

Spotsylvania VIRGINIA



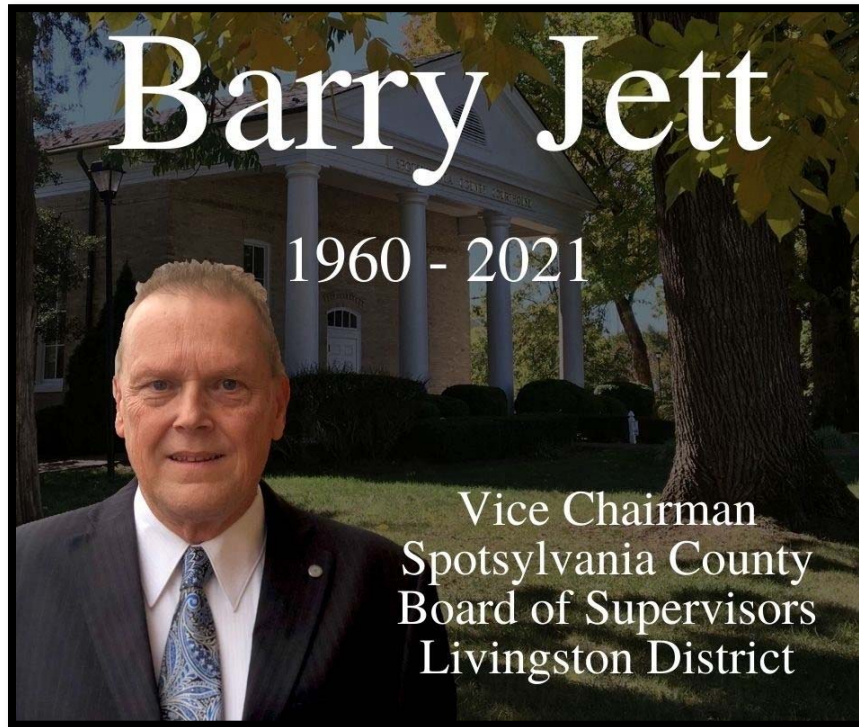
ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30

2021

FOR FISCAL YEAR ENDED





Mr. Jett devoted much of his life to serving the public--first as a career law enforcement officer and then representing the Livingston District when he was elected to the Board of Supervisors in November 2019. He was sworn into office December 17, 2019, during a ceremony at the Historic Spotsylvania County Courthouse. His term officially began January 1, 2020, and he was elected to serve a one-year term as vice chairman of the board January 12, 2021.

Mr. Jett was very passionate about helping those he represented and was so committed to public service, that he was known to assist county residents with issues who resided outside of his own district. It was not uncommon for Mr. Jett to express his gratitude to county staff and publicly acknowledge them by name for their efforts during board meetings, having been a county employee himself for well over 20 years. We dedicate the 2021 Annual Comprehensive Financial Report to his memory.



County of Spotsylvania, Virginia

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ending June 30, 2021

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

Published by the Office of Accounting & Procurement



Spotsylvania County 300th Anniversary Founder's Day Event
Photo Credit: Michelle McGinnis, Community Engagement & Tourism



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PART I: INTRODUCTORY SECTION



Hometown Heroes Banner Dedication Ceremony
Photo Credit: Michelle McGinnis, Community Engagement & Tourism



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
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Service, Integrity, Pride

December 10, 2021

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2021. The *Code of Virginia* requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with governmental auditing standards generally accepted in the United States of America.

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

The County's financial statements have been audited by CliftonLarsonAllen LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unmodified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2021, which is presented on pages 19 – 21 of this report.

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

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

PROFILE OF THE COUNTY AND OUR GOVERNMENT

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



History

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

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

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



Geography

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

Government

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

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

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

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

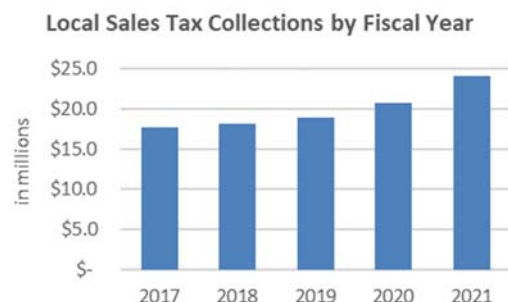


The County provides general governmental services for its citizens including emergency medical services and fire protection, collection and disposal of refuse, water and sewer services, parks and recreation, libraries, and detention centers. Other services provided by the County for which partial funding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

ECONOMIC CONDITION AND OUTLOOK

Similar to other localities, Spotsylvania County adopted a fiscal year 2021 budget with very conservative revenue projections in response to the Governor's March 2020 declared state of emergency. After months of stay at home and other emergency orders, starting in July of 2020, the County was cautiously optimistic as the Commonwealth began Phase 3 of its reopening plan, further easing restrictions on businesses and gatherings, and allowing gyms and fitness centers to operate at 75% capacity. As the year progressed, restrictions fluctuated, but eventually concluded with the Governor's decision not to extend the statewide COVID-19 public health emergency beyond June 30th.

Throughout these numerous ups and downs, county residents remained resilient and persevered; businesses found creative ways to meet customer needs, and tele-working allowed residents to spend more locally. As a result, consumption based taxes (e.g. sales and meals taxes), originally projected to decline significantly due to the pandemic, actually reported year over year increases. In fact, the County's taxable retail sales grew by



an incredible 13.2% over the previous year, and compared very favorably to the Commonwealth and total taxable sales for all Virginia Counties of 5.8% and 4.8%, respectively.

Taxable Retail Sales (\$ in 000's)

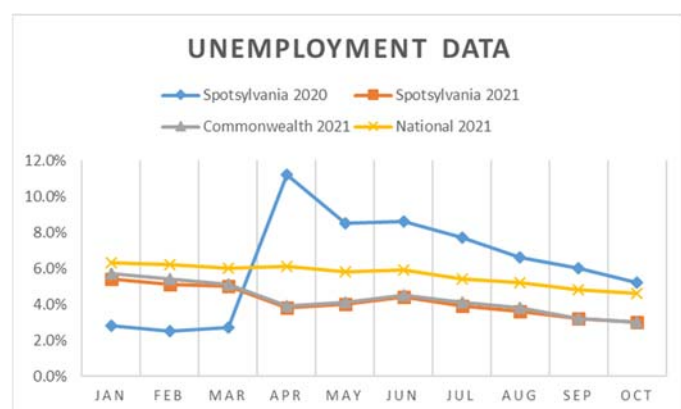
	Fiscal Year 2019	Fiscal Year 2020	Fiscal Year 2021	2020 v. 2019 %	2021 v. 2020 %
Spotsylvania	\$ 1,703.5	\$ 1,753.2	\$ 1,985.2	2.9%	13.2%★
Virginia Counties	69,277.8	67,920.8	71,192.7	-2.0%	4.8%
Commonwealth	106,770.8	104,794.8	110,874.6	-1.9%	5.8%

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

While retail sales are an important indicator of economic health, the County's property tax base, representing almost 62% of total General Fund revenues, is vital to meeting the service needs of our citizens. A strong real estate market allows the County to provide high quality services at a competitive tax rate. Median home sale price increased by 39% over the past six years to \$368,200 in May 2021. The type of housing within the County has continued to diversify as well, with growth in single-family attached homes and multi-family apartments.

In the past year 1,300 housing units were added in Spotsylvania with 40% of the added units being apartments; planned and approved residential and mixed-use developments total 12,517 units, with 43% of these units being apartments. With a wide-range of housing options, diverse settings from wide tracts of land to mixed use development, a low tax rate, and its convenient location between Washington DC and the state capital, Spotsylvania remains an attractive option to new residents and families.

County/City	2021 Real Estate Rate
Richmond	\$1.2000
Prince William	1.1975
Fairfax	1.1735
Alexandria	1.1100
Arlington	1.0300
Loudoun	0.9800
Stafford	0.9700
Chesterfield	0.9500
Henrico	0.8700
Fredericksburg	0.8300
Hanover	0.8100
Spotsylvania	0.8094



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

As illustrated in the adjacent chart, Spotsylvania County's unemployment rates continue to track steadily downwards, from its spike in April 2020 toward pre-pandemic levels. The County continues to track favorably against both state and national rates, and as of October 2021, the County's unemployment rate was 3.0%, equal to the state and below the national rate of 4.6%.

The positive status of these indicators is complimented by federal stimulus funding and continued low borrowing rates. Management is also monitoring the unprecedented rising cost paid by customers for goods and services as the annual inflation rate in the US accelerated to 6.8% in November of 2021, and is the highest rate since July 1982. While efforts are being made to "untangle knots in the U.S. supply chain" that is contributing to higher prices, the Federal Reserve has stated that the rise in inflation is less transitory than originally anticipated. As a result, it's anticipated that the Federal Reserve will look to increase interest rates sooner than expected. Should the

County's economy regress, management believes its very strong budgetary flexibility due to its level of available reserves and the potential to reallocate cash from capital, would help mitigate any disruptions in operations.

RELEVANT FINANCIAL POLICIES

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

"Management's discipline in setting aside dedicated reserves and regularly revising forecasts are practices instrumental to ensuring budgetary balance, despite the disruption from the pandemic."

– S&P Global Rating July 2021

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

Fiscal Stability Reserve. The County commits within its General Fund balance at the close of each fiscal year a reserve equal to no less than 11% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. As of June 30, 2021, the fiscal stability reserve was \$54.4 million, an increase of \$3.4 million, or 6.7%.

Health Insurance Reserve. The County maintains a self-insured health insurance reserve for both the County and the SCPS equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences. The reserve at June 30, 2021 was \$5.2 million and \$13.9 million, respectively.

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

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

Debt Management - Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits through its debt service to governmental fund expenditures and debt to assessed value ratios. Debt service as a percentage of governmental and school spending was 8.73%, 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 1.41%, below the required 3% set by the County.

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

Property tax collections. By policy, the annual level of uncollected property taxes should not exceed two percent over a rolling three-year period. While the rate of uncollected property tax naturally rose during the pandemic, at 1.68%, the Treasurer's Office remains below the maximum 2% allowed.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

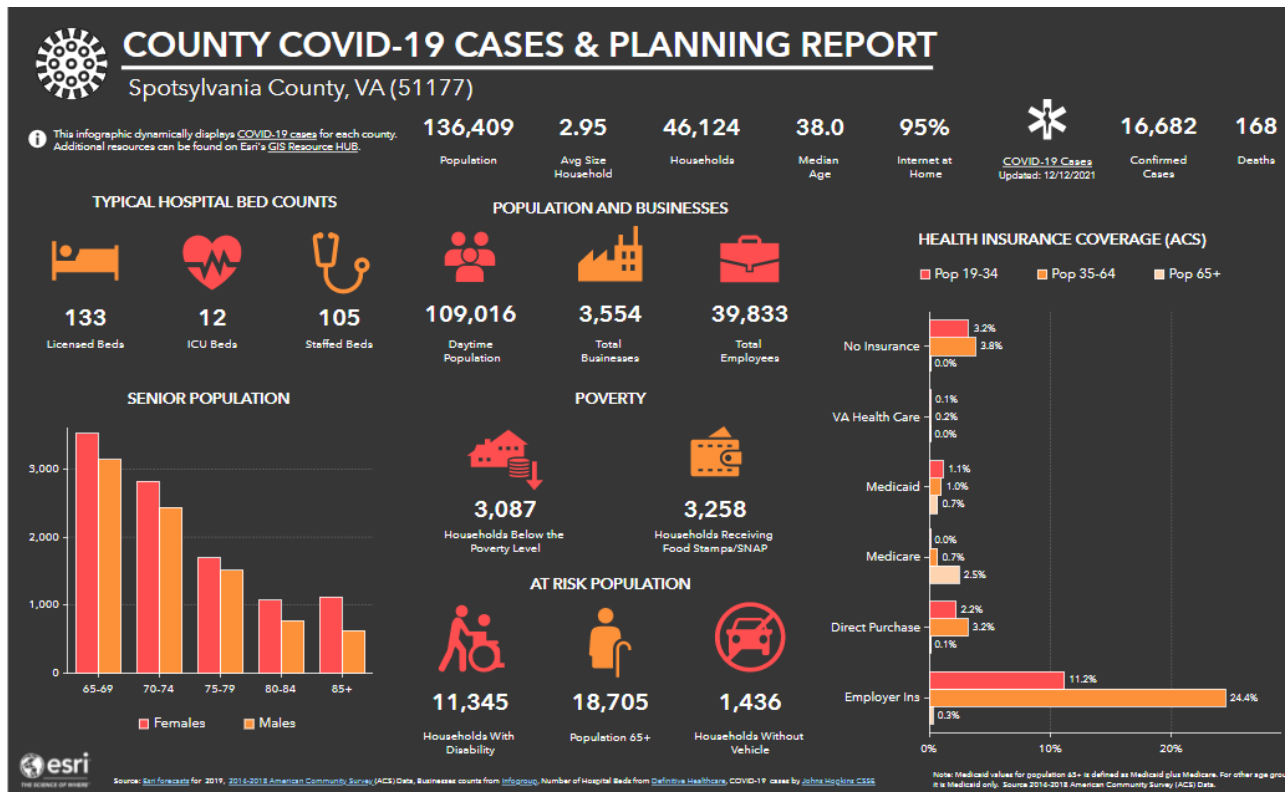
The County's strategic plan adopted by the Board of Supervisors creates a vision of "setting the standard for Virginia Counties". The plan centers around seven strategic initiatives; Quality Government, Public Safety, Educational Opportunity, Infrastructure Investment, Economic Prosperity, Growth Management,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

Quality Government

As the population grows and development continues in the County, demand for County-provided services continues to climb and staff resources are necessary to respond to the service demands. To respond to these increased service needs, the 2022 Adopted Budget approved an additional 39.37 FTEs which included 17 new FTEs for Social Services and 10 new FTEs for Code Compliance. The County also continues its goal of meeting the full annual required Other Postemployment Benefits (OPEB) retiree health insurance contribution by fiscal year 2023 in accordance with County policy. As of June 30, 2021, the County and School Board maintained OPEB reserves of \$14.1 million and \$11.7 million, respectively.

Public Safety

Responding to the COVID-19 pandemic continues to be the top priority of the County. To facilitate the dissemination of critical information to county citizens, the County added the Spotsylvania Coronavirus Response Hub (Hub). The Hub contains important information on testing sites, vaccine rates, symptoms, how to reduce the risk of infection, what to do when sick, and the number of confirmed cases and related fatalities in the County.

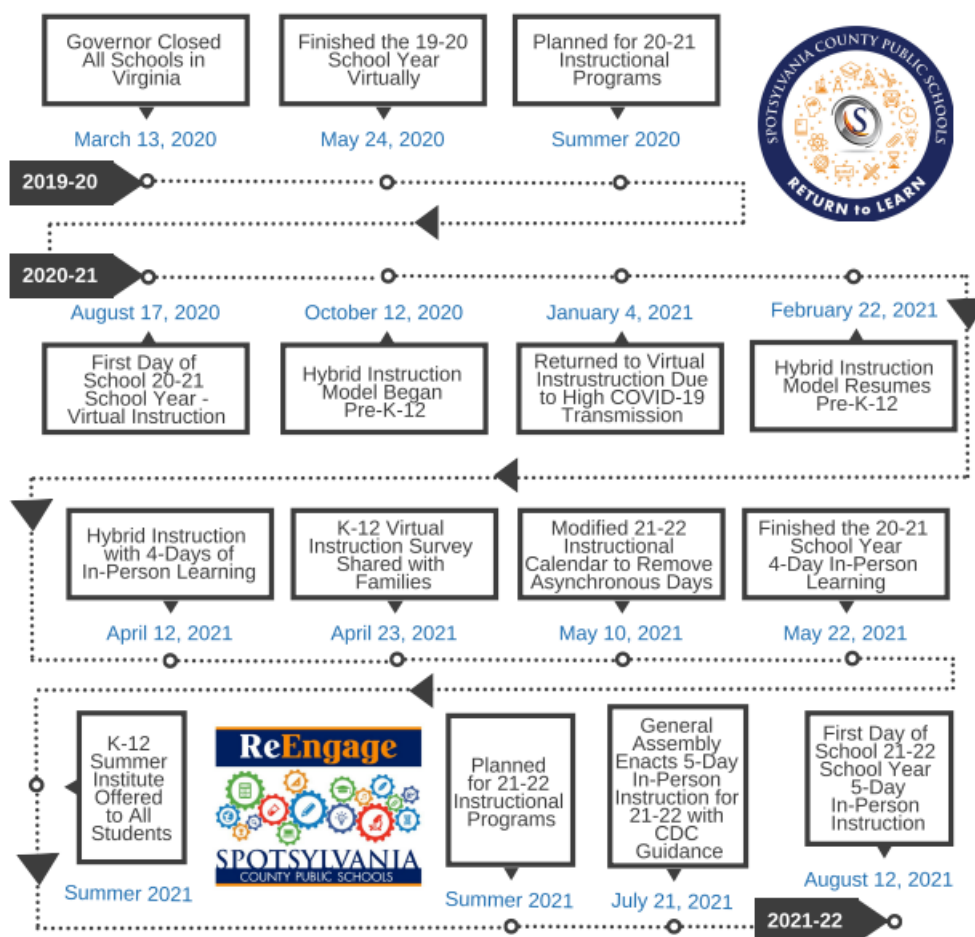


In partnership with the Virginia Department of Health, Spotsylvania's Fire, Rescue and Emergency Management (FREM) staff ran a series of vaccine clinics in a high school and at the local YMCA during the Spring of 2021. It is estimated that FREM staff administered 20,000 doses; significantly contributing to the ability of our economy and community to "return to normal." As of July 1, 2021, 116,225 vaccine doses had been administered in Spotsylvania, 56,006 Spotsylvanians are fully vaccinated, and 63,996 have received at least one dose.

In January 2021, the Insurance Services Office (ISO) completed its evaluation of Spotsylvania's structural firefighting capabilities, resulting in an improved rating to a Class 2/10, which is an improvement of 3 points within the 10-point scale. This rating is used by insurance companies to determine the amount of risk associated with properties, and factors into the premiums they charge. The improved rating will result in significant cost savings for many Spotsylvania property owners and businesses.

Educational Opportunities

The County is proud to share the tremendous efforts and success of the Spotsylvania County Public Schools as they navigated the challenging and ever-changing pandemic environment. From finishing the 19-20 school year virtually in May of 2020 to opening the 21-22 school year with 5-day in-person instruction, their work exemplifies their motto of "Together, we prepare our students for their future." The following SCPS infographic highlights the adjustments in instructional planning and COVID-19 mitigation strategies over the course of the past year.



Infrastructure

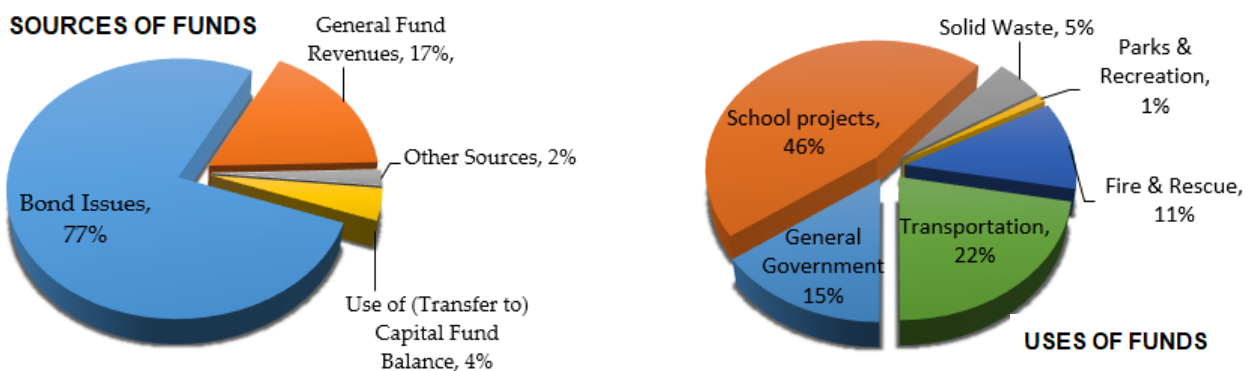


Rural residents in certain areas of Spotsylvania County now have access to expanded 5G high-speed internet service thanks to the county's new partnership with DataStream Broadband, Incorporated, marking the first time 5G service is offered in rural Virginia. Broadband services are now available in the Wilderness and Belmont areas of the county.

Residents who have already signed up for the service are excited to now have access to reliable high-speed internet where they live and work. The COVID-19 pandemic has highlighted the need for high-speed access for those working from home professionally, for remote education, telemedicine and small business. With DataStream services that work to bridge the digital divide throughout the county, rural communities are gaining access to important services and are able to participate in our increasingly digital society and economy. The state, through COVID-19 Recovery Act funding, recognized the increased importance of broadband expansion in light of the pandemic and allocated funding for eligible projects. Spotsylvania County was successful in receiving sufficient funding to support DataStream's plans to move directly from their planned LTE implementation to 5G technology, which provides internet speeds that meet and exceed FCC guidelines. The County is excited to work with service providers on the expansion of high-speed broadband services, and continues to look for additional opportunities to expand these services to underserved and unserved communities.

General Projects:

The County's goal is to budget an amount of cash (pay-as-you-go) funding for capital projects equal to 5% of General Fund revenues (less obligated transfers), with a minimum level of 3%. As of the adoption of the FY 2022 – FY 2026 Capital Improvement Plan, 23% of the CIP, excluding utilities projects, is funded with equity. Of the total \$603.3 million in planned infrastructure investment, 46% is planned for school projects and 22% for transportation needs.



School projects totaling \$157.7 million, funded completely through bond referenda and related interest earnings, includes infrastructure improvements for major renovations and expansions of \$48.6 million to address future growth from approved developments, and \$67.0 million for major capital maintenance needs for existing schools.

Of the \$61.0 million in projected transportation spending (including costs beyond FY 2026) \$43.1 million is intended to address transportation commitments related to the new VA Health Care Center expected to open in 2024 and will be one of the largest VA outpatient clinics in the country. Construction is expected to start in the next year on the four-story, 450,000-square-foot facility on 60 acres, bounded by U.S. 1, Interstate 95 and Hood Drive. Transportation improvements are intended to mitigate traffic capacity and safety issues, and include both north and southbound I95 ramps, revitalization of the Rt. 1 corridor, a new 2-lane roadway from Rt. 1 to Hood Drive, a widening of a portion of Hood Drive to 4 lanes, and the extension of Germanna Point Drive to Spotsylvania Avenue as a 2-lane road with bike and pedestrian accommodations.



Fire and rescue projects totaling \$43.9 million, includes \$25.1 in funding toward a new fire training & logistics center, replacement of the Company 3 (Partlow) station that has reached the end of its lifecycle, and two new fire & rescue stations to address future growth from approved developments.

Utilities Projects:

The County's Capital Improvement Plan for FY 2022 – FY 2026 includes planned funding of \$176.0 million, of which \$51.5, or 29.2%, represents cash funding. Major projects include the Motts Water Treatment Plant expansion to double the capacity of the Plant to 24 MGD to meet future water demands, and the Massaponax Wastewater Treatment Plant expansion to allow for the decommissioning of the FMC Wastewater Treatment Plant and transition all County wastewater flow, except for the Thornburg service area, to the Massaponax plant for treatment.

AWARDS AND ACKNOWLEDGEMENTS



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2020. This is the 26th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2021. 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 25th award in as many years.

SCPS was honored with the 2021 Best Communities for Music Education designation from The NAMM Foundation for its outstanding commitment to music education. As one of 686 other school districts across the nation, SPCS was recognized for its outstanding achievement in efforts to provide music access and education to all students.



Spotsylvania High School teacher Kristina L. Rice was awarded the Presidential Cybersecurity Education Award from the U.S. Department of Education, a prestigious national honor to recognize her work educating students in the increasingly vital field of cybersecurity. Ms. Rice was one of just two teachers selected for the award from thousands of nominations from across the country. Ms. Rice's students have an impressive 100% graduation rate, a 100% college, military and career readiness attainment rate, and more than 98% go on to earn industry certifications. Her dedication to the field has had a national influence, with Ms. Rice designing a pacing guide for other educators teaching cybersecurity that was shared around the country.

SCPS was recognized for the second year in a row as one of Virginia's best employers as part of its annual listing of America's Best (100) Employers by state. For the first time, SCPS was also awarded the 2021 America's Best Midsize Employer. Only 30 of the 500 employers listed were in the Education category and of those only six public school divisions earned this distinction. Of those six, Spotsylvania County Public Schools was the only Virginia school division to make the best midsize employers listing.



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

Respectfully submitted,

A handwritten signature in blue ink, reading 'Ed Petrovitch', written over a horizontal line.

Ed Petrovitch
County Administrator

A handwritten signature in blue ink, reading 'Rebecca R. Forry', written over a horizontal line.

Rebecca R. Forry
Chief Accounting Officer

Spotsylvania Board of Supervisors



Chris Yakabouski
Battlefield District



Timothy J. McLaughlin
Chancellor District



David Ross
Courtland District



Gary F. Skinner
Lee Hill District



Kevin Marshall
Berkeley District
Chairman



Dr. Deborah H. Frazier
Salem District

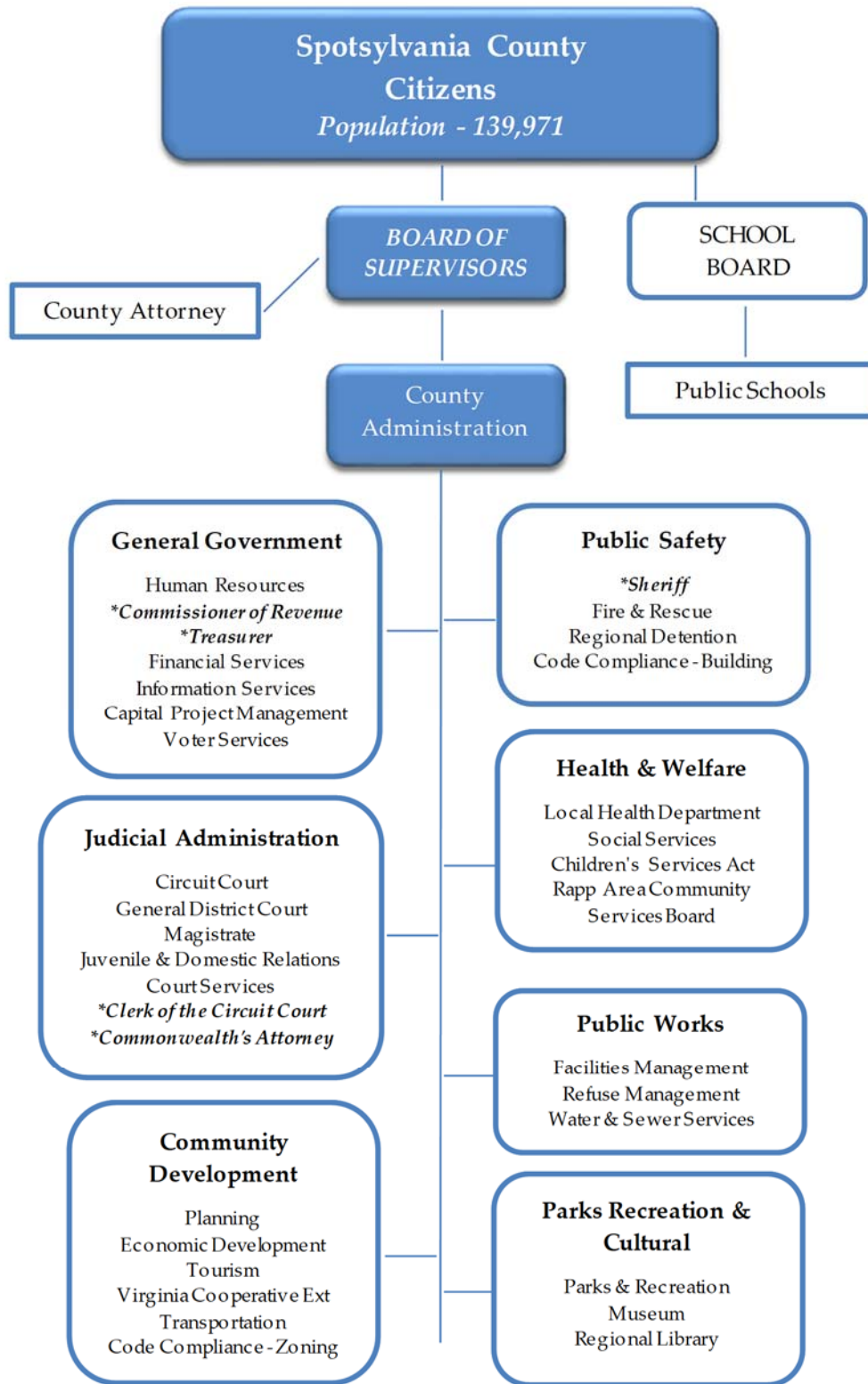


Barry K. Jett
Livingston District
Vice-Chairman

County Administrative & Financial Officers

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

Spotsylvania County Organizational Chart

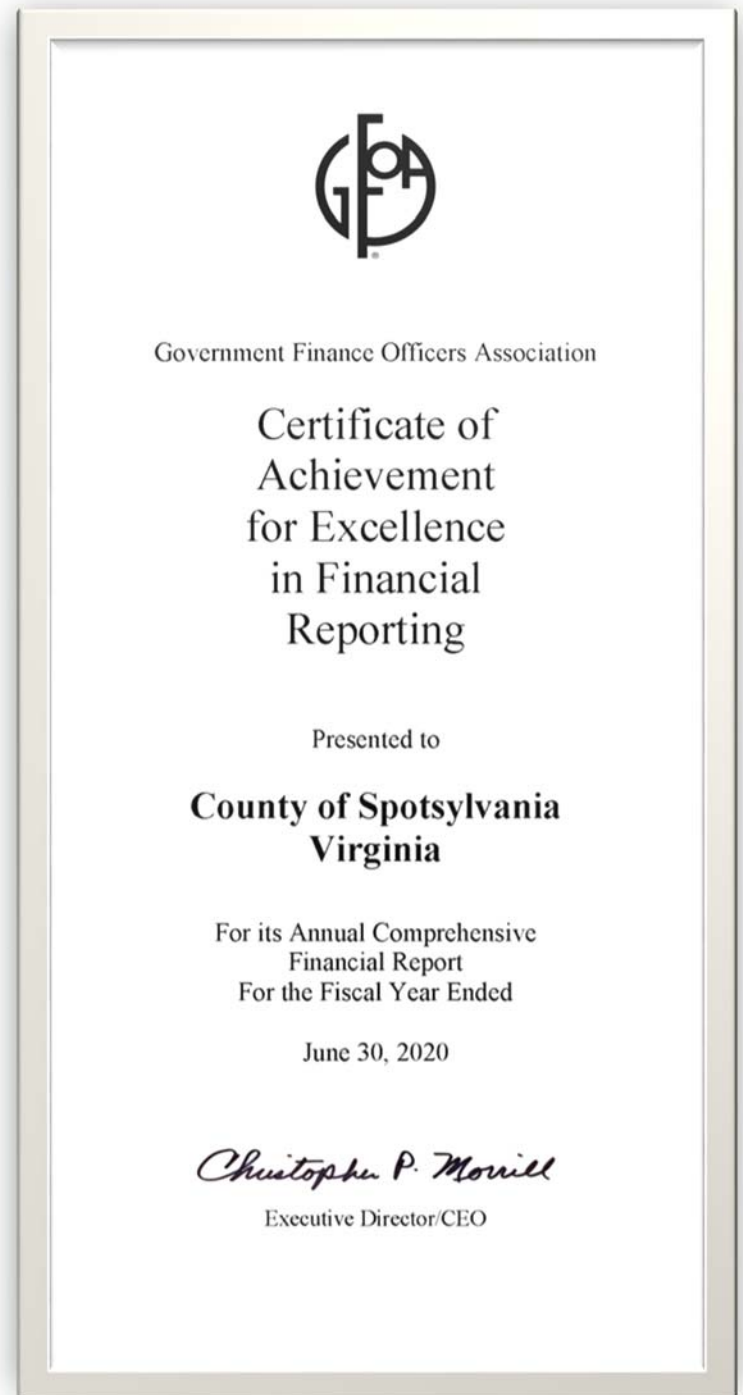


* denotes Constitutional Officer

Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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





Ice Cream with Sheriff Roger L. Harris event. Photo Credit: UMPHOTOS



PART II: FINANCIAL SECTION



Spotsylvania Courthouse. Photo Credit: Michelle McGinnis, Community Engagement & Tourism





CliftonLarsonAllen LLP
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INDEPENDENT AUDITORS' REPORT

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, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditors' 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 and 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 Accountants of the Commonwealth of Virginia (Specifications). Those standards 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 auditors' 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.



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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter Paragraph

During fiscal year ended June 30, 2021, the County adopted GASB Statement No. 84 Fiduciary Activities. The implementation of this standard resulted in a change in accounting principle (see Note 21). Our auditors' opinion was not modified with respect to the change in accounting principle.

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

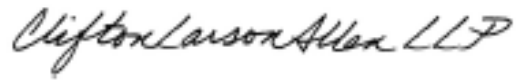
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Spotsylvania's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, 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 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 County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2021

Management's Discussion & Analysis (MD&A)

As management of the County of Spotsylvania (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the County's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$246.9 million (net position), a 23.6% increase year from the previous year. Net position for governmental activities increased by \$34.9 million, reducing its net deficit to \$61.4 million. Net position for business-type activities increased by \$12.2 million bringing its total net position to \$308.3 million.
- Program and general revenues for governmental activities increased by \$9.6 million, or 3.0%, from the previous year. Total expenses, prior to transfers, decreased by \$1.1 million, or 0.4%, from the previous year.
- Program and other general revenues for business-type activities decreased by \$9.9 million, or 16.3%, from the previous year. Total expenses, prior to transfers, increased by \$0.6 million, or 1.5%, from the previous year.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$203.9 million, an increase of \$16.2 million. Of this amount, \$20.4 million, or 10.0% is available for spending at the government's discretion (unassigned fund balance). Unrestricted fund balance of the General Fund (the total of the committed, assigned, and unassigned components of fund balance) was \$131.5 million, approximately five months, or 46.3%, of total general fund expenditures.

