



COMPREHENSIVE ANNUAL FINANCIAL REPORT

JUNE 30
2019
FOR FISCAL YEAR ENDED





Cover photo

The internationally televised, Emmy-nominated show, Fishing University, filming on Lake Anna in Spotsylvania County

Photo Credit: Debbie Aylor, Spotsylvania County Tourism & Special Events Manager

County of Spotsylvania, Virginia

COMPREHENSIVE ANNUAL FINANCIAL REPORT



Fiscal Year Ending June 30, 2019

Edward Petrovitch, County Administrator
Mark L. Cole, Deputy County Administrator
Mary S. Sorrell, Director of Finance
Rebecca R. Forry, Deputy Director of Finance - Accounting

Published by the Accounting Division
of the Department of Finance



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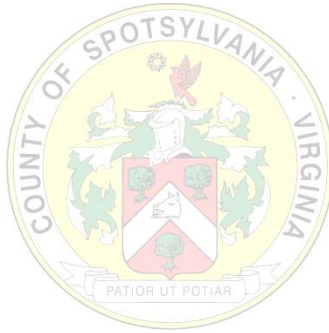
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PART I: INTRODUCTORY SECTION



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County of Spotsylvania

Founded 1721

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



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

Service, Integrity, Pride

January 24, 2020

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

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2019. The *Code of Virginia* requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with governmental auditing standards generally accepted in the United States of America.

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

The County's financial statements have been audited by Cherry Bekaert LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unmodified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2019, which is presented on pages 17 – 19 of this report.

The audit of the financial statements was part of a broader, federally mandated “Single Audit” designed to meet the needs of federal agencies that provide aid to the County. The standards governing single audit engagements require the auditor to report on the County’s internal controls and compliance with legal requirements, particularly as they relate to federal awards. This information, also audited by Cherry Bekaert LLP, 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 almost 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 3,200 employees.



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

ECONOMIC CONDITION AND OUTLOOK

The County's economy continues to be strong. Its proximity to two strong economic and employment hubs, Washington, DC and the City of Richmond, connected by rail, interstate and local highways, attributes to positive workforce and commercial development. The County continues to see consistent population growth which has grown 10.9% in the last 10 years, an average of 1.2% annually. Jobs continue to grow in Spotsylvania County, averaging 2.7% increase per year for the last 10 years. New jobs in the County rose 1.9% in 2018, exceeding the new job growth rate across the State. Unemployment for the County and the Commonwealth remains below the national rate. For the fiscal year ended June 30, 2019, the County's unemployment rate dropped for the eighth consecutive year to 3.1%, from a peak of 7.0% in 2010.

Growth in the County's major revenue streams reflects a healthy and thriving community. Real property values, used to generate real estate tax revenues, rose for the seventh straight year, up 1.9% from the previous year and 23.8% from ten years ago. The County's housing market remains strong with a median sale price of \$293,000, up 23% from five years ago. Retail sales were up 3.8% in calendar year 2018, outpacing the Commonwealth's increase of 2.2%.

Local industry continues to expand and diversify in part because of the County's proximity to the Nation's Capital and to Interstate 95. Partnerships with high schools and community colleges continue to create an educated workforce. Investments in key infrastructure (water/sewer and fiber); fast-tracked permitting; comparatively low water/sewer fees; low tax rates; and high quality County and Regional service provisions have made Spotsylvania County an attractive place for businesses to locate. Spotsylvania has created a business friendly culture, cooperating regionally to establish consistency in assessment percentages and tax rates for data centers, to make the entire area more attractive to data centers along with offering multiple tax-advantage/business-advantaged areas in the County including HUB Zones, Opportunity Zones, Technology Zones, and Tourism Zones.

The County continues to target four industries: Manufacturing, Defense/IT/Cyber, Healthcare and Tourism, with emphasis on businesses that make capital investments and hire new employees at salaries greater than the county average. Spotsylvania County has a diverse business environment with 3,091 businesses representing over 18 different industries and employing approximately 36,700 people.

Below are some of the more notable economic development highlights from our 2019 credit rating presentation:

- Phase 2 of Station Square's development plans was completed, adding 120 new units to their existing 260-unit complex in Cosner's Corner. Cosner's Corner, located a few miles south of Southpoint, and one mile from I-95, features major national retailers, banks, and a full palette of restaurants. Cosner's Corner is also home to the County's largest private employer, the Spotsylvania Regional Medical Center.

- The Spotsylvania Courthouse Village (the Village), the area's first semi-rural, mixed-use community is just 8 miles from I-95, and 10 miles from the Virginia Railway Express. The Village project continues to expand from its single office building and green space with pavilion in 2011, to a full Village today with 3 mixed-use buildings for retail, commercial and residential uses; five buildings within the "Merchants Square" section providing square footage for various retail and commercial needs; and four three-story, garden-style residential buildings, with four additional buildings of similar style currently under construction.



- Over the past year, the Allure at Jefferson project, a 450-unit apartment complex comprised of 14 buildings made significant progress. The buildings range between 24 and 40 units.



While most remain under construction, several are occupied. Upon completion of all units, the full value of the complex is estimated at \$56 million.

- In April of 2019, sPower, the largest private owner of operating solar assets in the United States, was granted a special use permit to build what is considered the largest solar energy center on the East Coast. Located in western Spotsylvania on approximately 6,500 acres, the plan calls for 3,500 acres to be developed for the solar project with the remainder serving as buffers, resource protection areas and wildlife corridors. The company already has commitments to sell the approximate 500-megawatts of power produced by the project to organizations like Microsoft, Apple, Akamai, Etsy, and the University of Richmond. The full assessed value of the equipment is projected at \$552.5 million and the project is expected to generate \$800,000 annually in tax revenue in each of the first five years.



RELEVANT FINANCIAL POLICIES

The County continues to meet all adopted fiscal policy guidelines necessary to maintain fiscal stability and accountability in the use of its resources to provide services to citizens. Continual maintenance of these policies have strengthened the County's position with rating agencies, having a direct impact on the County's bond rating upgrades. In July 2019, S&P Global Ratings upgraded the County to a AAA bond rating, the highest possible rating. The County also holds a AAA rating with Fitch and a Aa1 rating with Moody's. S&P noted the County's long-term history of strong financial operations supported by very strong

"We base the upgrade on the county's long-term history of strong financial operations supported by very strong management policies and practices, including five consecutive years of audited operating surpluses through fiscal 2018."

S&P Global Rating – July 2019

management policies and practices and the County's ongoing developments as factors in their upgrade.

The County maintains a moderately low debt profile, reporting net overall debt of \$3,060 per capita, a 0.3% decrease from the previous year. Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits 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 8.50%, 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 1.64%, below the required 3% set by the County.

In addition to its debt management policies, the County also maintains four strong fund balance policies as follows:

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, 2019, the fiscal stability reserve was \$50.6 million, an increase of \$3.2 million, or 6.8%.

Health Insurance Reserve. The County maintains a self-insured health insurance reserve equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences. The reserve at June 30, 2019 was \$4.7 million.

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

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

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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

To enhance long-term planning and prudent financial management, County staff utilize various multi-year financial forecasts to project revenues, expenditures and its capital needs. While not all-inclusive, these forecasts take into account the following major initiatives of the County:

Rising Healthcare Liabilities. As the number of County retirees increase and healthcare costs continue to rise, the County faces tough decisions on when and how to fund its other postemployment

“The HRA benefit change generated immediate savings, reducing the County’s OPEB liability by \$32.0 million”

benefit plans (OPEB). To address this challenge, effective in fiscal year 2016, the Board kicked off a phased-in funding plan to reserve 100% of the General Fund’s annual required contribution within eight years. In 2018, in an effort to reduce the County’s OPEB liability, the Board approved revisions to the County’s retiree health insurance benefits, adding an option for qualifying retirees and current employees who retire and reach Medicare age, to choose a County funded Health Reimbursement Account (HRA). Employees hired after September 25, 2018 will be offered the HRA plan only. The benefit change generated an immediate savings, reducing the County’s OPEB liability down by approximately \$32.0 million. In 2020, the County will explore how best to invest these long-term assets to maximize investment returns and help offset future costs.



Transportation. Addressing transportation needs continues to be a top priority of the Board. As the Commonwealth owns and maintains the roads and bridges within the County, the funding for improvements is generally coordinated at the state level with local input and is subject to prioritization across many infrastructure needs within the Commonwealth. To improve one of the nation’s busiest traffic corridors,

in 2016 the proposed Atlantic Gateway Project was selected for a federal FASTLANE grant of \$165 million. In January 2018, the project was extended to include an additional \$277 million in funding to include the Northbound Rappahannock River Crossing, which is a major priority of the Spotsylvania region. In the Spotsylvania area, the project will extend the I-95 Express Lanes north and south; build a new northbound and southbound I-95 bridge over the Rappahannock River; upgrade the I-95 corridor from the Potomac River to Fredericksburg; expand commuter bus service; and add 14 miles of new track to existing rail service. In addition to this work, the Board continues to expand transportation-related work and in its most recent five-year Capital Improvement Plan (CIP) allocated \$28.4 million of County funds to be used in combination with Federal and State funding.

Water and Sewer Treatment Plants. To ensure sufficient plant capacity for the next 50 years, the County has dedicated approximately \$105.0 million for the planned expansion of its treatment plants. Current plant capacity for water and sewer treatment is expected to increase from 21.0 MGD and 13.7 MGD to 24.0 MGD and 18.4 MGD, respectively.



County Facilities. There are also many new facilities in the pipeline to address anticipated growth in the region, such as, a new regional library branch and fire and rescue station in the Massaponax area, a new County office building, renovation and expansion of the judicial center, new recreation facilities, replacement of a fire/rescue station and a new fire and training logistic center.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2018. This is the 24th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2019. 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 23rd award in as many years, and the second year the budget has received the Special Capital Recognition. Such special recognition is awarded when the capital projects portion of the budget document is rated "outstanding" by each member of the review panel. Last year, of the 1,344 governments in the United States and Canada that received the Distinguished Budget Presentation Award, only 18 (1.3%) achieved the Special Capital Recognition.

The County's Tourism Department was awarded the 2018 Virgo Award for Niche Tourism by the Virginia Association of Destination Marketing Organizations for its arts festival which debuted in August 2018.

The Utilities Department was awarded the 2019 Best of Virginia Tap Water Taste Test held by the American Water Works Association. This represents the third consecutive year the County has received this recognition.

Chancellor Elementary School was one of 349 schools to be named one of the best schools in the nation. The Spotsylvania County school is one of eight other Virginia schools awarded a blue ribbon in the exemplary high performing schools category by the U.S. Department of Education.

Dr. S. Scott Baker, who has been superintendent of Spotsylvania schools for seven years, was named Superintendent of the Year by his colleagues, the leaders of 17 school divisions in Region III – which includes the north-central and Northern Neck regions of Virginia.

We express sincere appreciation to all those who are involved in the independent audit process and who contribute to the preparation and publishing of this report.

Respectfully submitted,



Ed Petrovitch
County Administrator



Rebecca R. Forry
Chief Accounting Officer

Principal Officials

Board of Supervisors



Greg Benton
Livingston District



Paul D. Trampe
Salem District



Chris J. Yakabouski
Battlefield District



Kevin Marshall
Berkeley District



Timothy J. McLaughlin
Chancellor District



David Ross
Courtland District



Gary F. Skinner
Lee Hill District

County of Spotsylvania

Constitutional Officers

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

County Administrative Officers

Edward Petrovitch	Interim County Administrator
Mark L. Cole	Deputy County Administrator
Karl R. Holsten	County Attorney
Mary S. Sorrell	Director of Finance
Rebecca R. Forry	Deputy Director of Finance- Accounting

Spotsylvania School Board

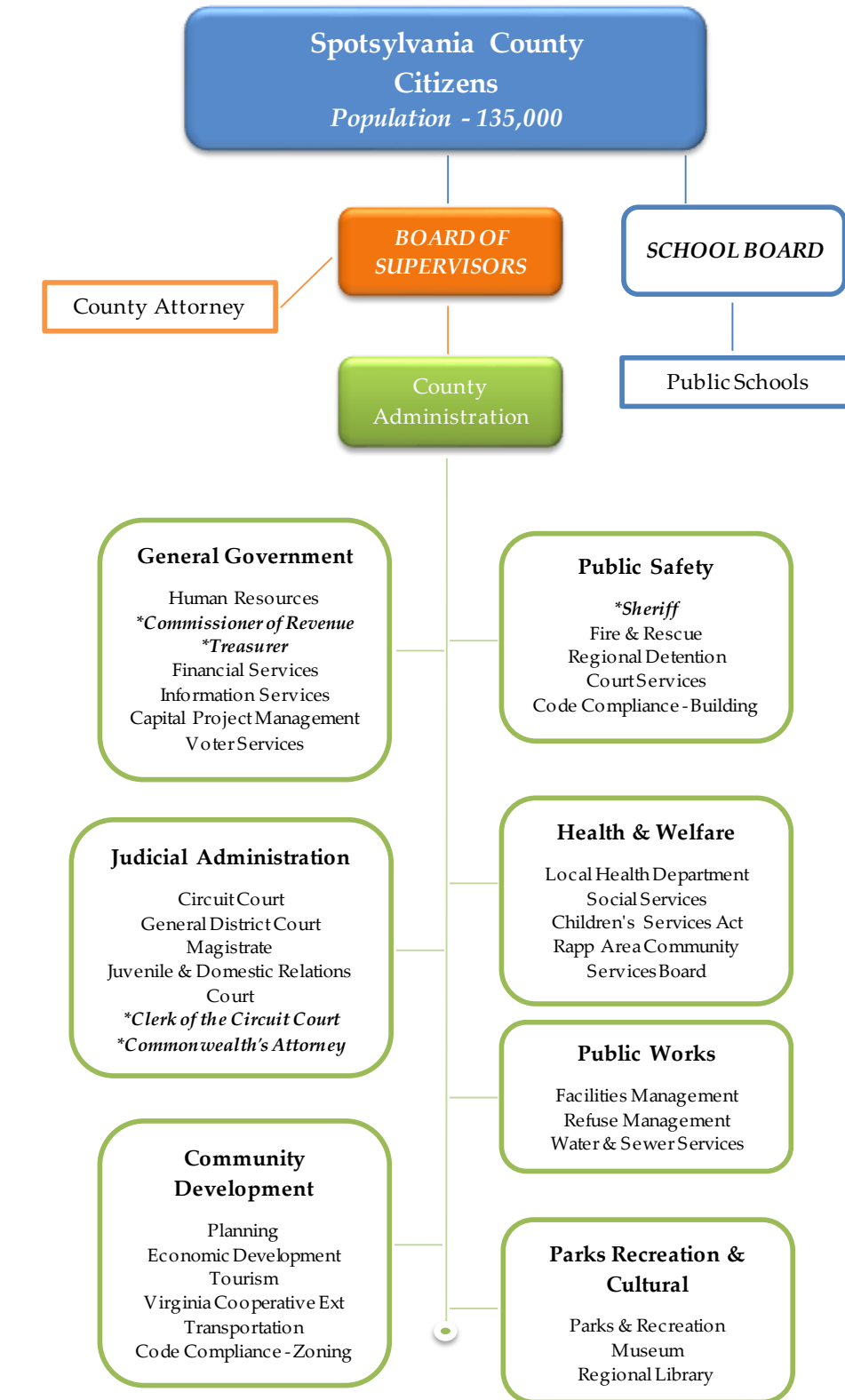
School Board

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

School Administrative Officers

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

Spotsylvania County Organizational Chart

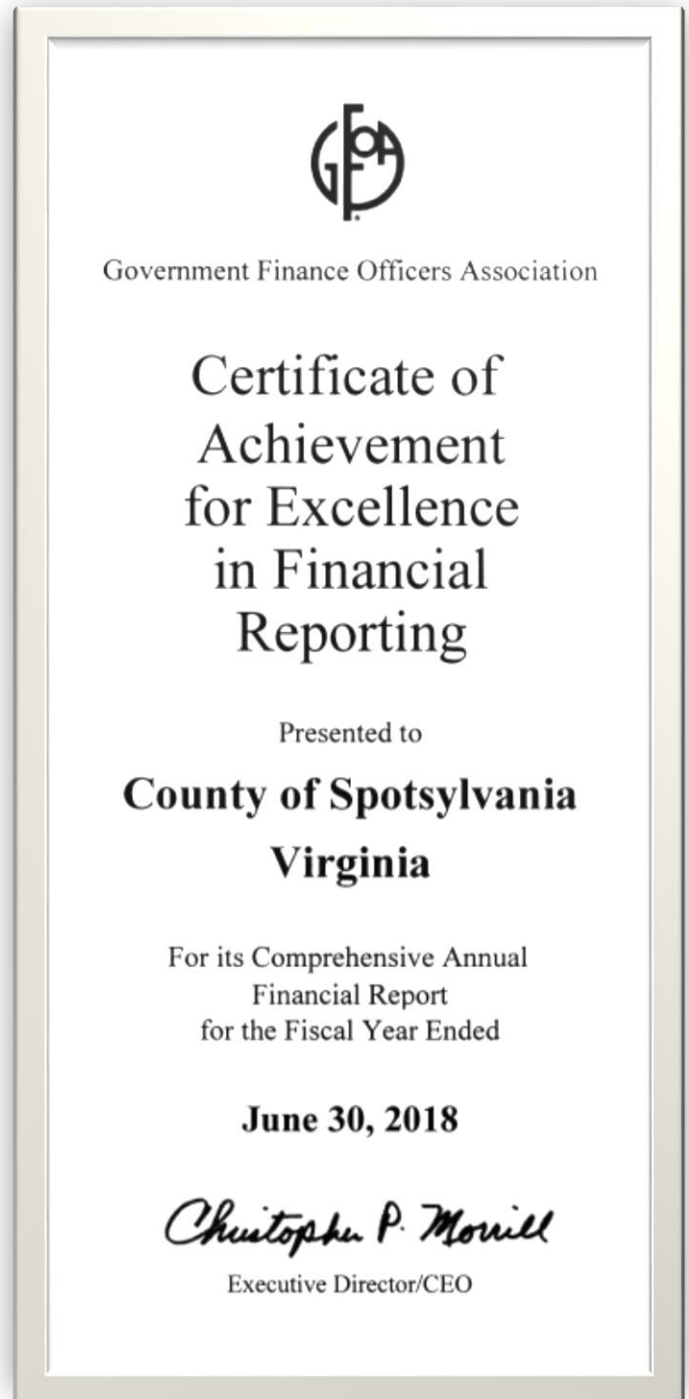


* denotes Constitutional Officer

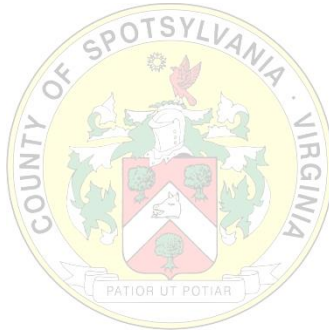
Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its comprehensive annual financial report for the fiscal year ended June 30, 2019. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



PART II: FINANCIAL SECTION



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Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the "County"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis ("MD&A") and the required supplementary information other than MD&A, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

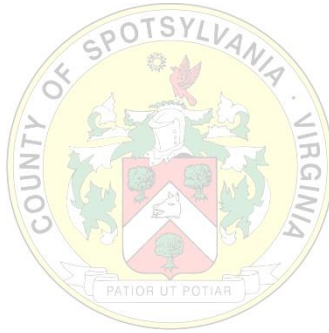
The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

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

Richmond, Virginia
January 27, 2020



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Management's Discussion & Analysis (MD&A)

The following is a discussion and analysis of the County of Spotsylvania's (the County) financial performance, including an overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2019. We encourage readers to consider this information in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the County's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

- The assets and deferred outflows of resources of the Primary Government exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by approximately \$152.9 million.
- The County's governmental activities net position increased from its beginning net position by \$28.9 million while the business-type activities net position increased by \$13.4 million.
- As of the close fiscal year 2019, the County's governmental funds reported combined ending fund balances of \$162.4 million.
- The General Fund balance increased by \$8.4 million, or 9.6%. The County met all its fiscal policy requirements with \$9.3 million remaining in unassigned fund balance, of which \$5.0 million is held for budget stabilization.
- The County's long-term liabilities had a net decrease of \$27.5 million from the prior balance of \$577.7 million.

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 includes *all* of the County's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the County's *net position* and how it has changed. Net position is the difference between the County's assets and deferred outflows of resources and liabilities and deferred inflows of resources.

The *Statement of Activities* presents information showing how the County's net position changed during the most recent fiscal year. The government-wide financial statements of the County are divided into three categories:

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

FUND FINANCIAL STATEMENTS

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

- *Governmental funds* – Most of the County's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statement that explains the relationship between them. The following indicates some of the reporting differences between the government-wide financial statements and the fund financial statements.
 - Capital assets used in governmental activities are not reported in governmental fund statements.
 - Long-term liabilities, unless due and payable, are not included in the fund financial statements.
 - Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements, but not deferred in the government-wide statements.
 - Capital outlay spending results in capital assets on the government-wide statements, but is reported as expenditures in the fund financial statements.
 - Bond proceeds provide current financial resources on the fund financial statements, but are recorded as long-term liabilities in the government-wide financial statements.
- *Proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, in this case, water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary funds* – Resources held for other governments, individuals, or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported are used for their intended 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 County's combined net position was approximately \$152.9 million as of June 30, 2019. Analyzing the net position of governmental and business-type activities separately, the governmental activities reported a deficit balance of \$121.2 million and the business-type activities net position was \$274.1 million. This analysis focuses on the assets and deferred outflow of resources, liabilities and deferred inflows of resources, and net position (Table 2), and changes in revenues and expenses (Table 3) of the County's governmental and business-type activities and associated component units.

Table 2 Summary of Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2019	2018	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 283.4	\$ 283.5	\$ 97.4	\$ 96.3	\$ 380.8	\$ 379.8	\$ 44.2	\$ 61.2
Capital assets, net	137.3	135.2	306.2	304.1	443.5	439.3	339.7	318.9
Total assets	420.7	418.7	403.6	400.4	824.3	819.1	383.9	380.1
Total deferred outflows	18.3	8.4	4.1	2.7	22.4	11.1	31.7	31.4
Other liabilities	28.5	42.7	2.6	3.1	31.1	45.8	25.3	34.0
Long-term liabilities	422.2	439.8	127.9	137.8	550.1	577.6	467.9	474.6
Total liabilities	450.7	482.5	130.5	140.9	581.2	623.4	493.2	508.6
Total deferred inflows	109.5	94.8	3.1	1.5	112.6	96.3	55.9	54.0
Net position:								
Net investment in capital assets	82.3	71.8	200.7	192.4	283.0	264.2	339.7	318.9
Restricted	11.4	9.5	2.9	2.8	14.3	12.3	1.4	4.3
Unrestricted	(214.9)	(231.5)	70.5	65.5	(144.4)	(166.0)	(474.6)	(474.3)
Total net position	\$ (121.2)	\$ (150.2)	\$ 274.1	\$ 260.7	\$ 152.9	\$ 110.5	\$ (133.5)	\$ (151.1)

Primary Government

The largest portion of the Primary Government's net position represents \$283.0 million in investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. An additional portion of net position represents \$14.3 million in restricted net position. These resources are subject to external restrictions on how they may be used to include only costs associated with capital projects, public safety and transportation needs. The remaining balance equals a net deficit of \$144.4 million, of which \$180.1 million represents a deficit related to debt incurred by the County on-behalf of the School Board.

Component Units

Net position of Component Units consists of School Board net investment in capital assets of \$339.7 million and \$1.4 million in School Board funds restricted for capital projects. Unrestricted net position includes \$1.2 million in land held as an investment within the EDA Fund, and a School Board deficit of \$475.8 million due to \$180.1 million in debt issued and held by the County to finance the School's capital assets, as well as amounts related to unfunded long-term liabilities (e.g. pension, OPEB).

Changes in Net Position

As reflected in Table 3 below, the Primary Government's net position increased \$42.4 million, a 38% increase over the previous year in response to an overall growth in revenues of \$17.9 million, or 5.5%, and decreases in expenses of \$14.5 million, or 4.6%. Revenues and expenses of component units increased 2.7% and 1.7%, respectively. Additional information regarding the factors driving these changes can be found on the following pages.

Table 3 Changes in Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2019	2018	2019	2018	2019	2018	2019	2018
Revenues								
Program Revenues:								
Charges for services	\$ 14.6	\$ 13.6	\$ 34.2	\$ 33.4	\$ 48.8	\$ 47.0	\$ 8.0	\$ 9.3
Operating grants and contributions	24.8	22.5	0.5	0.5	25.3	23.0	159.2	152.2
Capital grants and contributions	2.4	2.8	10.3	11.3	12.7	14.1	-	1.5
General Revenues:								
General property taxes	179.8	172.1	-	-	179.8	172.1	-	-
Other taxes	49.7	47.2	-	-	49.7	47.2	-	-
Payments from Primary Government	-	-	-	-	-	-	126.1	124.1
Other general revenues	24.4	21.6	2.9	0.7	27.3	22.3	1.9	0.4
Total Revenues	295.7	279.8	47.9	45.9	343.6	325.7	295.2	287.5
Expenses								
General government	16.0	17.4	-	-	16.0	17.4	-	-
Judicial administration	6.6	9.1	-	-	6.6	9.1	-	-
Public safety	49.3	60.8	-	-	49.3	60.8	-	-
Public works	9.2	11.9	-	-	9.2	11.9	-	-
Health and welfare	24.3	24.1	-	-	24.3	24.1	-	-
Education	124.6	124.4	-	-	124.6	124.4	276.0	273.0
Parks and recreation	8.0	8.4	-	-	8.0	8.4	-	-
Community development	19.0	13.3	-	-	19.0	13.3	1.6	-
Water and sewer	-	-	34.2	36.4	34.2	36.4	-	-
Interest on long-term debt	10.0	9.9	-	-	10.0	9.9	-	-
Total Expenses	267.0	279.3	34.2	36.4	301.2	315.7	277.6	273.0
Excess before transfers	28.7	0.5	13.7	9.5	42.4	10.0	17.6	14.5
Transfers	0.3	0.6	(0.3)	(0.6)	-	-	-	-
Increase in net position	29.0	1.1	13.4	8.9	42.4	10.0	17.6	14.5
Net position - beginning	(150.2)	(151.3)	260.7	251.8	110.5	100.5	(151.1)	(165.6)
Net position - ending	\$(121.2)	\$(150.2)	\$ 274.1	\$ 260.7	\$ 152.9	\$ 110.5	\$(133.5)	\$(151.1)

GOVERNMENTAL ACTIVITIES

Revenues

Revenues for fiscal year 2019 were \$295.7 million, an overall increase of \$15.9 million or 5.7%. Of this increase, \$7.7 million was the result of higher property tax revenues driven by a combination of new construction and rising real property values.

Other taxes increased \$2.5 million, or 5.3%, with slightly under half of that amount attributable to regulatory changes in how fuel taxes are calculated. Effective July 1, 2018, Virginia Motor Vehicle Fuels Sales Tax (Wholesale Sales Tax) was converted to a cents per gallon tax. Prior to July 1, the tax rate was applied to the sales price charged to the retail dealer and was 2.1% of that total. Effective July 1, the tax rate is applied to the number of gallons sold and delivered to the retail dealer, 7.6 cents for gasoline and 7.7 cents for diesel. Local sales tax and meals tax revenues increased by \$0.8 million and \$0.4 million, or 4.6% and 4.5%, respectively.

Operating grants and contributions rose \$2.3 million, or 10.2%. The County continues to struggle with rising mandated costs from various Social Service and Children Services Act (CSA) programs. For every dollar spent locally a portion is returned through reimbursements from federal and state allocations, which amounted to \$2.0 million in 2019, a 14.5% increase.

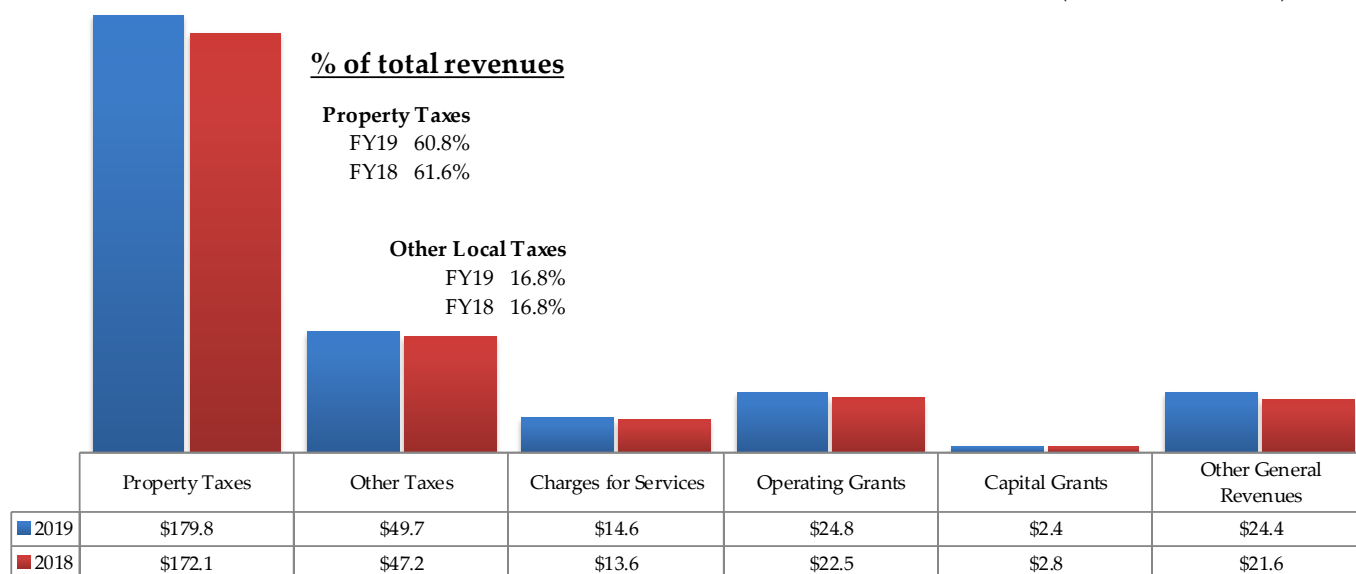
Lastly, other general revenues rose \$2.8 million in response to recoveries of U.S. Treasury and Federal Agency Obligations market value losses of 2018.

