



ANNUAL COMPREHENSIVE FINANCIAL REPORT

JUNE 30th

2022
FOR FISCAL YEAR ENDED





County of Spotsylvania, Virginia

ANNUAL COMPREHENSIVE FINANCIAL REPORT



Fiscal Year Ending June 30, 2022

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

Published by the Office of Accounting & Procurement



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INTRODUCTORY SECTION



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



County of Spotsylvania

Founded 1721

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



Service, Integrity, Pride

County Administrator
ED PETROVITCH
Deputy County Administrator
MARK L. COLE
P.O BOX 99, SPOTSYLVANIA, VA 22553
Voice: (540) 507-7010
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December 12, 2022

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, 2022. 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, 2022, which is presented on pages 15 – 18 of this report.

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

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

PROFILE OF THE COUNTY AND OUR GOVERNMENT

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



History

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

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

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



Geography

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

Government

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

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

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

Spotsylvania County Public Schools (SCPS), reported as a component unit of the County within the financial statements, are governed by a seven-member elected School Board. Since its inception in 1870, consisting of scattered one-room schools, the school system has evolved to the present system of separate elementary,



SPOTSYLVANIA
COUNTY PUBLIC SCHOOLS

middle, and high schools. Today, SCPS serves just under 24,000 students daily from preschool to grade twelve and is comprised of 31 schools and centers: 17 elementary schools, 7 middle schools, 5 high schools, a Career and Technical Center, and an Alternative Learning Center. The School System also represents the largest employer for Spotsylvania County with approximately 3,300 employees.

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

ECONOMIC CONDITION AND OUTLOOK

As we enter the third year of the COVID-19 pandemic, COVID-19 continues to shape our lives in unprecedented ways and local governments are not exempt from its impacts. Budget development continues to be a challenge due to levels of inflation not seen in this country in more than 40 years. The US inflation rate (CPI-U) is up 7.7% in October 2022, from one year ago, despite actions taken by the Federal Reserve to cool domestic demands. The County anticipates the impacts of inflation and the ongoing supply chain crisis through spikes in material costs, double-digit percentage increases in fuel prices, and long delays for equipment purchases to continue through 2023. Various economic forecasts predict core inflation to cool, but at a slower pace, only reaching the central bank's 2% target in 2025. One continued bright spot, however, is a fundamental shift in how citizens purchase goods. Local governments across the nation have experienced unparalleled increases in sales tax revenues, as consumers shifted their spending both closer to home and online. We anticipate growth in sales tax revenues to

continue but the rate of growth is expected to decline as federal recovery funds are phased out and households are further squeezed by a softening in the economy.

Taxable Retail Sales (\$ in 000's)

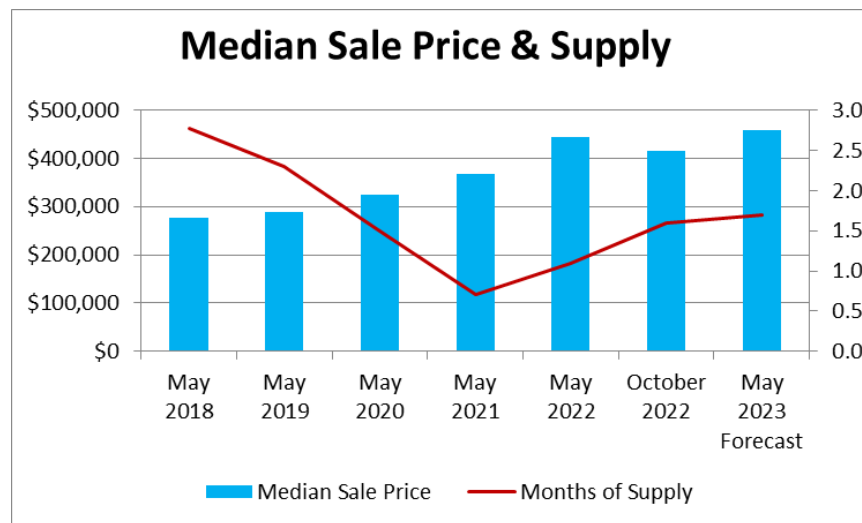
	Fiscal Year 2021	Fiscal Year 2022	2022 v. 2021 %
Spotsylvania	\$ 1,985.2	\$ 2,236.4	12.7%
Virginia Counties	71,192.7	80,177.1	12.6%
Commonwealth	110,874.6	124,277.3	12.1%

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

While retail sales are an important indicator of economic health, the County's property tax base (consisting mainly of real estate and personal property), which represents almost 63.7% of total General Fund revenues, is vital to meeting the service needs of our citizens.

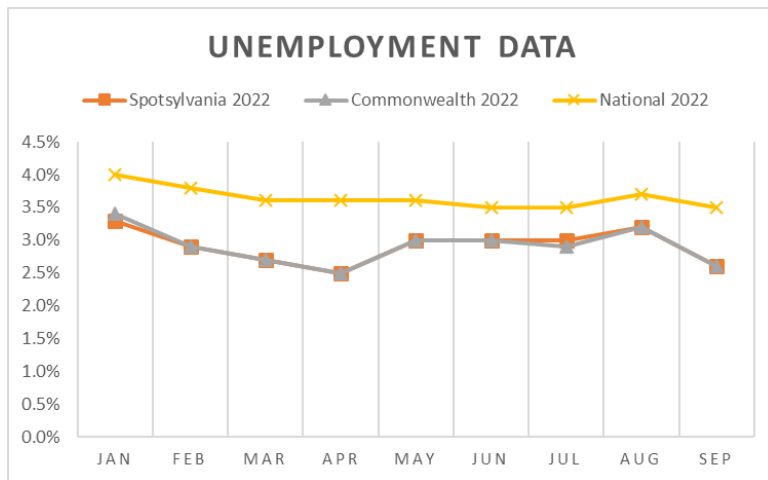
Real Estate

A strong real estate market allows the County to provide high quality services at a competitive tax rate, and as of May 2022, the County's market was strong with 246 units sold and a median sale price of \$445,000. However, in light of continued inflationary pressures combined with rising mortgage interest rates, the housing market has begun to slow. Sales activity declined dramatically in October 2022 when compared to last October, as did pending sales. On average, homes are taking longer to sell, increasing the number of active listings. Despite this growth, new listings have also slowed, keeping inventory relatively tight, with months of supply forecasted at 1.7 in May of 2023 versus 2.8 in May 2018. Tighter inventory is expected to keep home prices up, but only modestly at 2.9% above May's median sale price of \$445,000.



Personal Property

As we evaluate our economic outlook, it would be remiss not to address another significant impact of the pandemic - automobile values. According to J.D. Power, dealer inventories were down 59.1% in January 2022 compared to January 2021; and 11.3 million fewer vehicles were produced due to microchip shortages. In addition to supply issues, new vehicle prices are feeling the impact of inflation as the cost of raw materials has hit an all-time high. As a result, it's estimated that, year over year, used-car prices rose an average of 30% and new car values rose by an average 6.3%. Recognizing the effects of such a market on assessed values, the General Assembly modified the State Code to establish a new property class to include passenger vehicles and enabling a separate rate to be assigned to such class. The Board of Supervisors also adopted a tax rate of \$5.42 per \$100 of assessed value (assessed at 50% value) for this new class, lower than the general personal property tax rate of \$6.35. As we look forward, recent projections from JD Power anticipate used car prices have peaked in 2022, but new car prices are set to remain elevated through the remainder of the year. Prices are expected to gradually decline in 2023 for new and used vehicles by 2.5% and 10%, respectively. Similar to the real estate market, inflation and the rising costs to borrow will more than likely result in a "lower volume, higher price" sales environment.



Spotsylvania County's unemployment has returned to pre-pandemic levels averaging 2.9% in the first nine months of 2022. As of June 30, 2022, the County's unemployment rate was 2.6%, in line with the Commonwealth and outperforming the national average of 3.5%. Job growth is expected to cool slightly in 2023 putting some upward pressure on the unemployment rate.

Economic forecasts vary on whether the nation will face a recession in 2023. Those projecting a recession, feel it will be short and mild amid a

relatively strong labor market and healthy consumer cash reserves. Should the nation move into a recession, management is confident that the County's budgetary flexibility and level of available reserves would mitigate any potential service disruptions.

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, 2022, the fiscal stability reserve was \$61.4 million, an increase of \$7.0 million, or 12.9%.

Health Insurance Reserve. The County maintains a self-insured health insurance reserve for both the County and the SCPS equal to the total claims incurred but not reported (IBNR) plus three months of claim payments based on the previous three years' experiences. The reserve at June 30, 2022 was \$5.3 million and \$16.5 million, respectively.

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

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

Debt Management - Although the County has no legal limitations on the amount of debt it can issue, the County has created self-imposed limits through its debt service to governmental fund expenditures and debt to assessed value ratios. Debt service as a percentage of governmental and school spending was 8.22%, 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 1.19%, below the required 3% set by the County.

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

Property tax collections. By policy, the annual level of uncollected property taxes should not exceed two percent over a rolling three-year period. Uncollected property taxes dropped significantly in fiscal year 2022 to 1.18%, bringing the rolling three-year percentage down to 1.43% breaking the two year upward trend from the pandemic.

MAJOR INITIATIVES AND LONG-TERM FINANCIAL PLANNING

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

Quality Government

As the population grows and development continues in the County, demand for County-provided services continues to climb and staff resources are necessary to respond to the service demands. To respond to these increased service needs, the 2023 Adopted Budget approved an additional 54.86 FTEs across various departments. The County also continues its goal of meeting the full annual required Other Postemployment Benefits (OPEB) retiree health insurance contribution by fiscal year 2024 in accordance with County policy. As of June 30, 2022, the County and School Board maintained OPEB reserves of \$17.4 million and \$13.4 million, respectively. Effective for calendar year 2023, the County anticipates the creation of an OPEB Trust and related investment strategy, to help supplement the funding of future health insurance obligations.

Public Safety

The County's FY 2023 – 2027 capital improvement plan includes a new fire training & logistics center, replacement of the Company 3 (Partlow) station that has reached the end of its lifecycle, and two new fire & rescue stations to address future growth from approved developments.

Education

To address capacity issues at Spotsylvania Middle School, the School Board received approval and bond funding for its expansion and renovation. The overall scope of the Spotsylvania Middle School project will focus on making the facility a 21st century learning environment. The project will also focus on access upgrades in line with ADA codes and standards. Adding capacity will not be limited to just adding square footage, but making better use of existing space, as educational requirements and the needed classes have changed since the original 1965 design. The site around the building will also change as the design and flow of the building changes. Some of those changes will include better access and added space for parent pickup and drop off.

Transportation

Of the \$104.5 million in projected transportation spending in the FY 2023 – FY 2027 Capital Improvement Plan, \$64.8 million is intended to address transportation commitments related to the new VA Health Care Center expected to open in 2024 and will be one of the largest VA outpatient clinics in the country. The project is currently under construction for the four-story, 450,000-square-foot facility on 60 acres, bounded by U.S. 1, Interstate 95 and Hood Drive. Transportation improvements are intended to mitigate traffic capacity and safety issues, and include both north and southbound I95 ramps, revitalization of the Rt. 1 corridor, a new 2-lane roadway from Rt. 1 to Hood Drive, a widening of a portion of Hood Drive to 4 lanes, and the extension of Germanna Point Drive to Spotsylvania Avenue as a 2-lane road with bike and pedestrian accommodations. Other major transportation projects include the Route 2/17 widening project, a widening of Harrison Road from Old Plank Road to Gordon, and a roundabout at Old Plank Road and Andora.

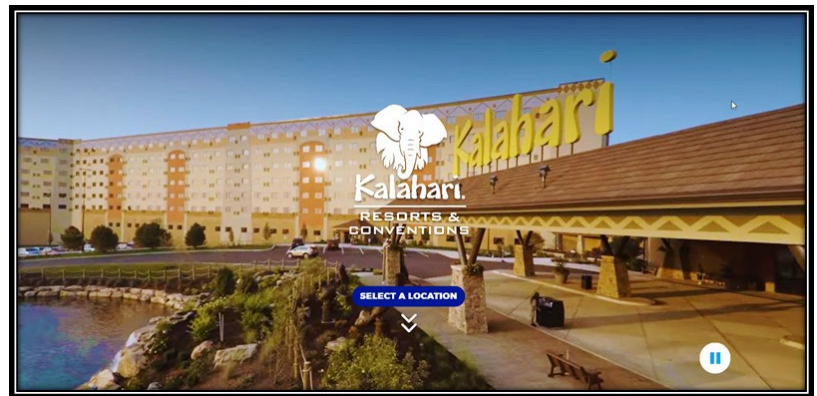


Water & Sewer Infrastructure

Major projects include the Motts Water Treatment Plant expansion, at a projected cost of \$107 million, to double the capacity of the Plant to 24 MGD to meet future water demands, and the Massaponax Wastewater Treatment Plant expansion, projected to cost \$110 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.

Economic Development

On May 24, 2022, the County approved an incentives package to bring the Kalahari Resort and Convention Center to the Thornburg area, the County's "next growth corridor." The resort will feature up to 900 guest rooms, a convention center, an indoor and outdoor water park, and other indoor and outdoor activities. The development will also include additional entertainment, recreation and several food and beverage outlets that will be open to the public on 135 acres between U.S. Route 1 and Interstate 95 in Thornburg. It is estimated that more than 805 full time jobs and 743 part time jobs will be created by the resort. The park's anticipated opening is in 2025 and will generate net new tax revenues of approximately \$4.0 million annually, ramping up to \$14.36 million in the out years.



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, 2021. This is the 27th 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, 2022. 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 26th award in as many years.

The preparation of this report could not have been possible without the assistance and dedication of the entire staff of the Office of Accounting and Procurement. Special thanks go to Controller, Eric Slivka, and the entire accounting staff for their contribution and preparation of this report. We also appreciate the cooperation and assistance of the other County departments, as well as the School Board's Finance Department. In addition, we express our appreciation to the County Administrator and Board of Supervisors for their unfailing support for maintaining the highest standards of professionalism in the management of the County of Spotsylvania's finances.

Respectfully submitted,



Ed Petrovitch
County Administrator



Rebecca R. Forry
Chief Accounting Officer

Spotsylvania Board of Supervisors



Chris Yakabouski
Battlefield District



Timothy J. McLaughlin
Chancellor District
Chairman



David Ross
Courtland District
Vice-Chairman



Lori Hayes
Lee Hill District



Kevin Marshall
Berkeley District



Dr. Deborah H. Frazier
Salem District

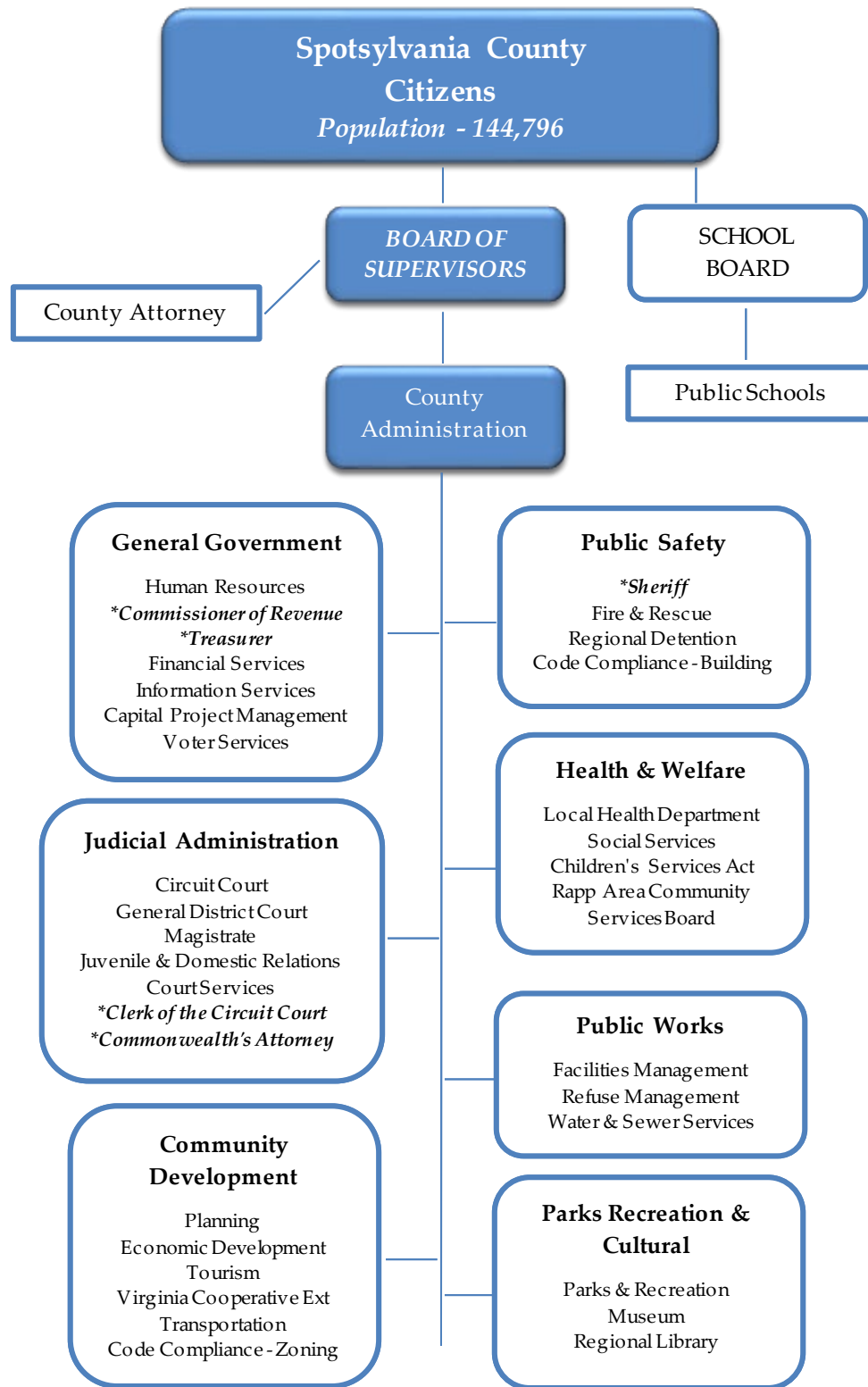


Jacob Lane
Livingston District

County Administrative & Financial Officers

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

Spotsylvania County Organizational Chart

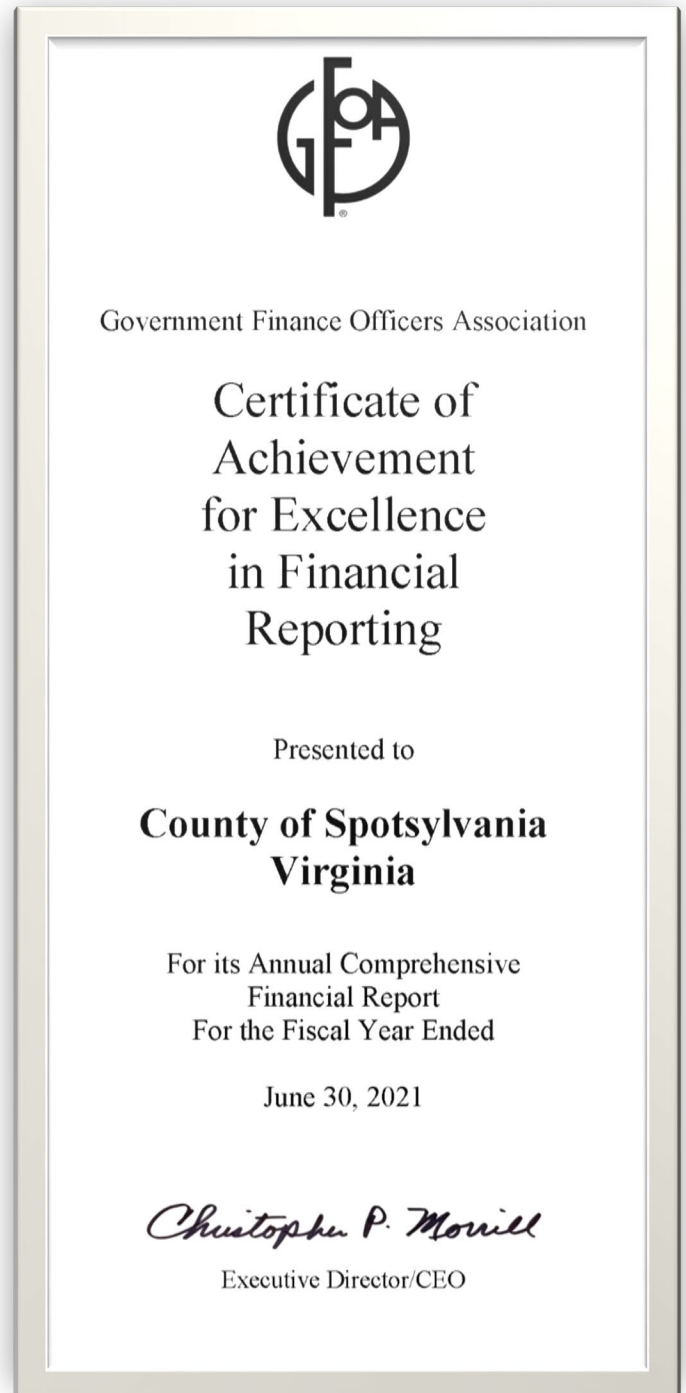


* denotes Constitutional Officer

Spotsylvania County Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a certificate of Achievement for Excellence in Financial Reporting to the County of Spotsylvania, Virginia for its annual comprehensive financial report for the fiscal year ended June 30, 2021. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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



FINANCIAL SECTION



CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the County of Spotsylvania 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 of Spotsylvania, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 to the financial statements, effective July 1, 2021, the County of Spotsylvania adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

Honorable Members of the Board of Supervisors
County of Spotsylvania

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Honorable Members of the Board of Supervisors
County of Spotsylvania

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County of Spotsylvania's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Spotsylvania's basic financial statements. 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

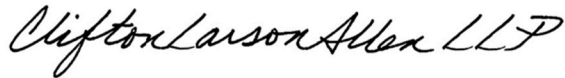
Management is responsible for the other information included in the annual report. The other information comprises the Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents but does not include the basic financial statements and our auditors'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

Honorable Members of the Board of Supervisors
County of Spotsylvania

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2022, on our consideration of the County of Spotsylvania's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County of Spotsylvania's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County of Spotsylvania's internal control over financial reporting and compliance.

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

CliftonLarsonAllen LLP

Arlington, Virginia
December 13, 2022

Management's Discussion & Analysis (MD&A)

As management of the County of Spotsylvania (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with the transmittal letter, which is located in the Introductory Section of this report, and the County's financial statements, including the notes to the financial statements, which are located after this analysis.

Financial Highlights

Government-wide Statements

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$296.6 million (net position), a 20.1% increase from the previous year. Net position for governmental activities increased by \$35.3 million, reducing its net deficit to \$26.1 million. Net position for business-type activities increased by \$14.4 million bringing its total net position to \$322.7 million.
- Program and general revenues for governmental activities increased by \$10.9 million, or 3.4%, from the previous year. Total expenses, prior to transfers, increased by \$11.3 million, or 3.9%, from the previous year.
- Program and other general revenues for business-type activities increased by \$3.4 million, or 6.7%, from the previous year. Total expenses, prior to transfers, decreased by \$1.2 million, or 3.0%, from the previous year.

Fund Financial Statements

- At the close of the current fiscal year, the County's governmental funds reported combined fund balances of \$227.7 million, an increase of \$23.8 million. Of this amount, \$19.4 million, or 8.5% is available for spending at the government's discretion (unassigned fund balance). Unrestricted fund balance of the General Fund (the total of the committed, assigned, and unassigned components of fund balance) was \$143.3 million, approximately six months, or 46.6%, of total general fund expenditures.

Other Financial Highlights

- During the fiscal year, the County issued various Series 2021 refunding bonds, reducing future debt service payments of governmental and business-type activities by \$1.1 million and \$3.4 million, respectively.

Overview of the Financial Statements

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

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

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

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

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

Table 1

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

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

GOVERNMENT-WIDE STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

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

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

Government-wide Financial Analysis

The table below presents a Summary of Net Position for the reporting entity as of June 30, 2022 and 2021:

Table 2 Summary of Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022*	2021	2022*	2021	2022*	2021	2022*	2021
Current and other assets	\$ 385.2	\$ 340.4	\$ 135.4	\$ 139.7	\$ 520.6	\$ 480.1	\$ 77.7	\$ 60.2
Capital assets, net	150.4	147.0	335.1	322.6	485.5	469.6	330.9	335.5
Total assets	535.6	487.4	470.5	462.3	1,006.1	949.7	408.6	397.6
Total deferred outflows	41.2	38.4	6.1	5.5	47.3	43.9	98.9	114.8
Other liabilities	40.7	34.8	9.4	9.2	50.1	44.0	31.0	28.9
Long-term liabilities	391.5	429.7	134.7	146.6	526.2	576.3	337.8	573.7
Total liabilities	432.2	464.5	144.1	155.8	576.3	620.3	368.8	602.6
Total deferred inflows	170.7	122.7	9.8	3.7	180.5	126.4	243.8	53.6
Net position:								
Net investment in capital assets	101.9	90.5	232.9	222.5	334.8	313.0	330.9	335.5
Restricted	14.4	9.3	2.6	2.5	17.0	11.8	14.8	11.8
Unrestricted	(142.4)	(161.2)	87.2	83.3	(55.2)	(77.9)	(450.8)	(492.6)
Total net position	\$ (26.1)	\$ (61.4)	\$ 322.7	\$ 308.3	\$ 296.6	\$ 246.9	\$ (105.1)	\$ (145.3)

* Fiscal year 2022 recognizes the implementation of GASB 87, Leases. Although not yet effective, the County has elected to follow paragraph 36 of GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, stating "For reporting periods that are earlier than those presented in the basic financial statements, information for those prior periods that is presented in RSI (including MD&A) should not be restated for a change in accounting principle.

