

Spotsylvania

VIRGINIA



ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30th

2025

FOR FISCAL YEAR ENDED





County of Spotsylvania, Virginia

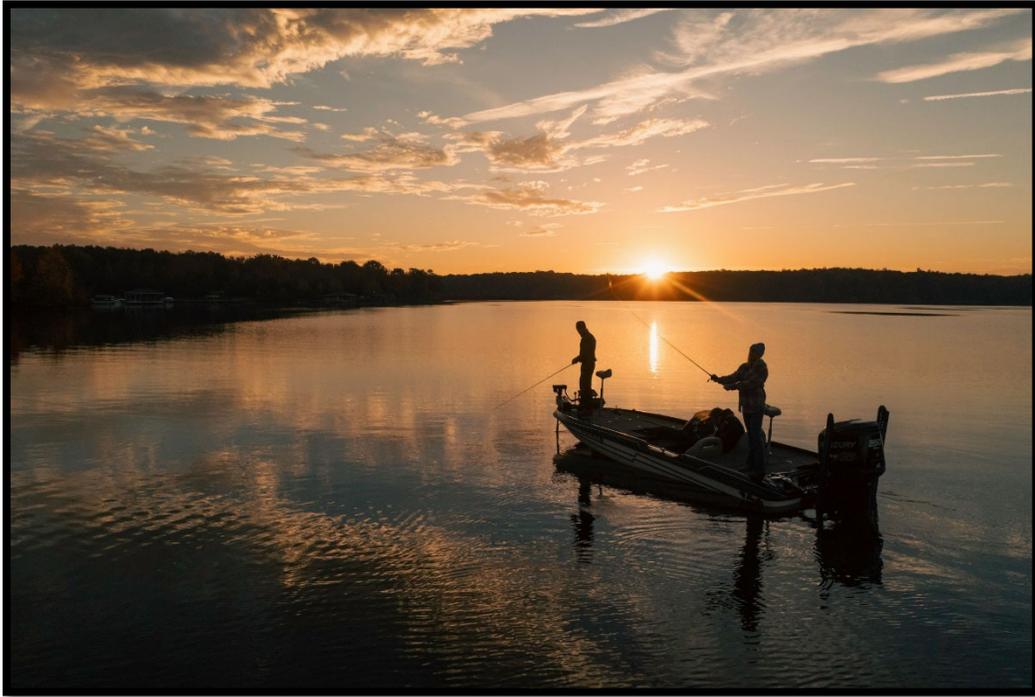
ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ending June 30, 2025

Ed Petrovitch, County Administrator
Mark L. Cole, Deputy County Administrator
Rebecca R. Forry, Chief Financial Officer
Tina Cleveland, Director of Accounting
Heath Holladay, Financial Reporting Manager

Published by the Department of Finance



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INTRODUCTORY SECTION



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County of Spotsylvania

Founded 1721



Service, Integrity, Pride

Board of Supervisors
GERALD CHILDRESS
DEBORAH FRAZIER
LORI HAYES
JACOB LANE
KEVIN MARSHALL
DREW MULLINS
CHRIS YAKABOUSKI

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

December 23, 2025

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the County of Spotsylvania, Virginia, (the County) for the fiscal year ended June 30, 2025. The *Code of Virginia* requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with governmental auditing standards generally accepted in the United States of America.

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

The County’s financial statements have been audited by CliftonLarsonAllen LLP. An independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Our independent auditors have issued an unmodified (“clean”) opinion on Spotsylvania County’s financial statements for the year ended June 30, 2025, which is presented on pages 15 – 18 of this report.

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

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

PROFILE OF THE COUNTY AND OUR GOVERNMENT

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



History

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

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

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



Geography

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

Government

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

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

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

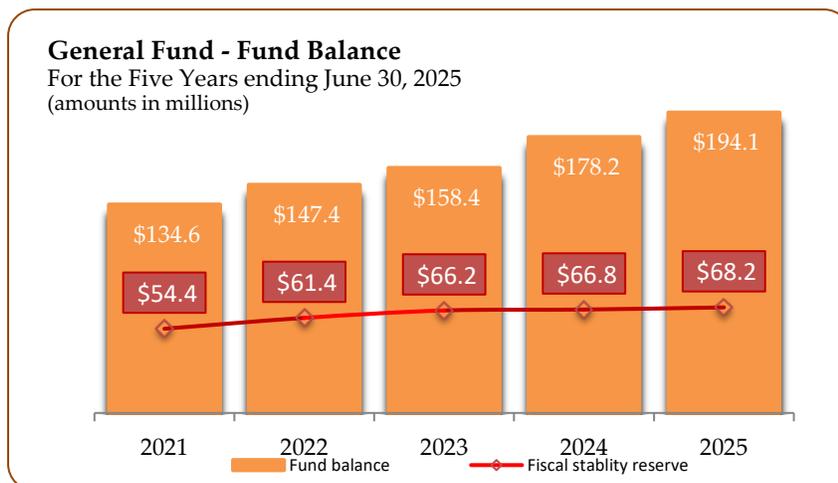
The County provides a broad range of general governmental services to its citizens, including emergency medical services and fire protection; refuse collection and disposal; water and sewer services; parks and recreation; library services; and detention center operations. In addition, the County provides several services that are partially funded by the Commonwealth, including public education for grades preK–12, technical, vocational, and special education programs, mental health assistance, agricultural services, law enforcement, health and social services, and judicial activities.

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

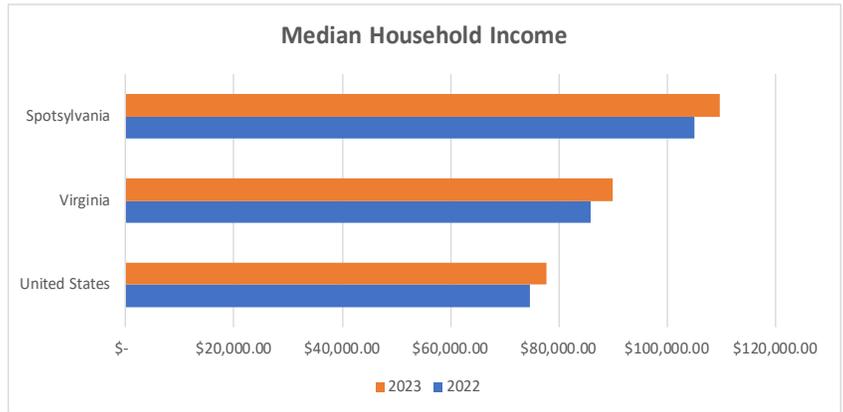


ECONOMIC CONDITION AND OUTLOOK

Spotsylvania County’s General Fund concluded the year on a positive note, with a fund balance of \$194.1 million—an increase of \$15.9 million from the previous year. This growth highlights the resilience of Spotsylvania’s local economy, driven by its strategic location, targeted economic development efforts, thoughtful planning, and prudent financial and debt management practices.

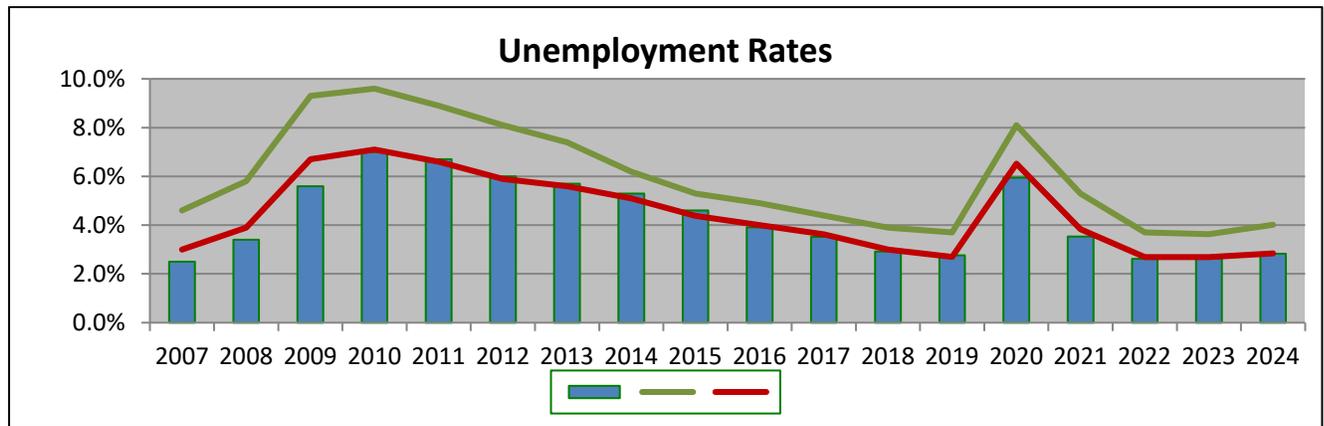


Based on the latest information available from the U.S. Census Bureau’s American Community Survey 2023 five-year estimates, median household income in Spotsylvania County has increased by more than 30% over the past decade. In 2023, the County’s median household income reached \$109,834, representing a 4.5% increase from the prior year. This level is 41.3% higher than the national median and 22.2% above the median household income for the Commonwealth of Virginia, highlighting Spotsylvania County’s comparatively strong income levels.



Source: Bureau of Labor Statistics

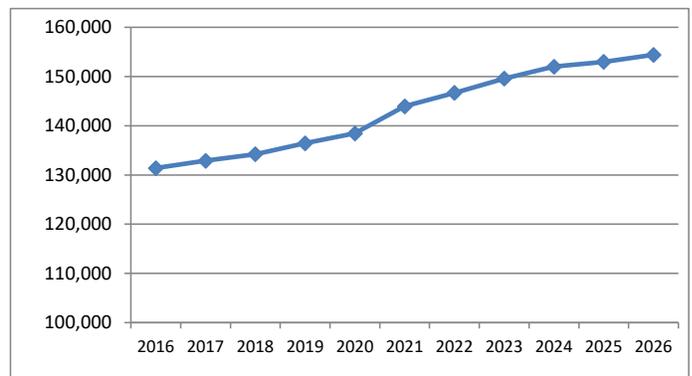
In September 2025, Spotsylvania County’s unemployment rate (approximately 3.2%) compared favorably to both the Commonwealth of Virginia (about 3.5%) and the national rate (about 4.4%). Spotsylvania’s rate was modestly below the statewide average, indicating a slightly stronger local labor market than Virginia overall. The County also significantly outperformed the national labor market, with unemployment more than a full percentage point lower than the U.S. rate. Together, these comparisons suggest that Spotsylvania experienced relatively stronger employment conditions than both the state and the nation during the period.



Source: U.S. Bureau of Labor Statistics

¹The period from 2010 to 2024 represents the annual average, while 2025 represents the monthly average for January through September.

The Planning Department estimates the County’s 2026 population at 154,425, reflecting steady growth over the past decade. Spotsylvania County is the 14th largest county in Virginia and has experienced average annual population growth of approximately 1.6%.



Source for 2016-2024 estimates: U.S. Census Bureau

Source for 2025-2026 estimates: Spotsylvania County Planning Department

Spotsylvania’s tax base is strongly supported by a robust residential market. Median home sale prices have increased by 28% over the past five years, reaching \$473,000 in May 2025. Since 2021, the County has added approximately 4,700 new housing units to accommodate continued population growth. At the same time, the County is diversifying its housing portfolio to better meet the evolving needs of its increasingly diverse population, with multi-family housing units comprising 14% of the County’s housing stock in 2025.

Median Sale Price & Supply



Spotsylvania County Housing Units

Housing Unit Type	2021	2024	2025
Single Family – Detached	41,776	43,766	43,441
Single Family - Attached	4,756	5,184	5,403
Multi-Family	5,629	7,547	8,022
Totals	52,161	56,497	56,866
Single Family – Detached	80%	77%	76%
Single Family - Attached	9%	9%	10%
Multi-Family	11%	13%	14%

Approved Unbuilt Residential Units			
Single Family Detached	Single Family Attached	Multifamily	Age Restricted
2,227	1,676	3,714	650
Total			8,267

RELEVANT FINANCIAL POLICIES

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

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

Fiscal Stability Reserve. The County commits within its General Fund balance at the close of each fiscal year a reserve equal to no less than 11% of General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. As of June 30, 2025, the fiscal stability reserve was \$68.2 million.

Health Insurance Reserve. The County maintains a self-insured health insurance reserve for both the County and the SCPS equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years’ experiences. The reserve on June 30, 2025, was \$6.4 million and \$17.5 million, respectively.

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

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

OPEB Reserve. The County met its long-term fiscal policy goal to contribute the full annual recommended Other Postemployment Benefits (OPEB) retiree health insurance contribution by fiscal year 2024 and each year thereafter. As of June 30, 2025, the County and School Board maintained OPEB reserves of \$29.6 million and \$18.7 million, respectively.

Debt Management - Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits through its debt service to governmental fund expenditures and debt-to-assessed value ratios. Debt service as a percentage of governmental and school spending was 7.72%, well within the County's adopted policy of 12% and below the County's 2025 target of 10%. Net debt as a percentage of taxable property assessed value was 1.17%, below the required 3% set by the County.



The three credit rating agencies reaffirmed Spotsylvania County's Triple-A bond rating for 2025, the highest rating possible. The affirmed ratings from Moody's Investor Services (Moody's), Standard & Poor's (S&P), and Fitch Ratings (Fitch). This marks the third consecutive year the county has achieved Triple-A ratings across the board, placing Spotsylvania among a select group of only 56 counties nationwide—less than 1.8% of all U.S. counties—to hold this distinction. The agencies reaffirmed Spotsylvania's Triple-A rating with a stable outlook, citing strong fiscal policies, long-term planning, and a healthy economic base. "This reaffirmation reflects the county's commitment to sound, long-term financial management," says Spotsylvania County Administrator Ed Petrovitch. "Our taxpayers benefit not only from the stability this rating reflects, but also from the real cost savings it provides."

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

Long-term economic growth is expected to remain strong, supported by two large-scale economic development projects currently under construction. Chief among these is Kalahari Resorts & Conventions, Virginia's largest indoor waterpark resort, which is scheduled to open in 2026. The development will include a 900-room resort, a convention center, an indoor waterpark, and a family entertainment complex. Once operational, the project is expected to generate approximately \$7.0 million in annual net new tax revenues, after accounting for tax incentives, and create more than 1,000 year-round jobs, with employment rising to up to 1,500 positions during peak summer months. In addition to its fiscal and employment impacts, the project will further diversify the County's property tax base by introducing a new industry sector—the resort and convention business.



Amazon Web Services (AWS), also under construction, is estimated to invest up to \$9.9 billion in Spotsylvania over the next 15 years. In addition to the real and personal property taxes the data centers will pay directly, the economic activity generated also results in additional tax collections from "second-round" economic effects of business-to-business transactions between the direct vendors to data centers and their suppliers. AWS also commits to being a "good neighbor" through their AWS InCommunities program which include STEM

education, access and equity, local tech upskilling, environmental stewardship, and employee engagement. Personal property tax revenue is expected to fund significant amounts of future one-time capital project needs for the County and Schools, reducing the County's long-term borrowing needs. All related infrastructure is also to be financed by AWS, including any water and sewer infrastructure necessary to expand facilities and install re-use water service.

In addition to the County's ongoing investment to maintain its equipment and facilities, more notable infrastructure investments included in the County's FY 2026 to FY2030 Adopted Capital Improvement Plan include:

- Improvements to the County's landfill of \$18.3 million, including the required closure of three landfill cells expected to meet capacity by 2028, replacement of the scale house and scale upgrade, and mining of Livingston landfill no. 1 to provide additional refuse capacity.
- Approximately \$20.1 million in funding committed to expand fire & rescue facilities to include a proposed fire training and logistics center with design work to start in 2027; a new fire and rescue station in Massaponax, estimated to be operational in fiscal year 2027; and design work to begin in 2028 for a new fire and rescue station in the Shady Grove area.
- Major school construction projects totaling \$156.8 million including \$20.0 million for the renovation and expansion of the Spotsylvania Middle School with an estimated completion date in 2027; \$13.8 million in renovations and classroom additions at Thornburg Middle School to be completed in 2028; \$25.0 million to convert the County's Marshall Center Building into a school facility focused on special education needs; and, \$14.8 million for the expansion of the Ni River Middle School to start in 2028.
- \$45.0 million to build a Public Works facility to provide space needs for Utilities and Public Works staffing in a centralized location. Planning work is scheduled to begin in FY 2028.
- Funding committed for the Motts Water Treatment Plant expansion, rehabilitation and resiliency project of \$90.7 million, to double the capacity of the Plant to 24 MGD to meet future water demands.
- Funding committed of \$21.0 million for rehabilitation of the Ni Water Treatment Plant. Planning is scheduled to begin in FY 2028.
- Funding for the completion of the Massaponax Wastewater Treatment Plant expansion project of \$13.0 million, to increase capacity from 9.4 MGD to 13.4 MGD and allow for the decommissioning of the FMC Wastewater Treatment Plant and transition all County wastewater flow, except for the Thornburg service area, to the Massaponax plant for treatment. Project is expected to be completed in 2027.

Transportation

The FY 2026 – FY 2030 Adopted Capital Improvement Plan includes \$133.4 million in planned capital projects to address the County's ever-growing transportation needs. While the majority of the funding in the adopted CIP reflects future issuances of general obligation bonds as its funding source, it's anticipated that a portion of these funds will be replaced with future federal and state funding awards. Major transportation projects include:

- \$11.9 million in Harrison Road widening and intersection improvements; and
- \$7.8 million for rural road trench widening improvements; and
- \$46.2 million in transportation commitments for the Rt. 1 corridor of the Four-Mile Fork area to address planned growth and revitalization around the VA Clinic; and
- \$27.6 million in Tidewater Trail (Rt. 2) widening and intersection improvements.

AWARDS AND ACKNOWLEDGEMENTS



The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the County for its Annual Comprehensive Financial Report (ACFR) for the fiscal year ended June 30, 2024. This is the 30th consecutive year that the County has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report, whose contents conform to both generally accepted accounting principles and applicable program requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.



The County also received the GFOA's Distinguished Budget Presentation Award to the County for its annual budget for the fiscal year ended June 30, 2026. In order to achieve this award, the County's budget document must meet program criteria as a policy document, a financial plan, an operations guide, and as a communications device. This is the 29th award in as many years.

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

Respectfully submitted,

A handwritten signature in blue ink that reads 'Ed Petrovitch'.

Ed Petrovitch
County Administrator

A handwritten signature in blue ink that reads 'Rebecca R. Forry'.

Rebecca R. Forry
Chief Financial Officer

Spotsylvania Board of Supervisors



Chris Yakabouski
Battlefield District
Chair



Gerald Childress
Chancellor District



Drew Mullins
Courtland District



Lori Hayes
Lee Hill District
Vice-Chair



Kevin Marshall
Berkeley District



Dr. Deborah H. Frazier
Salem District

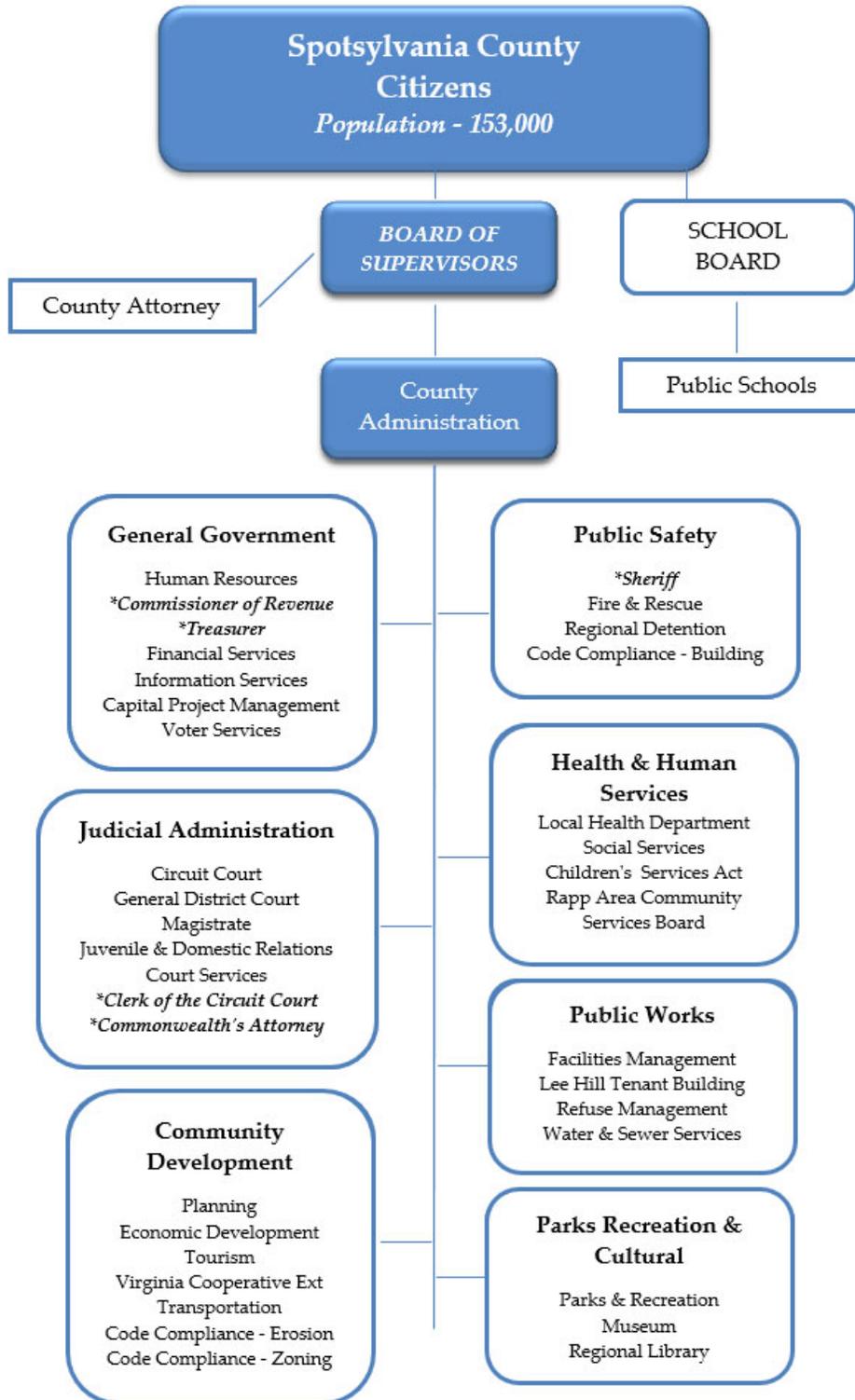


Jacob Lane
Livingston District

County Administrative & Financial Officers

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

Spotsylvania County Organizational Chart

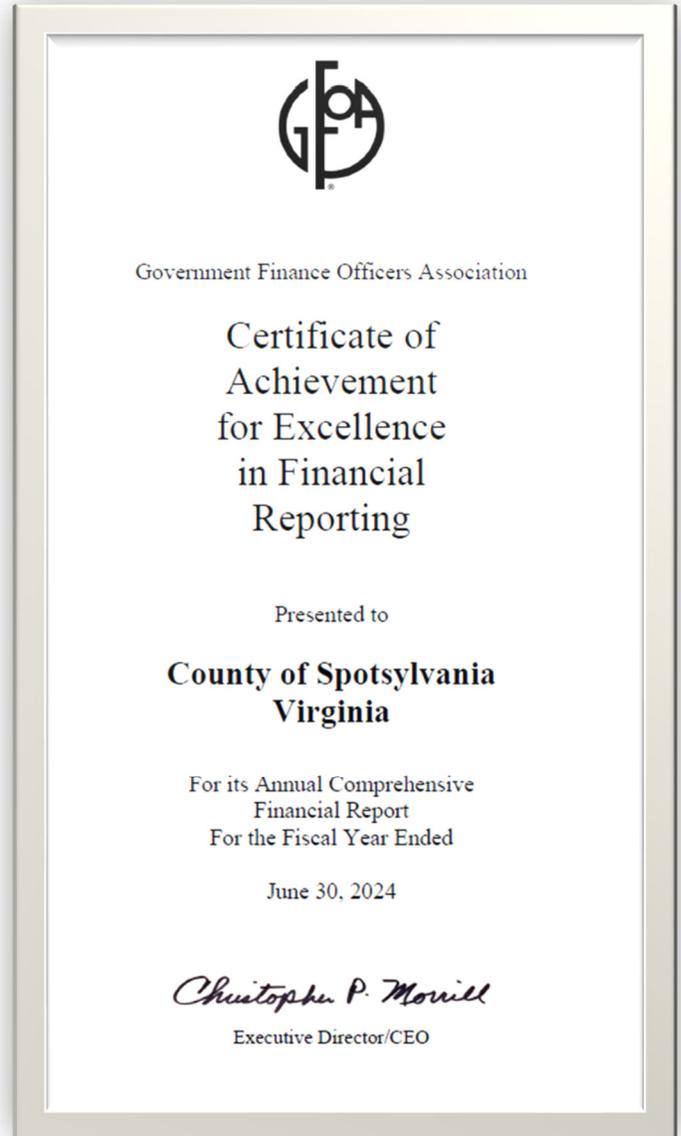


* denotes Constitutional Officer

Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, Virginia (the County), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 16, the 2024 financial statements have been restated to account for a change in accounting principle. Our opinions are not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025December 22, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Arlington, Virginia
December 22, 2025

Management's Discussion & Analysis (MD&A)

This Management's Discussion and Analysis (MD&A) provides an objective and easily understandable overview of the County's financial activities for the fiscal year ended June 30, 2025. The MD&A is intended to assist readers in assessing the County's overall financial position and results of operations by presenting both current-year results and comparisons to the prior fiscal year. This discussion focuses on the County as a whole and highlights significant financial trends, changes in financial position, and key factors affecting financial performance. The MD&A should be read in conjunction with the basic financial statements and accompanying notes that follow this section, which provide additional detail and context for the information presented.

Overview of the Financial Statements

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

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

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



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

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

GOVERNMENT-WIDE STATEMENTS

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

- *Governmental activities* – account for functions of the County that are primarily supported by taxes and intergovernmental revenues (e.g., federal and state grants). The majority of the County's basic services, such as education,

law enforcement, fire and rescue, health & welfare, general government, public works, and parks, fall under this category.

- *Business-type* activities – account for functions that are intended to recover all or a significant portion of their costs through user fees and charges. The County’s water and sewer services are included here.
- *Discretely presented component units* – account for functions of legally separate entities for which the County is financially accountable. The County has two discretely presented component units, the Spotsylvania County Public School System (School Board) and the Economic Development Authority (EDA).

FUND FINANCIAL STATEMENTS

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

- *Governmental funds* – Most of the County’s basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County’s programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information on the subsequent page of the governmental funds statement that explains the relationship between them. The following indicates some of the differences between the government-wide financial statements and the fund financial statements.
 - Capital assets used in governmental activities are not reported in governmental fund statements.
 - Long-term liabilities, unless due and payable, are not included in the fund financial statements.
 - Other long-term assets that are not available to pay for current period expenditures are deferred in the governmental fund statements but not deferred in the government-wide statements.
 - Capital outlay spending results in capital assets on the government-wide statements but is reported as expenditures in the fund financial statements.
 - Bond proceeds provide current financial resources on the fund financial statements but are recorded as long-term liabilities in the government-wide financial statements.
- *Proprietary funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, in this case, water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.
- *Fiduciary funds* – Resources held for other governments, individuals, or agencies not part of the County are reported as fiduciary funds. The County is responsible for ensuring that the assets reported are used for their intended purposes. The County’s fiduciary activities are reported in a separate statement of fiduciary net position and a statement of changes in fiduciary net position. We exclude these activities from the County’s government-wide financial statements because the County cannot use these assets to finance its operations.

Government-wide Financial Analysis

The following table presents a condensed summary of the County's net position as of June 30, 2025, and 2024, reflecting the County's overall financial position at year-end. This analysis encompasses the activities of the Primary Government and its component units, highlighting key changes between fiscal years.

The County's financial position strengthened during the year, with total net position rising \$87.7 million, or 21.8%, as revenues outpaced expenses across both governmental and business-type activities. Governmental revenues increased 6.5%, driven by property taxes and capital contributions, while business-type activities revenues grew 27.5%, largely from capital contributions. Expenses grew more modestly, with governmental activities rising 1.1% and business-type activities 3.9%.

As a result, the County's governmental activities net position increased \$25.5 million to \$36.6 million, and the business-type activities net position rose \$62.2 million to \$453.5 million, reflecting continued financial strength and growth in the County's operations. The County adopted GASB 101, *Compensated Absences*, requiring a restatement of beginning net position for fiscal year 2025. Beginning net position as of July 1, 2024, decreased for both governmental and business-type activities by \$3.0 million and \$0.3 million, respectively.

	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 536.3	\$ 488.1	\$ 166.3	\$ 200.6	\$ 702.6	\$ 688.7	\$ 129.4	\$ 120.1
Capital assets, net	183.8	163.4	571.0	435.0	754.8	598.4	383.6	\$ 358.4
Total assets	720.1	651.5	737.3	635.6	1,457.4	1,287.1	513.0	478.5
Total deferred outflows	38.3	43.2	6.1	6.6	44.4	49.8	82.6	83.9
Other liabilities	62.0	65.5	28.9	13.8	90.9	79.3	38.7	41.5
Long-term liabilities	481.3	464.0	254.3	231.5	735.6	695.5	297.9	285.5
Total liabilities	543.3	529.5	283.2	245.3	826.5	774.8	336.6	327.0
Total deferred inflows	178.5	154.1	6.7	5.6	185.2	159.7	159.7	194.0
Net position:								
Net investment in capital assets	123.6	116.1	340.5	281.3	464.1	397.4	373.5	352.1
Restricted	21.5	18.9	11.0	7.9	32.5	26.8	80.2	47.6
Unrestricted	(108.5)	(123.9)	102.0	102.1	(6.5)	(21.8)	(354.4)	(358.3)
Total net position	\$ 36.6	\$ 11.1	\$ 453.5	\$ 391.3	\$ 490.1	\$ 402.4	\$ 99.3	\$ 41.4

The Primary Government's largest component of net position is \$464.1 million invested in capital assets – such as land, buildings, equipment, and construction in progress - less related debt and deferred inflows and outflows. These assets serve County residents and are therefore not available for future spending. The County also has \$32.5 million in restricted net position, representing funds that must be used for specific purposes. This includes \$3.3 million for future debt service, \$12.2 million for capital projects, \$7.9 million for transportation, and \$9.1 million for grant programs and opioid abatement efforts. The remaining balance shows a net deficit of \$6.5 million, largely due to \$204.4 million in remaining bond obligations issued by the County to fund the School Board's capital improvement program. While the County holds the debt, the assets purchased or constructed with these funds are reported under the component unit School Board.

Component Units

The net position of the component units consists of the School Board's net investment in capital assets totaling \$373.5 million, and \$80.2 million in restricted funds, including \$48.6 million for capital projects, \$29.5 million for student programs, and \$2.1 million in net pension assets. The unrestricted net position includes \$1.5 million, primarily from land held as an investment with the EDA, and a School Board deficit of \$355.9 million, largely due to net postemployment liabilities.

Changes in Net Position

The following table summarizes the changes in net position for the primary government and its component units for the fiscal years ended June 30, 2025, and 2024:

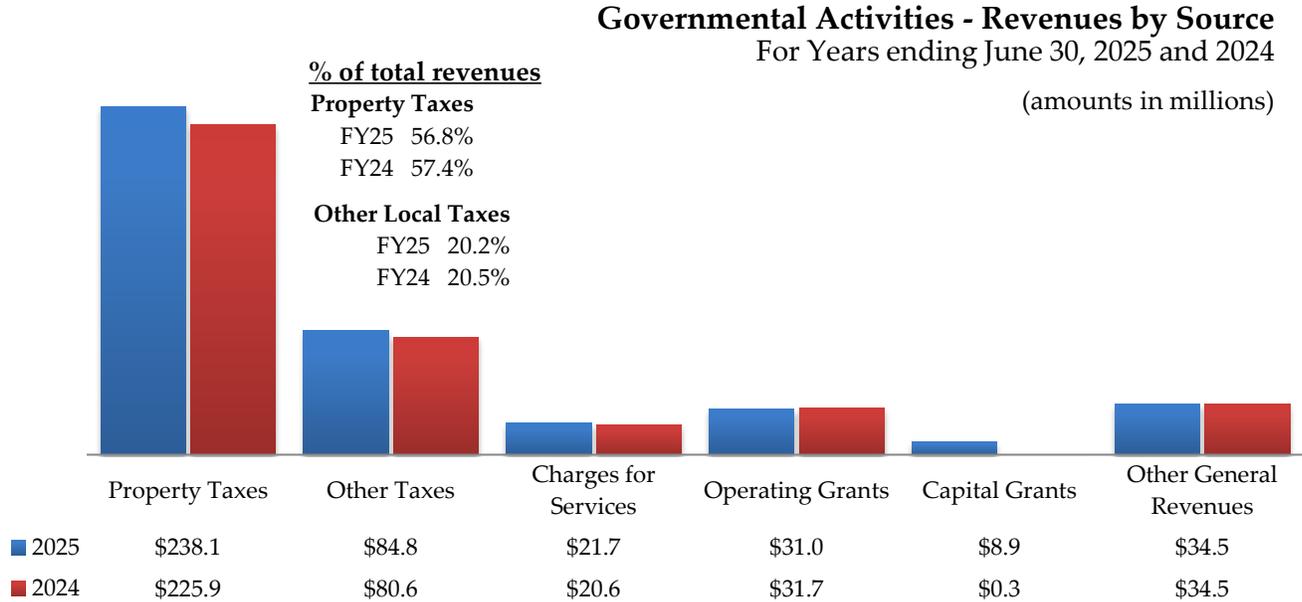
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2025	2024	2025	2024	2025	2024	2025	2024
Revenues								
Program Revenues:								
Charges for services	\$ 21.7	\$ 20.6	\$ 52.5	\$ 47.9	\$ 74.2	\$ 68.5	\$ 2.7	\$ 3.1
Operating grants and contributions	31.0	31.7	-	-	31.0	31.7	256.6	238.4
Capital grants and contributions	8.9	0.3	54.5	33.3	63.4	33.6	5.9	9.2
General Revenues:								
General property taxes	238.1	225.9	-	-	238.1	225.9	-	-
Other taxes	84.8	80.6	-	-	84.8	80.6	-	-
Payments from Primary Government	-	-	-	-	-	-	163.2	169.0
Other general revenues	34.5	34.5	8.3	9.2	42.8	43.7	5.4	5.5
Total Revenues	419.0	393.6	115.3	90.4	534.3	484.0	433.8	425.2
Expenses								
General government	26.5	27.3	-	-	26.5	27.3	-	-
Judicial administration	13.2	13.8	-	-	13.2	13.8	-	-
Public safety	100.5	94.6	-	-	100.5	94.6	-	-
Public works	16.1	15.8	-	-	16.1	15.8	-	-
Health and welfare	32.5	30.6	-	-	32.5	30.6	-	-
Education	162.1	166.0	-	-	162.1	166.0	356.8	338.2
Parks and recreation	10.3	9.9	-	-	10.3	9.9	-	-
Community development	17.3	17.6	-	-	17.3	17.6	1.3	3.2
Water and sewer ⁽¹⁾	-	-	52.8	50.8	52.8	50.8	-	-
Interest on long-term debt	12.0	10.5	-	-	12.0	10.5	-	-
Total Expenses	390.5	386.1	52.8	50.8	443.3	436.9	358.1	341.4
Excess before transfers	28.5	7.5	62.5	39.6	91.0	47.1	75.7	83.8
Transfers	-	-	-	-	-	-	-	-
Increase(decrease) in net position	28.5	7.5	62.5	39.6	91.0	47.1	75.7	83.8
Net position - beginning, unadjusted	11.1	3.6	391.3	351.7	402.4	355.3	41.4	(42.4)
Net effect of change in accounting principle	(3.0)	-	(0.3)	-	(3.3)	-	(17.8)	-
Net position - beginning	8.1	3.6	391.0	351.7	399.1	355.3	23.6	(42.4)
Net position - ending	\$ 36.6	\$ 11.1	\$ 453.5	\$ 391.3	\$ 490.1	\$ 402.4	\$ 99.3	\$ 41.4

(1) Water and sewer includes interest on long-term debt, as reflected in Statement of Activities.

GOVERNMENTAL ACTIVITIES

Revenues

Revenues from governmental activities for fiscal year 2025 totaled \$419.0 million, an increase of \$25.4 million or 6.5% from the previous year.



General revenues, consisting primarily of property taxes, other local taxes, and other general revenues, increased \$16.4 million, or 4.8%, from the prior fiscal year.

Property tax revenues, the County’s primary source of revenue, increased \$12.2 million, or 5.4%. The increase was attributable to growth in the real property tax base from new construction, which contributed a 2.4% increase in assessed value, and the full-year effect of the calendar year 2024 real estate tax rate increase of \$0.0686 per \$100 of assessed value above the calendar year 2023 equalized tax rate.

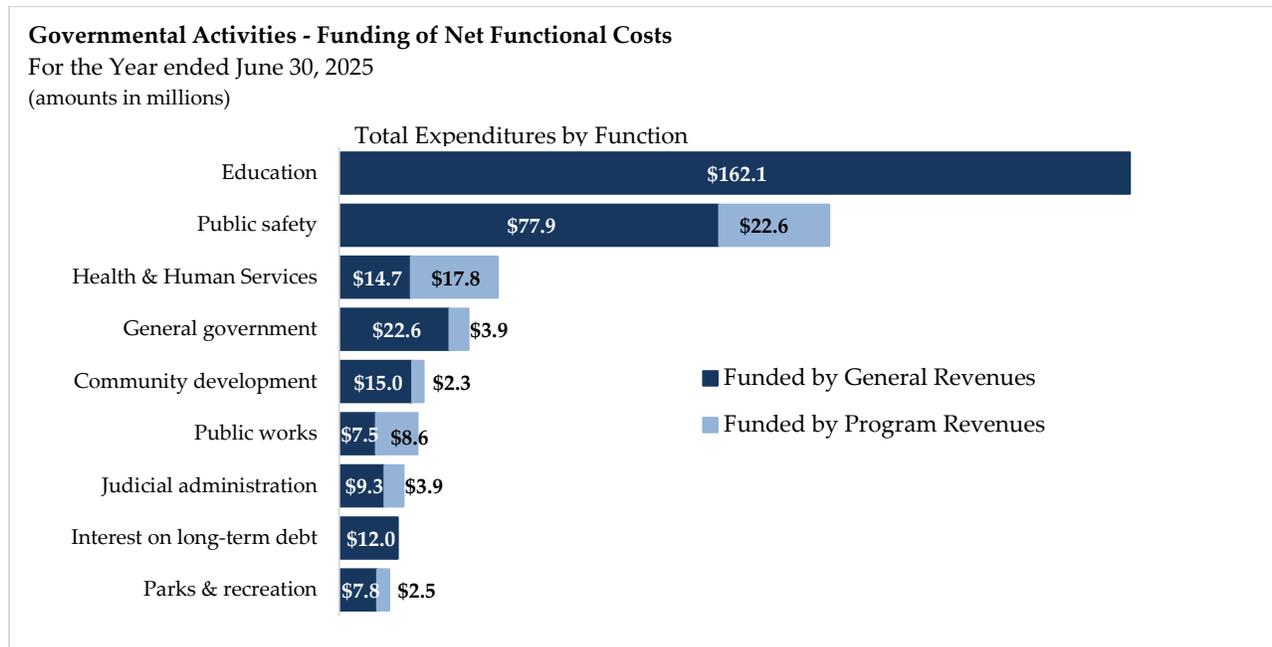
Other local tax revenues, which include sales, meals, lodging, and other activity-based taxes, increased \$4.2 million, or 5.2%, compared to the prior year. Meals tax revenues increased \$1.8 million, or 9.3%, reflecting estimated year-over-year increases in meal prices in the greater Fredericksburg area of approximately 3.8%, along with the first full fiscal year impact of the County’s 1.5% meals tax rate increase effective October 1, 2023. Sales tax revenues increased \$1.1 million, or 3.5%, while business license tax revenues increased \$0.7 million, or 9.8%, consistent with continued economic activity. Recordation tax revenues increased \$0.3 million, or 10.5%, and represented the fastest-growing tax category for the year, reflecting refinancing opportunities associated with moderating 30-year fixed mortgage interest rates.

Program revenues, which include charges for services, operating grants and contributions, and capital grants and contributions, increased \$9.0 million, or 17.1%, compared to the prior year. Charges for services increased \$1.1 million, or 5.3%, primarily due to \$2.1 million in new tenant revenues associated with the County’s acquisition of the Lee Hill Building in October 2024. Upon acquisition, the County assumed existing tenant lease agreements and allocated remaining available space to support current and anticipated County operational needs. This increase was partially offset by a \$1.6 million decrease in building permit revenues, primarily attributable to a non-recurring large-

scale development project in the prior year for the Kalahari Resort and Convention Center. Capital grants and contributions, which are inherently cyclical and non-recurring in nature, increased \$8.6 million during fiscal year 2025. The majority of this increase reflects \$7.6 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) used to cash-fund various County capital projects.

