,477,255</u>	<u>\$ 7,552,513</u>	<u>\$ 5,846,052</u>	<u>\$ 1,706,461</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 477,961</u>	<u>\$ 402,703</u>	<u>\$ 1,246,684</u>	<u>\$ 843,981</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (227,713)</u>	<u>\$ (227,713)</u>	<u>\$ 8,998</u>	<u>\$ 236,711</u>
Total other financing sources (uses)	<u>\$ (227,713)</u>	<u>\$ (227,713)</u>	<u>\$ 8,998</u>	<u>\$ 236,711</u>
Net change in fund balances	<u>\$ 250,248</u>	<u>\$ 174,990</u>	<u>\$ 1,255,682</u>	<u>\$ 1,080,692</u>
Fund balance, beginning	<u>(250,248)</u>	<u>(174,990)</u>	<u>6,714,132</u>	<u>6,889,122</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,969,814</u>	<u>\$ 7,969,814</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Transportation Fund

For the Year Ended June 30, 2023

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,012,872	\$ 1,012,872	\$ 1,105,977	\$ 93,105
Other local taxes	6,000,000	6,000,000	6,916,231	916,231
Permits, fees and regulatory licenses	16,000	16,000	89,935	73,935
From use of money and property	<u>50,000</u>	<u>50,000</u>	<u>97,220</u>	<u>47,220</u>
Intergovernmental	<u>5,264</u>	<u>5,264</u>	<u>9,565</u>	<u>4,301</u>
Total revenues	<u>\$ 7,084,136</u>	<u>\$ 7,084,136</u>	<u>\$ 8,218,928</u>	<u>\$ 1,134,792</u>
EXPENDITURES				
Current:				
Public works	92,784	96,014	58,885	37,129
Community development	1,973,441	1,979,901	1,749,459	230,442
Debt service:				
Principal retirement	3,301,535	3,271,606	3,271,606	-
Interest and other fiscal charges	<u>1,759,287</u>	<u>1,614,058</u>	<u>1,614,105</u>	<u>(47)</u>
Total expenditures	<u>\$ 7,127,047</u>	<u>\$ 6,961,579</u>	<u>\$ 6,694,055</u>	<u>\$ 267,524</u>
Excess of revenues over expenditures	<u>\$ (42,911)</u>	<u>\$ 122,557</u>	<u>\$ 1,524,873</u>	<u>\$ 1,402,316</u>
Other financing sources (uses):				
Transfers in	<u>\$ 993,095</u>	<u>\$ 993,095</u>	<u>\$ 1,417,986</u>	<u>\$ 424,891</u>
Total other financing sources (uses)	<u>\$ 993,095</u>	<u>\$ 993,095</u>	<u>\$ 1,417,986</u>	<u>\$ 424,891</u>
Net change in fund balances	<u>\$ 950,184</u>	<u>\$ 1,115,652</u>	<u>\$ 2,942,859</u>	<u>\$ 1,827,207</u>
Fund balance, beginning	<u>(950,184)</u>	<u>(1,115,652)</u>	<u>12,364,919</u>	<u>13,480,571</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,307,778</u></u>	<u><u>\$ 15,307,778</u></u>

DISCRETELY PRESENTED COMPONENT UNIT

SCHOOL BOARD

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

Governmental funds:

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

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

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

The school activity fund reflects funds held for students to use for educational, recreational, or cultural purposes.

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

For the Year Ended June 30, 2023

Schedule C-1 - Page 1

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
ASSETS					
Cash and investments - pooled equity	\$ -	\$ 22,939,421	\$ -	\$ -	\$ 22,939,421
Receivables, net	14,777,666	65,127	822,639	-	15,665,432
Due from Primary Government	9,711,936				9,711,936
Restricted cash and investments	-	-	32,926,600	2,786,582	35,713,182
Total assets	<u>\$ 24,489,602</u>	<u>\$ 23,004,548</u>	<u>\$ 33,749,239</u>	<u>\$ 2,786,582</u>	<u>\$ 84,029,971</u>
LIABILITIES					
Accounts payable	\$ 4,980,192	\$ 1,497,344	\$ 5,543,655	\$ -	\$ 12,021,191
Retainage payable	-	-	286,244	-	286,244
Accrued salaries and benefits	17,126,029	89,720	-	-	17,215,749
Unearned revenue	-	-	6,770,565	-	6,770,565
Total liabilities	<u>\$ 22,106,221</u>	<u>\$ 1,587,064</u>	<u>\$ 12,600,464</u>	<u>\$ -</u>	<u>\$ 36,293,749</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	<u>\$ 2,383,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,383,381</u>
FUND BALANCE					
Restricted for:					
Food service	\$ -	\$ 21,417,484	\$ -	\$ -	\$ 21,417,484
Capital projects	-	-	21,148,775	-	21,148,775
Student activities	-	-	-	2,786,582	2,786,582
Total fund balance	<u>\$ -</u>	<u>\$ 21,417,484</u>	<u>\$ 21,148,775</u>	<u>\$ 2,786,582</u>	<u>\$ 45,352,841</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 24,489,602</u>	<u>\$ 23,004,548</u>	<u>\$ 33,749,239</u>	<u>\$ 2,786,582</u>	<u>\$ 84,029,971</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2023

Schedule C-1 - Page 2

Total fund balances of the component unit - School Board (Schedule C-1)		\$	45,352,841
<i>Amounts reported for the Component Unit - School Board in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid expenses use current resources and, therefore, are not reported in the governmental funds.			2,846,244
Capital assets, to include lease and subscription right to use assets, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$	20,787,412	
Depreciable assets, net		<u>311,683,587</u>	
			332,470,999
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			1,059,326
Deferred outflows represent a consumption of net position that is applicable to a future reporting period.			
Pension contributions	\$	24,858,977	
Pension actuarial differences		14,711,316	
OPEB contributions		7,922,257	
OPEB actuarial differences		<u>35,635,909</u>	
			83,128,459
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other postemployment benefits	\$	(160,565,885)	
Net pension liability		(146,946,632)	
Lease liability		(116,184)	
Subscription liability (includes accrued interest of \$24,964)		(2,731,313)	
Insurance claims		(4,783,616)	
Compensated absences (excludes \$167,614 accrued in Operating Fund)		<u>(6,848,816)</u>	
			(321,992,446)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			2,383,381
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.			
Pension actuarial differences	\$	(34,229,212)	
OPEB actuarial differences		<u>(161,677,194)</u>	
			(195,906,406)
Internal service fund included in entity-wide statements (Sch D-1).			<u>6,798,385</u>
Total net position of the component unit - School Board (Exhibit I)		\$	<u><u>(43,859,217)</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, 2023

Schedule C-2 - Page 1

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
REVENUES					
From use of money and property	\$ 140,531	\$ 74,220	\$ 1,097,264	\$ -	\$ 1,312,015
Charges for services	403,216	2,393,190	-	-	2,796,406
Miscellaneous	566,747	200,909	-	-	767,656
Intergovernmental	210,198,959	11,208,503	893,889	-	222,301,351
Student activity fees and contributions	-	-	-	4,388,741	4,388,741
Payments from Primary Government	<u>111,544,611</u>	<u>-</u>	<u>28,204,915</u>	<u>-</u>	<u>139,749,526</u>
Total revenues	<u>\$ 322,854,064</u>	<u>\$ 13,876,822</u>	<u>\$ 30,196,068</u>	<u>\$ 4,388,741</u>	<u>\$ 371,315,695</u>
EXPENDITURES					
Current:					
Education	\$ 318,884,815	\$ 13,974,195	\$ -	\$ 4,153,672	\$ 337,012,682
Capital projects	-	-	24,421,140	-	24,421,140
Debt service:					
Right to use assets:					
Principal retirement	736,918	-	-	-	736,918
Interest and other charges	<u>8,005</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,005</u>
Total expenditures	<u>\$ 319,629,738</u>	<u>\$ 13,974,195</u>	<u>\$ 24,421,140</u>	<u>\$ 4,153,672</u>	<u>\$ 362,178,745</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,224,326</u>	<u>\$ (97,373)</u>	<u>\$ 5,774,928</u>	<u>\$ 235,069</u>	<u>\$ 9,136,950</u>
Other financing sources (uses):					
Transfers in (out)	\$ (3,288,089)	\$ -	\$ 3,147,755	\$ -	\$ (140,334)
Lease liabilities issued	<u>63,763</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63,763</u>
Total other financing sources (uses), net	<u>\$ (3,224,326)</u>	<u>\$ -</u>	<u>\$ 3,147,755</u>	<u>\$ -</u>	<u>\$ (76,571)</u>
Net change in fund balances	\$ -	\$ (97,373)	\$ 8,922,683	\$ 235,069	\$ 9,060,379
Fund balance, beginning	<u>-</u>	<u>21,514,857</u>	<u>12,226,092</u>	<u>2,551,513</u>	<u>36,292,462</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ 21,417,484</u>	<u>\$ 21,148,775</u>	<u>\$ 2,786,582</u>	<u>\$ 45,352,841</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Reconciliation of the Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented

Component Unit - School Board - to the Statement of Activities

For the Year Ended June 30, 2023

Schedule C-2 - Page 2

Net change in fund balance of the component unit - School Board (Schedule C-2):

\$ 9,060,379

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

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

579,982

Governmental funds report capital outlays, including lease and subscription right to use 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	\$ 27,647,137
Depreciation expense	(21,212,225)

6,434,912

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

(454,297)

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

Proportionate share of the Commonwealth's contribution to the Virginia Retirement System's Teachers' Retirement Plan	\$ 7,228,257
Sales tax revenues	(552,564)

6,675,693

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Right to use liabilities issued	\$ (63,763)
Principal payments on right to use assets	736,918

673,155

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	20,660,459
Pension benefits	19,051,587
Insurance claims	232,014
Accrued interest on right to use assets	(24,964)
Compensated absences	107,336

40,026,432

Change in Internal Service Fund (Sch D-2) included in the entity-wide statements.