Primary Government

The largest portion of the Primary Government's net position represents \$334.8 million of investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. The restricted net position of \$17.0 million represents resources subject to external restrictions on how they may be used, and include future debt service (\$2.6 million), capital projects (\$4.6 million), transportation (\$5.2 million), grant programs (\$3.0 million), and opioid recovery funds of \$1.6 million from global settlements reached in 2022. The remaining balance equals a net deficit of \$55.2 million, a deficit driven by \$169.1 million in debt incurred by the County on-behalf of the School Board without the offset of related capital assets reported by the School Board. When School Board debt is excluded, the Primary Government's unrestricted net position rises to \$113.9 million, and a total net position of \$465.7 million.

Component Units

Net position of component units consists of School Board net investment in capital assets of \$330.9 million and \$14.8 million in School Board funds restricted for capital projects of \$12.2 million and student activity funds of \$2.6 million. Unrestricted net position includes \$1.5 million primarily from land held as an investment with the EDA, and a School Board deficit of \$452.3 million as a result of net postemployment liabilities of \$468.1 million as of June 30, 2022.

Changes in Net Position

The following table summarizes the changes in net position for the primary government and its component units for the fiscal years ended Jun 30, 2022 and 2021:

Table 3 Changes in Net Position (amounts in millions)								
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2022*	2021	2022*	2021	2022*	2021	2022*	2021
Revenues								
Program Revenues:								
Charges for services	\$ 18.0	\$ 16.1	\$ 38.8	\$ 36.5	\$ 56.8	\$ 52.6	\$ 1.7	\$ 0.9
Operating grants and contributions	26.8	37.3	0.1	0.5	26.9	37.8	217.1	199.7
Capital grants and contributions	0.5	0.4	15.5	13.6	16.0	14.0	-	2.1
General Revenues:								
General property taxes	202.1	191.3	-	-	202.1	191.3	-	-
Other taxes	69.6	59.5	-	-	69.6	59.5	-	-
Payments from Primary Government	-	-	-	-	-	-	126.6	115.0
Other general revenues	19.1	20.6	(1.7)	0.4	17.4	21.0	1.1	0.6
Total Revenues	336.1	325.2	52.7	51.0	388.8	376.2	346.5	318.3
Expenses								
General government	20.8	20.4	-	-	20.8	20.4	-	-
Judicial administration	11.0	10.9	-	-	11.0	10.9	-	-
Public safety	77.7	76.4	-	-	77.7	76.4	-	-
Public works	12.7	11.3	-	-	12.7	11.3	-	-
Health and welfare	26.0	25.3	-	-	26.0	25.3	-	-
Education	125.7	113.7	-	-	125.7	113.7	305.3	323.0
Parks and recreation	8.5	8.1	-	-	8.5	8.1	-	-
Community development	11.0	15.1	-	-	11.0	15.1	1.0	1.5
Water and sewer	-	-	38.3	39.5	38.3	39.5	-	-
Interest on long-term debt	7.5	8.4	-	-	7.5	8.4	-	-
Total Expenses	300.9	289.6	38.3	39.5	339.2	329.1	306.3	324.5
Excess before transfers	35.2	35.6	14.4	11.5	49.6	47.1	40.2	(6.2)
Transfers	0.1	(0.7)	-	0.7	0.1	-	-	-
Increase(decrease) in net position	35.3	34.9	14.4	12.2	49.7	47.1	40.2	(6.2)
Net position - beginning	(61.4)	(96.3)	308.3	296.1	246.9	199.8	(145.3)	(139.1)
Net position - ending	\$ (26.1)	\$ (61.4)	\$ 322.7	\$ 308.3	\$ 296.6	\$ 246.9	\$ (105.1)	\$ (145.3)

* Fiscal year 2022 recognizes the implementation of GASB 87, Leases. Although not yet effective, the County has elected to follow paragraph 36 of GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, stating "For reporting periods that are earlier than those presented in the basic financial statements, information for those prior periods that is presented in RSI (including MD&A) should not be restated for a change in accounting principle."

GOVERNMENTAL ACTIVITIES

Revenues

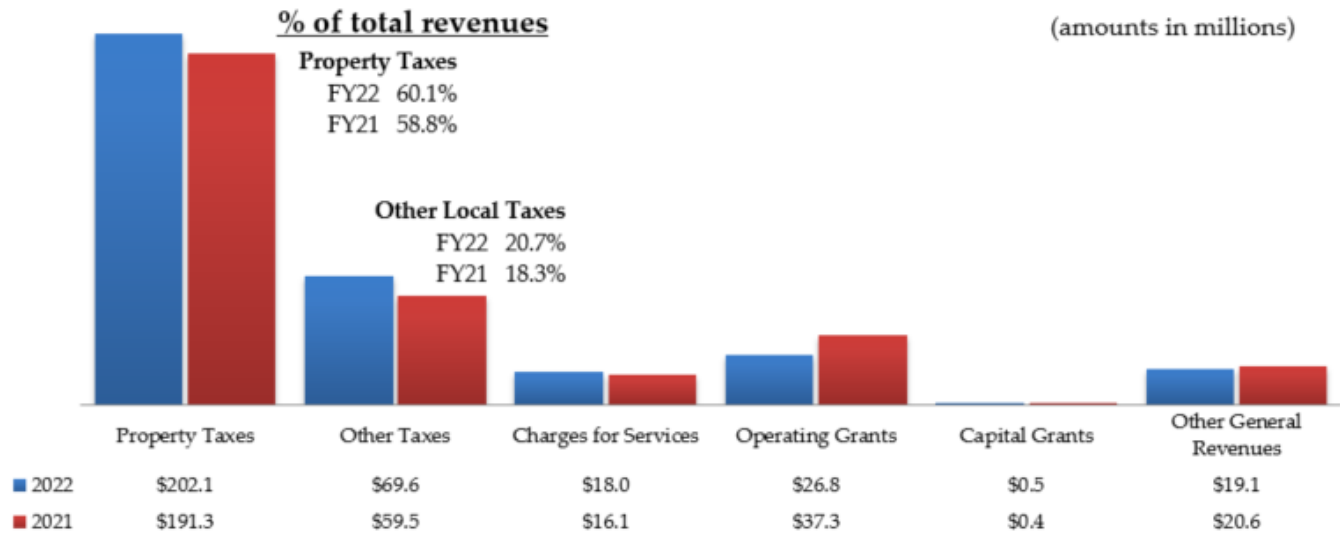
Revenues from governmental activities for fiscal year 2022 totaled \$336.1 million, an increase of \$10.9 million or 3.4% from the previous fiscal year. The chart below provides information on year over year changes by each major revenue source.

Chart 1

Governmental Activities - Revenue by Source

For Years ending June 30, 2022 and 2021

(amounts in millions)



Program Revenues

Overall program revenues decreased by \$10.1 million, or 18.8%, to \$43.7 million for fiscal year 2022.

- Charges for services increased \$1.9 million, or 11.8%, as a result of increased volume in code compliance inspection services and refuse disposal fees of \$1.2 million and \$0.5 million, respectively.
- Operating grants and contributions dropped \$10.5 million, or 28.2%, primarily from a reduction in federal Coronavirus Relief of \$13.5 million. All allocated relief funds were expended by June 30, 2021, prior to the deadline of December 31, 2021. In fiscal year 2022, a global litigation settlement was reached in response to the devastation caused by the opioid epidemic. The County's settlement of \$1.6 million is restricted to address the ongoing opioid crisis through treatment, education, and prevention efforts. Distributions are expected to be paid to the County over 18 years averaging \$92,157 annually.
- Most capital grants and contributions are cyclical in nature and non-recurring. For fiscal year 2022, revenues increased by \$0.1 million, or 25.0%, reflecting proffer revenues related to transportation infrastructure needs.

General Revenues

Overall general revenues, consisting mostly of general property taxes, increased by \$19.4 million, or 7.1%, to \$290.8 million for the year.

- General property taxes, the single largest source of local government tax revenue, rose \$10.8 million, or 5.6%. Real property assessed values rose 15.2% (\$2.6 billion) in 2022 in response to new construction and rezonings. This increase combined with adjustments in the tax rate from \$0.8094 (slightly under the equalized tax rate for calendar year 2021) to an equalized tax rate of \$0.7377 for calendar year 2022, contributes approximately \$3.0 million in new real estate tax revenue for fiscal year 2022. Personal property assessed values rose 29.0%

(\$0.5 billion) in 2022, and related revenues rose approximately \$5.2 million, primarily from supply chain impacts to new vehicle inventories driving up values on both new and used vehicles in the market. To address the market bubble, the Board approved a new class of personal property for passenger automobiles with a tax rate of \$5.42 effective for the first half of calendar year 2022. With the exception of the new automobile class, the Board maintained all 2021 rates for 2022.

- Other local taxes rose \$10.1 million, or 17.0%, year over year. As the County continues to recover from the pandemic and local development continues to expand, for the second year in a row, reported sales and meals tax revenues saw double-digit growth bringing in an additional \$3.1 million and \$3.4 million, respectively.
- Other general revenues dropped by \$1.5 million, or 7.3%, due primarily from increases in unrealized losses recognized on debt equity investments subject to rising interest rate sensitivities.

Expenses

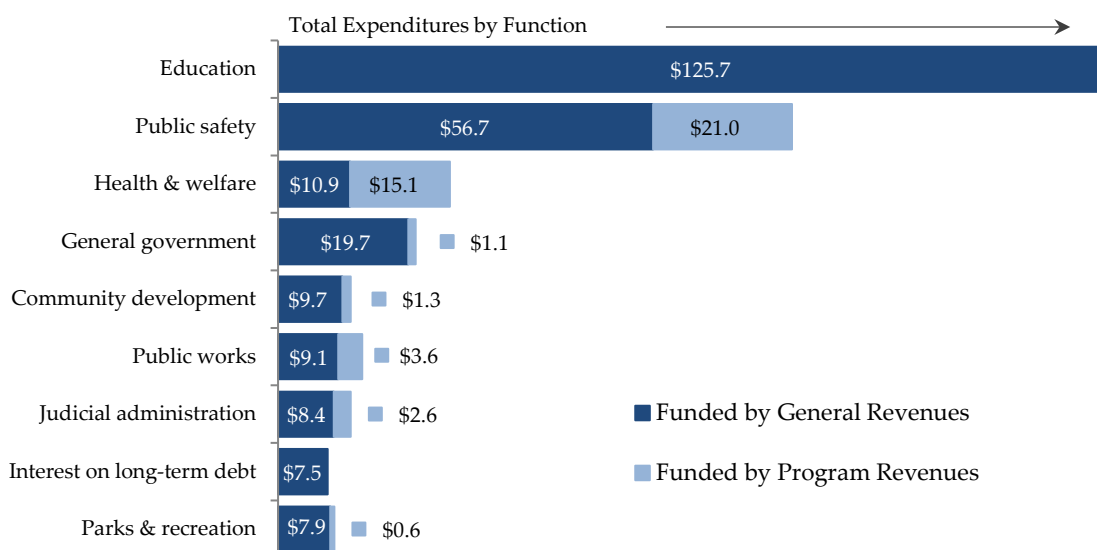
Expenses of governmental activities for fiscal year 2022 totaled \$300.9 million. Of this amount, \$45.3 million was paid from program specific revenues, leaving a net functional cost of \$255.6 million to be funded by general revenues such as - taxes, interest and unrestricted aid from the Commonwealth. The chart below provides a breakdown of the allocation of general revenues by function (in dark blue) to cover any expenses not met through its program specific revenues (in light blue.)

Governmental Activities - Funding of Net Functional Costs

For the Year ended June 30, 2022

(amounts in millions)

Chart 2

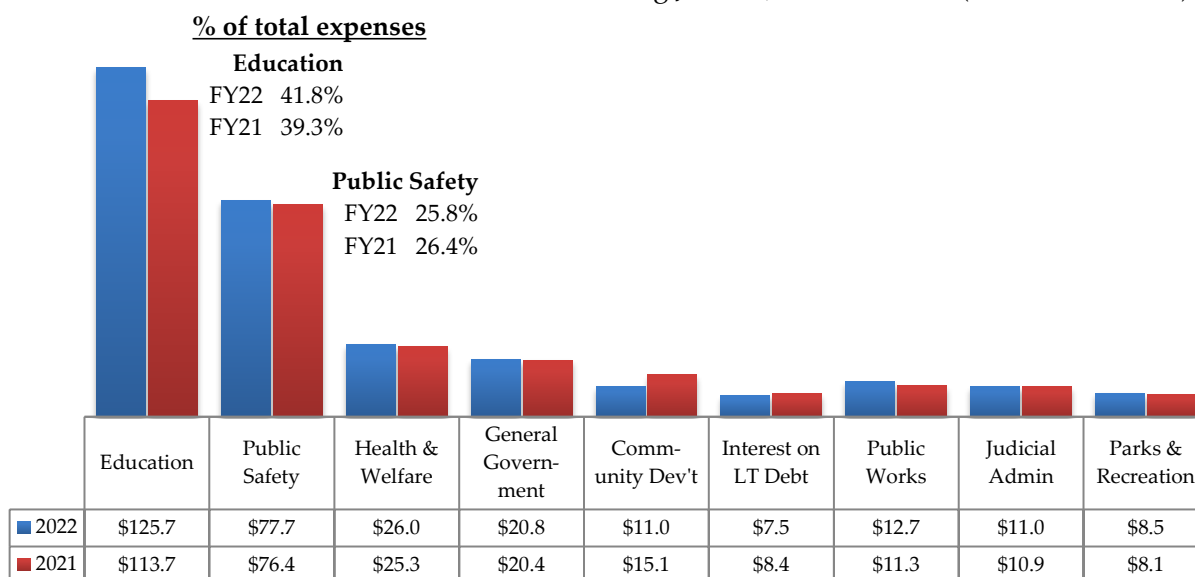


Governmental Expenses (continued)

Expenses from governmental activities for fiscal year 2022 totaled \$300.9 million, an increase of \$11.3 million or 3.9% from the previous fiscal year. The following chart below provides information on year over year changes by each major revenue source.

Chart 3

Governmental Activities - Expenses by Function
For Years ending June 30, 2022 and 2021 (amounts in millions)



Of the \$11.3 million increase in expenses, approximately \$8.6 million relates to increased personnel related costs (excluding pension and other postemployment benefits). The most significant drivers of this increase represent the first full year of the mid-year FY21 salary adjustment, a 1.2% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2% performance merit for full-time and part-time employees not on the public safety pay scale, as well as the authorization of 36.4 new FTEs in the 2022 adopted budget.

Additional personnel cost changes include decreased pension expense of \$3.1 million primarily from actual plan earnings exceeding expectations by \$8.4 million, offset by increased costs of \$4.2 million from actual experience and assumptions results being higher than expected. Other postemployment expense also dropped \$2.7 million year over year due to an increase in the discount rate from 2.21% to 3.54%.

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

- Education expense represents the County's local transfer to the Component unit – School Board to fund operating expenses after all other funding sources (e.g. federal and state) are exhausted. Actual contributions to the School Board totaled \$135.8 million, an increase of \$6.5 million, or 5.0%, but \$5.9 million less than the amended budget of \$141.7 million due primarily to vacancy savings.

	2022	2021
Payments from the Primary Government (County) for school operating expenditures prior to the following adjustments:	\$ 135,793,494	\$ 129,304,200
Less: Transfer to the County for school insurance reserves refunded from third party administrator	(228,499)	(1,114,522)
Less: Net non-cash financial reporting adjustments for bonds issued by the County on-behalf of the School Board:		
Move bond proceeds to the County for reporting purposes	18,481,727	13,079,772
Move debt service to the County for reporting purposes	(28,486,029)	(27,778,446)
Reported education expense of the Primary Government:	\$ 125,560,693	\$ 113,491,004

- Community development costs decreased by \$3.5 million in response to cyclical changes in transportation infrastructure project spending managed and partially funded by the Commonwealth.
- Interest on long-term debt decreased by \$0.9 million, or 10.7%, as a result of bonds refinanced in late 2021 to take advantage of lower interest rates.

BUSINESS-TYPE ACTIVITIES

Net position related to the County's business-type activities increased by \$14.4 million, or 4.7%. Overall revenues, consisting mostly of water and sewer user fees, increased by \$1.7 million, or 3.3%.

- Water and sewer user rates remained at 2021 levels in response to the pandemic. Revenues from charges for services increased slightly due to an average 2% growth in the customer base.
- Capital grants and contributions increased \$1.9 million, or 14%, primarily from \$1.2 million in state assistance from the Water Quality Improvement Fund (WQIF) to fund improvements to the Thornburg Waste Water Treatment Plant.
- Other general revenues dropped by \$2.1 million from increases in unrealized losses recognized on debt equity investments subject to rising interest rate sensitivities.

Overall expenses decreased by \$1.2 million, or 3.0%, primarily from reductions in pension and other postemployment benefit expense.

COMPONENT UNITS

School Board

For fiscal year 2022, the School Board reported an increase in net position of \$40.2 million. Total revenues increased year over year by \$28.7 million, or 9.1%, primarily from increased operating grants and contributions of \$17.4 million, or 8.7%, due to the following year over year changes:

- Federal food assistance program review dropped \$4.0 million, or 16.8%, as pandemic-related assistance begins to wind down.
- Federal funding related to school operations increased by \$6.4 million, or 34.9%, primarily from increased funding through the U.S. Department of Education's Education Stabilization Fund Program and \$1.6 million in increased special education grants.
- State aid increased by \$13.4 million, or 8.6%, in response to increased collections from sales tax of \$7.9 million, and \$4.9 million in compensation supplement funding.

Overall expenses decreased by \$17.7 million, or 5.5%, primarily from pension and other postemployment benefit plan earnings exceeding actuarial projections resulting in a decrease in plan expense of \$41.3 million; offset by increases in compensation (\$12.8 million), purchased services (\$5.4 million), and other expenses of \$2.2 million.

Economic Development Authority

Payments from the Primary Government (County) and related expenditures decreased from \$1.5 million to \$1.0 million in 2022 as a result of decreased business incentive expenses.

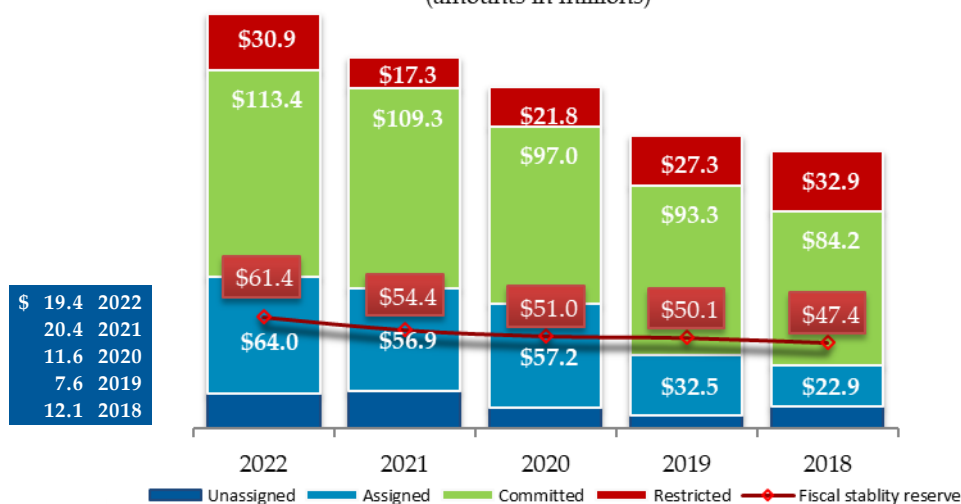
Financial Analysis of Governmental Funds

Combined governmental fund balances at year-end equaled \$227.7 million, an increase of \$23.8 million, or 11.7%. As the County's available fund balance is of critical importance to its overall financial health, the Board has established fiscal policies to govern its required balances and allowable uses. Detailed information on these required minimum balances can be found under section 1.15 in the Notes to the Financial Statements. Chart 4 provides a snapshot of the combined governmental fund balances at each year-end and their categorical allocations reported from the highest level of constraint of Restricted down to the lowest level of constraint of Unassigned. Detailed information of balances held under each of the following categories is presented in the Notes to the Financial Statements under Note 8.

- **Non-spendable** fund balance, representing amounts comprised of funds that cannot be spent because they are either not in spendable form represent \$38,370 from the implementation of GASB 87, Leases, in fiscal year 2022.
- **Restricted** fund balance, representing amounts limited to specific purposes imposed by external parties, increased 78.6% to \$30.9 million primarily from an increase in available bond proceeds for transportation and major facility improvement projects.
- **Committed** fund balance rose \$4.1 million, or 3.8%, to \$113.4 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Committed General Fund reserves increased by 7.1% and include major commitments of \$61.4 million in fiscal stability reserve and \$5.3 million in health insurance reserve. The Capital Projects Fund includes \$37.5 million in locally funded cash reserves for future capital projects, a decrease of 10.9%.
- **Assigned** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2022, assigned fund balance increased by 12.5% to \$64.0 million. Of this amount, the General Fund holds \$25.2 million in carryover and use of fund balance available for the fiscal year 2023 budget, OPEB retiree health insurance reserves of \$9.3 million, School health insurance reserve of \$16.5 million, and a \$2.0 million economics opportunities reserve.
- **Unassigned** fund balance includes all remaining amounts considered available for any purpose. After the funding of the County's Budget Stabilization Reserve of \$5.0 million, total unassigned fund balance of the General Fund is \$19.4 million, down \$1.0 million from the previous year.

Chart 4

Governmental Fund Balances
For the Five Years ending June 30, 2022
(amounts in millions)



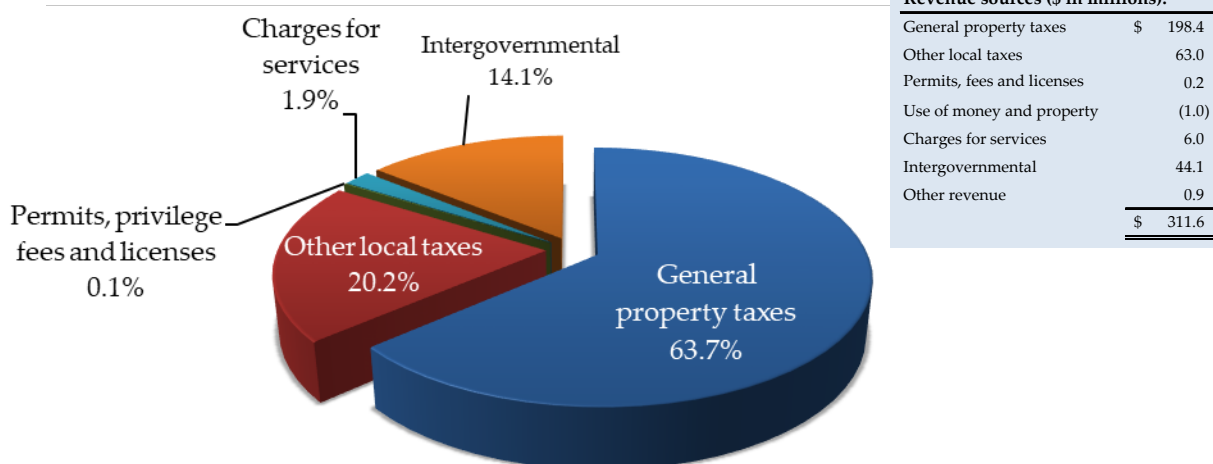
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

Governmental Fund Revenues

Total governmental fund revenues increased by \$6.0 million in fiscal year 2022. General property and other local taxes accounted for 81.2% of total revenues and reported a collective increase of \$19.1 million, or 7.6%.

Total revenues of the General Fund rose \$4.1 million, or 1.3% from the previous year. General property tax collections for the General Fund increased by \$8.8 million, or 4.6%. Other local taxes continue to report strong growth of \$9.7 million, or 18.2%. Intergovernmental revenues decreased by \$13.1 million, or 22.9%, due to decreased federal assistance dedicated to mitigating and responding to the COVID-19 public health emergency. Use of money and property decreased by \$1.7 million in response to reduced investment returns and changes in unrealized gains/losses on investments.

Chart 5



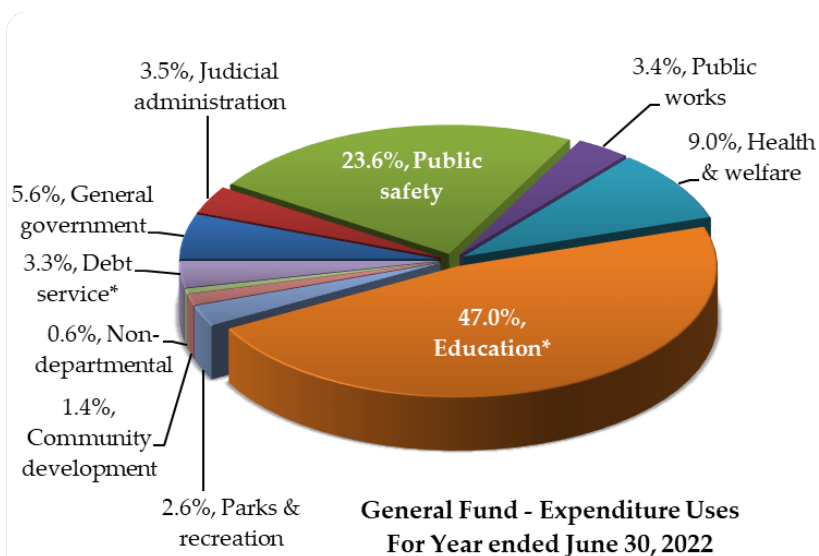
General Fund - Revenue Sources For the Year ended June 30, 2022

Governmental Fund Expenditures

Fiscal year 2022 total governmental fund expenditures increased \$17.4 million, or 5.4%. Expenditures of the General Fund, the County's main operating fund, increased \$17.3 million, or 6.4%, from the previous year (after removal of \$6.4 million in year over year Education reporting adjustments*). Activity factored into this increase is highlighted below:

- Compensation and benefits increased \$9.3 million across all functions primarily from a 1.2% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2% performance merit for full-time and part-time employees not on the public safety pay scale. Fiscal year 2022 also represents the first full year of mid-year pay increases awarded in fiscal year 2021. As part of the 2022 adopted budget, the Board also approved an additional 25.37 FTEs. The \$9.3 million was reported in general government administration (\$1.2 million), public safety (\$4.2) million, health and human services (\$1.6 million), with the remaining \$2.3 million spread across the other various functions.
- Operating expenditures increased predominantly in response to higher maintenance contract costs of \$1.1 million, of which, \$0.7 million was reported within general government administration; and \$0.7 million from rising market-driven fuel costs reported in public safety (\$0.5 million) and public works (\$0.2 million).
- The County's local transfer to the School Board of \$135.8 million, a \$6.4 million increase, represented 41.3% of total School Board operating expenditures of \$328.5 million after all other funding sources were exhausted.