Expenses

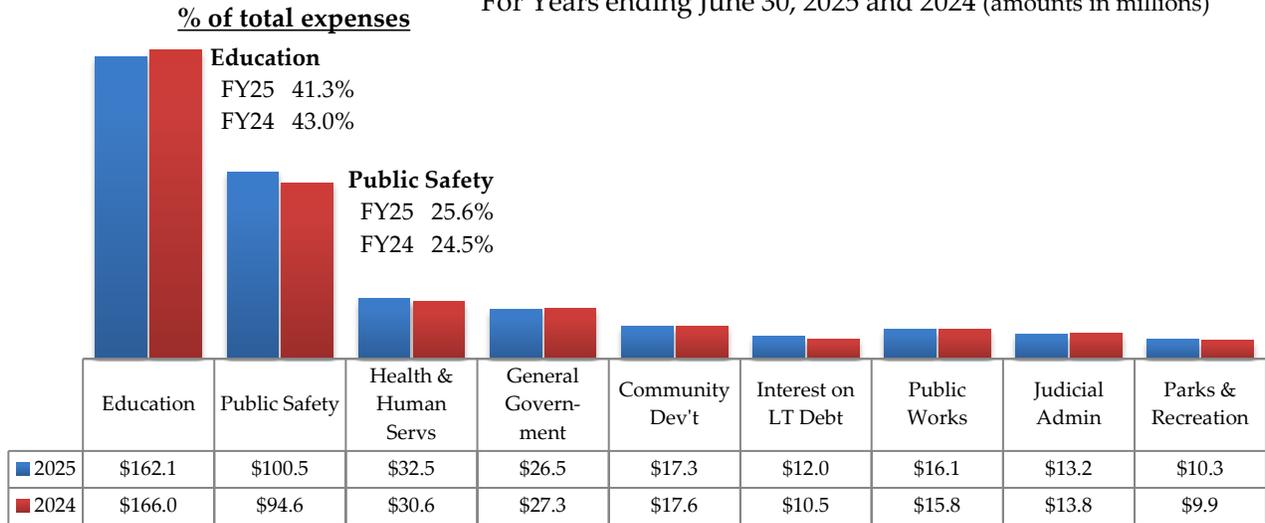
Expenses for governmental activities totaled \$390.5 million in fiscal year 2025. Program-specific revenues funded \$61.6 million of these costs, resulting in a net functional cost of \$328.9 million that was financed through general revenues, including taxes, interest earnings, and unrestricted aid from the Commonwealth. The chart below illustrates total expenses by function, distinguishing the portion covered by program-specific revenues (shown in light blue) from the portion funded by general revenues (shown in dark blue).



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Governmental Activities - Expenses by Function

For Years ending June 30, 2025 and 2024 (amounts in millions)



Total expenses for governmental activities in fiscal year 2025 increased by \$4.4 million, or 1.1%, compared to the prior fiscal year. Key factors that contributed to this change include:

- **Personnel-related costs increased by \$9.5 million**, primarily reflecting a 3% cost-of-living adjustment for all employees, step increases for public safety employees, and a 2.0% performance merit increase for full-time and part-time employees not on the public safety pay scale.
- **Pension expense decreased by \$1.3 million**, driven mainly by continued strong investment performance, which more than offset the effects of salary growth and cost-of-living adjustments.
- **Other postemployment benefit (OPEB) expense declined \$1.3 million**, due to an increase in the discount rate from 3.93% in FY2024 to 5.20% in FY2025, based on the Bond Buyer 20-Year General Obligation Bond Index at the measurement date.
- **Interest on long-term debt increased \$1.5 million**, or 14.3%, largely attributable to new debt issued in FY2025 to finance school capital projects.
- **Education expenses decreased \$3.9 million**, after required GAAP adjustments for long-term debt. Although transfers to the School Board increased \$7.5 million to \$156.8 million to support school operating costs, GAAP requires the County to adjust education expense for debt issued on behalf of the schools. This adjustment increases education expense for newly issued debt and reduces expense for current-year debt service payments. The combined effect of lower new debt issuance and higher debt service resulted in an \$11.4 million net reduction to the expected increase in education expense.

	<u>2025</u>	<u>2024</u>	<u>YOY Change</u>
Payments from the Primay Government (County) for school operating expenditures prior to the following adjustments	\$ 156,768,780	\$ 149,285,907	\$ 7,482,873
GAAP required adjustments for debt issued on behalf of the Schools:			
General obligation (GO) bonds issued in the current year	36,502,628	45,300,528	(8,797,900)
GO debt service paid in the current year	(31,176,631)	(28,624,129)	(2,552,502)
Reported school operating expense of the Primary Government:	<u>\$ 162,094,777</u>	<u>\$ 165,962,306</u>	<u>\$ (3,867,529)</u>

BUSINESS-TYPE ACTIVITIES

Net position related to the County's business-type activities increased by \$62.2 million, or 15.9%. Total revenues increased by \$24.9 million, or 27.5%, from a combination of increased user rates and capital contributions to fund large-scale infrastructure projects. Additional information on these increases is below.

- **Water and sewer user fees increased \$4.6 million, or 9.6%**, from new connections and planned rate increases.
- **Capital grants and contributions increased \$21.2 million, or 63.7%**, reflecting \$9.4 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) funding for the expansion of the Motts Water Treatment Plant, \$3.9 million in increased contributions from the City of Fredericksburg for its share of capital costs related to improvements and expansion of the Motts Water Treatment Plant and associated infrastructure, and \$7.7 million to fully fund required infrastructure supporting new Amazon data centers under development in the County.

Total expenses in fiscal year 2025 increased by \$2.0 million, or 3.9%, compared to the prior fiscal year. Key factors that contributed to this change include:

- **Personnel-related costs increased by \$1.1 million**, primarily reflecting a 3.0% cost-of-living adjustment for all employees and a 2% performance merit increase for both full-time and part-time staff.
- **Pension expense decreased by \$0.2 million**, driven mainly by continued strong investment performance, which more than offset the effects of salary growth and cost-of-living adjustments.
- **Other postemployment benefit (OPEB) expense declined \$0.2 million**, due to an increase in the discount rate from 3.93% in FY2024 to 5.20% in FY2025, based on the Bond Buyer 20-Year General Obligation Bond Index at the measurement date.
- **Total operating costs, excluding personnel and related benefits, increased \$1.1 million, or 3.9%**, primarily from increased contractual services.
- **Interest on long-term debt increased \$0.3 million, or 3.7%**, largely attributable to new debt issued in FY2025 to fund capital projects.

COMPONENT UNITS

School Board

For fiscal year 2025, the School Board reported an increase in net position of \$57.9 million. Total revenues increased by \$10.6 million, or 2.5%, primarily due to growth in operating grants and contributions, which rose to \$18.2 million, or 7.6%. This increase was largely attributable to \$13.0 million in additional State Basic Aid to support a 3.0% cost-of-living adjustment (COLA) and \$11.5 million in new State "At-Risk" funding. These revenue increases were partially offset by a \$2.8 million decrease in federal funding related to the final spend-down of ESSER funds and a \$6.7 million reduction in State construction funding, which represented one-time funding received in fiscal year 2024.

Total expenses increased by \$18.6 million, or 5.5%, reflecting higher personnel, operational, and instructional costs. Instructional expenses increased by \$10.0 million, driven by COLA and step increases for teachers and support staff, as well as the expansion of "At-Risk" programs. Facilities and maintenance costs rose \$3.8 million due to COLA and merit increases for staff, continued inflationary pressures associated with maintaining aging school facilities, and

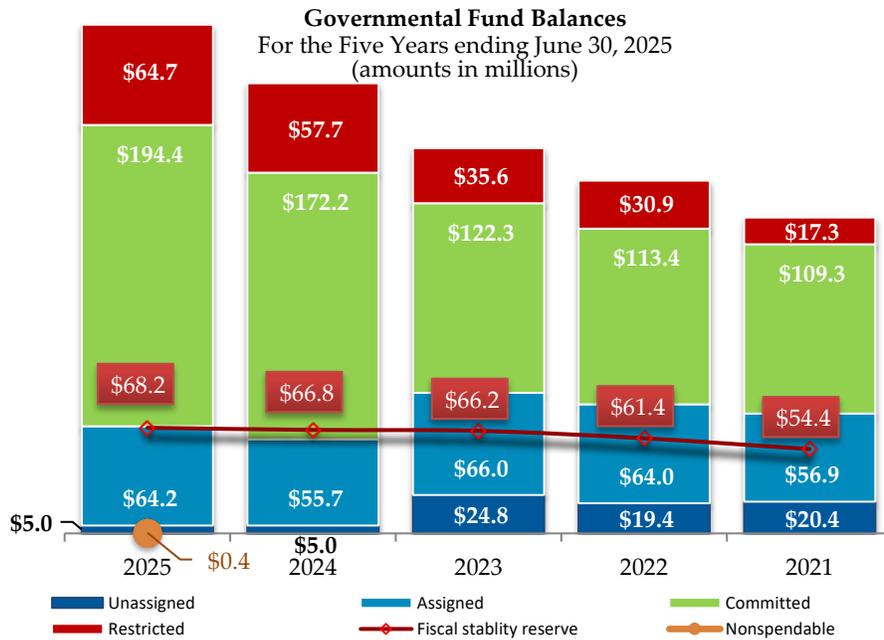
higher utility costs. Educational technology expenses increased by \$3.9 million, primarily for new curriculum software, annual increases in existing software maintenance contracts, and classroom hardware replacements. These technology investments included upgrades to intercom and communication systems, security enhancements, and visual projection and whiteboard systems.

Economic Development Authority

Payments from the Primary Government (County) to the Economic Development Authority to fund related capital expenditures decreased by \$1.9 million during the current fiscal year. This reduction reflects the completion of transportation improvements, including the construction of an entrance and turn lanes, for the new Veterans Affairs (VA) Health Care Clinic.

Financial Analysis of Governmental Funds

At year-end, combined governmental fund balances totaled \$328.7 million, an increase of \$38.0 million, or 13.1%, from the prior year. Because available fund balance is a key indicator of the County’s overall financial health, the Board has adopted fiscal policies that establish minimum required balances and govern allowable uses. Additional information on these requirements is provided in Section 1.15 of the Notes to the Financial Statements. The following chart presents combined governmental fund balances at each year-end, categorized from the highest level of constraint (Restricted) to the lowest level of constraint (Unassigned). Further detail for each classification is included in Note 8 to the Notes to the Financial Statements.



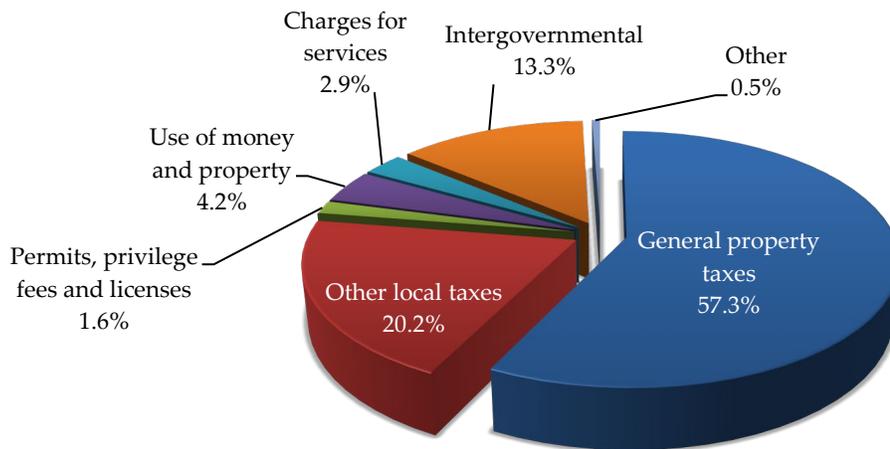
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

- **Non-spendable** fund balance of \$368,923 represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

- **Restricted** fund balance increased 12.1% to \$64.7 million, primarily due to higher unexpended bond proceeds. Bond proceeds represent money legally obligated through bond covenants for specific capital projects such as school facilities or roads.
- **Committed** fund balance increased \$22.2 million, or 12.9%, to \$194.4 million. These amounts are established by resolution of the Board and may be modified only through similar Board action. Major commitments in fiscal year 2025 include \$72.2 million in fiscal stability reserves, \$45.6 million in health insurance reserves (including \$21.7 million related to OPEB), and \$53.2 million in locally funded cash reserves for future capital projects.
- **Assigned** fund balance increased 15.3% to \$64.2 million. Assigned balances represent amounts intended for specific purposes and are generally temporary in nature. Major assignments include \$25.2 million for fiscal year 2025 carryover and anticipated fiscal year 2026 use of fund balance, as well as \$27.5 million designated for future cash funding of capital projects.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. In FY 2024, all available unassigned funds above the County’s Budget Stabilization Reserve of \$5.0 million were transferred to assigned fund balance for the future cash funding of capital projects.

Governmental Fund Revenues

Total governmental fund revenues increased by \$26.5 million in fiscal year 2025. General property and other local taxes remained the County’s primary revenue sources, accounting for 77.5% of total revenues, and increased by a combined \$18.5 million, or 6.0%. Other revenues—including permits, investment earnings, charges for services, and intergovernmental revenues—increased \$8.0 million, or 9.3%.



**Governmental Funds- Revenue Sources
For the Year ended June 30, 2025**

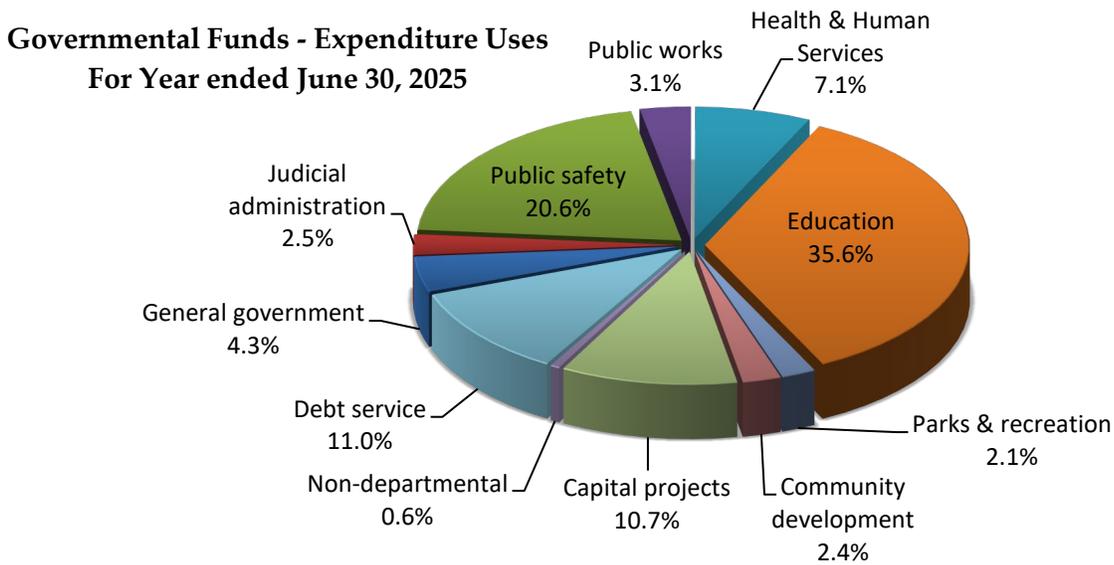
Property tax revenues increased \$14.3 million, or 6.3%, reflecting continued growth in the real property tax base and the full-year impact of the calendar year 2024 real estate tax rate increase of \$0.0686 per \$100 of assessed value above the calendar year 2023 equalized tax rate. New construction contributed a 2.4% increase in assessed value during the year.

Other local tax revenues—including sales, meals, lodging, and other activity-based taxes—increased \$4.2 million, or 5.2%, compared to the prior year. Meals tax revenues increased \$1.8 million, or 9.3%, reflecting estimated year-over-year meal price increases of approximately 3.8% in the greater Fredericksburg area, along with the first full fiscal year impact of the County’s 1.5% meals tax rate increase effective October 1, 2023. Sales tax revenues increased \$0.9 million, or 3.0%, while business license tax revenues rose \$0.8 million, or 11.0%, consistent with ongoing economic growth. Recordation tax revenues increased \$0.3 million, or 10.5%, representing the fastest-growing tax category for the year, driven in part by refinancing activity associated with moderating 30-year fixed mortgage interest rates.

Other revenues increased \$8.0 million, or 9.3%, primarily due to higher intergovernmental revenues and increased use of money and property, partially offset by lower permit-related revenues. Intergovernmental revenues increased \$6.7 million, or 13.7%, reflecting the recognition of \$7.6 million in Coronavirus State and Local Fiscal Recovery Funds (SLFRF) used to cash-fund various County capital projects. Use of money and property increased \$1.6 million, or 10.1%, largely due to \$2.1 million in new tenant revenues associated with the County’s acquisition of the Lee Hill Building in October 2024, which included the assumption of existing lease agreements and the use of available space to support County operations. This increase was partially offset by lower investment returns. Permits, privilege fees, and licenses decreased \$1.8 million compared to the prior year, primarily due to the absence of a nonrecurring large-scale development project related to the Kalahari Resort and Convention Center that occurred in fiscal year 2024.

Governmental Fund Expenditures

Total governmental fund expenditures equaled \$456.0 million, an increase of \$38.8 million, or 9.3%. The County’s governmental fund expenditures in fiscal year 2025 were concentrated in three primary areas. **Education** represented the largest use of funds at **35.6%**, reflecting the County’s continued commitment to supporting public schools and related instructional services. **Public safety** accounted for **20.6%** of total expenditures, underscoring investments in law enforcement, fire and rescue, and emergency response services. **Debt service**, at **11.0%**, was the third-largest expenditure, reflecting the County’s ongoing obligations to repay principal and interest on outstanding debt used to finance long-term capital needs.



- **Personnel-related costs increased by \$9.5 million**, primarily reflecting a 3% cost-of-living adjustment for all employees, step increases for public safety employees, and a 2.0% performance merit increase for full-time and part-time employees not on the public safety pay scale.
- **Capital project costs increased by \$26.9 million**, to fund the purchase of a new office building of \$17.7 million, \$5.8 million in additional spending for continued work on the construction of new fire & rescue stations, \$3.8 million in additional vehicle replacements, and a \$0.9 million reduction in transportation project spending.
- **Debt service on long-term debt increased \$4.4 million**, or 9.6%, primarily due to new debt issuances. Of this increase, \$2.6 million is attributed to the Schools, \$0.8 million is related to facility improvements, \$0.3 million for public safety needs, and \$0.7 million for transportation improvements.

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

Over the course of the year, the Board revised the County budget several times. Most of these adjustments consisted of a reallocation of funds between funding sources and departments, except for the following amendments:

- The “carryover” of obligated or approved fiscal year 2024 funding not yet expended by the County and Schools of \$8.9 million was approved and appropriated to education (\$4.5 million), public safety (\$3.4 million), and \$1.1 million spread over the remaining functions.

FINAL BUDGET TO ACTUAL

As of June 30, the County’s General Fund reported a positive budget variance of \$36.6 million, consisting of \$15.2 million in additional total revenues, \$19.0 million in unexpended budgeted expenditures, and \$2.4 million in unexpended other financing uses. The most notable variances are as follows:

Revenues:

- General property taxes reported a positive variance of \$2.1 million, driven by growth in public service corporation assessments on public utility companies.
- Other local taxes exceeded budget by \$3.7 million, reflecting collections above conservative estimates. Notable contributors included \$1.6 million in business license tax on gross receipts, \$0.5 million on recordation taxes from an increased volume in mortgage refinancings, and \$0.7 million in meals tax revenues.
- Revenue from the use of money and property exceeded budget by \$9.3 million, primarily due to higher realized investment earnings from a larger balance of invested funds and sustained higher market interest rates. Historically, the County has budgeted conservatively for investment returns given their volatility.

Expenditures:

Total current expenditures were \$19.0 million below the amended budget, primarily due to the following factors:

- \$4.9 million in personnel savings, largely attributable to vacant positions.
- \$4.3 million in budgeted funds obligated in FY 2025 but not yet expended, with the majority related to public safety initiatives.

- \$2.9 million in underspending across program and operating costs, including \$1.3 million in unspent Social Services and Children’s Services Act program expenditures and \$1.6 million in budgeted but unexpended professional services, travel and training, and equipment and fuel costs.
- \$3.5 million in savings in the local education transfer to the School Board, reflecting vacancy savings and strategic withholding or freezing of funds to mitigate potential reductions in federal funding.

Additional information on the County’s General Fund budget compliance can be found in Schedule 1, *Budgetary Comparison Schedule – General Fund*.

Capital Assets and Debt Administration

CAPITAL ASSETS

County capital assets include land, buildings, furniture, equipment and vehicles, and water and sewer infrastructure used in operations, as well as construction in progress and software under development. Construction in progress and software under development represent costs incurred on ongoing projects until the assets are placed into service, at which time the accumulated costs are reclassified to the appropriate capital asset category based on the nature of the asset.

The County’s investment in capital assets for its governmental and business-type activities increased to \$754.8 million (net of accumulated depreciation) as of June 30, 2025, representing a 26.1% increase from the prior year, as shown in the table below.

Capital Assets

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2025	2024		
Land & land improvements	\$ 16.2	\$ 10.6	\$ 26.8	\$ 26.4	0.4	1.5%
Land improvements, depreciable	16.9	1.4	18.3	20.0	(1.7)	-8.5%
Buildings & improvements	86.8	75.0	161.8	150.5	11.3	7.5%
Right-to-use buildings & improvements	0.1	-	0.1	0.2	(0.1)	-50.0%
Furniture, equipment, software & vehicles	45.3	15.1	60.4	58.0	2.4	4.1%
Right-to-use furn, equip, software & vehicles	4.5	0.9	5.4	9.9	(4.5)	-45.5%
Water & sewer systems	-	218.2	218.2	209.7	8.5	4.1%
Construction in progress	13.7	249.8	263.5	123.7	139.8	113.0%
Right-to-use software in development	0.3	-	0.3	-	0.3	100.0%
Total capital assets	\$ 183.8	\$ 571.0	\$ 754.8	\$ 598.4	156.1	26.1%

Major capital asset activities for fiscal year 2025 included the following:

Governmental Activities:

- Acquisition of a new office building at a cost of \$17.7 million.
- \$1.8 million invested in new and replacement fire and rescue vehicles and large apparatus, supporting emergency response operations.
- \$7.7 million in continued construction activity on a new fire and rescue station to replace an end-of-life facility.
- Replacement of 30 vehicles, primarily patrol vehicles that had reached the end of their useful life, totaling \$1.4 million.
- Replacement of four heavy-duty vehicles to support refuse collection and disposal operations, totaling \$1.1 million.

Business-type Activities:

- Ownership of various new water and sewer transmission lines, valued at approximately \$12.2 million, was transferred to the County as a result of planned growth in commercial and residential development.
- Construction work continues on the Thornburg wastewater treatment plant upgrade (WWTP). The project will replace the existing Thornburg WWTP with a new facility that will be more efficient and meet increased wastewater processing demands without expanding the facility's footprint. Fiscal year 2025 costs were \$3.1 million for a total capital outlay to date of \$27.3 million. The facility is expected to be operational in July 2025.
- Work on the Massaponax WWTP expansion continues, expending \$23.3 million in the current fiscal year, bringing the project to date costs to \$90.1 million in construction in progress. The project will expand the facility to treat all County wastewater flow, except for the Thornburg service area, allowing for the decommissioning of the FMC WWTP. The facility is expected to be operational in April 2026.
- Construction of wastewater conveyance infrastructure, including two new sanitary sewer pump stations and a common sanitary sewer forcemain, which will be installed along the Route 2 corridor. The new infrastructure will transfer wastewater from the County's FMC Wastewater Treatment Plant (WWTP) to the newly expanded Massaponax WWTP. FMC WWTP is an aging facility that will be decommissioned and closed in order to treat the County's wastewater efficiently at the Massaponax WWTP. The facility is expected to be completed in April 2026. Total construction in progress to date is \$36.0 million.
- Construction work continues for the rehabilitation, resiliency, and expansion of the Motts Water Treatment Plant. The project will double the current capacity from 12 million gallons per day (MGD) to 24 MGD to meet future water demands. Fiscal year 2025 costs incurred were \$26.3 million for total project costs to date are \$38.9 million. The facility is expected to be operational in April 2027.

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

DEBT ADMINISTRATION

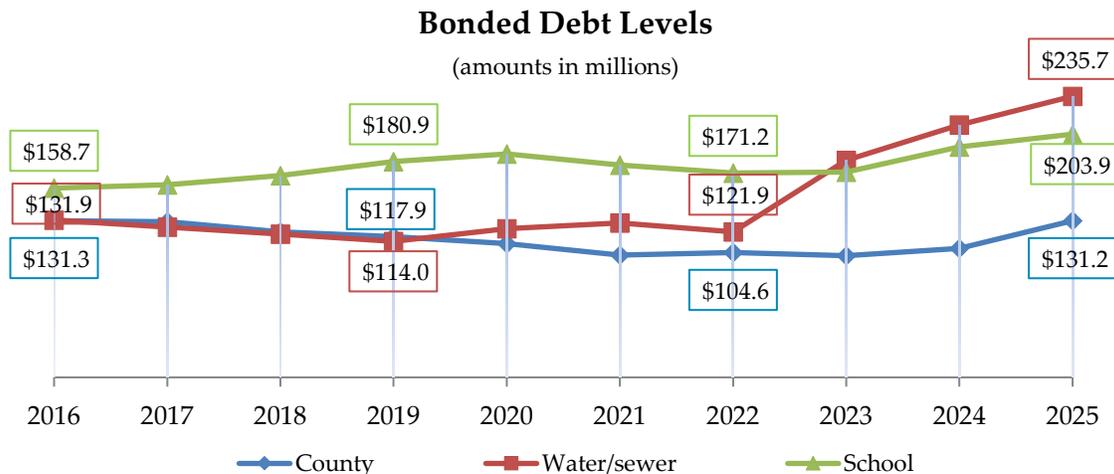
At year-end, the County had \$570.8 million in outstanding general obligation and revenue bonds, compared to \$513.0 million in the prior year, representing an increase of \$57.8 million, or 11.3%. During the fiscal year, the County issued \$25.7 million in Public Facility Revenue Bonds through the Economic Development Authority to finance the acquisition of a new government building and the rehabilitation of an existing County facility. In addition, in November 2024, the County issued \$31.8 million in Water and Sewer Revenue Bonds to support the ongoing expansion and rehabilitation of the County’s water and sewer infrastructure.

Outstanding Bonds & Related Unamortized Premiums

(amounts in millions)

	Primary Government		% Change
	2025	2024	
Governmental activities:			
General obligation bonds - County	\$ 88.0	\$ 89.4	-1.6%
General obligation bonds - School Board	158.5	144.4	9.8%
Public facility revenue bonds - County	30.3	5.4	461.1%
Public facility revenue bonds - School Board	22.8	27.1	-15.9%
Unamortized premiums on all bonds	35.5	35.1	1.1%
Total governmental activities debt:	335.1	301.4	11.2%
Water & Sewer revenue & refunding bonds	217.6	193.6	12.4%
Unamortized premiums	18.1	18.0	0.6%
Total business-type activities debt:	235.7	211.6	11.4%
Total outstanding bonds:	\$ 570.8	\$ 513.0	11.3%

Bonded debt outstanding for the current year and the preceding nine years, by category, is presented in the following chart. Over the past several years, water and sewer debt levels have increased above historical trends, primarily due to two large-scale capital projects focused on rehabilitation, redundancy, and system expansion at the County’s water and sewer treatment facilities. This elevated level of borrowing is not expected to continue, as these projects are anticipated to be substantially completed within the next two years.



The County's general obligation bonds continue to carry a AAA rating—the highest possible rating—from all three national rating agencies: Fitch, Moody's, and Standard & Poor's. This rating reflects the County's strong financial management practices and its demonstrated ability to meet debt obligations during periods of economic downturn or fiscal stress.

Additional information regarding the County's bonded debt and other long-term liabilities can be found in Note 9 to the financial statements.

Economic Factors and Next Year's Budget

While the economy has demonstrated continued resilience, the County maintains a cautious outlook. The following key economic indicators were considered in developing the FY 2026 Adopted Budget.

- **Inflation:** The Personal Consumption Expenditures (PCE) Price Index, and the Core PCE, continue to remain elevated. Calendar year 2025 projections are rising but are still projected to moderate to 2.4% in 2026 and 2.1% in 2027.
- **Labor Market:** Labor market conditions remain stable but have softened as anticipated. The County's unemployment rate continues to be lower than both the national and state averages. As a Virginia locality within close proximity to the Washington, D.C. metropolitan area, the County continues to monitor federal workforce trends and their potential regional impacts.
- **Federal Funds Rate:** The federal funds rate is projected at 3.6% for FY 2026 and 3.4% in 2027. However, ongoing economic and political uncertainties could place upward or downward pressure on future interest rate movements.
- **Vehicle Market:** Prices for new and used vehicles remain volatile. While inventory levels have improved, market conditions remain influenced by uncertainty related to potential tariff impacts.

The adopted FY 2026 General Fund budget totals \$416.6 million, representing an increase of \$27.4 million, or 7.0%, over the FY 2025 adopted budget. Of this increase, 56.0% is allocated to the School Division, 5.0% to regional agencies, and the remaining 39.0% supports County operations. Key highlights of the FY 2026 Adopted General Fund Budget include:

School Division Funding: A \$15.3 million, or 9.9%, increase in local funding for the School Division, representing the highest local transfer to Schools in the past decade, to support:

- \$3.6 million in net new school debt service;
- \$11.7 million for employee compensation adjustments;
- 15 new low-incidence special education teachers to meet state mandates; and
- 31 new paraeducators to support special education programs.

County Workforce and Public Safety Investments: Funding to strengthen employee compensation and public safety staffing, including:

- A 3.0% cost-of-living adjustment for all employees;
- A 2.0% merit increase for eligible employees;
- Step increases for employees on the public safety pay scale;

- Adjustments to the Sheriff's public safety pay scale to remain competitive with neighboring localities; and
- Staffing additions of 10 firefighters (half-year funding), 1 Assistant Commonwealth's Attorney, 1 Victim Witness Advocate, and 5 Social Services eligibility workers.

Regional Agency Support: Increased County contributions, including:

- \$466,525 for the Regional Library; and
- \$775,098 for the Regional Jail and Juvenile Detention Center.

Transportation Funding: An additional \$738,043 transfer to the Transportation Fund to support commitments related to the VA Health Care Center.

Request for Information

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



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BASIC FINANCIAL STATEMENTS

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position

June 30, 2025

Exhibit I	Primary Government			Component Unit	
	Governmental Activities	Business-type Activities	Total	School Board	Economic Development Authority
ASSETS					
Cash and investments - pooled equity (Note 2)	\$ 306,205,945	\$ 95,264,746	\$ 401,470,691	\$ 29,999,696	\$ 713,145
Receivables, net (Note 3.01)	159,319,955	25,537,872	184,857,827	14,381,953	-
Lease Receivable (Note 3.02)	16,663,010	1,265,586	17,928,596	-	-
Prepaid items	1,289,690	107,827	1,397,517	1,846,148	-
Inventory	-	1,126,969	1,126,969	629,648	-
Due from primary government (Note 6)	-	-	-	17,868,736	-
Restricted cash and investments (Note 2)	52,817,237	43,020,346	95,837,583	60,590,891	-
Land held as investment	-	-	-	-	1,292,099
Capital assets, net (Note 4):					
Non-depreciable assets	30,156,790	260,419,769	290,576,559	64,814,914	-
Depreciable assets	153,629,643	310,616,399	464,246,042	318,765,010	-
Net pension assets (Note 7.05)	-	-	-	2,079,139	-
Total assets	\$ 720,082,270	\$ 737,359,514	\$ 1,457,441,784	\$ 510,976,135	\$ 2,005,244
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding	\$ -	\$ 1,060,316	\$ 1,060,316	\$ -	\$ -
Pension contributions (Note 7.05)	10,539,063	1,393,598	11,932,661	25,670,490	-
Pension actuarial differences (Note 7.05)	7,926,984	987,334	8,914,318	29,828,289	-
OPEB contributions (Note 7.06)	367,902	56,913	424,815	9,810,062	-
OPEB actuarial differences (Note 7.06)	19,468,458	2,592,371	22,060,829	17,285,499	-
Total deferred outflows of resources	\$ 38,302,407	\$ 6,090,532	\$ 44,392,939	\$ 82,594,340	\$ -
LIABILITIES					
Accounts payable	\$ 4,517,653	\$ 18,359,442	\$ 22,877,095	\$ 10,231,107	\$ 191,236
Retainage payable	400,227	7,931,145	8,331,372	2,625,962	-
Accrued salaries and benefits	2,129,145	252,021	2,381,166	21,327,946	-
Accrued interest	5,165,098	799,066	5,964,164	-	-
Other accrued liabilities	4,806,748	1,376,526	6,183,274	203,502	306,278
Unearned revenue	7,306,690	-	7,306,690	3,823,001	-
Due to component unit (Note 6)	17,868,736	-	17,868,736	-	-
Deposits	19,779,450	144,253	19,923,703	-	-
Noncurrent liabilities (Note 7):					
Due within one year	51,595,289	10,877,015	62,472,304	18,625,817	-
Due in more than one year	429,729,333	243,439,094	673,168,427	279,256,241	-
Total liabilities	\$ 543,298,369	\$ 283,178,562	\$ 826,476,931	\$ 336,093,576	\$ 497,514
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ 113,106,570	\$ -	\$ 113,106,570	\$ -	\$ -
Special assessments	110,182	-	110,182	-	-
Leases	16,294,087	1,174,422	17,468,509	-	-
Debt refunding	618,240	-	618,240	-	-
Pension actuarial differences (Note 7.05)	9,107,620	959,800	10,067,420	25,635,237	-
OPEB actuarial differences (Note 7.06)	39,289,997	4,595,641	43,885,638	134,038,039	-
Total deferred inflows of resources	\$ 178,526,696	\$ 6,729,863	\$ 185,256,559	\$ 159,673,276	\$ -
NET POSITION					
Net investment in capital assets	\$ 123,558,884	\$ 340,484,752	\$ 464,043,636	\$ 373,477,170	\$ -
Restricted for:					
Grant programs	5,835,122	-	5,835,122	-	-
Debt service	-	3,261,860	3,261,860	-	-
Transportation	7,873,075	-	7,873,075	-	-
Opioid abatement	3,382,923	-	3,382,923	-	-
Capital projects	4,430,492	7,771,666	12,202,158	48,654,899	-
Net pension assets	-	-	-	2,079,139	-
School programs	-	-	-	29,467,096	-
Unrestricted	(108,520,884)	102,023,343	(6,497,541)	(355,874,681)	1,507,730
Total net position (deficit)	\$ 36,559,612	\$ 453,541,621	\$ 490,101,233	\$ 97,803,623	\$ 1,507,730

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2025

Exhibit II - Page 1

Functions/Programs	Expenses	Program Revenues			Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities
Primary Government:					
General government	\$ 26,523,491	\$ 325,563	\$ 895,583	\$ 2,693,228	\$ (22,609,117)
Judicial administration	13,180,419	613,856	3,016,356	205,878	(9,344,329)
Public safety	100,548,435	11,792,653	8,707,083	2,185,266	(77,863,433)
Public works	16,067,537	6,718,076	81	1,847,821	(7,501,559)
Health and human services	32,538,345	16,820	17,855,387	-	(14,666,138)
Education	162,094,777	-	3,325	-	(162,091,452)
Parks, recreation and cultural	10,312,996	838,436	288,238	1,370,689	(7,815,633)
Community development	17,339,500	1,416,361	240,751	635,589	(15,046,799)
Interest on long-term debt	11,964,308	-	-	-	(11,964,308)
Total governmental activities	\$ 390,569,808	\$ 21,721,765	\$ 31,006,804	\$ 8,938,471	\$ (328,902,768)
Business-type activities:					
Water and sewer	52,832,807	52,494,564	-	54,548,717	
Total Primary Government	\$ 443,402,615	\$ 74,216,329	\$ 31,006,804	\$ 63,487,188	
Component unit:					
School Board	\$ 356,769,655	\$ 2,705,948	\$ 256,553,539	\$ 5,854,748	
Economic Development Authority	\$ 1,276,661	\$ 5,000	\$ -	\$ -	
General revenues:					
Taxes					
Property taxes					\$ 238,143,444
Sales taxes					30,956,330
Utility taxes					3,592,525
Business licenses					7,555,343
Rental taxes					4,171,722
Motor vehicle licenses					3,351,746
Bank stock taxes					1,145,589
Recordation taxes					2,714,849
Meal taxes					21,675,453
Fuel taxes					7,871,583
Cigarette taxes					1,719,337
Grants and contributions not restricted to specific programs					19,438,550
Payments from Primary Government					-
Interest and investment earnings					14,443,734
Miscellaneous					592,728
Transfers					11,081
Total general revenues and transfers					\$ 357,384,014
Change in net position					\$ 28,481,246
Net position (deficit), beginning, as previously presented					11,163,084
Net effect of change in accounting principle					(3,084,718)
Net position (deficit), beginning, as restated (Note 16)					8,078,366
Net position (deficit), ending					\$ 36,559,612

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2025

Exhibit II - Page 2

Functions/Programs	Net (Expense) Revenue & Changes in Net Position			
	Primary Government		Component Unit	
	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:				
General government		\$ (22,609,117)		
Judicial administration		(9,344,329)		
Public safety		(77,863,433)		
Public works		(7,501,559)		
Health and human services		(14,666,138)		
Education		(162,091,452)		
Parks, recreation and cultural		(7,815,633)		
Community development		(15,046,799)		
Interest on long-term debt		(11,964,308)		
Total governmental activities		\$ (328,902,768)		
Business-type activities:				
Water and sewer	54,210,474	54,210,474		
Total Primary Government	\$ 54,210,474	\$ (274,692,294)		
Component units:				
School Board			\$ (91,655,420)	
Economic Development Authority				\$ (1,271,661)
General revenues:				
Taxes				
Property taxes	\$ -	\$ 238,143,444	\$ -	\$ -
Sales taxes	-	30,956,330	-	-
Utility taxes	-	3,592,525	-	-
Business licenses	-	7,555,343	-	-
Rental taxes	-	4,171,722	-	-
Motor vehicle licenses	-	3,351,746	-	-
Bank stock taxes	-	1,145,589	-	-
Recordation taxes	-	2,714,849	-	-
Meal taxes	-	21,675,453	-	-
Fuel taxes	-	7,871,583	-	-
Cigarette taxes	-	1,719,337	-	-
Grants and contributions not restricted to specific programs	-	19,438,550	-	-
Payments from Primary Government	-	-	162,005,606	1,238,661
Interest and investment earnings	7,945,289	22,389,023	3,242,771	6,834
Miscellaneous	407,594	1,000,322	2,144,043	-
Transfers	(11,081)	-	-	-
Total general revenues and transfers	\$ 8,341,802	\$ 365,725,816	\$ 167,392,420	\$ 1,245,495
Change in net position	\$ 62,552,276	\$ 91,033,522	\$ 75,737,000	\$ (26,166)
Net position (deficit), beginning, as previously presented	391,337,274	402,500,358	39,945,718	1,533,896
Net effect of change in accounting principle	(347,929)	(3,432,647)	(17,879,095)	-
Net position (deficit), beginning, as restated (Note 16)	390,989,345	399,067,711	22,066,623	1,533,896
Net position (deficit), ending	\$ 453,541,621	\$ 490,101,233	\$ 97,803,623	\$ 1,507,730

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Balance Sheet - Governmental Funds