(215,596)

Change in net position of the component unit - School Board (Exhibit II)

\$ 62,780,660

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Budgetary Comparison Schedule - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2023

Schedule C-3 - Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ 190,000	\$ 190,000	\$ 140,531	\$ (49,469)	\$ 32,000	\$ 32,000	\$ 74,220	\$ 42,220
Charges for services	527,600	527,600	403,216	(124,384)	4,567,000	4,567,000	2,393,190	(2,173,810)
Miscellaneous	1,682,893	1,535,953	566,747	(969,206)	37,500	37,500	200,909	163,409
Intergovernmental	218,475,303	223,890,842	210,198,959	(13,691,883)	19,077,424	19,077,424	11,208,503	(7,868,921)
Payments from Primary Government	138,081,416	144,160,556	140,190,012	(3,970,544)	-	-	-	-
Total revenues	<u>\$ 358,957,212</u>	<u>\$ 370,304,951</u>	<u>\$ 351,499,465</u>	<u>\$ (18,805,486)</u>	<u>\$ 23,713,924</u>	<u>\$ 23,713,924</u>	<u>\$ 13,876,822</u>	<u>\$ (9,837,102)</u>
Expenditures								
Current:								
Education	\$ 330,145,280	\$ 338,345,264	\$ 318,884,815	\$ 19,460,449	\$ 31,713,924	\$ 31,713,924	\$ 13,974,195	\$ 17,739,729
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Bonded debt:								
Principal	21,639,116	21,639,116	21,798,041	(158,925)	-	-	-	-
Interest and fiscal charges	7,172,816	7,172,816	6,847,360	325,456	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Right to use assets:								
Principal	-	-	736,918	(736,918)	-	-	-	-
Interest and fiscal charges	-	-	8,005	(8,005)	-	-	-	-
Total expenditures	<u>\$ 358,957,212</u>	<u>\$ 367,157,196</u>	<u>\$ 348,275,139</u>	<u>\$ 18,882,057</u>	<u>\$ 31,713,924</u>	<u>\$ 31,713,924</u>	<u>\$ 13,974,195</u>	<u>\$ 17,739,729</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 3,147,755</u>	<u>\$ 3,224,326</u>	<u>\$ 76,571</u>	<u>\$ (8,000,000)</u>	<u>\$ (8,000,000)</u>	<u>\$ (97,373)</u>	<u>\$ 7,902,627</u>
Other financing sources (uses):								
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-	-	-	-	-	-
Lease liabilities issued	-	-	63,763	63,763	-	-	-	-
Transfers	-	(3,147,755)	(3,288,089)	(140,334)	-	-	-	-
Total other financing sources (uses), net	<u>\$ -</u>	<u>\$ (3,147,755)</u>	<u>\$ (3,224,326)</u>	<u>\$ (76,571)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,000,000)</u>	<u>\$ (8,000,000)</u>	<u>\$ (97,373)</u>	<u>\$ 7,902,627</u>
Fund balance, beginning	-	-	-	-	8,000,000	8,000,000	21,514,857	13,514,857
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,417,484</u>	<u>\$ 21,417,484</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Budgetary Comparison Schedule - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2023

Schedule C-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	\$ -	\$ -	\$ 1,097,264	\$ 1,097,264	\$ 222,000	\$ 222,000	\$ 1,312,015	\$ 1,090,015
Charges for services	-	-	-	-	5,094,600	5,094,600	2,796,406	(2,298,194)
Miscellaneous	-	-	-	-	1,720,393	1,573,453	767,656	(805,797)
Intergovernmental	13,558,851	13,558,851	893,889	(12,664,962)	251,111,578	256,527,117	222,301,351	(34,225,766)
Payments from Primary Government	-	3,020,380	3,020,380	-	138,081,416	147,180,936	143,210,392	(3,970,544)
Total revenues	<u>\$ 13,558,851</u>	<u>\$ 16,579,231</u>	<u>\$ 5,011,533</u>	<u>\$ (11,567,698)</u>	<u>\$ 396,229,987</u>	<u>\$ 410,598,106</u>	<u>\$ 370,387,820</u>	<u>\$ (40,210,286)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 361,859,204	\$ 370,059,188	\$ 332,859,010	\$ 37,200,178
Capital projects	38,743,386	56,683,769	24,421,140	32,262,629	38,743,386	56,683,769	24,421,140	32,262,629
Debt service:								
Bonded debt:								
Principal	-	-	-	-	21,639,116	21,639,116	21,798,041	(158,925)
Interest and fiscal charges	-	-	-	-	7,172,816	7,172,816	6,847,360	325,456
Bond issuance costs	-	184,442	184,442	-	-	184,442	184,442	-
Right to use assets:								
Principal	-	-	-	-	-	-	736,918	(736,918)
Interest and fiscal charges	-	-	-	-	-	-	8,005	(8,005)
Total expenditures	<u>\$ 38,743,386</u>	<u>\$ 56,868,211</u>	<u>\$ 24,605,582</u>	<u>\$ 32,262,629</u>	<u>\$ 429,414,522</u>	<u>\$ 455,739,331</u>	<u>\$ 386,854,916</u>	<u>\$ 68,884,415</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (25,184,535)</u>	<u>\$ (40,288,980)</u>	<u>\$ (19,594,049)</u>	<u>\$ 20,694,931</u>	<u>\$ (33,184,535)</u>	<u>\$ (45,141,225)</u>	<u>\$ (16,467,096)</u>	<u>\$ 28,674,129</u>
Other financing sources (uses):								
Issuance of bonds	\$ 25,184,535	\$ 22,610,000	\$ 22,610,000	\$ -	\$ 25,184,535	\$ 22,610,000	\$ 22,610,000	\$ -
Premium on bonds issued	-	2,758,977	2,758,977	-	-	2,758,977	2,758,977	-
Lease liabilities issued	-	-	-	-	-	-	63,763	63,763
Transfers	-	3,147,755	3,147,755	-	-	-	(140,334)	(140,334)
Total other financing sources (uses), net	<u>\$ 25,184,535</u>	<u>\$ 28,516,732</u>	<u>\$ 28,516,732</u>	<u>\$ -</u>	<u>\$ 25,184,535</u>	<u>\$ 25,368,977</u>	<u>\$ 25,292,406</u>	<u>\$ (76,571)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (11,772,248)</u>	<u>\$ 8,922,683</u>	<u>\$ 20,694,931</u>	<u>\$ (8,000,000)</u>	<u>\$ (19,772,248)</u>	<u>\$ 8,825,310</u>	<u>\$ 28,597,558</u>
Fund balance, beginning	-	11,772,248	12,226,092	453,844	8,000,000	19,772,248	33,740,949	13,968,701
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,148,775</u>	<u>\$ 21,148,775</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,566,259</u>	<u>\$ 42,566,259</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Notes to Combining Budgetary Comparison Schedule

For the Year Ended June 30, 2023

Schedule C-3 - Page 3

The School Board's Combining Budgetary Comparison Schedule is prepared on the modified accrual basis of accounting, with the following exceptions:

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

		Reconciling Activity		
	Budgetary Basis (Sch C-3)	Operating (1)	Capital Projects (1)	GAAP Basis (Sch C-2)
REVENUES				
Payments from Primary Government	\$ 143,210,392	\$ (28,645,401)	\$ 25,184,535	\$ 139,749,526
EXPENDITURES				
Debt service:				
Bonded debt:				
Principal retirement	21,798,041	(21,798,041)	-	-
Interest and other charges	6,847,360	(6,847,360)	-	-
Bond issuance costs	184,442	-	(184,442)	-
Other financing sources (uses):				
Issuance of bonds	22,610,000	-	(22,610,000)	-
Premium on bonds issued	2,758,977	-	(2,758,977)	-

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Internal Service Fund - School Board

June 30, 2023

Schedule D-1

Fleet Services Fund**ASSETS**

Current assets:

Cash and investments - pooled equity	\$ 260,289
Receivables, net	713
Inventory	600,504
Total current assets	<u>\$ 861,506</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 94,400
Depreciable assets	7,415,189
Net pension assets	74,445

Total noncurrent assets	<u>\$ 7,584,034</u>
-------------------------	---------------------

Total assets	<u>\$ 8,445,540</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension contributions	\$ 47,276
Pension actuarial differences	26,379
OPEB contributions	41,333
OPEB actuarial differences	232,739
Total deferred outflows of resources	<u>\$ 347,727</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 75,623
Accrued salaries and benefits	9,246
Current portion of insurance claims payable	30,328
Current portion of compensated absences	6,762
Total current liabilities	<u>\$ 121,959</u>

Noncurrent liabilities:

Noncurrent portion of compensated absences	\$ 154,343
Net OPEB benefits	650,251
Total noncurrent liabilities	<u>\$ 804,594</u>
Total liabilities	<u>\$ 926,553</u>

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 128,298
OPEB actuarial differences	940,031
Total deferred inflows of resources	<u>\$ 1,068,329</u>

NET POSITION

Net investment in capital assets	\$ 7,509,589
Net pension assets	74,445
Unrestricted	(785,649)
Total net position	<u>\$ 6,798,385</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Net Position - Internal Service Fund - School Board

For the Year Ended June 30, 2023

Schedule D-2

	<u>Fleet Services Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,866,816
Other operating revenues	1,839
Total operating revenues	<u>\$ 2,868,655</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 1,426,909
Contractual services	250,246
Materials and supplies	1,091,715
Depreciation	365,361
Other services and charges	91,333
Total operating expenses	<u>\$ 3,225,564</u>
Operating loss	<u>\$ (356,909)</u>
NON-OPERATING REVENUES (EXPENSES)	
Intergovernmental revenues	\$ 979
Total non-operating revenues (expenses), net	<u>\$ 979</u>
Income (loss) before transfers	<u>\$ (355,930)</u>
Transfers from other funds	<u>\$ 140,334</u>
Change in net position	<u>\$ (215,596)</u>
Net position, beginning	7,013,981
Net position, ending	<u><u>\$ 6,798,385</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Internal Service Fund - School Board

For the Year Ended June 30, 2023

Schedule D-3

Fleet Services Fund**Cash flows from operating activities:**

Receipts from internal customers	\$ 2,863,278
Receipts from external customers	3,538
Receipts from miscellaneous revenue	3,331
Payments to suppliers and service providers	(1,438,509)
Payments to employees for salaries and benefits	(1,641,467)
Net cash used in operating activities	<u>(209,829)</u>

Cash flows from non-capital financing activities:

Intergovernmental	979
Transfers in	140,334
Net cash provided by non-capital financing activities	<u>141,313</u>

Cash flows from capital and related financing activities:

Acquisition of capital assets	(5,399)
Net cash used in capital and related financing activities	<u>(5,399)</u>

Net decrease in cash and cash equivalents (73,915)

Cash and cash equivalents:

Beginning	334,204
Ending	<u><u>\$ 260,289</u></u>

Reconciliation of operating loss to net cash used in operating activities:

Operating loss	\$ (356,909)
Depreciation expense	365,361
Effect of changes in assets and liabilities	
Receivables	1,492
Inventory	(16,658)
Accounts payable	11,443
Employment related benefits	(214,558)
Net cash used in operating activities	<u><u>\$ (209,829)</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Fiduciary Funds - School Board