Chart 1

Governmental Activities - Revenues by Source

For Years ending June 30, 2019 and 2018

(amounts in millions)



Expenses

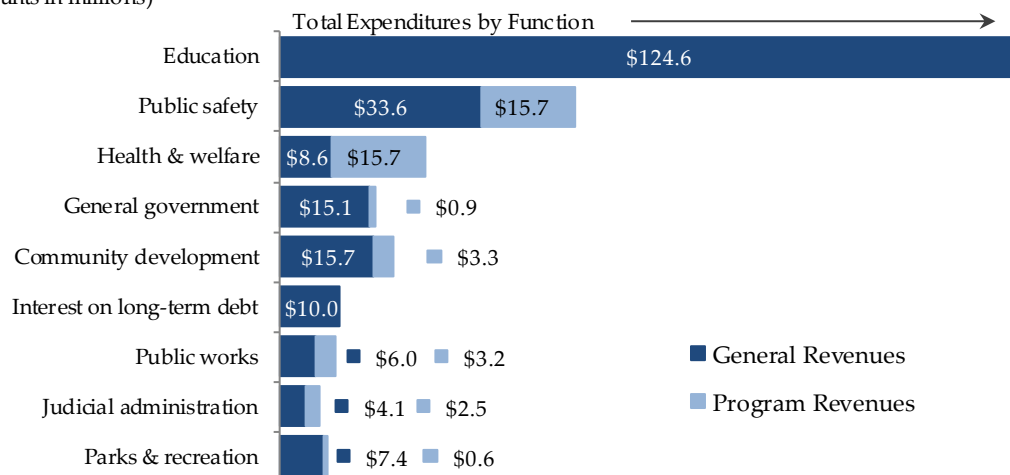
Governmental expenses for fiscal year 2019 totaled \$267.0 million, a decrease of \$12.3 million, or 4.4%. Of this amount, \$41.9 million was paid through program revenues consisting of \$14.6 million in service charges and \$27.2 million in funds subsidized by other governments and organizations through various grants and contributions. The remaining \$225.1 million in expenses was funded through general revenues such as taxes, interest, and unrestricted aid from the Commonwealth. The following chart provides a breakdown of the funding of net functional costs.

Governmental Activities - Funding of Net Functional Costs

For the Year ended June 30, 2019

(amounts in millions)

Chart 2



Representing one of the top priorities of the Board, education related costs account for 46.7% of governmental activity expense for 2019. Also known as the County's local transfer to Schools, Education expense represents funding to the School Board that includes required funding per state guidelines, debt service and any additional local transfer elected by the Board. An adjustment is then made to account for any debt proceeds and associated debt service incurred by the School Board but is required by law to be reported by the County.

Governmental Activities - Expenses by Function

For Years ending June 30, 2019 and 2018

(amounts in millions)

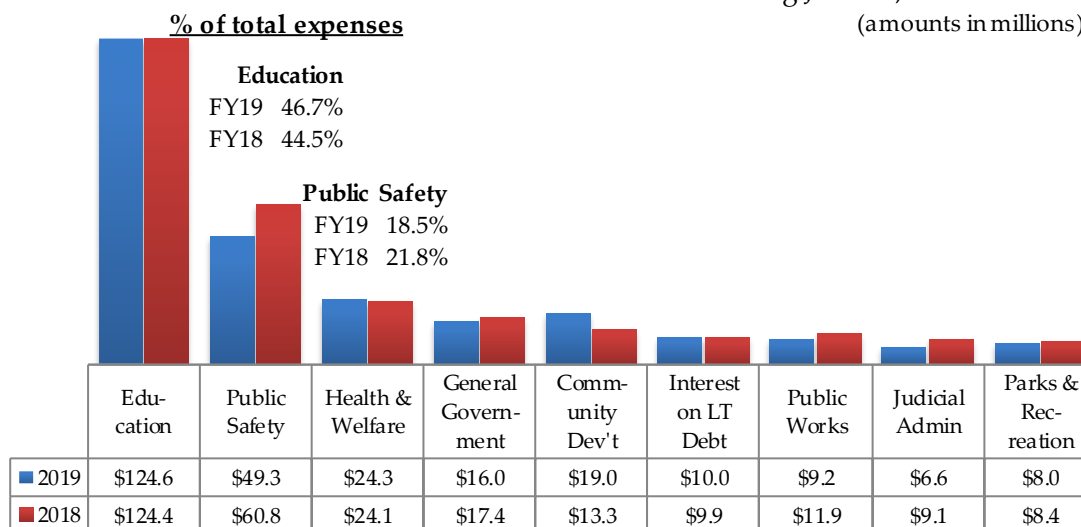


Chart 3

Effective January 1, 2019, the County began providing Health Reimbursement Accounts (HRAs) to all eligible post-65 retirees and revised the Plan's provision to require all employees hired on after September 25, 2018 to transition to an HRA when Medicare eligible. As required by GAAP, the liability decrease associated with this plan change is immediately recognized in the County's fiscal year 2019 OPEB expense. Annual adjustments to the County's contribution costs resulted in a \$5.1 million increase and \$22.9 million decrease in fiscal year 2018 and 2019, respectively.

To facilitate the following year over year analysis of functional costs, OPEB adjustments were removed. Public safety expense rose \$3.8 million, or 6.5%, to cover increased personnel costs relating to new hires, compensation study adjustments, and increased overtime in Fire & Rescue. Health & Welfare costs rose by \$2.7 million, or 11.4%, in response to continued increases in mandated costs relating to Social Service and Children Services Act (CSA) programs. Community Development expenses increased \$6.9 million as a result of work on the Exit 118 interchange. These costs are not capitalized since the infrastructure will be owned and maintained by the Virginia Department of Transportation upon completion.

BUSINESS-TYPE ACTIVITIES

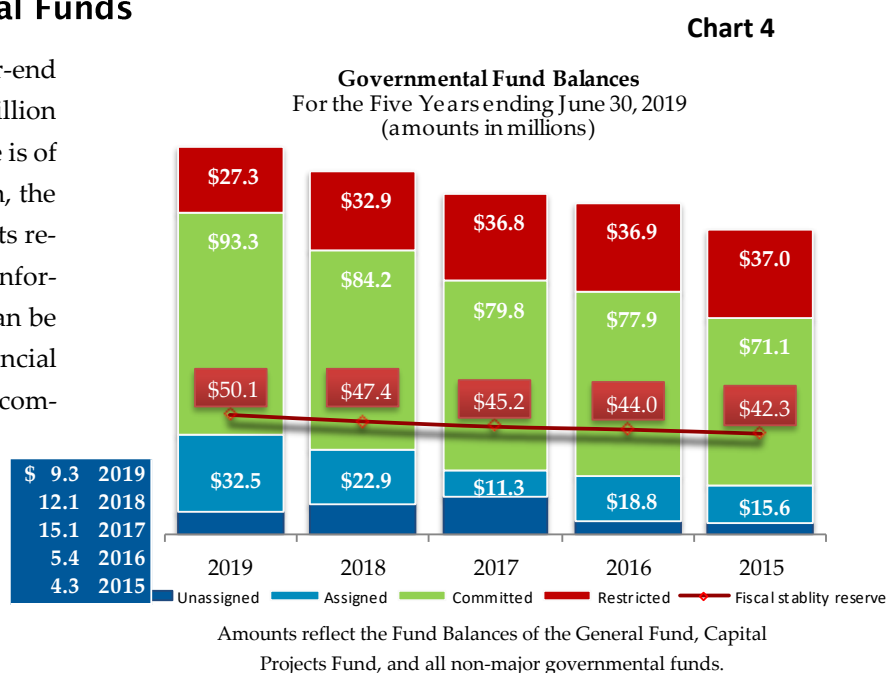
The County's water and sewer service revenues rose \$2.0 million, or 4.4%, in response to recoveries of U.S. Treasury and Federal Agency Obligations market value losses of 2018. Overall expenses decreased \$2.2 million, or 6.0%, as a result of required OPEB adjustments attributed to the January 1, 2019 implementation of HRAs for eligible post-65 retirees. As required by GAAP, the liability decrease associated with this plan change is immediately recognized in the County's fiscal year 2019 OPEB expense. Annual adjustments necessary to adjust the County's contribution costs resulted in a \$0.6 million increase and \$3.2 million decrease in fiscal year 2018 and 2019, respectively.

COMPONENT UNITS

For fiscal year 2019, the School Board reported an increase in net position of \$16.4 million. Revenues increased \$7.7 million, or 2.7%, predominantly from increases in State funding. Expenditures increased by \$3.0 million or 1.1%. Overall instructional costs increased \$7.0 million, or 3.7%, but this increase was offset by reductions in pension and other postemployment benefit expenses.

Financial Analysis of Governmental Funds

Combined governmental fund balances at year-end equaled \$162.4 million, an increase of \$10.3 million or 6.8%. As the County's available fund balance is of critical importance to its overall financial health, the Board has established fiscal policies to govern its required balances and allowable uses. Detailed information on these minimum required balances can be found under section 1.13 in the Notes to the Financial Statements. Chart 4 provides a snapshot of the combined governmental fund balances at each year-end and their categorical allocations reported from the highest level of constraint of Restricted down to the lowest level of constraint of Unassigned.

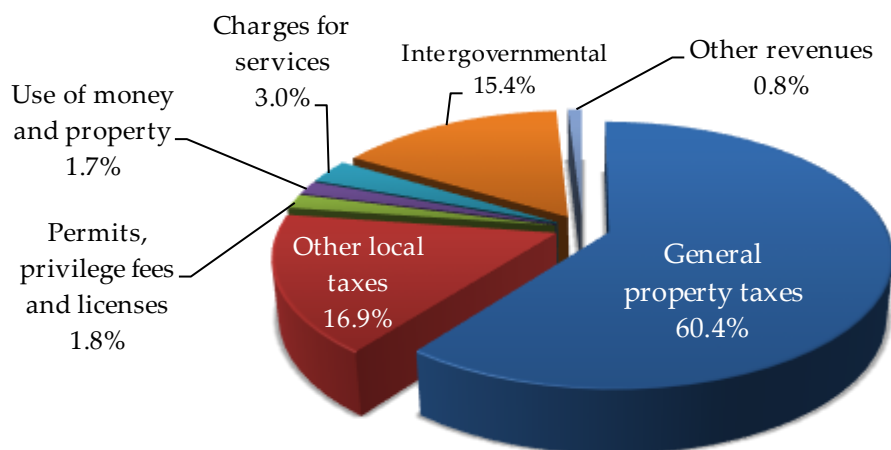


- **Restricted** fund balance, representing amounts limited to specific purposes imposed by external parties, decreased 5.6% to \$27.3 million due to increased spending of available bond proceeds for transportation and fire and rescue improvements.
- **Committed** fund balance rose \$9.1 million, or 10.8%, to \$93.3 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Major commitments include \$50.6 million in fiscal stability reserve, \$4.7 million in health insurance reserve, \$32.2 million in cash funded capital projects, and \$1.8 million in funds held in a revocable trust for future LOSAP pension benefits.
- **Assigned** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2019, assigned fund balance rose 41.9% to \$32.5 million. Major assignments include carryover and fiscal year 2020 approved use of fund balance of \$9.8 million, County OPEB reserves of \$4.4 million, and School health insurance and OPEB reserves of \$5.2 million and \$4.8 million, respectively.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After funding of the County's Budget Stabilization Reserve of \$5.0 million, total unassigned fund balance is \$4.3 million.

Governmental Fund Revenues

Total Governmental Fund revenues reported an increase of \$15.9 million in fiscal year 2019. General property and other local taxes accounted for 77.3% of total revenues and reported a collective increase of \$8.4 million. General property tax increases reflect the continued rise in property values and new construction in the region. Sales and meals taxes reported strong growth of approximately 4.5%. The most notable increase is the rebounding of investment values, recouping unrealized losses in U.S. Treasury and Federal Agency Obligations that incurred in the prior fiscal year.

Chart 5



Revenue sources (\$ in millions):	
General property taxes	\$ 178.2
Other local taxes	49.7
Permits, fees and licenses	5.2
Use of money and property	4.9
Charges for services	8.7
Intergovernmental	45.4
Other revenue	2.8
	<u>\$ 294.9</u>

Governmental Funds - Revenue Sources For the Year ended June 30, 2019

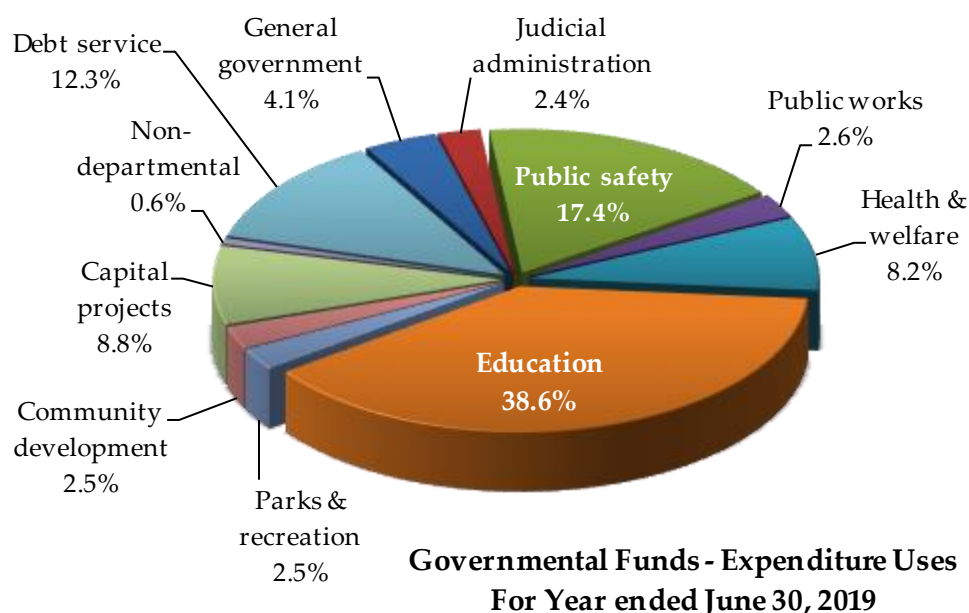
Governmental Fund Expenditures

Fiscal year 2019 total governmental fund expenditures rose \$20.7 million, or 6.9%. The most notable year over year changes are as follows:

- Funding to implement year two of the County's 3-year compensation study implementation to include a 2.1% COLA; longevity adjustments of 0.5% for employees with at least 3 and 12 years of service and 1% for 5, 10 and 15 years of service; and the second year of classification parity adjustments.
- The Board of Supervisors approved funding in fiscal year 2019 for 11 new fire & rescue positions and 12.98 FTEs under the Sheriff, including 7 School Resource Officers, 4 positions in Communications, and 1.98 FTEs in Animal Control.
- Overtime costs increased by approximately \$1.0 million in Fire & Rescue to address turnover and continued reductions in available volunteers.
- Non-departmental costs rose \$0.8 million, or 66.7% due to increases in retiree healthcare.
- Capital projects spending increased \$11.1 million or 64.5% related to transportation and fire and rescue projects. More information on major capital project initiatives can be found under the Capital Assets and Debt Administration Section of this MD&A.

The following chart provides useful information on the percentage and amounts of expenditures incurred by function.

Chart 6



Expenditure uses (\$ in millions)		
General government	\$	13.3
Judicial administration		7.7
Public safety		56.0
Public works		8.4
Health & welfare		26.5
Education		124.6
Parks & recreation		8.0
Community development		8.2
Capital projects		28.3
Non-departmental		2.0
Debt service		39.6
Total Expenditures:	\$	322.6

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:

- An appropriation of the \$1.0 million withheld in the original fiscal year 2019 budget to add three School Resource Officers at mid-year.
- A \$3.1 million adjustment for child welfare program expenditures for which the State has approved additional State & Federal budget allocations and \$2.1 million for mandated Children's Services Act expenditures.
- \$1.9 million in "carryover" of obligated or approved fiscal year 2019 funding not yet expended.
- A \$1.2 million adjustment to fund the anticipated overrun in Fire and Rescue overtime costs.

FINAL BUDGET TO ACTUAL

As of June 30, the County's General Fund reported a positive budget variance of \$23.2 million consisting of \$3.8 million in additional revenues, \$19.2 million in unexpended budgeted expenditures and \$0.2 in unexpended budgeted transfers out. The most notable variances are as follows:

- Revenues from the use of money and property exceeded budgeted projections by \$2.5 million.
- The County's local transfer (Education) which pays for operating costs, not funded through other sources such as reserves, and local, state and federal funding, was below budget by \$13.5 million. Of this amount, \$3.4 million represents general operational savings and will be requested by the School Board for carryover to the fiscal year 2020 budget. The remaining \$10.1 million is a combination of health insurance savings and use of the health insurance reserves held by the insurance provider. The \$10.1 million is reported as assigned fund balance within the General Fund to fund School health insurance and OPEB reserves.

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

Capital Assets and Debt

Administration

CAPITAL ASSETS

At the end of fiscal year 2019, the County reported total investments in capital assets of \$443.4 million, up 1.0% from the previous year. County capital assets consist of land, buildings, furniture, equipment and vehicles, and water and sewer infrastructure which are used for operations, and construction in progress. Construction in progress maintains the balance of funds expended on on-going projects as they are incurred. Once the asset is placed into service the cost is reclassified from the construction in progress lines to the appropriate capital category based on the nature of the asset. Details of their balances, net of depreciation, can be found within Table 4.

Table 4

Capital Assets

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2019	2018		
Land & land improvements	\$ 13.2	\$ 7.7	\$ 20.9	\$ 20.8	0.1	0.5%
Land improvements, depreciable	9.9	1.1	11.0	11.0	-	0.0%
Buildings & improvements	64.7	103.2	167.9	167.6	0.3	0.2%
Furniture, equipment & vehicles	42.1	14.7	56.8	51.2	5.6	10.9%
Water & sewer systems	-	174.5	174.5	168.1	6.4	3.8%
Construction in progress	7.4	4.9	12.3	20.5	(8.2)	-40.0%
Total capital assets	\$ 137.3	\$ 306.1	\$ 443.4	\$ 439.2	4.2	1.0%

During 2019, total capitalized costs for Governmental Activities was \$11.1 million and \$26.1 million for Business-type Activities with annual depreciation of \$11.6 million and \$11.8 million, respectively. Construction in progress of the Primary Government decreased \$8.2 million for the year. As of June 30, 2019, major capital asset activities included the following:

Governmental Activities:

- \$3.1 million was expended for various new and replacement fire and rescue equipment. An additional \$3.3 million in funding was used to purchase new and replacement vehicles which includes \$1.4 million for two Pierce pumpers and \$1.2 million for a Pierce velocity 100' platform fire truck.
- Construction in progress increased \$2.9 million, of this amount \$1.4 million relates to the County's ongoing efforts to modernize its software platforms in areas of public safety, finance, GIS, community development, and property tax management. In addition, work on the animal shelter expansion and improvements to the Judicial Center's security system have progressed, incurring costs of \$0.7 million and \$0.6 million, respectively.

Business-type Activities:

- \$15.2 million of capitalized improvements to the Ni-River Water Treatment Plant was expended for improved facilities, transmission lines, and heavy equipment.
- \$4.8 million in funding was used for ongoing investments to improve the water and sewer transmission system, including additions needed to expand lines or increase capacity for new housing developments in the area.
- \$5.0 million in funding was used on the preventive maintenance program to install new meters and data collectors within the system. New software will give staff and customers real-time access to water usage data reducing water loss and property damage.

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

DEBT ADMINISTRATION

At the end of fiscal year 2019, the County reported \$412.8 million in bonds outstanding, an increase of 0.4%. The County issued \$34.6 million in general obligation public improvement bonds to finance \$6.1 million in public safety and transportation needs and \$28.5 million for School projects. Debt service payments for fiscal year 2019 for the Primary Government and School Board was \$15.5 million and \$17.7 million, respectively. Detailed information regarding bonded debt and other long-term liabilities of the County can be found in Note 9 to the financial statements.

Outstanding Bonds

(amounts in millions)

Table 5

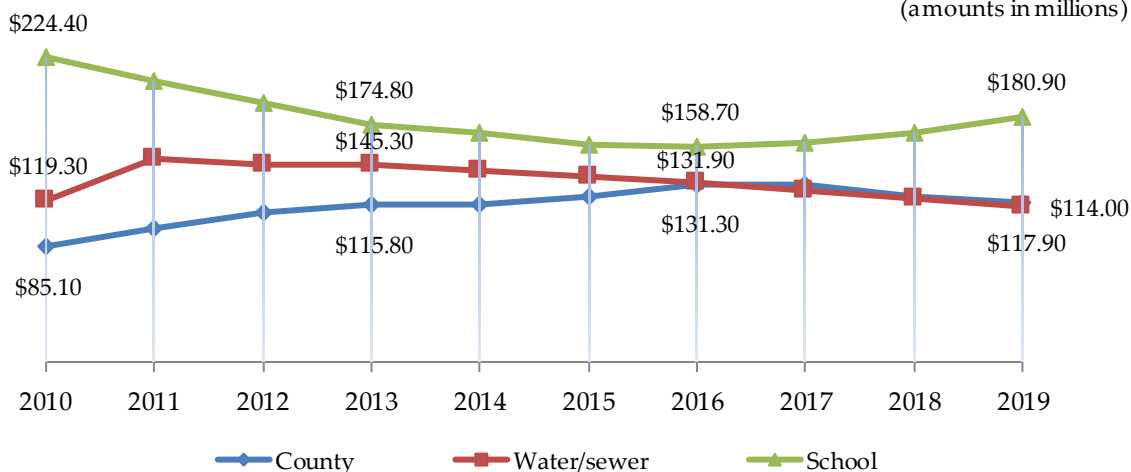
	Primary Government		%
	2019	2018	
Governmental activities:			
General obligation bonds - County	\$ 95.5	\$ 97.7	-2.3%
General obligation bonds - School Board	99.3	79.5	24.9%
Direct placement bonds - County	15.0	16.5	-9.1%
Direct placement bonds - School Board	67.5	76.6	-11.9%
Unamortized premiums on all bonds	21.5	20.8	3.4%
Total governmental activities debt:	298.8	291.1	2.6%
Business-type activities - revenue bonds	114.0	120.2	-5.2%
Total outstanding bonds:	\$ 412.8	\$ 411.3	0.4%

Although the County has no legal limitations on the amount of debt it can issue, the County has adopted certain financial policies limiting the amount of tax supported debt it may issue. The County continues to meet all self-imposed debt limits. Information on bonded debt levels for the current year and past nine years and be found in Chart 7.

Chart 7

Bonded Debt Levels

(amounts in millions)



In fiscal year 2019, County representatives met with Fitch, Moody's and Standard & Poor's to present current economic and financial information pertaining to the County. In response to this meeting, the County's General Obligation bond rating was upgraded to AAA by Standard & Poor's, the highest possible rating, Fitch (AAA) and Moody's (Aa1), were reaffirmed.

Economic Factors

The following economic factors currently affect the County and were considered in the development of the 2020 fiscal year budget.

- The Planning Department estimates population growth will continue at a rate of 1% to 2% annually.
- The County had the 10th best unemployment rate within Virginia in December 2018.
- As of May 2019, the County had 13,643 units in approved developments not yet constructed.
- Total school enrollment is projected to increase by 335 students countywide for the 2019-2020 school year.

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 Accounting Officer at 8800 Courthouse Road, Spotsylvania Virginia, 22553.

BASIC FINANCIAL STATEMENTS

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COMPREHENSIVE ANNUAL FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2019

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)	\$ 139,605,820	\$ 81,006,418	\$220,612,238	\$ 4,908,155	\$ 10,611
Receivables, net (Note 3)	116,433,958	9,406,114	125,840,072	10,488,015	-
Prepaid items	1,470,131	102,799	1,572,930	898,981	-
Inventory	-	561,493	561,493	395,858	-
Due from Primary Government (Note 6)	-	-	-	10,184,224	-
Restricted cash and investments (Note 2)	25,916,861	6,371,458	32,288,319	6,819,659	-
Land held as investment	-	-	-	-	1,175,474
Claim reserves held by others (Note 17)	-	-	-	9,243,132	-
Capital assets, net (Note 4):					
Non-depreciable assets	20,628,955	12,602,619	33,231,574	43,179,401	-
Depreciable assets	116,653,269	293,548,625	410,201,894	296,570,924	-
Total assets	<u>\$ 420,708,994</u>	<u>\$ 403,599,526</u>	<u>\$824,308,520</u>	<u>\$ 382,688,349</u>	<u>\$ 1,186,085</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	\$ 1,819,558	\$ 1,888,982	\$ 3,708,540	\$ -	\$ -
Pension contributions (Note 8)	4,434,323	630,082	5,064,405	20,823,999	-
Pension actuarial differences (Note 8)	1,952,427	231,927	2,184,354	2,531,000	-
OPEB contributions (Note 12)	245,501	35,117	280,618	7,805,623	-
OPEB actuarial differences (Note 12)	9,892,334	1,287,374	11,179,708	530,000	-
Total deferred outflows of resources	<u>\$ 18,344,143</u>	<u>\$ 4,073,482</u>	<u>\$ 22,417,625</u>	<u>\$ 31,690,622</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 2,245,780	\$ 1,042,543	\$ 3,288,323	\$ 8,481,772	\$ 10,611
Retainage payable	40,561	173,320	213,881	1,427,213	-
Accrued salaries and benefits	2,297,945	277,002	2,574,947	15,359,250	-
Accrued bond interest	3,945,525	394,352	4,339,877	-	-
Other accrued liabilities	2,258,742	582,154	2,840,896	-	-
Due to component unit (Note 6)	10,184,224	-	10,184,224	-	-
Deposits	7,587,820	116,081	7,703,901	-	-
Noncurrent liabilities (Note 9):					
Due within one year	30,434,579	6,097,640	36,532,219	4,929,312	-
Due in more than one year	391,744,340	121,780,400	513,524,740	462,997,731	-
Total liabilities	<u>\$ 450,739,516</u>	<u>\$ 130,463,492</u>	<u>\$581,203,008</u>	<u>\$ 493,195,278</u>	<u>\$ 10,611</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues:					
Property taxes (Note 3)	\$ 86,505,385	\$ -	\$ 86,505,385	\$ -	\$ -
Special assessments	301,341	-	301,341	-	-
Pension actuarial differences (Note 8)	2,524,366	343,606	2,867,972	27,104,996	-
OPEB actuarial differences (Note 12)	20,216,631	2,744,882	22,961,513	28,821,582	-
Total deferred inflows of resources	<u>\$ 109,547,723</u>	<u>\$ 3,088,488</u>	<u>\$112,636,211</u>	<u>\$ 55,926,578</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 82,344,147	\$ 200,688,571	283,032,718	\$ 339,750,325	\$ -
Restricted for:					
Grant programs	2,404,022	-	2,404,022	-	-
Debt service	-	2,876,139	2,876,139	-	-
Transportation	5,934,071	-	5,934,071	-	-
Capital projects	3,043,581	-	3,043,581	1,432,719	-
Unrestricted	(214,959,923)	70,556,318	(144,403,605)	(475,925,929)	1,175,474
Total net position (deficit)	<u>\$ (121,234,102)</u>	<u>\$ 274,121,028</u>	<u>\$152,886,926</u>	<u>\$ (134,742,885)</u>	<u>\$ 1,175,474</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit II