Other Financial Highlights

- During the fiscal year, the County issued various Series 2020 refunding bonds, reducing future debt service payments of governmental and business-type activities of \$1.2 million and \$18.2 million, respectively.

Overview of the Financial Statements

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

- The first two statements are *government-wide financial statements* that provide both *long-term* and *short-term* information about the County's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the County government, reporting the County's operations in *more detail* than the government-wide statements.
 - The *governmental funds'* statements tell how *general government* services like public safety were financed in the *short-term* as well as what remains for future spending.

- *Proprietary fund* statements offer *short-term* and *long-term* financial information about the activities the government operates *like businesses*, such as the water and sewer system.
- *Fiduciary fund* statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

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

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

Table 1

Major Features of County’s Government-wide and Fund Financial Statements

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

GOVERNMENT-WIDE STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Analysis

The table below presents a Summary of Net Position for the reporting entity as of June 30, 2021 and 2020:

Table 2 Summary of Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 340.4	\$ 321.6	\$ 139.7	\$ 127.0	\$ 480.1	\$ 448.6	\$ 60.2	\$ 38.7
Capital assets, net	147.0	142.1	322.6	309.6	469.6	451.7	335.5	342.6
Total assets	487.4	463.7	462.3	436.6	949.7	900.3	395.7	381.3
Total deferred outflows	38.4	37.3	5.5	6.6	43.9	43.9	114.8	77.3
Other liabilities	34.8	32.9	9.2	2.0	44.0	34.9	28.5	20.6
Long-term liabilities	429.7	450.2	146.6	142.5	576.3	592.7	573.7	515.3
Total liabilities	464.5	483.1	155.8	144.5	620.3	627.6	602.2	535.9
Total deferred inflows	122.7	114.2	3.7	2.6	126.4	116.8	53.6	64.3
Net position:								
Net investment in capital assets	90.5	86.9	222.5	207.6	313.0	294.5	335.5	342.6
Restricted	9.3	6.9	2.5	3.6	11.8	10.5	11.8	7.4
Unrestricted	(161.2)	(190.1)	83.3	84.9	(77.9)	(105.2)	(492.6)	(491.6)
Total net position	\$ (61.4)	\$ (96.3)	\$ 308.3	\$ 296.1	\$ 246.9	\$ 199.8	\$ (145.3)	\$ (141.6)

Primary Government

The largest portion of the Primary Government’s net position represents \$313.0 million of investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. The restricted net position of \$11.8 million represents resources subject to external restrictions on how they may be used, and include future debt service (\$2.5 million), capital projects (\$2.9 million), transportation (\$4.0 million), and grant programs (\$2.4 million). The remaining balance equals a net deficit of \$77.9 million, of which \$177.3 million (of governmental activities unrestricted net deficit of \$161.2 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 \$335.5 million and \$11.8 million in School Board funds restricted for capital projects of \$9.5 million and student activity funds of \$2.3 million. Unrestricted net position includes \$1.5 million primarily from land held as an investment with the EDA, and a School Board deficit of \$494.1 million as a result of postemployment liabilities of \$500.1 million as of June 30, 2021.

Changes in Net Position

The following table summarizes the changes in net position for the primary government and its component units for the fiscal years ended Jun 30, 2021 and 2020:

Table 3 Changes in Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues								
Program Revenues:								
Charges for services	\$ 16.1	\$ 13.9	\$ 36.5	\$ 36.8	\$ 52.6	\$ 50.7	\$ 0.9	\$ 6.6
Operating grants and contributions	37.3	34.9	0.5	0.6	37.8	35.5	199.7	166.6
Capital grants and contributions	0.4	3.3	13.6	20.5	14.0	23.8	2.1	-
General Revenues:								
General property taxes	191.3	186.1	-	-	191.3	186.1	-	-
Other taxes	59.5	53.0	-	-	59.5	53.0	-	-
Payments from Primary Government	-	-	-	-	-	-	115.0	123.8
Other general revenues	20.6	24.4	0.4	3.0	21.0	27.4	0.6	0.6
Total Revenues	325.2	315.6	51.0	60.9	376.2	376.5	318.3	297.6
Expenses								
General government	20.4	18.8	-	-	20.4	18.8	-	-
Judicial administration	10.9	10.0	-	-	10.9	10.0	-	-
Public safety	76.4	72.4	-	-	76.4	72.4	-	-
Public works	11.3	10.3	-	-	11.3	10.3	-	-
Health and welfare	25.3	26.4	-	-	25.3	26.4	-	-
Education	113.7	122.8	-	-	113.7	122.8	323.0	304.5
Parks and recreation	8.1	8.6	-	-	8.1	8.6	-	-
Community development	15.1	11.9	-	-	15.1	11.9	1.5	1.2
Water and sewer	-	-	39.5	38.9	39.5	38.9	-	-
Interest on long-term debt	8.4	9.5	-	-	8.4	9.5	-	-
Total Expenses	289.6	290.7	39.5	38.9	329.1	329.6	324.5	305.7
Excess before transfers	35.6	24.9	11.5	22.0	47.1	46.9	(6.2)	(8.1)
Transfers	(0.7)	-	0.7	-	-	-	-	-
Increase(decrease) in net position	34.9	24.9	12.2	22.0	47.1	46.9	(6.2)	(8.1)
Net position - beginning, unadjusted	(96.3)	(121.2)	296.1	274.1	199.8	152.9	(141.6)	(133.5)
Less prior period adjustment	-	-	-	-	-	-	2.5	-
Net position - beginning, as restated	(96.3)	(121.2)	296.1	274.1	199.8	152.9	(139.1)	(133.5)
Net position - ending	\$ (61.4)	\$ (96.3)	\$ 308.3	\$ 296.1	\$ 246.9	\$ 199.8	\$(145.3)	\$(141.6)

GOVERNMENTAL ACTIVITIES

Revenues

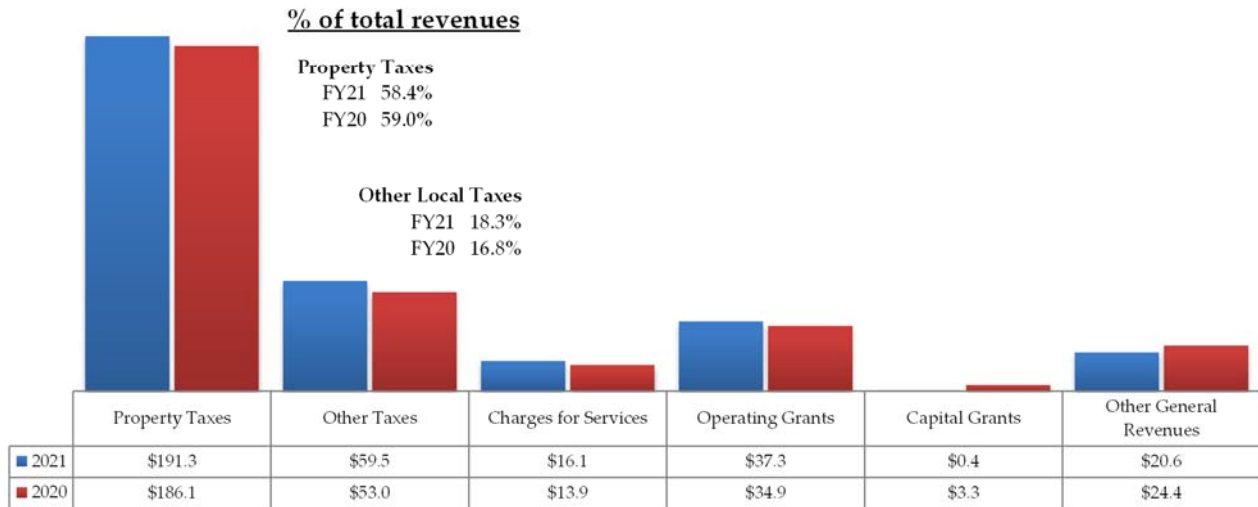
Revenues from governmental activities for fiscal year 2021 totaled \$325.2 million, an increase of \$9.6 million or 3.0% from the previous fiscal year. The chart below provides information on year over year changes by each major revenue source.

Chart 1

Governmental Activities - Revenues by Source

For Years ending June 30, 2021 and 2020

(amounts in millions)



Program Revenues

Overall program revenues increased by \$1.7 million, or 3.0%, to \$52.1 million for fiscal year 2021.

- Charges for services increased \$2.2 million, or 15.8%, as a result of increased volume in code compliance inspection services and refuse disposal fees of \$1.4 million and \$0.4 million, respectively.
- Operating grants and contributions rose \$2.4 million, or 6.9%, primarily due to increased federal COVID-19 funding. The County recognized \$13.5 million from the Coronavirus Relief Fund, up from \$10.3 million in the prior fiscal year, used to cover a portion of public safety payroll costs dedicated to mitigating and responding to the COVID-19 public health emergency. The County received additional Coronavirus Aid, Relief, and Economic Security (CARES) funding of \$0.8 million for the expansion of broadband services and \$0.1 million to prepare and respond to coronavirus for the 2020 federal election cycle. The \$4.4 million increase in COVID-19 funding was partially offset by a \$0.5 million reduction in revenue from the Virginia General Assembly's elimination of the statewide recordation tax revenue distribution to localities; and \$0.7 million in reduced revenues related to the Children's Services Act.
- Most capital grants and contributions are cyclical in nature and non-recurring. For fiscal year 2021, revenues dropped by \$2.9 million, or 87.9%, due primarily to a \$2.1 million reduction in proffer revenues related to the construction of a new judicial center and transportation infrastructure needs. In addition, the County completed its courthouse sidewalk project, a federal grant program, in 2021, resulting in a revenue reduction of \$0.5 million.

General Revenues

Overall general revenues, consisting mostly of general property taxes, increased by \$7.9 million, or 3.0%, to \$263.5 million for the year.

- General property taxes, the single largest source of local government tax revenue, rose \$5.2 million, or 2.8%, from a growth of 2.7% in overall assessed value. Public service corporations reported the highest assessed value growth of 10% year over year, followed by 7.4% in personal property and 2.0% in real estate property values. To provide economic relief to taxpayers, the Board adopted calendar year 2021 tax rates which included a one-time reduction in tax rates for personal property (\$0.20), business, furniture & fixtures (\$1.40), machinery & tools (\$0.60), and heavy construction equipment (\$0.45).
- The largest categorical revenue increase is from the collection of other local taxes which rose by \$6.5 million, or 12.3%, year over year. Of this increase, 90.4%, or \$5.8 million, was driven by three revenue streams - sales tax, recordation tax, and meals tax. For the second year in a row, reported sales tax revenues saw double-digit growth bringing in an additional \$3.4 million, or 16%, as county residents continue to shop locally as a result of remote work schedules and increased online purchasing. Meals tax revenues rebounded from a 1.1% loss in fiscal year 2020 to a reported 10.7% gain, or \$1.0 million increase in fiscal year 2021. The County's recordation taxes reflect a strong residential market with both the volume of homes sold and median sales price increasing by 31.5% and 13.3%, respectively. As a result, recordation taxes rose 53.5%, or \$1.5 million compared to the previous year.
- Other general revenues dropped by \$3.8 million, or 15.6%, due primarily from diminished returns on debt investments and decreases in unrealized gains/losses recognized on investments.

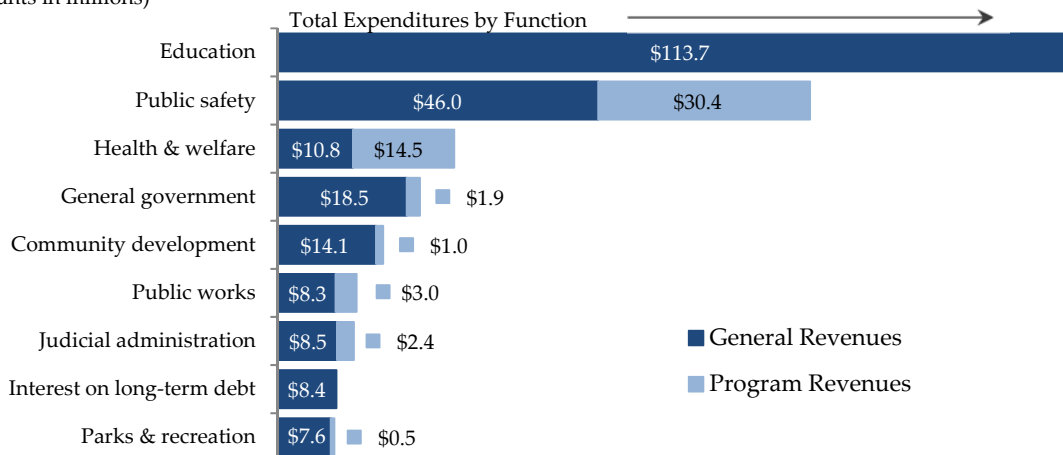
Expenses

Expenses of governmental activities for fiscal year 2021 totaled \$289.6 million. Of this amount, \$53.8 million was paid from program specific revenues, leaving a net functional cost of \$235.8 million to be funded by general revenues such as - taxes, interest and unrestricted aid from the Commonwealth. The chart below provides a breakdown of the allocation of general revenues by function (in dark blue) to cover any expenses not met through its program specific revenues (in light blue.)

Governmental Activities - Funding of Net Functional Costs

For the Year ended June 30, 2021
(amounts in millions)

Chart 2

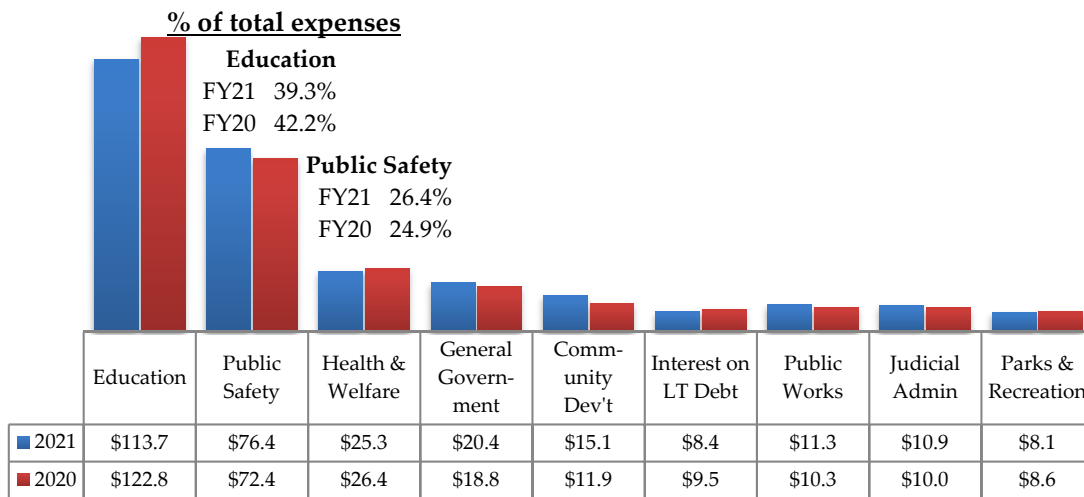


Governmental Activities – Expenses (continued)

With the onset of the Coronavirus (COVID-19) pandemic, last year's development of the fiscal year 2021 budget required projections based on the unprecedented risks associated with the pandemic. Uncertainty regarding levels of federal and state aid, employment levels, and other economic factors required the County to immediately initiate a freeze on hiring, discretionary spending, and certain cash-funded projects. In December of 2020, with the support of federal and state aid and the unexpected resiliency of the County's sales and meals taxes, the County was able to amend its budget to reinstate discretionary funding previously held back.

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

For Years ending June 30, 2021 and 2020 (amounts in millions)



Fiscal year 2021 expenses across all functions reported increases in personnel costs associated with a mid-year pay increase for employees totaling \$1.5 million. This increase included a 1.8% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2% performance merit for full-time and part-time employees not on the public safety pay scale. Public safety's increase was \$1.0 million, followed by a \$0.2 million for general government, and \$0.3 million spread over the remaining functions. Additional functional wide personnel cost changes included increased pension expense of \$1.1 million from changes in actual versus projected earnings, and a decrease in OPEB expense of \$2.1 million, related to a difference between expected and actual claims experience.

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

- Fiscal year 2021 marks the first full-year funding of the base public safety compensation pay plan increases, that became effective on January 13, 2020 for sworn personnel in the Sheriff's Office and Fire/Rescue, as well as communications personnel. For fiscal year 2021, additional increased expenditures related to the pay plan approximated \$3.0 million.
- General government expenditures increased an additional \$0.9 million related to CARES Act funding for the fast-tracking of broadband projects across the state of \$0.8 million, and \$0.1 million in emergency funds made available to prevent, prepare for, and respond to the coronavirus for the 2020 federal election cycle.

- Community development costs increased by an additional \$2.7 million related to \$1.6 million in increased third party inspection fees to meet rising demands in erosion and large site inspections, and \$1.1 million in increased transportation spending to supplement the transportation infrastructure projects funded and managed by the Commonwealth.

BUSINESS-TYPE ACTIVITIES

Net position related to the County's business-type activities increased by \$12.2 million, or 4.1%. Total water and sewer revenues declined by \$9.9 million, or 16.3%. Water and Sewer user fees remained relatively flat year over year due to a rate freeze in response to the uncertainty surrounding COVID-19's impact on customers. While the number of new customers continued to increase year over year, revenues generated from new customers were partially offset by \$0.3 million in CARES Act funds provided to assist with municipal utility customer payment relief. Capital grants and contributions reported strong results, but were down by \$6.9 million, or 33.7%, in decreased availability fees and developer donated infrastructure, reflecting the cyclical nature and sizing of new developments completed. Overall expenses increased modestly by \$0.6 million, or 1.5%, primarily from increases in contractual services.

COMPONENT UNITS

School Board

For fiscal year 2021, the School Board reported a decrease in net position of \$6.2 million. Total revenues increased year over year by \$20.7 million, or 7.0%. Expenses also increased by \$18.5 million, or 6.1%. Charges for services dropped \$5.4 million, or 85.7%. \$1.6 million of this drop is in response to the elimination of tuition from other counties related to Special Education Regional Programs. The Virginia Department of Education (VDOE) conducted a comprehensive study of Special Education Regional Programs and its related funding model. As a result, the VDOE transitioned to a new funding model whereas VDOE will distribute funds for Students with Intensive Support Needs, rather than students in the previous "reimbursable disability categories." The remaining \$3.8 million decrease is in response to the U.S. Department of Agriculture's temporary funding of all school meals through the pandemic, regardless of income eligibility, a shift from direct charges to students.

Operating grants and contributions increased \$33.1 million, or 19.9% due to the following year over year changes:

- As a result of the COVID pandemic, the federal government initiated new meal programs to ensure students and families in local communities would be fed during this pandemic. The School Board started an expanded meal program in October of 2020 which includes breakfast, lunch, snack and dinner for anyone under the age of 18 in our community. Due to the increase in meals served to the community the school division received additional revenue of \$17.1 million to cover increased costs and local charges for meals.
- Federal funding related to school operations increased by \$7.8 million, or 74.4%, primarily from increased COVID-19 funding through the U.S. Department of Education's Education Stabilization Fund program and the U.S. Department of Treasury's Coronavirus Relief Fund.
- State aid also increased by \$6.5 million, or 4.4%, in response to increased collections from sales tax of \$1.7 million, and \$4.1 million in "no loss funding" introduced in the State's budget for school divisions that experience a decrease in state formula entitlements in fiscal year 2021 and 2022 as compared to fiscal year 2020.

Overall payments from the primary government (County) remained relatively flat as a result of increased federal and state aid, but required the following adjustments resulting in a reported decrease of \$9.1 million, or 7.4%.

	2021	2020
Payments from the Primary Government (County) for school operating expenditures prior to adjustments:	\$ 129,304,200	\$ 129,363,528
Adjustments:		
Transfer to the County for school insurance reserves refunded by a third party administrator	(1,114,522)	(8,008,230)
Non-cash financial reporting adjustments for bonds issued by the County on-behalf of the School Board:		
Move bond proceeds to the County for reporting purposes	13,079,772	35,157,122
Move debt service to the County for reporting purposes	(27,778,446)	(33,894,679)
Reported Payments from the Primary Government:	<u>\$ 113,491,004</u>	<u>\$ 122,617,741</u>

The School Board's FY21 adopted budget was limited to a needs-based budget, only including increases for mandated expenses such as pension and life insurance contractual contributions and debt service on issued bonds. To balance the budget, a spending freeze was necessary on any new initiatives, including salary increases and new positions. Throughout the year, adjustments to the adopted budget were authorized to cover additional costs afforded by increased federal and state aid, and the approval of FY 2020 local carryover funds from the County. Overall expenses increased \$18.5 million, or 6.1%. The following represents the more significant budget increases and related spending for the year:

- The County Board of Supervisors approved a \$4.4 million carryover of schools' budgeted, but unexpended local transfer that was used to purchase \$1.0 million in text books and various technology, and a \$900 bonus for school employees at a cost of \$3.4 million.
- The County Board of Supervisors approved an additional \$1.6 million in available local funding as assistance for the purchase of COVID-19 related expenses to include hotspots, PPE and air purification systems.
- Increased food service expenditures of \$4.0 million related to the federally funded expanded meals program.
- The School Board expended \$7.7 million from three separate tranches of direct CARES Act funds passed through the State (ESSER, GEER, & CRF) used for COVID-19 related expenses such as sanitization, PPE, signage, computers and other technology.

Economic Development Authority

Payments from the Primary Government (County) and related expenditures increased from \$1.2 million to \$1.5 million in 2021 as a result of increased business incentive payments.

Financial Analysis of Governmental Funds

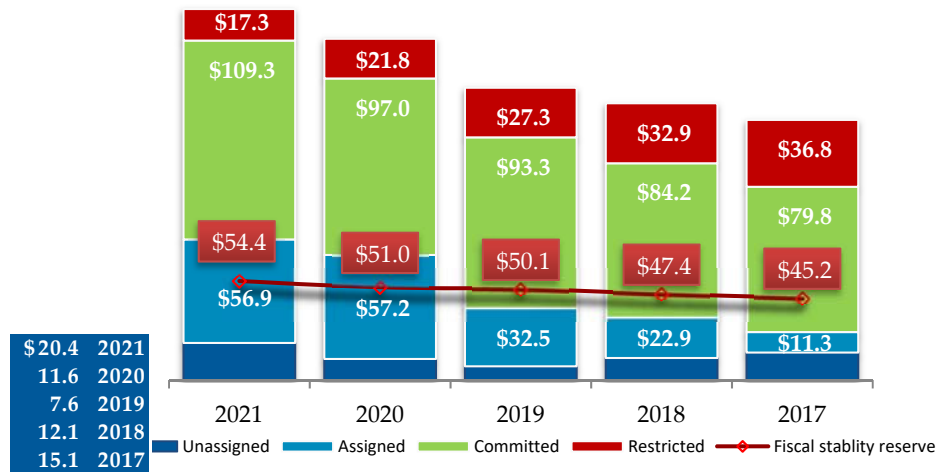
Combined governmental fund balances at year-end equaled \$203.9 million, an increase of \$16.2 million, or 8.7%. As the County's available fund balance is of critical importance to its overall financial health, the Board has established fiscal policies to govern its required balances and allowable uses. Detailed information on these minimum required balances can be found under section 1.13 in the Notes to the Financial Statements. Chart 4 provides a snapshot of

the combined governmental fund balances at each year-end and their categorical allocations reported from the highest level of constraint of Restricted down to the lowest level of constraint of Unassigned.

- **Restricted** fund balance, representing amounts limited to specific purposes imposed by external parties, decreased 20.6% to \$17.3 million, due primarily from \$7.1 million in increased spending of available bond proceeds for facility maintenance and improvements and other projects in the Capital Projects Fund, less a \$2.2 million increase in funds held by the Potomac Regional Transportation Commission (PRTC) restricted for transportation improvements in other governmental funds.
- **Committed** fund balance rose \$12.3 million, or 12.7%, to \$109.3 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Committed General Fund reserves increased by 6.3% and include major commitments of \$54.4 million in fiscal stability reserve and \$5.2 million in health insurance reserve. The Capital Projects Fund includes \$42.1 million in locally funded cash reserves for future capital projects, and increase of 26%.
- **Assigned** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2021, assigned fund balance decreased by 0.5% to \$56.9 million. Of this amount, the General Fund holds \$49.0 million encompassing major assignments of carryover and fiscal year 2022 approved use of fund balance of \$26.6 million, OPEB retiree health insurance reserves of \$6.8 million, School health insurance reserve of \$13.9 million, and a \$2.0 million economics opportunities reserve.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After the funding of the County's Budget Stabilization Reserve of \$5.0 million, total unassigned fund balance of the General Fund is \$15.4 million, up \$8.8 million from the previous year.

Chart 4

Governmental Fund Balances
For the Five Years ending June 30, 2021
(amounts in millions)



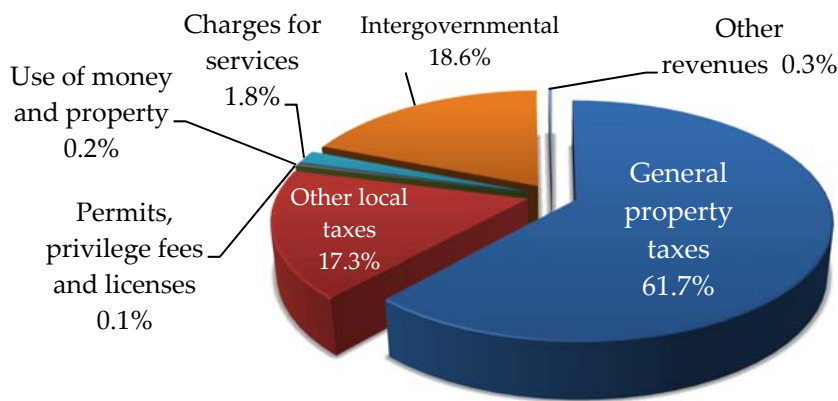
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

Governmental Fund Revenues

Total governmental fund revenues increased by \$12.1 million in fiscal year 2021. General property and other local taxes accounted for 76.8% of total revenues and reported a collective increase of \$11.4 million.

Total revenues of the General Fund rose \$13.2 million, or 4.5% from the previous year. General property tax collections for the General Fund increased by \$4.9 million, or 2.7%, mirroring the growth in the overall assessed value of 2.6% for the year. Sales, recordation and meals taxes reported strong growth, in spite of the pandemic, of \$6.3 million, or 13.4%. Intergovernmental revenues increased by \$4.0 million, or 7.5%, due to increased federal assistance dedicated to mitigating and responding to the COVID-19 public health emergency. Use of money and property decreased by \$2.9 million in response to reduced investment returns and changes in unrealized gains/losses on investments.

Chart 5



Revenue sources (\$ in millions):	
General property taxes	\$ 189.6
Other local taxes	53.3
Permits, fees and licenses	0.3
Use of money and property	0.7
Charges for services	5.5
Intergovernmental	57.2
Other revenue	0.8
	<u>\$ 307.4</u>

General Fund - Revenue Sources For the Year ended June 30, 2021

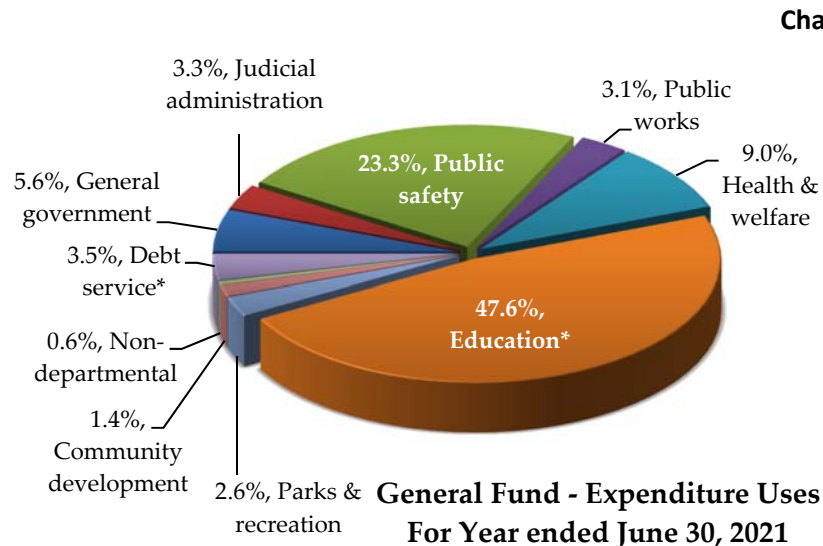
Governmental Fund Expenditures

Fiscal year 2021 total governmental fund expenditures increased \$2.6 million, or 0.2%. Functional expenditures of the General Fund, the County's main operating fund, increased \$5.1 million (after removal of a negative \$9.1 million in year over year Education reporting adjustments*), or 1.9%, from the previous year. Activity factored into this increase is highlighted below:

- General government and public safety expenditures increased by \$1.3 million and \$4.4 million, respectively, in response to previously discussed compensation adjustments and one-time expenditures related to COVID-19 response.
- Health and welfare costs decreased by \$1.1 million, or 4.3%. The majority of this decrease reflects changes in special education private day placement and foster home treatment. Both programs reported a year over year drop in child counts of between 20% to 30% that were partially offset by increased daily rates and average length of stay.
- Non-departmental expenditures dropped \$0.1 million, or 6.7%, from reductions in self-insured employee health claim costs.

- County debt service (excluding school debt service of \$27.6 million), decreased by \$0.8 million, or 7.8%, reflecting significant savings from bonded debt refundings issued to take advantage of lower borrowing rates.

Expenditure uses (\$ in millions)	
General government	\$ 15.2
Judicial administration	8.9
Public safety	63.3
Public works	8.5
Health & welfare	24.6
Education*	129.5
Parks & recreation	7.1
Community development	3.9
Non-departmental	1.4
Debt service*	9.5
Total Expenditures:	\$ 271.9
Education adjustments*:	
Return of reserve	(1.1)
Issuance of bonds	13.0
Total Expenditures (E-IV):	\$ 283.8



* The Code of Virginia requires local governments to issue debt through bond referendum on-behalf of the School Board. For financial reporting, GAAP does not allow for the allocation of debt activity to the component-unit school board. As a result, reporting adjustments are necessary to reclass and combine school debt activity with debt activity of the General Fund. The net of these adjustments are recorded through the Education function. Details on these adjustments can be found within Exhibit X of these financial statements. For ease of presentation, adjustments were also made to remove the effects of one-time insurance reserve transfers to the General Fund from the School Board in 2021 and 2020 of \$1.1 million and \$8.0 million, respectively.

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:

- \$8.6 million in refunding bond proceeds, including associated premiums, offset by an \$8.5 million payment to escrow to payoff refunded bonds;
- Over the course of the pandemic, federal aid in primary CARES allocations of \$23.8 million has been used to fund public safety salaries and benefits in fiscal years 2021 and 2020, of \$13.5 million and \$10.2 million, respectively, in accordance with the guidelines established by the United States Treasury. As a result, the original budget was amended to recognize the \$13.5 million in federal CARES allocations used for public safety salaries and benefits in fiscal year 2021. The freed local funding consisting of the \$23.8 million (\$10.3 million in fund balance, \$11.9 million from the 2nd CARES allocation, and \$1.6 million in 1st CARES allocation received in 2020 and deferred to 2021) was allocated to be used for the following:

Available freed local funding:

Increase in intergovernmental revenues in fiscal year 2021 used for public safety salaries and benefits - converted to freed local funding	\$ 13,522,669
Use of 2020 fund balance – fiscal year 2020 freed local funding	10,245,799
Available freed local funding:	\$ 23,768,468

Planned use of available funding:

General property taxes:		
Reduction of CY2021 business tangible taxes - 1st half	\$ 1,125,000	
Transfers to other funds:		
Capital projects fund - out year reduction of debt to be issued	\$ 8,092,734	
Capital projects fund - transportation projects-reduced debt to be issued	6,468,234	
Capital projects fund - various technology, equipment, bldg access improvements	2,714,500	
Transfers to other funds for employee bonuses	42,422	
		17,317,890
General government:		
Technology to improve remote access and teleworking	\$ 412,500	
Employee bonuses	33,617	
Audit of CARES Act grants	40,000	
Reinstate training and tuition reimbursement budgets	168,744	
		654,861
Public safety:		
Employee bonuses	\$ 234,648	
Reinstate training budget	47,086	
Facemasks and fire & rescue station fountain upgrades	62,000	
		343,734
Education:		
Bipolar ionization in all schools	\$ 1,430,133	
Personal protective equipment and hotspots	202,554	
		1,632,687
All other functions:		
Small business relief grants (Community development)	\$ 362,500	
Support for YMCA Daycare (Health and welfare)	250,000	
Employee bonuses (various)	72,394	
Reinstate training and mowing budget (various)	189,170	
Hire four eligibility workers in July 2020 instead of mid-year (Health & welfare)	136,000	
		1,010,064
Fund balance:		
2022 budget: reduction of CY2021 business tangible taxes - 2nd half	\$ 1,125,000	
Unallocated balance - future budgets	559,232	
		1,684,232
Planned use of available funding:	\$ 23,768,468	

Other uses of fund balance:

- In response to the resiliency of the County's revenues during the pandemic, the Board was able to adopt a mid-year pay increase for employees totaling \$1.5 million. This increase included a 1.8% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2% performance merit for full-time and part-time employees not on the public safety pay scale. Public safety's increase was \$1.0 million, followed by a \$0.2 million for general government, and \$0.3 million spread over the remaining functions.
- The Board of Supervisors approved the School Board's request to appropriate a contribution to the School Board's OPEB Trust of \$5.2 million from School Board OPEB reserves held in the County's General Fund as assigned fund balance.
- The "carryover" of obligated or approved fiscal year 2020 funding not yet expended by the County and Schools of \$8.2 million was approved and appropriated to education (\$5.5 million), public safety (\$2.0 million), general government (\$0.5 million), and \$0.2 million spread over the remaining functions.