June 30, 2023

Schedule E-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments:	
Common trust funds	\$ 14,416,647
Total assets	<u>\$ 14,416,647</u>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 14,416,647
Total net position	<u><u>\$ 14,416,647</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Changes in Net Position - Fiduciary Funds - School Board

For the Year Ended June 30, 2023

Schedule E-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 5,143,855
Investment earnings:	
Interest	\$ 1,825
Net increase in the fair value of investments	1,020,045
Total investment earnings	\$ 1,021,870
Less investment costs	(543)
Net investment earnings	\$ 1,021,327
Total additions	<u>\$ 6,165,182</u>
DEDUCTIONS	
Benefit payments	\$ 5,143,855
Administrative fees	13,307
Total deductions	<u>\$ 5,157,162</u>
Net increase in fiduciary net position	\$ 1,008,020
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	13,408,627
Net position, ending	<u>\$ 14,416,647</u>

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DISCRETELY PRESENTED COMPONENT UNIT ECONOMIC DEVELOPMENT AUTHORITY (EDA)

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

Governmental funds:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Balance Sheet - Discretely Presented Component Unit - Economic Development Authority

June 30, 2023

Schedule F-1

	Economic Development Authority
ASSETS	
Cash and investments - pooled equity	\$ 1,513,305
Land held for investment	<u>1,230,600</u>
Total assets	<u><u>\$ 2,743,905</u></u>
LIABILITIES	
Accounts payable	\$ 1,235,324
Other accrued liabilities	<u>6,750</u>
Total liabilities	<u>\$ 1,242,074</u>
FUND BALANCE	
Nonspendable - land held for investment	\$ 1,230,600
Unassigned	<u>271,231</u>
Total fund balances	<u>\$ 1,501,831</u>
Total liabilities and fund balances	<u><u>\$ 2,743,905</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit -

Economic Development Authority

For the Year Ended June 30, 2023

Schedule F-2

	Economic Development Authority
REVENUES	
From use of money and property	\$ 701
Charges for services	40,088
Miscellaneous	1,734
Payments from Primary Government	3,187,559
Total revenues	\$ 3,230,082
EXPENDITURES	
Community development:	
Business incentive program	\$ 3,187,559
Legal services	36,000
EDA member stipends	2,500
Total expenditures	\$ 3,226,059
Excess (deficiency) of revenues over (under) expenditures	\$ 4,023
Net change in fund balances	\$ 4,023
Fund balance, beginning	1,497,808
Fund balance, ending	\$ 1,501,831

STATISTICAL SECTION

STATISTICAL SECTION

This part of the County of Spotsylvania's annual comprehensive 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-19

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

Table S-1

(Amounts in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental activities										
Net investment in capital assets	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3	\$ 86.9	\$ 90.5	\$ 101.9	\$ 113.1
Restricted	1.4	9.5	10.9	8.8	9.5	11.4	6.8	9.3	14.4	14.7
Unrestricted (deficit)	<u>(135.9)</u>	<u>(143.3)</u>	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>	<u>(190.0)</u>	<u>(161.2)</u>	<u>(142.4)</u>	<u>(124.1)</u>
Total governmental activities net position	<u>\$ (76.8)</u>	<u>\$ (73.0)</u>	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>	<u>\$ (96.3)</u>	<u>\$ (61.4)</u>	<u>\$ (26.1)</u>	<u>\$ 3.7</u>
Business-type activities										
Net investment in capital assets	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7	\$ 207.6	\$ 222.5	\$ 232.9	\$ 258.6
Restricted	6.1	6.1	0.9	2.7	2.8	2.9	3.6	2.5	2.6	3.0
Unrestricted (deficit)	<u>77.6</u>	<u>61.9</u>	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>	<u>84.9</u>	<u>83.3</u>	<u>87.2</u>	<u>90.1</u>
Total business-type activities net position	<u>\$ 241.3</u>	<u>\$ 245.0</u>	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>	<u>\$ 296.1</u>	<u>\$ 308.3</u>	<u>\$ 322.7</u>	<u>\$ 351.7</u>
Primary Government										
Net investment in capital assets	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0	\$ 294.5	\$ 313.0	\$ 334.8	\$ 371.7
Restricted	7.5	15.6	11.8	11.5	12.3	14.3	10.4	11.8	17.0	17.7
Unrestricted (deficit)	<u>(58.3)</u>	<u>(81.4)</u>	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>	<u>(105.1)</u>	<u>(77.9)</u>	<u>(55.2)</u>	<u>(34.0)</u>
Total Primary Government net position	<u>\$ 164.5</u>	<u>\$ 172.0</u>	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>	<u>\$ 199.8</u>	<u>\$ 246.9</u>	<u>\$ 296.6</u>	<u>\$ 355.4</u>
Component unit - School Board (1)										
Net investment in capital assets	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7	\$ 342.6	\$ 335.5	\$ 330.9	\$ 338.6
Restricted	4.0	5.6	4.8	0.7	4.3	1.4	7.4	11.8	17.2	24.2
Unrestricted (deficit)	<u>(78.5)</u>	<u>(304.3)</u>	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>	<u>(493.1)</u>	<u>(494.1)</u>	<u>(454.7)</u>	<u>(406.7)</u>
Total Component unit - School Board net position	<u>\$ 241.0</u>	<u>\$ 8.2</u>	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>	<u>\$ (143.1)</u>	<u>\$ (146.8)</u>	<u>\$ (106.6)</u>	<u>\$ (43.9)</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 1

(Amounts in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Expenses										
Governmental activities										
General government	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0	\$ 18.8	\$ 20.4	\$ 20.8	\$ 22.9
Judicial administration	8.4	9.1	8.7	9.1	9.1	6.6	10.0	10.9	11.0	13.1
Public safety	48.2	47.3	49.0	56.9	60.8	49.3	72.5	76.4	77.7	85.5
Public works	12.6	10.5	12.3	10.0	11.9	10.3	10.3	11.3	12.7	16.1
Health and welfare	18.5	18.1	19.8	21.3	24.1	24.3	26.4	25.3	26.0	27.7
Education	102.7	102.1	114.7	120.5	124.4	124.6	122.8	113.7	125.7	139.9
Parks, recreation & cultural	8.0	8.0	7.9	8.2	8.4	8.1	8.7	8.1	8.5	9.2
Community development	8.3	14.6	18.8	12.2	13.3	19.0	11.9	15.1	11.0	12.4
Interest on long-term debt	11.7	10.6	10.4	10.1	9.9	10.0	9.4	8.3	7.5	8.1
Total governmental activities expenses	<u>\$ 232.3</u>	<u>\$ 234.6</u>	<u>\$ 256.9</u>	<u>\$ 265.4</u>	<u>\$ 279.3</u>	<u>\$ 268.2</u>	<u>\$ 290.8</u>	<u>\$ 289.5</u>	<u>\$ 300.9</u>	<u>\$ 334.9</u>
Business-type activities										
Water and sewer	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>	<u>\$ 38.9</u>	<u>\$ 39.6</u>	<u>\$ 38.3</u>	<u>\$ 47.6</u>
Total business-type activities expenses	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>	<u>\$ 38.9</u>	<u>\$ 39.6</u>	<u>\$ 38.3</u>	<u>\$ 47.6</u>
Total Primary Government expenses	<u>\$ 265.3</u>	<u>\$ 268.2</u>	<u>\$ 290.2</u>	<u>\$ 299.2</u>	<u>\$ 315.7</u>	<u>\$ 302.4</u>	<u>\$ 329.7</u>	<u>\$ 329.1</u>	<u>\$ 339.2</u>	<u>\$ 382.5</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	0.8	0.9	0.7	0.9	0.8	0.8	0.7	0.8	0.7	0.6
Public safety	5.9	6.6	7.5	7.5	7.9	8.8	9.2	10.7	12.1	11.5
Public works	1.9	2.4	2.5	2.7	3.0	3.2	2.6	3.0	3.5	3.7
Other	1.8	1.7	1.5	1.6	1.6	1.6	1.1	1.2	1.3	1.6
Operating grants & contributions	16.2	17.8	19.3	20.5	22.5	24.8	34.9	37.3	26.9	29.8
Capital grant & contributions	<u>3.8</u>	<u>3.5</u>	<u>4.2</u>	<u>2.8</u>	<u>2.8</u>	<u>2.4</u>	<u>3.3</u>	<u>0.4</u>	<u>0.5</u>	<u>3.8</u>
Total governmental activities program revenues	<u>\$ 30.7</u>	<u>\$ 33.2</u>	<u>\$ 36.0</u>	<u>\$ 36.3</u>	<u>\$ 38.9</u>	<u>\$ 41.9</u>	<u>\$ 52.1</u>	<u>\$ 53.7</u>	<u>\$ 45.3</u>	<u>\$ 51.3</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 2