Expenditure uses (\$ in millions)	
General government	\$ 16.3
Judicial administration	10.0
Public safety	68.3
Public works	9.7
Health & welfare	26.0
Education*	135.9
Parks & recreation	7.6
Community development	4.0
Non-departmental	1.9
Debt service*	9.7
Total Expenditures:	\$ 289.4
Education adjustments*:	
Return of reserve	(0.2)
Issuance of bonds	18.5
Total Expenditures (Exh-IV):	\$ 307.7



* The Code of Virginia requires local governments to issue debt through bond referendum on-behalf of the School Board. For financial reporting, GAAP does not allow for the allocation of debt activity to the component-unit school board. As a result, reporting adjustments are necessary to reclass and combine school debt activity with debt activity of the General Fund. The net of these adjustments are recorded through the Education function. Details on these adjustments can be found within Exhibit X of these financial statements. For ease of presentation, adjustments were also made to remove the effects of one-time insurance reserve transfers to the General Fund from the School Board in 2022 and 2021 of \$0.2 million and \$1.1 million, respectively.

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

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

- \$9.5 million in refunding bond proceeds, including associated premiums, offset by a \$9.4 million payment to escrow to payoff refunded bonds;
- As part of the original adopted budget, the Board approved a mid-year 1.2% cost of living adjustment, a 2.0% merit for employees not on the Public Safety pay scale, and a step increase for employees who are on the Public Safety pay scale. In July of 2021, the Board amended the budget to change the effective date of the mid-year pay increases to July 2021 to be funded through use of fund balance. Public safety's increase was \$0.6 million, followed by a \$0.2 million for general government, and \$0.4 million spread over the remaining functions.
- The "carryover" of obligated or approved fiscal year 2021 funding not yet expended by the County and Schools of \$13.5 million was approved and appropriated to education (\$9.3 million), public safety (\$2.4 million), general government (\$1.1 million), and \$0.7 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 \$32.8 million consisting of \$11.1 million in additional revenues and \$21.7 million in unexpended budgeted expenditures and transfers out. The most notable variances are as follows:

Revenues:

- Revenues from other local taxes exceeded budgeted projections by \$10.7 million primarily from local sales tax (\$4.0 million), meals tax (\$3.9 million), business license revenues (\$0.7 million), transient occupancy tax (\$0.6 million), and cigarette taxes of \$0.6 million. General property taxes exceeded budgeted projections by \$5.1 million consisting mainly of a combination of increased personal property tax collections of \$6.1 million, less unrealized real estate revenues of \$1.2 million.

Expenditures:

- Current expenditures, excluding Education, were less than the amended budget by \$14.5 million as a result of:
 - Vacancy savings of \$1.3 million;
 - Unexpended Social Services and Children's Services Act program costs of \$4.3 million;
 - Unexpended public safety state and federal assistance of \$2.2 million;
 - OPEB contributions budgeted of \$2.4 million, but which annually fall to the fund balance at fiscal year-end and are reserved for future transfer to an OPEB trust;
 - Economic development incentive payments being less than projected by \$0.8 million; and
 - \$0.3 million in budgeted contingency savings; and
 - Unexpended operating expenditures due to continued supply shortage disruptions and vendor personnel shortages across various functions.

- The County's local education transfer to the School Board which pays for operating costs, not funded through other intergovernmental sources (state and federal funding), was below budget by \$5.9 million. Of this amount, \$4.2 million resulted from vacancy savings.

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

Capital Assets and Debt Administration

CAPITAL ASSETS

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

The County's investment in capital assets for its governmental and business-type activities as of June 30, 2022, increased to \$485.5 million (net of accumulated depreciation), up 3.4% from the previous year, as reported in the table below.

Table 4

Capital Assets

	(net of depreciation, amounts in millions)					
	Governmental Activities	Business-type Activities	Total Primary Government		\$ Change	% Change
			2022	2021		
Land & land improvements	\$ 14.2	\$ 9.2	\$ 23.4	\$ 22.3	1.1	4.9%
Land improvements, depreciable	10.1	1.8	11.9	12.1	(0.2)	-1.7%
Buildings & improvements	73.5	89.3	162.8	158.8	4.0	2.5%
Furniture, equipment & vehicles	44.4	13.1	57.5	53.5	4.0	7.5%
Water & sewer systems	-	196.0	196.0	182.3	13.7	7.5%
Construction in progress	8.2	25.7	33.9	40.6	(6.7)	-16.5%
Total capital assets	\$ 150.4	\$ 335.1	\$ 485.5	\$ 469.6	15.9	3.4%

Major capital asset activities for fiscal year 2022 included the following:

Governmental Activities:

- The Sheriff's Office implemented their new computer aided dispatch system totaling \$3.3 million.
- Phase one of the expansion and renovation of the County's Judicial Center was completed in spring of 2022 totaling \$14.5 million.
- Renovation and build-out of the Merchants Square Building to maximize office space and functionality was completed in the fall of 2021 totaling \$2.4 million.
- \$2.8 million for planned replacement of existing vehicles consisting of a Pierce Arrow XT Heavy Duty Rescue Pumper for \$1.2 million, two Ford F550 4x4 Road Rescue Ambulances totaling \$0.6 million, with the remaining for the replacement of 35 general purpose vehicle across various departments.

Business-type Activities:

- Ownership of various new water and sewer transmission lines, valued at approximately \$5.8 million, was transferred to the County as a result of planned growth in commercial and residential development.
- Construction work 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 2022 costs incurred were \$6.2 million for a total capital outlay to date of \$12.5 million. The facility is expected to be operational in 2024.
- Work on the Massaponax WWTP expansion continues with year to date project costs of \$4.4 million. The project will expand the facility to treat all County wastewater flow, except for the Thornburg service area, allowing for the decommissioning of the FMC WWTP. The facility is expected to be operational in late 2024.
- Design work began for the expansion of the Motts Water Treatment Plant. Once completed, the project will double the current capacity from 12 million gallons per day (MGD) to 24 MGD to meet future water demands. Total project costs to date are \$2.8 million.

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

DEBT ADMINISTRATION

At the end of the current fiscal year, the County reported \$397.7 million in outstanding bonds and related unamortized bond premiums, a decrease of 3.0%. Of this amount, \$199.3 million represents general obligation bonds backed by the full faith and credit of the County, \$42.4 million in public facility revenue bonds secured through various County and School facilities, and \$107.3 million in water and sewer revenue and refunding bonds payable from net revenues derived from the County's water and sewer system.

Outstanding Bonds & Related Unamortized Premiums**Table 5**

(amounts in millions)

	Primary Government		% Change
	2022	2021	
Governmental activities:			
General obligation bonds - County	\$ 84.1	\$ 82.4	2.1%
General obligation bonds - School Board	115.2	117.1	-1.6%
Public facility revenue bonds - County	7.0	8.5	-17.6%
Public facility revenue bonds - School Board	35.4	43.2	-18.1%
Unamortized premiums on all bonds	34.1	29.2	16.8%
Total governmental activities debt:	275.8	280.4	-1.6%
Water & Sewer revenue & refunding bonds	107.3	113.7	-5.6%
Unamortized premiums	14.6	15.8	-7.6%
Total business-type activities debt:	121.9	129.5	-5.9%
Total outstanding bonds:	\$ 397.7	\$ 409.9	-3.0%

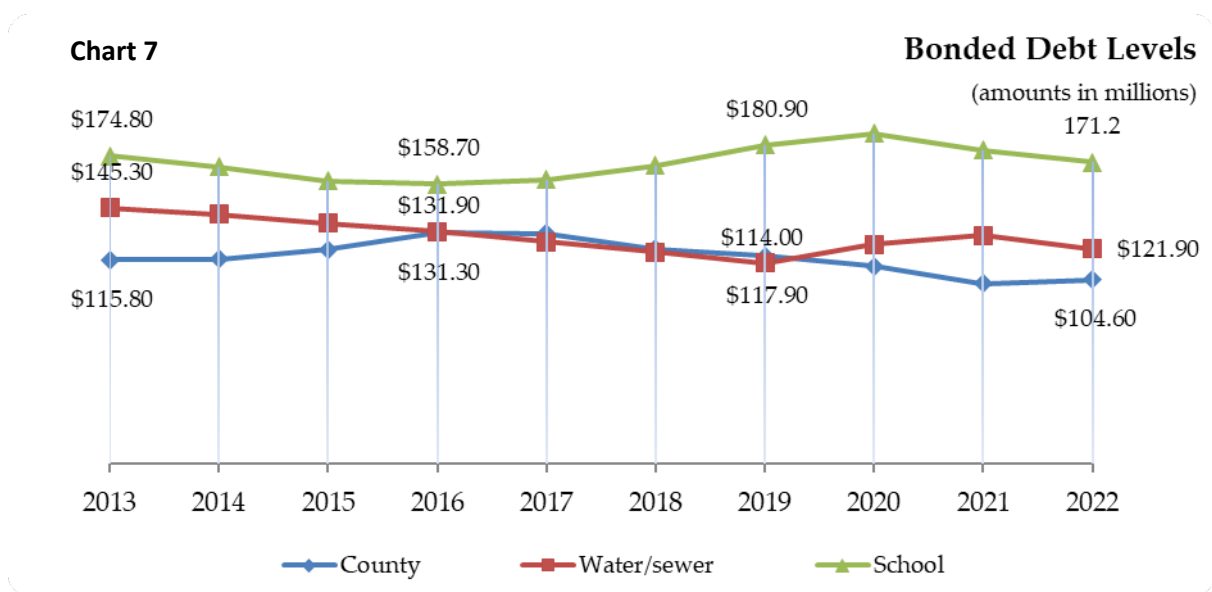
In August of 2021, the County issued \$35.5 million in general obligation bonds (adjusted for premium of \$6.2 million and payment of \$0.4 million in issuance costs) to finance school, public safety and transportation projects of \$32.6 million, with the remaining \$8.7 million in net proceeds to refinance previously outstanding general obligations

bonds to take advantage of favorable interest rates, resulting in an economic gain of \$0.9 million. In September of 2021, the County issued \$26.0 million in Public Facility Revenue Refunding Bonds (adjusted for premium of \$4.7 million and payment of \$0.2 million in issuance costs), to refund outstanding maturities of various public facility revenue bonds at an economic gain of \$3.3 million.

In the fall of 2022, County representatives met with Fitch, Moody's and Standard & Poor's to present current economic and financial information pertaining to Spotsylvania County. The County's strong credit ratings were affirmed by each of the three agencies – AAA from Fitch and Standard & Poor's, and Aa1 from Moody's, reflecting on the County's "long track record of positive financial operations and very strong reserve levels."

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

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



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

Economic Factors and Next Year's Budget

The adopted 2023 General Fund budget of \$341.4 million reflects a \$32.0 million, or 10.4% increase in revenues from the 2022 adopted budget. This increase includes a projected use of fund balance of \$17.9 million. The following information provides highlights of the 2023 General Fund Adopted Budget.

- Based on the reassessment effective January 2022, real property values used to generate real estate tax revenues rose for the tenth straight year, up 15.2% (\$2.5 billion) from the previous calendar year. The County's housing market remains strong with a mean assessed value of \$328,300 for residential properties with a home. The Board set an equalized tax rate of \$0.7377.

- New vehicle inventories have been negatively impacted by the pandemic, the value of used vehicles has significantly increased. To mitigate this burden, the Board reduced the tax rate from \$6.35 to \$5.42 for the class of personal property including most passenger automobiles.
- Funding is included for the following compensation adjustments:
 - Implementation of the next step on the public safety pay scale.
 - 37.86 net new positions are added to maintain or enhance the delivery of services to citizens.
 - A 2.6% cost of living adjustment and 2.0% merit increase for all employees not on the public safety pay scale.
 - A bonus for employees having a least one year of service as of June 30, 2021 and who did not receive the one-time bonus approved for full-time Sheriff's Office employees in November 2021.
 - Full year funding of the 18 SAFER grant positions funded for a partial year in FY 2022.
- The budget includes a \$9.5 million base transfer from the General Fund to the Capital Projects Fund to cash fund capital projects and reduce borrowing needs.
- A planned transfer of \$1.4 million from the General Fund fund balance to the Transportation Fund to help address projected out-year needs.
- Central to the Board's consideration of local funding for Education for the coming year was the School Board's proposal for phased modernization of the teacher pay scale. This budget includes a total transfer to the Schools of \$138,081,416 including a \$5.8 million (4.4%) increase. \$150,000 of this increase is meant to support a study on how best to implement modernization of teacher pay, and \$5.65 million is planned by the School Board for phased implementation to be performed by the study. This \$5.65 million on-going cost is largely funded by the available General Fund balance in FY 2023; a one-time funding source. An on-going funding source will be sought for this expense as part of the FY 2024 budget development process.

Request for Information

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

BASIC FINANCIAL STATEMENTS

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position

June 30, 2022

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)	\$ 210,895,922	\$ 102,715,463	\$ 313,611,385	\$ 26,795,007	\$ 387,835
Receivables, net (Note 3.01)	137,656,786	9,984,273	147,641,059	27,209,609	-
Lease Receivable (Note 3.02)	2,177,936	1,676,174	3,854,110	-	-
Prepaid items	2,764,340	105,923	2,870,263	2,266,261	-
Inventory	-	810,340	810,340	583,846	-
Due from component units (Note 6)	4,231,952	-	4,231,952	-	-
Restricted cash and investments (Note 2)	27,136,713	20,108,612	47,245,325	16,687,623	-
Land held as investment	-	-	-	-	1,230,600
Right to use leased assets, net (Note 4.01)	328,735	-	328,735	165,526	-
Capital assets, net (Note 4.02):					
Non-depreciable assets	22,374,733	34,818,776	57,193,509	23,013,881	-
Depreciable assets	128,027,958	300,316,241	428,344,199	307,850,020	-
Net pension assets (Note 7.05)	-	-	-	2,390,853	-
Total assets	\$ 535,595,075	\$ 470,535,802	\$ 1,006,130,877	\$ 406,962,626	\$ 1,618,435
DEFERRED OUTFLOWS OF RESOURCES					
Debt refunding	\$ -	\$ 862,346	\$ 862,346	\$ -	\$ -
Pension contributions (Note 7.05)	6,310,913	806,248	7,117,161	23,540,859	-
Pension actuarial differences (Note 7.05)	18,914,494	2,336,911	21,251,405	22,830,674	-
OPEB contributions (Note 7.06)	322,837	45,881	368,718	8,803,620	-
OPEB actuarial differences (Note 7.06)	15,664,715	2,082,686	17,747,401	43,714,717	-
Total deferred outflows of resources	\$ 41,212,959	\$ 6,134,072	\$ 47,347,031	\$ 98,889,870	\$ -
LIABILITIES					
Accounts payable	\$ 4,698,485	\$ 3,005,948	\$ 7,704,433	\$ 6,815,563	\$ 35,713
Retainage payable	646,463	859,450	1,505,913	518,922	-
Accrued salaries and benefits	5,126,672	579,316	5,705,988	19,321,149	-
Accrued bond interest	3,799,095	365,910	4,165,005	-	-
Other accrued liabilities	2,192,587	987,115	3,179,702	-	84,914
Unearned revenue	12,806,019	3,500,000	16,306,019	-	-
Due to primary government (Note 6)	-	-	-	4,231,952	-
Deposits	11,410,260	102,041	11,512,301	-	-
Noncurrent liabilities (Note 7):					
Due within one year	32,059,649	7,008,823	39,068,472	5,608,519	-
Due in more than one year	359,411,944	127,740,922	487,152,866	332,203,667	-
Total liabilities	\$ 432,151,174	\$ 144,149,525	\$ 576,300,699	\$ 368,699,772	\$ 120,627
DEFERRED INFLOWS OF RESOURCES					
Property taxes	\$ 98,556,562	\$ -	\$ 98,556,562	\$ -	\$ -
Special assessments	193,743	-	193,743	-	-
Leases	2,139,566	1,645,548	3,785,114	-	-
Debt refunding	777,160	-	777,160	-	-
Pension actuarial differences (Note 7.05)	23,617,497	2,910,032	26,527,529	95,346,428	-
OPEB actuarial differences (Note 7.06)	45,489,800	5,228,072	50,717,872	148,446,173	-
Total deferred inflows of resources	\$ 170,774,328	\$ 9,783,652	\$ 180,557,980	\$ 243,792,601	\$ -
NET POSITION					
Net investment in capital assets	\$ 101,873,350	\$ 232,919,177	\$ 334,792,527	\$ 330,864,247	\$ -
Restricted for:					
Grant programs	3,044,250	-	3,044,250	-	-
Debt service	-	2,578,618	2,578,618	-	-
Transportation	5,172,551	-	5,172,551	-	-
Opioid abatement	1,601,214	-	1,601,214	-	-
Capital projects	4,563,204	-	4,563,204	12,226,092	-
Student activities	-	-	-	2,551,513	-
Unrestricted	(142,372,037)	87,238,902	(55,133,135)	(452,281,729)	1,497,808
Total net position (deficit)	\$ (26,117,468)	\$ 322,736,697	\$ 296,619,229	\$ (106,639,877)	\$ 1,497,808

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, 2022

Exhibit II - Page 1

Functions/Programs	Expenses	Program Revenues			Primary Governmental Activities
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
General government	\$ 20,806,558	\$ 339,348	\$ 749,386	\$ -	\$ (19,717,824)
Judicial administration	10,985,492	676,825	1,947,952	-	(8,360,715)
Public safety	77,651,589	12,073,378	8,852,145	30,361	(56,695,705)
Public works	12,671,245	3,536,186	27,983	3,313	(9,103,763)
Health and human services	25,948,042	10,444	15,056,172	-	(10,881,426)
Education	125,749,864	-	1,940	-	(125,747,924)
Parks, recreation and cultural	8,544,839	616,432	1,456	63,714	(7,863,237)
Community development	11,044,872	713,397	210,931	417,695	(9,702,849)
Interest on long-term debt	7,519,597	-	-	-	(7,519,597)
Total governmental activities	\$ 300,922,098	\$ 17,966,010	\$ 26,847,965	\$ 515,083	\$ (255,593,040)
Business-type activities:					
Water and sewer	38,255,826	38,792,177	102,408	15,488,429	
Total Primary Government	\$ 339,177,924	\$ 56,758,187	\$ 26,950,373	\$ 16,003,512	
Component unit:					
School Board	\$ 305,310,577	\$ 1,725,396	\$ 217,133,394	\$ -	
Economic Development Authority	\$ 1,052,192	\$ 24,750	\$ -	\$ -	
General revenues:					
Taxes					
Property taxes					\$ 202,106,466
Sales taxes					27,653,215
Utility taxes					3,418,465
Business licenses					6,335,255
Rental taxes					2,720,738
Motor vehicle licenses					3,304,719
Bank stock taxes					1,217,994
Recordation taxes					4,012,177
Meal taxes					13,792,806
Fuel taxes					6,266,520
Cigarette taxes					878,733
Grants and contributions not restricted to specific programs					19,783,559
Payments from Primary Government					-
Interest and investment earnings					(1,529,392)
Miscellaneous					891,337
Transfers					66,014
Total general revenues and transfers					\$ 290,918,606
Change in net position					\$ 35,325,566
Net position (deficit), beginning					(61,443,034)
Net position (deficit), ending					\$ (26,117,468)

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Activities

For the Year Ended June 30, 2022

Exhibit II - Page 2

Net (Expense) Revenue & Changes in Net Position

Functions/Programs	Primary Government		Component Unit	
	Business-type Activities	Total	School Board	Economic Development Authority
Primary Government:				
General government		\$ (19,717,824)		
Judicial administration		(8,360,715)		
Public safety		(56,695,705)		
Public works		(9,103,763)		
Health and human services		(10,881,426)		
Education		(125,747,924)		
Parks, recreation and cultural		(7,863,237)		
Community development		(9,702,849)		
Interest on long-term debt		(7,519,597)		
Total governmental activities		\$ (255,593,040)		
Business-type activities:				
Water and sewer	16,127,188	16,127,188		
Total Primary Government	\$ 16,127,188	\$ (239,465,852)		
Component units:				
School Board			\$ (86,451,787)	
Economic Development Authority				\$ (1,027,442)
General revenues:				
Taxes				
Property taxes	\$ -	\$ 202,106,466	\$ -	\$ -
Sales taxes	-	27,653,215	-	-
Utility taxes	-	3,418,465	-	-
Busines licenses	-	6,335,255	-	-
Rental taxes	-	2,720,738	-	-
Motor vehicle licenses	-	3,304,719	-	-
Bank stock taxes	-	1,217,994	-	-
Recordation taxes	-	4,012,177	-	-
Meal taxes	-	13,792,806	-	-
Fuel taxes	-	6,266,520	-	-
Cigarette taxes	-	878,733	-	-
Grants and contributions not restricted to specific programs	-	19,783,559	-	-
Payments from Primary Government	-	-	125,560,693	1,011,827
Interest and investment earnings	(1,853,071)	(3,382,463)	179,285	38,770
Miscellaneous	188,720	1,080,057	872,339	14,529
Transfers	(66,014)	-	-	-
Total general revenues and transfers	\$ (1,730,365)	\$ 289,188,241	\$ 126,612,317	\$ 1,065,126
Change in net position	\$ 14,396,823	\$ 49,722,389	\$ 40,160,530	\$ 37,684
Net position (deficit), beginning	308,339,874	246,896,840	(146,800,407)	1,460,124
Net position (deficit), ending	\$ 322,736,697	\$ 296,619,229	\$ (106,639,877)	\$ 1,497,808

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Balance Sheet - Governmental Funds

June 30, 2022

Exhibit III - Page 1

	Governmental Funds			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 154,143,299	\$ 41,658,874	\$ 15,093,749	\$ 210,895,922
Receivables, net	130,976,392	385,732	6,294,662	137,656,786
Lease receivable	2,177,936	-	-	2,177,936
Receivable from component unit	4,231,952	-	-	4,231,952
Restricted cash and investments	2,040,500	24,233,946	862,267	27,136,713
Total assets	<u>\$ 293,570,079</u>	<u>\$ 66,278,552</u>	<u>\$ 22,250,678</u>	<u>\$ 382,099,309</u>
LIABILITIES				
Accounts payable	\$ 2,603,937	\$ 1,662,181	\$ 432,365	\$ 4,698,483
Retainage payable	-	646,463	-	646,463
Accrued salaries and benefits	5,160,878	10,155	214,400	5,385,433
Other accrued liabilities	1,705,499	243,932	125,278	2,074,709
Unearned revenue	12,806,019	-	-	12,806,019
Deposits	7,529,526	2,695,682	1,185,052	11,410,260
Total liabilities	<u>\$ 29,805,859</u>	<u>\$ 5,258,413</u>	<u>\$ 1,957,095</u>	<u>\$ 37,021,367</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues:				
Property taxes	\$ 107,062,291	\$ -	\$ 590,461	\$ 107,652,752
Special assessments	-	193,743	-	193,743
Other revenues	7,199,173	99,766	41,473	7,340,412
Leases	2,139,566	-	-	2,139,566
Total deferred inflows of resources	<u>\$ 116,401,030</u>	<u>\$ 293,509</u>	<u>\$ 631,934</u>	<u>\$ 117,326,473</u>
FUND BALANCES				
Non spendable	\$ 38,370	\$ -	\$ -	\$ 38,370
Restricted	3,981,145	20,891,076	6,045,999	30,918,220
Committed	69,244,230	37,489,387	6,695,353	113,428,970
Assigned	54,719,820	2,346,167	6,920,297	63,986,284
Unassigned	19,379,625	-	-	19,379,625
Total fund balances	<u>\$ 147,363,190</u>	<u>\$ 60,726,630</u>	<u>\$ 19,661,649</u>	<u>\$ 227,751,469</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 293,570,079</u>	<u>\$ 66,278,552</u>	<u>\$ 22,250,678</u>	<u>\$ 382,099,309</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

June 30, 2022

Exhibit III - Page 2

Total fund balances - governmental funds (Exhibit III)

\$ 227,751,469

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

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

2,764,340

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

Non-depreciable assets

\$ 22,374,733

Depreciable assets, net of depreciation

128,027,958

150,402,691

Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Right to use assets, net

328,735

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

\$ 6,310,913

Deferred pension actuarial differences

18,914,494

Deferred OPEB contributions

322,837

Deferred OPEB actuarial differences

15,664,715

41,212,959

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

(3,799,095)

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

\$ (275,786,736)

Net pension liability

(11,740,534)

LOSAP pension benefits

(4,484,001)

Other postemployment benefits

(79,530,716)

Lease liability

(329,150)