FINAL BUDGET TO ACTUAL

As of June 30, the County's General Fund reported a positive budget variance of \$42.4 million consisting of \$11.6 million in additional revenues and \$30.8 million in unexpended budgeted expenditures and transfers out. The most notable variances are as follows:

Revenues:

- Revenues from other local taxes exceeded budgeted projections by \$11.6 million primarily from local sales tax (\$5.2 million), recordation tax (\$2.2 million), meals tax (\$2.4 million) and business license revenues of \$0.8 million. General property taxes exceeded budgeted projections by \$1.8 million mostly through a combination of increased personal property tax collections of \$2.6 million, less unrealized real estate revenues of \$1.4 million.

Expenditures:

- Current expenditures, excluding Education, were less than the amended budget by \$14.7 million. This resulted from:
 - Hiring and discretionary spending freezes established in March of 2020 which continued through December 2020 to address revenue uncertainties stemming from the pandemic;
 - Certain Social Services and Children's Services Act programs being in less demand during the pandemic;
 - Supply shortages and other pandemic-related disruptions and delays;
 - \$1.9 million in OPEB contributions budgeted, but which annually fall to the fund balance at fiscal year-end and are reserved for future transfer to an OPEB trust;
 - Economic development incentive payments being less than projected; and
 - \$0.3 million in budgeted contingency savings.
- The County's local education transfer which pays for operating costs, not funded through other intergovernmental sources (state and federal funding), was below budget by \$15.7 million. Of this amount, \$14.6 million resulted from an increase in state and federal for operational expenditures. The remaining \$1.1 million represents a portion of the HealthSmart insurance reserve formerly held by a third party insurance administrator. The \$1.1 million in returned funds were transferred to the County's General Fund and added to the previous year's \$12.8 million in assigned fund balance for School health insurance reserve.

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

Capital Assets and Debt Administration

CAPITAL ASSETS

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

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounted to \$469.6 million (net of accumulated depreciation), up 4.0% from the previous year, as reported in the table below.

Capital Assets**Table 4**

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2021	2020		
Land & land improvements	\$ 13.2	\$ 9.1	\$ 22.3	\$ 21.9	0.4	1.8%
Land improvements, depreciable	10.3	1.80	12.1	11.7	0.4	3.4%
Buildings & improvements	64.4	94.4	158.8	162.3	(3.5)	-2.2%
Furniture, equipment & vehicles	39.9	13.6	53.5	55.2	(1.7)	-3.1%
Water & sewer systems	-	182.3	182.3	181.3	1.0	0.6%
Construction in progress	19.2	21.4	40.6	19.3	21.3	110.4%
Total capital assets	\$ 147.0	\$ 322.6	\$ 469.6	\$ 451.7	17.9	4.0%

Major capital asset activities for fiscal year 2021 included the following:

Governmental Activities:

- Expansion and renovation of the County's animal shelter was completed and capitalized at a cost of \$6.2 million.
- Expenses related to the expansion and renovation of the County's Judicial Center increased by \$6.6 million. The project is 80% complete, incurring total costs to date of \$11.1 million.
- \$1.3 million in fiscal year 2021 expenses were incurred for the renovation and build-out of the Merchants Square Building to maximize office space and functionality. The project is expected to be completed at a total cost of \$1.6 million in fiscal year 2022.

Business-type Activities:

- Ownership of various new water and sewer transmission lines, valued at approximately \$5.8 million, was transferred to the County as a result of planned growth in commercial and residential development.
- Construction work was started on the Thornburg wastewater treatment plant upgrade (WWTP). The project will replace the existing Thornburg WWTP with a new facility that will be more efficient and meet increased wastewater processing demands without expanding the facility's footprint. Fiscal year 2021 costs incurred were \$4.5 million. The total project cost to date is \$6.4 million. The facility is expected to be operational in 2023.
- Work on the Massaponax WWTP expansion continues with year to date project costs of \$3.0 million. The project will expand the facility to treat all County wastewater flow, except for the Thornburg service area, allowing for the decommissioning of the FMC WWTP.

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the County reported \$409.9 million in outstanding bonds and related unamortized bond premiums, a decrease of 3.4%. Of this amount, \$199.5 million represents general obligation bonds backed by the full faith and credit of the County, \$51.7 million in public facility revenue bonds secured through various County and School facilities, and \$113.7 million in water and sewer revenue and refunding bonds payable from net revenues derived from the County's water and sewer system.

Outstanding Bonds & Related Unamortized Premiums Table 5

(amounts in millions)

	Primary Government		% Change
	2021	2020	
Governmental activities:			
General obligation bonds - County	\$ 82.4	\$ 91.7	-10.1%
General obligation bonds - School Board	117.1	122.5	-4.4%
Public facility revenue bonds - County	8.5	9.5	-10.5%
Public facility revenue bonds - School Board	43.2	47.4	-8.9%
Unamortized premiums on all bonds	29.2	28.4	2.8%
Total governmental activities debt:	280.4	299.5	-6.4%
Water & Sewer revenue & refunding bonds	113.7	115.5	-1.6%
Unamortized premiums	15.8	9.2	71.7%
Total business-type activities debt:	129.5	124.7	3.8%
Total outstanding bonds:	\$ 409.9	\$ 424.2	-3.4%

In September of 2020, the County issued \$19.4 million in general obligation bonds (adjusted for premium of \$3.7 million and payment of \$0.2 million in issuance costs) to finance school and transportation projects of \$14.4 million, with the remaining \$8.5 million in net proceeds to refinance previously outstanding general obligations bonds to take advantage of favorable interest rates, resulting in an economic gain of \$1.1 million. In November of 2020, the County also issued \$46.5 million in Water and Sewer Revenue Bonds (adjusted for premium of \$8.6 million and payment of \$0.3 million in issuance costs), and \$7.4 million in available debt reserves, to fund \$17.3 million in water and sewer infrastructure projects, with the remaining \$44.9 million used to refinance previously outstanding water and sewer revenue and refunding bonds resulting in an economic gain of \$9.0 million.

In July 2021, County representatives met with Fitch, Moody's and Standard & Poor's to present current economic and financial information pertaining to Spotsylvania County. The County's strong credit ratings were affirmed by each of the three agencies – AAA from Fitch and Standard & Poor's, and Aa1 from Moody's, reflecting on the County's "long track record of positive financial operations and very strong reserve levels."

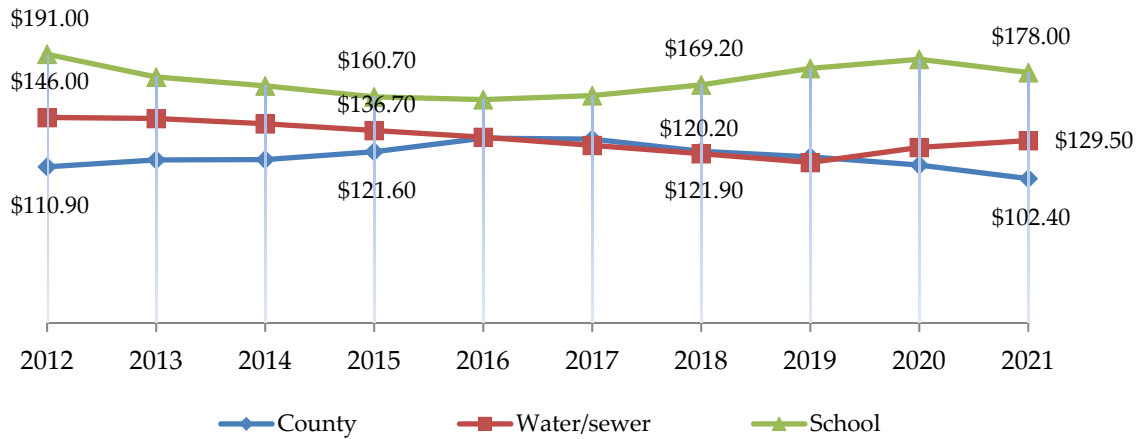
Rating Agency	General Obligation Bonds	EDA Revenue Bonds	Utilities Revenue Bonds
Moody's	Aa1	Aa2	Aa2
Fitch	AAA	AA+	AA+
Standard & Poor's	AAA	AA+	AA

Bonded debt levels outstanding for the current year and previous nine years by activity are located in Chart 7.

Chart 7

Bonded Debt Levels

(amounts in millions)



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

Economic Factors and Next Year's Budgets

Despite the pandemic, Spotsylvania County's economy continues to be strong. That strength shows in comparatively low unemployment rates; in the continuing expansion of our tax base; and in our strong credit ratings. Current year 2021 real property values, used to generate real estate tax revenues, rose for the ninth straight year; up 2.0% (\$346 million) from the previous year and 36% from 10 years ago. Consumption-based revenues such as sales tax and meals tax have proven extremely resilient, surpassing projections. The adopted 2022 General Fund budget of \$309.3 million reflects a \$17.2 million, or 5.9% increase in revenues from the 2021 adopted budget. This increase includes a projected use of fund balance of \$5.8 million. Supporting these increases are the following tax rates approved for fiscal year 2022:

- With the additional revenues that are anticipated, the Board maintained the real estate tax rate at the existing \$0.8094 rate and reduced the general personal property tax rate by \$0.20. Consistent with the Board's action during fiscal year 2021 to allocate \$2.25 million from fund balance to reduce calendar year 2021 business taxes in response to the COVID pandemic – affecting revenue in both fiscal years 2021 and 2022, the budget includes a one-time decrease of \$1,125,000 in business tax rates for business furniture & fixtures (\$1.40), heavy equipment (\$0.45), and machinery and tools (\$0.60).
- The 2022 budget includes revenue from a 2% raise in transient occupancy (hotel) tax to a rate of 7% effective July 1, 2021. The increase is expected to generate an additional \$590,000 in revenue for the year.
- The County's meals tax rate will increase from 4% to 4.5% on July 1, 2021. This rate remains competitive with surrounding localities, and is projected to bring in \$850,000 in additional revenue for the year.

Appropriated expenditures increased 7.8% to \$160.2 million, while transfers to other funds, including to the School Board, increased by 4.0% to \$147.8 million. Base budget adjustments included \$9.4 million composed of mainly compensation adjustments of \$5.6 million related to 2021 and 2022 mid-year pay adjustments and fire & rescue overtime.

New initiatives included 26 new positions – 17 in social services - at an approximate cost of \$2.0 million. Transfers out increased by \$5.6 million. The transfer of cash to the Capital Projects Fund was cut by \$3.3 million in the final 2021 adopted budget as part of the \$15.6 million in reductions made after the onset of the pandemic. To restore a portion of that cut, and to restart the annual 0.25% policy-level increase in the transfer, \$1.1 million was added to the transfer to the Capital Projects Fund for fiscal year 2022. Additionally, a one-time transfer of \$2.25 million, from fund balance, will support additional cash-funding of capital projects in lieu of borrowing. In addition, a \$1.4 million transfer to the Transportation Fund was approved to support structural balancing of the fund. At \$132.3 million, the School Board local transfer included a \$0.9 million increase commensurate with the expected increase in the Schools' debt service. The transfer represents 44% of total General Fund revenue.

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



Spotsylvania County 300th Anniversary Founder's Day Event
Photo Credit: Michelle McGinnis, Community Engagement & Tourism



ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2021

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)	\$ 202,533,311	\$ 98,199,519	\$300,732,830	\$ 19,919,546	\$ 697,272
Receivables, net (Note 3)	123,017,999	10,810,681	133,828,680	14,189,895	-
Prepaid items	2,657,310	143,551	2,800,861	1,533,143	-
Inventory	-	718,209	718,209	395,266	-
Due from Primary Government (Note 6)	-	-	-	6,849,277	-
Restricted cash and investments (Note 2)	12,228,471	29,907,295	42,135,766	15,188,449	-
Land held as investment	-	-	-	-	1,192,100
Claim reserves held by others (Note 17)	-	-	-	256,500	-
Capital assets, net (Note 4):					
Non-depreciable assets	32,482,417	30,511,943	62,994,360	18,563,021	-
Depreciable assets	114,512,127	292,046,805	406,558,932	316,954,382	-
Total assets	<u>\$ 487,431,635</u>	<u>\$ 462,338,003</u>	<u>\$949,769,638</u>	<u>\$ 393,849,479</u>	<u>\$ 1,889,372</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred charge on debt refunding	\$ 1,352,810	\$ 796,356	\$ 2,149,166	\$ -	\$ -
Pension contributions (Note 8)	5,823,894	739,530	6,563,424	22,431,335	-
Pension actuarial differences (Note 8)	11,467,057	1,400,446	12,867,503	35,825,275	-
OPEB contributions (Note 12)	296,243	41,546	337,789	12,510,504	-
OPEB actuarial differences (Note 12)	19,437,916	2,521,361	21,959,277	44,000,875	-
Total deferred outflows of resources	<u>\$ 38,377,920</u>	<u>\$ 5,499,239</u>	<u>\$ 43,877,159</u>	<u>\$ 114,767,989</u>	<u>\$ -</u>
LIABILITIES					
Accounts payable	\$ 4,643,592	\$ 3,387,474	\$ 8,031,066	\$ 5,915,872	\$ 429,248
Retainage payable	879,284	595,185	1,474,469	384,323	-
Accrued salaries and benefits	5,937,436	664,061	6,601,497	21,817,589	-
Accrued bond interest	3,820,493	392,785	4,213,278	-	-
Other accrued liabilities	2,892,110	500,622	3,392,732	-	-
Unearned revenue	-	3,529,673	3,529,673	-	-
Due to component unit (Note 6)	6,849,277	-	6,849,277	-	-
Deposits	9,797,491	103,891	9,901,382	-	-
Noncurrent liabilities (Note 9):					
Due within one year	32,914,079	6,662,239	39,576,318	5,077,419	-
Due in more than one year	396,744,762	139,921,020	536,665,782	568,576,529	-
Total liabilities	<u>\$ 464,478,524</u>	<u>\$ 155,756,950</u>	<u>\$620,235,474</u>	<u>\$ 601,771,732</u>	<u>\$ 429,248</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred revenues:					
Property taxes	\$ 90,677,057	\$ -	\$ 90,677,057	\$ -	\$ -
Special assessments and other	234,434	-	234,434	-	-
Pension actuarial differences (Note 8)	573,221	33,409	606,630	17,356,946	-
OPEB actuarial differences (Note 12)	31,289,353	3,707,009	34,996,362	36,289,197	-
Total deferred inflows of resources	<u>\$ 122,774,065</u>	<u>\$ 3,740,418</u>	<u>\$126,514,483</u>	<u>\$ 53,646,143</u>	<u>\$ -</u>
NET POSITION					
Net investment in capital assets	\$ 90,448,662	\$ 222,533,374	312,982,036	\$ 335,517,401	\$ -
Restricted for:					
Grant programs	2,376,215	-	2,376,215	-	-
Debt service	-	2,499,442	2,499,442	-	-
Transportation	4,058,075	-	4,058,075	-	-
Capital projects	2,885,723	-	2,885,723	9,498,312	-
Student activities	-	-	-	2,290,657	-
Unrestricted	(161,211,709)	83,307,058	(77,904,651)	(494,106,777)	1,460,124
Total net position (deficit)	<u>\$ (61,443,034)</u>	<u>\$ 308,339,874</u>	<u>\$246,896,840</u>	<u>\$ (146,800,407)</u>	<u>\$ 1,460,124</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, 2021

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	\$ 20,428,960	\$ 329,155	\$ 1,559,153	\$ -	\$ (18,540,652)
Judicial administration	10,944,572	767,989	1,707,900	-	(8,468,683)
Public safety	76,378,038	10,695,252	19,378,521	293,716	(46,010,549)
Public works	11,299,031	3,019,718	19,797	-	(8,259,516)
Health and welfare	25,249,569	27,713	14,408,489	-	(10,813,367)
Education	113,680,175	-	3,910	-	(113,676,265)
Parks, recreation and cultural	8,108,996	451,475	1,455	36,600	(7,619,466)
Community development	15,141,290	786,979	185,749	68,596	(14,099,966)
Interest on long-term debt	8,339,854	-	-	-	(8,339,854)
Total governmental activities	\$289,570,485	\$16,078,281	\$ 37,264,974	\$ 398,912	\$ (235,828,318)
Business-type activities:					
Water and sewer	39,548,487	36,509,103	479,859	13,593,276	
Total Primary Government	<u>\$329,118,972</u>	<u>\$52,587,384</u>	<u>\$ 37,744,833</u>	<u>\$ 13,992,188</u>	
Component unit:					
School Board	<u>\$323,030,873</u>	<u>\$ 935,950</u>	<u>\$ 199,739,941</u>	<u>\$ 2,074,000</u>	
Economic Development Authority	<u>\$ 1,478,050</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
General revenues:					
Taxes					
Property taxes					\$ 191,357,648
Sales taxes					24,555,228
Utility taxes					3,373,919
Business licenses					5,314,949
Rental taxes					1,615,278
Motor vehicle licenses					3,208,710
Bank stock taxes					1,072,683
Recordation taxes					4,287,073
Meal taxes					10,364,204
Fuel taxes					5,720,405
Grants and contributions not restricted to specific programs					19,862,595
Payments from Primary Government					-
Interest and investment earnings					462,622
Miscellaneous					243,745
Transfers					(718,734)
Total general revenues and transfers					\$ 270,720,325
Change in net position					\$ 34,892,007
Net position (deficit), beginning					(96,335,041)
Net position (deficit), ending					<u>\$ (61,443,034)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2021

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		\$ (18,540,652)		
Judicial		(8,468,683)		
Public safety		(46,010,549)		
Public works		(8,259,516)		
Health and welfare		(10,813,367)		
Education		(113,676,265)		
Parks, recreation and cultural		(7,619,466)		
Community development		(14,099,966)		
Interest on long-term debt		(8,339,854)		
Total governmental activities		\$ (235,828,318)		
Business-type activities:				
Water and sewer	11,033,751	11,033,751		
Total Primary Government	\$ 11,033,751	\$ (224,794,567)		
Component units:				
School Board			\$ (120,280,982)	
Economic Development Authority				\$ (1,478,050)
General revenues:				
Taxes				
Property taxes	\$ -	\$ 191,357,648	\$ -	\$ -
Sales taxes	-	24,555,228	-	-
Utility taxes	-	3,373,919	-	-
Business licenses	-	5,314,949	-	-
Rental taxes	-	1,615,278	-	-
Motor vehicle licenses	-	3,208,710	-	-
Bank stock taxes	-	1,072,683	-	-
Recordation taxes	-	4,287,073	-	-
Meals taxes	-	10,364,204	-	-
Fuel taxes	-	5,720,405	-	-
Grants and contributions not restricted to specific programs	-	19,862,595	-	-
Payments from Primary Government	-	-	113,491,004	1,440,450
Interest and investment earnings	261,493	724,115	89,995	2,139
Miscellaneous	186,705	430,450	458,419	5,336
Transfers	718,734	-	-	-
Total general revenues and transfers	\$ 1,166,932	\$ 271,887,257	\$ 114,039,418	\$ 1,447,925
Change in net position	\$ 12,200,683	\$ 47,092,690	\$ (6,241,564)	\$ (30,125)
Net position (deficit), beginning, as restated (Note 21)	296,139,191	199,804,150	(140,558,843)	1,490,249
Net position (deficit), ending	\$ 308,339,874	\$ 246,896,840	\$ (146,800,407)	\$ 1,460,124

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
BALANCE SHEET - GOVERNMENTAL FUNDS
 June 30, 2021

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 140,866,582	\$ 48,445,625	\$ 13,221,104	\$ 202,533,311
Receivables, net	116,745,562	1,052,972	5,219,465	123,017,999
Restricted cash and investments	2,036,526	9,321,391	870,554	12,228,471
Total assets	<u>\$ 259,648,670</u>	<u>\$ 58,819,988</u>	<u>\$ 19,311,123</u>	<u>\$ 337,779,781</u>
LIABILITIES				
Accounts payable	\$ 2,462,647	\$ 1,516,644	\$ 664,301	\$ 4,643,592
Retainage payable	-	879,284	-	879,284
Accrued salaries and benefits	6,114,744	12,288	240,917	6,367,949
Other accrued liabilities	1,426,543	1,083,614	264,075	2,774,232
Due to component unit	6,849,277	-	-	6,849,277
Deposits	6,835,683	1,849,667	1,112,141	9,797,491
Total liabilities	<u>\$ 23,688,894</u>	<u>\$ 5,341,497</u>	<u>\$ 2,281,434</u>	<u>\$ 31,311,825</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues:				
Property taxes	\$ 96,696,469	\$ -	\$ 751,608	\$ 97,448,077
Special assessments	-	234,434	-	234,434
Other revenues	4,659,073	233,540	775	4,893,388
Total deferred inflows of resources	<u>\$ 101,355,542</u>	<u>\$ 467,974</u>	<u>\$ 752,383</u>	<u>\$ 102,575,899</u>
FUND BALANCES				
Restricted	\$ 3,087,423	\$ 9,249,385	\$ 4,932,143	\$ 17,268,951
Committed	62,108,852	42,115,236	5,124,770	109,348,858
Assigned	49,032,887	1,645,896	6,220,393	56,899,176
Unassigned	20,375,072	-	-	20,375,072
Total fund balances	<u>\$ 134,604,234</u>	<u>\$ 53,010,517</u>	<u>\$ 16,277,306</u>	<u>\$ 203,892,057</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 259,648,670</u>	<u>\$ 58,819,988</u>	<u>\$ 19,311,123</u>	<u>\$ 337,779,781</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, 2021

Page 2

Total fund balances - governmental funds (Exhibit III)		\$ 203,892,057	
<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.			2,657,310
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$ 32,482,417		
Depreciable assets, net of depreciation	<u>114,512,127</u>		146,994,544
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	\$ 1,352,810		
Deferred pension contributions	5,823,894		
Deferred pension actuarial differences	11,467,057		
Deferred OPEB contributions	296,243		
Deferred OPEB actuarial differences	<u>19,437,916</u>		38,377,920
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.			(3,820,493)
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	\$ (280,372,981)		
Net pension liability	(27,452,269)		
LOSAP pension benefits	(4,869,564)		
Other postemployment benefits	(98,352,384)		
Compensated absences	(5,976,592)		
Landfill closure obligation	(10,868,026)		
Insurance claims (excludes \$430,513 accrued in the General Fund)	<u>(1,336,512)</u>		(429,228,328)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			
Property taxes	\$ 6,771,020		
Intergovernmental revenues	1,919,952		
Sales tax	2,426,198		
Other local revenues	<u>547,238</u>		11,664,408
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period			
Deferred pension actuarial differences	(573,221)		
Deferred OPEB actuarial differences	<u>(31,289,353)</u>		(31,862,574)
Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds.			<u>(117,878)</u>
Total net position - governmental activities (Exhibit I)		<u>\$ (61,443,034)</u>	

COUNTY OF SPOTSYLVANIA, VIRGINIA
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2021

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 189,606,067	\$ 44,708	\$ 1,327,027	\$ 190,977,802
Other local taxes	53,332,192	-	5,720,405	59,052,597
Permits, fees and regulatory licenses	256,638	-	6,625,318	6,881,956
Fines and forfeitures	327,313	-	-	327,313
From use of money and property	751,503	312,085	51,757	1,115,345
Charges for services	5,468,326	-	3,116,368	8,584,694
Gifts and donations	109,734	36,600	-	146,334
Miscellaneous	367,575	167,204	-	534,779
Intergovernmental	57,192,402	818,484	-	58,010,886
Total revenues	<u>\$ 307,411,750</u>	<u>\$ 1,379,081</u>	<u>\$ 16,840,875</u>	<u>\$ 325,631,706</u>
EXPENDITURES				
Current:				
General government	\$ 15,207,705	\$ 170,910	\$ -	\$ 15,378,615
Judicial administration	8,884,041	-	-	8,884,041
Public safety	63,281,650	-	2,461,744	65,743,394
Public works	8,560,241	-	73,894	8,634,135
Health and welfare	24,556,558	-	-	24,556,558
Education	113,680,175	-	-	113,680,175
Parks, recreation and cultural	7,099,779	-	-	7,099,779
Community development	3,906,612	-	6,001,082	9,907,694
Non-departmental	1,401,727	-	-	1,401,727
Capital projects	-	26,496,617	-	26,496,617
Debt service:				
Principal retirement	27,382,141	-	3,455,859	30,838,000
Interest and other fiscal charges	9,658,945	-	1,562,266	11,221,211
Bond issuance costs	189,539	5,875	-	195,414
Total expenditures	<u>\$ 283,809,113</u>	<u>\$ 26,673,402</u>	<u>\$ 13,554,845</u>	<u>\$ 324,037,360</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 23,602,637</u>	<u>\$ (25,294,321)</u>	<u>\$ 3,286,030</u>	<u>\$ 1,594,346</u>
Other financing sources (uses):				
Transfers in (out)	\$ (22,860,888)	\$ 25,679,766	\$ (2,806,417)	\$ 12,461
Issuance of bonds	11,030,000	1,240,000	-	12,270,000
Premium on bonds issued	2,049,772	229,457	-	2,279,229
Refunding bonds issued	7,080,000	-	-	7,080,000
Premium on refunding bonds issued	1,502,430	-	-	1,502,430
Payment to escrow for refunded bonds	(8,508,531)	-	-	(8,508,531)
Total other financing sources (uses), net	<u>\$ (9,707,217)</u>	<u>\$ 27,149,223</u>	<u>\$ (2,806,417)</u>	<u>\$ 14,635,589</u>
Net change in fund balances	\$ 13,895,420	\$ 1,854,902	\$ 479,613	\$ 16,229,935
Fund balance, beginning	120,708,814	51,155,615	15,797,693	187,662,122
Fund balance, ending	<u>\$ 134,604,234</u>	<u>\$ 53,010,517</u>	<u>\$ 16,277,306</u>	<u>\$ 203,892,057</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, 2021

Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 16,229,935

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. 1,340,602

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	\$ 17,456,683	
Depreciation expense	<u>(12,240,530)</u>	
		5,216,153

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. (319,783)

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

Debt issued or incurred:

Issuance of general obligation bonds	\$ (11,030,000)	
Premium on general obligation bonds	(2,279,229)	
Issuance of general obligation refunding bonds	(8,320,000)	
Premium on general obligation refunding bonds	<u>(1,502,430)</u>	
		(23,131,659)

Debt reductions:

Principal payments on bonds	30,838,000	
Payment to escrow for refunded debt (net of accrued interest of \$73,531)	<u>8,435,000</u>	
		39,273,000

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

Property taxes	\$ 379,846	
Intergovernmental and other revenues	<u>(510,543)</u>	
		(130,697)

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	\$ (2,674,348)	
Pension benefits	(2,401,524)	
LOSAP pension benefits	(241,744)	
Amortization of bond related costs	2,761,533	
Accrued interest	307,849	
Landfill closure obligation	(953,722)	
Compensated absences	(456,191)	
Insurance claims (excludes \$430,513 in claims expense reported in the General Fund)	(34,184)	
Arbitrage	<u>106,787</u>	
		<u>(3,585,544)</u>

Change in net position - governmental activities (Exhibit II) \$ 34,892,007

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

June 30, 2021

Exhibit V

	Water & Sewer Fund
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 98,199,519
Receivables, net	10,810,681
Inventory	718,209
Prepaid items	143,551
Restricted cash and investments	29,907,295
Total current assets	<u>\$ 139,779,255</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	\$ 30,511,943
Depreciable assets	292,046,805
Total noncurrent assets	<u>\$ 322,558,748</u>
Total assets	<u>\$ 462,338,003</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	\$ 796,356
Pension contributions	739,530
Pension actuarial differences	1,400,446
OPEB contributions	41,546
OPEB actuarial differences	2,521,361
Total deferred outflows of resources	<u>\$ 5,499,239</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,387,474
Retainage payable	595,185
Accrued salaries and benefits	664,061
Accrued bond interest	392,785
Other accrued liabilities	500,622
Unearned revenue	3,529,673
Deposits	103,891
Current portion of long-term debt	6,662,239
Total current liabilities	<u>\$ 15,835,930</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	<u>\$ 139,921,020</u>
Total noncurrent liabilities	<u>\$ 139,921,020</u>
Total liabilities	<u>\$ 155,756,950</u>
DEFERRED INFLOWS OF RESOURCES	
Pension actuarial differences	\$ 33,409
OPEB actuarial differences	3,707,009
Total deferred inflows of resources	<u>\$ 3,740,418</u>
NET POSITION	
Net investment in capital assets	\$ 222,533,374
Restricted for debt service	2,499,442
Unrestricted	83,307,058
Total net position	<u><u>\$ 308,339,874</u></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, 2021

Exhibit VI

	Water & Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 35,557,554
Other operating revenues	951,549
Total operating revenues	<u>\$ 36,509,103</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 10,892,935
Contractual services	4,011,024
Materials and supplies	2,447,914
Depreciation	12,759,990
Other services and charges	4,476,949
Total operating expenses	<u>\$ 34,588,812</u>
Operating income	<u>\$ 1,920,291</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (3,966,768)
Bond issuance costs	(338,495)
Interest income	261,493
Intergovernmental revenues	479,859
Loss on disposal of capital assets	(654,412)
Miscellaneous income	186,705
Total non-operating expenses, net	<u>\$ (4,031,618)</u>
Income before contributions and transfers	<u>\$ (2,111,327)</u>
Capital contributions:	
Availability fees	\$ 6,427,780
Other capital contributions	7,896,691
Total capital contributions	<u>\$ 14,324,471</u>
Transfers to other funds, net	(12,461)
Total capital contributions and transfers	<u>\$ 14,312,010</u>
Change in net position	<u>\$ 12,200,683</u>
Net position, beginning	296,139,191
Net position, ending	<u><u>\$ 308,339,874</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, 2021

Exhibit VII

Page 1

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 34,266,687
Receipts from other operating revenues	964,816
Receipt of customer deposits	18,830
Payments to suppliers and service providers	(8,099,488)
Payments to employees for salaries and benefits	(10,142,316)
Return of customer deposits	(33,950)
Net cash provided by operating activities	<u>\$ 16,974,579</u>
Cash flows from noncapital financing activities:	
Receipt of intergovernmental revenue	\$ 479,859
Transfers out	(12,461)
Net cash provided by noncapital financing activities	<u>\$ 467,398</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (19,235,641)
Principal paid on capital debt	(4,290,000)
Interest and bond issuance costs paid on capital debt	(4,451,337)
Proceeds from revenue refunding bonds issued	55,184,507
Payment to escrow agent for refunded debt	(44,931,618)
Capital contributions and grants	746,234
Receipt of unearned capital contributions	3,529,673
Receipt of availability fees	6,692,342
Net cash used in capital and related financing activities	<u>\$ (6,755,840)</u>
Cash flows from investing activities:	
Purchase of investment securities	\$ (51,245,506)
Sale of investment securities	52,630,640
Interest on investments	1,319,119
Net cash provided by investing activities	<u>\$ 2,704,253</u>
Net increase in cash and cash equivalents	\$ 13,390,390
Cash and cash equivalents:	
Beginning	46,415,083
Ending	<u><u>\$ 59,805,473</u></u>
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 98,199,519
Restricted cash and investments	29,907,295
	<u>\$ 128,106,814</u>
Less investments	68,301,341
Cash and cash equivalents, unrestricted and restricted	<u><u>\$ 59,805,473</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 For the Year Ended June 30, 2021

Exhibit VII

Page 2

	<u>Water & Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,920,291
Depreciation	12,759,990
Effect of changes in assets and liabilities:	
Accounts receivable (net of capital related financing)	(1,277,600)
Prepaid items	(1,104)
Inventory	(33,751)
Accounts payable	2,871,254
Salary and benefits payable (all benefits including pension and OPEB)	750,619
Customer deposits payable	(15,120)
Net cash provided by operating activities	<u>\$ 16,974,579</u>
Noncash investing, capital and financing activities:	
Developer donated capital assets	\$ 5,831,398
Donated capital assets from General Fund	731,195
Net book value of capital assets disposed	654,412
Increase in availability fee and other capital contribution receivables	323,302
Net change in fair value of investments	(1,097,818)
Net change in accrued interest receivable	(214,508)
Net change in deferred inflows and outflows related to bonded debt	1,055,705

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
 June 30, 2021

Exhibit VIII

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 430,437
Receivables - taxes for the Commonwealth of Virginia	<u>55,684</u>
Total assets	<u><u>\$ 486,121</u></u>
LIABILITIES	
Accounts payable and other liabilities	\$ 25,413
Due to other governments	20,752
Due to individuals or organizations	<u>4,879</u>
Total liabilities	<u><u>\$ 51,044</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	<u>\$ 435,077</u>
Total net position	<u><u>\$ 435,077</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2021

Exhibit IX

	Custodial Fund
ADDITIONS	
Collections of taxes and fees for other governments	\$ 4,021,750
Social Security Administration deposits (special welfare)	25,680
Deposits for outside organizations event tickets	2,175
Collections of Sheriff evidence funds	153,953
Deposits of unclaimed property	49,863
Deposits from and on behalf of service organizations	42,823
Collections for real estate sale (unclaimed property)	29,820
Total additions	<u>\$ 4,326,064</u>
DEDUCTIONS	
Payments of taxes and fees to other governments	\$ 4,015,566
Payments made to special welfare individuals	27,200
Payments made to outside organizations for events	2,542
Evidence disbursements	151,333
Unclaimed property disbursements	43,919
Payments to service organizations	43,983
Payments to real estate holders (unclaimed property)	11,456
Total deductions	<u>\$ 4,295,999</u>
Net increase (decrease) in fiduciary net position	\$ 30,065
Fiduciary net position, beginning (as restated - Note 21)	<u>405,012</u>
Fiduciary net position, ending	<u><u>\$ 435,077</u></u>

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

Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

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

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

Discretely Presented Component Units:

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

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

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

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

County's Major Governmental Funds:

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

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

County's Major Enterprise Fund:

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

County's Fiduciary Fund:

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

County's Non-major Special Revenue Funds:

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

Property taxes, sales taxes, franchise taxes, various charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if received within a 45-day availability period, with the exception of local sales and use tax that follows a 30-day availability window. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received within 45

days after the end of the fiscal year. Revenues from reimbursement based grants of the Component unit – School Board are recognized when earned. All other revenue items are considered to be measureable and available only when cash is received.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and financing from 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 all its unrestricted funds except for its Length of Service Awards Program - revocable pension trust. Investment income is allocated only when contractually or legally required based on its average daily balances. Investment earnings not required to be allocated are reported in the General Fund.