(Amounts in millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-type activities										
Charges for services										
Water and sewer	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2	\$ 36.8	\$ 36.5	\$ 38.8	\$ 42.6
Operating grants & contributions	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.1	0.3
Capital grants & contributions	<u>6.3</u>	<u>8.2</u>	<u>8.1</u>	<u>9.5</u>	<u>11.3</u>	<u>10.3</u>	<u>20.5</u>	<u>13.6</u>	<u>15.5</u>	<u>29.0</u>
Total business-type program revenues	<u>\$ 35.2</u>	<u>\$ 39.0</u>	<u>\$ 40.4</u>	<u>\$ 42.5</u>	<u>\$ 45.2</u>	<u>\$ 45.0</u>	<u>\$ 57.9</u>	<u>\$ 50.6</u>	<u>\$ 54.4</u>	<u>\$ 71.9</u>
Total Primary Government program revenues	<u>\$ 66.9</u>	<u>\$ 72.2</u>	<u>\$ 76.4</u>	<u>\$ 78.8</u>	<u>\$ 84.1</u>	<u>\$ 86.9</u>	<u>\$ 110.0</u>	<u>\$ 104.4</u>	<u>\$ 98.1</u>	<u>\$ 123.2</u>
Net expense										
Governmental activities	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)	\$ (238.6)	\$ (235.8)	\$ (255.6)	\$ (283.6)
Business-type activities	<u>2.2</u>	<u>5.4</u>	<u>7.1</u>	<u>8.7</u>	<u>8.8</u>	<u>10.8</u>	<u>19.0</u>	<u>11.0</u>	<u>16.1</u>	<u>24.3</u>
Total Primary Government net expenses	<u>\$ (199.5)</u>	<u>\$ (196.0)</u>	<u>\$ (213.8)</u>	<u>\$ (220.6)</u>	<u>\$ (231.6)</u>	<u>\$ (214.4)</u>	<u>\$ (219.6)</u>	<u>\$ (224.8)</u>	<u>\$ (239.5)</u>	<u>\$ (259.3)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8	\$ 186.1	\$ 191.4	\$ 202.1	\$ 212.4
Other taxes	51.7	48.2	48.1	45.6	47.2	49.7	53.0	59.5	69.5	73.6
Grants and contributions not restricted	15.6	15.4	15.6	20.2	20.1	19.8	19.8	19.9	19.8	19.5
Interest and investment earnings	0.5	0.5	1.2	0.6	1.1	4.0	4.1	0.4	(1.5)	7.4
Gain on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.1	0.2	0.2	0.3	0.3	0.6	0.4	0.2	0.9	0.3
Transfers	(0.4)	(0.2)	0.2	(0.1)	0.6	-	0.3	(0.7)	0.1	0.1
Special item	<u>-</u>	<u>0.6</u>	<u>(2.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 218.9</u>	<u>\$ 219.5</u>	<u>\$ 225.1</u>	<u>\$ 233.4</u>	<u>\$ 241.4</u>	<u>\$ 253.9</u>	<u>\$ 263.7</u>	<u>\$ 270.7</u>	<u>\$ 290.9</u>	<u>\$ 313.3</u>
Business-type activities										
Interest and investment earnings	0.4	0.3	0.8	0.3	0.5	2.7	3.0	0.3	(1.8)	4.4
Miscellaneous	-	-	0.1	0.2	0.3	0.2	0.1	0.2	0.2	0.3
Transfers	<u>0.4</u>	<u>0.2</u>	<u>(0.2)</u>	<u>0.1</u>	<u>(0.6)</u>	<u>(0.3)</u>	<u>-</u>	<u>0.7</u>	<u>(0.1)</u>	<u>(0.1)</u>
Total business-type activities	<u>\$ 0.8</u>	<u>\$ 0.5</u>	<u>\$ 0.7</u>	<u>\$ 0.6</u>	<u>\$ 0.2</u>	<u>\$ 2.6</u>	<u>\$ 3.1</u>	<u>\$ 1.2</u>	<u>\$ (1.7)</u>	<u>\$ 4.6</u>
Total Primary Government	<u>\$ 219.7</u>	<u>\$ 220.0</u>	<u>\$ 225.8</u>	<u>\$ 234.0</u>	<u>\$ 241.6</u>	<u>\$ 256.5</u>	<u>\$ 266.8</u>	<u>\$ 271.9</u>	<u>\$ 289.2</u>	<u>\$ 317.9</u>
Change in net position										
Governmental activities	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9	\$ 24.9	\$ 34.9	\$ 35.3	\$ 29.8
Business-type activities	<u>3.0</u>	<u>5.9</u>	<u>7.8</u>	<u>9.3</u>	<u>8.9</u>	<u>13.4</u>	<u>22.0</u>	<u>12.2</u>	<u>14.4</u>	<u>28.9</u>
Total Primary Government	<u>\$ 20.2</u>	<u>\$ 24.0</u>	<u>\$ 12.0</u>	<u>\$ 13.4</u>	<u>\$ 10.0</u>	<u>\$ 42.3</u>	<u>\$ 46.9</u>	<u>\$ 47.1</u>	<u>\$ 49.7</u>	<u>\$ 58.7</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 3

(Amounts in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Component unit - School Board (1)										
Expenses										
Education	\$ 257.7	\$ 264.6	\$ 281.6	\$ 288.4	\$ 273.0	\$ 276.0	\$ 304.5	\$ 323.0	\$ 305.3	\$ 315.5
Program revenues										
Charges for services	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1	\$ 6.3	\$ 0.9	\$ 1.7	\$ 3.5
Operating grants & contributions	135.3	141.0	143.7	145.8	152.2	159.2	166.6	199.7	217.1	232.4
Capital grants & contributions	0.6	0.3	0.9	0.9	1.5	0.1	-	2.1	-	1.0
Total Component unit - School Board program revenue	<u>144.1</u>	<u>149.2</u>	<u>153.1</u>	<u>155.2</u>	<u>163.0</u>	<u>167.4</u>	<u>172.9</u>	<u>202.7</u>	<u>218.8</u>	<u>236.9</u>
Total Component unit - School Board net expense	<u>\$ (113.6)</u>	<u>\$ (115.4)</u>	<u>\$ (128.5)</u>	<u>\$ (133.2)</u>	<u>\$ (110.0)</u>	<u>\$ (108.6)</u>	<u>\$ (131.6)</u>	<u>\$ (120.3)</u>	<u>\$ (86.5)</u>	<u>\$ (78.6)</u>
General revenues and other changes in net position										
Payments from Primary Government	\$ 315.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4	\$ 122.6	\$ 113.5	\$ 125.6	\$ 139.7
Interest and investment earnings	-	-	0.1	0.1	0.3	0.4	0.5	0.1	0.2	1.3
Miscellaneous	0.3	0.3	0.5	0.2	0.1	0.1	0.1	0.5	0.9	0.3
Total general revenues and transfers	<u>\$ 315.8</u>	<u>\$ 102.0</u>	<u>\$ 115.1</u>	<u>\$ 120.6</u>	<u>\$ 124.5</u>	<u>\$ 124.9</u>	<u>\$ 123.2</u>	<u>\$ 114.1</u>	<u>\$ 126.7</u>	<u>\$ 141.3</u>
Total Component unit - School Board change in net position	<u>\$ 202.2</u>	<u>\$ (13.4)</u>	<u>\$ (13.4)</u>	<u>\$ (12.6)</u>	<u>\$ 14.5</u>	<u>\$ 16.3</u>	<u>\$ (8.4)</u>	<u>\$ (6.2)</u>	<u>\$ 40.2</u>	<u>\$ 62.7</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-3

(Amounts in millions)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund:										
Restricted	1.6	2.1	2.7	2.7	2.7	3.1	2.7	3.1	4.0	6.8
Committed (1)	2.6	3.0	48.9	52.0	54.5	58.2	58.4	62.1	69.2	74.4
Assigned (1)	9.9	15.7	16.7	9.1	19.6	26.8	48.0	49.0	54.7	52.4
Unassigned	43.0	46.6	5.4	15.1	12.1	9.3	11.6	20.4	19.4	24.8
Total General Fund	<u>\$ 57.1</u>	<u>\$ 67.4</u>	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>	<u>\$ 97.4</u>	<u>\$ 120.7</u>	<u>\$ 134.6</u>	<u>\$ 147.3</u>	<u>\$ 158.4</u>
All other governmental funds:										
Restricted	35.4	34.8	34.2	34.1	30.3	24.2	19.1	14.2	26.9	28.9
Committed	16.3	22.4	27.3	27.8	29.6	35.1	38.7	47.2	44.2	47.9
Assigned	2.8	3.4	2.1	2.2	3.3	5.7	9.2	7.9	9.3	13.5
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 54.5</u>	<u>\$ 60.6</u>	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>	<u>\$ 65.0</u>	<u>\$ 67.0</u>	<u>\$ 69.3</u>	<u>\$ 80.4</u>	<u>\$ 90.3</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 1

(Amounts in millions)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
General Property Taxes	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2	\$ 186.1	\$ 191.0	\$ 199.8	\$ 212.0
Other local taxes	51.7	48.3	48.1	45.6	47.2	49.7	52.6	59.1	69.3	73.5
Permits, privilege fees and regulatory licenses	2.7	3.2	4.3	3.8	4.8	5.2	5.5	6.9	7.8	6.9
Fines and forfeitures	0.5	0.6	0.5	0.6	0.5	0.5	0.4	0.3	0.3	0.4
Revenues from use of money and property	1.1	1.2	1.9	1.5	2.0	4.9	4.9	1.1	(0.8)	8.1
Charges for services	7.1	7.6	7.0	7.8	7.9	8.7	7.9	8.6	9.6	10.1
Miscellaneous	0.9	0.5	1.2	0.9	1.8	2.2	2.7	0.6	1.5	1.3
Intergovernmental	37.9	39.0	38.4	40.4	44.3	45.4	53.5	58.0	44.1	48.4
Total revenues	<u>\$ 253.8</u>	<u>\$ 257.1</u>	<u>\$ 263.1</u>	<u>\$ 268.1</u>	<u>\$ 280.8</u>	<u>\$ 294.8</u>	<u>\$ 313.6</u>	<u>\$ 325.6</u>	<u>\$ 331.6</u>	<u>\$ 360.7</u>
Expenditures										
General government	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3	\$ 14.0	\$ 15.3	\$ 16.5	\$ 17.1
Judicial administration	6.8	7.0	7.3	7.0	7.5	7.7	7.9	8.9	10.0	10.9
Public safety	44.3	43.9	45.8	48.1	51.7	56.0	61.3	65.8	71.1	79.1
Public works	8.7	8.5	8.5	7.9	8.2	8.4	8.3	8.6	9.8	11.4
Health and welfare	18.0	18.0	19.6	20.7	23.8	26.5	25.7	24.6	26.0	27.7
Education (2)	102.7	101.9	114.7	120.5	124.4	124.6	122.8	113.7	125.7	139.9
Parks, recreation and cultural	6.8	6.8	6.8	7.1	7.5	8.0	7.3	7.1	7.5	8.3
Community development	5.3	6.3	8.4	7.3	7.6	8.2	7.9	9.9	9.7	8.9
Non-departmental	0.7	1.0	1.1	1.2	1.2	2.0	1.5	1.4	1.9	2.1
Capital projects	14.0	21.0	27.5	23.5	17.2	28.3	21.7	26.5	19.9	25.2
Debt service:										
Principal (1)	25.2	23.2	25.4	27.8	28.4	27.6	31.2	30.8	32.1	34.1
Interest (1)	12.6	11.6	11.2	11.8	11.5	11.7	11.5	11.2	10.6	10.9
Bond issuance costs	0.2	0.9	0.3	0.3	0.2	0.3	0.3	0.2	0.6	0.3
Total expenditures	<u>\$ 256.8</u>	<u>\$ 262.0</u>	<u>\$ 288.2</u>	<u>\$ 296.0</u>	<u>\$ 301.9</u>	<u>\$ 322.6</u>	<u>\$ 321.4</u>	<u>\$ 324.0</u>	<u>\$ 341.4</u>	<u>\$ 375.8</u>
Other financing sources (uses)										
Issuance of debt (1)	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7	\$ 34.6	\$ 14.5	\$ 32.9	\$ 34.9
Refunding bond proceeds	11.7	81.6	16.5	-	-	-	26.5	8.6	39.5	-
Payment to escrow for refunded debt	(11.6)	(80.8)	(16.4)	-	-	-	(26.4)	(8.5)	(39.2)	-
Lease proceeds and extinguishments	-	-	-	-	-	-	-	-	0.4	0.3