June 30, 2025

Exhibit III - Page 1

	Governmental Funds			
	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 220,513,008	\$ 57,316,452	\$ 28,376,485	\$ 306,205,945
Receivables, net	149,543,712	482,426	9,293,817	159,319,955
Lease receivable	1,740,959	-	14,922,051	16,663,010
Restricted cash and investments	2,073,381	48,927,009	1,816,847	52,817,237
Total assets	<u>\$ 373,871,060</u>	<u>\$ 106,725,887</u>	<u>\$ 54,409,200</u>	<u>\$ 535,006,147</u>
LIABILITIES				
Accounts payable	\$ 2,895,550	\$ 1,391,338	\$ 230,765	\$ 4,517,653
Retainage payable	-	400,227	-	400,227
Accrued salaries and benefits	2,488,951	1,583	90,703	2,581,237
Other accrued liabilities	3,697,568	946,448	44,854	4,688,870
Unearned revenue	7,206,690	100,000	-	7,306,690
Due to component unit	17,868,736	-	-	17,868,736
Deposits	12,332,406	2,035,151	5,411,893	19,779,450
Total liabilities	<u>\$ 46,489,901</u>	<u>\$ 4,874,747</u>	<u>\$ 5,778,215</u>	<u>\$ 57,142,863</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes	\$ 120,206,989	\$ -	\$ 611,899	\$ 120,818,888
Special assessments	-	110,182	-	110,182
Other revenues	11,464,804	372,243	91,926	11,928,973
Leases	1,643,205	-	14,650,882	16,294,087
Total deferred inflows of resources	<u>\$ 133,314,998</u>	<u>\$ 482,425</u>	<u>\$ 15,354,707</u>	<u>\$ 149,152,130</u>
FUND BALANCES				
Non spendable	\$ 97,754	\$ -	\$ 271,169	\$ 368,923
Restricted	6,931,286	48,098,249	9,668,207	64,697,742
Committed	118,607,571	53,269,384	22,568,332	194,445,287
Assigned	63,429,550	1,082	768,570	64,199,202
Unassigned	5,000,000	-	-	5,000,000
Total fund balances	<u>\$ 194,066,161</u>	<u>\$ 101,368,715</u>	<u>\$ 33,276,278</u>	<u>\$ 328,711,154</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 373,871,060</u>	<u>\$ 106,725,887</u>	<u>\$ 54,409,200</u>	<u>\$ 535,006,147</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

June 30, 2025

Exhibit III - Page 2

Total fund balances - governmental funds (Exhibit III)		\$	328,711,154
<i>Amounts reported for governmental activities in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid items used current resources and, therefore, are not reported in the governmental funds.			1,289,690
Capital assets, include right to use assets, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$	30,156,790	
Depreciable and amortizable assets, net of depreciation and amortization		<u>153,629,643</u>	
			183,786,433
Deferred outflows of resources that represent a consumption of net position applying to future periods and, therefore, are not reported in the governmental funds.			
Deferred pension contributions	\$	10,539,063	
Deferred pension actuarial differences		7,926,984	
Deferred OPEB contributions		367,902	
Deferred OPEB actuarial differences		<u>19,468,458</u>	
			38,302,407
Interest on long-term debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due.			(5,165,098)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Bonds payable, net of related costs	\$	(335,115,924)	
Net pension liability		(17,827,059)	
LOSAP pension liability		(3,105,962)	
Other postemployment benefits liabilities		(88,055,855)	
Lease liability		(165,732)	
Subscription liability		(3,096,743)	
Compensated absences		(12,665,323)	
Landfill closure obligation		(13,498,638)	
Arbitrage liability		(5,858,811)	
Insurance claims (excludes \$452,092 accrued in the General Fund)		<u>(1,482,483)</u>	
			(480,872,530)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			
Property taxes	\$	7,712,318	
Intergovernmental revenues		6,211,685	
Sales tax		2,748,168	
Other local revenues		<u>2,969,120</u>	
			19,641,291
Deferred inflows of resources represent an acquisition of net position that is applicable to a future reporting period			
Deferred pension actuarial differences	\$	(9,107,620)	
Deferred debt refunding		(618,240)	
Deferred OPEB actuarial differences		<u>(39,289,997)</u>	
			(49,015,857)
Expenses not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other liabilities	\$	<u>(117,878)</u>	
			<u>(117,878)</u>
Total net position - governmental activities (Exhibit I)		\$	<u><u>36,559,612</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Exhibit IV - Page 1

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 238,974,286	\$ 28,508	\$ 1,121,593	\$ 240,124,387
Other local taxes	76,804,633	-	7,871,583	84,676,216
Permits, fees and regulatory licenses	688,138	-	6,109,786	6,797,924
Fines and forfeitures	435,864	-	-	435,864
From use of money and property	10,531,691	4,121,257	2,737,041	17,389,989
Charges for services	7,326,501	-	4,710,594	12,037,095
Contributions	388,384	963,687	-	1,352,071
Miscellaneous	489,279	97	-	489,376
Intergovernmental	48,081,264	7,640,982	-	55,722,246
Total revenues	<u>\$ 383,720,040</u>	<u>\$ 12,754,531</u>	<u>\$ 22,550,597</u>	<u>\$ 419,025,168</u>
EXPENDITURES				
Current:				
General government	\$ 19,675,454	\$ 101,706	\$ -	\$ 19,777,160
Judicial administration	11,504,344	-	-	11,504,344
Public safety	90,435,330	-	3,535,901	93,971,231
Public works	13,498,251	-	682,506	14,180,757
Health and human services	32,393,249	-	-	32,393,249
Education	162,094,777	-	-	162,094,777
Parks, recreation and cultural	9,472,491	-	-	9,472,491
Community development	5,462,792	-	5,193,685	10,656,477
Non-departmental	2,626,868	-	-	2,626,868
Capital projects	-	48,888,589	-	48,888,589
Debt service:				
Bonded debt:				
Principal retirement	30,561,317	-	3,978,683	34,540,000
Interest and other fiscal charges	10,312,934	-	2,872,055	13,184,989
Bond issuance costs	190,137	526,963	-	717,100
Right to use assets:				
Principal retirement	1,647,316	-	-	1,647,316
Interest and other fiscal charges	68,364	-	-	68,364
Total expenditures	<u>\$ 389,943,624</u>	<u>\$ 49,517,258</u>	<u>\$ 16,262,830</u>	<u>\$ 455,723,712</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (6,223,584)</u>	<u>\$ (36,762,727)</u>	<u>\$ 6,287,767</u>	<u>\$ (36,698,544)</u>
Other financing sources (uses):				
Transfers in	\$ 5,264,737	\$ 18,235,570	\$ 3,364,934	\$ 26,865,241
Transfers out	(21,468,525)	(14,791)	(5,370,844)	(26,854,160)
Issuance of bonds	32,595,000	35,260,000	-	67,855,000
Premium on bonds issued	3,907,628	1,136,074	-	5,043,702
Subscription liabilities issued	1,779,854	-	-	1,779,854
Total other financing sources (uses), net	<u>\$ 22,078,694</u>	<u>\$ 54,616,853</u>	<u>\$ (2,005,910)</u>	<u>\$ 74,689,637</u>
Net change in fund balances	<u>\$ 15,855,110</u>	<u>\$ 17,854,126</u>	<u>\$ 4,281,857</u>	<u>\$ 37,991,093</u>
Fund balance, beginning	178,211,051	83,514,589	28,994,421	290,720,061
Fund balance, ending	<u>\$ 194,066,161</u>	<u>\$ 101,368,715</u>	<u>\$ 33,276,278</u>	<u>\$ 328,711,154</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Exhibit IV - Page 2

Net changes in governmental fund balances (Exhibit IV):	\$	37,991,093	
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>			
Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense.			(346,408)
Governmental funds report capital outlays, including right to use assets, as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.			
Capital outlay	\$	42,386,033	
Depreciation and amortization expense		<u>(17,422,658)</u>	
			24,963,375
In the Statement of Activities, only the gain or loss on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.			(4,600,700)
The issuance of long-term debt provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.			
Debt issued or incurred:			
Issuance of general obligation bonds	\$	(42,110,000)	
Premium on general obligation bonds		(5,043,702)	
Issuance of public improvement bonds		(25,745,000)	
Right to use subscriptions incurred		<u>(1,779,855)</u>	
			(74,678,557)
Debt reductions:			
Principal payments on bonds	\$	34,540,000	
Principal payments on right to use leases		171,246	
Principal payments on right to use subscriptions		1,480,651	
Principal reduction from termination of right to use subscriptions and leases		<u>4,248,848</u>	
			40,440,745
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.			
Property taxes	\$	(1,980,943)	
Intergovernmental and other revenues		<u>1,978,616</u>	
			(2,327)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.			
Other postemployment benefits obligation	\$	504,877	
Pension benefits (includes LOSAP - Length of Service Award Plan)		2,109,761	
Amortization of bond related costs		4,690,133	
Accrued interest		(439,699)	
Arbitrage liability		(2,244,288)	
Landfill closure obligation		970,747	
Compensated absences		(1,123,903)	
Insurance claims (excludes \$452,092 in claims expense reported in the General Fund)		<u>246,397</u>	
			<u>4,714,025</u>
Change in net position - governmental activities (Exhibit II)	\$		<u>28,481,246</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Fund Net Position - Proprietary Fund

June 30, 2025

Exhibit V

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 95,264,746
Receivables, net	25,537,872
Lease receivable	1,265,586
Inventory	1,126,969
Prepaid items	107,827
Restricted cash and investments	43,020,346
Total current assets	<u>\$ 166,323,346</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	\$ 260,419,769
Depreciable assets	310,616,399
Total noncurrent assets	<u>\$ 571,036,168</u>
Total assets	<u>\$ 737,359,514</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	\$ 1,060,316
Pension contributions	1,393,598
Pension actuarial differences	987,334
OPEB contributions	56,913
OPEB actuarial differences	2,592,371
Total deferred outflows of resources	<u>\$ 6,090,532</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 18,359,442
Retainage payable	7,931,145
Accrued salaries and benefits	252,021
Accrued bond interest	799,066
Other accrued liabilities	1,376,526
Deposits	144,253
Current portion of long-term debt	10,877,015
Total current liabilities	<u>\$ 39,739,468</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	\$ 243,439,094
Total noncurrent liabilities	<u>\$ 243,439,094</u>
Total liabilities	<u>\$ 283,178,562</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	\$ 1,174,422
Pension actuarial differences	959,800
OPEB actuarial differences	4,595,641
Total deferred inflows of resources	<u>\$ 6,729,863</u>
NET POSITION	
Net investment in capital assets	\$ 340,484,752
Restricted for debt service	3,261,860
Restricted for capital projects	7,771,666
Unrestricted	102,023,343
Total net position	<u>\$ 453,541,621</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Exhibit VI

	<u>Water & Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 50,149,961
Other operating revenues	2,344,603
Total operating revenues	<u>\$ 52,494,564</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 14,865,106
Contractual services	4,435,939
Materials and supplies	4,234,069
Depreciation	13,555,593
Other services and charges	6,796,876
Total operating expenses	<u>\$ 43,887,583</u>
Operating income	<u>\$ 8,606,981</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (8,360,403)
Bond issuance costs	(584,821)
Investment earnings, net	7,945,289
Miscellaneous income	407,594
Total non-operating expenses, net	<u>\$ (592,341)</u>
Income before contributions and transfers	<u>\$ 8,014,640</u>
Capital contributions:	
Availability fees	\$ 11,983,135
Other capital contributions	42,565,582
Total capital contributions	<u>\$ 54,548,717</u>
Transfers to other funds, net	(11,081)
Total capital contributions and transfers	<u>\$ 54,537,636</u>
Change in net position	<u>\$ 62,552,276</u>
Net position, beginning, as previously presented	<u>391,337,274</u>
Net effect of change in accounting principle	(347,929)
Net position, beginning, as restated (Note 16)	<u>390,989,345</u>
Net position, ending	<u><u>\$ 453,541,621</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2025

Exhibit VII - Page 1

	<u>Water & Sewer Fund</u>
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 51,613,365
Receipts from other operating revenues	2,320,308
Receipt of customer deposits	45,230
Payments to suppliers and service providers	(16,383,847)
Payments to employees for salaries and benefits	(15,193,817)
Return of customer deposits	(51,728)
Net cash provided by operating activities	<u>\$ 22,349,511</u>
Cash flows from noncapital financing activities:	
Receipt for cell tower operating leases	\$ 145,082
Transfers out	(11,081)
Net cash provided by noncapital financing activities	<u>\$ 134,001</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (121,376,161)
Proceeds from sale of capital assets	185,860
Principal payments on revenue bonds	(7,835,000)
Interest and bond issuance costs on revenue bonds	(9,705,525)
Proceeds from revenue bonds issued	33,378,124
Receipts of proffers for capital assets	50,000
Principal payments on leases	(15,237)
Interest payments on leases	(1,501)
Principal payments on subscriptions	(142,323)
Interest payments on subscriptions	(15,730)
Intergovernmental revenue - capital	15,340,576
Other capital contributions	3,625,306
Receipt of availability fees	11,698,821
Net cash used in capital and related financing activities	<u>\$ (74,812,790)</u>
Cash flows from investing activities:	
Proceeds from investment maturities	\$ 20,401,682
Proceeds from investment principal pay downs	2,587,376
Investment earnings, net	7,700,139
Net cash provided by investing activities	<u>\$ 30,689,197</u>
Net decrease in cash and cash equivalents	<u>\$ (21,640,081)</u>
Cash and cash equivalents:	
Beginning	156,268,023
Ending	<u>\$ 134,627,942</u>
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 95,264,746
Restricted cash and investments	43,020,346
	<u>\$ 138,285,092</u>
Less investments	3,657,150
Cash and cash equivalents, unrestricted and restricted	<u>\$ 134,627,942</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2025

Exhibit VII - Page 2

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

Operating income	\$ 8,606,981
Depreciation	13,555,593
Effect of changes in assets and liabilities:	
Decrease in accounts receivable (net of capital related financing)	1,439,109
Increase in prepaid items	(37,710)
Increase in inventory	(119,803)
Increase in deferred outflows - pension contributions	(136,313)
Increase in deferred outflows - pension actuarial differences	(90,897)
Decrease in deferred outflows - OPEB contributions	2,220
Decrease in deferred outflows - OPEB actuarial differences	800,197
Decrease in accounts payable (net of capital related financing)	(759,450)
Decrease in customer deposits payable	(6,498)
Decrease in salary and benefits payable	52,062
Decrease in insurance claims payable	(33,321)
Increase in compensated absences payable	122,473
Decrease in net pension liability	(358,838)
Decrease in total OPEB liability - healthcare	(1,845,642)
Decrease in net OPEB liability - VRS GLI	(107,727)
Increase in deferred inflows - pension actuarial differences	298,159
Increase in deferred inflows - OPEB actuarial differences	968,916
Net cash provided by operating activities	<u><u>\$ 22,349,511</u></u>
Noncash noncapital financing activities:	
Decrease in cell tower operating lease receivables	\$ (10,542)
Noncash capital and financing activities:	
Increase in intergovernmental receivables	\$ 276,989
Increase in availability fee and other capital contribution receivables	11,101,445
Developer donated capital assets	12,271,640
Net book value of capital assets disposed or sold	(122,111)
Loss on disposal of subscription asset	(23,436)
Increase in accounts payable and accrued liabilities	(12,881,619)
Increase in arbitrage payable	(721,129)
Increase in retainage payable	(3,114,905)
Net decrease in unearned revenue used for capital	233,940
Difference between recognition of lease revenue and deferred inflows	13,854
Net change in deferred inflows and outflows related to bonded debt	1,581,473
Noncash investing activities:	
Increase in fair value of investments	\$ 289,258
Decrease in accrued interest receivable	(77,464)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fiduciary Net Position

June 30, 2025

Exhibit VIII

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,044,325
Receivables - taxes for the Commonwealth of Virginia	<u>87,508</u>
Total assets	<u>\$ 1,131,833</u>
LIABILITIES	
Accounts payable and other liabilities	\$ 71,039
Total liabilities	<u>\$ 71,039</u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 1,060,794
Total net position	<u>\$ 1,060,794</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025

Exhibit IX

	<u>Custodial Fund</u>
ADDITIONS	
Collections of taxes and fees for other governments	\$ 733,858
Social Security Administration deposits (special welfare)	35,142
Collections of Sheriff evidence funds	49,958
Deposits of unclaimed property	446,343
Deposits from and on behalf of service organizations	4,418
Collections for real estate sale (unclaimed property)	80,235
Total additions	<u>\$ 1,349,954</u>
DEDUCTIONS	
Payments of taxes and fees to other governments	\$ 794,402
Payments made to special welfare individuals	42,344
Evidence disbursements	30,416
Unclaimed property disbursements	165,063
Payments to service organizations	3,357
Payments to real estate holders (unclaimed property)	72,548
Total deductions	<u>\$ 1,108,130</u>
Net increase in fiduciary net position	\$ 241,824
Fiduciary net position, beginning	<u>818,970</u>
Fiduciary net position, ending	<u><u>\$ 1,060,794</u></u>

Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

The County provides services to its citizens, including emergency medical services and fire protection, collection and disposal of refuse, water and sewer operations, parks and recreation, and library services. These services are funded through various revenue streams, including taxes, charges for services, grants, and contributions.

The accompanying financial statements present the County and its component units - entities for which the County is considered 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 County's discretely presented component units are reported in separate columns in the government-wide statements to emphasize that they are legally separate from the Primary Government.

Discretely Presented Component Units:

The Spotsylvania County Public School System (School Board) is responsible for elementary and secondary education within the County's jurisdiction. School Board members are elected to four-year terms by the voters of the districts in which the members reside. The School Board functions independently of the County Board and County Administration but is considered fiscally dependent because the County approves its budget. In addition, the County Board must levy taxes to finance School Board operations and issue debt on its behalf, as the School Board cannot levy taxes or incur bonded indebtedness under Virginia law. The School Board does not publish a separate financial report; therefore, its fund financial statements are included in the other supplementary information section of this report.

The Economic Development Authority of Spotsylvania, Virginia (EDA) was established by ordinance of the Board pursuant to the Industrial Development and Revenue Bond Act (Chapter 33, Title 15.1 Code of Virginia (the Code) of 1950, as amended) to acquire, own, lease, and dispose of properties to promote industry and develop trade by inducing manufacturing, industrial, governmental, and commercial enterprises to locate in or remain in the Commonwealth. The County Board of Supervisors appoints the seven board directors of the EDA, one representing each of the County's seven districts. By statute, the EDA has authority to issue tax-exempt industrial revenue bonds to qualifying enterprises. The County is involved in the day-to-day operations of the EDA, the determination of its operating budget and annual service fee rates, and the approval of prospective private activity bond issues. The EDA does not publish a separate financial report; therefore, its fund financial statements are included in the other supplementary information section of this report.

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

County's Major Governmental Funds:

The **General Fund** is the County'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. General operating expenditures, fixed charges, and capital outlay costs not paid through other funds are paid from the General Fund.

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

County's Major Enterprise Fund:

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

County's Fiduciary Fund:

The **Custodial Fund** is used to account for resources held for the benefit of individuals, private organizations, and other governments. Major activities include tax and fee collections for the state government, unclaimed property, and collections for service organizations.

County's Non-major Special Revenue Funds:

The **Fire and EMS Service Fee Fund** was established to account for the County's emergency medical services (EMS) revenue recovery program, in accordance with County Code Section 9-39. Under this program, patients' insurance providers are billed for emergency ambulance services. Revenues collected are used to offset the costs of providing EMS, including personnel, equipment, and fuel, and are reinvested into the EMS system to support the maintenance and enhancement of services and equipment.

The **Code Compliance Fund** accounts for the revenues and expenditures associated with the enforcement of building, erosion, and stormwater management codes enacted by authority of the Commonwealth of Virginia. Permit fees are charged to defray the cost of code enforcement functions.

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

The **Lee Hill Tenant Building Fund** was established to account for the tenant revenues and related building expenditures associated with the County's purchase of the Lee Hill building in October 2024.

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. The measurement focus identifies which resources are reported - such as *current financial resources* or *economic resources* - while the basis of accounting determines when transactions or events are recognized in the financial statements.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

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

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

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

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

Budgetary Comparison Schedules

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

1.05 CASH AND INVESTMENTS – POOLED EQUITY

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

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

their entirety at fair value. Positions in external investment pools meeting certain provisions of GAAP are reported at their net asset value per share (which approximates fair value). All other investments are reported at fair value.

1.06 RECEIVABLES

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

1.07 PROPERTY TAXES

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

1.08 LEASE RECEIVABLE

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

1.09 PREPAID ITEMS

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

1.10 INVENTORIES

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

1.11 RIGHT TO USE ASSETS

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

1.12 CAPITAL ASSETS

Capital assets, which include property, plant, equipment, utility infrastructure, and intangibles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of two years. Individual capital items under \$10,000, purchased in bulk at an amount greater than \$150,000 with an estimated useful life in excess of two years, are also capitalized. The County does not capitalize any infrastructure, such as roads or bridges, where ownership is conveyed to the Commonwealth.

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

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

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

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

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

1.13 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The County reports a separate section for deferred inflows of resources in addition to liabilities for both its governmental funds' Balance Sheet and its Statement of Net Position. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed or accrued and not collected, and lease receivables initiated and subsequently amortized on a straight-line basis over the term of the lease. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are

also reported for deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, and amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in actual experience, actuarial assumptions and proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows of resources resulting from pension and OPEB investment experience are also deferred and amortized over a closed five-year period. The County has also recorded amounts associated with long term receivables, primarily related to leases, as deferred inflows.

1.14 COMPENSATED ABSENCES

The County's policy permits employees to accumulate earned but unused annual and sick leave benefits, which may be used for time off or are eligible for limited payment upon separation from service. Annual leave payouts are limited to a maximum of 288 hours for full-time employees. Sick leave obligations are compensated at 25% of accrued sick leave, with no maximum payout for employees enrolled in VRS Plans 1 & 2 and a maximum payout of 240 hours for VRS Hybrid employees. A liability for unused annual leave, compensatory time, and sick leave is recognized in the government-wide and proprietary fund financial statements for the portion of accumulated leave attributable to services already rendered that is more likely than not to be used or paid, with the current portion estimated based on historical leave usage. In the governmental funds, a liability is reported only to the extent amounts are due and payable at year-end, such as upon employee resignation or retirement.

1.15 FUND BALANCE

Fund Balance Classifications

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

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

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

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

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

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

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

Reserves

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

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

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

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to \$5 million is a component of unassigned fund balance at June 30, 2025.

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

1.16 NET POSITION

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

Component unit – School Board Bonded Debt

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

As of June 30, 2025, the County reported \$204.4 million in "on-behalf" net school bonded debt, with a corresponding reduction to the County's unrestricted net position. To help readers understand this relationship and to more accurately

reflect the financial positions of both the Primary Government and its component unit – School Board, the table below presents net position before and after the allocation of the “on-behalf” school bonded debt.

Allocation of County Issued "on-behalf" Bonded Debt of the School Board			
	Net Position Exhibit I	Allocation of "on-behalf" debt	Net Position after allocation
Primary Government - Governmental Activities:			
Net investment in capital assets	\$ 123,558,884	\$ -	\$ 123,558,884
Restricted	21,521,612	-	21,521,612
Unrestricted	(108,520,884)	204,416,531	95,895,647
Total net position at June 30, 2025	\$ 36,559,612	\$ 204,416,531	\$ 240,976,143
Component unit - School Board:			
Net investment in capital assets	\$ 373,477,170	\$ (162,533,337)	\$ 210,943,833
Restricted	80,201,134	(41,883,194)	38,317,940
Unrestricted	(355,874,681)	-	(355,874,681)
Total net position at June 30, 2025	\$ 97,803,623	\$ (204,416,531)	\$ (106,612,908)

Note 2

Deposits and Investments

2.01 DEPOSITS

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

2.02 INVESTMENTS

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

Fair Value Hierarchy

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

The County reports the following recurring fair value measurements as of June 30, 2025:

Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 9,852,001
U.S. Treasury obligations	11,451,259
Federal agency obligations	4,539,337
Corporate notes	2,297,127
Total debt securities	\$ 28,139,724

External Investment Pools

The County maintains investments in the following qualified external investment pools as of June 30, 2025:

Investments Measured at Net Asset Value (NAV)	
Virginia Local Government Investment Pool	\$ 274,040,352
Virginia State Non-arbitrage Program	128,365,981
	\$ 402,406,333

Virginia Local Government Investment Pool (LGIP)

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

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2025, the remaining 37 acres are valued at a

fair market value of \$1.3 million based on an internal sales comparison appraisal (level 3 input) assuming the property's highest and best use. Land is not currently undergoing development and is intended to be sold to fund future economic development initiatives.

School Board OPEB Trust

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

Interest Rate Risk

In accordance with the County's investment policy, to the extent possible, the investment portfolio is structured to ensure sufficient cash is available to meet anticipated liquidity needs. Investments are limited to a maximum maturity of five years; however, debt service reserve funds with longer term investment horizons may be invested in securities exceeding five years if the maturity of such investment is made to coincide with the expected use of funds. The County manages its exposure to declines in fair values by limiting the weighted average maturity (WAM) of its investment portfolio to less than 3 years as shown in the Weighted Average Maturity of Investments table. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type. For purposes of this WAM calculation, the County assumes all of its investments will be held to maturity.

Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 274,040,352	0.0028
SNAP	NAV	128,365,981	0.0028
Other money markets & mm mutual funds	Amortized cost	71,850,937	0.0028
Repurchase agreements	Fair	9,852,001	0.0028
U.S. Treasury obligations	Fair	11,451,259	1.0978
Federal agency obligations	Fair	4,539,337	2.9664
Corporate notes	Fair	2,297,127	0.1772
	Total investments:	\$ 502,396,994	
	Portfolio weighted average maturity:		0.0310
Cash on hand		3,020	
Deposits		85,182,936	
LOSAP pension benefit Trust funds		2,073,381	
	Total pooled cash and investments:	\$ 589,656,331	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 401,470,691	
Exh I: Total primary government restricted cash and investments		95,837,583	
Exh I: Component unit school board cash and investments - pooled equity		29,999,696	
Exh I: Component unit school board restricted cash and investments		60,590,891	
Exh I: Component unit EDA cash and investments - pooled equity		713,145	
Exh VIII: Custodial cash and investments - pooled equity		1,044,325	
		\$ 589,656,331	

Credit Risk

All investments must meet or exceed state statutes and shall be diversified by security type and institution. The tables below reflect the level of quality acceptable per policy by investment type and pooled investments, which include (while not required) debt securities issued by the U.S. government, reported by credit quality and exposure as of June 30, 2025.

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

Pooled Investments Reported by Credit Quality and Exposure			
Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	\$ 274,040,352	AAAm	54.55%
SNAP	128,365,981	AAAm	25.55%
Other money market mutual funds	71,850,937	AAAm	14.30%
Repurchase agreements	9,852,001	AAA	1.96%
U.S. Treasury obligations	11,451,259	A-1	2.28%
Federal agency obligations	4,539,337	AA	0.90%
Corporate notes	2,297,127	AA(91%)/ A(9%)	0.46%
Total investments:	\$ 502,396,994		100.00%

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated with 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 except for mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2025, the County has no concentrations of credit risk to report.

Custodial Credit Risk

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

Restricted Cash and Investments

As of June 30, 2025, the County and its Component-unit School Board maintain cash and investments totaling \$95.8 million and \$60.6 million, respectively, with the following restrictions:

Restricted Cash and Investments	
Governmental activities:	
General Fund - LOSAP pension benefits	\$ 2,073,381
Capital Projects Fund - Project bond proceeds (SNAP)	48,927,009
Transportation Fund - Transportation special service districts	1,816,847
Total restricted cash & investments:	\$ 52,817,237
Business-type activities:	
Water & Sewer Fund - Project bond proceeds (SNAP)	\$ 38,972,531
Water & Sewer Fund - Debt service	4,047,815
Total restricted cash & investments:	\$ 43,020,346
Total Primary Government restricted cash & investments:	\$ 95,837,583
Component Unit-School Board:	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 57,329,407
Student Activity Fund - School activity fees & contributions	3,261,484
Total restricted cash & investments:	\$ 60,590,891

Note 3

Receivables

3.01 ACCOUNTS RECEIVABLE

Accounts receivable, net of related allowances, as of June 30, 2025, consist of the following:

Receivables	Primary Government - Governmental Activities				Component Unit School Board
	General	Capital Projects	Other	Total	
			Governmental Funds	Governmental Funds	
Special assessments	\$ -	\$ 110,183	\$ -	\$ 110,183	\$ -
Property taxes					
Delinquent	11,742,567	-	58,556	11,801,123	-
Not yet due	112,570,302	-	550,091	113,120,393	-
Fuel taxes	-	-	7,851,360	7,851,360	-
EMS Transport fees	-	-	1,802,490	1,802,490	-
Accounts - other	12,954,684	-	108,741	13,063,425	1,821,742
Intergovernmental - Federal	4,671,370	245,610	-	4,916,980	5,548,675
Intergovernmental - State	11,062,065	126,633	-	11,188,698	7,011,536
Gross receivables	153,000,988	482,426	10,371,238	163,854,652	14,381,953
Allowance for uncollectibles	(3,457,276)	-	(1,077,421)	(4,534,697)	-
Net receivables at June 30, 2025	<u>\$ 149,543,712</u>	<u>\$ 482,426</u>	<u>\$ 9,293,817</u>	<u>\$ 159,319,955</u>	<u>\$ 14,381,953</u>
	Primary Government - Business-type activities			Water & Sewer	
				\$ 7,770,960	
				609,666	
				12,598,718	
				4,605,222	
				25,584,566	
				(46,694)	
				<u>\$ 25,537,872</u>	
				<u>\$ 184,857,827</u>	

Amounts not expected to be collected within one year include \$2.0 million of opioid settlement funding in the General Fund accounts – other category, \$30,158 in special assessments in the Capital Projects Fund, and \$137,243 of availability fees in the Water & Sewer Fund.

3.02 LEASES RECEIVABLE

The County purchased the Lee Hill Building in October 2024. Upon acquisition, the County assumed all existing tenant lease agreements and allocated the remaining available space to meet County employee facility needs. Lease agreements range from 2 years to 16 years with interest rates between 2.32% and 7.00%. The County also owns, operates, and maintains various cell and water towers throughout the county. Extra space on these towers is leased out to telecommunication companies, allowing for the installation and maintenance of cellular communication equipment. Lease agreements range from 2 years to 15 years with interest rates between 0.32% and 2.66%. For fiscal year 2025, the County recognized the following receivables, deferred inflows, and lease-related revenue:

	Governmental Activities			Business-type Activities		
	Receivable at June 30, 2025	Deferred Inflow at June 30, 2025	Fiscal Year Revenue	Receivable at June 30, 2025	Deferred Inflow at June 30, 2025	Fiscal Year Revenue
Building tenant leases	\$ 14,922,051	\$ 14,650,882	\$ 1,647,377	\$ -	\$ -	\$ -
Tower space leases	1,740,959	1,643,205	211,434	1,265,586	1,174,422	157,042
Interest	-	-	334,229	-	-	11,843
	<u>\$ 16,663,010</u>	<u>\$ 16,294,087</u>	<u>\$ 2,193,040</u>	<u>\$ 1,265,586</u>	<u>\$ 1,174,422</u>	<u>\$ 168,885</u>



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Note 4

Capital Assets

Capital assets from governmental activities for the year ended June 30, 2025, were as follows:

Capital Assets - Governmental Activities				
	Balance			Balance
	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets, not being depreciated:				
Land & land improvements	\$ 16,086,249	\$ 100,629	\$ -	\$ 16,186,878
Construction in progress	4,627,115	10,173,753	1,102,110	13,698,758
Right-to-use software in development	-	271,154	-	271,154
Total capital assets, not being depreciated	<u>\$ 20,713,364</u>	<u>\$ 10,545,536</u>	<u>\$ 1,102,110</u>	<u>\$ 30,156,790</u>
Capital assets being depreciated/amortized:				
Land improvements	\$ 40,374,862	\$ 708,060	\$ -	\$ 41,082,922
Buildings & improvements	126,080,393	19,432,687	-	145,513,080
Right-to-use buildings & improvements	455,556	-	-	455,556
Furn, equip, software & vehicles	117,277,241	10,753,786	2,951,350	125,079,677
Right-to-use furn, equip, software & vehicles	11,605,850	2,048,074	5,115,771	8,538,153
Total capital assets, being depreciated/amortized	<u>295,793,902</u>	<u>32,942,607</u>	<u>8,067,121</u>	<u>320,669,388</u>
Less accumulated depreciation/amortization for:				
Land improvements	21,855,759	2,359,694	-	24,215,453
Buildings & improvements	55,154,592	3,552,097	-	58,706,689
Right-to-use buildings & improvements	246,886	113,166	-	360,052
Furn, equip, software & vehicles	73,154,000	9,450,895	2,823,877	79,781,018
Right-to-use furn, equip, software & vehicles	2,672,271	1,946,806	642,544	3,976,533
Total accumulated depreciation/amortization	<u>153,083,508</u>	<u>17,422,658</u>	<u>3,466,421</u>	<u>167,039,745</u>
Total capital assets being depreciated/amortized, net	<u>\$ 142,710,394</u>	<u>\$ 15,519,949</u>	<u>\$ 4,600,700</u>	<u>\$ 153,629,643</u>
Governmental activities capital assets, net	<u>\$ 163,423,758</u>	<u>\$ 26,065,485</u>	<u>\$ 5,702,810</u>	<u>\$ 183,786,433</u>
Depreciation and amortization expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government		\$ 5,901,748		
Judicial administration		1,702,476		
Public safety		6,320,859		
Public works		2,491,966		
Health and Human Services		49,390		
Parks and recreation		913,188		
Community development		43,031		
		<u>\$ 17,422,658</u>		

Construction in progress from governmental activities for the year ended June 30, 2025 was as follows:

Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
Financial system upgrade	3,029,506	1,765,722	1,263,784
New Co. 12 Massaponax fire station	6,959,259	532,602	6,426,657
Replacement of Co. 3 Partlow fire station	13,336,713	9,186,191	4,150,522
E911 phone system	1,074,884	478,274	596,610
Fire & Rescue equipment build	6,633,523	1,129,152	5,504,371
Lee Hill office buildout	5,536,115	191,580	5,344,535
Loriella Park storage building	1,584,000	13,310	1,570,690
Outdoor court replacements	965,250	20,090	945,160
Other projects	556,358	381,837	174,521
	<u>\$ 39,675,608</u>	<u>\$ 13,698,758</u>	<u>\$ 25,976,850</u>

Capital assets of the Water and Sewer Fund for the year ended June 30, 2025, were as follows:

Capital Assets - Business-type Activities				
	Balance July 1, 2024	Increases	Decreases	Balance June 30, 2025
Capital assets, not being depreciated:				
Land & land improvements	\$ 10,291,215	\$ 269,199	\$ -	\$ 10,560,414
Construction in progress	119,141,034	133,290,302	2,571,981	249,859,355
Total capital assets, not being depreciated	<u>\$ 129,432,249</u>	<u>\$ 133,559,501</u>	<u>\$ 2,571,981</u>	<u>\$ 260,419,769</u>
Capital assets being depreciated/amortized:				
Land improvements	\$ 3,757,260	\$ -	\$ -	\$ 3,757,260
Buildings & improvements	179,089,325	-	-	179,089,325
Furn, equip, software & vehicles	33,634,262	3,358,240	930,866	36,061,636
Right-to-use furn, equip, software & vehicles*	1,242,278	149,721	130,806	1,261,193
Water & sewer systems	327,748,781	15,293,563	23,763	343,018,581
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated/amortized	<u>547,545,864</u>	<u>18,801,524</u>	<u>1,085,435</u>	<u>565,261,953</u>
Less accumulated depreciation/amortization for:				
Land improvements	2,227,174	117,257	-	2,344,431
Buildings & improvements	99,479,745	4,647,671	-	104,127,416
Furn, equip, software & vehicles	19,880,258	1,879,476	825,145	20,934,589
Right-to-use furn, equip, software & vehicles	274,534	158,889	28,920	404,503
Water & sewer systems	119,529,719	6,710,821	7,373	126,233,167
Purchased sewer capacity	559,969	41,479	-	601,448
Total accumulated depreciation/amortization	<u>241,951,399</u>	<u>13,555,593</u>	<u>861,438</u>	<u>254,645,554</u>
Total capital assets being depreciated/amortized, net	<u>\$ 305,594,465</u>	<u>\$ 5,245,931</u>	<u>\$ 223,997</u>	<u>\$ 310,616,399</u>
Business-type activities capital assets, net	<u>\$ 435,026,714</u>	<u>\$ 138,805,432</u>	<u>\$ 2,795,978</u>	<u>\$ 571,036,168</u>

Construction in progress from business-type activities for the year ended June 30, 2025, was as follows:

Construction in Progress - Business-type Activities			
	Project		Committed
	Authorization	Spent to Date	Funding
Motts WTP expansion & upgrade	56,015,616	38,949,924	17,065,692
Calhoun Drive sewer	1,651,254	1,233,398	417,856
Fawn Lake pump stations	2,971,805	169,954	2,801,851
Thomburg WWTP upgrades	31,406,864	27,315,910	4,090,954
Massaponax WWTP expansion	121,296,882	99,126,655	22,170,227
Old Greenwich sewer replacement	2,406,825	539,735	1,867,090
FMC WWTP to Massaponax WWTP	37,374,320	35,959,413	1,414,907
Wishner PS / Force Main	1,340,962	61,540	1,279,422
Route 1 line upgrade	12,796,922	9,726,090	3,070,832
Thomburg sanitary sewer	6,336,627	4,948,599	1,388,028
Southpoint WL replacement	1,231,249	158,387	1,072,862
Thomburg water distribution	6,395,532	2,545,409	3,850,123
Route 1 waterline Cosner to Massaponax	1,564,679	817,210	747,469
Tidewater trail waterline	3,169,509	2,328,397	841,112
Harrison Road waterline extension	15,108,683	12,198,947	2,909,736
Massaponax tank	13,873,520	1,184,937	12,688,583
Lake Bottom booster station	4,314,619	1,651,825	2,662,794
Leavells Road waterline	2,500,000	557,392	1,942,608
Brock tank/booster station waterline	2,258,887	1,841,539	417,348
Thomburg SE reg water service	1,666,492	257,371	1,409,121
Rappahannock River intake / PS	15,156,608	3,000,311	12,156,297
Thomburg tank	15,500,000	360,624	15,139,376
Massaponax Church Rd waterline	2,841,600	1,115,867	1,725,733
Reuse conveyance	14,944,705	1,471,901	13,472,804
Other water service improvements	2,130,488	671,223	1,459,265
Other sewer service improvements	2,765,146	1,221,410	1,543,736
Other general service improvements	1,367,186	445,387	921,799
	<u>\$ 380,386,980</u>	<u>\$ 249,859,355</u>	<u>\$ 130,527,625</u>

Capital assets of the Component unit – School Board for the year ended June 30, 2025, were as follows:

Capital Assets - Component unit - School Board				
	Balance			Balance
	July 1, 2024	Increases	Decreases	June 30, 2025
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	33,806,119	31,030,989	9,651,264	55,185,844
Total capital assets, not being depreciated	\$ 43,435,189	\$ 31,030,989	\$ 9,651,264	\$ 64,814,914
Capital assets being depreciated/amortized:				
Buildings & improvements	\$ 512,117,209	\$ 12,952,634	\$ 653,435	\$ 524,416,408
Right-to-use buildings & improvements	15,527	-	15,527	-
Furn, equip, software & vehicles	158,010,473	8,824,009	3,919,475	162,915,007
Right-to-use furn, equip, software & vehicles	8,235,463	7,115,945	341,159	15,010,249
Total capital assets, being depreciated/amortized	678,378,672	28,892,588	4,929,596	702,341,664
Less accumulated depreciation/amortization for:				
Buildings & improvements	260,909,566	13,309,464	653,435	273,565,595
Right-to-use buildings & improvements	13,586	1,941	15,527	-
Furn, equip, software & vehicles	100,889,386	8,606,220	3,728,677	105,766,929
Right-to-use furn, equip, software & vehicles	1,555,653	2,875,440	186,963	4,244,130
Total accumulated depreciation/amortization	363,368,191	24,793,065	4,584,602	383,576,654
Total capital assets being depreciated/amortized, net	\$ 315,010,481	\$ 4,099,523	\$ 344,994	\$ 318,765,010
Component unit - School Board activities capital assets, net	\$ 358,445,670	\$ 35,130,512	\$ 9,996,258	\$ 383,579,924

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

Construction in progress activity for the Component unit – School Board for the year ended June 30, 2025, was as follows:

Construction in Progress - Component unit - School Board			
	Project		Committed
	Authorization	Spent to Date	Funding
Massaponax HS DOAS Rooftop Units	\$ 2,501,680	\$ 2,286,153	\$ 215,527
Massaponax HS Mechanical Renovation	230,000	161,000	69,000
Parkside ES Chiller Replacement	741,598	312,078	429,520
SMS Renovation	55,424,306	49,556,197	5,868,109
Harrison Rd ES Chiller Replacement	741,761	312,241	429,520
JJW Chiller Replacement	519,921	90,401	429,520
Chancellor MS & HS HVAC Upgrade	1,242,013	16,248	1,225,765
IT Storage building	236,420	25,065	211,355
Riverbend HS HVAC Controls	1,805,000	1,047,951	757,049
Berkley ES Boiler and Controls	428,496	187,524	240,972
Livingston ES Boiler Replacement	540,996	159,273	381,723
Salem ES Security Vestibule Re-Design	308,938	295,122	13,816
Lee Hill ES Security Vestibule Re-Design	342,612	321,071	21,541
Riverview ES Roof Replacement	760,185	415,520	344,665
	\$ 65,823,926	\$ 55,185,844	\$ 10,638,082

Note 5

Interfund Transfers

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

Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ -	\$ 5,264,737	\$ -	\$ 5,264,737
Capital Projects Fund	18,118,382	-	106,107	11,081	18,235,570
Other governmental funds	3,350,143	14,791	-	-	3,364,934
Water and Sewer Fund	-	-	-	-	-
Total	<u>\$ 21,468,525</u>	<u>\$ 14,791</u>	<u>\$ 5,370,844</u>	<u>\$ 11,081</u>	

Note 6

Receivables/Payables with Component Units

Transactions between the Primary Government and its Component unit - School Board are made for the purpose of providing operational support. The remaining balance of \$17.9 million at June 30, 2025, represents School Board accrued revenues and payables expected to be reimbursed by the County in the next fiscal year.