Page 1

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Primary Government:					
General government	\$ 15,971,299	\$ 274,260	\$ 559,293	\$ -	\$ (15,137,746)
Judicial administration	6,625,881	786,512	1,738,267	-	(4,101,102)
Public safety	49,277,577	8,782,317	6,741,359	122,714	(33,631,187)
Public works	9,220,176	3,184,503	21,435	-	(6,014,238)
Health and welfare	24,272,781	138,153	15,500,218	-	(8,634,410)
Education	124,574,067	-	-	-	(124,574,067)
Parks, recreation and cultural	8,053,498	718,006	5,631	-	(7,329,861)
Community development	19,006,394	725,804	261,310	2,306,744	(15,712,536)
Interest on long-term debt	10,057,783	-	-	-	(10,057,783)
Total governmental activities	\$267,059,456	\$14,609,555	\$ 24,827,513	\$ 2,429,458	\$ (225,192,930)
Business-type activities:					
Water and sewer	34,203,103	34,195,312	505,634	10,338,060	
Total Primary Government	<u>\$301,262,559</u>	<u>\$48,804,867</u>	<u>\$ 25,333,147</u>	<u>\$ 12,767,518</u>	
Component unit:					
School Board	<u>\$276,005,444</u>	<u>\$ 8,062,455</u>	<u>\$ 159,224,099</u>	<u>\$ 77,032</u>	
Economic Development Authority	<u>\$ 1,596,009</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ -</u>	
General revenues:					
Taxes					
Property taxes					\$ 179,811,889
Sales taxes					18,933,735
Utility taxes					3,371,332
Business licenses					4,821,876
Rental taxes					1,501,519
Motor vehicle licenses					3,142,254
Bank stock taxes					971,355
Recordation taxes					2,020,186
Meal taxes					9,469,342
Fuel taxes					5,385,799
Grants and contributions not restricted to specific programs					19,834,317
Payments from Primary Government					-
Interest and investment earnings					4,100,428
Miscellaneous					444,482
Transfers					332,934
Total general revenues and transfers					\$ 254,141,448
Change in net position					\$ 28,948,518
Net position (deficit), beginning					(150,182,620)
Net position (deficit), ending					<u>\$ (121,234,102)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

Exhibit II

Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position			
	Primary Government		Component Unit	
	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:				
General government		\$ (15,137,746)		
Judicial		(4,101,102)		
Public safety		(33,631,187)		
Public works		(6,014,238)		
Health and welfare		(8,634,410)		
Education		(124,574,067)		
Parks, recreation and cultural		(7,329,861)		
Community development		(15,712,536)		
Interest on long-term debt		(10,057,783)		
Total governmental activities		\$ (225,192,930)		
Business-type activities:				
Water and sewer	10,835,903	10,835,903		
Total Primary Government	<u>\$ 10,835,903</u>	<u>\$ (214,357,027)</u>		
Component units:				
School Board			<u>\$ (108,641,858)</u>	
Economic Development Authority				<u>\$ (1,586,009)</u>
General revenues:				
Taxes				
Property taxes	\$ -	\$ 179,811,889	\$ -	\$ -
Sales taxes	-	18,933,735	-	-
Utility taxes	-	3,371,332	-	-
Business licenses	-	4,821,876	-	-
Rental taxes	-	1,501,519	-	-
Motor vehicle licenses	-	3,142,254	-	-
Bank stock taxes	-	971,355	-	-
Recordation taxes	-	2,020,186	-	-
Meals taxes	-	9,469,342	-	-
Fuel taxes	-	5,385,799	-	-
Grants and contributions not restricted to specific programs	-	19,834,317	-	-
Payments from Primary Government	-	-	124,484,896	1,582,515
Interest and investment earnings	2,781,948	6,882,376	418,101	385,474
Miscellaneous	162,256	606,738	65,530	793,494
Transfers	(332,934)	-	-	-
Total general revenues and transfers	<u>\$ 2,611,270</u>	<u>\$ 256,752,718</u>	<u>\$ 124,968,527</u>	<u>\$ 2,761,483</u>
Change in net position	<u>\$ 13,447,173</u>	<u>\$ 42,395,691</u>	<u>\$ 16,326,669</u>	<u>\$ 1,175,474</u>
Net position (deficit), beginning	<u>260,673,855</u>	<u>110,491,235</u>	<u>(151,069,554)</u>	<u>-</u>
Net position (deficit), ending	<u><u>\$ 274,121,028</u></u>	<u><u>\$ 152,886,926</u></u>	<u><u>\$ (134,742,885)</u></u>	<u><u>\$ 1,175,474</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2019

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 101,544,740	\$ 30,201,914	\$ 7,859,166	\$ 139,605,820
Receivables, net	109,829,485	524,996	6,079,477	116,433,958
Restricted cash and investments	1,846,692	22,326,793	1,743,376	25,916,861
Total assets	<u>\$ 213,220,917</u>	<u>\$ 53,053,703</u>	<u>\$ 15,682,019</u>	<u>\$ 281,956,639</u>
LIABILITIES				
Accounts payable	\$ 1,717,837	\$ 448,951	\$ 79,001	\$ 2,245,789
Retainage payable	-	40,561	-	40,561
Accrued salaries and benefits	2,454,298	11,513	100,877	2,566,688
Other accrued liabilities	1,702,192	433,772	4,900	2,140,864
Due to component unit	10,184,224	-	-	10,184,224
Deposits	6,124,355	882,115	581,350	7,587,820
Total liabilities	<u>\$ 22,182,906</u>	<u>\$ 1,816,912</u>	<u>\$ 766,128</u>	<u>\$ 24,765,946</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues:				
Property taxes	\$ 90,626,859	\$ -	\$ 683,636	\$ 91,310,495
Special assessments	-	379,853	-	379,853
Other revenues	3,071,627	-	41,667	3,113,294
Total deferred inflows of resources	<u>\$ 93,698,486</u>	<u>\$ 379,853</u>	<u>\$ 725,303</u>	<u>\$ 94,803,642</u>
FUND BALANCES				
Restricted	\$ 3,095,564	\$ 18,611,465	\$ 5,580,304	\$ 27,287,333
Committed	58,152,612	32,180,573	2,934,489	93,267,674
Assigned	26,772,989	64,900	5,675,795	32,513,684
Unassigned	9,318,360	-	-	9,318,360
Total fund balances	<u>\$ 97,339,525</u>	<u>\$ 50,856,938</u>	<u>\$ 14,190,588</u>	<u>\$ 162,387,051</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 213,220,917</u>	<u>\$ 53,053,703</u>	<u>\$ 15,682,019</u>	<u>\$ 281,956,639</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
 Reconciliation of the Governmental Funds' Balance Sheet
 to the Statement of Net Position
 June 30, 2019

Page 2

Total fund balances - governmental funds (Exhibit III)		\$ 162,387,051	
<i>Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid items used current resources and, therefore, are not reported in the governmental funds.			1,470,131
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$ 20,628,955		
Depreciable assets	<u>116,653,269</u>		
			137,282,224
Deferred outflows of resources that represent a consumption of net position applying to future periods and, therefore, are not reported in the governmental funds.			
Deferred loss on debt refunding	\$ 1,819,558		
Deferred pension contributions	4,434,323		
Deferred pension actuarial differences	1,952,427		
Deferred OPEB contributions	245,501		
Deferred OPEB actuarial differences	<u>9,892,334</u>		
			18,344,143
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.			(3,945,525)
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	\$ (298,863,786)		
Net pension liability	(11,901,087)		
LOSAP pension benefits	(3,460,811)		
Other postemployment benefits	(92,335,303)		
Compensated absences	(4,655,264)		
Landfill closure obligation	(9,416,970)		
Insurance claims (excludes \$268,744 already recorded in the General Fund)	<u>(1,276,954)</u>		
			(421,910,175)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			
Property taxes	\$ 4,805,110		
Grant revenues	975,035		
Sales tax	1,577,548		
Other revenues	<u>639,199</u>		
			7,996,892
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period			
Deferred pension actuarial differences	(2,524,366)		
Deferred OPEB actuarial differences	<u>(20,216,631)</u>		
			(22,740,997)
Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds.			(117,846)
Total net position - governmental activities (Exhibit I)		<u>\$ (121,234,102)</u>	

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 176,930,157	\$ 33,332	\$ 1,222,644	\$ 178,186,133
Other local taxes	44,231,599	-	5,500,286	49,731,885
Permits, fees and regulatory licenses	383,399	-	4,782,902	5,166,301
Fines and forfeitures	549,846	-	-	549,846
From use of money and property	3,798,239	1,037,230	66,390	4,901,859
Charges for services	5,617,482	-	3,107,080	8,724,562
Gifts and donations	171,234	1,704,777	94,000	1,970,011
Miscellaneous	259,594	200	-	259,794
Intergovernmental	44,644,969	727,878	-	45,372,847
Total revenues	<u>\$ 276,586,519</u>	<u>\$ 3,503,417</u>	<u>\$ 14,773,302</u>	<u>\$ 294,863,238</u>
EXPENDITURES				
Current:				
General government	\$ 13,199,943	\$ 130,100	\$ -	\$ 13,330,043
Judicial administration	7,743,719	-	-	7,743,719
Public safety	53,952,158	-	2,049,063	56,001,221
Public works	8,399,612	-	-	8,399,612
Health and welfare	26,510,533	-	-	26,510,533
Education	124,574,067	-	-	124,574,067
Parks, recreation and cultural	8,007,414	-	-	8,007,414
Community development	4,048,241	-	4,138,286	8,186,527
Non-departmental	2,042,174	-	-	2,042,174
Capital projects	-	28,318,275	-	28,318,275
Debt service:				
Principal retirement	24,514,555	-	3,043,033	27,557,588
Interest and other fiscal charges	9,976,628	-	1,690,510	11,667,138
Bond issuance costs	259,102	44,403	-	303,505
Total expenditures	<u>\$ 283,228,146</u>	<u>\$ 28,492,778</u>	<u>\$ 10,920,892</u>	<u>\$ 322,641,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,641,627)</u>	<u>\$ (24,989,361)</u>	<u>\$ 3,852,410</u>	<u>\$ (27,778,578)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (15,998,087)	\$ 18,111,401	\$ (1,780,380)	\$ 332,934
Issuance of debt	28,465,000	6,125,000	-	34,590,000
Premium on debt	2,594,020	517,057	-	3,111,077
Total other financing sources (uses), net	<u>\$ 15,060,933</u>	<u>\$ 24,753,458</u>	<u>\$ (1,780,380)</u>	<u>\$ 38,034,011</u>
Net change in fund balances	\$ 8,419,306	\$ (235,903)	\$ 2,072,030	\$ 10,255,433
Fund balance, beginning	88,920,219	51,092,841	12,118,558	152,131,618
Fund balance, ending	<u>\$ 97,339,525</u>	<u>\$ 50,856,938</u>	<u>\$ 14,190,588</u>	<u>\$ 162,387,051</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, 2019

Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 10,255,433

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. (26,467)

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

Capital outlay, net of disposals and related proceeds	\$ 14,006,294	
Depreciation expense	<u>(11,645,455)</u>	
		2,360,839

In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (251,799)

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

Debt issued or incurred:

Issuance of general obligation bonds	\$ (37,701,077)
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Debt reductions:

Principal payments on bonds	<u>27,557,588</u>	
		(10,143,489)

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

Property taxes	\$ 1,625,756	
Intergovernmental and other revenues	<u>(563,159)</u>	
		1,062,597

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	\$ 22,973,354	
Pension benefits	1,996,048	
LOSAP pension benefits	(148,265)	
Amortization of bond related costs	2,154,997	
Accrued interest	(242,138)	
Landfill closure obligation	(788,744)	
Compensated absences	(157,000)	
Insurance claims	(107,442)	
Other	<u>10,594</u>	
		25,691,404

Change in net position - governmental activities (Exhibit II)	<u>\$ 28,948,518</u>
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COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND

June 30, 2019

Exhibit V

Water &
Sewer Fund

ASSETS

Current assets:

Cash and investments - pooled equity	\$ 81,006,418
Receivables, net	9,406,114
Inventory	561,493
Prepaid items	102,799
Restricted cash and investments	6,371,458
Total current assets	<u>\$ 97,448,282</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 12,602,619
Depreciable assets	293,548,625
Total noncurrent assets	<u>\$ 306,151,244</u>
Total assets	<u>\$ 403,599,526</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charge on debt refunding	\$ 1,888,982
Pension contributions	630,082
Pension actuarial differences	231,927
OPEB contributions	35,117
OPEB actuarial differences	1,287,374
Total deferred outflows of resources	<u>\$ 4,073,482</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 1,042,543
Retainage payable	173,320
Accrued salaries and benefits	277,002
Accrued bond interest	394,352
Other accrued liabilities	582,154
Deposits	116,081
Current portion of long-term debt	6,097,640
Total current liabilities	<u>\$ 8,683,092</u>

Noncurrent liabilities:

Noncurrent portion of long-term debt	\$ 121,780,400
Total noncurrent liabilities	<u>\$ 121,780,400</u>
Total liabilities	<u>\$ 130,463,492</u>

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 343,606
OPEB actuarial differences	2,744,882
Total deferred inflows of resources	<u>\$ 3,088,488</u>

NET POSITION

Net investment in capital assets	\$ 200,688,571
Restricted for debt service	2,876,139
Unrestricted	70,556,318
Total net position	<u>\$ 274,121,028</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET
 POSITION - PROPRIETARY FUND**
 For the Year Ended June 30, 2019

Exhibit VI

	Water & Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 32,545,335
Other operating revenues	<u>1,649,977</u>
Total operating revenues	<u>\$ 34,195,312</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 6,459,234
Contractual services	3,216,764
Materials and supplies	2,598,644
Depreciation	11,845,149
Other services and charges	<u>4,584,132</u>
Total operating expenses	<u>\$ 28,703,923</u>
Operating income	<u>\$ 5,491,389</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (4,479,776)
Interest income	2,781,948
Intergovernmental revenues	505,634
Loss on disposal of capital assets	(1,019,404)
Miscellaneous income	<u>162,256</u>
Total non-operating expenses, net	<u>\$ (2,049,342)</u>
Income before contributions and transfers	<u>\$ 3,442,047</u>
Capital contributions:	
Availability fees	\$ 6,981,000
Other capital contributions	<u>3,357,060</u>
Total capital contributions	<u>\$ 10,338,060</u>
Transfers to other funds, net	<u>(332,934)</u>
Total capital contributions and transfers	<u>\$ 10,005,126</u>
Change in net position	\$ 13,447,173
Net position, beginning	<u>260,673,855</u>
Net position, ending	<u><u>\$ 274,121,028</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit VII

Page 1

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 31,764,961
Receipts from other operating revenues	1,635,381
Receipt of customer deposits	22,646
Payments to suppliers and service providers	(10,584,932)
Payments to employees for salaries and benefits	(9,934,460)
Return of customer deposits	(22,064)
Net cash provided by operating activities	<u>\$ 12,881,532</u>
Cash flows from noncapital financing activities:	
Receipt of intergovernmental revenue	\$ 505,634
Transfers out	(332,934)
Net cash provided by noncapital financing activities	<u>\$ 172,700</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (11,916,468)
Principal paid on capital debt	(5,680,000)
Interest paid on capital debt	(4,976,694)
Capital contributions and grants	68,591
Receipt of availability fees	6,201,728
Net cash used in capital and related financing activities	<u>\$ (16,302,843)</u>
Cash flows from investing activities:	
Purchase of investment securities	\$ (58,303,547)
Sale of investment securities	59,331,616
Interest on investments	1,470,729
Net cash provided by investing activities	<u>\$ 2,498,798</u>
Net decrease in cash and cash equivalents	\$ (749,813)
Cash and cash equivalents:	
Beginning	17,435,785
Ending	<u><u>\$ 16,685,972</u></u>
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 81,006,418
Restricted cash and investments	6,371,458
	<u>\$ 87,377,876</u>
Less investments	70,691,904
Cash and cash equivalents, unrestricted and restricted	<u><u>\$ 16,685,972</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2019

Exhibit VII

Page 2

	<u>Water & Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 5,491,389
Depreciation	11,845,149
Changes in assets and liabilities:	
Increase in prepaid items	(35,267)
Increase in accounts receivable (net of capital related financing)	(794,970)
Decrease in inventory	38,000
Decrease in accounts payable	(188,125)
Decrease in salary and benefits payable	(3,475,226)
Increase in customer deposits payable	582
Net cash provided by operating activities	<u>\$ 12,881,532</u>
Noncash investing, capital and financing activities:	
Developer donated capital assets	\$ 3,353,562
Increase in availability fee and other capital contribution receivables	691,310
Net change in fair value of investments	1,408,137

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2019

Exhibit VIII

	<u>Agency Funds</u>
ASSETS	
Cash and investments - pooled equity	\$ 512,256
Total assets	<u>\$ 512,256</u>
LIABILITIES	
Amounts held for others	\$ 512,256
Total liabilities	<u>\$ 512,256</u>

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

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Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

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

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

Discretely Presented Component Units:

The Spotsylvania County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. School Board members are elected to four-year terms by the voters of the district in which the member resides. The School Board functions independently of the County Board and County Administration, but is considered fiscally dependent based on the County's budgetary approval authority. In addition, the County Board must levy taxes to finance School Board operations and issue debt on its behalf as the School Board can neither levy taxes nor incur bonded indebtedness under Virginia law. The School Board's fund financial statements are included in the other supplementary information section of this report. No separate financial report is issued.

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

own, lease and dispose of properties to the end that such authorities may be able to promote industry and develop trade by inducing manufacturing, industrial, governmental and commercial enterprises to locate in or remain in the Commonwealth. Included in the discretely presented component unit EDA are the activities of economic development services. The County Board of Supervisors appoints the seven board directors of the EDA representing each of the seven districts of the County. By statute, the EDA has the power to cause the issuance of tax-exempt industrial revenue bonds to qualifying enterprises wishing to utilize that form of financing. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates and the approval of prospective private activity bond issues. The EDA's fund financial statements are included in the other supplementary information section of this report. No separate financial report is issued.

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and

enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

County's Major Governmental Funds:

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

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

County's Major Enterprise Fund:

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

County's Fiduciary Funds:

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

County's Non-major Special Revenue Funds:

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Property taxes, sales taxes, franchise taxes, various charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received within a 45-day availability period, with the exception of local sales and use tax that follows a 30-day availability window. 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 capital leases are reported as other financing sources.

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

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

The appropriated budget is prepared by fund, function, and department. County department heads may transfer funding between accounts within their adopted operating budgets. County Administration has the authority to transfer funding between all categories of an adopted departmental budget and up to \$100,000 between adopted departmental budgets. All other revisions to the budget must be approved by the Board of Supervisors. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Appropriations in all budgeted funds lapse at the end of the fiscal year for all funds except the capital projects funds, which are appropriated on a project-length basis.

Budgetary Comparison Schedules

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

1.05 DEPOSITS AND INVESTMENTS

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

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

1.06 RECEIVABLES

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

1.07 PROPERTY TAXES

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

1.08 INVENTORIES

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

1.09 PREPAID ITEMS

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

1.10 CAPITAL ASSETS

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

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

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

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

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

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

1.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

1.12 COMPENSATED ABSENCES

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

1.13 FUND BALANCE

Fund Balance Classifications

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

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

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

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

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

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

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

Reserves

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

Fiscal Stability Reserve – The County commits within its General Fund at the close of each fiscal year a reserve equal to no less than 11% of the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. Appropriations from the Reserve may be made only by a majority vote of the Board of Supervisors to meet a critical, unexpected financial need costing at least \$1.0 million and resulting from a natural disaster, declared emergency, or from a local catastrophe that cannot be resolved through other less extraordinary budgetary action. The

\$1.0 million cost requirement is met when the County incurs a loss in revenue, an increase in expenditures, or a combination of each stemming from eligible events. Any use of the reserve will be replenished within three fiscal years.

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

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to \$5 million is a component of unassigned fund balance at June 30, 2019.

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

1.14 NET POSITION

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

Component unit – School Board Bonded Debt

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

the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government - Governmental Activities column on Exhibit I.

As of June 30, 2019, the County reported \$180.1 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.

Table 1			
Allocation of County Issued "on-behalf" Bonded Debt of the School Board			
	Net Position Exhibit I	Allocation of "on-behalf" debt	Net Position after allocation
<i>Primary Government - Governmental Activities:</i>			
Net investment in capital assets	\$ 82,344,147	\$ -	\$ 82,344,147
Restricted	11,381,674	-	11,381,674
Unrestricted	(214,959,923)	180,062,968	(34,896,955)
Total net position at June 30, 2019	<u>\$ (121,234,102)</u>	<u>\$ 180,062,968</u>	<u>\$ 58,828,866</u>
<i>Component unit - School Board:</i>			
Net investment in capital assets	\$ 339,750,325	\$ (178,630,249)	\$ 161,120,076
Restricted	1,432,719	(1,432,719)	-
Unrestricted	(475,925,929)	-	(475,925,929)
Total net position at June 30, 2019	<u>\$ (134,742,885)</u>	<u>\$ (180,062,968)</u>	<u>\$ (314,805,853)</u>

Note 2

Deposits and Investments

2.01 DEPOSITS

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amount from 50% to 130% of excess deposits. Accordingly, all deposits reported in Table 4 are considered fully collateralized.

2.02 INVESTMENTS

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

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's financial investments are valued using a matrix pricing model considered a Level 2 input and reports the following recurring fair value measurements as of June 30, 2019:

Table 2 Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 3,634,997
U.S. Treasury obligations	57,911,669
Federal agency obligations	27,550,976
Supra-national agency notes	5,398,025
Corporate notes	19,031,320
Municipals	1,376,152
Certificates of deposit	13,778,406
Total debt securities	\$ 128,681,545

External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2019:

Table 3 Investments Measured at Net Asset Value (NAV)	
Local Government Investment Pool	\$ 85,811,244
Virginia State Non-arbitrage Program	30,355,994
	\$ 116,167,238

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 investment funds in accordance with Sections 2.2-4500, et seq. of the Code with the primary objectives (in priority order) of safety, liquidity and return on investment. The LGIP maintains a stable net asset value per share of \$1.00 using the amortized cost method of valuation. Redemptions of shares are not subject to redemption fees or withdrawal penalties and can be made on any banking day without limitation.

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2019, the remaining 37 acres are valued at a fair market value of \$1.2 million based on a sales comparison appraisal (level 2 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.

Interest Rate Risk

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

by dollar-weighting the WAM for each investment type. For purposes of this WAM calculation, the County assumes all of its investments will be held to maturity.

Table 4 Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 85,811,244	0.0020
SNAP	NAV	30,355,994	0.0007
Other money markets & mm mutual funds	Amortized cost	1,332,812	0.0000
Commercial paper	Amortized cost	4,486,583	0.3693
Repurchase agreements	Fair	3,634,997	0.0028
U.S. Treasury obligations	Fair	57,911,669	1.8939
Federal agency obligations	Fair	27,550,976	3.9839
Supra-national agency note	Fair	5,398,025	1.6390
Corporate notes	Fair	19,031,320	2.0807
Municipals	Fair	1,376,152	1.7806
Certificates of deposit	Fair	13,778,406	0.7635
Total investments:		\$ 250,668,178	
Portfolio weighted average maturity:			1.1300
Cash on hand		3,035	
Deposits		12,633,333	
LOSAP pension benefit Trust funds		1,846,692	
Total pooled cash and investments:		\$ 265,151,238	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 220,612,238	
Exh I: Total primary government restricted cash and investments		32,288,319	
Exh I: Component unit school board cash and investments - pooled equity		4,908,155	
Exh I: Component unit school board restricted cash and investments		6,819,659	
Exh I: Component unit EDA cash and investments - pooled equity		10,611	
Exh VIII: Agency Funds' cash and investments - pooled equity		512,256	
		\$ 265,151,238	

Credit Risk

All investments and practices must meet or exceed state statutes and shall be diversified by security type and institution. Tables 5 and 6 below reflect the level of quality acceptable by investment type and pooled investments reported by credit quality and exposure as of June 30, 2019:

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

Table 6 Pooled Investments Reported by Credit Quality and Exposure			
Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	\$ 85,811,244	AAAm	34.24%
SNAP	30,355,994	AAAm	12.11%
Other money market mutual funds	1,332,812	AAAm	0.53%
Commercial paper	4,486,583	A-1	1.79%
Repurchase agreements	3,634,997	AAA	1.45%
U.S. Treasury obligations	57,911,669	AA	23.10%
Federal agency obligations	27,550,976	AA	10.99%
Supra-national agency note	5,398,025	AAA	2.15%
Corporate notes	19,031,320	AAA(14%)/ AA(86%)	7.59%
Municipals	1,376,152	AA-	0.55%
Certificates of Deposit	13,778,406	AA(3%)/ A(97%)	5.50%
Total investments:	\$ 250,668,178		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, 2019, the County has no concentration of credit risk.

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, 2019, the County and its Component-unit School Board maintained restricted cash and investments totaling \$32.3 million and \$6.8 million, respectively, with the following restrictions:

Table 7 Restricted Cash and Investments	
Governmental activities:	
General Fund - LOSAP pension benefis	\$ 1,846,692
Capital Projects Fund - Project bond proceeds (SNAP)	22,326,793
Transportation Fund - Transportation special service districts	1,743,376
Total restricted cash & invesments:	\$ 25,916,861
Busines-type activities:	
Water & Sewer Fund - Debt service	\$ 6,371,458
Total restricted cash & invesments:	\$ 6,371,458
Total Primary Government restricted cash & investments:	\$ 32,288,319
Component Unit-School Board:	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 6,819,659
Total restricted cash & invesments:	\$ 6,819,659

Note 3

Receivables

Receivables at June 30, 2019 consist of the following:

Table 8 Receivables						
	Primary Government - Governmental Activities				Component Unit	
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board	
Special assessments	\$ -	\$ 301,168	\$ -	\$ 301,168	\$ -	-
Property taxes						
Delinquent	11,126,434	-	60,657	11,187,091	-	-
Not yet due	84,210,987	-	622,979	84,833,966	-	-
Fuel taxes	-	-	4,973,209	4,973,209	-	-
EMS Transport fees	-	-	1,269,495	1,269,495	-	-
Accounts - other	6,537,591	5,819	18	6,543,428	259,953	
Intergovernmental - Federal	874,723	105,020	-	979,743	5,441,734	
Intergovernmental - State	9,765,912	112,989	-	9,878,901	4,786,328	
Gross receivables	112,515,647	524,996	6,926,358	119,967,001	10,488,015	
Allowance for uncollectibles	(2,686,162)	-	(846,881)	(3,533,043)	-	
Net receivables at June 30, 2019	<u>\$ 109,829,485</u>	<u>\$ 524,996</u>	<u>\$ 6,079,477</u>	<u>\$ 116,433,958</u>	<u>\$ 10,488,015</u>	
Primary Government - Business-type activities				Water & Sewer		
Water & sewer services				\$ 6,428,366		
Notes - connection & availability fees				1,475,317		
Accounts - other				1,692,131		
Intergovernmental - State				22,869		
Gross receivables				9,618,683		
Allowance for uncollectibles				(212,569)		
Net receivables at June 30, 2019				<u>\$ 9,406,114</u>		
Total Primary Government net receivables at June 30, 2019				<u>\$ 125,840,072</u>		

Special assessments of \$275,603 in the Capital Projects Fund and \$58,590 of connection and availability fees in the Water and Sewer Fund are not expected to be collected within one year.

Note 4

Capital Assets

Capital asset activity from governmental activities for the year ended June 30, 2019 was as follows:

Table 9				
Capital Assets - Governmental Activities				
	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated:				
Land & land improvements	\$ 13,237,573	\$ -	\$ -	\$ 13,237,573
Construction in progress	4,438,472	3,824,748	871,838	7,391,382
Total capital assets, not being depreciated	\$ 17,676,045	\$ 3,824,748	\$ 871,838	\$ 20,628,955
Capital assets being depreciated:				
Land improvements	\$ 23,219,247	\$ 1,011,826	\$ 175,132	\$ 24,055,941
Buildings & improvements	104,943,280	478,331	40,000	105,381,611
Furniture, equipment & vehicles	81,985,005	9,563,227	2,725,019	88,823,213
Total capital assets, being depreciated	210,147,532	11,053,384	2,940,151	218,260,765
Less accumulated depreciation for:				
Land improvements	13,047,529	1,324,315	175,132	14,196,712
Buildings & improvements	37,612,472	3,086,193	40,000	40,658,665
Furniture, equipment & vehicles	41,990,393	7,234,947	2,473,221	46,752,119
Total accumulated depreciation	92,650,394	11,645,455	2,688,353	101,607,496
Total capital assets being depreciated, net	\$ 117,497,138	\$ (592,071)	\$ 251,798	\$ 116,653,269
Governmental activities capital assets, net	\$ 135,173,183	\$ 3,232,677	\$ 1,123,636	\$ 137,282,224
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government		\$ 3,140,684		
Judicial administration		1,204,261		
Public safety		5,202,052		
Public works		1,258,710		
Health and welfare		58,617		
Parks and recreation		732,927		
Community development		48,204		
		<u>\$ 11,645,455</u>		

Construction in progress from governmental activities for the year ended June 30, 2019 was as follows:

Table 10 Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
<i>Governmental Activity Projects</i>			
Merchant Square renovation	\$ 1,500,948	\$ -	\$ 1,500,948
Land assessment & tax systems	3,047,203	1,388,048	1,659,155
Computer aided dispatch system	4,692,921	935,686	3,757,235
Financial system upgrade	2,219,523	1,153,585	1,065,938
Animal shelter expansion	5,939,862	1,156,115	4,783,747
Streetscape phase II	1,610,399	368,910	1,241,489
Judicial renovation	10,455,429	1,617,193	8,838,236
Hunting Run upgrades	951,138	43,521	907,617
Other projects	1,926,005	728,324	1,197,681
	<u>\$ 32,343,428</u>	<u>\$ 7,391,382</u>	<u>\$ 24,952,046</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2019 was as follows:

Table 11 Capital Assets - Business-type Activities				
	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated:				
Land & land improvements	\$ 7,630,907	\$ 30,644	\$ -	\$ 7,661,551
Construction in progress	16,025,875	10,833,275	21,918,082	4,941,068
Total capital assets, not being depreciated	<u>\$ 23,656,782</u>	<u>\$ 10,863,919</u>	<u>\$ 21,918,082</u>	<u>\$ 12,602,619</u>
Capital assets being depreciated:				
Land improvements	\$ 2,358,342	\$ 296,767	\$ 9,500	\$ 2,645,609
Buildings & improvements	170,726,841	7,751,152	98,172	178,379,821
Furniture, equipment & vehicles	21,571,051	5,320,813	216,255	26,675,609
Water & sewer systems	252,833,839	12,660,920	1,842,328	263,652,431
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	<u>449,564,031</u>	<u>26,029,652</u>	<u>2,166,255</u>	<u>473,427,428</u>
Less accumulated depreciation for:				
Land improvements	1,446,441	93,576	9,500	1,530,517
Buildings & improvements	70,499,701	4,779,370	98,172	75,180,899
Furniture, equipment & vehicles	10,391,548	1,778,154	191,948	11,977,754
Water & sewer systems	86,499,139	5,152,570	814,648	90,837,061
Purchased sewer capacity	311,093	41,479	-	352,572
Total accumulated depreciation	<u>169,147,922</u>	<u>11,845,149</u>	<u>1,114,268</u>	<u>179,878,803</u>
Total capital assets being depreciated, net	<u>\$ 280,416,109</u>	<u>\$ 14,184,503</u>	<u>\$ 1,051,987</u>	<u>\$ 293,548,625</u>
Business-type activities capital assets, net	<u>\$ 304,072,891</u>	<u>\$ 25,048,422</u>	<u>\$ 22,970,069</u>	<u>\$ 306,151,244</u>

Capital asset activity of the Component unit – School Board for the year ended June 30, 2019 was as follows:

Table 12 Capital Assets - Component unit - School Board				
	Balance July 1, 2018 (Restated)	Increases	Decreases	Balance June 30, 2019
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	13,534,776	33,550,331	13,534,776	33,550,331
Total capital assets, not being depreciated	\$ 23,163,846	\$ 33,550,331	\$ 13,534,776	\$ 43,179,401
Capital assets being depreciated:				
Buildings & improvements	\$ 442,950,173	\$ 5,423,623	\$ -	\$448,373,796
Furniture, equipment & vehicles*	106,339,018	12,271,716	2,297,453	116,313,281
Total capital assets, being depreciated	549,289,191	17,695,339	2,297,453	564,687,077
Less accumulated depreciation for:				
Buildings & improvements*	190,165,754	10,487,869	-	200,653,623
Furniture, equipment & vehicles*	63,407,212	6,148,248	2,092,930	67,462,530
Total accumulated depreciation	253,572,966	16,636,117	2,092,930	268,116,153
Total capital assets being depreciated, net	\$ 295,716,225	\$ 1,059,222	\$ 204,523	\$296,570,924
Component unit-School Board capital assets, net	\$ 318,880,071	\$ 34,609,553	\$ 13,739,299	\$339,750,325

* Beginning balances were restated to address prior year errors in presentation. Total capital assets and their related accumulated depreciation remains unchanged.

