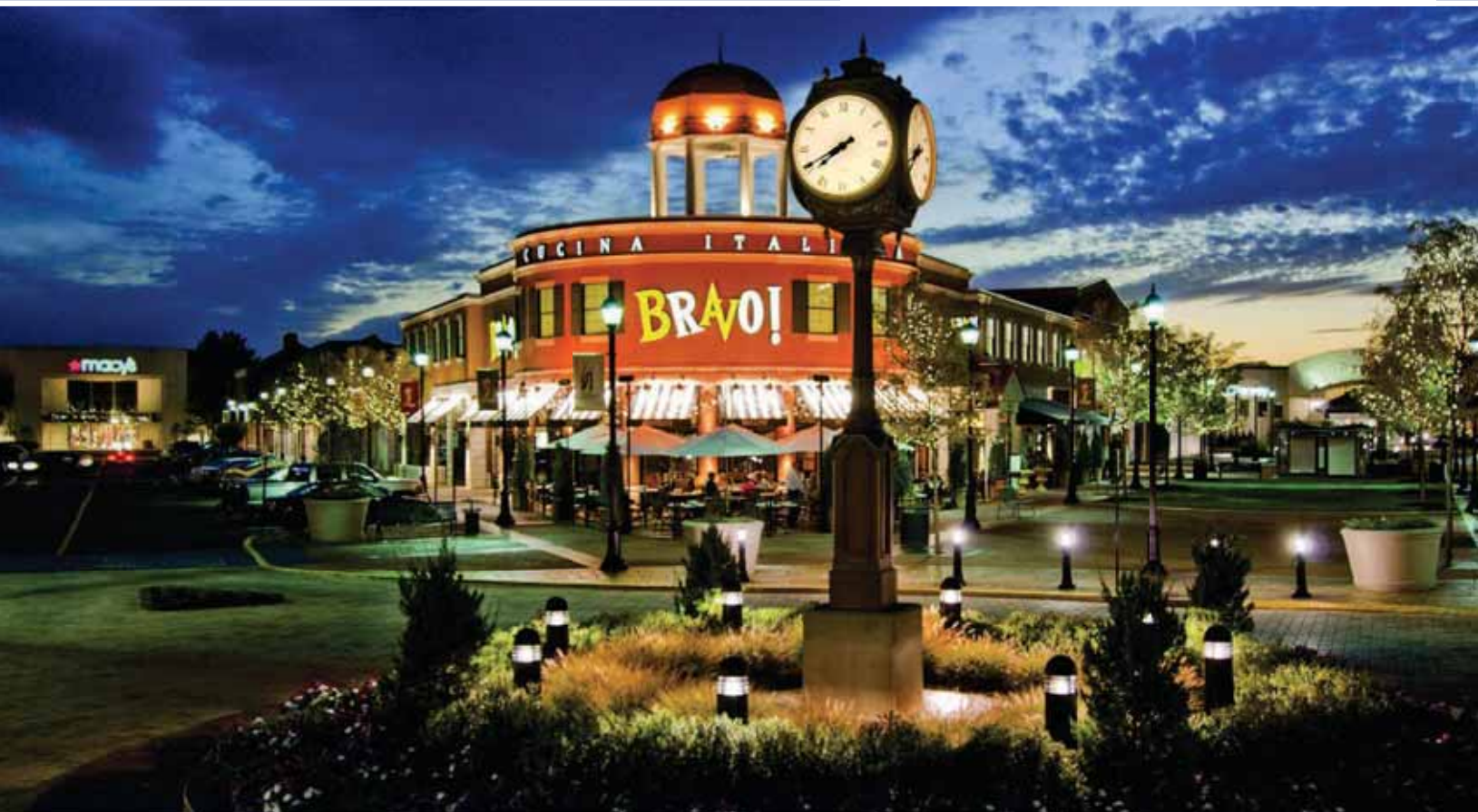


# Spotsylvania VIRGINIA



COMPREHENSIVE ANNUAL FINANCIAL REPORT

# 2013



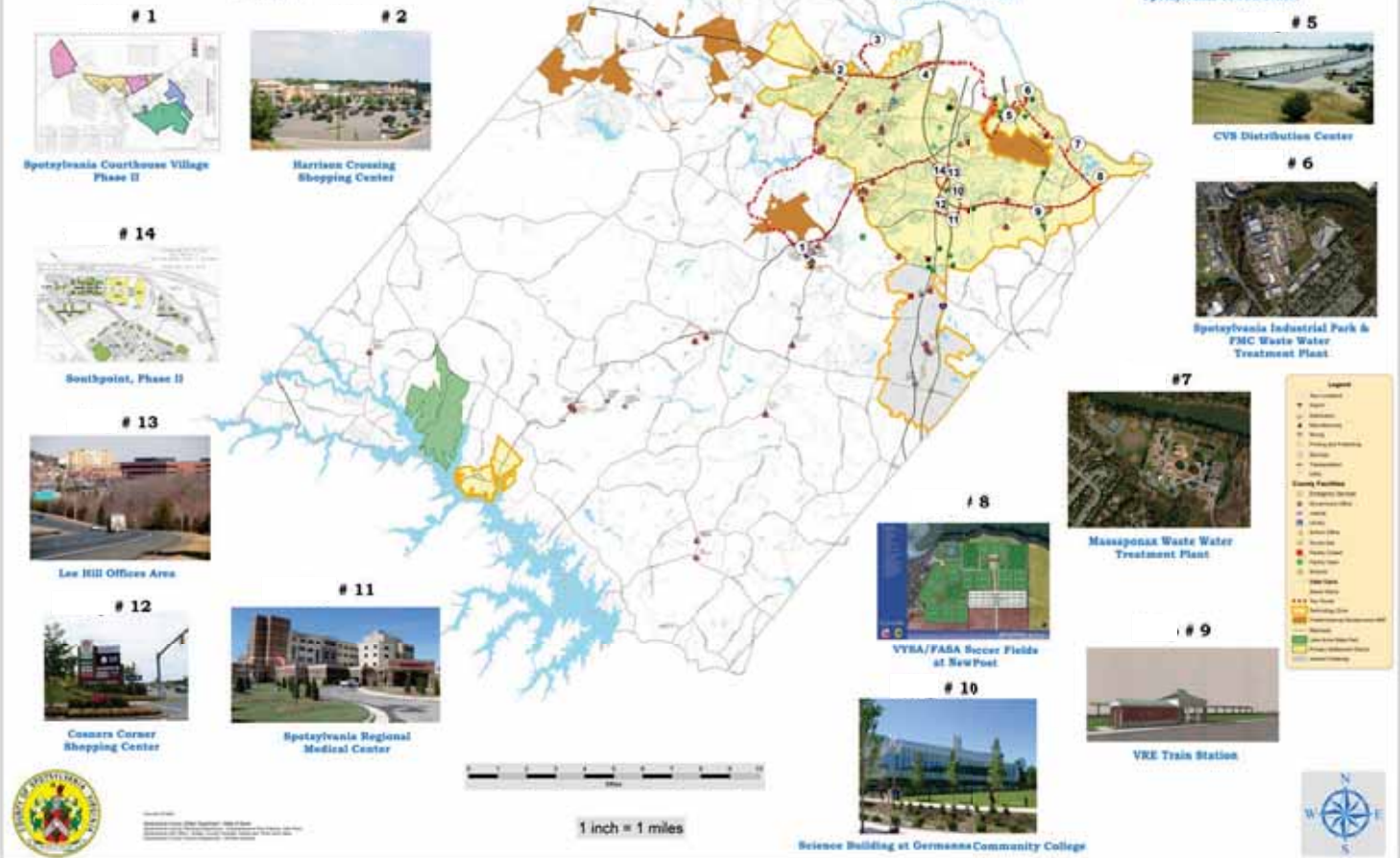
LIVE

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SHOP

Spotsylvania County  
2013



# *County of Spotsylvania, Virginia*

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**



Fiscal Year Ending June 30, 2013

C. Douglas Barnes, County Administrator  
Mark Cole, Deputy County Administrator  
Tammy D. Petrie, Director of Finance  
Rebecca R. Forry, Accounting Manager

Published by the Accounting Division  
of the Department of Finance





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

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# County of Spotsylvania

Founded 1721

**Board of Supervisors**  
ANN L. HEIDIG  
EMMITT B. MARSHALL  
TIMOTHY J. McLAUGHLIN  
BENJAMIN T. PITTS  
DAVID ROSS  
GARY F. SKINNER  
PAUL D. TRAMPE



**County Administrator**  
C. DOUGLAS BARNES  
**Deputy County Administrator**  
MARK L. COLE  
P.O. BOX 99  
SPOTSYLVANIA, VIRGINIA 22553  
Voice: (540) 507-7010  
Fax: (540) 507-7019

**Service, Integrity, Pride**

November 26, 2013

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

We are pleased to present the *Comprehensive Annual Financial Report* of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2013. The *Code of Virginia* requires that all general-purpose local governments publish, within five months of the close of each fiscal year, a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America and audited in accordance with governmental auditing standards generally accepted in the United States of America.

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

The County's financial statements have been audited by Miller Foley Group, Certified Public Accountants. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unqualified ("clean") opinion on Spotsylvania County's financial statements for the year ended June 30, 2013, which is presented on pages 15 – 17 of this report.

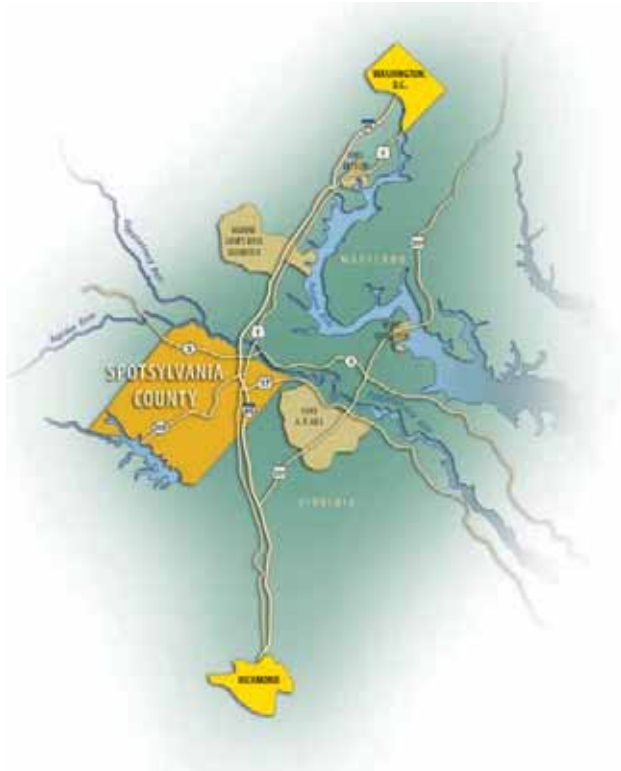
The management's discussion and analysis (MD&A) immediately following the independent auditor's report provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

The County's annual audit must also include a single audit in conformity with the provisions of the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to the single audit, including the schedule

of federal financial assistance, findings and recommendations, and auditors' reports on the internal control structure and compliance with applicable laws and regulations are provided under separate report.

## SPOTSYLVANIA COUNTY AND ITS SERVICES

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



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

The County provides a full range of governmental services including law enforcement, fire and rescue, court services, education, health and social services, parks and recreational services, solid waste disposal, and community development. The County also operates a water and sewer utility system serving over 29,000 customers, and participates in a regional jail and juvenile detention center, library, community services board, and juvenile group home. Education services are provided through the Spotsylvania County School Board, a legally separate entity, which is governed by seven members elected by district. Due to the material

relationship between the School Board and the County, the School Board is included as a discretely presented component unit in this report.

## LOCAL ECONOMY

The County's proximity to the Washington, DC metropolitan area has insulated, to some degree, the impacts of the recent recession on its workforce. Spotsylvania County's unemployment rate of 5.2%, in June of 2013, continues to remain well below the statewide rate of 5.9% and the national rate of 7.8%. Additionally, the County's unemployment rate is very competitive within the State itself, as the 20<sup>th</sup> lowest in the State (out of 134 counties & cities) reported by the Virginia Employment Commission in August of 2013.

As real property taxes are the single highest revenue source to the County, the health of the real estate market is critical to its ability to provide vital service needs to the community. Commercial and residential permits continue to rise, showing growth over the past year of 14.5% and 4.9%, respectively. In addition, average residential housing prices rose 4.6%, combined with a 4.0% drop in homes available for sale on the market. Spotsylvania home foreclosures, as measured by the Clerk of the Court, dropped 20% over the past fiscal year to 402 homes. This is 58% less than the worst period during the recession, where the County reported record foreclosures at the end of fiscal year 2009 of 959 homes.

Wealth and income levels continue to remain above state average and at nearly 150% of the U.S. average. While most residents commute outside of the county for work, local employment is growing with ties to healthcare, professional services, retail, and tourism. Over the past year, job growth and new business establishments continued to improve in the County, reflecting a 4.1% increase in new jobs and a 17.3% increase in new business establishments.

### *Health Care & Social Assistance*

The largest industry currently in the County (11<sup>th</sup> in the State), health care and social assistance average 546 establishments or 21% of the total base for Spotsylvania, and employs an average of 3,799 workers, the third highest in the County. The Spotsylvania Regional Medical Center, the County's first hospital that opened in 2010, continued to stimulate construction and expansion of medical facilities in the area with a 17.1% increase in new establishments and a 4.6% increase in average employment in 2013.

### *Professional, Scientific, and Technical Services*

The County's proximity to three nearby military bases, Quantico Marine Corps, Naval Surface Warfare Center, and Fort A.P. Hill, provide for both jobs in the region and employment opportunities for commuters. Additionally, businesses such as defense contractors, engineering and information technology, bring in millions of federal dollars to the County annually. These types of businesses represent the fourth largest industry sector in Spotsylvania reporting 251 establishments, an increase of 9% from the previous year, and a 10% increase in average employment. Some of the more notable examples are: A-T Solutions, the largest professional

service organization in the County with 250 employees, was ranked No. 14, in September of 2012, on the Washington Business Journal's list of the 50 Fastest Growing Companies in the Washington Metropolitan Area; and SimVentions, ranked #13 among the top 20 private business job creators within the State of Virginia, and the only one from the greater Fredericksburg area. In August 2013, SimVentions was also awarded a place on Inc. 500|5000, an exclusive ranking of the nation's fastest-growing private companies.

#### *Retail Trade*

**A**lthough retail sales have not returned to pre-recession levels (falling 1.3% short in 2013), the County continues to report a rise in annual growth over the past three years. The rate of growth; however, has fluctuated, with 2013 reporting only 1.6% compared to 4.6% in the previous year, as federal budgetary concerns result in greater impacts to our region compared to the rest of the Nation. Going into the next year, the County is again positioned to see minimal overall growth in retail spending due to the temporary effects of the federal government shutdown.

#### *Tourism*

**O**ne of the County's primary markets, due to its relative size and importance within the local economy is tourism, and according to the Virginia Tourism Corporation, Spotsylvania County currently ranks 18<sup>th</sup> out of 134 counties and incorporated cities within the Commonwealth for tourism. Known as the "Crossroads of the Civil War," Spotsylvania County is rich in historical resources, and welcomes visitors to numerous battlefields within its National Military Park. The County also offers other outdoor attractions like the Lake Anna State Park, golf, wineries, and marinas. Additionally, the County boasts a diverse selection of shopping, dining & lodging, all providing opportunities from rustic to elegant to meet every sense of taste.

### RELEVANT FINANCIAL POLICIES

**T**he County continues to meet all adopted fiscal policy guidelines necessary to maintain fiscal stability and accountability in the use of its resources to provide services to citizens.

#### *Strong Reserve Levels*

**A**s our financial advisors have repeatedly advised, no single policy is as significant as our fiscal stability reserve, an emergency fund, which stipulates the County set aside at least 10% of operating revenues in case of unforeseen circumstances or financial emergencies. At the end of the fiscal year, after setting aside funds previously restricted or designated by the Board for specific purposes, the County's general fund reported \$39.8 million in unassigned fund balance, equal to approximately two months of general fund expenditures. Of this amount, \$36.7 million represents the County's stability reserve, leaving \$3.1 million in available excess unassigned fund balance.

The amount in excess of our fiscal stability reserve further strengthens the County's position with rating agencies, and provides a certain degree of flexibility to take advantage of



opportunities that may arise. Per our fiscal policy, use of these funds are limited to one-time investments to reduce debt costs, promote economic growth, and enhance the quality of life for our citizens. During the current fiscal year, the County utilized approximately \$8.4 million in available fund balance for capital projects. Of this amount, \$6.7 million, or 80% was used for planned school bus replacements, school capital maintenance and various technology projects.

#### *Debt Capacity*

The County's credit rating continues to be very strong, with a moderately low debt profile, reporting net overall debt equal to \$3,332 per capita, a decrease of 4.3% from the previous year. Debt service as a percentage of total governmental and school spending was 10%, well within the County's adopted policy of 10-12%.

### LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

#### *Economic Development*

The County's primary economic development mission is to attract capital investment and business growth within the County in order to reduce the number of residents that commute outside the County for employment. In late 2012, and into 2013, the County's Economic Development and Tourism Department and the Economic Development Authority jointly embarked on a vigorous effort to better understand and track trends in the local economy, as well as evaluate the potential for future growth of existing industries. These activities are a reflection of a larger initiative by the County's Board of Supervisors to take better advantage of the County's opportunities and to evaluate the return on investment of resources in various government-sponsored development activities.

As part of the Economic Development Program to attract new businesses, the County Board has adopted, as part of its Comprehensive Plan, a designated area in the southeast portion of the County as the prime location for new employment centers. This area, termed the Jackson Gateway, is located between State Route 608 and the Spotsylvania/Caroline County line. The County has also established and currently markets a Technology Zone Program that serves both new and existing qualified businesses. The Technology Zone covers the County's primary settlement district encompassing the County's fully-serviced business corridors to encourage growth in Spotsylvania's high-technology sector. Qualifying businesses located within the zone are afforded local tax rebates on business, professional and occupational license, and machinery and tools taxes, and are placed in the County's Targeted Industries Program.

Spotsylvania County also continues to focus on building family friendly communities by encouraging developers to provide mixed use communities with varied housing types, civic buildings, shops, and active and passive recreation opportunities. An elegant example of such a community is the Spotsylvania Courthouse Village, currently underway, providing a commercial and residential streetscape centrally located to the Spotsylvania Courthouse area.

As part of the County's strategic plan to reduce traffic congestion and spur economic development, the County, in conjunction with the Potomac and Rappahannock Transportation Commission (PRTC), entered into plans to build a Virginia Rail Express (VRE) station that will become the new end for the Fredericksburg line. The station, projected to be completed in early 2014, is expected to draw 1,300 riders per day within the first six months, but more riders are anticipated with the potential addition of a 62 acre mixed-use development next to the future VRE station.

### *Capital Projects*

Each year the County prepares a five-year Capital Improvement Plan (CIP), which is adopted by the Board and published concurrently with the annual adopted budget, and serves as a significant tool to assist in long range planning for municipal capital needs. Capital improvement projects over the next five years total almost \$221 million, up from \$198.2 from the previous year, and is comprised of \$65.9 million in general government projects, \$19.8 million in transportation, school projects of \$60.1 million, and \$75.1 million in water and sewer projects. A variety of funding sources including general obligation bonds, revenue bonds, capital leases, general fund revenues, and utility fund revenues will fund the projects, with approximately 62% funded through debt and a sizeable portion (33%) funded from pay-go sources. In a recent bond rating review, Fitch recognized the County's "low debt profile... (and) firm commitment to pay-go financing."

## AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended June 30, 2012. This was the eighteenth consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to both generally accepted accounting principles and applicable program requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2013. This is the seventeenth award in as many years. In order to achieve this award, the County's budget document must meet program criteria as a policy document, a financial plan, an operations guide, and as a communications device.

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

Respectfully submitted,



C. Douglas Barnes  
County Administrator



Tammy D. Petrie  
Director of Finance

## Principal Officials

### Board of Supervisors



Benjamin T. Pitts  
**Battlefield District**



Emmitt B. Marshall  
**Berkeley District**



Timothy J. McLaughlin  
**Chancellor District**



David Ross  
**Courtland District**



Gary F. Skinner  
**Lee Hill District**



Ann L. Heidig  
**Livingston District**



Paul D. Trampe  
**Salem District**

## County of Spotsylvania

### *Constitutional Officers*

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

### *County Administrative Officers*

C. Douglas Barnes	County Administrator
Mark L. Cole	Deputy County Administrator
James R. Benkahla	County Attorney
Karl R. Holsten	Deputy County Attorney
Tammy D. Petrie	Director of Finance
Rebecca R. Forry	Accounting Manager

## Spotsylvania School Board

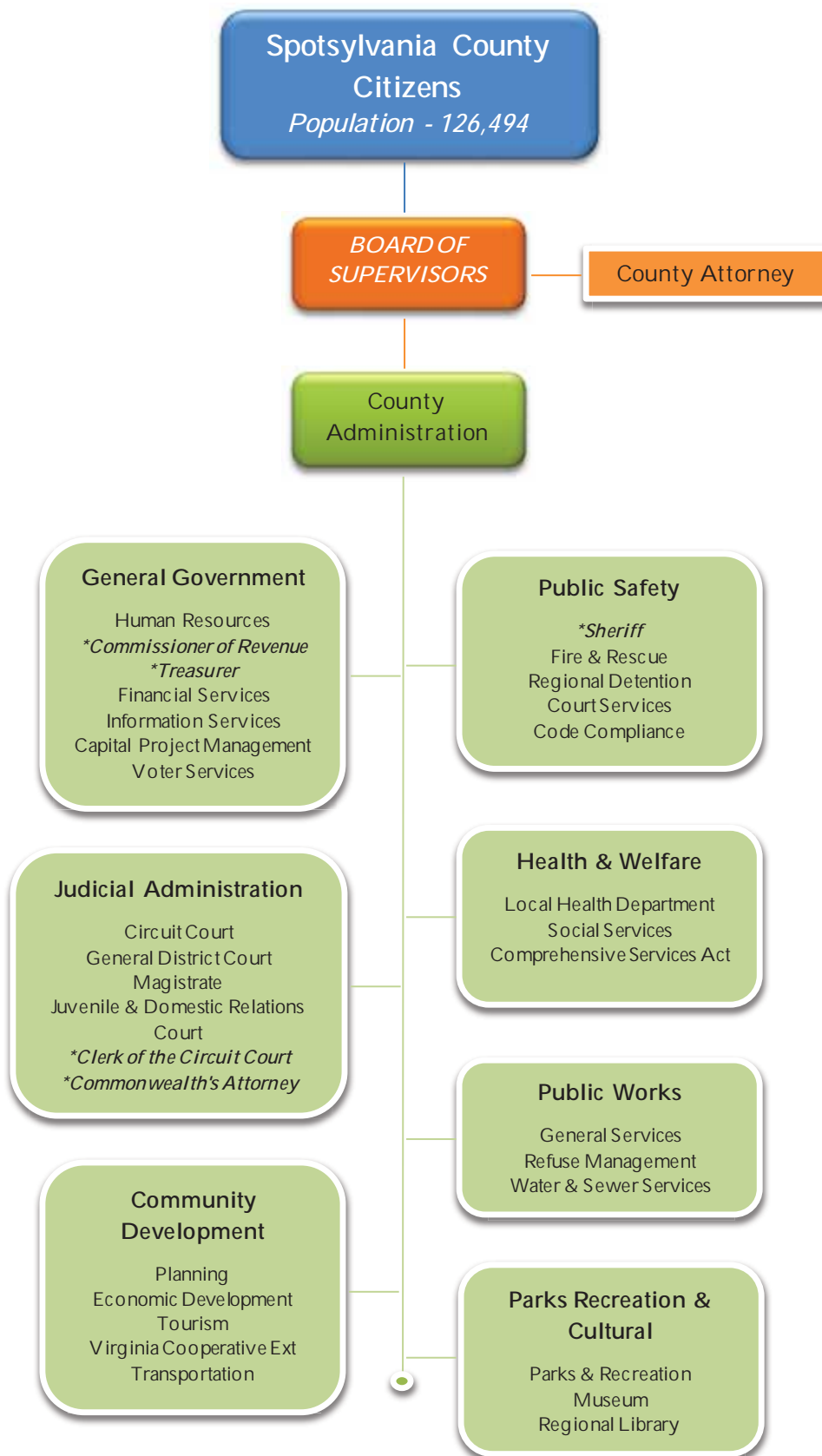
### *School Board*

J. Gilbert Seaux	Berkeley District
William M. Blaine, Jr.	Salem District
Amanda Blalock	Lee Hill District
Dr. James Meyer	Courtland District
Ray Lora	Livingston District
Linda Wieland	Battlefield District
Dawn Shelley	Chancellor District

### *School Administrative Officers*

Dr. S. Scott Baker	Superintendent
Carol Flenard	Assistant Superintendent of Instruction
LaShahn Gaines	Chief Financial Officer
Barbara Stombeck	Director of Finance
Marcia Stevens	Accounting Manager

# Spotsylvania County Organizational Chart



\* denotes Constitutional Officer

## *Spotsylvania County Certificate of Achievement*



Government Finance Officers Association

# **Certificate of Achievement for Excellence in Financial Reporting**

Presented to

**County of Spotsylvania  
Virginia**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**June 30, 2012**

A handwritten signature in black ink, reading "Jeffrey R. Egan". The signature is written in a cursive, flowing style.

Executive Director/CEO



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

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tel 540.654.5500 — fax 540.654.5570 — [www.millerfoley.com](http://www.millerfoley.com)

## **INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS**

Board of Supervisors  
County of Spotsylvania, Virginia

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia as of and for the year ended June 30, 2013, which collectively comprise the County's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

1121 Heatherstone Drive — Fredericksburg, Virginia 22407

significant accounting estimates made by management, as well as evaluating the presentation of the financial statements.

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia, as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 18 through 32 and 84 through 85 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, Virginia's financial statements as a whole. The introductory section, supplementary information and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The 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 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2013, on our consideration of the County of Spotsylvania, Virginia's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Spotsylvania, Virginia's internal control over financial reporting and compliance.



Fredericksburg, Virginia  
November 5, 2013



# Management's Discussion & Analysis

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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 9 of this report.

## Financial Highlights

### Government-wide financials

- ❖ The assets and deferred outflows of resources of the County exceeded its liabilities at the close of the most recent fiscal year by \$147.8 million (*net position*). Of this amount, \$79.1 represents an unrestricted net deficit due to \$171.7 million in remaining debt issued by the County on-behalf of the School Board. Elimination of this debt would result in \$92.6 million available to meet future obligations.
- ❖ The County's total net position increased \$16.6 million versus a \$28.1 million increase in fiscal year 2012. Governmental activities account for \$16.8 million and \$27.2 million, respectively. This decrease is predominantly due to significant increases in the funding of education, public safety, and community development.

### Fund Financials

- ❖ At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$95.3 million. Approximately 41.8% of this amount (\$39.8 million) is available for spending at the government's discretion (*unassigned fund balance*).
- ❖ The County's total governmental fund balances increased by \$5.4 million for the year, versus a \$4.2 million increase in fiscal year 2012. This

\$1.2 million increase is the result of \$5.3 million in new general obligation bonds in the Transportation Fund offset by a one-time payment of \$3.7 million in deferred subsidies to the Potomac Regional Transportation Commission and the Virginia Railway Express.

- ❖ At the end of the current fiscal year, unrestricted fund balance (the total of the *committed*, *assigned*, and *unassigned* components of fund balance) for the General Fund was \$53.9 million or approximately 23.9% of total General Fund expenditures. Unassigned fund balance includes \$36.7 million in fiscal stabilization funds.
- ❖ The County issued a total face amount of \$51.2 million in various general obligations bonds during the current fiscal year. Of this amount, \$5.0 million in proceeds will be used to finance a portion of the new Virginia Railway Express rail line. The remaining \$46.2 million in proceeds were used to refinance \$33.6 million in Industrial Development Authority bonds, \$7.3 million in school literary loans, and \$5.3 million in tax anticipation notes held in the Transportation Fund.
- ❖ In August 2013 the County completed its upgrade of the Massaponax Wastewater Treatment Plant at a cost of \$17.8 million. This project provided for an Enhanced Nutrient Removal (ENR) upgrade and capacity expansion from 8.0 MGD to 9.4 MGD.

## Overview of the Financial Statements

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



## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

The government-wide financial statements can be found on pages 35 - 37 of this report.

## FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The County maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund, which are considered to be major funds. Data from the other three governmental funds are combined into a sin-

gle aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

The County adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided, in the required supplementary information section of this report, for the general fund to demonstrate compliance with this budget. Additional budgetary comparison for the capital projects fund and nonmajor governmental funds can also be found in the schedules section of this report.

The basic governmental fund financial statements can be found on pages 38 - 41 of this report.

**Proprietary funds** are used to report the same functions presented as *business-type activities* in the government-wide financial statements, in this case, water and sewer operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 42 - 45 of this report.

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

statements can be found on page 46 of this report.

The **notes to the financial statements** provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 - 82 of this report.

**Other information** is provided in addition to the basic financial statements and accompanying notes on pages 87 - 116 of this report. This section provides the combining statements referred to earlier in connection with non-major governmental funds, as well as, more detailed reporting of the County's agency funds and its component unit, the Spotsylvania County School Board.

## Government-wide Overall Financial Analysis

### Net Position

Table 1 summarizes the Statement of Net Position for the primary government and its discretely presented component unit – School Board. In the case of the primary government, assets and deferred outflows of resources exceeded liabilities by \$147.8 million, at the close of the most recent fiscal year, reporting an increase in net position of \$16.5 million or 12.6%.