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 2

(Amounts in millions)

Continued from page 1

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Transfers in(out), net	-	(0.2)	0.2	(0.1)	0.6	0.3	-	-	0.1	0.1
Total other financing sources, net	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0	\$ 34.8	\$ 14.6	\$ 33.7	\$ 36.0
Special Item										
Proceeds from sale of land	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (16.3)	\$ (16.4)	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2	\$ 26.9	\$ 16.2	\$ 23.9	\$ 20.9

Debt Service as a Percentage of Noncapital Expenditures: (1)**Primary Government:**

Total debt service (3)	\$ 37.5	\$ 34.8	\$ 36.6	\$ 39.6	\$ 39.9	\$ 39.3	\$ 42.7	\$ 42.0	\$ 42.6	\$ 43.2
Total expenditures	256.8	261.9	288.2	296.0	301.8	322.6	321.4	324.0	341.4	375.8
Capital outlay Primary Government only (2)	11.1	11.9	16.6	15.7	9.5	14.0	16.9	17.5	17.1	19.4
Non-capital expenditures	245.7	250.0	271.6	280.3	292.3	308.6	304.5	306.5	324.3	356.4
Debt service as a percentage of non-capital expenditures: (Primary Government only)	15.3%	13.9%	13.5%	14.1%	13.7%	12.7%	14.0%	13.7%	13.1%	12.1%

Component unit - School Board:

School expenditures excluding County contribution	135.5	144.7	152.8	159.1	156.0	176.7	174.4	192.3	207.1	222.4
Capital outlay component unit - School Board only (2)	7.6	5.6	9.1	19.8	23.9	37.6	20.7	12.2	16.2	27.6
Non-capital expenditures	127.9	139.1	143.7	139.3	132.1	139.1	153.7	180.1	190.9	194.8

Total Reporting Entity (1):

Total debt service	37.5	34.8	36.6	39.6	39.9	39.3	42.7	42.0	42.6	43.2
Total non-capital expenditures	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7	\$ 458.2	\$ 486.6	\$ 515.2	\$ 551.2

Debt service as a percentage of non-capital expenditures: Total Reporting Entity	10.0%	8.9%	8.8%	9.4%	9.4%	8.8%	9.3%	8.6%	8.3%	7.8%
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- (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 C-2).
- (3) The amount reported for "total debt service" only includes debt service related to bonded debt.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Tax Revenues by Source Reported in the General Fund

Last Ten Fiscal Year

Table S-5

Fiscal Year	General Property Taxes (1)	Other Local Taxes			Total Tax Revenues
		Sales Taxes	Utilities Taxes	Other Taxes	
2023	\$ 210,294,078	\$ 29,464,781	\$ 2,773,425	\$ 34,322,232	\$ 276,854,516
2022	197,973,776	27,699,091	2,827,741	32,508,440	261,009,048
2021	189,131,945	24,148,206	2,773,048	26,410,938	242,464,137
2020	184,127,074	20,731,314	2,624,828	23,606,936	231,090,152
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
% Change 2023/2022	6.2%	6.4%	(1.9%)	5.6%	6.1%
% Change 2023/2014	39.5%	86.7%	9.6%	78.7%	47.1%
Category % of Total Taxes	76.0%	10.6%	1.0%	12.4%	100.0%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

General Revenues by Source - All Governmental Funds and the Component Unit - School Board

Last Ten Fiscal Years

Table S-6

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)(3)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
2023	\$ 211,974,409	\$ 73,476,669	\$ 6,870,101	\$ 403,721	\$ 9,417,739	\$ 12,919,762	\$ 2,097,068	\$ 270,677,101	\$ 587,836,570
2022	199,781,301	69,301,792	7,765,788	275,326	(637,579)	10,611,472	2,353,888	255,512,952	526,554,411
2021	190,977,802	59,052,597	6,881,956	327,313	1,138,605	8,946,338	1,331,405	257,898,395	526,554,411
2020	186,098,542	52,570,914	5,545,355	356,918	5,281,748	13,651,154	3,216,692	220,901,621	487,622,944
2019	178,186,133	49,731,885	5,166,301	549,846	5,259,056	16,245,358	2,494,332	204,969,764	462,602,675
2018	172,314,525	47,175,486	4,845,487	529,585	2,278,172	16,672,709	2,182,187	197,846,373	443,844,524
2017	167,521,135	45,574,161	3,781,794	558,004	1,573,898	15,870,501	1,210,728	187,046,968	405,442,223
2016	161,724,970	43,557,610	4,338,229	516,791	1,957,329	15,016,889	1,693,088	184,319,566	578,088,920
2015	156,655,140	43,526,116	3,184,983	634,822	1,172,402	15,049,360	1,051,706	184,768,422	406,042,951
2014	151,945,820	46,939,533	2,685,169	544,449	1,108,352	14,808,265	1,687,726	178,014,581	397,733,895
% Change 2023/2022	6.1%	6.0%	(11.5%)	46.6%	1577.1%	21.8%	(10.9%)	5.9%	11.6%
% Change 2023/2014	39.5%	56.5%	155.9%	(25.8%)	749.7%	(12.8%)	24.3%	52.1%	47.8%

(1) Includes revenues as reported on Schedule C-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 \$139,749,526 and student activity fees and contributions of \$4,388,741.

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

(3) Excludes revenues attributable to the LOSAP Trust of \$70,871.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Table S-7

(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
2023	\$ 20,520,953	\$ 18,775	\$ 2,472,920	\$ 35,380	\$ 27,445	\$ 521,208	\$ 23,596,681	\$ 0.97
2022	20,036,651	20,386	2,581,255	34,624	24,137	462,810	23,159,863	0.96
2021	17,389,570	10,768	2,000,747	25,205	21,957	454,444	19,902,691	1.04
2020	17,043,131	11,232	1,862,180	30,504	21,881	413,003	19,381,931	1.05
2019	15,648,765	9,261	1,811,151	27,679	21,409	416,736	17,935,001	1.09
2018	15,358,064	8,792	1,737,814	27,943	17,157	383,376	17,533,146	1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
2015	13,095,404	11,407	1,628,072	26,695	13,926	338,190	15,113,694	1.13
2014	12,930,409	11,730	1,604,441	28,908	14,169	309,858	14,899,515	1.13
% Change 2023/2022	2.4%	(7.9%)	(4.2%)	2.2%	13.7%	12.6%	1.9%	
% Change 2023/2014	58.7%	60.1%	54.1%	22.4%	93.7%	68.2%	58.4%	
Category % of Total AV, CY 2023	87.0%	0.1%	10.5%	0.1%	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) Full value of personal property is shown above. However, personal property is taxed at 50% of assessed value annually, while business furniture and fixtures are assessed at 20% to 50% of assessed value.

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA
Property Tax Rates per \$100 of Assessed Value
 Last Ten Fiscal Years

Table S-8

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2023	\$ 0.7717	\$ 5.42	\$ 4.55	\$ 1.90	\$ 1.55
2022	0.7377	5.42	4.55	1.90	1.55
2021	0.8094	6.35	4.55	1.90	1.55
2020	0.8094	6.55	5.95	2.50	2.00
2019	0.8474	6.55	5.95	2.50	2.00
2018	0.8330	6.55	5.95	2.50	2.00
2017	0.8500	6.55	5.95	2.50	2.00
2016	0.8500	6.55	5.95	2.50	2.00
2015	0.8600	6.76	5.95	2.50	2.00
2014	0.8600	6.78	5.95	2.50	2.00

(1) Effective starting tax year 2014, aircraft are no longer taxable. Effective starting in 2015, boats and boat trailers are taxed at \$6.25. Effective starting tax year 2022, a separate rate of \$5.42 was established for automobiles, certain trucks, motorcycles, mopeds, all-terrain vehicles, off-road motorcycles, campers, and recreational vehicles. All other classes of property, with the exception of boats and boat trailers, are taxed at a rate of \$6.35.

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 2022			Calendar Year 2013		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Dominion Virginia Power	\$ 188,954	1	1.05%	\$ 95,305	3	0.73%
Spotsylvania Towne Center	184,745	2	1.03%	185,160	1	1.42%
Lidl US Operations	110,648	3	0.62%	--		--
Spotsylvania Regional Medical Ctr	81,741	4	0.46%	86,111	2	0.66%
Rappahannock Electric Cooperative	88,353	5	0.49%	71,023	4	0.54%
Comcast	9,133	6	0.05%	9,833	5	0.08%
Columbia Gas of Va	58,562	7	0.33%	29,251	10	0.22%
CVS VA Distribution	6,264	8	0.03%	5,615	8	0.04%
Verizon VA	40,490	9	0.23%	44,294	6	0.42%
The Collection at Cosners Corner, LLC	38,795	10	0.22%	--		--
GLL BUK Prop LP	--		--	39,368	7	0.31%
Lee Property Harrison Crossing	--		--	32,191	9	0.25%
	<u>\$ 807,685</u>		<u>4.51%</u>	<u>\$ 598,151</u>		<u>4.67%</u>

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

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Table S-10

(Amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy			Collections in Subsequent Years (1)(2)	Total Collections to Date	
		Amount (2)	Percentage of Levy (3)			Amount	Percentage of Levy (3)
2023	\$ 205,495	\$ 190,459	92.68%		\$ -	\$ 190,459	92.68%
2022	187,343	172,935	92.31%		8,257	181,192	96.72%
2021	184,225	172,041	93.39%		8,008	180,049	97.73%
2020	178,989	167,880	93.79%		7,484	175,364	97.97%
2019	172,093	161,306	93.73%		7,168	168,474	97.90%
2018	163,803	155,695	95.05%		6,420	162,115	98.97%
2017	158,329	151,128	95.45%		6,740	157,868	99.71%
2016	152,943	145,122	94.89%		7,114	152,236	99.54%
2015	148,400	141,151	95.12%		7,248	148,399	99.99%
2014	145,801	137,564	94.35%		7,219	144,783	99.30%