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

1.06 RECEIVABLES

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

1.07 PROPERTY TAXES

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

1.08 INVENTORIES

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

1.09 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, 2021.

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, 2021, the County reported \$177.3 million of "on-behalf" net school bonded debt with a corresponding reduction to the County's unrestricted net position. To assist readers in understanding this relationship and to more accurately reflect the respective financial conditions of the Primary Government and the component unit – School Board the following table provides the associated net position before and after the allocation of "on-behalf" school bonded debt.

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	\$ 90,448,662	\$ -	\$ 90,448,662
Restricted	9,320,013	-	9,320,013
Unrestricted	(161,211,709)	177,329,825	16,118,116
Total net position at June 30, 2021	\$ (61,443,034)	\$ 177,329,825	\$ 115,886,791
<i>Component unit - School Board:</i>			
Net investment in capital assets	\$ 335,517,401	\$ (167,831,513)	\$ 167,685,888
Restricted	11,788,969	(9,498,312)	2,290,657
Unrestricted	(494,106,777)	-	(494,106,777)
Total net position at June 30, 2021	\$ (146,800,407)	\$ (177,329,825)	\$ (324,130,232)

Note 2

Deposits and Investments

2.01 DEPOSITS

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

2.02 INVESTMENTS

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

Fair Value Hierarchy

The County categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County's financial investments are valued using a matrix pricing model, a Level 2 input based on the securities relationship to benchmark quoted prices. The County reports the following recurring fair value measurements as of June 30, 2021:

Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 2,909,446
U.S. Treasury obligations	39,693,516
Federal agency obligations	42,599,014
Supra-national agency notes	10,215,223
Corporate notes	9,706,702
Municipals	5,027,835
Certificates of deposit	15,874,916
Total debt securities	<u>\$ 126,026,652</u>

External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2021:

Investments Measured at Net Asset Value (NAV)	
Local Government Investment Pool	\$ 146,975,538
Virginia State Non-arbitrage Program	49,033,581
	<u>\$ 196,009,119</u>

Virginia Local Government Investment Pool (LGIP)

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

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2021, the remaining 37 acres are valued at a fair market value of \$1.2 million based on an internal sales comparison appraisal (level 3 input) assuming the property's highest and best use. Land is not currently undergoing development and is intended to be sold to fund future economic development initiatives.

School Board OPEB Trust

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

Interest Rate Risk

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

Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 146,975,538	0.0028
SNAP	NAV	49,033,581	0.0028
Other money markets & mm mutual funds	Amortized cost	3,065,970	0.0028
Commercial paper	Amortized cost	6,721,077	0.4041
Repurchase agreements	Fair	2,909,446	0.0028
U.S. Treasury obligations	Fair	39,693,516	2.0821
Federal agency obligations	Fair	42,599,014	3.0766
Supra-national agency note	Fair	10,215,223	2.1737
Corporate notes	Fair	9,706,702	1.9371
Municipals	Fair	5,027,835	1.5412
Certificates of deposit	Fair	15,874,916	0.7983
Total investments:		\$ 331,822,818	
Portfolio weighted average maturity:			0.8400
Cash on hand		3,285	
Deposits		45,241,671	
LOSAP pension benefit Trust funds		2,036,526	
Total pooled cash and investments:		\$ 379,104,300	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 300,732,830	
Exh I: Total primary government restricted cash and investments		42,135,766	
Exh I: Component unit school board cash and investments - pooled equity		19,919,546	
Exh I: Component unit school board restricted cash and investments		15,188,449	
Exh I: Component unit EDA cash and investments - pooled equity		697,272	
Exh VIII: Custodial cash and investments - pooled equity		430,437	
		\$ 379,104,300	

Credit Risk

All investments must meet or exceed state statutes and shall be diversified by security type and institution. The tables below reflect the level of quality acceptable per policy by investment type and pooled investments, which include (while not required) debt securities issued by the U.S. government, reported by credit quality and exposure as of June 30, 2021.

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

Pooled Investments Reported by Credit Quality and Exposure			
Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	\$ 146,975,538	AAAm	44.29%
SNAP	49,033,581	AAAm	14.78%
Other money market mutual funds	3,065,970	AAAm	0.92%
Commercial paper	6,721,077	A-1	2.03%
Repurchase agreements	2,909,446	AAA	0.88%
U.S. Treasury obligations	39,693,516	AA	11.96%
Federal agency obligations	42,599,014	AA	12.84%
Supra-national agency note	10,215,223	AAA	3.08%
Corporate notes	9,706,702	AAA(4%)/ AA(89%)/ A(7%)	2.93%
Municipals	5,027,835	AAA(26%)/ AA(74%)	1.51%
Certificates of Deposit	15,874,916	AA(16%)/ A(84%)	4.78%
Total investments:	\$ 331,822,818		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, 2021, the County has no concentrations of credit risk to report.

Custodial Credit Risk

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

Restricted Cash and Investments

As of June 30, 2021, the County and its Component-unit School Board maintain cash and investments totaling \$42.1 million and \$15.2 million, respectively, with the following restrictions:

Restricted Cash and Investments	
Governmental activities:	
General Fund - LOSAP pension benefis	\$ 2,036,526
Capital Projects Fund - Project bond proceeds (SNAP)	9,321,391
Transportation Fund - Transportation special service districts	870,554
Total restricted cash & invesments:	\$ 12,228,471
Busines-type activities:	
Water & Sewer Fund - Project bond proceeds (SNAP)	\$ 27,407,853
Water & Sewer Fund - Debt service	2,499,442
Total restricted cash & invesments:	\$ 29,907,295
Total Primary Government restricted cash & investments:	\$ 42,135,766
Component Unit-School Board:	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 12,897,792
Student Activity Fund - School activity fees & contributions	\$ 2,290,657
Total restricted cash & invesments:	\$ 15,188,449

Note 3

Receivables

Receivables at June 30, 2021 consist of the following:

Receivables						
	Primary Government - Governmental Activities				Component Unit	
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board	
Special assessments	\$ -	\$ 235,286	\$ -	\$ 235,286	\$ -	
Property taxes						
Delinquent	14,295,673	-	70,991	14,366,664	-	
Not yet due	85,679,932	-	649,124	86,329,056	-	
Fuel taxes	-	-	4,050,709	4,050,709	-	
EMS Transport fees	-	-	1,356,602	1,356,602	-	
Accounts - other	8,312,636	184,446	96,201	8,593,283	364,635	
Intergovernmental - Federal	1,598,750	594,799	-	2,193,549	9,467,750	
Intergovernmental - State	9,363,143	38,441	-	9,401,584	4,357,510	
Gross receivables	119,250,134	1,052,972	6,223,627	126,526,733	14,189,895	
Allowance for uncollectibles	(2,504,572)	-	(1,004,162)	(3,508,734)	-	
Net receivables at June 30, 2021	\$ 116,745,562	\$ 1,052,972	\$ 5,219,465	\$ 123,017,999	\$ 14,189,895	
Primary Government - Business-type activities				Water & Sewer		
Water & sewer services				\$ 7,452,078		
Notes - connection & availability fees				477,771		
Accounts - other				3,184,852		
Intergovernmental - Federal				-		
Intergovernmental - State				22,875		
Gross receivables				11,137,576		
Allowance for uncollectibles				(326,895)		
Net receivables at June 30, 2021				\$ 10,810,681		
Total Primary Government net receivables at June 30, 2021				\$ 133,828,680		

Special assessments of \$203,938 in the Capital Projects Fund and \$57,567 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, 2021 was as follows:

Capital Assets - Governmental Activities				
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land & land improvements	\$ 13,237,573	\$ -	\$ -	\$ 13,237,573
Construction in progress	13,678,674	12,748,282	7,182,112	19,244,844
Total capital assets, not being depreciated	\$ 26,916,247	\$ 12,748,282	\$ 7,182,112	\$ 32,482,417
Capital assets being depreciated:				
Land improvements	\$ 25,841,729	\$ 905,272	\$ 28,487	\$ 26,718,514
Buildings & improvements	107,041,127	4,415,063	5,360	111,450,830
Furniture, equipment & vehicles	94,015,584	6,570,178	4,151,803	96,433,959
Total capital assets, being depreciated	226,898,440	11,890,513	4,185,650	234,603,303
Less accumulated depreciation for:				
Land improvements	15,260,621	1,182,698	17,092	16,426,227
Buildings & improvements	43,804,995	3,267,404	5,360	47,067,039
Furniture, equipment & vehicles	52,650,897	7,790,428	3,843,415	56,597,910
Total accumulated depreciation	111,716,513	12,240,530	3,865,867	120,091,176
Total capital assets being depreciated, net	\$ 115,181,927	\$ (350,017)	\$ 319,783	\$ 114,512,127
Governmental activities capital assets, net	\$ 142,098,174	\$ 12,398,265	\$ 7,501,895	\$ 146,994,544
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government	\$ 3,391,815			
Judicial administration	1,173,068			
Public safety	5,614,502			
Public works	1,141,197			
Health and welfare	50,677			
Parks and recreation	831,141			
Community development	38,130			
	<u>\$ 12,240,530</u>			

Construction in progress from governmental activities for the year ended June 30, 2021 was as follows:

Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
<i>Governmental Activity Projects</i>			
Merchant Square renovation	\$ 1,567,362	\$ 1,407,362	\$ 160,000
Land assessment & tax systems	2,541,469	1,949,950	591,519
Computer aided dispatch system	5,036,599	1,958,766	3,077,833
Financial system upgrade	2,710,000	1,689,099	1,020,901
Firehouse #3 Parlow replacement	500,000	25,327	474,673
Firehouse #6 bunk addition	4,000,000	275,587	3,724,413
Judicial center renovation	16,089,100	11,249,711	4,839,389
Livingston Landfill	1,464,911	668,579	796,332
Other projects	184,967	20,463	164,504
	<u>\$ 34,094,408</u>	<u>\$ 19,244,844</u>	<u>\$ 14,849,564</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2021 was as follows:

Capital Assets - Business-type Activities				
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land & land improvements	\$ 8,759,041	\$ 358,660	\$ -	\$ 9,117,701
Construction in progress	5,628,059	17,100,070	1,333,887	21,394,242
Total capital assets, not being depreciated	<u>\$ 14,387,100</u>	<u>\$ 17,458,730</u>	<u>\$ 1,333,887</u>	<u>\$ 30,511,943</u>
Capital assets being depreciated:				
Land improvements	\$ 2,845,515	\$ 731,195	\$ 10,883	\$ 3,565,827
Buildings & improvements	179,064,585	280,758	68,642	179,276,701
Furniture, equipment & vehicles	27,720,134	1,807,334	196,698	29,330,770
Water & sewer systems	275,644,588	7,397,102	1,261,496	281,780,194
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	<u>487,348,780</u>	<u>10,216,389</u>	<u>1,537,719</u>	<u>496,027,450</u>
Less accumulated depreciation for:				
Land improvements	1,721,835	115,778	10,883	1,826,730
Buildings & improvements	80,003,232	4,934,575	67,401	84,870,406
Furniture, equipment & vehicles	13,947,615	2,004,399	189,418	15,762,596
Water & sewer systems	96,037,229	5,663,759	615,605	101,085,383
Purchased sewer capacity	394,051	41,479	-	435,530
Total accumulated depreciation	<u>192,103,962</u>	<u>12,759,990</u>	<u>883,307</u>	<u>203,980,645</u>
Total capital assets being depreciated, net	<u>\$ 295,244,818</u>	<u>\$ (2,543,601)</u>	<u>\$ 654,412</u>	<u>\$ 292,046,805</u>
Business-type activities capital assets, net	<u>\$ 309,631,918</u>	<u>\$ 14,915,129</u>	<u>\$ 1,988,299</u>	<u>\$ 322,558,748</u>

Construction in progress from business-type activities for the year ended June 30, 2021 was as follows:

Construction in Progress - Business-type Activities			
	Project Authorization	Spent to Date	Committed Funding
<i>Business-type Activity Projects</i>			
Telemetry & scada projects	\$ 1,400,268	\$ 7,629	\$ 1,392,639
Massaponax interchange sewer	2,872,240	1,928,756	943,484
Lake Bottom pump station elimination	2,387,693	1,844,402	543,291
Pump station 24 sewer	4,830,730	159,478	4,671,252
Fawn Lake pump stations	2,947,445	317,000	2,630,445
Thornburg WWTP upgrades	25,220,807	6,396,010	18,824,797
Massaponax WWTP expansions	19,160,494	3,303,723	15,856,771
Old Greenwich sewer replacement	1,444,666	82,783	1,361,883
Spotsylvania Towne Center sewer	1,681,389	60,562	1,620,827
Deep Run pump station rehabilitation	3,104,304	105,350	2,998,954
FMC WWTP to Massaponax WWTP	6,184,517	342,411	5,842,106
Wishner pump station & force main	1,252,476	114,728	1,137,748
Lake Bottom waterline	2,651,112	2,285,909	365,203
Brock Road waterline	2,633,677	2,034,917	598,760
Thornburg water distribution	6,375,264	327,723	6,047,541
Pump station 24 water	2,557,032	27,339	2,529,693
Tidewater trail waterline	1,064,012	122,892	941,120
Harrison Road waterline extension	3,220,730	418,911	2,801,819
Other water service improvements	3,685,838	1,344,552	2,341,286
Other sewer service improvements	1,429,593	154,877	1,274,716
Other general service improvements	846,924	14,290	832,634
	<u>\$ 96,951,211</u>	<u>\$ 21,394,242</u>	<u>\$ 75,556,969</u>

Capital asset activity of the Component unit – School Board for the year ended June 30, 2021 was as follows:

Capital Assets - Component unit - School Board				
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	42,717,760	5,194,981	38,978,790	8,933,951
Total capital assets, not being depreciated	\$ 52,346,830	\$ 5,194,981	\$ 38,978,790	\$ 18,563,021
Capital assets being depreciated:				
Buildings & improvements	\$ 451,066,528	\$ 36,657,428	\$ -	\$ 487,723,956
Furniture, equipment & vehicles	122,393,945	9,303,685	814,758	130,882,872
Total capital assets, being depreciated	573,460,473	45,961,113	814,758	618,606,828
Less accumulated depreciation for:				
Buildings & improvements	211,335,409	11,789,764	-	223,125,173
Furniture, equipment & vehicles	71,823,098	7,327,060	622,885	78,527,273
Total accumulated depreciation	283,158,507	19,116,824	622,885	301,652,446
Total capital assets being depreciated, net	\$ 290,301,966	\$ 26,844,289	\$ 191,873	\$ 316,954,382
Component unit-School Board capital assets, net	\$ 342,648,796	\$ 32,039,270	\$ 39,170,663	\$ 335,517,403

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, 2021 was as follows:

Construction in Progress - Component unit - School Board			
	Project Authorization	Spent to Date	Committed Funding
<i>Component unit - School Board</i>			
Courtland High field conversion	\$ 1,359,874	\$ 1,293,886	\$ 65,988
Massaponax High field conversion	1,290,290	1,227,646	62,644
Riverbend High field conversion	1,354,540	1,292,328	62,212
Chancellor High field conversion	1,389,250	1,324,683	64,567
Spotsylvania High field conversion	1,374,390	1,310,566	63,824
Berkeley Elem reroofing	622,980	335,354	287,626
Chancellor High & Middle reroofing	1,743,286	869,870	873,416
Fuel station restructure	675,423	107,988	567,435
Other Projects	2,095,507	1,171,630	923,877
	<u>\$ 11,905,540</u>	<u>\$ 8,933,951</u>	<u>\$ 2,971,589</u>

Note 5

Interfund Transfers

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

Transfers - Primary Government					
Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 72,032	\$ 3,898,674	\$ -	\$ 3,970,706
Capital Projects Fund	25,735,900	-	-	94,969	25,830,869
Other governmental funds	1,095,694	20,137	-	-	1,115,831
Water and Sewer Fund	-	58,934	23,574	-	82,508
Total	<u>\$ 26,831,594</u>	<u>\$ 151,103</u>	<u>\$ 3,922,248</u>	<u>\$ 94,969</u>	

In addition to the County's more routine transfers reported above, the County's Capital Projects Fund contributed the construction of a parking lot to the Water and Sewer Fund with a net book value of \$731,195. Net transfers of \$12,461 between the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds and the Statement of Revenues, Expenses and Changes in Net Position of the Proprietary Fund were adjusted by \$731,195 as part of the consolidation to the Statement of Activities. As a result, the reported net transfer balance between the Governmental and Business-type Activities equaled \$718,734 as of June 30, 2021.

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 \$6.8 million at June 30, 2021 represents School Board accrued revenues and payables expected to be reimbursed by the County in the next fiscal year.

Note 7

Lease Obligations

Operating Leases

The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were \$169,179 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 fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including

refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Benefits Provided

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY			
Membership date is before July 1, 2010 and they were vested as of January 1, 2013 and have not taken a refund.	Membership date is 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 determined using the member’s average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.			The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
AVERAGE FINAL COMPENSATION			
A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
NORMAL RETIREMENT AGE			
Normal retirement age is 65. Political subdivision hazardous duty employees is age 60.	Normal Social Security retirement age. Political subdivision hazardous duty employees same as Plan 1.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
EARLIEST REDUCED RETIREMENT ELIGIBILITY			
Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees may retire at age 50 with at least 5 years of service credit.	Members may retire with a reduced benefit as early as age 60 with at least five years of service credit. Political subdivision hazardous duty employees same as Plan 1.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
EARLIEST UNREDUCED RETIREMENT ELIGIBILITY			
Age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. Hazardous duty employees may retire at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90. Political subdivision hazardous duty employees are the same as Plan 1.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.	
COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT			
The COLA matches the first 3% increase in the CPI-U and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.	The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) up to a maximum COLA of 3%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.	Not applicable for defined contribution plans.	
RETIREMENT CONTRIBUTIONS			
Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.		
SERVICE CREDIT			
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member is granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.		Service credit is used to determine vesting for the employer contribution portion of the plan.	

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
PURCHASE OF PRIOR SERVICE			
Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as a service credit in their plan. Prior service credit counts toward vesting and eligibility for retirement. Only active members are eligible to purchase prior service. Hybrid Retirement Plan members are ineligible for ported service.			Not applicable for defined contribution plans.
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, 2019 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	386	285
Inactive employees entitled to but not yet receiving benefits	619	244
Active employees	984	422
	<u>1,989</u>	<u>951</u>
* Excludes employees reported under the Teacher's Cost Sharing Plan.		

Contributions

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

Employees are required to contribute 5% of their creditable compensation for each pay period. The County and School Board are required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

Details of the County and School Board's contractually required rates for the year ended June 30, 2021, 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	10.81%	16.62%
	15.81%	21.62%

Contributions, both employer and employee, to the pension plan for the years ended June 30, 2021 and June 30, 2020 were as follows:

	Amounts in thousands		
	School Board		Teacher Plan
	County	School Board	
Year ended June 30, 2021	\$ 9,878	\$ 1,162	\$ 29,510
Year ended June 30, 2020	8,492	1,162	28,506

8.02 FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2020 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2020-annual-report.pdf>.

8.03 NET PENSION LIABILITY

Multi-Employer Agent Plan

At June 30, 2021, the County and School Board's net pension liability, measured as of June 30, 2020, was \$31.5 million and \$2.8 million, respectively. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

School Board's Teacher Retirement Cost-Sharing Plan

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

As of June 30, 2020, the net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows (amounts expressed in thousands):

	VRS Employee Retirement Plan
Total pension liability	\$ 51,001,855
Plan fiduciary net position	36,449,229
Employers' Net Pension Liability	<u>\$ 14,552,626</u>
Plan fiduciary net position as a percentage of the total pension liability	71.47%

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

At June 30, 2021, the School Board reported a liability of \$228.9 million for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.57% as compared to 1.58% at June 30, 2019.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	6.75%	6.75%	6.75%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	15.00%	45.00%	Not available

Plan Actuarial Assumptions			
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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<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% • Discount rate lowered from 7.00% to 6.75%. 	<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% • Discount rate lowered from 7.00% to 6.75%. 	<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 best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Long-term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multi-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

Discount Rate

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

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined contribution rate from June 30, 2017, actuarial valuations, whichever was greater.

From July 1, 2020, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2020 for the County and School Board, respectively.

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, 2019	\$ 204,152,060	\$ 181,370,118	\$ 22,781,942
Changes for the year:			
Service cost	6,467,958	-	6,467,958
Interest	13,529,516	-	13,529,516
Changes of assumptions	-	-	-
Difference between expected and actual experience	285,854	-	285,854
Contributions - employer	-	5,336,898	(5,336,898)
Contributions - employee	-	2,824,475	(2,824,475)
Net investment income	-	3,505,596	(3,505,596)
Benefit payments, including refunds of employee contributions	(7,429,558)	(7,429,558)	-
Administrative expense	-	(114,955)	114,955
Other changes	-	(4,182)	4,182
Net changes	12,853,770	4,118,274	8,735,496
Balances at June 30, 2020	\$ 217,005,830	\$ 185,488,392	\$ 31,517,438
		Governmental activities:	27,452,269
		Business-type activities:	4,065,169
			\$ 31,517,438

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, 2019	\$ 32,459,776	\$ 31,610,214	\$ 849,562
Changes for the year:			
Service cost	973,243	-	973,243
Interest	2,135,690	-	2,135,690
Changes in assumptions	-	-	-
Difference between expected and actual experience	510,135	-	510,135
Contributions - employer	-	596,517	(596,517)
Contributions - employee	-	483,338	(483,338)
Net investment income	-	606,608	(606,608)
Benefit payments, including refunds of employee contributions	(1,639,842)	(1,639,842)	-
Administrative expense	-	(20,594)	20,594
Other changes	-	(713)	713
Net changes	1,979,226	25,314	1,953,912
Balances at June 30, 2020	\$ 34,439,002	\$ 31,635,528	\$ 2,803,474

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

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

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

Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate				
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)	
County's calculated net pension liability (asset)	\$ 62,267,383	\$ 31,517,438	\$ 6,243,924	
School Board's calculated net pension liability (asset)	\$ 6,606,120	\$ 2,803,474	\$ (389,097)	
Teacher Retirement Plan's calculated net pension liability*	\$ 335,904,936	\$ 228,939,004	\$ 140,464,656	

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

8.04 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 Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement			
Virginia Retirement System (Note 8)	\$ 5,727,684	\$ 739,530	\$ 22,431,335
Length of Service Award Program (Note 13)	96,210	-	-
Pension contributions (Exhibit I):	\$ 5,823,894	\$ 739,530	\$ 22,431,335
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 10,103,220	\$ 1,400,446	\$ 35,825,275
Length of Service Award Program (Note 13)	1,363,837	-	-
Pension actuarial differences (Exhibit I):	\$ 11,467,057	\$ 1,400,446	\$ 35,825,275
Deferred Inflows of Resources			
Pension actuarial differences:			
Virginia Retirement System (Note 8)	\$ 145,702	\$ 33,409	\$ 17,356,946
Length of Service Award Program (Note 13)	427,519	-	-
Pension actuarial differences (Exhibit I):	\$ 573,221	\$ 33,409	\$ 17,356,946

8.05 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, 2021, and the reported deferred outflows and inflows of resources by source as of the June 30, 2020 measurement date for the Primary Government and its Component unit – School Board. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportional share of employer contributions.

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions						
	Primary Government		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:	\$ 8,129,208	\$ 1,121,143	\$ 1,130,530	\$ 87,451	\$ 24,590,716	\$ 25,808,697
Deferred outflows - pension contributions:						
Employer contributions subsequent to the measurement date	\$ 5,727,684	\$ 739,530	\$ 563,094	\$ 41,648	\$ 21,826,593	\$ 22,431,335
Deferred outflows - actuarial differences:						
Difference between expected and actual experience	\$ 2,054,082	\$ 284,724	\$ 310,318	\$ 23,300	\$ -	\$ 333,618
Change of assumptions	3,189,098	442,053	274,400	20,604	15,627,958	15,922,962
Net difference between projected and actual earnings on plan investments	4,860,040	673,669	880,270	66,096	17,413,347	18,359,713
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	1,208,982	1,208,982
Total deferred outflows - actuarial differences:	\$ 10,103,220	\$ 1,400,446	\$ 1,464,988	\$ 110,000	\$ 34,250,287	\$ 35,825,275
Deferred inflows - actuarial differences:						
Difference between expected and actual experience	\$ -	\$ -	\$ (27,146)	\$ (3,181)	\$ (13,419,355)	\$ (13,449,682)
Changes of assumptions	(145,702)	(33,409)	(10,226)	(1,199)	-	(11,425)
Net difference between projected and actual earnings on plan investments	-	-	-	-	-	-
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	(3,895,839)	(3,895,839)
Total deferred inflows - actuarial differences:	\$ (145,702)	\$ (33,409)	\$ (37,372)	\$ (4,380)	\$ (17,315,194)	\$ (17,356,946)

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan		Internal		Teacher	Total
	Governmental	Business-type	Service Fund		Retirement	Component
	Activities	Activities	School Board	Fleet Services	Cost-sharing Plan	unit School Board
Fiscal year ended June 30,						
2022	\$ 2,248,169	\$ 308,644	\$ 418,379	\$ 30,953	\$ (1,133,746)	\$ (684,414)
2023	3,510,932	482,005	431,306	31,910	5,013,942	5,477,158
2024	2,638,117	362,179	297,206	21,988	7,456,858	7,776,052
2025	1,560,300	214,209	280,725	20,769	5,907,447	6,208,941
2026	-	-	-	-	(309,408)	(309,408)
	<u>\$ 9,957,518</u>	<u>\$ 1,367,037</u>	<u>\$ 1,427,616</u>	<u>\$ 105,620</u>	<u>\$ 16,935,093</u>	<u>\$ 18,468,329</u>
Pension actuarial differences:						
Total deferred outflows	\$ 10,103,220	\$ 1,400,446	\$ 1,464,988	\$ 110,000	\$ 34,250,287	\$ 35,825,275
Total deferred inflows	(145,702)	(33,409)	(37,372)	(4,380)	(17,315,194)	(17,356,946)
	<u>\$ 9,957,518</u>	<u>\$ 1,367,037</u>	<u>\$ 1,427,616</u>	<u>\$ 105,620</u>	<u>\$ 16,935,093</u>	<u>\$ 18,468,329</u>

8.06 PAYABLES TO THE PENSION PLAN

The County and School Board reported payables of \$0.8 and \$0.7 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2021.

Note 9

Long-term Debt and Other Liabilities

Long-term liability activity for the year ended June 30, 2021 was as follows:

Long-term Liabilities - Primary Government					
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Governmental activities					
Bond obligations:					
General obligation bonds	\$ 206,895,002	\$ 19,350,000	\$ 31,335,000	\$ 194,910,002	\$ 22,915,000
Direct placements:					
General obligation bonds	7,305,000	-	2,765,000	4,540,000	2,395,000
Public improvement bonds	56,893,000	-	5,173,000	51,720,000	5,330,000
Unamortized bond premiums	28,416,227	3,781,659	2,994,907	29,202,979	-
Total bond obligations:	299,509,229	23,131,659	42,267,907	280,372,981	30,640,000
Other long-term liabilities:					
Compensated absences	5,520,401	6,895,072	6,438,881	5,976,592	377,664
Landfill closure obligation (Note 11)	9,914,304	1,083,112	129,390	10,868,026	129,390
Insurance claims payable (Note 17)	1,911,163	12,834,343	12,978,481	1,767,025	1,767,025
LOSAP pension liability (Note 13)	3,700,768	1,248,124	79,328	4,869,564	-
VRS net pension liability (Note 8)	19,775,330	17,461,752	9,784,813	27,452,269	-
Total OPEB liability - Healthcare (Note 12.01)	99,637,223	4,902,323	17,899,680	86,639,866	-
Total OPEB liability - LODA (12.02)	6,294,077	1,486,386	213,969	7,566,494	-
Net OPEB liability - GLI (Note 12.05)	3,901,753	552,904	308,633	4,146,024	-
Total other long-term liabilities:	150,655,019	46,464,016	47,833,175	149,285,860	2,274,079
Total governmental activities	\$ 450,164,248	\$ 69,595,675	\$ 90,101,082	\$ 429,658,841	\$ 32,914,079
Business-type activities					
Bond obligations:					
Water & sewer revenue bonds	\$ 115,475,000	\$ 46,530,000	\$ 48,265,000	\$ 113,740,000	\$ 6,450,000
Unamortized premiums	9,267,125	8,654,507	2,131,733	15,789,899	-
Total bond obligations:	124,742,125	55,184,507	50,396,733	129,529,899	6,450,000
Other long-term liabilities:					
Compensated absences	781,288	805,269	799,120	787,437	40,516
Insurance claims payable (Note 17)	169,553	1,649,032	1,646,862	171,723	171,723
VRS net pension liability (Note 8)	3,006,612	2,654,859	1,596,302	4,065,169	-
Net OPEB liability - Healthcare (Note 12.01)	13,184,713	648,711	2,385,849	11,447,575	-
Net OPEB liability - GLI (Note 12.05)	577,948	73,706	70,198	581,456	-
Total other long-term liabilities:	17,720,114	5,831,577	6,498,331	17,053,360	212,239
Total business-type activities	\$ 142,462,239	\$ 61,016,084	\$ 56,895,064	\$ 146,583,259	\$ 6,662,239
Total Primary Government	\$ 592,626,487	\$ 130,611,759	\$ 146,996,146	\$ 576,242,100	\$ 39,576,318

Long-term Liabilities - Component unit - School Board					
	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021	Due Within One Year
Component unit - School Board					
Compensated absences	\$ 7,369,416	\$ 2,599,375	\$ 2,291,549	\$ 7,677,242	\$ 357,888
Insurance claims payable (Note 17)	4,813,849	44,275,444	44,369,761	4,719,532	4,719,532
Net pension liability (Note 8)	208,872,084	44,941,502	22,071,108	231,742,478	-
Net OPEB liability - Healthcare (Note 12.03)	261,794,994	42,097,299	7,426,975	296,465,318	-
Net OPEB liability - GLI (Note 12.05)	11,800,772	1,374,998	1,149,969	12,025,801	-
Net OPEB liability - HIC (Note 12.04)	20,655,460	2,160,701	1,792,583	21,023,578	-
Total School Board	\$ 515,306,575	\$ 137,449,319	\$ 79,101,945	\$ 573,653,949	\$ 5,077,420

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, 2021, backed by the full faith and credit of the County, are comprised of the following individual issues:

Outstanding General Obligation Debt - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Spotsylvania County:						
Public Improvement, Series 2011A	07/2011	01/2031	3.00 - 4.00	\$333 - \$330	\$ 6,939,045	\$ 3,302,942
Refunding, Series 2011B	07/2011	01/2024	3.00 - 4.00	\$10 - \$580	5,650,000	1,410,000
Public Improvement, Series 2012A	07/2012	06/2032	2.00 - 3.00	\$630 - \$775	8,995,000	2,630,000
Qualified Energy Conservation, Series 2012B	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	1,240,000	705,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	23,442,682
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	12,433,829
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	5,105,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	1,205,000
Public Improvement, Series 2018	09/2018	07/2018	2.50 - 5.00	\$275 - \$365	6,125,000	5,395,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$185 - \$325	4,665,000	4,065,000
Public Improvement Refunding, Series 2019	08/2019	01/2035	4.00 - 5.00	\$305 - \$1,517	16,818,006	15,162,959
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$60 - \$65	1,240,000	1,180,000
Public Improvement Refunding, Series 2020	09/2020	01/2030	5.00	\$680 - \$750	7,080,000	6,330,000
Total General Obligation Bonds - Spotsylvania County:						\$ 82,367,412
Component Unit - School Board:						
Public Improvement, Series A	07/2011	01/2031	3.00 - 4.00	\$130 - \$247	\$ 3,975,956	\$ 1,477,056
Public Improvement, Series 2012A	07/2012	06/2029	2.00 - 5.00	\$630 - \$710	7,210,000	1,265,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	20,954,590	9,047,322
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	14,146,170
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	10,355,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	17,660,000
Public Improvement, Series 2018	09/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	24,640,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$560 - \$1,885	24,475,000	20,170,000
Public Improvement Refunding, Series 2019	08/2019	01/2033	4.00 - 5.00	\$216 - \$484	5,206,994	3,717,042
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$195 - \$995	11,030,000	10,065,000
Total General Obligation Bonds - Component Unit - School Board:						\$ 112,542,590
Total Governmental Activities - General Obligation Bonds:						\$ 194,910,002

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, 2021:

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, 2021, are comprised of the following individual issues:

Direct Placement Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Direct Placement Bonds - General Obligation:						
Component Unit - School Board						
VPSA, Series 2001A	05/2001	07/2021	4.10 - 5.60	\$470 - \$545	\$ 10,170,000	\$ 470,000
VPSA, Series 2001B	11/2001	07/2021	3.10 - 5.35	\$400 - \$555	9,500,000	400,000
VPSA, Series 2002A	05/2002	07/2022	3.60 - 5.60	\$820 - \$915	17,315,000	1,640,000
VPSA, Series 2002B	11/2002	07/2023	2.35 - 5.10	\$550 - \$645	11,885,000	1,100,000
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	930,000
Total Component Unit - School Board - direct placement - general obligation:						\$ 4,540,000
Total Governmental Activities - direct placement - general obligation:						\$ 4,540,000
Direct Placement Bonds - Public Improvement:						
Spotsylvania County						
Public Facility Revenue, Series 2011	10/2011	06/2032	2.00 - 4.00	\$790	\$ 11,275,000	\$ 4,260,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$98 - \$174	1,688,000	392,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	6,305,000	3,855,000
Total Spotsylvania County - direct placement - public improvement:						\$ 8,507,000
Component Unit - School Board						
Public Facility Revenue, Series 2012	07/2012	06/2029	2.00 - 5.00	\$1,345 - \$2,650	\$ 33,785,000	\$ 18,395,000
Public Facility Revenue, Series 2013	08/2013	02/2030	2.61	\$597 - \$881	11,695,000	7,163,000
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	17,655,000
Total Component Unit - School Board - direct placement - public improvement:						\$ 43,213,000
Total Governmental Activities - direct placement - public improvement:						\$ 51,720,000

Water & Sewer Revenue Bonds

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

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

Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities - Revenue Bonds						
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	\$ 55,325,000	\$ 39,670,000
Water & Sewer Revenue Refunding, Series 2019	11/2019	12/2039	3.00 - 5.00	\$910 - \$2,125	28,665,000	27,540,000
Water & Sewer Revenue Refunding, Series 2020	11/2020	12/2040	3.00 - 5.00	\$1,020 - 3,160	46,530,000	46,530,000
Total Business-type Activities - Revenue Bonds:						\$ 113,740,000

New Debt Issuance and Related Redemption

General Obligation Bonds

On September 15, 2020, the County issued \$19.4 million in General Obligation Public Improvement and Refunding Bonds, Series 2020 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning January 15, 2021 until final maturity on January 15, 2040. Net bond proceeds of \$22.9 million (adjusted for a bond premium of \$3.7 million and payment of \$0.2 million in issuance costs) were used to purchase \$14.4 million in State Non-Arbitrage Program funds to finance school and transportation projects in the County. The remaining \$8.5 million in net proceeds were wired to U.S. Bank, as escrow agent, to redeem \$8.4 million in Series 2010, General Obligation Public Improvement Bonds. As a result, \$8.4 million in Series 2010, General Obligation Public Improvement Bonds were redeemed on September 16, 2020 and removed from the Statement of Net Position, reducing total debt service payments by \$1.2 million to obtain an economic gain of \$1.1 million.