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

Construction in progress activity for the Component unit – School Board for the year ended June 30, 2019 was as follows:

Table 13 Construction in Progress - Component unit - School Board				
	Project Authorization	Spent to Date	Committed Funding	Required Future Financing
<i>Component unit - School Board</i>				
Well Project Phase II	\$ 243,390	\$ 116,000	\$ 127,390	\$ -
Courtland HS Project	36,268,549	30,361,083	5,907,466	-
CHS Field Conversion	1,342,374	915,538	426,836	-
SMS HVAC Auditorium	539,200	381,524	157,676	-
BES Renovation	210,101	157,753	52,348	-
Lighting Replacement	184,240	138,414	45,826	-
Security Camera/Server	1,319,881	1,277,761	42,120	-
Other Projects	301,300	202,258	99,042	-
	<u>\$ 40,409,035</u>	<u>\$ 33,550,331</u>	<u>\$ 6,858,704</u>	<u>\$ -</u>

Note 5

Interfund Transfers

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

Table 14 Transfers - Primary Government					
Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 484,333	\$ 3,562,722	\$ -	\$ 4,047,055
Capital Projects Fund	18,421,730	-	-	421,020	18,842,750
Other governmental funds	1,623,412	174,932	-	-	1,798,344
Water and Sewer Fund	-	72,084	16,002	-	88,086
Total	<u>\$ 20,045,142</u>	<u>\$ 731,349</u>	<u>\$ 3,578,724</u>	<u>\$ 421,020</u>	

Note 6

Receivables/Payables with Component Units

Transactions between the Primary Government and its Component Unit-School Board are made for the purpose of providing operational support. The remaining balance of \$10.2 million at June 30, 2019 resulted from a timing difference between the dates that (1) services are provided, (2) transactions are recorded in the accounting system, and (3) payments are made between funds.

Note 7

Lease Obligations

Operating leases

The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were \$211,619 and are expected to remain at similar levels in future fiscal years, as expiring leases are generally renewed. All current leases are due to expire within the next five years.

Note 8

Defined Benefit Pension Plan

8.01 GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan description

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

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

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

Summary of significant accounting policies

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

Benefits Provided

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY			
Membership date is before July 1, 2010 and they were vested as of January 1, 2013.	Membership date is after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Membership date is on or after January 1, 2014 for school division and political subdivision employees, and any member opting in from VRS Plans 1 or 2 during the election window. Political subdivision employees who are covered by enhanced benefits for hazardous duty employees are ineligible.	
VESTING			
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members are always 100% vested in the contributions that they make.			Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.
CALCULATING THE BENEFIT			
The basic benefit is calculated based on a formula using the member’s average final compensation, a retirement multiplier and total service credit at retirement. An early retirement reduction factor is applied to the basic benefit if the member retires with a reduced retirement benefit or selects a benefit payout option other than the basic benefit.			The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings.
AVERAGE FINAL COMPENSATION			
Average of the 36 consecutive months of highest compensation as a covered employee.	A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members and eligible political subdivision hazardous duty employees is 1.70%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for creditable service earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.
NORMAL RETIREMENT AGE			
Age 65	Normal Social Security retirement age.		Members are eligible to receive distributions upon leaving employment, subject to restrictions.
EARLIEST REDUCED RETIREMENT ELIGIBILITY			
Members may retire with a reduced benefit as early as age 55 with a least five years of creditable service or age 50 with at least 10 years of creditable service.	Members may retire with a reduced benefit as early as age 60 with at least five years of creditable service.		Members are eligible to receive distributions upon leaving employment, subject to restrictions.

VRS PLAN 1		VRS PLAN 2		HYBRID RETIREMENT PLAN	
				DEFINED BENEFIT	DEFINED CONTRIBUTION
NORMAL RETIREMENT AGE & EARLIEST UNREDUCED RETIREMENT ELIGIBILITY – HAZARDOUS DUTY					
Normal retirement age is 60. Hazardous duty members are eligible for unreduced early retirement at age 60 with at least five years of creditable service or at age 50 with at least 25 years of creditable service.			Not applicable for the Hybrid Retirement Plan.		
COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT					
COLA matches the first 3% increase in the CPI-U and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.		COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) up to a maximum COLA of 3%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.		Not applicable for defined contribution plans.	
DISABILITY COVERAGE					
For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service.		Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service.		Members participate in the Virginia Local Disability Program (VDLP) and are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	

Employees covered by benefit terms

As of the June 30, 2017 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	334	273
Inactive employees entitled to but not yet receiving benefits	534	208
Active employees	905	432
	<u>1,773</u>	<u>913</u>
* Excludes employees reported under the Teacher's Cost Sharing Plan.		

Contributions

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

Employees are required to contribute 5% of their creditable compensation for each pay period. The County and School Board are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Details of the County and School Board's contractually required rates for the year ended June 30, 2019, as a percentage of covered employee compensation, are provided in the table below.

	School Board	
	School Board	Teacher Plan*
County		
Employee contribution rate	5.00%	5.00%
Employer contribution rate	9.58%	15.68%
	14.58%	20.68%

*For the year ended June 30, 2019, section 51.1 - 145 of the Code establishes the School Board's contractual rate at 89.84% of the actuarially determined employer contribution rate of 15.68%.

8.02 FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2018 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2018-annual-report.pdf>.

8.03 NET PENSION LIABILITY

Multi-Employer Agent Plan

The Plan's fiscal year 2019 net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2017, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2018. As of June 30, 2019, the County and School Board's net pension liability was \$13.8 million and \$0.1 million, respectively.

School Board's Teacher Retirement Cost-Sharing Plan

At June 30, 2019, the School Board reported a liability of \$184.1 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. The School Board's proportion as of June 30, 2018 and June 30, 2017 was 1.57% and 1.60%, respectively.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2017, 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, 2018.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	7.00%	7.00%	7.00%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	20.00%	45.00%	Not available
Mortality tables:			
Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016.	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates lowered • Line of duty disability rate increased from 14% to 15% 	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates increased at age 50, and lowered rates at older ages • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better fit experience • Line of duty disability rate decreased from 60% to 45% 	<ul style="list-style-type: none"> • Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience

Long-term expected rate of return

The long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which the best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in Table 15.

Table 15 Long-term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	40.00%	4.54%	1.82%
Fixed Income	15.00%	69.00%	10.00%
Credit Strategies	15.00%	3.96%	59.00%
Real Assets	15.00%	5.76%	86.00%
Private Equity	15.00%	9.53%	1.43%
Total	100.00%		4.80%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.30%

*Using the above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%.

Discount rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that member (employee) contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates and the member rate.

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, 2018, the alternate rate was the employer contribution rate used in FY2012 or 90% of the actuarially determined contribution rate from June 30, 2015, actuarial valuations, whichever was greater.

From July 1, 2018 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2018 for the County and School Board, respectively.

Table 16			
County Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2017	\$ 170,855,382	\$ 156,533,703	\$ 14,321,679
Changes for the year:			
Service cost	5,548,787	-	5,548,787
Interest	11,744,908	-	11,744,908
Difference between expected and actual experience	864,158	-	864,158
Contributions - employer	-	4,680,226	(4,680,226)
Contributions - employee	-	2,507,539	(2,507,539)
Net investment income	-	11,628,996	(11,628,996)
Benefit payments, including refunds of employee contributions	(6,141,957)	(6,141,957)	-
Administrative expense	-	(97,368)	97,368
Other changes	-	(10,495)	10,495
Net changes	12,015,896	12,566,941	(551,045)
Balances at June 30, 2018	\$ 182,871,278	\$ 169,100,644	\$ 13,770,634
		Governmental activities:	11,901,087
		Business-type activities:	1,869,547
			\$ 13,770,634

Table 17 School Board Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2017	\$ 28,924,429	\$ 28,567,011	\$ 357,418
Changes for the year:			
Service cost	953,993	-	953,993
Interest	1,971,938	-	1,971,938
Difference between expected and actual experience	(59,555)	-	(59,555)
Contributions - employer	-	585,850	(585,850)
Contributions - employee	-	446,450	(446,450)
Net investment income	-	2,097,042	(2,097,042)
Benefit payments, including refunds of employee contributions	(1,507,764)	(1,507,764)	-
Administrative expense	-	(18,104)	18,104
Other changes	-	(1,872)	1,872
Net changes	1,358,612	1,601,602	(242,990)
Balances at June 30, 2018	\$ 30,283,041	\$ 30,168,613	\$ 114,428

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

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

Table 18 Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate			
	Current Discount		
	1% Decrease (6.00%)	Rate (7.00%)	1% Increase (8.00%)
County's calculated net pension liability (asset)	\$ 40,130,319	\$ 13,770,634	\$ (7,895,351)
School Board's calculated net pension liability (asset)	\$ 3,690,108	\$ 114,428	\$ (2,886,256)
Teacher Retirement Plan's calculated net pension liability*	\$ 281,275,000	\$ 184,137,000	\$ 103,735,000

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

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

The following table summarizes the recognized pension expense at June 30, 2019, and the reported deferred outflows and inflows of resources related to pension by source as of the June 30, 2018 measurement date for the Primary Government and its Component unit – School Board.

Table 19 Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions						
	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan			Internal Service Fund Fleet Services	Teacher Retirement Cost-sharing Plan	Total Component unit School Board
	Governmental Activities	Business-type Activities	School Board			
Total pension expense:	\$ 2,365,314	\$ 322,045	\$ (36,386)	\$ (2,672)	\$ 8,669,000	\$ 8,629,942
Deferred outflows - pension contributions:						
Employer contributions subsequent to the measurement date	\$ 4,361,363	\$ 630,082	\$ 531,457	\$ 41,082	\$ 20,251,460	\$ 20,823,999
Deferred outflows - actuarial differences:						
Difference between expected and actual experience	\$ 1,608,682	\$ 231,927	\$ -	\$ -	\$ -	\$ -
Change of assumptions	-	-	-	-	2,198,000	2,198,000
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	333,000	333,000
Total deferred outflows - actuarial differences:	\$ 1,608,682	\$ 231,927	\$ -	\$ -	\$ 2,531,000	\$ 2,531,000
Deferred inflows						
Difference between expected and actual experience	\$ (150,808)	\$ (24,904)	\$ (151,106)	\$ (13,365)	\$(15,745,000)	\$(15,909,471)
Changes of assumptions	(666,149)	(110,006)	(72,250)	(6,390)	-	(78,640)
Net difference between projected and actual earnings on plan investments	(1,263,774)	(208,696)	(210,286)	(18,599)	(3,905,000)	(4,133,885)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions					(6,983,000)	(6,983,000)
Total deferred inflows	\$ (2,080,731)	\$ (343,606)	\$ (433,642)	\$ (38,354)	\$(26,633,000)	\$(27,104,996)

Amortization of deferred outflows and inflows of resources

Employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized in pension expense as follows:

	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan		Teacher Retirement Cost-sharing Plan		Total Component unit School Board	
	Governmental Activities	Business-type Activities	Internal Service Fund Fleet Services			
			School Board			
Fiscal year ended June 30,						
2020	\$ 560,950	\$ 132,711	\$ (90,908)	\$ (8,040)	\$ (4,287,000)	\$ (4,385,948)
2021	166,054	39,286	(52,502)	(4,644)	(5,563,000)	(5,620,146)
2022	(1,180,209)	(279,218)	(269,157)	(23,806)	(9,644,000)	(9,936,963)
2023	(18,844)	(4,458)	(21,075)	(1,864)	(3,522,000)	(3,544,939)
2024	-	-	-	-	(1,086,000)	(1,086,000)
	<u>\$ (472,049)</u>	<u>\$ (111,679)</u>	<u>\$ (433,642)</u>	<u>\$ (38,354)</u>	<u>\$ (24,102,000)</u>	<u>\$ (24,573,996)</u>
Pension actuarial differences:						
Total deferred outflows	\$ 1,608,682	\$ 231,927	\$ -	\$ -	\$ 2,531,000	\$ 2,531,000
Total deferred inflows	(2,080,731)	(343,606)	(433,642)	(38,354)	(26,633,000)	(27,104,996)
	<u>\$ (472,049)</u>	<u>\$ (111,679)</u>	<u>\$ (433,642)</u>	<u>\$ (38,354)</u>	<u>\$ (24,102,000)</u>	<u>\$ (24,573,996)</u>

8.05 PAYABLES TO THE PENSION PLAN

The County and School Board reported payables of \$0.7 and \$1.8 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

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

	Governmental Activities	Business-type Activities	Component unit- School
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement			
Virginia Retirement System (Note 8)	\$ 4,361,363	\$ 630,082	\$ 20,823,999
Length of Service Award Program (Note 13)	72,960	-	-
Pension contributions (Exhibit I):	<u>\$ 4,434,323</u>	<u>\$ 630,082</u>	<u>\$ 20,823,999</u>
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 1,608,682	\$ 231,927	\$ 2,531,000
Length of Service Award Program (Note 13)	343,745	-	-
Pension actuarial differences (Exhibit I):	<u>\$ 1,952,427</u>	<u>\$ 231,927</u>	<u>\$ 2,531,000</u>
Deferred Inflows of Resources			
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 2,080,731	\$ 343,606	\$ 27,104,996
Length of Service Award Program (Note 13)	443,635	-	-
Pension actuarial differences (Exhibit I):	<u>\$ 2,524,366</u>	<u>\$ 343,606</u>	<u>\$ 27,104,996</u>

Note 9

Long-term Liabilities

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Governmental activities					
Bond obligations:					
General obligation bonds	\$ 177,245,002	\$ 34,590,000	\$ 17,060,000	\$ 194,775,002	\$ 19,090,000
Direct placements:					
General obligation bonds	25,964,171	-	5,498,440	20,465,731	4,141,000
Public improvement bonds	67,091,394	-	4,999,148	62,092,246	5,135,459
Unamortized bond premiums	20,808,100	3,111,077	2,388,370	21,530,807	-
Total bond obligations:	291,108,667	37,701,077	29,945,958	298,863,786	28,366,459
Other long-term liabilities:					
Compensated absences	4,498,264	5,662,273	5,505,273	4,655,264	317,006
Landfill closure obligation (Note 11)	8,628,226	953,891	165,147	9,416,970	205,416
Insurance claims payable (Note 17)	1,554,331	12,415,599	12,424,232	1,545,698	1,545,698
LOSAP pension liability (Note 13)	3,376,107	207,035	122,331	3,460,811	-
VRS net pension liability (Note 8)	12,384,218	15,047,446	15,530,577	11,901,087	-
Total OPEB liability - Healthcare (Note 12.01)	107,196,491	19,177,600	46,782,232	79,591,859	-
Total OPEB liability - LODA (12.02)	7,691,429	1,742,051	227,088	9,206,392	-
Net OPEB liability - GLI (Note 12.04)	3,401,720	561,039	425,707	3,537,052	-
Total other long-term liabilities:	148,730,786	55,766,934	81,182,587	123,315,133	2,068,120
Total governmental activities	\$ 439,839,453	\$ 93,468,011	\$ 111,128,545	\$ 422,178,919	\$ 30,434,579
Business-type activities					
Bond obligations:					
Water & sewer revenue bonds	\$ 114,653,000	\$ -	\$ 5,680,000	\$ 108,973,000	\$ 5,903,000
Unamortized premiums	5,519,443	-	504,056	5,015,387	-
Total bond obligations:	120,172,443	-	6,184,056	113,988,387	5,903,000
Other long-term liabilities:					
Compensated absences	649,790	785,263	734,331	700,722	31,245
Insurance claims payable (Note 17)	154,153	1,588,658	1,579,416	163,395	163,395
VRS net pension liability (Note 8)	1,937,461	2,354,112	2,422,026	1,869,547	-
Net OPEB liability - Healthcare (Note 12.01)	14,425,007	2,580,654	6,355,620	10,650,041	-
Net OPEB liability - GLI (Note 12.04)	479,280	79,579	52,911	505,948	-
Total other long-term liabilities:	17,645,691	7,388,266	11,144,304	13,889,653	194,640
Total business-type activities	\$ 137,818,134	\$ 7,388,266	\$ 17,328,360	\$ 127,878,040	\$ 6,097,640
Total Primary Government	\$ 577,657,587	\$ 100,856,277	\$ 128,456,905	\$ 550,056,959	\$ 36,532,219

Table 21 Long-term Liabilities - Component unit - School Board					
	Balance July 1, 2018	Increases	Decreases	Balance June 30, 2019	Due Within One Year
Component unit - School Board					
Compensated absences	\$ 6,665,283	\$ 2,611,043	\$ 2,631,045	\$ 6,645,281	\$ 474,138
Insurance claims payable (Note 17)	4,177,276	42,279,240	42,001,342	4,455,174	4,455,174
Net pension liability (Note 8)	196,821,418	23,341,367	35,911,357	184,251,428	-
Net OPEB liability - Healthcare (Note 12.03)	235,673,131	17,592,286	11,378,257	241,887,160	-
Net OPEB liability - GLI (Note 12.04)	11,027,000	1,273,626	1,453,626	10,847,000	-
Net OPEB liability - HIC (Note 12.04)	20,231,000	1,588,132	1,978,132	19,841,000	-
Total School Board	\$ 474,595,108	\$ 88,685,694	\$ 95,353,759	\$ 467,927,043	\$ 4,929,312

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

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

General Obligations Bonds

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

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

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2019, backed by the full faith and credit of the County, are comprised of the following individual issues:

	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Spotsylvania County:						
Public Improvement, Series 2009A	07/2009	07/2019	1.40 - 3.00	\$260 - \$1,315	\$11,665,000	\$ 1,315,000
Build America Bonds, Series 2009B	07/2009	07/2034	5.20 - 5.90	\$405 - \$1,425	15,905,000	15,905,000
Public Improvement, Series 2010A	07/2010	07/2020	2.07	\$845 - \$1,075	8,680,000	845,000
Build America Bonds, Series 2010B	07/2010	07/2030	3.38	\$840 - \$845	8,435,000	8,435,000
Public Improvement, Series 2011A	07/2011	01/2031	3.00 - 4.00	\$333 - \$330	6,939,045	3,969,262
Refunding, Series 2011B	07/2011	01/2024	3.00 - 4.00	\$10 - \$580	5,650,000	2,260,000
Public Improvement, Series 2012A	07/2012	06/2032	2.00 - 3.00	\$630 - \$775	8,995,000	4,135,000
Qualified Energy Conservation, Series 2012B	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	1,240,000	825,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	29,488,434
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	14,244,823
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	6,465,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	1,465,000
Public Improvement, Series 2018	09/2018	07/2018	2.50 - 5.00	\$275 - \$365	6,125,000	6,125,000
Total General Obligation Bonds - Spotsylvania County:						\$ 95,477,519
Component Unit - School Board:						
Public Improvement, Series A	07/2011	01/2031	3.00 - 4.00	\$130 - \$247	\$ 3,975,956	\$ 1,920,737
Public Improvement, Series 2012A	07/2012	06/2029	2.00 - 5.00	\$630 - \$710	7,210,000	2,550,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	20,954,590	11,626,570
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	19,490,176
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	14,195,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	21,050,000
Public Improvement, Series 2018	09/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	28,465,000
Total General Obligation Bonds - Component Unit - School Board:						\$ 99,297,483
Total Governmental Activities - General Obligation Bonds:						\$194,775,002

Direct Placements – Public Improvement Bonds

Periodically, the EDA has issued Public Facility Revenue Bonds as authorized in the Industrial Development and Revenue Bond Act, Section 15.2-4900 et. seq. of the Code. These bonds provide financial assistance to the County for the acquisition and construction of facilities in the public interest. The bonds are secured by the property financed and are payable solely from County appropriations through an authorized financing agreement with the EDA. Upon repayment of the bonds, ownership of the acquired facilities transfers to the County served by the bond issuance. Through an approved financing agreement, the County is obligated for repayment of the bonds. Accordingly, the bonds are reported as County obligations. In the event of default, possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, or any other necessary legal actions against the County to cure the default.

The following assets are held for collateral as of June 30, 2019:

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

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

General obligation bonds payable and public improvement bonds payable at June 30, 2019, are comprised of the following individual issues:

Table 22 (continued) Direct Placement Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Direct Placement Bonds - General Obligation:						
Spotsylvania County						
Public Improvement, Series 2013	07/2013	06/2033	2.55	\$306	\$ 6,112,284	\$ 4,295,705
Total Spotsylvania County - direct placement - general obligation:						\$ 4,295,705
Component Unit - School Board						
VPSA, Series 1999A	04/1999	07/2019	4.35 - 5.23	\$90 - \$265	\$ 3,570,000	\$ 90,000
VPSA, Series 2000A	05/2000	07/2020	4.35 - 5.23	\$370 - \$375	7,740,000	740,000
VPSA, Series 2001A	05/2001	07/2021	4.10 - 5.60	\$470 - \$545	10,170,000	1,410,000
VPSA, Series 2001B	11/2001	07/2021	3.10 - 5.35	\$400 - \$555	9,500,000	1,200,000
VPSA, Series 2002A	05/2002	07/2022	3.60 - 5.60	\$820 - \$915	17,315,000	3,280,000
VPSA, Series 2002B	11/2002	07/2023	2.35 - 5.10	\$550 - \$645	11,885,000	2,200,000
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	1,240,000
Public Improvement, Series 2013	07/2013	06/2033	2.55	\$273 - \$979	11,802,716	6,010,026
Total Component Unit - School Board - direct placement - general obligation:						\$ 16,170,026
Total Governmental Activities - direct placement - general obligation:						\$ 20,465,731
Direct Placement Bonds - Public Improvement:						
Spotsylvania County						
Public Facility Revenue, Series 2001	05/2001	05/2021	6.16	\$18 - \$60	\$ 700,000	\$ 119,246
Public Facility Revenue, Series 2011	10/2011	06/2032	2.00 - 4.00	790	11,275,000	5,370,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$98 - \$174	1,688,000	663,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	6,305,000	4,575,000
Total Spotsylvania County - direct placement - public improvement:						\$ 10,727,246
Component Unit - School Board						
Public Facility Revenue, Series 2012	07/2012	06/2029	2.00 - 5.00	\$1,345 - \$2,650	\$ 33,785,000	\$ 22,385,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$597 - \$881	11,695,000	8,540,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	20,440,000
Total Component Unit - School Board - direct placement - public improvement:						\$ 51,365,000
Total Governmental Activities - direct placement - public improvement:						\$ 62,092,246

Water & Sewer Revenue Bonds

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

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

Table 22 (continued) Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities - Revenue Bonds						
Water & Sewer Revenue, Series 2010A	08/2010	06/2032	3.15	\$335 - \$1,740	\$ 28,405,000	\$ 17,470,000
Water & Sewer Revenue, Series 2010B	08/2010	06/2040	3.15	\$950 - \$1,880	29,450,000	28,500,000
Water & Sewer Revenue Refunding, Series 2013	08/2013	06/2035	2.59	\$772 - \$1,292	21,330,000	17,138,000
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	55,325,000	45,865,000
Total Business-type Activities - Revenue Bonds:						\$ 108,973,000

New Debt Issuance

On August 28, 2018, the County issued \$34.6 million in General Obligation Public Improvement Bonds, Series 2018 with fixed interest rates ranging from 2.5 to 5%. Bond payments commence January 15, 2019 and will continue semi-annually on January 15 and July 15 until final maturity on July 15, 2038. The net proceeds of \$37.7 million (including premium of \$3.1 million and payment of \$0.3 million in underwriting and issuance costs) will be used to finance school, public safety and transportation related capital projects.

Amortization of Debt Service

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

Table 23 Future Debt Service - Primary Government								
Fiscal Year	Governmental Activities						Business-type Activities	
	General Obligation		Direct Placements				Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 19,090,000	\$ 8,278,019	\$ 4,141,000	\$ 817,012	\$ 5,135,459	\$ 2,209,281	\$ 5,903,000	\$ 4,732,225
2021	19,290,000	7,391,249	3,642,000	647,396	5,236,787	2,017,242	6,111,000	4,486,716
2022	19,320,000	6,464,999	3,271,000	503,163	5,330,000	1,803,403	6,383,000	4,209,117
2023	18,070,000	5,573,605	2,401,000	386,816	5,536,000	1,564,302	6,650,000	3,916,095
2024	16,305,000	4,748,854	1,031,000	326,901	5,522,000	1,315,223	6,937,000	3,608,875
2025 - 2029	64,985,000	13,878,958	3,661,000	1,022,236	28,096,000	3,783,123	31,139,000	13,460,554
2030 - 2034	27,595,002	4,220,345	2,318,731	169,791	7,236,000	434,247	27,658,000	7,398,972
2035 - 2039	10,120,000	735,545	-	-	-	-	16,312,000	2,488,647
2040 - 2044	-	-	-	-	-	-	1,880,000	105,506
Totals:	\$194,775,002	\$ 51,291,574	\$ 20,465,731	\$ 3,873,315	\$ 62,092,246	\$ 13,126,821	\$108,973,000	\$ 44,406,707

Note 10

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Industrial Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on the underlying mortgage loans. As of June 30, 2019, Industrial Revenue Bonds outstanding totaled \$3 million. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the EDA, nor the County is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

Note 11

Closure and Post-Closure Care Costs

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

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

The estimated liability for landfill closure and post-closure care costs is \$0.5 million and \$8.9 million for closed and operating landfills, respectively, which is based on 100% and 80.9% usage, respectively. It is estimated that an additional \$1.7 million will be recognized as closure and post-closure care expenses between the date of the Statement of Net Position and the date the operating landfill open cells are expected to be filled to capacity (2022).

The estimated total current cost of the landfill closure and post-closure care (\$9.4 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, 2019. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Note 12

Other Postemployment Health Care Benefits

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

	Primary Government		Component Unit-School Board
	Governmental Activities	Business-type Activities	
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 12.03)	\$ -	\$ -	\$ 5,477,864
VRS Group Life Insurance Program (Note 12.04)	245,501	35,117	739,626
VRS Health Insurance Credit Program (Note 12.04)	-	-	1,588,133
OPEB contributions (Exhibit I):	\$ 245,501	\$ 35,117	\$ 7,805,623
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	\$ 9,070,825	\$ 1,240,446	\$ -
Primary Government LODA Program (12.02)	493,437	-	-
VRS Group Life Insurance Program (Note 12.04)	328,072	46,928	530,000
OPEB actuarial differences (Exhibit I):	\$ 9,892,334	\$ 1,287,374	\$ 530,000

	Primary Government		
	Governmental	Business-type	Component Unit-
	Activities	Activities	School Board
Deferred Inflows of Resources			
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	\$ 19,803,768	\$ 2,698,329	\$ -
Primary Government LODA Program (12.02)	87,416	-	-
School Board Retiree Healthcare (Note 12.03)	-	-	26,511,582
VRS Group Life Insurance Program (Note 12.04)	325,447	46,553	1,370,000
VRS Health Insurance Credit Program (Note 12.04)	-	-	940,000
OPEB actuarial differences (Exhibit I):	\$ 20,216,631	\$ 2,744,882	\$ 28,821,582

12.01 PRIMARY GOVERNMENT RETIREE HEALTHCARE PLAN

Plan description

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

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

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

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

Post-65 Health Reimbursement Accounts (HRAs)

Effective January 1, 2019, Spotsylvania County began providing Health Reimbursement Accounts (HRAs) to eligible post-65 retirees. The County makes monthly contributions to the HRAs as determined by the Board of Supervisors. The contribution amount, which is determined annually, is based on the individual retiree's hire date with the County, years of consecutive full-time County services, and eligibility for either unreduced or reduced VRS pension benefits.