Note 7

Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

Long-term Liabilities - Governmental Activities					
	Balance			Balance	
	July 1, 2024*	Increases	Decreases	June 30, 2025	Due Within One Year
Bond obligations:					
General obligation bonds	\$ 233,785,000	\$ 42,110,000	\$ 29,345,000	\$ 246,550,000	\$ 29,960,000
Revenue bonds	32,495,000	25,745,000	5,195,000	53,045,000	5,910,000
Unamortized bond premiums	35,135,903	5,043,702	4,658,681	35,520,924	-
Total bond obligations (Note 7.01)	301,415,903	72,898,702	39,198,681	335,115,924	35,870,000
Other long-term liabilities:					
Arbitrage liability (Note 7.01)	3,614,523	2,244,288	-	5,858,811	112,296
Compensated absences*	11,541,420	1,123,903	-	12,665,323	9,076,034
Leases (Note 7.02.1)	336,978	-	171,246	165,732	60,306
Subscriptions (Note 7.02.2)	7,046,387	1,779,855	5,729,499	3,096,743	1,370,973
Landfill closure obligation (Note 7.03)	14,469,386	2,296,237	3,266,985	13,498,638	265,438
Insurance claims payable (Note 11)	2,218,395	16,911,216	17,195,036	1,934,575	1,934,575
LOSAP pension liability (Note 7.04)	3,241,585	138,757	274,380	3,105,962	112,218
Net pension liability - VRS (Note 7.05)	20,607,661	32,283,386	35,063,988	17,827,059	-
Total OPEB liability - Healthcare (Note 7.06)	91,723,193	5,300,402	19,730,262	77,293,333	2,506,390
Total OPEB liability - LODA (7.08)	7,620,510	255,181	274,430	7,601,261	287,059
Net OPEB liability - VRS GLI (Note 7.09)	3,200,386	313,570	352,695	3,161,261	-
Total other long-term liabilities:	165,620,424	62,646,795	82,058,521	146,208,698	15,725,289
Total governmental activities	\$ 467,036,327	\$ 135,545,497	\$ 121,257,202	\$ 481,324,622	\$ 51,595,289

* Adjusted for the fiscal year 2025 implementation of GASB 101, Compensated Absences. See Note 16 for additional information.

Long-term Liabilities - Business-type Activities					
	Balance			Balance	Due Within One
	July 1, 2024*	Increases	Decreases	June 30, 2025	Year
Bond obligations:					
Water & sewer revenue bonds	\$ 193,600,000	\$ 31,815,000	\$ 7,835,000	\$ 217,580,000	\$ 8,895,000
Unamortized bond premiums	18,038,424	1,563,124	1,515,483	18,086,065	-
Total bond obligations (Note 7.01):	211,638,424	33,378,124	9,350,483	235,666,065	8,895,000
Other long-term liabilities:					
Arbitrage (Note 7.01)	1,756,381	721,129	-	2,477,510	240,420
Compensated absences*	1,492,752	122,472	-	1,615,224	1,031,626
Leases (Note 7.02.1)	63,451	-	15,237	48,214	15,647
Subscriptions (Note 7.02.2)	881,883	144,720	220,773	805,830	142,922
Insurance claims payable (Note 11)	217,248	2,098,122	2,131,443	183,927	183,927
Net pension liability - VRS (Note 7.05)	3,187,539	4,993,509	5,352,347	2,828,701	-
Total OPEB liability - Healthcare (Note 7.06)	12,047,248	696,174	2,541,816	10,201,606	367,473
Net OPEB liability - VRS GLI (Note 7.09)	596,759	62,752	170,479	489,032	-
Total other long-term liabilities:	20,243,261	8,838,878	10,432,095	18,650,044	1,982,015
Total business-type activities	\$ 231,881,685	\$ 42,217,002	\$ 19,782,578	\$ 254,316,109	\$ 10,877,015

* Adjusted for the fiscal year 2025 implementation of GASB 101, Compensated Absences. See Note 16 for additional information.

Long-term Liabilities - Component unit - School Board					
	Balance			Balance	Due Within
	July 1, 2024*	Increases	Decreases	June 30, 2025	One Year
Compensated absences*	\$ 25,263,858	\$ 13,271,393	\$ 12,647,843	\$ 25,887,408	\$ 10,687,648
Leases (Note 7.02.1)	748,676	-	236,387	512,289	227,238
Subscriptions (Note 7.02.2)	5,548,947	7,007,823	2,966,305	9,590,465	2,699,437
Insurance claims payable (Note 11)	4,786,958	48,483,056	48,258,520	5,011,494	5,011,494
Net pension liability - VRS (Note 7.05)	155,502,378	34,067,663	43,278,419	146,291,622	-
Net OPEB liability - Healthcare (Note 7.07)	84,048,735	8,542,971	8,195,506	84,396,200	-
Net OPEB liability - VRS GLI (Note 7.09)	8,407,547	1,113,119	1,724,611	7,796,055	-
Net OPEB liability - VRS HIC (Note 7.10)	19,068,745	2,301,523	2,973,743	18,396,525	-
Total Component unit - School Board	303,375,844	114,787,548	120,281,334	297,882,058	18,625,817

* Adjusted for the fiscal year 2025 implementation of GASB 101, Compensated Absences. See Note 16 for additional information.

Long-term liabilities of the governmental activities are generally paid by the General Fund, with two exceptions. Employee benefit-related obligations (such as insurance claims and postemployment benefits), are funded approximately 5% by other governmental funds, and general obligation bonds are typically funded 90% by the General Fund and 10% by the Transportation Fund. Changes in compensated absences for all activities are presented on a net basis. Revenue bonds of the governmental activities are generally paid 77% by the General Fund and 23% by the Lee Hill Tenant Building Fund.

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

7.01 PRIMARY GOVERNMENT - BOND OBLIGATIONS**General Obligations Bonds**

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

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

In compliance with the Tax Reform Act of 1986 and subsequent U.S. Treasury Regulations, the County performed arbitrage rebate calculations via a third party to determine probable amounts due to the Federal government. As of June 30, 2025, the estimated amount for arbitrage rebate liabilities was \$5.9 million for governmental activities and \$2.5 million for business-type activities.

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2025, backed by the full faith and credit of the County, are comprised of the following individual issues:

Outstanding General Obligation Debt - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Spotsylvania County:						
Qualified Energy Conservation, Series 2012B	07/2012	06/2032	1.00 - 3.80	\$55 - \$70	\$ 1,240,000	\$ 460,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	9,558,956
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	8,892,122
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	2,935,000
Public Improvement, Series 2017A	08/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	720,000
Public Improvement, Series 2018	08/2018	07/2038	2.50 - 5.00	\$275 - \$365	6,125,000	3,945,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$185 - \$325	4,665,000	2,780,000
Public Improvement - Refunding, Series 2019	08/2019	01/2035	4.00 - 5.00	\$305 - \$1,517	16,818,006	9,605,012
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$60 - \$65	1,240,000	920,000
Public Improvement - Refunding, Series 2020	09/2020	01/2030	5.00	\$680 - \$750	7,080,000	3,570,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$435 - \$610	12,365,000	10,640,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$90 - \$1,690	5,652,323	2,678,845
Public Improvement, Series 2022	08/2022	01/2042	4.00 - 5.00	\$20 - \$280	8,435,000	6,930,000
Public Improvement, Series 2023	09/2023	01/2043	5.00	\$675 - \$865	17,030,000	15,490,000
Public Improvement, Series 2024	09/2024	01/2044	5.00	\$265 - \$735	9,515,000	8,920,000
Total General Obligation Bonds - Spotsylvania County:						\$ 88,044,935

Outstanding General Obligation Debt - Governmental Activities (Continued)						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Component Unit - School Board:						
Qualified School Construction Bonds	06/2010	06/2027	5.31	\$150 - \$155	\$ 2,630,000	\$ 310,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	\$20,954,590	\$ 4,146,044
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	5,662,878
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	4,670,000
Public Improvement, Series 2017A	08/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	11,325,000
Public Improvement, Series 2018	08/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	17,260,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$560 - \$1,885	24,475,000	13,060,000
Public Improvement - Refunding, Series 2019	08/2019	01/2033	4.00 - 5.00	\$216 - \$484	5,206,994	1,819,988
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$195 - \$995	11,030,000	6,095,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$330 - \$1,315	15,580,000	10,355,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$107 - \$778	1,862,677	656,155
Public Improvement, Series 2022	08/2022	01/2042	4.00 - 5.00	\$305 - \$2,135	22,610,000	16,225,000
Public Improvement, Series 2023	09/2023	01/2043	5.00	\$1,335 - \$3,080	41,275,000	35,805,000
Public Improvement, Series 2024	09/2024	01/2044	5.00	\$1,060 - \$2,320	32,595,000	31,115,000
Total General Obligation Bonds - Component Unit - School Board:						\$158,505,065
Total Governmental Activities - General Obligation Bonds:						\$246,550,000

Revenue Bonds – Governmental Activities

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

Revenue bonds payable at June 30, 2025, are comprised of the following individual issues:

Revenue Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Revenue Bonds:						
Spotsylvania County						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	\$ 6,305,000	\$ 2,435,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$182 - \$536	\$ 4,028,110	\$ 2,096,941
Public Facility Revenue, Series 2024	09/2024	06/2049	3.90 - 5.05	\$630 - \$1,745	25,745,000	25,745,000
Total Spotsylvania County:						\$ 30,276,941
Component Unit - School Board						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	\$ 11,330,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$993 - \$2,928	21,971,890	11,438,059
Total Component Unit - School Board:						\$ 22,768,059
Total Governmental Activities - Revenue Bonds:						\$ 53,045,000

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

The following assets are held for collateral as of June 30, 2025:

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

Water & Sewer Revenue Bonds

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

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

Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities - Revenue Bonds						
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	\$ 55,325,000	\$ 25,320,000
Water & Sewer Revenue Refunding, Series 2019	11/2019	12/2039	3.00 - 5.00	\$910 - \$2,125	28,665,000	22,490,000
Water & Sewer Revenue Refunding, Series 2020	11/2020	12/2040	3.00 - 5.00	\$1,020 - \$3,160	46,530,000	38,140,000
Water & Sewer Revenue, Series 2022	11/2022	12/2047	4.00 - 5.00	\$150 - \$4,700	65,315,000	65,005,000
Water & Sewer Revenue, Series 2023	11/2023	12/2048	5.00	\$210 - \$2,540	35,020,000	34,810,000
Water & Sewer Revenue, Series 2024	11/2024	12/2049	3.10 - 5.00	\$685 - \$2,030	31,815,000	31,815,000
Total Business-type Activities - Revenue Bonds:						\$ 217,580,000

New Debt Issuance

General Obligation Bonds

On September 5, 2024, the County issued \$42.1 million in General Obligation Public Improvement Bonds, Series 2024 with a fixed interest rate of 5.0%. The bonds are to be repaid in various installments beginning January 15, 2025 until final maturity on January 15, 2044. Net bond proceeds of \$46.9 million (adjusted for a premium of \$5.0 million and payment of \$0.3 million in issuance costs) were used to purchase State Non-Arbitrage Program funds to finance school and public safety projects in the County.

Public Facility Revenue Bonds

On September 18, 2024, the County issued \$25.7 million in Public Facility Revenue Bonds, Series 2024, through the Economic Development Authority of the County of Spotsylvania, Virginia, with fixed interest rates ranging from 3.9% to 5.1%. The bonds are to be repaid in various installments beginning June 1, 2026 until final maturity on June 1, 2049. Net bond proceeds of \$25.3 million (adjusted for payment of \$0.4 million in issuance costs) were used to finance the purchase and renovation of a new building to be used for governmental purposes and the rehabilitation of an existing County building.

Water & Sewer Revenue Bonds

On November 12, 2024, the County issued \$31.8 million in Water and Sewer Revenue Bonds, Series 2024, with fixed interest rates ranging from 3.1% to 5.0%. The bonds are to be repaid in various installments beginning December 1, 2025 until final maturity on December 1, 2049. Net bond proceeds of \$32.8 million (adjusted for premium of \$1.6 million and payment of \$0.6 million in issuance costs) were used to finance water and sewer infrastructure projects.

Amortization of Debt Service

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

Future Debt Service - Primary Government						
Fiscal Year	Governmental Activities				Business-type Activities	
	General Obligation		Revenue Bonds		Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 29,960,000	\$ 11,017,571	\$ 5,910,000	\$ 2,266,978	\$ 8,895,000	\$ 9,310,084
2027	29,500,000	9,706,221	6,035,000	2,019,248	6,760,000	8,858,959
2028	22,220,000	8,260,468	6,265,000	1,765,903	7,060,000	8,547,709
2029	20,815,000	7,220,398	5,280,000	1,502,193	9,340,000	8,173,084
2030	19,425,000	6,233,234	4,140,000	1,313,095	10,760,000	7,706,934
2031 - 2035	70,835,000	20,111,843	7,235,000	5,150,190	55,820,000	31,297,853
2036 - 2040	39,745,000	7,939,119	5,170,000	3,987,418	49,705,000	20,297,950
2041 - 2045	14,050,000	1,423,300	6,520,000	2,638,633	36,945,000	11,450,288
2046 - 2050	-	-	6,490,000	838,810	32,295,000	2,869,250
Totals:	\$ 246,550,000	\$ 71,912,152	\$ 53,045,000	\$ 21,482,465	\$ 217,580,000	\$ 108,512,109

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Bonds are issued in accordance with the provisions of the Industrial Development and Revenue Bond Act, Title 15.2, Chapter 49 of the Code, as amended. As of June 30, 2025, outstanding revenue bonds totaling \$35.1 million include the following issues:

Name of Issue	Date of Issue	Final Maturity	Original Borrowing	Principal Outstanding
Economic Development Authority of Spotsylvania County, Multifamily Housing Revenue Bonds (The Heights of Jackson Village I) Series 2019	12/13/2019	1/1/2040	\$39,000,000	\$35,086,325

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

7.02 PRIMARY GOVERNMENT & SCHOOL BOARD RIGHT TO USE LIABILITY

7.02.1 Lease Liability

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

Grouped Lease Agreement Information					
	Months to Expiration	Interest Rates	Monthly Principal	Original Borrowing	Principal Outstanding
Governmental Activities					
Equipment - Various	37-60	0.656% - 3.155%	\$225 - \$2,583	\$ 139,883	\$ 63,345
Building - FREM Training	36	2.038%	\$7,336	271,398	7,770
Tower Space - Pamunkey Rd	92	0.727%	\$1,844	184,158	94,617
			Total Governmental Activities		\$ 165,732
Business-type Activities					
Equipment - CalAmp GPS Trackers	60	2.656%	\$2,583	\$ 78,463	\$ 48,214
			Total Business-type Activities		\$ 48,214
School Board					
Equipment - Various	42 - 60	0.312% - 2.848%	\$212 - \$15,785	\$ 930,290	\$ 512,288
			Total School Board		\$ 512,288

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Principal and Interest Requirements to Maturity										
Year Ending June 30	Governmental Activities			Business-type Activities			School Board			Total
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	
2026	\$ 60,306	\$ 1,945	\$ 62,251	\$ 15,647	\$ 1,091	\$ 16,738	\$ 227,237	\$ 11,001	\$ 238,238	
2027	45,837	1,120	46,957	16,067	670	16,737	216,765	4,938	221,703	
2028	41,488	445	41,933	16,500	238	16,738	52,299	820	53,119	
2029	18,101	49	18,150	-	-	-	15,987	174	16,161	
Total	\$ 165,732	\$ 3,559	\$ 169,291	\$ 48,214	\$ 1,999	\$ 50,213	\$ 512,288	\$ 16,933	\$ 529,221	

7.02.2 Subscription Liability

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

Grouped Subscription Agreement Information					
	Months to Expiration	Interest Rates	Monthly Principal	Original Borrowing	Principal Outstanding
Governmental Activities					
Software - Various	24 - 120	1.710% - 3.591%	\$894 - \$38,512	6,182,318	3,096,743
			Total Governmental Activities		\$ 3,096,743
Business-type Activities					
Software - Various	60 - 120	1.710% - 3.144%	\$916 - \$9,167	\$ 1,177,730	\$ 805,830
			Total Business-type Activities		\$ 805,830
School Board					
Software - Various	24 - 120	1.710% - 3.102%	\$846 - \$32,500	\$ 14,040,675	\$ 9,590,465
			Total School Board		\$ 9,590,465

The future minimum subscription obligations and the net present value of these minimum subscription payments as of June 30, 2025, were as follows:

Principal and Interest Requirements to Maturity									
Year Ending June 30	Governmental Activities			Business-type Activities			School Board		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2026	\$ 1,370,973	\$ 78,529	\$ 1,449,502	\$ 142,922	\$ 15,131	\$ 158,053	\$ 2,699,437	\$ 263,196	\$ 2,962,633
2027	892,858	45,859	938,717	145,796	12,257	158,053	2,695,544	191,224	2,886,768
2028	506,301	22,721	529,022	137,441	9,322	146,763	2,242,018	117,217	2,359,235
2029	326,611	9,020	335,631	116,040	6,687	122,727	1,405,023	53,888	1,458,911
2030	-	-	-	86,392	4,509	90,901	178,213	14,040	192,253
Thereafter	-	-	-	177,239	4,560	181,799	370,230	14,277	384,507
Total	\$ 3,096,743	\$ 156,129	\$ 3,252,872	\$ 805,830	\$ 52,466	\$ 858,296	\$ 9,590,465	\$ 653,842	\$ 10,244,307

7.03 PRIMARY GOVERNMENT - LANDFILL CLOSURE OBLIGATION

Closure and Post-Closure Care Costs

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

The estimated liability for landfill closure and post-closure care costs is \$2.1 million and \$11.4 million for closed and operating landfills, respectively, which is based on 100% and 47.6% usage, respectively. It is estimated that an additional \$3.2 million will be recognized as closure and post-closure care expenses between the date of the Statement of Net Position and the date the operating landfill open cells are expected to be filled to capacity (2052).

The estimated total current cost of the landfill closure and post-closure care (\$13.5 million for all landfills) is based on the amount that would be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of June 30, 2025. 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.

Change in Estimate of Landfill Closure Obligation

The County revised its approach for estimating the landfill liability during the current fiscal year to more accurately project future costs. The revisions reflect updated assumptions regarding post-closure periods, site-specific costs, and other factors used in projecting future closure and maintenance obligations. This change is considered a change in accounting estimate under GASB 100 and has been applied prospectively. The updated estimate based on the revisions is presented in Note 7.

PENSION LIABILITIES – ALL PLANS

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

	Primary Government			Component unit School Board
	Governmental Activities	Business-type Activities	Total Primary Government	
Pension liabilities				
Length of Service Award Program (Note 7.04)	\$ 3,105,962	\$ -	\$ 3,105,962	\$ -
Virginia Retirement System (Note 7.05.4)	17,827,059	2,828,701	20,655,760	146,291,622
	<u>\$ 20,933,021</u>	<u>\$ 2,828,701</u>	<u>\$ 23,761,722</u>	<u>\$ 146,291,622</u>
Deferred Outflows of Resources:				
Employer contributions subsequent to the measurement date:				
Length of Service Award Program (Note 7.04)	\$ 112,218	\$ -	\$ 112,218	\$ -
Virginia Retirement System (Note 7.05.4)	10,426,845	1,393,598	11,820,443	25,670,490
Pension contributions (Exhibit I):	<u>\$ 10,539,063</u>	<u>\$ 1,393,598</u>	<u>\$ 11,932,661</u>	<u>\$ 25,670,490</u>
Pension actuarial differences:				
Length of Service Award Program (Note 7.04)	\$ 735,917	\$ -	\$ 735,917	\$ -
Virginia Retirement System (Note 7.05.4)	7,191,067	987,334	8,178,401	29,828,289
Pension actuarial differences (Exhibit I):	<u>\$ 7,926,984</u>	<u>\$ 987,334</u>	<u>\$ 8,914,318</u>	<u>\$ 29,828,289</u>
Deferred Inflows of Resources				
Pension actuarial differences:				
Length of Service Award Program (Note 7.04)	\$ 1,455,578	\$ -	\$ 1,455,578	\$ -
Virginia Retirement System (Note 7.05.4)	7,652,042	959,800	8,611,842	25,635,237
Pension actuarial differences (Exhibit I):	<u>\$ 9,107,620</u>	<u>\$ 959,800</u>	<u>\$ 10,067,420</u>	<u>\$ 25,635,237</u>
Pension expense				
Virginia Retirement System (Note 7.05.4)	\$ 8,563,910	\$ 1,105,708	\$ 9,669,618	\$ 13,845,470
Length of Service Award Program (Note 7.04)	(113,755)	-	(113,755)	-
	<u>\$ 8,450,155</u>	<u>\$ 1,105,708</u>	<u>\$ 9,555,863</u>	<u>\$ 13,845,470</u>

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

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

Plan membership

As of June 30, 2024, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:

Inactive members currently receiving benefits	90
Inactive members with deferred vested benefits	202
Active members	33
	<u>325</u>

Benefits provided

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

Contributions

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

Total pension liability

The Plan's total pension liability of \$3.1 million was determined and measured by an actuarial valuation performed as of June 30, 2024.

Changes in total pension liability

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2024.

Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2023	\$ 3,241,585
Changes for the year:	
Service cost	15,821
Interest on total pension liability	122,936
Differences between expected and actual experience	(41,867)
Changes in assumptions	(106,880)
Benefit payments	(125,633)
Balance at June 30, 2024	<u>\$ 3,105,962</u>

Actuarial assumptions

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

Rate of inflation	2.90%
Salary scale	No salary, inflation used
Discount rate	3.97%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA projected to 2024.

Discount rate

The discount rate used to measure the total pension liability was 3.97%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 3.86% in 2023 to 3.97% in 2024.

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

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

	1% Decrease 2.97%	Current Rate 3.97%	1% Increase 4.97%
Total pension liability	<u>\$ 3,630,000</u>	<u>\$ 3,105,962</u>	<u>\$ 2,691,000</u>

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

For the year ended June 30, 2025, the County recognized pension income of \$113,755. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date. These payments of \$112,218 are reported as a deferred outflow of resources as of June 30, 2025, and will be recognized as a reduction of the total pension liability in the fiscal year ending June 30, 2026.

At June 30, 2025, the County reported actuarially determined deferred inflows of resources of \$1,455,578 and deferred outflows of resources of \$735,917 that will be recognized as pension expense in future reporting periods as follows:

LOSAP Pension Deferred Outflows and Inflows of Resources		
	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 24,224	\$ (346,304)
Change in assumptions	711,693	(1,109,274)
	<u>\$ 735,917</u>	<u>\$ (1,455,578)</u>
Amortization for the year ending June 30,		
2026	(\$196,366)	
2027	(102,995)	
2028	(93,784)	
2029	(93,784)	
2030	(93,784)	
Thereafter	(138,948)	
	<u>(\$719,661)</u>	

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

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

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

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

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

Summary of Significant Accounting Policies

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

Benefits Provided

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

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
AVERAGE FINAL COMPENSATION			
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.
NORMAL RETIREMENT AGE			
Normal retirement age is 65. Political subdivision hazardous duty employees are age 60.	Normal Social Security retirement age. Political subdivision hazardous duty employees same as Plan 1.	Normal Social Security retirement age, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
EARLIEST REDUCED RETIREMENT ELIGIBILITY			
Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit. Hazardous duty employees may retire at age 50 with at least 5 years of service credit.	Members may retire with a reduced benefit as early as age 60 with at least five years of service credit. Political subdivision hazardous duty employees same as Plan 1.	Members may retire with a reduced benefit as early as age 60 with at least five years of service credit, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
EARLIEST UNREDUCED RETIREMENT ELIGIBILITY			
Age 65 with at least 5 years of service credit or at age 50 with at least 30 years of service credit. Hazardous duty employees may retire at age 60 with at least 5 years of service credit or age 50 with at least 25 years of service credit.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90. Political subdivision hazardous duty employees are the same as Plan 1.	Members may retire with an unreduced benefit at normal social security retirement age with at least 5 years of service credit or when their age plus service credit equals 90, including political subdivision hazardous duty employees.	Members are eligible to receive distributions upon leaving employment, subject to restrictions.
COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT			
The COLA matches the first 3% increase in the CPI-U and half of any additional increase (up to 4%) up to a maximum COLA of 5%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.	The COLA matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) up to a maximum COLA of 3%. The COLA will go into effect on July 1 after one calendar year from retirement or the unreduced retirement eligibility date as applicable, with some exceptions.		Not applicable for defined contribution plans.

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
RETIREMENT CONTRIBUTIONS			
Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.		A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.	
SERVICE CREDIT			
Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member is granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit.			Service credit is used to determine vesting for the employer contribution portion of the plan.
PURCHASE OF PRIOR SERVICE			
Members may be eligible to purchase service from previous public employment, active-duty military service, an eligible period of leave or VRS refunded service as a service credit in their plan. Prior service credit counts toward vesting and eligibility for retirement. Only active members are eligible to purchase prior service. Hybrid Retirement Plan members are ineligible for ported service.			Not applicable for defined contribution plans.
DISABILITY COVERAGE			
For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service.	Members participate in the Virginia Local Disability Program (VDLP) and are subject to a one-year waiting period before becoming eligible for non-work-related disability benefits.	

Employees Covered by Benefit Terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	School Board*
Inactive employees or beneficiaries currently receiving benefits	492	337
Inactive employees entitled to but not yet receiving benefits	835	324
Active employees	1,111	399
	<u>2,438</u>	<u>1,060</u>
* Excludes employees reported under the Teacher's Cost Sharing Plan.		

Contributions

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

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

Details of the County and School Board's contractually required rates for the year ended June 30, 2025, as a percentage of covered employee compensation, are provided in the table below.

	School Board		
	County	School Board	Teacher Plan
Employee contribution rate	5.00%	5.00%	5.00%
Employer contribution rate	13.08%	5.03%	16.62%
	18.08%	10.03%	21.62%

Contributions, both employer and employee, to the pension plan for the years ended June 30, 2025, and June 30, 2024, were as follows:

	Amounts in thousands		
	County	School Board	Teacher Plan
Year ended June 30, 2025	\$ 16,342	\$ 1,139	\$ 38,137
Year ended June 30, 2024	15,722	1,294	36,254

7.05.2 *Fiduciary Net Position*

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2024 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>.

7.05.3 *Net Pension Asset / Liability*

Multi-Employer Agent Plan

As of June 30, 2025, the County's net pension liability was \$20.7 million and the School Board reported a net pension asset of \$2.1 million. Each multi-employer agent plan balance was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

School Board's Teacher Retirement Cost-Sharing Plan

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

As of June 30, 2024, the net pension liability amounts for the VRS Teacher Employee Retirement Plan (*for all school systems*) is as follows (amounts expressed in thousands):

	VRS Employee Retirement Plan - all School Systems in Commonwealth
Total pension liability	\$ 60,622,260
Plan fiduciary net position	51,235,326
Employers' Net Pension Liability	<u>\$ 9,386,934</u>
Plan fiduciary net position as a percentage of the total pension liability	84.52%

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

As of June 30, 2025, the School Board reported a liability of \$146.3 million for its proportionate share of the VRS Employee Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. As of June 30, 2024, the School Board's proportion was 1.56% as compared to 1.54% for June 30, 2023.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Assumptions used in calculations:			
Investment rate of return*	6.75%	6.75%	6.75%
Projected salary increases*	3.50 – 5.35%	3.50 – 4.75%	3.50 – 5.95%
*Includes inflation at	2.50%	2.50%	2.50%
Mortality rates: % of deaths to be service related	15.00%	45.00%	Not available
Mortality tables:			
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally, 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a modified MP-2020 Improvement Scale, 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.

Mortality tables continued:			
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries/Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates.
Changes to assumptions:			
<p>The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:</p>	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age. • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service. • Disability rates – no change. • Line of duty disability rate – no change. • Discount rate – no change. 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. • Retirement rates adjusted to better fit experience and changed final retirement age from 65 to 70. • Withdrawal rates decreased and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty. • Disability rates – no change. • Line of duty disability rate – no change. • Discount rate – no change. 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all. • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service. • Disability rates – no change. • Discount rate – no change.

Long-term Expected Rate of Return

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

Long-term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		Expected arithmetic nominal return*	9.57%

** The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023 the VRS Board elected a long-term rate of 6.75% which is roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

Discount Rate

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

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided the opportunity to use an alternate employer contribution rate. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations.

From July 1, 2024, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2024, for the County and School Board, respectively.

County Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2023	\$ 282,785,281	\$ 258,990,081	\$ 23,795,200
Changes for the year:			
Service cost	10,246,135	-	10,246,135
Interest	19,408,785	-	19,408,785
Changes of assumptions	-	-	-
Difference between expected and actual experience	7,467,537	-	7,467,537
Contributions - employer	-	10,997,474	(10,997,474)
Contributions - employee	-	3,957,979	(3,957,979)
Net investment income	-	25,455,083	(25,455,083)
Benefit payments, including refunds of employee contributions	(10,987,732)	(10,987,732)	-
Administrative expense	-	(154,438)	154,438
Other changes	-	5,799	(5,799)
Net changes	26,134,725	29,274,165	(3,139,440)
Balances at June 30, 2024	\$ 308,920,006	\$ 288,264,246	\$ 20,655,760
		Governmental activities:	17,827,059
		Business-type activities:	2,828,701
			\$ 20,655,760

School Board Pension Plan: Changes in the Net Pension Liability			
	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset) Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2023	\$ 39,508,708	\$ 40,555,710	\$ (1,047,002)
Changes for the year:			
Service cost	1,018,382	-	1,018,382
Interest	2,668,630	-	2,668,630
Changes in assumptions	-	-	-
Difference between expected and actual experience	367,373	-	367,373
Contributions - employer	-	648,285	(648,285)
Contributions - employee	-	541,057	(541,057)
Net investment income	-	3,922,421	(3,922,421)
Benefit payments, including refunds of employee contributions	(1,983,656)	(1,983,656)	-
Administrative expense	-	(26,048)	26,048
Other changes	-	807	(807)
Net changes	2,070,729	3,102,866	(1,032,137)
Balances at June 30, 2024	\$ 41,579,437	\$ 43,658,576	\$ (2,079,139)

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

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

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

Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate			
	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County's calculated net pension liability (asset)	\$ 64,566,289	\$ 20,655,760	\$ (15,051,917)
School Board's calculated net pension liability (asset)	\$ 2,725,744	\$ (2,079,139)	\$ (6,039,852)
Teacher Retirement Plan's calculated net pension liability*	\$ 271,781,158	\$ 146,291,622	\$ 43,519,684

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

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

The following tables summarize the recognized pension expense at June 30, 2025, and the reported deferred outflows and inflows of resources by source as of the June 30, 2024, measurement date for the Primary Government and its Component unit – School Board. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportional share of employer contributions.

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions - Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government
Total pension expense:	\$ 8,563,910	\$ 1,105,708	\$ 9,669,618
Deferred outflows - pension contributions:			
Employer contributions subsequent to the measurement date	\$ 10,426,845	\$ 1,393,598	\$ 11,820,443
Deferred outflows - actuarial differences:			
Difference between expected and actual experience	\$ 6,188,314	\$ 849,656	\$ 7,037,970
Change of assumptions	1,002,753	137,678	1,140,431
Total deferred outflows - actuarial differences:	\$ 7,191,067	\$ 987,334	\$ 8,178,401
Deferred inflows - actuarial differences:			
Difference between expected and actual experience	\$ (1,322,369)	\$ (165,866)	\$ (1,488,235)
Net difference between projected and actual earnings on plan investments	(6,329,673)	(793,934)	(7,123,607)
Total deferred inflows - actuarial differences	\$ (7,652,042)	\$ (959,800)	\$ (8,611,842)

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions - Component Unit - School Board				
	Component unit - School Board			
	Multi-Employer Agent Plan		Teacher	Total
	School Board	Internal	Retirement	Component unit School Board
		Service Fund	Cost-sharing	
	Fleet Services	Plan		
Total pension expense (income):	\$ (284,721)	\$ (23,052)	\$ 14,153,243	\$ 13,845,470
Deferred outflows - pension contributions:				
Employer contributions subsequent to the measurement date	\$ 560,301	\$ 44,074	\$ 25,066,115	\$ 25,670,490
Deferred outflows - actuarial differences:				
Difference between expected and actual experience	\$ 224,705	\$ 18,341	\$ 25,379,534	\$ 25,622,580
Change of assumptions	-	-	2,655,388	2,655,388
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	\$ -	\$ -	\$ 1,550,321	\$ 1,550,321
Total deferred outflows - actuarial differences:	\$ 224,705	\$ 18,341	\$ 29,585,243	\$ 29,828,289
Deferred inflows - actuarial differences:				
Difference between expected and actual experience	\$ -	\$ -	\$ (3,012,246)	\$ (3,012,246)
Net difference between projected and actual earnings on plan investments	(1,062,002)	(80,813)	(20,137,131)	(21,279,946)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	(1,343,045)	(1,343,045)
Total deferred inflows - actuarial differences	\$ (1,062,002)	\$ (80,813)	\$ (24,492,422)	\$ (25,635,237)

Amortization of Deferred Outflows and Inflows of Resources

Employer contributions made after the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Fiscal year ended June 30,	Primary Government			Component unit - School Board			
	Multi-Employer Agent Plan			Teacher	Total	Component unit School Board	Total
	Governmental Activities	Business-type Activities	Total Primary Government				
				Service Fund	Cost-sharing		
			Fleet Services	Plan			
2026	\$ (2,992,517)	\$ 178,743	\$ (2,813,774)	\$ (756,562)	\$ (56,448)	\$ (9,490,661)	\$ (10,303,671)
2027	3,522,736	(210,413)	3,312,323	353,201	26,353	12,869,673	13,249,227
2028	353,566	(21,118)	332,448	(208,259)	(15,539)	3,258,705	3,034,907
2029	(1,344,760)	80,322	(1,264,438)	(225,677)	(16,838)	(1,544,896)	(1,787,411)
	\$ (460,975)	\$ 27,534	\$ (433,441)	\$ (837,297)	\$ (62,472)	\$ 5,092,821	\$ 4,193,052
Pension actuarial differences:							
Total deferred outflows	\$ 7,191,067	\$ 987,334	\$ 8,178,401	\$ 224,705	\$ 18,341	\$ 29,585,243	\$ 29,828,289
Total deferred inflows	(7,652,042)	(959,800)	(8,611,842)	(1,062,002)	(80,813)	(24,492,422)	(25,635,237)
	\$ (460,975)	\$ 27,534	\$ (433,441)	\$ (837,297)	\$ (62,472)	\$ 5,092,821	\$ 4,193,052

7.05.5 Payables to the Pension Plan

The County and School Board reported payables of \$1.4 million and \$0.8 million, respectively, for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

OPEB LIABILITIES – ALL PLANS

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

	Primary Government			Component Unit-School Board
	Governmental Activities	Business-type Activities	Total Primary Government	
OPEB Liabilities				
Primary Government Retiree Healthcare (Note 7.06)	\$ 77,293,333	\$ 10,201,606	\$ 87,494,939	\$ -
School Board Retiree Healthcare (Note 7.07)	-	-	-	84,396,200
Primary Government LODA (Note 7.08)	7,601,261	-	7,601,261	-
VRS Group Life Insurance Program (Note 7.09)	3,161,261	489,032	3,650,293	7,796,055
VRS Health Insurance Credit Program (Note 7.10)	-	-	-	18,396,525
	<u>\$ 88,055,855</u>	<u>\$ 10,690,638</u>	<u>\$ 98,746,493</u>	<u>\$ 110,588,780</u>
Deferred Outflows of Resources:				
Employer contributions subsequent to the measurement date:				
School Board Retiree Healthcare (Note 7.07)	\$ -	\$ -	\$ -	\$ 6,721,932
VRS Health Insurance Credit Program (Note 7.10)	-	-	-	2,204,941
VRS Group Life Insurance Program (Note 7.09)	367,902	56,913	424,815	883,189
OPEB contributions (Exhibit I):	<u>\$ 367,902</u>	<u>\$ 56,913</u>	<u>\$ 424,815</u>	<u>\$ 9,810,062</u>
OPEB actuarial differences:				
Primary Government Retiree Healthcare (Note 7.06)	\$ 18,045,461	\$ 2,467,598	\$ 20,513,059	\$ -
Primary Government LODA Program (7.08)	616,427	-	616,427	-
School Board Retiree Healthcare (Note 7.07)	-	-	-	15,370,400
VRS Health Insurance Credit Program (Note 7.10)	-	-	-	610,078
VRS Group Life Insurance Program (Note 7.09)	806,570	124,773	931,343	1,305,021
OPEB actuarial differences (Exhibit I):	<u>\$ 19,468,458</u>	<u>\$ 2,592,371</u>	<u>\$ 22,060,829</u>	<u>\$ 17,285,499</u>
Deferred Inflows of Resources:				
OPEB actuarial differences:				
Primary Government Retiree Healthcare (Note 7.06)	\$ 34,918,339	\$ 4,517,878	\$ 39,436,217	\$ -
School Board Retiree Healthcare (Note 7.07)	-	-	-	131,312,802
Primary Government LODA (Note 7.08)	3,868,970	-	3,868,970	-
VRS Group Life Insurance Program (Note 7.09)	502,688	77,763	580,451	1,428,199
VRS Health Insurance Credit Program (Note 7.10)	-	-	-	1,297,038
OPEB actuarial differences (Exhibit I):	<u>\$ 39,289,997</u>	<u>\$ 4,595,641</u>	<u>\$ 43,885,638</u>	<u>\$ 134,038,039</u>
OPEB Expense				
Primary Government Retiree Healthcare (Note 7.06)	\$ 1,963,680	\$ 251,163	\$ 2,214,843	\$ -
School Board Retiree Healthcare (Note 7.07)	-	-	-	(24,137,028)
Primary Government LODA (Note 7.08)	505,141	-	505,141	-
VRS Group Life Insurance Program (Note 7.09)	143,943	22,267	166,210	138,304
VRS Health Insurance Credit Program (Note 7.10)	-	-	-	1,294,683
	<u>\$ 2,612,764</u>	<u>\$ 273,430</u>	<u>\$ 2,886,194</u>	<u>\$ (22,704,041)</u>

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

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

To be eligible for other postemployment benefits (OPEB), employees must meet VRS's retirement eligibility criteria. They also must retire directly from active employment and enroll in a medical plan offering at the time of retirement.

In addition, employees must meet certain County service requirements based on their County hire date. Employees hired before November 1, 2007, must complete ten consecutive years of regular full-time employment with the County immediately before full (unreduced) retirement under VRS to be fully subsidized by the County. Employees hired on or after November 1, 2007, must complete at least twenty consecutive years of regular full-time employment with the County immediately prior to full retirement under VRS for the full subsidy.

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

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

Post-65 Health Reimbursement Accounts (HRAs)

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

Employees Covered by Benefit Terms

As of June 30, 2024, the most recent actuarial valuation date, membership in the Plan consisted of the following:

Number of Participants:	
Active Employees	923
Retirees and Spouses	240
Beneficiaries	<u>1</u>
	<u>1164</u>

Contributions

Funding of OPEB liabilities is budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2025, the County has committed fund balances of \$19,325,528, \$105,634 and \$2,244,475 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$7,949,466 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$87.5 million was determined by an actuarial valuation as of June 30, 2024, and projected forward to a measurement date of June 30, 2025.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability as of June 30, 2024	\$ 103,770,441
Service Cost	1,899,668
Interest	4,096,908
Change of assumptions	(19,398,215)
Change of benefits/demographics	-
Benefit payments	(2,873,863)
Total OPEB liability as of June 30, 2025	<u>\$ 87,494,939</u>
Primary Government:	
Governmental	\$ 77,293,333
Business-type	10,201,606
	<u>\$ 87,494,939</u>

Actuarial Assumptions

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.93%
Healthcare cost trend rate	6.10% to 3.90% over 52 years

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date, increasing from 3.93% as of June 30, 2024, to 5.20% as of June 30, 2025.