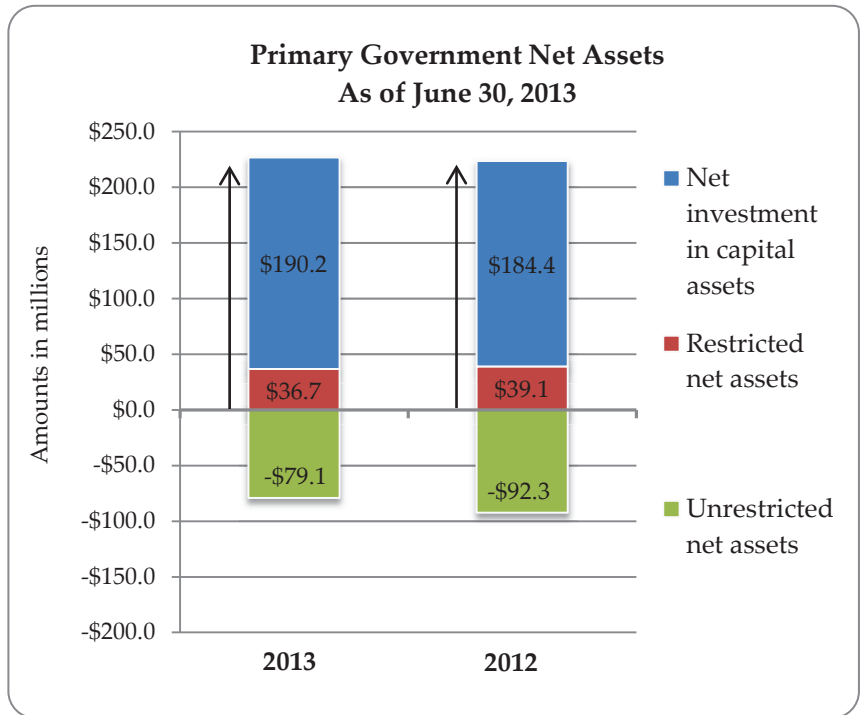
Table 1

Summary of Net Position								
As of June 30, 2013								
(Amounts in millions)								
	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit School Board	
	2013	2012	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 212.3	\$ 215.1	\$ 89.1	\$ 93.4	\$ 301.4	\$ 308.5	\$ 30.4	\$ 27.8
Capital assets, net	117.0	118.1	298.6	299.0	415.6	417.1	322.6	330.6
<b>Total assets</b>	<b>329.3</b>	<b>333.2</b>	<b>387.7</b>	<b>392.4</b>	<b>717.0</b>	<b>725.6</b>	<b>353.0</b>	<b>358.4</b>
Other liabilities	106.7	116.1	2.3	3.5	109.0	119.6	26.5	22.8
Long-term liabilities	314.8	326.1	145.4	148.7	460.2	474.8	79.9	67.2
<b>Total liabilities</b>	<b>421.5</b>	<b>442.2</b>	<b>147.7</b>	<b>152.2</b>	<b>569.2</b>	<b>594.4</b>	<b>106.4</b>	<b>90.0</b>
Net position:								
Net investment in capital assets	23.8	18.3	166.4	166.1	190.2	184.4	322.6	330.6
Restricted	21.0	19.7	15.7	19.4	36.7	39.1	0.7	3.8
Unrestricted	(137.0)	(147.0)	57.9	54.7	(79.1)	(92.3)	(76.7)	(66.0)
<b>Total net position</b>	<b>\$ (92.2)</b>	<b>\$ (109.0)</b>	<b>\$ 240.0</b>	<b>\$ 240.2</b>	<b>\$ 147.8</b>	<b>\$ 131.2</b>	<b>\$ 246.6</b>	<b>\$ 268.4</b>

By far, the largest portion (\$190.2 million) of the primary government's net position (see Chart 1) reflects its net investment in capital assets (e.g. land, buildings, equipment), less any related outstanding debt that was used to acquire those assets. 87.5% of this amount represents the County's investment in its water and sewer system. \$36.8 million of net position is restricted due to external restraints on the use of those funds, leaving a deficit position of \$79.1 million. This deficit is the result of the primary government issuing debt to finance assets capitalized within the component unit – School Board. These debt issuances increase the County's liabilities with no corresponding asset, thereby, any changes in debt issued on behalf of the School Board has a direct impact on the net change in position of the primary government.

A similar evaluation of the School Board's net position would result in a reduction of the net investments in capital assets by the remaining \$171.7 million in School Board debt issued by the County. There is no change in restricted or unrestricted net position with the majority of the unrestricted net deficit consisting of an accumulation of other post-employment obligations of \$74.3 million.

Business-type activities reported only a slight shifting of resources between restricted and unrestricted and no significant changes in overall net position for the fiscal year.



**Chart 1**

### *Changes in Net Position*

#### **GOVERNMENTAL ACTIVITIES**

As reflected in Table 2 on the following page, total governmental net position increased by \$16.8 million compared to the \$27.2 million increase for the previous fiscal year. This \$10.4 million drop in earnings from the previous year is attributed primarily to increased expenses in public safety, education and community development. Key elements of year over year changes are provided in greater detail in this section, as well as, additional information illustrating the County's revenues, expenses and net program costs.

<b>Changes in Net Position</b> For the Year ended June 30, 2013 (Amounts in millions)								
	Governmental Activities		Business-Type Activities		Total Primary Government		Component Unit School Board	
	2013	2012	2013	2012	2013	2012	2013	2012
<b>Revenues:</b>								
Program Revenues:								
Charges for services	\$ 10.1	\$ 8.2	\$ 27.7	\$ 25.7	\$ 37.8	\$ 33.9	\$ 7.7	\$ 7.7
Operating grants and contributions	14.1	15.7	0.5	0.5	14.6	16.2	230.9	215.7
Capital grants and contributions	9.9	9.3	4.4	7.0	14.3	16.3	0.2	-
General Revenues:								
General property taxes	147.9	146.2	-	-	147.9	146.2	-	-
Other taxes	47.4	45.5	-	-	47.4	45.5	-	-
Grants not restricted	15.4	15.3	-	-	15.4	15.3	-	-
Investment earnings	-	0.3	0.3	0.4	0.3	0.7	-	-
Miscellaneous	0.1	0.5	-	0.1	0.1	0.6	0.9	0.8
<b>Total Revenues</b>	<b>244.9</b>	<b>241.0</b>	<b>32.9</b>	<b>33.7</b>	<b>277.8</b>	<b>274.7</b>	<b>239.7</b>	<b>224.2</b>
<b>Expenses:</b>								
General government	13.4	10.9	-	-	13.4	10.9	-	-
Judicial administration	5.7	7.4	-	-	5.7	7.4	-	-
Public safety	49.1	43.4	-	-	49.1	43.4	-	-
Public works	9.2	9.5	-	-	9.2	9.5	-	-
Health and welfare	17.7	17.5	-	-	17.7	17.5	-	-
Education	92.9	88.6	-	-	92.9	88.6	261.5	244.9
Parks and recreation	8.1	7.9	-	-	8.1	7.9	-	-
Community development	19.4	14.6	-	-	19.4	14.6	-	-
Water and sewer	-	-	33.2	32.5	33.2	32.5	-	-
Interest on long-term debt	12.6	14.3	-	-	12.6	14.3	-	-
<b>Total Expenses</b>	<b>228.1</b>	<b>214.1</b>	<b>33.2</b>	<b>32.5</b>	<b>261.3</b>	<b>246.6</b>	<b>261.5</b>	<b>244.9</b>
Increase (decrease) in net position before transfers	16.8	26.9	(0.3)	1.2	16.5	28.1	(21.8)	(20.7)
Transfers	-	0.3	-	(0.3)	-	-	-	-
<b>Increase (decrease) in net position</b>	<b>16.8</b>	<b>27.2</b>	<b>(0.3)</b>	<b>0.9</b>	<b>16.5</b>	<b>28.1</b>	<b>(21.8)</b>	<b>(20.7)</b>
<b>Net position - beginning</b>	<b>(109.0)</b>	<b>(136.2)</b>	<b>240.3</b>	<b>239.4</b>	<b>131.3</b>	<b>103.2</b>	<b>268.4</b>	<b>289.1</b>
<b>Net position - ending</b>	<b>\$ (92.2)</b>	<b>\$ (109.0)</b>	<b>\$ 240.0</b>	<b>\$ 240.3</b>	<b>\$ 147.8</b>	<b>\$ 131.3</b>	<b>\$ 246.6</b>	<b>\$ 268.4</b>

### Revenues

Revenues for fiscal year 2013 were \$244.9 million, an increase of \$3.9 million or 1.6%. Property tax revenues realized a net increase of approximately \$1.7 million or 1.2% as a result of moderate increases in overall assessed taxable values. Other

local taxes also saw an increase of \$1.9 million or 4.2% over the previous year. Consumer spending increased approximately 2.5% or \$0.6 million in areas of goods, meals and lodging. Lodging reflected the highest increase of 8.6% over the previous year. In addition, recordation taxes increased

Chart 2

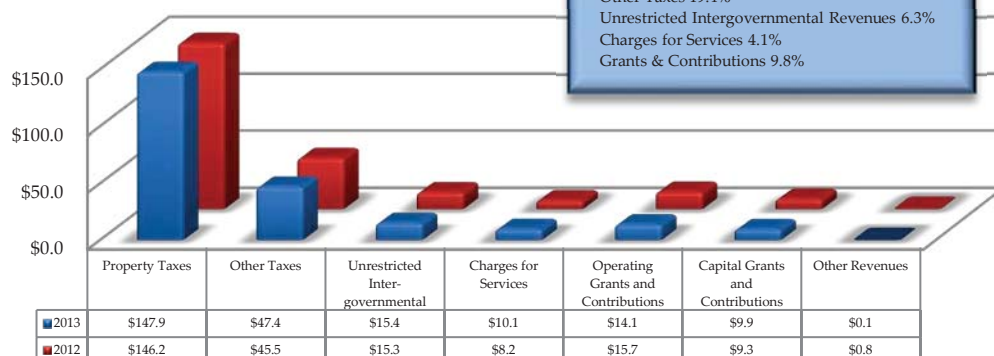
\$0.5 million or 25.6% as homeowners continue to take advantage of the federal government's Home Affordable Refinance Program. Fuel taxes increased \$0.5 million or 10.0% predominantly due to higher average gas prices.

The strongest percentage increase in revenues is reflected in the County's charges for services. Revenues in this area increased \$1.9 million or 23.2% from the previous year. This revenue increase was largely due to reduced commercial refuse disposal fees driving substantial increases in tonnage received. Additionally, with the move to a new outsourced billing administrator in 2012, the County saw improved collection rates in EMS revenue recovery fees which lead to more optimistic assumptions used in receivable allowance rates. In contrast, the County recognized \$1.6 million, or 10.2%, less in operating grant contributions. Contributing areas were public safety of \$0.6 million due to the conclusion of some multi-year federal

### Governmental Activities - Revenues by Source

For Years ending June 30, 2013 and 2012

(Amounts in millions)



and state grants; and health & welfare of \$1.0 million, as a result of changes in State mandated Comprehensive Services Act rates.

### Expenses

For fiscal year 2013, expenses of governmental activities were \$228.1 million, an increase of \$14.0 million or 6.5% from the previous year. Areas of more noteworthy increases fall under public safety, community development and education.

In 2013, the County spent \$19.4 million, a 32.9% increase over the previous year in its continued efforts to control regional transportation issues. Over the past 10 years, this function represents the single largest increase in spending of almost 600%.

Public safety also increased by \$5.7 million, or 13.1%, the most significant increase in the past 3 years. The greatest focus, of this increase, is on the County's continued efforts to bridge the gap, in its combined professional and volunteer fire and rescue system, between growing demands in service and decreased participation in volunteer staffing. To help meet

### Governmental Activities - Expenses by Function

For Years ending June 30, 2013 and 2012

(Amounts in millions)

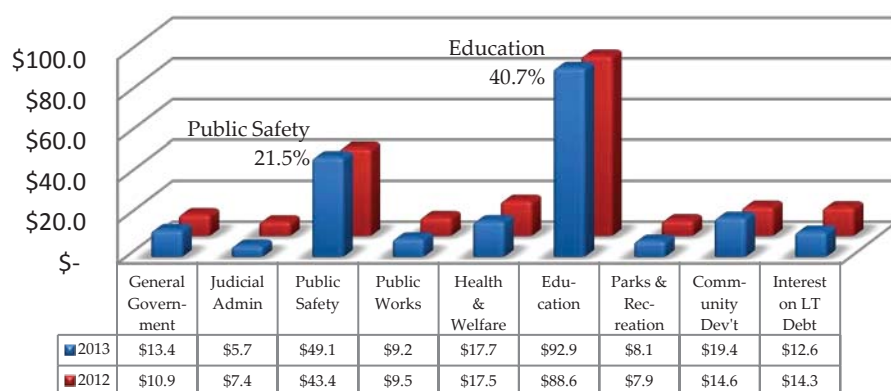


Chart 3



long-term service coverage goals, Management increased personnel and used increased overtime to manage current fluctuating service levels, at an increased cost of \$2.6 million or 22.2%. Overtime costs, as a percentage of payroll, for the fiscal years ending 2013, 2012, and 2011 were 17.1%, 12.8%, and 4.5%, respectively. Additionally, regional detention facilities also saw an increase of \$1.1 million, or 21.0%, in response to increased payroll costs and Spotsylvania's usage share from 31.03% to 38.03%. And finally, the County accrued a one-time contingency cost related to Sheriff personnel overtime costs of \$0.6 million.

For fiscal year 2013, the County spent \$92.9 million toward education, an increase of 4.9%. \$75.7 million or 165.0% represents the County's contribution in excess of the State's required local effort. This additional \$75.7 million local transfer included a one-time contribution of \$6.7 million to fund the School's capital projects. The resulting local transfer per pupil calculation increased to \$5,132 or 6.3%.

Chart 4 below depicts the total cost of each of the County's largest functions in relation to their program related revenues. Non-program related revenues, such as property taxes are necessary to subsidize these functions, accounting for the difference between total cost and program revenues. For fiscal year 2013 total subsidized general reve-

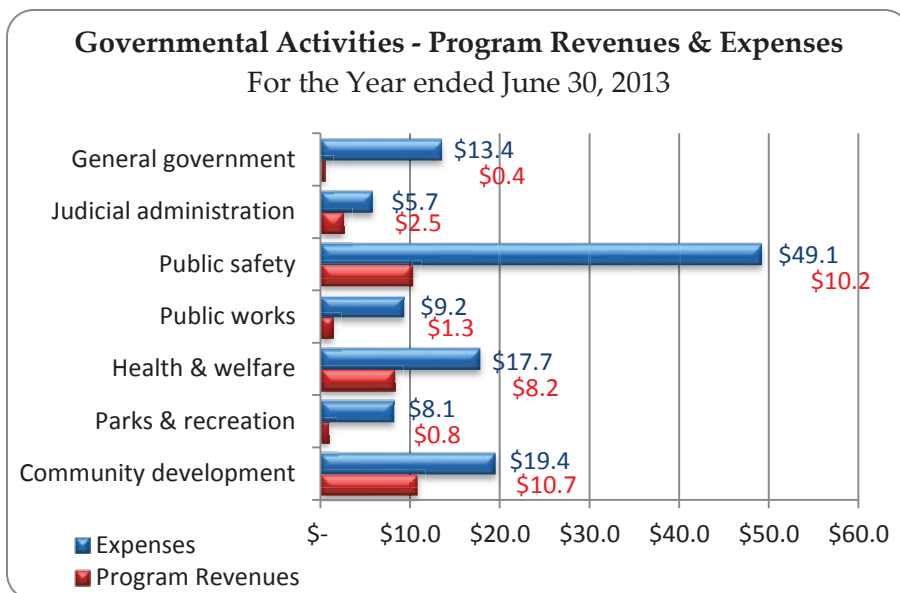
nues were \$194.0 million a \$13.1 million or 7.2% increase. Education and interest expense do not receive program related revenues and are supported entirely by general revenues.

## BUSINESS-TYPE ACTIVITIES

For the County's business-type activities, net position decreased by \$0.3 million, or 0.1%, to \$240.0 million. For fiscal year 2013, public utility revenues per Table 2, totaled \$32.9 million, a \$0.8 million or 2.4% decrease over last year. This net decrease is the combination of increased charges for services, relating to water & sewer rate increases, and a reduction of state capital grant funding due to the completion of the Massaponax Wastewater Treatment Plant upgrade. Total expenses for the fiscal year were \$33.2 million, an increase of \$0.7 million or 2.2% in response to rises in the general level of prices due to inflation.

## COMPONENT UNIT – SCHOOL BOARD

The component unit – School Board saw a decrease in overall position of \$21.8 million, reporting net position of \$246.6 million as of June 30, 2013. This net reduction is in trend with previous years, as the School Board budgets for necessary expenses to cover near term cash outflows. This does not allow for reserves of such activity as capital outlay/ depreciation and other post-employment benefits which totaled \$20.3 million for the current year.



### Net program costs funded by general revenues:

General government	\$ 13.0
Judicial administration	3.2
Public safety	38.9
Public works	7.9
Health & welfare	9.5
Parks & recreation	7.3
Community development	8.7
Education	92.9
Interest on long-term debt	12.6
	<u>\$ 194.0</u>

Chart 4



## Financial Analysis of Governmental Funds

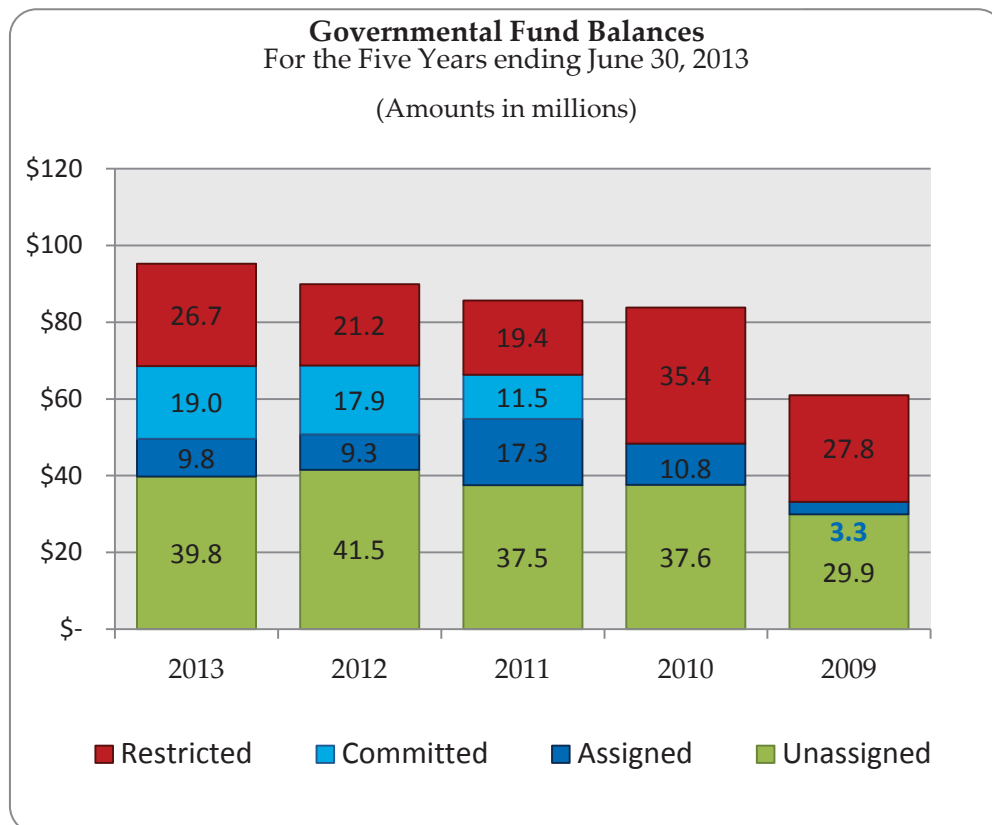
The focus of the County's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's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

At June 30, 2013, the County reported combined governmental fund balances of \$95.3 million (chart 5), an increase of \$5.4 million or 6.0% in comparison with the prior year. Approximately 41.8% of this amount (\$39.8 million) constitutes *unassigned fund balance*, which is available for spending at the government's discretion. Of the \$39.8 million in

unassigned funds, \$36.7 million represents the County's fiscal stability reserve intended for emergency use, such as natural disasters, or other significant events that signal a need for stabilization.

The remaining fund balance is either *restricted*, *committed*, or *assigned* and is not considered available for new spending as it has already been allocated to cover 1) \$26.7 million or 28.0% in restricted resources to meet future capital projects from unspent bond proceeds, debt service, and grant obligations, 2) \$19.0 million or 19.9% in committed funding for the County's capital improvement plan, transportation improvements, economic development incentives, and line of duty benefits for public safety personnel, 3) \$9.8 million or 10.3% in assigned fund balance intended for school board expenditures, loss contingencies, employee benefits, and carryover of fiscal year 2013 unexpended budget.

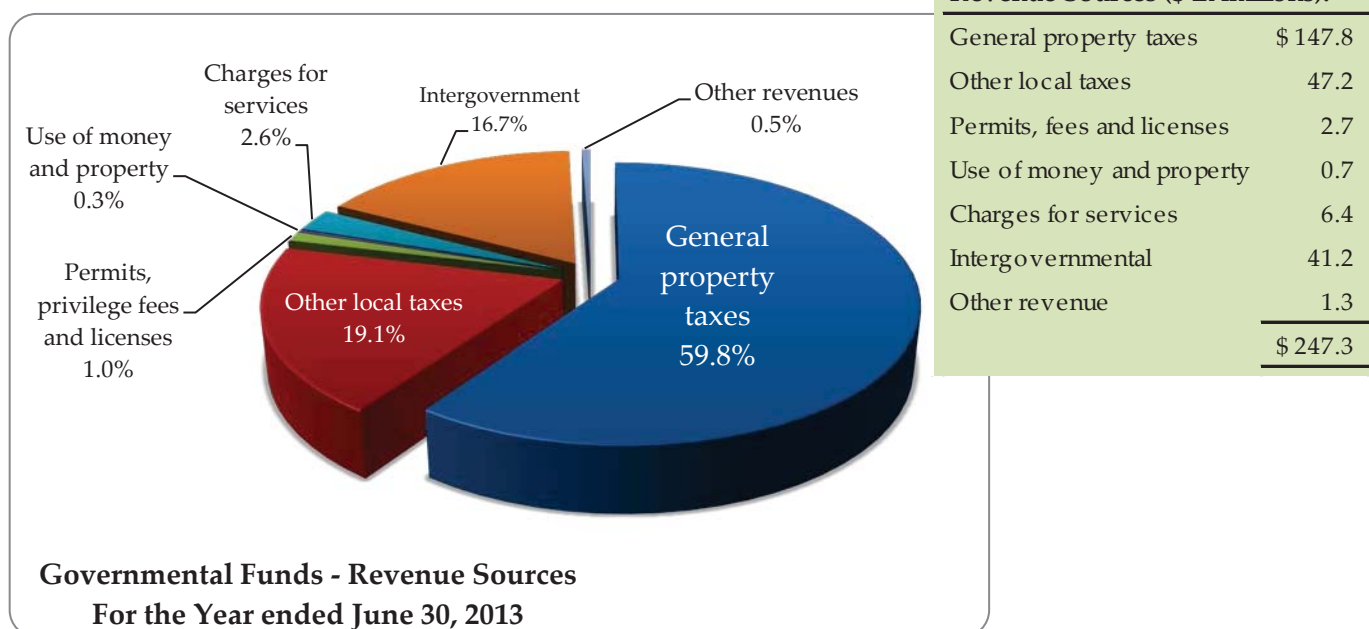
Chart 5



Governmental funds include the County's General Fund, Capital Projects Fund and various special revenue funds created by the Board. Charts 6 & 7 provide useful information on the percentage of consolidated revenues received by source and

the percentage of how these funds were used by function. In addition, significant activity is discussed at the individual fund level and is intended to provide greater insight to the year over year changes in fund balance.

Chart 6



Expenditure Uses (\$ in millions):	
General government	\$ 11.6
Judicial administration	6.4
Public safety	44.4
Public works	8.3
Health & welfare	17.3
Education	92.9
Parks & recreation	6.8
Community development	7.7
Capital projects	16.1
Non-departmental	0.6
Debt service	41.2
<b>Total Expenditures:</b>	<b>\$ 253.3</b>

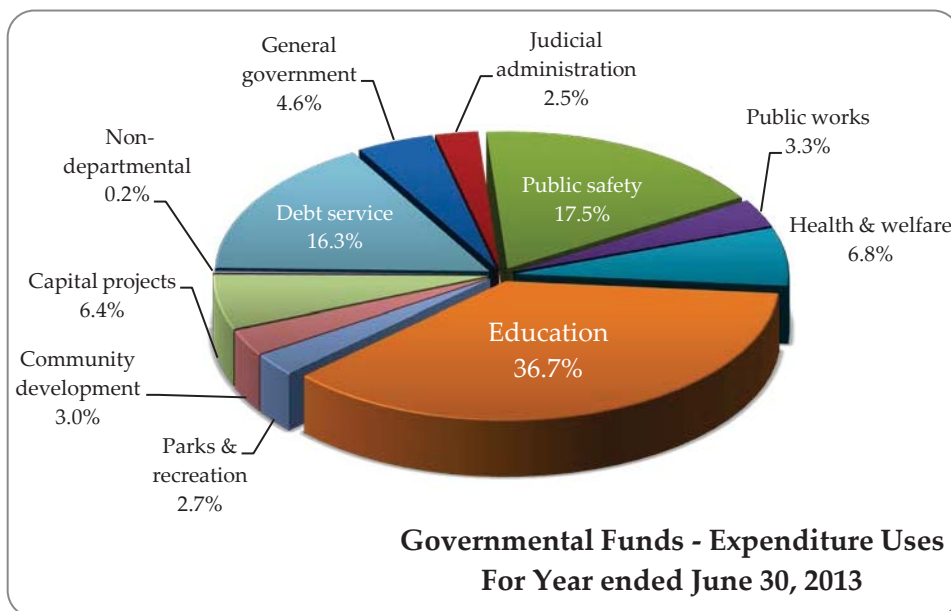


Chart 7

## GENERAL FUND

The general fund is the primary operating fund accounting for all financial resources of the general government, except those required to be accounted for in another fund. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$39.8 million, while total fund balance decreased \$6.9 million or 11.1%. This decrease was the result of a planned one-time \$6.7 million contribution of fund balance to the School Board's Capital Project Fund; however, the General Fund's liquidity still remains strong with unassigned fund balance representing approximately 17.6%, or slightly over two months of general fund expenditures.

For the year, total revenues increased slightly by \$0.6 million or 0.3%. Property taxes overall saw a modest increase of \$0.9 million or 0.6%. This is within expectation as economic growth continues to improve slowly and tax rates have not changed (see Chart 8). Consumer spending increased approximately 2.5% or \$0.6 million in areas of goods, meals and lodging. Lodging reflected the highest increase of 8.6% over the previous year. In addition, recordation taxes increased \$0.5 million or 25.6% as homeowners continue to take advantage of the federal government's Home Affordable Refinance Program. The County also shows a \$1.6 million, or 5.0% decrease in its intergovernmental funding as a result of decreases in overall grant funding and a 15% decrease in state health & welfare receipts.

Perhaps the strongest percentage increase in revenues is reflected in the County's charges for services. Revenues in this area increased \$0.9 million or 35.4% from the previous year due to an increase of \$0.6 million or 500% in refuse disposal fees as a result of reduced tonnage tipping fees which increased commercial revenue tonnage coming into the facility.

The County continues to monitor and restrict spending when possible in re-

sponse to conservative revenue projections. However, a few functions incurred substantial increases when compared to the previous year. Public safety reported the highest percentage increase of 13.4% or \$4.9 million. As previously reported in the analysis of the government-wide statements, fire & rescue and regional detention facilities represented the largest portion of this increase. However, the Sheriff's office incurred a \$1.2 million increase under our fund reporting; almost \$1.0 million of that amount represents funding for replacement vehicles delayed in previous years due to the economy that are only capitalized in the government-wide statements.

Education reflected the greatest dollar increase of almost \$8.5 million or 10.0%. In 2013, the County was able to maintain the same level of operational support as the previous year, exceeding the minimum transfer legally required by the State to meet Standards of Quality. Although the County was not able to provide an ongoing transfer to the Schools in excess of its 2012 funding, an additional one-time transfer from fund balance, for capital projects, is expected to save nearly \$1.0 million in debt service expenditures, thereby freeing that \$1.0 million to be spent on other school operating needs. Further, in addition to the base, level funded transfer, the County approved the release of

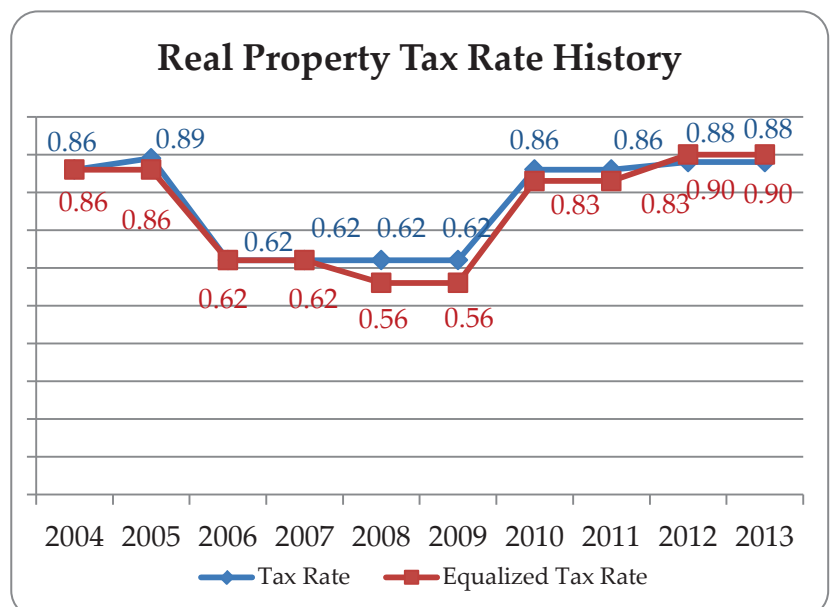


Chart 8

\$0.5 million in 2012 “hold back” funding.

The County also reported a \$1.6 million or 4.1% decrease in debt service costs for fiscal year 2013 as a result of previous and current year debt refinancing.

### CAPITAL PROJECTS FUND

The Capital Projects fund, a major fund, had a \$7.9 million or 34.2% increase in fund balance as a result of *other financing sources* received during the year that remain unspent at June 30, 2013. This surplus brings the fund balance up to \$31.0 million with allocations between restricted, committed, and assigned remaining relatively consistent with the previous year at 68%, 31%, and 1%, respectively.

In 2013, *other financing sources* were comprised of General Fund transfers and issuance of general obligation bonds. County fiscal policy guidelines recommend annual “pay as you go” (cash) contributions to the Capital Projects Fund equal to 5% of General Fund revenue, with a minimum of 3% budgeted. In 2008, the County established its initial contribution of 1%, with an additional 0.25% to be added each year thereafter. In 2013, the General Fund transferred \$5.0 million or 2.5%. Additionally, the General Fund made a one-time transfer of \$1.7 million from its available unassigned fund balance to eliminate the need to borrow new money for general capital projects, projecting interest savings to the County of \$0.3 million. In 2013, the County also issued general obligation bonds which included \$5.0 million in funding to finance a portion of the costs associated with the construction of a Virginia Railway Express rail line.