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Table S-11 - Page 1

(Amounts in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Leases	State Literary Fund Loans	Revenue Bonds				
2023	\$ 231,321	\$ 620	\$ 42,132	\$ -	\$ -	\$ 182,016	\$ 456,089	2.03%	\$ 3.08	
2022	226,655	1,378	47,753	-	-	121,909	397,695	2.01%	2.75	
2021	222,280	3,677	54,416	-	-	129,530	409,903	1.93%	2.85	
2020	233,250	6,369	59,890	-	-	124,742	424,251	1.82%	3.02	
2019	224,319	9,153	65,392	-	-	113,988	412,852	1.72%	3.03	
2018	207,123	13,295	70,691	-	-	120,172	411,281	1.65%	3.06	
2017	197,720	18,336	76,081	-	-	126,147	418,284	1.56%	3.15	
2016	184,864	23,701	81,364	-	-	131,894	421,823	1.48%	3.21	
2015	166,632	29,107	86,503	-	-	136,685	418,927	1.44%	3.22	
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.35%	3.31	

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)

General Obligation Bonded Debt Outstanding (1)							
Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)	
2023	\$ 231,321	\$ 620	\$ 42,132	\$ 274,073	1.16%	\$ 1.85	
2022	226,655	1,378	47,753	275,786	1.19%	1.90	
2021	222,280	3,677	54,416	280,373	1.41%	1.95	
2020	233,250	6,369	59,890	299,509	1.55%	2.13	
2019	224,319	9,153	65,392	298,864	1.67%	2.19	
2018	207,123	13,295	70,691	291,109	1.66%	2.17	
2017	197,720	18,336	76,081	292,137	1.78%	2.20	
2016	184,864	23,701	81,364	289,929	1.81%	2.21	
2015	166,632	29,107	86,503	282,242	1.87%	2.17	
2014	165,705	34,621	84,288	284,614	1.91%	2.21	

(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	
2023	\$ 56,263	\$ 25,636	\$ 30,627	\$ 6,770	\$ 6,059	\$ 12,829	2.39
2022	44,261	21,158	23,103	6,450	4,643	11,093	2.08
2021	44,281	20,165	24,116	4,290	4,861	9,151	2.64
2020	51,008	19,883	31,125	5,025	4,638	9,663	3.22
2019	44,285	19,049	25,236	5,680	4,471	10,151	2.49
2018	41,293	18,416	22,877	5,471	4,666	10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22
2015	34,783	16,535	18,248	4,557	5,645	10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65

(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)
2023	148,192	\$ 9,279,324	\$ 62,617	24,366	2.9%
2022	144,796	9,066,677	62,617	23,887	3.0%
2021	139,971	8,706,055	60,595	23,087	4.4%
2020	138,449	7,221,134	55,077	23,935	8.6%
2019	136,447	7,116,715	52,157	23,674	2.9%
2018	134,227	6,795,518	50,627	23,814	3.2%
2017	132,889	6,505,098	48,951	23,592	3.7%
2016	131,401	6,247,711	47,547	23,678	4.1%
2015	130,042	6,024,994	46,331	23,817	4.7%
2014	128,881	5,772,816	44,792	23,773	5.4%

(1) Estimated for July 1 of each year
2014 - 2022 U.S. Bureau of the Census
2023 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 2014 - 2022 (the last year available). Per Capita Personal Income for 2023 is assumed to be equal to 2022, the last year for which personal income data is available. Personal Income amounts for 2023 are calculated by multiplying the population estimate by the Per Capita Personal Income estimate for that year.

(3) As of October 1 of each fiscal year

(4) Local Area Unemployment Statistics (LAUS) and Bureau of Labor Statistics at fiscal year end

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Table S-14

Employer	FY 2023			FY 2014		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	9.5%	Over 1,000	1	9.4%
County of Spotsylvania	Over 1,000	2	3.5%	500 to 999	2	2.9%
HCA Virginia Health System	500 to 999	3	2.1%	500 to 999	3	2.3%
Wal mart	250 to 499	4	1.0%	500 to 999	4	2.3%
PAE Shared Services LLC	250 to 499	5	1.0%	--		
Lidl US Operations	250 to 499	6	1.0%	--		
CVS, Inc.	250 to 499	7	1.0%	250 to 499	6	1.2%
Germanna Community College	250 to 499	8	1.1%	250 to 499	8	1.2%
Weis Markets (previously Food Lion)	250 to 499	9	1.1%	250 to 499	5	1.2%
Kaeser Compressors	250 to 499	10	1.1%	--		
A T Solutions, Inc.	--			250 to 499	7	1.2%
Carmax	--			100 to 249	9	0.5%
Giant Food	--			100 to 249	10	0.5%
Total employment	36,509			31,940		

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
 Percentage of total County employment based on the midpoint of the ranges given.

COUNTY OF SPOTSYLVANIA, VIRGINIA**Full-Time County Government Employees by Function**

Last Ten Fiscal Years

Table S-15

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General government	124	128	127	132	137	140	140	143	148	155
Judicial administration	38	38	38	40	41	41	42	42	44	49
Public safety	425	438	452	470	497	536	540	543	568	587
Public works	48	49	50	50	50	54	53	53	56	74
Health and welfare	83	85	85	88	93	103	110	117	134	134
Parks, recreation and cultural	23	23	23	23	23	24	25	25	25	27
Community development	36	36	36	36	35	39	41	41	49	51
Total governmental activities	<u>777</u>	<u>797</u>	<u>811</u>	<u>839</u>	<u>876</u>	<u>937</u>	<u>951</u>	<u>964</u>	<u>1,024</u>	<u>1,077</u>
Business-type activities:										
Water and sewer	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>	<u>125</u>	<u>131</u>
Total business-type activities	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>	<u>125</u>	<u>131</u>
Total full-time employees	<u>892</u>	<u>914</u>	<u>929</u>	<u>958</u>	<u>996</u>	<u>1,059</u>	<u>1,073</u>	<u>1,086</u>	<u>1,149</u>	<u>1,208</u>

Source: County approved budget documents.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years

Table S-16 - Page 1

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	60,459	60,765	61,040	61,624	62,107	62,557	63,314	63,693	64,408	65,127
Percentage of fair market value (2)	89.50%	85.40%	92.00%	83.30%	91.40%	86.80%	91.20%	80.70%	74.10%	n/a
Treasurer										
Real estate tax bills generated	135,270	131,710	130,725	131,269	132,330	133,304	133,941	135,116	140,042	138,668
Personal property tax bills generated (1)	298,844	305,300	306,102	305,378	316,851	311,119	310,526	311,898	322,375	311,422
Registrar										
Number of registered voters	82,355	83,220	84,754	86,200	88,465	90,920	94,799	101,500	103,220	106,119
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	20,024	22,080	23,086	23,149	20,880	18,344	32,458	37,928	24,112	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,280	1,319	1,387	1,435	1,187	1,085	875	823	706	n/a
Number of circuit court cases (1)	1,962	2,076	2,694	3,352	3,113	2,923	2,705	3,010	2,933	n/a
Number of General District Court cases (1)	8,028	8,245	8,804	8,444	8,079	7,588	5,960	5,341	5,476	n/a
Number of Juvenile & Domestic Relations Court cases (1)	2,817	2,873	2,381	2,552	2,457	2,505	1,831	2,342	2,185	n/a
Public Safety										
Sheriff										
Calls for service	129,761	116,336	122,067	121,102	124,105	118,984	120,087	115,157	110,966	114,907
Calls for service per road deputy	1,802	1,615	1,695	1,681	1,477	1,416	1,412	1,439	1,305	1,473
Civil process papers served	43,224	42,149	43,441	40,817	44,490	40,428	40,308	34,889	20,548	43,348
Warrants served	9,986	10,714	10,917	11,146	11,151	10,780	10,703	10,062	8,654	9,326
Emergency Communications										
Total calls received	184,615	179,219	183,563	185,097	187,792	194,092	190,168	196,668	189,000	191,700
911 calls received	49,189	45,984	44,244	46,325	47,338	48,652	49,642	51,424	55,019	56,851
Fire, Rescue and Emergency Management										
Calls for service	15,355	16,219	16,526	17,525	18,500	18,836	18,757	19,733	22,058	21,699
Animal Control										
Calls for service (all types) (4)	8,386	8,084	8,803	8,925	9,453	12,246	11,543	9,577	n/a	9,639
Public works										
Refuse Disposal										
Solid waste - tons (1)	108,500	132,524	125,935	127,916	135,022	154,303	132,267	147,962	169,363	147,073
Recycling										
Recycled materials - tons	26,446	20,000	21,000	20,000	22,578	24,667	23,921	18,784	17,398	13,308
Sludge composted - tons	22,924	19,945	19,596	20,280	15,703	17,693	17,333	18,696	18,725	19,394

COUNTY OF SPOTSYLVANIA, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years

Table S-16 - Page 2

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Health and welfare										
Social Services										
SNAP applications	4,709	4,658	4,319	4,038	4,037	4,240	4,737	4,777	5,144	5,813
Medicaid applications	4,786	4,833	4,033	4,025	5,233	6,460	6,568	5,089	5,039	4,971
Medicaid (avg monthly ongoing caseload)	6,869	7,651	8,298	8,287	9,266	10,546	12,825	14,740	16,743	18,800
Foster care children (avg monthly county)	82	78	88	97	141	157	133	93	86	65
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,024	7,037	6,466	6,607	6,744	6,458	5,911	1,644	4,939	5,447
Special interest/leisure participants	10,671	11,540	14,217	15,613	17,408	18,131	18,988	7,081	13,633	15,873
Park visitors	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600	1,208,700	948,918	1,057,398	1,161,455	1,251,046
Community Development										
Planning										
Final platted lots approved (1)	236	252	550	499	400	677	357	591	670	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	\$ 33,787	\$ 41,236	\$ 34,385	\$ 35,656	\$ 36,509	n/a
Tourism										
Tourists visiting area (1)	849,000	935,538	1,673,261	1,799,951	1,707,438	1,744,349	1,013,747	978,417	n/a	n/a
Extension Office (3)										
Requests for educational information	2,462	10,392	15,970	20,119	21,439	16,426	16,549	6,900	3,818	7,276
Individuals participating in programs	9,672	18,125	19,874	9,498	9,932	16,699	22,076	3,501	5,624	5,547
Other funds										
Code Compliance										
Community development permits issued	3,111	2,996	3,628	3,773	4,040	4,069	3,609	4,133	5,222	5,218
Building inspections	14,682	15,672	16,731	19,541	21,884	22,554	24,589	25,282	34,490	27,308
Utilities										
Average daily water consumption (mgd)	10.00	9.70	9.90	10.10	10.20	10.50	10.70	10.90	11.30	11.50
Average effluent flows (mgd)	8.90	8.10	8.60	8.90	8.80	10.30	8.50	10.70	8.80	8.60
Water customers	29,390	29,658	30,104	30,628	31,160	31,622	32,216	32,790	33,616	34,352
Sewer customers	28,095	28,338	28,768	29,285	29,813	30,271	30,852	31,408	32,194	33,102

n/a Not available

(1) Reported on a calendar year basis

(2) Final 2022 State sales ratio will be issued late 2023

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

(4) Due to a software implementation, data from 2022 is unavailable.