Eligible expenses that can be paid from the HRA include premiums and other qualifying medical expenses. Excess amounts may be rolled over to subsequent months. Upon the death of the retiree, the surviving spouse may use any remaining funds to pay premiums and other qualifying medical expenses for up to 365 days from the retiree's death.

Post-65 retirees hired before September 25, 2018 may elect to either enroll in an HRA or enroll in one of the County's health plan offerings. Post-65 retirees hired on or after September 25, 2018 may only elect to enroll in an HRA.

Employees covered by benefit terms

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

Number of Participants:	
Active Employees	811
Retirees and Spouses	169
	<u>980</u>

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2019, the County has assigned fund balances of \$3,053,330, \$64,900 and \$1,254,654 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$4,088,450 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities. Per County fiscal policy, funding of 100% of the annual required contribution is expected to be met in 2024.

Total OPEB Liability

The County's total OPEB liability of \$90.2 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.50%
Healthcare cost trend rate	4.20 – 9.50%
Salary increases	3.50 – 4.75%

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date. Mortality rates were based on the RP-2014 mortality tables. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of the most recent actuarial experience for the VRS.

Changes in the Total OPEB Liability

Table 24 Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$ 121,621,498
Service Cost	4,623,221
Interest	5,284,766
Difference between actual and expected experience	11,850,267
Changes of assumptions	(18,445,689)
Change in benefits	(32,422,516)
Benefit payments	(2,269,647)
Total OPEB liability - ending	\$ 90,241,900
Primary Government:	
Governmental	\$ 79,591,859
Business-type	10,650,041
	\$ 90,241,900

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% in 2018 to 3.50% in 2019.

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

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

Discount rate sensitivity

	1% Decrease 2.50%	Current Rate 3.50%	1% Increase 4.50%
Total OPEB liability	<u>\$ 108,364,536</u>	<u>\$ 90,241,900</u>	<u>\$ 75,995,926</u>

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	<u>\$ 73,850,661</u>	<u>\$ 90,241,900</u>	<u>\$ 111,825,767</u>

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$24,804,844. At June 30, 2019, 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	\$ 10,311,271	\$ -
Changes of assumptions	-	(22,502,097)
Total	<u>\$ 10,311,271</u>	<u>\$ (22,502,097)</u>

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

2020	\$ (2,290,315)
2021	(2,290,315)
2022	(2,290,315)
2023	(2,290,315)
2024	(1,573,432)
Thereafter	(1,456,134)
Total	<u>\$ (12,190,826)</u>
Governmental Activities	\$ (10,732,943)
Business-type Activities	\$ (1,457,883)
	<u>\$ (12,190,826)</u>

12.02 PRIMARY GOVERNMENT LINE OF DUTY ACT (LODA) PLAN

Plan description

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

The LODA program provides death and health insurance benefits for eligible individuals. The death benefit is a onetime payment made to the beneficiary or beneficiaries of a covered individual of \$100,000 when death occurs as the direct result of performing duty or \$25,000 when the cause of death is attributed to one of the applicable presumptions and occurred earlier than five years after the retirement date. Funeral benefits are also available if requested. The County will pay health insurance premiums for eligible employees and their spouse and family members to the Department of Health Resources and Management, Virginia assuming full retirement and maintaining the level of coverage in existence at the time of disability.

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

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

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2019, the County has committed fund balances of \$500,000 in its General Fund to fund future LODA OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$9.2 million was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Inflation	3.00%
Discount Rate	3.13%
Healthcare cost trend rate	3.90 – 5.40%
Salary increases	3.50 – 4.75%

The discount rate was based on 20-Year municipal AA rated bonds as of June 30, 2019. Mortality rates were based on the RP-2014 mortality tables.

Changes in the Total OPEB Liability

Table 25 Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$ 7,691,429
Service Cost	908,324
Interest	274,396
Experience gains	(29,758)
Changes of assumptions	555,117
Benefit payments	(193,116)
Total OPEB liability - ending	\$ 9,206,392

Changes of assumptions and other inputs reflect a change in the discount rate from 3.62% in 2018 to 3.13% in 2019.

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 2.13%	Current Rate 3.13%	1% Increase 4.13%
Total OPEB liability	<u>\$ 10,491,983</u>	<u>\$ 9,206,392</u>	<u>\$ 8,119,314</u>

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	<u>\$ 7,600,041</u>	<u>\$ 9,206,392</u>	<u>\$ 11,232,833</u>

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

For the year ended June 30, 2019, the County recognized OPEB expense of \$1,236,599. At June 30, 2019, 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	\$ -	\$ (56,638)
Changes of assumptions	493,437	(30,778)
Total	<u>\$ 493,437</u>	<u>\$ (87,416)</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,

2020	\$ 49,665
2021	49,665
2022	49,665
2023	49,665
2024	49,665
Thereafter	<u>157,696</u>
Total	<u>\$ 406,021</u>

12.03 SCHOOL BOARD RETIREE HEALTHCARE PLAN

Plan Description

Plan administration

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

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

Plan membership

At June 30, 2018 and 2019, membership consisted of the following:

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

Benefits provided

The Plan provides healthcare insurance for eligible retirees and their dependents through the School Board's group health insurance plan. Pre-Medicare retirees may remain in the group plan providing medical, prescription drug, dental and vision benefits. Once a retiree is Medicare eligible, they are moved to a Medicare Complementary Plan, which is secondary to Medicare. Spouses of retired employees may continue medical coverage but will not receive any explicit subsidy from the School Board.

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

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

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

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2019, there are no Plan contribution requirements, benefits are financed on a pay-as-you-go basis. Contributions into the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation.

Investments

Investment policy

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

The following was the Board's adopted asset allocation policy as of June 30, 2019:

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

All assets of the Pooled Trust are commingled for investment purposes; however, contributions, investment gains and losses, and distributions for each participating Local Finance Board are accounted for separately. Audited financial statements of the Virginia Pooled OPEB Trust Fund are

available through the VML/VACo Finance Program, Attn: Comptroller, 1108 E. Main St., Suite 801, Richmond, VA 23219.

Concentrations

As of June 30, 2019, there are no investments in any one organization that represent 5% or more of the Plan's fiduciary net position.

Rate of return

For the year ended June 30, 2019, the annual money-weighted rate of return on investments, net of investment expense, was 5.90%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

The Board's total OPEB liability of \$245.3 million was measured as of June 30, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.30%
Investment rate of return	7.00%
Discount Rate	3.62%
Healthcare cost trend rate	3.00 – 7.60%
Salary increases	3.50 – 5.95%

The discount rate was based on bond rates published by the Federal Reserve for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. Mortality rates were based on the RP-2000 mortality tables. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of the most recent actuarial experience for the VRS.

Changes in the Net OPEB Liability

Table 27 Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2017	\$ 238,804,663	\$ 3,131,532	\$ 235,673,131
Service Cost	9,179,260	-	9,179,260
Interest	8,413,026	-	8,413,026
Difference between actual and expected experience	(2,920,207)	-	(2,920,207)
Changes of assumptions	(3,474,625)	-	(3,474,625)
Employer contributions	-	4,687,674	(4,687,674)
Net investment income	-	295,751	(295,751)
Benefit payments	(4,687,676)	(4,687,676)	-
Balances, June 30, 2018	\$ 245,314,441	\$ 3,427,281	\$ 241,887,160

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

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

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

Discount rate sensitivity

	1% Decrease 2.62%	Current Rate 3.62%	1% Increase 4.62%
Net OPEB liability	\$ 281,964,225	\$ 241,887,160	\$ 209,484,519

Healthcare rate sensitivity

	1% Decrease Trend Rate of 2.90%	Current Rate Trend Rate of 3.90%	1% Increase Trend Rate of 4.90%
Net OPEB liability	\$ 202,656,027	\$ 241,887,160	\$ 292,210,218

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

For the year ended June 30, 2019, the School Board recognized OPEB expense of \$13,066,668. At June 30, 2019, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings	\$ -	\$ (156,854)
Changes of assumptions	-	(23,799,547)
Differences between expected and actual experience	-	(2,555,181)
Contributions subsequent to the measurement date	5,477,865	-
Total	<u>\$ 5,477,865</u>	<u>\$ (26,511,582)</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,

2020	\$ (4,306,411)
2021	(4,306,411)
2022	(4,306,413)
2023	(4,274,537)
2024	(4,259,229)
Thereafter	(5,058,581)
Total	<u>\$ (26,511,582)</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, 2019, were as follows:

Total OPEB liability	\$ 265,855,235
Plan fiduciary net position	<u>4,060,243</u>
School Board's net OPEB liability	<u>\$ 261,794,992</u>

Plan fiduciary net position as a % of the total OPEB liability	1.53%
--	-------

Actuarial assumptions

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

Investment rate of return, net*	7.0%
Salary increases*	3.50 – 5.95%
Blended discount rate	3.13%
*Includes inflation at	2.30%

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

Teachers	Females set back 3 years
General	Males set forward 3 years

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

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

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2019 are summarized in Table 26.

Discount rate

The discount rate used to measure the total OPEB liability was 3.13%. The projection of cash flows used to determine the discount rate assumed that contributions from the School Board will be made at the same level as the subsequent years' adopted budget. Based on this assumption, the OPEB plan's fiduciary net position is expected to be exhausted in future years. Benefits that are paid prior to the estimated date that assets are exhausted are discounted at the expected rate of return of 7.0%. Benefits paid subsequent to this date are discounted based on an index rate for 20-

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

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

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

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

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

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

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

12.04 VRS MULTIPLE-EMPLOYER PLANS

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

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

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

Summary of Significant Accounting Policies

HIC

The HIC was established pursuant to Section 51.1-1400 et seq. of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The HIC is a defined benefit plan that provides a credit toward the cost of health insurance coverage for retired teachers. For purposes of measuring the net HIC OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC OPEB, and the HIC OPEB expense, information about the fiduciary net position of the VRS HIC; and the additions to/deductions

from the VRS HIC's net fiduciary position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

GLI

The GLI provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI was established pursuant to Section 51.1-500 of the Code, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI is a defined benefit plan that provides a basic group life insurance benefit for employees of participating employers. For purposes of measuring the net GLI OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI OPEB, and GLI OPEB expense, information about the fiduciary net position of the VRS GLI OPEB and the additions to/deductions from the VRS GLI OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Descriptions

HIC

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

GLI

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

In addition to the Basic Group Life Insurance benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional Group Life Insurance Program. For members who elect the optional group life insurance coverage, the

insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the Group Life Insurance Program OPEB.

Plan Provisions

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

GLI PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none"> • City of Richmond • City of Portsmouth • City of Roanoke • City of Norfolk • Roanoke City Schools Board

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

Benefit Amounts

The benefits payable GLI have several components.

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

Reduction in Benefit Amounts

The benefit amounts provided to members covered under the Group Life Insurance Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$8,279.

Contributions

HIC

The contribution requirements are governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division’s contractually required employer contribution rate for the year ended June 30, 2019 was 1.20% of covered payroll for employees in the HIC. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the HIC were \$1.6 and \$1.5 million for the years ended June 30, 2019 and June 30, 2018, respectively.

GLI

The contribution requirements 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 was 1.31% of covered payroll. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.79% (1.31% X 60%) and the employer component was 0.52% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2019 was 0.52% of covered payroll. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2017. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the HIC and GLI for the years ended June 30, 2019 and June 30, 2018 are shown in Table 28.

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

At June 30, 2019, the County and School Board reported liabilities for their proportionate share of the net OPEB liability of the HIC and GLI as shown in Table 28. The net OPEB liabilities were measured as of June 30, 2018 and the total OPEB liabilities used to calculate the net OPEB liabilities were determined by actuarial valuations as of that date. The County's and School Board's proportions of the net OPEB liability were based on their actuarially determined employer contributions to the HIC and GLI for the year ended June 30, 2018 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2018 and 2017, the County's and School Boards proportion of the HIC and GLI were as shown in Table 28.

For the year ended June 30, 2019, the County and School Board recognized HIC and GLI OPEB expense as shown in Table 28. Since there was a change in proportionate shares between June 30, 2017 and June 30, 2018 a portion of the OPEB expense was related to deferred amount from changes in proportion.

Table 28

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

	GLI				HIC
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities			
Net OPEB liability	\$ 3,537,052	\$ 505,948	\$ 743,000	\$ 10,104,000	\$ 19,841,000
OPEB expense	\$ 55,994	\$ 8,006	\$ -	\$ 2,000	\$ 1,511,000
Proportion at June 30, 2018	0.26618%	0.26618%	0.04896%	0.66528%	1.56262%
Proportion at June 30, 2017	0.25793%	0.25793%	0.04992%	0.68283%	1.59468%
Contributions for year ended June 30, 2019	\$ 245,501	\$ 35,117	\$ 50,551	\$ 689,075	\$ 1,588,133
Contributions for year ended June 30, 2018	\$ 230,688	\$ 32,502	\$ 48,389	\$ 657,504	\$ 1,534,408

At June 30, 2019, the County and School Board reported OPEB expenses, deferred outflows of resources and deferred inflows of resources from various sources as detailed in Table 29.

Table 29

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

	GLI				HIC
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities			
Net OPEB liability	\$ 3,537,052	\$ 505,948	\$ 743,000	\$ 10,104,000	\$ 19,841,000
OPEB expense	\$ 55,994	\$ 8,006	\$ -	\$ 2,000	\$ 1,511,000
Deferred outflows					
Differences between expected and actual experience	\$ 173,222	\$ 24,778	\$ 36,000	\$ 494,000	\$ -
Changes in proportionate share	154,850	22,150	-	-	-
Contributions subsequent to the measurement date	245,501	35,117	50,551	689,075	1,588,133
Total deferred outflows	\$ 573,573	\$ 82,045	\$ 86,551	\$ 1,183,075	\$ 1,588,133
Deferred inflows					
Differences between expected and actual experience	\$ (62,990)	\$ (9,010)	\$ (14,000)	\$ (181,000)	\$ (98,000)
Net difference between projected and actual investment earnings on OPEB plan investments	(115,481)	(16,519)	(24,000)	(329,000)	(15,000)
Change of assumptions	(146,976)	(21,024)	(31,000)	(421,000)	(173,000)
Change in proportionate share	-	-	(21,000)	(349,000)	(654,000)
Total deferred inflows	\$ (325,447)	\$ (46,553)	\$ (90,000)	\$ (1,280,000)	\$ (940,000)

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net OPEB liabilities in the fiscal year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Table 30 Deferred Outflows of Resources and Deferred Inflows of Resources Maturities						
	GLI				HIC	
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Spotsylvania County School Board Teacher Plan	
	Governmental Activities	Business-type Activities				
Year ending June 30,						
2020	\$ (20,997)	\$ (3,003)	\$ (16,000)	\$ (218,000)	\$ (159,000)	
2021	(20,997)	(3,003)	(16,000)	(218,000)	(159,000)	
2022	(20,997)	(3,003)	(16,000)	(218,000)	(159,000)	
2023	12,248	1,752	(9,000)	(124,000)	(150,000)	
2024	34,119	4,881	1,000	(25,000)	(153,000)	
Thereafter	19,249	2,751	2,000	17,000	(160,000)	
	\$ 2,625	\$ 375	\$ (54,000)	\$ (786,000)	\$ (940,000)	

Actuarial Assumptions

The HIC and GLI total OPEB liabilities were based on actuarial valuations as of June 30, 2017, 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, 2018.

Inflation	2.50%
Salary Increases, including inflation	3.50 – 5.35%
Investment rate of return	7.00%, net of plan investment expenses, including inflation*

*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plan. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 7.0%. However, since the difference was minimal, and a more conservative 7.0% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 7.0% to simplify preparation of OPEB liabilities.

Mortality rates – Teachers

Pre-Retirement:

RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.

Post-Retirement:

RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.

Post-Disablement:

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

Mortality rates – General Employees

Pre-Retirement:

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

Post-Retirement:

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

Post-Disablement:

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

The actuarial assumptions used in the June 30, 2017 valuations were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016.

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

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

Plans' Net OPEB Liability

The net OPEB liability for the HIC and GLI represents the Plans' total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2018, the net

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

Table 31 Plans' Net OPEB Liability		
	HIC	GLI
Total OPEB liability	\$ 1,381,313,000	\$ 3,113,508,000
Plan fiduciary net position	111,639,000	1,594,773,000
Net OPEB liability	\$ 1,269,674,000	\$ 1,518,735,000
Plan fiduciary net position as a percentage of the total OPEB liability	8.08%	51.22%

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

Long-Term Expected Rate of Return

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

Table 32 Target Asset Allocation			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Long-term Expected Rate of Return
Public Equity	40%	4.54%	1.82%
Fixed income	15%	0.69%	0.10%
Credit Strategies	15%	3.96%	59.00%
Real Assets	15%	5.76%	0.86%
Private Equity	15%	9.53%	1.43%
Total	100%		4.80%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.30%

* The above allocation provides a one-year return of 7.30%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.83%, including expected inflation of 2.50%

Discount Rate

The discount rate used to measure the HIC and GLI total OPEB liabilities was 7.00%. The projection of cash 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, 2018, the rate contributed by each school division for the VRS HIC and GLI will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly. From July 1, 2018 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC and GLI plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total OPEB liabilities.

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

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

	1.00% Lower (6.00%)	Current Discount Rate (7.00%)	1.00% Higher (8.00%)
HIC - School Board Teacher Plan	\$ 22,144,732	\$ 19,841,000	\$ 17,883,098
GLI - County	\$ 5,283,686	\$ 4,043,000	\$ 3,035,659
GLI - School Board	\$ 971,006	\$ 743,000	\$ 557,877
GLI - School Board Teacher Plan	\$ 13,204,640	\$ 10,104,000	\$ 7,586,521

HIC and GLI Fiduciary Net Position

Detailed information about the HIC and GLI Fiduciary Net Position is available in the separately issued VRS 2018 Comprehensive Annual Financial Report (CAFR). A copy of the 2018 VRS CAFR may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2018-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 13

Volunteer Fire & Rescue Length of Service Award Program

Plan description

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

Plan membership

As of June 30, 2018, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:

Inactive members currently receiving benefits	64
Inactive members with deferred vested benefits	142
Active members	185
	<u>391</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, 2018.

Changes in total pension liability

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2018.

Table 33 Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2017	\$ 3,376,107
Changes for the year:	
Service cost	92,592
Interest on total pension liability	119,445
Differences between expected and actual experience	(5,002)
Changes in assumptions	(43,019)
Benefit payments	(79,312)
Balance at June 30, 2018	\$ 3,460,811

Actuarial assumptions

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

Rate of inflation	2.00%
Salary scale	No salary, inflation used
Discount rate	3.87%

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

Discount rate

The discount rate used to measure the total pension liability was 3.87%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2018 to 3.87% in 2019.

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

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

	1% Decrease 2.87%	Current Rate 3.87%	1% Increase 4.87%
Net OPEB liability	\$ 4,138,000	\$ 3,460,811	\$ 2,930,000

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

For the year ended June 30, 2019 the County recognized pension expense of \$0.2 million. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date.

These payments of \$72,960 are reported as a deferred outflow of resources as of June 30, 2019, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2020.

At June 30, 2019, the County reported actuarially determined deferred inflows of resources related to pension experience of \$403,999 and pension assumption changes of \$39,636 and deferred outflows of resources related to pension experience of \$39,161 and pension assumption changes of \$304,584 that will be recognized as pension expense in future reporting periods as shown in the adjacent table.

Year ending June 30,

2020	\$	11,730
2021		11,730
2022		11,730
2023		11,730
2024		11,730
Thereafter		(158,540)
Total	\$	(99,890)

Note 14

FUND BALANCE

The following table provides additional detail regarding the County's governmental fund balances as of June 30, 2019:

Table 34 Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 607,095	\$ 607,095
PRTC transportation funds	-	-	4,973,209	4,973,209
Transient occupancy - tourism	751,174	-	-	751,174
Available bond proceeds:				
Transportation	-	4,433,475	-	4,433,475
Facility maintenance & improvements	-	11,879,860	-	11,879,860
Other	-	2,238,497	-	2,238,497
Grants and other contributions:				
Forfeiture & seizure - drug enforcement	742,033	51,333	-	793,366
Fire & rescue equipment & personnel	1,296,464	-	-	1,296,464
Other	305,893	8,300	-	314,193
Total restricted fund balance:	\$ 3,095,564	\$ 18,611,465	\$ 5,580,304	\$ 27,287,333

Table 34 Fund Balance Classification - continued				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Committed for:				
Fiscal stability reserve	\$ 50,603,705	\$ -	\$ -	\$ 50,603,705
Health insurance reserve	4,690,634	-	-	4,690,634
LOSAP Benefits	1,846,692	-	-	1,846,692
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	7,453,678	-	7,453,678
Fire & rescue facilities, equipment & service	-	2,765,587	382,221	3,147,808
Facility maintenance & improvements	-	6,116,680	-	6,116,680
Transportation	-	849,098	2,552,268	3,401,366
Capital projects - various other	-	3,859,682	-	3,859,682
Capital projects - future budget	-	11,135,848	-	11,135,848
Economic development grant program	511,581	-	-	511,581
Total committed fund balance:	\$ 58,152,612	\$ 32,180,573	\$ 2,934,489	\$ 93,267,674
Assigned to:				
Carryover & FY20 use of fund balance:				
Education	\$ 3,416,133	\$ -	\$ -	\$ 3,416,133
Public safety	3,147,105	-	-	3,147,105
General government	2,226,019	-	-	2,226,019
Economic development incentives	475,000	-	-	475,000
Various other functions	538,835	-	-	538,835
OPEB reserve	3,053,330	64,900	1,254,654	4,372,884
Transportation	-	-	904,121	904,121
Stormwater maintenance	-	-	231,693	231,693
Loss contingencies	700,000	-	-	700,000
Future community center	629,800	-	-	629,800
Public safety compensation adjustments	522,597	-	-	522,597
School OPEB reserve	5,243,212	-	-	5,243,212
School health insurance reserve	4,820,958	-	-	4,820,958
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	3,285,327	3,285,327
Total assigned fund balance:	\$ 26,772,989	\$ 64,900	\$ 5,675,795	\$ 32,513,684
Unassigned*:	\$ 9,318,360	\$ -	\$ -	\$ 9,318,360
Total fund balance:	\$ 97,339,525	\$ 50,856,938	\$ 14,190,588	\$ 162,387,051

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

Note 15

Commitments and Contingencies

15.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating \$1.1 million and \$0.6 million, respectively, at June 30, 2019. The School Board has construction project commitments of \$1.7 million at June 30, 2019.

Bonds authorized at June 30, 2019 but not issued are as follows:

Public safety	\$	26,358,641
Schools		66,986,960
Transportation		57,128,950
	\$	<u>150,474,551</u>

15.02 CONTINGENCIES

Grants

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

Litigation

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

Note 16

Tax Incentives

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

For fiscal year ended June 30, 2019, the County reimbursed various business taxes totaling \$224,516, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture.

- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a \$125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to \$7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment.
- On June 8, 2006, the County entered into an agreement with a local developer to facilitate the development of an \$80.0 million first-class retail center. As part of this agreement the County has agreed to reimburse the developer up to \$17.1 million in new local sales tax generated over a twenty-year period. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. For the year ending June 30, 2019, the reimbursement amounted to \$176,549.

Note 17

Risk Management

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

Health Insurance Plan

Spotsylvania County

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

The County has committed \$4.7 million of the General Fund's fund balance at June 30, 2019 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). The County uses information provided by the third-party administrator to record self-insurance liabilities, including IBNR, at year-end. Amounts due in future years on

claims as of June 30, 2019 are recognized as a long-term liability due within one year in the Statement of Net Position. Changes in the incurred but not reported claims for the past two fiscal years can be found in Table 35 below.

School Board

The School Board has chosen to partially retain the risk associated with the employees' health and dental insurance plans. Risk is retained up to an individual stop loss amount of \$200,000 during the contract year. Premiums are paid for participating employees to a third party administrator to cover actual claims processed and other related charges incurred. Any current year premium payments in excess of actual claims are combined with any prior year surpluses and held on deposit by the administrator to pay future healthcare premiums. To manage the risk of unexpected claim fluctuations and IBNR liabilities, the School Board has \$9.2 million held in reserve by the Plan administrator reported as Claim reserves – held by others on the Statement of Net Position and \$4.8 million held as assigned fund balance in the County's General Fund.

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

Table 35				
Change in Self-funded Health and Dental Insurance Claim Liabilities				
Fiscal Year	Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Claim Liability Ending
<i>Primary Government</i>				
2019	\$ 1,708,484	\$ 14,004,257	\$ 14,003,648	\$ 1,709,093
2018	1,375,429	13,481,696	13,148,641	1,708,484
<i>Component unit - School Board</i>				
2019	\$ 4,177,276	\$ 42,279,240	\$ 42,001,342	\$ 4,455,174
2018	4,457,733	37,387,938	37,668,395	4,177,276

Primary Government:	
Governmental	\$ 1,545,698
Business-type	163,395
	<u>\$ 1,709,093</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, 2019.

Note 18

Interjurisdictional Agreements

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

Joint-Use Water Facilities

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

Joint-Use Wastewater Facilities

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

as purchased capacity. Through these capital payments, the County maintains exclusive entitlement to flow capacities within the Line.

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

Note 19

Joint Ventures

19.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

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

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

The County is required to fund its share of administrative expenses and subsidies, which includes both the existing VRE related debt service and any new VRE related debt service as authorized by the County. For fiscal year 2019, the County received \$5.3 million in Motor Fuel Tax and paid \$1.7 million in subsidies. As of June 30, 2019, PRTC holds \$1.9 million in County fuel tax receipts available for future transportation project appropriations.

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

19.02 RAPPAHANNOCK REGIONAL JAIL AUTHORITY

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

In accordance with the Authority agreement, member jurisdictions pay operating (per diem) and debt service costs based on the percentage of inmate population. Due to this requirement of the Agreement, the County retains an ongoing financial responsibility for the joint venture. The County's payments for the year ended June 30, 2019 totaled \$5.8 million.

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

19.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2019 of \$1.2 million.

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

Note 20

Jointly Governed Organizations

CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the Code, as amended. Member jurisdictions are the City of Fredericksburg and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional Li-

brary Board consisting of one representative from the County of Westmoreland and two representatives each from the remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2019, the County's appropriation to the Library was \$4.8 million.

Note 21

Subsequent Events

On August 20, 2019, the County issued \$51.2 million in General Obligation Public Improvement Bonds, Series 2019 with fixed interest rates ranging from 4 to 5%. The bonds are to be repaid in various installments beginning January 15, 2020 until final maturity on January 15, 2039. Net bond proceeds of \$60.8 million (adjusted for premium of \$10.0 million and payment of \$0.4 million in issuance costs) will be used to finance or reimburse the County for \$34.4 million associated with school, public safety, and transportation projects in the County, with the remaining \$26.4 million to refund Series 2009B and 2013 General Obligation Public Improvement Bonds.

On November 26, the County closed on \$28.7 million in Water & Sewer Revenue & Refunding bonds to fund various water and sewer infrastructure projects funded in the adopted Capital Improvement Plan (CIP) and to achieve interest rate savings on previously issued water and sewer bonds. An all-in interest rate of 2.36% was obtained on this issue.