Compensated absences

(6,264,417)

Landfill closure obligation

(11,665,176)

Insurance claims (excludes \$258,761 accrued in the General Fund)

(1,412,102)

(391,212,832)

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

Property taxes

\$ 9,096,186

Intergovernmental revenues

2,586,266

Sales tax

2,380,322

Other local revenues

2,373,826

16,436,600

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

Deferred pension actuarial differences

\$ (23,617,497)

Deferred debt refunding

(777,160)

Deferred OPEB actuarial differences

(45,489,800)

(69,884,457)

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

(117,878)

Total net position - governmental activities (Exhibit I)

\$ (26,117,468)

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Exhibit IV - Page 1

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES				
General property taxes	\$ 198,432,134	\$ 45,951	\$ 1,303,216	\$ 199,781,301
Other local taxes	63,035,272	-	6,266,520	69,301,792
Permits, fees and regulatory licenses	236,964	-	7,528,824	7,765,788
Fines and forfeitures	275,326	-	-	275,326
From use of money and property	(990,496)	226,039	17,512	(746,945)
Charges for services	6,015,773	-	3,579,886	9,595,659
Gifts and donations	137,375	504,576	-	641,951
Miscellaneous	330,546	509,052	-	839,598
Intergovernmental	44,077,977	52,131	-	44,130,108
Total revenues	<u>\$ 311,550,871</u>	<u>\$ 1,337,749</u>	<u>\$ 18,695,958</u>	<u>\$ 331,584,578</u>
EXPENDITURES				
Current:				
General government	\$ 16,313,396	\$ 178,762	\$ -	\$ 16,492,158
Judicial administration	9,971,635	-	-	9,971,635
Public safety	68,290,810	-	2,782,290	71,073,100
Public works	9,731,786	-	71,442	9,803,228
Health and Human Services	26,013,827	-	-	26,013,827
Education	125,749,864	-	-	125,749,864
Parks, recreation and cultural	7,545,252	-	-	7,545,252
Community development	4,021,501	-	5,639,256	9,660,757
Non-departmental	1,927,164	-	-	1,927,164
Capital projects	-	19,886,074	-	19,886,074
Debt service:				
Bonded debt:				
Principal retirement	28,484,807	-	3,535,193	32,020,000
Interest and other fiscal charges	9,064,635	-	1,510,617	10,575,252
Bond issuance costs	454,060	119,965	18,439	592,464
Right to use leased assets:				
Principal retirement	88,883	-	8,814	97,697
Interest and other fiscal charges	2,456	-	121	2,577
Total expenditures	<u>\$ 307,660,076</u>	<u>\$ 20,184,801</u>	<u>\$ 13,566,172</u>	<u>\$ 341,411,049</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,890,795</u>	<u>\$ (18,847,052)</u>	<u>\$ 5,129,786</u>	<u>\$ (9,826,471)</u>
Other financing sources (uses):				
Transfers in (out)	\$ (10,098,846)	\$ 11,952,170	\$ (1,787,310)	\$ 66,014
Issuance of bonds	15,580,000	12,365,000	-	27,945,000
Premium on bonds issued	2,693,673	2,245,995	-	4,939,668
Refunding bonds issued	32,002,299	-	1,512,701	33,515,000
Premium on refunding bonds issued	5,592,666	-	372,295	5,964,961
Payment to escrow for refunded bonds	(37,305,050)	-	(1,866,557)	(39,171,607)
Lease liabilities issued	403,419	-	23,428	426,847
Total other financing sources (uses), net	<u>\$ 8,868,161</u>	<u>\$ 26,563,165</u>	<u>\$ (1,745,443)</u>	<u>\$ 33,685,883</u>
Net change in fund balances	<u>\$ 12,758,956</u>	<u>\$ 7,716,113</u>	<u>\$ 3,384,343</u>	<u>\$ 23,859,412</u>
Fund balance, beginning	134,604,234	53,010,517	16,277,306	203,892,057
Fund balance, ending	<u>\$ 147,363,190</u>	<u>\$ 60,726,630</u>	<u>\$ 19,661,649</u>	<u>\$ 227,751,469</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Exhibit IV - Page 2

Net changes in governmental fund balances (Exhibit IV): \$ 23,859,412

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

Governmental funds report prepaids as expenditures. However, in the Statement of Activities, the cost is allocated over its service life and reported against the applicable functional expense. 107,030

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

Capital outlay, net of disposals and related proceeds	\$ 16,718,348	
Depreciation expense	<u>(12,676,843)</u>	4,041,505
Capital outlay- Right to use leased assets	\$ 426,847	
Amortization expense	<u>(98,112)</u>	328,735

In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold. (633,357)

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	\$ (27,945,000)	
Premium on general obligation bonds	(4,939,668)	
Issuance of general obligation and public facility refunding bonds	(33,515,000)	
Premium on general obligation and public facility refunding bonds	(5,964,961)	
Lease liabilities issued	<u>(426,847)</u>	(72,791,476)

Debt reductions:

Principal payments on bonds	32,020,000	
Payment to escrow for refunded debt (net of accrued interest of \$286,609)	38,885,000	
Principal payments on long-term debt for leases	<u>97,697</u>	71,002,697

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

Property taxes	\$ 1,818,945	
Intergovernmental and other revenues	<u>2,953,244</u>	4,772,189

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	\$ 874,614	
Pension benefits	1,184,755	
LOSAP pension benefits	(197,277)	
Amortization of bond related costs	3,915,906	
Accrued interest	21,398	
Landfill closure obligation	(797,150)	
Compensated absences	(287,825)	
Insurance claims (excludes \$258,761 in claims expense reported in the General Fund)	<u>(75,590)</u>	4,638,831

Change in net position - governmental activities (Exhibit II) \$ 35,325,566

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fund Net Position - Proprietary Fund

June 30, 2022

Exhibit V

	<u>Water & Sewer Fund</u>
ASSETS	
Current assets:	
Cash and investments - pooled equity	\$ 102,715,463
Receivables, net	9,984,273
Lease receivable	1,676,174
Inventory	810,340
Prepaid items	105,923
Restricted cash and investments	20,108,612
Total current assets	<u>\$ 135,400,785</u>
Noncurrent assets:	
Capital assets, net:	
Non-depreciable assets	\$ 34,818,776
Depreciable assets	300,316,241
Total noncurrent assets	<u>\$ 335,135,017</u>
Total assets	<u>\$ 470,535,802</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	\$ 862,346
Pension contributions	806,248
Pension actuarial differences	2,336,911
OPEB contributions	45,881
OPEB actuarial differences	2,082,686
Total deferred outflows of resources	<u>\$ 6,134,072</u>
LIABILITIES	
Current liabilities:	
Accounts payable	\$ 3,005,948
Retainage payable	859,450
Accrued salaries and benefits	579,316
Accrued bond interest	365,910
Other accrued liabilities	987,115
Unearned revenue	3,500,000
Deposits	102,041
Current portion of long-term debt	7,008,823
Total current liabilities	<u>\$ 16,408,603</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	\$ 127,740,922
Total noncurrent liabilities	<u>\$ 127,740,922</u>
Total liabilities	<u>\$ 144,149,525</u>
DEFERRED INFLOWS OF RESOURCES	
Leases	\$ 1,645,548
Pension actuarial differences	2,910,032
OPEB actuarial differences	5,228,072
Total deferred inflows of resources	<u>\$ 9,783,652</u>
NET POSITION	
Net investment in capital assets	\$ 232,919,177
Restricted for debt service	2,578,618
Unrestricted	87,238,902
Total net position	<u>\$ 322,736,697</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Exhibit VI

	<u>Water & Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 37,019,778
Other operating revenues	1,772,399
Total operating revenues	<u>\$ 38,792,177</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 11,193,193
Contractual services	3,262,122
Materials and supplies	2,783,667
Depreciation	12,972,592
Other services and charges	4,665,599
Total operating expenses	<u>\$ 34,877,173</u>
Operating income	<u>\$ 3,915,004</u>
NON-OPERATING REVENUES (EXPENSES)	
Interest and fiscal charges	\$ (3,378,653)
Investment earnings, net	(1,853,071)
Intergovernmental revenues	1,334,194
Miscellaneous income	188,720
Total non-operating expenses, net	<u>\$ (3,708,810)</u>
Income before contributions and transfers	<u>\$ 206,194</u>
Capital contributions:	
Availability fees	\$ 6,741,930
Other capital contributions	7,514,713
Total capital contributions	<u>\$ 14,256,643</u>
Transfers to other funds, net	(66,014)
Total capital contributions and transfers	<u>\$ 14,190,629</u>
Change in net position	<u>\$ 14,396,823</u>
Net position, beginning	308,339,874
Net position, ending	<u><u>\$ 322,736,697</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2022

Exhibit VII - Page 1

	Water & Sewer Fund
Cash flows from operating activities:	
Receipts from water and sewer customers	\$ 38,081,439
Receipts from other operating revenues	1,785,240
Receipt of customer deposits	14,680
Payments to suppliers and service providers	(10,660,923)
Payments to employees for salaries and benefits	(11,661,208)
Return of customer deposits	(16,530)
Net cash provided by operating activities	\$ 17,542,698
Cash flows from noncapital financing activities:	
Transfers out	\$ (66,014)
Net cash used in noncapital financing activities	\$ (66,014)
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	\$ (18,441,623)
Proceeds from sale of capital assets	77,602
Principal paid on capital related debt	(6,450,000)
Interest paid on capital related debt	(4,642,918)
Receipts from leased assets	137,768
Capital contributions and grants	1,367,561
Receipt of availability fees	6,971,210
Net cash used in capital and related financing activities	\$ (20,980,400)
Cash flows from investing activities:	
Purchase of investment securities	\$ (46,512,677)
Sale of investment securities	47,283,339
Investment earnings, net	(337,112)
Net cash provided by investing activities	\$ 433,550
Net decrease in cash and cash equivalents	\$ (3,070,166)
Cash and cash equivalents:	
Beginning	59,805,473
Ending	\$ 56,735,307
Shown on the Statement of Fund Net Position as:	
Cash and investments - pooled equity	\$ 102,715,463
Restricted cash and investments	20,108,612
	\$ 122,824,075
Less investments	66,088,768
Cash and cash equivalents, unrestricted and restricted	\$ 56,735,307

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Proprietary Fund

For the Year Ended June 30, 2022

Exhibit VII - Page 2

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

Operating income	\$ 3,915,004
Depreciation	12,972,592
Effect of changes in assets and liabilities:	
Accounts receivable (net of capital related financing)	1,074,502
Prepaid items	37,628
Inventory	(92,131)
Accounts payable	104,968
Salary and benefits payable (all benefits including pension and OPEB)	(468,015)
Customer deposits payable	(1,850)
Net cash provided by operating activities	\$ 17,542,698

Noncash investing, capital and financing activities:

Developer donated capital assets	\$ 6,956,428
Net book value of capital assets disposed or sold	(113,459)
Net change in availability fee and other capital contribution receivables	(1,038,556)
Difference between recognition of lease revenue and deferred inflows	30,626
Net change in fair value of investments	(2,449,488)
Net change in intergovernmental receivables	1,334,194
Net change in accrued interest receivable	(17,871)
Net change in deferred inflows and outflows related to bonded debt	1,237,390

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fiduciary Net Position

June 30, 2022

Exhibit VIII

	<u>Custodial Fund</u>
ASSETS	
Cash and cash equivalents	\$ 1,169,017
Receivables - taxes for the Commonwealth of Virginia	<u>190,366</u>
Total assets	<u><u>\$ 1,359,383</u></u>
LIABILITIES	
Accounts payable and other liabilities	\$ 48,065
Due to other governments	23,292
Due to individuals or organizations	<u>31</u>
Total liabilities	<u><u>\$ 71,388</u></u>
NET POSITION	
Restricted for:	
Individuals, organizations, and other governments	\$ 1,287,995
Total net position	<u><u>\$ 1,287,995</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2022

Exhibit IX

	<u>Custodial Fund</u>
ADDITIONS	
Collections of taxes and fees for other governments	\$ 3,653,218
Social Security Administration deposits (special welfare)	11,288
Collections of Sheriff evidence funds	658,192
Deposits of unclaimed property	130,736
Deposits from and on behalf of service organizations	30,661
Collections for real estate sale (unclaimed property)	19,420
Total additions	<u>\$ 4,503,515</u>
DEDUCTIONS	
Payments of taxes and fees to other governments	\$ 3,478,289
Payments made to special welfare individuals	16,891
Payments made to outside organizations for events	33
Evidence disbursements	75,790
Unclaimed property disbursements	46,045
Payments to service organizations	30,818
Payments to real estate holders (unclaimed property)	2,731
Total deductions	<u>\$ 3,650,597</u>
Net increase in fiduciary net position	\$ 852,918
Fiduciary net position, beginning	<u>435,077</u>
Fiduciary net position, ending	<u><u>\$ 1,287,995</u></u>

Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

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

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

Discretely Presented Component Units:

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

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

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

County's Major Governmental Funds:

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

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

County's Major Enterprise Fund:

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

County's Fiduciary Fund:

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

County's Non-major Special Revenue Funds:

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

Governmental Fund Financial Statements

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

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

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

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

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

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

Budgetary Comparison Schedules

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

1.05 CASH AND INVESTMENTS – POOLED EQUITY

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

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

1.06 RECEIVABLES

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

1.07 PROPERTY TAXES

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

1.08 LEASE RECEIVABLE

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

1.09 PREPAID ITEMS

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

1.10 INVENTORIES

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

1.11 RIGHT TO USE LEASED ASSETS

The County has recorded right to use leased assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement period of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use leased assets are amortized on a straight-line basis over the life of the related lease.

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 \$5,000 and an estimated useful life in excess of two years. Individual capital items under \$5,000, purchased in bulk at an amount greater than \$50,000 with an estimated useful life in excess of two years, are also capitalized. The County does not capitalize any infrastructure, such as roads or bridges, where ownership is conveyed to the Commonwealth.

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

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

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

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

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

1.13 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.

1.14 COMPENSATED ABSENCES

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

1.15 FUND BALANCE

Fund Balance Classifications

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

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

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

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

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

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

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

Reserves

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

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

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

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to \$5 million is a component of unassigned fund balance at June 30, 2022.

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, 2022, the County reported \$169.1 million of "on-behalf" net school bonded debt with a corresponding reduction to the County's unrestricted net position. To assist readers in understanding this relationship and to more accurately reflect the respective financial conditions of the Primary Government and the component unit – School Board the following table provides the associated net position before and after the allocation of "on-behalf" school bonded debt.

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	\$ 101,873,350	\$ -	\$ 101,873,350
Restricted	14,381,219	-	14,381,219
Unrestricted	(142,372,037)	169,085,161	26,713,124
Total net position at June 30, 2022	<u>\$ (26,117,468)</u>	<u>\$ 169,085,161</u>	<u>\$ 142,967,693</u>
Component unit - School Board:			
Net investment in capital assets	\$ 330,864,247	\$ (156,859,069)	\$ 174,005,178
Restricted	14,777,605	(12,226,092)	2,551,513
Unrestricted	(452,281,729)	-	(452,281,729)
Total net position at June 30, 2022	<u>\$ (106,639,877)</u>	<u>\$ (169,085,161)</u>	<u>\$ (275,725,038)</u>

Note 2

Deposits and Investments

2.01 DEPOSITS

Deposits with banks are covered by the Federal Deposit Insurance Corporation (FDIC) and collateralized in accordance with the Virginia Security for Public Deposits Act (the "Act") Section 2.2-4400 et. seq. of the Code. Under the Act, banks and savings institutions holding public deposits in excess of the amount insured by the FDIC must pledge collateral to the Commonwealth of Virginia Treasury Board. Financial Institutions may choose between two collateralization methodologies and, depending upon that choice, will pledge collateral that ranges in the amount from 50% to 130% of excess deposits. Accordingly, all deposits reported 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, 2022:

Investments Measured at Fair Value	
Investments by fair value level	Level 2
Debt securities	
Repurchase agreements	\$ 3,567,228
U.S. Treasury obligations	50,642,903
Federal agency obligations	28,028,378
Supra-national agency notes	6,121,359
Corporate notes	22,964,187
Municipals	2,604,664
Certificates of deposit	9,546,911
Total debt securities	\$ 123,475,630

External Investment Pools

The County maintains investments in the following qualified external investment pools at June 30, 2022:

Investments Measured at Net Asset Value (NAV)	
Virginia Local Government Investment Pool	\$ 140,277,296
Virginia State Non-arbitrage Program	56,142,198
	\$ 196,419,494

Virginia Local Government Investment Pool (LGIP)

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

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

On July 2, 2018 the EDA received a donation of 48 acres of vacant, industrially zoned property in Spotsylvania, County. The land was acquired without access to the site and appraised as-is at \$790,000. On December 14, 2018, the EDA exchanged 11 of the 48 acres for access rights to the property. As of June 30, 2022, the remaining 37 acres are valued at a fair market value of \$1.2 million based on an internal sales comparison appraisal (level 3 input) assuming the property's highest and best use. Land is not currently undergoing development and is intended to be sold to fund future economic development initiatives.

School Board OPEB Trust

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

Interest Rate Risk

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

Weighted Average Maturity of Investments			
Pooled Cash & Investments by Type	Valuation	Fair Value	Weighted Average Maturity (in years)
LGIP	NAV	\$ 140,277,296	0.0028
SNAP	NAV	56,142,198	0.0028
Other money markets & mm mutual funds	Amortized cost	3,373,978	0.0028
Commercial paper	Amortized cost	5,707,834	0.2760
Repurchase agreements	Fair	3,567,228	0.0028
U.S. Treasury obligations	Fair	50,642,903	1.8871
Federal agency obligations	Fair	28,028,378	2.6298
Supra-national agency note	Fair	6,121,359	1.6288
Corporate notes	Fair	22,964,187	2.4974
Municipals	Fair	2,604,664	1.2207
Certificates of deposit	Fair	9,546,911	0.5637
Total investments:		\$ 328,976,936	
Portfolio weighted average maturity:			0.7517
Cash on hand		2,935	
Deposits		74,875,821	
LOSAP pension benefit Trust funds		2,040,500	
Total pooled cash and investments:		<u>\$ 405,896,192</u>	
Reconciliation of pooled cash and investments:			
Exh I: Total primary government cash and investments - pooled equity		\$ 313,611,385	
Exh I: Total primary government restricted cash and investments		47,245,325	
Exh I: Component unit school board cash and investments - pooled equity		26,795,007	
Exh I: Component unit school board restricted cash and investments		16,687,623	
Exh I: Component unit EDA cash and investments - pooled equity		387,835	
Exh VIII: Custodial cash and investments - pooled equity		1,169,017	
		<u>\$ 405,896,192</u>	

Credit Risk

All investments must meet or exceed state statutes and shall be diversified by security type and institution. The tables below reflect the level of quality acceptable per policy by investment type and pooled investments, which include (while not required) debt securities issued by the U.S. government, reported by credit quality and exposure as of June 30, 2022

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

Pooled Investments Reported by Credit Quality and Exposure			
Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	\$ 140,277,296	AAAm	42.64%
SNAP	56,142,198	AAAm	17.07%
Other money market mutual funds	3,373,978	AAAm	1.03%
Commercial paper	5,707,834	A-1	1.74%
Repurchase agreements	3,567,228	AAA	1.08%
U.S. Treasury obligations	50,642,903	AA	15.39%
Federal agency obligations	28,028,378	AA	8.52%
Supra-national agency note	6,121,359	AAA	1.86%
Corporate notes	22,964,187	AAA(3%)/ AA(79%)/ A(19%)	6.98%
Municipals	2,604,664	AAA(24%)/ AA(68%)/ A(7%)	0.79%
Certificates of Deposit	9,546,911	A-1	2.90%
Total investments:	\$ 328,976,936		100.00%

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated to the amount of the County's investment in a single issuer. No more than five percent of the pooled investment portfolio will be invested in securities of any single issuer with the exception of mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2022, the County has no concentrations of credit risk to report.

Custodial Credit Risk

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

Restricted Cash and Investments

As of June 30, 2022, the County and its Component-unit School Board maintain cash and investments totaling \$47.2 million and \$16.7 million, respectively, with the following restrictions:

Restricted Cash and Investments	
Governmental activities:	
General Fund - LOSAP pension benefits	\$ 2,040,500
Capital Projects Fund - Project bond proceeds (SNAP)	24,233,946
Transportation Fund - Transportation special service districts	862,267
Total restricted cash & investments:	\$ 27,136,713
Busines-type activities:	
Water & Sewer Fund - Project bond proceeds (SNAP)	\$ 17,529,994
Water & Sewer Fund - Debt service	2,578,618
Total restricted cash & investments:	\$ 20,108,612
Total Primary Government restricted cash & investments:	\$ 47,245,325
Component Unit-School Board:	
Capital Projects Fund - Project bond proceeds (SNAP)	\$ 14,136,110
Student Activity Fund - School activity fees & contributions	2,551,513
Total restricted cash & investments:	\$ 16,687,623

Note 3

Receivables

3.01 ACCOUNTS RECEIVABLE

Accounts receivable, net of related allowances, at June 30, 2022 consist of the following:

Receivables					
	Primary Government - Governmental Activities				Component Unit
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board
Special assessments	\$ -	\$ 193,743	\$ -	\$ 193,743	\$ -
Property taxes					
Delinquent	12,524,394	-	976	12,525,370	-
Not yet due	98,472,326	-	590,461	99,062,787	-
Fuel taxes	-	-	5,194,703	5,194,703	-
EMS Transport fees	-	-	1,671,094	1,671,094	-
Accounts - other	11,312,383	92,223	2,488	11,407,094	291,517
Intergovernmental - Federal	1,347,777	29,590	-	1,377,367	20,740,492
Intergovernmental - State	9,831,436	70,176	-	9,901,612	6,177,600
Gross receivables	133,488,316	385,732	7,459,722	141,333,770	27,209,609
Allowance for uncollectibles	(2,511,924)	-	(1,165,060)	(3,676,984)	-
Net receivables at June 30, 2022	<u>\$ 130,976,392</u>	<u>\$ 385,732</u>	<u>\$ 6,294,662</u>	<u>\$ 137,656,786</u>	<u>\$ 27,209,609</u>
Primary Government - Business-type activities				Water & Sewer	
Water & sewer services				\$ 6,876,550	
Notes - connection & availability fees				229,369	
Accounts - other				1,954,979	
Intergovernmental - Federal				79,675	
Intergovernmental - State				1,247,721	
Gross receivables				10,388,294	
Allowance for uncollectibles				(404,021)	
Net receivables at June 30, 2022				<u>\$ 9,984,273</u>	
Total Primary Government net receivables at June 30, 2022				<u>\$ 147,641,059</u>	

Accounts – other of \$1.4 million in the General Fund, special assessments of \$161,800 in the Capital Projects Fund and \$59,740 of connection and availability fees in the Water and Sewer Fund are not expected to be collected within one year.

3.02 LEASES RECEIVABLE

The County owns, operates and maintains various cell and water towers throughout the county. Extra space on these towers is leased out to telecommunication companies allowing for the installation and maintenance of cellular communication equipment. Lease agreements range from 8 years to 14 years with interest rates between 0.32% and 1.10%. The County also leases out office space to a U.S. Representative for a remaining term of 18 months at a 0.51% interest rate. For fiscal year 2022, the County recognized the following receivable, deferred inflows, and lease related revenue:

	General Fund			Water & Sewer Fund		
	Receivable at June 30, 2022	Deferred Inflow at June 30, 2022	Fiscal Year Revenue	Receivable at June 30, 2022	Deferred Inflow at June 30, 2022	Fiscal Year Revenue
Tower space leases	\$ 2,175,839	\$ 2,137,458	\$ 206,293	\$ 1,676,174	\$ 1,645,548	\$ 157,043
Office space lease	2,097	2,108	4,169	-	-	-
Interest	-	-	12,044	-	14,099	14,099
	<u>\$ 2,177,936</u>	<u>\$ 2,139,566</u>	<u>\$ 222,506</u>	<u>\$ 1,676,174</u>	<u>\$ 1,659,647</u>	<u>\$ 171,142</u>

Note 4

Capital Assets

4.01 RIGHT TO USE LEASED ASSETS

The following is a summary of the amount of leased assets for fiscal year ended June 30, 2022. The right to use leased assets are amortized on a straight-line basis over the terms of the related leases. The related leases are discussed in the Leases subsection 7.02.

Right to Use Leased Assets - Governmental Activities				
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Leased tower space	\$ 184,158	\$ -	\$ -	\$ 184,158
Leased office equipment	181,444	61,245	-	242,689
Total right to use assets	365,602	61,245	-	426,847
Less accumulated amortization for:				
Leased tower space	\$ -	\$ 24,020	\$ -	\$ 24,020
Leased office equipment	-	74,092	-	74,092
Total accumulated amortization	-	98,112	-	98,112
Right to use leased assets, net	\$ 365,602	\$ (36,867)	\$ -	\$ 328,735
Amortization expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government		\$ 49,355		
Judicial administration		23,483		
Public safety		13,633		
Health and welfare		2,587		
Parks and recreation		3,634		
Community development		5,420		
		<u>\$ 98,112</u>		

Right to Use Leased Assets - Component unit - School Board				
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Right to use assets				
Leased equipment	\$ 247,540	\$ -	\$ -	\$ 247,540
Less accumulated amortization for:				
Leased equipment	-	82,014	-	82,014
Right to use leased assets, net	\$ 247,540	\$ (82,014)	\$ -	\$ 165,526
All amortization of the component unit - School Board was charged to Education.				