Although not contributing directly to the fund’s net surplus, revenues and expenditures saw significant changes compared to the previous year. Revenues increased \$11.3 million in 2013 as Route 3 Widening Grant reimbursement requests on hold for the past two years, pending completion of a federal audit, have been approved and paid to the County. As of June 30, 2013 an additional \$7.2 million in Route 3 Widening Grant expenditures are pending reimbursement and are expected to be

received in 2014. During the current fiscal year spending also decreased \$11.3 million, approximately \$9.9 million of that amount was a result of the completion of three major projects in fiscal year 2012.

### OTHER GOVERNMENTAL FUNDS

Other governmental funds include nonmajor special revenue funds which are used to account for restricted and committed revenues as determined by the Board. For the fiscal year 2013, the combined fund balance for other governmental funds (*Fire/EMS Service, Code Compliance, and Transportation*) reflects a positive fund balance of \$8.9 million, an increase of almost 100% from the previous year. This increase is a result of the County’s long-term refinancing of its tax anticipation notes held within the Transportation Fund, further details are available in Note 9 on page 65 of this report.

### General Fund Budgetary Highlights

#### ORIGINAL BUDGET TO FINAL BUDGET

During the fiscal year ended June 30, 2013, the County revised its General Fund budget on several occasions. The more significant amendments are as follows:

- ❖ \$5.6 million in carryover of unspent fiscal year 2012 funding. The majority of this funding is to be used for education and public safety expenditures.
- ❖ \$1.3 million for projected revenue increases related to state and federal grant funding.
- ❖ School refunding bonds corrective entry of \$5.8 million reducing debt service expenditures and transfers in, resulting in a net zero adjustment.

#### FINAL BUDGET TO ACTUAL

As of June 30, the County’s General Fund reported a positive budget variance of \$10.5 million. The majority of this variance is reflected in the \$8.1 million in unspent budgeted expenditures. The more significant variances are described on the following page.



- ❖ General property tax collections exceeded budget by \$2.1 million due to higher assessed values for personal property and machinery & tools.
- ❖ Intergovernmental revenues fell short of budget projections by \$1.2 million due to lower than expected DSS and CSA program reimbursements.
- ❖ Education expenditures fell under budget by \$2.7 million as Management delayed certain spending to 2014.
- ❖ Non-departmental expenditures reported \$0.5 million in expenditures for 2013, maintaining its \$1.3 million in contingency funding.
- ❖ Remaining functions also saw positive budget variances due to conservative spending in light of projected modest increases in revenues.

Additional information on the County's General Fund budget compliance can be found in Exhibit IX on pages 84 – 85.

## Capital Assets and Debt Administration

### CAPITAL ASSETS

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2013, amounts to \$415.6 million (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment, vehicles, as well as, water and sewer treatment and distribution systems. The total decrease in net capital assets for the current fiscal year was approximately \$1.5 million or 0.3%.

Capital assets as of June 30, 2013 and 2012 are summarized in Table 3 below.

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

- ❖ Completion of the Massaponax Wastewater Treatment Plant Enhanced Nutrient Removal (ENR) upgrade and capacity expansion (from 8.0 MGD to 9.4 MGD) project, resulting in building, equipment and distribution main improvements costing \$17.8 million funded through revenue bonds, and Virginia water quality improvement grant funds.
- ❖ Completion of water and sewer distribution system improvements at a cost of \$6.0 million.
- ❖ The purchase of various vehicles at a total cost of \$1.2 million, with 80% funded for public safety.
- ❖ The County's public safety 800MHz radio system is reaching its end-of-life and will no longer be supported by January 2014. The County has contracted for major system upgrade services totaling \$14.9 million. Construction in progress as of the close of the fiscal year has reached \$1.5 million.
- ❖ The County is working with the Virginia Railway Express (VRE) to extend VRE services into Spotsylvania. As part of the agreement, Spotsylvania has committed to acquire the land and construction services necessary for 1,500 parking spaces, a future parking deck, intersection improvements, platform canopy and public restrooms. The project is expected to be funded through state grant funds, general obligation bonds and revenues. As of June 30, 2013 the County has expended \$0.6 million on the project.

#### Capital Assets

For Years ending June 30, 2013 and 2012

	(Amounts in millions)			
	Governmental Activities	Business-Type Activities	Total Primary Government	
			2013	2012
Land	\$ 15.3	\$ 9.7	\$ 25.0	\$ 24.9
Buildings & improvements	107.5	164.0	271.5	256.9
Furniture, equipment & vehicles	51.2	12.2	63.4	57.6
Water & sewer systems	-	223.5	223.5	215.8
Construction in progress	4.3	5.7	10.0	24.7
Total capital assets	\$ 178.3	\$ 415.1	\$ 593.4	\$ 579.9
Less: Accumulated depreciation	(61.3)	(116.5)	(177.8)	(162.8)
Total capital assets, net	\$ 117.0	\$ 298.6	\$ 415.6	\$ 417.1

Table 3

## Construction-in-Progress

As part of the County's fiscal year 2014 budget process, the Board approved a five-year Capital Improvements Plan totaling \$221.0 million detailed in Table 4 below. Funding for future improvements is currently estimated at 33% cash, 62% debt, and 5% from local, state and federal contributions.

Table 4

CAPITAL IMPROVEMENT PLAN 2014 - 2018	
Projects	Amount
<b>General government facilities:</b>	
Judicial center renovation	\$ 6.6
Facility asset management program	7.6
Other general government facility needs	1.5
<b>Information technology:</b>	
Replacement of public safety radio system	15.1
Replacement of computer aided dispatch system	5.2
Other information technology projects	3.0
<b>Solid waste</b>	
Benchmark road consolidated solid waste center	2.2
Refuse disposal/collection equipment replacement	2.2
Other solid waste projects	0.6
<b>Parks &amp; recreation</b>	
Ni River park	3.4
Other parks & recreation projects	3.4
<b>Fire &amp; rescue services</b>	
Replacement of fire and ems equipment	13.9
Other fire & rescue service needs	1.3
<b>Transportation</b>	
VRE station and parking areas	2.0
Unpaved roads	3.7
Other intersection & road improvements	14.1
<b>School board system</b>	
Replacement school buses	16.3
Capital maintenance	25.7
Information technology repairs and replacements	18.1
<b>Water and sewer utilities</b>	
Facility improvements	8.5
Water treatment plant improvements	36.4
Other water projects	13.3
Sewer system projects	16.9
	<u>\$ 221.0</u>

Additional information on the County's capital assets can be found in Note 4 on pages 59 - 61 of this report.

## DEBT ADMINISTRATION

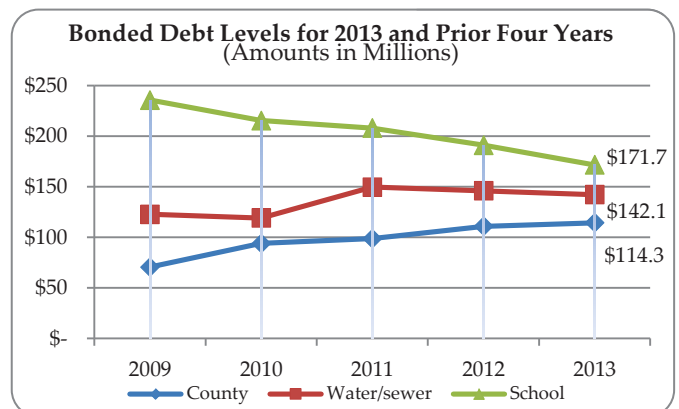
At the end of the current fiscal year, the County reported total bonded debt outstanding of \$428.1 million (Table 5). Of this amount, \$286.0 million is debt backed by the full faith and credit of the County, with the remainder secured by specific revenue sources. The remainder of the County's long-term obligations of \$32.1 million is comprised of mostly of landfill closure requirements, other post-employment benefit obligations.

Table 5

Outstanding Long-Term Obligations		
For the Years ended June 30, 2013 and 2012		
(Amounts in millions)		
	Primary Government	
	2013	2012
General obligation bonds - County	\$ 114.3	\$ 110.9
General obligation bonds - Schools	171.7	183.7
Revenue bonds - business type	142.1	146.0
State literary fund loans	-	7.3
<b>Total debt obligations:</b>	<b>428.1</b>	<b>447.9</b>
Accrued landfill closure liability	5.6	5.6
Compensated absences	4.5	4.1
OPEB obligation	20.8	16.3
Other long-term liabilities	1.2	0.9
<b>Total long-term obligations:</b>	<b>\$ 460.2</b>	<b>\$ 474.8</b>

Total long-term debt obligations decreased by \$14.6 million or 3.1% during the current fiscal year. This decrease is the result of various debt issued during the year for an amount that was less than the regularly scheduled principal reductions on the existing debt and the portions of the existing debt refunded. A five year trend of bonded debt by purpose is provided in Chart 9 below.

Chart 9





In June 2013, the County hosted representatives from Fitch, Standard & Poor's, and Moody's for a review of the County's financial and economic progress. The County's credit rating continues to be defined as "very strong".

Rating Agency	General Obligation Bonds	EDA Revenue Bonds	Utilities Revenue Bonds
Moody's	Aa2	Aa3	Aa3
Fitch	AA+	AA	AA-
Standard & Poor's	AA+	AA	AA

As a result, the County issued \$16.2 million in general obligation bonds and \$1.2 million in general obligation qualified energy conservation bonds to fund the Virginia Railway Express rail line project (\$5.0 million) and refinance previously outstanding special tax revenue bond anticipation notes (\$5.3 million – combined with \$3.2 million in restricted cash) and literary fund loans (7.2 million). Additionally, in an effort to take advantage of favorable interest rates, the County issued \$33.8 million in economic development authority revenue bonds to advance refund \$33.6 million in 2003 industrial development authority bonds. The result is an expected decrease in future debt service payments of \$3.7 million. Additional information on the County's long-term debt can be found in Note 10 on pages 65 - 69 of this report.

The County has no legal limitations on the amount of debt it can issue. The County has; however, adopted certain financial policies limiting the amount of tax supported debt to no more than 4% of the assessed value of taxable property; and annual debt service payments to no more than 12% of County expenditures. Table 6 presents the County's debt position indicators for the last two fiscal years.

Debt Position Indicators For Fiscal Years 2013 and 2012		
	Ratio of debt service to expenditures	Ratio of debt to assessed value
2013	10.0%	2.0%
2012	11.2%	2.1%
Adopted Policy	Not to exceed 10-12%	Not to exceed 3-4%

Table 6

Subsequent to June 30, 2013, the County issued \$52.6 million in bonded debt to finance capital projects and refund certain outstanding maturities to take advantage of favorable interest rates and reduce future debt service. Additional details may be found in Note 20 on pages 81 - 82 of this report.

## Economic Factors

The following economic factors currently affect the County of Spotsylvania and were considered in the development of the 2014 fiscal year budget.

- ❖ Real and personal property tax rates remain at 2013 levels.
- ❖ The real estate tax base has increased from \$13.0 million to \$13.1 million for fiscal year 2013, a growth of 0.6%, in line with estimated population growth for the year.
- ❖ Tax relief program changes increased exemption from \$1,000 to \$2,000 and qualifying net worth increased from \$150,000 to \$200,000.
- ❖ The County continues to mirror the State and U.S. unemployment rate trends; however, at consistently lower levels. The County had an unemployment rate of 5.2% and civilian labor force of 67,637 as of June 2013, according to the Virginia Employment Commission. This represents a slight increase from the June 2012 amounts reported of 5.1% and 67,312, respectively.
- ❖ The population in the County has grown an estimated 0.6% from June 2012, while student enrollment has dropped an estimated 0.8%.
- ❖ 1% cost of living adjustment effective January 1, 2014 for county employees.
- ❖ Additional 1% pay increase for all full-time employees hired before July 1, 2012 to help offset the State-mandated additional 1% VRS contribution.
- ❖ Estimated 10% increase in health insurance costs.

- ❖ 16 new full-time positions, all but one of which is related to public safety and one new utilities position.

Additional information pertaining to the County's economic activity over the past year can be found in the transmittal letter on pages 3 - 9 of this report.

### **Request for Information**

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

## ***BASIC FINANCIAL STATEMENTS***

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COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF NET POSITION**  
 June 30, 2013

Exhibit I

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	School Board
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 73,039,179	\$ 64,571,210	\$ 137,610,389	\$ 3,928,494
Receivables, net	115,142,844	6,794,317	121,937,161	4,883,807
Inventory	-	600,679	600,679	256,470
Prepaid expenses	925,170	-	925,170	265,183
Due from primary government	-	-	-	20,225,552
Restricted cash and investments	23,222,763	17,122,327	40,345,090	881,061
Capital assets, net:				
Non-depreciable assets	19,557,975	15,437,211	34,995,186	10,134,709
Depreciable assets	97,447,993	283,160,053	380,608,046	312,450,903
<b>Total assets</b>	<u>\$ 329,335,924</u>	<u>\$ 387,685,797</u>	<u>\$ 717,021,721</u>	<u>\$ 353,026,180</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 4,629,683	\$ 1,202,766	\$ 5,832,449	\$ 3,195,243
Retainage payable	7,580	107,520	115,100	21,131
Accrued salaries and benefits	864,309	130,712	995,021	23,286,954
Accrued interest	4,818,515	434,593	5,253,108	-
Other accrued liabilities	1,413,551	292,500	1,706,051	-
Unearned revenue	71,103,532	-	71,103,532	-
Due to component unit	20,225,552	-	20,225,552	-
Deposits	3,660,376	134,597	3,794,973	-
Noncurrent liabilities:				
Due within one year	28,692,881	4,815,279	33,508,160	2,048,547
Due in more than one year:	286,095,500	140,571,511	426,667,011	77,866,475
<b>Total liabilities</b>	<u>\$ 421,511,479</u>	<u>\$ 147,689,478</u>	<u>\$ 569,200,957</u>	<u>\$ 106,418,350</u>
<b>NET POSITION</b>				
Net investment in capital assets	\$ 23,745,787	\$ 166,352,598	190,098,385	\$ 322,585,612
Restricted for:				
Debt service	-	5,916,708	5,916,708	-
Capital projects	21,042,124	9,813,623	30,855,747	703,761
Unrestricted	(136,963,466)	57,913,390	(79,050,076)	(76,681,543)
<b>Total net position</b>	<u>\$ (92,175,555)</u>	<u>\$ 239,996,319</u>	<u>\$ 147,820,764</u>	<u>\$ 246,607,830</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF ACTIVITIES**  
 Year Ended June 30, 2013

Exhibit II

Page 1

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contribution	Governmental Activities
Primary government:					
General government	\$ 13,394,916	\$ 321,703	\$ 46,785	\$ -	\$ (13,026,428)
Judicial administration	5,695,273	963,576	1,459,795	65,686	(3,206,216)
Public safety	49,136,574	5,830,191	4,380,036	33,334	(38,893,013)
Public works	9,222,712	1,280,450	23,499	-	(7,918,763)
Health and welfare	17,708,975	135,605	8,131,226	-	(9,442,144)
Education	92,932,485	-	-	-	(92,932,485)
Parks, recreation and cultural	8,063,084	753,483	-	-	(7,309,601)
Community development	19,360,113	858,865	65,893	9,784,595	(8,650,760)
Interest on long-term debt	12,628,562	-	-	-	(12,628,562)
<b>Total governmental activities</b>	<b>\$ 228,142,694</b>	<b>\$ 10,143,873</b>	<b>\$ 14,107,234</b>	<b>\$ 9,883,615</b>	<b>\$ (194,007,972)</b>
Business-type activities:					
Water and sewer	33,214,735	27,731,232	515,607	4,397,903	-
<b>Total primary government</b>	<b>\$ 261,357,429</b>	<b>\$ 37,875,105</b>	<b>\$ 14,622,841</b>	<b>\$ 14,281,518</b>	<b>\$ (194,007,972)</b>
Component units:					
Public school system	<u>\$ 261,496,213</u>	<u>\$ 7,679,110</u>	<u>\$ 230,935,305</u>	<u>\$ 162,537</u>	
General revenues:					
Taxes					
Property taxes					\$ 147,898,737
Sales taxes					20,206,829
Utility taxes					3,204,514
Business licenses					3,870,742
Rental taxes					1,269,266
Motor vehicle licenses					2,830,065
Bank stock taxes					581,056
Recordation taxes					2,436,913
Meals taxes					7,398,338
Fuel taxes					5,503,297
Grants and contributions not restricted to specific programs					15,428,677
Interest and investment earnings					44,291
Miscellaneous					186,045
Transfers					(30,956)
Total general revenues and transfers					<u>\$ 210,827,814</u>
<b>Change in net position</b>					<b>\$ 16,819,842</b>
Net position, beginning					<u>(108,995,397)</u>
Net position, ending					<u><u>\$ (92,175,555)</u></u>



COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF ACTIVITIES**  
 Year Ended June 30, 2013

Exhibit II

Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position		
	Primary Government		Component Unit
	Business-Type Activities	Total	School Board
Primary government:			
General government		\$ (13,026,428)	
Judicial		(3,206,216)	
Public safety		(38,893,013)	
Public works		(7,918,763)	
Health and welfare		(9,442,144)	
Education		(92,932,485)	
Parks, recreation and cultural		(7,309,601)	
Community development		(8,650,760)	
Interest on long-term debt		(12,628,562)	
<b>Total governmental activities</b>		\$ (194,007,972)	
Business-type activities:			
Water and sewer	(569,993)	(569,993)	
<b>Total primary government</b>	\$ (569,993)	\$ (194,577,965)	
Component units:			
Public school system			\$ (22,719,261)
General revenues:			
Taxes			
Property taxes	\$ -	\$ 147,898,737	\$ -
Sales taxes	-	20,206,829	-
Utility taxes	-	3,204,514	-
Business licenses	-	3,870,742	-
Rental taxes	-	1,269,266	-
Motor vehicle licenses	-	2,830,065	-
Bank stock taxes	-	581,056	-
Recordation taxes	-	2,436,913	-
Meals taxes	-	7,398,338	-
Fuel taxes	-	5,503,297	-
Grants and contributions not restricted to specific programs	-	15,428,677	-
Interest and investment earnings	276,256	320,547	9,746
Miscellaneous	4,613	190,658	886,900
Transfers	30,956	-	-
Total general revenues and transfers	\$ 311,825	\$ 211,139,639	\$ 896,646
<b>Change in net position</b>	\$ (258,168)	\$ 16,561,674	\$ (21,822,615)
Net position, beginning	240,254,487	131,259,090	268,430,445
Net position, ending	<u>\$ 239,996,319</u>	<u>\$ 147,820,764</u>	<u>\$ 246,607,830</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
 June 30, 2013

Exhibit III

Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 67,660,554	\$ 2,564,571	\$ 2,814,054	\$ 73,039,179
Receivables, net	92,148,858	9,731,443	5,548,344	107,428,645
Restricted cash and investments	-	21,403,604	1,819,159	23,222,763
<b>Total assets</b>	<u>\$ 159,809,412</u>	<u>\$ 33,699,618</u>	<u>\$ 10,181,557</u>	<u>\$ 203,690,587</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,702,511	\$ 1,875,794	\$ 51,378	\$ 4,629,683
Retainage payable	-	7,580	-	7,580
Accrued salaries and benefits	890,838	4,512	45,814	941,164
Other accrued liabilities	444,686	365,849	3,015	813,550
Deferred revenue	77,387,820	273,600	470,110	78,131,530
Due to component unit	20,380,140	(154,588)	-	20,225,552
Deposits	2,631,137	314,132	715,107	3,660,376
<b>Total liabilities</b>	<u>\$ 104,437,132</u>	<u>\$ 2,686,879</u>	<u>\$ 1,285,424</u>	<u>\$ 108,409,435</u>
<b>FUND BALANCES</b>				
Restricted	\$ 1,448,137	\$ 21,044,069	\$ 4,176,127	\$ 26,668,333
Committed	4,777,640	9,640,373	4,586,229	19,004,242
Assigned	9,354,387	328,297	133,777	9,816,461
Unassigned	39,792,116	-	-	39,792,116
<b>Total fund balances</b>	<u>\$ 55,372,280</u>	<u>\$ 31,012,739</u>	<u>\$ 8,896,133</u>	<u>\$ 95,281,152</u>
<b>Total liabilities and fund balances</b>	<u>\$ 159,809,412</u>	<u>\$ 33,699,618</u>	<u>\$ 10,181,557</u>	<u>\$ 203,690,587</u>

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

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

June 30, 2013

Page 2

**Total fund balances - governmental funds (Exhibit III)** \$ 95,281,152

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

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

Capital assets, net:

Non-depreciable assets	\$ 19,557,975	
Depreciable assets	<u>97,447,993</u>	117,005,968

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 and notes payable, net of related costs	\$ (285,965,912)	
Accrued interest payable	(4,818,518)	
Compensated absences	(3,932,550)	
Landfill liability	(5,640,653)	
Other post employment benefits	(18,313,063)	
Claims and judgments	(840,599)	
Other liabilities	<u>(18,750)</u>	(319,530,045)

Deferred revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements. 14,742,201

Deferred costs not due and payable in the current period and, therefore, are not reported in the governmental funds. 325,169

**Total net position - governmental activities (Exhibit I)** \$ (92,175,555)

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 Year Ended June 30, 2013

Exhibit IV

Page 1

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ 146,921,113	\$ 32,566	\$ 875,568	\$ 147,829,247
Other local taxes	41,797,723	-	5,414,470	47,212,193
Permits, fees and regulatory licenses	309,257	-	2,345,146	2,654,403
Fines and forfeitures	642,498	-	-	642,498
Revenues - use of money & property	519,795	200,691	13,511	733,997
Charges for services	3,461,443	-	2,956,755	6,418,198
Miscellaneous	252,575	202,409	231,517	686,501
Intergovernmental	29,510,583	11,640,834	-	41,151,417
	<u>\$ 223,414,987</u>	<u>\$ 12,076,500</u>	<u>\$ 11,836,967</u>	<u>\$ 247,328,454</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 11,256,673	\$ 326,525	\$ -	\$ 11,583,198
Judicial administration	6,422,177	-	-	6,422,177
Public safety	41,369,515	-	3,025,403	44,394,918
Public works	8,344,293	-	-	8,344,293
Health and welfare	17,300,979	-	-	17,300,979
Education	92,932,485	-	-	92,932,485
Parks, recreation and cultural	6,807,391	-	-	6,807,391
Community development	3,215,635	-	4,442,194	7,657,829
Non-departmental	551,045	-	-	551,045
Capital projects	-	16,126,985	-	16,126,985
Debt service:				
Principal	25,017,396	-	1,735,000	26,752,396
Interest and other fiscal charges	11,949,671	-	1,552,315	13,501,986
Bond issuance costs	737,408	79,384	86,316	903,108
	<u>\$ 225,904,668</u>	<u>\$ 16,532,894</u>	<u>\$ 10,841,228</u>	<u>\$ 253,278,790</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (2,489,681)</u>	<u>\$ (4,456,394)</u>	<u>\$ 995,739</u>	<u>\$ (5,950,336)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (5,123,434)	\$ 7,268,276	\$ (2,175,798)	\$ (30,956)
Proceeds from sale of bonds	-	4,980,000	5,255,000	10,235,000
Premium on sale of bonds	-	103,630	312,371	416,001
Bonds issued for refunding	40,995,000	-	-	40,995,000
Premium on refunding bonds	3,241,694	-	-	3,241,694
Payment to escrow for refunded debt	(43,495,786)	-	-	(43,495,786)
	<u>\$ (4,382,526)</u>	<u>\$ 12,351,906</u>	<u>\$ 3,391,573</u>	<u>\$ 11,360,953</u>
<b>Net change in fund balances</b>	<u>\$ (6,872,207)</u>	<u>\$ 7,895,512</u>	<u>\$ 4,387,312</u>	<u>\$ 5,410,617</u>
Fund balance, beginning	62,244,487	23,117,227	4,508,821	89,870,535
Fund balance, ending	<u>\$ 55,372,280</u>	<u>\$ 31,012,739</u>	<u>\$ 8,896,133</u>	<u>\$ 95,281,152</u>

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

# Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

June 30, 2013

Page 2

**Net changes in governmental fund balances (Exhibit IV):** \$ 5,410,617

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

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

Capital outlay	\$ 6,016,878	
Depreciation expense	<u>(6,985,258)</u>	(968,380)

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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:

Issuance of general obligation bonds	\$ (51,230,000)	
Increase for bond premium costs	(3,657,695)	
Less bond issuance costs	903,108	

Debt reductions:

General obligation debt	26,752,396	
Payment to escrow for refunded debt - general obligation bonds	36,017,631	
Payment to escrow for refunded debt - state literary loans	<u>7,478,156</u>	

16,263,596

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 post employment benefit expense	\$ (3,957,390)	
Accrued interest expense	519,798	
Amortization of bond related costs	353,627	
Payment of PRTC deferred subsidies	2,424,712	
Other expenses	<u>(891,772)</u>	

(1,551,025)

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

(2,334,966)

**Change in net position - governmental activities (Exhibit II)** \$ 16,819,842

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF FUND NET POSITION - PROPRIETARY FUNDS**  
 June 30, 2013

*Exhibit V*

	<b>Water &amp; Sewer Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and investments - pooled equity	\$ 64,571,210
Receivables, net	6,794,317
Inventory	600,679
Restricted cash and investments	17,122,327
Total current assets	<u>\$ 89,088,533</u>
Noncurrent assets:	
Capital assets, net:	
Land and construction in progress	\$ 15,437,211
Depreciable assets	283,160,053
Total noncurrent assets	<u>\$ 298,597,264</u>
<b>Total assets</b>	<u><b>\$ 387,685,797</b></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 1,202,766
Retainage payable	107,520
Accrued salaries and benefits	130,712
Accrued interest payable	434,593
Other accrued liabilities	292,500
Customer deposits	134,597
Current portion of long-term debt	4,815,279
Total current liabilities	<u>\$ 7,117,967</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	<u>\$ 140,571,511</u>
Total noncurrent liabilities	<u>\$ 140,571,511</u>
<b>Total liabilities</b>	<u><b>\$ 147,689,478</b></u>
<b>NET POSITION</b>	
Net investment in capital assets	\$ 166,352,598
Restricted for:	
Debt service	5,916,708
Capital projects	9,813,623
Unrestricted	57,913,390
<b>Total net position</b>	<u><b>\$ 239,996,319</b></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 FUNDS**  
 Year Ended June 30, 2013

*Exhibit VI*

	<b>Water &amp; Sewer Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 25,944,221
Other operating revenues	<u>1,787,011</u>
	<u>\$ 27,731,232</u>
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 6,540,120
Fringe benefits	2,517,603
Contractual services	3,068,843
Materials and supplies	2,366,375
Depreciation	9,601,025
Other services and charges	<u>3,620,603</u>
	<u>\$ 27,714,569</u>
<b>Operating income (loss)</b>	<u>\$ 16,663</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest and fiscal charges	(5,500,166)
Interest income	276,256
Intergovernmental revenue	515,607
Miscellaneous income	<u>4,613</u>
	<u>\$ (4,703,690)</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ (4,687,027)</u>
Capital contributions:	
Capital grants	\$ 210,822
Availability fees	2,894,710
Other capital contributions	<u>1,292,371</u>
Total capital contributions:	4,397,903
Transfers from other funds	<u>30,956</u>
Total capital contributions and transfers:	<u>\$ 4,428,859</u>
<b>Change in net position</b>	<u>\$ (258,168)</u>
Net position, beginning	<u>240,254,487</u>
Net position, ending	<u><u>\$ 239,996,319</u></u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
 Year Ended June 30, 2013

Exhibit VII

Page 1

**Water &  
Sewer Funds**

Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 25,691,428
Receipts from other operating revenues	1,737,804
Receipt of customer deposits	10,010
Payments to suppliers and service providers	(9,373,450)
Payments to employees for salaries and benefits	(8,365,798)
Return of customer deposits	(23,683)
<b>Net cash provided by operating activities</b>	<b>\$ 9,676,311</b>
Cash flows from noncapital financing activities	
Due to primary government	\$ (323,760)
Receipt of intergovernmental revenue	515,607
Transfers out	30,956
<b>Net cash provided by noncapital financing activities</b>	<b>\$ 222,803</b>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (8,059,808)
Principal paid on capital debt	(3,870,000)
Interest paid on capital debt	(6,829,078)
Receipt of capital grants	800,320
Receipt of availability fees	2,898,514
<b>Net cash used for capital and related financing activities</b>	<b>\$ (15,060,052)</b>
Cash flows from investing activities:	
Purchase of investment securities	\$ (61,047,664)
Sale of investment securities	60,660,953
Interest on investments	644,289
<b>Net cash provided by investing activities</b>	<b>\$ 257,578</b>
<b>Net decrease in cash and cash equivalents</b>	<b>\$ (4,903,360)</b>
Cash and cash equivalents:	
Beginning	26,296,303
Ending	<b>\$ 21,392,943</b>
Shown on the combined balance sheet as:	
Cash and investments - pooled equity	\$ 64,571,210
Restricted cash and investments	17,122,327
	<b>\$ 81,693,537</b>
Less investments	60,300,594
<b>Cash and cash equivalents, unrestricted and restricted</b>	<b>\$ 21,392,943</b>

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**STATEMENT OF CASH FLOWS PROPRIETARY FUNDS**  
 Year Ended June 30, 2013

Exhibit VII

Page 2

	<b><u>Water &amp; Sewer Funds</u></b>
<b>Reconciliation of operating income(loss) to net cash used by operating activities:</b>	
Operating income (loss)	\$ 16,663
Depreciation	9,601,025
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(302,000)
(Increase) decrease in inventory	61,419
Increase (decrease) in accounts payable	(379,047)
Increase (decrease) in salary and benefits payable	(13,674)
Increase (decrease) in customer deposits payable	<u>691,925</u>
<b>Net cash provided by operating activities</b>	<b><u>\$ 9,676,311</u></b>
<b>Noncash investing, capital and financing activities:</b>	
Contribution of capital assets	\$ 509,846
Net change in fair value of investments	(73,919)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**Statement of Fiduciary Net Position**  
June 30, 2013

*Exhibit VIII*

	<u>Agency Funds</u>
<b>ASSETS</b>	
Cash	\$ 186,672
Total assets	<u>\$ 186,672</u>
<b>LIABILITIES</b>	
Amounts held for others	\$ 186,672
Total liabilities	<u>\$ 186,672</u>

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

# Note 1

## Summary of Significant Accounting Policies

### BASIS OF PRESENTATION

The accompanying financial statements of the County of Spotsylvania, Virginia (the County), have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles in the United States. The following is a summary of the more significant accounting policies:

### FINANCIAL REPORTING ENTITY

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

The County offers a full range of services for its citizens. These services include law enforcement and fire protection, public education, health and welfare, and judicial. In addition, the County provides refuse disposal, recycling, water and sewer, parks and recreation, libraries, and museums.