Assumption rates for retirement, mortality, withdrawal, and disability were based on the most recent experience study performed for VRS. This study examined actual VRS experience over the four years ending June 30, 2020. The demographic assumptions recommended as a result of this study were adopted by the VRS Board of Trustees on April 20, 2021.

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

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

Discount rate sensitivity

	4.20%	5.20%	6.20%
Total OPEB liability	<u>\$ 102,278,266</u>	<u>\$ 87,494,939</u>	<u>\$ 75,674,961</u>

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	<u>\$ 74,258,088</u>	<u>\$ 87,494,939</u>	<u>\$ 104,317,868</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

The following table summarizes the recognized OPEB expense at June 30, 2025, and the reported deferred outflows and inflows of resources by source as of the June 30, 2025 measurement date for the Primary Government.:

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB - Primary Government			
	Governmental Activities	Business-type Activities	Total Primary Government
Total OPEB expense:	\$ 1,963,680	\$ 251,163	\$ 2,214,843
Deferred outflows - actuarial differences:			
Difference between expected and actual experience	\$ 15,956,713	\$ 2,181,975	\$ 18,138,688
Change of assumptions	2,088,748	285,623	2,374,371
Total deferred outflows - actuarial differences:	\$ 18,045,461	\$ 2,467,598	\$ 20,513,059
Deferred inflows - actuarial differences:			
Difference between expected and actual experience	\$ (6,736,345)	\$ (871,576)	\$ (7,607,921)
Change of assumptions	(28,181,994)	(3,646,302)	(31,828,296)
Total deferred inflows - actuarial differences	\$ (34,918,339)	\$ (4,517,878)	\$ (39,436,217)

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

	Governmental Activities	Business-type Activities	Total Primary Government
Fiscal year ended June 30,			
2026	\$ (3,378,105)	\$ (410,485)	\$ (3,788,590)
2027	(4,960,596)	(602,779)	(5,563,375)
2028	(4,960,596)	(602,779)	(5,563,375)
2029	(2,689,498)	(326,810)	(3,016,308)
2030	(201,816)	(24,523)	(226,339)
Thereafter	(682,267)	(82,904)	(765,171)
	\$ (16,872,878)	\$ (2,050,280)	\$ (18,923,158)
OPEB actuarial differences:			
Total deferred outflows	\$ 18,045,461	\$ 2,467,598	\$ 20,513,059
Total deferred inflows	(34,918,339)	(4,517,878)	(39,436,217)
	\$ (16,872,878)	\$ (2,050,280)	\$ (18,923,158)

7.07 SCHOOL BOARD - NET OPEB LIABILITY - RETIREE HEALTHCARE

Plan Description

Plan administration

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

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

Plan membership

As of March 1, 2023, the most recent actuarial valuation, membership consisted of the following:

	<u>2023</u>	<u>2021</u>
Active employees	2,253	2,333
Retirees (pre-Medicare)	329	302
Retirees (Medicare-age)	896	857
Total	<u>3,478</u>	<u>3,492</u>

Benefits provided

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

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

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

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2025, there are no Plan contribution requirements; benefits are financed on a pay-as-you-go basis. Contributions to the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary, and any Local Finance Board may terminate future participation.

Investments

Investment policy

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

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

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

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

Concentrations

As of June 30, 2025, there are no investments in any one organization that represent 5% or more of the Plan’s fiduciary net position.

Rate of return

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.8%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

The total OPEB liability was determined by an actuarial valuation as of March 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Changes in the Net OPEB Liability

Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2023	\$ 98,465,382	\$ 14,416,647	\$ 84,048,735
Service Cost	2,100,046	-	2,100,046
Interest	6,442,925	-	6,442,925
Difference between actual and expected experience	(154,677)	-	(154,677)
Changes of assumptions	-	-	-
Employer contributions	-	6,668,605	(6,668,605)
Net investment income	-	1,372,224	(1,372,224)
Benefit payments	(5,874,605)	(5,874,605)	-
Balances, June 30, 2024	\$ 100,979,071	\$ 16,582,871	\$ 84,396,200

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of March 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024, unless otherwise specified:

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

Mortality rates are based on the SOA Pub. 2010 Teacher’s Employees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021.

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

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

Changes in assumptions and other inputs:

- A continuation of the discount rate of 6.75% from 2023 to 2024.
- The per capita cost assumption was updated based on the FY2023 premium rates provided by the School Board.
- The healthcare cost trend assumption was updated based on the 2022 Getzen model released by the SOA.
- The retirement, termination, disability, salary scale, and spouse age differential assumptions were updated based on those developed in the VRS experience study dated September 10, 2021.
- The mortality improvement scale was updated to MP-2021.

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

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

Discount rate sensitivity

	1% Decrease 5.75%	Current Rate 6.75%	1% Increase 7.75%
Net OPEB liability	<u>\$ 95,018,377</u>	<u>\$ 84,396,200</u>	<u>\$ 75,339,861</u>

Healthcare rate sensitivity

	1% Decrease Trend Rate of 2.94%	Current Rate Trend Rate of 3.94%	1% Increase Trend Rate of 4.94%
Net OPEB liability	<u>\$ 73,343,842</u>	<u>\$ 84,396,200</u>	<u>\$ 97,586,158</u>

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

For the fiscal year ended June 30, 2025, the School Board recognized an OPEB expense of (\$24,137,028). As of June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience	\$ -	\$ (72,895,199)
Changes of assumptions	15,015,774	(58,417,603)
Net difference between projected and actual earnings	354,626	-
Total	<u>\$ 15,370,400</u>	<u>\$ (131,312,802)</u>

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

	<u>OPEB Expense</u>
Year ending June 30,	
2026	\$ (28,253,226)
2027	(28,360,678)
2028	(31,991,598)
2029	(13,944,510)
2030	(6,686,529)
Thereafter	<u>(6,705,861)</u>
Total	<u>\$ (115,942,402)</u>

GASB 74 OPEB Liability

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

Net OPEB Liability

The components of the net OPEB liability of the School Board as of June 30, 2025, were as follows:

Total OPEB liability	\$ 154,457,345
Plan fiduciary net position	18,735,278
School Board's net OPEB liability	<u>\$ 135,722,067</u>
Plan fiduciary net position as a % of the total OPEB liability	12.13%

Actuarial assumptions

The total OPEB liability was determined by an actuarial valuation dated March 1, 2025, with the following actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2025, unless otherwise specified:

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

Mortality rates are based on the SOA Pub. 2010 Teacher's Employees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021.

Healthcare cost trend rates are based on the Society of Actuaries (SOA) Getzen Long-Term Healthcare Cost Trend Model with an initial rate of 7.0% for 2025, decreasing gradually to an ultimate rate of 4.04% for 2075 and later years.

Demographic assumptions mirror those used for the School Board's pension plan, with adjustments made for the actual experience of the School Board employees. The retirement, termination, and disability assumptions are based on the Teachers and Local Non-Top 10 Employers (non-hazardous duty employees) in the VRS experience study dated September 10, 2021. The mortality assumption is based on the SOA Pub 2010 headcount-weighted mortality tables, projected using the mortality improvement scale MP-2021. The average premium was calculated by blending the FY2025 premiums for each plan based on enrollment as of the valuation date and trending to the midpoint of the projection period using the valuation trend assumptions. The average premium for the pre-Medicare plans was then age-adjusted to determine a retiree per capita cost.

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

The strategic asset allocation targets and allowable asset allocation ranges are outlined in the Trust's Investment Policy Statement, as amended on March 28, 2025. The table on the next page provides the target asset allocation for the Trust's Portfolio I, the 2025 nominal and real capital market assumptions for those asset classes, and the weighted average real return based on the long-term capital market assumptions, as determined by the investment consultant.

Asset Class	Target Asset Allocation	Long-Term	Long-Term	Long-Term
		Arithmetic Average Nominal Return ¹	Arithmetic Average Real Return ²	Arithmetic Weighted Average Real Return
Core Plus Bonds	16.00%	5.58%	2.83%	0.45%
Absolute Return	4.00%	7.00%	4.25%	0.17%
U.S. Large Cap Equity	21.00%	9.95%	7.20%	1.51%
U.S. Small Cap Equity	10.00%	11.34%	8.59%	0.86%
International Developed Equity	13.00%	10.72%	7.97%	1.04%
Emerging Market Equity	5.00%	11.99%	9.24%	0.46%
Long/Short Equity	6.00%	8.14%	5.39%	0.32%
Private Equity	10.00%	13.26%	10.51%	1.05%
Core Real Estate	10.00%	9.20%	6.45%	0.65%
Opportunistic Real Estate	5.00%	12.20%	9.45%	0.47%
Total	100.00%			6.98%
		Inflation		2.75%
		Arithmetic Average Nominal Return		9.73%

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

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

Discount rate

The School Board maintains an irrevocable trust valued at \$18.7 million as of June 30, 2025. The Plan's fiduciary net position was projected for each year based on the expected total contributions, benefit payments, and investment earnings from the Trust, and is projected to remain solvent. Therefore, the expected rate of return of 6.75% is used as the discount rate as of June 30, 2025.

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

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

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

Discount rate sensitivity

	5.75%	6.75%	7.75%
Net OPEB liability	\$ 156,593,854	\$ 135,722,067	\$ 118,591,210

Healthcare rate sensitivity

	1% Decrease Trend Rate of 2.94%	Current Rate Trend Rate of 3.94%	1% Increase Trend Rate of 4.94%
Net OPEB liability	<u>\$ 116,401,490</u>	<u>\$ 135,722,067</u>	<u>\$ 159,689,545</u>

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

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

The LODA program provides death and disability benefits for public safety employees and volunteer firefighters who die or are disabled in the line of duty. Benefits include a \$100,000 life insurance benefit for death occurring as a direct or proximate result of their duties, and a \$75,000 death benefit for death by presumptive clause within five years of retirement. The Plan also provides medical benefits for disabled employees and their families, including surviving spouses.

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

Medical Benefits

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

For participants with a death or disability eligibility date after July 1, 2017:

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

For participants with a death or disability eligibility date before July 1, 2017:

- Disabled employees receive LODA coverage for life.

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

For dependent children, LODA coverage ends at the end of the year in which the child turns age 26.

Medical Plans

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

Medicare B Premiums

LODA pays the Medicare Part B premium for eligible participants who were disabled before July 1, 2017, and their eligible spouses once they become Medicare eligible. The Medicare Part B premium depends on income. Monthly Medicare B premiums for most participants were \$185.00 for 2025 and \$174.70 for 2024.

LODA Premiums

VRS LODA premiums for the years ended June 30, 2025, and June 30, 2024, were as follows:

	<u>Fiscal Year 2025</u>	<u>Fiscal Year 2024</u>
Plans 1 & 2 (Non-Medicare)		
Single	\$ 1,186.00	\$ 1,119.00
Dual	\$ 1,995.00	\$ 1,882.00
Family	\$ 2,812.00	\$ 2,653.00
Plan 3 (Medicare primary)		
Single	\$ 405.00	\$ 346.00

Plan Participants

As of June 30, 2024, the most recent actuarial valuation date, membership in the Plan consisted of the following:

	Volunteer		Total
	Employees	Firefighters	
Active members	490	126	616
Retirees	N/A	N/A	13
Spouses	N/A	N/A	5

Contributions

Funding of OPEB liabilities is budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. As of June 30, 2025, the County has committed \$500,000 in General Fund fund balance to finance future LODA OPEB liabilities.

Total OPEB Liability

The County's total OPEB liability of \$7.6 million was determined by an actuarial valuation as of June 30, 2024, and rolled forward to the measurement date of June 30, 2025.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability - LODA	
	Total OPEB Liability
Balance as of June 30, 2024	\$ 7,620,510
Service Cost	801,273
Interest	329,804
Changes of benefit terms	-
Experience losses	45,662
Changes of assumptions	(921,558)
Benefit payments	(274,430)
Balance as of June 30, 2025	\$ 7,601,261

Actuarial Assumptions

The total OPEB liability reported in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial cost method	Entry Age Normal
Inflation	2.50%
Discount rate	3.97%
Medical cost trend rate	7.50% in 2024 to 4.04% in 2075
Salary increases	3.50 – 4.75%
Mortality rates	
Active Employees/Volunteers	SOA Pub-2010 Safety Employees Headcount-Weighted Mortality Table, adjusted using 95% of the standard rates for males and 105% of the standard rates for females, set forward 2 years and projected on a fully generational basis using 75% of the mortality improvement scale MP-2020.
Disabled Retirees	SOA Pub-2010 Disabled Retirees Headcount-Weighted Mortality Table, adjusted using 95% of the standard rates for males and 90% of the standard rates for females, set back 3 years, and projected on a fully generational basis using 75% of the mortality improvement scale MP-2020.
Beneficiaries/Surviving Spouses	SOA Pub-2010 Safety Contingent Survivor Headcount-Weighted Mortality Table, adjusted using 110% of the standard rates for males and females, set forward 2 years and projected on a fully generational basis using 75% of mortality improvement scale MP-2020.
Service-related deaths	Direct result 22.50% and presumptive result 22.50%
Service-related disability	65% of disabilities are assumed to be service-related

The discount rate was based on the Municipal Bond 20 Year High Grade Rate Index as of June 30, 2025. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The current valuation uses the 2024 version of the model.

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 3.97% in 2024 to 4.81% in 2025.

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

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

Discount rate sensitivity

	1% Decrease 3.81%	Current Rate 4.81%	1% Increase 5.81%
Total OPEB liability	<u>\$ 8,719,179</u>	<u>\$ 7,601,261</u>	<u>\$ 6,700,522</u>

Healthcare rate sensitivity

	1% Decrease 3.04%	Current Rate 4.04%	1% Increase 5.04%
Total OPEB liability	<u>\$ 6,332,251</u>	<u>\$ 7,601,261</u>	<u>\$ 9,231,402</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

For the year ended June 30, 2025, the County recognized OPEB expense of \$505,141. As of June 30, 2025, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Difference between expected and actual experience	\$ 169,511	\$ (2,361,453)
Changes of assumptions	446,916	(1,507,517)
Total	<u>\$ 616,427</u>	<u>\$ (3,868,970)</u>

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

	<u>OPEB Expense</u>	
Year ending June 30,		
	2026	\$ (625,937)
	2027	(617,234)
	2028	(675,603)
	2029	(229,647)
	2030	(284,639)
	Thereafter	(819,483)
	Total	<u>\$ (3,252,543)</u>

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

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

Plan Description

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

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

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

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

<ul style="list-style-type: none"> ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in Benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount is reduced by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation and is currently \$9,532.</p>

Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and § 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2025, was 0.47% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the County and School Board for the years ended June 30, 2025, and June 30, 2024, were as follows:

	<u>County of Spotsylvania</u>					
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total Primary Government</u>	<u>Spotsylvania County School Board</u>	<u>Spotsylvania School Board Teacher Plan</u>	
Contributions for year ended June 30, 2025	\$ 367,902	\$ 56,913	\$ 424,815	\$ 53,602	\$ 829,587	
Contributions for year ended June 30, 2024	317,127	59,133	376,260	64,655	901,594	

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

As of June 30, 2025, the County and School Board reported liabilities for their proportionate share of the net GLI OPEB liabilities as shown in the following table. The net GLI OPEB liabilities were measured as of June 30, 2024, and the total GLI OPEB liabilities used to calculate the net GLI OPEB liabilities were determined by actuarial valuations performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The County's and School Board's proportions of the net GLI OPEB liability were based on their actuarially determined employer contributions to the GLI Program for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers.

For the year ended June 30, 2025, the County and School Board recognized GLI OPEB expense as shown in the following table. Since there was a change in proportionate shares between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Proportionate share of GLI OPEB Liability and related OPEB Expense						
	County of Spotsylvania			Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Total Component Unit-School Board
	Governmental Activities	Business-type Activities	Total Primary Government			
Net OPEB liability	\$ 3,161,261	\$ 489,032	\$ 3,650,293	\$ 522,475	\$ 7,273,580	\$ 7,796,055
OPEB expense	\$ 143,943	\$ 22,267	\$ 166,210	\$ 6,849	\$ 131,455	\$ 138,304
Proportion at June 30, 2024			0.32711%	0.04682%	0.65180%	
Proportion at June 30, 2023			0.31661%	0.04897%	0.65206%	

As of June 30, 2025, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources						
	County of Spotsylvania			Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Total Component Unit-School Board
	Governmental Activities	Business-type Activities	Total Primary Government			
Deferred outflows						
Differences between expected and actual experience	\$ 498,603	\$ 77,132	\$ 575,735	\$ 82,406	\$ 1,147,211	\$ 1,229,617
Change in assumptions	18,019	2,788	20,807	2,978	41,460	44,438
Changes in proportionate share	289,948	44,853	334,801	21,737	9,229	30,966
Total deferred outflows	\$ 806,570	\$ 124,773	\$ 931,343	\$ 107,121	\$ 1,197,900	\$ 1,305,021
Deferred inflows						
Differences between expected and actual experience	\$ (77,219)	\$ (11,945)	\$ (89,164)	\$ (12,762)	\$ (177,669)	\$ (190,431)
Net difference between projected and actual earnings on OPEB plan investments	(266,461)	(41,220)	(307,681)	(44,039)	(613,087)	(657,126)
Change in assumptions	(156,665)	(24,236)	(180,901)	(25,893)	(360,464)	(386,357)
Change in proportionate share	(2,343)	(362)	(2,705)	(41,112)	(153,173)	(194,285)
Total deferred inflows	\$ (502,688)	\$ (77,763)	\$ (580,451)	\$ (123,806)	\$ (1,304,393)	\$ (1,428,199)

Contributions made after the measurement date will be recognized as a reduction of the respective net GLI OPEB liabilities in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in GLI OPEB expense in future reporting periods as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources Maturities							
	County of Spotsylvania			Spotsylvania County School Board	Spotsylvania County School Board Teacher Plan	Total Component Unit-School Board	
	Governmental Activities	Business-type Activities	Total Primary Government				
Year ending June 30,							
2026	\$ (25,839)	\$ (3,997)	\$ (29,836)	\$ (28,779)	\$ (364,125)	\$ (392,904)	
2027	150,873	23,340	174,213	2,397	89,483	91,880	
2028	54,384	8,413	62,797	(612)	(2,952)	(3,564)	
2029	58,897	9,111	68,008	6,085	58,594	64,679	
2030	65,567	10,143	75,710	4,224	112,507	116,731	
	\$ 303,882	\$ 47,010	\$ 350,892	\$ (16,685)	\$ (106,493)	\$ (123,178)	
OPEB actuarial differences:							
Total deferred outflows	\$ 806,570	\$ 124,773	\$ 931,343	\$ 107,121	\$ 1,197,900	\$ 1,305,021	
Total deferred inflows	(502,688)	(77,763)	(580,451)	(123,806)	(1,304,393)	(1,428,199)	
	\$ 303,882	\$ 47,010	\$ 350,892	\$ (16,685)	\$ (106,493)	\$ (123,178)	

Actuarial Assumptions

The total GLI OPEB liability was based on actuarial valuations as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

GLI Plan Actuarial Assumptions			
	Locality - General Employees	Locality - Hazardous Duty Employees	Teacher Plan
Assumptions used in calculations:			
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation		
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	<ul style="list-style-type: none"> Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all Withdrawal rates adjusted to better fit experience at 	<ul style="list-style-type: none"> Mortality rates updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 Retirement rates adjusted to better fit experience and changed the final retirement age from 65 to 70 Withdrawal rates decreased and changed from rates based on age and ser- 	<ul style="list-style-type: none"> Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all Withdrawal rates adjusted to better fit experience at

	each year age and service through 9 years of service <ul style="list-style-type: none"> • Disability rates no change • Discount rate no change 	vice to rates based on service only to better fit experience and be more consistent with Locals Top 10 Hazardous Duty <ul style="list-style-type: none"> • Disability rates no change • Discount rate no change 	each year age and service through 9 years of service <ul style="list-style-type: none"> • Disability rates no change • Discount rate no change
Mortality tables:			
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with the Modified MP-2020 Improvement Scale, that is 75% of the MP-2020 rates.	Rates projected generationally with the Modified MP-2020 Improvement Scale, that is 75% of the MP-2020 rates.	Rates projected generationally with the Modified MP-2020 Improvement Scale, that is 75% of the MP-2020 rates.

Plans' Net GLI OPEB Liability

The net OPEB liability for the GLI Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, the net OPEB liability amounts for the GLI Program are as follows (amounts expressed in thousands):

	VRS GLI OPEB Program
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by the County and School Board for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 113% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Long-Term Expected Rate of Return

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		Expected arithmetic nominal return*	9.57%

* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%. On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

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

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

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
GLI - County	\$ 5,676,679	\$ 3,650,293	\$ 2,013,239
GLI - School Board	\$ 812,516	\$ 522,475	\$ 288,159
GLI - School Board Teacher Plan	\$ 11,311,362	\$ 7,273,580	\$ 4,011,583

Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of the 2024 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/pdf/publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS GLI OPEB Plan

The County and School Board reported the following payables for the outstanding number of contributions to the VRS GLI OPEB Plans required for the year ended June 30, 2025.

GLI - County	\$ 90,003
GLI - School Board	5,348
GLI - School Board Teacher Plan	49,810
	<u>\$ 145,161</u>

7.10 SCHOOL BOARD VRS HEALTH INSURANCE CREDIT PROGRAM

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

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

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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

Employees covered by benefit terms

As of the June 30, 2023 actuarial valuation, the following employees were covered by the benefit terms of the Political Subdivision Health Insurance Credit Program:

Inactive members or their beneficiaries currently receiving benefits	58
Inactive members:	
Vested inactive members	6
Non-vested inactive members	0
Inactive members active elsewhere in the System	98
Total inactive members	162
Active members	399
Total covered employees	561

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

Contributions*Teacher Employee HIC Program*

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. Each school division's contractually required employer contribution rate for the year ended June 30, 2025, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan were \$2.1 million and \$2.0 million for the years ended June 30, 2025, and June 30, 2024, respectively.

Political Subdivision HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The contractually required employer contribution rate for the year ended June 30, 2024, was 0.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan were \$70,987 and \$74,297 for the years ended June 30, 2025, and June 30, 2024, respectively.

Fiduciary Net Position

Detailed information about the Fiduciary Net Position for the Teacher Employee Health Insurance Credit Program is available in the separately issued VRS 2024 Annual Comprehensive Financial Report. A copy of the 2024 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Net OPEB Liability

The following represents the net HIC OPEB liabilities through the Plans' measurement date of June 30, 2024.

	Net HIC OPEB Liability
HIC - School Board Cost-Sharing Teacher Plan	\$ 18,015,166
HIC - Political Subdivision Agent Plan	381,359
	<u>\$ 18,396,525</u>

Teacher Employee HIC Program

The net OPEB liability for the Teacher Employee Health Insurance Credit Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, the net OPEB liability amount for the Plan, before allocation to each employer for their proportionate share, is as follows (amounts expressed in thousands):

	VRS Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,478,105
Plan Fiduciary Net Position	322,457
Teacher Employee Net HIC OPEB Liability	<u>\$ 1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	21.82%

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

As of June 30, 2025, the School Board reported a liability of \$18.0 million for its proportionate share of the VRS Teacher Employee Health Insurance Credit Program Net OPEB Liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. The School Board's proportion of the net OPEB liability was based on the School Board's actuarially determined employer contributions to the Plan for the year ended June 30, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. The School Board's proportion was 1.54% as of June 30, 2024, and June 30, 2023.

Political Subdivision HIC Program

As of June 30, 2025, the School Board's net Health Insurance Credit OPEB liability of \$0.3 million was measured as of June 30, 2024. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Actuarial Assumptions

The total HIC OPEB liabilities were based on actuarial valuations as of June 30, 2023, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

Plan Actuarial Assumptions		
	Political Subdivision	Teacher Plan
Assumptions used in calculations:		
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation	
Mortality tables:		
Pre-retirement	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males.
Post-retirement	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.
Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	<ul style="list-style-type: none"> Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. 	<ul style="list-style-type: none"> Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Changes to assumptions:		
The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:	<ul style="list-style-type: none"> Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed 	<ul style="list-style-type: none"> Mortality Rates update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 Retirement rates adjusted rates to better fit experience for Plan 1; set separate

	final retirement age from 75 to 80 for all <ul style="list-style-type: none"> • Withdrawal rates adjusted to better fit experience at each age and service decrement through 9 years of service. • Disability rates no change • Discount rate no change 	rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all <ul style="list-style-type: none"> • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates no change • Discount rate no change
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The actuarial assumptions used in the June 30, 2023, valuations were based on the results of an actuarial experience study for the four years from July 1, 2016, through June 30, 2020.

Long-Term Expected Rate of Return

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

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	32.00%	6.70%	2.14%
Fixed income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
Private Investment Partnerships	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Inflation	2.50%
		Expected arithmetic nominal return*	9.57%

Discount Rate

Teacher Employee HIC Program

The discount rate used to measure the total Teacher Employee HIC OPEB liability was 6.75%. The projection of cash flow used to determine the discount rate assumes that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2024, the rate contributed by each school division will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially

determined contribution rate. From July 1, 2024, on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Political Subdivision HIC Program

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumes that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2024, the rate contributed by each entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. For July 1, 2024, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB Liability.

Change in the Political Subdivision Net HIC OPEB Liability

The following table represents the change in net OPEB liability through the Plan's measurement date of June 30, 2024.

School Board - Changes in the Political Subdivision Net HIC OPEB Liability			
	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
	(a)	(b)	(a)-(b)
Balances at June 30, 2023	\$ 568,466	\$ 141,981	\$ 426,485
Changes for the year:			
Service cost	9,950	-	9,950
Interest	38,274	-	38,274
Change in benefit terms	-	-	-
Changes in assumptions	-	-	-
Difference between expected and actual experience	(2,378)	-	(2,378)
Contributions - employer	-	74,297	(74,297)
Contributions - employee	-	-	-
Net investment income	-	16,932	(16,932)
Benefit payments, including refunds of employee contributions	(22,775)	(22,775)	-
Administrative expense	-	(257)	257
Net changes	23,071	68,197	(45,126)
Balances at June 30, 2024	\$ 591,537	\$ 210,178	\$ 381,359

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

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

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

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
HIC - School Board Teacher Plan*	\$ 20,487,738	\$ 18,015,166	\$ 15,919,435
HIC - Political Subdivision Plan	\$ 448,492	\$ 381,359	\$ 324,593

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

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Post-employment Benefits

For the year ended June 30, 2025, the School Board recognized Political Subdivision HIC Program and Teacher Employee HIC Program OPEB expense of \$19,852 and \$1,274,831, respectively. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC program OPEB expense was related to deferred amounts from changes in proportion.

As of June 30, 2025, the School Board's reported deferred inflows of resources and deferred outflows of resources related to the School Board's Health Insurance Credit Program the following sources:

Deferred Inflows and Outflows of Resources Related to OPEB						
	Component unit - School Board					
	Political Subdivision HIC Program			Teacher Employee HIC Program	Total Component unit - School Board	
	School Board	Internal Service Fund Fleet Services	Total			
Deferred outflows - OPEB contributions:						
Employer contributions subsequent to the measurement date	\$ 66,096	\$ 4,891	\$ 70,987	\$ 2,133,954	\$ 2,204,941	
Deferred outflows - actuarial differences:						
Changes of assumptions	\$ 36,033	\$ 2,662	\$ 38,695	\$ 310,349	\$ 349,044	
Net difference between expected and actual experience	6,763	504	7,267	-	7,267	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	253,767	253,767	
Total deferred outflows - actuarial differences:	\$ 42,796	\$ 3,166	\$ 45,962	\$ 564,116	\$ 610,078	
Deferred inflows - actuarial differences:						
Net difference between expected and actual experience	(88,210)	(6,526)	(94,736)	(853,515)	(948,251)	
Net difference between projected and actual earnings on plan investments	(3,312)	(246)	(3,558)	(64,081)	(67,639)	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(281,148)	(281,148)	
Total deferred inflows - actuarial differences	\$ (91,522)	\$ (6,772)	\$ (98,294)	\$ (1,198,744)	\$ (1,297,038)	

Contributions made after the measurement date will be recognized as a reduction of the respective net OPEB liabilities in the fiscal year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Deferred Inflows and Outflows of Resources Related to OPEB						
Component unit - School Board						
	Political Subdivision HIC Program				Teacher Employee HIC Program	Total Component unit School Board
	Internal Service		Fund Fleet			
	School Board	Services	Total			
Fiscal year ended June 30,						
2026	\$ (16,120)	\$ (1,193)	\$ (17,313)	\$ (178,216)	\$ (195,529)	
2027	(16,382)	(1,212)	(17,594)	(101,444)	(119,038)	
2028	(14,947)	(1,106)	(16,053)	(173,646)	(189,699)	
2029	(1,277)	(95)	(1,372)	(132,956)	(134,328)	
2030	-	-	-	(47,385)	(47,385)	
Thereafter	-	-	-	(981)	(981)	
	<u>\$ (48,726)</u>	<u>\$ (3,606)</u>	<u>\$ (52,332)</u>	<u>\$ (634,628)</u>	<u>\$ (686,960)</u>	
OPEB actuarial differences:						
Total deferred outflows	\$ 42,796	\$ 3,166	\$ 45,962	\$ 564,116	\$ 610,078	
Total deferred inflows	(91,522)	(6,772)	(98,294)	(1,198,744)	(1,297,038)	
	<u>\$ (48,726)</u>	<u>\$ (3,606)</u>	<u>\$ (52,332)</u>	<u>\$ (634,628)</u>	<u>\$ (686,960)</u>	

Payables to the HIC OPEB Plans

The School Board reported the following payables for the outstanding amount of contributions to its OPEB Plans required for the year ended June 30, 2025.

HIC - School Board Cost-Sharing Teacher Plan	\$ 51,002
HIC - Political Subdivision Agent Plan	2,775
	<u>\$ 53,777</u>



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Note 8

Fund Balance

Governmental fund balance allocations for the year ended June 30, 2025, are as follows:

Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Non-spendable for:				
Leases	\$ 97,754	\$ -	\$ 271,169	\$ 368,923
Total non-spendable fund balance	\$ 97,754	\$ -	\$ 271,169	\$ 368,923
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 1,816,847	\$ 1,816,847
PRTC transportation funds	-	-	7,851,360	7,851,360
Transient occupancy - tourism	1,335,733	-	-	1,335,733
Unexpended bond interest	-	5,981,098	-	5,981,098
Available bond proceeds:				
Transportation	-	18,644,561	-	18,644,561
Fire & Rescue	-	14,689,514	-	14,689,514
County facilities	-	8,661,580	-	8,661,580
Other	-	74,880	-	74,880
Grant and other contributions:				
Forfeiture & seizure - drug enforcement	1,190,791	-	-	1,190,791
Fire & rescue equipment & personnel	2,522,022	-	-	2,522,022
Opioid settlement	1,142,780	-	-	1,142,780
Other	739,960	46,616	-	786,576
Total restricted fund balance	\$ 6,931,286	\$ 48,098,249	\$ 9,668,207	\$ 64,697,742
Committed for:				
Fiscal stability reserve	\$ 68,151,060	\$ -	\$ -	\$ 68,151,060
School health insurance reserve	17,524,242	-	-	17,524,242
County OPEB reserve	19,325,528	105,634	2,244,475	21,675,637
County health insurance reserve	6,403,560	-	-	6,403,560
Future fiscal stability reserve	4,000,000	-	-	4,000,000
LOSAP Benefits	2,073,381	-	-	2,073,381
Future community center reservation	629,800	-	-	629,800
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	9,532,962	-	9,532,962
Fire & rescue facilities, equipment & service	-	8,108,472	743,340	8,851,812
Facility maintenance & improvements	-	3,268,640	295,685	3,564,325
Transportation	-	4,076,576	9,781,018	13,857,594
Solid waste	-	8,996,601	-	8,996,601
Code compliance services	-	-	9,503,814	9,503,814
Parks & recreation	-	5,926,509	-	5,926,509
Sheriff software, equipment & vehicles	-	5,619,617	-	5,619,617
Capital projects - various other	-	3,190,882	-	3,190,882
Capital projects - future budget	-	4,443,491	-	4,443,491
Total committed fund balance:	\$ 118,607,571	\$ 53,269,384	\$ 22,568,332	\$ 194,445,287

Fund Balance Classification continued				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assigned to:				
FY25 Carryover & FY26 use of fund balance:				
Education	\$ 2,480,800	\$ -	\$ -	\$ 2,480,800
Public safety	128,326	-	-	128,326
General government	356,791	-	-	356,791
Transportation	4,050,464	-	86,742	4,137,206
Transfer to Capital Projects	15,071,685	-	-	15,071,685
Various other	2,382,169	1,082	511,828	2,895,079
Capital projects cash funding	-	-	170,000	170,000
Capital projects - future cash funding	27,540,460	-	-	27,540,460
FY26 budget reserve	5,353,855	-	-	5,353,855
Loss contingencies	2,865,000	-	-	2,865,000
Kalahari incentive	1,200,000	-	-	1,200,000
Economic opportunities reserve	2,000,000	-	-	2,000,000
Total assigned fund balance:	\$ 63,429,550	\$ 1,082	\$ 768,570	\$ 64,199,202
Unassigned*:	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Total fund balance:	\$ 194,066,161	\$ 101,368,715	\$ 33,276,278	\$ 328,711,154

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

Note 9

Commitments and Contingencies

9.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating \$10.1 million and \$181.2 million, respectively, as of June 30, 2025. The School Board has construction project commitments of \$10.6 million as of June 30, 2025.

Bonds authorized as of June 30, 2025, but not issued are as follows:

Public safety	\$ 31,926,115
Schools	126,221,960
Transportation	101,742,509
	<u>\$ 259,890,584</u>

9.02 CONTINGENCIES

Grants

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

Litigation

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

Note 10

Tax Incentives

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

For fiscal year ended June 30, 2025, the County reimbursed various business taxes totaling \$.5 million, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On June 8, 2006, the County entered into an agreement with a local developer to facilitate the development of an \$80.0 million first-class retail center. As part of this agreement the County has agreed to reimburse the developer up to \$17.1 million in new local sales tax generated over a twenty-year period. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. For the year ending June 30, 2025, the County reimbursed \$188,238.
- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a \$125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to \$7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment. For the year ending June 30, 2025, the County reimbursed \$306,278.
- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture. For the year ending June 30, 2025, the County reimbursed \$49,289.
- On May 24, 2022, the County entered into an agreement with an entertainment company to incentivize the construction of a family resort and convention center with approximately 1.38 million square feet of commercial space to include a 900-room hotel; 156,278-square foot convention center; 267,429-square foot indoor waterpark & family entertainment center; multiple restaurant and retail facilities; and a 10-acre outdoor resort pool/waterpark; creating more than 1,000 local jobs. The property is located in a growth-designated area with a focus on tourism. Once the waterpark opens, it is expected to generate nearly \$7 million a year in tax revenue in excess of the tax incentives for Spotsylvania County. At build out, Kalahari Resort is projected to be the single largest taxpayer in the county.

As part of this agreement, the County has agreed to reimburse the developer 100% of business tangible property taxes, 3% of meals taxes collected, 100% of business license fees, and 5% of transient occupancy tax collected over twenty years. The twenty-year period will begin when the occupancy permit has been issued. Various levels of non-compliance and recapture are in place to protect the County's investment. The project is expected to open no later than June 30, 2027. The County's early projections estimate approximately \$150.9 million in incentives will be paid out over the twenty-year period. For the year ended June 20, 2025, there were no qualifying reimbursements.

Note 11

Risk Management

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

Health Insurance Plan

The County and School Board are self-insured for their medical and dental benefits for employees up to \$500,000 per employee, per year. Claims in excess of the limitation are covered through third-party insurance. Expenditures are charged to the fund to which the employees' payroll expenditure is charged. Claims processing and payments are made through a third-party administrator and billed weekly. No funds are held by the administrator at year-end.

The County and School Board have reserved \$6.4 million and \$17.5 million, respectively, of fund balance at June 30, 2025 to ensure adequate funds are available to cover unusual claim fluctuations and incurred but not reported claims (IBNR). Self-insurance liabilities, including IBNR, are estimated based on information provided by the third-party administrator and recognized as a long-term liability due within one year in the Statement of Net Position. Changes in self-insurance liabilities for the past two fiscal years can be found in the following table.

Change in Self-funded Health and Dental Insurance Claim Liabilities				
Fiscal Year	Insurance Claim Liability Beginning	Claims and Other Charges Processed	Claim Payments	Insurance Claim Liability Ending
<i>Primary Government</i>				
2025	\$ 2,435,643	\$ 19,009,338	\$ 19,326,479	\$ 2,118,502
2024	2,106,300	17,275,880	16,946,537	2,435,643
<i>Component unit - School Board</i>				
2025	\$ 4,786,958	\$ 48,483,055	\$ 48,258,520	\$ 5,011,493
2024	4,813,944	44,811,340	44,838,326	4,786,958

Primary Government:	
Governmental	\$1,934,575
Business-type	183,927
	<u>\$2,118,502</u>

Property and Casualty

Spotsylvania County & School Board

The County and School Board participate in Virginia Group Self-Insurance Risk Pools, which provide coverage for commercial general liability, property, automobile, and workers' compensation. In the event of a loss that results in a deficit and the depletion of all assets and available insurance within the pool, the pool may assess participating members based on the proportion of each member's premiums to the total premiums of all members for the year in which the deficit occurs.

Line of Duty Benefits

Spotsylvania County

The Line of Duty Act (LODA) provides benefits to public safety officers, public safety volunteers, and their beneficiaries in the event of death or disability arising from the performance of their duties. The County has contracted with VACorp to administer the Plan and pays a premium to cover claims in excess of a \$500,000 deductible. The deductible is reported as committed fund balance in the General Fund as of June 30, 2025.

Note 12

Interjurisdictional Agreements

The County has an agreement with the City of Fredericksburg, Virginia (City) for the joint provision of water and sewer services. Under this agreement, neither party holds any influence over the counterpart's treatment systems.

Joint-Use Water Facilities

In 1995, an agreement between the City and the County provided for the development of a shared water treatment plant at the Motts Run Reservoir. The Motts Run Plant, operated by the County, has a treatment capacity of 15 MGD, of which the City has reserved 5 MGD. The City is responsible for its share of daily operational and maintenance costs for potable water production. The County bills the City based on its proportionate water usage and records the payments as operating revenues in the County's Water and Sewer Fund. Additionally, capital improvement costs related to the plant are shared according to each party's reserved capacity. The City is billed for its portion as costs are incurred, and the County recognizes these payments as capital contribution revenues in the County's Water and Sewer Fund.

Joint-Use Wastewater Facilities

Under an agreement, the County and the City share the Hazel Run Interceptor Line (the Line), which extends from the County's Hazel Run Lift Station to the City's Hazel Run Gravity Line. Maintained by the City, the Line transports sewage from both the County and City within the Hazel Run Watershed to either the City Wastewater Treatment Facility or the County's FMC Wastewater Treatment Facility. Costs for necessary capital improvements to the Line are shared on a pro-rata basis, determined by actual sewage flow. Capital improvement costs paid by the County are reported as purchased capacity, giving the County exclusive entitlement to flow capacities within the Line.

Additionally, the County provides the City with 1.5 MGD of wastewater treatment capacity at the FMC facility. The City is billed based on its proportionate share of wastewater treated, and payments are recorded as operating revenues in the County's Water and Sewer Fund. Similar to the joint water facility agreement, capital improvement costs at the FMC facility are shared according to proportionate reserved capacity. The City is billed for its portion as costs are incurred, and the County recognizes these payments as capital contribution revenues in the County's Water and Sewer Fund.

Note 13

Joint Ventures

13.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

On August 18, 2009, the County of Spotsylvania entered into an 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 include both the existing VRE-related debt service and any new VRE-related debt service as authorized by the County. For fiscal year 2025, the County received \$7.9 million in Motor Fuel Tax and paid \$2.4 million in subsidies. As of June 30, 2025, the PRTC holds \$7.9 million in County fuel tax receipts available for future transportation project appropriations.

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

13.02 RAPPAHANNOCK REGIONAL JAIL AUTHORITY

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

In accordance with the Authority agreement, member jurisdictions pay operating (per diem) and debt service costs based on the percentage of inmate population. Due to this requirement of the Agreement, the County retains an ongoing financial responsibility for the joint venture. The County's payments for the year ended June 30, 2025, totaled \$9.0 million.

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

13.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found in need of 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, 2025, of \$2.6 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 14

Jointly Governed Organizations

14.01 CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

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

representatives each from the remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2025, the County's appropriation to the Library was \$4.3 million.

Note 15

Subsequent Events

On September 30, 2025, the County issued \$56.8 million in General Obligation Public Improvement Bonds, Series 2025, with a fixed interest rate of 5.0%. These bonds will be repaid in installments beginning January 15, 2026, with final maturity on January 15, 2045. Net bond proceeds of \$62.9 million – after accounting for a \$6.3 million premium and \$0.2 million in issuance costs - will be used to reimburse the County for costs associated with school and public safety projects financed with these proceeds.