Source: Various County Departments

COUNTY OF SPOTSYLVANIA, VIRGINIA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table S-17

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	201	201	206	220	209	202	210	210	220	246
Fire & Rescue:										
Stations	13	13	13	12	12	12	12	12	12	12
Response units	69	69	69	72	72	72	71	71	70	70
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	13	16	16	16	16	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	649,721	649,721	649,721	649,721	709,706	709,849	709,549	720,369	764,369	835,974
Parks, recreation and cultural										
Parks	13	13	13	13	13	13	13	13	13	15
Park acreage	536	536	536	536	536	536	536	536	536	572
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	9
Athletic fields maintained	37	37	37	37	37	37	37	36	36	40
Community centers	7	6	6	6	6	5	5	5	5	5
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	2	2	3	3
Museums	1	1	1	1	1	1	1	1	1	1
Community development										
Visitor centers	1	1	1	1	1	1	1	1	1	1
Public utilities										
Water mains (miles)	536	542	553	562	563	561	567	575	585	593
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	497	500	552	552	553	551	556	565	570	578
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	13,700	13,700	13,700	13,700	13,700	13,745	13,745	13,745	13,745	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Pump stations	51	52	50	50	46	48	48	46	46	46
Fleet Management										
Vehicles maintained	1,057	1,070	1,061	1,075	1,090	1,059	1,066	1,055	1,120	1,132

COUNTY OF SPOTSYLVANIA, VIRGINIA**Summary of Certain School Statistics**

School Enrollment

Last Five Fiscal Years

Table S-18 - Page 1

	2019	2020	2021	2022	2023
Kindergarten	1,545	1,623	1,379	1,646	1,607
Elementary (grades 1-7)	12,219	12,368	11,743	11,905	12,248
Secondary (grades 8-12)	9,478	9,482	9,582	9,853	9,959
Pre-K/Headstart (SpEd)	432	462	383	483	449
Total Enrollment (1)	23,674	23,935	23,087	23,887	24,263
Teachers and Administrators	2,001	2,032	2,032	2,046	2,129
Other employees	1,196	1,214	1,208	1,238	1,355
Total employees (2)	3,197	3,246	3,240	3,284	3,484
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	7	7	7	7	7
Total buildings	31	31	31	31	31

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	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
K	1,545	1,623	1,379	1,646	1,607	1676	1671	1654	1642	1621
1	1,599	1,614	1,569	1,562	1,729	1731	1731	1726	1708	1694
2	1721	1641	1557	1694	1654	1764	1765	1763	1755	1737
3	1698	1758	1606	1611	1746	1626	1797	1796	1791	1783
4	1688	1747	1680	1696	1671	1759	1656	1828	1825	1820
5	1866	1747	1720	1773	1794	1673	1793	1690	1859	1856
6	1841	1924	1702	1781	1833	1753	1716	1830	1714	1885
7	1806	1937	1909	1788	1821	1842	1790	1750	1867	1750
8	1899	1844	1915	1958	1830	1841	1870	1816	1775	1893
9	2025	2118	1986	2247	2214	2016	2049	2088	2025	1982
10	1874	1947	2029	1914	2143	2080	1923	1956	1990	1932
11	1820	1775	1817	1885	1797	2046	1989	1839	1869	1902
12	1860	1798	1835	1849	1975	1885	2097	2041	1896	1924
Pre-K*	432	462	383	483	449	483	483	483	483	483
Total Enrollment (1)	<u>23,674</u>	<u>23,935</u>	<u>23,087</u>	<u>23,887</u>	<u>24,263</u>	<u>24,175</u>	<u>24,330</u>	<u>24,260</u>	<u>24,199</u>	<u>24,262</u>

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	2022-2023 Enrollment
Elementary:							
Battlefield	K-5	30.0	Acres	1,974	2,000	833	681
Berkeley	K-5	17.0	Acres	1,961	1971, 1979, 2000, 2005	353	267
Brock Road	K-5	24.4	Acres	1992	2004	907	700
Cedar Forest	K-5	52.2	Acres	2008	-	936	811
Chancellor	K-5	12.0	Acres	1940	1948, 1961, 2000	455	456
Courthouse Road	K-5	25.0	Acres	1994	2005	907	780
Courtland (1)	K-5	-	Acres	1989	2000	789	530
Harrison Road (2)	K-5	-	Acres	2001	2006	936	723
Lee Hill	K-5	21.0	Acres	1977	1990, 1999	807	660
Livingston	K-5	15.5	Acres	1961	1971, 1992	504	435
Parkside	K-5	26.8	Acres	2001	2007	936	941
Riverview	K-5	25.0	Acres	1994	2005	907	634
Salem	K-5	20.0	Acres	1979	1989, 1999	815	616
Smith Station	K-5	23.0	Acres	1991	1999,2004	986	662
Spotswood	K-5	20.0	Acres	1965	1971, 2000	641	510
Spotsylvania	K-5	14.1	Acres	1952	1977	585	588
Wilderness	K-5	25.0	Acres	1998	2003	936	656
							10,650
Middle:							
Battlefield	6-8	30.0	Acres	1978	2003	807	791
Chancellor (2)	6-8	-	Acres	1989	-	857	854
Freedom	6-8	76.7	Acres	2003	-	948	777
Ni River	6-8	75.0	Acres	1999	-	774	719
Post Oak (3)	6-8	-	Acres	2007	-	948	665
Spotsylvania	6-8	41.7	Acres	1968	1973	907	982
Thornburg	6-8	50.0	Acres	1994	-	790	696
							5,484
Secondary:							
Chancellor	9-12	100.0	Acres	1988	-	1,427	1,400
Courtland	9-12	100.0	Acres	1980	-	1,565	1,557
Massaponax	9-12	100.0	Acres	1998	2005	1,830	1,742
Riverbend	9-12	90.7	Acres	2004	-	1,995	1,995
Spotsylvania	9-12	100.0	Acres	1994	-	1,611	1,388
J.J. Wright Alternative	Pre K - 12	20.0	Acres	1952	1962, 1982, 2008, 2009	90	47
Vocational Center (1)	-	-	-	1980	1993	-	N/A
							8,129

Source: Superintendent of Schools, Spotsylvania County, Virginia.

(1) On same site as Courtland High School

(2) On same site as Chancellor High School

(3) On same site as Spotsylvania High School

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

Detail of School Activity Fund

Table S-19

Schools	Fund Balance July 1, 2022	Revenues	Expenditures	Fund Balance June 30, 2023
Elementary:				
Battlefield	\$ 41,787	\$ 29,497	\$ 31,294	\$ 39,991
Berkeley	26,084	18,949	13,268	31,766
Brock Road	40,205	67,179	62,954	44,429
Cedar Forest	16,070	26,496	15,840	26,726
Chancellor	30,335	12,701	15,140	27,896
Courthouse Road	65,814	51,857	40,690	76,981
Courtland	21,565	18,700	24,077	16,189
Harrison Road	40,504	14,650	11,007	44,147
Lee Hill	15,433	44,239	45,975	13,697
Livingston	29,635	33,209	33,750	29,095
Parkside	24,358	30,073	29,286	25,145
Riverview	30,626	46,668	48,016	29,277
Salem	32,882	24,477	21,605	35,755
Smith Station	14,814	39,648	19,532	34,930
Spotswood	25,477	29,515	26,433	28,559
Spotsylvania	18,577	22,841	17,111	24,307
Wilderness	43,266	30,746	42,263	31,749
Total Elementary Schools:	\$ 517,432	\$ 541,447	\$ 498,240	\$ 560,639
			2022 - 2023 pupil enrollment:	10,650
			Per pupil fund balance:	\$ 52.64
Middle:				
Battlefield	56,218	88,117	85,771	58,563
Chancellor	64,615	108,695	121,555	51,755
Freedom	72,933	104,018	118,821	58,130
Ni River	63,831	89,639	82,673	70,797
Post Oak	47,264	76,521	62,168	61,617
Spotsylvania	94,862	69,510	72,932	91,439
Thornburg	49,317	71,073	86,447	33,944
Total Middle Schools:	\$ 449,040	\$ 607,572	\$ 630,367	\$ 426,245
			2022 - 2023 pupil enrollment:	5,484
			Per pupil fund balance:	\$ 77.73
High:				
Chancellor	147,462	419,872	398,558	168,777
Courtland	367,506	608,062	549,695	425,873
Massaponax	331,140	558,532	574,184	315,488
Riverbend	304,996	830,733	801,025	334,704
Spotsylvania	233,255	425,667	361,036	297,887
Total High Schools:	\$ 1,384,359	\$ 2,842,866	\$ 2,684,497	\$ 1,542,729
			2022 - 2023 pupil enrollment:	8,082
			Per pupil fund balance:	\$ 190.88
Other:				
J.J. Wright Alternative	8,587	5,577	4,431	9,734
School Board Office	2,617	34,534	2,043	35,108
Career and Technical Center	143,085	300,169	271,817	171,436
Commonwealth Governor's School	46,396	56,576	62,277	40,694
Total Other Schools:	\$ 200,685	\$ 396,856	\$ 340,569	\$ 256,972
Total All Schools:	\$ 2,551,513	\$ 4,388,741	\$ 4,153,673	\$ 2,786,582

Source: Spotsylvania County Schools School Activity Fund 2023 Audit Report



COUNTY OF SPOTSYLVANIA, VIRGINIA
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2023



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**COUNTY OF SPOTSYLVANIA, VIRGINIA
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of County of Spotsylvania, Virginia (the County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 27, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

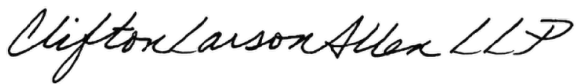
Honorable Members of the Board of Supervisors
County of Spotsylvania, Virginia

Report on Compliance and Other Matters

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

Purpose of This Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland
March 27, 2024



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Spotsylvania, Virginia's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-001 to be a significant deficiency.