Revenue Bonds

On November 4, 2020, the County issued \$46.5 million in Water and Sewer Revenue and Refunding bonds with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning June 1, 2021 until final maturity on December 1, 2040. Net bond proceeds of \$54.8 million (adjusted for a bond premium of \$8.6 million and payment of \$0.3 million in issuance costs) and \$7.4 million in County debt service reserves were used to finance \$17.3 million in water and sewer infrastructure projects. The remaining \$44.9 million in net proceeds were wired to SunTrust Bank, as escrow agent, and used to redeem outstanding 2010 Water and Sewer Revenue and Refunding Bonds, Series A & B of \$16.4 million and 27.5 million, respectively, on November 5, 2020. The reacquisition price exceeded the net carrying amount of the old debt by \$0.3 million. This amount is reported as a deferred outflow of resources and amortized over the remaining life of the refunding debt, which had a shorter remaining life than the refunded debt. The redemption of the 2010 Water and Sewer Revenue and Refunding Bonds Series A & B reduced total debt service payments by \$18.2 million to obtain an economic gain of \$9.0 million.

Amortization of Debt Service

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

Future Debt Service - Primary Government								
Fiscal Year	Governmental Activities						Business-type Activities	
	General Obligation		Direct Placements					
			General Obligation		Public Improvement		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 22,915,000	\$ 8,169,992	\$ 2,395,000	\$ 264,581	\$ 5,330,000	\$ 1,803,403	\$ 6,450,000	\$ 4,635,419
2023	21,680,000	7,100,570	1,525,000	173,901	5,536,000	1,564,302	6,770,000	4,309,044
2024	19,935,000	6,097,743	155,000	139,653	5,522,000	1,315,223	7,105,000	3,966,544
2025	18,900,000	5,169,118	155,000	139,653	5,705,000	1,109,287	7,465,000	3,606,919
2026	18,540,000	4,358,870	155,000	139,653	5,745,000	937,263	7,825,000	3,229,294
2027 - 2031	60,015,000	12,225,613	155,000	139,653	22,752,000	2,102,870	30,775,000	11,506,514
2032 - 2036	25,305,002	3,594,018	-	-	1,130,000	67,950	30,715,000	5,215,764
2037 - 2041	7,620,000	481,596	-	-	-	-	16,635,000	1,032,520
Totals:	\$194,910,002	\$ 47,197,520	\$ 4,540,000	\$ 997,094	\$ 51,720,000	\$ 8,900,298	\$113,740,000	\$ 37,502,018

Note 10

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Bonds are issued in accord-

ance with the provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code, as amended. As of June 30, 2021, outstanding revenue bonds totaling \$60.9 million include the following issues:

Name of Issue	Date of Issue	Final Maturity	Original Borrowing	Principal Outstanding
Economic Development Authority of Spotsylvania County, Virginia Revenue Refunding Bonds (Civil War Preservation Trust Project) Series 2010	4/1/2010	4/1/2027	\$5,400,000	\$1,200,000
Economic Development Authority of Spotsylvania County, Virginia Housing Revenue Bonds (Palmer's Creek Apartments Project) Series 2019	11/1/2019	8/1/2022	\$20,700,000	\$20,700,000
Economic Development Authority of Spotsylvania County, Multifamily Housing Revenue Bonds (The Heights of Jackson Village I) Series 2019	12/13/2019	1/1/2040	\$39,000,000	\$39,000,000

Neither the EDA, nor the County, is obligated in any manner for the repayment of these 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 \$10.4 million for closed and operating landfills, respectively, which is based on 100% and 91.4% usage, respectively. It is estimated that an additional \$0.6 million will be recognized as closure and post-closure care expenses between the date of the Statement of Net Position and the date the operating landfill open cells are expected to be filled to capacity (2022).

The estimated total current cost of the landfill closure and post-closure care (\$10.9 million for all landfills) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2021. However, the actual cost of closure and post-closure care may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

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

Note 12

Other Postemployment Health Care Benefits

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

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 12.03)	\$ -	\$ -	\$ 10,016,649
VRS Health Insurance Credit Program (Note 12.04)	-	-	1,702,411
VRS Group Life Insurance Program (Note 12.05)	296,243	41,546	791,444
OPEB contributions (Exhibit I):	<u>\$ 296,243</u>	<u>\$ 41,546</u>	<u>\$ 12,510,504</u>
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	\$ 17,760,667	\$ 2,399,743	\$ 41,501,946
Primary Government LODA Program (12.02)	810,062	-	-
VRS Health Insurance Credit Program (Note 12.04)	-	-	640,367
VRS Group Life Insurance Program (Note 12.05)	867,187	121,618	1,858,562
OPEB actuarial differences (Exhibit I):	<u>\$ 19,437,916</u>	<u>\$ 2,521,361</u>	<u>\$ 44,000,875</u>
	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Inflows of Resources			
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	\$ 27,980,429	\$ 3,689,645	\$ -
Primary Government LODA Program (12.02)	3,185,115	-	-
School Board Retiree Healthcare (Note 12.03)	-	-	34,760,367
VRS Health Insurance Credit Program (Note 12.04)	-	-	881,497
VRS Group Life Insurance Program (Note 12.05)	123,809	17,364	647,333
OBEP actuarial differences (Exhibit I):	<u>\$ 31,289,353</u>	<u>\$ 3,707,009</u>	<u>\$ 36,289,197</u>

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

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

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2021, the County has assigned fund balances of \$6,847,000, \$78,478 and \$1,722,646 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$5,422,222 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 \$98.1 million was determined by an actuarial valuation as of June 30, 2021.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability - beginning	\$112,821,936
Service Cost	3,307,845
Interest	2,547,607
Change of assumptions	(304,418)
Difference between expected and actual experience	(18,796,046)
Benefit payments	(1,489,483)
Total OPEB liability - ending	<u>\$ 98,087,441</u>
Primary Government:	
Governmental	\$ 86,639,866
Business-type	11,447,575
	<u>\$ 98,087,441</u>

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	2.16%
Healthcare cost trend rate	5.20% to 4.00% over 52 years

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date.

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

The June 30, 2021 actuarial valuation reflects the following plan experience and assumption changes:

- Based on an analysis of actual claims experience and premiums, expected per capita healthcare costs did not increase as much as expected resulting in an \$18.8 million deferred inflow from differences between actual and expected experience to be amortized over the next 8.4 years.
- The 20 Year Tax-Exempt Municipal Bond Yield, used to discount future benefit payments back to present day dropped from 2.21% as of June 30, 2020 to 2.16% as of June 30, 2021.

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

	1.16%	2.16%	3.16%
Total OPEB liability	\$ 118,440,801	\$ 98,087,441	\$ 82,143,186

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 80,202,896	\$ 98,087,441	\$ 121,774,419

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

The County recognized OPEB expense for fiscal year 2021 of \$3,929,462. At June 30, 2021, 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	\$ 7,233,279	\$ (16,558,421)
Changes of assumptions	12,927,131	(15,111,653)
Total	<u>\$ 20,160,410</u>	<u>\$ (31,670,074)</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2022	\$ 4,177,186	\$ (6,103,176)
2023	4,177,186	(6,103,176)
2024	4,177,186	(5,386,293)
2025	4,177,186	(4,669,409)
2026	3,451,666	(3,950,746)
Thereafter	-	(5,457,274)
Total	<u>\$ 20,160,410</u>	<u>\$ (31,670,074)</u>
Governmental Activities	\$ 17,760,667	\$ (27,980,429)
Business-type Activities	2,399,743	(3,689,645)
	<u>\$ 20,160,410</u>	<u>\$ (31,670,074)</u>

12.02 PRIMARY GOVERNMENT LINE OF DUTY ACT (LODA) PLAN

Plan Description

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

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

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

Medical Benefits

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

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

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

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

- Disabled employees receive LODA coverage for life.

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

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

Medical Plans

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

Medicare B Premiums

LODA pays the Medicare Part B premium for eligible participants that were disabled prior to July 1, 2017 and their eligible spouses once they become Medicare eligible. The Medicare Part B premium depends upon income. Monthly Medicare B premiums ranged from \$148 to \$150 for 2021 and \$136.00 to \$148.00 for 2020.

LODA Premiums

VRS LODA premiums for the fiscal year ending June 30, 2021 are as follows:

Plan 1 (former LODA)	Premium
Single	\$ 979.00
Family	\$ 2,321.00
Plan 3 (Medicare primary)	Premium
Single	\$ 283.00

Plan Participants

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

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

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. As of June 30, 2021, the County has committed \$500,000 in General Fund fund balance to finance future LODA OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$7.6 million was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Balance as of June 30, 2020	\$ 6,294,077
Service Cost	839,648
Interest	151,754
Experience losses	13,919
Changes of assumptions	481,065
Benefit payments	(213,969)
Balance as of June 30, 2021	\$ 7,566,494

Actuarial Assumptions

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount rate	2.45%

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

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

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 2.45% in 2020 to 1.92% in 2021.
- Premium rates were updated.

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

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

Discount rate sensitivity

	1% Decrease 0.92%	Current Rate 1.92%	1% Increase 2.92%
Total OPEB liability	\$ 8,604,605	\$ 7,566,494	\$ 6,693,265

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 6,215,270	\$ 7,566,494	\$ 9,278,228

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

For the year ended June 30, 2021, the County recognized OPEB expense of \$650,105. At June 30, 2021, 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	\$ 12,372	\$ (2,960,104)
Changes of assumptions	797,690	(225,011)
Total	<u>\$ 810,062</u>	<u>\$ (3,185,115)</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2022	\$ 116,679	\$ (457,976)
2023	116,679	(457,976)
2024	116,679	(457,976)
2025	116,679	(457,976)
2026	116,679	(457,977)
Thereafter	226,667	(895,234)
Total	<u>\$ 810,062</u>	<u>\$ (3,185,115)</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, Chief Business Officer, finance management team and one citizen representative. The Local Finance Board has been

empowered to establish and amend postemployment benefits, and to act as trustee for the Pooled Trust. The Virginia Local Government Finance Corporation (VLGFC) provides the day-to-day administration of the Trust.

Plan membership

As of the July 1, 2019, the most recent actuarial valuation date, 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. To be eligible for the Plan, employees must be entitled to full or reduced pension benefits through the Virginia Retirement System (VRS) and reach:

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

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

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2021, there are no Plan contribution requirements, benefits are financed on a pay-as-you-go basis. Contributions into the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation.

Investments

Investment policy

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

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

Asset allocation	
Asset Class	Portfolio Allocation
Money Market Mutual Funds	4.66%
Large Cap Equity	27.85%
Small Cap Equity	10.21%
International Developed Equity	12.95%
Emerging Markets Equity	4.92%
Private Equity	2.04%
Long/Short Equity	6.42%
Core Plus Fixed Income	13.45%
Core Fixed Income	6.94%
Absolute Return Fixed Income	4.29%
Real Estate Real Assets	6.27%
Total	100.00%

All assets of the Pooled Trust are commingled for investment purposes; however, contributions, investment gains and losses, and distributions for each participating Local Finance Board are accounted for separately. Participant ownership is proportionate and based on market value. The

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

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

Concentrations

As of June 30, 2020, there are no investments in any one organization that represent 5% or more of the Plan's fiduciary net position.

Rate of return

For the year ended June 30, 2020, the annual money-weighted rate of return on investments, net of investment expense, was 3.06%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

The School Board's total OPEB liability of \$296.5 million was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Changes in the Net OPEB Liability

Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2019	\$ 265,855,235	\$ 4,060,243	\$ 261,794,992
Service Cost	8,672,650	-	8,672,650
Interest	8,206,901	-	8,206,901
Difference between actual and expected experience	(2,827,178)	-	(2,827,178)
Changes of assumptions	25,217,748	-	25,217,748
Employer contributions	-	4,480,695	(4,480,695)
Net investment income	-	123,614	(123,614)
Benefit payments	(4,480,695)	(4,480,695)	-
Net investment income	-	(4,512)	4,512
Balances, June 30, 2020	\$ 300,644,661	\$ 4,179,345	\$ 296,465,316

Actuarial Assumptions

The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.30%
Investment rate of return	7.00%
Blended discount rate	2.45%
Salary increases	3.50 – 5.95%

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

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

The discount rate was based on bond rates published by the Federal Reserve for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of the most recent actuarial experience for the VRS. Gross claims are based on enrollment and medical and prescription drug premiums for employees and pre age 65 retirees from October 1, 2018 through September 30, 2019. Medical and prescription drug rates were projected assuming 6% annual trend.

Changes of assumptions and other inputs:

- A change in the discount rate from 3.13% in 2019 to 2.45% in 2020.
- The claims assumptions were updated to include the most recent claims experience and rates.

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

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

Discount rate sensitivity

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

Healthcare rate sensitivity

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

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

For the fiscal year ended June 30, 2021, the School Board recognized an OPEB expense of \$16,587,967. At June 30, 2021, 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	\$ 100,379	\$ -
Changes of assumptions	41,401,567	(16,011,141)
Differences between expected and actual experience	-	(18,749,226)
Total	<u>\$ 41,501,946</u>	<u>\$ (34,760,367)</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2022	\$ 7,555,906	\$ (7,563,273)
2023	7,587,780	(7,563,273)
2024	7,603,088	(7,563,273)
2025	7,592,829	(7,563,273)
2026	7,559,805	(4,103,395)
Thereafter	3,602,538	(403,880)
Total	<u>\$ 41,501,946</u>	<u>\$ (34,760,367)</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, 2021, were as follows:

Total OPEB liability	\$ 188,376,803
Plan fiduciary net position	11,726,729
School Board's net OPEB liability	<u>\$ 176,650,074</u>
Plan fiduciary net position as a % of the total OPEB liability	6.23%

Actuarial assumptions

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

Investment rate of return, net*	7.0%
Salary increases*	3.50 – 5.95%
Blended discount rate	1.92%
*Includes inflation at	2.50%

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

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

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

Changes in assumptions and other inputs:

- A change in the discount rate from 2.45% in 2020 to 1.92% in 2021.
- The medical trend was updated.
- The claims assumptions were updated to include the most recent claims experience and rates. As of January 1, 2021, the retiree health benefits changed from Healthsmart and Anthem Part D, both self-funded plans, to Aetna, a premium only plan. Healthsmart was the Medicare supplement and Anthem Part D was the RX. Aetna coverage is the Medicare supplement and the Medicare RX together. This change reduced liabilities by over 40 percent.

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, 2021 are summarized below.

Asset allocation	
Asset Class	Portfolio Allocation
Money Market Mutual Funds	4.66%
Large Cap Equity	27.85%
Small Cap Equity	10.21%
International Developed Equity	12.95%
Emerging Markets Equity	4.92%
Private Equity	2.04%
Long/Short Equity	6.42%
Core Plus Fixed Income	13.45%
Core Fixed Income	6.94%
Absolute Return Fixed Income	4.29%
Real Estate Real Assets	6.27%
Total	100.00%

Discount rate

The School Board maintains an irrevocable trust valued at \$11.7 million as of June 30, 2021. The discount rate used for liabilities that are not prefunded through an irrevocable trust is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Due to the minimum value held in trust to fund future OPEB liabilities, the entire liability is discounted using the municipal bond rate of 1.92% as of June 30, 2021.

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

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

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

Discount rate sensitivity

	1% Decrease 0.92%	Current Rate 1.92%	1% Increase 2.92%
Net OPEB liability	\$ 208,524,263	\$ 176,650,074	\$ 151,195,659

Healthcare rate sensitivity

	1% Decrease Trend Rate of 3.00%	Current Rate Trend Rate of 4.00%	1% Increase Trend Rate of 5.00%
Net OPEB liability	\$ 146,734,908	\$ 176,650,074	\$ 215,259,282

12.04 VRS HEALTH INSURANCE CREDIT PROGRAM

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

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

Summary of Significant Accounting Policies

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

On April, 2020 the Virginia General Assembly amended Section 51.1-1400 et seq. of the Code of Virginia to provide the health insurance credit benefit to employees of local school divisions who are not teachers, who retired under the VRS, including the hybrid retirement program, and who rendered at least 15 years of creditable service, regardless of their date of retirement. The health insurance credit shall only be available on a prospective basis for those eligible retired employees of a local school division who retired prior to July 1, 2020, but did not receive a health insurance credit prior to this date. The legislation goes into effect on July 1, 2020 and requires contributions during fiscal year 2021 to pre-fund the benefit.

Plan Description

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

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

HIC PLAN PROVISIONS	
Eligible Employees The HIC was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and teachers employees, which are covered under VRS who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include: <ul style="list-style-type: none"> • Full-time permanent (professional) salaried employees of public school divisions covered under VRS. 	
Benefit Amounts The HIC provides the following benefits for eligible employees:	
Teacher Employee HIC Program <ul style="list-style-type: none"> • <u>At Retirement</u> – For Teacher and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount. • <u>Disability Retirement</u> – For Teacher and other professional school employees who retire on disability or go on long-term disability under 	Political Subdivision HIC Program <ul style="list-style-type: none"> • <u>At Retirement</u> – For employees who retire with at least 15 years of service credit, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • <u>Disability Retirement</u> – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program

<p>the Virginia Local Disability Program (VLDP), the monthly benefit is either:</p> <ul style="list-style-type: none"> o \$4.00 per month, multiplied by twice the amount of service credit, or o \$4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower. 	<p>(VLDP), the monthly benefit is \$45.00 per month.</p>
<p>Health Insurance Credit Program 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. 	

Employees covered by benefit terms

As of the June 30, 2019, actuarial valuation, the following employees were covered by the benefit terms of the Political Subdivision Health Insurance Credit Program:

Inactive members or their beneficiaries currently receiving benefits	0
Inactive members:	
Vested inactive members	0
Non-vested inactive members	0
Inactive members active elsewhere in the System	0
Total inactive members	0
Active members	422
Total covered employees	422

- Data excludes teacher employees covered through the cost-sharing Teacher Employee HIC Program

Contributions

Teacher Employee HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2021, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan was \$1.7 million for each year ended June 30, 2021 and June 30, 2020.

Political Subdivision HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by

the Virginia General Assembly. The contractually required employer contribution rate for the year ended June 30, 2021, was 0.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan was \$47,200 for the year ended June 30, 2021.

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for the Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Net OPEB Liability

The following represents the net HIC OPEB liabilities through the Plans' measurement date of June 30, 2020.

	Net HIC OPEB Liability
HIC - School Board Cost-Sharing Teacher Plan	\$ 20,518,088
HIC - Political Subdivision Agent Plan	505,490
	<u>\$ 21,023,578</u>

Teacher Employee HIC Program

The net OPEB liability for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2020, the net OPEB liability amounts for the Plan, prior to each employers' allocation of their proportionate share, is as follows (amounts expressed in thousands):

	VRS Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,448,676
Plan Fiduciary Net Position	144,160
Teacher Employee Net HIC OPEB Liability	<u>\$ 1,304,516</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	9.95%

The total Teacher Employee HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net Teacher

Employee HIC OPEB liability is disclosed in accordance with the requirements of GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

At June 30, 2021, the School Board reported a liability of \$20.5 million for its proportionate share of the VRS Teacher Employer Health Insurance Credit Program Net OPEB Liability. The net OPEB liability was measured as of June 30, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net OPEB liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.57% as compared to 1.58% at June 30, 2019.

Political Subdivision HIC Program

At June 30, 2021, the School Board's net Health Insurance Credit OPEB liability of \$0.5 million was measured as of June 30, 2020. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Actuarial Assumptions

The total HIC OPEB liabilities were based on actuarial valuations as of June 30, 2019, 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, 2020.

Plan Actuarial Assumptions		
	Political Subdivision	Teacher Plan
Assumptions used in calculations:		
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation	
Mortality tables:		
Pre-retirement	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 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	RP-2014 White Collar Employee Rates to age 49, White

	and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	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 Life Mortality Table 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; 115% of rates for males and females.
Changes to assumptions:		
The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<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 age and service year • Disability rates lowered • Discount rate lowered from 7.00% to 6.75%. 	<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 • Discount rate decreased from 7.00% to 6.75%

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

Long-Term Expected Rate of Return

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

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	4.65%	1.58%
Fixed income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Mult-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

Discount Rate

Teacher Employee HIC Program

The discount rate used to measure the total Teacher Employee HIC OPEB liability was 6.75%. The projection of cash flow used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2020, the rate contributed by each school division will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Political Subdivision HIC Program

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. For July 1, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB Liability.

Change in the Political Subdivision Net HIC OPEB Liability

The following table represents the change in net OPEB liability through the Plan's measurement date of June 30, 2020.

School Board - Changes in the Political Subdivision Net HIC OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2019	\$ -	\$ -	\$ -
Changes for the year:			
Service cost	-	-	-
Interest	-	-	-
Change in benefit terms	505,490		505,490
Changes in assumptions	-	-	-
Difference between expected and actual experience	-	-	-
Contributions - employer	-	-	-
Contributions - employee	-	-	-
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	-	-
Other changes	-	-	-
Net changes	505,490	-	505,490
Balances at June 30, 2020	\$ 505,490	\$ -	\$ 505,490

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

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

The following presents the net OPEB liability of the School Board's Political Subdivision HIC agent plan and the Teacher Employee HIC cost-sharing plan, calculated using each Plan's current discount rate, as well as what the respective Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate.

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
HIC - School Board Teacher Plan*	\$ 22,967,860	\$ 20,518,088	\$ 18,435,959
HIC - Political Subdivision Plan	\$ 564,417	\$ 505,490	\$ 455,266

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

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

For the year ended June 30, 2021, the School Board recognized Political Subdivision HIC Program and Teacher Employee HIC Program OPEB expense of \$505,490 and \$1,603,234, respectively. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC program OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board's reported deferred inflows of resources and deferred outflows of resources related to the School Board's Health Insurance Credit Program the following sources:

Deferred Inflows and Outflows of Resources Related to OPEB						
	Component unit - School Board					
	Political Subdivision HIC Program			Teacher	Total	
	School Board	Internal		Employee HIC Program	Component unit School Board	
		Service Fund Fleet Services	Total			
Deferred outflows - OPEB contributions:						
Employer contributions subsequent to the measurement date	\$ 43,811	\$ 3,389	\$ 47,200	\$ 1,655,211	\$ 1,702,411	
Deferred outflows - actuarial differences:						
Change of assumptions	\$ -	\$ -	\$ -	\$ 405,614	\$ 405,614	
Net difference between projected and actual earnings on plan investments	-	-	-	90,928	90,928	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	143,825	143,825	
Total deferred outflows - actuarial differences:	\$ -	\$ -	\$ -	\$ 640,367	\$ 640,367	
Deferred inflows - actuarial differences:						
Changes of assumptions	\$ -	\$ -	\$ -	\$ (112,105)	\$ (112,105)	
Net difference between projected and actual earnings on plan investments	-	-	-	(274,010)	(274,010)	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(495,382)	(495,382)	
Total deferred inflows - actuarial differences	\$ -	\$ -	\$ -	\$ (881,497)	\$ (881,497)	

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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Deferred Inflows and Outflows of Resources Related to OPEB							
		Component unit - School Board					
		Political Subdivision HIC Program				Teacher Employee HIC Program	Total Component unit School Board
		Internal Service Fund		Total			
		School Board	Fleet Services				
Fiscal year ended June 30,							
	2022	\$ -	\$ -	\$ -	\$ (77,065)	\$ (77,065)	
	2023	-	-	-	(68,053)	(68,053)	
	2024	-	-	-	(71,073)	(71,073)	
	2025	-	-	-	(41,857)	(41,857)	
	2026	-	-	-	19,100	19,100	
	Thereafter	-	-	-	(2,182)	(2,182)	
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (241,130)</u>	<u>\$ (241,130)</u>	
OPEB actuarial differences:							
	Total deferred outflows	\$ -	\$ -	\$ -	\$ 640,367	\$ 640,367	
	Total deferred inflows	-	-	-	(881,497)	(881,497)	
		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (241,130)</u>	<u>\$ (241,130)</u>	

Payables to the HIC OPEB Plans

The School Board reported the following payables for the outstanding amount of contributions to its OPEB Plans required for the year ended June 30, 2021.

HIC - School Board Cost-Sharing Teacher Plan	\$ 40,450
HIC - Political Subdivision Agent Plan	1,341
	<u>\$ 41,791</u>

12.05 VRS GROUP LIFE INSURANCE PROGRAM

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation and is currently \$8,616.

Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and § 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2020, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the County and School Board for the years ended June 30, 2021 and June 30, 2020 were as follows:

	Governmental Activities	Business-type Activities	Spotsylvania County School Board	Spotsylvania School Board Teacher Plan
Contributions for year ended June 30, 2021	\$ 296,243	\$ 41,546	\$ 52,490	\$ 738,954
Contributions for year ended June 30, 2020	264,047	39,112	53,565	717,624

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

At June 30, 2021, the County and School Board reported liabilities for their proportionate share of the net GLI OPEB liabilities as shown in the following table. The net GLI OPEB liabilities were measured as of June 30, 2020 and the total GLI OPEB liabilities used to calculate the net GLI OPEB

liabilities were determined by actuarial valuations performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The County's and School Board's proportions of the net GLI OPEB liability were based on their actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers.

For the year ended June 30, 2021, the County and School Board recognized GLI OPEB expense as shown in the following table. Since there was a change in proportionate shares between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Proportionate share of OPEB Liability and related OPEB Expense				
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
Net OPEB liability	\$ 4,146,024	\$ 581,456	\$ 835,252	\$ 11,190,549
OPEB expense	\$ 230,457	\$ 31,691	\$ 31,209	\$ 383,129
Proportion at June 30, 2020	0.28328%	0.28328%	0.05005%	0.67056%
Proportion at June 30, 2019	0.27529%	0.27529%	0.04959%	0.67560%

At June 30, 2021, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources				
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
Deferred outflows				
Differences between expected and actual experience	\$ 265,929	\$ 37,295	\$ 53,574	\$ 717,771
Net difference between projected and actual earnings on OPEB plan investments	124,543	17,466	25,090	336,154
Change in assumptions	207,349	29,079	41,772	559,656
Changes in proportionate share	269,366	37,778	12,697	111,848
Total deferred outflows	\$ 867,187	\$ 121,618	\$ 133,133	\$ 1,725,429
Deferred inflows				
Differences between expected and actual experience	\$ (37,238)	\$ (5,222)	\$ (7,501)	\$ (100,511)
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Change in assumptions	(86,571)	(12,142)	(17,441)	(233,665)
Change in proportionate share	-	-	(12,572)	(275,643)
Total deferred inflows	\$ (123,809)	\$ (17,364)	\$ (37,514)	\$ (609,819)

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net GLI OPEB liabilities in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in GLI OPEB expense in future reporting periods as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources Maturities				
	County of Spotsylvania		Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
Year ending June 30,				
2022	\$ 134,802	\$ 18,905	\$ 11,938	\$ 124,941
2023	169,973	23,838	19,023	219,872
2024	195,461	27,412	26,480	319,119
2025	179,757	25,210	29,072	361,754
2026	57,095	8,007	8,371	86,386
Thereafter	6,290	882	735	3,538
	<u>\$ 743,378</u>	<u>\$ 104,254</u>	<u>\$ 95,619</u>	<u>\$ 1,115,610</u>
OPEB actuarial differences:				
Total deferred outflows	\$ 867,187	\$ 121,618	\$ 133,133	\$ 1,725,429
Total deferred inflows	(123,809)	(17,364)	(37,514)	(609,819)
	<u>\$ 743,378</u>	<u>\$ 104,254</u>	<u>\$ 95,619</u>	<u>\$ 1,115,610</u>

Actuarial Assumptions

The total GLI OPEB liability was based on actuarial valuations as of June 30, 2019, 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, 2020.

GLI Plan Actuarial Assumptions			
	Locality - General Employees	Locality - Hazardous Duty Employees	Teacher Plan
Assumptions used in calculations:			
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation		
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, Health Annuitant Rates to 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;	RP-2014 Employee Rates to age 49, Health Annuitant Rates to ages 50 and older projected with Scale BB to 2020;	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and

	males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	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 Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100%	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, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<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 age and service year • Disability rates lowered • Discount rate lowered from 7.00% to 6.75%. 	<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 age and service year • Disability rates lowered to better match experience • Discount rate lowered from 7.00% to 6.75%. 	<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 • Discount rate decreased from 7.00% to 6.75%

Plans' Net GLI OPEB Liability

The net OPEB liability for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2020, the net OPEB liability amounts for the GLI Program are as follows (amounts expressed in thousands):

	VRS GLI OPEB Program
Total GLI OPEB Liability	\$ 3,523,937
Plan Fiduciary Net Position	1,855,102
GLI Net OPEB Liability	<u>\$ 1,668,835</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

Long-Term Expected Rate of Return

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
Multit-Asset Public Strategies	6.00%	3.04%	0.18%
Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.14%

*The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2020, the rate contributed by the County and School Board for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all

projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
GLI - County	\$ 6,214,635	\$ 4,727,480	\$ 3,519,770
GLI - School Board	\$ 1,098,003	\$ 835,252	\$ 621,874
GLI - School Board Teacher Plan	\$ 14,710,836	\$ 11,190,549	\$ 8,331,746

Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Comprehensive Financial Report. A copy of the 2020 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS GLI OPEB Plan

The County and School Board reported the following payables for the outstanding amount of contributions to the VRS GLI OPEB Plans required for the year ended June 30, 2021.

GLI - County	\$ 71,333
GLI - School Board	1,759
GLI - School Board Teacher Plan	44,731
	<u>\$ 117,823</u>

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, 2020, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:

Inactive members currently receiving benefits	69
Inactive members with deferred vested benefits	146
Active members	189
	<u>404</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 \$4.9 million was determined and measured by an actuarial valuation performed as of June 30, 2020.

Changes in total pension liability

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2020.

Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2019	\$ 3,700,768
Changes for the year:	
Service cost	90,033
Interest on total pension liability	128,179
Differences between expected and actual experience	10,071
Changes in assumptions	1,019,841
Benefit payments	(79,328)
Balance at June 30, 2020	\$ 4,869,564

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	2.21%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA projected to 2020.

Discount rate

The discount rate used to measure the total pension liability was 2.21%, 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 3.5% in 2019 to 2.21% in 2020.

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 1.21%	Current Rate 2.21%	1% Increase 3.21%
Net OPEB liability	\$ 5,936,000	\$ 4,869,564	\$ 4,049,000

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

For the year ended June 30, 2021 the County recognized pension expense of \$0.3 million. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date. These payments of \$96,210 are reported as a deferred outflow of resources as of June 30, 2021, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2022.

At June 30, 2021, the County reported actuarially determined deferred inflows of resources of \$427,519 and deferred outflows of resources of \$1,363,837 that will be recognized as pension expense in future reporting periods as follows:

LOSAP Pension Deferred Outflows and Inflows of Resources		
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 41,472	\$ (65,587)
Change in assumptions	1,322,365	(361,932)
	<u>\$ 1,363,837</u>	<u>\$ (427,519)</u>
Amortization for the year ending June 30,		
2022	\$ 156,980	\$ (45,118)
2023	156,980	(45,118)
2024	156,980	(45,118)
2025	156,980	(45,118)
2026	131,010	(45,118)
Thereafter	604,907	(201,929)
	<u>\$ 1,363,837</u>	<u>\$ (427,519)</u>

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

Note 14

FUND BALANCE

The following table provides additional detail regarding the County's governmental fund balances as of June 30, 2021:

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 881,434	\$ 881,434
PRTC transportation funds	-	-	4,050,709	4,050,709
Transient occupancy - tourism	807,156	-	-	807,156
Available bond proceeds:				
Transportation	-	4,476,722	-	4,476,722
Facility maintenance & improvements	-	3,093,245	-	3,093,245
Other	-	1,583,470	-	1,583,470
Grant and other contributions:				
Forfeiture & seizure - drug enforcement	786,229	49,332	-	835,561
Fire & rescue equipment & personnel	1,032,207	-	-	1,032,207
Other	461,831	46,616	-	508,447
Total restricted fund balance:	\$ 3,087,423	\$ 9,249,385	\$ 4,932,143	\$ 17,268,951
Committed for:				
Fiscal stability reserve	\$ 54,374,462	\$ -	\$ -	\$ 54,374,462
Health insurance reserve	5,197,864	-	-	5,197,864
LOSAP Benefits	2,036,526	-	-	2,036,526
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	9,544,622	-	9,544,622
Fire & rescue facilities, equipment & service	-	5,369,849	470,054	5,839,903
Facility maintenance & improvements	-	6,932,361	-	6,932,361
Transportation	-	3,891,654	4,654,716	8,546,370
Capital projects - various other	-	4,673,708	-	4,673,708
Capital projects - future budget	-	11,703,042	-	11,703,042
Total committed fund balance:	\$ 62,108,852	\$ 42,115,236	\$ 5,124,770	\$ 109,348,858
Assigned to:				
Carryover & FY22 use of fund balance:				
Education	\$ 14,600,711	\$ -	\$ -	\$ 14,600,711
Public safety	929,041	-	-	929,041
General government	2,735,302	-	-	2,735,302
Health & human services	584,794	-	-	584,794
Economic development	565,000	1,551,167	-	2,116,167
Public works	2,576,899	-	-	2,576,899
Transportation	1,400,000	-	-	1,400,000
Backfill projected revenue loss	1,125,000	-	-	1,125,000
Various other functions	195,630	16,251	349,784	561,665
OPEB reserve	6,847,000	78,478	1,722,646	8,648,124
Loss contingencies	900,000	-	-	900,000
Future community center	629,800	-	-	629,800
School health insurance reserve	13,943,710	-	-	13,943,710
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	4,147,963	4,147,963
Total assigned fund balance:	\$ 49,032,887	\$ 1,645,896	\$ 6,220,393	\$ 56,899,176
Unassigned*:	\$ 20,375,072	\$ -	\$ -	\$ 20,375,072
Total fund balance:	\$ 134,604,234	\$ 53,010,517	\$ 16,277,306	\$ 203,892,057

* 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 \$3.9 million and \$27.3 million, respectively, at June 30, 2021. The School Board has construction project commitments of \$3.0 million at June 30, 2021.