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REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
 For the Year Ended June 30, 2019

Exhibit IX

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 177,662,382	\$ 178,279,876	\$ 176,930,157	\$ (1,349,719)
Other local taxes	42,735,253	43,600,000	44,231,599	631,599
Permits, fees and regulatory licenses	363,200	361,200	383,399	22,199
Fines and forfeitures	556,500	558,000	549,846	(8,154)
From use of money and property	1,135,601	1,238,841	3,737,335	2,498,494
Charges for services	4,492,929	5,121,681	5,617,482	495,801
Gifts and donations	41,425	42,569	171,234	128,665
Miscellaneous	67,100	212,100	259,594	47,494
Intergovernmental	37,972,673	43,303,167	44,644,969	1,341,802
Total revenues	<u>\$ 265,027,063</u>	<u>\$ 272,717,434</u>	<u>\$ 276,525,615</u>	<u>\$ 3,808,181</u>
EXPENDITURES				
Current:				
General government	\$ 15,270,732	\$ 15,465,106	\$ 13,199,943	\$ 2,265,163
Judicial administration	7,931,476	8,151,497	7,743,719	407,778
Public safety	52,216,662	56,132,023	53,934,435	2,197,588
Public works	9,176,519	9,153,283	8,399,612	753,671
Health and welfare	21,671,889	27,426,065	26,510,533	915,532
Education	128,581,264	131,729,139	118,248,836	13,480,303
Parks, recreation and cultural	8,216,229	8,235,749	8,007,414	228,335
Community development	4,050,401	4,834,768	4,048,241	786,527
Non-departmental	530,447	266,106	2,042,174	(1,776,068)
Debt service:				
Principal retirement	6,855,030	6,755,144	6,806,292	(51,148)
Interest and other fiscal charges	3,203,972	3,191,194	3,210,204	(19,010)
Total expenditures	<u>\$ 257,704,621</u>	<u>\$ 271,340,074</u>	<u>\$ 252,151,403</u>	<u>\$ 19,188,671</u>
Excess of revenues over expenditures	<u>\$ 7,322,442</u>	<u>\$ 1,377,360</u>	<u>\$ 24,374,212</u>	<u>\$ 22,996,852</u>
Other financing uses:				
Transfers out	<u>\$ (16,377,058)</u>	<u>\$ (16,209,000)</u>	<u>\$ (15,998,087)</u>	<u>\$ 210,913</u>
Total other financing uses	<u>\$ (16,377,058)</u>	<u>\$ (16,209,000)</u>	<u>\$ (15,998,087)</u>	<u>\$ 210,913</u>
Net change in fund balances	\$ (9,054,616)	\$ (14,831,640)	\$ 8,376,125	\$ 23,207,765
Fund balance, beginning (Note 3)	9,054,616	14,831,640	87,116,708	72,285,068
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,492,833</u>	<u>\$ 95,492,833</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

Exhibit IX

Page 2

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

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

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

3 - Effective July 1, 2019, the Economic Development Opportunity Fund (EDO), a non-major special revenue fund for accounting purposes, is consolidated into the General Fund. The General Fund's beginning fund balance, reported in the budgetary comparison schedule and reconciliation below, has been adjusted to reflect the \$511,811 in fund balance previously held by the EDO as of June 30, 2018.

	Budgetary Basis (Exh IX)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 3,737,335	\$ -	\$ 60,904	\$ 3,798,239
EXPENDITURES				
Current:				
Public safety	53,934,435	-	17,723	53,952,158
Education	118,248,836	6,325,231	-	124,574,067
Debt service:				
Principal retirement	6,806,292	17,708,263	-	24,514,555
Interest and other charges	3,210,204	6,766,424	-	9,976,628
Bond issuance costs	-	259,102	-	259,102
Other financing sources (uses):				
Issuance of debt	-	28,465,000	-	28,465,000
Premium on debt	-	2,594,020	-	2,594,020
Total reconciling adjustments:		\$ -	\$ 43,181	

Net change in fund balances (Exh IX & IV):	\$ 8,376,125	\$ -	\$ 43,181	\$ 8,419,306
Fund balance, beginning (Exh IX & IV) (Note 3)	87,116,708	\$ -	1,803,511	88,920,219
Fund balance, ending (Exh IX & IV)	<u>\$ 95,492,833</u>	<u>\$ -</u>	<u>\$ 1,846,692</u>	<u>\$ 97,339,525</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT X

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

Last Ten Fiscal Years

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability										
Service cost	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123					
Interest	11,745	11,029	10,191	9,544	8,849					
Differences between actual and expected experience	864	707	1,873	(766)	-					
Changes of assumptions	-	(1,373)	-	-	-					
Benefit payments, including refunds of employee contributions	(6,142)	(5,462)	(5,605)	(4,263)	(3,827)					
Net change in total pension liability	12,016	10,555	11,909	9,920	10,145					
Total pension liability - beginning	170,855	160,300	148,391	138,471	128,326					
Total pension liability - ending	<u>\$ 182,871</u>	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$ 138,471</u>					
Plan fiduciary net position										
Contributions - employer	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736					
Contributions - employee	2,507	2,443	2,303	2,246	2,165					
Net investment income	11,629	17,039	2,399	5,869	17,024					
Benefit payments, including refunds of employee contributions	(6,142)	(5,462)	(5,605)	(4,262)	(3,827)					
Administrative expense	(97)	(95)	(82)	(76)	(88)					
Other	(10)	(15)	(1)	(1)	1					
Net change in plan fiduciary net position	12,567	18,347	3,776	8,407	20,011					
Plan fiduciary net position - beginning	156,534	138,187	134,411	126,004	105,993					
Plan fiduciary net position - ending	<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>\$ 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	92.5%	91.6%	86.2%	90.6%	91.0%					
Covered payroll	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592					
County's net pension liability as a % of covered payroll	27.2%	30.2%	48.7%	31.8%	28.6%					

Notes to Schedule:

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

Benefit changes:

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

Changes in assumptions

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

General employees:

- Updated mortality table projected to 2020
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Adjusted withdrawals to match experience through 9 yrs
- Increase in line of duty disability rates from 14% to 15%

Public Safety employees:

- Updated mortality table projected to 2020
- Increase in age 50 retirement rates, decreased older ages
- Adjusted withdrawals to match experience through 9 yrs
- Adjusted disability rates to better match experience
- Decreased line of duty rate from 60% to 45%

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XI

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

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability										
Service cost	\$ 954	\$ 948	\$ 993	\$ 1,024	\$ 1,057					
Interest	1,972	1,906	1,846	1,760	1,662					
Difference between expected and actual experience	(59)	(148)	(454)	(156)	-					
Change in assumptions	-	(213)	-	-	-					
Benefit payments, including refunds of employee contributions	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)					
Net change in total pension liability	1,359	898	918	1,307	1,404					
Total pension liability - beginning	28,924	28,026	27,108	25,801	24,397					
Total pension liability - ending	<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	\$ 587	\$ 584	\$ 729	\$ 762	\$ 872					
Contributions - employee	446	446	443	448	444					
Net investment income	2,097	3,135	447	1,128	3,363					
Benefit payments, including refunds of employee contributions	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)					
Administrative expense	(18)	(18)	(16)	(16)	(18)					
Other	(2)	(3)	-	-	-					
Net change in plan fiduciary net position	1,602	2,549	136	1,001	3,346					
Plan fiduciary net position - beginning	28,567	26,018	25,882	24,881	21,535					
Plan fiduciary net position - ending	<u>\$ 30,169</u>	<u>\$ 28,567</u>	<u>\$ 26,018</u>	<u>\$ 25,882</u>	<u>\$ 24,881</u>					
School Board's net pension liability-ending	<u>\$ 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	99.62%	98.77%	92.84%	95.48%	96.43%					
Covered payroll	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922					
School Board's net pension liability as a % of covered payroll	1.22%	3.90%	22.13%	13.56%	10.31%					

Notes to Schedule:

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

Benefit changes:

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

Changes of Assumptions:

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

- Update mortality table projected to 2020
- Decrease in rates of service retirement
- Decrease in rates of disability retirement
- Adjusted withdrawals to better fit experience through 9 yr

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XII

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

Last Ten Fiscal Years

(Amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
						2015 is the first year for presentation, no other data is available.				
Proportion of the net pension liability	1.56580%	1.59753%	1.62648%	1.62945%	1.62056%					
Proportionate share of the net pension liability	\$ 184,137	\$ 196,464	\$ 227,937	\$ 205,089	\$195,840					
Covered payroll	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089	\$118,052					
Proportionate share of the net pension liability as a % of its covered payroll	145.56%	156.21%	183.83%	169.37%	165.89%					
Plan fiduciary net position as a % of the total pension liability	74.81%	72.92%	68.28%	70.68%	70.88%					

Notes to Schedule:

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

Benefit changes

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

Changes of assumptions

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

- Update mortality table projected to 2020
- Decrease in rates of service retirement
- Adjust withdrawals to better fit experience through 9 yrs
- Adjust disability rates to better match experience

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

EXHIBIT XIII

(Amounts in thousands)	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County of Spotsylvania										
Contractually required contribution	\$ 4,991	\$ 4,680	\$ 4,436	\$ 4,762	\$ 4,631	2015 is the first year of presentation, no other data is available.				
Contributions in relation to the										
contractually required contribution	(4,991)	(4,680)	(4,436)	(4,762)	(4,631)					
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered payroll	\$ 53,934	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942					
Contributions as a percentage of										
covered payroll	9.25%	9.25%	9.34%	10.48%	10.54%					
Spotsylvania County School Board										
Contractually required contribution	\$ 573	\$ 587	\$ 584	\$ 729	\$ 762					
Contributions in relation to the										
contractually required contribution	(573)	(587)	(584)	(729)	(762)					
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered payroll	\$ 9,686	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042					
Contributions as a percentage of										
covered payroll	5.92%	6.31%	6.37%	8.03%	8.43%					
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 20,251	\$ 20,244	\$ 18,162	\$ 17,436	\$ 17,567					
Contributions in relation to the										
contractually required contribution	(20,251)	(20,244)	(18,162)	(17,436)	(17,567)					
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -					
Covered payroll	\$ 132,310	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089					
Contributions as a percentage of										
covered payroll	15.31%	16.00%	14.44%	14.06%	14.51%					

Notes to Schedule:

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

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

EXHIBIT XIV

(Amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County of Spotsylvania										
Proportion of the net OPEB GLI liability	0.26618%	0.25793%								
Proportionate share of the net OPEB GLI liability	\$ 4,043	\$ 3,881								
Covered payroll	\$ 50,613	\$ 47,576								
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	7.99%	8.16%								
Plan fiduciary net position as a % of the total OPEB GLI liability	51.22%	48.86%								
Spotsylvania County School Board										
Proportion of the net OPEB GLI liability	0.04896%	0.04992%								
Proportionate share of the net OPEB GLI liability	\$ 743	\$ 751								
Covered payroll	\$ 9,309	\$ 9,208								
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	7.98%	8.16%								
Plan fiduciary net position as a % of the total OPEB GLI liability	51.22%	48.86%								
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB GLI liability	0.66528%	0.68283%								
Proportionate share of the net OPEB GLI liability	\$ 10,104	\$ 10,276								
Covered payroll	\$ 126,501	\$ 125,950								
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	7.99%	8.16%								
Plan fiduciary net position as a % of the total OPEB GLI liability	51.22%	48.86%								

Notes to Schedule :

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

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

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

EXHIBIT XV

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
County of Spotsylvania										
Contractually required contribution	281	263	247	241	233	222	213	167	163	134
Contributions in relation to required contribution	281	263	247	218	211	201	193	106	103	76
Contribution deficiency/(excess)	-	-	-	23	22	21	20	61	60	58
Employer's covered payroll	53,966	50,613	47,576	45,440	43,948	41,844	40,150	38,006	36,935	37,293
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%
Spotsylvania County School Board										
Contractually required contribution	51	48	48	48	48	47	48	38	37	32
Contributions in relation to required contribution	51	48	48	44	44	43	43	24	24	17
Contribution deficiency/(excess)	-	-	-	4	4	4	5	14	13	15
Employer's covered payroll	9,721	9,309	9,208	9,092	9,073	8,916	9,007	8,571	8,518	8,793
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	689	658	655	658	643	629	640	510	517	446
Contributions in relation to required contribution	689	658	655	596	582	570	580	325	329	238
Contribution deficiency/(excess)	-	-	-	62	61	59	60	185	188	208
Employer's covered payroll	132,440	126,501	125,950	124,222	121,231	118,759	120,819	115,949	117,456	123,851
Contributions as a % of covered payroll	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%	0.28%	0.27%

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

EXHIBIT XV

Page 2

Notes to Schedule

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

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

Non-Largest Ten Locality Employers - General Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
	Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
	Disability Rates	Lowered disability rates
	Line of Duty Disability	Increased rate from 14% to 15%
Non-Largest Ten Locality Employers - Hazardous Duty Employees	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Increased age 50 rates and lowered rates at older ages
	Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
	Disability Rates	Adjusted rates to better match experience
	Line of Duty Disability	Decreased rate from 60% to 45%
Teachers	Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table - RP - 2014 projected to 2020
	Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
	Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
	Disability Rates	Adjusted rates to better match experience

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVI

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

Last Ten Fiscal Years

(Amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB HIC liability	1.56262%	1.59468%								
Proportionate share of the net OPEB HIC liability	\$ 19,841	\$ 20,231								
Covered payroll	\$ 126,375	\$ 125,852								
Proportionate share of the net OPEB HIC liability as a % of its covered payroll	15.70%	16.08%								
Plan fiduciary net position as a % of the total OPEB HIC liability	8.08%	7.04%								

Notes to Schedule:

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

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

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

EXHIBIT XVII

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	1,588	1,554	1,548	1,463	1,430	1,387	1,391	1,250	1,267	1,386
Contributions in relation to required contribution	1,588	1,554	1,397	1,315	1,284	1,315	1,320	694	704	917
Contribution (deficiency)/excess	-	-	151	148	146	72	71	556	563	469
Employer's covered payroll	132,344	126,375	125,852	124,013	121,149	118,512	118,901	115,739	117,322	123,744
Contributions as a % of covered payroll	1.20%	1.23%	1.11%	1.06%	1.06%	1.11%	1.11%	0.60%	0.60%	1.04%

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVIII

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

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
						2018 is the first year for presentation, no other data is available.				
Service cost	\$ 4,623	\$ 4,412								
Interest	5,285	4,451								
Changes of benefit items	(32,422)	-								
Changes of assumptions	(18,446)	(9,319)								
Experiences	11,850	-								
Benefit payments	(2,270)	(1,454)								
Net change in total OPEB liability	(31,380)	(1,910)								
Total OPEB liability - beginning	121,622	123,532								
Total OPEB liability - ending	<u>\$ 90,242</u>	<u>\$ 121,622</u>								
Covered-employee payroll	\$ 60,082	\$ 55,194								
County's total OPEB liability as a % of covered-employee payroll	150.20%	220.35%								

Notes to Schedule :

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

The amounts presented have a measurement date of June 30, 2019.

Changes in Benefit Provisions: 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.

The discount rate used to determine the total OPEB liability was 3.5% in 2019 and 3.87% in 2018 respectively.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIX

Schedule of Changes in Net OPEB Liability - Retiree Healthcare and Related Ratios - School Board
Last Ten Fiscal Years

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 9,447	\$ 9,179	\$ 10,523							
Interest	8,743	8,413	7,155							
Difference between expected and actual experience	(20,301)	(2,920)	-							
Changes of assumptions	27,701	(3,475)	(27,679)							
Benefit payments	(5,049)	(4,688)	(4,496)							
Net change in total OPEB liability	20,541	6,509	(14,497)							
Total OPEB liability - beginning	245,314	238,805	253,302							
Total OPEB liability - ending	<u>\$ 265,855</u>	<u>\$ 245,314</u>	<u>\$ 238,805</u>							
Plan fiduciary net position										
Contributions - employer	\$ 5,478	\$ 4,688	\$ 4,496							
Net investment income	204	299	357							
Benefit payments	(5,049)	(4,688)	(4,496)							
Administrative expense	-	(4)	(3)							
Net change in plan fiduciary net position	633	295	354							
Plan fiduciary net position - beginning	3,427	3,132	2,778							
Plan fiduciary net position - ending	<u>\$ 4,060</u>	<u>\$ 3,427</u>	<u>\$ 3,132</u>							
School Board's net OPEB liability-ending	<u>\$ 261,795</u>	<u>\$ 241,887</u>	<u>\$ 235,673</u>							
Plan fiduciary net position as a % of the total OPEB liability	1.53%	1.40%	1.31%							
Covered-employee payroll	\$ 135,808	\$ 134,931	\$ 133,068							
School Board's net OPEB liability as a % of covered-employee payroll	192.77%	179.27%	177.11%							

Notes to Schedule :

For purposes of Exhibits I & II, Total OPEB Liability - Retiree Healthcare is presented having a measurement date of the previous fiscal year, June 30, 2018.

There have been no actuarially significant changes to benefit provisions.

Changes in assumptions:

Discount Rate:

6/30/2019 3.13%

6/30/2018 3.62%

6/30/2017 3.58%

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XX

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

(Amounts in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
					2017 is the first year for presentation, no other data is available.					
Annual money-weighted rate of return, net of investment expense	5.90%	9.60%	13.04%							

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXI

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

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
	2018 is the first year for presentation, no other data is available.									
Service cost	\$ 908	\$ 880								
Interest	274	240								
Differences between expected and actual experience	(29)	(39)								
Changes of assumptions	555	(40)								
Benefit payments	(193)	(181)								
Net change in total OPEB liability	1,515	860								
Total OPEB liability - beginning	7,691	6,831								
Total OPEB liability - ending	<u>\$ 9,206</u>	<u>\$ 7,691</u>								
Covered-employee payroll	N/A	N/A								
County's total OPEB liability as a % of covered-employee payroll	N/A	N/A								

Notes to Schedule:

The amounts presented have a measurement date of June 30.

There have been no actuarially significant changes to benefit provisions.

The discount rate used to determine the total OPEB liability was 3.13% in 2019 and 3.62% in 2018 respectively.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXII

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

(Amounts in thousands)	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total pension liability	2017 is the first year for presentation, no other data is available.									
Service cost	\$ 93	\$ 147	\$ 109							
Interest	119	102	114							
Differences between actual and expected experience	(5)	46	6							
Change in assumptions	(43)	(469)	446							
Benefit payments, including refunds of employee contributions	(79)	(77)	(70)							
Net change in total pension liability	85	(251)	605							
Total pension liability - beginning	3,376	3,627	3,022							
Total pension liability - ending	<u>\$ 3,461</u>	<u>\$ 3,376</u>	<u>\$ 3,627</u>							
Covered-employee payroll	N/A	N/A	N/A							
Total pension liability as a % of covered-employee payroll	N/A	N/A	N/A							

Notes to Schedule :

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

A discount rate of 3.87% used to measure the total pension liability was based on the Bond Buyer 20-Bond GO Index.

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

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

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OTHER SUPPLEMENTARY INFORMATION

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CAPITAL PROJECTS FUND

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

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COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2019

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 33,332	\$ (6,268)
From use of money and property	175,000	175,000	1,037,230	862,230
Gifts and donations	129,729	1,902,455	1,704,777	(197,678)
Miscellaneous	137,506	137,506	200	(137,306)
Intergovernmental	491,986	2,463,075	727,878	(1,735,197)
Total revenues	<u>\$ 973,821</u>	<u>\$ 4,717,636</u>	<u>\$ 3,503,417</u>	<u>\$ (1,214,219)</u>
EXPENDITURES				
Current:				
General government	\$ 178,353	\$ 178,651	\$ 130,100	\$ 48,551
Capital projects	15,632,004	68,463,943	28,318,275	40,145,668
Debt service:				
Bond issuance costs	-	53,995	44,403	9,592
Total expenditures	<u>\$ 15,810,357</u>	<u>\$ 68,696,589</u>	<u>\$ 28,492,778</u>	<u>\$ 40,203,811</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (14,836,536)</u>	<u>\$ (63,978,953)</u>	<u>\$ (24,989,361)</u>	<u>\$ 38,989,592</u>
Other financing sources:				
Transfers in	\$ 18,390,388	\$ 16,542,337	\$ 18,111,401	\$ 1,569,064
Proceeds from sale of bonds	-	6,125,000	6,125,000	-
Premium on sale of bonds	-	517,058	517,057	(1)
Total other financing sources	<u>\$ 18,390,388</u>	<u>\$ 23,184,395</u>	<u>\$ 24,753,458</u>	<u>\$ 1,569,063</u>
Net change in fund balances	\$ 3,553,852	\$ (40,794,558)	\$ (235,903)	\$ 40,558,655
Fund balance, beginning	<u>(3,553,852)</u>	<u>40,794,558</u>	<u>51,092,841</u>	<u>10,298,283</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 50,856,938</u>	<u>\$ 50,856,938</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, 2019

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 1,274	\$ 5,053,751	\$ 2,804,141	\$ 7,859,166
Receivables, net	422,614	18	5,656,845	6,079,477
Restricted cash and investments	-	-	1,743,376	1,743,376
Total assets	<u>\$ 423,888</u>	<u>\$ 5,053,769</u>	<u>\$ 10,204,362</u>	<u>\$ 15,682,019</u>
LIABILITIES				
Accounts payable	\$ -	\$ 75,721	\$ 3,280	\$ 79,001
Accrued salaries and benefits	-	90,152	10,725	100,877
Other accrued liabilities	-	4,782	118	4,900
Deposits	-	221,440	359,910	581,350
Total liabilities	<u>\$ -</u>	<u>\$ 392,095</u>	<u>\$ 374,033</u>	<u>\$ 766,128</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 683,636	\$ 683,636
Other revenues	41,667	-	-	41,667
Total deferred inflows of resources	<u>\$ 41,667</u>	<u>\$ -</u>	<u>\$ 683,636</u>	<u>\$ 725,303</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 5,580,304	\$ 5,580,304
Committed	382,221	-	2,552,268	2,934,489
Assigned	-	4,661,674	1,014,121	5,675,795
Total fund balances	<u>\$ 382,221</u>	<u>\$ 4,661,674</u>	<u>\$ 9,146,693</u>	<u>\$ 14,190,588</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 423,888</u>	<u>\$ 5,053,769</u>	<u>\$ 10,204,362</u>	<u>\$ 15,682,019</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2019

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,222,644	\$ 1,222,644
Other local taxes	-	-	5,500,286	5,500,286
Permits, privilege fees and regulatory licenses	-	4,765,007	17,895	4,782,902
From use of money and property	-	-	66,390	66,390
Charges for services	2,855,900	251,180	-	3,107,080
Gifts and donations	-	-	94,000	94,000
Total revenues	<u>\$ 2,855,900</u>	<u>\$ 5,016,187</u>	<u>\$ 6,901,215</u>	<u>\$ 14,773,302</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 2,049,063	\$ -	\$ 2,049,063
Community development	-	1,640,967	2,497,319	4,138,286
Debt service:				
Principal retirement	-	-	3,043,033	3,043,033
Interest and other fiscal charges	-	-	1,690,510	1,690,510
Total expenditures	<u>\$ -</u>	<u>\$ 3,690,030</u>	<u>\$ 7,230,862</u>	<u>\$ 10,920,892</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 2,855,900	\$ 1,326,157	\$ (329,647)	\$ 3,852,410
Other financing sources (uses):				
Transfers in (out)	<u>\$ (2,794,234)</u>	<u>\$ 154,924</u>	<u>\$ 858,930</u>	<u>\$ (1,780,380)</u>
Total other financing sources (uses), net	<u>\$ (2,794,234)</u>	<u>\$ 154,924</u>	<u>\$ 858,930</u>	<u>\$ (1,780,380)</u>
Net change in fund balances	\$ 61,666	\$ 1,481,081	\$ 529,283	\$ 2,072,030
Fund balance, beginning	<u>320,555</u>	<u>3,180,593</u>	<u>8,617,410</u>	<u>12,118,558</u>
Fund balance, ending	<u>\$ 382,221</u>	<u>\$ 4,661,674</u>	<u>\$ 9,146,693</u>	<u>\$ 14,190,588</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - FIRE/EMS SERVICE FEE FUND
 For the Year Ended June 30, 2019

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,600,000	\$ 2,600,000	\$ 2,855,900	\$ 255,900
Total revenues	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>	<u>\$ 2,855,900</u>	<u>\$ 255,900</u>
Other financing uses:				
Transfers out	\$ (2,600,000)	\$ (2,600,000)	\$ (2,794,234)	\$ (194,234)
Total other financing uses	<u>\$ (2,600,000)</u>	<u>\$ (2,600,000)</u>	<u>\$ (2,794,234)</u>	<u>\$ (194,234)</u>
Net change in fund balances	\$ -	\$ -	\$ 61,666	\$ 61,666
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>320,555</u>	<u>\$ 320,555</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 382,221</u></u>	<u><u>\$ 382,221</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND
 For the Year Ended June 30, 2019

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 3,369,435	\$ 3,432,435	\$ 4,765,007	\$ 1,332,572
Charges for services	215,208	215,208	251,180	35,972
Total revenues	<u>\$ 3,584,643</u>	<u>\$ 3,647,643</u>	<u>\$ 5,016,187</u>	<u>\$ 1,368,544</u>
EXPENDITURES				
Public safety	\$ 2,221,902	\$ 2,284,931	\$ 2,049,063	\$ 235,868
Community development	1,728,910	1,775,222	1,640,967	134,255
Total expenditures	<u>\$ 3,950,812</u>	<u>\$ 4,060,153</u>	<u>\$ 3,690,030</u>	<u>\$ 370,123</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (366,169)</u>	<u>\$ (412,510)</u>	<u>\$ 1,326,157</u>	<u>\$ 1,738,667</u>
Other financing sources:				
Transfers in	\$ 170,391	\$ 170,391	\$ 154,924	\$ (15,467)
Total other financing sources	<u>\$ 170,391</u>	<u>\$ 170,391</u>	<u>\$ 154,924</u>	<u>\$ (15,467)</u>
Net change in fund balances	\$ (195,778)	\$ (242,119)	\$ 1,481,081	\$ 1,723,200
Fund balance, beginning	<u>195,778</u>	<u>242,119</u>	<u>3,180,593</u>	<u>2,938,474</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,661,674</u>	<u>\$ 4,661,674</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND
For the Year Ended June 30, 2019

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,289,343	\$ 1,289,343	\$ 1,222,644	\$ (66,699)
Other local taxes	5,168,600	5,168,600	5,500,286	331,686
Permits, privilege fees and regulatory licenses	15,315	15,315	17,895	2,580
From use of money and property	15,000	15,000	66,390	51,390
Gifts and donations	-	-	94,000	94,000
Total revenues	<u>\$ 6,488,258</u>	<u>\$ 6,488,258</u>	<u>\$ 6,901,215</u>	<u>\$ 412,957</u>
EXPENDITURES				
Current:				
Community development	\$ 2,505,216	\$ 2,506,914	\$ 2,497,319	\$ 9,595
Debt service:				
Principal retirement	3,355,724	3,043,033	3,043,033	-
Interest and other fiscal charges	1,827,792	1,674,572	1,690,510	(15,938)
Total expenditures	<u>\$ 7,688,732</u>	<u>\$ 7,224,519</u>	<u>\$ 7,230,862</u>	<u>\$ (6,343)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,200,474)</u>	<u>\$ (736,261)</u>	<u>\$ (329,647)</u>	<u>\$ 406,614</u>
Other financing sources:				
Transfers in	<u>\$ 774,186</u>	<u>\$ 774,186</u>	<u>\$ 858,930</u>	<u>\$ 84,744</u>
Total other financing sources	<u>\$ 774,186</u>	<u>\$ 774,186</u>	<u>\$ 858,930</u>	<u>\$ 84,744</u>
Net change in fund balances	\$ (426,288)	\$ 37,925	\$ 529,283	\$ 491,358
Fund balance, beginning	<u>426,288</u>	<u>(37,925)</u>	<u>8,617,410</u>	<u>8,655,335</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,146,693</u>	<u>\$ 9,146,693</u>

AGENCY FUNDS

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
 COMBINING STATEMENT OF FIDUCIARY NET POSITION - AGENCY FUNDS
 June 30, 2019

Schedule C-1

	Special Welfare	Contribution Fund	Total
ASSETS			
Cash	\$ 7,264	\$ 504,992	\$ 512,256
Total assets	<u>\$ 7,264</u>	<u>\$ 504,992</u>	<u>\$ 512,256</u>
LIABILITIES			
Amounts held for others	\$ 7,264	\$ 504,992	\$ 512,256
Total liabilities	<u>\$ 7,264</u>	<u>\$ 504,992</u>	<u>\$ 512,256</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES -
AGENCY FUNDS

For the Fiscal Year Ended June 30, 2019

Schedule C-2

	Balance July 1, 2018	Additions	Deductions	Balance June 30, 2019
SPECIAL WELFARE				
ASSETS				
Cash	\$ 6,754	\$ 85,809	\$ 85,299	\$ 7,264
Total assets	<u>\$ 6,754</u>	<u>\$ 85,809</u>	<u>\$ 85,299</u>	<u>\$ 7,264</u>
LIABILITIES				
Amounts held for others	\$ 6,754	\$ 85,809	\$ 85,299	\$ 7,264
Total liabilities	<u>\$ 6,754</u>	<u>\$ 85,809</u>	<u>\$ 85,299</u>	<u>\$ 7,264</u>
CONTRIBUTION FUND				
ASSETS				
Cash	\$ 447,520	\$ 735,568	\$ 678,096	\$ 504,992
Total assets	<u>\$ 447,520</u>	<u>\$ 735,568</u>	<u>\$ 678,096</u>	<u>\$ 504,992</u>
LIABILITIES				
Amounts held for others	\$ 447,520	\$ 1,372,418	\$ 1,314,946	\$ 504,992
Total liabilities	<u>\$ 447,520</u>	<u>\$ 1,372,418</u>	<u>\$ 1,314,946</u>	<u>\$ 504,992</u>
TOTAL - ALL FIDUCIARY FUNDS				
ASSETS				
Cash	\$ 454,274	\$ 821,377	\$ 763,395	\$ 512,256
Total assets	<u>\$ 454,274</u>	<u>\$ 821,377</u>	<u>\$ 763,395</u>	<u>\$ 512,256</u>
LIABILITIES				
Amounts held for others	\$ 454,274	\$ 1,458,227	\$ 1,400,245	\$ 512,256
Total liabilities	<u>\$ 454,274</u>	<u>\$ 1,458,227</u>	<u>\$ 1,400,245</u>	<u>\$ 512,256</u>

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DISCRETELY PRESENTED COMPONENT UNIT

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

Governmental funds:

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

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

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

Enterprise fund:

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

Fiduciary fund:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
 COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT -
 SCHOOL BOARD
 June 30, 2019

Schedule D-1

	Operating	Cafeteria	Capital Projects	Total
ASSETS				
Cash and investments - pooled equity	\$ -	\$ 4,533,042	\$ -	\$ 4,533,042
Receivables, net	10,454,804	31,065	-	10,485,869
Due from Primary Government	10,184,224	-	-	10,184,224
Claim reserves held by others	9,243,132	-	-	9,243,132
Restricted cash and investments	-	-	6,819,659	6,819,659
Total assets	<u>\$ 29,882,160</u>	<u>\$ 4,564,107</u>	<u>\$ 6,819,659</u>	<u>\$ 41,265,926</u>
LIABILITIES				
Accounts payable	\$ 3,182,300	\$ 98,128	\$ 5,169,269	\$ 8,449,697
Retainage payable	-	-	1,427,213	1,427,213
Accrued salaries and benefits	15,172,744	186,506	-	15,359,250
Total liabilities	<u>\$ 18,355,044</u>	<u>\$ 284,634</u>	<u>\$ 6,596,482</u>	<u>\$ 25,236,160</u>
DEFERRED INFLOWS OF				
Unavailable revenues	<u>\$ 2,283,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,283,984</u>
FUND BALANCE				
Restricted for:				
Capital projects	\$ -	\$ -	\$ 223,177	\$ 223,177
Committed for:				
Food service	-	4,279,473	-	4,279,473
Assigned to:				
Health insurance reserve	9,243,132	-	-	9,243,132
Total fund balance	<u>\$ 9,243,132</u>	<u>\$ 4,279,473</u>	<u>\$ 223,177</u>	<u>\$ 13,745,782</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 29,882,160</u>	<u>\$ 4,564,107</u>	<u>\$ 6,819,659</u>	<u>\$ 41,265,926</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

June 30, 2019

Page 2

Total fund balances of the component unit - School Board (Schedule D-1) \$ 13,745,782

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

Prepaid expenses use current resources and, therefore, are not reported in the governmental funds. 898,981

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

Non-depreciable assets	\$ 43,085,001	
Depreciable assets, net	<u>287,783,247</u>	
		330,868,248

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

Pension contributions	\$ 20,782,917	
Pension actuarial differences	2,531,000	
OPEB contributions	7,768,678	
OPEB actuarial differences	<u>527,419</u>	
		31,610,014

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

Other postemployment benefits	\$ (271,308,377)	
Net pension liability	(184,247,670)	
Insurance claims	(4,425,770)	
Compensated absences	<u>(6,496,564)</u>	
		(466,478,381)

Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements. 2,283,984

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

Pension actuarial differences	\$ (27,066,642)	
OPEB actuarial differences	<u>(28,682,518)</u>	
		(55,749,160)

Internal service fund included in entity-wide statements (Sch E-1). 8,077,647

Total net position of the component unit - School Board (Exhibit I) \$ (134,742,885)

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, 2019

Schedule D-2

	Operating	Cafeteria	Capital Projects	Total
REVENUES				
From use of money and property	\$ -	\$ -	\$ 418,101	\$ 418,101
Charges for services	2,880,381	4,640,415	-	7,520,796
Miscellaneous	238,014	26,413	-	264,427
Intergovernmental	153,738,319	5,858,598	-	159,596,917
Payments from Primary Government	91,074,315	-	33,410,581	124,484,896
Total revenues	<u>\$ 247,931,029</u>	<u>\$ 10,525,426</u>	<u>\$ 33,828,682</u>	<u>\$ 292,285,137</u>
EXPENDITURES				
Current:				
Education	\$ 252,998,565	\$ 10,265,546	\$ -	\$ 263,264,111
Capital projects	-	-	37,878,260	37,878,260
Total expenditures	<u>\$ 252,998,565</u>	<u>\$ 10,265,546</u>	<u>\$ 37,878,260</u>	<u>\$ 301,142,371</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (5,067,536)</u>	<u>\$ 259,880</u>	<u>\$ (4,049,578)</u>	<u>\$ (8,857,234)</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (63,870)</u>	<u>\$ 63,870</u>	<u>\$ -</u>	<u>\$ -</u>
Total other financing sources (uses), net	<u>\$ (63,870)</u>	<u>\$ 63,870</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	\$ (5,131,406)	\$ 323,750	\$ (4,049,578)	\$ (8,857,234)
Fund balance, beginning	<u>14,374,538</u>	<u>3,955,723</u>	<u>4,272,755</u>	<u>22,603,016</u>
Fund balance, ending	<u>\$ 9,243,132</u>	<u>\$ 4,279,473</u>	<u>\$ 223,177</u>	<u>\$ 13,745,782</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2019

Page 2

Net change in fund balance of the component unit - School Board (Schedule D-2): \$ (8,857,234)

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. (446,673)

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

Capital outlay	\$ 37,641,881	
Depreciation expense	<u>(16,273,419)</u>	
		21,368,462

Governmental funds report only proceeds from the sale of capital assets. However, in the Statement of Activities, gains or losses resulting from the sale or disposal of capital assets is reported. This amount reflects the loss related to the sale of capital assets. (198,897)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements. (295,786)

Pension contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. Pension expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net pension liability and deferred inflows and outflows relating to pension. 12,151,996

Other postemployment benefits (OPEB) contributions reported as expenditures in the fund statements are reported as deferred outflows of resources on the Statement of Net Position. OPEB expenses reported on the Statement of Activities do not use current financial resources and are not reported in the funds. This adjustment accounts for the net changes in net OPEB liability and deferred inflows and outflows relating to OPEB. (6,937,915)

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.

Insurance claims	(264,900)	
Compensated absences	<u>26,669</u>	
		(238,231)

Change in Internal Service Fund (Sch E-2) included in the entity-wide statements. (219,053)

Change in net position of the component unit - School Board (Exhibit II) \$ 16,326,669

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2019

Schedule D-3

Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Charges for services	4,016,118	4,016,118	2,880,381	(1,135,737)	4,705,942	4,705,942	4,640,415	(65,527)
Miscellaneous	275,750	275,750	238,014	(37,736)	45,000	45,000	26,413	(18,587)
Intergovernmental	153,249,965	154,526,095	153,738,319	(787,776)	5,701,160	5,701,160	5,858,598	157,438
Payments from Primary Government	128,492,093	129,029,305	115,549,002	(13,480,303)	-	-	-	-
Total revenues	<u>\$ 286,033,926</u>	<u>\$ 287,847,268</u>	<u>\$ 272,405,716</u>	<u>\$ (15,441,552)</u>	<u>\$ 10,452,102</u>	<u>\$ 10,452,102</u>	<u>\$ 10,525,426</u>	<u>\$ 73,324</u>
Expenditures								
Current:								
Education	\$ 258,921,247	\$ 263,295,254	\$ 252,998,565	\$ 10,296,689	\$ 11,322,972	\$ 11,322,972	\$ 10,265,546	\$ 1,057,426
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	19,706,452	17,708,263	17,708,263	-	-	-	-	-
Interest and fiscal charges	7,342,357	6,779,881	6,766,424	13,457	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 285,970,056</u>	<u>\$ 287,783,398</u>	<u>\$ 277,473,252</u>	<u>\$ 10,310,146</u>	<u>\$ 11,322,972</u>	<u>\$ 11,322,972</u>	<u>\$ 10,265,546</u>	<u>\$ 1,057,426</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 63,870</u>	<u>\$ 63,870</u>	<u>\$ (5,067,536)</u>	<u>\$ (5,131,406)</u>	<u>\$ (870,870)</u>	<u>\$ (870,870)</u>	<u>\$ 259,880</u>	<u>\$ 1,130,750</u>
Other financing sources (uses):								
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on sale of bonds	-	-	-	-	-	-	-	-
Transfers	(63,870)	(63,870)	(63,870)	-	63,870	63,870	63,870	-
Total other financing sources (uses), net	<u>\$ (63,870)</u>	<u>\$ (63,870)</u>	<u>\$ (63,870)</u>	<u>\$ -</u>	<u>\$ 63,870</u>	<u>\$ 63,870</u>	<u>\$ 63,870</u>	<u>\$ -</u>
Net change in fund balances	\$ -	\$ -	\$ (5,131,406)	\$ (5,131,406)	\$ (807,000)	\$ (807,000)	\$ 323,750	\$ 1,130,750
Fund balance, beginning	-	-	14,374,538	14,374,538	807,000	807,000	3,955,723	3,148,723
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,243,132</u>	<u>\$ 9,243,132</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,279,473</u>	<u>\$ 4,279,473</u>

Notes to schedule:

Budgets are prepared on a modified accrual basis with the exception of school debt service activity. The amounts presented here include net school debt service payments and school bonds issued of \$6,325,231 that are obligations of the Primary Government. Details may be found in Exhibit IX, Notes to Required Supplementary Information.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2019

Schedule D-3

Page 2

	Capital Projects				Totals			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ 418,101	\$ 418,101	\$ -	\$ -	\$ 418,101	\$ 418,101	\$ -
Charges for services	-	-	-	-	8,722,060	8,722,060	7,520,796	(1,201,264)
Miscellaneous	-	-	-	-	320,750	320,750	264,427	(56,323)
Intergovernmental	-	-	-	-	158,951,125	160,227,255	159,596,917	(630,338)
Payments from Primary Government	-	2,610,663	2,610,663	-	128,492,093	131,639,968	118,159,665	(13,480,303)
Total revenues	\$ -	\$ 3,028,764	\$ 3,028,764	\$ -	\$ 296,486,028	\$ 301,328,134	\$ 285,959,906	\$ (15,368,228)
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 270,244,219	\$ 274,618,226	\$ 263,264,111	\$ 11,354,115
Capital projects	30,799,918	37,878,453	37,878,260	193	30,799,918	37,878,453	37,878,260	193
Debt service:								
Principal	-	-	-	-	19,706,452	17,708,263	17,708,263	-
Interest and fiscal charges	-	-	-	-	7,342,357	6,779,881	6,766,424	13,457
Bond issuance costs	-	259,102	259,102	-	-	259,102	259,102	-
Total expenditures	\$ 30,799,918	\$ 38,137,555	\$ 38,137,362	\$ 193	\$ 328,092,946	\$ 337,243,925	\$ 325,876,160	\$ 11,367,765
Excess (deficiency) of revenues over (under) expenditures	\$ (30,799,918)	\$ (35,108,791)	\$ (35,108,598)	\$ 193	\$ (31,606,918)	\$ (35,915,791)	\$ (39,916,254)	\$ (4,000,463)
Other financing sources (uses):								
Proceeds from sale of bonds	\$ 30,799,918	\$ 28,465,000	\$ 28,465,000	\$ -	\$ 30,799,918	\$ 28,465,000	\$ 28,465,000	\$ -
Premium on sale of bonds	-	2,594,020	2,594,020	-	-	2,594,020	2,594,020	-
Transfers	-	-	-	-	-	-	-	-
Total other financing sources (uses), net	\$ 30,799,918	\$ 31,059,020	\$ 31,059,020	\$ -	\$ 30,799,918	\$ 31,059,020	\$ 31,059,020	\$ -
Net change in fund balances	\$ -	\$ (4,049,771)	\$ (4,049,578)	\$ 193	\$ (807,000)	\$ (4,856,771)	\$ (8,857,234)	\$ (4,000,463)
Fund balance, beginning	-	4,049,771	4,272,755	222,984	-	4,856,771	22,603,016	17,746,245
Fund balance, ending	\$ -	\$ -	\$ 223,177	\$ 223,177	\$ (807,000)	\$ -	\$ 13,745,782	\$ 13,745,782

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - INTERNAL SERVICE FUND - SCHOOL BOARD

June 30, 2019

Schedule E-1

Fleet Services
Fund

ASSETS

Current assets:

Cash and investments - pooled equity

\$ 375,113

Receivables, net

2,146

Inventory

395,858

Total current assets

773,117

Noncurrent assets:

Capital assets, net:

Non-depreciable assets

94,400

Depreciable assets

8,787,677

Total noncurrent assets

8,882,077

Total assets

\$ 9,655,194

DEFERRED OUTFLOWS OF RESOURCES

Pension contributions

\$ 41,082

OPEB contributions

36,945

OPEB actuarial differences

2,581

Total deferred outflows of resources

\$ 80,608

LIABILITIES

Current liabilities:

Accounts payable

\$ 32,073

Accrued insurance claims

29,404

Current portion of accrued leave

3,611

Total current liabilities

65,088

Noncurrent liabilities:

Noncurrent portion of accrued leave

145,106

Net pension liability

3,758

OPEB benefits

1,266,785

Total noncurrent liabilities

1,415,649

Total liabilities

\$ 1,480,737

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences

\$ 38,354

OPEB actuarial differences

139,064

Total deferred inflows of resources

\$ 177,418

NET POSITION

Net investment in capital assets

\$ 8,882,077

Unrestricted

(804,430)

Total net position

\$ 8,077,647

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

For the Year Ended June 30, 2019

Schedule E-2

	Fleet Services Fund
OPERATING REVENUES	
Charges for services	\$ 2,738,408
OPERATING EXPENSES	
Personnel	\$ 995,583
Fringe benefits	362,101
Contractual services	143,049
Materials and supplies	1,006,670
Depreciation	362,698
Other services and charges	87,360
Total operating expenses	<u>\$ 2,957,461</u>
Operating loss	<u>\$ (219,053)</u>
Change in net position	<u>\$ (219,053)</u>
Net position, beginning	<u>8,296,700</u>
Net position, ending	<u><u>\$ 8,077,647</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND - SCHOOL BOARD

For the Year Ended June 30, 2019

Schedule E-3

	Fleet Services Fund
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,710,918
Receipts from external customers	15,507
Receipts from miscellaneous revenue	11,722
Payments to suppliers and service providers	(1,293,871)
Payments to employees for salaries and benefits	(1,375,987)
Net cash provided by operating activities	<u>68,289</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	<u>(63,387)</u>
Net cash used in capital and related financing activities	<u>(63,387)</u>
Net increase in cash and cash equivalents	4,902
Cash and cash equivalents:	
Beginning	<u>370,211</u>
Ending	<u><u>\$ 375,113</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (219,053)
Depreciation expense	362,698
Increase in receivables	(261)
Increase in inventory	(38,778)
Decrease in accounts payable	(18,013)
Decrease in employment related benefits	(18,304)
Net cash provided by operating activities	<u><u>\$ 68,289</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - SCHOOL BOARD

June 30, 2019

Schedule F-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments:	
Common Trust Funds	<u>\$ 4,060,243</u>
Total assets	<u>\$ 4,060,243</u>
 NET POSITION	
Net position restricted for postemployment benefits other than pensions	<u>\$ 4,060,243</u>
Total net position	<u><u>\$ 4,060,243</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS

- SCHOOL BOARD

For the Year Ended June 30, 2019

Schedule F-2

	OPEB Trust Fund
ADDITIONS	
Contributions:	
Employer contributions	\$ 5,477,864
Investment income:	
Interest	1,284
Net increase in the fair value of investments	206,705
Less investment expense	(500)
Net investment income	207,489
Total additions	\$ 5,685,353
DEDUCTIONS	
Benefit payments	\$ 5,048,545
Administrative fees	3,848
Total deductions	\$ 5,052,393
Net increase in net position	\$ 632,960
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	3,427,283
Net position, ending	\$ 4,060,243

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DISCRETELY PRESENTED COMPONENT UNIT

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, 2019

Schedule G-1

ASSETS

Cash and investments - pooled equity	\$ 10,611
Land held for investment	<u>1,175,474</u>
Total assets	<u>\$ 1,186,085</u>

LIABILITIES

Accounts payable	\$ 10,611
Total liabilities	<u>\$ 10,611</u>

FUND BALANCE

Nonspendable - land held for investment	\$ 1,175,474
Total fund balance	<u>\$ 1,175,474</u>
Total liabilities and fund balance	<u>\$ 1,186,085</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, 2019

Schedule G-2

REVENUES

Administrative fees	\$ 10,000
Miscellaneous	3,494
Change in fair value of land	385,474
Donation of land	790,000
Payments from Primary Government	<u>1,582,515</u>
Total revenues	<u>\$ 2,771,483</u>

EXPENDITURES

Community development:	
Initiative program	\$ 1,569,409
Legal services	24,000
EDA member stipends	<u>2,600</u>
Total expenditures	<u>\$ 1,596,009</u>
Excess of revenues over expenditures	<u>\$ 1,175,474</u>

Net change in fund balances	\$ 1,175,474
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ 1,175,474</u></u>

PART III: STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-1

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities										
Net investment in capital assets	\$ 14.7	\$ 11.6	\$ 18.3	\$ 22.6	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3
Restricted	35.4	19.3	19.7	21.0	1.4	9.5	10.9	8.8	9.5	11.4
Unrestricted (deficit)	<u>(211.3)</u>	<u>(167.2)</u>	<u>(147.0)</u>	<u>(137.6)</u>	<u>(135.9)</u>	<u>(143.3)</u>	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>
Total governmental activities net position	<u>\$ (161.2)</u>	<u>\$ (136.3)</u>	<u>\$ (109.0)</u>	<u>\$ (94.0)</u>	<u>\$ (76.8)</u>	<u>\$ (73.0)</u>	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>
Business-type activities										
Net investment in capital assets	\$ 175.7	\$ 170.5	\$ 166.1	\$ 164.7	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7
Restricted	0.6	34.1	19.4	15.7	6.1	6.1	0.9	2.7	2.8	2.9
Unrestricted (deficit)	<u>67.1</u>	<u>34.8</u>	<u>54.7</u>	<u>57.9</u>	<u>77.6</u>	<u>61.9</u>	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>
Total business-type activities net position	<u>\$ 243.4</u>	<u>\$ 239.4</u>	<u>\$ 240.2</u>	<u>\$ 238.3</u>	<u>\$ 241.3</u>	<u>\$ 245.0</u>	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>
Primary Government										
Net investment in capital assets	\$ 190.4	\$ 182.2	\$ 184.4	\$ 187.3	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0
Restricted	36.0	53.4	39.1	36.7	7.5	15.6	11.8	11.5	12.3	14.3
Unrestricted (deficit)	<u>(144.2)</u>	<u>(132.4)</u>	<u>(92.3)</u>	<u>(79.7)</u>	<u>(58.3)</u>	<u>(81.4)</u>	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>
Total Primary Government net position	<u>\$ 82.2</u>	<u>\$ 103.2</u>	<u>\$ 131.2</u>	<u>\$ 144.3</u>	<u>\$ 164.5</u>	<u>\$ 172.0</u>	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>
Component unit - School Board (1)										
Net investment in capital assets	\$ 349.3	\$ 328.3	\$ 330.6	\$ 322.6	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7
Restricted	2.6	4.8	3.8	0.7	4.0	5.6	4.8	0.7	4.3	1.4
Unrestricted (deficit)	<u>(42.7)</u>	<u>(44.0)</u>	<u>(66.0)</u>	<u>(71.5)</u>	<u>(78.5)</u>	<u>(304.3)</u>	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>
Total Component unit - School Board net position	<u>\$ 309.2</u>	<u>\$ 289.1</u>	<u>\$ 268.4</u>	<u>\$ 251.8</u>	<u>\$ 241.0</u>	<u>\$ 8.2</u>	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2
Page 1

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Expenses										
Governmental activities										
General government	\$ 12.5	\$ 11.7	\$ 10.9	\$ 13.4	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0
Judicial administration	6.1	7.3	7.3	5.7	8.4	9.1	8.7	9.1	9.1	6.6
Public safety	40.2	41.0	43.4	49.1	48.2	47.3	49.0	56.9	60.8	49.3
Public works	6.9	8.8	9.5	9.2	12.6	10.5	12.3	10.0	11.9	9.2
Health and welfare	17.1	17.5	17.5	17.7	18.5	18.1	19.8	21.3	24.1	24.3
Education	77.9	85.8	88.6	92.9	102.7	102.1	114.7	120.5	124.4	124.6
Parks, recreation & cultural	7.1	7.9	7.9	8.1	8.0	8.0	7.9	8.2	8.4	8.1
Community development	17.3	12.9	14.6	19.4	8.3	14.6	18.8	12.2	13.3	19.0
Interest on long-term debt	13.1	15.2	14.2	12.6	11.7	10.6	10.4	10.1	9.9	10.0
Total governmental activities expenses	<u>\$ 198.2</u>	<u>\$ 208.1</u>	<u>\$ 213.9</u>	<u>\$ 228.1</u>	<u>\$ 232.3</u>	<u>\$ 234.6</u>	<u>\$ 256.9</u>	<u>\$ 265.4</u>	<u>\$ 279.3</u>	<u>\$ 267.1</u>
Business-type activities										
Water and sewer	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>
Total business-type activities expenses	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>
Total Primary Government expenses	<u>\$ 227.3</u>	<u>\$ 241.7</u>	<u>\$ 246.4</u>	<u>\$ 261.3</u>	<u>\$ 265.3</u>	<u>\$ 268.2</u>	<u>\$ 290.2</u>	<u>\$ 299.2</u>	<u>\$ 315.7</u>	<u>\$ 301.3</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	1.3	1.2	1.1	1.0	0.8	0.9	0.7	0.9	0.8	0.8
Public safety	4.5	4.4	4.4	5.8	5.9	6.6	7.5	7.5	7.9	8.8
Public works	0.5	0.7	0.8	1.3	1.9	2.4	2.5	2.7	3.0	3.2
Other	1.7	1.4	1.6	1.7	1.8	1.7	1.5	1.6	1.6	1.6
Operating grants & contributions	15.2	15.2	15.7	14.1	16.2	17.8	19.3	20.5	22.5	24.8
Capital grant & contributions	1.9	4.7	9.3	9.9	3.8	3.5	4.2	2.8	2.8	2.4
Total governmental activities program revenues	<u>\$ 25.4</u>	<u>\$ 27.9</u>	<u>\$ 33.2</u>	<u>\$ 34.1</u>	<u>\$ 30.7</u>	<u>\$ 33.2</u>	<u>\$ 36.0</u>	<u>\$ 36.3</u>	<u>\$ 38.9</u>	<u>\$ 41.9</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2
Page 2

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Charges for services										
Water and sewer	\$ 26.1	\$ 25.3	\$ 25.7	\$ 27.7	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2
Operating grants & contributions	-	-	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Capital grants & contributions	3.6	2.8	7.0	4.4	6.3	8.2	8.1	9.5	11.3	10.3
Total business-type program revenues	\$ 29.7	\$ 28.1	\$ 33.2	\$ 32.6	\$ 35.2	\$ 39.0	\$ 40.4	\$ 42.5	\$ 45.2	\$ 45.0
Total Primary Government program revenues	\$ 59.9	\$ 53.5	\$ 66.4	\$ 66.7	\$ 66.9	\$ 72.2	\$ 76.4	\$ 78.8	\$ 84.1	\$ 86.9
Net expense										
Governmental activities	\$ (172.8)	\$ (180.2)	\$ (180.8)	\$ (194.0)	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)
Business-type activities	(0.6)	5.4	0.7	(0.6)	2.2	5.4	7.1	8.7	8.8	10.8
Total Primary Government net expenses	\$ (173.4)	\$ (174.8)	\$ (180.1)	\$ (194.6)	\$ (199.5)	\$ (196.0)	\$ (213.8)	\$ (220.6)	\$ (231.6)	\$ (214.4)
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 140.0	\$ 145.3	\$ 146.2	\$ 147.9	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8
Other taxes	39.4	42.9	45.5	47.3	51.7	48.2	48.1	45.6	47.2	49.7
Grants and contributions not restricted	15.8	15.3	15.3	15.4	15.6	15.4	15.6	20.2	20.1	19.8
Interest and investment earnings	0.6	0.8	0.3	-	0.5	0.5	1.2	0.6	1.1	4.1
Gain on sale of property	0.2	0.4	-	-	-	-	-	-	-	-
Miscellaneous	-	0.5	0.5	0.2	0.1	0.2	0.2	0.3	0.3	0.4
Transfers	0.2	-	0.3	-	(0.4)	(0.2)	0.2	(0.1)	0.6	0.3
Special item	-	-	-	-	-	0.6	(2.0)	-	-	-
Total governmental activities	\$ 196.2	\$ 205.2	\$ 208.1	\$ 210.8	\$ 218.9	\$ 219.5	\$ 225.1	\$ 233.4	\$ 241.4	\$ 254.1
Business-type activities										
Interest and investment earnings	0.8	0.9	0.4	0.3	0.4	0.3	0.8	0.3	0.5	2.7
Miscellaneous	1.6	0.5	-	-	-	-	0.1	0.2	0.3	0.2
Transfers	(0.2)	-	0.3	-	0.4	0.2	(0.2)	0.1	(0.6)	(0.3)
Total business-type activities	\$ 2.2	\$ 1.4	\$ 0.7	\$ 0.3	\$ 0.8	\$ 0.5	\$ 0.7	\$ 0.6	\$ 0.2	\$ 2.6
Total Primary Government	\$ 198.4	\$ 206.6	\$ 208.8	\$ 211.1	\$ 219.7	\$ 220.0	\$ 225.8	\$ 234.0	\$ 241.6	\$ 256.7
Change in net position										
Governmental activities	\$ 23.4	\$ 25.0	\$ 27.3	\$ 16.8	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9
Business-type activities	2.8	4.0	0.8	(0.3)	3.0	5.9	7.8	9.3	8.9	13.4
Total Primary Government	\$ 26.2	\$ 29.0	\$ 28.1	\$ 16.5	\$ 20.2	\$ 24.0	\$ 12.0	\$ 13.4	\$ 10.0	\$ 42.3

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2
Page 3

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Component unit - School Board (1)										
Expenses										
Education	\$ 260.8	\$ 243.1	\$ 244.9	\$ 261.5	\$ 257.7	\$ 264.6	\$ 281.6	\$ 288.4	\$ 273.0	\$ 276.0
Program revenues										
Charges for services	\$ 7.6	\$ 7.6	\$ 7.8	\$ 7.7	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1
Operating grants & contributions	141.2	128.9	127.3	138.2	135.3	141.0	143.7	145.8	152.2	159.2
Capital grants & contributions	0.2	-	-	0.2	0.6	0.3	0.9	0.9	1.5	0.1
Total Component unit - School Board program revenue	149.0	136.5	135.1	146.1	144.1	149.2	153.1	155.2	163.0	167.4
Total Component unit - School Board net expense	\$ (111.8)	\$ (106.6)	\$ (109.8)	\$ (115.4)	\$ (113.6)	\$ (115.4)	\$ (128.5)	\$ (133.2)	\$ (110.0)	\$ (108.6)
General revenues and other changes in net position										
Payments from Primary Government	\$ 77.9	\$ 85.8	\$ 88.4	\$ 92.7	\$ 102.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4
Interest and investment earnings	0.2	-	-	-	-	-	0.1	0.1	0.3	0.4
Miscellaneous	0.7	0.6	0.8	0.9	0.3	0.3	0.5	0.2	0.1	0.1
Total general revenues and transfers	\$ 78.8	\$ 86.4	\$ 89.2	\$ 93.6	\$ 102.8	\$ 102.0	\$ 115.1	\$ 120.6	\$ 124.5	\$ 124.9
Total Component unit - School Board change in net position	\$ (33.0)	\$ (20.2)	\$ (20.6)	\$ (21.8)	\$ (10.8)	\$ (13.4)	\$ (13.4)	\$ (12.6)	\$ 14.5	\$ 16.3

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-3

(Amounts in millions)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General Fund:										
Prior to GASB 54:										
Unreserved										
Designated	\$ 41.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Undesignated	6.4	-	-	-	-	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	0.2	1.5	1.5	1.6	2.1	2.7	2.7	2.7	3.1
Committed (1)	-	1.2	10.5	4.8	2.6	3.0	48.9	52.0	54.5	58.2
Assigned (1)	-	16.0	8.6	9.3	9.9	15.7	16.7	9.1	19.6	26.8
Unassigned	-	37.5	41.6	39.8	43.0	46.6	5.4	15.1	12.1	9.3
Total General Fund	<u>\$ 48.0</u>	<u>\$ 54.9</u>	<u>\$ 62.2</u>	<u>\$ 55.4</u>	<u>\$ 57.1</u>	<u>\$ 67.4</u>	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>	<u>\$ 97.4</u>
All other governmental funds:										
Prior to GASB 54:										
Reserved	\$ 35.5	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in										
Special Revenue funds	1.7	-	-	-	-	-	-	-	-	-
Capital Projects Fund	(2.0)	-	-	-	-	-	-	-	-	-
Effective with GASB 54:										
Restricted	-	19.2	19.7	25.2	35.4	34.8	34.2	34.1	30.3	24.2
Committed	-	10.2	7.4	14.2	16.3	22.4	27.3	27.8	29.6	35.1
Assigned	-	0.8	0.7	0.5	2.8	3.4	2.1	2.2	3.3	5.7
Unassigned	-	(1.5)	0.1	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 35.2</u>	<u>\$ 28.7</u>	<u>\$ 27.9</u>	<u>\$ 39.9</u>	<u>\$ 54.5</u>	<u>\$ 60.6</u>	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>	<u>\$ 65.0</u>