4.02 CAPITAL ASSETS

Capital asset activity from governmental activities for the year ended June 30, 2022 was as follows:

Capital Assets - Governmental Activities				
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated:				
Land & land improvements	\$ 13,237,573	\$ 954,201	\$ -	\$ 14,191,774
Construction in progress	19,244,844	9,408,207	20,470,092	8,182,959
Total capital assets, not being depreciated	\$ 32,482,417	\$ 10,362,408	\$ 20,470,092	\$ 22,374,733
Capital assets being depreciated:				
Land improvements	\$ 26,718,514	\$ 1,089,680	\$ -	\$ 27,808,194
Buildings & improvements	111,450,830	12,911,876	2,450,208	121,912,498
Furniture, equipment & vehicles	96,433,959	12,824,475	5,009,396	104,249,038
Total capital assets, being depreciated	234,603,303	26,826,031	7,459,604	253,969,730
Less accumulated depreciation for:				
Land improvements	16,426,227	1,232,032	-	17,658,259
Buildings & improvements	47,067,039	3,434,118	2,052,476	48,448,681
Furniture, equipment & vehicles	56,597,910	8,010,693	4,773,771	59,834,832
Total accumulated depreciation	120,091,176	12,676,843	6,826,247	125,941,772
Total capital assets being depreciated, net	\$ 114,512,127	\$ 14,149,188	\$ 633,357	\$ 128,027,958
Governmental activities capital assets, net	\$ 146,994,544	\$ 24,511,596	\$ 21,103,449	\$ 150,402,691
Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:				
General government	\$	3,852,294		
Judicial administration		1,453,408		
Public safety		5,296,533		
Public works		1,158,610		
Health and welfare		37,270		
Parks and recreation		844,448		
Community development		34,280		
		<u>\$ 12,676,843</u>		

Construction in progress from governmental activities for the year ended June 30, 2022 was as follows:

Construction in Progress - Governmental Activities			
	Project Authorization	Spent to Date	Committed Funding
Land assessment & tax systems	\$ 3,491,469	\$ 1,949,950	\$ 1,541,519
Computer aided dispatch system	1,666,899	-	1,666,899
Financial system upgrade	3,241,430	1,886,083	1,355,347
Fire house additions & replacements	8,807,213	1,790,719	7,016,494
Judicial center renovations	2,013,431	-	2,013,431
Livingston landfill development	4,873,738	1,762,479	3,111,259
Loriella park lights replacement	606,000	534,445	71,555
Other projects	890,912	259,283	631,629
	<u>\$ 25,591,092</u>	<u>\$ 8,182,959</u>	<u>\$ 17,408,133</u>

Capital asset activity of the Water and Sewer Fund for the year ended June 30, 2022 was as follows:

Capital Assets - Business-type Activities				
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated:				
Land & land improvements	\$ 9,117,701	\$ 43,818	\$ -	\$ 9,161,519
Construction in progress	21,394,242	16,612,576	12,349,561	25,657,257
Total capital assets, not being depreciated	\$ 30,511,943	\$ 16,656,394	\$ 12,349,561	\$ 34,818,776
Capital assets being depreciated:				
Land improvements	\$ 3,744,434	\$ -	\$ -	\$ 3,744,434
Buildings & improvements	179,098,094	41,843	56,660	179,083,277
Furniture, equipment & vehicles	29,330,770	1,575,446	515,611	30,390,605
Water & sewer systems	281,780,194	19,675,591	19,590	301,436,195
Purchased sewer capacity	2,073,958	-	-	2,073,958
Total capital assets, being depreciated	496,027,450	21,292,880	591,861	516,728,469
Less accumulated depreciation for:				
Land improvements	1,826,730	133,712	-	1,960,442
Buildings & improvements	84,870,406	4,933,904	56,661	89,747,649
Furniture, equipment & vehicles	15,762,596	1,964,427	477,295	17,249,728
Water & sewer systems	101,085,383	5,899,071	7,053	106,977,401
Purchased sewer capacity	435,530	41,478	-	477,008
Total accumulated depreciation	203,980,645	12,972,592	541,009	216,412,228
Total capital assets being depreciated, net	\$ 292,046,805	\$ 8,320,288	\$ 50,852	\$ 300,316,241
Business-type activities capital assets, net	\$ 322,558,748	\$ 24,976,682	\$ 12,400,413	\$ 335,135,017

Construction in progress from business-type activities for the year ended June 30, 2022 was as follows:

Construction in Progress - Business-type Activities			
	Project Authorization	Spent to Date	Committed Funding
Telemetry & scada projects	\$ 968,534	\$ 7,629	\$ 960,905
Pump station 24 sewer	4,825,694	190,309	4,635,385
Fawn Lake pump stations	2,699,749	143,412	2,556,337
Thornburg WWTP upgrades	26,336,133	12,548,215	13,787,918
Massaponax WWTP expansions	32,837,511	4,374,736	28,462,775
Old Greenwich sewer replacement	1,454,548	177,429	1,277,119
Spotsylvania Towne Center sewer	1,674,698	79,607	1,595,091
Deep Run pump station rehabilitation	2,159,356	363,890	1,795,466
FMC WWTP to Massaponax WWTP	6,254,187	973,434	5,280,753
Thornburg water distribution	8,402,469	624,580	7,777,889
Motts WTP Expansion	6,454,510	2,782,910	3,671,600
Pump station 24 Water Project	2,557,294	39,995	2,517,299
Tidewater trail waterline	1,938,858	160,809	1,778,049
Harrison Road waterline extension	4,716,546	664,068	4,052,478
Massaponax Tank	3,421,120	135,686	3,285,434
Lake Bottom Booster station	2,017,390	9,869	2,007,521
Other water service improvements	4,931,606	1,603,015	3,328,591
Other sewer service improvements	4,537,568	694,203	3,843,365
Other general service improvements	1,871,512	83,461	1,788,051
	\$ 120,059,283	\$ 25,657,257	\$ 94,402,026

Capital asset activity of the Component unit – School Board for the year ended June 30, 2022 was as follows:

Capital Assets - Component unit - School Board				
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022
Capital assets, not being depreciated:				
Land	\$ 9,629,070	\$ -	\$ -	\$ 9,629,070
Construction in progress	8,933,951	8,153,375	3,702,515	13,384,811
Total capital assets, not being depreciated	\$ 18,563,021	\$ 8,153,375	\$ 3,702,515	\$ 23,013,881
Capital assets being depreciated:				
Buildings & improvements	\$ 487,723,956	\$ 4,258,144	\$ -	\$ 491,982,100
Furniture, equipment & vehicles	130,882,872	7,284,689	-	138,167,561
Total capital assets, being depreciated	618,606,828	11,542,833	-	630,149,661
Less accumulated depreciation for:				
Buildings & improvements	223,125,173	12,264,433	-	235,389,606
Furniture, equipment & vehicles	78,527,273	8,382,762	-	86,910,035
Total accumulated depreciation	301,652,446	20,647,195	-	322,299,641
Total capital assets being depreciated, net	\$ 316,954,382	\$ (9,104,362)	\$ -	\$ 307,850,020
Component unit - School Board activities capital assets, net	\$ 335,517,403	\$ (950,987)	\$ 3,702,515	\$ 330,863,901

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

Construction in progress activity for the Component unit – School Board for the year ended June 30, 2022 was as follows:

Construction in Progress - Component unit - School Board			
	Project Authorization	Spent to Date	Committed Funding
Massaponax High field conversion	\$ 1,290,627	\$ 1,227,983	\$ 62,644
Riverbend High field conversion	1,354,836	1,292,624	62,213
Chancellor High field conversion	1,389,250	1,324,683	64,568
Spotsylvania High field conversion	1,374,390	1,310,566	63,825
Berkeley Elem reroofing	645,610	555,155	90,455
Berkeley Elem Wastewater Treatment Plant	83,700	58,090	25,610
Chancellor High & Middle reroofing	1,825,824	1,723,239	102,585
JJW Water Treatment	134,010	106,970	27,040
Spotsy. H. & Post Oak M. Elev. Water Storage	1,872,250	1,112,034	760,216
Spotsylvania Middle Parking Expansion	1,041,495	757,818	283,677
Spotsylvania Middle Renovation	3,665,686	2,628,752	1,036,933
JJ Wright Renovation	885,767	81,596	804,170
Spotswood ES	29,790	23,832	5,958
SMS Modular	839,292	650,711	188,581
Intercom Project	573,029	438,066	134,963
TMS Roof Replacement	58,705	39,228	19,477
MHS Track Improvements	96,250	40,650	55,600
CHS Softball Lights	17,744	12,815	4,928
	<u>\$ 17,178,253</u>	<u>\$ 13,384,811</u>	<u>\$ 3,793,441</u>

Note 5

Interfund Transfers

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

Transfers in	Transfers out				Total
	General Fund	Capital Projects Fund	Other Governmental Funds	Water & Sewer Fund	
General Fund	\$ -	\$ 103,719	\$ 4,509,265	\$ -	\$ 4,612,984
Capital Projects Fund	11,989,875	-	-	128,424	12,118,299
Other governmental funds	2,721,955	-	-	-	2,721,955
Water and Sewer Fund	-	62,410	-	-	62,410
Total	\$ 14,711,830	\$ 166,129	\$ 4,509,265	\$ 128,424	

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 \$4.2 million at June 30, 2022 represents School Board accrued revenues and payables expected to be reimbursed to the County in the next fiscal year.

Note 7

Long-term Debt and Other Liabilities

Long-term liability activity for the year ended June 30, 2022 was as follows:

Long-term Liabilities - Governmental Activities					
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Bond obligations:					
General obligation bonds	\$ 194,910,000	\$ 35,460,000	\$ 33,240,000	\$ 197,130,000	\$ 23,280,000
Direct placements:					
General obligation bonds	4,540,000	-	2,395,000	2,145,000	1,525,000
Public improvement bonds	51,720,000	26,000,000	35,270,000	42,450,000	4,985,000
Unamortized bond premiums	29,202,981	10,904,629	6,045,874	34,061,736	-
Total bond obligations (Note 7.01):	280,372,981	72,364,629	76,950,874	275,786,736	29,790,000
Other long-term liabilities:					
Compensated absences	5,976,592	7,429,642	7,141,817	6,264,417	380,069
Leases (Note 7.02)	365,602	61,245	97,697	329,150	96,756
Landfill closure obligation (Note 7.03)	10,868,026	926,541	129,390	11,665,177	121,961
Insurance claims payable (Note 11)	1,767,025	14,379,046	14,475,208	1,670,863	1,670,863
LOSAP pension liability (Note 7.04)	4,869,564	234,695	620,258	4,484,001	-
Net pension liability - VRS (Note 7.05)	27,452,269	37,495,692	53,207,427	11,740,534	-
Total OPEB liability - Healthcare (Note 7.06)	86,639,866	4,940,398	21,082,389	70,497,875	-
Total OPEB liability - LODA (7.08)	7,566,494	1,088,327	2,711,870	5,942,951	-
Net OPEB liability - VRS GLI (Note 7.09)	4,146,024	393,200	1,449,335	3,089,889	-
Total other long-term liabilities:	149,651,462	66,948,786	100,915,391	115,684,857	2,269,649
Total governmental activities	\$ 430,024,443	\$ 139,313,415	\$ 177,866,265	\$ 391,471,593	\$ 32,059,649

Long-term Liabilities - Business-type Activities					
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Bond obligations:					
Water & sewer revenue bonds	\$ 113,740,000	\$ -	\$ 6,450,000	\$ 107,290,000	\$ 6,770,000
Unamortized bond premiums	15,789,899	-	1,171,400	14,618,499	-
Total bond obligations (Note 7.01):	129,529,899	-	7,621,400	121,908,499	6,770,000
Other long-term liabilities:					
Compensated absences	787,437	835,143	833,367	789,213	63,517
Insurance claims payable (Note 16)	171,723	1,785,093	1,781,510	175,306	175,306
Net pension liability - VRS (Note 7.05)	4,065,169	5,552,413	7,581,662	2,035,920	-
Total OPEB liability - Healthcare (Note 7.06)	11,447,575	652,766	2,698,667	9,401,674	-
Net OPEB liability - VRS GLI (Note 7.08)	581,456	57,508	199,831	439,133	-
Total other long-term liabilities:	17,053,360	8,882,923	13,095,037	12,841,246	238,823
Total business-type activities	\$ 146,583,259	\$ 8,882,923	\$ 20,716,437	\$ 134,749,745	\$ 7,008,823

Long-term Liabilities - Component unit - School Board					
	Balance July 1, 2021	Increases	Decreases	Balance June 30, 2022	Due Within One Year
Compensated absences	7,677,242	2,893,989	3,100,086	7,471,145	479,754
Leases (Note 7.02)	247,540	-	82,360	165,180	82,860
Insurance claims payable (Note 11)	4,719,532	45,754,378	45,428,005	5,045,905	5,045,905
Net pension liability - VRS (Note 7.05)	231,742,478	26,163,972	138,040,345	119,866,105	-
Net OPEB liability - Healthcare (Note 7.07)	296,465,318	26,642,199	146,457,441	176,650,076	-
Net OPEB liability - VRS GLI (Note 7.09)	12,025,801	833,863	4,592,638	8,267,026	-
Total OPEB liability - VRS HIC (Note 7.10)	21,023,578	1,832,031	2,508,860	20,346,749	-
Total Component unit - School Board	\$ 573,901,489	\$ 104,120,432	\$ 340,209,735	\$ 337,812,186	\$ 5,608,519

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

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

7.01 PRIMARY GOVERNMENT - BOND OBLIGATIONS

General Obligations Bonds

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

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

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2022, 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	\$ 645,000
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$223 - \$3,923	38,110,410	20,199,192
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$837 - \$910	17,769,115	11,523,466
Public Improvement, Series 2016	09/2016	06/2036	2.00 - 5.00	\$215 - \$680	8,370,000	4,430,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$30 - \$130	1,715,000	1,080,000
Public Improvement, Series 2018	09/2018	07/2018	2.50 - 5.00	\$275 - \$365	6,125,000	5,030,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$185 - \$325	4,665,000	3,740,000
Public Improvement - Refunding, Series 2019	08/2019	01/2035	4.00 - 5.00	\$305 - \$1,517	16,818,006	13,807,477
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$60 - \$65	1,240,000	1,115,000
Public Improvement - Refunding, Series 2020	09/2020	01/2030	5.00	\$680 - \$750	7,080,000	5,650,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$435 - \$610	12,365,000	11,945,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$90 - \$1,690	5,652,323	4,912,239
Total General Obligation Bonds - Spotsylvania County:						\$ 84,077,374
Component Unit - School Board:						
Public Improvement & Refunding, Series 2014	08/2014	01/2034	2.00 - 5.00	\$225 - \$2,815	\$ 20,954,590	\$ 7,885,808
Public Improvement & Refunding, Series 2015	08/2015	01/2035	3.00 - 5.00	\$231 - \$2,924	27,765,885	11,476,534
Public Improvement, Series 2016	09/2016	06/2031	2.00 - 5.00	\$630 - \$1,925	19,615,000	8,435,000
Public Improvement, Series 2017A	09/2017	01/2037	2.40 - 5.00	\$570 - \$1,695	24,440,000	15,965,000
Public Improvement, Series 2018	09/2018	07/2038	2.50 - 5.00	\$980 - \$1,915	28,465,000	22,730,000
Public Improvement, Series 2019	08/2019	01/2039	4.00 - 5.00	\$560 - \$1,885	24,475,000	18,285,000
Public Improvement - Refunding, Series 2019	08/2019	01/2033	4.00 - 5.00	\$216 - \$484	5,206,994	3,252,523
Public Improvement, Series 2020	09/2020	01/2040	3.00 - 5.00	\$195 - \$995	11,030,000	9,070,000
Public Improvement, Series 2021	08/2021	01/2041	3.00 - 5.00	\$330 - \$1,315	15,580,000	14,295,000
Public Improvement - Refunding, Series 2021	08/2021	01/2032	3.00 - 5.00	\$107 - \$778	1,862,677	1,657,761
Total General Obligation Bonds - Component Unit - School Board:						\$ 113,052,626
Total Governmental Activities - General Obligation Bonds:						\$ 197,130,000

Direct Placements – Public Improvement Bonds

Periodically, the EDA has issued Public Facility Revenue Bonds as authorized in the Industrial Development and Revenue Bond Act, Section 15.2-4900 et. seq. of the Code. These bonds provide financial assistance to the County for the acquisition and construction of facilities in the public interest. The bonds are secured by the property financed and are payable solely from County appropriations through an authorized financing agreement with the EDA. Upon repayment of the bonds, ownership of the acquired facilities transfers to the County served by the bond issuance. Through an approved financing agreement, the County is obligated for repayment of the bonds. Accordingly, the bonds are reported as County obligations. 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, 2022:

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

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

General obligation bonds payable and public improvement bonds payable at June 30, 2022, are comprised of the following individual issues:

Direct Placement Bonds - Governmental Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Direct Placement Bonds - General Obligation:						
Component Unit - School Board						
VPSA, Series 2002A	05/2002	07/2022	3.60 - 5.60	\$820 - \$915	\$ 17,315,000	\$ 820,000
VPSA, Series 2002B	11/2002	07/2023	2.35 - 5.10	\$550 - \$645	11,885,000	550,000
Qualified School Construction	06/2010	06/2027	5.31	\$150 - \$155	2,630,000	775,000
Total Component Unit - School Board - direct placement - general obligation:						\$ 2,145,000
Total Governmental Activities - direct placement - general obligation:						\$ 2,145,000
Direct Placement Bonds - Public Improvement:						
Spotsylvania County						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$300 - \$360	\$ 6,305,000	\$ 3,500,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$182 - \$536	4,028,110	3,526,145
Total Spotsylvania County - direct placement - public improvement:						\$ 7,026,145
Component Unit - School Board						
Public Facility Revenue, Series 2014	08/2014	06/2034	2.00 - 5.00	\$840 - \$2,035	26,445,000	16,190,000
Public Facility Revenue, Series 2021	08/2021	06/2030	4.00 - 5.00	\$993 - \$2,928	21,971,890	19,233,855
Total Component Unit - School Board - direct placement - public improvement:						\$ 35,423,855
Total Governmental Activities - direct placement - public improvement:						\$ 42,450,000

Water & Sewer Revenue Bonds

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

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

Outstanding Bond Obligations - Business-type Activities						
	Sale Date	Final Maturity	Interest Rate to Maturity (%)	Annual Principal Requirements (in thousands)	Original Borrowing	Principal Outstanding
Business-type Activities - Revenue Bonds						
Water & Sewer Revenue Refunding, Series 2015	08/2015	06/2037	3.00 - 5.00	\$1,650 - \$4,040	\$ 55,325,000	\$ 36,340,000
Water & Sewer Revenue Refunding, Series 2019	11/2019	12/2039	3.00 - 5.00	\$910 - \$2,125	28,665,000	26,365,000
Water & Sewer Revenue Refunding, Series 2020	11/2020	12/2040	3.00 - 5.00	\$1,020 - 3,160	46,530,000	44,585,000
Total Business-type Activities - Revenue Bonds:						\$ 107,290,000

New Debt Issuance and Related Refundings

General Obligation Bonds

On August 24, 2021, the County issued \$35.5 million in General Obligation Public Improvement and Refunding Bonds, Series 2021 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning January 15, 2022 until final maturity on January 15, 2041. Net bond proceeds of \$41.3 million (adjusted for premium of \$6.2 million and payment of \$0.4 million in issuance costs) were used to purchase \$32.6 million in State Non-Arbitrage Program funds to finance school, public safety, and transportation projects in the County. The remaining \$8.7 million in net proceeds were wired to U.S. Bank, as escrow agent for the Series 2021 Bonds, to refund all outstanding maturities of the following issues: General Obligation Public Improvement Bonds, Series 2011A; General Obligation Refunding Bonds, Series 2011B; and General Obligation Public Improvement Bonds, Series 2012A (Tax-Exempt) on August 25, 2021, reducing debt service payments by \$1.1 million to obtain an economic gain of \$0.9 million.

Public Facility Bonds

On September 8, 2021, the County issued \$26.0 million in Public Facility Revenue Refunding Bonds, Series 2021, through the Economic Development Authority of the County of Spotsylvania, Virginia, with fixed interest rates ranging from 4 to 5%. The bonds are to be repaid in various installments beginning June 1, 2022 until final maturity on June 1, 2030. Net bond proceeds of \$30.5 million (adjusted for premium of \$4.7 million and payment of \$0.2 million in issuance costs) were wired to U.S. Bank, as the escrow agent to refund all outstanding maturities of the Public Facility Revenue Bonds, Series 2011, Public Facility Revenue and Refunding Bonds, Series 2012, and the Public Facility Revenue and Refunding Bonds, Series 2013, on September 9, 2021, reducing debt service payments by \$3.4 million to obtain an economic gain of \$3.3 million.

Amortization of Debt Service

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

Future Debt Service - Primary Government								
Fiscal Year	Governmental Activities							
	Direct Placements						Business-type Activities Revenue Bonds	
	General Obligation		General Obligation		Public Improvement			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 23,280,000	\$ 8,242,918	\$ 1,525,000	\$ 173,900	\$ 4,985,000	\$ 1,780,977	\$ 6,770,000	\$ 4,309,044
2024	21,565,000	7,125,292	155,000	139,653	4,970,000	1,531,728	7,105,000	3,966,544
2025	20,530,000	6,101,968	155,000	139,653	5,195,000	1,283,227	7,465,000	3,606,919
2026	20,170,000	5,201,917	155,000	139,653	5,280,000	1,064,578	7,825,000	3,229,294
2027	19,730,000	4,372,318	155,000	139,653	5,380,000	842,678	5,635,000	2,833,044
2028 - 2032	55,790,000	12,211,618	-	-	16,120,000	1,336,422	32,110,000	10,141,358
2033 - 2037	27,540,000	3,766,684	-	-	520,000	27,300	29,205,000	4,210,321
2038 - 2042	8,525,000	513,308	-	-	-	-	11,175,000	570,075
Totals:	\$ 197,130,000	\$ 47,536,023	\$ 2,145,000	\$ 732,512	\$ 42,450,000	\$ 7,866,910	\$ 107,290,000	\$ 32,866,599

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, 2022, outstanding revenue bonds totaling \$56.9 million include the following issues:

Name of Issue	Date of Issue	Final Maturity	Original Borrowing	Principal Outstanding
Economic Development Authority of Spotsylvania County, Virginia Revenue Refunding Bonds (Civil War Preservation Trust Project) Series 2010	4/1/2010	4/1/2027	\$21,900,000	\$1,200,000
Economic Development Authority of Spotsylvania County, Virginia Housing Revenue Bonds (Palmer's Creek Apartments Project) Series 2019	11/1/2019	12/1/2022	\$20,700,000	\$20,700,000
Economic Development Authority of Spotsylvania County, Virginia Housing Revenue Bonds (Palmer's Creek Apartments Project) Series 2022	3/1/2022	12/1/2022	\$2,300,000	\$2,300,000
Economic Development Authority of Spotsylvania County, Multifamily Housing Revenue Bonds (The Heights of Jackson Village I) Series 2019	12/13/2019	1/1/2040	\$39,000,000	\$31,769,916

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 LEASE LIABILITY

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

Grouped Lease Agreement Information					
	Months to Expiration	Interest Rates	Monthly Principal	Original Borrowing	Principal Outstanding
Governmental Activities					
Office Equipment - Various	21 - 60	0.514% - 1.059%	\$103 - \$837	\$ 242,689	\$ 166,195
Tower Space - Pamunkey Rd	92	0.727%	\$1,844	184,158	162,955
Total Governmental Activities					\$ 329,150
School Board					
Office Equipment - Various	24 - 59	0.514% - 1.059%	\$180 - \$2,016	\$ 247,540	\$ 165,180
Total School Board					\$ 165,180

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

Principal and Interest Requirements to Maturity						
Year Ending June 30	Governmental Activities			School Board		
	Principal Payments	Interest Payments	Total	Principal Payments	Interest Payments	Total
2023	\$ 96,756	\$ 2,215	\$ 98,971	\$ 82,860	\$ 1,063	\$ 83,923
2024	78,512	1,520	80,032	57,627	470	58,097
2025	54,223	973	55,196	18,918	150	19,068
2026	29,601	623	30,224	5,775	26	5,801
2027	25,495	425	25,920	-	-	-
Thereafter	44,563	286	44,849	-	-	-
Total	\$ 329,150	\$ 6,042	\$ 335,192	\$ 165,180	\$ 1,709	\$ 166,889

7.03 PRIMARY GOVERNMENT - LANDFILL CLOSURE OBLIGATION**Closure and Post-Closure Care Costs**

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

The estimated liability for landfill closure and post-closure care costs is \$0.5 million and \$11.2 million for closed and operating landfills, respectively, which is based on 100% and 94.1% usage, respectively. It is estimated that an additional \$0.4 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 (2023).

The estimated total current cost of the landfill closure and post-closure care (\$11.7 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, 2022. 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.

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, 2021, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:

Inactive members currently receiving benefits	75
Inactive members with deferred vested benefits	150
Active members	175
	<u>400</u>

Benefits provided

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

Contributions

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

Total pension liability

The Plan's total pension liability of \$4.5 million was determined and measured by an actuarial valuation performed as of June 30, 2021.

Changes in total pension liability

Table represents the changes in the total pension liability through the Plan's measurement date of June 30, 2021.

Changes in the Total LOSAP Pension Liability	
	Total Pension Liability
Balance at June 30, 2020	\$ 4,869,564
Changes for the year:	
Service cost	128,266
Interest on total pension liability	106,429
Differences between expected and actual experience	(276,099)
Changes in assumptions	(237,719)
Benefit payments	(106,440)
Balance at June 30, 2021	\$ 4,484,001

Actuarial assumptions

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

Rate of inflation	4.00%
Salary scale	No salary, inflation used
Discount rate	2.16%

Mortality rates are based on the RP-2014 Combined Mortality Table for Males or Females, as appropriate, based on Scale AA projected to 2021.

Discount rate

The discount rate used to measure the total pension liability was 2.16%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in 2020 to 2.16% in 2021.