Bonds authorized at June 30, 2021 but not issued are as follows:

Public safety	\$	23,643,641
Schools		31,481,960
Transportation		53,938,950
	\$	<u>109,064,551</u>

15.02 CONTINGENCIES

Grants

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

Litigation

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

Note 16

Tax Incentives

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

For fiscal year ended June 30, 2021, the County reimbursed various business taxes totaling \$1.1 million, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture. For the year ending June 30, 2021, the County reimbursed \$32,786.
- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a \$125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to \$7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment. For the year ending June 30, 2021, the County reimbursed \$535,605.
- 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, 2021, the County reimbursed \$93,693.

Note 17

Risk Management

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

Health Insurance Plan

The County and School Board are self-insured for its medical and dental benefits for employees up to \$200,000 per employee, per year. Claims in excess of the limitation are covered by third-

party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged. Claims processing and payments are made through a third-party administrator and billed weekly. No funds are held by the administrator at year-end.

The County and School Board have reserved \$5.2 million and \$14.2 million, respectively, of fund balance at June 30, 2021 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). Self-insurance liabilities, including IBNR, are estimated based on information provided by the third-party administrator and recognized as a long-term liability due within one year in the Statement of Net Position. Changes in self-insurance liabilities for the past two fiscal years can be found in Table 35 below.

Change in Self-funded Health and Dental Insurance Claim Liabilities				
Fiscal Year	Insurance Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Insurance Claim Liability Ending
<i>Primary Government</i>				
2021	\$ 2,080,716	\$ 14,483,375	\$ 14,625,343	\$ 1,938,748
2020	1,709,093	13,961,900	13,590,277	2,080,716
<i>Component unit - School Board</i>				
2021	\$ 4,813,849	\$ 44,275,443	\$ 44,369,761	\$ 4,719,531
2020	4,455,174	47,627,028	47,268,353	4,813,849

Primary Government:

Governmental	\$1,767,025
Business-type	171,723
	<u>\$1,938,748</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, 2021.

Note 18**Interjurisdictional Agreements**

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

Joint-Use Water Facilities

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

Joint-Use Wastewater Facilities

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

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

Note 19

Joint Ventures

19.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

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

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

The County is required to fund its share of administrative expenses and subsidies, which includes both the existing VRE related debt service and any new VRE related debt service as authorized by the County. For fiscal year 2021, the County received \$5.7 million in Motor Fuel Tax and paid \$1.7 million in subsidies. As of June 30, 2021, the PRTC holds \$4.1 million in County fuel tax receipts available for future transportation project appropriations.

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

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, 2021 totaled \$6.2 million.

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

19.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2021 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, 2021, the County's appropriation to the Library was \$4.3 million.

Note 21

Prior Period Adjustment – New Accounting Pronouncement

In fiscal year 2021, the County implemented GASB Statement No. 84, “Fiduciary Activities”. This Statement establishes criteria for identifying and reporting fiduciary activities. The County reviewed its fiduciary activities and certain funds were reclassified as a special revenue fund or a custodial fund. These fund reclassifications resulted in the restatement of the County’s financial statements as follows:

	Primary Government
Fiduciary Funds:	
Custodial fund net position - July 1, 2020	\$ -
Creation of custodial fund	405,012
Custodial fund net position - July 1, 2020, restated	<u>\$ 405,012</u>
	Component-unit School Board
Government-wide restatement:	
Net position (deficit) - July 1, 2020	\$ (143,087,464)
Non-major School Activity Funds	2,528,621
Net position (deficit) - July 1, 2020, restated	<u>\$ (140,558,843)</u>
Governmental Funds:	
School Board total fund balances - July 1, 2020	\$ 13,503,453
Non-major School Activity Funds	2,528,621
School Board total fund balances - July 1, 2020, restated	<u>\$ 16,032,074</u>

Note 22

Subsequent Events

On August 24, 2021, the County issued \$35.5 million in General Obligation Public Improvement and Refunding Bonds, Series 2021 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning January 15, 2022 until final maturity on January 15, 2041. Net bond proceeds of \$41.3 million (adjusted for premium of \$6.2 million and payment of \$0.4 million in issuance costs) will be used to finance or reimburse the County for \$32.6 million

associated with school, public safety, and transportation projects in the County, with the remaining \$8.7 million used to refund General Obligation Public Improvement Bonds, Series 2011A, General Obligation Refunding Bonds, Series 2011B, and General Obligation Public Improvement Bonds, Series 2012A (Tax-Exempt).

On September 8, 2021, the County issued \$26.0 million in Public Facility Revenue Refunding Bonds, Series 2021, through the Economic Development Authority of the County of Spotsylvania, Virginia, with fixed interest rates ranging from 4 to 5%. The bonds are to be repaid in various installments beginning June 1, 2022 until final maturity on June 1, 2030. Net bond proceeds of \$30.7 million (adjusted for premium of \$4.7 million and payment of \$0.2 million in issuance costs) will be used to refund all outstanding maturities of the Public Facility Revenue Bonds, Series 2011, Public Facility Revenue and Refunding Bonds, Series 2012, and the Public Facility Revenue and Refunding Bonds, Series 2013.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2021

Exhibit X

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 188,882,678	\$ 187,757,678	\$ 189,606,067	\$ 1,848,389
Other local taxes	41,750,000	41,750,000	53,332,192	11,582,192
Permits, fees and regulatory licenses	216,200	216,200	256,638	40,438
Fines and forfeitures	553,500	553,500	327,313	(226,187)
From use of money and property	1,226,032	1,296,492	684,768	(611,724)
Charges for services	5,245,021	5,245,021	5,468,326	223,305
Gifts and donations	41,425	92,425	109,734	17,309
Miscellaneous	72,500	72,500	367,575	295,075
Intergovernmental	43,234,335	58,731,839	57,192,402	(1,539,437)
Total revenues	<u>\$ 281,221,691</u>	<u>\$ 295,715,655</u>	<u>\$ 307,345,015</u>	<u>\$ 11,629,360</u>
EXPENDITURES				
Current:				
General government	\$ 15,954,486	\$ 18,278,834	\$ 15,207,705	\$ 3,071,129
Judicial administration	9,168,474	9,511,457	8,884,041	627,416
Public safety	61,660,823	65,169,661	63,302,261	1,867,400
Public works	8,803,871	9,079,149	8,560,241	518,908
Health and welfare	29,045,033	29,698,489	24,556,558	5,141,931
Education	131,570,587	144,094,082	128,378,849	15,715,233
Parks, recreation and cultural	7,809,378	7,847,490	7,099,779	747,711
Community development	4,584,582	5,284,715	3,906,612	1,378,103
Non-departmental	2,264,426	2,760,445	1,401,727	1,358,718
Debt service:				
Principal retirement	6,878,568	6,783,568	6,783,568	-
Interest and other fiscal charges	2,692,215	2,593,237	2,594,712	(1,475)
Bond issuance costs	-	73,899	73,899	-
Total expenditures	<u>\$ 280,432,443</u>	<u>\$ 301,175,026</u>	<u>\$ 270,749,952</u>	<u>\$ 30,425,074</u>
Excess of revenues over expenditures	<u>\$ 789,248</u>	<u>\$ (5,459,371)</u>	<u>\$ 36,595,063</u>	<u>\$ 42,054,434</u>
Other financing uses:				
Transfers out	\$ (5,818,027)	\$ (23,197,212)	\$ (22,860,888)	\$ 336,324
Refunding bonds issued	-	7,080,000	7,080,000	-
Premium on refunding bonds issued	-	1,502,430	1,502,430	-
Payment to escrow for refunded bonds	-	(8,508,531)	(8,508,531)	-
Total other financing uses	<u>\$ (5,818,027)</u>	<u>\$ (23,123,313)</u>	<u>\$ (22,786,989)</u>	<u>\$ 336,324</u>
Net change in fund balances	\$ (5,028,779)	\$ (28,582,684)	\$ 13,808,074	\$ 42,390,758
Fund balance, beginning	<u>5,028,779</u>	<u>28,582,684</u>	<u>118,759,634</u>	<u>90,176,950</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 132,567,708</u>	<u>\$ 132,567,708</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, 2021

Exhibit X

Page 2

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

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

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

	Budgetary Basis (Exh IX)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 684,768	\$ -	\$ 66,735	\$ 751,503
Miscellaneous	367,575	-	-	367,575
EXPENDITURES				
Current:				
Public safety	63,302,261	-	(20,611)	63,281,650
Education	128,378,849	(14,698,674)	-	113,680,175
Debt service:				
Principal retirement	6,783,568	20,598,573	-	27,382,141
Interest and other charges	2,594,712	7,064,233	-	9,658,945
Bond issuance costs	73,899	115,640	-	189,539
Other financing sources (uses):				
Issuance of bonds	-	11,030,000	-	11,030,000
Premium on bonds issued	-	2,049,772	-	2,049,772
Refunding bonds issued	7,080,000	-	-	7,080,000
Premium on refunding bonds issued	1,502,430	-	-	1,502,430
Payment to escrow for refunded bonds	(8,508,531)	-	-	(8,508,531)
Total reconciling adjustments:		\$ -	\$ 87,346	

Net change in fund balances (Exh IX & IV):	\$ 13,808,074	\$ -	\$ 87,346	\$ 13,895,420
Fund balance, beginning (Exh IX & IV)	118,759,634	\$ -	1,949,180	120,708,814
Fund balance, ending (Exh IX & IV)	<u>\$ 132,567,708</u>	<u>\$ -</u>	<u>\$ 2,036,526</u>	<u>\$ 134,604,234</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total pension liability										
Service cost	\$ 6,468	\$ 5,931	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123			
Interest	13,530	12,564	11,745	11,029	10,191	9,544	8,849			
Differences between actual and expected experience	286	3,054	864	707	1,873	(766)	-			
Changes of assumptions	-	6,513	-	(1,373)	-	-	-			
Benefit payments, including refunds of employee contributions	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,263)	(3,827)			
Net change in total pension liability	12,854	21,281	12,016	10,555	11,909	9,920	10,145			
Total pension liability - beginning	204,152	182,871	170,855	160,300	148,391	138,471	128,326			
Total pension liability - ending	<u>\$ 217,006</u>	<u>\$ 204,152</u>	<u>\$ 182,871</u>	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$ 138,471</u>			
Plan fiduciary net position										
Contributions - employer	\$ 5,337	\$ 4,991	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736			
Contributions - employee	2,824	2,721	2,507	2,443	2,303	2,246	2,165			
Net investment income	3,506	11,453	11,629	17,039	2,399	5,869	17,024			
Benefit payments, including refunds of employee contributions	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,262)	(3,827)			
Administrative expense	(115)	(108)	(97)	(95)	(82)	(76)	(88)			
Other	(4)	(7)	(10)	(15)	(1)	(1)	1			
Net change in plan fiduciary net position	4,118	12,269	12,567	18,347	3,776	8,407	20,011			
Plan fiduciary net position - beginning	181,370	169,101	156,534	138,187	134,411	126,004	105,993			
Plan fiduciary net position - ending	<u>\$ 185,488</u>	<u>\$ 181,370</u>	<u>\$ 169,101</u>	<u>\$ 156,534</u>	<u>\$ 138,187</u>	<u>\$ 134,411</u>	<u>\$ 126,004</u>			
County's net pension liability-ending	<u>\$ 31,518</u>	<u>\$ 22,782</u>	<u>\$ 13,770</u>	<u>\$ 14,321</u>	<u>\$ 22,113</u>	<u>\$ 13,980</u>	<u>\$ 12,467</u>			
Plan fiduciary net position as a % of the total pension liability	85.5%	88.8%	92.5%	91.6%	86.2%	90.6%	91.0%			
Covered payroll	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592			
County's net pension liability as a % of covered payroll	54.1%	42.2%	27.2%	30.2%	48.7%	31.8%	28.6%			

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

EXHIBIT XI

Page 2

Notes to Schedule

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XII

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2014	2013	2012
Service cost	\$ 973	\$ 937	\$ 954	\$ 948	\$ 993	\$ 1,024	\$ 1,057			
Interest	2,136	2,065	1,972	1,906	1,846	1,760	1,662			
Difference between expected and actual experience	510	(112)	(59)	(148)	(454)	(156)	-			
Change in assumptions	-	862	-	(213)	-	-	-			
Benefit payments, including refunds of employee contributions	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)			
Net change in total pension liability	1,979	2,177	1,359	898	918	1,307	1,404			
Total pension liability - beginning	32,460	30,283	28,924	28,026	27,108	25,801	24,397			
Total pension liability - ending	<u>\$ 34,439</u>	<u>\$ 32,460</u>	<u>\$ 30,283</u>	<u>\$ 28,924</u>	<u>\$ 28,026</u>	<u>\$ 27,108</u>	<u>\$ 25,801</u>			
Plan fiduciary net position										
Contributions - employer	\$ 597	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762	\$ 872			
Contributions - employee	483	460	446	446	443	448	444			
Net investment income	607	2,004	2,097	3,135	447	1,128	3,363			
Benefit payments, including refunds of employee contributions	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)			
Administrative expense	(21)	(20)	(18)	(18)	(16)	(16)	(18)			
Other	(1)	(1)	(2)	(3)	-	-	-			
Net change in plan fiduciary net position	25	1,442	1,602	2,549	136	1,001	3,346			
Plan fiduciary net position - beginning	31,611	30,169	28,567	26,018	25,882	24,881	21,535			
Plan fiduciary net position - ending	<u>\$ 31,636</u>	<u>\$ 31,611</u>	<u>\$ 30,169</u>	<u>\$ 28,567</u>	<u>\$ 26,018</u>	<u>\$ 25,882</u>	<u>\$ 24,881</u>			
School Board's net pension liability-ending	<u>\$ 2,803</u>	<u>\$ 849</u>	<u>\$ 114</u>	<u>\$ 357</u>	<u>\$ 2,008</u>	<u>\$ 1,226</u>	<u>\$ 920</u>			
Plan fiduciary net position as a % of the total pension liability	91.86%	97.38%	99.62%	98.77%	92.84%	95.48%	96.43%			
Covered payroll	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922			
School Board's net pension liability as a % of covered payroll	27.21%	8.75%	1.22%	3.90%	22.13%	13.56%	10.31%			

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

*EXHIBIT XII**Page 2*

Notes to Schedule

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIII

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability	1.57287%	1.58065%	1.56580%	1.59753%	1.62648%	1.62945%	1.62056%			
Proportionate share of the net pension liability	\$ 228,939	\$ 208,023	\$ 184,137	\$ 196,464	\$227,937	\$ 205,089	\$ 195,840			
Covered payroll	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$123,993	\$ 121,089	\$ 118,052			
Proportionate share of the net pension liability as a % of its covered payroll	166.03%	157.18%	145.56%	156.21%	183.83%	169.37%	165.89%			
Plan fiduciary net position as a % of the total pension liability	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%			

Schedule is intended to show information for 10 years. Since 2020 is the seventh year for this presentation, there are only seven years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

*EXHIBIT XIII**Page 2*

Notes to Schedule

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

EXHIBIT XIV

(Amounts in thousands)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County of Spotsylvania										
Contractually required contribution	\$ 6,754	\$ 5,580	\$ 5,167	\$ 4,813	\$ 4,516	\$ 4,806	\$ 4,649			
Contribution in relation to the contractually required contribution	<u>(6,754)</u>	<u>(5,580)</u>	<u>(5,167)</u>	<u>(4,813)</u>	<u>(4,516)</u>	<u>(4,806)</u>	<u>(4,649)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942			
Contributions as a percentage of covered payroll	10.81%	9.58%	9.58%	9.51%	9.51%	10.58%	10.58%			
Spotsylvania County School Board										
Contractually required contribution	\$ 659	\$ 649	\$ 611	\$ 616	\$ 607	\$ 741	\$ 739			
Contribution in relation to the contractually required contribution	<u>(659)</u>	<u>(649)</u>	<u>(611)</u>	<u>(616)</u>	<u>(607)</u>	<u>(741)</u>	<u>(739)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 9,834	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042			
Contributions as a percentage of covered payroll	6.70%	6.30%	6.30%	6.62%	6.62%	8.17%	8.17%			
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 22,703	\$ 21,621	\$ 20,751	\$ 20,645	\$ 18,438	\$ 17,433	\$ 17,558			
Contribution in relation to the contractually required contribution	<u>(22,703)</u>	<u>(21,621)</u>	<u>(20,751)</u>	<u>(20,645)</u>	<u>(18,438)</u>	<u>(17,433)</u>	<u>(17,558)</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered payroll	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089			
Contributions as a percentage of covered payroll	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%	14.50%			

Schedule is intended to show information for 10 years. Since 2021 is the seventh year for this presentation, there are only seven years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XV

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
County of Spotsylvania										
Proportion of the net OPEB GLI liability	0.28328%	0.27529%	0.26618%	0.25793%						
Proportionate share of the net OPEB GLI liability	\$ 4,728	\$ 4,480	\$ 4,043	\$ 3,881						
Covered payroll	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576						
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.11%	8.30%	7.99%	8.16%						
Plan fiduciary net position as a % of the total OPEB GLI liability	52.64%	52.00%	51.22%	48.86%						
Spotsylvania County School Board										
Proportion of the net OPEB GLI liability	0.05005%	0.04959%	0.04896%	0.04992%						
Proportionate share of the net OPEB GLI liability	\$ 835	\$ 807	\$ 743	\$ 751						
Covered payroll	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208						
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.11%	8.30%	7.98%	8.16%						
Plan fiduciary net position as a % of the total OPEB GLI liability	52.64%	52.00%	51.22%	48.86%						
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB GLI liability	0.67056%	0.67560%	0.66528%	0.68283%						
Proportionate share of the net OPEB GLI liability	\$ 11,191	\$ 10,994	\$ 10,104	\$ 10,276						
Covered payroll	\$ 138,005	\$ 132,441	\$ 126,501	\$ 125,950						
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	8.11%	8.30%	7.99%	8.16%						
Plan fiduciary net position as a % of the total OPEB GLI liability	52.64%	52.00%	51.22%	48.86%						

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

EXHIBIT XV

Page 2

Notes to Schedule

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

EXHIBIT XVI

(Amounts in thousands)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County of Spotsylvania										
Contractually required contribution	\$ 338	\$ 303	\$ 281	\$ 263	\$ 247	\$ 241	\$ 233	\$ 222	\$ 213	\$ 167
Contribution in relation to the contractually required contribution	<u>(338)</u>	<u>(303)</u>	<u>(281)</u>	<u>(263)</u>	<u>(247)</u>	<u>(241)</u>	<u>(233)</u>	<u>(222)</u>	<u>(213)</u>	<u>(167)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576	\$ 45,440	\$ 43,948	\$ 41,844	\$ 40,150	\$ 38,006
Contributions as a % of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%
Spotsylvania County School Board										
Contractually required contribution	\$ 53	\$ 54	\$ 51	\$ 48	\$ 48	\$ 48	\$ 48	\$ 47	\$ 48	\$ 38
Contribution in relation to the contractually required contribution	<u>(53)</u>	<u>(54)</u>	<u>(51)</u>	<u>(48)</u>	<u>(48)</u>	<u>(48)</u>	<u>(48)</u>	<u>(47)</u>	<u>(48)</u>	<u>(38)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208	\$ 9,092	\$ 9,073	\$ 8,916	\$ 9,007	\$ 8,571
Contributions as a % of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 738	\$ 718	\$ 689	\$ 658	\$ 655	\$ 658	\$ 643	\$ 629	\$ 640	\$ 510
Contribution in relation to the contractually required contribution	<u>(738)</u>	<u>(718)</u>	<u>(689)</u>	<u>(658)</u>	<u>(655)</u>	<u>(658)</u>	<u>(643)</u>	<u>(629)</u>	<u>(640)</u>	<u>(510)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 136,732	\$ 138,005	\$ 132,440	\$ 126,501	\$ 125,950	\$ 124,222	\$ 121,231	\$ 118,759	\$ 120,819	\$ 115,949
Contributions as a % of covered payroll	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%	0.28%

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVII

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total HIC OPEB liability										
Service cost	\$ -									
Interest	-									
Change in benefit terms	505									
Differences between actual and expected experience	-									
Changes of assumptions	-									
Benefit payments	-									
Net change in total HIC OPEB liability	505									
Total HIC OPEB liability - beginning	-									
Total HIC OPEB liability - ending	<u>\$ 505</u>									
Plan fiduciary net position										
Contributions - employer	\$ -									
Contributions - employee	-									
Net investment income	-									
Benefit payments	-									
Administrative expense	-									
Other	-									
Net change in plan fiduciary net position	-									
Plan fiduciary net position - beginning	-									
Plan fiduciary net position - ending	<u>\$ -</u>									
School Board's net HIC OPEB liability-ending	<u>\$ 505</u>									
Plan fiduciary net position as a % of the Covered payroll	\$ 10,301									
School Board's net HIC OPEB liability as a covered payroll	4.90%									

Schedule is intended to show information for 10 years. Since 2020 is the first year for this presentation, there is only one year available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVII

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

Page 2

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVIII

Schedule of Employer's Share of Net HIC OPEB Liability - Teacher Plan

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net HIC OPEB liability	1.57285%	1.57784%	1.56262%	1.59468%						
Proportionate share of the net HIC OPEB liability	\$ 20,518	\$ 20,655	\$ 19,841	\$ 20,231						
Covered payroll	\$ 137,888	\$ 132,344	\$ 126,375	\$125,852						
Proportionate share of the net HIC OPEB liability as a % of its covered payroll	14.88%	15.61%	15.70%	16.08%						
Plan fiduciary net position as a % of the total HIC OPEB liability	9.95%	8.97%	8.08%	7.04%						

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

Notes to Schedule:

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

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

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIX

Schedule of Employer Health Insurance Credit Contributions

Last Ten Fiscal Years

(Amounts in thousands)	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Spotsylvania County School Board Plan										
Contractually required contribution	\$ 47									
Contribution in relation to contractually required contribution	(47)									
Contribution deficiency (excess)	\$ -									
Employer's covered payroll	\$ 9,833									
Contributions as a % of covered payroll	0.48%									
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 1,653	\$ 1,655	\$ 1,588	\$ 1,554	\$ 1,548	\$ 1,463	\$ 1,430	\$ 1,387	\$ 1,391	\$ 1,250
Contribution in relation to contractually required contribution	(1,653)	(1,655)	(1,588)	(1,554)	(1,548)	(1,463)	(1,430)	(1,387)	(1,391)	(1,250)
Contribution (deficiency)/excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852	\$ 124,013	\$ 121,149	\$ 118,512	\$ 118,901	\$ 115,739
Contributions as a % of covered payroll	1.21%	1.20%	1.20%	1.23%	1.11%	1.06%	1.06%	1.11%	1.11%	0.60%

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XX

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability										
Service cost	\$ 3,308	\$ 2,903	\$ 4,623	\$ 4,412						
Interest	2,547	3,230	5,285	4,451						
Changes of benefit items	-	-	(32,422)	-						
Changes of assumptions	(304)	18,204	(18,446)	(9,319)						
Differences between actual and expected experience	(18,796)	-	11,850	-						
Benefit payments	(1,490)	(1,757)	(2,270)	(1,454)						
Net change in total OPEB liability	(14,735)	22,580	(31,380)	(1,910)						
Total OPEB liability - beginning	112,822	90,242	121,622	123,532						
Total OPEB liability - ending	<u>\$ 98,087</u>	<u>\$ 112,822</u>	<u>\$ 90,242</u>	<u>\$ 121,622</u>						
Covered-employee payroll	\$ 69,498	\$ 64,777	\$ 60,082	\$ 55,194						
County's total OPEB liability as a % of covered-employee payroll	141.14%	174.17%	150.20%	220.35%						

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

Notes to Schedule:

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

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

Changes in plan experience - The June 30, 2021 actuarial valuation resulted in an \$18.8 million decrease in liability due to the expected per capita healthcare costs not increasing as much as expected.

Changes in assumptions

- Healthcare cost trend rate decreased from (9.50% to 4.00% over 56 years) to (5.20% to 4.00% over 52 years)
- Change in discount rate

2.16%	2.21%	3.50%	3.87%
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ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXI

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

Last Ten Fiscal Years

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB liability										
Service cost	\$ 10,378	\$ 8,673	\$ 9,447	\$ 9,179	\$ 10,523					
Interest	7,273	8,207	8,743	8,413	7,155					
Difference between expected and actual experience	(135,177)	(2,827)	(20,301)	(2,920)	-					
Changes of assumptions	8,991	25,218	27,701	(3,475)	(27,679)					
Benefit payments	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)					
Net change in total OPEB liability	(112,268)	34,790	20,541	6,509	(14,497)					
Total OPEB liability - beginning	300,645	265,855	245,314	238,805	253,302					
Total OPEB liability - ending	<u>\$ 188,377</u>	<u>\$ 300,645</u>	<u>\$ 265,855</u>	<u>\$ 245,314</u>	<u>\$ 238,805</u>					
Plan fiduciary net position										
Contributions - employer	\$ 10,017	\$ 4,481	\$ 5,478	\$ 4,688	\$ 4,496					
Net investment income	1,269	124	208	299	357					
Benefit payments	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)					
Administrative expense	(5)	(5)	(4)	(4)	(3)					
Net change in plan fiduciary net position	7,548	119	633	295	354					
Plan fiduciary net position - beginning	4,179	4,060	3,427	3,132	2,778					
Plan fiduciary net position - ending	<u>\$ 11,727</u>	<u>\$ 4,179</u>	<u>\$ 4,060</u>	<u>\$ 3,427</u>	<u>\$ 3,132</u>					
School Board's net OPEB liability-ending	<u>\$ 176,650</u>	<u>\$ 296,466</u>	<u>\$ 261,795</u>	<u>\$ 241,887</u>	<u>\$ 235,673</u>					
Plan fiduciary net position as a % of the total OPEB liability	6.23%	1.39%	1.53%	1.40%	1.31%					
Covered-employee payroll	\$ 146,426	\$ 148,123	\$ 141,996	\$ 135,808	\$ 134,931					
School Board's net OPEB liability as a % of covered-employee payroll	120.64%	200.15%	184.37%	178.11%	174.66%					

Notes to Schedule :

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

Total OPEB Liability - Retiree Healthcare, as reported on Exhibits I & II in accordance with GASB 75, is presented having a 2020 measurement date.

Changes in experience - As of January 1, 2021, the medicare supplement and Part D RX changed from a self-funded plan to a premium plan only reducing overall liabilities by 40%.

Changes in assumptions: The trend was updated to the most recently issued SOA healthcare trend model (2020 SOA Long-Term Healthcare Cost (No Cadillac)).

Change in Discount Rate: 1.92% 2.45% 3.13% 3.62% 3.58%

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXII

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Annual money-weighted rate of return, net of investment expense	27.82%	3.06%	5.78%	9.58%	12.88%					

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXIII

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

Last Ten Fiscal Years

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
(Amounts in thousands)										
Total OPEB liability										
Service cost	\$ 840	\$ 1,020	\$ 908	\$ 880						
Interest	152	284	274	240						
Differences between expected and actual experience	14	(3,752)	(29)	(39)						
Changes of assumptions	481	(261)	555	(40)						
Benefit payments	(214)	(203)	(193)	(181)						
Net change in total OPEB liability	1,273	(2,912)	1,515	860						
Total OPEB liability - beginning	6,294	9,206	7,691	6,831						
Total OPEB liability - ending	<u>\$ 7,567</u>	<u>\$ 6,294</u>	<u>\$ 9,206</u>	<u>\$ 7,691</u>						
Covered-employee payroll	N/A	N/A	N/A	N/A						
County's total OPEB liability as a										
% of covered-employee payroll	N/A	N/A	N/A	N/A						

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

Notes to Schedule :

There are no actuarially significant changes to benefit provisions.