Note 16

Implementation of New Accounting Pronouncements

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*, to improve disclosure of concentrations and constraints that could expose a government to financial risk. The Statement requires disclosure when a concentration or constraint could lead to a substantial impact and is likely to occur within 12 months. The County evaluated its exposure and identified no circumstances requiring disclosure; therefore, this Statement had no impact on the financial statements for the fiscal year ending June 30, 2025.

In June 2022, GASB issued Statement No. 101, *Compensated Absences*, which establishes a unified recognition and measurement model to improve the consistency and comparability of compensated absence reporting. The Statement requires governments to recognize liabilities for unused leave and for leave used but not yet paid or settled when the leave is attributable to services already rendered, accumulates, and is more likely than not to be used or paid, measured using current pay rates and including directly related salary-related payments.

Upon adoption, the County evaluated all compensated absence categories under the new criteria, resulting in a revised methodology for calculating the liability. In accordance with GASB Statement No. 100, *Accounting Changes and Error Corrections*, the adoption is reported as a change in accounting principle and required a restatement of beginning net position for fiscal year 2025. Beginning net position as of July 1, 2024, decreased by \$3.4 million for the County and \$17.9 million for the School Board due to the recognition of previously unrecorded compensated absence liabilities.

The effects of these restatements are presented in the table below.

Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Government-Wide		Component Unit	Proprietary Funds
	Governmental Activities (Exhibit II)	Business-type Activities (Exhibit II)	School Board (Exhibit II)	Water & Sewer Fund (Exhibit VI)
Net position, beginning, as previously reported	\$ 11,163,084	\$ 391,337,274	\$ 39,945,718	\$ 391,337,274
Change in accounting principle (GASB 101)	(3,084,718)	(347,929)	(17,879,095)	(347,929)
Net position, beginning, as restated	\$ 8,078,366	\$ 390,989,345	\$ 22,066,623	\$ 390,989,345

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA

Required Supplementary Information - Budgetary Comparison Schedule - General Fund (Budgetary Basis)

For the Year Ended June 30, 2025

Schedule 1 - Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 236,841,955	\$ 236,841,955	\$ 238,974,286	\$ 2,132,331
Other local taxes	73,085,825	73,085,825	76,804,633	3,718,808
Permits, fees and regulatory licenses	764,856	764,856	688,138	(76,718)
Fines and forfeitures	381,000	381,000	435,864	54,864
From use of money and property	946,824	1,117,218	10,453,267	9,336,049
Charges for services	6,431,440	6,449,440	7,326,501	877,061
Contributions	41,425	46,425	388,384	341,959
Miscellaneous	92,500	92,500	489,279	396,779
Intergovernmental	48,366,706	49,638,114	48,081,264	(1,556,850)
Total revenues	<u>\$ 366,952,531</u>	<u>\$ 368,417,333</u>	<u>\$ 383,641,616</u>	<u>\$ 15,224,283</u>
EXPENDITURES				
Current:				
General government	\$ 24,311,932	\$ 25,038,554	\$ 19,675,454	\$ 5,363,100
Judicial administration	13,136,749	13,114,523	11,504,344	1,610,179
Public safety	90,325,285	96,334,614	90,389,812	5,944,802
Public works	14,137,627	14,158,527	13,498,251	660,276
Health and human services	35,233,811	35,256,016	32,393,249	2,862,767
Education	155,607,930	160,249,580	156,768,780	3,480,800
Parks, recreation and cultural	9,584,507	9,667,034	9,472,491	194,543
Community development	6,154,708	6,306,243	5,462,792	843,451
Non-departmental	2,382,478	2,382,478	2,626,868	(244,390)
Debt service:				
Bonded debt:				
Principal retirement	7,684,390	7,739,390	7,739,390	-
Interest and other fiscal charges	2,094,338	2,121,252	2,148,367	(27,115)
Right to use assets:				
Principal retirement	-	-	1,647,316	(1,647,316)
Interest and other fiscal charges	-	-	68,364	(68,364)
Total expenditures	<u>\$ 360,653,755</u>	<u>\$ 372,368,211</u>	<u>\$ 353,395,478</u>	<u>\$ 18,972,733</u>
Excess of revenues over expenditures	<u>\$ 6,298,776</u>	<u>\$ (3,950,878)</u>	<u>\$ 30,246,138</u>	<u>\$ 34,197,016</u>
Other financing uses:				
Transfers in	\$ 4,714,805	\$ 4,803,905	\$ 5,264,737	\$ 460,832
Transfers out	(22,219,065)	(21,627,545)	(21,468,525)	159,020
Lease liabilities issued	-	-	-	-
Subscription liabilities issued	-	-	1,779,854	1,779,854
Total other financing uses	<u>\$ (17,504,260)</u>	<u>\$ (16,823,640)</u>	<u>\$ (14,423,934)</u>	<u>\$ 2,399,706</u>
Net change in fund balances	<u>\$ (11,205,484)</u>	<u>\$ (20,774,518)</u>	<u>\$ 15,822,204</u>	<u>\$ 36,596,722</u>
Fund balance, beginning	<u>11,205,484</u>	<u>20,774,518</u>	<u>176,170,576</u>	<u>155,396,058</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 191,992,780</u>	<u>\$ 191,992,780</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule 1 - Page 2

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

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

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

	Budgetary Basis (Sch 1)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ 10,453,267	\$ -	\$ 78,424	\$ 10,531,691
EXPENDITURES				
Current:				
Public safety	90,389,812	-	45,518	90,435,330
Education	156,768,780	5,325,997	-	162,094,777
Debt service:				
Principal retirement	7,739,390	22,821,927	-	30,561,317
Interest and other charges	2,148,367	8,164,567	-	10,312,934
Bond issuance costs	-	190,137	-	190,137
Other financing sources (uses):				
Issuance of bonds	-	32,595,000	-	32,595,000
Premium on bonds issued	-	3,907,628	-	3,907,628
Total reconciling adjustments:		\$ -	\$ 32,906	

Net change in fund balances (Sch 1 & Exh IV):	\$ 15,822,204	\$ -	\$ 32,906	\$ 15,855,110
Fund balance, beginning (Sch 1 & Exh IV)	176,170,576	-	2,040,475	178,211,051
Fund balance, ending (Sch 1 & Exh IV)	<u>\$ 191,992,780</u>	<u>\$ -</u>	<u>\$ 2,073,381</u>	<u>\$ 194,066,161</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 2 - Page 1

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ 10,246	\$ 9,293	\$ 8,354	\$ 7,209	\$ 6,468	\$ 5,931	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405
Interest	19,409	18,163	17,301	14,387	13,530	12,564	11,745	11,029	10,191	9,544
Differences between actual and expected experience	7,468	411	(4,724)	10,686	286	3,054	864	707	1,873	(766)
Changes of assumptions	-	-	-	10,644	-	6,513	-	(1,373)	-	-
Benefit payments, including refunds of employee contributions	(10,988)	(9,744)	(8,461)	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,263)
Net change in total pension liability	26,135	18,123	12,470	35,186	12,854	21,281	12,016	10,555	11,909	9,920
Total pension liability - beginning	282,785	264,662	252,192	217,006	204,152	182,871	170,855	160,300	148,391	138,471
Total pension liability - ending	\$ 308,920	\$ 282,785	\$ 264,662	\$ 252,192	\$ 217,006	\$ 204,152	\$ 182,871	\$ 170,855	\$ 160,300	\$ 148,391
Plan fiduciary net position										
Contributions - employer	\$ 10,997	\$ 9,784	\$ 7,025	\$ 6,466	\$ 5,337	\$ 4,991	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631
Contributions - employee	3,958	3,553	3,270	3,028	2,824	2,721	2,507	2,443	2,303	2,246
Net investment income	25,455	15,850	(418)	51,290	3,506	11,453	11,629	17,039	2,399	5,869
Benefit payments, including refunds of employee contributions	(10,988)	(9,744)	(8,461)	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,262)
Administrative expense	(154)	(150)	(146)	(122)	(115)	(108)	(97)	(95)	(82)	(76)
Other	6	6	6	5	(4)	(7)	(10)	(15)	(1)	(1)
Net change in plan fiduciary net position	29,274	19,299	1,276	52,927	4,118	12,269	12,567	18,347	3,776	8,407
Plan fiduciary net position - beginning	258,990	239,691	238,415	185,488	181,370	169,101	156,534	138,187	134,411	126,004
Plan fiduciary net position - ending	\$ 288,264	\$ 258,990	\$ 239,691	\$ 238,415	\$ 185,488	\$ 181,370	\$ 169,101	\$ 156,534	\$ 138,187	\$ 134,411
County's net pension liability-ending	\$ 20,656	\$ 23,795	\$ 24,971	\$ 13,777	\$ 31,518	\$ 22,782	\$ 13,770	\$ 14,321	\$ 22,113	\$ 13,980
Plan fiduciary net position as a % of the total pension liability	93.3%	91.6%	90.6%	94.5%	85.5%	88.8%	92.5%	91.6%	86.2%	90.6%
Covered payroll	\$ 83,989	\$ 74,496	\$ 68,128	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942
County's net pension liability as a % of covered payroll	24.6%	31.9%	36.7%	22.1%	54.1%	42.2%	27.2%	30.2%	48.7%	31.8%

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 2 - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 3 - Page 1

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Service cost	\$ 1,019	\$ 1,042	\$ 857	\$ 950	\$ 973	\$ 937	\$ 954	\$ 948	\$ 993	\$ 1,024
Interest	2,669	2,548	2,507	2,266	2,136	2,065	1,972	1,906	1,846	1,760
Difference between expected and actual experience	367	125	(1,145)	257	510	(112)	(59)	(148)	(454)	(156)
Change in assumptions	-	-	-	978	-	862	-	(213)	-	-
Benefit payments, including refunds of employee contributions	(1,984)	(1,836)	(1,755)	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)
Net change in total pension liability	2,071	1,879	464	2,726	1,979	2,177	1,359	898	918	1,307
Total pension liability - beginning	39,508	37,629	37,165	34,439	32,460	30,283	28,924	28,026	27,108	25,801
Total pension liability - ending	\$ 41,579	\$ 39,508	\$ 37,629	\$ 37,165	\$ 34,439	\$ 32,460	\$ 30,283	\$ 28,924	\$ 28,026	\$ 27,108
Plan fiduciary net position										
Contributions - employer	\$ 648	\$ 631	\$ 580	\$ 588	\$ 597	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762
Contributions - employee	541	522	447	451	483	460	446	446	443	448
Net investment income	3,923	2,499	(41)	8,627	607	2,004	2,097	3,135	447	1,128
Benefit payments, including refunds of employee contributions	(1,984)	(1,836)	(1,755)	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)
Administrative expense	(26)	(25)	(25)	(22)	(21)	(20)	(18)	(18)	(16)	(16)
Other	1	1	1	1	(1)	(1)	(2)	(3)	-	-
Net change in plan fiduciary net position	3,103	1,792	(793)	7,920	25	1,442	1,602	2,549	136	1,001
Plan fiduciary net position - beginning	40,555	38,763	39,556	31,636	31,611	30,169	28,567	26,018	25,882	24,881
Plan fiduciary net position - ending	\$ 43,658	\$ 40,555	\$ 38,763	\$ 39,556	\$ 31,636	\$ 31,611	\$ 30,169	\$ 28,567	\$ 26,018	\$ 25,882
School Board's net pension liability (asset) - ending	\$ (2,079)	\$ (1,047)	\$ (1,134)	\$ (2,391)	\$ 2,803	\$ 849	\$ 114	\$ 357	\$ 2,008	\$ 1,226
Plan fiduciary net position as a % of the total pension liability	105.00%	102.65%	103.01%	106.43%	91.86%	97.38%	99.62%	98.77%	92.84%	95.48%
Covered payroll	\$ 11,983	\$ 11,462	\$ 10,131	\$ 9,833	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042
School Board's net pension liability (asset) as a % of covered payroll	(17.35%)	(9.13%)	(11.19%)	(24.32%)	27.21%	8.75%	1.22%	3.90%	22.13%	13.56%

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board actions are as follows:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 4 - Page 1

(Amounts in thousands)

Measurement date - June30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability	1.56078%	1.53896%	1.54509%	1.54457%	1.57287%	1.58065%	1.56580%	1.59753%	1.62648%	1.62945%
Proportionate share of the net pension liability	\$ 146,292	\$ 155,502	\$ 146,947	\$ 119,866	\$ 228,939	\$ 208,023	\$ 184,137	\$ 196,464	\$ 227,937	\$ 205,089
Covered payroll	\$ 167,015	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089
Proportionate share of the net pension liability as a % of its covered payroll	87.59%	101.34%	102.05%	87.75%	166.03%	157.18%	145.56%	156.21%	183.83%	169.37%
Plan fiduciary net position as a % of the total pension liability	84.52%	82.45%	82.61%	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

Schedule 5

(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County of Spotsylvania										
Contractually required contribution	\$ 11,820	\$ 11,523	\$ 10,221	\$ 7,365	\$ 6,754	\$ 5,580	\$ 5,167	\$ 4,813	\$ 4,516	\$ 4,806
Contribution in relation to the contractually required contribution	<u>(11,820)</u>	<u>(11,523)</u>	<u>(10,221)</u>	<u>(7,365)</u>	<u>(6,754)</u>	<u>(5,580)</u>	<u>(5,167)</u>	<u>(4,813)</u>	<u>(4,516)</u>	<u>(4,806)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 90,365	\$ 83,989	\$ 74,496	\$ 68,128	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430
Contributions as a percentage of covered payroll	13.08%	13.72%	13.72%	10.81%	10.81%	9.58%	9.58%	9.51%	9.51%	10.58%
Spotsylvania County School Board										
Contractually required contribution	\$ 602	\$ 753	\$ 720	\$ 679	\$ 659	\$ 649	\$ 611	\$ 616	\$ 607	\$ 741
Contribution in relation to the contractually required contribution	<u>(602)</u>	<u>(753)</u>	<u>(720)</u>	<u>(679)</u>	<u>(659)</u>	<u>(649)</u>	<u>(611)</u>	<u>(616)</u>	<u>(607)</u>	<u>(741)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 11,966	\$ 11,983	\$ 11,462	\$ 10,131	\$ 9,834	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075
Contributions as a percentage of covered payroll	5.03%	6.28%	6.28%	6.70%	6.70%	6.30%	6.30%	6.62%	6.62%	8.17%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 24,987	\$ 27,758	\$ 25,502	\$ 23,931	\$ 22,703	\$ 21,621	\$ 20,751	\$ 20,645	\$ 18,438	\$ 17,433
Contribution in relation to the contractually required contribution	<u>(24,987)</u>	<u>(27,758)</u>	<u>(25,502)</u>	<u>(23,931)</u>	<u>(22,703)</u>	<u>(21,621)</u>	<u>(20,751)</u>	<u>(20,645)</u>	<u>(18,438)</u>	<u>(17,433)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Covered payroll	\$ 175,843	\$ 167,015	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993
Contributions as a percentage of covered payroll	14.21%	16.62%	16.62%	16.62%	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%

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

Last Ten Fiscal Years

Schedule 6 - Page 1

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020	2019	2018	2017
County of Spotsylvania								
Proportion of the net OPEB GLI liability	0.32711%	0.31661%	0.31387%	0.30311%	0.28328%	0.27529%	0.26618%	0.25793%
Proportionate share of the net OPEB GLI liability	\$ 3,650	\$ 3,797	\$ 3,779	\$ 3,529	\$ 4,728	\$ 4,480	\$ 4,043	\$ 3,881
Covered payroll	\$ 83,989	\$ 74,578	\$ 68,274	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a % of the total OPEB GLI liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
Spotsylvania County School Board								
Proportion of the net OPEB GLI liability	0.04682%	0.04897%	0.04668%	0.04780%	0.05005%	0.04959%	0.04896%	0.04992%
Proportionate share of the net OPEB GLI liability	\$ 522	\$ 587	\$ 562	\$ 557	\$ 835	\$ 807	\$ 743	\$ 751
Covered payroll	\$ 12,023	\$ 11,535	\$ 10,154	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	4.34%	5.09%	5.53%	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a % of the total OPEB GLI liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%
Spotsylvania County School Board - Teacher Plan								
Proportion of the net OPEB GLI liability	0.65180%	0.65206%	0.66236%	0.66226%	0.67056%	0.67560%	0.66528%	0.68283%
Proportionate share of the net OPEB GLI liability	\$ 7,274	\$ 7,820	\$ 7,975	\$ 7,711	\$ 11,191	\$ 10,994	\$ 10,104	\$ 10,276
Covered payroll	\$ 167,358	\$ 153,594	\$ 144,081	\$ 136,732	\$ 138,005	\$ 132,441	\$ 126,501	\$ 125,950
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	4.35%	5.09%	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a % of the total OPEB GLI liability	73.41%	69.30%	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 6 - Page 2

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board actions are as follows:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Employer GLI Contributions

Last Ten Fiscal Years

Schedule 7

(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
County of Spotsylvania										
Contractually required contribution	\$ 425	\$ 454	\$ 403	\$ 369	\$ 338	\$ 303	\$ 281	\$ 263	\$ 247	\$ 241
Contribution in relation to the contractually required contribution	<u>\$ (425)</u>	<u>\$ (454)</u>	<u>\$ (403)</u>	<u>\$ (369)</u>	<u>\$ (338)</u>	<u>\$ (303)</u>	<u>\$ (281)</u>	<u>\$ (263)</u>	<u>\$ (247)</u>	<u>\$ (241)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Employer's covered payroll	\$ 90,384	\$ 83,989	\$ 74,578	\$ 68,274	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576	\$ 45,440
Contributions as a % of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%
Spotsylvania County School Board										
Contractually required contribution	\$ 56	\$ 65	\$ 62	\$ 55	\$ 53	\$ 54	\$ 51	\$ 48	\$ 48	\$ 48
Contribution in relation to the contractually required contribution	<u>\$ (56)</u>	<u>\$ (65)</u>	<u>\$ (62)</u>	<u>\$ (55)</u>	<u>\$ (53)</u>	<u>\$ (54)</u>	<u>\$ (51)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Employer's covered payroll	\$ 11,992	\$ 12,023	\$ 11,535	\$ 10,154	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208	\$ 9,092
Contributions as a % of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 827	\$ 904	\$ 829	\$ 778	\$ 738	\$ 718	\$ 689	\$ 658	\$ 655	\$ 658
Contribution in relation to the contractually required contribution	<u>\$ (827)</u>	<u>\$ (904)</u>	<u>\$ (829)</u>	<u>\$ (778)</u>	<u>\$ (738)</u>	<u>\$ (718)</u>	<u>\$ (689)</u>	<u>\$ (658)</u>	<u>\$ (655)</u>	<u>\$ (658)</u>
Contribution deficiency (excess)	<u>\$ -</u>									
Employer's covered payroll	\$ 175,962	\$ 167,358	\$ 153,594	\$ 144,081	\$ 136,732	\$ 138,005	\$ 132,440	\$ 126,501	\$ 125,950	\$ 124,222
Contributions as a % of covered payroll	0.47%	0.54%	0.54%	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 8 - Page 1

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020
Total HIC OPEB liability					
Service cost	\$ 10	\$ 10	\$ 13	\$ 14	\$ -
Interest	38	47	39	34	-
Change in benefit terms	-	-	-	-	505
Differences between actual and expected experience	(2)	(164)	17	-	-
Changes of assumptions	-	-	72	22	-
Benefit payments	(23)	(21)	(19)	-	-
Net change in total HIC OPEB liability	<u>23</u>	<u>(128)</u>	<u>122</u>	<u>70</u>	<u>505</u>
Total HIC OPEB liability - beginning	<u>569</u>	<u>697</u>	<u>575</u>	<u>505</u>	<u>-</u>
Total HIC OPEB liability - ending	<u>\$ 592</u>	<u>\$ 569</u>	<u>\$ 697</u>	<u>\$ 575</u>	<u>\$ 505</u>
Plan fiduciary net position					
Contributions - employer	\$ 74	\$ 71	\$ 50	\$ 47	\$ -
Contributions - employee	-	-	-	-	-
Net investment income	17	8	(1)	7	-
Benefit payments	(23)	(21)	(19)	-	-
Administrative expense	-	-	-	-	-
Other	-	-	1	-	-
Net change in plan fiduciary net position	<u>68</u>	<u>58</u>	<u>31</u>	<u>54</u>	<u>-</u>
Plan fiduciary net position - beginning	<u>143</u>	<u>85</u>	<u>54</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ 211</u>	<u>\$ 143</u>	<u>\$ 85</u>	<u>\$ 54</u>	<u>\$ -</u>
School Board's net HIC OPEB liability-ending	<u>\$ 381</u>	<u>\$ 426</u>	<u>\$ 612</u>	<u>\$ 521</u>	<u>\$ 505</u>
Plan fiduciary net position as a % of the total HIC OPEB liability	35.64 %	25.13 %	12.20 %	9.39 %	-
Covered payroll	\$ 11,983	\$ 11,462	\$ 10,131	\$ 9,833	\$ 10,301
School Board's net HIC OPEB liability as a % of covered payroll	3.18%	3.72%	6.04%	5.30%	4.90%

Schedule is intended to show information for 10 years. Since 2024 is the fifth year for this presentation, there are only five years available.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Notes to Schedule

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Last Ten Fiscal Years

Schedule 9

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020	2019	2018	2017
Proportion of the net HIC OPEB liability	1.55888%	1.53888%	1.54494%	1.54456%	1.57285%	1.57784%	1.56262%	1.59468%
Proportionate share of the net HIC OPEB liability	\$ 18,015	\$ 18,642	\$ 19,297	\$ 19,826	\$ 20,518	\$ 20,655	\$ 19,841	\$ 20,231
Covered payroll	\$ 167,015	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852
Proportionate share of the net HIC OPEB liability as a % of its covered payroll	10.79%	12.15%	13.40%	14.51%	14.88%	15.61%	15.70%	16.08%
Plan fiduciary net position as a % of the total HIC OPEB liability	21.82%	17.90%	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

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

Notes to Schedule:

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

Changes of assumptions - The actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Employer Health Insurance Credit Contributions

Last Ten Fiscal Years

Schedule 10

(Amounts in thousands)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Spotsylvania County School Board Plan										
Contractually required contribution	\$ 74	\$ 74	\$ 71	\$ 49	\$ 47					
Contribution in relation to contractually required contribution	<u>(74)</u>	<u>(74)</u>	<u>(71)</u>	<u>(49)</u>	<u>(47)</u>					
Contribution deficiency (excess)	<u>\$ -</u>									
Employer's covered payroll	\$ 11,966	\$ 11,983	\$ 11,462	\$ 10,131	\$ 9,833					
Contributions as a % of covered payroll	0.62%	0.62%	0.62%	0.48%	0.48%					
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 2,128	\$ 2,021	\$ 1,857	\$ 1,742	\$ 1,653	\$ 1,655	\$ 1,588	\$ 1,554	\$ 1,548	\$ 1,463
Contribution in relation to contractually required contribution	<u>(2,128)</u>	<u>(2,021)</u>	<u>(1,857)</u>	<u>(1,742)</u>	<u>(1,653)</u>	<u>(1,655)</u>	<u>(1,588)</u>	<u>(1,554)</u>	<u>(1,548)</u>	<u>(1,463)</u>
Contribution (deficiency)/excess	<u>\$ -</u>									
Employer's covered payroll	\$ 175,843	\$ 167,015	\$ 153,443	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852	\$ 124,013
Contributions as a % of covered payroll	1.21%	1.21%	1.21%	1.21%	1.21%	1.20%	1.20%	1.23%	1.11%	1.06%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 11

(Amounts in thousands)

Measurement Date - June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 1,900	\$ 2,403	\$ 2,307	\$ 3,423	\$ 3,308	\$ 2,903	\$ 4,623	\$ 4,412
Interest	4,097	3,009	2,871	2,170	2,547	3,230	5,285	4,451
Changes of benefit items	-	22,749	-	-	-	-	(32,422)	-
Changes of assumptions	(19,398)	(3,006)	(1,446)	(21,664)	(304)	18,204	(18,446)	(9,319)
Differences between actual and expected experience	-	-	-	-	(18,796)	-	11,850	-
Benefit payments	(2,874)	(2,797)	(2,219)	(2,117)	(1,490)	(1,757)	(2,270)	(1,454)
Net change in total OPEB liability	(16,275)	22,358	1,513	(18,188)	(14,735)	22,580	(31,380)	(1,910)
Total OPEB liability - beginning	103,770	81,412	79,899	98,087	112,822	90,242	121,622	123,532
Total OPEB liability - ending	\$ 87,495	\$ 103,770	\$ 81,412	\$ 79,899	\$ 98,087	\$ 112,822	\$ 90,242	\$ 121,622
Covered-employee payroll	\$ 101,726	\$ 93,793	\$ 86,669	\$ 76,951	\$ 69,498	\$ 64,777	\$ 60,082	\$ 55,194
County's total OPEB liability as a % of covered-employee payroll	86.01%	110.64%	93.93%	103.83%	141.14%	174.17%	150.20%	220.35%

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

Notes to Schedule:

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

Changes in benefit terms - Effective January 1, 2019, the county began providing HRAs to eligible post-65 retirees. Post-65 retirees hired before September 25, 2018 may elect to enroll in an HRA or the County's health plan. Post-65 retirees hired on or after September 25, 2018 may only elect to enroll in an HRA. The liability decrease associated with this plan change of about 32.4 million has been recognized per GASB 75 in the FY19 OPEB expense. In FY24, the \$22.7 million liability increase was primarily due to unfavorable healthcare cost experience.

Changes in plan experience - No change.

Changes in assumptions

The June 30, 2025 actuarial valuation resulted in a \$19.4 million decrease in liability due to the increase in the discount rate from 3.93% to 5.20%.

Change in discount rate	5.20%	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.87%
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COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 12

(Amounts in thousands)

Measurement date - June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability									
Service cost	\$ 2,045	\$ 2,100	\$ 5,049	\$ 7,770	\$ 10,378	\$ 8,673	\$ 9,447	\$ 9,179	\$ 10,523
Interest	6,738	6,442	5,720	3,566	7,273	8,207	8,743	8,413	7,155
Changes in benefit terms	25,911	-	-	-	-	-	-	-	-
Difference between expected and actual experience	25,117	(154)	(12,826)	(1,985)	(135,177)	(2,827)	(20,301)	(2,920)	-
Changes of assumptions	(287)	-	(40,511)	(48,299)	8,991	25,218	27,701	(3,475)	(27,679)
Benefit payments	(6,046)	(5,875)	(5,144)	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)
Net change in total OPEB liability	53,478	2,513	(47,712)	(42,199)	(112,268)	34,790	20,541	6,509	(14,497)
Total OPEB liability - beginning	100,979	98,466	146,178	188,377	300,645	265,855	245,314	238,805	253,302
Total OPEB liability - ending	\$ 154,457	\$ 100,979	\$ 98,466	\$ 146,178	\$ 188,377	\$ 300,645	\$ 265,855	\$ 245,314	\$ 238,805
Plan fiduciary net position									
Contributions - employer	\$ 6,722	\$ 6,670	\$ 5,144	\$ 6,171	\$ 10,017	\$ 4,481	\$ 5,478	\$ 4,688	\$ 4,496
Net investment income	1,489	1,373	1,022	(1,227)	1,269	124	208	299	357
Benefit payments	(6,046)	(5,875)	(5,144)	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)
Administrative expense	(13)	(1)	(14)	(12)	(5)	(5)	(4)	(4)	(3)
Net change in plan fiduciary net position	2,152	2,167	1,008	1,681	7,548	119	633	295	354
Plan fiduciary net position - beginning	16,583	14,416	13,408	11,727	4,179	4,060	3,427	3,132	2,778
Plan fiduciary net position - ending	\$ 18,735	\$ 16,583	\$ 14,416	\$ 13,408	\$ 11,727	\$ 4,179	\$ 4,060	\$ 3,427	\$ 3,132
School Board's net OPEB liability-ending	\$ 135,722	\$ 84,396	\$ 84,050	\$ 132,770	\$ 176,650	\$ 296,466	\$ 261,795	\$ 241,887	\$ 235,673
Plan fiduciary net position as a % of the total OPEB liability	12.13%	16.42%	14.64%	9.17%	6.23%	1.39%	1.53%	1.40%	1.31%
Covered-employee payroll	\$ 188,413	\$ 179,677	\$ 164,829	\$ 154,116	\$ 146,426	\$ 148,123	\$ 141,996	\$ 135,808	\$ 134,931
School Board's net OPEB liability as a % of covered-employee payroll	72.03%	46.97%	50.99%	86.15%	120.64%	200.15%	184.37%	178.11%	174.66%

Notes to Schedule:

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

Total OPEB Liability - Retiree Healthcare, as reported on Exhibits I & II in accordance with GASB 75, is presented having a 2025 measurement date.

Changes in benefit terms - The subsidy for employees hired on or after July 1, 2009 was updated to 50% of the HealthKeeper's 750 premium and pre-Medicare retirees and 50% of the Medicare Supplemental Plan premium for Medicare-eligible retirees.

Changes in experience - Changes in per capita costs resulted in an increase to the total liability in the 2025 valuation.

Changes in assumptions: The June 30, 2025 actuarial valuation resulted in no change to the liability, primarily due to the same discount rate of 6.75%.

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

Schedule 13

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Annual money-weighted rate of return, net of investment expense	8.83%	9.26%	7.52%	(10.21%)	27.82%	3.06%	5.78%	9.58%	12.88%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 14

(Amounts in thousands)

Measurement date - June 30,	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 801	\$ 827	\$ 814	\$ 945	\$ 840	\$ 1,020	\$ 908	\$ 880
Interest	329	251	215	143	152	284	274	240
Changes in benefit terms	-	5	-	-	-	-	-	-
Differences between expected and actual experience	46	34	128	(1,728)	14	(3,752)	(29)	(39)
Changes of assumptions	(922)	132	(124)	(756)	481	(261)	555	(40)
Benefit payments	<u>(274)</u>	<u>(259)</u>	<u>(345)</u>	<u>(228)</u>	<u>(214)</u>	<u>(203)</u>	<u>(193)</u>	<u>(181)</u>
Net change in total OPEB liability	(20)	990	688	(1,624)	1,273	(2,912)	1,515	860
Total OPEB liability - beginning	<u>7,621</u>	<u>6,631</u>	<u>5,943</u>	<u>7,567</u>	<u>6,294</u>	<u>9,206</u>	<u>7,691</u>	<u>6,831</u>
Total OPEB liability - ending	<u>\$ 7,601</u>	<u>\$ 7,621</u>	<u>\$ 6,631</u>	<u>\$ 5,943</u>	<u>\$ 7,567</u>	<u>\$ 6,294</u>	<u>\$ 9,206</u>	<u>\$ 7,691</u>
Covered-employee payroll	N/A							
County's total OPEB liability as a % of covered-employee payroll	N/A							

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

Notes to Schedule:

There are no actuarially significant changes to benefit provisions.

Changes to Assumptions

Changes in discount rate:	4.81%	3.97%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%
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COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Schedule 15

(Amounts in thousands)

Measurement date - June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability									
Service cost	\$ 16	\$ 51	\$ 86	\$ 128	\$ 90	\$ 85	\$ 93	\$ 147	\$ 109
Interest	123	127	96	106	128	131	119	102	114
Differences between actual and expected experience	(42)	(288)	(93)	(276)	10	(74)	(5)	46	6
Change in assumptions	(107)	(40)	(992)	(238)	1,020	216	(43)	(469)	446
Benefit payments, including refunds of employee contributions	(126)	(98)	(91)	(106)	(79)	(118)	(79)	(77)	(70)
Net change in total pension liability	(136)	(248)	(994)	(386)	1,169	240	85	(251)	605
Total pension liability - beginning	3,242	3,490	4,484	4,870	3,701	3,461	3,376	3,627	3,022
Total pension liability - ending	\$ 3,106	\$ 3,242	\$ 3,490	\$ 4,484	\$ 4,870	\$ 3,701	\$ 3,461	\$ 3,376	\$ 3,627
Covered-employee payroll	N/A								
Total pension liability as a % of covered-employee payroll	N/A								

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

Notes to Schedule:

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

Change in discount rate: 3.97% 3.86% 3.69% 2.16% 2.21% 3.50% 3.87% 3.58% 2.85%

There is no covered employee payroll since this plan provides benefits for volunteers. Projected inflation is used in place of the projected rate of change in salary. Inflation rate projection as of June 30, 2024 increased from 2.30% to 2.90%.

Mortality Table - RP 2014 Combined - Projected to 2024

OTHER SUPPLEMENTARY INFORMATION

CAPITAL PROJECTS FUND

The Capital Projects Fund is used to account for the development, modernization and replacement of County infrastructure not financed by the proprietary fund.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Capital Projects Fund

For the Year Ended June 30, 2025

Schedule A

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
General property taxes	\$ 25,200	\$ 25,200	\$ 28,508	\$ 3,308
From use of money and property	200,000	200,000	4,121,257	3,921,257
Contributions	903,663	7,736,233	963,687	(6,772,546)
Miscellaneous	-	-	97	97
Intergovernmental	14,728	13,125,471	7,640,982	(5,484,489)
Total revenues	<u>\$ 1,143,591</u>	<u>\$ 21,086,904</u>	<u>\$ 12,754,531</u>	<u>\$ (8,332,373)</u>
EXPENDITURES				
Current:				
General government	\$ 230,915	\$ 230,915	\$ 101,706	\$ 129,209
Capital projects	45,781,894	152,282,768	48,888,589	103,394,179
Debt service:				
Bond issuance costs	-	538,861	526,963	11,898
Total expenditures	<u>\$ 46,012,809</u>	<u>\$ 153,052,544</u>	<u>\$ 49,517,258</u>	<u>\$ 103,535,286</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (44,869,218)</u>	<u>\$ (131,965,640)</u>	<u>\$ (36,762,727)</u>	<u>\$ (95,202,913)</u>
Other financing sources (uses):				
Transfers in	\$ 18,667,381	\$ 20,346,188	\$ 18,235,570	\$ (2,110,618)
Transfers out	(79,728)	(79,728)	(14,791)	64,937
Issuance of bonds	25,411,847	35,260,000	35,260,000	-
Premium on bonds issued	-	1,136,074	1,136,074	-
Total other financing sources	<u>\$ 43,999,500</u>	<u>\$ 56,662,534</u>	<u>\$ 54,616,853</u>	<u>\$ (2,045,681)</u>
Net change in fund balances	<u>\$ (869,718)</u>	<u>\$ (75,303,106)</u>	<u>\$ 17,854,126</u>	<u>\$ 93,157,232</u>
Fund balance, beginning	<u>869,718</u>	<u>75,303,106</u>	<u>83,514,589</u>	<u>8,211,483</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,368,715</u>	<u>\$ 101,368,715</u>

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OTHER GOVERNMENTAL FUNDS

Nonmajor funds:

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

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

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

The Lee Hill tenant building fund is used to account for the tenant revenues and debt service payments associated with the County purchase of the Lee Hill building in October 2024. The building addresses the County's need for additional space, and tenant revenues partially offset debt service payments associated with the building purchase.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Balance Sheet - Other Governmental Funds

June 30, 2025

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Lee Hill Tenant Building Fund	Total Other Governmental Funds
ASSETS					
Cash and investments - pooled equity	\$ 89,624	\$ 14,572,243	\$ 13,376,806	\$ 337,812	\$ 28,376,485
Receivables, net	725,069	-	8,460,007	108,741	9,293,817
Lease receivable	-	-	-	14,922,051	14,922,051
Restricted cash and investments	-	-	1,816,847	-	1,816,847
Total assets	<u>\$ 814,693</u>	<u>\$ 14,572,243</u>	<u>\$ 23,653,660</u>	<u>\$ 15,368,604</u>	<u>\$ 54,409,200</u>
LIABILITIES					
Accounts payable	\$ 617	\$ 147,133	\$ 63,087	\$ 19,928	\$ 230,765
Accrued salaries and benefits	-	74,899	12,753	3,051	90,703
Other accrued liabilities	-	8,534	-	36,320	44,854
Deposits	-	2,213,890	3,127,624	70,379	5,411,893
Total liabilities	<u>\$ 617</u>	<u>\$ 2,444,456</u>	<u>\$ 3,203,464</u>	<u>\$ 129,678</u>	<u>\$ 5,778,215</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue:					
Property taxes	\$ -	\$ -	\$ 611,899	\$ -	\$ 611,899
Leases	-	-	-	14,650,882	14,650,882
Other revenues	70,736	-	-	21,190	91,926
Total deferred inflows of resources	<u>\$ 70,736</u>	<u>\$ -</u>	<u>\$ 611,899</u>	<u>\$ 14,672,072</u>	<u>\$ 15,354,707</u>
FUND BALANCE					
Non spendable	\$ -	\$ -	\$ -	\$ 271,169	\$ 271,169
Restricted	-	-	9,668,207	-	9,668,207
Committed	743,340	11,445,959	10,083,348	295,685	22,568,332
Assigned	-	681,828	86,742	-	768,570
Total fund balances	<u>\$ 743,340</u>	<u>\$ 12,127,787</u>	<u>\$ 19,838,297</u>	<u>\$ 566,854</u>	<u>\$ 33,276,278</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 814,693</u>	<u>\$ 14,572,243</u>	<u>\$ 23,653,660</u>	<u>\$ 15,368,604</u>	<u>\$ 54,409,200</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule B-2

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Lee Hill Tenant Building Fund	Total Other Governmental Funds
REVENUES					
General property taxes	\$ -	\$ -	\$ 1,121,593	\$ -	\$ 1,121,593
Other local taxes	-	-	7,871,583	-	7,871,583
Permits, fees and regulatory licenses	-	6,026,556	83,230	-	6,109,786
From use of money and property	-	231,473	412,042	2,093,526	2,737,041
Charges for services	4,316,690	393,904	-	-	4,710,594
Total revenues	<u>\$ 4,316,690</u>	<u>\$ 6,651,933</u>	<u>\$ 9,488,448</u>	<u>\$ 2,093,526</u>	<u>\$ 22,550,597</u>
EXPENDITURES					
Current:					
Public safety	\$ -	\$ 3,535,901	\$ -	\$ -	\$ 3,535,901
Public works	-	-	854	681,652	682,506
Community development	-	1,808,387	3,385,298	-	5,193,685
Debt service:					
Bonded debt:					
Principal retirement	-	-	3,978,683	-	3,978,683
Interest and other fiscal charges	-	-	2,027,035	845,020	2,872,055
Total expenditures	<u>\$ -</u>	<u>\$ 5,344,288</u>	<u>\$ 9,391,870</u>	<u>\$ 1,526,672</u>	<u>\$ 16,262,830</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 4,316,690</u>	<u>\$ 1,307,645</u>	<u>\$ 96,578</u>	<u>\$ 566,854</u>	<u>\$ 6,287,767</u>
Other financing sources (uses):					
Transfers in	\$ -	\$ 759,263	\$ 2,605,671	\$ -	\$ 3,364,934
Transfers out	(4,174,926)	(1,089,810)	(106,108)	-	(5,370,844)
Total other financing sources (uses), net	<u>\$ (4,174,926)</u>	<u>\$ (330,547)</u>	<u>\$ 2,499,563</u>	<u>\$ -</u>	<u>\$ (2,005,910)</u>
Net change in fund balances	\$ 141,764	\$ 977,098	\$ 2,596,141	\$ 566,854	\$ 4,281,857
Fund balance, beginning	601,576	11,150,689	17,242,156	-	28,994,421
Fund balance, ending	<u>\$ 743,340</u>	<u>\$ 12,127,787</u>	<u>\$ 19,838,297</u>	<u>\$ 566,854</u>	<u>\$ 33,276,278</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Fire/EMS Service Fee Fund

For the Year Ended June 30, 2025

Schedule B-3.1

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
Charges for services	\$ 3,600,000	\$ 3,744,100	\$ 4,316,690	\$ 572,590
Total revenues	<u>\$ 3,600,000</u>	<u>\$ 3,744,100</u>	<u>\$ 4,316,690</u>	<u>\$ 572,590</u>
Other financing uses:				
Transfers out	\$ (3,600,000)	\$ (3,744,100)	\$ (4,174,926)	\$ (430,826)
Total other financing uses	<u>\$ (3,600,000)</u>	<u>\$ (3,744,100)</u>	<u>\$ (4,174,926)</u>	<u>\$ (430,826)</u>
Net change in fund balances	\$ -	\$ -	\$ 141,764	\$ 141,764
Fund balance, beginning	-	-	601,576	601,576
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 743,340</u>	<u>\$ 743,340</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Code Compliance Fund

For the Year Ended June 30, 2025

Schedule B-3.2

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Permits, fees and regulatory licenses	6,120,000	6,233,000	6,026,556	(206,444)
From use of money and property	-	-	231,473	231,473
Charges for services	389,299	389,299	393,904	4,605
Total revenues	<u>\$ 6,509,299</u>	<u>\$ 6,622,299</u>	<u>\$ 6,651,933</u>	<u>\$ 29,634</u>
EXPENDITURES				
Current:				
Public safety	\$ 3,776,375	\$ 3,856,375	\$ 3,535,901	\$ 320,474
Community development	2,731,249	2,764,249	1,808,387	955,862
Total expenditures	<u>\$ 6,507,624</u>	<u>\$ 6,620,624</u>	<u>\$ 5,344,288</u>	<u>\$ 1,276,336</u>
Excess of revenues over expenditures	<u>\$ 1,675</u>	<u>\$ 1,675</u>	<u>\$ 1,307,645</u>	<u>\$ 1,305,970</u>
Other financing sources (uses):				
Transfers in	\$ 759,263	\$ 759,263	\$ 759,263	\$ -
Transfers out	(1,284,805)	(1,284,805)	(1,089,810)	194,995
Total other financing sources (uses)	<u>\$ (525,542)</u>	<u>\$ (525,542)</u>	<u>\$ (330,547)</u>	<u>\$ 194,995</u>
Net change in fund balances	<u>\$ (523,867)</u>	<u>\$ (523,867)</u>	<u>\$ 977,098</u>	<u>\$ 1,500,965</u>
Fund balance, beginning	523,867	523,867	11,150,689	10,626,822
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,127,787</u>	<u>\$ 12,127,787</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Transportation Fund

For the Year Ended June 30, 2025

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,096,894	\$ 1,096,894	\$ 1,121,593	\$ 24,699
Other local taxes	6,966,300	6,966,300	7,871,583	905,283
Permits, fees and regulatory licenses	53,460	53,460	83,230	29,770
From use of money and property	<u>15,000</u>	<u>15,000</u>	<u>412,042</u>	<u>397,042</u>
Total revenues	<u>\$ 8,131,654</u>	<u>\$ 8,131,654</u>	<u>\$ 9,488,448</u>	<u>\$ 1,356,794</u>
EXPENDITURES				
Current:				
Public works	\$ 129,493	\$ 129,493	\$ 854	\$ 128,639
Community development	3,533,650	3,679,044	3,385,298	293,746
Debt service:				
Principal retirement	4,498,683	3,978,683	3,978,683	-
Interest and other fiscal charges	<u>2,227,849</u>	<u>2,026,308</u>	<u>2,027,035</u>	<u>(727)</u>
Total expenditures	<u>\$ 10,389,675</u>	<u>\$ 9,813,528</u>	<u>\$ 9,391,870</u>	<u>\$ 421,658</u>
Excess of revenues over expenditures	<u>\$ (2,258,021)</u>	<u>\$ (1,681,874)</u>	<u>\$ 96,578</u>	<u>\$ 1,778,452</u>
Other financing sources (uses):				
Transfers in	\$ 3,327,149	\$ 2,605,608	\$ 2,605,671	\$ 63
Transfers out	<u>(20,000)</u>	<u>(126,108)</u>	<u>(106,108)</u>	<u>20,000</u>
Total other financing sources (uses)	<u>\$ 3,307,149</u>	<u>\$ 2,479,500</u>	<u>\$ 2,499,563</u>	<u>\$ 20,063</u>
Net change in fund balances	\$ 1,049,128	\$ 797,626	\$ 2,596,141	\$ 1,798,515
Fund balance, beginning	<u>(1,049,128)</u>	<u>(797,626)</u>	<u>17,242,156</u>	<u>18,039,782</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,838,297</u>	<u>\$ 19,838,297</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Lee Hill Tenant Building Fund

For the Year Ended June 30, 2025

Schedule B-3.4

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
From use of money and property	-	1,965,301	2,093,526	128,225
Total revenues	\$ -	\$ 1,965,301	\$ 2,093,526	\$ 128,225
EXPENDITURES				
Current:				
Public works	\$ -	\$ 864,570	\$ 681,652	\$ 182,918
Debt service:				
Interest and other fiscal charges	-	845,020	845,020	-
Total expenditures	\$ -	\$ 1,709,590	\$ 1,526,672	\$ 182,918
Excess of revenues over expenditures	\$ -	\$ 255,711	\$ 566,854	\$ 311,143
Net change in fund balances	\$ -	\$ 255,711	\$ 566,854	\$ 311,143
Fund balance, beginning	-	(255,711)	-	255,711
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 566,854</u></u>	<u><u>\$ 566,854</u></u>

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DISCRETELY PRESENTED COMPONENT UNIT SCHOOL BOARD

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

Governmental funds:

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

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

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

Other Governmental funds:

The school textbook fund is used to account for the purchase of textbooks used for student education.