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

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

	1% Decrease 1.16%	Current Rate 2.16%	1% Increase 3.16%
Total pension liability	\$ 5,377,000	\$ 4,484,001	\$ 3,786,000

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

For the year ended June 30, 2022 the County recognized pension expense of \$0.3 million. During the year, the Plan made benefit payments that are subsequent to the Plan's measurement date. These payments of \$90,940 are reported as a deferred outflow of resources as of June 30, 2022, and will be recognized as a reduction of the total pension liability in fiscal year ending June 30, 2023.

At June 30, 2022, the County reported actuarially determined deferred inflows of resources of \$848,109 and deferred outflows of resources of \$1,206,857 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	\$ 37,160	\$ (538,846)	
Change in assumptions	1,169,697	(309,263)	
	<u>\$ 1,206,857</u>	<u>\$ (848,109)</u>	
Amortization for the year ending June 30,			
2023	\$ 156,980	\$ (93,228)	
2024	156,980	(93,228)	
2025	156,980	(93,228)	
2026	131,010	(93,228)	
2027	109,758	(93,228)	
Thereafter	495,149	(381,969)	
	<u>\$ 1,206,857</u>	<u>\$ (848,109)</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 7.05.4 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 after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Membership date is on or after January 1, 2014 for school division and political subdivision employees, and any member opting in from VRS Plans 1 or 2 during the election window. Political subdivision employees who are covered by enhanced benefits for hazardous duty employees are ineligible.	
VESTING			
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members are always 100% vested in the contributions that they make.			Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.
CALCULATING THE BENEFIT			
The basic benefit is determined using the member’s average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.			The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
AVERAGE FINAL COMPENSATION			
A member’s average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member’s average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
DISABILITY COVERAGE			
For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service.	Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service.	Members participate in the Virginia Local Disability Program (VDLP) and are subject to a one-year waiting period before becoming eligible for non-work related disability benefits.	

Employees Covered by Benefit Terms

As of the June 30, 2020 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	409	294
Inactive employees entitled to but not yet receiving benefits	672	253
Active employees	1,004	419
	<u>2,085</u>	<u>966</u>
* Excludes employees reported under the Teacher's Cost Sharing Plan.		

Contributions

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

Employees are required to contribute 5% of their creditable compensation for each pay period. The County and School Board are required to contribute the difference between the actuarially determined rate and the contribution rate of employees. In June 2021, the Commonwealth made a special contribution of approximately \$61.3 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 552 of the 2021 Appropriation Act, and is classified as a non-employer contribution.

Details of the County and School Board's contractually required rates for the year ended June 30, 2022, as a percentage of covered employee compensation, are provided in the table below.

	County	School Board	
		School Board	Teacher Plan
Employee contribution rate	5.00%	5.00%	5.00%
Employer contribution rate	10.81%	6.70%	16.62%
	<u>15.81%</u>	<u>11.70%</u>	<u>21.62%</u>

Contributions, both employer and employee, to the pension plan for the years ended June 30, 2022 and June 30, 2021 were as follows:

	Amounts in thousands		
	School Board		
	County	School Board	Teacher Plan
Year ended June 30, 2022	\$ 10,772	\$ 1,187	\$ 31,126
Year ended June 30, 2021	9,878	1,162	29,510

7.05.2 Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued VRS 2021 Annual Financial Report located at <http://www.varetire.org/pdf/publications/2021-annual-report.pdf>.

7.05.3 Net Pension Asset / Liability

Multi-Employer Agent Plan

At June 30, 2022, the County's net pension liability was \$13.8 million and the School Board reported a net pension asset of \$2.4 million. Each multi-employer agent plan balance was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

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, 2021, 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
Total pension liability	\$ 53,381,141
Plan fiduciary net position	45,617,878
Employers' Net Pension Liability	<u>\$ 7,763,263</u>
Plan fiduciary net position as a percentage of the total pension liability	85.46%

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

At June 30, 2022, the School Board reported a liability of \$119.9 million for its proportionate share of the VRS Employee Retirement Plan's net pension liability. The net pension liability was measured as of June 30, 2021 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 1.54% as compared to 1.57% at June 30, 2020.

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2020, 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, 2021.

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.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-retirement	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.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	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.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% 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.	
	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.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.

Plan Actuarial Assumptions			
	General Employees	Public Safety	Teacher Plan
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020. • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age. • 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 a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience

Long-term Expected Rate of Return

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

Long-term Expected Rate of Return			
Asset Class (Strategy)	Target Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
Multi-Asset Public Strategies	6.00%	3.29%	0.20%
Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

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

Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2021, the alternate rate was the employer contribution rate used in FY2012 or 100% of the actuarially determined contribution rate from June 30, 2017, actuarial valuations, whichever was greater.

From July 1, 2021, on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability

The following tables represent the changes in net pension liability through the Plan's measurement date of June 30, 2021 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, 2020	\$ 217,005,830	\$ 185,488,392	\$ 31,517,438
Changes for the year:			
Service cost	7,209,422	-	7,209,422
Interest	14,386,681	-	14,386,681
Changes of assumptions	10,644,023	-	10,644,023
Difference between expected and actual experience	10,685,554	-	10,685,554
Contributions - employer	-	6,466,288	(6,466,288)
Contributions - employee	-	3,028,273	(3,028,273)
Net investment income	-	51,289,634	(51,289,634)
Benefit payments, including refunds of employee contributions	(7,739,622)	(7,739,622)	-
Administrative expense	-	(122,425)	122,425
Other changes	-	4,894	(4,894)
Net changes	35,186,058	52,927,042	(17,740,984)
Balances at June 30, 2021	\$ 252,191,888	\$ 238,415,434	\$ 13,776,454
		Governmental activities:	11,740,534
		Business-type activities:	2,035,920
			\$ 13,776,454

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, 2020	\$ 34,439,002	\$ 31,635,528	\$ 2,803,474
Changes for the year:			
Service cost	950,533	-	950,533
Interest	2,266,410	-	2,266,410
Changes in assumptions	978,079	-	978,079
Difference between expected and actual experience	256,582	-	256,582
Contributions - employer	-	588,732	(588,732)
Contributions - employee	-	450,828	(450,828)
Net investment income	-	8,627,137	(8,627,137)
Benefit payments, including refunds of employee contributions	(1,725,116)	(1,725,116)	-
Administrative expense	-	(21,578)	21,578
Other changes	-	812	(812)
Net changes	2,726,488	7,920,815	(5,194,327)
Balances at June 30, 2021	\$ 37,165,490	\$ 39,556,343	\$ (2,390,853)

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

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

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

Sensitivity Analysis of Net Pension Liability to Changes in Discount Rate				
	Current Discount			
	1% Decrease (5.75%)	Rate (6.75%)	1% Increase (7.75%)	
County's calculated net pension liability (asset)	\$ 51,619,328	\$ 13,776,454	\$ (17,018,693)	
School Board's calculated net pension liability (asset)	\$ 1,929,392	\$ (2,390,853)	\$ (5,986,662)	
Teacher Retirement Plan's calculated net pension liability*	\$ 231,335,092	\$ 119,866,105	\$ 28,167,975	

* 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 table summarizes the recognized pension expense at June 30, 2022, and the reported deferred outflows and inflows of resources by source as of the June 30, 2021 measurement date for the Primary Government and its Component unit – School Board. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportional share of employer contributions.

Pension Expense and Deferred Inflows and Outflows of Resources Related to Pensions						
	Primary Government		Component unit - School Board			
	Multi-Employer Agent Plan			Internal Service Fund Fleet Services	Teacher Retirement Cost-sharing Plan	Total Component unit School Board
	Governmental Activities	Business-type Activities	School Board			
Total pension expense:	\$ 5,035,218	\$ 650,439	\$ 249,314	\$ 18,429	\$ 24,590,716	\$ 24,858,459
Deferred outflows - pension contributions:						
Employer contributions subsequent to the measurement date	\$ 6,219,973	\$ 806,248	\$ 571,118	\$ 43,478	\$ 22,926,263	\$ 23,540,859
Deferred outflows - actuarial differences:						
Difference between expected and actual experience	\$ 8,468,591	\$ 1,117,617	\$ 301,742	\$ 22,540	\$ -	\$ 324,282
Change of assumptions	9,239,046	1,219,294	603,545	45,085	21,000,228	21,648,858
Net difference between projected and actual earnings on plan investments	-	-	-	-	-	-
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	857,534	857,534
Total deferred outflows - actuarial differences:	\$ 17,707,637	\$ 2,336,911	\$ 905,287	\$ 67,625	\$ 21,857,762	\$ 22,830,674
Deferred inflows - actuarial differences:						
Difference between expected and actual experience	\$ -	\$ -	\$ (1,382)	\$ (102)	\$ (10,209,469)	\$ (10,210,953)
Changes of assumptions	-	-	-	-	-	-
Net difference between projected and actual earnings on plan investments	(22,769,388)	(2,910,032)	(3,998,947)	(296,573)	(75,536,412)	(79,831,932)
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	-	(5,303,543)	(5,303,543)
Total deferred inflows - actuarial differences:	\$ (22,769,388)	\$ (2,910,032)	\$ (4,000,329)	\$ (296,675)	\$ (91,049,424)	\$ (95,346,428)

Amortization of Deferred Outflows and Inflows of Resources

Employer contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in fiscal year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

		Primary Government		Component unit - School Board			
		Multi-Employer Agent Plan			Teacher Retirement		Total
		Governmental Activities	Business-type Activities	School Board	Internal Service	Cost-sharing	Component
					Fund Fleet Services	Plan	unit School Board
Fiscal year ended June 30,							
	2023	\$ 908,371	\$ 102,851	\$ (381,473)	\$ (28,231)	\$ (16,826,281)	\$ (17,235,985)
	2024	16,691	1,890	(567,641)	(42,009)	(14,414,312)	(15,023,962)
	2025	(1,084,420)	(122,784)	(932,603)	(69,018)	(15,930,982)	(16,932,603)
	2026	(4,902,393)	(555,078)	(1,213,325)	(89,792)	(22,032,902)	(23,336,019)
	2027	-	-	-	-	12,815	12,815
		<u>\$ (5,061,751)</u>	<u>\$ (573,121)</u>	<u>\$ (3,095,042)</u>	<u>\$ (229,050)</u>	<u>\$ (69,191,662)</u>	<u>\$ (72,515,754)</u>
Pension actuarial differences:							
	Total deferred outflows	\$ 17,707,637	\$ 2,336,911	\$ 905,287	\$ 67,625	\$ 21,857,762	\$ 22,830,674
	Total deferred inflows	(22,769,388)	(2,910,032)	(4,000,329)	(296,675)	(91,049,424)	(95,346,428)
		<u>\$ (5,061,751)</u>	<u>\$ (573,121)</u>	<u>\$ (3,095,042)</u>	<u>\$ (229,050)</u>	<u>\$ (69,191,662)</u>	<u>\$ (72,515,754)</u>

7.05.5 Payables to the Pension Plan

The County and School Board reported payables of \$0.9 and \$0.8 million, respectively for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2022.

7.05.6 Disaggregation of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions as Reported on Exhibit I

	Governmental Activities	Business-type Activities	Component unit- School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement			
Virginia Retirement System (Note 7.05)	\$ 6,219,973	\$ 806,248	\$ 23,540,859
Length of Service Award Program (Note 7.04)	90,940	-	-
Pension contributions (Exhibit I):	<u>\$ 6,310,913</u>	<u>\$ 806,248</u>	<u>\$ 23,540,859</u>
Pension actuarial differences:			
Virginia Retirement System (Note 7.05)	\$ 17,707,637	\$ 2,336,911	\$ 22,830,674
Length of Service Award Program (Note 7.04)	1,206,857	-	-
Pension actuarial differences (Exhibit I):	<u>\$ 18,914,494</u>	<u>\$ 2,336,911</u>	<u>\$ 22,830,674</u>
Deferred Inflows of Resources			
Pension actuarial differences:			
Virginia Retirement System (Note 7.05)	\$ 22,769,388	\$ 2,910,032	\$ 95,346,428
Length of Service Award Program (Note 7.04)	848,109	-	-
Pension actuarial differences (Exhibit I):	<u>\$ 23,617,497</u>	<u>\$ 2,910,032</u>	<u>\$ 95,346,428</u>

7.06 PRIMARY GOVERNMENT - TOTAL OPEB LIABILITY – RETIREE HEALTHCARE

Plan Description

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

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

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

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

Post-65 Health Reimbursement Accounts (HRAs)

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

Employees Covered by Benefit Terms

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

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

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. Although the County does not hold assets in trust to fund its OPEB liabilities, as of June 30, 2022, the County has assigned fund balances of \$9,248,065, \$85,267 and \$1,941,382 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and \$6,054,033 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities. Per County fiscal policy, funding of 100% of the annual required contribution is expected to be met in 2024.

Total OPEB Liability

The County's total OPEB liability of \$98.1 million was determined by an actuarial valuation as of June 30, 2021 and projected forward to a measurement date of June 30, 2022.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Total OPEB liability as of June 30, 2021	\$ 98,087,441
Service Cost	3,423,273
Interest	2,169,891
Change of assumptions	(21,664,173)
Benefit payments	(2,116,883)
Total OPEB liability as of June 30, 2022	\$ 79,899,549
Primary Government:	
Governmental	\$ 70,497,875
Business-type	9,401,674
	\$ 79,899,549

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.50%
Discount Rate	3.54%
Healthcare cost trend rate	5.20% to 4.00% over 52 years

The discount rate was based on the Bond Buyer 20-Year Bond GO Index at the measurement date increasing from 2.21% as of June 30, 2021 to 3.54% as of June 30, 2022.

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

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

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

Discount rate sensitivity

	2.54%	3.54%	4.54%
Total OPEB liability	\$ 94,876,196	\$ 79,899,549	\$ 67,995,236

Healthcare rate sensitivity

	1% Decrease in Trend Rate	Current Rate Trend Rate	1% Increase in Trend Rate
Total OPEB liability	\$ 66,089,218	\$ 79,899,549	\$ 97,886,185

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

The County recognized OPEB expense for fiscal year 2022 of \$816,625. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 5,694,283	\$ (14,320,796)
Changes of assumptions	10,288,941	(30,059,726)
Total	<u>\$ 15,983,224</u>	<u>\$ (44,380,522)</u>

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

Year ending June 30,	Deferred Outflows	Deferred Inflows
2023	\$ 4,177,186	\$ (8,953,725)
2024	4,177,186	(8,236,842)
2025	4,177,186	(7,519,958)
2026	3,451,666	(6,801,295)
2027	-	(5,124,414)
Thereafter	-	(7,744,288)
Total	<u>\$ 15,983,224</u>	<u>\$ (44,380,522)</u>
Governmental Activities	\$ 14,033,782	\$ (39,320,691)
Business-type Activities	1,949,442	(5,059,831)
	<u>\$ 15,983,224</u>	<u>\$ (44,380,522)</u>

Disaggregation of Deferred Outflows of Resources and Deferred Inflows of Resources Related to Other Postemployment Benefits as Reported on Exhibit I

	Primary Government		Component Unit- School Board
	Governmental Activities	Business-type Activities	
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 7.07)	\$ -	\$ -	\$ 6,170,905
VRS Health Insurance Credit Program (Note 7.10)	-	-	1,798,852
VRS Group Life Insurance Program (Note 7.09)	322,837	45,881	833,863
OPEB contributions (Exhibit I):	<u>\$ 322,837</u>	<u>\$ 45,881</u>	<u>\$ 8,803,620</u>
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 7.06)	\$ 14,033,782	\$ 1,949,442	\$ 41,548,623
Primary Government LODA Program (7.08)	693,383	-	-
VRS Health Insurance Credit Program (Note 7.10)	-	-	671,436
VRS Group Life Insurance Program (Note 7.09)	937,550	133,244	1,494,658
OPEB actuarial differences (Exhibit I):	<u>\$ 15,664,715</u>	<u>\$ 2,082,686</u>	<u>\$ 43,714,717</u>

	Primary Government		Component Unit- School Board
	Governmental Activities	Business-type Activities	
Deferred Inflows of Resources			
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 7.06)	\$ 39,320,691	\$ 5,059,831	\$ -
Primary Government LODA Program (7.08)	4,985,313	-	-
School Board Retiree Healthcare (Note 7.07)	-	-	143,559,860
VRS Health Insurance Credit Program (Note 7.10)	-	-	1,386,281
VRS Group Life Insurance Program (Note 7.09)	1,183,796	168,241	3,500,032
OBEP actuarial differences (Exhibit I):	\$ 45,489,800	\$ 5,228,072	\$ 148,446,173

7.07 SCHOOL BOARD - NET OPEB LIABILITY – RETIREE HEALTHCARE

Plan Description

Plan administration

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

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

Plan membership

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

	2021	2019
Active employees	2,333	2,115
Retirees (pre-Medicare)	219	281
Retirees (Medicare-age)	869	655
Total	3,421	3,051

Benefits provided

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

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

The individual and their dependents must be enrolled in the group plan for a period of one year prior to seeking retiree medical benefits. Individuals hired on or after July 1, 2007 must have a minimum of 15 years of consecutive service with Spotsylvania County Public Schools. Prior to Medicare eligibility, retirees may choose among the same health insurance

options as active employees. Once a retiree reaches Medicare eligibility age, the retiree must apply for and receive Medicare coverage (parts A and B). The retiree must also convert to a Medicare Complimentary Plan, which is secondary to Medicare. Spouses of retired employees may continue medical coverage but will not receive any explicit subsidy from the School Board.

Contributions

State Code authorizes the School Board to establish and amend the Plan's contribution requirements. The School Board has adopted a resolution authorizing the appointed Local Finance Board to make funding recommendations to the Board, as determined appropriate based on periodic actuarial analysis of the Plan's future obligations. As of June 30, 2022, there are no Plan contribution requirements, benefits are financed on a pay-as-you-go basis. Contributions into the Trust are irrevocable; however, continued participation in the Pooled Trust is voluntary and any Local Finance Board may terminate future participation.

Investments

Investment policy

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

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

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

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

Concentrations

As of June 30, 2022, 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was -10.2%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Total OPEB Liability

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

Changes in the Net OPEB Liability

Changes in Net OPEB Liability			
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances, June 30, 2020	\$ 300,644,663	\$ 4,179,345	\$ 296,465,318
Service Cost	10,378,295	-	10,378,295
Interest	7,272,565	-	7,272,565
Difference between actual and expected experience	(135,176,831)	-	(135,176,831)
Changes of assumptions	8,991,339	-	8,991,339
Employer contributions	-	10,016,649	(10,016,649)
Net investment income	-	1,263,961	(1,263,961)
Benefit payments	(3,733,226)	(3,733,226)	-
Balances, June 30, 2021	\$ 188,376,805	\$ 11,726,729	\$ 176,650,076

Actuarial Assumptions

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

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

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

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

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

Changes in assumptions and other inputs:

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

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

Healthcare rate sensitivity

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

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

For the fiscal year ended June 30, 2022, the School Board recognized an OPEB expense of (\$1,045,778). At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings	\$ -	\$ 130,946,011
Changes of assumptions	41,548,623	12,116,938
Differences between expected and actual experience	-	496,911
Total	\$ 41,548,623	\$ 143,559,860

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

Year ending June 30,		Deferred Outflows	Deferred Inflows
2023	\$	8,844,283	\$ (26,996,572)
2024		8,844,283	(26,981,264)
2025		8,844,283	(26,991,523)
2026		8,844,282	(23,564,670)
2027		4,887,015	(19,714,856)
Thereafter		1,284,477	(19,310,975)
Total	\$	<u>41,548,623</u>	<u>\$ (143,559,860)</u>

GASB 74 OPEB Liability

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

Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2022, were as follows:

Total OPEB liability	\$	146,178,231
Plan fiduciary net position		<u>13,408,626</u>
School Board's net OPEB liability	\$	<u>132,769,605</u>
Plan fiduciary net position as a % of the total OPEB liability		9.17%

Actuarial assumptions

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

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

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

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

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

and medical and prescription drug premiums for employees and pre age 65 retirees from October 1, 2021 through September 30, 2022. Medical and prescription drug rates were projected assuming 5% annual trend.

Changes in assumptions and other inputs:

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

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

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

Asset Class	Target Asset Allocation	Long-Term Arithmetic Average Nominal Return ¹	Long-Term Arithmetic Average Real Return ²	Long-Term Arithmetic Weighted Average Real Return
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.63%	2.88%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.88%	7.13%	1.50%
U.S. Small Cap Equity	10.00%	11.28%	8.53%	0.85%
International Developed Equity	13.00%	10.74%	7.99%	1.04%
Emerging Market Equity	5.00%	11.98%	9.23%	0.46%
Long/Short Equity	6.00%	8.43%	5.68%	0.34%
Private Equity	10.00%	13.22%	10.47%	1.05%
Core Real Estate	10.00%	9.35%	6.60%	0.66%
Opportunistic Real Estate	5.00%	12.35%	9.60%	0.48%
Total	100.00%			6.95%
		Inflation		2.75%
		Expected arithmetic nominal return		9.70%

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 \$13.4 million as of June 30, 2022. The discount rate used for liabilities that are not prefunded through an irrevocable trust is based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Due to the minimum value held in trust to fund future OPEB liabilities, the entire liability is discounted using the municipal bond rate of 3.99% as of June 30, 2022.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend*Sensitivity of the net OPEB liability to changes in the discount rate*

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

Discount rate sensitivity

	1% Decrease 2.99%	Current Rate 3.99%	1% Increase 4.99%
Net OPEB liability	\$ 153,502,715	\$ 132,769,605	\$ 115,748,255

Healthcare rate sensitivity

	1% Decrease Trend Rate of 3.00%	Current Rate Trend Rate of 4.00%	1% Increase Trend Rate of 5.00%
Net OPEB liability	\$ 111,882,814	\$ 132,769,605	\$ 158,962,755

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

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

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

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

Medical Benefits

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

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

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

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

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

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

Medical Plans

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

Medicare B Premiums

LODA pays the Medicare Part B premium for eligible participants that were disabled prior to July 1, 2017 and their eligible spouses once they become Medicare eligible. The Medicare Part B premium depends upon income. Monthly Medicare B premiums ranged from \$149 to \$170 for 2022 and \$148 to \$150 for 2021.

LODA Premiums

VRS LODA premiums for the fiscal year ending June 30, 2022 are as follows:

Plan 1 (former LODA)	Premium
Single	\$ 1,049.00
Family	\$ 2,486.00
Plan 3 (Medicare primary)	Premium
Single	\$ 293.00

Plan Participants

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

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

Contributions

Funding of OPEB liabilities are budgeted and reserved as funds are available and subject to annual appropriation by the Board. Currently, benefits are financed on a pay-as-you-go basis. As of June 30, 2022, 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 \$5.9 million was determined by an actuarial valuation as of June 30, 2022.

Changes in the Total OPEB Liability

Changes in the Total OPEB Liability	
	Total OPEB Liability
Balance as of June 30, 2021	\$ 7,566,494
Service Cost	945,232
Interest	143,095
Experience losses	(1,728,017)
Changes of assumptions	(755,974)
Benefit payments	(227,879)
Balance as of June 30, 2022	\$ 5,942,951

Actuarial Assumptions

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

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

Service related deaths Direct result 12.50% and presumptive result 12.5%

Service related disability 65% of disabilities assumed to be service related

The discount rate was based on 20-Year municipal AA rated bonds as of June 30, 2022. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA model was released in October 2010 and updated in November 2021.

Changes of assumptions and other inputs since the prior valuation:

- A change in the discount rate from 1.92% in 2021 to 3.69% in 2022.
- Premium rates were updated.
- The long-term medical trend was updated.
- The decrement assumptions were updated to match those used in the most recent Actuarial Valuation of the Line of Duty Act Fund for the Virginia Retirement System.
- The categorization percentages for service related deaths, spousal health care coverage, and eligibility for Medicare due to age were updated to the most recent rates used in the Actuarial Valuation of the Line of Duty Act Fund for the Virginia Retirement System.

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

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

Discount rate sensitivity

	1% Decrease 2.69%	Current Rate 3.69%	1% Increase 4.69%
Total OPEB liability	\$ 6,657,717	\$ 5,942,951	\$ 5,332,785

Healthcare rate sensitivity

	1% Decrease 2.94%	Current Rate 3.94%	1% Increase 4.94%
Total OPEB liability	\$ 4,988,910	\$ 5,942,951	\$ 7,128,993

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

For the year ended June 30, 2022, the County recognized OPEB expense of \$521,213. At June 30, 2022, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 10,825	\$ (4,106,454)
Changes of assumptions	682,558	(878,859)
Total	\$ 693,383	\$ (4,985,313)

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:

		Deferred Outflows	Deferred Inflows
Year ending June 30,			
2023	\$	116,679	\$ (683,793)
2024		116,679	(683,793)
2025		116,679	(683,793)
2026		116,679	(683,794)
2027		116,676	(675,088)
Thereafter		109,991	(1,575,052)
Total	\$	693,383	\$ (4,985,313)

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

- City of Norfolk
- Roanoke City Schools Board

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

Benefit Amounts

The benefits payable under the GLI Program have several components.

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment calculation and is currently \$8,722.

Contributions

The contribution requirements for the GLI Program are governed by Sections 51.1-506 and § 51.1-508 of the Code, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

Contributions to the GLI Program from the County and School Board for the years ended June 30, 2022 and June 30, 2021 were as follows:

	Governmental Activities	Business-type Activities	Spotsylvania County School Board	Spotsylvania School Board Teacher Plan
Contributions for year ended June 30, 2022	\$ 322,837	\$ 45,881	\$ 52,951	\$ 780,912
Contributions for year ended June 30, 2021	296,243	41,546	52,490	738,954

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

At June 30, 2022, 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, 2021 and the total GLI OPEB liabilities used to calculate the net GLI OPEB liabilities were determined by actuarial valuations performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021, relative to the total of the actuarially determined employer contributions for all participating employers.