Changes in discount rate: 1.92% 2.45% 3.13% 3.62%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Measurement date:	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
(Amounts in thousands)										
Total pension liability										
Service cost	\$ 90	\$ 85	\$ 93	\$ 147	\$ 109					
Interest	128	131	119	102	114					
Differences between actual and expected experience	10	(74)	(5)	46	6					
Change in assumptions	1,020	216	(43)	(469)	446					
Benefit payments, including refunds of employee contributions	(79)	(118)	(79)	(77)	(70)					
Net change in total pension liability	1,169	240	85	(251)	605					
Total pension liability - beginning	3,701	3,461	3,376	3,627	3,022					
Total pension liability - ending	<u>\$ 4,870</u>	<u>\$ 3,701</u>	<u>\$ 3,461</u>	<u>\$ 3,376</u>	<u>\$ 3,627</u>					
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A					
Total pension liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A					

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

Notes to Schedule :

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

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

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

Mortality Table - RP 2014 Combined - Projected to 2020

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
 BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND
 For the Year Ended June 30, 2021

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 44,708	\$ 5,108
From use of money and property	200,000	200,000	312,085	112,085
Gifts and donations	278,402	462,476	36,600	(425,876)
Miscellaneous	-	74,982	167,204	92,222
Intergovernmental	164,185	2,087,219	818,484	(1,268,735)
Total revenues	<u>\$ 682,187</u>	<u>\$ 2,864,277</u>	<u>\$ 1,379,081</u>	<u>\$ (1,485,196)</u>
EXPENDITURES				
Current:				
General government	\$ 171,802	\$ 175,311	\$ 170,910	\$ 4,401
Capital projects	13,914,315	66,771,364	26,496,617	40,274,747
Debt service:				
Bond issuance costs	-	14,234	5,875	8,359
Total expenditures	<u>\$ 14,086,117</u>	<u>\$ 66,960,909</u>	<u>\$ 26,673,402</u>	<u>\$ 40,287,507</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,403,930)</u>	<u>\$ (64,096,632)</u>	<u>\$ (25,294,321)</u>	<u>\$ 38,802,311</u>
Other financing sources:				
Transfers in	\$ 8,159,414	\$ 25,496,715	\$ 25,679,766	\$ 183,051
Issuance of bonds	-	1,240,000	1,240,000	-
Premium on bonds issued	-	229,457	229,457	-
Total other financing sources	<u>\$ 8,159,414</u>	<u>\$ 26,966,172</u>	<u>\$ 27,149,223</u>	<u>\$ 183,051</u>
Net change in fund balances	\$ (5,244,516)	\$ (37,130,460)	\$ 1,854,902	\$ 38,985,362
Fund balance, beginning	<u>5,244,516</u>	<u>37,130,460</u>	<u>51,155,615</u>	<u>14,025,155</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,010,517</u>	<u>\$ 53,010,517</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, 2021

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 118,389	\$ 7,265,261	\$ 5,837,454	\$ 13,221,104
Receivables, net	352,440	93,523	4,773,502	5,219,465
Restricted cash and investments	-	-	870,554	870,554
Total assets	<u>\$ 470,829</u>	<u>\$ 7,358,784</u>	<u>\$ 11,481,510</u>	<u>\$ 19,311,123</u>
LIABILITIES				
Accounts payable	\$ -	\$ 661,317	\$ 2,984	\$ 664,301
Accrued salaries and benefits	-	217,015	23,902	240,917
Other accrued liabilities	-	264,075	-	264,075
Deposits	-	170,094	942,047	1,112,141
Total liabilities	<u>\$ -</u>	<u>\$ 1,312,501</u>	<u>\$ 968,933</u>	<u>\$ 2,281,434</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 751,608	\$ 751,608
Other revenues	775	-	-	775
Total deferred inflows of resources	<u>\$ 775</u>	<u>\$ -</u>	<u>\$ 751,608</u>	<u>\$ 752,383</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 4,932,143	\$ 4,932,143
Committed	470,054	-	4,654,716	5,124,770
Assigned	-	6,046,283	174,110	6,220,393
Total fund balances	<u>\$ 470,054</u>	<u>\$ 6,046,283</u>	<u>\$ 9,760,969</u>	<u>\$ 16,277,306</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 470,829</u>	<u>\$ 7,358,784</u>	<u>\$ 11,481,510</u>	<u>\$ 19,311,123</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2021

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,327,027	\$ 1,327,027
Other local taxes	-	-	5,720,405	5,720,405
Permits, privilege fees and regulatory licenses	-	6,606,258	19,060	6,625,318
From use of money and property	-	-	51,757	51,757
Charges for services	<u>2,789,182</u>	<u>327,186</u>	<u>-</u>	<u>3,116,368</u>
Total revenues	<u>\$ 2,789,182</u>	<u>\$ 6,933,444</u>	<u>\$ 7,118,249</u>	<u>\$ 16,840,875</u>
EXPENDITURES				
Current:				
Public safety	\$ -	\$ 2,461,744	\$ -	\$ 2,461,744
Public works	-	-	73,894	73,894
Community development	-	3,906,551	2,094,531	6,001,082
Debt service:				
Principal retirement	-	-	3,455,859	3,455,859
Interest and other fiscal charges	-	-	1,562,266	1,562,266
Total expenditures	<u>\$ -</u>	<u>\$ 6,368,295</u>	<u>\$ 7,186,550</u>	<u>\$ 13,554,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,789,182</u>	<u>\$ 565,149</u>	<u>\$ (68,301)</u>	<u>\$ 3,286,030</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (2,805,816)</u>	<u>\$ 1,860</u>	<u>\$ (2,461)</u>	<u>\$ (2,806,417)</u>
Total other financing sources (uses), net	<u>\$ (2,805,816)</u>	<u>\$ 1,860</u>	<u>\$ (2,461)</u>	<u>\$ (2,806,417)</u>
Net change in fund balances	\$ (16,634)	\$ 567,009	\$ (70,762)	\$ 479,613
Fund balance, beginning	<u>486,688</u>	<u>5,479,274</u>	<u>9,831,731</u>	<u>15,797,693</u>
Fund balance, ending	<u>\$ 470,054</u>	<u>\$ 6,046,283</u>	<u>\$ 9,760,969</u>	<u>\$ 16,277,306</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - FIRE/EMS SERVICE FEE FUND

For the Year Ended June 30, 2021

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,600,000	\$ 2,600,000	\$ 2,789,182	\$ 189,182
Total revenues	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>	<u>\$ 2,789,182</u>	<u>\$ 189,182</u>
 Other financing uses:				
Transfers out	\$ (2,600,000)	\$ (2,600,000)	\$ (2,805,816)	\$ (205,816)
Total other financing uses	<u>\$ (2,600,000)</u>	<u>\$ (2,600,000)</u>	<u>\$ (2,805,816)</u>	<u>\$ (205,816)</u>
 Net change in fund balances	\$ -	\$ -	\$ (16,634)	\$ (16,634)
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>486,688</u>	<u>\$ 486,688</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 470,054</u></u>	<u><u>\$ 470,054</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND

For the Year Ended June 30, 2021

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 4,454,157	\$ 6,215,055	\$ 6,606,258	\$ 391,203
Charges for services	249,822	249,822	327,186	77,364
Intergovernmental	-	2,000	-	(2,000)
Total revenues	<u>\$ 4,703,979</u>	<u>\$ 6,466,877</u>	<u>\$ 6,933,444</u>	<u>\$ 466,567</u>
EXPENDITURES				
Public safety	\$ 2,532,864	\$ 2,610,624	\$ 2,461,744	\$ 148,880
Community development	1,836,884	3,882,278	3,906,551	(24,273)
Total expenditures	<u>\$ 4,369,748</u>	<u>\$ 6,492,902</u>	<u>\$ 6,368,295</u>	<u>\$ 124,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 334,231</u>	<u>\$ (26,025)</u>	<u>\$ 565,149</u>	<u>\$ 591,174</u>
Other financing sources:				
Transfers in (out)	\$ 162,352	\$ 171,771	\$ 1,860	\$ (169,911)
Total other financing sources	<u>\$ 162,352</u>	<u>\$ 171,771</u>	<u>\$ 1,860</u>	<u>\$ (169,911)</u>
Net change in fund balances	\$ 496,583	\$ 145,746	\$ 567,009	\$ 421,263
Fund balance, beginning	<u>(496,583)</u>	<u>(145,746)</u>	<u>5,479,274</u>	<u>5,625,020</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 6,046,283</u></u>	<u><u>\$ 6,046,283</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND

For the Year Ended June 30, 2021

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,386,036	\$ 1,386,036	\$ 1,327,027	\$ (59,009)
Other local taxes	4,600,000	4,600,000	5,720,405	1,120,405
Permits, privilege fees and regulatory licenses	16,000	16,000	19,060	3,060
From use of money and property	30,000	30,000	51,757	21,757
Total revenues	<u>\$ 6,032,036</u>	<u>\$ 6,032,036</u>	<u>\$ 7,118,249</u>	<u>\$ 1,086,213</u>
EXPENDITURES				
Current:				
Public works	\$ 78,149	\$ 79,997	\$ 73,894	\$ 6,103
Community development	2,362,558	2,371,428	2,094,531	276,897
Debt service:				
Principal retirement	3,468,620	3,455,859	3,455,859	-
Interest and other fiscal charges	1,603,660	1,562,318	1,562,266	52
Total expenditures	<u>\$ 7,512,987</u>	<u>\$ 7,469,602</u>	<u>\$ 7,186,550</u>	<u>\$ 283,052</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,480,951)</u>	<u>\$ (1,437,566)</u>	<u>\$ (68,301)</u>	<u>\$ 1,369,265</u>
Other financing sources:				
Transfers in (out)	\$ 1,261	\$ 2,238	\$ (2,461)	\$ (4,699)
Total other financing sources	<u>\$ 1,261</u>	<u>\$ 2,238</u>	<u>\$ (2,461)</u>	<u>\$ (4,699)</u>
Net change in fund balances	\$ (1,479,690)	\$ (1,435,328)	\$ (70,762)	\$ 1,364,566
Fund balance, beginning	<u>1,479,690</u>	<u>1,435,328</u>	<u>9,831,731</u>	<u>8,396,403</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,760,969</u>	<u>\$ 9,760,969</u>

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.

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

Enterprise fund:

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

Fiduciary fund:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

COMBINING BALANCE SHEET - DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD

June 30, 2021

Schedule C-1

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
ASSETS					
Cash and investments - pooled equity	\$ 6,215,392	\$ 13,369,781	\$ -	\$ -	\$ 19,585,173
Receivables, net	12,364,915	1,822,302	-	-	14,187,217
Due from Primary Government	6,849,277	-	-	-	6,849,277
Claim reserves held by others	256,500	-	-	-	256,500
Restricted cash and investments	-	-	12,897,792	2,290,657	15,188,449
Total assets	<u>\$ 25,686,084</u>	<u>\$ 15,192,083</u>	<u>\$ 12,897,792</u>	<u>\$ 2,290,657</u>	<u>\$ 56,066,616</u>
LIABILITIES					
Accounts payable	\$ 2,293,186	\$ 529,522	\$ 3,015,157	\$ -	\$ 5,837,865
Retainage payable	-	-	384,323	-	384,323
Accrued salaries and benefits	21,613,754	160,112	-	-	21,773,866
Total liabilities	<u>\$ 23,906,940</u>	<u>\$ 689,634</u>	<u>\$ 3,399,480</u>	<u>\$ -</u>	<u>\$ 27,996,054</u>
DEFERRED INFLOWS OF					
Unavailable revenues	<u>\$ 1,522,644</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,522,644</u>
FUND BALANCE					
Restricted for:					
Capital projects	\$ -	\$ -	\$ 9,498,312	\$ -	\$ 9,498,312
Student activities	-	-	-	2,290,657	2,290,657
Committed for:					
Food service	-	14,502,449	-	-	14,502,449
Assigned to:					
Health insurance reserve	256,500	-	-	-	256,500
Total fund balance	<u>\$ 256,500</u>	<u>\$ 14,502,449</u>	<u>\$ 9,498,312</u>	<u>\$ 2,290,657</u>	<u>\$ 26,547,918</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 25,686,084</u>	<u>\$ 15,192,083</u>	<u>\$ 12,897,792</u>	<u>\$ 2,290,657</u>	<u>\$ 56,066,616</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, 2021

Page 2

Total fund balances of the component unit - School Board (Schedule C-1) \$ 26,547,918

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

Prepaid expenses use current resources and, therefore, are not reported in the governmental funds. 1,533,143

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

Non-depreciable assets	\$ 18,468,622	
Depreciable assets, net	<u>308,878,330</u>	
		327,346,952

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

Pension contributions	\$ 22,389,687	
Pension actuarial differences	35,715,275	
OPEB contributions	12,447,234	
OPEB actuarial differences	<u>43,723,064</u>	
		114,275,260

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

Other postemployment benefits	\$ (327,875,135)	
Net pension liability	(231,545,647)	
Insurance claims	(4,691,214)	
Compensated absences	<u>(7,511,292)</u>	
		(571,623,288)

Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements. 1,522,644

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

Pension actuarial differences	\$ (17,352,566)	
OPEB actuarial differences	<u>(36,098,066)</u>	
		(53,450,632)

Internal service fund included in entity-wide statements (Sch D-1). 7,047,596

Total net position of the component unit - School Board (Exhibit I) \$ (146,800,407)

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, 2021

Schedule C-2

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
REVENUES					
From use of money and property	\$ 50,010	\$ 12,254	\$ 27,731	\$ -	\$ 89,995
Charges for services	232,990	128,654	-	-	361,644
Miscellaneous	591,988	58,304	-	-	650,292
Intergovernmental	176,138,812	23,748,697	-	-	199,887,509
Student activity fees and contributions	-	-	-	1,840,443	1,840,443
Payments from Primary Government	100,526,872	-	12,964,132	-	113,491,004
Total revenues	<u>\$ 277,540,672</u>	<u>\$ 23,947,909</u>	<u>\$ 12,991,863</u>	<u>\$ 1,840,443</u>	<u>\$ 316,320,887</u>
EXPENDITURES					
Current:					
Education	\$ 278,858,161	\$ 14,263,239	\$ -	\$ 2,078,407	\$ 295,199,807
Capital projects	-	-	10,586,828	-	10,586,828
Total expenditures	<u>\$ 278,858,161</u>	<u>\$ 14,263,239</u>	<u>\$ 10,586,828</u>	<u>\$ 2,078,407</u>	<u>\$ 305,786,635</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (1,317,489)</u>	<u>\$ 9,684,670</u>	<u>\$ 2,405,035</u>	<u>\$ (237,964)</u>	<u>\$ 10,534,252</u>
Other financing sources (uses):					
Transfers in (out)	\$ (55,224)	\$ 36,816	\$ -	\$ -	\$ (18,408)
Total other financing sources (uses), net	<u>\$ (55,224)</u>	<u>\$ 36,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,408)</u>
Net change in fund balances	\$ (1,372,713)	\$ 9,721,486	\$ 2,405,035	\$ (237,964)	\$ 10,515,844
Fund balance, beginning, as restated (Note 21)	1,629,213	4,780,963	7,093,277	2,528,621	16,032,074
Fund balance, ending	<u>\$ 256,500</u>	<u>\$ 14,502,449</u>	<u>\$ 9,498,312</u>	<u>\$ 2,290,657</u>	<u>\$ 26,547,918</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, 2021

Page 2

Net change in fund balance of the component unit - School Board (Schedule C-2):		\$ 10,515,844
<i>Amounts reported for the component unit - School Board in the Statement of Activities are different because:</i>		
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.		439,644
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	\$ 12,177,304	
Depreciation expense	<u>(18,753,188)</u>	
		(6,575,884)
In the Statement of Activities, only the gain or loss on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets sold.		(191,873)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.		85,989
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Other postemployment benefits obligation	(6,536,423)	
Pension benefits	(3,330,762)	
Insurance claims	90,864	
Compensated absences	<u>(298,605)</u>	
		(10,074,926)
Change in Internal Service Fund (Sch D-2) included in the entity-wide statements.		<u>(440,358)</u>
Change in net position of the component unit - School Board (Exhibit II)		<u>\$ (6,241,564)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Schedule C-3

Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ 90,000	\$ 90,000	\$ 50,010	\$ (39,990)	\$ 32,000	\$ 32,000	\$ 12,254	\$ (19,746)
Charges for services	520,600	520,600	232,990	(287,610)	4,567,000	82,000	128,654	46,654
Miscellaneous	520,003	520,003	591,988	71,985	19,000	19,000	58,304	39,304
Intergovernmental	167,498,238	180,176,722	176,138,812	(4,037,910)	6,259,986	15,388,244	23,748,697	8,360,453
Payments from Primary Government	<u>131,381,416</u>	<u>143,904,911</u>	<u>129,304,200</u>	<u>(14,600,711)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>\$ 300,010,257</u>	<u>\$ 325,212,236</u>	<u>\$ 306,318,000</u>	<u>\$ (18,894,236)</u>	<u>\$ 10,877,986</u>	<u>\$ 15,521,244</u>	<u>\$ 23,947,909</u>	<u>\$ 8,426,665</u>
Expenditures								
Current:								
Education	\$ 271,920,482	\$ 297,125,251	\$ 278,858,161	\$ 18,267,090	\$ 12,251,952	\$ 16,932,026	\$ 14,263,239	\$ 2,668,787
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	20,649,645	20,649,645	20,598,573	51,072	-	-	-	-
Interest and fiscal charges	7,440,130	7,382,116	7,064,233	317,883	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Total expenditures	<u>\$ 300,010,257</u>	<u>\$ 325,157,012</u>	<u>\$ 306,520,967</u>	<u>\$ 18,636,045</u>	<u>\$ 12,251,952</u>	<u>\$ 16,932,026</u>	<u>\$ 14,263,239</u>	<u>\$ 2,668,787</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 55,224</u>	<u>\$ (202,967)</u>	<u>\$ (258,191)</u>	<u>\$ (1,373,966)</u>	<u>\$ (1,410,782)</u>	<u>\$ 9,684,670</u>	<u>\$ 11,095,452</u>
Other financing sources (uses):								
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-	-	-	-	-	-
Payments to Primary Government	-	-	(1,114,522)	(1,114,522)	-	-	-	-
Transfers	-	(55,224)	(55,224)	-	-	36,816	36,816	-
Total other financing sources (uses), net	<u>\$ -</u>	<u>\$ (55,224)</u>	<u>\$ (1,169,746)</u>	<u>\$ (1,114,522)</u>	<u>\$ -</u>	<u>\$ 36,816</u>	<u>\$ 36,816</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,372,713)</u>	<u>\$ (1,372,713)</u>	<u>\$ (1,373,966)</u>	<u>\$ (1,373,966)</u>	<u>\$ 9,721,486</u>	<u>\$ 11,095,452</u>
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>1,629,213</u>	<u>1,629,213</u>	<u>1,373,966</u>	<u>1,373,966</u>	<u>4,780,963</u>	<u>3,406,997</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,500</u>	<u>\$ 256,500</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,502,449</u>	<u>\$ 14,502,449</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Schedule C-3

Page 2

	Capital Projects				Totals			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ -	\$ 27,731	\$ 27,731	\$ 122,000	\$ 122,000	\$ 89,995	\$ (32,005)
Charges for services	-	-	-	-	5,087,600	602,600	361,644	(240,956)
Miscellaneous	-	-	-	-	539,003	539,003	650,292	111,289
Gifts and donations	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	173,758,224	195,564,966	199,887,509	4,322,543
Payments from Primary Government	-	-	-	-	131,381,416	143,904,911	129,304,200	(14,600,711)
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,731</u>	<u>\$ 27,731</u>	<u>\$ 310,888,243</u>	<u>\$ 340,733,480</u>	<u>\$ 330,293,640</u>	<u>\$ (10,439,840)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 284,172,434	\$ 314,057,277	\$ 293,121,400	\$ 20,935,877
Capital projects	13,500,916	18,898,350	10,586,828	8,311,522	13,500,916	18,898,350	10,586,828	8,311,522
Debt service:								
Principal	-	-	-	-	20,649,645	20,649,645	20,598,573	51,072
Interest and fiscal charges	-	-	-	-	7,440,130	7,382,116	7,064,233	317,883
Bond issuance costs	-	115,640	115,640	-	-	115,640	115,640	-
Total expenditures	<u>\$ 13,500,916</u>	<u>\$ 19,013,990</u>	<u>\$ 10,702,468</u>	<u>\$ 8,311,522</u>	<u>\$ 325,763,125</u>	<u>\$ 361,103,028</u>	<u>\$ 331,486,674</u>	<u>\$ 29,616,354</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (13,500,916)</u>	<u>\$ (19,013,990)</u>	<u>\$ (10,674,737)</u>	<u>\$ 8,339,253</u>	<u>\$ (14,874,882)</u>	<u>\$ (20,369,548)</u>	<u>\$ (1,193,034)</u>	<u>\$ 19,176,514</u>
Other financing sources (uses):								
Issuance of bonds	\$ 13,500,916	\$ 11,030,000	\$ 11,030,000	\$ -	\$ 13,500,916	\$ 11,030,000	\$ 11,030,000	\$ -
Premium on bonds issued	-	2,049,772	2,049,772	-	-	2,049,772	2,049,772	-
Payments to Primary Government	-	-	-	-	-	-	(1,114,522)	(1,114,522)
Transfers	-	-	-	-	-	(18,408)	(18,408)	-
Total other financing sources (uses), net	<u>\$ 13,500,916</u>	<u>\$ 13,079,772</u>	<u>\$ 13,079,772</u>	<u>\$ -</u>	<u>\$ 13,500,916</u>	<u>\$ 13,061,364</u>	<u>\$ 11,946,842</u>	<u>\$ (1,114,522)</u>
Net change in fund balances	\$ -	\$ (5,934,218)	\$ 2,405,035	\$ 8,339,253	\$ (1,373,966)	\$ (7,308,184)	\$ 10,753,808	\$ 18,061,992
Fund balance, beginning	-	5,934,218	7,093,277	\$ 1,159,059	1,373,966	7,308,184	13,503,453	6,195,269
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,498,312</u>	<u>\$ 9,498,312</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,257,261</u>	<u>\$ 24,257,261</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
NOTES TO COMBINING BUDGETARY COMPARISON SCHEDULE
 For the Year Ended June 30, 2021

Schedule C-3

Page 3

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

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

2 - As of January 1, 2021, Medicare supplement coverage for over age 65 retiree health benefits was changed from a self-funded plan with Healthsmart to a premium based plan through Aetna. Of the funds held by Healthsmart, and no longer needed to cover claim costs, \$1,114,522 was returned to the School Board. The School Board transferred these same funds to the Primary Government to hold as part of the School Board's health insurance reserve.

	Budgetary Basis (Sch D-3)	Reconciling Activity			GAAP Basis (Sch D-2)
		Operating (1)	Capital Projects (1)	Transfer (2)	
REVENUES					
Payments from Primary Government	\$ 129,304,200	\$ (27,662,806)	\$ 12,964,132	\$ (1,114,522)	\$ 113,491,004
EXPENDITURES					
Debt service:					
Principal retirement	20,598,573	(20,598,573)	-	-	-
Interest and other charges	7,064,233	(7,064,233)	-	-	-
Bond issuance costs	115,640	-	(115,640)	-	-
Other financing sources (uses):					
Issuance of bonds	11,030,000	-	(11,030,000)	-	-
Premium on bonds issued	2,049,772	-	(2,049,772)	-	-
Payments to Primary Government	(1,114,522)	-	-	1,114,522	-

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - INTERNAL SERVICE FUND - SCHOOL BOARD

June 30, 2021

Schedule D-1

	Fleet Services Fund
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 334,373
Receivables, net	2,678
Inventory	395,266
Total current assets	<u>732,317</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	94,400
Depreciable assets	8,076,052
Total noncurrent assets	<u>8,170,452</u>
Total assets	<u>\$ 8,902,769</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension contributions	\$ 41,648
Pension actuarial differences	110,000
OPEB contributions	63,270
OPEB actuarial differences	277,811
Total deferred outflows of resources	<u>\$ 492,729</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 78,008
Accrued salaries and benefits	43,723
Current portion of insurance claims payable	28,317
Current portion of compensated absences	3,995
Total current liabilities	<u>154,043</u>
Noncurrent liabilities:	
Noncurrent portion of compensated absences	161,955
Net pension liability	196,831
OPEB benefits	1,639,562
Total noncurrent liabilities	<u>1,998,348</u>
Total liabilities	<u>\$ 2,152,391</u>
DEFERRED INFLOWS OF RESOURCES	
Pension actuarial differences	\$ 4,380
OPEB actuarial differences	191,131
Total deferred inflows of resources	<u>\$ 195,511</u>
NET POSITION	
Net investment in capital assets	\$ 8,170,452
Unrestricted	(1,122,856)
Total net position	<u>\$ 7,047,596</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Schedule D-2

	Fleet Services Fund
OPERATING REVENUES	
Charges for services	\$ 2,191,386
OPERATING EXPENSES	
Personnel	\$ 1,021,420
Fringe benefits	507,101
Contractual services	64,589
Materials and supplies	603,044
Depreciation	363,636
Other services and charges	90,362
Total operating expenses	<u>\$ 2,650,152</u>
Operating loss	<u>\$ (458,766)</u>
NON-OPERATING REVENUES	
Transfers from other funds	<u>18,408</u>
Change in net position	\$ (440,358)
Net position, beginning	<u>7,487,954</u>
Net position, ending	<u><u>\$ 7,047,596</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUND - SCHOOL BOARD

For the Year Ended June 30, 2021

Schedule D-3

	Fleet Services Fund
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,183,036
Receipts from external customers	4,347
Receipts from miscellaneous revenue	3,574
Payments to suppliers and service providers	(706,861)
Payments to employees for salaries and benefits	(1,381,809)
Net cash provided by operating activities	<u>102,287</u>
Cash flows from non-capital financing activities:	
Transfers in (out)	<u>18,408</u>
Net cash provided by non-capital financing activities	<u>18,408</u>
Net increase in cash and cash equivalents	120,695
Cash and cash equivalents:	
Beginning	<u>213,678</u>
Ending	<u><u>\$ 334,373</u></u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (458,766)
Depreciation expense	363,636
Effect of changes in assets and liabilities	
Receivables	(429)
Inventory	7,871
Accounts payable	43,264
Employment related benefits	<u>146,711</u>
Net cash provided by operating activities	<u><u>\$ 102,287</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - SCHOOL BOARD

June 30, 2021

*Schedule E-1***OPEB Trust
Fund****ASSETS****Investments:****Common Trust Funds****\$ 11,726,729****Total assets****\$ 11,726,729****NET POSITION****Net position restricted for postemployment benefits other than pensions****\$ 11,726,729****Total net position****\$ 11,726,729**

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Schedule E-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	<u>\$ 10,016,649</u>
Investment earnings:	
Interest	2,125
Net increase in the fair value of investments	<u>1,267,070</u>
Total investment earnings	\$ 1,269,195
Less investment costs	<u>(500)</u>
Net investment earnings	<u>1,268,695</u>
Total additions	<u>\$ 11,285,344</u>
DEDUCTIONS	
Benefit payments	\$ 3,733,226
Administrative fees	<u>4,734</u>
Total deductions	<u>\$ 3,737,960</u>
Net increase in net position	\$ 7,547,384
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	<u>4,179,345</u>
Net position, ending	<u><u>\$ 11,726,729</u></u>

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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, 2021

Schedule F-1

ASSETS

Cash and investments - pooled equity	\$ 697,272
Land held for investment	<u>1,192,100</u>
Total assets	<u>\$ 1,889,372</u>

LIABILITIES

Accounts payable	\$ 429,248
Total liabilities	<u>\$ 429,248</u>

FUND BALANCE

Nonspendable - land held for investment	\$ 1,192,100
Unassigned	<u>268,024</u>
Total fund balance	<u>\$ 1,460,124</u>
Total liabilities and fund balance	<u>\$ 1,889,372</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, 2021

Schedule F-2

REVENUES

Interest	\$ 2,139
Miscellaneous	5,336
Payments from Primary Government	<u>1,440,450</u>
Total revenues	<u>\$ 1,447,925</u>

EXPENDITURES

Community development:

Business incentive program	\$ 1,396,103
Small business grants	44,347
Legal services	36,000
EDA member stipends	<u>1,600</u>
Total expenditures	<u>\$ 1,478,050</u>

Excess of revenues over expenditures	<u>\$ (30,125)</u>
--------------------------------------	--------------------

Net change in fund balances	\$ (30,125)
-----------------------------	-------------

Fund balance, beginning	<u>1,490,249</u>
Fund balance, ending	<u><u>\$ 1,460,124</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-19

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-1

(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 18.3	\$ 22.6	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3	\$ 86.9	\$ 90.5
Restricted	19.7	21.0	1.4	9.5	10.9	8.8	9.5	11.4	6.8	9.3
Unrestricted (deficit)	<u>(147.0)</u>	<u>(137.6)</u>	<u>(135.9)</u>	<u>(143.3)</u>	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>	<u>(190.0)</u>	<u>(161.2)</u>
Total governmental activities net position	<u>\$ (109.0)</u>	<u>\$ (94.0)</u>	<u>\$ (76.8)</u>	<u>\$ (73.0)</u>	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>	<u>\$ (96.3)</u>	<u>\$ (61.4)</u>
Business-type activities										
Net investment in capital assets	\$ 166.1	\$ 164.7	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7	\$ 207.6	\$ 222.5
Restricted	19.4	15.7	6.1	6.1	0.9	2.7	2.8	2.9	3.6	2.5
Unrestricted (deficit)	<u>54.7</u>	<u>57.9</u>	<u>77.6</u>	<u>61.9</u>	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>	<u>84.9</u>	<u>83.3</u>
Total business-type activities net position	<u>\$ 240.2</u>	<u>\$ 238.3</u>	<u>\$ 241.3</u>	<u>\$ 245.0</u>	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>	<u>\$ 296.1</u>	<u>\$ 308.3</u>
Primary Government										
Net investment in capital assets	\$ 184.4	\$ 187.3	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0	\$ 294.5	\$ 313.0
Restricted	39.1	36.7	7.5	15.6	11.8	11.5	12.3	14.3	10.4	11.8
Unrestricted (deficit)	<u>(92.3)</u>	<u>(79.7)</u>	<u>(58.3)</u>	<u>(81.4)</u>	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>	<u>(105.1)</u>	<u>(77.9)</u>
Total Primary Government net position	<u>\$ 131.2</u>	<u>\$ 144.3</u>	<u>\$ 164.5</u>	<u>\$ 172.0</u>	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>	<u>\$ 199.8</u>	<u>\$ 246.9</u>
Component unit - School Board (1)										
Net investment in capital assets	\$ 330.6	\$ 322.6	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7	\$ 342.6	\$ 335.5
Restricted	3.8	0.7	4.0	5.6	4.8	0.7	4.3	1.4	7.4	11.8
Unrestricted (deficit)	<u>(66.0)</u>	<u>(71.5)</u>	<u>(78.5)</u>	<u>(304.3)</u>	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>	<u>(493.1)</u>	<u>(494.1)</u>
Total Component unit - School Board net position	<u>\$ 268.4</u>	<u>\$ 251.8</u>	<u>\$ 241.0</u>	<u>\$ 8.2</u>	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>	<u>\$ (143.1)</u>	<u>\$ (146.8)</u>

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-2
Page 1

(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
General government	\$ 10.9	\$ 13.4	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0	\$ 18.8	\$ 20.4
Judicial administration	7.3	5.7	8.4	9.1	8.7	9.1	9.1	6.6	10.0	10.9
Public safety	43.4	49.1	48.2	47.3	49.0	56.9	60.8	49.3	72.5	76.4
Public works	9.5	9.2	12.6	10.5	12.3	10.0	11.9	10.3	10.3	11.3
Health and welfare	17.5	17.7	18.5	18.1	19.8	21.3	24.1	24.3	26.4	25.3
Education	88.6	92.9	102.7	102.1	114.7	120.5	124.4	124.6	122.8	113.7
Parks, recreation & cultural	7.9	8.1	8.0	8.0	7.9	8.2	8.4	8.1	8.7	8.1
Community development	14.6	19.4	8.3	14.6	18.8	12.2	13.3	19.0	11.9	15.1
Interest on long-term debt	14.2	12.6	11.7	10.6	10.4	10.1	9.9	10.0	9.4	8.3
Total governmental activities expenses	<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>\$ 268.2</u>	<u>\$ 290.8</u>	<u>\$ 289.5</u>
Business-type activities										
Water and sewer	\$ 32.5	\$ 33.2	\$ 33.0	\$ 33.6	\$ 33.3	\$ 33.8	\$ 36.4	\$ 34.2	\$ 38.9	\$ 39.6
Total business-type activities expenses	<u>\$ 32.5</u>	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>	<u>\$ 38.9</u>	<u>\$ 39.6</u>
Total Primary Government expenses	<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>\$ 302.4</u>	<u>\$ 329.7</u>	<u>\$ 329.1</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	1.1	1.0	0.8	0.9	0.7	0.9	0.8	0.8	0.7	0.8
Public safety	4.4	5.8	5.9	6.6	7.5	7.5	7.9	8.8	9.2	10.7
Public works	0.8	1.3	1.9	2.4	2.5	2.7	3.0	3.2	2.6	3.0
Other	1.6	1.7	1.8	1.7	1.5	1.6	1.6	1.6	1.1	1.2
Operating grants & contributions	15.7	14.1	16.2	17.8	19.3	20.5	22.5	24.8	34.9	37.3
Capital grant & contributions	9.3	9.9	3.8	3.5	4.2	2.8	2.8	2.4	3.3	0.4
Total governmental activities program revenues	<u>\$ 33.2</u>	<u>\$ 34.1</u>	<u>\$ 30.7</u>	<u>\$ 33.2</u>	<u>\$ 36.0</u>	<u>\$ 36.3</u>	<u>\$ 38.9</u>	<u>\$ 41.9</u>	<u>\$ 52.1</u>	<u>\$ 53.7</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-2
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(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-type activities										
Charges for services										
Water and sewer	\$ 25.7	\$ 27.7	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2	\$ 36.8	\$ 36.5
Operating grants & contributions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5
Capital grants & contributions	7.0	4.4	6.3	8.2	8.1	9.5	11.3	10.3	20.5	13.6
Total business-type program revenues	<u>\$ 33.2</u>	<u>\$ 32.6</u>	<u>\$ 35.2</u>	<u>\$ 39.0</u>	<u>\$ 40.4</u>	<u>\$ 42.5</u>	<u>\$ 45.2</u>	<u>\$ 45.0</u>	<u>\$ 57.9</u>	<u>\$ 50.6</u>
Total Primary Government program revenues	<u>\$ 66.4</u>	<u>\$ 66.7</u>	<u>\$ 66.9</u>	<u>\$ 72.2</u>	<u>\$ 76.4</u>	<u>\$ 78.8</u>	<u>\$ 84.1</u>	<u>\$ 86.9</u>	<u>\$ 110.0</u>	<u>\$ 104.4</u>
Net expense										
Governmental activities	\$ (180.8)	\$ (194.0)	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)	\$ (238.6)	\$ (235.8)
Business-type activities	0.7	(0.6)	2.2	5.4	7.1	8.7	8.8	10.8	19.0	11.0
Total Primary Government net expenses	<u>\$ (180.1)</u>	<u>\$ (194.6)</u>	<u>\$ (199.5)</u>	<u>\$ (196.0)</u>	<u>\$ (213.8)</u>	<u>\$ (220.6)</u>	<u>\$ (231.6)</u>	<u>\$ (214.4)</u>	<u>\$ (219.6)</u>	<u>\$ (224.8)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 146.2	\$ 147.9	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8	\$ 186.1	\$ 191.4
Other taxes	45.5	47.3	51.7	48.2	48.1	45.6	47.2	49.7	53.0	59.5
Grants and contributions not restricted	15.3	15.4	15.6	15.4	15.6	20.2	20.1	19.8	19.8	19.9
Interest and investment earnings	0.3	-	0.5	0.5	1.2	0.6	1.1	4.0	4.1	0.4
Gain on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.5	0.2	0.1	0.2	0.2	0.3	0.3	0.6	0.4	0.2
Transfers	0.3	-	(0.4)	(0.2)	0.2	(0.1)	0.6	-	0.3	(0.7)
Special item	-	-	-	0.6	(2.0)	-	-	-	-	-
Total governmental activities	<u>\$ 208.1</u>	<u>\$ 210.8</u>	<u>\$ 218.9</u>	<u>\$ 219.5</u>	<u>\$ 225.1</u>	<u>\$ 233.4</u>	<u>\$ 241.4</u>	<u>\$ 253.9</u>	<u>\$ 263.7</u>	<u>\$ 270.7</u>
Business-type activities										
Interest and investment earnings	0.4	0.3	0.4	0.3	0.8	0.3	0.5	2.7	3.0	0.3
Miscellaneous	-	-	-	-	0.1	0.2	0.3	0.2	0.1	0.2
Transfers	0.3	-	0.4	0.2	(0.2)	0.1	(0.6)	(0.3)	-	0.7
Total business-type activities	<u>\$ 0.7</u>	<u>\$ 0.3</u>	<u>\$ 0.8</u>	<u>\$ 0.5</u>	<u>\$ 0.7</u>	<u>\$ 0.6</u>	<u>\$ 0.2</u>	<u>\$ 2.6</u>	<u>\$ 3.1</u>	<u>\$ 1.2</u>
Total Primary Government	<u>\$ 208.8</u>	<u>\$ 211.1</u>	<u>\$ 219.7</u>	<u>\$ 220.0</u>	<u>\$ 225.8</u>	<u>\$ 234.0</u>	<u>\$ 241.6</u>	<u>\$ 256.5</u>	<u>\$ 266.8</u>	<u>\$ 271.9</u>
Change in net position										
Governmental activities	\$ 27.3	\$ 16.8	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9	\$ 24.9	\$ 34.9
Business-type activities	0.8	(0.3)	3.0	5.9	7.8	9.3	8.9	13.4	22.0	12.2
Total Primary Government	<u>\$ 28.1</u>	<u>\$ 16.5</u>	<u>\$ 20.2</u>	<u>\$ 24.0</u>	<u>\$ 12.0</u>	<u>\$ 13.4</u>	<u>\$ 10.0</u>	<u>\$ 42.3</u>	<u>\$ 46.9</u>	<u>\$ 47.1</u>