The accompanying financial statements present the government and its component units, entities for which the government 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. The discretely presented component unit is reported in a separate column in the government-wide statements to emphasize it is legally separate from the primary government.

### *Discretely Presented Component Unit:*

The Spotsylvania County School Board (the School Board) has been included as a discretely presented component unit of the County. The School Board is a corporate body vested with all the duties, obligations, and responsibilities imposed upon a School Board by law. This includes the ability to sue, be sued, contract, be contracted with, and purchase, take, hold, lease, and convey school property, both real and personal. School Board members are elected to four-year terms by the voters of the district in which the member resides. The County Board of Supervisors administers the School Board's appropriation of funds and authorizes school debt issuances. The School Board does not issue separate financial statements.

### FINANCIAL REPORTING STRUCTURE

The basic financial statements include government-wide financial statements and fund financial statements. The County presents its financial information in conformance with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*.

### **Government-wide Financial Statements**

The government-wide financial statements (statement of net position and statement of activities) display information about the County as a whole, except for its fiduciary activities. These statements include separate columns for the governmental and business-type activities of the County as well as its discretely presented component units. In the statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis using an accrual basis, economic resources measurement focus, which incorporates capital assets and long-term debt and obligations. The statement of activities reflects both the gross and net

cost per government function. Functional expenses are netted against program revenues, which include depreciation and amortization, to present the net cost of each function. Certain general government administrative overhead expenses are charged to various other functions of the County as direct expenses. Program revenues represent charges for services, operating and capital grants and contributions that are directly associated with the function or business activity. Non-program specific revenues such as taxes, interest, and multipurpose grants are reported as general revenues.

Fiduciary funds are presented in the fund financial statements by type. The assets of fiduciary funds are held for the benefit of others and cannot be used to address activities or obligations of the government. They are, therefore, not incorporated in the government-wide financial statements.

### **Fund Financial Statements**

The County uses funds, a self-balancing set of accounts, to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance, the source and use of financial resources, and how the County's actual experience conforms to the budget. Separate statements for each fund category - governmental, proprietary, and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

Since the fund financial statements are presented using a different measurement focus and basis of accounting than the government-wide financial statements, a reconciliation between the two statements is provided to explain adjustments necessary to restate the fund based financial statements to the government-wide presentation.

### *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 by general tax revenue, bond proceeds, state and federal aid, and investment income.

### *County's Major Enterprise Funds:*

The **water and sewer fund** accounts for the activities of the water and sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

### *County's Fiduciary Funds:*

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

### *County's Non-major Special Revenue Funds:*

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

The **Code Compliance Fund** was established to account for the revenues and expenditures



*County's Non-major Special Revenue Funds (cont'd):*

associated with the enforcement of building and zoning codes enacted by authority of the State of Virginia. Fees are restricted by the State to defray the cost of code enforcement functions.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL PRESENTATION

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

The **government fund financial statements** are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or

soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 45 days of the end of the current fiscal period. Accordingly, real and personal property taxes are recorded as deferred revenues and property tax receivable when billed. Real and personal property taxes collected within 45 days are reclassified as revenues for the current fiscal period.

Sales taxes, utility taxes, meals taxes, fuel taxes, and business licenses associated with the current fiscal period are all susceptible to accrual and so have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Under the accrual basis of accounting, as used in the government-wide financial statements, proprietary funds recognize revenues when earned and expenses at the time liabilities are incurred. Amounts paid to acquire capital assets are capitalized as assets rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities rather than as other financing sources. Debt service payments of principal are reported as a

reduction of the related liability.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses include the direct costs of providing these services, administrative expenses, depreciation and amortization of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

## BUDGET INFORMATION

### *Budgetary Basis of Accounting*

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all funds except for the reporting of debt service for debt related to school capital assets. For GAAP purposes, this debt is reported in the primary government (see note 10). However, the County reports these debt service payments in the component unit - School Board for budgetary purposes.

The appropriated budget is prepared by fund, function, and department. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the fund level. Annual appropriations lapse at fiscal year-end for all funds except the capital projects funds which are appropriated on a project-length basis.

### *Budgetary Comparison Schedules*

Demonstrating compliance with 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.

The following information provides an excerpt of the more significant budgetary appropriations when aggregated by type.

(Amounts in Thousands)

	General Fund	Capital Project Fund	Other Non-major funds	School Board Funds
Prior year carryover	\$ 5,610	\$ 711	\$ -	\$ 1,451
Revenue adjustments	1,775	(3,542)	-	506
Capital project changes	(182)	(902)	-	87
Debt issuance	(5,886)	(5,802)	(3,065)	44,287

### ***Pooled Cash and Investments***

Cash resources of the individual funds in the general fund, special revenue funds, capital projects funds, proprietary funds, fiduciary funds, and discretely presented component unit School Board are combined to form a pool of cash and investments to maximize interest earnings. Income from pooled investments is allocated only when contractually or legally required. All investment earnings not legally or contractually required to be credited to individual accounts or funds are credited to the general fund.

Investments for the government, as well as its component units, are reported at fair value. The Local Government's Investment Pool operates in

accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of its pool shares.

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

### ***Receivables and Payables***

Receivables consist of general accounts for services, intergovernmental revenues, property taxes, water and sewer fees and any necessary accruals needed for amounts due to the County as of June 30, 2013. All receivables are reported net of an allowance for uncollectibles. General accounts utilize the aging analysis method, property taxes are calculated based on criteria established by the Virginia Auditor of Public Accounts, and water and sewer receivables are stratified based on the number of days outstanding with alternative percentages applied to each strata.

### ***Real Estate Taxes***

The County levies real estate taxes on all real property, except that exempted by statute, at a rate enacted by the Board of Supervisors on the assessed value of property as determined by the Commissioner of Revenue of the County of Spotsylvania, Virginia. All property is assessed at estimated fair market value and reassessed biannually as of January 1.

For real estate assessed on January 1, payment is due in two equal installments on June 5 and December 5. Real estate taxes reported as revenue in the government-wide statements are the second installment (December 5) of the January 1, 2012 levy, and the first installment (June 5) of the assessed value at January 1, 2013. The installment due on December 5, 2013 is included as unearned revenue since these taxes are restricted for use until the next fiscal year. Liens are placed on the property on the date real

estate taxes are delinquent, and must be satisfied prior to the sale or transfer of the property.

### ***Personal Property Taxes***

Personal property tax assessments on motor vehicles, mobile homes, boats, aircraft and tangible business property are based upon the percentage of fair market value on January 1 of each year. Assessments on tangible business property are based on a declining scale of 50% to 20% of the original purchase price and the year the property was acquired. Motor vehicles are assessed at 50% of fair value and the tax may be prorated for the length of time the vehicle has situs in the County.

Personal property taxes reported as revenue in the government-wide statements are the second installment (December 5) of the January 1, 2012 levy, and the first installment (June 5) of the assessed value at January 1, 2013. The installment due on December 5, 2013 is included as unearned revenue since these taxes are restricted for use until the next fiscal year. Personal property taxes do not create a lien on property; however, a hold on the issuance of Virginia Department of Motor Vehicles license plates may be issued to any individual having outstanding personal property taxes.

Under the provisions of the Personal Property Tax Relief Act of 1998 (PPTRA), tax relief is provided on the first \$20,000 of value of vehicles not used for business purposes. In 2003, the Virginia General Assembly froze the tax reduction at 70% and in 2005 capped total reimbursement to localities to \$950 million per tax year beginning in fiscal year 2007. The County receives a fixed share of \$14.5 million per year, remainder is to be collected by the County.

### ***Interfund Balances***

During the course of operations the govern-

ment has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements with the exception of amounts between governmental and business-type activities.

### ***Inventories***

Governmental activity inventories consist of expendable supplies and repair parts. The cost of such inventories is recorded as expenditures when purchased. At year-end, a portion of the fund balance is restricted for the ending balances, if material.

Business-type activity inventories consist of expendable supplies and necessary repair and spare parts for vehicles, water and wastewater systems. Inventories are expensed when consumed and are valued at the lower of cost or market and adjusted annually for obsolescence.

### ***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide statements.

### ***Restricted Assets***

Certain proceeds of the County's bonds, as well as certain resources set aside for their repayment, are classified as restricted on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

### ***Capital Assets***

Capital assets, which include property, plant, equipment, infrastructure and intangible assets 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. Ind-

ividual 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 State.

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

All capital assets are capitalized at cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value on the acquisition date. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase for capital assets of business-type activities is included as part of the capitalized value of the assets constructed. For fiscal year 2013, the Water & Sewer Fund incurred \$6.7 million in interest costs of which \$1.2 were capitalized to construction in progress.

With the exception of land and construction in progress, assets are depreciated or amortized over their estimated useful life using the straight line method. The term depreciation will be used in the accompanying financial statements to describe both depreciation and amortization. Useful lives of the various major categories of capital assets are as follows:

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



**Compensated Absences**

County policy permits employees to accumulate earned but unused vacation and sick leave benefits, which are eligible for payment upon separation from service. Vacation payouts are limited to a maximum of 288 hours for full-time employees. Annual leave exceeding the maximum allowable accumulation shall be 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 cost of accrued leave is recorded in the government-wide financial statements.

**Intergovernmental Agreements**

The County shares an agreement with the City of Fredericksburg (City) for joint provisions of water and sewer services.

The agreement allows for the sharing of solid waste facilities. The payments made to the City for reimbursement of operating costs are reported as expenses in the year incurred. Any payments made for construction costs related to facility capacity expansions are reported as purchased capacity. Through these capital payments, the County has exclusive entitlements to treatment capacities at the City's sewage treatment facilities.

In addition, the City is obligated under the agreement to cover their share in the daily operational and maintenance costs associated with the production of potable water and the disposal of wastewater by the County. Currently the City has a capacity entitlement of five million gallons per day (MGD) in the Motts Water Treatment Facility for potable water and 1.5 MGD capacity in the FMC Wastewater Facility. Neither party to the agreement holds any influence to the counterpart's treatment systems.

**Long-term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial

statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Balance**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed, assigned and lastly, unassigned fund balance. Note 15 provides a detailed presentation of designated fund balance by the following classifications.

*Nonspendable fund balance*

This category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact.

*Restricted fund balance*

Reported as restricted when constraints placed on the use of resources are either externally imposed by

by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation.

Enabling legislation authorizes the County to assess, levy, charge or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means the County can be compelled by an external party - such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

#### Committed Fund Balance

A classification which includes amounts that can be used only for the specific purposes imposed by resolution of the Board of Supervisors. Those committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use through the same formal action it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process.

#### Assigned Fund Balance

Represents amounts intended to be used by the County for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the general fund, assigned fund balance represents the amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Supervisors. Unlike commitments, assignments generally only exist

temporarily, and additional action is not required to remove or change an assignment of funding.

#### **Net Position**

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

The first category reflects the portion of net position which is associated with non-liquid, capital assets, less the outstanding debt (net) related to these capital assets. The related debt (net) is the debt less the outstanding liquid assets and any associated unamortized costs.

Restricted net position consist of assets whose use is subject to constraints that are either externally imposed by creditors or imposed by law. Unrestricted net position is the net amount of the assets that are not included in the determination of (1) net investment in capital assets or (2) restricted net position. The County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority. The County reports this debt, whereas the School Board reports the related capital assets and unspent bond proceeds.

As a result, in the Statement of Net Position (Exhibit I), the debt reduces unrestricted net position for the primary government, while the capital assets are reported in the School Board's net investments in capital assets. The debt amount of \$171.7 million is reclassified as shown below to present the total reporting entity column of Exhibit I.

(Amounts in Thousands)

	Primary Government	Component Units	Debt Issued for School Facilities	Total Reporting Entity
Net investment in capital assets	\$ 190,098	\$ 322,586	\$ (171,664)	\$ 341,020
Restricted	36,773	704	-	37,477
Unrestricted	(79,050)	(76,682)	171,664	15,932
Total net position	<u>\$ 147,821</u>	<u>\$ 246,608</u>	<u>\$ -</u>	<u>\$ 394,429</u>



## Note 2

### Deposits and Investments

#### DEPOSITS

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

#### 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 (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper, negotiable bank and certain corporate notes, banker's acceptances; repurchase agreements, and the State Treasurer's Local Governmental Investment Pool (LGIP), and the Virginia State Non-Arbitrage Program (SNAP).

#### *External Investment Pools*

The County invests in an externally managed investment pool, the LGIP, which is not SEC-registered. Pursuant to Section 2.2-4605 of the Code, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pool rests with the Virginia State Treasury.

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

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

#### POOLED CASH AND INVESTMENTS

As of June 30, 2013, the County and its discretely presented component unit's pooled cash and investments of \$182.9 million, including \$186,672 in agency funds, are subject to various interest rates and credit risks disclosed as follows.

#### *Interest Rate Risk*

In accordance with its investment policy, to the extent possible, the investment portfolio will be structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Investments are limited to a maximum maturity of five years. 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. 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.

### Fair Value and Weighted Average Maturity of Investments at June 30, 2013:

(Amounts in Thousands)

<b>Pooled Cash &amp; Investments by Type</b>	<b>Fair Value</b>	<b>Weighted Average Maturity (in years)</b>
Local Government Investment Pool (LGIP)	\$ 5,838	0.0004
State Non-Arbitrage Program (SNAP)	33,502	0.0021
Other Money Markets & MM Mutual Funds	4,494	0.0003
Repurchase agreements	1,043	0.0028
U.S. Treasury obligations	55,574	0.4844
Federal agency obligations	52,405	2.0534
Commercial paper	4,096	0.3915
Corporate notes	15,006	2.1261
Certificates of deposit	10,756	1.0911
Total investments:	\$ 182,714	
Portfolio weighted average maturity:		0.9846
Cash on hand	4	
Deposits	234	
<b>Total pooled cash &amp; investments:</b>	<b>\$ 182,952</b>	
<b>Reconciliation of pooled cash &amp; investments:</b>		
Exh I: Primary government cash & investments	\$ 177,955	
Exh I: Component unit cash & investments	4,810	
Exh VIII: Agency funds cash	187	
	<b>\$ 182,952</b>	

### Credit Risk

All investments and practices must meet or exceed state statutes and shall be diversified by security type and institution. The following table defines the level of quality acceptable by investment type:

<b>Authorized Investment</b>	<b>Minimum Credit Quality Rating</b>	<b>Maximum Credit Exposure</b>	
		<b>Sector Limit</b>	<b>Issuer Limit</b>
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 of one year or less and at least AA for maturities over one year	20%	5%
Money market mutual funds	AAA or equivalent and complies with Rule 2(a)7	100%	50%
Repurchase agreements	AA or equivalent	35%	35%

Pooled investments reported by credit quality and exposure consist of the following at June 30, 2013:

(Amounts in Thousands)

Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
Investments:			
Local Government Investment Pool (LGIP)	\$ 5,838	AAAm	3.20%
State Non-Arbitrage Program (SNAP)	33,502	AAAm	18.34%
Other money market mutual funds	4,494	AAAm	2.46%
Repurchase agreements	1,043	AAA	0.57%
U.S. Treasury obligations	55,574	AA	30.42%
Federal agency obligations	52,405	AA	28.68%
Commercial paper	4,096	A-1	2.24%
Corporate notes	15,006	AA	8.21%
Certificates of deposit	10,756	AA(36%)/ A(64%)	5.88%
<b>Total investments:</b>	<b>\$ 182,714</b>		<b>100.00%</b>

#### Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated to the amount of the County's investment in a single issuer. No more than five percent of the pooled investment portfolio will be invested in securities of any single issuer with the exception of mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2013, investments in the following issuers exceeded five percent of the pooled investments: Federal Home Loan Mortgage Corporation (FHLMC) 19.9%, Federal National Mortgage Association (FNMA) 20.7%, and Federal Home Loan Bank (FHLB) 9.33% and are guaranteed by the United States government.

#### Custodial Credit Risk

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

## Note 3

### Receivables

Receivables at June 30, 2013 consist of the following:

(Amounts in Thousands)

	Primary Government			Component Unit
	Governmental Funds	Proprietary Fund	Total	School Board
Special assessments	\$ 274	\$ -	\$ 274	\$ -
Property taxes				
Delinquent	11,445	-	11,445	-
Not yet due	70,830	-	70,830	-
Motor fuel tax	4,722	-	4,722	-
EMS transport fees	1,449	-	1,449	-
Utility operations	-	6,983	6,983	-
Accounts - other	4,949	-	4,949	332
Intergovernmental - Federal	17,398	-	17,398	2,389
Intergovernmental - State	7,904	196	8,100	2,163
Gross receivables	\$ 118,971	\$ 7,179	\$ 126,150	\$ 4,884
Allowance for uncollectibles	(3,828)	(385)	(4,213)	-
<b>Net total receivables</b>	<b>\$ 115,143</b>	<b>\$ 6,794</b>	<b>\$ 121,937</b>	<b>\$ 4,884</b>

Receivables not expected to be collected within one year are 92% of special assessments.

### Deferred Revenue

Governmental funds report deferred revenue, in connection with receivables, for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connec-

tion with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred and unearned revenue were as follows:

(Amounts in Thousands)

	Governmental Funds	Government-wide
	Deferred Revenue	Unearned Revenue
Delinquent property taxes	\$ 6,466	\$ -
Property taxes not yet due	70,830	70,830
Special assessments	274	274
EMS transport fees	162	-
Other	400	-
	<b>\$ 78,132</b>	<b>\$ 71,104</b>

# Note 4

## Capital Assets

Capital asset activity for the year ended June 30, 2013, was as follows:

(Amounts in Thousands)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b><i>Governmental Activities</i></b>				
Capital assets, not being depreciated:				
Land	\$ 15,314	\$ 162	\$ 225	\$ 15,251
Intangible asset	-	57	-	57
Construction in progress	1,559	3,635	944	4,250
Total capital assets, not being depreciated	\$ 16,873	\$ 3,854	\$ 1,169	\$ 19,558
Capital assets, being depreciated:				
Buildings & improvements	\$ 106,407	\$ 1,121	\$ 18	\$ 107,510
Furniture, equipment & vehicles	50,085	2,211	1,048	51,248
Total capital assets, being depreciated	156,492	3,332	1,066	158,758
Less accumulated depreciation for:				
Buildings & improvements	24,397	3,794	17	28,174
Furniture, equipment & vehicles	30,899	3,191	954	33,136
Total accumulated depreciation	55,296	6,985	971	61,310
Total capital assets being depreciated, net	\$ 101,196	\$ (3,653)	\$ 95	\$ 97,448
<b>Governmental activities capital assets, net</b>	<b>\$ 118,069</b>	<b>\$ 201</b>	<b>\$ 1,264</b>	<b>\$ 117,006</b>

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013
<b><i>Business-type Activities</i></b>				
Capital assets, not being depreciated:				
Land	\$ 9,636	\$ 123	\$ 10	\$ 9,749
Construction in progress	23,055	7,859	25,226	5,688
Total capital assets, not being depreciated	\$ 32,691	\$ 7,982	\$ 25,236	\$ 15,437
Capital assets, being depreciated:				
Buildings & improvements	\$ 150,543	\$ 14,023	\$ 584	\$ 163,982
Furniture, equipment & vehicles	7,532	4,747	118	12,161
Water & sewer systems	213,694	7,756	-	221,450
Purchased sewer capacity	2,074	-	-	2,074
Total capital assets, being depreciated	373,843	26,526	702	399,667
Less accumulated depreciation for:				
Buildings & improvements	44,852	4,510	543	48,819
Furniture, equipment & vehicles	4,916	574	101	5,389
Water & sewer systems	57,718	4,476	-	62,194
Purchased sewer capacity	63	42	-	105
Total accumulated depreciation	107,549	9,602	644	116,507
Total capital assets being depreciated, net	\$ 266,294	\$ 16,924	\$ 58	\$ 283,160
<b>Business-type activities capital assets, net</b>	<b>\$ 298,985</b>	<b>\$ 24,906</b>	<b>\$ 25,294</b>	<b>\$ 298,597</b>

Depreciation expense was charged to governmental functions as follows:

(Amounts in Thousands)

<i>Governmental Activities</i>	
General government	\$ 1,090
Judicial administration	1,239
Public safety	2,883
Public works	610
Health and welfare	25
Parks and recreation	1,105
Community development	33
<b>Total depreciation expense</b>	<b>\$ 6,985</b>

Capital asset activity of the Component unit - School Board for the year ended June 30, 2013, was as follows:

(Amounts in Thousands)

	<u>Balance July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance June 30, 2013</u>
<i>Component unit - School Board</i>				
Capital assets, not being depreciated:				
Land	\$ 9,630	\$ 11	\$ -	\$ 9,641
Construction in progress	914	268	688	494
Total capital assets, not being depreciated	<u>\$ 10,544</u>	<u>\$ 279</u>	<u>\$ 688</u>	<u>\$ 10,135</u>
Capital assets, being depreciated:				
Buildings & improvements	\$ 422,040	\$ 2,325	\$ 21	\$ 424,344
Furniture, equipment & vehicles	74,878	4,442	324	78,996
Total capital assets, being depreciated	<u>496,918</u>	<u>6,767</u>	<u>345</u>	<u>503,340</u>
Less accumulated depreciation for:				
Buildings & improvements	130,383	10,143	18	140,508
Furniture, equipment & vehicles	46,504	4,110	233	50,381
Total accumulated depreciation	<u>176,887</u>	<u>14,253</u>	<u>251</u>	<u>190,889</u>
Total capital assets being depreciated, net	<u>\$ 320,031</u>	<u>\$ (7,486)</u>	<u>\$ 94</u>	<u>\$ 312,451</u>
<b>Component unit-School Board capital assets, net</b>	<b><u>\$ 330,575</u></b>	<b><u>\$ (7,207)</u></b>	<b><u>\$ 782</u></b>	<b><u>\$ 322,586</u></b>

All depreciation for the component unit - School Board was charged to education.

A reclassification of depreciable land improvements from Land to Buildings & Improvements was necessary to correct the presentation of assets for the component unit - School Board. All reclassified assets have been properly depreciated since acquisition.



Construction in progress for the year ended June 30, 2013, was as follows:

(Amounts in Thousands)

Project	Project Authorization	Spent to Date	Committed Funding	Required Future Financing
<i>Governmental Activities</i>				
Replace fire station no. 5	\$ 5,119	\$ 435	\$ 4,684	\$ -
Lee Hill fire & rescue station	3,946	101	3,845	-
Enterprise-wide fiber net installation	717	286	431	-
Land assessment & tax system replacements	1,376	471	905	-
Communication system enhancement	14,027	1,528	4,530	7,969
Financial system upgrade	650	-	650	-
VRE station & parking lot	13,899	644	13,255	-
Streetscape phase II	1,592	78	1,514	-
Various minor projects	1,578	707	871	-
	<u>\$ 42,904</u>	<u>\$ 4,250</u>	<u>\$ 30,685</u>	<u>\$ 7,969</u>
<i>Component Unit - School Board</i>				
Lee Hill Elementary heat pump	\$ 669	\$ 267	\$ 402	\$ -
Elementary school no. 18	29,831	227	29,604	-
	<u>\$ 30,500</u>	<u>\$ 494</u>	<u>\$ 30,006</u>	<u>\$ -</u>

## Note 5

### Interfund Transfers

Interfund transfers for the year ended June 30, 2013, consisted of the following amounts:

(Amounts in Thousands)

Transfer In	Transfer Out				Total
	General Fund	Capital Projects Fund	Water & Sewer Fund	All Other Funds	
General fund	\$ -	\$ 382	\$ -	\$ 3,067	\$ 3,449
Capital projects fund	7,600	-	109	138	\$ 7,847
Water and Sewer Fund	-	17	-	122	\$ 139
All other funds	972	179	-	-	\$ 1,151
<b>Total</b>	<b>\$ 8,572</b>	<b>\$ 578</b>	<b>\$ 109</b>	<b>\$ 3,327</b>	

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.

## 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 \$20.2 million

at June 30, 2013 resulted from the time lag between the dates that (1) services are provided, (2) transactions are recorded in the accounting system, and (3) payments are made between funds.

## Note 7

### Lease Obligations

#### *Operating leases*

The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were \$178,017, 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.

#### *Revenue leases*

The EDA currently leases its office building to Spotsylvania County and two private-sector enterprises. Lease income is from three non-cancelable leases with varying expiration dates. The leases require annual rents to be adjusted according to changes in the Consumer Price Index. Rental income was \$69,524 for the fiscal year ended June 30, 2013, and is expected to remain at similar levels in future fiscal years. All current leases are due to expire within the next five years.

## Note 8

### Defined Benefit Pension Plan

#### PLAN DESCRIPTION

The County participates in the Virginia Retirement System (VRS), a cost-sharing multiple-employer defined benefit pension plan administered by the Virginia Retirement System (System).

All full-time, salaried permanent (professional) employees of public school divisions and employees of participating employers are automatically covered by VRS upon employment. Benefits vest after five years of service credit. Members earn one month of service credit for each month they are employed and their employer is paying into the VRS. Members are eligible to purchase prior public service, active duty military service, certain periods of leave and previously refunded VRS service as credit in their plan.

VRS administers two defined benefit plans for local government employees - Plan 1 and Plan 2:

#### *Plan 1:*

Members hired before July 1, 2010 and who were invested as of January 1, 2013 are covered under Plan 1. Non-hazardous duty members are eligible for an unreduced retirement benefit beginning at age 65 with at least five years of service credit or age 50 with at least 30 years of service credit. They may retire with a reduced benefit as early as age 55 with at least five years of service credit or age 50 with at least ten years of service credit.

#### *Plan 2:*

Members hired or rehired on or after July 1, 2010 and Plan 1 members who were not vested on January 1, 2013 are covered under Plan 2. Non-hazardous duty members are eligible for an unreduced benefit beginning at their normal Social Security retirement age with at least five years of service credit or when the sum of their age and service equals 90. They may retire with a reduced benefit as early as age 60 with at least five years of service credit.

Eligible hazardous duty members in Plan 1 and Plan 2 are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit. These members include sheriffs, deputy sheriffs and hazardous duty employees of political subdivisions that have elected to provide enhanced coverage for hazardous duty service. They may retire with a reduced benefit as early as age 50 with at least five years of service credit. All other provisions of the member's plan apply.

The VRS Basic Benefit is a lifetime monthly benefit based on a retirement multiplier as a percentage of the member's average final compensation multiplied by the member's total service credit. Under Plan 1, average final compensation is the average of the member's 36 consecutive months of highest compensation. Under Plan 2, average final compensation is the average of the members 60 consecutive months

of highest compensation. The retirement multiplier for non-hazardous duty members is 1.70%. The retirement multiplier for sheriffs and regional jail superintendents is 1.85%. The retirement multiplier for eligible political subdivision hazardous duty employees other than sheriffs and jail superintendents is 1.70%. The multiplier for Plan 2 members was reduced to 1.65% effective January 1, 2013. At retirement, members can elect the Basic Benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option. A retirement reduction factor is applied to the Basic Benefit amount for members electing the Survivor Option, PLOP or Advance Pension Option or those retiring with a reduced benefit.

Retirees are eligible for an annual cost-of-living adjustment (COLA) effective July 1 of the second calendar year of retirement. Under Plan 1, the COLA cannot exceed 5.00%; under Plan 2, the COLA cannot exceed 3.00%. During years of no inflation or deflation, the COLA is 0.00%. The VRS also provides death and disability benefits. Title 51.1 of the *Code of Virginia* (1950), as amended, assigns the authority to establish and amend benefit provisions to the General Assembly of Virginia.

The System issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for the plans administered by VRS. A copy of the report may be obtained from <http://www.varetire.org/Pdf/Publications/2012-Annual-Report.pdf> or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

## FUNDING POLICY

Plan members are required by Title 51.1 of the *Code of Virginia* (1950), as amended, to contribute 5.00% of their compensation toward their retirement. Beginning July 1, 2012, new employees were required to pay the entire 5% member contribution. For existing employees,

the County has elected to phase in the 5% member contribution in annual 1% increments over five years funded through an equivalent annual salary increase. In addition, County and the School Board are required to contribute the remaining amounts necessary to fund its participation in the VRS using the actuarial basis specified by the *Code of Virginia* and approved by the VRS Board of Trustees.

The contribution rates for the County and School Board's non-professional employee group for the fiscal year ended June 30, 2013, were 11.32% and 8.33%, respectively, of their annual covered payrolls. The contribution rate for the School Board's professional employee group was 11.66% of annual covered payroll, with annual contributions to the teacher cost sharing pool for the fiscal years ending 2011, 2012, and 2013 of \$11,219,046, \$13,114,269, and \$17,608,500 respectively, and were equal to the actuarially determined required contributions for each year.

## ANNUAL PENSION COST

For fiscal year 2013, the County and School Board's annual pension cost of \$6,547,886 and \$1,081,233 respectively, was equal to the required and actual contributions.

Three-year trend information for Spotsylvania County as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed
June 30, 2013	\$ 6,547,886	100%
June 30, 2012	5,418,449	100%
June 30, 2011	5,263,522	100%

Three-year trend information for Spotsylvania County School Board Non-professional employees as follows:

Fiscal Year Ending	Annual Pension Cost (APC)	% of APC Contributed
June 30, 2013	\$ 1,081,233	100%
June 30, 2012	1,139,170	100%
June 30, 2011	1,148,404	100%

The FY 2013 required contribution was determined as part of the June 30, 2011 actuarial valuation using the entry age actuarial cost method. The actuarial assumptions at June 30, 2011 included (a) an investment rate of return (net of administrative expenses) of 7.00%, (b) projected salary increases ranging from 3.75% to 5.60% per year for general government employees, 3.75% to 6.20% per year for teachers, and 3.50% to 4.75% for employees eligible for enhanced benefits available to law enforcement officers, firefighters, and sheriffs, and (c) a cost-of-living adjustment of 2.50% per year for Plan 1 employees and 2.25% for

Plan 2 employees. Both the investment rate of return and the projected salary increases include an inflation component of 2.50%. The actuarial value of the County and School Board's assets is equal to the modified market value of assets. This method uses techniques that smooth the effects of short-term volatility in the market value of assets over a five-year period. The County and School Board's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2011 for the Unfunded Actuarial Accrued Liability (UAAL) was 20 years.