For the year ended June 30, 2022, the County and School Board recognized GLI OPEB expense as shown in the following table. Since there was a change in proportionate shares between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

Proportionate share of OPEB Liability and related OPEB Expense				
	County of Spotsylvania		Spotsylvania	Spotsylvania
	Governmental	Business-type	County School	County School
	Activities	Activities	Board	Board Teacher Plan
Net OPEB liability	\$ 3,089,889	\$ 439,133	\$ 556,522	\$ 7,710,504
OPEB expense	\$ 234,834	\$ 33,374	\$ 14,502	\$ 234,770
Proportion at June 30, 2021	0.30311%	0.30311%	0.04780%	0.66226%
Proportion at June 30, 2020	0.28328%	0.28328%	0.05005%	0.67056%

At June 30, 2022, the County and School Board reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

OPEB Deferred Outflows of Resources and Deferred Inflows of Resources				
	County of Spotsylvania		Spotsylvania	Spotsylvania
	Governmental	Business-type	County School	County School
	Activities	Activities	Board	Board Teacher Plan
Deferred outflows				
Differences between expected and actual experience	\$ 352,412	\$ 50,085	\$ 63,473	\$ 879,410
Net difference between projected and actual earnings on OPEB plan investments	-	-	-	-
Change in assumptions	170,345	24,209	30,681	425,078
Changes in proportionate share	414,793	58,950	9,999	86,017
Total deferred outflows	\$ 937,550	\$ 133,244	\$ 104,153	\$ 1,390,505
Deferred inflows				
Differences between expected and actual experience	\$ (23,543)	\$ (3,346)	\$ (4,240)	\$ (58,750)
Net difference between projected and actual earnings on OPEB plan investments	(737,490)	(104,812)	(132,830)	(1,840,332)
Change in assumptions	(422,763)	(60,083)	(76,144)	(1,054,961)
Change in proportionate share	-	-	(36,062)	(296,713)
Total deferred inflows	\$ (1,183,796)	\$ (168,241)	\$ (249,276)	\$ (3,250,756)

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net GLI OPEB liabilities in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in GLI OPEB expense in future reporting periods as follows:

Deferred Outflows of Resources and Deferred Inflows of Resources Maturities				
	County of Spotsylvania		Spotsylvania	Spotsylvania
	Governmental	Business-type	County School	County School
	Activities	Activities	Board	Board Teacher
				Plan
Year ending June 30,				
2023	\$ (43,030)	\$ (6,115)	\$ (34,765)	\$ (459,533)
2024	(15,341)	(2,180)	(27,599)	(361,358)
2025	(30,919)	(4,394)	(25,021)	(318,771)
2026	(160,513)	(22,812)	(44,797)	(590,729)
2027	3,557	504	(12,941)	(129,860)
Thereafter	-	-	-	-
	\$ (246,246)	\$ (34,997)	\$ (145,123)	\$ (1,860,251)
OPEB actuarial differences:				
Total deferred outflows	\$ 937,550	\$ 133,244	\$ 104,153	\$ 1,390,505
Total deferred inflows	(1,183,796)	(168,241)	(249,276)	(3,250,756)
	\$ (246,246)	\$ (34,997)	\$ (145,123)	\$ (1,860,251)

Actuarial Assumptions

The total GLI OPEB liability was based on actuarial valuations as of June 30, 2020, 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, 2021.

GLI Plan Actuarial Assumptions			
	Locality - General Employees	Locality - Hazardous Duty Employees	Teacher Plan
Assumptions used in calculations:			
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation		
Mortality tables:			
Pre-retirement	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 Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally, males set forward 1 year; 105% of rates for females
Post-Disability	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females.

Beneficiaries and Survivors	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all • Withdrawal rates adjusted to better fit experience at each age and service year • Disability rates no change • Discount rate no change 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 • Retirement rates adjusted to better fit experience and changed final retirement age from 65 to 70 • Withdrawal rates changed from rates based on age and service to rates based on service only to better fit experience and be more consistent with Locals Top 10 Hazardous Duty • Disability rates no change • Discount rate no change 	<ul style="list-style-type: none"> • Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020 • Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates no change • Discount rate no change

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, 2021, the net OPEB liability amounts for the GLI Program are as follows (amounts expressed in thousands):

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

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

Long-Term Expected Rate of Return

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return*
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
Multit-Asset Public Strategies	6.00%	3.29%	0.20%
Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.69%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time providing a median return of 7.11%, including expected inflation of 2.50%.

Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between the actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by the County and School Board for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

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

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

	1.00% Lower (5.75%)	Current Discount Rate (6.75%)	1.00% Higher (7.75%)
GLI - County	\$ 5,156,031	\$ 3,529,023	\$ 2,215,141
GLI - School Board	\$ 813,099	\$ 556,522	\$ 349,325
GLI - School Board Teacher Plan	\$ 11,265,325	\$ 7,710,504	\$ 4,839,824

Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Payables to the VRS GLI OPEB Plan

The County and School Board reported the following payables for the outstanding amount of contributions to the VRS GLI OPEB Plans required for the year ended June 30, 2022.

GLI - County	\$ 78,201
GLI - School Board	5,020
GLI - School Board Teacher Plan	43,389
	<u>\$ 126,610</u>

7.10 SCHOOL BOARD VRS HEALTH INSURANCE CREDIT PROGRAM

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

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

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

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

Employees covered by benefit terms

As of the June 30, 2020, 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	65
Inactive members:	
Vested inactive members	4
Non-vested inactive members	0
Inactive members active elsewhere in the System	0
Total inactive members	69
Active members	419
Total covered employees	488

- 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, 2022, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan were \$1.8 million and \$1.7 million for the years ended June 30, 2022 and June 30, 2021, 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, 2022, was 0.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. 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 \$49,941 and \$47,200 for the years ended June 30, 2022 and June 30, 2021, 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 2021 Annual Comprehensive Financial Report. A copy of the 2021 VRS annual report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-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, 2021.

	Net HIC OPEB Liability
HIC - School Board Cost-Sharing Teacher Plan	\$ 19,825,496
HIC - Political Subdivision Agent Plan	521,253
	<u>\$ 20,346,749</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, 2021, the net OPEB liability amounts for the Plan, prior to each employers' allocation of their proportionate share, is as follows (amounts expressed in thousands):

	VRS Teacher Employee HIC OPEB Plan
Total Teacher Employee HIC OPEB Liability	\$ 1,477,874
Plan Fiduciary Net Position	194,305
Teacher Employee Net HIC OPEB Liability	<u>\$ 1,283,569</u>
Plan Fiduciary Net Position as a Percentage of the Total Teacher Employee HIC OPEB Liability	13.15%

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

At June 30, 2022, the School Board reported a liability of \$19.8 million for its proportionate share of the VRS Teacher Employer Health Insurance Credit Program Net OPEB Liability. The net OPEB liability was measured as of June 30, 2021 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 1.55% as compared to 1.57% at June 30, 2020.

Political Subdivision HIC Program

At June 30, 2022, the School Board's net Health Insurance Credit OPEB liability of \$0.5 million was measured as of June 30, 2021. The total Health Insurance Credit OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Actuarial Assumptions

The total HIC OPEB liabilities were based on actuarial valuations as of June 30, 2020, 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, 2021.

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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	<ul style="list-style-type: none">• Mortality rates updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.• Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan2/Hybrid; changed final retirement age from 75 to 80 for all• Withdrawal rates adjusted to better fit experience at each age and service decrement through 9 years of service.• Disability rates no change• Discount rate no change	<ul style="list-style-type: none">• Mortality Rates update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020• Retirement rates adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all• Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service• Disability rates no change• Discount rate no change

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

Long-Term Expected Rate of Return

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

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

Target Asset Allocation			
Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return
Public Equity	34.00%	5.00%	1.70%
Fixed income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
Multit-Asset Public Strategies	6.00%	3.29%	0.20%
Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
		Inflation	2.50%
		Expected arithmetic nominal return*	7.39%

*The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019 the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11% including expected inflation of 2.50%.

Discount Rate

Teacher Employee HIC Program

The discount rate used to measure the total Teacher Employee HIC OPEB liability was 6.75%. The projection of cash flow used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ending June 30, 2021, 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, 2021 on, all agencies are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total Teacher Employee HIC OPEB liability.

Political Subdivision HIC Program

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2021, the rate contributed by entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly, which was 100% of the actuarially determined contribution rate. For July 1, 2021, 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, 2021.

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, 2020	\$ 505,490	\$ -	\$ 505,490
Changes for the year:			
Service cost	13,892	-	13,892
Interest	34,120	-	34,120
Change in benefit terms	-	-	-
Changes in assumptions	21,622	-	21,622
Difference between expected and actual experience	1	-	1
Contributions - employer	-	47,200	(47,200)
Contributions - employee	-	-	-
Net investment income	-	6,883	(6,883)
Benefit payments, including refunds of employee contributions	(27)	(27)	-
Administrative expense	-	(211)	211
Other changes	-	-	-
Net changes	69,608	53,845	15,763
Balances at June 30, 2021	\$ 575,098	\$ 53,845	\$ 521,253

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

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

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

	1.00% Lower (5.75%)	Current Discount (6.75%)	1.00% Higher (7.75%)
HIC - School Board Teacher Plan*	\$ 22,318,014	\$ 19,825,496	\$ 17,716,232
HIC - Political Subdivision Plan	\$ 586,323	\$ 521,253	\$ 466,016

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

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

For the year ended June 30, 2022, the School Board recognized Political Subdivision HIC Program and Teacher Employee HIC Program OPEB expense of \$49,405 and \$1,450,010, respectively. Since there was a change in proportionate share between measurement dates, a portion of the Teacher Employee HIC program OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, 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				Total	
	School Board	Internal Service Fund		Teacher Employee HIC Program	Component unit School Board	
		Fleet Services	Total			
Deferred outflows - OPEB contributions:						
Employer contributions subsequent to the measurement date	\$ 46,500	\$ 3,441	\$ 49,941	\$ 1,748,911	\$ 1,798,852	
Deferred outflows - actuarial differences:						
Change of assumptions	\$ 16,569	\$ 1,226	\$ 17,795	\$ 535,919	\$ 553,714	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	117,722	117,722	
Total deferred outflows - actuarial differences:	\$ 16,569	\$ 1,226	\$ 17,795	\$ 653,641	\$ 671,436	
Deferred inflows - actuarial differences:						
Changes of assumptions	\$ -	\$ -	\$ -	\$ (79,677)	\$ (79,677)	
Net difference between expected and actual experience	-	-	-	(345,953)	(345,953)	
Net difference between projected and actual earnings on plan investments	(3,946)	(292)	(4,238)	(261,162)	(265,400)	
Changes in proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-	-	(695,251)	(695,251)	
Total deferred inflows - actuarial differences	\$ (3,946)	\$ (292)	\$ (4,238)	\$ (1,382,043)	\$ (1,386,281)	

Contributions subsequent to the measurement date will be recognized as a reduction of the respective net OPEB liabilities in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense in future reporting periods as follows:

Deferred Inflows and Outflows of Resources Related to OPEB						
Component unit - School Board						
Political Subdivision HIC Program						Total
Internal Service				Teacher		Component
Fund Fleet				Employee HIC		unit School
School Board	Fund Fleet	Services	Total	Program		Board
Fiscal year ended June 30,						
2023	\$ 2,576	\$ 191	\$ 2,767	\$ (188,874)		\$ (186,107)
2024	2,576	191	2,767	(191,840)		(189,073)
2025	2,576	191	2,767	(162,790)		(160,023)
2026	2,578	191	2,769	(101,910)		(99,141)
2027	2,317	170	2,487	(25,681)		(23,194)
Thereafter	-	-	-	(57,307)		(57,307)
	<u>\$ 12,623</u>	<u>\$ 934</u>	<u>\$ 13,557</u>	<u>\$ (728,402)</u>		<u>\$ (714,845)</u>
OPEB actuarial differences:						
Total deferred outflows	\$ 16,569	\$ 1,226	\$ 17,795	\$ 653,641		\$ 671,436
Total deferred inflows	(3,946)	(292)	(4,238)	(1,382,043)		(1,386,281)
	<u>\$ 12,623</u>	<u>\$ 934</u>	<u>\$ 13,557</u>	<u>\$ (728,402)</u>		<u>\$ (714,845)</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, 2022.

HIC - School Board Cost-Sharing Teacher Plan	\$	39,179
HIC - Political Subdivision Agent Plan		<u>1,785</u>
	\$	<u>40,964</u>

Note 8

Fund Balance

Fund Balance Classification				
	General Fund	Capital Projects	Other Governmental Funds	Total Governmental Funds
Non-spendable for:				
Leases	\$ 38,370	\$ -	\$ -	\$ 38,370
Total non-spendable fund balance	\$ 38,370	\$ -	\$ -	\$ 38,370
Restricted for:				
Special service district transportation	\$ -	\$ -	\$ 873,448	\$ 873,448
PRTC transportation funds	-	-	5,172,551	5,172,551
Transient occupancy - tourism	983,511	-	-	983,511
Available bond proceeds:				
Transportation	-	11,099,389	-	11,099,389
Facility maintenance & improvements	-	8,224,327	-	8,224,327
Other	-	1,520,744	-	1,520,744
Grant and other contributions:				
Forfeiture & seizure - drug enforcement	891,622	-	-	891,622
Fire & rescue equipment & personnel	1,610,571	-	-	1,610,571
Other	495,441	46,616	-	542,057
Total restricted fund balance	\$ 3,981,145	\$ 20,891,076	\$ 6,045,999	\$ 30,918,220
Committed for:				
Fiscal stability reserve	\$ 61,409,213	\$ -	\$ -	\$ 61,409,213
Health insurance reserve	5,301,417	-	-	5,301,417
LOSAP Benefits	2,033,600	-	-	2,033,600
Public safety line of duty benefits	500,000	-	-	500,000
Information technology	-	10,338,736	-	10,338,736
Fire & rescue facilities, equipment & service	-	3,921,244	582,598	4,503,842
Facility maintenance & improvements	-	4,140,815	-	4,140,815
Transportation	-	4,284,454	6,112,755	10,397,209
Parks & recreation projects	-	1,196,325	-	1,196,325
Solid waste management projects	-	3,802,989	-	3,802,989
Capital projects - various other	-	2,569,198	-	2,569,198
Capital projects - future budget	-	7,235,626	-	7,235,626
Total committed fund balance:	\$ 69,244,230	\$ 37,489,387	\$ 6,695,353	\$ 113,428,970
Assigned to:				
Carryover & FY23 use of fund balance:				
Education	\$ 5,925,365	\$ -	\$ -	\$ 5,925,365
Public safety	671,668	-	-	671,668
General government	782,331	-	-	782,331
Health & human services	52,841	-	-	52,841
Economic development	181,075	2,260,900	-	2,441,975
Public works	110,160	-	-	110,160
Transportation	1,400,000	-	-	1,400,000
Parks & recreation	199,498	-	-	199,498
Transfer to Capital Projects	9,560,728	-	-	9,560,728
School Board pay study & scales	5,689,272	-	-	5,689,272
Various other	600,935	-	9,858	610,793
OPEB reserve	9,248,065	85,267	1,941,382	11,274,714
Future community center	629,800	-	-	629,800
Kalahari Incentive	1,200,000	-	-	1,200,000
School health insurance reserve	16,468,082	-	-	16,468,082
Economic opportunities reserve	2,000,000	-	-	2,000,000
Code compliance services	-	-	4,969,057	4,969,057
Total assigned fund balance:	\$ 54,719,820	\$ 2,346,167	\$ 6,920,297	\$ 63,986,284
Unassigned*:	\$ 19,379,625	\$ -	\$ -	\$ 19,379,625
Total fund balance:	\$ 147,363,190	\$ 60,726,630	\$ 19,661,649	\$ 227,751,469

* 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 \$2.9 million and \$29.3 million, respectively, at June 30, 2022. The School Board has construction project commitments of \$3.8 million at June 30, 2022.

Bonds authorized at June 30, 2022 but not issued are as follows:

Public safety	\$	49,336,115
Schools		149,786,459
Transportation		222,701,960
	\$	<u>421,824,534</u>

9.02 CONTINGENCIES

Grants

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

Litigation

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

Note 10

Tax Incentives

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

For fiscal year ended June 30, 2022, the County reimbursed various business taxes totaling \$.6 million, including the following agreements that individually exceeded \$500,000 in total tax expected to be refunded over the life of the agreement:

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to \$900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of \$90,000. In the event of non-compliance, all payments are subject to recapture. For the year ending June 30, 2022, the County reimbursed \$43,763.
- 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, 2022, the County reimbursed \$365,873.

- 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, 2022, the County reimbursed \$137,384.
- On May 24, 2022, the County entered into an agreement with an entertainment company to incentivize the construction of a family resort and convention center with approximately 1.38 million square feet of commercial space to include a 900-room hotel; 156,278-square foot convention center; 267,429-square foot indoor waterpark & family entertainment center; multiple restaurant and retail facilities; and a 10-acre outdoor resort pool/waterpark; creating more than 1,000 local jobs. The property is located in a growth-designated area with a focus on tourism. Once the waterpark opens, it is expected to generate nearly \$ 7 million a year in tax revenue in excess of the tax incentives for Spotsylvania County. At build out, Kalahari Resort is projected to be the single largest taxpayer in the county.

As part of this agreement the County has agreed to reimburse the developer 100% of business tangible property taxes, 3% of meals taxes collected, 100% of business license fees, and 5% of transient occupancy tax collected over a twenty-year period. The twenty-year period will begin when the occupancy permit has been issued. Various levels of non-compliance and recapture are in place to protect the County's investment. The project is expected to open no later than June 30, 2028. The County's early projections estimate approximately \$150.9 million in incentives will be paid out over the twenty year period. For the year ended June 20, 2022, there were no qualifying reimbursements.

Note 11

Risk Management

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

Health Insurance Plan

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

The County and School Board have reserved \$5.3 million and \$16.5 million, respectively, of fund balance at June 30, 2022 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>				
2022	\$ 1,938,748	\$ 16,164,139	\$ 16,256,718	\$ 1,846,169
2021	2,080,716	14,483,375	14,625,343	1,938,748
<i>Component unit - School Board</i>				
2022	\$ 4,719,531	\$ 45,754,378	\$ 45,428,005	\$ 5,045,904
2021	4,813,849	44,275,443	44,369,761	4,719,531

Primary Government:

Governmental	\$ 1,670,863
Business-type	175,306
	<u>\$ 1,846,169</u>

Property and Casualty*Spotsylvania County & School Board*

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

Line of Duty Benefits*Spotsylvania County*

The Line of Duty Act (LODA) provides important benefits to public safety officers and public safety volunteers and their beneficiaries due to death or disability resulting from performance of their duties. The County has contracted with VACoRP to administer the Plan and is charged a minimal premium to cover the risk of any claims above the \$500,000 deductible. The amount of the deductible has been allocated as committed fund balance in the General Fund as of June 30, 2022.

Note 12**Interjurisdictional Agreements**

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

Joint-Use Water Facilities

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

Joint-Use Wastewater Facilities

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

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

Note 13**Joint Ventures****13.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION**

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

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

The County is required to fund its share of administrative expenses and subsidies, which includes both the existing VRE related debt service and any new VRE related debt service as authorized by the County. For fiscal year 2022, the County received \$6.2 million in Motor Fuel Tax and paid \$.5 million in subsidies. As of June 30, 2022, the PRTC holds \$5.2 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, 2022 totaled \$6.4 million.

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

13.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2022 of \$1.1 million.

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

Note 14

Jointly Governed Organizations

14.01 CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the Code, as amended. Member jurisdictions are the City of Fredericksburg and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional Library Board consisting of one representative from the County of Westmoreland and two representatives each from the remaining jurisdictions. The Regional Library Board is empowered to budget and expend funds and to execute contracts. For the year ended June 30, 2022, the County's appropriation to the Library was \$4.3 million.

Note 15

Subsequent Events

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

On November 1, 2022, the County issued \$65.3 million in Water and Sewer Revenue Bonds, Series 2022, with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning December 1, 2023 until final maturity on December 1, 2047. Net bond proceeds of \$67.7 million (adjusted for premium of \$2.8 million and payment of \$0.4 million in issuance costs) will be used to reimburse the County for costs related to water and sewer infrastructure projects to be financed with such proceeds.



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



REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA

Required Supplementary Information - Budgetary Comparison Schedule - General Fund

For the Year Ended June 30, 2022

Exhibit X - Page 1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 193,283,766	\$ 193,283,766	\$ 198,432,134	\$ 5,148,368
Other local taxes	52,289,000	52,289,000	63,035,272	10,746,272
Permits, fees and regulatory licenses	218,200	218,200	236,964	18,764
Fines and forfeitures	525,500	525,500	275,326	(250,174)
From use of money and property	1,893,771	1,953,286	(1,060,415)	(3,013,701)
Charges for services	5,273,854	5,282,029	6,015,773	733,744
Gifts and donations	41,425	85,807	137,375	51,568
Miscellaneous	72,500	72,500	330,546	258,046
Intergovernmental	44,075,061	46,684,318	44,077,977	(2,606,341)
Total revenues	\$ 297,673,077	\$ 300,394,406	\$ 311,480,952	\$ 11,086,546
EXPENDITURES				
Current:				
General government	\$ 17,853,211	\$ 19,063,151	\$ 16,313,396	\$ 2,749,755
Judicial administration	9,674,319	10,471,287	9,971,635	499,652
Public safety	66,865,362	71,689,690	68,217,965	3,471,725
Public works	9,457,091	9,859,072	9,731,786	127,286
Health and human services	30,690,892	31,590,947	26,013,827	5,577,120
Education	132,470,587	141,908,030	135,754,166	6,153,864
Parks, recreation and cultural	8,018,332	8,066,303	7,545,252	521,051
Community development	5,061,308	5,655,803	4,021,501	1,634,302
Non-departmental	1,583,000	1,583,000	1,927,164	(344,164)
Debt service:				
Bonded debt:				
Principal retirement	7,617,755	7,423,645	7,061,189	362,456
Interest and other fiscal charges	2,298,898	2,349,288	2,374,423	(25,135)
Bond issuance costs	-	81,021	81,861	(840)
Right to use leased assets:				
Principal retirement	-	-	88,883	(88,883)
Interest and other fiscal charges	-	-	2,456	(2,456)
Total expenditures	\$ 291,590,755	\$ 309,741,237	\$ 289,105,504	\$ 20,635,733
Excess of revenues over expenditures	\$ 6,082,322	\$ (9,346,831)	\$ 22,375,448	\$ 31,722,279
Other financing uses:				
Transfers out	\$ (10,649,135)	\$ (10,725,366)	\$ (10,098,846)	\$ 626,520
Refunding bonds issued	-	8,088,391	8,167,731	79,340
Premium on refunding bonds issued	-	1,420,743	1,342,244	(78,499)
Payment to escrow for refunded bonds	-	(9,428,114)	(9,428,114)	-
Lease liabilities issued	-	-	403,419	403,419
Total other financing uses	\$ (10,649,135)	\$ (10,644,346)	\$ (9,613,566)	\$ 1,030,780
Net change in fund balances	\$ (4,566,813)	\$ (19,991,177)	\$ 12,761,882	\$ 32,753,059
Fund balance, beginning	4,566,813	19,991,177	132,567,708	112,576,531
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 145,329,590</u>	<u>\$ 145,329,590</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, 2022

Exhibit X - Page 2

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

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

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

	Budgetary Basis (Exh X)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	\$ (1,060,415)	\$ -	\$ 69,919	\$ (990,496)
EXPENDITURES				
Current:				
Public safety	68,217,965	-	72,845	68,290,810
Education	135,754,166	(10,004,302)	-	125,749,864
Debt service:				
Principal retirement	7,061,189	21,423,618	-	28,484,807
Interest and other charges	2,374,423	6,690,212	-	9,064,635
Bond issuance costs	81,861	372,199	-	454,060
Other financing sources (uses):				
Issuance of bonds	-	15,580,000	-	15,580,000
Premium on bonds issued	-	2,693,673	-	2,693,673
Refunding bonds issued	8,167,731	23,834,568	-	32,002,299
Premium on refunding bonds issued	1,342,244	4,250,422	-	5,592,666
Payment to escrow for refunded bonds	(9,428,114)	(27,876,936)	-	(37,305,050)
Total reconciling adjustments:		\$ -	\$ (2,926)	

Net change in fund balances (Exh X & IV):	\$ 12,761,882	\$ -	\$ (2,926)	\$ 12,758,956
Fund balance, beginning (Exh X & IV)	<u>132,567,708</u>	<u>-</u>	<u>2,036,526</u>	<u>134,604,234</u>
Fund balance, ending (Exh X & IV)	<u>\$ 145,329,590</u>	<u>\$ -</u>	<u>\$ 2,033,600</u>	<u>\$ 147,363,190</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XI - Page 1