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

Enterprise fund:

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

Fiduciary fund:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Balance Sheet - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2025

Schedule C-1 - Page 1

	Operating Fund	Cafeteria Fund	Capital Projects Fund	Other Governmental Funds	Total
ASSETS					
Cash and investments - pooled equity	\$ 3,823,001	\$ 19,146,718	\$ -	\$ 6,830,373	\$ 29,800,092
Receivables, net	12,218,560	1,546,855	615,299	-	14,380,714
Due from Primary Government	17,868,736				17,868,736
Restricted cash and investments	-	-	57,329,407	3,261,484	60,590,891
Total assets	<u>\$ 33,910,297</u>	<u>\$ 20,693,573</u>	<u>\$ 57,944,706</u>	<u>\$ 10,091,857</u>	<u>\$ 122,640,433</u>
LIABILITIES					
Accounts payable	\$ 5,619,059	\$ 1,234,278	\$ 3,345,173	\$ -	\$ 10,198,510
Retainage payable	-	-	2,625,962	-	2,625,962
Accrued salaries and benefits	21,241,098	84,056	-	-	21,325,154
Unearned revenue	3,823,001	-	-	-	3,823,001
Total liabilities	<u>\$ 30,683,158</u>	<u>\$ 1,318,334</u>	<u>\$ 5,971,135</u>	<u>\$ -</u>	<u>\$ 37,972,627</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	\$ 3,227,139	-	-	-	\$ 3,227,139
FUND BALANCE					
Restricted for:					
Food service	\$ -	\$ 19,375,239	\$ -	\$ -	\$ 19,375,239
Capital projects	-	-	51,973,571	-	51,973,571
Grants	-	-	-	6,830,373	6,830,373
Student activities	-	-	-	3,261,484	3,261,484
Total fund balance	<u>\$ -</u>	<u>\$ 19,375,239</u>	<u>\$ 51,973,571</u>	<u>\$ 10,091,857</u>	<u>\$ 81,440,667</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 33,910,297</u>	<u>\$ 20,693,573</u>	<u>\$ 57,944,706</u>	<u>\$ 10,091,857</u>	<u>\$ 122,640,433</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule C-1 - Page 2

Total fund balances of the component unit - School Board (Schedule C-1)	\$	81,440,667	
<i>Amounts reported for the Component Unit - School Board in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid expenses use current resources and, therefore, are not reported in the governmental funds.			1,846,148
Capital assets, to include lease and subscription right to use assets, used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$	64,720,514	
Depreciable assets, net		<u>311,874,834</u>	
			376,595,348
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			1,933,363
Deferred outflows represent a consumption of net position that is applicable to a future reporting period.			
Pension contributions	\$	25,626,416	
Pension actuarial differences		29,809,948	
OPEB contributions		9,754,355	
OPEB actuarial differences		<u>17,185,541</u>	
			82,376,260
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other postemployment benefits	\$	(146,291,622)	
Net pension liability		(110,278,122)	
Lease liability		(512,289)	
Subscription liability (includes accrued interest of \$203,502)		(9,793,967)	
Insurance claims		(4,979,515)	
Compensated absences		<u>(25,594,729)</u>	
			(297,450,244)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			3,227,139
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.			
Pension actuarial differences	\$	(25,554,424)	
OPEB actuarial differences		<u>(133,307,278)</u>	
			(158,861,702)
Internal service fund included in entity-wide statements (Sch D-1).			<u>6,696,644</u>
Total net position of the component unit - School Board (Exhibit I)	\$		<u>97,803,623</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2025

Schedule C-2 - Page 1

	Operating Fund	Cafeteria Fund	Capital Projects Fund	Other Governmental Funds	Total
REVENUES					
From use of money and property	\$ 224,983	\$ 169,205	\$ 2,848,583	\$ -	\$ 3,242,771
Charges for services	449,204	1,514,435	-	-	1,963,639
Contributions	-	-	-	-	-
Miscellaneous	1,933,760	394,997	6,084	-	2,334,841
Intergovernmental	241,850,494	10,738,049	2,428,970	2,355,480	257,372,993
Student activity fees and contributions	-	-	-	4,709,229	4,709,229
Payments from Primary Government	125,693,115	-	36,312,491	-	162,005,606
Total revenues	<u>\$ 370,151,556</u>	<u>\$ 12,816,686</u>	<u>\$ 41,596,128</u>	<u>\$ 7,064,709</u>	<u>\$ 431,629,079</u>
EXPENDITURES					
Current:					
Education	\$ 366,747,837	\$ 14,675,616	\$ -	\$ 4,467,565	\$ 385,891,018
Capital projects	-	-	37,899,487	-	37,899,487
Debt service:					
Right to use assets:					
Principal retirement	3,076,472	-	-	-	3,076,472
Interest and other charges	155,642	-	-	-	155,642
Total expenditures	<u>\$ 369,979,951</u>	<u>\$ 14,675,616</u>	<u>\$ 37,899,487</u>	<u>\$ 4,467,565</u>	<u>\$ 427,022,619</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 171,605</u>	<u>\$ (1,858,930)</u>	<u>\$ 3,696,641</u>	<u>\$ 2,597,144</u>	<u>\$ 4,606,460</u>
Other financing sources (uses):					
Transfers in	\$ -	\$ -	\$ 2,704,534	\$ 4,474,893	\$ 7,179,427
Transfers out	(7,179,427)	-	-	-	(7,179,427)
Lease liabilities issued	-	-	-	-	-
Subscription liabilities issued	7,007,822	-	-	-	7,007,822
Total other financing sources (uses), net	<u>\$ (171,605)</u>	<u>\$ -</u>	<u>\$ 2,704,534</u>	<u>\$ 4,474,893</u>	<u>\$ 7,007,822</u>
Net change in fund balances	\$ -	\$ (1,858,930)	\$ 6,401,175	\$ 7,072,037	\$ 11,614,282
Fund balance, beginning	-	21,234,169	45,572,396	3,019,820	69,826,385
Fund balance, ending	<u>\$ -</u>	<u>\$ 19,375,239</u>	<u>\$ 51,973,571</u>	<u>\$ 10,091,857</u>	<u>\$ 81,440,667</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule C-2 - Page 2

Net change in fund balance of the component unit - School Board (Schedule C-2):	\$	11,614,282
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Amounts reported for the component unit - School Board in the Statement of Activities are different because:

Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense.		(842,195)
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Governmental funds report capital outlays, including lease and subscription right to use outlays, as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
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Capital outlay	\$	50,272,313	
Depreciation expense		(24,497,219)	
			25,775,094

In the Statement of Activities, only the gain or loss on capital assets is reported, while in the governmental funds, the proceeds from the disposal increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets disposed.		(344,994)
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.		
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Intergovernmental revenues	\$	326,065	
			326,065

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal consumes the current financial resources of governmental funds. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
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Right to use subscriptions incurred	\$	(7,007,823)	
Principal payments on right to use leases		236,387	
Principal payments on right to use subscriptions		2,840,085	
Principal reduction from termination of right to use subscriptions		126,220	
			(3,805,131)

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.		
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Other postemployment benefits obligation	32,280,583	
Pension benefits	11,630,132	
Insurance claims	(224,427)	
Accrued interest on right to use subscriptions	(128,968)	
Compensated absences	(607,156)	
		42,950,164

Change in Internal Service Fund (Sch D-2) included in the entity-wide statements.		63,715
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Change in net position of the component unit - School Board (Exhibit II)	\$	75,737,000
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COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule C-3 - Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ 140,000	\$ 140,000	\$ 224,983	\$ 84,983	\$ 80,000	\$ 80,000	\$ 169,205	\$ 89,205
Charges for services	376,000	376,000	449,204	73,204	2,040,000	2,040,000	1,514,435	(525,565)
Contributions	-	-	-	-	-	-	-	-
Miscellaneous	2,150,871	2,832,322	1,933,760	(898,562)	37,500	37,500	394,997	357,497
Intergovernmental	225,849,439	247,709,387	241,850,494	(5,858,893)	10,590,591	10,667,135	10,738,049	70,914
Payments from Primary Government	155,518,759	160,160,409	156,679,609	(3,480,800)	-	-	-	-
Total revenues	<u>\$ 384,035,069</u>	<u>\$ 411,218,118</u>	<u>\$ 401,138,050</u>	<u>\$ (10,080,068)</u>	<u>\$ 12,748,091</u>	<u>\$ 12,824,635</u>	<u>\$ 12,816,686</u>	<u>\$ (7,949)</u>
Expenditures								
Current:								
Education	\$ 353,002,533	\$ 373,016,511	\$ 366,747,837	\$ 6,268,674	\$ 15,743,958	\$ 15,820,502	\$ 14,675,616	\$ 1,144,886
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Bonded debt:								
Principal	22,821,927	22,821,927	22,821,927	-	-	-	-	-
Interest and fiscal charges	8,210,609	8,210,609	8,164,567	46,042	-	-	-	-
Bond issuance costs	-	-	-	-	-	-	-	-
Right to use assets:								
Principal	-	-	3,076,472	(3,076,472)	-	-	-	-
Interest and fiscal charges	-	-	155,642	(155,642)	-	-	-	-
Total expenditures	<u>\$ 384,035,069</u>	<u>\$ 404,049,047</u>	<u>\$ 400,966,445</u>	<u>\$ 3,082,602</u>	<u>\$ 15,743,958</u>	<u>\$ 15,820,502</u>	<u>\$ 14,675,616</u>	<u>\$ 1,144,886</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ 7,169,071</u>	<u>\$ 171,605</u>	<u>\$ (6,997,466)</u>	<u>\$ (2,995,867)</u>	<u>\$ (2,995,867)</u>	<u>\$ (1,858,930)</u>	<u>\$ 1,136,937</u>
Other financing sources (uses):								
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-	-	-	-	-	-
Subscription liabilities issued	-	-	7,007,822	7,007,822	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(7,169,071)	(7,179,427)	(10,356)	-	-	-	-
Total other financing sources (uses), net	<u>\$ -</u>	<u>\$ (7,169,071)</u>	<u>\$ (171,605)</u>	<u>\$ 6,997,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,995,867)</u>	<u>\$ (2,995,867)</u>	<u>\$ (1,858,930)</u>	<u>\$ 1,136,937</u>
Fund balance, beginning	-	-	-	-	2,995,867	2,995,867	21,234,169	18,238,302
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,375,239</u>	<u>\$ 19,375,239</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule C-3 - Page 2

	Capital Projects				Totals			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ -	\$ -	\$ 2,848,583	\$ 2,848,583	\$ 220,000	\$ 220,000	\$ 3,242,771	\$ 3,022,771
Charges for services	-	-	-	-	2,416,000	2,416,000	1,963,639	(452,361)
Contributions	495,365	495,365	-	(495,365)	495,365	495,365	-	(495,365)
Miscellaneous	-	-	6,084	6,084	2,188,371	2,869,822	2,334,841	(534,981)
Intergovernmental	-	3,769,753	2,428,970	(1,340,783)	236,440,030	262,146,275	255,017,513	(7,128,762)
Payments from Primary Government	-	-	-	-	155,518,759	160,160,409	156,679,609	(3,480,800)
Total revenues	<u>\$ 495,365</u>	<u>\$ 4,265,118</u>	<u>\$ 5,283,637</u>	<u>\$ 1,018,519</u>	<u>\$ 397,278,525</u>	<u>\$ 428,307,871</u>	<u>\$ 419,238,373</u>	<u>\$ (9,069,498)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 368,746,491	\$ 388,837,013	\$ 381,423,453	\$ 7,413,560
Capital projects	36,807,856	83,943,948	37,899,487	46,044,461	36,807,856	83,943,948	37,899,487	46,044,461
Debt service:								
Bonded debt:								
Principal	-	-	-	-	22,821,927	22,821,927	22,821,927	-
Interest and fiscal charges	-	-	-	-	8,210,609	8,210,609	8,164,567	46,042
Bond issuance costs	-	190,137	190,137	-	-	190,137	190,137	-
Right to use assets:								
Principal	-	-	-	-	-	-	3,076,472	(3,076,472)
Interest and fiscal charges	-	-	-	-	-	-	155,642	(155,642)
Total expenditures	<u>\$ 36,807,856</u>	<u>\$ 84,134,085</u>	<u>\$ 38,089,624</u>	<u>\$ 46,044,461</u>	<u>\$ 436,586,883</u>	<u>\$ 504,003,634</u>	<u>\$ 453,731,685</u>	<u>\$ 50,271,949</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (36,312,491)</u>	<u>\$ (79,868,967)</u>	<u>\$ (32,805,987)</u>	<u>\$ 47,062,980</u>	<u>\$ (39,308,358)</u>	<u>\$ (75,695,763)</u>	<u>\$ (34,493,312)</u>	<u>\$ 41,202,451</u>
Other financing sources (uses):								
Issuance of bonds	\$ 36,312,491	\$ 32,595,000	\$ 32,595,000	\$ -	\$ 36,312,491	\$ 32,595,000	\$ 32,595,000	\$ -
Premium on bonds issued	-	3,907,628	3,907,628	-	-	3,907,628	3,907,628	-
Subscription liabilities issued	-	-	-	-	-	-	7,007,822	7,007,822
Transfers in	-	2,704,534	2,704,534	-	-	2,704,534	2,704,534	-
Transfers out	-	-	-	-	-	(7,169,071)	(7,179,427)	(10,356)
Total other financing sources (uses), net	<u>\$ 36,312,491</u>	<u>\$ 39,207,162</u>	<u>\$ 39,207,162</u>	<u>\$ -</u>	<u>\$ 36,312,491</u>	<u>\$ 32,038,091</u>	<u>\$ 39,035,557</u>	<u>\$ 6,997,466</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ (40,661,805)</u>	<u>\$ 6,401,175</u>	<u>\$ 47,062,980</u>	<u>\$ (2,995,867)</u>	<u>\$ (43,657,672)</u>	<u>\$ 4,542,245</u>	<u>\$ 48,199,917</u>
Fund balance, beginning	-	40,661,805	45,572,396	4,910,591	2,995,867	43,657,672	66,806,565	23,148,893
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,973,571</u>	<u>\$ 51,973,571</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 71,348,810</u>	<u>\$ 71,348,810</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Notes to Combining Budgetary Comparison Schedule

For the Year Ended June 30, 2025

Schedule C-3 - Page 3

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

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

	Budgetary Basis (Sch C-3)	Reconciling Activity			GAAP Basis (Sch C-2)
		Operating (1)	Capital Projects (1)	Other Governmental Funds (Non-major) (Sch C-2)	
REVENUES					
Payments from Primary Government	\$ 156,679,609	\$ (30,986,494)	\$ 36,312,491	\$ -	\$ 162,005,606
Intergovernmental	255,017,513	-	-	2,355,480	257,372,993
Student activity fees and contributions	-	-	-	4,709,229	4,709,229
EXPENDITURES					
Education	381,423,453	-	-	4,467,565	385,891,018
Debt service:					
Bonded debt:					
Principal retirement	22,821,927	(22,821,927)	-	-	-
Interest and other charges	8,164,567	(8,164,567)	-	-	-
Bond issuance costs	190,137	-	(190,137)	-	-
Other financing sources (uses):					
Transfers in	2,704,534	-	-	4,474,893	7,179,427
Issuance of bonds	32,595,000	-	(32,595,000)	-	-
Premium on bonds issued	3,907,628	-	(3,907,628)	-	-
Total reconciling adjustments:		\$ -	\$ -	\$ 7,072,037	
Net change in fund balances (Sch C-3 & Sch C-2)	\$ 4,542,245	\$ -	\$ -	\$ 7,072,037	\$ 11,614,282
Fund balance, beginning (Sch C-3 & Sch C-2)	66,806,565	-	-	3,019,820	69,826,385
Fund balance, ending (Sch C-3 & Sch C-2)	\$ 71,348,810	\$ -	\$ -	\$ 10,091,857	\$ 81,440,667

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Balance Sheet - Discretely Presented Component Unit - School Board - Other Governmental Funds

For the Year Ended June 30, 2025

Schedule C-4

	<u>Textbook Fund</u>	<u>Student Activity Fund</u>	<u>Total Other Governmental Funds</u>
ASSETS			
Cash and investments - pooled equity	\$ 6,830,373	\$ -	\$ 6,830,373
Restricted cash and investments	<u>-</u>	<u>3,261,484</u>	<u>3,261,484</u>
Total assets	<u>\$ 6,830,373</u>	<u>\$ 3,261,484</u>	<u>\$ 10,091,857</u>
FUND BALANCE			
Restricted for:			
Grants	\$ 6,830,373	\$ -	\$ 6,830,373
Student activities	<u>-</u>	<u>3,261,484</u>	<u>3,261,484</u>
Total fund balance	<u>\$ 6,830,373</u>	<u>\$ 3,261,484</u>	<u>\$ 10,091,857</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Discretely Presented Component Unit - School Board - Other Governmental Funds

For the Year Ended June 30, 2025

Schedule C-5

	<u>Textbook Fund</u>	<u>Student Activity Fund</u>	<u>Total Other Governmental Funds</u>
REVENUES			
Intergovernmental	\$ 2,355,480	\$ -	\$ 2,355,480
Student activity fees and contributions	<u>-</u>	<u>4,709,229</u>	<u>4,709,229</u>
Total revenues	<u>\$ 2,355,480</u>	<u>\$ 4,709,229</u>	<u>\$ 7,064,709</u>
EXPENDITURES			
Current:			
Education	\$ -	\$ 4,467,565	\$ 4,467,565
Total expenditures	<u>\$ -</u>	<u>\$ 4,467,565</u>	<u>\$ 4,467,565</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 2,355,480</u>	<u>\$ 241,664</u>	<u>\$ 2,597,144</u>
Other financing sources (uses):			
Transfers in	\$ 4,474,893	\$ -	\$ 4,474,893
Total other financing sources (uses), net	<u>\$ 4,474,893</u>	<u>\$ -</u>	<u>\$ 4,474,893</u>
Net change in fund balances	<u>\$ 6,830,373</u>	<u>\$ 241,664</u>	<u>\$ 7,072,037</u>
Fund balance, beginning	<u>-</u>	<u>3,019,820</u>	<u>3,019,820</u>
Fund balance, ending	<u><u>\$ 6,830,373</u></u>	<u><u>\$ 3,261,484</u></u>	<u><u>\$ 10,091,857</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule C-6

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
Intergovernmental	\$ -	\$ 2,337,861	\$ 2,355,480	\$ 17,619
Total revenues	<u>\$ -</u>	<u>\$ 2,337,861</u>	<u>\$ 2,355,480</u>	<u>\$ 17,619</u>
Other financing sources (uses):				
Transfers in	\$ -	\$ 4,464,537	\$ 4,474,893	\$ 10,356
Total other financing sources (uses)	<u>\$ -</u>	<u>\$ 4,464,537</u>	<u>\$ 4,474,893</u>	<u>\$ 10,356</u>
Net change in fund balances	\$ -	\$ 6,802,398	\$ 6,830,373	\$ 27,975
Fund balance, beginning	-	-	-	-
Fund balance, ending	<u>\$ -</u>	<u>\$ 6,802,398</u>	<u>\$ 6,830,373</u>	<u>\$ 27,975</u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Internal Service Fund - School Board

June 30, 2025

Schedule D-1

Fleet Services Fund**ASSETS**

Current assets:

Cash and investments - pooled equity	\$ 199,604
Receivables, net	1,239
Inventory	629,648
Total current assets	<u>\$ 830,491</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 94,400
Depreciable assets	6,890,176
Net pension assets	145,776

Total noncurrent assets	<u>\$ 7,130,352</u>
--------------------------------	---------------------

Total assets	<u>\$ 7,960,843</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension contributions	\$ 44,074
Pension actuarial differences	18,341
OPEB contributions	55,707
OPEB actuarial differences	99,958
Total deferred outflows of resources	<u>\$ 218,080</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 32,597
Accrued salaries and benefits	2,792
Current portion of insurance claims payable	31,979
Current portion of compensated absences	150,903
Total current liabilities	<u>\$ 218,271</u>

Noncurrent liabilities:

Noncurrent portion of compensated absences	\$ 141,776
Net OPEB benefits	310,658
Total noncurrent liabilities	<u>\$ 452,434</u>

Total liabilities	<u>\$ 670,705</u>
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DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 80,813
OPEB actuarial differences	730,761
Total deferred inflows of resources	<u>\$ 811,574</u>

NET POSITION

Net investment in capital assets	\$ 6,984,576
Net pension assets	145,776
Unrestricted	(433,708)
Total net position	<u>\$ 6,696,644</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule D-2

	<u>Fleet Services Fund</u>
OPERATING REVENUES	
Charges for services	\$ 3,614,549
Other operating revenues	2,463
Total operating revenues	<u>\$ 3,617,012</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 1,646,391
Contractual services	246,019
Materials and supplies	1,261,138
Depreciation	295,846
Other services and charges	103,903
Total operating expenses	<u>\$ 3,553,297</u>
Operating income (loss)	<u>\$ 63,715</u>
Change in net position	<u>\$ 63,715</u>
Net position, beginning, as previously presented	6,732,955
Net effect of change in accounting principle	(100,026)
Net position, beginning, as restated (Note 16)	<u>6,632,929</u>
Net position, ending	<u><u>\$ 6,696,644</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Internal Service Fund - School Board

For the Year Ended June 30, 2025

Schedule D-3

	<u>Fleet Services Fund</u>
Cash flows from operating activities:	
Receipts from internal customers	\$ 3,597,011
Receipts from external customers	17,538
Receipts from miscellaneous revenue	2,562
Payments to suppliers and service providers	(1,647,349)
Payments to employees for salaries and benefits	(1,930,949)
Net cash provided by operating activities	<u>38,813</u>
Net increase in cash and cash equivalents	38,813
Cash and cash equivalents:	
Beginning	<u>160,791</u>
Ending	<u>\$ 199,604</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 63,715
Depreciation expense	295,846
Effect of changes in assets and liabilities	
Receivables	99
Inventory	(45,103)
Other Assets	(13,630)
Accounts payable	8,814
Employment related benefits	(270,928)
Net cash provided by operating activities	<u>\$ 38,813</u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Fiduciary Funds - School Board

June 30, 2025

Schedule E-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments	\$ 18,735,278
Total assets	<u>\$ 18,735,278</u>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 18,735,278
Total net position	<u>\$ 18,735,278</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2025

Schedule E-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 6,721,932
Investment earnings:	
Dividends	\$ 11,110
Net increase in the fair value of investments	1,482,531
Total investment earnings	\$ 1,493,641
Less investment costs	(4,117)
Net investment earnings	\$ 1,489,524
Total additions	<u>\$ 8,211,456</u>
DEDUCTIONS	
Benefit payments	\$ 6,045,798
Administrative fees	13,251
Total deductions	<u>\$ 6,059,049</u>
Net increase in fiduciary net position	\$ 2,152,407
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	16,582,871
Net position, ending	<u>\$ 18,735,278</u>

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DISCRETELY PRESENTED COMPONENT UNIT ECONOMIC DEVELOPMENT AUTHORITY (EDA)

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

Governmental funds:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Balance Sheet - Discretely Presented Component Unit - Economic Development Authority

June 30, 2025

Schedule F-1

	Economic Development Authority
	<u> </u>
ASSETS	
Cash and investments - pooled equity	\$ 713,145
Land held for investment	<u>1,292,099</u>
Total assets	<u><u>\$ 2,005,244</u></u>
LIABILITIES	
Accounts payable	\$ 191,236
Other accrued liabilities	<u>306,278</u>
Total liabilities	<u>\$ 497,514</u>
FUND BALANCE	
Nonspendable - land held for investment	\$ 1,292,099
Unassigned	<u>215,631</u>
Total fund balances	<u>\$ 1,507,730</u>
Total liabilities and fund balances	<u><u>\$ 2,005,244</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Economic Development Authority

For the Year Ended June 30, 2025

Schedule F-2

	Economic Development Authority
REVENUES	
From use of money and property	\$ 6,834
Charges for services	5,000
Payments from Primary Government	<u>1,238,661</u>
Total revenues	<u>\$ 1,250,495</u>
EXPENDITURES	
Community development:	
Business incentive program	\$ 1,238,661
Legal services	36,000
EDA member stipends	<u>2,000</u>
Total expenditures	<u>\$ 1,276,661</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (26,166)</u>
Net change in fund balances	<u>\$ (26,166)</u>
Fund balance, beginning	<u>1,533,896</u>
Fund balance, ending	<u><u>\$ 1,507,730</u></u>

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Tables
<p>Financial Trends Information These schedules contain trend information to help the reader understand how the County's financial performance has changed over time.</p>	S-1 to S-6
<p>Revenue Capacity Information These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.</p>	S-7 to S-10
<p>Debt Capacity Information These schedules present information to help the reader assess the affordability of the County's current level of outstanding debt and its ability to issue additional debt in the future.</p>	S-11 to S-12
<p>Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.</p>	S-13 to S-14
<p>Operating Information These schedules contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.</p>	S-15 to S-19

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

Table S-1

(Amounts in millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3	\$ 86.9	\$ 90.5	\$ 101.9	\$ 113.1	\$ 116.2	\$ 123.5
Restricted	10.9	8.8	9.5	11.4	6.8	9.3	14.4	14.7	18.9	21.6
Unrestricted (deficit)	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>	<u>(190.0)</u>	<u>(161.2)</u>	<u>(142.4)</u>	<u>(124.1)</u>	<u>(123.9)</u>	<u>(108.5)</u>
Total governmental activities net position	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>	<u>\$ (96.3)</u>	<u>\$ (61.4)</u>	<u>\$ (26.1)</u>	<u>\$ 3.7</u>	<u>\$ 11.2</u>	<u>\$ 36.6</u>
Business-type activities										
Net investment in capital assets	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7	\$ 207.6	\$ 222.5	\$ 232.9	\$ 258.6	\$ 281.3	\$ 340.5
Restricted	0.9	2.7	2.8	2.9	3.6	2.5	2.6	3.0	7.9	11.0
Unrestricted (deficit)	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>	<u>84.9</u>	<u>83.3</u>	<u>87.2</u>	<u>90.1</u>	<u>102.1</u>	<u>102.0</u>
Total business-type activities net position	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>	<u>\$ 296.1</u>	<u>\$ 308.3</u>	<u>\$ 322.7</u>	<u>\$ 351.7</u>	<u>\$ 391.3</u>	<u>\$ 453.5</u>
Primary Government										
Net investment in capital assets	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0	\$ 294.5	\$ 313.0	\$ 334.8	\$ 371.7	\$ 397.5	\$ 464.0
Restricted	11.8	11.5	12.3	14.3	10.4	11.8	17.0	17.7	26.8	32.6
Unrestricted (deficit)	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>	<u>(105.1)</u>	<u>(77.9)</u>	<u>(55.2)</u>	<u>(34.0)</u>	<u>(21.8)</u>	<u>(6.5)</u>
Total Primary Government net position	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>	<u>\$ 199.8</u>	<u>\$ 246.9</u>	<u>\$ 296.6</u>	<u>\$ 355.4</u>	<u>\$ 402.5</u>	<u>\$ 490.1</u>
Component unit - School Board (1)										
Net investment in capital assets	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7	\$ 342.6	\$ 335.5	\$ 330.9	\$ 338.6	\$ 352.1	\$ 373.5
Restricted	4.8	0.7	4.3	1.4	7.4	11.8	17.2	24.2	47.6	80.1
Unrestricted (deficit)	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>	<u>(493.1)</u>	<u>(494.1)</u>	<u>(454.7)</u>	<u>(406.7)</u>	<u>(359.8)</u>	<u>(355.8)</u>
Total Component unit - School Board net position	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>	<u>\$ (143.1)</u>	<u>\$ (146.8)</u>	<u>\$ (106.6)</u>	<u>\$ (43.9)</u>	<u>\$ 39.9</u>	<u>\$ 97.8</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 1

(Amounts in millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities										
General government	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0	\$ 18.8	\$ 20.4	\$ 20.8	\$ 22.9	\$ 27.3	\$ 26.5
Judicial administration	8.7	9.1	9.1	6.6	10.0	10.9	11.0	13.1	13.8	13.2
Public safety	49.0	56.9	60.8	49.3	72.5	76.4	77.7	85.5	94.6	100.5
Public works	12.3	10.0	11.9	10.3	10.3	11.3	12.7	16.1	15.8	16.1
Health and human services	19.8	21.3	24.1	24.3	26.4	25.3	26.0	27.7	30.6	32.6
Education	114.7	120.5	124.4	124.6	122.8	113.7	125.7	139.9	166.0	162.1
Parks, recreation & cultural	7.9	8.2	8.4	8.1	8.7	8.1	8.5	9.2	9.9	10.3
Community development	18.8	12.2	13.3	19.0	11.9	15.1	11.0	12.4	17.6	17.3
Interest on long-term debt	10.4	10.1	9.9	10.0	9.4	8.3	7.5	8.1	10.5	12.0
Total governmental activities expenses	\$ 256.9	\$ 265.4	\$ 279.3	\$ 268.2	\$ 290.8	\$ 289.5	\$ 300.9	\$ 334.9	\$ 386.1	\$ 390.6
Business-type activities										
Water and sewer	\$ 33.3	\$ 33.8	\$ 36.4	\$ 34.2	\$ 38.9	\$ 39.6	\$ 38.3	\$ 47.6	\$ 50.8	\$ 52.8
Total business-type activities expenses	\$ 33.3	\$ 33.8	\$ 36.4	\$ 34.2	\$ 38.9	\$ 39.6	\$ 38.3	\$ 47.6	\$ 50.8	\$ 52.8
Total Primary Government expenses	\$ 290.2	\$ 299.2	\$ 315.7	\$ 302.4	\$ 329.7	\$ 329.1	\$ 339.2	\$ 382.5	\$ 436.9	\$ 443.4
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	0.7	0.9	0.8	0.8	0.7	0.8	0.7	0.6	0.7	0.6
Public safety	7.5	7.5	7.9	8.8	9.2	10.7	12.1	11.5	13.5	11.8
Public works	2.5	2.7	3.0	3.2	2.6	3.0	3.5	3.7	4.3	6.7
Other	1.5	1.6	1.6	1.6	1.1	1.2	1.3	1.6	1.7	2.4
Operating grants & contributions	19.3	20.5	22.5	24.8	34.9	37.3	26.9	29.8	31.8	31.0
Capital grant & contributions	4.2	2.8	2.8	2.4	3.3	0.4	0.5	3.8	0.3	8.9
Total governmental activities program revenues	\$ 36.0	\$ 36.3	\$ 38.9	\$ 41.9	\$ 52.1	\$ 53.7	\$ 45.3	\$ 51.3	\$ 52.6	\$ 61.7

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 2

(Amounts in millions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Business-type activities										
Charges for services										
Water and sewer	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2	\$ 36.8	\$ 36.5	\$ 38.8	\$ 42.6	\$ 47.9	\$ 52.5
Operating grants & contributions	0.5	0.5	0.5	0.5	0.6	0.5	0.1	0.3	-	-
Capital grants & contributions	8.1	9.5	11.3	10.3	20.5	13.6	15.5	29.0	33.3	54.5
Total business-type program revenues	<u>\$ 40.4</u>	<u>\$ 42.5</u>	<u>\$ 45.2</u>	<u>\$ 45.0</u>	<u>\$ 57.9</u>	<u>\$ 50.6</u>	<u>\$ 54.4</u>	<u>\$ 71.9</u>	<u>\$ 81.2</u>	<u>\$ 107.0</u>
Total Primary Government program revenues	<u>\$ 76.4</u>	<u>\$ 78.8</u>	<u>\$ 84.1</u>	<u>\$ 86.9</u>	<u>\$ 110.0</u>	<u>\$ 104.4</u>	<u>\$ 98.1</u>	<u>\$ 123.2</u>	<u>\$ 133.8</u>	<u>\$ 168.7</u>
Net expense										
Governmental activities	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)	\$ (238.6)	\$ (235.8)	\$ (255.6)	\$ (283.6)	\$ (333.5)	\$ (328.9)
Business-type activities	7.1	8.7	8.8	10.8	19.0	11.0	16.1	24.3	30.4	54.2
Total Primary Government net expenses	<u>\$ (213.8)</u>	<u>\$ (220.6)</u>	<u>\$ (231.6)</u>	<u>\$ (214.4)</u>	<u>\$ (219.6)</u>	<u>\$ (224.8)</u>	<u>\$ (239.5)</u>	<u>\$ (259.3)</u>	<u>\$ (303.1)</u>	<u>\$ (274.7)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8	\$ 186.1	\$ 191.4	\$ 202.1	\$ 212.4	\$ 225.9	\$ 238.1
Other taxes	48.1	45.6	47.2	49.7	53.0	59.5	69.5	73.6	80.6	84.9
Grants and contributions not restricted	15.6	20.2	20.1	19.8	19.8	19.9	19.8	19.5	19.3	19.4
Interest and investment earnings	1.2	0.6	1.1	4.0	4.1	0.4	(1.5)	7.4	14.8	14.4
Gain on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.2	0.3	0.3	0.6	0.4	0.2	0.9	0.3	0.4	0.6
Transfers	0.2	(0.1)	0.6	-	0.3	(0.7)	0.1	0.1	-	-
Special item	(2.0)	-	-	-	-	-	-	-	-	-
Total governmental activities	<u>\$ 225.1</u>	<u>\$ 233.4</u>	<u>\$ 241.4</u>	<u>\$ 253.9</u>	<u>\$ 263.7</u>	<u>\$ 270.7</u>	<u>\$ 290.9</u>	<u>\$ 313.3</u>	<u>\$ 341.0</u>	<u>\$ 357.4</u>
Business-type activities										
Interest and investment earnings	0.8	0.3	0.5	2.7	3.0	0.3	(1.8)	4.4	9.0	7.9
Miscellaneous	0.1	0.2	0.3	0.2	0.1	0.2	0.2	3.0	0.2	0.4
Transfers	(0.2)	0.1	(0.6)	(0.3)	-	0.7	(0.1)	(0.1)	-	-
Total business-type activities	<u>\$ 0.7</u>	<u>\$ 0.6</u>	<u>\$ 0.2</u>	<u>\$ 2.6</u>	<u>\$ 3.1</u>	<u>\$ 1.2</u>	<u>\$ (1.7)</u>	<u>\$ 7.3</u>	<u>\$ 9.2</u>	<u>\$ 8.3</u>
Total Primary Government	<u>\$ 225.8</u>	<u>\$ 234.0</u>	<u>\$ 241.6</u>	<u>\$ 256.5</u>	<u>\$ 266.8</u>	<u>\$ 271.9</u>	<u>\$ 289.2</u>	<u>\$ 320.6</u>	<u>\$ 350.2</u>	<u>\$ 365.7</u>
Change in net position										
Governmental activities	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9	\$ 24.9	\$ 34.9	\$ 35.3	\$ 29.8	\$ 7.5	\$ 28.5
Business-type activities	7.8	9.3	8.9	13.4	22.0	12.2	14.4	28.9	39.6	62.5
Total Primary Government	<u>\$ 12.0</u>	<u>\$ 13.4</u>	<u>\$ 10.0</u>	<u>\$ 42.3</u>	<u>\$ 46.9</u>	<u>\$ 47.1</u>	<u>\$ 49.7</u>	<u>\$ 58.7</u>	<u>\$ 47.1</u>	<u>\$ 91.0</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 3