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-2
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(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Component unit - School Board (1)										
Expenses										
Education	<u>\$ 244.9</u>	<u>\$ 261.5</u>	<u>\$ 257.7</u>	<u>\$ 264.6</u>	<u>\$ 281.6</u>	<u>\$ 288.4</u>	<u>\$ 273.0</u>	<u>\$ 276.0</u>	<u>\$ 304.5</u>	<u>\$ 323.0</u>
Program revenues										
Charges for services	\$ 7.8	\$ 7.7	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1	\$ 6.3	\$ 0.9
Operating grants & contributions	127.3	138.2	135.3	141.0	143.7	145.8	152.2	159.2	166.6	199.7
Capital grants & contributions	-	0.2	0.6	0.3	0.9	0.9	1.5	0.1	-	2.1
Total Component unit - School Board program revenue	<u>135.1</u>	<u>146.1</u>	<u>144.1</u>	<u>149.2</u>	<u>153.1</u>	<u>155.2</u>	<u>163.0</u>	<u>167.4</u>	<u>172.9</u>	<u>202.7</u>
Total Component unit - School Board net expense	<u><u>\$ (109.8)</u></u>	<u><u>\$ (115.4)</u></u>	<u><u>\$ (113.6)</u></u>	<u><u>\$ (115.4)</u></u>	<u><u>\$ (128.5)</u></u>	<u><u>\$ (133.2)</u></u>	<u><u>\$ (110.0)</u></u>	<u><u>\$ (108.6)</u></u>	<u><u>\$ (131.6)</u></u>	<u><u>\$ (120.3)</u></u>
General revenues and other changes in net position										
Payments from Primary Government	\$ 88.4	\$ 92.7	\$ 102.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4	\$ 122.6	\$ 113.5
Interest and investment earnings	-	-	-	-	0.1	0.1	0.3	0.4	0.5	0.1
Miscellaneous	0.8	0.9	0.3	0.3	0.5	0.2	0.1	0.1	0.1	0.5
Total general revenues and transfers	<u>\$ 89.2</u>	<u>\$ 93.6</u>	<u>\$ 102.8</u>	<u>\$ 102.0</u>	<u>\$ 115.1</u>	<u>\$ 120.6</u>	<u>\$ 124.5</u>	<u>\$ 124.9</u>	<u>\$ 123.2</u>	<u>\$ 114.1</u>
Total Component unit - School Board change in net position	<u><u>\$ (20.6)</u></u>	<u><u>\$ (21.8)</u></u>	<u><u>\$ (10.8)</u></u>	<u><u>\$ (13.4)</u></u>	<u><u>\$ (13.4)</u></u>	<u><u>\$ (12.6)</u></u>	<u><u>\$ 14.5</u></u>	<u><u>\$ 16.3</u></u>	<u><u>\$ (8.4)</u></u>	<u><u>\$ (6.2)</u></u>

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-3

(Amounts in millions)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Restricted	1.5	1.5	1.6	2.1	2.7	2.7	2.7	3.1	2.7	3.1
Committed (1)	10.5	4.8	2.6	3.0	48.9	52.0	54.5	58.2	58.4	62.1
Assigned (1)	8.6	9.3	9.9	15.7	16.7	9.1	19.6	26.8	48.0	49.0
Unassigned	41.6	39.8	43.0	46.6	5.4	15.1	12.1	9.3	11.6	20.4
Total General Fund	<u>\$ 62.2</u>	<u>\$ 55.4</u>	<u>\$ 57.1</u>	<u>\$ 67.4</u>	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>	<u>\$ 97.4</u>	<u>\$ 120.7</u>	<u>\$ 134.6</u>
All other governmental funds:										
Restricted	19.7	25.2	35.4	34.8	34.2	34.1	30.3	24.2	19.1	14.2
Committed	7.4	14.2	16.3	22.4	27.3	27.8	29.6	35.1	38.7	47.2
Assigned	0.7	0.5	2.8	3.4	2.1	2.2	3.3	5.7	9.2	7.9
Unassigned	0.1	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 27.9</u>	<u>\$ 39.9</u>	<u>\$ 54.5</u>	<u>\$ 60.6</u>	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>	<u>\$ 65.0</u>	<u>\$ 67.0</u>	<u>\$ 69.3</u>

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-4

Page 1

(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	\$ 147.2	\$ 147.8	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2	\$ 186.1	\$ 191.0
Other local taxes	45.6	47.2	51.7	48.3	48.1	45.6	47.2	49.7	52.6	59.1
Permits, privilege fees and regulatory licenses	2.4	2.7	2.7	3.2	4.3	3.8	4.8	5.2	5.5	6.9
Fines and forfeitures	0.8	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.4	0.3
Revenues from use of money and property	1.1	0.7	1.1	1.2	1.9	1.5	2.0	4.9	4.9	1.1
Charges for services	5.5	6.4	7.1	7.6	7.0	7.8	7.9	8.7	7.9	8.6
Miscellaneous	0.6	0.7	0.9	0.5	1.2	0.9	1.8	2.2	2.7	0.6
Intergovernmental	31.6	41.2	37.9	39.0	38.4	40.4	44.3	45.4	53.5	58.0
Total revenues	\$ 234.8	\$ 247.3	\$ 253.8	\$ 257.1	\$ 263.1	\$ 268.1	\$ 280.8	\$ 294.8	\$ 313.6	\$ 325.6
Expenditures										
General government	\$ 10.6	\$ 11.6	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3	\$ 14.0	\$ 15.3
Judicial administration	6.2	6.4	6.8	7.0	7.3	7.0	7.5	7.7	7.9	8.9
Public safety	39.4	44.4	44.3	43.9	45.8	48.1	51.7	56.0	61.3	65.8
Public works	8.0	8.3	8.7	8.5	8.5	7.9	8.2	8.4	8.3	8.6
Health and welfare	17.2	17.3	18.0	18.0	19.6	20.7	23.8	26.5	25.7	24.6
Education (2)	84.5	92.9	102.7	101.9	114.7	120.5	124.4	124.6	122.8	113.7
Parks, recreation and cultural	6.8	6.8	6.8	6.8	6.8	7.1	7.5	8.0	7.3	7.1
Community development	4.3	7.7	5.3	6.3	8.4	7.3	7.6	8.2	7.9	9.9
Non-departmental	0.5	0.5	0.7	1.0	1.1	1.2	1.2	2.0	1.5	1.4
Capital projects	27.0	16.2	14.0	21.0	27.5	23.5	17.2	28.3	21.7	26.5
Debt service:										
Principal (1)	27.1	26.8	25.2	23.2	25.4	27.8	28.4	27.6	31.2	30.8
Interest (1)	14.7	13.5	12.6	11.6	11.2	11.8	11.5	11.7	11.5	11.2
Bond issuance costs	(0.5)	0.9	0.2	0.9	0.3	0.3	0.2	0.3	0.3	0.2
Total expenditures	\$ 245.8	\$ 253.3	\$ 256.8	\$ 262.0	\$ 288.2	\$ 296.0	\$ 301.9	\$ 322.6	\$ 321.4	\$ 324.0
Other financing sources (uses)										
Issuance of debt (1)	\$ 11.5	\$ 10.7	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7	\$ 34.6	\$ 14.5
Refunding bond proceeds	17.7	44.2	11.7	81.6	16.5	-	-	-	26.5	8.6
Payment to escrow for refunded debt	(6.0)	(43.5)	(11.6)	(80.8)	(16.4)	-	-	-	(26.4)	(8.5)
Lease proceeds and extinguishments	(7.3)	-	-	-	-	-	-	-	-	-

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-4
 Page 2

(Amounts in millions)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Continued from page 1										
Transfers in(out), net	0.3	-	-	(0.2)	0.2	(0.1)	0.6	0.3	-	-
Total other financing sources, net	\$ 16.2	\$ 11.4	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0	\$ 34.8	\$ 14.6
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (5.2)	\$ (5.4)	\$ (16.3)	\$ (16.4)	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2	\$ 26.9	\$ 16.2
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 41.7	\$ 39.4	\$ 37.5	\$ 34.8	\$ 36.6	\$ 39.6	\$ 39.9	\$ 39.3	\$ 42.7	\$ 42.0
Total expenditures	246.8	253.3	256.8	261.9	288.2	296.0	301.8	322.6	321.4	324.0
Capital outlay Primary Government only (2)	15.1	6.0	11.1	11.9	16.6	15.7	9.5	14.0	16.9	17.5
Non-capital expenditures	231.7	247.3	245.7	250.0	271.6	280.3	292.3	308.6	304.5	306.5
Debt service as a percentage of non-capital expenditures: (Primary Government only)	18.0%	15.9%	15.3%	13.9%	13.5%	14.1%	13.7%	12.7%	14.0%	13.7%
Component unit - School Board:										
School expenditures excluding County contribution	136.5	147.7	135.5	144.7	152.8	159.1	156.0	176.7	174.4	192.3
Capital outlay component unit - School Board only (2)	7.4	6.4	7.6	5.6	9.1	19.8	23.9	37.6	20.7	12.2
Non-capital expenditures	129.1	141.3	127.9	139.1	143.7	139.3	132.1	139.1	153.7	180.1
Total Reporting Entity (1):										
Total debt service	41.7	39.4	37.5	34.8	36.6	39.6	39.9	39.3	42.7	42.0
Total non-capital expenditures	\$ 360.8	\$ 388.6	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7	\$ 458.2	\$ 486.6
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	11.6%	10.1%	10.0%	8.9%	8.8%	9.4%	9.4%	8.8%	9.3%	8.6%

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

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	
2021	\$ 189,131,945	\$ 24,148,206	\$ 2,773,048	\$ 26,410,938	\$242,464,137
2020	184,127,074	20,731,314	2,624,828	23,606,936	231,090,152
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
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
% Change 2021/2020	2.7%	16.5%	5.6%	11.9%	4.9%
% Change 2021/2012	30.0%	59.8%	13.3%	44.1%	33.7%
Category % of Total Taxes	79.7%	9.0%	1.1%	10.2%	100.0%

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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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
2021	\$ 190,977,802	\$59,052,597	\$ 6,881,956	\$ 327,313	\$ 1,138,605	\$ 8,946,338	\$ 1,331,405	\$ 257,898,395	\$526,554,411
2020	186,098,542	52,570,914	5,545,355	356,918	5,281,748	13,651,154	3,216,692	220,901,621	487,622,944
2019	178,186,133	49,731,885	5,166,301	549,846	5,259,056	16,245,358	2,494,332	204,969,764	462,602,675
2018	172,314,525	47,175,486	4,845,487	529,585	2,278,172	16,672,709	2,182,187	197,846,373	443,844,524
2017	167,521,135	45,574,161	3,781,794	558,004	1,573,898	15,870,501	1,210,728	187,046,968	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
% Change 2021/2020	2.6%	12.3%	24.1%	(8.3)%	(78.4)%	(34.5)%	(58.6)%	16.7%	8.0%
% Change 2021/2012	29.7%	44.6%	188.2%	(60.8)%	4.8%	(29.7)%	(9.2)%	57.6%	42.2%

(1) Includes revenues as reported on Schedule C-2 *Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board* with the exception of payments from Primary Government of \$113,491,004 and student activity fees and contributions of \$1,840,443.

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

(3) Excludes revenues attributable to the LOSAP Trust of \$66,735.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-7

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

(Amounts in thousands)

Calendar Year	Real Estate (2)	Mobile Home	Personal Property (3)	Machinery and Tools	Heavy Equipment	Public Service Corporation (4)	Total Assessed Value	Total Direct Tax Rate
2021	\$ 17,389,570	\$ 10,768	\$ 2,000,747	\$ 25,205	\$ 21,957	\$ 454,444	\$ 19,902,691	\$ 1.04
2020	17,043,131	11,232	1,862,180	30,504	21,881	413,003	19,381,931	1.05
2019	15,648,765	9,261	1,811,151	27,679	21,409	416,736	17,935,001	1.09
2018	15,358,064	8,792	1,737,814	27,943	17,157	383,376	17,533,146	1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
2015	13,095,404	11,407	1,628,072	26,695	13,926	338,190	15,113,694	1.13
2014	12,930,409	11,730	1,604,441	28,908	14,169	309,858	14,899,515	1.13
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
% Change 2021/2020	2.0%	(4.1)%	7.4%	(17.4)%	0.3%	10.0%	2.7%	
% Change 2021/2012	41.0%	(13.1)%	28.6%	11.5%	101.9%	55.6%	39.9%	
Category % of Total AV, CY 2021	87.4%	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

TABLE S-8

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

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2021	\$ 0.8094	\$ 6.35	\$ 4.55	\$ 1.90	\$ 1.55
2020	0.8094	6.55	5.95	2.50	2.00
2019	0.8474	6.55	5.95	2.50	2.00
2018	0.8330	6.55	5.95	2.50	2.00
2017	0.8500	6.55	5.95	2.50	2.00
2016	0.8500	6.55	5.95	2.50	2.00
2015	0.8600	6.76	5.95	2.50	2.00
2014	0.8600	6.78	5.95	2.50	2.00
2013	0.8800	6.37	5.95	2.50	2.00
2012	0.8800	6.37	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 2020			Calendar Year 2011		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Dominion Virginia Power	\$ 188,954	1	1.05%	\$ 89,177	3	0.61%
Spotsylvania Towne Center	184,745	2	1.03%	192,155	1	1.32%
Lidl US Operations	110,648	3	0.62%	--		--
Spotsylvania Regional Medical Ctr	81,741	4	0.46%	92,474	2	0.63%
Rappahannock Electric Cooperative	88,353	5	0.49%	72,279	5	0.50%
Comcast	9,133	9	0.05%	12,558	4	0.09%
Columbia Gas of Va	58,562	6	0.33%	--		--
CVS VA Distribution	6,264	10	0.03%	4,895	10	0.03%
Verizon VA	40,490	7	0.23%	5,382	6	0.04%
Collection at Cosners Corner, LLC	38,795	8	0.22%	--		--
New Diversified Mailing	--		--	14,570	7	0.10%
GLL BUK Prop LP	--		--	40,483	8	0.28%
Lee Property Harrison Crossing	--		--	34,753	9	0.24%
	<u>\$ 807,685</u>		<u>4.51%</u>	<u>\$ 558,726</u>		<u>3.84%</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)
2021	\$ 183,615	\$ 172,041	93.70%	\$ -	\$ 172,041	93.70%
2020	179,151	167,880	93.71%	6,772	174,652	97.49%
2019	172,121	161,306	93.72%	7,093	168,399	97.84%
2018	163,819	155,695	95.04%	6,339	162,035	98.91%
2017	158,338	151,128	95.45%	6,533	157,661	99.57%
2016	152,497	145,122	95.16%	6,717	151,839	99.57%
2015	147,956	141,151	95.40%	6,561	147,712	99.84%
2014	145,709	137,564	94.41%	6,898	144,462	99.14%
2013	141,272	134,557	95.25%	6,272	140,829	99.69%
2012	141,539	132,979	93.95%	6,704	139,683	98.69%

(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

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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				
2021	\$ 222,280	\$ 3,677	\$ 54,416	\$ -	\$ -	\$ 129,530	\$ 409,903	1.78%	\$ 2.93	
2020	233,250	6,369	59,890	-	-	124,742	424,251	1.70%	3.06	
2019	224,319	9,153	65,392	-	-	113,988	412,852	1.72%	3.03	
2018	207,123	13,295	70,691	-	-	120,172	411,281	1.65%	3.06	
2017	197,720	18,336	76,081	-	-	126,147	418,284	1.56%	3.15	
2016	184,864	23,701	81,364	-	-	131,894	421,823	1.48%	3.21	
2015	166,632	29,107	86,503	-	-	136,685	418,927	1.44%	3.22	
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.35%	3.31	
2013	159,200	39,385	82,574	-	-	140,390	421,549	1.32%	3.31	
2012	158,787	45,060	87,236	-	7,263	144,258	442,604	1.26%	3.52	

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			
2021	\$ 222,280	\$ 3,677	\$ 54,416	\$ 280,373	1.41%	\$ 2.00
2020	233,250	6,369	59,890	299,509	1.55%	2.16
2019	224,319	9,153	65,392	298,864	1.67%	2.19
2018	207,123	13,295	70,691	291,109	1.66%	2.17
2017	197,720	18,336	76,081	292,137	1.78%	2.20
2016	184,864	23,701	81,364	289,929	1.81%	2.21
2015	166,632	29,107	86,503	282,242	1.87%	2.17
2014	165,705	34,621	84,288	284,614	1.91%	2.21
2013	159,200	39,385	82,574	281,159	1.96%	2.21
2012	158,787	45,060	87,236	291,083	2.04%	2.31

(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.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-12

Revenue Bond Coverage - Water and Sewer Revenue Bonds

Last Ten Fiscal Years

(Amounts in thousands)

Fiscal Year	Gross Revenue (1)	Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Times (4)
				Principal	Interest (3)	Total	
2021	\$ 44,281	\$ 20,165	\$ 24,116	\$ 4,290	\$ 4,861	\$ 9,151	2.64
2020	51,008	19,883	31,125	5,025	4,638	9,663	3.22
2019	44,285	19,049	25,236	5,680	4,471	10,151	2.49
2018	41,293	18,416	22,877	5,471	4,666	10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22
2015	34,783	16,535	18,248	4,557	5,645	10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65
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

(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)
2021	139,971	\$ 7,300,517	\$ 52,157	23,087	4.4%
2020	138,449	7,221,134	52,157	23,935	8.6%
2019	136,447	7,116,715	52,157	23,674	2.9%
2018	134,227	6,795,518	50,627	23,814	3.2%
2017	132,889	6,505,098	48,951	23,592	3.7%
2016	131,401	6,247,711	47,547	23,678	4.1%
2015	130,042	6,024,994	46,331	23,817	4.7%
2014	128,881	5,772,816	44,792	23,773	5.4%
2013	127,449	5,566,129	43,673	23,725	6.1%
2012	125,867	5,557,198	44,151	23,775	6.3%

- (1) Estimated for July 1 of each year
 2012 - 2020 U.S. Bureau of the Census
 2021 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 2012 - 2019 (the last year available). Per Capita Personal Income for 2020 and 2021 is assumed to be equal to 2019, the last year for which personal income data is available. Personal Income amounts for 2020 and 2021 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 2021			FY 2012		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	9.6%	Over 1,000	1	10.1%
County of Spotsylvania	Over 1,000	2	3.3%	500 to 999	2	3.0%
HCA Virginia Health System	500 to 999	3	2.2%	250 to 499	4	1.2%
Wal Mart	250 to 499	4	1.1%	500 to 999	3	2.5%
PAE Shared Services LLC	250 to 499	5	1.1%	-		
Lidl US Operations	250 to 499	6	1.1%	-		
CVS, Inc.	250 to 499	7	1.1%	250 to 499	5	1.2%
Germanna Community College	250 to 499	8	1.1%	250 to 499	8	1.2%
United Parcel Service	250 to 499	9	1.1%	-		
Weis Markets (previously Food Lion)	250 to 499	10	1.1%	250 to 499	7	1.2%
Giant Food	--			100 to 249	10	0.6%
A T Solutions, Inc.	--			250 to 499	6	1.2%
Carmax	--			100 to 249	9	0.6%
Total employment	34,385			30,093		

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-15

Full-Time County Government Employees by Function

Last Ten Fiscal Years

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
General government	123	122	124	128	127	132	137	140	140	143
Judicial administration	38	38	38	38	38	40	41	41	42	42
Public safety	386	401	425	438	452	470	497	536	540	543
Public works	47	48	48	49	50	50	50	54	53	53
Health and welfare	82	83	83	85	85	88	93	103	110	117
Parks, recreation & cultural	23	23	23	23	23	23	23	24	25	25
Community development	37	38	36	36	36	36	35	39	41	41
Total governmental activities	<u>736</u>	<u>753</u>	<u>777</u>	<u>797</u>	<u>811</u>	<u>839</u>	<u>876</u>	<u>937</u>	<u>951</u>	<u>964</u>
Business-type activities:										
Water and sewer	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>
Total business-type activities	<u>113</u>	<u>114</u>	<u>115</u>	<u>117</u>	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>
Total full-time employees	<u>849</u>	<u>867</u>	<u>892</u>	<u>914</u>	<u>929</u>	<u>958</u>	<u>996</u>	<u>1,059</u>	<u>1,073</u>	<u>1,086</u>

Source: County approved budget documents.

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-16

Page 1

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	59,682	59,803	60,459	60,765	61,040	61,624	62,107	62,557	63,314	63,693
Percentage of fair market value (2)	90.20%	82.70%	89.50%	85.40%	92.00%	83.30%	91.40%	86.80%	91.20%	n/a
Treasurer										
Real estate tax bills generated	127,923	132,219	135,270	131,710	130,725	131,269	132,330	133,304	133,941	135,116
Personal property tax bills generated (1)	268,067	293,817	298,844	305,300	306,102	305,378	316,851	311,119	310,526	311,898
Registrar										
Number of registered voters	79,900	81,922	82,355	83,220	84,754	86,200	88,465	90,920	94,799	101,500
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	25,702	28,618	20,024	22,080	23,086	23,149	20,880	18,344	32,458	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,666	1,400	1,280	1,319	1,387	1,435	1,187	1,085	875	n/a
Number of circuit court cases (1)	1,998	2,278	1,962	2,076	2,694	3,352	3,113	2,923	2,705	n/a
Number of General District Court cases (1)	9,974	8,667	8,028	8,245	8,804	8,444	8,079	7,588	5,960	n/a
Number of Juvenile & Domestic Relations Court cases (1)	3,018	3,062	2,817	2,873	2,381	2,552	2,457	2,505	1,831	n/a
Public safety										
Sheriff										
Calls for service	150,598	144,996	129,761	116,336	122,067	121,102	124,105	118,984	120,087	115,157
Calls for service per road deputy	2,091	2,013	1,802	1,615	1,695	1,681	1,477	1,416	1,412	1,439
Civil process papers served	49,999	38,281	43,224	42,149	43,441	40,817	44,490	40,428	40,308	34,889
Warrants served	11,019	11,055	9,986	10,714	10,917	11,146	11,151	10,780	10,703	10,062
Emergency Communications										
Total calls received	203,414	188,361	184,615	179,219	183,563	185,097	187,792	194,092	190,168	196,668
911 calls received	52,816	47,832	49,189	45,984	44,244	46,325	47,338	48,652	49,642	51,424
Fire, Rescue and Emergency Management										
Calls for service	15,622	16,974	15,355	16,219	16,526	17,525	18,500	18,836	18,757	19,733
Animal Control										
Calls for service (all types)	8,387	8,212	8,386	8,084	8,803	8,925	9,453	12,246	11,543	9,577
Public works										
Refuse Disposal										
Solid waste - tons (1)	40,064	73,737	108,500	132,524	125,935	127,916	135,022	154,303	132,267	147,962
Recycling										
Recycled materials - tons	22,758	23,360	26,446	20,000	21,000	20,000	22,578	24,667	23,921	18,784
Sludge composted - tons	15,580	18,828	22,924	19,945	19,596	20,280	15,703	17,693	17,333	18,696

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-16
 Page 2

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Health and welfare										
Social Services										
SNAP applications	4,250	4,530	4,709	4,658	4,319	4,038	4,037	4,240	4,737	4,777
Medicaid applications	3,766	3,960	4,786	4,833	4,033	4,025	5,233	6,460	6,568	5,089
Medicaid (avg monthly ongoing caseload)	8,612	6,760	6,869	7,651	8,298	8,287	9,266	10,546	12,825	14,740
Foster care children (avg monthly county)	97	90	82	78	88	97	141	157	133	93
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,540	7,293	7,024	7,037	6,466	6,607	6,744	6,458	5,911	1,644
Special interest/leisure participants	11,555	11,120	10,671	11,540	14,217	15,613	17,408	18,131	18,988	7,081
Park visitors	1,284,500	1,312,800	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600	1,208,700	948,918	1,057,398
Community development										
Planning										
Final platted lots approved (1)	110	278	236	252	550	499	400	677	357	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 31,014	\$ 31,995	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	\$ 33,787	\$ 41,236	\$ 34,385	n/a
Tourism										
Tourists visiting area (1)	736,492	799,887	849,000	935,538	1,673,261	1,799,951	1,707,438	1,744,349	1,013,747	n/a
Extension Office (3)										
Requests for educational information	7,043	3,694	2,462	10,392	15,970	20,119	21,439	16,426	16,549	6,900
Individuals participating in programs	15,196	13,494	9,672	18,125	19,874	9,498	9,932	16,699	22,076	3,501
Other funds										
Code Compliance										
Community development permits issued	2,852	3,068	3,111	2,996	3,628	3,773	4,040	4,069	3,609	4,133
Building inspections	11,851	13,442	14,682	15,672	16,731	19,541	21,884	22,554	24,589	25,282
Utilities										
Average daily water consumption (mgd)	6.77	6.81	7.14	6.78	6.98	7.10	7.19	7.33	7.47	10.95
Average effluent flows (mgd)	7.50	7.50	9.54	8.13	8.90	8.90	10.70	9.13	8.48	10.73
Water customers	28,800	28,976	29,390	29,658	30,104	30,628	31,160	31,622	32,216	32,790
Sewer customers	27,416	27,691	28,095	28,338	28,768	29,285	29,813	30,271	30,852	31,408

n/a Not available

(1) Reported on a calendar year basis.

(2) Final 2021 State sales ratio will be issued late 2022

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

Source: Various County Departments

ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

TABLE S-17

Function/Program	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	201	201	201	201	206	220	209	202	210	210
Fire & Rescue:										
Stations	13	13	13	13	13	12	12	12	12	12
Response units	67	67	69	69	69	72	72	72	71	71
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	13	13	13	16	16	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	661,497	649,397	649,721	649,721	649,721	649,721	709,706	709,849	709,549	720,369
Parks, recreation and cultural										
Parks	11	13	13	13	13	13	13	13	13	13
Park acreage	482	536	536	536	536	536	536	536	536	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Athletic fields maintained	32	37	37	37	37	37	37	37	37	36
Community centers	6	7	7	6	6	6	6	5	5	5
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	2	2	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)	517	517	536	542	553	562	563	561	567	575
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	497	497	497	500	552	552	553	551	556	565
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	13,700	13,700	13,700	13,700	13,700	13,700	13,700	13,745	13,745	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Vehicles maintained	52	52	51	52	50	50	46	48	48	46
Fleet Management										
Vehicles maintained	1,197	1,074	1,057	1,070	1,061	1,075	1,090	1,059	1,066	1,055

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

TABLE S-18

Page 1

	2017	2018	2019	2020	2021
Kindergarten	1,586	1,567	1,545	1,623	1,379
Elementary (grades 1-7)	12,182	12,325	12,219	12,368	11,743
Secondary (grades 8-12)	9,424	9,521	9,478	9,482	9,582
Pre-K/Headstart (SpEd)	400	401	432	462	383
Total enrollment (1)	<u>23,592</u>	<u>23,814</u>	<u>23,674</u>	<u>23,935</u>	<u>23,087</u>
Teachers and administrators	1,948	1,958	2,001	2,032	2,046
Other employees	1,159	1,137	1,196	1,208	1,238
Total employees (2)	<u>3,107</u>	<u>3,095</u>	<u>3,197</u>	<u>3,240</u>	<u>3,284</u>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	7	7	7	7	7
Total buildings	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>	<u>31</u>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

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

(2) As budgeted.

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

TABLE S-18

Page 2

Grade	Actual Average Daily Enrollment by Grade					Projected Average Daily Enrollment by Grade				
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026
K	1,586	1,567	1,545	1,623	1,379	1,631	1,631	1,630	1,626	1,626
1	1,579	1,664	1,599	1,614	1,569	1,677	1,679	1,678	1,677	1,677
2	1,602	1,652	1,721	1,641	1,557	1,720	1,712	1,714	1,713	1,713
3	1,792	1,646	1,698	1,758	1,606	1,684	1,751	1,742	1,745	1,745
4	1,771	1,854	1,688	1,747	1,680	1,713	1,713	1,782	1,773	1,773
5	1,760	1,836	1,866	1,747	1,720	1,834	1,746	1,746	1,817	1,817
6	1,850	1,788	1,841	1,924	1,702	1,827	1,875	1,770	1,779	1,779
7	1,828	1,885	1,806	1,937	1,909	1,830	1,870	1,918	1,809	1,809
8	1,858	1,865	1,899	1,844	1,915	2,010	1,868	1,909	1,958	1,958
9	2,014	2,043	2,025	2,118	1,986	2,171	2,210	2,052	2,096	2,096
10	1,928	1,910	1,874	1,947	2,029	1,931	2,064	2,101	1,953	1,953
11	1,824	1,839	1,820	1,775	1,817	1,928	1,844	1,971	2,005	2,005
12	1,800	1,864	1,860	1,798	1,835	1,915	1,982	1,898	2,022	2,022
Pre-K*	400	401	432	462	383	462	462	462	462	462
Total	23,592	23,814	23,674	23,935	23,087	24,333	24,407	24,373	24,435	24,435

Source: Superintendent of Schools, Spotsylvania County, Virginia.

As of September 30 of each school year.

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

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

TABLE S-18

Page 3

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2020 - 2021 Enrollment	
<i>Elementary:</i>							
Battlefield	0.00	30.0	Acres	1974	2000	833	653
Berkeley	K-5	17.0	Acres	1961	1971, 1979, 2000, 2005	353	257
Brock Road	K-5	24.4	Acres	1992	2004	907	585
Cedar Forest	K-5	52.2	Acres	2008	-	936	730
Chancellor	K-5	12.0	Acres	1940	1948, 1961, 2000	455	415
Courthouse Road	K-5	25.0	Acres	1994	2005	907	759
Courtland (1)	K-5	-	Acres	1989	2000	789	495
Harrison Road (2)	K-5	-	Acres	2001	2006	936	704
Lee Hill	K-5	21.0	Acres	1977	1990, 1999	807	593
Livingston	K-5	15.5	Acres	1961	1971, 1992	504	355
Parkside	K-5	26.8	Acres	2001	2007	936	896
Riverview	K-5	25.0	Acres	1994	2005	907	615
Salem	K-5	20.0	Acres	1979	1989, 1999	815	571
Smith Station	K-5	23.0	Acres	1991	1999, 2004	986	620
Spotswood	K-5	20.0	Acres	1965	1971, 2000	641	532
Spotsylvania	K-5	14.1	Acres	1952	1977	585	478
Wilderness	K-5	25.0	Acres	1998	2003	936	636
							9,894
<i>Middle:</i>							
Battlefield	6-8	30.0	Acres	1978	2003	807	845
Chancellor (2)	6-8	-	Acres	1989	-	857	850
Freedom	6-8	76.7	Acres	2003	-	948	778
Ni River	6-8	75.0	Acres	1999	-	774	697
Post Oak (3)	6-8	-	Acres	2007	-	948	694
Spotsylvania	6-8	41.7	Acres	1968	1973	907	946
Thornburg	6-8	50.0	Acres	1994	-	790	716
							5,526
<i>Secondary:</i>							
Chancellor	9-12	100.0	Acres	1988	-	1,427	1,315
Courtland	9-12	100.0	Acres	1980	-	1,565	1,443
Massaponax	9-12	100.0	Acres	1998	2005	1,830	1,726
Riverbend	9-12	90.7	Acres	2004	-	1,995	1,887
Spotsylvania	9-12	100.0	Acres	1994	-	1,611	1,206
J.J. Wright Alternative	Pre K-12	20.0	Acres	1952	1962, 1982, 2008, 2009	500	90
Vocational Center (1)	-	-		1980	1993	-	n/a
							7,667

(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

COUNTY OF SPOTSYLVANIA, VIRGINIA
Summary of Certain School Statistics
Detail of School Activity Fund

TABLE S-19

Schools	Fund Balance July 1, 2020	Revenues	Expenditures	Fund Balance June 30, 2021
Elementary:				
Battlefield	\$ 42,810	\$ 7,063	\$ 5,909	\$ 43,964
Berkeley	29,842	5,902	8,184	27,560
Brock Road	41,858	15,315	16,149	41,024
Cedar Forest	14,387	9,848	10,879	13,357
Chancellor	23,683	5,180	7,471	21,391
Courthouse Road	62,362	16,233	15,945	62,649
Courtland	25,910	20,847	24,747	22,010
Harrison Road	43,067	4,144	6,524	40,687
Lee Hill	22,146	11,277	16,077	17,347
Livingston	44,584	17,660	28,242	34,002
Parkside	12,222	9,246	9,033	12,434
Riverview	21,616	18,923	14,610	25,929
Salem	29,335	6,712	8,516	27,531
Smith Station	29,783	13,072	17,764	25,091
Spotswood	28,273	7,881	8,981	27,173
Spotsylvania	20,962	10,293	12,673	18,581
Wilderness	41,132	17,974	14,241	44,864
Total Elementary Schools:	533,972	197,569	225,946	505,595
		2020 -2021 pupil enrollment:		9,894
		Per pupil fund balance:	\$	51.10
Middle:				
Battlefield	55,246	11,448	18,301	48,393
Chancellor	66,084	4,357	17,124	53,317
Freedom	76,234	18,017	30,309	63,942
Ni River	82,197	12,396	37,380	57,213
Post Oak	51,938	18,132	34,487	35,583
Spotsylvania	82,449	21,410	20,413	83,446
Thornburg	53,915	17,943	27,711	44,147
Total Middle Schools:	468,063	103,704	185,725	386,042
		2020 -2021 pupil enrollment:		5,526
		Per pupil fund balance:	\$	69.86
High:				
Chancellor	173,820	193,400	261,078	106,143
Courtland	327,370	256,613	255,971	328,012
Massaponax	325,106	243,064	245,628	322,542
Riverbend	321,800	518,511	561,475	278,836
Spotsylvania	254,730	167,507	216,739	205,497
Total High Schools:	1,402,827	1,379,094	1,540,892	1,241,029
		2020 -2021 pupil enrollment:		7,577
		Per pupil fund balance:	\$	163.79
Other:				
J.J. Wright Alternative	2,351	4,106	3,077	3,380
School Board Office	3,734	-	1,051	2,683
Career and Technical Center	117,674	155,970	121,716	151,928
Total Other Schools:	123,759	160,076	125,844	157,991
Total All Schools:	\$ 2,528,621	\$ 1,840,443	\$ 2,078,407	\$ 2,290,657

Source: Spotsylvania County Schools School Activity Fund 2021 Audit Report