#### SCHEDULE OF FUNDING PROGRESS

The following schedules of funding progress for Spotsylvania County and the School Board (non-professional), presented as required supplemental information (RSI),

presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

#### *Spotsylvania County*

##### Virginia Retirement System Defined Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2012	93,666,100	124,821,518	31,155,418	75.04%	37,937,681	82.12%
June 30, 2011	90,410,215	117,501,441	27,091,226	76.94%	37,109,144	73.00%
June 30, 2010	84,709,739	110,763,178	26,053,439	76.48%	36,894,196	70.62%

#### *School Board Non-professional*

##### Virginia Retirement System Defined Benefit Pension Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a % of Covered Payroll
June 30, 2012	19,600,593	24,148,836	4,548,243	81.17%	8,480,389	53.63%
June 30, 2011	19,392,022	23,134,354	3,742,332	83.82%	8,488,154	44.09%
June 30, 2010	18,769,213	21,845,980	3,076,767	85.92%	8,531,045	36.07%

# Note 9

## Tax Anticipation Notes

The following is a summary of changes in the County's Tax Anticipation Notes (TANS), Series 2007 for the year ended June 30, 2013. These notes were used to pay necessary expenditures for County road improvements and were payable from and secured by the pledge of future special assessment tax revenues accruing to the Transportation Fund.

On July 26, 2012, the \$8.5 million in TANS were redeemed using \$3.1 million in pledged revenues with the remainder of the liability permanently financed through the issuance of new general obligation debt.

(Amounts in Thousands)	Original Issue	Balance July 1, 2012	Issues	Redemptions	Balance June 30, 2013
<i>Governmental Activities</i>					
Special Assessment TANS	2007	\$ 8,500	\$ -	\$ 8,500	\$ -

# Note 10

## Long-term Liabilities

The following is a summary of changes in long-term obligations of the reporting entity for the year ended June 30, 2013.

(Amounts in Thousands)	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<i>Governmental Activities</i>					
General obligation bonds payable:					
Principal of bonds payable	\$ 298,345	\$ 51,230	\$ 68,416	\$ 281,159	\$ 23,831
Premiums	6,781	3,658	1,025	9,414	-
Issuance costs	(2,881)	(903)	(523)	(3,261)	-
Deferred amount on refunding	(328)	(1,111)	(95)	(1,344)	-
Total bonds payable	\$ 301,917	\$ 52,874	\$ 68,823	\$ 285,968	\$ 23,831
Compensated absences	3,553	4,910	4,533	3,930	3,539
Landfill closure obligation	5,594	47	-	5,641	387
Claims & judgments	656	8,628	8,367	917	917
Arbitrage liability	23	-	4	19	19
Other post employment benefits	14,356	4,435	478	18,313	-
<b>Total governmental activities</b>	<b>\$ 326,099</b>	<b>\$ 70,894</b>	<b>\$ 82,205</b>	<b>\$ 314,788</b>	<b>\$ 28,693</b>



Changes in long-term debt (cont'd)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<i>Business-type Activities</i>					
Revenue bonds payable:					
Principal of bonds payable	\$ 144,260	\$ -	\$ 3,870	\$ 140,390	\$ 4,095
Premiums	5,178	-	240	4,938	-
Issuance costs	(1,854)	-	(80)	(1,774)	-
Deferred amount on refunding	(1,574)	-	(79)	(1,495)	-
Total bonds payable	\$ 146,010	\$ -	\$ 3,951	\$ 142,059	\$ 4,095
Compensated absences	566	944	852	658	592
Claims & judgments	102	1,244	1,218	128	128
Other post employment benefits	1,987	683	128	2,542	-
<b>Total business-type activities</b>	<b>\$ 148,665</b>	<b>\$ 2,871</b>	<b>\$ 6,149</b>	<b>\$ 145,387</b>	<b>\$ 4,815</b>

(Amounts in Thousands)

	Balance July 1, 2012	Increases	Decreases	Balance June 30, 2013	Due Within One Year
<i>Component unit - School Board</i>					
Compensated absences	\$ 5,419	\$ 2,240	\$ 2,073	\$ 5,586	\$ 2,073
Claims & judgments	1,434	31,818	33,279	(27)	(27)
Termination benefits	1,175	-	1,172	3	3
Other post employment benefits	59,220	20,271	5,138	74,353	-
<b>Total governmental activities</b>	<b>\$ 67,248</b>	<b>\$ 54,329</b>	<b>\$ 41,662</b>	<b>\$ 79,915</b>	<b>\$ 2,049</b>

The liability for compensated absences of governmental activities is normally liquidated at 94% by the general fund with the remaining 6% liquidated by other governmental funds.

With the exception of general obligation bonds payable, all remaining debt is liquidated as reported. General obligations bonds issued on behalf of the Schools are reported under governmental activities. For fiscal year 2013, the school's operating fund liquidated 74% of the general obligation bonds payable.

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 of Virginia, in 2002, the County Board of Supervisors adopted a resolution opting out of a tenancy in common. As a result, all school debt is reported as an obligation of the primary government and the related assets are reported as assets of the component unit - School Board.

*New Debt Issuance*

On July 26, 2012, the County issued \$16.2 million in General Obligation (GO) Public Improvement Bonds, Series 2012A and \$1.2 million in GO Qualified Energy Conservation Bonds, Series 2012B with an "all in" interest rate of 1.9% and a final maturity date of June 1, 2032. Proceeds will be used, together with other funds of the County to a) finance a portion of the costs associated with the construction and equipping of a passenger train station and parking lot in the County for the Virginia Railway Express rail line; b) re-finance \$8.5 million in Special Tax Revenue Bond Anticipation Notes, Series 2007A and 2007B used to finance certain transportation infrastructure improvements and, c) refund Literary Fund Permanent Bonds of the School Board which were used to finance certain school facility improvements.



### *Advance Refunding*

The County issued \$33.8 million in Economic Development Authority revenue bonds with interest rates ranging from 2.0% to 5.0%. The proceeds were used to advance refund \$33.6 million in 2003 Industrial Development Authority Bonds with interest rates ranging from 3.5 to 5.25%. The net proceeds of \$34.8 million (including \$2.9 million in bond premiums and \$0.6 million in under-writing fees and other issuance costs, less \$0.8 million in current refunding) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the 2003 Industrial Development Authority Bonds are considered defeased and the liability for those bonds has been removed from the statement of position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1.1 million. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. As a result of the refunding, total debt service payments are reduced over the next 17 years by \$3.7 million, giving rise to an economic gain of \$3.5 million.

### *Defeasance of debt*

The County has \$0.1 million and \$20.0 million in defeased debt for the County and Schools, respectively. Proceeds of new debt intended for defeased bonds are placed in an irrevocable trust account to provide all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the government's financial statements.

### *Amortization of Debt Service*

Principal and interest to maturity (in thousands) for the County's General Obligation Bonds and Utility Fund Revenue Bonds outstanding at June 30, 2013, are as follows:

Year ending June 30,	Governmental Activities General Obligation Bonds		Business-type Activities Utility Revenue Bonds		Total Primary Government	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 23,831	\$ 12,221	\$ 4,095	\$ 6,693	\$ 27,926	\$ 18,914
2015	20,976	11,264	4,395	6,536	25,371	17,800
2016	20,705	10,396	5,045	6,329	25,750	16,725
2017	21,098	9,521	5,250	6,127	26,348	15,648
2018	19,361	8,651	5,495	5,908	24,856	14,559
2019 - 2023	86,984	31,742	31,085	25,643	118,069	57,385
2024 - 2028	67,965	13,903	32,660	17,671	100,625	31,574
2029 - 2033	19,300	2,026	28,630	10,371	47,930	12,397
2034 - 2038	939	57	20,035	3,796	20,974	3,853
2039 - 2040	-	-	3,700	313	3,700	313
<b>Total</b>	<b>\$ 281,159</b>	<b>\$ 99,781</b>	<b>\$ 140,390</b>	<b>\$ 89,387</b>	<b>\$ 421,549</b>	<b>\$ 189,168</b>

*Schedule of Outstanding General Obligation Debt Issuances*

General obligation bonds payable at June 30, 2013, requiring semi-annual installments ranging annually from \$0.5 to \$6.9 million, backed by the full faith and credit of the County, are comprised of the following individual issues:

(Amounts in Thousands)

	<u>Sale Date</u>	<u>Final Maturity</u>	<u>Interest Rates to Maturity</u>	<u>Original Borrowing</u>	<u>Principal Outstanding</u>
<i>Governmental Activities</i>					
General Obligation Bonds					
<b>General County:</b>					
Public Improvements (Refunding)	05/ 1998	07/ 2014	3.80 - 5.50%	\$ 3,041	\$ 124
Public Improvements	06/ 2006	07/ 2027	3.73 - 5.00	53,000	41,970
Public Improvements (Series A)	07/ 2009	07/ 2019	1.40 - 3.00	11,665	9,090
Public Improvements (Series B)	07/ 2009	07/ 2034	5.20 - 5.90	15,905	15,905
Public Improvements (Series A)	07/ 2010	07/ 2020	2.07	8,680	5,915
Public Improvements (Series B)	07/ 2010	07/ 2030	3.38	8,435	8,435
EDO Lease Revenue Bonds	05/ 2001	05/ 2021	6.16	700	385
Public Improvements (Series A)	07/ 2011	01/ 2031	3.00 - 4.00	6,939	5,968
Public Improvements (Refunding)	07/ 2011	01/ 2024	3.00 - 4.00	5,650	5,610
EDO Public Facility Revenue Bonds	10/ 2011	06/ 2032	2.00 - 4.00	11,275	9,879
Public Improvements (Series A)	07/ 2012	06/ 2032	2.00 - 3.00	8,995	8,365
Qualified Energy Conservation Bonds	07/ 2012	06/ 2032	1.00 - 3.80	1,240	1,185
<b>Total General Obligation Bonds - County</b>					<b>\$ 112,831</b>
<b>School Board System:</b>					
Virginia Public School Authority (Series A)	11/ 1994	07/ 2014	6.10 - 6.60	1,926	241
Virginia Public School Authority (Series C)	12/ 1995	07/ 2015	5.10 - 6.10	838	146
Virginia Public School Authority (Series A)	05/ 1996	07/ 2016	4.60 - 5.80	2,200	440
Virginia Public School Authority (Series B)	07/ 1997	07/ 2016	5.10 - 6.10	4,620	920
Virginia Public School Authority (Series A)	11/ 1997	07/ 2017	4.35 - 5.23	8,940	2,050
Virginia Public School Authority (Series B)	11/ 1997	07/ 2017	4.35 - 5.23	8,422	2,373
Virginia Public School Authority (Series A)	04/ 1998	07 2018	4.10 - 5.35	14,975	4,020
Public Improvements (Refunding)	05/ 1998	07/ 2014	3.80 - 5.50	21,684	881
Virginia Public School Authority (Series B)	11/ 1998	07/ 2018	4.35 - 5.10	10,795	2,610
Virginia Public School Authority (Series C)	11/ 1998	07/ 2018	3.60 - 5.10	4,346	1,415
Virginia Public School Authority (Series A)	04/ 1999	07/ 2019	4.35 - 5.23	3,570	635
Virginia Public School Authority (Series A)	05/ 2000	07/ 2020	4.35 - 5.23	7,740	2,975
Virginia Public School Authority (Series A)	05/ 2001	07/ 2021	4.10 - 5.60	10,170	4,260
Virginia Public School Authority (Series B)	11/ 2001	07/ 2021	3.10 - 5.35	9,500	3,600
Virginia Public School Authority (Series A)	05/ 2002	07/ 2022	3.60 - 5.60	17,315	8,200
<b>Subtotal General Obligation Bonds - School Board System</b>					<b>\$ 34,766</b>

*Schedule continued on following page*

Schedule continued from previous page

(Amounts in Thousands)

	<u>Sale Date</u>	<u>Final Maturity</u>	<u>Interest Rates to Maturity</u>	<u>Original Borrowing</u>	<u>Principal Outstanding</u>
<b>Subtotal of General Obligation Bonds - School Board System (carried forward from previous page)</b>					<b>\$ 34,766</b>
Virginia Public School Authority (Series B)	11/ 2002	07/ 2023	2.35 - 5.10	11,885	5,500
Public Improvements (Refunding)	09/ 2004	07/ 2017	2.00 - 5.00	14,915	6,440
IDA Lease Revenue Bonds	10/ 2004	07/ 2030	3.00 - 4.38	17,505	11,840
IDA Lease Revenue Bonds	06/ 2005	07/ 2031	3.25 - 5.00	37,855	28,030
Public Improvements	07/ 2007	07/ 2027	3.73 - 5.00	23,665	13,210
Public Improvements	06/ 2007	01/ 2027	4.25 - 5.00	41,110	24,055
Qualified School Construction Bonds	06/ 2010	06/ 2027	5.31	2,630	2,170
Public Improvements (Series A)	07/ 2011	01/ 2031	3.00 - 4.00	3,976	3,377
EDA Revenue Bonds (Refunding)	07/ 2012	06/ 2029	2.00 - 5.00	33,785	32,440
Public Improvements (Refunding)	07/ 2012	06/ 2029	2.00 - 5.00	7,210	6,500
<b>Total General Obligation Bonds - School Board System</b>					<b>\$ 168,328</b>
<b>Total Governmental Activities - General Obligations</b>					<b>\$ 281,159</b>

(Amounts in Thousands)

	<u>Sale Date</u>	<u>Final Maturity</u>	<u>Interest Rates to Maturity</u>	<u>Original Borrowing</u>	<u>Principal Outstanding</u>
<i>Business-type Activities</i>					
Utility Revenue Bonds	11/ 2004	06/ 2035	3.00 - 5.00%	\$ 25,120	\$ 21,000
Utility Revenue Bonds (Refunding)	02/ 2005	06/ 2026	3.00 - 5.00	37,875	28,060
Utility Revenue Bonds	08/ 2007	06/ 2037	4.25 - 5.00	39,700	35,605
Utility Revenue Bonds (Refunding)	08/ 2010	06/ 2032	3.15	28,405	26,275
Utility Revenue Bonds (Series B)	08/ 2010	06/ 2040	3.15	29,450	29,450
<b>Total Business-type Activities - General Obligations</b>					<b>\$ 140,390</b>
<b>Total Indebtedness - Primary Government</b>					<b>\$ 421,549</b>

## Note 11

### Conduit Debt Obligations

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

At June 30, 2013, there was one series of Industrial Revenue Bonds outstanding, with an aggregate principal amount payable of \$4.8 million.

## Note 12

### 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 \$5.2 million for closed and operating landfills, respectively, which is based on 100% and 52% usage, respectively. It is estimated that an additional \$4.2 million will be recognized as closure and post-closure care expenses between the date of the balance sheet and the date the operating landfill open cells are expected to be filled to capacity (2021).

The estimated total current cost of the landfill closure and post-closure care (\$5.6 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, 2013. 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 13

### Land Use Taxation

In 1978, the County adopted land use taxation of real estate whereby the land owners are assessed valuations based on “use” of property instead of actual “fair market value” of the property. Such reduced valuations are primarily for farm and timber property and tax reductions (deferrals) are subject to payment only if the qualifying use of the property is changed within a five-year period from the year of assessment.

The amounts of such deferred taxes on the records of the County as of June 30, 2013 are as follows:

(Amounts in Thousands)

2009	\$	3,163
2010		3,186
2011		3,375
2012		3,155
2013		3,214
	\$	<u>16,093</u>

## Note 14

### Post-Employment Health Care Benefits

#### *Primary Government*

#### PLAN DESCRIPTION

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

To qualify, employees hired prior to November 1, 2007 must complete ten consecutive years of regular full-time employment with the County immediately prior to full retirement under VRS or social security retirement to be fully subsidized by the County. Employees hired on or after November 1, 2007 must complete at least twenty consecutive years of regular full-time employment with the County immediately prior to full retirement under VRS or social security retirement to be eligible for 50% subsidy towards their coverage. For every additional consecutive year of service worked over twenty

years the employee receives a 5% subsidy toward their coverage. Once the retiree reaches the age of 65, the retiree must apply for and receive Medicare coverage and convert to a Medicare carve-out policy. In addition, line of duty disabilities will receive full subsidization of their coverage regardless of years of service or hire date with the County.

As of July 1, 2012, the most recent actuarial valuation date, membership in the Plan consisted of the following:

#### Number of Participants:

Active Employees	689
Retirees (Pre-Medicare)	41
Retirees (Pre-Medicare)	71

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

#### FUNDING POLICY

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

#### ANNUAL OPEB COST AND NET OPEB OBLIGATION

The County's annual other post-employment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

(Amounts in Thousands)

Annual required contribution (ARC)	\$ 5,198
Interest on net OPEB obligation	645
Adjustment to ARC	(725)
Annual OPEB cost (expense)	\$ 5,118
Contributions made	(606)
Increase in net OPEB obligation	\$ 4,512
Net OPEB obligation - beginning of the year	16,343
<b>Net OPEB obligation - end of the year</b>	<b>\$ 20,855</b>
Governmental Activities	\$ 18,313
Business-type Activities	2,542
	<b>\$ 20,855</b>

The County's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

(Amounts in Thousands)

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 5,118	11.8%	\$ 20,855
June 30, 2012	4,868	12.6%	16,343
June 30, 2011	4,543	11.1%	12,087

## FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2012, the most recent actuarial valuation date, the plan was 0.0% funded. The actuarial accrued liability for benefits was \$51.9 million, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$51.9 million. The covered payroll (annual payroll of active employees covered by the plan) was \$40.1 million, and the ratio of the UAAL to the covered payroll was 129.3 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future

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



## ACTUARIAL METHODS AND ASSUMPTIONS

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

In the July 1, 2012 actuarial valuation, the

projected unit credit method was used. The actuarial value of the assets are determined by their market value. The actuarial assumptions included a 4% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 3.4% by 2099. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, was twenty-six years.

## REQUIRED SUPPLEMENTARY INFORMATION

### Schedule of Funding Progress for the County of Spotsylvania

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2012	\$ -	\$ 51,888	\$ 51,888	0%	\$ 40,122	129.3%
July 1, 2011	-	49,282	49,282	0%	37,998	129.7%
July 1, 2010	-	45,383	45,383	0%	36,911	123.0%

## Post-Employment Health Care Benefits

### Component Unit - School Board

Pursuant to Code of Virginia 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", 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 post employment benefits other than pensions (OPEB). The School Board has

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

mingled for investment purposes; however, contributions, investment gains and losses, and distributions for each participating Local Finance Board are accounted for separately. Audited financial statements of the Virginia Pooled OPEB Trust Fund are available through the VML/VACO Finance Program, attn: Comptroller, 1108 E. Main St., Suite 801, Richmond, VA 23219.

Activity related to the School Board's Plan is considered part of the School Board's financial reporting entity and is included in the School Board's financial statements as an OPEB Trust Fund.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### *Basis of accounting*

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

### *Investments*

Plan investments are reported at fair value at the last reported sales price on June 30, 2013.

## PLAN DESCRIPTION

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

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

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

In addition, the individual and their dependents must have been eligible to enroll in the School Board's health insurance program for a period of one year prior to seeking retiree medical benefits. Once a retiree reaches Medicare eligibility age, the retiree must apply for and receive Medicare coverage (parts A and B). The retiree must also convert to a Medicare Complimentary Plan.

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

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

As of July 1, 2011, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active employees	2,327
Retirees (pre-Medicare)	331
Retirees (Medicare age)	395

## CONTRIBUTIONS

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

## FUNDING POLICY

The School Board has adopted a resolution authorizing the appointed Local Finance Board

to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. At a minimum, benefits are financed on a pay-as-you-go basis.

#### ANNUAL OPEB COST

The School Board's annual other post-employment benefit cost (expense) is calculated

based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

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

(Amounts in Thousands)

Annual required contribution (ARC)	\$ 20,416
Interest on net OPEB obligation	2,073
Adjustment to ARC	(2,218)
Annual OPEB cost (expense)	\$ 20,271
Contributions made	(5,138)
Increase in net OPEB obligation	\$ 15,133
Net OPEB obligation - beginning of the year	59,220
<b>Net OPEB obligation - end of the year</b>	<b>\$ 74,353</b>

The School Board's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2013 and the preceding two years were as follows:

(Amounts in Thousands)

Fiscal Year Ended	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2013	\$ 20,271	25.3%	\$ 74,353
June 30, 2012	16,224	28.8%	59,220
June 30, 2011	15,727	25.5%	47,677

#### FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2011, the most recent actuarial valuation date, the plan was 0.91% funded. The actuarial accrued liability for benefits was \$154.1 million, and the actuarial value of assets was \$1.4 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$152.7 million. The covered payroll (annual payroll of active employees covered by the plan) was \$125.8

million and the ratio of the UAAL to the covered payroll was 121.3%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future

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

#### ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit

costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual healthcare cost trend rate of 8.0% initially, reduced by decrements to an ultimate rate of 3.4% by 2099. Both rates include a 2.5% inflation assumption. The UAAL is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at June 30, 2013, was twenty-six years.

### REQUIRED SUPPLEMENTARY INFORMATION

#### Schedule of Funding Progress for the Spotsylvania County School Board

(Amounts in Thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
July 1, 2011	\$ 1,400	\$ 154,091	\$ 152,691	0.91%	\$ 125,846	121.3%
July 1, 2009	-	137,293	137,293	0.00%	132,534	103.6%
July 1, 2007	-	106,789	106,789	0.00%	135,592	78.8%

# Note 15

## FUND BALANCE REPORTING

### Fund Balance Classification

The County's governmental fund balance sheets display restricted, committed, assigned and unassigned classifications in the aggregate using GASB 54 criteria. Specific purpose information by fund type at June 30, 2013 are displayed as follows:

(Amounts in Thousands)

	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Fund Balances:</b>				
<b>Restricted for:</b>				
Special service district transportation	\$ -	\$ -	\$ 1,059	\$ 1,059
PRTC transportation improvements	-	-	3,117	3,117
Unspent bond proceeds:				
Campus master plan	-	277	-	277
Transportation	-	10,776	-	10,776
Information technology	-	1,790	-	1,790
Fire & rescue facilities	-	7,979	-	7,979
Other	-	213	-	213
Grants and other contributions:				
Public safety operations	1,313	-	-	1,313
Other	135	9	-	144
<b>Total restricted fund balance</b>	<b>\$ 1,448</b>	<b>\$ 21,044</b>	<b>\$ 4,176</b>	<b>\$ 26,668</b>
<b>Committed for:</b>				
Information technology	\$ -	\$ 6,389	\$ -	\$ 6,389
Fire & rescue facilities	-	2,149	-	2,149
General government facilities	-	998	-	998
Communication system enhancement	3,598	-	-	3,598
Economic development incentives	680	-	-	680
Public safety line of duty benefits	500	-	-	500
Fire & rescue services	-	-	441	441
Transportation needs	-	-	4,145	4,145
Other	-	104	-	104
<b>Total committed fund balance</b>	<b>\$ 4,778</b>	<b>\$ 9,640</b>	<b>\$ 4,586</b>	<b>\$ 19,004</b>
<b>Assigned to:</b>				
Future budget:				
General government	\$ 1,195	\$ -	\$ -	\$ 1,195
Public safety	403	-	-	403
Public works	312	-	-	312
School operations	750	-	-	750
Parks and recreation	11	329	-	340
Economic development & tourism	855	-	-	855
Other future budget needs	215	-	-	215
Employee benefits	2,236	-	-	2,236
Loss contingencies	650	-	-	650
School Board potential carryover	2,727	-	-	2,727
Code compliance services	-	-	134	134
<b>Total assigned fund balance</b>	<b>\$ 9,354</b>	<b>\$ 329</b>	<b>\$ 134</b>	<b>\$ 9,817</b>
<b>Unassigned (see fiscal stabilization section)</b>	<b>\$ 39,792</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,792</b>
<b>Total fund balance</b>	<b>\$ 55,372</b>	<b>\$ 31,013</b>	<b>\$ 8,896</b>	<b>\$ 95,281</b>

## Note 15 (cont'd)

### FISCAL STABILIZATION FUNDS

\$36.7 million of the General Fund's unassigned fund balance represents the County's Fiscal Stability Reserve (Reserve). Established by resolution of the County's Board of Supervisors, no less than 10% of the subsequent fiscal year's budgeted net operating revenue must be maintained for emergency or other significant unexpected event. Net operating revenue includes total general fund revenue plus total component unit-school board general operating revenue.

Use of the Reserve may be necessary from time to time due to state budget cuts or unfunded mandates, natural disasters, immediate capital needs, and other significant events, conditions or circumstances that signal a need for stabilization. By policy, no appropriation from the Reserve may occur without formal action by the Board of Supervisors through a majority vote. Resolution by the Board must include a plan and timeline for replenishing the Reserve to its minimum 10% level.

## Note 16

### COMMITMENTS AND CONTINGENCIES COMMITMENTS

The County currently has construction contracts for general capital, transportation, and utility projects. The total commitment to complete these projects was approximately \$13.8 million, \$1.6 million and \$2.1 million, respectively, at June 30, 2013. The School Board has commitments to complete school construction of \$30 million at June 30, 2013.

Bonds authorized at June 30, 2013 but not issued are as follows:

(Amounts in Thousands)

Public safety and general capital projects	\$	33,598
Parks and libraries		898
Transportation		106,507
	\$	<u>141,003</u>

### CONTINGENCIES

#### *Grants*

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. In 2013, the Virginia Department of Transportation (VDOT) completed their initial audit of the American Recovery & Reinvestment Act (ARRA) - Route 3 Design-Build Widening Project. Initial comments have been evaluated, and management has determined it is reasonably possible the County may be subject to material disallowed costs in association with the administration of its right-of-way acquisitions. Estimated amounts at risk range from \$149,000 to \$1.0 million, and represent future settled amounts above original appraised values on file with the Circuit Court. Management is actively working with VDOT to clear potential findings prior to release of VDOT's final audit report.

#### *Litigation*

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

#### Settled claims

Subsequent to June 30, 2013, the County entered into a settlement agreement resulting from alleged violations of FLSA overtime regulations. The first of three annual payments was issued on November 1, 2013. The entire liability, in the amount of \$600,000 was accrued to the government-wide statements.

#### Unasserted claims

Management has been advised of a potential delay of work claim expected to be filed in relation to the Route 3 Design-Build Widening



Project. Details of the claim are currently unknown; however, Management feels it is reasonably possible this claim may include from \$500,000 to \$1.5 million in unmitigated stop work damages. Any final claims are not considered reimbursable by the federal grant and Management has reserved funding for a potential loss contingency.

## Note 17

### Risk Management

The County is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in public entity risk pools. There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

#### *Property & Casualty*

The County participates in the Virginia Association of Counties Group Self-Insurance Risk Pool (VACoRP) and the School Board participates in the Virginia Municipal Liability Pool (VMLP). Both are public entity risk pools that provide property, commercial and general liability, automobile and other types of insur-

ance coverage to Virginia localities. The combination of primary and excess liability coverage limits results in \$8 million and \$1 million per occurrence, respectively, to pay for tort liability claims.

#### *Workers' Compensation*

The County and School Board participate in the Virginia Association of Counties Group Self-Insurance Association (VACoGSIA) and the Virginia Municipal League (VML), respectively, which are public entity risk pools providing coverage for workers' compensation per the Virginia Workers' Compensation Act. Any deficits incurred in the above pools are recovered through a prorata assessment based on member's annual contributions to total pool contributions.

#### *Health Insurance Plan*

The County and School Board have chosen to partially retain the risk associated with the employees' health and dental insurance plan. Risk is retained up to an individual stop loss amount of \$150,000 for individual claims during the contract year. Premiums are paid for participating employees to a third party administrator to cover actual claims processed and other related charges incurred. Any surplus or deficit between premiums paid and costs incurred are recorded at fiscal year end. In addition, liabilities for claims that have been incurred but not reported (IBNR) are actuarially determined and reported in the associated primary and component unit funds.

Changes in balances of claim liabilities during the past two years are as follows:

	Fiscal Year	Payable (Receivable) Beginning of Year	Claims and Other Charges Processed (including IBNR)	Claim Payments	Payable (Receivable) End of Year
<i>Primary Government</i>					
	2013	\$ 757,531	\$ 9,871,604	\$ 9,584,414	\$ 1,044,721
	2012	716,037	9,072,201	9,030,707	757,531
<i>Component Unit - School Board</i>					
	2013	\$ 1,433,600	\$ 31,818,326	\$ 33,278,980	\$ (27,054)
	2012	(417,391)	31,239,972	29,388,981	1,433,600

## Note 18

### Joint Ventures

#### 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 2013 the County earned \$5.4 million in Motor Fuel Tax and paid \$1.3 million and \$2.4 million in current and deferred subsidies respectively. As of June 30, 2013 PRTC holds \$4.7 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.

#### 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, 2013 totaled \$4.6 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.

#### 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 of Virginia. 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, 2013 of \$1.6 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 19

### 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 of Virginia (1950), as amended. Member jurisdictions are the City of Fredericksburg, and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional Library Board consisting of one representative from the County of Westmoreland and two representatives each from the remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2013, Spotsylvania County's appropriation to the Regional Library was \$4.0 million.

#### SPOTSYLVANIA - STAFFORD - FREDERICKSBURG (REGIONAL) GROUP HOME

The Home, also known as the Chaplin Youth Center, is a regional juvenile post-dispositional group home for the care and treatment of youths, created by concurrent resolutions of the

Spotsylvania and Stafford Board of supervisors and the Fredericksburg City Council in 1990 pursuant to authority granted in Virginia Code 16.1-315. The Chaplin Youth Center is operated by the Group Home Commission created by the concurrent resolutions of these three localities. The Commission is granted power to make and execute contracts and other instruments necessary or convenient to the exercise of its powers. The Commission currently operates a single facility in Stafford County and is opening a new facility in Fredericksburg. Spotsylvania County's appropriation to the Group Home for the year ended June 30, 2013 was \$136,342.

## Note 20

### Subsequent Events

On July 31, 2013, the County issued \$17.9 million in General Obligation (GO) Public Improvement Bonds, Series 2013 with fixed interest rate of 2.55% and a final maturity date of June 1, 2033. Proceeds will be used to a) finance road and rail transportation projects in the County; b) public school facility projects in the County; and, c) pay the costs of issuance associated with the Series 2013 Bonds.