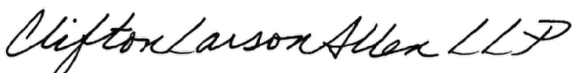
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon, dated December 28, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 27, 2024

**COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023**

Federal Agency	Pass-thru Entity	Program Title	Federal Assistance Listing Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total
U.S. Department of Agriculture	Virginia Department of Agriculture Food and Nutrition Service	National School Lunch Program - Commodities	10.555	Child Nutrition Cluster	not applicable	\$ 871,323	
	Virginia Department of Education	School Breakfast Program	10.553	Child Nutrition Cluster	179001-40253	2,716,295	
	Virginia Department of Education	National School Lunch Program	10.555	Child Nutrition Cluster	179001-40254/41106/41080	8,011,621	
				Child Nutrition Cluster - Total			11,599,239
	Virginia Department of Education	COVID-19 Child and Adult Care Food Program	10.558		179001-700270/700280	6,183	
	Virginia Department of Education	Pandemic EBT Administrative Costs	10.649		185002-865560	5,950	
	Virginia Department of Social Services	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAP Cluster	10122, 10123, 40122, 40123	2,197,640	2,197,640
Total U.S. Department of Agriculture						13,809,012	
U.S. Department of Defense	Direct Program	Junior ROTC Program	12.000		not applicable	103,994	
				Total U.S. Department of Defense		103,994	
U.S. Department of Justice	Direct Program	Missing Alzheimer's Disease Patient Assistance Program	16.015		not applicable	8,408	
	Direct Program	COVID-19 Coronavirus Emergency Supplemental Funding Program	16.034		not applicable	78,310	
	Direct Program	Improving Criminal Justice Responses Grant Program	16.590		not applicable	96,115	
	Direct Program	State Criminal Alien Assistance Program	16.606		not applicable	23,170	
	Direct Program	Edward Byrne Memorial Justice Assistance Grant Program	16.738		not applicable	16,859	
	Virginia Department of Criminal Justice Services	Crime Victim Assistance	16.575		23-O1230VW19	179,511	
				Total U.S. Department of Justice		402,373	
U.S. Department of Transportation	Virginia Department of Motor Vehicles	State and Community Highway Safety	20.600	Highway Safety Cluster	FSC-2022-52083-22083, FOP-2022-52436-22436, BPT-2023-53206-23206	87,559	87,559
	Virginia Department of Motor Vehicles	Alcohol Open Container Requirements	20.607		154AL-2022-52067-22067, ENF-AL-2023-53204-23204	57,322	
				Total U.S. Department of Transportation		144,881	

See accompanying Notes to Expenditures of Federal Awards.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Agency	Pass-thru Entity	Program Title	Federal Assistance Listing Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total
U.S. Department of Treasury	Virginia Department of Accounts	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		SLT-3648	1,909,151	
	Virginia Department of Criminal Justice Services	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		494178	45,000	
	Virginia Department of Education	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		179001-600540/452770	3,266,925	
	Virginia Department of Social Services	COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027		9122222	13,001	
		COVID-19 Coronavirus State and Local Fiscal Recovery Funds - Total					
	Direct Program	Local Assistance and Tribal Consistency Fund	21.032		not applicable	50,000	
		Total U.S. Department of Treasury				5,284,077	
U.S. Department of Education	Direct Program	Impact Aid	84.041		not applicable	173,849	
	Virginia Department of Education	Adult Education - Basic Grants to States	84.002		179001- 428010/ 613800/611110	444,363	
	Virginia Department of Education	Title I Grants to Local Educational Agencies	84.010		179001- 429010/428920	3,643,443	
	Virginia Department of Education	Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		179001-429480	30,736	
	Virginia Department of Education	Special Education Grants to States	84.027	Special Education Cluster	179001- 430710/402870	5,495,090	
	Virginia Department of Education	Career and Technical Education - Basic Grants to States	84.048		179001-600310	352,758	
	Virginia Department of Education	Special Education Preschool Grants	84.173	Special Education Cluster	179001- 625210/402860	164,208	
				Special Education Cluster - Total			5,659,298
	Virginia Department of Education	English Language Acquisition State Grants	84.365		179001- 605120/605090	211,832	
	Virginia Department of Education	Supporting Effective Instruction State Grant	84.367		179001-614800	707,672	
	Virginia Department of Education	Student Support & Academic Enrichment Program	84.424		179001-600220	237,981	
	Virginia Department of Education	COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	Education Stabilization Fund	179001-700370 / 600420	63,558	
	Virginia Department of Education	COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	Education Stabilization Fund	179001-501950 / 601770	2,912,422	
	Virginia Department of Education	American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	Education Stabilization Fund	179001-501820 / 501750 / 501930	6,170,575	
				Education Stabilization Fund - Total			9,146,555
		Total U.S. Department of Education				20,608,487	

See accompanying Notes to Expenditures of Federal Awards.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Agency	Pass-thru Entity	Program Title	Federal Assistance Listing Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total
U.S. Department of Health and Human Services	Direct Program	Head Start	93.600	Head Start Cluster	not applicable	1,093,375	
	Direct Program	COVID-19 Head Start	93.600	Head Start Cluster	not applicable	75,113	
				Head Start Cluster - Total			1,168,488
	Virginia Department of Social Services	Guardianship Assistance	93.090		1110122, 1110123	8,997	
	Virginia Department of Social Services	Title IV-E Prevention Program	93.472		1140122, 1140123	18,951	
	Virginia Department of Social Services	Promoting Safe and Stable Families	93.556		950121, 950122	70,276	
	Virginia Department of Social Services	COVID-19 Promoting Safe and Stable Families	93.556		950221	19,252	
	Virginia Department of Social Services	Temporary Assistance for Needy Families	93.558		400122, 400123, BEN-19-113-24	811,853	
	Virginia Department of Social Services	Refugee and Entrant Assistance - State Administered Program	93.566		500122, 500123	53,985	
	Virginia Department of Social Services	Low Income Home Energy Assistance	93.568		600422, 600423	98,902	
	Virginia Department of Social Services	COVID-19 Child Care and Development Block Grant	93.575	CCDF Cluster	773121	1,974	
	Virginia Department of Social Services	Child Care and Development Block Grant	93.575	CCDF Cluster	770121	(1,909)	
	Virginia Department of Social Services	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	CCDF Cluster	760122, 760123	130,516	
				CCDF Cluster - Total			130,581
	Virginia Department of Social Services	Chafee Education and Training Vouchers Program (ETV)	93.599		9160122	4,329	
	Virginia Department of Social Services		93.603		1130120	2,884	
	Virginia Department of Social Services	Stephanie Tubbs Jones Child Welfare Services Program	93.645		900121, 900122	643	
	Virginia Department of Social Services	Foster Care Title IV-E	93.658		1100122, 1100123	766,948	
	Virginia Department of Social Services	Adoption Assistance	93.659		1120122, 1120123	1,746,737	
	Virginia Department of Social Services	Social Services Block Grant	93.667		1000122, 1000123	540,669	
	Virginia Department of Social Services	John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		9150121, 9150122	10,593	
	Virginia Department of Social Services	COVID-19 John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		9152121	17,689	
		John H. Chafee Foster Care Program for Successful Transition to Adulthood - Total					
	Virginia Department of Social Services	COVID-19 Elder Abuse Prevention Interventions Program	93.747		8000221, 8000321	11,822	
	Virginia Department of Social Services	Children's Health Insurance Program	93.767		540122, 540123	9,995	
	Virginia Department of Social Services	Medical Assistance Program	93.778	Medicaid Cluster	1200122, 1200123	1,147,199	1,147,199

See accompanying Notes to Expenditures of Federal Awards.

COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Agency	Pass-thru Entity	Program Title	Federal Assistance Listing Number	Cluster Name	Pass-through Entity Identifying Number	Federal Expenditures	Cluster Total
Total U.S. Department of Health and Human Services						6,640,793	
U.S. Dept of Homeland Security	Direct Program	Staffing for Adequate Fire and Emergency Response (SAFER)	97.083		not applicable	1,344,243	
	Virginia Department of Emergency Management	Emergency Management Performance Grants	97.042		66, 80	31,438	
Total U.S. Department of Homeland Security						1,375,681	
TOTAL EXPENDITURES OF FEDERAL AWARDS						\$ 48,369,298	

See accompanying Notes to Expenditures of Federal Awards.

COUNTY OF SPOTSYLVANIA, VIRGINIA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

NOTE 1 GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federally assisted programs of the County of Spotsylvania, Virginia (the County). The County's reporting entity is defined in Note 1 of the County's basic financial statements. All federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, are included in the Schedule of Expenditures of Federal Awards.

NOTE 2 BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards is presented using the accrual basis of accounting, which is described in Note 1 to the County's basic financial statements. The County participated in federal programs in which noncash benefits are provided through the Commonwealth of Virginia to eligible program participants. Food Distribution Programs (Assistance Listing Number 10.555). The value of food commodities (\$871,323) was calculated using the U.S. Department of Agriculture's Food and Nutrition Service commodity price lists.

NOTE 3 INDIRECT COSTS

The County has not elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes _____ x _____ no
 - Significant deficiency(ies) identified? _____ yes _____ x _____ none reported

3. Noncompliance material to financial statements noted? _____ yes _____ x _____ no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes _____ x _____ no
 - Significant deficiency(ies) identified? _____ x _____ yes _____ none reported

2. Type of auditors’ report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ x _____ yes _____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds
84.425C, 84.425D, 84.425U	Education Stabilization Fund
93.659	Adoption Assistance

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

\$ 1,451,079

Auditee qualified as low-risk auditee?

_____ x _____ yes _____ no

**COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

None

Section III – Findings and Questioned Costs – Major Federal Programs

2023 – 001 Suspension and Debarment

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: SLFRP1026 -2021

Pass-Through Agency: Virginia Department of Education

Pass-Through Number(s): 179001-600540/452770

Award Period: 3/3/21 – 12/31/24

Type of Finding: Significant Deficiency in Internal Control Over Compliance

Criteria or specific requirement: *Compliance:* 2 CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts with certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

2 CFR 180.300 states that an entity may determine suspension and debarment status by:

- (a) Checking SAM (System for Award Management) Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person (7) Distribution of work to individuals and firms or economic considerations.

Control: Per 2 CFR Section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition: Spotsylvania County Schools could not provide supporting documentation that suspension and debarment status was determined prior to award.

Context: The suspension and debarment status for one out of two vendors was not retained related to the Coronavirus and Local Fiscal Recovery Funds Program.

Questioned costs: There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

**COUNTY OF SPOTSYLVANIA, VIRGINIA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2023 – 001 (Continued)

Cause: Spotsylvania County Schools did not adhere to established internal controls over suspension and debarment transactions.

Effect: In the absence of required documentation, it is not possible to verify that particular vendors were not suspended or debarred at the time that the applicable agreement or contract was finalized.

Repeat Finding: No

Recommendation: Spotsylvania County Schools should ensure that employees are following the requirements they have outlined in their procurement policy.

Views of responsible officials: There is no disagreement with the audit finding.