(Amounts in millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Component unit - School Board (1)										
Expenses										
Education	\$ 281.6	\$ 288.4	\$ 273.0	\$ 276.0	\$ 304.5	\$ 323.0	\$ 305.3	\$ 315.5	\$ 338.2	\$ 356.8
Program revenues										
Charges for services	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1	\$ 6.3	\$ 0.9	\$ 1.7	\$ 3.5	\$ 3.1	\$ 2.7
Operating grants & contributions	143.7	145.8	152.2	159.2	166.6	199.7	217.1	232.4	238.4	256.5
Capital grants & contributions	0.9	0.9	1.5	0.1	-	2.1	-	1.0	9.2	5.9
Total Component unit - School Board program revenue	<u>153.1</u>	<u>155.2</u>	<u>163.0</u>	<u>167.4</u>	<u>172.9</u>	<u>202.7</u>	<u>218.8</u>	<u>236.9</u>	<u>250.7</u>	<u>265.1</u>
Total Component unit - School Board net expense	<u>\$ (128.5)</u>	<u>\$ (133.2)</u>	<u>\$ (110.0)</u>	<u>\$ (108.6)</u>	<u>\$ (131.6)</u>	<u>\$ (120.3)</u>	<u>\$ (86.5)</u>	<u>\$ (78.6)</u>	<u>\$ (87.5)</u>	<u>\$ (91.7)</u>
General revenues and other changes in net position										
Payments from Primary Government	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4	\$ 122.6	\$ 113.5	\$ 125.6	\$ 139.7	\$ 165.8	\$ 162.0
Interest and investment earnings	0.1	0.1	0.3	0.4	0.5	0.1	0.2	1.3	2.9	3.2
Miscellaneous	0.5	0.2	0.1	0.1	0.1	0.5	0.9	0.3	2.6	2.2
Total general revenues and transfers	<u>\$ 115.1</u>	<u>\$ 120.6</u>	<u>\$ 124.5</u>	<u>\$ 124.9</u>	<u>\$ 123.2</u>	<u>\$ 114.1</u>	<u>\$ 126.7</u>	<u>\$ 141.3</u>	<u>\$ 171.3</u>	<u>\$ 167.4</u>
Total Component unit - School Board change in net position	<u>\$ (13.4)</u>	<u>\$ (12.6)</u>	<u>\$ 14.5</u>	<u>\$ 16.3</u>	<u>\$ (8.4)</u>	<u>\$ (6.2)</u>	<u>\$ 40.2</u>	<u>\$ 62.7</u>	<u>\$ 83.8</u>	<u>\$ 75.7</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-3

(Amounts in millions)

	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Non spendable	-	-	-	-	-	-	-	-	-	0.1
Restricted	2.7	2.7	2.7	3.1	2.7	3.1	4.0	6.8	8.8	7.0
Committed	48.9	52.0	54.5	58.2	58.4	62.1	69.2	74.4	112.1	118.6
Assigned	16.7	9.1	19.6	26.8	48.0	49.0	54.7	52.4	52.3	63.4
Unassigned	5.4	15.1	12.1	9.3	11.6	20.4	19.4	24.8	5.0	5.0
Total General Fund	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>	<u>\$ 97.4</u>	<u>\$ 120.7</u>	<u>\$ 134.6</u>	<u>\$ 147.3</u>	<u>\$ 158.4</u>	<u>\$ 178.2</u>	<u>\$ 194.1</u>
All other governmental funds:										
Non spendable	-	-	-	-	-	-	-	-	-	0.3
Restricted	34.2	34.1	30.3	24.2	19.1	14.2	26.9	28.9	49.0	57.7
Committed	27.3	27.8	29.6	35.1	38.7	47.2	44.2	47.9	60.1	75.8
Assigned	2.1	2.2	3.3	5.7	9.2	7.9	9.3	13.5	3.4	0.8
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>	<u>\$ 65.0</u>	<u>\$ 67.0</u>	<u>\$ 69.3</u>	<u>\$ 80.4</u>	<u>\$ 90.3</u>	<u>\$ 112.5</u>	<u>\$ 134.6</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 1

(Amounts in millions)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
General Property Taxes	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2	\$ 186.1	\$ 191.0	\$ 199.8	\$ 212.0	\$ 225.8	\$ 240.1
Other local taxes	48.1	45.6	47.2	49.7	52.6	59.1	69.3	73.5	80.5	84.7
Permits, privilege fees and regulatory licenses	4.3	3.8	4.8	5.2	5.5	6.9	7.8	6.9	8.5	6.8
Fines and forfeitures	0.5	0.6	0.5	0.5	0.4	0.3	0.3	0.4	0.6	0.4
Revenues from use of money and property	1.9	1.5	2.0	4.9	4.9	1.1	(0.8)	8.1	15.7	17.4
Charges for services	7.0	7.8	7.9	8.7	7.9	8.6	9.6	10.1	11.2	12.0
Miscellaneous	1.2	0.9	1.8	2.2	2.7	0.6	1.5	1.3	1.2	0.5
Intergovernmental	38.4	40.4	44.3	45.4	53.5	58.0	44.1	48.4	49.0	55.7
Total revenues	\$ 263.1	\$ 268.1	\$ 280.8	\$ 294.8	\$ 313.6	\$ 325.6	\$ 331.6	\$ 360.7	\$ 392.5	\$ 417.6
Expenditures										
General government	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3	\$ 14.0	\$ 15.3	\$ 16.5	\$ 17.1	\$ 21.2	\$ 19.8
Judicial administration	7.3	7.0	7.5	7.7	7.9	8.9	10.0	10.9	11.5	11.5
Public safety	45.8	48.1	51.7	56.0	61.3	65.8	71.1	79.1	86.3	94.0
Public works	8.5	7.9	8.2	8.4	8.3	8.6	9.8	11.4	12.1	14.2
Health and welfare	19.6	20.7	23.8	26.5	25.7	24.6	26.0	27.7	30.3	32.4
Education (2)	114.7	120.5	124.4	124.6	122.8	113.7	125.7	139.9	166.0	162.1
Parks, recreation and cultural	6.8	7.1	7.5	8.0	7.3	7.1	7.5	8.3	9.0	9.5
Community development	8.4	7.3	7.6	8.2	7.9	9.9	9.7	8.9	10.0	10.7
Non-departmental	1.1	1.2	1.2	2.0	1.5	1.4	1.9	2.1	2.6	2.6
Capital projects	27.5	23.5	17.2	28.3	21.7	26.5	19.9	25.2	22.2	48.9
Debt service:										
Principal (1)	25.4	27.8	28.4	27.6	31.2	30.8	32.1	34.1	34.2	36.2
Interest (1)	11.2	11.8	11.5	11.7	11.5	11.2	10.6	10.9	11.3	13.3
Bond issuance costs	0.3	0.3	0.2	0.3	0.3	0.2	0.6	0.3	0.3	0.7
Total expenditures	\$ 288.2	\$ 296.0	\$ 301.9	\$ 322.6	\$ 321.4	\$ 324.0	\$ 341.4	\$ 375.9	\$ 417.0	\$ 455.8
Other financing sources (uses)										
Issuance of bonds (1)	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7	\$ 34.6	\$ 14.5	\$ 32.9	\$ 34.9	\$ 64.1	\$ 72.9
Refunding bond proceeds	16.5	-	-	-	26.5	8.6	39.5	-	-	-
Payment to escrow for refunded debt	(16.4)	-	-	-	(26.4)	(8.5)	(39.2)	-	-	-
Lease proceeds and extinguishments	-	-	-	-	-	-	0.4	0.3	0.1	-

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 2

(Amounts in millions)	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Continued from page 1										
Subscription proceeds and extinguishments	-	-	-	-	-	-	-	0.7	2.2	1.8
Transfers in(out), net	0.2	(0.1)	0.6	0.3	-	-	0.1	0.1	-	-
Total other financing sources, net	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0	\$ 34.8	\$ 14.6	\$ 33.7	\$ 36.0	\$ 66.4	\$ 74.7
Net Change in Fund Balance	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2	\$ 26.9	\$ 16.2	\$ 23.9	\$ 20.9	\$ 42.0	\$ 38.0
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 36.6	\$ 39.6	\$ 39.9	\$ 39.3	\$ 42.7	\$ 42.0	\$ 42.7	\$ 44.9	\$ 45.4	\$ 49.4
Total expenditures	288.2	296.0	301.8	322.6	321.4	324.0	341.4	375.8	417.0	455.7
Capital outlay Primary Government only (2)	16.6	15.7	9.5	14.0	16.9	17.5	17.1	19.4	16.3	42.4
Non-capital expenditures	271.6	280.3	292.3	308.6	304.5	306.5	324.3	356.4	400.7	413.3
Debt service as a percentage of non-capital expenditures: (Primary Government only)	13.5%	14.1%	13.7%	12.7%	14.0%	13.7%	13.2%	12.6%	11.3%	12.0%
Component unit - School Board:										
Total debt service (3)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.7	\$ 1.6	\$ 3.2
School expenditures excluding County contribution	152.8	159.1	156.0	176.7	174.4	192.3	207.1	222.4	233.2	265.0
Capital outlay component unit - School Board only (2)	9.1	19.8	23.9	37.6	20.7	12.2	16.2	27.6	41.5	50.3
Non-capital expenditures	143.7	139.3	132.1	139.1	153.7	180.1	190.9	194.8	191.7	214.7
Total Reporting Entity (1):										
Total debt service	36.6	39.6	39.9	39.3	42.7	42.0	42.8	45.6	47.0	52.6
Total non-capital expenditures	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7	\$ 458.2	\$ 486.6	\$ 515.2	\$ 551.2	\$ 592.4	\$ 628.0
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	8.8%	9.4%	9.4%	8.8%	9.3%	8.6%	8.3%	8.3%	7.9%	8.4%

(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) The amount reported for "capital outlay Primary Government only" equals the reconciling item for capital outlay in the reconciliation between the government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance for governmental funds (Exhibit IV). The amount reported for "capital outlay component unit - School Board only" matches the reconciling item for capital outlay in the reconciliation between the government-wide Statement of Activities and the Statement of Revenues, Expenditures, and Changes in Fund Balance for the Discretely Presented Component Unit - School Board (Schedule C-2).

(3) The amount reported for "total debt service" equals the amount reported on Schedule C-2, Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Tax Revenues by Source Reported in the General Fund

Last Ten Fiscal Year

Table S-5

Fiscal Year	General Property Taxes (1)	Other Local Taxes			Total Tax Revenues
		Sales Taxes	Utilities Taxes	Other Taxes	
2025	\$ 238,397,789	\$ 30,837,182	\$ 3,003,128	\$ 42,964,323	\$ 315,202,422
2024	224,044,012	29,919,950	2,834,646	40,164,207	296,962,815
2023	210,294,078	29,464,781	2,773,425	34,322,232	276,854,516
2022	197,973,776	27,699,091	2,827,741	32,508,440	261,009,048
2021	189,131,945	24,148,206	2,773,048	26,410,938	242,464,137
2020	184,127,074	20,731,314	2,624,828	23,606,936	231,090,152
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
% Change 2025/2024	6.4%	3.1%	5.9%	7.0%	6.1%
% Change 2025/2016	48.9%	80.1%	17.9%	109.7%	57.4%
Category % of Total Taxes	75.6%	9.8%	1.0%	13.6%	100.0%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Table S-6

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)(3)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
2025	\$ 240,124,387	\$ 84,676,216	\$ 6,797,924	\$ 435,864	\$ 18,460,810	\$ 14,000,734	\$ 4,176,288	\$ 308,993,635	\$ 677,665,858
2024	225,759,070	80,549,328	8,556,586	557,485	18,591,350	13,570,981	4,637,123	288,398,896	640,620,819
2023	211,974,409	73,476,669	6,870,101	403,721	9,417,739	12,919,762	2,097,068	270,677,101	587,836,570
2022	199,781,301	69,301,792	7,765,788	275,326	(637,579)	10,611,472	2,353,888	255,512,952	544,964,940
2021	190,977,802	59,052,597	6,881,956	327,313	1,138,605	8,946,338	1,331,405	257,898,395	526,554,411
2020	186,098,542	52,570,914	5,545,355	356,918	5,281,748	13,651,154	3,216,692	220,901,621	487,622,944
2019	178,186,133	49,731,885	5,166,301	549,846	5,259,056	16,245,358	2,494,332	204,969,764	462,602,675
2018	172,314,525	47,175,486	4,845,487	529,585	2,278,172	16,672,709	2,182,187	197,846,373	443,844,524
2017	167,521,135	45,574,161	3,781,794	558,004	1,573,898	15,870,501	1,210,728	187,046,968	423,137,189
2016	161,724,970	43,557,610	4,338,229	516,791	1,957,329	15,016,889	1,693,088	184,319,566	413,124,472
% Change 2025/2024	6.4%	5.1%	(20.6%)	(21.8%)	(0.7%)	3.2%	(9.9%)	7.1%	5.8%
% Change 2025/2016	48.5%	94.4%	56.7%	(15.7%)	843.2%	(6.8%)	146.7%	67.6%	64.0%

(1) Includes revenues as reported on Schedule C-2 Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Discretely Presented Component Unit - School Board with the exception of payments from Primary Government of \$162,005,606 and student activity fees and contributions of \$4,709,229.

(2) Includes revenues reported as contributions on the face of the financial statements.

(3) Excludes revenues attributable to the LOSAP Trust of \$78,424.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Assessed Value and Actual Value of Taxable Property

Last Ten Fiscal Years

Table S-7

(Amounts in thousands)

Calendar Year	Real Estate (2)	Mobile Home	Personal Property (3)	Machinery and Tools	Heavy Equipment	Public Service Corporation (4)	Total Assessed Value	Total Direct Tax Rate
2025	\$ 25,481,833	\$ 19,306	\$ 2,475,778	\$ 40,314	\$ 21,434	\$ 663,161	\$ 28,701,826	\$ 0.90
2024	24,872,510	20,221	2,544,020	38,144	29,553	515,177	28,019,625	0.91
2023	20,520,953	18,775	2,472,920	35,380	27,445	521,208	23,596,681	0.97
2022	20,036,651	20,386	2,581,255	34,624	24,137	462,810	23,159,863	0.96
2021	17,389,570	10,768	2,000,747	25,205	21,957	454,444	19,902,691	1.04
2020	17,043,131	11,232	1,862,180	30,504	21,881	413,003	19,381,931	1.05
2019	15,648,765	9,261	1,811,151	27,679	21,409	416,736	17,935,001	1.09
2018	15,358,064	8,792	1,737,814	27,943	17,157	383,376	17,533,146	1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
% Change 2025/2024	2.4%	(4.5%)	(2.7%)	5.7%	(27.5%)	28.7%	2.4%	
% Change 2025/2016	83.1%	71.1%	46.9%	39.1%	41.8%	88.4%	79.2%	
Category % of Total AV, CY 2025	88.8%	0.1%	8.6%	0.1%	0.1%	2.3%	100.0%	

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

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

(3) Full value of personal property is shown above. However, personal property is taxed at 50% of assessed value annually, while business furniture and fixtures are assessed at 20% to 50% of assessed value.

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

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

Table S-8

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Data Center Equipment	Machinery & Tools	Heavy Construction Equipment
2025	\$ 0.73	\$ 5.37	\$ 4.55	\$ 1.25	\$ 1.90	\$ 1.55
2024	0.73	5.37	4.55	1.25	1.90	1.55
2023	0.77	5.42	4.55	1.25	1.90	1.55
2022	0.74	5.42	4.55	1.25	1.90	1.55
2021	0.81	6.35	4.55	1.25	1.90	1.55
2020	0.81	6.55	5.95	1.25	2.50	2.00
2019	0.85	6.55	5.95	1.25	2.50	2.00
2018	0.83	6.55	5.95	n/a	2.50	2.00
2017	0.85	6.55	5.95	n/a	2.50	2.00
2016	0.85	6.55	5.95	n/a	2.50	2.00

(1) Effective starting in 2015, boats and boat trailers are taxed at \$6.25. Effective starting tax year 2022, a separate rate of \$5.42 was established for automobiles, certain trucks, motorcycles, mopeds, all-terrain vehicles, off-road motorcycles, campers, and recreational vehicles. This rate was lowered to \$5.37 in tax year 2024. All other classes of property, with the exception of boats and boat trailers, are taxed at a rate of \$6.35.

Source: Commissioner of Revenue, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Property Taxpayers

Current Year and Nine Years Ago

Table S-9

(Amounts in thousands)

	Calendar Year 2024			Calendar Year 2015		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Dominion Virginia Power	\$ 175,158	1	0.82%	\$ 129,515	2	0.93%
Spotsylvania Regional Medical Ctr	91,048	2	0.43%	80,128	3	0.58%
Lidl US Operations	111,271	3	0.52%	-		-
Spotsylvania Towne Center	128,227	4	0.60%	192,845	1	1.39%
Rappahannock Electric Cooperative	86,726	5	0.41%	76,249	4	0.55%
Allure 1, LLC	65,009	6	0.30%	-		-
Comcast	9,704	7	0.05%	8,482	6	0.06%
Columbia Gas of Va	56,304	8	0.26%	-		-
Abberly Southpoint LLC	51,969	9	0.24%	-		-
PAC Kingson LLC	51,249	10	0.24%	-		-
CVS VA Distribution	-		-	9,120	5	0.07%
Verizon VA	-		-	47,910	7	0.35%
Lee Property Harrison Crossing	-		-	34,831	8	0.25%
GLL BUK Prop LP	-		-	33,994	9	0.25%
Station Square at Cosner's Corner	-		-	31,802	10	0.23%
	<u>\$ 826,665</u>		<u>3.87%</u>	<u>\$ 644,876</u>		<u>4.66%</u>

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

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Table S-10

(Amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy			Total Collections to Date		
		Amount (2)	Percentage of Levy (3)	Collections in Subsequent Years (1)(2)	Amount	Percentage of Levy (3)	
2025	\$ 232,371	\$ 218,663	94.10%	\$ -	\$ 218,663	94.10%	
2024	216,974	205,323	94.63%	8,481	213,804	98.54%	
2023	203,417	191,327	94.06%	9,466	200,793	98.71%	
2022	191,823	181,011	94.36%	8,693	189,703	98.89%	
2021	182,376	172,824	94.76%	8,224	181,048	99.27%	
2020	177,220	168,600	95.14%	7,548	176,148	99.40%	
2019	181,101	170,076	93.91%	7,182	177,258	97.88%	
2018	154,797	146,925	94.91%	6,424	153,350	99.07%	
2017	158,321	151,128	95.46%	6,746	157,874	99.72%	
2016	152,939	145,122	94.89%	7,117	152,239	99.54%	

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

Table S-11 - Page 1

(Amounts in thousands, except per capita)

Fiscal Year	Governmental Activities					Business-type Activities			Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Lease Obligations	Subscription Obligations	Revenue Bonds	Lease Obligations	Subscription Obligations			
2025	\$ 278,367	\$ 310	\$ 56,439	\$ 166	\$ 3,097	\$ 235,666	\$ 48	\$ 806	\$ 574,899	1.75%	\$ 3.76
2024	264,426	465	36,525	337	7,046	211,638	63	882	521,382	1.90%	3.45
2023	231,321	620	42,132	459	6,692	182,016	-	967	464,208	2.00%	3.13
2022	226,655	1,378	47,753	329	-	121,909	-	-	398,024	2.28%	2.75
2021	222,280	3,677	54,416	-	-	129,530	-	-	409,903	2.12%	2.93
2020	233,250	6,369	59,890	-	-	124,742	-	-	424,251	1.70%	3.06
2019	224,319	9,153	65,392	-	-	113,988	-	-	412,852	1.72%	3.03
2018	207,123	13,295	70,691	-	-	120,172	-	-	411,281	1.65%	3.06
2017	197,720	18,336	76,081	-	-	126,147	-	-	418,284	1.56%	3.15
2016	184,864	23,701	81,364	-	-	131,894	-	-	421,823	1.48%	3.21

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

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

Table S-11 - Page 2

(Amounts in thousands, except per capita)

General Obligation Bonded Debt Outstanding (1)								
Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)		
2025	\$ 278,367	\$ 310	\$ 56,439	\$ 335,116	1.17%	\$ 2.19		
2024	264,426	465	36,625	301,416	1.08%	2.00		
2023	231,321	620	42,132	274,073	1.16%	1.85		
2022	226,655	1,378	47,753	275,786	1.19%	1.90		
2021	222,280	3,677	54,416	280,373	1.41%	1.95		
2020	233,250	6,369	59,890	299,509	1.55%	2.13		
2019	224,319	9,153	65,392	298,864	1.67%	2.19		
2018	207,123	13,295	70,691	291,109	1.66%	2.17		
2017	197,720	18,336	76,081	292,137	1.78%	2.20		
2016	184,864	23,701	81,364	289,929	1.81%	2.21		

(1) Details regarding the County's outstanding debt can be found in the current financial statements. Includes all general obligation bonded debt issued on behalf of the School Board. Lease revenue bonds are issued for general government purposes and are paid by general government resources.

(2) See Schedule S-7 for the County's assessed value data.

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Revenue Bond Coverage - Water and Sewer Revenue Bonds

Last Ten Fiscal Years

Table S-12

(Amounts in thousands)

Fiscal Year	Gross Revenue		Net Revenue Available for Debt Service	Debt Service Requirements			Times (4)
	(1)	Expenses (2)		Principal	Interest (3)	Total	
2025	\$ 72,109	\$ 30,608	\$ 41,501	\$ 7,835	\$ 9,121	\$ 16,956	2.45
2024	65,923	28,600	37,322	7,255	7,839	15,094	2.47
2023	56,263	25,636	30,627	6,770	6,059	12,829	2.39
2022	44,261	21,158	23,103	6,450	4,643	11,093	2.08
2021	44,281	20,165	24,116	4,290	4,861	9,151	2.64
2020	51,008	19,883	31,125	5,025	4,638	9,663	3.22
2019	44,285	19,049	25,236	5,680	4,471	10,151	2.49
2018	41,293	18,416	22,877	5,471	4,666	10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22

(1) Total revenues exclude intergovernmental reimbursement of construction costs, contributions from developers, and compost production services.

(2) Total expenses exclude depreciation, amortization, interest, and compost production costs.

(3) Excludes BAB subsidy revenues and new debt proceeds used to subsidize debt service interest.

(4) Legal limit: minimum of 1.15

COUNTY OF SPOTSYLVANIA, VIRGINIA

Demographic and Economic Statistics

Last Ten Fiscal Years

Table S-13

Fiscal Year	Population (1)	Total Personal Income (2)	Per Capita Income (2)	School Enrollment (3)	Unemployment Rate (4)
2025	153,000	\$ 10,035,259	\$ 65,590	24,086	3.8%
2024	150,965	9,901,784	65,590	24,043	3.2%
2023	148,192	9,279,324	62,617	24,263	2.9%
2022	144,796	9,066,677	62,617	23,887	3.0%
2021	139,971	8,706,055	60,595	23,087	4.4%
2020	138,449	7,221,134	55,077	23,935	8.6%
2019	136,447	7,116,715	52,157	23,674	2.9%
2018	134,227	6,795,518	50,627	23,814	3.2%
2017	132,889	6,505,098	48,951	23,592	3.7%
2016	131,401	6,247,711	47,547	23,678	4.1%

(1) Estimated for July 1 of each year
2016 - 2024 U.S. Bureau of the Census
2025 Spotsylvania County Planning Department

(2) Personal and per capita income reported per the Bureau of Economic Analysis, U.S. Department of Commerce includes the City of Fredericksburg and have been adjusted to remove the estimated portion belonging to the City. Per Capita Personal Income is calculated by dividing Personal Income by the population estimate for each fiscal year income data for 2016 - 2023 (the last year available). Per Capita Personal Income for 2025 is assumed to be equal to 2023, the last year for which personal income data is available. Personal Income amounts for 2025 are calculated by multiplying the population estimate by the Per Capita Personal Income estimate for that year.

(3) As of October 1 of each fiscal year

(4) Local Area Unemployment Statistics (LAUS) and Bureau of Labor Statistics at fiscal year end

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Table S-14

Employer	FY 2025			FY 2016		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	9.8%	Over 1,000	1	9.0%
County of Spotsylvania	Over 1,000	2	3.5%	Over 1,000	2	3.0%
HCA Virginia Health System	500 to 999	3	2.0%	500 to 999	3	2.2%
Wal mart	500 to 999	4	2.0%	250 to 499	4	1.1%
CVS, Inc.	250 to 499	5	1.0%	250 to 499	6	1.1%
Lidl US Operations	250 to 499	6	1.0%	--		
Germanna Community College	250 to 499	7	1.0%	250 to 499	7	1.1%
United Parcel Service	250 to 499	8	1.0%	--		
Kaeser Compressors	250 to 499	9	1.0%	--		
Weis Markets (previously Food Lion)	250 to 499	10	1.0%	250 to 499	5	1.1%
Rappahannock Goodwill Industries	--			250 to 499	8	1.1%
McDonald's	--			100 to 249	9	0.5%
Professional Employer Resource	--			100 to 249	10	0.5%
Total employment	37,842			34,341		

Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages
 Percentage of total County employment based on the midpoint of the ranges given.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Full-Time County Government Employees by Function

Last Ten Fiscal Years

Table S-15

Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
General government	127	132	137	140	140	143	148	155	161	167
Judicial administration	38	40	41	41	42	42	44	49	50	50
Public safety	452	470	497	536	540	543	568	587	605	609
Public works	50	50	50	54	53	53	56	74	74	85
Health and welfare	85	88	93	103	110	117	134	134	137	142
Parks, recreation and cultural	23	23	23	24	25	25	25	27	26	26
Community development	36	36	35	39	41	41	49	51	53	54
Total governmental activities	<u>811</u>	<u>839</u>	<u>876</u>	<u>937</u>	<u>951</u>	<u>964</u>	<u>1,024</u>	<u>1,077</u>	<u>1,106</u>	<u>1,133</u>
Business-type activities:										
Water and sewer	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>	<u>125</u>	<u>131</u>	<u>131</u>	<u>129</u>
Total business-type activities	<u>118</u>	<u>119</u>	<u>120</u>	<u>122</u>	<u>122</u>	<u>122</u>	<u>125</u>	<u>131</u>	<u>131</u>	<u>129</u>
Total full-time employees	<u>929</u>	<u>958</u>	<u>996</u>	<u>1,059</u>	<u>1,073</u>	<u>1,086</u>	<u>1,149</u>	<u>1,208</u>	<u>1,237</u>	<u>1,262</u>

Source: County approved budget documents.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years

Table S-16 - Page 1

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	61,040	61,624	62,107	62,557	63,314	63,693	64,408	65,127	65,517	66,130
Percentage of fair market value (2)	92.00%	83.30%	91.40%	86.80%	91.20%	80.70%	74.10%	71.60%	82.90%	n/a
Treasurer										
Real estate tax bills generated	130,725	131,269	132,330	133,304	133,941	135,116	140,042	138,668	139,726	143,545
Personal property tax bills generated (1)	306,102	305,378	316,851	311,119	310,526	311,898	322,375	311,422	316,485	323,229
Registrar										
Number of registered voters	84,754	86,200	88,465	90,920	94,799	101,500	103,220	106,119	112,542	111,508
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	23,086	23,149	20,880	18,344	32,458	37,928	24,112	17,180	18,544	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,387	1,435	1,187	1,085	875	823	706	923	798	n/a
Number of circuit court cases (1)	2,694	3,352	3,113	2,923	2,705	3,010	2,933	3,813	3,669	n/a
Number of General District Court cases (1)	8,804	8,444	8,079	7,588	5,960	5,341	5,476	7,441	6,512	n/a
Number of Juvenile & Domestic Relations Court cases (1)	2,381	2,552	2,457	2,505	1,831	2,342	2,185	2,604	2,589	n/a
Public Safety										
Sheriff										
Calls for service	122,067	121,102	124,105	118,984	120,087	115,157	110,966	114,907	116,158	120,660
Calls for service per road deputy	1,695	1,681	1,477	1,416	1,412	1,439	1,305	1,473	1,591	1,613
Civil process papers served	43,441	40,817	44,490	40,428	40,308	34,889	20,548	43,348	46,259	40,473
Warrants served	10,917	11,146	11,151	10,780	10,703	10,062	8,654	9,326	9,867	10,474
Emergency Communications										
Total calls received	183,563	185,097	187,792	194,092	190,168	196,668	189,000	191,700	218,030	201,373
911 calls received	44,244	46,325	47,338	48,652	49,642	51,424	55,019	56,851	56,999	51,999
Fire, Rescue and Emergency Management										
Calls for service	16,526	17,525	18,500	18,836	18,757	19,733	22,058	21,699	21,766	22,052
Animal Control										
Calls for service (all types) (4)	8,803	8,925	9,453	12,246	11,543	9,577	n/a	9,639	9,804	10,634
Public works										
Refuse Disposal										
Solid waste - tons (1)	125,935	127,916	135,022	154,303	132,267	147,962	169,363	147,073	137,784	130,447
Recycling										
Recycled materials - tons	21,000	20,000	22,578	24,667	23,921	18,784	17,398	13,308	13,888	14,448
Sludge composted - tons	19,596	20,280	15,703	17,693	17,333	18,696	18,725	19,394	20,250	21,697

COUNTY OF SPOTSYLVANIA, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years

Table S-16 - Page 2

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Health and welfare										
Social Services										
SNAP applications	4,319	4,038	4,037	4,240	4,737	4,777	5,144	5,813	6,105	5,744
Medicaid applications	4,033	4,025	5,233	6,460	6,568	5,089	5,039	4,971	5,555	6,024
Medicaid (avg monthly ongoing caseload)	8,298	8,287	9,266	10,546	12,825	14,740	16,743	18,800	19,011	17,945
Foster care children (avg monthly county)	88	97	141	157	133	93	86	65	66	64
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	6,466	6,607	6,744	6,458	5,911	1,644	4,939	5,447	5,737	5,966
Special interest/leisure participants	14,217	15,613	17,408	18,131	18,988	7,081	13,633	15,873	18,891	18,722
Park visitors	1,190,900	1,194,500	1,198,600	1,208,700	948,918	1,057,398	1,161,455	1,251,046	1,245,493	1,252,428
Community Development										
Planning										
Final platted lots approved (1)	550	499	400	677	357	591	670	331	427	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 35,000	\$ 35,773	\$ 33,787	\$ 41,236	\$ 34,385	\$ 35,656	\$ 36,509	\$ 36,877	37,842	n/a
Extension Office (3)										
Requests for educational information	15,970	20,119	21,439	16,426	16,549	6,900	3,818	7,276	11,000	9,138
Individuals participating in programs	19,874	9,498	9,932	16,699	22,076	3,501	5,624	5,547	7,376	4,442
Other funds										
Code Compliance										
Community development permits issued	3,628	3,773	4,040	4,069	3,609	4,133	5,222	5,218	5,070	4,953
Building inspections	16,731	19,541	21,884	22,554	24,589	25,282	34,490	27,308	27,244	27,454
Utilities										
Average daily water consumption (mgd)	9.90	10.10	10.20	10.50	10.70	10.90	11.30	11.50	12.09	11.71
Average effluent flows (mgd)	8.60	8.90	8.80	10.30	8.50	10.70	8.80	8.60	8.85	7.49
Water customers	30,104	30,628	31,160	31,622	32,216	32,790	33,616	34,352	34,673	35,254
Sewer customers	28,768	29,285	29,813	30,271	30,852	31,408	32,194	33,102	33,210	33,776

n/a Not available

(1) Reported on a calendar year basis

(2) Final 2024 State sales ratio will be issued late 2025

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

(4) Due to a software implementation, data from 2022 is unavailable.

Source: Various County Departments

COUNTY OF SPOTSYLVANIA, VIRGINIA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table S-17

Function/Program	Fiscal Year									
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	206	220	209	202	210	210	220	246	229	232
Fire & Rescue:										
Stations	13	12	12	12	12	12	12	12	12	12
Response units	69	72	72	72	71	71	70	70	70	70
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	16	16	16	16	16	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	649,721	649,721	709,706	709,849	709,549	720,369	764,369	835,974	1,008,743	997,283
Parks, recreation and cultural										
Parks	13	13	13	13	13	13	13	15	15	15
Park acreage	536	536	536	536	536	536	536	572	572	572
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	9	9	9
Athletic fields maintained	37	37	37	37	37	36	36	40	43	43
Community centers	6	6	6	5	5	5	5	5	5	5
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	3	3	3	3
Museums	1	1	1	1	1	1	1	1	1	1
Community development										
Visitor centers	1	1	1	1	1	1	1	1	1	1
Public utilities										
Water mains (miles)	553	562	563	561	567	575	585	593	601	608
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	552	552	553	551	556	565	570	578	581	587
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	13,700	13,700	13,700	13,745	13,745	13,745	13,745	13,745	13,745	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Pump stations	50	50	46	48	48	46	46	46	46	47
Fleet Management										
Vehicles maintained	1,061	1,075	1,090	1,059	1,066	1,055	1,120	1,132	1,137	1,127

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

School Enrollment

Last Five Fiscal Years

Table S-18 - Page 1

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Kindergarten	1,379	1,646	1,607	1,656	1,554
Elementary (grades 1-7)	11,743	11,905	12,248	12,244	12,421
Secondary (grades 8-12)	9,582	9,853	9,959	9,623	9,649
Pre-K/Headstart (SpEd)	<u>383</u>	<u>483</u>	<u>449</u>	<u>465</u>	<u>462</u>
Total Enrollment (1)	<u><u>23,087</u></u>	<u><u>23,887</u></u>	<u><u>24,263</u></u>	<u><u>23,988</u></u>	<u><u>24,086</u></u>
Teachers and Administrators	2,032	2,046	2,129	2,164	2,223
Other employees	<u>1,208</u>	<u>1,238</u>	<u>1,355</u>	<u>1,459</u>	<u>1,487</u>
Total employees (2)	<u><u>3,240</u></u>	<u><u>3,284</u></u>	<u><u>3,484</u></u>	<u><u>3,623</u></u>	<u><u>3,710</u></u>
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>	<u>7</u>
Total buildings	<u><u>31</u></u>	<u><u>31</u></u>	<u><u>31</u></u>	<u><u>31</u></u>	<u><u>31</u></u>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

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

(2) As budgeted.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

Actual and Projected Average Daily Enrollment by Grade

Table S-18 - Page 2

Grade	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
K	1,379	1,646	1,607	1,656	1,551	1,693	1,642	1,621	1,612	1,593
1	1,569	1,562	1,729	1,693	1,742	1,794	1,744	1,694	1,673	1,656
2	1,557	1,694	1,654	1,780	1,713	1,763	1,727	1,779	1,731	1,710
3	1,606	1,611	1,746	1,658	1,826	1,796	1,791	1,761	1,814	1,768
4	1,680	1,696	1,671	1,759	1,709	1,828	1,825	1,820	1,796	1,811
5	1,720	1,773	1,794	1,718	1,808	1,690	1,859	1,856	1,858	1,857
6	1,702	1,781	1,833	1,800	1,763	1,830	1,714	1,885	1,884	1,886
7	1,909	1,788	1,821	1,836	1,833	1,750	1,867	1,750	1,925	1,924
8	1,915	1,958	1,830	1,817	1,881	1,816	1,775	1,893	1,775	1,953
9	1,986	2,247	2,214	1,990	2,009	2,028	2,025	1,982	2,110	1,982
10	2,029	1,914	2,143	2,080	1,921	1,956	1,990	1,932	1,889	2,110
11	1,817	1,885	1,797	1,886	1,925	1,839	1,869	1,902	1,846	1,804
12	1,835	1,849	1,975	1,850	1,913	2,041	1,896	1,924	1,956	1,902
Pre-K*	383	483	449	465	492	483	483	483	483	483
Total Enrollment (1)	<u>23,087</u>	<u>23,887</u>	<u>24,263</u>	<u>23,988</u>	<u>24,086</u>	<u>24,307</u>	<u>24,207</u>	<u>24,282</u>	<u>24,352</u>	<u>24,439</u>

Source: Superintendent of Schools, Spotsylvania County, Virginia.

As of September 30 of each school year.

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

Data on Existing Public Schools

Table S-18 - Page 3

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2024-2025 Enrollment
Elementary:						
Battlefield	K-5	30.0 Acres	1,974	2,000	833	675
Berkeley	K-5	17.0 Acres	1,961	1971, 1979, 2000, 2005	353	276
Brock Road	K-5	24.4 Acres	1992	2004	907	655
Cedar Forest	K-5	52.4 Acres	2008	-	936	797
Chancellor	K-5	12.0 Acres	1940	1948, 1961, 2000	455	445
Courthouse Road	K-5	25.0 Acres	1994	2005	907	764
Courtland (1)	K-5	- Acres	1989	2000	789	560
Harrison Road (2)	K-5	- Acres	2001	2006	936	733
Lee Hill	K-5	21.0 Acres	1977	1990, 1999	807	683
Livingston	K-5	15.5 Acres	1961	1971, 1992	504	481
Parkside	K-5	26.8 Acres	1994	2007	936	950
Riverview	K-5	25.0 Acres	1994	2005	907	702
Salem	K-5	20.0 Acres	1979	1989, 1999	815	575
Smith Station	K-5	23.0 Acres	1991	1999,2004	986	719
Spotswood	K-5	20.0 Acres	1965	1971, 2000	641	530
Spotsylvania	K-5	14.1 Acres	1952	1977	585	622
Wilderness	K-5	25.0 Acres	1998	2003	936	653
						10,820
Middle:						
Battlefield	6-8	30.0 Acres	1978	2003	807	776
Chancellor (2)	6-8	- Acres	1989	-	857	797
Freedom	6-8	76.7 Acres	2003	-	948	763
Ni River	6-8	75.0 Acres	1999	-	774	691
Post Oak (3)	6-8	- Acres	2007	-	948	675
Spotsylvania	6-8	41.7 Acres	1968	1973	907	1009
Thornburg	6-8	50.0 Acres	1994	-	790	755
						5,466
Secondary:						
Chancellor	9-12	100.0 Acres	1988	-	1,427	1,312
Courtland	9-12	100.0 Acres	1980	2019	1,565	1,489
Massaponax	9-12	100.0 Acres	1998	2005	1,830	1,673
Riverbend	9-12	90.7 Acres	2004	-	1,995	1,893
Spotsylvania	9-12	100.0 Acres	1994	-	1,611	1,382
J.J. Wright Alternative	Pre K - 12	20.0 Acres	1952	1962, 1982, 2008	90	51
Vocational Center (1)	-	-	1980	1993	-	N/A
						7,800

Source: Superintendent of Schools, Spotsylvania County, Virginia.

(1) On same site as Courtland High School

(2) On same site as Chancellor High School

(3) On same site as Spotsylvania High School

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

Detail of School Activity Fund

Table S-19

Schools	Fund Balance July 1, 2024	Revenues	Expenditures	Fund Balance June 30, 2025
Elementary:				
Battlefield	\$ 37,402	\$ 32,048	\$ 33,967	\$ 35,484
Berkeley	31,825	22,775	18,944	35,656
Brock Road	47,824	78,945	68,415	58,354
Cedar Forest	35,386	25,608	28,232	32,762
Chancellor	29,995	19,008	14,556	34,447
Courthouse Road	77,905	53,282	54,520	76,667
Courtland	13,603	19,324	17,743	15,184
Harrison Road	36,662	34,403	32,701	38,364
Lee Hill	24,572	36,207	38,941	21,839
Livingston	40,439	33,278	28,741	44,975
Parkside	22,119	50,442	41,899	30,662
Riverview	24,516	70,889	61,737	33,668
Salem	49,787	22,883	23,427	49,243
Smith Station	36,089	20,652	22,491	34,250
Spotswood	31,677	26,080	25,406	32,351
Spotsylvania	19,995	29,811	23,326	26,479
Wilderness	31,872	35,726	28,739	38,859
Total Elementary Schools:	\$ 591,668	\$ 611,361	\$ 563,786	\$ 639,244
			2024 - 2025 pupil enrollment:	10,820
			Per pupil fund balance:	\$ 59.08
Middle:				
Battlefield	52,840	100,120	89,873	63,087
Chancellor	44,486	113,443	103,638	54,290
Freedom	69,176	162,538	150,510	81,204
Ni River	81,966	115,739	113,872	83,833
Post Oak	74,868	70,958	68,027	77,799
Spotsylvania	81,385	68,553	68,735	81,204
Thornburg	36,757	61,791	59,876	38,672
Total Middle Schools:	\$ 441,478	\$ 693,142	\$ 654,531	\$ 480,089
			2024 - 2025 pupil enrollment:	5,466
			Per pupil fund balance:	\$ 87.83
High:				
Chancellor	135,714	481,340	448,843	168,210
Courtland	499,786	639,796	615,128	524,453
Massaponax	327,115	649,010	638,712	337,413
Riverbend	415,634	791,122	768,950	437,805
Spotsylvania	283,958	470,763	459,191	295,530
Total High Schools:	\$ 1,662,207	\$ 3,032,031	\$ 2,930,825	\$ 1,763,411
			2024 - 2025 pupil enrollment:	7,800
			Per pupil fund balance:	\$ 226.08
Other:				
J.J. Wright Alternative	10,842	2,572	4,479	8,935
School Board Office	81,365	73,895	6,011	149,249
Career and Technical Center	196,923	296,229	272,593	220,559
Commonwealth Governor's School	35,340	-	35,340	-
Total Other Schools:	\$ 324,470	\$ 372,695	\$ 318,423	\$ 378,743
Total All Schools:	\$ 3,019,820	\$ 4,709,229	\$ 4,467,565	\$ 3,261,484

Source: Spotsylvania County Schools School Activity Fund 2025 Audit Report