On August 6, 2013, the County issued \$21.3 million in Water and Sewer Revenue Refunding Bonds, Series 2013 with a fixed interest rate of 2.59% and a final maturity date of June 1, 2035. Proceeds will be used to a) refinance the callable maturities of the County's outstanding Water and Sewer Revenue Bonds, Series 2004; and, b) pay the costs of issuance associated with the Series 2013 Bonds.

On August 8, 2013, the County issued \$13.4 million in Economic Development Authority Public Facility Revenue and Refunding Bonds, Series 2013 with a fixed interest rate of 2.61% and a final maturity date of February 1, 2030. Proceeds will be used to a)refinance the callable maturities of the Economic Development Authority's outstanding Public Facility Revenue

## Note 20 (cont'd)

Bonds, Series 2004; b) finance certain school facilities projects and fire & rescue apparatus; and, c) pay the costs of issuance associated with the Series 2013 Bonds.

## Note 21

### New GASB Pronouncement

The County implemented No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement amends the net reporting requirements in Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. For fiscal year 2013, the County did not hold balances meeting the definition of a deferred inflow or outflow per GASB No. 63.

## ***REQUIRED SUPPLEMENTARY INFORMATION***

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In accordance with the Governmental Accounting Standards Board Statements No. 34, the following information is a required part of the basic financial statements.

COUNTY OF SPOTSYLVANIA, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

For the Year Ended June 30, 2013

Exhibit IX

Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
General property taxes	\$ 145,145,112	\$ 144,862,808	\$ 146,921,113	\$ 2,058,305
Other local taxes	40,912,927	40,887,927	41,797,723	909,796
Permits, fees and regulatory licenses	367,250	367,250	309,257	(57,993)
Fines and forfeitures	946,500	796,000	642,498	(153,502)
Revenues - use of money and property	886,710	594,896	442,990	(151,906)
Charges for services	3,143,270	2,906,705	3,461,443	554,738
Miscellaneous	366,488	610,628	252,575	(358,053)
Intergovernmental	29,220,833	30,691,885	29,510,583	(1,181,302)
	<u>\$ 220,989,090</u>	<u>\$ 221,718,099</u>	<u>\$ 223,338,182</u>	<u>\$ 1,620,083</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 12,259,312	\$ 12,900,654	\$ 11,256,673	\$ 1,643,981
Judicial administration	6,647,901	6,803,850	6,422,177	381,673
Public safety	39,974,274	41,595,793	41,369,515	226,278
Public works	8,868,094	8,878,627	8,344,293	534,334
Health and welfare	16,591,780	17,340,900	17,300,979	39,921
Education	122,251,039	123,817,171	121,090,650	2,726,521
Parks, recreation and cultural	6,953,277	6,978,303	6,807,391	170,912
Community development	2,661,220	3,428,595	2,483,955	944,640
Non-departmental	1,685,168	1,927,888	551,045	1,376,843
Debt service:				
Principal retirement	10,996,075	5,240,075	5,250,931	(10,856)
Interest and other fiscal charges	3,703,025	3,572,966	3,492,724	80,242
	<u>\$ 232,591,165</u>	<u>\$ 232,484,822</u>	<u>\$ 224,370,333</u>	<u>\$ 8,114,489</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (11,602,075)</u>	<u>\$ (10,766,723)</u>	<u>\$ (1,032,151)</u>	<u>\$ 9,734,572</u>
Other financing sources (uses):				
Transfers in (out)	<u>\$ (140,617)</u>	<u>\$ (7,142,827)</u>	<u>\$ (6,373,434)</u>	<u>\$ 769,393</u>
	<u>\$ (140,617)</u>	<u>\$ (7,142,827)</u>	<u>\$ (6,373,434)</u>	<u>\$ 769,393</u>
<b>Net change in fund balances</b>	<u>\$ (11,742,692)</u>	<u>\$ (17,909,550)</u>	<u>\$ (7,405,585)</u>	<u>\$ 10,503,965</u>
Fund balance, beginning	<u>11,742,692</u>	<u>17,909,550</u>	<u>61,981,807</u>	<u>44,072,257</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 54,576,222</u></u>	<u><u>\$ 54,576,222</u></u>

Notes to required supplementary information are an integral part to this statement.



COUNTY OF SPOTSYLVANIA, VIRGINIA  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
 June 30, 2013

Exhibit IX

Page 2

The General Fund Budget Comparison Schedule is presented on a modified accrual basis of accounting with the exception of perspective differences described in Notes 1 & 2. As a result of these perspective differences, a schedule of reconciling line items reported in Exhibit IX - Budgetary Comparison Schedule - General Fund and Exhibit IV - Statement of Revenues, Expenditures and Changes in Fund Balances, is provided below.

**Note 1** - Under Virginia state law, school boards may not incur debt. Rather, the local government incurs debt on behalf of the local school board, resulting (per GAAP) in any debt obligation and its associated debt service be reported under the primary government. In comparison, the County's legally adopted budget does not reflect this debt activity as these funds have already been budgeted and appropriated under the Component Unit - School Board.

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

	(Amounts in Thousands)			
	<b>Budgetary Basis (Exh IX)</b>	<b>School Debt Service (Note 1)</b>	<b>EDO Fund Activity (Note 2)</b>	<b>GAAP Basis (Exh IV)</b>
<b>REVENUES</b>				
Revenues from use of money & property	\$ 442,990	\$ -	\$ 76,805	\$ 519,795
<b>EXPENDITURES</b>				
Current:				
Education	121,090,650	(28,158,165)	-	92,932,485
Community development	2,483,955	-	731,680	3,215,635
Debt service:				
Principal retirement	5,250,931	19,731,249	35,216	25,017,396
Interest and other charges	3,492,724	8,430,416	26,531	11,949,671
Bond issuance costs	-	737,408	-	737,408
Other financing sources (uses):				
Transfers in (out)	(6,373,434)	-	1,250,000	(5,123,434)
Bonds issued for refunding	-	40,995,000	-	40,995,000
Premium on refunding bonds	-	3,241,694	-	3,241,694
Payment to escrow for refunded debt	-	(43,495,786)	-	(43,495,786)
Total reconciling adjustments:		\$ -	\$ 533,378	
<b>Net change in fund balances (Exh IV &amp; IX)</b>	\$ (7,405,585)	\$ -	\$ 533,378	\$ (6,872,207)
<b>Fund balance, beginning (Exh IV &amp; IX)</b>	61,981,807	-	262,680	62,244,487
<b>Fund balance, ending (Exh IV &amp; IX)</b>	<u>\$ 54,576,222</u>	<u>\$ -</u>	<u>\$ 796,058</u>	<u>\$ 55,372,280</u>

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## ***SUPPLEMENTARY INFORMATION***

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## ***CAPITAL PROJECTS FUND***

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

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COUNTY OF SPOTSYLVANIA, VIRGINIA  
**BUDGETARY COMPARISON SCHEDULE - CAPITAL PROJECTS FUND**  
 For the Year Ended June 30, 2013

*Schedule A*

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
General property taxes	\$ 30,000	\$ 30,000	\$ 32,566	\$ 2,566
Revenues from use of money and property	-	-	200,691	200,691
Miscellaneous	152,252	619,541	202,409	(417,132)
Intergovernmental	11,900,720	32,661,357	11,640,834	(21,020,523)
	<u>\$ 12,082,972</u>	<u>\$ 33,310,898</u>	<u>\$ 12,076,500</u>	<u>\$ (21,234,398)</u>
<b>EXPENDITURES</b>				
Current:				
General government	\$ 323,745	\$ 333,133	\$ 326,525	\$ 6,608
Capital projects	21,293,761	64,968,622	16,126,985	48,841,637
Debt Service:				
Bond issuance costs	-	83,630	79,384	4,246
	<u>\$ 21,617,506</u>	<u>\$ 65,385,385</u>	<u>\$ 16,532,894</u>	<u>\$ 48,852,491</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (9,534,534)</u>	<u>\$ (32,074,487)</u>	<u>\$ (4,456,394)</u>	<u>\$ 27,618,093</u>
Other financing sources (uses):				
Transfers in (out)	\$ 466,248	\$ 7,606,126	\$ 7,268,276	\$ (337,850)
Proceeds from sale of bonds	5,000,000	4,980,000	4,980,000	-
Premium on sale of bonds	-	103,630	103,630	-
	<u>\$ 5,466,248</u>	<u>\$ 12,689,756</u>	<u>\$ 12,351,906</u>	<u>\$ (337,850)</u>
<b>Net change in fund balances</b>	<u>\$ (4,068,286)</u>	<u>\$ (19,384,731)</u>	<u>\$ 7,895,512</u>	<u>\$ 27,280,243</u>
Fund balance, beginning	<u>4,068,286</u>	<u>19,384,731</u>	<u>23,117,227</u>	<u>3,732,496</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,012,739</u>	<u>\$ 31,012,739</u>

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## ***OTHER GOVERNMENTAL FUNDS***

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### *Nonmajor funds:*

The ***fire/EMS service 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 State 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 STATEMENT**  
**OTHER GOVERNMENTAL FUNDS**  
 June 30, 2013

Schedule B-1

	Fire/EMS Service Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ 85,372	\$ 250,270	\$ 2,478,412	\$ 2,814,054
Receivables, net	517,791	459	5,030,094	5,548,344
Restricted cash and investments	-	-	1,819,159	1,819,159
<b>Total assets</b>	<u>\$ 603,163</u>	<u>\$ 250,729</u>	<u>\$ 9,327,665</u>	<u>\$ 10,181,557</u>
<b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 44,925	\$ 6,453	\$ 51,378
Accrued salaries and benefits	-	41,149	4,665	45,814
Other accrued liabilities	-	3,015	-	3,015
Deferred revenue	161,591	-	308,519	470,110
Deposits	-	27,863	687,244	715,107
<b>Total liabilities</b>	<u>\$ 161,591</u>	<u>\$ 116,952</u>	<u>\$ 1,006,881</u>	<u>\$ 1,285,424</u>
<b>FUND BALANCE</b>				
Restricted	\$ -	\$ -	\$ 4,176,127	\$ 4,176,127
Committed	441,572	-	4,144,657	4,586,229
Assigned	-	133,777	-	133,777
<b>Total fund balances</b>	<u>\$ 441,572</u>	<u>\$ 133,777</u>	<u>\$ 8,320,784</u>	<u>\$ 8,896,133</u>
<b>Total liabilities and fund balances</b>	<u>\$ 603,163</u>	<u>\$ 250,729</u>	<u>\$ 9,327,665</u>	<u>\$ 10,181,557</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - OTHER GOVERNMENTAL FUNDS**

Year Ended June 30, 2013

Schedule B-2

	Fire/EMS Service Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
<b>REVENUES</b>				
General property taxes	\$ -	\$ -	\$ 875,568	\$ 875,568
Other local taxes	-	-	5,414,470	5,414,470
Permits, privilege fees and regulatory licenses	-	2,333,194	11,952	2,345,146
Revenues from use of money and property	-	-	13,511	13,511
Charges for services	2,772,641	184,114	-	2,956,755
Miscellaneous	-	3,254	228,263	231,517
	<u>\$ 2,772,641</u>	<u>\$ 2,520,562</u>	<u>\$ 6,543,764</u>	<u>\$ 11,836,967</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	\$ -	\$ 3,025,403	\$ -	\$ 3,025,403
Community development	-	-	4,442,194	4,442,194
Debt service:				
Principal retirement	-	-	1,735,000	1,735,000
Interest and other fiscal charges	-	-	1,552,315	1,552,315
Bond issuance costs	-	-	86,316	86,316
	<u>\$ -</u>	<u>\$ 3,025,403</u>	<u>\$ 7,815,825</u>	<u>\$ 10,841,228</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	\$ 2,772,641	\$ (504,841)	\$ (1,272,061)	\$ 995,739
Other financing sources (uses):				
Proceeds from sale of bonds	\$ -	\$ -	\$ 5,255,000	\$ 5,255,000
Premium on sale of bonds	-	-	312,371	312,371
Transfers in (out)	(2,681,917)	587,525	(81,406)	(2,175,798)
	<u>\$ (2,681,917)</u>	<u>\$ 587,525</u>	<u>\$ 5,485,965</u>	<u>\$ 3,391,573</u>
<b>Net change in fund balances</b>	\$ 90,724	\$ 82,684	\$ 4,213,904	\$ 4,387,312
Fund balance, beginning	350,848	51,093	4,106,880	4,508,821
Fund balance, ending	<u>\$ 441,572</u>	<u>\$ 133,777</u>	<u>\$ 8,320,784</u>	<u>\$ 8,896,133</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE - FIRE/EMS FUND**

For the Year Ended June 30, 2013

*Schedule B-3.1*

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
Charges for services	\$ 2,462,500	\$ 2,462,500	\$ 2,772,641	\$ 310,141
	<u>\$ 2,462,500</u>	<u>\$ 2,462,500</u>	<u>\$ 2,772,641</u>	<u>\$ 310,141</u>
Other financing sources (uses):				
Transfers in (out)	\$ (2,609,443)	\$ (2,609,443)	\$ (2,681,917)	\$ (72,474)
	<u>\$ (2,609,443)</u>	<u>\$ (2,609,443)</u>	<u>\$ (2,681,917)</u>	<u>\$ (72,474)</u>
<b>Net change in fund balances</b>	\$ (146,943)	\$ (146,943)	\$ 90,724	\$ 237,667
Fund balance, beginning	<u>146,943</u>	<u>146,943</u>	<u>350,848</u>	<u>203,905</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 441,572</u></u>	<u><u>\$ 441,572</u></u>



COUNTY OF SPOTSYLVANIA, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE - CODE COMPLIANCE FUND**

For the Year Ended June 30, 2013

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
Permits, privilege fees and regulatory licenses	\$ 1,672,385	\$ 1,992,146	\$ 2,333,194	\$ 341,048
Charges for services	157,981	157,981	184,114	26,133
Miscellaneous	-	-	3,254	3,254
	<u>\$ 1,830,366</u>	<u>\$ 2,150,127</u>	<u>\$ 2,520,562</u>	<u>\$ 370,435</u>
<b>EXPENDITURES</b>				
Public safety	\$ 3,142,013	\$ 3,148,797	\$ 3,025,403	\$ 123,394
	<u>\$ 3,142,013</u>	<u>\$ 3,148,797</u>	<u>\$ 3,025,403</u>	<u>\$ 123,394</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (1,311,647)</u>	<u>\$ (998,670)</u>	<u>\$ (504,841)</u>	<u>\$ 493,829</u>
Other financing sources (uses):				
Transfers in (out)	\$ 1,311,647	\$ 996,963	\$ 587,525	\$ (409,438)
	<u>\$ 1,311,647</u>	<u>\$ 996,963</u>	<u>\$ 587,525</u>	<u>\$ (409,438)</u>
<b>Net change in fund balances</b>	\$ -	\$ (1,707)	\$ 82,684	\$ 84,391
Fund balance, beginning	-	1,707	51,093	49,386
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133,777</u>	<u>\$ 133,777</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND**

For the Year Ended June 30, 2013

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
<b>REVENUES</b>				
General property taxes	\$ 1,126,822	\$ 1,126,822	\$ 875,568	\$ (251,254)
Other local taxes	5,830,527	5,830,527	5,414,470	(416,057)
Permits, privilege fees and regulatory licenses	15,000	15,000	11,952	(3,048)
Revenues from use of money and property	15,000	15,000	13,511	(1,489)
Miscellaneous	-	221,550	228,263	6,713
	<u>\$ 6,987,349</u>	<u>\$ 7,208,899</u>	<u>\$ 6,543,764</u>	<u>\$ (665,135)</u>
<b>EXPENDITURES</b>				
Current:				
Community development	\$ 4,550,920	\$ 4,466,914	\$ 4,442,194	\$ 24,720
Debt service:				
Principal retirement	1,725,000	1,735,000	1,735,000	-
Interest and other fiscal charges	1,757,300	1,550,760	1,552,315	(1,555)
Bond issuance costs	-	82,071	86,316	(4,245)
	<u>\$ 8,033,220</u>	<u>\$ 7,834,745</u>	<u>\$ 7,815,825</u>	<u>\$ 18,920</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ (1,045,871)</u>	<u>\$ (625,846)</u>	<u>\$ (1,272,061)</u>	<u>\$ (646,215)</u>
Other financing sources (uses):				
Proceeds from sale of bonds	\$ -	\$ 5,255,000	\$ 5,255,000	\$ -
Premium on sale of bonds	-	312,371	312,371	-
Transfers in (out)	53,025	53,025	(81,406)	(134,431)
	<u>\$ 53,025</u>	<u>\$ 5,620,396</u>	<u>\$ 5,485,965</u>	<u>\$ (134,431)</u>
<b>Net change in fund balances</b>	<u>\$ (992,846)</u>	<u>\$ 4,994,550</u>	<u>\$ 4,213,904</u>	<u>\$ (780,646)</u>
Fund balance, beginning	<u>992,846</u>	<u>(4,994,550)</u>	<u>4,106,880</u>	<u>9,101,430</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,320,784</u>	<u>\$ 8,320,784</u>

## ***ENTERPRISE FUNDS***

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The ***water and sewer fund*** accounts for the activities of the water and sewage treatment plants, sewage pumping stations and collection systems, and the water distribution system.

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING STATEMENT OF NET FUND POSITION - PROPRIETARY FUNDS**

June 30, 2013

*Schedule C-1*

	Water & Sewer Fund	Water & Sewer Capital Projects Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and investments - pooled equity	\$ 28,503,644	\$ 36,067,566	\$ 64,571,210
Receivables, net	5,899,700	894,617	6,794,317
Inventory	600,679	-	600,679
Restricted cash and investments	920,424	16,201,903	17,122,327
Total current assets	<u>\$ 35,924,447</u>	<u>\$ 53,164,086</u>	<u>\$ 89,088,533</u>
Noncurrent assets:			
Capital assets, net			
Land and construction in progress	\$ 15,437,211	\$ -	\$ 15,437,211
Depreciable assets	283,160,053	-	283,160,053
Total noncurrent assets	<u>\$ 298,597,264</u>	<u>\$ -</u>	<u>\$ 298,597,264</u>
<b>Total assets</b>	<u>\$ 334,521,711</u>	<u>\$ 53,164,086</u>	<u>\$ 387,685,797</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 628,247	\$ 574,519	\$ 1,202,766
Retainage payable	-	107,520	107,520
Accrued salaries and benefits	130,712	-	130,712
Accrued interest payable	434,593	-	434,593
Other accrued liabilities	13,662	278,838	292,500
Interfund (receivables) payables	21,957,134	(21,957,134)	-
Customer deposits	134,597	-	134,597
Current portion of long-term debt	4,815,279	-	4,815,279
Total current liabilities	<u>\$ 28,114,224</u>	<u>\$ (20,996,257)</u>	<u>\$ 7,117,967</u>
Noncurrent liabilities:			
Noncurrent portion of long-term debt	\$ 140,571,511	\$ -	\$ 140,571,511
Total noncurrent liabilities	<u>\$ 140,571,511</u>	<u>\$ -</u>	<u>\$ 140,571,511</u>
<b>Total liabilities</b>	<u>\$ 168,685,735</u>	<u>\$ (20,996,257)</u>	<u>\$ 147,689,478</u>
<b>NET POSITION</b>			
Net investment in capital assets	\$ 166,352,598	\$ -	\$ 166,352,598
Restricted for:			
Debt service	920,423	4,996,285	5,916,708
Capital projects	-	9,813,623	9,813,623
Unrestricted	(1,437,045)	59,350,435	57,913,390
<b>Total net position</b>	<u>\$ 165,835,976</u>	<u>\$ 74,160,343</u>	<u>\$ 239,996,319</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS**

Year Ended June 30, 2013

Schedule C-2

	Water & Sewer Fund	Water & Sewer Capital Projects Fund	Total
<b>OPERATING REVENUES</b>			
Charges for services	\$ 25,944,221	\$ -	\$ 25,944,221
Other operating revenues	1,787,011	-	1,787,011
	<u>\$ 27,731,232</u>	<u>\$ -</u>	<u>\$ 27,731,232</u>
<b>OPERATING EXPENSES</b>			
Personnel services	\$ 6,540,120	\$ -	\$ 6,540,120
Fringe benefits	2,517,603	-	2,517,603
Contractual services	1,400,558	1,668,285	3,068,843
Materials and supplies	2,366,375	-	2,366,375
Depreciation	9,601,025	-	9,601,025
Other services and charges	3,620,603	-	3,620,603
	<u>\$ 26,046,284</u>	<u>\$ 1,668,285</u>	<u>\$ 27,714,569</u>
<b>Operating income (loss)</b>	<u>\$ 1,684,948</u>	<u>\$ (1,668,285)</u>	<u>\$ 16,663</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Interest and fiscal charges	(5,500,166)	-	(5,500,166)
Interest income	120,250	156,006	276,256
Intergovernmental revenue	515,607	-	515,607
Miscellaneous income	4,613	-	4,613
	<u>\$ (4,859,696)</u>	<u>\$ 156,006</u>	<u>\$ (4,703,690)</u>
<b>Income (loss) before contributions and transfers</b>	<u>\$ (3,174,748)</u>	<u>\$ (1,512,279)</u>	<u>\$ (4,687,027)</u>
Capital contributions:			
Capital grants	\$ -	\$ 210,822	\$ 210,822
Availability fees	-	2,894,710	2,894,710
Other capital contributions	509,846	782,525	1,292,371
Total capital contributions:	509,846	3,888,057	4,397,903
Transfers to other funds	281,566	(250,610)	30,956
Total capital contributions and transfers:	<u>\$ 791,412</u>	<u>\$ 3,637,447</u>	<u>\$ 4,428,859</u>
<b>Change in net position</b>	<u>\$ (2,383,336)</u>	<u>\$ 2,125,168</u>	<u>\$ (258,168)</u>
Net position, beginning	168,219,312	72,035,175	240,254,487
Net position, ending	<u>\$ 165,835,976</u>	<u>\$ 74,160,343</u>	<u>\$ 239,996,319</u>

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## ***AGENCY FUNDS***

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

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

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



COUNTY OF SPOTSYLVANIA, VIRGINIA

**Combining Statement of Fiduciary Net Position - Agency Funds**

June 30, 2013

*Schedule D-1*

	Special Welfare	Contribution Fund	Total
<b>ASSETS</b>			
Cash	\$ 13,066	\$ 173,606	\$ 186,672
Total assets	<u>\$ 13,066</u>	<u>\$ 173,606</u>	<u>\$ 186,672</u>
<b>LIABILITIES</b>			
Amounts held for others	\$ 13,066	\$ 173,606	\$ 186,672
Total liabilities	<u>\$ 13,066</u>	<u>\$ 173,606</u>	<u>\$ 186,672</u>

## COUNTY OF SPOTSYLVANIA, VIRGINIA

**Combining Statement of Changes in Assets and Liabilities - Agency Funds**

For the Fiscal Year Ended June 30, 2013

Schedule D-2

	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2013</u>
<b>SPECIAL WELFARE</b>				
ASSETS				
Cash	\$ 29,542	\$ 145,035	\$ 161,511	\$ 13,066
Total assets	<u>\$ 29,542</u>	<u>\$ 145,035</u>	<u>\$ 161,511</u>	<u>\$ 13,066</u>
LIABILITIES				
Amounts held for others	\$ 29,542	\$ 145,035	\$ 161,511	\$ 13,066
Total liabilities	<u>\$ 29,542</u>	<u>\$ 145,035</u>	<u>\$ 161,511</u>	<u>\$ 13,066</u>
<b>CONTRIBUTION FUND</b>				
ASSETS				
Cash	\$ 134,139	\$ 799,665	\$ 760,198	\$ 173,606
Total assets	<u>\$ 134,139</u>	<u>\$ 799,665</u>	<u>\$ 760,198</u>	<u>\$ 173,606</u>
LIABILITIES				
Amounts held for others	\$ 134,139	\$ 1,513,430	\$ 1,473,963	\$ 173,606
Total liabilities	<u>\$ 134,139</u>	<u>\$ 1,513,430</u>	<u>\$ 1,473,963</u>	<u>\$ 173,606</u>
<b>TOTAL - ALL FIDUCIARY FUNDS</b>				
ASSETS				
Cash	\$ 163,681	\$ 944,700	\$ 921,709	\$ 186,672
Total assets	<u>\$ 163,681</u>	<u>\$ 944,700</u>	<u>\$ 921,709</u>	<u>\$ 186,672</u>
LIABILITIES				
Amounts held for others	\$ 163,681	\$ 1,658,465	\$ 1,635,474	\$ 186,672
Total liabilities	<u>\$ 163,681</u>	<u>\$ 1,658,465</u>	<u>\$ 1,635,474</u>	<u>\$ 186,672</u>

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## ***DISCRETELY PRESENTED COMPONENT UNITS***

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

### *Governmental funds:*

The ***school operating fund*** is used to account for education activities, instructional and student support programs, general and administrative expenditures, normal operations and maintenance, and other approved expenditures not specifically designated to be accounted for in any other fund.

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

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

### *Enterprise fund:*

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

### *Fiduciary fund:*

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

COUNTY OF SPOTSYLVANIA, VIRGINIA  
**COMBINING BALANCE SHEET STATEMENT**  
**DISCRETELY PRESENTED COMPONENT UNIT - SCHOOL BOARD**  
 June 30, 2013

Schedule E-1

	Operating	Cafeteria	Capital Projects	Total
<b>ASSETS</b>				
Cash and investments - pooled equity	\$ -	\$ 1,234,795	\$ 2,377,703	\$ 3,612,498
Receivables, net	4,804,563	77,109	-	4,881,672
Payable from (to) primary government	20,380,140	-	(154,588)	20,225,552
Restricted cash	-	-	881,061	881,061
<b>Total assets</b>	<u>\$ 25,184,703</u>	<u>\$ 1,311,904</u>	<u>\$ 3,104,176</u>	<u>\$ 29,600,783</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 2,213,144	\$ 80,963	\$ 867,577	\$ 3,161,684
Retainage payable	-	-	21,131	21,131
Accrued salaries and benefits	22,960,860	326,094	-	23,286,954
<b>Total liabilities</b>	<u>\$ 25,174,004</u>	<u>\$ 407,057</u>	<u>\$ 888,708</u>	<u>\$ 26,469,769</u>
<b>FUND BALANCE</b>				
Restricted for:				
Unspent bond proceeds	\$ -	\$ -	\$ 703,761	\$ 703,761
Capital projects	-	-	1,511,707	1,511,707
Food Service	-	904,847	-	904,847
Unassigned	10,699	-	-	10,699
<b>Total fund balance</b>	<u>\$ 10,699</u>	<u>\$ 904,847</u>	<u>\$ 2,215,468</u>	<u>\$ 3,131,014</u>
<b>Total liabilities and fund equity</b>	<u>\$ 25,184,703</u>	<u>\$ 1,311,904</u>	<u>\$ 3,104,176</u>	<u>\$ 29,600,783</u>

**Adjustments for the Statement of Net Position:**

Total fund balances, above		\$ 3,131,014
Other post employment benefits:	(73,987,271)	
Compensated absences:	(5,586,171)	
Other long-term obligations:	<u>24,002</u>	(79,549,440)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Non-depreciable assets	10,040,309	
Depreciable assets	<u>301,755,159</u>	311,795,468
Prepaid expenses used current resources and therefore are not reported in the governmental funds.		265,183
Internal service fund included in entity wide statements (Sch F-1).		<u>10,965,605</u>
Net position of governmental activities		<u>\$ 246,607,830</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - SCHOOL BOARD**

Year Ended June 30, 2013

Schedule E-2

	Operating	Cafeteria	Capital Projects	Total
<b>REVENUES</b>				
Revenues from use of money and property	\$ -	\$ -	\$ 9,746	\$ 9,746
Charges for services	2,622,332	4,578,011	-	7,200,343
Miscellaneous	895,601	24,662	-	920,263
Intergovernmental	133,836,500	4,543,463	-	138,379,963
Payments from primary government	85,993,775	-	6,724,104	92,717,879
	<u>\$ 223,348,208</u>	<u>\$ 9,146,136</u>	<u>\$ 6,733,850</u>	<u>\$ 239,228,194</u>
<b>EXPENDITURES</b>				
Current:				
Education	\$ 223,281,639	\$ 8,920,094	\$ -	\$ 232,201,733
Capital projects	-	-	8,275,412	8,275,412
	<u>\$ 223,281,639</u>	<u>\$ 8,920,094</u>	<u>\$ 8,275,412</u>	<u>\$ 240,477,145</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 66,569</u>	<u>\$ 226,042</u>	<u>\$ (1,541,562)</u>	<u>\$ (1,248,951)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (55,870)	\$ 55,870	\$ -	\$ -
	<u>\$ (55,870)</u>	<u>\$ 55,870</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net change in fund balances</b>	<u>\$ 10,699</u>	<u>\$ 281,912</u>	<u>\$ (1,541,562)</u>	<u>\$ (1,248,951)</u>
Fund balance, beginning	-	622,935	3,757,030	4,379,965
Fund balance, ending	<u>\$ 10,699</u>	<u>\$ 904,847</u>	<u>\$ 2,215,468</u>	<u>\$ 3,131,014</u>
<b>Adjustments for the Statement of Activities:</b>				
Change in fund balance, from above				\$ (1,248,951)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their useful lives.				
Capital outlay:			6,357,999	
Depreciation expense:			<u>(13,991,468)</u>	(7,633,469)
Internal service fund included in entity wide statements (Sch F-1).				(401,888)
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 post employment benefit expense:			(15,075,175)	
Other changes to long-term obligations:			<u>2,536,868</u>	(12,538,307)
Change in net position of governmental activities				<u>\$ (21,822,615)</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING BUDGETARY COMPARISON SCHEDULE - SCHOOL BOARD**

Year Ended June 30, 2013

Schedule E-3

Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
<b>Revenues</b>								
Revenues from use of money and property	\$ -	\$ 50,647	\$ -	\$ (50,647)	\$ -	\$ -	\$ -	\$ -
Charges for services	2,827,007	2,827,007	2,622,332	(204,675)	5,568,267	5,568,267	4,578,011	(990,256)
Miscellaneous	358,457	924,252	895,601	(28,651)	20,000	20,000	24,662	4,662
Intergovernmental	133,610,513	133,696,699	133,836,500	139,801	4,078,155	4,078,155	4,543,463	465,308
Payments from primary government	115,312,329	116,878,461	114,151,940	(2,726,521)	-	-	-	-
	<u>\$ 252,108,306</u>	<u>\$ 254,377,066</u>	<u>\$ 251,506,373</u>	<u>\$ (2,870,693)</u>	<u>\$ 9,666,422</u>	<u>\$ 9,666,422</u>	<u>\$ 9,146,136</u>	<u>\$ (520,286)</u>
<b>Expenditures</b>								
Current:								
Education	\$ 223,634,999	\$ 225,853,112	\$ 223,281,639	\$ 2,571,473	\$ 9,722,292	\$ 9,872,292	\$ 8,920,094	\$ 952,198
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Principal	19,801,671	19,801,671	19,731,249	70,422	-	-	-	-
Interest and fiscal charges	8,615,766	9,245,625	9,167,824	77,801	-	-	-	-
	<u>\$ 252,052,436</u>	<u>\$ 254,900,408</u>	<u>\$ 252,180,712</u>	<u>\$ 2,719,696</u>	<u>\$ 9,722,292</u>	<u>\$ 9,872,292</u>	<u>\$ 8,920,094</u>	<u>\$ 952,198</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ 55,870</u>	<u>\$ (523,342)</u>	<u>\$ (674,339)</u>	<u>\$ (150,997)</u>	<u>\$ (55,870)</u>	<u>\$ (205,870)</u>	<u>\$ 226,042</u>	<u>\$ 431,912</u>
Other financing sources (uses):								
Bonds issued for refunding	\$ -	\$ 40,995,000	\$ 40,995,000	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on refunding bonds	-	3,241,694	3,241,694	-	-	-	-	-
Payment to escrow for refunded debt	-	(43,657,482)	(43,495,786)	161,696	-	-	-	-
Transfers	(55,870)	(55,870)	(55,870)	-	55,870	55,870	55,870	-
	<u>\$ (55,870)</u>	<u>\$ 523,342</u>	<u>\$ 685,038</u>	<u>\$ 161,696</u>	<u>\$ 55,870</u>	<u>\$ 55,870</u>	<u>\$ 55,870</u>	<u>\$ -</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,699</u>	<u>\$ 10,699</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ 281,912</u>	<u>\$ 431,912</u>
Fund balance, beginning	-	-	-	-	-	150,000	622,935	472,935
Fund balance, ending	<u>-</u>	<u>-</u>	<u>\$ 10,699</u>	<u>\$ 10,699</u>	<u>-</u>	<u>-</u>	<u>\$ 904,847</u>	<u>\$ 904,847</u>

Budgets are prepared on a modified accrual basis adjusted for school debt service activity. The amounts presented here include school debt service payments and school bonds issued that are obligations of the primary government.