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

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

TABLE S-4

Page 1

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
General property taxes	\$ 136.8	\$ 144.9	\$ 147.2	\$ 147.8	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2
Other local taxes	38.2	42.1	45.6	47.2	51.7	48.3	48.1	45.6	47.2	49.7
Permits, privilege fees and regulatory licenses	2.3	2.3	2.4	2.7	2.7	3.2	4.3	3.8	4.8	5.2
Fines and forfeitures	1.0	0.9	0.8	0.6	0.5	0.6	0.5	0.6	0.5	0.5
Revenues from use of money and property	1.5	1.5	1.1	0.7	1.1	1.2	1.9	1.5	2.0	4.9
Charges for services	4.7	4.6	5.5	6.4	7.1	7.6	7.0	7.8	7.9	8.7
Miscellaneous	0.5	0.5	0.6	0.7	0.9	0.5	1.2	0.9	1.8	2.2
Intergovernmental	32.2	33.9	31.6	41.2	37.9	39.0	38.4	40.4	44.3	45.4
Total revenues	<u>\$ 217.2</u>	<u>\$ 230.7</u>	<u>\$ 234.8</u>	<u>\$ 247.3</u>	<u>\$ 253.8</u>	<u>\$ 257.1</u>	<u>\$ 263.1</u>	<u>\$ 268.1</u>	<u>\$ 280.8</u>	<u>\$ 294.8</u>
Expenditures										
General government	\$ 9.3	\$ 9.9	\$ 10.6	\$ 11.6	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3
Judicial administration	5.8	5.8	6.2	6.4	6.8	7.0	7.3	7.0	7.5	7.7
Public safety	36.4	37.0	39.4	44.4	44.3	43.9	45.8	48.1	51.7	56.0
Public works	6.6	7.2	8.0	8.3	8.7	8.5	8.5	7.9	8.2	8.4
Health and welfare	16.7	17.3	17.2	17.3	18.0	18.0	19.6	20.7	23.8	26.5
Education (2)	77.9	85.8	84.5	92.9	102.7	101.9	114.7	120.5	124.4	124.6
Parks, recreation and cultural	6.3	6.8	6.8	6.8	6.8	6.8	6.8	7.1	7.5	8.0
Community development	3.2	2.9	4.3	7.7	5.3	6.3	8.4	7.3	7.6	8.2
Non-departmental	0.5	0.5	0.5	0.5	0.7	1.0	1.1	1.2	1.2	2.0
Capital projects	19.9	43.2	27.0	16.2	14.0	21.0	27.5	23.5	17.2	28.3
Debt service:										
Principal (1)	25.0	26.0	27.1	26.8	25.2	23.2	25.4	27.8	28.4	27.6
Interest (1)	14.6	15.6	14.7	13.5	12.6	11.6	11.2	11.8	11.5	11.7
Bond issuance costs	(0.1)	0.1	(0.5)	0.9	0.2	0.9	0.3	0.3	0.2	0.3
Total expenditures	<u>\$ 222.1</u>	<u>\$ 258.1</u>	<u>\$ 245.8</u>	<u>\$ 253.3</u>	<u>\$ 256.8</u>	<u>\$ 262.0</u>	<u>\$ 288.2</u>	<u>\$ 296.0</u>	<u>\$ 301.9</u>	<u>\$ 322.6</u>
Other financing sources (uses)										
Issuance of debt (1)	\$ 27.6	\$ 19.8	\$ 11.5	\$ 10.7	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7
Refunding bond proceeds	-	-	17.7	44.2	11.7	81.6	16.5	-	-	-
Payment to escrow for refunded debt	-	-	(6.0)	(43.5)	(11.6)	(80.8)	(16.4)	-	-	-
Lease proceeds and extinguishments	-	7.3	(7.3)	-	-	-	-	-	-	-

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

TABLE S-4

Page 2

(Amounts in millions)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Continued from page 1										
Transfers in(out), net	0.2	-	0.3	-	-	(0.2)	0.2	(0.1)	0.6	0.3
Total other financing sources, net	\$ 27.8	\$ 27.1	\$ 16.2	\$ 11.4	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (22.9)	\$ (0.3)	\$ (5.2)	\$ (5.4)	\$ (16.3)	\$ 16.4	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 39.6	\$ 41.6	\$ 42.2	\$ 40.3	\$ 37.7	\$ 35.7	\$ 36.9	\$ 39.9	\$ 40.1	\$ 39.6
Total expenditures	222.1	258.1	246.8	253.3	256.8	261.9	288.2	296.0	301.8	322.6
Capital outlay Primary Government only (2)	4.2	34.0	15.1	6.0	11.1	11.9	16.6	15.7	9.5	14.0
Non-capital expenditures	217.9	224.1	231.7	247.3	245.7	250.0	271.6	280.3	292.3	308.6
Debt service as a percentage of non-capital expenditures: (Primary Government only)	18.2%	18.6%	18.2%	16.3%	15.3%	14.3%	13.6%	14.2%	13.7%	12.8%
Component unit - School Board:										
School expenditures excluding County contribution	164.1	139.0	136.5	147.7	135.5	144.7	152.8	159.1	156.0	176.7
Capital outlay component unit - School Board only (2)	14.9	4.1	7.4	6.4	7.6	5.6	9.1	19.8	23.9	37.6
Non-capital expenditures	149.2	134.9	129.1	141.3	127.9	139.1	143.7	139.3	132.1	139.1
Total Reporting Entity (1):										
Total debt service	39.6	41.6	42.2	40.3	37.7	35.7	36.9	39.9	40.1	39.6
Total non-capital expenditures	\$ 367.1	\$ 359.0	\$ 360.8	\$ 388.6	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	10.8%	11.6%	11.7%	10.4%	10.1%	9.2%	8.9%	9.5%	9.4%	8.8%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-5

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

Fiscal Year	General Property Taxes (1)	Other Local Taxes			Total Tax Revenues
		Sales Taxes	Utilities Taxes	Other Taxes	
2019	\$ 176,416,351	\$ 18,933,735	\$ 2,731,219	\$22,566,645	\$220,647,950
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
2013	146,393,586	15,355,413	2,404,781	19,186,113	183,339,893
2012	145,533,200	15,110,445	2,446,630	18,324,183	181,414,458
2011	142,518,661	14,442,629	2,462,351	17,835,593	177,259,234
2010	135,397,845	13,971,811	2,489,229	16,896,976	168,755,861
% Change 2019/2018	3.5%	4.6%	8.4%	1.3%	3.4%
% Change 2019/2010	30.3%	35.5%	9.7%	33.6%	30.7%
Category % of Total Taxes	80.0%	8.6%	1.2%	10.2%	100.0%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-6

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

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)(3)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
2019	\$ 178,186,133	\$49,731,885	\$ 5,166,301	\$ 549,846	\$ 5,259,056	\$16,245,358	\$ 2,494,232	\$ 204,969,764	\$462,602,575
2018	172,314,525	47,175,486	4,845,487	529,585	2,278,172	16,672,709	2,182,187	197,846,373	443,844,524
2017	167,521,135	45,574,161	3,781,794	558,004	1,573,898	15,870,501	1,210,728	187,046,968	423,137,189
2016	161,724,970	43,557,610	4,338,229	516,791	1,957,329	15,016,889	1,693,088	184,319,566	413,124,472
2015	156,655,140	43,526,116	3,184,983	634,822	1,172,402	15,049,360	1,051,706	184,768,422	406,042,951
2014	151,945,820	46,939,533	2,685,169	544,449	1,108,352	14,808,265	1,687,726	178,014,581	397,733,895
2013	147,829,247	42,360,777	2,654,404	642,498	743,743	13,618,541	1,606,764	184,382,796	393,838,770
2012	147,205,885	40,825,793	2,387,611	834,900	1,086,961	12,728,380	1,465,681	163,648,342	370,183,553
2011	144,911,369	37,113,867	2,210,433	933,327	1,528,698	11,822,621	1,113,581	167,785,857	367,419,753
2010	136,828,908	33,358,015	2,344,271	1,007,247	1,630,563	11,870,306	1,225,134	178,497,785	366,762,229
% Change 2019/2018	3.4%	5.4%	6.6%	3.8%	130.8%	(2.6)%	14.3%	3.6%	4.2%
% Change 2019/2010	30.2%	49.1%	120.4%	(45.4)%	222.5%	36.9%	103.6%	14.8%	26.1%

(1) Includes revenues as reported on Schedule D-2 *Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board* with the exception of payments from Primary Government of \$124,484,896.

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

(3) Excludes revenues attributable to the LOSAP Trust of \$60,904.

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
2019	\$ 15,648,765	\$ 9,261	\$ 1,811,151	\$ 27,679	\$ 21,409	\$ 416,736	\$ 17,935,001	\$ 1.09
2018	15,358,064	8,792	1,737,814	27,943	17,157	383,376	17,533,146	1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
2015	13,095,404	11,407	1,628,072	26,695	13,926	338,190	15,113,694	1.13
2014	12,930,409	11,730	1,604,441	28,908	14,169	309,858	14,899,515	1.13
2013	12,415,275	12,815	1,570,267	21,097	11,202	300,789	14,331,446	1.13
2012	12,333,058	12,395	1,555,948	22,598	10,875	292,129	14,227,003	1.13
2011	12,790,018	12,911	1,495,902	20,121	12,450	285,440	14,616,842	1.09
2010	12,637,662	12,304	1,482,839	36,991	16,792	278,593	14,465,181	1.10
% Change 2019/2018	1.9%	5.3%	4.2%	(0.9)%	24.8%	8.7%	2.3%	
% Change 2019/2010	23.8%	(24.7)%	22.1%	(25.2)%	27.5%	49.6%	24.0%	
Category % of Total AV, CY 2019	87.3%	0.1%	10.1%	0.1%	0.1%	2.3%	100.0%	

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

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

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

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

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

TABLE S-8

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2019	\$ 0.8474	\$ 6.55	\$ 5.95	\$ 2.50	\$ 2.00
2018	0.8330	6.55	5.95	2.50	2.00
2017	0.8500	6.55	5.95	2.50	2.00
2016	0.8500	6.55	5.95	2.50	2.00
2015	0.8600	6.76	5.95	2.50	2.00
2014	0.8600	6.78	5.95	2.50	2.00
2013	0.8800	6.37	5.95	2.50	2.00
2012	0.8800	6.37	5.95	2.50	2.00
2011	0.8600	6.26	5.95	2.50	2.00
2010	0.8600	6.26	5.95	2.50	2.00

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

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

TABLE S-9

(Amounts in thousands)

	Calendar Year 2018			Calendar Year 2009		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Spotsylvania Towne Centre	\$ 185,224	1	1.14%	\$ 148,443	1	0.87%
Lidl US Operations	111,821	2	0.69%	--		--
Dominion Virginia Power	167,170	3	1.03%	101,947	2	0.60%
Spotsylvania Regional Medical Ctr	79,319	4	0.49%	--		--
Rappahannock Electric Cooperative	87,043	5	0.54%	89,187	3	0.52%
Columbia Gas of Va	47,295	6	0.29%	--		--
Verizon VA	45,202	7	0.28%	61,836	4	0.36%
Walton Virginia, LLC	43,756	8	0.27%	--		--
The Collection @ Cosners Corner	33,817	9	0.21%	--		--
Lee Property Harrison Crossing	32,690	10	0.20%	--		--
NTS/Virginia Development	--		--	55,886	5	0.33%
Southpoint II LLC	--		--	51,524	6	0.30%
General Motors	--		--	16,014	7	0.09%
GLL BUK Prop LP	--		--	40,381	8	0.24%
Verizon South, Inc.	--		--	27,673	9	0.16%
JP Morgan Chase	--		--	3,971	10	0.02%
	<u>\$ 833,337</u>		<u>5.14%</u>	<u>\$ 596,862</u>		<u>3.49%</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)
2019	\$ 171,992	\$ 161,306	93.79%	\$ -	\$ 161,306	93.79%
2018	163,950	155,695	94.96%	5,642	161,337	98.41%
2017	158,399	151,128	95.41%	6,269	157,397	99.37%
2016	152,975	145,122	94.87%	6,981	152,103	99.43%
2015	148,412	141,151	95.11%	7,261	148,412	100.00%
2014	145,801	137,564	94.35%	7,216	144,780	99.30%
2013	141,159	134,557	95.32%	6,587	141,144	99.99%
2012	141,372	132,979	94.06%	6,930	139,909	98.97%
2011	137,986	130,423	94.52%	7,002	137,425	99.59%
2010	131,069	123,576	94.28%	6,939	130,515	99.58%

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

Source: Treasurer, Spotsylvania County, Virginia

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

TABLE S-11
 Page 1

(Amounts in thousands, except per capita)

Fiscal Year	Governmental Activities						Business-type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	Virginia Public									
	General Obligation Bonds	School Authority Bonds	Public Improvement Bonds	Capital Leases	State Literary Fund Loans	Revenue Bonds				
2019	\$ 224,319	\$ 9,153	\$ 65,392	\$ -	\$ -	\$ 113,988	\$ 412,852	1.60%	\$ 3.06	
2018	207,123	13,295	70,691	-	-	120,172	411,281	1.54%	3.07	
2017	197,720	18,336	76,081	-	-	126,147	418,284	1.48%	3.14	
2016	184,864	23,701	81,364	-	-	131,894	421,823	1.39%	3.21	
2015	166,632	29,107	86,503	-	-	136,685	418,927	1.39%	3.21	
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.36%	3.30	
2013	159,200	39,385	82,574	-	-	140,390	421,549	1.32%	3.30	
2012	158,787	45,060	87,236	-	7,263	144,258	442,604	1.25%	3.51	
2011	163,511	51,331	80,475	7,253	7,924	147,855	458,349	1.18%	3.67	
2010	157,507	58,634	84,466	-	8,845	119,389	428,841	1.19%	3.50	

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

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

TABLE S-11
 Page 2

(Amounts in thousands, except per capita)

Fiscal Year	General Obligation Bonded Debt Outstanding (1)			Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)
	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds			
2019	\$ 224,319	\$ 9,153	\$ 65,392	\$ 298,864	1.67%	\$ 2.21
2018	207,123	13,295	70,691	291,109	1.66%	2.18
2017	197,720	18,336	76,081	292,137	1.78%	2.19
2016	184,864	23,701	81,364	289,929	1.81%	2.21
2015	166,632	29,107	86,503	282,242	1.87%	2.16
2014	165,705	34,621	84,288	284,614	1.91%	2.23
2013	159,200	39,385	82,574	281,159	1.96%	2.21
2012	158,787	45,060	87,236	291,083	2.04%	2.31
2011	163,511	51,331	80,475	295,317	2.01%	2.37
2010	157,507	58,634	84,466	300,607	2.08%	2.46

(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	
2019	\$ 44,285	\$ 19,049	\$ 25,236	\$ 5,680	\$ 4,471	\$ 10,151	2.49
2018	41,293	18,416	22,877	5,471	4,666	10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22
2015	34,783	16,535	18,248	4,557	5,645	10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65
2013	32,066	16,047	16,019	3,880	5,899	9,779	1.64
2012	29,441	16,550	12,891	3,600	5,371	8,971	1.44
2011	28,942	17,661	11,281	3,395	3,617	7,012	1.61
2010	27,668	15,269	12,399	3,265	4,692	7,957	1.56

- (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)
2019	135,000	\$ 6,591,119	\$ 48,823	23,674	3.1%
2018	134,238	6,553,916	48,823	23,814	3.2%
2017	132,802	6,483,806	48,823	23,592	3.8%
2016	131,271	6,211,476	47,318	23,678	4.3%
2015	129,944	6,025,259	46,368	23,817	4.8%
2014	128,804	5,751,804	44,655	23,773	5.5%
2013	127,385	5,551,815	43,583	23,725	6.2%
2012	125,808	5,543,858	44,066	23,775	6.5%
2011	124,516	5,360,518	43,051	23,868	7.0%
2010	122,397	5,078,745	41,494	24,216	7.0%

- (1) Estimated for July 1 of each year
2010 - 2018 U.S. Bureau of the Census
2019 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 2010 - 2017 (the last year available). Per Capita Personal Income for 2018 and 2019 is assumed to be equal to 2017, the last year for which personal income data is available. Personal Income amounts for 2018 and 2019 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.
- (3) As of October 1 of each fiscal year
- (4) Virginia Employment Commission Local Area Unemployment Statistics; data presented at fiscal year-end

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

TABLE S-14

Employer	FY 2019			FY 2010		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	8.8%	Over 1,000	1	11.1%
County of Spotsylvania	Over 1,000	2	3.0%	500 to 999	2	3.1%
HCA Virginia Health System	500 to 999	3	2.1%	--		
Wal Mart	250 to 499	4	1.0%	500 to 999	4	2.6%
CVS, Inc.	250 to 499	5	1.0%	500 to 999	3	2.6%
Lidl US Operations	250 to 499	6	1.0%	--		
Germanna Community College	250 to 499	7	1.0%	250 to 499	6	1.3%
Weis Markets (previously Food Lion)	250 to 499	8	1.0%	250 to 499	5	1.3%
United Parcel Service	250 to 499	9	1.0%	--		
McDonald's	250 to 499	10	1.0%	--		
Giant Food	--			250 to 499	7	1.3%
Quad Graphics	--			100 to 249	8	0.6%
Target Corp	--			100 to 249	9	0.6%
A T Solutions, Inc.	--			100 to 249	10	0.6%
Total employment	36,447			28,751		

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

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

TABLE S-15

Function/Program	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Governmental activities:										
General government	115	116	116	122	124	128	127	132	137	140
Judicial administration	35	35	38	38	38	38	38	40	41	41
Public safety	382	381	374	401	416	438	452	470	497	536
Public works	49	49	44	48	48	49	50	50	50	54
Health and welfare	77	77	82	83	83	85	85	88	93	103
Parks, recreation & cultural	24	24	23	23	23	23	23	23	23	24
Community development	22	22	32	38	36	36	36	36	35	39
Total governmental activities	704	704	709	753	768	797	811	839	876	937
Business-type activities:										
Water and sewer	113	113	113	114	115	117	118	119	120	122
Total business-type activities	113	113	113	114	115	117	118	119	120	122
Total full-time employees	817	817	822	867	883	914	929	958	996	1,059

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									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	59,122	59,248	59,682	59,803	60,459	60,765	61,040	61,624	62,107	62,557
Percentage of fair market value (2)	90.30%	94.70%	90.20%	82.70%	89.50%	85.40%	92.00%	83.30%	91.40%	n/a
Treasurer										
Real estate tax bills generated	125,530	127,740	127,923	132,219	135,270	131,710	130,725	131,269	132,330	133,304
Personal property tax bills generated (1)	245,127	248,054	268,067	293,817	298,844	305,300	306,102	305,378	316,851	311,199
Registrar										
Number of registered voters	75,854	77,350	79,900	81,922	82,355	83,220	84,754	86,200	88,465	90,920
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	23,098	21,458	25,702	28,618	20,024	22,080	23,086	23,149	20,880	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,931	1,792	1,666	1,400	1,280	1,319	1,387	1,435	1,187	n/a
Number of circuit court cases (1)	2,217	2,157	1,998	2,278	1,962	2,076	2,694	3,352	3,113	n/a
Number of General District Court cases (1)	11,945	10,700	9,974	8,667	8,028	8,245	8,804	8,444	8,079	n/a
Number of Juvenile & Domestic Relations Court cases (1)	5,143	3,267	3,018	3,062	2,817	2,873	2,381	2,552	2,457	n/a
Public safety										
Sheriff										
Calls for service	172,762	153,069	150,598	144,996	129,761	116,336	122,067	121,102	124,105	118,984
Calls for service per road deputy	2,657	2,430	2,091	2,013	1,802	1,615	1,695	1,681	1,477	1,416
Civil process papers served	48,010	60,512	49,999	38,281	43,224	42,149	43,441	40,817	44,490	40,428
Warrants served	12,880	12,280	11,019	11,055	9,986	10,714	10,917	11,146	11,151	10,780
Emergency Communications										
Total calls received	213,419	202,674	203,414	188,361	184,615	179,219	183,563	185,097	187,792	194,092
911 calls received	50,941	50,008	52,816	47,832	49,189	45,984	44,244	46,325	47,338	48,652
Fire, Rescue and Emergency Management										
Calls for service	16,540	15,458	15,622	16,974	15,355	16,219	16,526	17,525	18,500	18,836
Animal Control										
Calls for service (all types)	8,035	8,517	8,387	8,212	8,386	8,084	8,803	8,925	9,453	12,246
Public works										
Refuse Disposal										
Solid waste - tons (1)	45,872	41,518	40,064	73,737	108,500	132,524	125,935	127,916	135,022	154,303
Recycling										
Recycled materials - tons	21,183	20,960	22,758	23,360	26,446	20,000	21,000	20,000	22,578	24,667
Sludge composted - tons	12,369	14,492	15,580	18,828	22,924	19,945	19,596	20,280	15,703	17,693

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

TABLE S-16
Page 2

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Health and welfare										
Social Services										
SNAP applications	3,739	3,628	4,250	4,530	4,709	4,658	4,319	4,038	4,037	4,240
Medicaid applications	2,024	2,250	3,766	3,960	4,786	4,833	4,033	4,025	5,233	6,460
Medicaid (avg monthly ongoing caseload)	7,561	8,295	8,612	6,760	6,869	7,651	8,298	8,287	9,266	10,546
Foster care children (avg monthly county)	134	121	97	90	82	78	88	97	141	157
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,762	7,669	7,540	7,293	7,024	7,037	6,466	6,607	6,744	6,458
Special interest/leisure participants	12,842	11,426	11,555	11,120	10,671	11,540	14,217	15,613	17,408	18,131
Park visitors	1,143,200	1,151,800	1,284,500	1,312,800	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600	1,208,700
Community development										
Planning										
Final platted lots approved (1)	48	441	110	278	236	252	550	499	400	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 33,787	\$ 33,787	\$ 31,014	\$ 31,995	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	\$ 33,787	n/a
Tourism										
Tourists visiting area (1)	782,505	624,786	736,492	799,887	849,000	935,538	1,673,261	1,799,951	1,707,438	n/a
Extension Office (3)										
Requests for educational information	15,453	6,486	7,043	3,694	2,462	10,392	15,970	20,119	21,439	16,426
Individuals participating in programs (1)	4,127	13,946	15,196	13,494	9,672	18,125	19,874	9,498	9,932	16,699
Other funds										
Code Compliance										
Community development permits issued	2,788	3,009	2,852	3,068	3,111	2,996	3,628	3,773	4,040	4,069
Building inspections	14,361	12,786	11,851	13,442	14,682	15,672	16,731	19,541	21,884	22,554
Utilities										
Average daily water consumption (mgd)	6.06	7.21	6.77	6.81	7.14	6.78	6.98	7.10	7.19	7.33
Average effluent flows (mgd)	8.27	6.72	7.50	7.50	9.54	8.13	8.90	8.90	10.70	9.13
Water customers	28,311	28,391	28,800	28,976	29,390	29,658	30,104	30,628	31,160	31,622
Sewer customers	27,352	27,435	27,416	27,691	28,095	28,338	28,768	29,285	29,813	30,271

n/a Not available

(1) Reported on a calendar year basis.

(2) Final 2019 State sales ratio will be issued late 2020.

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

Source: Various County Departments

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

TABLE S-17

Function/Program	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	205	205	201	201	201	201	206	220	209	202
Fire & Rescue:										
Stations	13	13	13	13	13	13	13	12	12	12
Response units	65	67	67	67	69	69	69	72	72	72
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	12	12	13	13	13	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	471,659	471,659	661,497	649,397	649,721	649,721	649,721	649,721	709,706	709,849
Parks, recreation and cultural										
Parks	11	11	11	13	13	13	13	13	13	13
Park acreage	482	482	482	536	536	536	536	536	536	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Athletic fields maintained	32	32	32	37	37	37	37	37	37	37
Community centers	6	6	6	7	7	6	6	6	6	5
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	2	2	2	2
Museums	1	1	1	1	1	1	1	1	1	1
Community development										
Visitor centers	1	1	1	1	1	1	1	1	1	1
Public utilities										
Water mains (miles)	502	514	517	517	536	542	553	562	563	561
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)	457	496	497	497	497	500	552	552	553	551
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	12,300	12,300	13,700	13,700	13,700	13,700	13,700	13,700	13,700	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Vehicles maintained	56	53	52	52	51	52	50	50	46	48
Fleet Management										
Vehicles maintained	1,101	1,227	1,197	1,074	1,057	1,070	1,061	1,075	1,090	1,059

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

TABLE S-18

Page 1

	2015	2016	2017	2018	2019
Kindergarten	1,588	1,565	1,569	1,544	1,534
Elementary (grades 1-7)	12,518	12,316	12,166	12,284	12,190
Secondary (grades 8-12)	9,355	9,437	9,426	9,497	9,456
Pre-K/Headstart (SpEd)	356	360	437	469	488
Total enrollment (1)	<u>23,817</u>	<u>23,678</u>	<u>23,598</u>	<u>23,794</u>	<u>23,668</u>
Teachers and administrators	1,898	1,932	1,948	1,963	1,959
Other employees	<u>1,120</u>	<u>1,147</u>	<u>1,159</u>	<u>1,138</u>	<u>1,235</u>
Total employees (2)	<u>3,018</u>	<u>3,079</u>	<u>3,107</u>	<u>3,101</u>	<u>3,194</u>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total buildings	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

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

(2) As budgeted.

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

TABLE S-18

Page 2

Grade	Actual Average Daily Enrollment by Grade					Projected Average Daily Enrollment by Grade				
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
K	1,588	1,565	1,569	1,544	1,534	1,696	1,693	1,667	1,730	1,755
1	1,774	1,612	1,580	1,651	1,591	1,728	1,728	1,741	1,765	1,809
2	1,798	1,776	1,603	1,646	1,714	1,754	1,755	1,795	1,791	1,714
3	1,713	1,801	1,789	1,642	1,694	1,781	1,773	1,706	1,848	1,808
4	1,791	1,716	1,762	1,850	1,683	1,656	1,809	1,703	1,751	1,888
5	1,842	1,812	1,758	1,827	1,864	1,667	1,684	1,766	1,751	1,752
6	1,787	1,785	1,848	1,785	1,840	1,842	1,728	1,748	1,812	1,779
7	1,813	1,814	1,826	1,883	1,804	1,915	1,914	1,741	1,791	1,904
8	1,836	1,867	1,853	1,863	1,899	1,830	1,970	1,953	1,785	1,880
9	2,087	2,017	2,014	2,033	2,022	2,109	2,049	2,078	2,070	2,023
10	1,835	1,928	1,928	1,906	1,870	1,916	1,966	1,894	1,992	2,092
11	1,828	1,773	1,828	1,835	1,807	1,823	1,857	1,941	1,817	1,961
12	1,769	1,852	1,803	1,860	1,858	1,905	1,899	2,082	2,121	2,021
Pre-K*	356	360	437	469	488	360	360	401	401	432
Total	23,817	23,678	23,598	23,794	23,668	23,982	24,185	24,216	24,425	24,818

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	2018 - 2019 Enrollment	
Elementary:							
Battlefield	0.00	30.0	Acres	1974	2000	833	648
Berkeley	K-5	17.0	Acres	1961	1971, 1979, 2000, 2005	353	272
Brock Road	K-5	24.4	Acres	1992	2004	907	646
Cedar Forest	K-5	52.2	Acres	2008	-	936	667
Chancellor	K-5	12.0	Acres	1940	1948, 1961, 2000	455	448
Courthouse Road	K-5	25.0	Acres	1994	2005	907	802
Courtland (1)	K-5	-	Acres	1989	2000	789	493
Harrison Road (2)	K-5	-	Acres	2001	2006	936	742
Lee Hill	K-5	21.0	Acres	1977	1990, 1999	807	660
Livingston	K-5	15.5	Acres	1961	1971, 1992	504	386
Parkside	K-5	26.8	Acres	2001	-	936	856
Riverview	K-5	25.0	Acres	1994	2005	907	576
Robert E. Lee	K-5	14.1	Acres	1952	1977	585	486
Salem	K-5	20.0	Acres	1979	1989, 1999	815	595
Smith Station	K-5	23.0	Acres	1991	1999, 2004	986	621
Spotswood	K-5	20.0	Acres	1965	1971, 2000	641	560
Wilderness	K-5	25.0	Acres	1998	2003	936	622
							10,080
Middle:							
Battlefield	6-8	30.0	Acres	1978	2003	807	837
Chancellor (2)	6-8	-	Acres	1989	-	857	834
Freedom	6-8	76.7	Acres	2003	-	948	815
Ni River	6-8	75.0	Acres	1999	-	774	704
Post Oak (3)	6-8	-	Acres	2007	-	948	689
Spotsylvania	6-8	41.7	Acres	1968	1973	907	934
Thornburg	6-8	50.0	Acres	1994	-	790	730
							5,543
Secondary:							
Chancellor	9-12	100.0	Acres	1988	-	1,517	1,292
Courtland	9-12	100.0	Acres	1980	-	1,265	1,187
Massaponax	9-12	100.0	Acres	1998	2005	1,830	2,015
Riverbend	9-12	90.7	Acres	2004	-	1,995	1,919
Spotsylvania	9-12	100.0	Acres	1994	-	1,611	1,144
J.J. Wright Alternative	Pre K-12	20.0	Acres	1952	1962, 1982, 2008, 2009	500	n/a
Vocational Center (1)	-	-		1980	1993	-	n/a
							7,557

(1) On same site as Courtland High School

(2) On same site as Chancellor High School

(3) On same site as Spotsylvania High School

Source: Superintendent of Schools, Spotsylvania County, Virginia