## COUNTY OF SPOTSYLVANIA, VIRGINIA

**COMBINING BUDGETARY COMPARISON SCHEDULE - SCHOOL BOARD**

Year Ended June 30, 2013

Schedule E-3

Page 2

	Capital Projects				Totals			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
<b>Revenues</b>								
Revenues from use of money and property	\$ -	\$ 86,499	\$ 9,746	\$ (76,753)	\$ -	\$ 137,146	\$ 9,746	\$ (127,400)
Charges for services	-	-	-	-	8,395,274	8,395,274	7,200,343	(1,194,931)
Miscellaneous	-	-	-	-	378,457	944,252	920,263	(23,989)
Intergovernmental	-	-	-	-	137,688,668	137,774,854	138,379,963	605,109
Payments from primary government	<u>6,724,104</u>	<u>6,724,104</u>	<u>6,724,104</u>	<u>-</u>	<u>122,036,433</u>	<u>123,602,565</u>	<u>120,876,044</u>	<u>(2,726,521)</u>
	<u>\$ 6,724,104</u>	<u>\$ 6,810,603</u>	<u>\$ 6,733,850</u>	<u>\$ (76,753)</u>	<u>\$ 268,498,832</u>	<u>\$ 270,854,091</u>	<u>\$ 267,386,359</u>	<u>\$ (3,467,732)</u>
<b>Expenditures</b>								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 233,357,291	\$ 235,725,404	\$ 232,201,733	\$ 3,523,671
Capital projects	6,724,104	9,389,168	8,275,412	1,113,756	6,724,104	9,389,168	8,275,412	1,113,756
Debt service:								
Principal	-	-	-	-	19,801,671	19,801,671	19,731,249	70,422
Interest and fiscal charges	-	-	-	-	8,615,766	9,245,625	9,167,824	77,801
	<u>\$ 6,724,104</u>	<u>\$ 9,389,168</u>	<u>\$ 8,275,412</u>	<u>\$ 1,113,756</u>	<u>\$ 268,498,832</u>	<u>\$ 274,161,868</u>	<u>\$ 269,376,218</u>	<u>\$ 4,785,650</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>\$ -</u>	<u>\$ (2,578,565)</u>	<u>\$ (1,541,562)</u>	<u>\$ 1,037,003</u>	<u>\$ -</u>	<u>\$ (3,307,777)</u>	<u>\$ (1,989,859)</u>	<u>\$ 1,317,918</u>
Other financing sources (uses):								
Bonds issued for refunding	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,995,000	\$ 40,995,000	\$ -
Premium on refunding bonds	-	-	-	-	-	3,241,694	3,241,694	-
Payment to escrow for refunded debt	-	-	-	-	-	(43,657,482)	(43,495,786)	161,696
Transfers	-	-	-	-	-	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 579,212</u>	<u>\$ 740,908</u>	<u>\$ 161,696</u>
<b>Net change in fund balances</b>	<u>\$ -</u>	<u>\$ (2,578,565)</u>	<u>\$ (1,541,562)</u>	<u>\$ 1,037,003</u>	<u>\$ -</u>	<u>\$ (2,728,565)</u>	<u>\$ (1,248,951)</u>	<u>\$ 1,479,614</u>
Fund balance, beginning	-	<u>2,578,565</u>	<u>3,757,030</u>	<u>1,178,465</u>	-	<u>2,728,565</u>	<u>4,379,965</u>	<u>1,651,400</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,215,468</u>	<u>\$ 2,215,468</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,131,014</u>	<u>\$ 3,131,014</u>

Budgets are prepared on a modified accrual basis adjusted for school debt activity. The amounts presented here include school debt service payments and school bonds issued that are obligations of the primary government.

COUNTY OF SPOTSYLVANIA, VIRGINIA

**Statement of Net Position - Internal Service Fund**

June 30, 2013

*Schedule F-1*

**FLEET  
SERVICES  
FUND**

**ASSETS**

Current assets:

Cash and investments - pooled equity	\$ 315,997
Receivables, net	2,135
Inventory	256,469
Total current assets	<u>574,601</u>

Noncurrent assets:

Capital assets, net:

Land and construction in progress	94,400
Depreciable assets	10,695,741
Total noncurrent assets	<u>10,790,141</u>
<b>Total assets</b>	<u>\$ 11,364,742</u>

**LIABILITIES**

Current liabilities:

Accounts payable	\$ 33,555
Total current liabilities	<u>33,555</u>

Noncurrent liabilities:

Other post employment benefits	365,582
Total noncurrent liabilities	<u>365,582</u>
<b>Total liabilities</b>	<u>\$ 399,137</u>

**NET POSITION**

Net investment in capital assets	\$ 10,790,141
Unrestricted	175,464
<b>Total net position</b>	<u>\$ 10,965,605</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**Statement of Revenues, Expenses and Changes in  
Fund Net Position - Internal Service Fund**

Year Ended June 30, 2013

*Schedule F-2*

	<b>FLEET SERVICES FUND</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 2,250,753
<b>OPERATING EXPENSES</b>	
Personnel services	\$ 800,962
Fringe benefits	410,632
Contractual services	34,828
Materials and supplies	908,919
Depreciation	341,269
Other services and charges	140,515
	<u>\$ 2,637,125</u>
<b>Operating income (loss)</b>	<u>\$ (386,372)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Loss on disposal of capital assets	<u>\$ (15,516)</u>
<b>Change in net position</b>	<u>\$ (401,888)</u>
Net position, beginning	<u>11,367,493</u>
Net position, ending	<u><u>\$ 10,965,605</u></u>

## COUNTY OF SPOTSYLVANIA, VIRGINIA

**Statement of Cash Flows - Internal Service Fund**

For the Fiscal Year Ended June 30, 2013

*Schedule F-3*

	<b>Fleet Services Fund</b>
Cash flows from operating activities:	
Cash received from internal customers	\$ 2,233,327
Cash received from external customers	13,215
Cash received from miscellaneous revenue	3,191
Cash payments to suppliers for goods and services	(1,047,194)
Cash payments to employees for services	(1,154,012)
<b>Net cash provided by operating activities</b>	<u>48,527</u>
 <b>Net increase in cash and cash equivalents</b>	 48,527
Cash and cash equivalents:	
Beginning	<u>267,470</u>
Ending	<u><u>\$ 315,997</u></u>
 <b>Reconciliation of operating income(loss) to net cash provided by operating activities:</b>	
Operating income (loss)	\$ (386,372)
Depreciation expense	341,269
(Increase) decrease in receivables	(1,020)
(Increase) decrease in inventory	12,258
Increase (decrease) in accounts payable	24,810
Increase (decrease) in other post employment benefits	57,582
<b>Net cash provided by operating activities</b>	<u><u>\$ 48,527</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

**Statement of Net Position - Fiduciary Funds**

June 30, 2013

*Schedule G-1*

	<b>School Board OPEB Trust Fund</b>
<b>ASSETS</b>	
Investments:	
Common Trust Funds	\$ 1,532,607
<b>Total assets</b>	<u>1,532,607</u>
<b>NET POSITION</b>	
Net position held in trust for other post employment benefits	<u>1,532,607</u>
<b>Total net position</b>	<u><u>\$ 1,532,607</u></u>

## COUNTY OF SPOTSYLVANIA, VIRGINIA

**Statement of Changes in Net Position - Fiduciary Funds**

Year Ended June 30, 2013

*Schedule G-2*

	<b>School Board OPEB Trust Fund</b>
<b>ADDITIONS</b>	
Investment earnings:	
Net increase in the fair value of investments	\$ 144,535
Total investment earnings	144,535
Less investment expense	500
Total additions	<u>\$ 144,035</u>
<b>DEDUCTIONS</b>	
Administrative fees	<u>\$ 1,374</u>
<b>Net increase in net position</b>	<b>\$ 142,661</b>
Net position held in trust for other post employment benefits	
Net position, beginning	<u>1,389,946</u>
Net position, ending	<u><u>\$ 1,532,607</u></u>

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

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## STATISTICAL SECTION

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

<b>Contents</b>	<b>Tables</b>
<b>Financial Trends Information</b> These schedules contain trend information to help the reader understand how the County's financial performance has changed over time.	S-1 to S-4
<b>Revenue Capacity Information</b> These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	S-5 to S-7
<b>Debt Capacity Information</b> These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and its ability to issue additional debt in the future.	S-8 to S-10
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.	S-11 to S-13
<b>Operating Information</b> These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.	S-14 to S-16

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-1

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Governmental activities</b>										
Net investment in capital assets	\$ 24.2	\$ 13.2	\$ 7.7	\$ -	\$ 26.3	\$ 23.1	\$ 14.7	\$ 11.6	\$ 18.3	\$ 23.7
Restricted	15.2	7.6	59.0	45.6	45.6	31.0	35.4	19.3	19.7	21.0
Unrestricted	<u>(182.3)</u>	<u>(201.3)</u>	<u>(240.3)</u>	<u>(249.9)</u>	<u>(260.2)</u>	<u>(238.7)</u>	<u>(211.3)</u>	<u>(167.2)</u>	<u>(147.0)</u>	<u>(136.9)</u>
<b>Total governmental activities net position</b>	<u>\$ (142.9)</u>	<u>\$ (180.5)</u>	<u>\$ (173.6)</u>	<u>\$ (204.3)</u>	<u>\$ (188.3)</u>	<u>\$ (184.6)</u>	<u>\$ (161.2)</u>	<u>\$ (136.3)</u>	<u>\$ (109.0)</u>	<u>\$ (92.2)</u>
<b>Business-type activities</b>										
Net investment in capital assets	\$ 140.7	\$ 129.4	\$ 141.0	\$ 161.2	\$ 148.7	\$ 177.9	\$ 175.7	\$ 170.5	\$ 166.1	\$ 166.4
Restricted	4.4	26.3	22.3	3.4	25.6	10.8	0.6	34.1	19.4	15.7
Unrestricted	<u>46.0</u>	<u>52.6</u>	<u>55.4</u>	<u>63.7</u>	<u>66.3</u>	<u>51.9</u>	<u>67.1</u>	<u>34.8</u>	<u>54.7</u>	<u>57.9</u>
<b>Total business-type activities net position</b>	<u>\$ 191.1</u>	<u>\$ 208.3</u>	<u>\$ 218.7</u>	<u>\$ 228.3</u>	<u>\$ 240.6</u>	<u>\$ 240.6</u>	<u>\$ 243.4</u>	<u>\$ 239.4</u>	<u>\$ 240.2</u>	<u>\$ 240.0</u>
<b>Primary government</b>										
Net investment in capital assets	\$ 164.9	\$ 142.6	\$ 148.7	\$ 161.2	\$ 175.0	\$ 201.0	\$ 190.4	\$ 182.2	\$ 184.4	\$ 190.1
Restricted	19.6	33.9	81.3	49.0	71.2	41.8	36.0	53.4	39.1	36.7
Unrestricted	<u>(136.3)</u>	<u>(148.7)</u>	<u>(184.9)</u>	<u>(186.2)</u>	<u>(193.9)</u>	<u>(186.8)</u>	<u>(144.2)</u>	<u>(132.4)</u>	<u>(92.3)</u>	<u>(79.0)</u>
<b>Total primary government net position</b>	<u>\$ 48.2</u>	<u>\$ 27.8</u>	<u>\$ 45.1</u>	<u>\$ 24.0</u>	<u>\$ 52.3</u>	<u>\$ 56.0</u>	<u>\$ 82.2</u>	<u>\$ 103.2</u>	<u>\$ 131.2</u>	<u>\$ 147.8</u>
<b>Component unit - School Board (1)</b>										
Net investment in capital assets	\$ 262.1	\$ 286.0	\$ 301.9	\$ 305.9	\$ 335.3	\$ 350.5	\$ 349.3	\$ 328.3	\$ 330.6	\$ 322.6
Restricted	21.8	53.2	48.5	82.0	33.6	13.9	2.6	4.8	3.8	0.7
Unrestricted	<u>(7.4)</u>	<u>(11.0)</u>	<u>(4.0)</u>	<u>(3.9)</u>	<u>(12.0)</u>	<u>(22.2)</u>	<u>(42.7)</u>	<u>(44.0)</u>	<u>(66.0)</u>	<u>(76.7)</u>
<b>Total component unit - School Board net position</b>	<u>\$ 276.5</u>	<u>\$ 328.2</u>	<u>\$ 346.4</u>	<u>\$ 384.0</u>	<u>\$ 356.9</u>	<u>\$ 342.2</u>	<u>\$ 309.2</u>	<u>\$ 289.1</u>	<u>\$ 268.4</u>	<u>\$ 246.6</u>

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
 Page 1

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Expenses</b>										
<b>Governmental activities</b>										
General government	\$ 8.0	\$ 13.0	\$ 12.1	\$ 12.4	\$ 16.1	\$ 13.9	\$ 12.5	\$ 11.7	\$ 10.9	\$ 13.4
Judicial	3.6	4.2	4.7	5.2	5.9	5.9	6.1	7.3	7.3	5.7
Public safety	24.2	26.1	31.3	36.7	41.7	40.3	40.2	41.0	43.4	49.1
Public works	7.8	5.1	7.1	7.8	4.3	9.0	6.9	8.8	9.5	9.2
Health and welfare	13.0	13.0	13.5	15.8	17.2	16.7	17.1	17.5	17.5	17.7
Education	93.0	128.0	99.8	123.1	80.3	95.3	77.9	85.8	88.6	92.9
Parks, recreation & cultural	5.0	6.0	6.0	6.9	7.2	9.8	7.1	7.9	7.9	8.1
Community development	2.9	4.0	4.1	9.9	11.5	6.9	17.3	12.9	14.6	19.4
Nondepartmental	0.2	-	-	-	-	-	-	-	-	-
Interest on long-term debt	12.0	11.1	11.8	15.5	16.2	15.4	13.1	15.2	14.2	12.6
<b>Total governmental activities expenses</b>	<u>\$ 169.7</u>	<u>\$ 210.5</u>	<u>\$ 190.4</u>	<u>\$ 233.3</u>	<u>\$ 200.4</u>	<u>\$ 213.2</u>	<u>\$ 198.2</u>	<u>\$ 208.1</u>	<u>\$ 213.9</u>	<u>\$ 228.1</u>
<b>Business-type activities</b>										
Water and sewer	\$ 21.0	\$ 22.0	\$ 26.8	\$ 32.0	\$ 27.8	\$ 31.3	\$ 29.1	\$ 33.6	\$ 32.5	\$ 33.2
<b>Total business-type activities expenses</b>	<u>\$ 21.0</u>	<u>\$ 22.0</u>	<u>\$ 26.8</u>	<u>\$ 32.0</u>	<u>\$ 27.8</u>	<u>\$ 31.3</u>	<u>\$ 29.1</u>	<u>\$ 33.6</u>	<u>\$ 32.5</u>	<u>\$ 33.2</u>
<b>Total primary government expenses</b>	<u>\$ 190.7</u>	<u>\$ 232.5</u>	<u>\$ 217.2</u>	<u>\$ 265.3</u>	<u>\$ 228.2</u>	<u>\$ 244.5</u>	<u>\$ 227.3</u>	<u>\$ 241.7</u>	<u>\$ 246.4</u>	<u>\$ 261.3</u>
<b>Program revenues</b>										
<b>Governmental activities</b>										
<b>Charges for services</b>										
General government	\$ 1.3	\$ 1.4	\$ -	\$ 0.2	\$ 0.2	\$ 0.2	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial	2.0	2.0	2.0	1.7	1.5	1.6	1.3	1.2	1.1	1.0
Public safety	4.7	5.0	7.9	5.7	5.6	7.3	4.5	4.4	4.4	5.8
Public works	0.7	1.0	2.3	2.3	2.7	2.9	0.5	0.7	0.8	1.3
Other	1.0	0.9	1.8	2.4	2.3	2.1	1.7	1.4	1.6	1.7
<b>Operating grants &amp; contributions</b>	12.5	12.6	13.2	16.3	18.7	16.0	15.2	15.2	15.7	14.1
<b>Capital grant &amp; contributions</b>	-	-	0.9	0.4	-	0.1	1.9	4.7	9.3	9.9
<b>Total governmental activities program revenues</b>	<u>\$ 22.2</u>	<u>\$ 22.9</u>	<u>\$ 28.1</u>	<u>\$ 29.0</u>	<u>\$ 31.0</u>	<u>\$ 30.2</u>	<u>\$ 25.4</u>	<u>\$ 27.9</u>	<u>\$ 33.2</u>	<u>\$ 34.1</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
 Page 2

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Business-type activities</b>										
<b>Charges for services</b>										
Water and sewer	\$ 23.4	\$ 28.6	\$ 26.4	\$ 26.6	\$ 26.4	\$ 24.8	\$ 26.1	\$ 25.3	\$ 25.7	\$ 27.7
Operating grants & contributions	-	-	-	-	-	-	-	-	0.5	0.5
Capital grants & contributions	5.2	9.3	6.3	6.6	8.8	3.0	3.6	2.8	7.0	4.4
<b>Total business-type program revenues</b>	<u>\$ 28.6</u>	<u>\$ 37.9</u>	<u>\$ 32.7</u>	<u>\$ 33.2</u>	<u>\$ 35.2</u>	<u>\$ 27.8</u>	<u>\$ 29.7</u>	<u>\$ 28.1</u>	<u>\$ 33.2</u>	<u>\$ 32.6</u>
<b>Total primary government program revenues</b>	<u>\$ 52.5</u>	<u>\$ 60.1</u>	<u>\$ 55.6</u>	<u>\$ 61.3</u>	<u>\$ 64.2</u>	<u>\$ 58.8</u>	<u>\$ 59.9</u>	<u>\$ 53.5</u>	<u>\$ 66.4</u>	<u>\$ 66.7</u>
<b>Net (expense)/revenue</b>										
Governmental activities	\$ (147.5)	\$ (187.6)	\$ (162.3)	\$ (204.3)	\$ (169.4)	\$ (183.0)	\$ (172.8)	\$ (180.2)	\$ (180.8)	\$ (194.0)
Business-type activities	7.6	15.9	5.9	0.1	7.4	(3.5)	(0.6)	5.4	0.7	(0.6)
<b>Total primary government net expenses</b>	<u>\$ (139.9)</u>	<u>\$ (171.7)</u>	<u>\$ (156.4)</u>	<u>\$ (204.2)</u>	<u>\$ (162.0)</u>	<u>\$ (186.5)</u>	<u>\$ (173.4)</u>	<u>\$ (174.8)</u>	<u>\$ (180.1)</u>	<u>\$ (194.6)</u>
<b>General revenues and other changes in net assets</b>										
<b>Governmental activities:</b>										
Property taxes	\$ 89.4	\$ 95.4	\$ 104.5	\$ 110.8	\$ 120.7	\$ 129.7	\$ 140.0	\$ 145.3	\$ 146.2	\$ 147.9
Other taxes	31.9	37.2	41.9	40.4	41.1	39.1	39.4	42.9	45.5	47.3
Grants and contributions not restricted	15.3	15.8	17.9	16.4	16.0	16.0	15.8	15.3	15.3	15.4
Interest and investment earnings	0.4	1.0	2.3	5.9	4.4	1.6	0.6	0.8	0.3	-
Gain on sale of property	-	-	-	-	(0.1)	0.2	0.2	0.4	-	-
Miscellaneous	(0.4)	0.1	2.1	0.2	0.2	0.1	-	0.5	0.5	0.2
Transfers	-	-	-	-	0.2	0.1	0.2	-	0.3	-
<b>Total governmental activities</b>	<u>\$ 136.6</u>	<u>\$ 149.5</u>	<u>\$ 168.7</u>	<u>\$ 173.7</u>	<u>\$ 182.5</u>	<u>\$ 186.8</u>	<u>\$ 196.2</u>	<u>\$ 205.2</u>	<u>\$ 208.1</u>	<u>\$ 210.8</u>
<b>Business-type activities</b>										
Grants and contributions not restricted	\$ -	\$ -	\$ -	\$ -	\$ 0.2	\$ -	\$ -	\$ -	\$ -	\$ -
Interest and investment earnings	0.6	1.6	3.9	7.1	3.7	2.6	0.8	0.9	0.4	0.3
Gain on sale of property	-	-	0.5	-	-	-	-	-	-	-
Miscellaneous	(0.9)	-	0.1	1.4	1.2	1.0	1.6	0.5	-	-
Transfers	-	-	-	-	(0.1)	(0.1)	(0.2)	-	(0.3)	-
<b>Total business-type activities</b>	<u>\$ (0.3)</u>	<u>\$ 1.6</u>	<u>\$ 4.5</u>	<u>\$ 8.5</u>	<u>\$ 5.0</u>	<u>\$ 3.5</u>	<u>\$ 2.2</u>	<u>\$ 1.4</u>	<u>\$ 0.1</u>	<u>\$ 0.3</u>
<b>Total primary government</b>	<u>\$ 136.3</u>	<u>\$ 151.1</u>	<u>\$ 173.2</u>	<u>\$ 182.2</u>	<u>\$ 187.5</u>	<u>\$ 190.3</u>	<u>\$ 198.4</u>	<u>\$ 206.6</u>	<u>\$ 208.2</u>	<u>\$ 211.1</u>
<b>Change in net position</b>										
Governmental activities	\$ (10.9)	\$ (38.1)	\$ 6.4	\$ (30.6)	\$ 13.0	\$ 3.8	\$ 23.4	\$ 25.0	\$ 27.3	\$ 16.8
Business-type activities	7.3	17.5	10.4	9.5	12.4	-	2.8	4.0	0.8	(0.3)
<b>Total primary government</b>	<u>\$ (3.6)</u>	<u>\$ (20.6)</u>	<u>\$ 16.8</u>	<u>\$ (21.1)</u>	<u>\$ 25.4</u>	<u>\$ 3.8</u>	<u>\$ 26.2</u>	<u>\$ 29.0</u>	<u>\$ 28.1</u>	<u>\$ 16.5</u>

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-2  
 Page 3

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Component unit - School Board (1)										
Expenses										
Education	\$ 168.6	\$ 187.8	\$ 205.1	\$ 228.9	\$ 257.6	\$ 262.0	\$ 260.8	\$ 243.1	\$ 244.9	\$ 261.5
Program revenues										
Charges for services	\$ 4.9	\$ 6.0	\$ 7.1	\$ 6.1	\$ 8.2	\$ 8.5	\$ 7.6	\$ 7.6	\$ 7.8	\$ 7.7
Operating grants & contributions	184.3	232.8	213.2	254.9	219.5	226.8	219.1	214.7	215.7	230.9
Capital grants & contributions	-	-	0.7	-	-	11.3	0.2	-	-	0.2
Total component unit program revenue	189.2	238.8	221.0	261.0	227.7	246.6	226.9	222.3	223.5	238.8
Net (expense)/revenue	\$ 20.6	\$ 51.0	\$ 15.9	\$ 32.1	\$ (29.9)	\$ (15.4)	\$ (33.9)	\$ (20.8)	\$ (21.4)	\$ (22.7)
General revenues and other changes in net position										
Interest and investment earnings	\$ -	\$ 0.3	\$ 1.3	\$ 2.3	\$ 3.0	\$ 0.4	\$ 0.2	\$ -	\$ -	\$ -
Miscellaneous	0.9	0.7	0.7	2.3	\$ (0.2)	\$ 0.2	0.7	0.6	0.8	0.9
Total general revenues and transfers	\$ 0.9	\$ 1.0	\$ 2.0	\$ 4.6	\$ 2.8	\$ 0.6	\$ 0.9	\$ 0.6	\$ 0.8	\$ 0.9
Total component unit change in net position	\$ 21.5	\$ 52.0	\$ 17.9	\$ 36.7	\$ (27.1)	\$ (14.8)	\$ (33.0)	\$ (20.2)	\$ (20.6)	\$ (21.8)

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

COMPREHENSIVE ANNUAL FINANCIAL REPORT

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

TABLE S-3

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General fund:										
Prior to GASB 54:										
Reserved	\$ 1.2	\$ 2.0	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved										
Designated	5.4	6.6	10.2	43.9	38.9	37.1	41.6	-	-	-
Undesignated	35.0	35.5	42.3	-	1.8	1.4	6.4	-	-	-
Effective with GASB 54:										
Restricted	-	-	-	-	-	-	-	0.2	1.5	1.5
Committed	-	-	-	-	-	-	-	1.2	10.5	4.8
Assigned	-	-	-	-	-	-	-	16.0	8.6	9.3
Unassigned	-	-	-	-	-	-	-	37.5	41.6	39.8
Total general fund	<u>\$ 41.6</u>	<u>\$ 44.1</u>	<u>\$ 52.5</u>	<u>\$ 43.9</u>	<u>\$ 40.7</u>	<u>\$ 38.5</u>	<u>\$ 48.0</u>	<u>\$ 54.9</u>	<u>\$ 62.2</u>	<u>\$ 55.4</u>
All other governmental funds:										
Prior to GASB 54:										
Reserved	\$ 15.2	\$ 7.6	\$ 59.0	\$ 45.6	\$ 35.2	\$ 27.8	\$ 35.5	\$ -	\$ -	\$ -
Unreserved, reported in										
Special revenue funds	0.1	2.1	3.2	4.7	(4.4)	(5.2)	1.7	-	-	-
Capital projects fund	0.3	8.3	10.4	6.9	-	-	(2.0)	-	-	-
Effective with GASB 54:										
Restricted	-	-	-	-	-	-	-	19.2	19.7	25.2
Committed	-	-	-	-	-	-	-	10.2	7.4	14.2
Assigned	-	-	-	-	-	-	-	0.8	0.7	0.5
Unassigned	-	-	-	-	-	-	-	(1.5)	0.1	-
Total all other governmental funds	<u>\$ 15.6</u>	<u>\$ 18.0</u>	<u>\$ 72.6</u>	<u>\$ 57.2</u>	<u>\$ 30.8</u>	<u>\$ 22.6</u>	<u>\$ 35.2</u>	<u>\$ 28.7</u>	<u>\$ 27.9</u>	<u>\$ 39.9</u>

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

TABLE S-4

Page 1

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Revenues</b>										
General property taxes	\$ 89.2	\$ 95.3	\$ 104.1	\$ 110.2	\$ 119.5	\$ 128.8	\$ 136.8	\$ 144.9	\$ 147.2	\$ 147.8
Other local taxes	31.9	37.1	41.9	40.4	41.1	39.1	38.2	42.1	45.6	47.2
Permits, privilege fees and regulatory licenses	3.8	4.1	6.3	3.9	3.4	3.2	2.3	2.3	2.4	2.7
Fines and forfeitures	0.8	0.8	0.9	0.9	1.0	1.2	1.0	0.9	0.8	0.6
Revenues from use of money and property	0.7	1.3	2.7	6.3	5.0	2.8	1.5	1.5	1.1	0.7
Charges for services	4.1	4.9	6.5	7.1	7.2	7.5	4.7	4.6	5.5	6.4
Miscellaneous	0.5	1.1	1.4	1.7	2.0	1.0	0.5	0.5	0.6	0.7
Intergovernmental	27.9	28.3	31.1	31.7	33.3	31.4	32.2	33.9	31.6	41.2
Payment from component unit	-	-	-	0.3	-	-	-	-	-	-
Total revenues	<u>\$ 158.9</u>	<u>\$ 172.9</u>	<u>\$ 194.9</u>	<u>\$ 202.5</u>	<u>\$ 212.5</u>	<u>\$ 215.0</u>	<u>\$ 217.2</u>	<u>\$ 230.7</u>	<u>\$ 234.8</u>	<u>\$ 247.3</u>
<b>Expenditures</b>										
General governmental administration	\$ 8.7	\$ 9.8	\$ 10.9	\$ 12.0	\$ 13.4	\$ 12.2	\$ 9.3	\$ 9.9	\$ 10.6	\$ 11.6
Judicial administration	3.6	4.1	4.7	5.1	5.7	5.6	5.8	5.8	6.2	6.4
Public safety	22.4	25.5	29.7	34.9	38.9	37.2	36.4	37.0	39.4	44.4
Public works	5.2	5.6	6.7	7.5	7.8	7.4	6.6	7.2	8.0	8.3
Health and welfare	13.2	13.4	13.4	15.8	16.9	16.5	16.7	17.3	17.2	17.3
Education (2)	92.5	127.6	99.8	123.1	86.0	83.9	77.9	85.8	84.5	92.9
Parks, recreation and cultural	5.0	5.4	5.9	6.3	6.8	6.6	6.3	6.8	6.8	6.8
Community development	2.2	2.6	3.0	5.1	4.1	3.8	3.2	2.9	4.3	7.7
Non-departmental	0.2	0.3	0.2	0.2	0.3	0.4	0.5	0.5	0.5	0.5
Capital projects	4.5	4.2	7.7	26.4	27.7	11.0	19.9	43.2	27.0	16.2
Debt service:										
Principal (1)	15.2	15.7	17.4	18.8	21.8	25.4	25.0	26.0	27.1	26.8
Interest (1)	10.3	11.3	11.3	13.4	15.7	15.6	14.6	15.6	14.7	13.5
Bond and lease issuance costs	-	(0.2)	2.1	1.0	-	-	(0.1)	0.1	0.5	0.9
Total expenditures	<u>\$ 183.0</u>	<u>\$ 225.3</u>	<u>\$ 212.8</u>	<u>\$ 269.6</u>	<u>\$ 245.1</u>	<u>\$ 225.6</u>	<u>\$ 222.1</u>	<u>\$ 258.1</u>	<u>\$ 246.8</u>	<u>\$ 253.3</u>
<b>Other financing sources (uses)</b>										
Bond proceeds (1)	\$ 36.3	\$ 55.4	\$ 76.7	\$ 41.1	\$ -	\$ -	\$ 27.6	\$ 19.8	\$ 11.5	\$ 10.7
Refunding bond proceeds	-	14.9	-	-	-	-	-	-	17.7	44.2
Payment to refund bond escrow agent	-	(14.0)	-	-	-	-	-	-	(6.0)	(43.5)
Lease proceeds and extinguishments	-	1.2	-	-	-	-	-	7.3	(7.3)	-
Transfers in	3.7	4.2	5.8	5.3	5.1	2.4	0.2	-	0.3	-
Transfers out (2)	(3.7)	(4.2)	(5.8)	(5.3)	(5.0)	(2.3)	-	-	-	-
Total other financing sources (uses)	<u>\$ 36.3</u>	<u>\$ 57.5</u>	<u>\$ 76.7</u>	<u>\$ 41.1</u>	<u>\$ 0.1</u>	<u>\$ 0.1</u>	<u>\$ 27.8</u>	<u>\$ 27.1</u>	<u>\$ 16.2</u>	<u>\$ 11.4</u>
Net change in fund balances	<u>\$ 12.2</u>	<u>\$ 5.1</u>	<u>\$ 58.8</u>	<u>\$ (26.0)</u>	<u>\$ (32.5)</u>	<u>\$ (10.5)</u>	<u>\$ 22.9</u>	<u>\$ (0.3)</u>	<u>\$ 4.2</u>	<u>\$ 5.4</u>



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

TABLE S-4

Page 2

(Amounts in Millions)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Debt Service as a Percentage of Noncapital Expenditures: (1)</b>										
<b>Primary Government:</b>										
Total debt service	\$ 25.5	\$ 27.0	\$ 28.7	\$ 32.2	\$ 37.5	\$ 41.0	\$ 39.6	\$ 41.6	\$ 42.2	\$ 40.3
Total expenditures	183.0	225.3	212.8	269.6	245.1	225.6	222.1	258.1	246.8	253.3
Capital outlay primary government only (3)	4.5	4.2	7.7	23.0	50.7	31.0	4.2	34.0	15.1	6.0
Non-capital expenditures	178.5	221.1	205.1	246.6	194.4	194.6	217.9	224.1	231.7	247.3
Debt service as a percentage of non-capital expenditures: (Primary Government only)	14.3%	12.2%	14.0%	13.1%	19.3%	21.1%	18.2%	18.6%	18.2%	16.3%
<b>Component unit - School Board:</b>										
School expenditures excluding County contribution	114.8	83.8	121.4	109.9	110.0	167.7	164.1	139.0	136.5	147.7
Capital outlay Component Unit - School Board only (3)	44.4	25.7	24.8	12.1	43.6	16.7	14.9	4.1	7.4	6.4
Non-capital expenditures	70.4	58.1	96.6	97.8	66.4	151.0	149.2	134.9	129.1	141.3
<b>Total Reporting Entity (1):</b>										
Total debt service	25.5	27.0	28.7	32.2	37.5	41.0	39.6	41.6	42.2	40.3
Total non-capital expenditures	\$ 248.9	\$ 279.2	\$ 301.7	\$ 344.4	\$ 260.8	\$ 345.6	\$ 367.1	\$ 359.0	\$ 360.8	\$ 388.6
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	10.2%	9.8%	9.5%	9.3%	14.4%	11.9%	10.8%	11.6%	11.7%	10.4%

- (1) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority, therefore the debt service payments related to School facilities are presented as debt service of the Primary Government. Debt service as a percentage of non-capital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.
- (2) Prior to the implementation of GASB 34, the County's contribution to Public Schools was reported as a transfer out. Implementation of GASB 34 required that the contribution to Public Schools be reported as an Education Expenditure.
- (3) 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 E-2).

## COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-5

**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
2013	\$ 12,415,275	\$ 12,815	\$ 1,570,267	\$ 21,097	\$ 11,202	\$ 300,789	\$ 14,331,446	\$ 1.13
2012	12,333,058	12,395	1,555,948	22,598	10,875	292,129	14,227,003	1.13
2011	12,790,018	12,911	1,495,902	20,121	12,450	285,440	14,616,843	1.09
2010	12,637,662	12,304	1,482,839	36,991	16,792	278,593	14,465,181	1.10
2009	16,249,940	15,982	1,354,551	39,395	19,070	291,219	17,970,157	0.81
2008	16,015,619	15,737	1,464,120	25,086	12,399	285,168	17,818,129	0.78
2007	13,821,768	17,583	1,372,859	24,857	18,272	233,059	15,488,399	0.79
2006	13,233,227	17,494	1,339,692	27,415	19,687	210,222	14,847,737	0.80
2005	8,901,142	17,647	1,201,570	29,020	13,557	167,305	10,330,240	1.08
2004	8,404,756	16,838	1,055,914	31,690	7,279	196,263	9,712,740	1.04
% Change 2013/2012	0.7%	3.4%	0.9%	(6.6)%	(3.0)%	3.0%	0.7%	
% Change 2013/2004	47.7%	(23.9)%	48.7%	(33.4)%	53.9%	53.3%	47.5%	
Category % of Total AV, CY 2013	86.6%	0.1%	11.0%	0.1%	0.1%	2.1%	100.0%	

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

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

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

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

Sources: Property Books from the Commissioner of Revenue for 2006 through 2013, State Corporation Commission Certified Statements of Assessed Value for Public Service Corp. 2004-2013, and Spotsylvania County FY 2005 CAFR for 2004 through 2005

COUNTY OF SPOTSYLVANIA, VIRGINIA

**Principal Property Taxpayers**

Current Year and Nine Years Ago

TABLE S-6

(Amounts in Thousands)

	Calendar Year 2012			Calendar Year 2003		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Spotsylvania Mall Company	\$ 185,218	1	1.46%	\$ 71,798	1	1.10%
Spotsylvania Regional Medical Ctr	87,694	2	0.69%	--		--
Dominion Virginia Power	92,963	3	0.73%	62,071	2	0.95%
Comcast of Va	11,663	4	0.09%	--		--
Rappahannock Electric Cooperative	71,415	5	0.56%	44,981	4	0.69%
Verizon VA (1)	44,294	6	0.35%	36,672	5	0.56%
GLL BVK Prop L P	39,368	7	0.31%	--		--
CVS Pharmacy	4,871	8	0.04%	--		--
Lee Property Harrison Crossing	32,191	9	0.25%	--		--
Columbia Gas of VA Inc	29,332	10	0.23%	--		--
Lee's Hill Partnership	--		--	56,416	3	0.87%
NTS/Virginia Development	--		--	31,136	6	0.48%
Verizon South, Inc.	--		--	19,829	7	0.30%
Medicorp Properties	--		--	15,875	8	0.24%
Greens of Salem Run	--		--	15,600	9	0.24%
Breezewood Apartment Association	--		--	15,327	10	0.24%
	<u>\$ 599,009</u>		<u>4.71%</u>	<u>\$ 369,705</u>		<u>5.67%</u>

(1) Formerly Bell Atlantic

(2) Formerly Prestige Cable

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-7

(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)
2013	\$ 133,352	\$ 126,568	94.91%	\$ -	\$ 126,568	94.91%
2012	132,935	124,581	93.72%	5,308	129,889	97.71%
2011	129,619	122,179	94.26%	6,212	128,391	99.05%
2010	123,242	116,108	94.21%	6,329	122,437	99.35%
2009	119,268	112,873	94.64%	5,817	118,690	99.52%
2008	114,441	108,901	95.16%	5,474	114,375	99.94%
2007	105,414	100,292	95.14%	4,940	105,232	99.83%
2006	99,211	94,916	95.67%	4,231	99,147	99.94%
2005	90,614	86,986	96.00%	3,564	90,550	99.93%
2004	83,483	80,033	95.87%	3,387	83,420	99.92%

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

Source: Treasurer, Spotsylvania County, Virginia

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

TABLE S-8  
 Page 1

(Amounts in thousands, except per capita)

Fiscal Year	Government Activities						Business-Type Activities	Total Primary Government	Percentage of Personal Income (2)	Per Capita
	General Obligation Bonds (1)	Virginia Public School Authority Bonds	Lease Revenue Bonds (1)	Capital Leases	State Literary Fund Loans		Revenue Bonds			
2013	\$ 159,200	\$ 39,385	\$ 82,574	\$ -	\$ -		\$ 140,390	\$ 421,549	1.46%	3.33
2012	158,787	45,060	87,236	-	7,263		144,258	442,605	1.39%	3.52
2011	163,511	51,331	80,475	7,253	7,924		147,855	458,349	1.34%	3.68
2010	157,507	58,634	84,466	-	8,845		119,389	428,841	1.35%	3.50
2009	142,581	66,044	88,332	650	9,775		122,654	430,037	1.32%	3.55
2008	154,012	73,995	92,080	1,649	10,704		125,089	457,529	1.22%	3.82
2007	161,886	82,275	95,712	2,603	11,634		89,025	443,135	1.21%	3.73
2006	125,475	91,063	99,237	3,513	12,563		92,357	424,208	1.20%	3.60
2005	53,316	100,215	101,231	4,391	13,493		94,600	367,246	1.26%	3.20
2004	54,827	111,341	46,422	3,793	14,471		73,300	304,154	1.38%	2.75

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

(1) General obligation and lease revenue bonds include debt issued on behalf of the School Board.

(2) Latest available data for FY 2011, per US Department of Commerce, Bureau of Economic Analysis. Used 2011 personal and per capita income for 2012 through 2013 calculations. Personal and per capita income reported per US Department of Commerce includes the City of Fredericksburg.

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

TABLE S-8

Page 2

(Amounts in thousands, except per capita)

Fiscal Year	General Obligation Bonded Debt Outstanding (1)			Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)
	General Obligation Bonds	Virginia Public School Authority Bonds	Lease Revenue Bonds			
2013	\$ 159,200	\$ 39,385	\$ 82,574	\$ 281,159	1.96%	2.22
2012	158,787	45,060	87,236	291,083	2.05%	2.32
2011	163,511	51,331	80,475	295,317	2.02%	2.37
2010	157,507	58,634	84,466	300,607	2.08%	2.46
2009	142,581	66,044	88,332	296,958	1.65%	2.45
2008	154,012	73,995	92,080	320,087	1.80%	2.67
2007	161,886	82,275	95,712	339,873	2.19%	2.86
2006	125,475	91,063	99,237	315,775	2.13%	2.68
2005	53,316	100,215	101,231	254,762	2.47%	2.22
2004	54,827	111,341	46,422	212,590	2.19%	1.92

(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.

(2) See Schedule S-5 for the County's assessed value data.

(3) See Schedule S-13 for population data.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-9

**Revenue Bond Coverage - Water and Sewer 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	
2013	\$ 32,066	\$ 16,047	\$ 16,019	\$ 3,880	\$ 5,899	\$ 9,779	1.64
2012	29,441	16,550	12,891	3,600	5,371	8,971	1.44
2011	28,942	17,661	11,281	3,395	3,617	7,012	1.61
2010	27,668	15,269	12,399	3,265	4,692	7,957	1.56
2009	28,440	17,685	10,755	3,155	5,814	8,969	1.20
2008	31,484	15,376	16,108	2,586	5,624	8,210	1.96
2007	35,089	16,313	18,776	3,333	9,324	12,657	1.48
2006	30,956	13,939	17,017	2,242	6,714	8,956	1.90
2005	30,134	11,331	18,803	1,815	5,007	6,822	2.76
2004	23,100	12,039	11,061	1,740	3,866	5,606	1.97

(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

TABLE S-10

**Pledged Revenue Coverage**

Last Ten Fiscal Years

**Special Assessment Tax Anticipation Notes**

<b>Fiscal Year</b>	<b>Special Assessment Collections</b>	<b>Principal</b>	<b>Interest</b>	<b>Coverage</b>
2013	\$ 752,739	\$ -	\$ 185,300	4.06
2012	1,060,037	-	370,600	2.86
2011	1,120,653	-	370,600	3.02
2010	1,062,610	-	370,600	2.87
2009	908,166	-	370,600	2.45
2008	696,280	-	185,300	3.76
2007	-	-	-	n/a
2006	-	-	-	n/a
2005	-	-	-	n/a
2004	-	-	-	n/a

Note 9 discusses the issuance of tax anticipation notes in 2008 for road improvements to be paid from special tax assessments in two special tax districts. In 2013, these notes were refinanced with general obligation bonds.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-11

**Principal Employers**

Current Year and Nine Years Ago

Employer	FY 2013			FY 2004		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	1.6%	Over 1,000	1	1.7%
County of Spotsylvania	500 to 999	2	1.2%	500 to 999	2	1.3%
HCA Virginia Health System	500 to 999	3	1.2%	--		
Wal Mart	500 to 999	4	1.2%	500 to 999	3	1.3%
A T Solutions Inc.	250 to 499	5	0.6%	--		
CVS, Inc.	250 to 499	6	1.6%	500 to 999	4	1.3%
Food Lion	250 to 499	7	0.6%	250 to 499	6	0.7%
Germanna Community College	250 to 499	8	0.6%	--		
Carmax	100 to 249	9	0.3%	--		
Giant Food	100 to 249	10	0.3%	--		
Collegiate Funding Services	--			250 to 499	5	0.7%
Lowe's Home Centers Inc.	--			250 to 499	7	0.7%
Open First	--			250 to 499	8	0.7%
Simmons Beautyrest	--			250 to 499	9	0.7%
GM Powertrain	--			100 to 249	10	0.3%
<b>Total employment</b>	<b>64,073</b>			<b>57,597</b>		

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-12

**Full-Time County Government Employees by Function**

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental activities:										
General government administration	93	99	106	111	117	115	115	116	116	122
Judicial administration	26	29	32	34	36	36	35	35	38	38
Public safety	281	317	321	372	393	399	382	381	374	401
Public works	44	45	46	55	57	56	49	49	44	48
Health and welfare	63	67	67	74	74	77	77	77	82	83
Parks, recreation & cultural	20	21	22	23	24	24	24	24	23	23
Community development	18	20	21	24	29	26	22	22	32	38
Total governmental activities	<u>545</u>	<u>598</u>	<u>615</u>	<u>693</u>	<u>730</u>	<u>733</u>	<u>704</u>	<u>704</u>	<u>709</u>	<u>753</u>
Business-type activities:										
Water and sewer	<u>101</u>	<u>100</u>	<u>102</u>	<u>105</u>	<u>111</u>	<u>111</u>	<u>113</u>	<u>113</u>	<u>113</u>	<u>114</u>
Total business-type activities	<u>101</u>	<u>100</u>	<u>102</u>	<u>105</u>	<u>111</u>	<u>111</u>	<u>113</u>	<u>113</u>	<u>113</u>	<u>114</u>
Total full-time employees	<u>646</u>	<u>698</u>	<u>717</u>	<u>798</u>	<u>841</u>	<u>844</u>	<u>817</u>	<u>817</u>	<u>822</u>	<u>867</u>

Source: FY 2004 through FY 2013 County approved budget documents.

COUNTY OF SPOTSYLVANIA, VIRGINIA

TABLE S-13

**Demographic and Economic Statistics**

Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population (1)</b>	<b>Per Capita Income (2)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)</b>
2013	126,494	N/A	23,725	5.3%
2012	125,684	-	23,775	5.0%
2011	124,477	40,893	23,868	5.6%
2010	122,397	39,298	24,084	6.0%
2009	120,977	38,202	24,202	5.7%
2008	120,015	38,824	24,390	3.4%
2007	118,939	38,195	24,186	2.5%
2006	117,718	36,261	23,811	2.4%
2005	114,909	34,382	22,955	2.7%
2004	110,552	32,261	22,067	2.8%

- (1) Estimated for July 1 of each year  
2004 - 2012 US Bureau of the Census  
2013 - Spotsylvania County Planning Department
- (2) 2004 - 2011 US Bureau of the Census - includes Spotsylvania County and City of Fredericksburg
- (3) As of October 1 of each fiscal year
- (4) Virginia Employment Commission; represents calendar year data for 2004 - 2012, June 2013 data for 2013
- n/a Not available

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

TABLE S-14  
 Page 1

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>General government</b>										
Commissioner of revenue										
Taxable real estate parcels (1)	55,300	56,359	57,473	58,395	58,768	58,990	59,122	59,248	59,682	59,803
Percentage of fair market value (2) (3)	90.00%	58.50%	74.70%	80.90%	109.50%	133.70%	90.30%	94.70%	n/a	n/a
Treasurer										
Real estate tax bills generated	121,954	124,680	127,680	123,592	142,231	133,784	125,530	127,740	127,923	132,219
Personal property tax bills generated (1)	217,677	231,427	206,776	259,610	290,750	271,542	245,127	248,054	268,067	293,817
Registrar										
Number of registered voters	61,171	64,503	65,901	66,897	70,410	74,600	75,854	77,350	79,900	81,922
<b>Judicial administration</b>										
Clerk of the circuit court										
Number of deeds recorded (1)	51,844	55,161	44,312	34,697	24,819	24,745	23,098	21,458	25,702	n/a
Commonwealth attorney										
Average caseload per attorney (1)	2,265	2,149	1,683	2,306	1,864	2,174	1,931	1,792	1,666	n/a
Number of circuit court cases (1)	2,097	2,162	1,772	1,786	1,936	2,115	2,217	2,157	1,998	n/a
Number of general district court cases (1)	9,979	10,498	9,386	10,746	11,235	12,362	11,945	10,700	9,974	n/a
Number of juvenile & domestic relations court cases (1)	3,243	3,463	3,990	5,923	3,611	4,004	5,143	3,267	3,018	n/a
<b>Public safety</b>										
Sheriff										
Calls for service	150,927	158,650	166,330	167,720	167,523	180,105	172,762	153,069	150,598	144,996
Calls for service per road deputy	3,065	3,324	3,696	3,289	2,792	2,814	2,657	2,430	2,091	2,013
Civil process papers served	40,718	51,221	47,912	50,610	49,711	45,326	48,010	60,512	49,999	38,281
Warrants served	12,432	9,279	12,497	13,012	13,404	13,279	12,880	12,280	11,019	11,055
Emergency communications										
Total calls received	242,176	335,577	222,722	215,984	205,535	217,365	213,419	202,674	203,414	188,361
911 calls received	37,717	56,497	52,118	51,826	52,600	52,600	50,941	50,008	52,816	47,832
Fire, rescue and emergency services										
Calls for service (4)	15,454	15,249	15,802	16,576	17,021	16,749	16,540	15,458	15,622	16,974
Animal control										
Calls for service (all types)	5,777	6,119	5,776	5,844	6,102	6,275	8,035	8,517	8,387	8,212
<b>Public works</b>										
Refuse disposal										
Solid waste - tons (1)	49,790	53,408	59,060	56,989	53,081	46,535	45,872	41,518	40,064	73,737
Recycling										
Recycled materials - tons	17,290	14,925	14,998	15,002	17,662	11,087	21,183	20,960	22,758	23,360
Sludge composted - tons	10,226	11,223	11,479	12,246	12,037	12,573	12,369	14,492	15,580	18,828

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

TABLE S-14  
 Page 2

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Health and welfare</b>										
Social services										
SNAP applications	1,898	1,931	2,108	2,140	2,434	2,793	3,739	3,628	4,250	4,530
Medicaid applications	2,602	2,487	2,404	2,526	2,425	2,558	2,024	2,250	3,766	3,960
Medicaid (avg monthly ongoing caseload)	4,275	5,032	5,267	5,199	5,780	6,588	7,561	8,295	8,612	6,760
Foster care children (avg monthly county)	88	101	94	97	111	116	134	121	97	90
<b>Parks, recreation and cultural</b>										
Parks and recreation										
Sports league participants	8,662	8,334	8,533	8,431	7,998	7,964	7,762	7,669	7,540	7,293
Special interest/leisure participants	9,740	10,419	12,007	13,532	12,274	12,308	12,842	11,426	11,555	11,120
Park visitors	991,525	1,037,000	1,068,400	1,079,500	1,136,200	1,137,700	1,143,200	1,151,800	1,284,500	1,312,800
<b>Community development</b>										
Planning										
Final platted lots approved (1)	883	1,147	1,071	656	152	64	48	441	110	278
Economic development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 31,772	\$ 33,748	\$ 37,336	\$ 33,852	\$ 33,384	\$ 34,190	\$ 33,787	\$ 33,787	\$ 31,014	n/a
Tourism										
Tourists visiting area (1)	375,334	449,734	428,450	504,103	514,738	601,949	782,505	624,786	736,492	n/a
Extension office (5)										
Requests fo educational information	25569	n/a	n/a	6,752	3,773	8,237	15,453	6,486	7,043	3,694
Individuals participating in programs (1)	25,569	n/a	n/a	7,005	6,178	9,210	4,127	13,946	15,196	13,494
<b>Other funds</b>										
Code compliance										
Community development permits issued	4,186	4,456	3,854	3,796	3,504	2,941	2,788	3,009	2,890	3,437
Building inspections	34,086	40,031	38,795	38,394	28,871	15,166	14,361	12,786	11,851	13,442
Utilities										
Average daily water consumption (mgd)	5.64	6.00	6.03	6.10	6.40	6.65	6.06	7.21	6.77	6.81
Average effluent flows (mgd)	7.80	7.60	6.81	8.10	8.21	7.88	8.27	6.72	7.50	7.50
Water customers	25,057	26,166	26,925	27,396	27,586	27,939	28,311	28,391	28,800	28,976
Sewer customers	24,298	25,386	26,155	26,609	26,757	27,065	27,352	27,435	27,416	27,691

n/a Not available

(1) Reported on a calendar year basis.

(2) Prior to 2005, non-reassessment years reported as average of prior two fiscal years. In 2005, began reporting using information provided by State.

(3) Final 2012 State sales ratio will be issued late 2013.

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

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

Source: Various County Departments

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

TABLE S-15

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<b>Public safety</b>										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	143	169	171	185	195	199	205	205	201	201
Fire & rescue:										
Stations	14	14	14	14	13	13	13	13	13	13
Response units	56	56	58	58	61	65	65	67	67	67
<b>Public works</b>										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	9	9	12	12	12	12	12	12	13	13
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	348,063	365,276	365,276	365,276	459,989	470,659	471,659	471,659	661,497	649,397
<b>Parks, recreation and cultural</b>										
Parks	9	9	9	9	11	11	11	11	11	13
Park acreage	331	331	331	331	482	482	482	482	482	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	8	8	8	7	7	7	7	7	7	7
Athletic fields maintained	20	20	20	20	32	32	32	32	32	37
Community centers	5	5	5	5	5	6	6	6	6	7
Public boat ramps	1	1	1	1	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
<b>Community development</b>										
Visitor centers	1	1	2	2	2	1	1	1	1	1
<b>Public utilities</b>										
Water mains (miles)	412	435	448	457	462	496	502	514	517	517
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	18,000	18,000	18,000	18,000	18,000	21,000	21,000	21,000	21,000	21,000
<b>Sewer</b>										
Sanitary sewers (miles)	412	429	437	451	453	455	457	496	497	497
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	12,300	12,300	12,300	12,300	12,300	12,300	12,300	12,300	13,700	13,700
Reservoirs	3	3	3	3	3	3	3	3	3	3
Pumping stations	64	58	59	59	56	56	56	53	52	52
<b>Fleet management</b>										
Vehicles maintained (1)	n/a	n/a	n/a	n/a	n/a	1,057	1,101	1,227	1,197	1,074

n/a - not available

(1) Joint Fleet Facility opened in FY 2009

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

TABLE S-16

Page 1

	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Kindergarten	1,686	1,752	1,686	1,673	1,702
Elementary (grades 1-7)	12,462	12,499	12,427	12,373	12,429
Secondary (grades 8-12)	9,769	9,661	9,394	9,405	9,251
Pre-K/Headstart (SpEd)	280	301	361	324	385
<b>Total enrollment (1)</b>	<b><u>24,197</u></b>	<b><u>24,213</u></b>	<b><u>23,868</u></b>	<b><u>23,775</u></b>	<b><u>23,767</u></b>
Teachers and administrators	2,058	1,961	1,907	1,895	1,901
Other employees	1,271	1,232	1,147	1,136	1,126
<b>Total employees (2)</b>	<b><u>3,329</u></b>	<b><u>3,193</u></b>	<b><u>3,054</u></b>	<b><u>3,031</u></b>	<b><u>3,027</u></b>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	7	7	7	7	7
<b>Total buildings</b>	<b><u>31</u></b>	<b><u>31</u></b>	<b><u>31</u></b>	<b><u>31</u></b>	<b><u>31</u></b>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

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

(2) As budgeted.



COUNTY OF SPOTSYLVANIA, VIRGINIA  
**Actual and Projected Average Daily Enrollment by Grade**

TABLE S-16  
 Page 2

Grade	Actual Average Daily Student Enrollment by Grade					Projected Average Daily Student Enrollment by Grade				
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
K	1,686	1,752	1,686	1,673	1,671	1,691	1,711	1,731	1,751	1,751
1	1,815	1,739	1,750	1,755	1,732	1,671	1,691	1,711	1,731	1,731
2	1,714	1,792	1,726	1,766	1,767	1,732	1,671	1,691	1,711	1,711
3	1,818	1,731	1,781	1,725	1,785	1,767	1,732	1,671	1,691	1,691
4	1,716	1,846	1,754	1,792	1,724	1,785	1,767	1,732	1,671	1,671
5	1,829	1,746	1,824	1,768	1,832	1,724	1,785	1,767	1,732	1,732
6	1,794	1,842	1,748	1,811	1,755	1,832	1,724	1,785	1,767	1,767
7	1,776	1,803	1,844	1,756	1,820	1,755	1,832	1,724	1,785	1,785
8	1,920	1,818	1,809	1,879	1,787	1,820	1,755	1,832	1,724	1,724
9	2,131	2,212	2,025	2,012	2,090	1,993	2,026	1,961	2,011	2,011
10	2,012	1,904	1,990	1,864	1,856	1,982	1,885	1,918	1,961	1,961
11	1,889	1,841	1,750	1,864	1,746	1,856	1,982	1,885	1,918	1,918
12	1,817	1,886	1,850	1,786	1,893	1,749	1,859	1,985	1,883	1,883
Pre-K*	280	301	331	324	324	324	324	324	324	324
Total	24,197	24,213	23,868	23,775	23,782	23,681	23,744	23,717	23,660	23,660

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  
Data on Existing Public Schools

TABLE S-16

Page 3

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2012 - 2013 Enrollment
<b>Elementary:</b>						
Battlefield	K-5	30.0 Acres	1974	2000	833	639
Berkeley	K-5	17.0 Acres	1961	1971, 1979, 2000, 2005	353	319
Brock Road	K-5	24.4 Acres	1992	2004	907	729
Cedar Forest	K-5	52.2 Acres	2008	-	936	716
Chancellor	K-5	12.0 Acres	1940	1948, 1961, 2000	455	374
Courthouse Road	K-5	25.0 Acres	1994	2005	907	854
Courtland (1)	K-5	- Acres	1989	2000	789	586
Harrison Road (2)	K-5	- Acres	2001	2006	936	856
Lee Hill	K-5	21.0 Acres	1977	1990, 1999	807	692
Livingston	K-5	15.5 Acres	1961	1971, 1992	504	451
Parkside	K-5	26.8 Acres	2001	2007	936	694
Riverview	K-5	25.0 Acres	1994	2005	907	653
Robert E. Lee	K-5	14.1 Acres	1952	1977	585	516
Salem	K-5	20.0 Acres	1979	1989, 1999	815	660
Smith Station	K-5	23.0 Acres	1991	1999, 2004	986	751
Spotswood	K-5	20.0 Acres	1965	1971, 2000	641	564
Wilderness	K-5	25.0 Acres	1998	2003	936	763
						<u>10,817</u>
<b>Middle:</b>						
Battlefield	6-8	30.0 Acres	1978	2003	807	791
Chancellor (2)	6-8	- Acres	1989	-	857	819
Freedom	6-8	76.7 Acres	2003	-	948	857
Ni River	6-8	75.0 Acres	1999	-	774	687
Post Oak (3)	6-8	- Acres	2007	-	948	752
Spotsylvania	6-8	41.7 Acres	1968	1973	907	806
Thornburg	6-8	50.0 Acres	1994	-	790	690
						<u>5,402</u>
<b>Secondary:</b>						
Chancellor	9-12	100.0 Acres	1988	-	1517	1,413
Courtland	9-12	100.0 Acres	1980	-	1265	1,219
Massaponax	9-12	100.0 Acres	1998	2005	1830	1,858
Riverbend	9-12	90.7 Acres	2004	-	1995	1,913
Spotsylvania	9-12	100.0 Acres	1994	-	1611	1,103
J.J. Wright Alternative	Pre K-12	20.0 Acres	1952	1962, 1982, 2008, 2009	500	n/a
Vocational Center (1)	-	-	1980	1993	-	n/a
						<u>7,506</u>

(1) On same site as Courtland High School

(2) On same site as Chancellor High School

(3) On same site as Spotsylvania High School

Source: Superintendent of Schools, Spotsylvania County, Virginia

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