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	\$ 7,209	\$ 6,468	\$ 5,931	\$ 5,549	\$ 5,654	\$ 5,450	\$ 5,405	\$ 5,123		
Interest	14,387	13,530	12,564	11,745	11,029	10,191	9,544	8,849		
Differences between actual and expected experience	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	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,263)	(3,827)		
Net change in total pension liability	35,186	12,854	21,281	12,016	10,555	11,909	9,920	10,145		
Total pension liability - beginning	217,006	204,152	182,871	170,855	160,300	148,391	138,471	128,326		
Total pension liability - ending	<u>\$ 252,192</u>	<u>\$ 217,006</u>	<u>\$ 204,152</u>	<u>\$ 182,871</u>	<u>\$ 170,855</u>	<u>\$ 160,300</u>	<u>\$ 148,391</u>	<u>\$ 138,471</u>		
Plan fiduciary net position										
Contributions - employer	\$ 6,466	\$ 5,337	\$ 4,991	\$ 4,680	\$ 4,437	\$ 4,762	\$ 4,631	\$ 4,736		
Contributions - employee	3,028	2,824	2,721	2,507	2,443	2,303	2,246	2,165		
Net investment income	51,290	3,506	11,453	11,629	17,039	2,399	5,869	17,024		
Benefit payments, including refunds of employee contributions	(7,740)	(7,430)	(6,781)	(6,142)	(5,462)	(5,605)	(4,262)	(3,827)		
Administrative expense	(122)	(115)	(108)	(97)	(95)	(82)	(76)	(88)		
Other	5	(4)	(7)	(10)	(15)	(1)	(1)	1		
Net change in plan fiduciary net position	52,927	4,118	12,269	12,567	18,347	3,776	8,407	20,011		
Plan fiduciary net position - beginning	185,488	181,370	169,101	156,534	138,187	134,411	126,004	105,993		
Plan fiduciary net position - ending	<u>\$ 238,415</u>	<u>\$ 185,488</u>	<u>\$ 181,370</u>	<u>\$ 169,101</u>	<u>\$ 156,534</u>	<u>\$ 138,187</u>	<u>\$ 134,411</u>	<u>\$ 126,004</u>		
County's net pension liability-ending	<u>\$ 13,777</u>	<u>\$ 31,518</u>	<u>\$ 22,782</u>	<u>\$ 13,770</u>	<u>\$ 14,321</u>	<u>\$ 22,113</u>	<u>\$ 13,980</u>	<u>\$ 12,467</u>		
Plan fiduciary net position as a % of the total pension liability	94.5%	85.5%	88.8%	92.5%	91.6%	86.2%	90.6%	91.0%		
Covered payroll	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942	\$ 43,592		
County's net pension liability as a % of covered payroll	22.1%	54.1%	42.2%	27.2%	30.2%	48.7%	31.8%	28.6%		

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XI - Page 2

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XII - Page 1

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service cost	\$ 950	\$ 973	\$ 937	\$ 954	\$ 948	\$ 993	\$ 1,024	\$ 1,057		
Interest	2,266	2,136	2,065	1,972	1,906	1,846	1,760	1,662		
Difference between expected and actual experience	257	510	(112)	(59)	(148)	(454)	(156)	-		
Change in assumptions	978	-	862	-	(213)	-	-	-		
Benefit payments, including refunds of employee contributions	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)		
Net change in total pension liability	2,726	1,979	2,177	1,359	898	918	1,307	1,404		
Total pension liability - beginning	34,439	32,460	30,283	28,924	28,026	27,108	25,801	24,397		
Total pension liability - ending	\$ 37,165	\$ 34,439	\$ 32,460	\$ 30,283	\$ 28,924	\$ 28,026	\$ 27,108	\$ 25,801		
Plan fiduciary net position										
Contributions - employer	\$ 588	\$ 597	\$ 574	\$ 587	\$ 584	\$ 729	\$ 762	\$ 872		
Contributions - employee	451	483	460	446	446	443	448	444		
Net investment income	8,627	607	2,004	2,097	3,135	447	1,128	3,363		
Benefit payments, including refunds of employee contributions	(1,725)	(1,640)	(1,575)	(1,508)	(1,595)	(1,467)	(1,321)	(1,315)		
Administrative expense	(22)	(21)	(20)	(18)	(18)	(16)	(16)	(18)		
Other	1	(1)	(1)	(2)	(3)	-	-	-		
Net change in plan fiduciary net position	7,920	25	1,442	1,602	2,549	136	1,001	3,346		
Plan fiduciary net position - beginning	31,636	31,611	30,169	28,567	26,018	25,882	24,881	21,535		
Plan fiduciary net position - ending	\$ 39,556	\$ 31,636	\$ 31,611	\$ 30,169	\$ 28,567	\$ 26,018	\$ 25,882	\$ 24,881		
School Board's net pension liability (asset) - ending	\$ (2,391)	\$ 2,803	\$ 849	\$ 114	\$ 357	\$ 2,008	\$ 1,226	\$ 920		
Plan fiduciary net position as a % of the total pension liability	106.43%	91.86%	97.38%	99.62%	98.77%	92.84%	95.48%	96.43%		
Covered payroll	\$ 9,833	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042	\$ 8,922		
School Board's net pension liability (asset) as a % of covered payroll	(24.32%)	27.21%	8.75%	1.22%	3.90%	22.13%	13.56%	10.31%		

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XII - Page 2

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XIII - Page 1

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability	1.54457%	1.57287%	1.58065%	1.56580%	1.59753%	1.62648%	1.62945%	1.62056%		
Proportionate share of the net pension liability	\$ 119,866	\$ 228,939	\$ 208,023	\$ 184,137	\$ 196,464	\$ 227,937	\$ 205,089	\$ 195,840		
Covered payroll	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089	\$ 118,052		
Proportionate share of the net pension liability as a % of its covered payroll	87.75%	166.03%	157.18%	145.56%	156.21%	183.83%	169.37%	165.89%		
Plan fiduciary net position as a % of the total pension liability	85.46%	71.47%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%		

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XIII - Page 2

Notes to Schedule

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

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

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

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

Exhibit XIV

(Amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County of Spotsylvania										
Contractually required contribution	\$ 7,365	\$ 6,754	\$ 5,580	\$ 5,167	\$ 4,813	\$ 4,516	\$ 4,806	\$ 4,649		
Contribution in relation to the contractually required contribution	(7,365)	(6,754)	(5,580)	(5,167)	(4,813)	(4,516)	(4,806)	(4,649)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered payroll	\$ 68,128	\$ 62,479	\$ 58,248	\$ 53,936	\$ 50,613	\$ 47,488	\$ 45,430	\$ 43,942		
Contributions as a percentage of covered payroll	10.81%	10.81%	9.58%	9.58%	9.51%	9.51%	10.58%	10.58%		
Spotsylvania County School Board										
Contractually required contribution	\$ 679	\$ 659	\$ 649	\$ 611	\$ 616	\$ 607	\$ 741	\$ 739		
Contribution in relation to the contractually required contribution	(679)	(659)	(649)	(611)	(616)	(607)	(741)	(739)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered payroll	\$ 10,131	\$ 9,834	\$ 10,300	\$ 9,705	\$ 9,307	\$ 9,163	\$ 9,075	\$ 9,042		
Contributions as a percentage of covered payroll	6.70%	6.70%	6.30%	6.30%	6.62%	6.62%	8.17%	8.17%		
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 23,931	\$ 22,703	\$ 21,621	\$ 20,751	\$ 20,645	\$ 18,438	\$ 17,433	\$ 17,558		
Contribution in relation to the contractually required contribution	(23,931)	(22,703)	(21,621)	(20,751)	(20,645)	(18,438)	(17,433)	(17,558)		
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Covered payroll	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,501	\$ 125,768	\$ 123,993	\$ 121,089		
Contributions as a percentage of covered payroll	16.62%	16.62%	15.68%	15.68%	16.32%	14.66%	14.06%	14.50%		

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

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

Last Ten Fiscal Years

Exhibit XV - Page 1

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
County of Spotsylvania										
Proportion of the net OPEB GLI liability	0.30311%	0.28328%	0.27529%	0.26618%	0.25793%					
Proportionate share of the net OPEB GLI liability	\$ 3,529	\$ 4,728	\$ 4,480	\$ 4,043	\$ 3,881					
Covered payroll	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576					
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.64%	8.11%	8.30%	7.99%	8.16%					
Plan fiduciary net position as a % of the total OPEB GLI liability	67.45%	52.64%	52.00%	51.22%	48.86%					
Spotsylvania County School Board										
Proportion of the net OPEB GLI liability	0.04780%	0.05005%	0.04959%	0.04896%	0.04992%					
Proportionate share of the net OPEB GLI liability	\$ 557	\$ 835	\$ 807	\$ 743	\$ 751					
Covered payroll	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208					
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.64%	8.11%	8.30%	7.98%	8.16%					
Plan fiduciary net position as a % of the total OPEB GLI liability	67.45%	52.64%	52.00%	51.22%	48.86%					
Spotsylvania County School Board - Teacher Plan										
Proportion of the net OPEB GLI liability	0.66226%	0.67056%	0.67560%	0.66528%	0.68283%					
Proportionate share of the net OPEB GLI liability	\$ 7,711	\$ 11,191	\$ 10,994	\$ 10,104	\$ 10,276					
Covered payroll	\$ 136,732	\$ 138,005	\$ 132,441	\$ 126,501	\$ 125,950					
Proportionate share of the net OPEB GLI liability as a % of its covered payroll	5.64%	8.11%	8.30%	7.99%	8.16%					
Plan fiduciary net position as a % of the total OPEB GLI liability	67.45%	52.64%	52.00%	51.22%	48.86%					

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XV - Page 2

Notes to Schedule

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

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

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

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

Last Ten Fiscal Years

Exhibit XVI

(Amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
County of Spotsylvania										
Contractually required contribution	\$ 369	\$ 338	\$ 303	\$ 281	\$ 263	\$ 247	\$ 241	\$ 233	\$ 222	\$ 213
Contribution in relation to the contractually required contribution	<u>\$ (369)</u>	<u>\$ (338)</u>	<u>\$ (303)</u>	<u>\$ (281)</u>	<u>\$ (263)</u>	<u>\$ (247)</u>	<u>\$ (241)</u>	<u>\$ (233)</u>	<u>\$ (222)</u>	<u>\$ (213)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 68,274	\$ 62,581	\$ 58,300	\$ 53,966	\$ 50,613	\$ 47,576	\$ 45,440	\$ 43,948	\$ 41,844	\$ 40,150
Contributions as a % of covered payroll	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%
Spotsylvania County School Board										
Contractually required contribution	\$ 55	\$ 53	\$ 54	\$ 51	\$ 48	\$ 48	\$ 48	\$ 48	\$ 47	\$ 48
Contribution in relation to the contractually required contribution	<u>\$ (55)</u>	<u>\$ (53)</u>	<u>\$ (54)</u>	<u>\$ (51)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (48)</u>	<u>\$ (47)</u>	<u>\$ (48)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 10,154	\$ 9,869	\$ 10,301	\$ 9,721	\$ 9,309	\$ 9,208	\$ 9,092	\$ 9,073	\$ 8,916	\$ 9,007
Contributions as a % of covered payroll	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 778	\$ 738	\$ 718	\$ 689	\$ 658	\$ 655	\$ 658	\$ 643	\$ 629	\$ 640
Contribution in relation to the contractually required contribution	<u>\$ (778)</u>	<u>\$ (738)</u>	<u>\$ (718)</u>	<u>\$ (689)</u>	<u>\$ (658)</u>	<u>\$ (655)</u>	<u>\$ (658)</u>	<u>\$ (643)</u>	<u>\$ (629)</u>	<u>\$ (640)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 144,081	\$ 136,732	\$ 138,005	\$ 132,440	\$ 126,501	\$ 125,950	\$ 124,222	\$ 121,231	\$ 118,759	\$ 120,819
Contributions as a % of covered payroll	0.54%	0.54%	0.52%	0.52%	0.52%	0.52%	0.48%	0.48%	0.48%	0.48%

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XVII - Page 1

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total HIC OPEB liability										
Service cost	\$ 14	\$ -								
Interest	34	-								
Change in benefit terms	-	505								
Differences between actual and expected experience	-	-								
Changes of assumptions	22	-								
Benefit payments	-	-								
Net change in total HIC OPEB liability	<u>70</u>	<u>505</u>								
Total HIC OPEB liability - beginning	<u>505</u>	<u>-</u>								
Total HIC OPEB liability - ending	<u><u>\$ 575</u></u>	<u><u>\$ 505</u></u>								
Plan fiduciary net position										
Contributions - employer	\$ 47	\$ -								
Contributions - employee	-	-								
Net investment income	7	-								
Benefit payments	-	-								
Administrative expense	-	-								
Other	-	-								
Net change in plan fiduciary net position	<u>54</u>	<u>-</u>								
Plan fiduciary net position - beginning	<u>-</u>	<u>-</u>								
Plan fiduciary net position - ending	<u><u>\$ 54</u></u>	<u><u>\$ -</u></u>								
School Board's net HIC OPEB liability-ending	<u><u>\$ 521</u></u>	<u><u>\$ 505</u></u>								
Plan fiduciary net position as a % of the total HIC OPEB liability	9.39 %	-								
Covered payroll	\$ 9,833	\$ 10,301								
School Board's net HIC OPEB liability as a % of covered payroll	5.30%	4.90%								

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XVII - Page 2

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XVIII

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net HIC OPEB liability	1.54456%	1.57285%	1.57784%	1.56262%	1.59468%					
Proportionate share of the net HIC OPEB liability	\$ 19,826	\$ 20,518	\$ 20,655	\$ 19,841	\$ 20,231					
Covered payroll	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852					
Proportionate share of the net HIC OPEB liability as a % of its covered payroll	14.51%	14.88%	15.61%	15.70%	16.08%					
Plan fiduciary net position as a % of the total HIC OPEB liability	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, 2020 valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions are as follows:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of Employer Health Insurance Credit Contributions

Last Ten Fiscal Years

Exhibit XIX

(Amounts in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Spotsylvania County School Board Plan										
Contractually required contribution	\$ 49	\$ 47								
Contribution in relation to contractually required contribution	<u>(49)</u>	<u>(47)</u>								
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>								
Employer's covered payroll	\$ 10,131	\$ 9,833								
Contributions as a % of covered payroll	0.48%	0.48%								
Spotsylvania County School Board - Teacher Plan										
Contractually required contribution	\$ 1,742	\$ 1,653	\$ 1,655	\$ 1,588	\$ 1,554	\$ 1,548	\$ 1,463	\$ 1,430	\$ 1,387	\$ 1,391
Contribution in relation to contractually required contribution	<u>(1,742)</u>	<u>(1,653)</u>	<u>(1,655)</u>	<u>(1,588)</u>	<u>(1,554)</u>	<u>(1,548)</u>	<u>(1,463)</u>	<u>(1,430)</u>	<u>(1,387)</u>	<u>(1,391)</u>
Contribution (deficiency)/excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Employer's covered payroll	\$ 143,991	\$ 136,600	\$ 137,888	\$ 132,344	\$ 126,375	\$ 125,852	\$ 124,013	\$ 121,149	\$ 118,512	\$ 118,901
Contributions as a % of covered payroll	1.21%	1.21%	1.20%	1.20%	1.23%	1.11%	1.06%	1.06%	1.11%	1.11%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XX

(Amounts in thousands)

Measurement Date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability										
Service cost	\$ 3,423	\$ 3,308	\$ 2,903	\$ 4,623	\$ 4,412					
Interest	2,170	2,547	3,230	5,285	4,451					
Changes of benefit items	-	-	-	(32,422)	-					
Changes of assumptions	(21,664)	(304)	18,204	(18,446)	(9,319)					
Differences between actual and expected experience	-	(18,796)	-	11,850	-					
Benefit payments	(2,117)	(1,490)	(1,757)	(2,270)	(1,454)					
Net change in total OPEB liability	(18,188)	(14,735)	22,580	(31,380)	(1,910)					
Total OPEB liability - beginning	98,087	112,822	90,242	121,622	123,532					
Total OPEB liability - ending	\$ 79,899	\$ 98,087	\$ 112,822	\$ 90,242	\$ 121,622					
Covered-employee payroll	\$ 76,951	\$ 69,498	\$ 64,777	\$ 60,082	\$ 55,194					
County's total OPEB liability as a % of covered-employee payroll	103.83%	141.14%	174.17%	150.20%	220.35%					

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

Notes to Schedule:

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

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

Changes in plan experience - No change.

Changes in assumptions

The June 30, 2022 actuarial valuation resulted in a \$21.6 million decrease in liability due to the increase in the discount rate from 2.16% to 3.54%.

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

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

Last Ten Fiscal Years

Exhibit XXI

(Amounts in thousands)

Measurement date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability										
Service cost	\$ 7,770	\$ 10,378	\$ 8,673	\$ 9,447	\$ 9,179	\$ 10,523				
Interest	3,566	7,273	8,207	8,743	8,413	7,155				
Difference between expected and actual experience	(1,985)	(135,177)	(2,827)	(20,301)	(2,920)	-				
Changes of assumptions	(48,299)	8,991	25,218	27,701	(3,475)	(27,679)				
Benefit payments	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)				
Net change in total OPEB liability	(42,199)	(112,268)	34,790	20,541	6,509	(14,497)				
Total OPEB liability - beginning	188,377	300,645	265,855	245,314	238,805	253,302				
Total OPEB liability - ending	\$ 146,178	\$ 188,377	\$ 300,645	\$ 265,855	\$ 245,314	\$ 238,805				
Plan fiduciary net position										
Contributions - employer	\$ 6,171	\$ 10,017	\$ 4,481	\$ 5,478	\$ 4,688	\$ 4,496				
Net investment income	(1,227)	1,269	124	208	299	357				
Benefit payments	(3,251)	(3,733)	(4,481)	(5,049)	(4,688)	(4,496)				
Administrative expense	(12)	(5)	(5)	(4)	(4)	(3)				
Net change in plan fiduciary net position	1,681	7,548	119	633	295	354				
Plan fiduciary net position - beginning	11,727	4,179	4,060	3,427	3,132	2,778				
Plan fiduciary net position - ending	\$ 13,408	\$ 11,727	\$ 4,179	\$ 4,060	\$ 3,427	\$ 3,132				
School Board's net OPEB liability-ending	\$ 132,770	\$ 176,650	\$ 296,466	\$ 261,795	\$ 241,887	\$ 235,673				
Plan fiduciary net position as a % of the total OPEB liability	9.17%	6.23%	1.39%	1.53%	1.40%	1.31%				
Covered-employee payroll	\$ 154,116	\$ 146,426	\$ 148,123	\$ 141,996	\$ 135,808	\$ 134,931				
School Board's net OPEB liability as a % of covered-employee payroll	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 2021 measurement date.

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

Changes in assumptions: The June 30, 2022 actuarial valuation resulted in a \$48.3 million dollar decrease in liability due to the increase of the discount rate from 1.92% to 3.99%.

Change in Discount Rate: 3.99% 1.92% 2.45% 3.13% 3.62% 3.58%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

Exhibit XXII

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Annual money-weighted rate of return, net of investment expense	(10.21%)	27.82%	3.06%	5.78%	9.58%	12.88%				

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XXIII

(Amounts in thousands)

Measurement Date:	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB liability										
Service cost	\$ 945	\$ 840	\$ 1,020	\$ 908	\$ 880					
Interest	143	152	284	274	240					
Differences between expected and actual experience	(1,728)	14	(3,752)	(29)	(39)					
Changes of assumptions	(756)	481	(261)	555	(40)					
Benefit payments	<u>(228)</u>	<u>(214)</u>	<u>(203)</u>	<u>(193)</u>	<u>(181)</u>					
Net change in total OPEB liability	<u>(1,624)</u>	<u>1,273</u>	<u>(2,912)</u>	<u>1,515</u>	<u>860</u>					
Total OPEB liability - beginning	<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>\$ 5,943</u>	<u>\$ 7,567</u>	<u>\$ 6,294</u>	<u>\$ 9,206</u>	<u>\$ 7,691</u>					
 Covered-employee payroll	 N/A	 N/A	 N/A	 N/A	 N/A					
County's total OPEB liability as a % of covered-employee payroll	 N/A	 N/A	 N/A	 N/A	 N/A					

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

Notes to Schedule:

There are no actuarially significant changes to benefit provisions.

Changes to Assumptions

Changes in discount rate: 3.69% 1.92% 2.45% 3.13% 3.62%

Assumptions were updated to match those used in the most recent Actuarial Valuation of the Line of Duty Act Fund for the Virginia Retirement System.

The medical trend was updated to the latest model released by the SOA.

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Exhibit XXIV

(Amounts in thousands)

Measurement date:	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total pension liability										
Service cost	\$ 128	\$ 90	\$ 85	\$ 93	\$ 147	\$ 109				
Interest	106	128	131	119	102	114				
Differences between actual and expected experience	(276)	10	(74)	(5)	46	6				
Change in assumptions	(238)	1,020	216	(43)	(469)	446				
Benefit payments, including refunds of employee contributions	(106)	(79)	(118)	(79)	(77)	(70)				
Net change in total pension liability	(386)	1,169	240	85	(251)	605				
Total pension liability - beginning	4,870	3,701	3,461	3,376	3,627	3,022				
Total pension liability - ending	<u>\$ 4,484</u>	<u>\$ 4,870</u>	<u>\$ 3,701</u>	<u>\$ 3,461</u>	<u>\$ 3,376</u>	<u>\$ 3,627</u>				
Covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				
Total pension liability as a % of covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A				

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

Notes to Schedule:

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

Change in discount rate: 2.16% 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, 2021 increased from 2% to 4%.

Mortality Table - RP 2014 Combined - Projected to 2021

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, 2022

Schedule A

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 39,600	\$ 39,600	\$ 45,951	\$ 6,351
From use of money and property	600,000	600,000	226,039	(373,961)
Gifts and donations	450,639	906,708	504,576	(402,132)
Miscellaneous	-	184,446	509,052	324,606
Intergovernmental	18,094	821,023	52,131	(768,892)
Total revenues	<u>\$ 1,108,333</u>	<u>\$ 2,551,777</u>	<u>\$ 1,337,749</u>	<u>\$ (1,214,028)</u>
EXPENDITURES				
Current:				
General government	\$ 178,237	\$ 180,869	\$ 178,762	\$ 2,107
Capital projects	18,813,758	74,477,433	19,886,074	54,591,359
Debt service:				
Bond issuance costs	-	134,020	119,965	14,055
Total expenditures	<u>\$ 18,991,995</u>	<u>\$ 74,792,322</u>	<u>\$ 20,184,801</u>	<u>\$ 54,607,521</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (17,883,662)</u>	<u>\$ (72,240,545)</u>	<u>\$ (18,847,052)</u>	<u>\$ 53,393,493</u>
Other financing sources:				
Transfers in	\$ 11,784,530	\$ 11,860,761	\$ 11,952,170	\$ 91,409
Issuance of bonds	-	12,365,000	12,365,000	-
Premium on bonds issued	-	2,245,995	2,245,995	-
Total other financing sources	<u>\$ 11,784,530</u>	<u>\$ 26,471,756</u>	<u>\$ 26,563,165</u>	<u>\$ 91,409</u>
Net change in fund balances	<u>\$ (6,099,132)</u>	<u>\$ (45,768,789)</u>	<u>\$ 7,716,113</u>	<u>\$ 53,484,902</u>
Fund balance, beginning	<u>6,099,132</u>	<u>45,768,789</u>	<u>53,010,517</u>	<u>7,241,728</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,726,630</u>	<u>\$ 60,726,630</u>

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OTHER GOVERNMENTAL FUNDS

Nonmajor funds:

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Balance Sheet - Other Governmental Funds

June 30, 2022

Schedule B-1

	Fire/EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
ASSETS				
Cash and investments - pooled equity	\$ 118,389	\$ 7,610,754	\$ 7,364,606	\$ 15,093,749
Receivables, net	506,034	18	5,788,610	6,294,662
Restricted cash and investments	-	-	862,267	862,267
Total assets	<u>\$ 624,423</u>	<u>\$ 7,610,772</u>	<u>\$ 14,015,483</u>	<u>\$ 22,250,678</u>
LIABILITIES				
Accounts payable	\$ 352	\$ 425,469	\$ 6,544	\$ 432,365
Accrued salaries and benefits	-	192,428	21,972	214,400
Other accrued liabilities	-	125,278	-	125,278
Deposits	-	153,465	1,031,587	1,185,052
Total liabilities	<u>\$ 352</u>	<u>\$ 896,640</u>	<u>\$ 1,060,103</u>	<u>\$ 1,957,095</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue:				
Property taxes	\$ -	\$ -	\$ 590,461	\$ 590,461
Other revenues	41,473	-	-	41,473
Total deferred inflows of resources	<u>\$ 41,473</u>	<u>\$ -</u>	<u>\$ 590,461</u>	<u>\$ 631,934</u>
FUND BALANCE				
Restricted	\$ -	\$ -	\$ 6,045,999	\$ 6,045,999
Committed	582,598	-	6,112,755	6,695,353
Assigned	-	6,714,132	206,165	6,920,297
Total fund balances	<u>\$ 582,598</u>	<u>\$ 6,714,132</u>	<u>\$ 12,364,919</u>	<u>\$ 19,661,649</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 624,423</u>	<u>\$ 7,610,772</u>	<u>\$ 14,015,483</u>	<u>\$ 22,250,678</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Schedule B-2

	Fire / EMS Service Fee Fund	Code Compliance Fund	Transportation Fund	Total Other Governmental Funds
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,303,216	\$ 1,303,216
Other local taxes	-	-	6,266,520	6,266,520
Permits, fees and regulatory licenses	-	7,504,844	23,980	7,528,824
From use of money and property	-	-	17,512	17,512
Charges for services	3,205,514	374,372	-	3,579,886
Total revenues	<u>\$ 3,205,514</u>	<u>\$ 7,879,216</u>	<u>\$ 7,611,228</u>	<u>\$ 18,695,958</u>
EXPENDITURES				
Current:				
Public safety	-	2,782,290	-	2,782,290
Public works	-	-	71,442	71,442
Community development	-	4,349,230	1,290,026	5,639,256
Debt service:				
Bonded debt:				
Principal retirement	-	-	3,535,193	3,535,193
Interest and other fiscal charges	-	-	1,510,617	1,510,617
Bond issuance costs	-	-	18,439	18,439
Right to use leased assets:				
Principal retirement	-	8,814	-	8,814
Interest and other charges	-	121	-	121
Total expenditures	<u>\$ -</u>	<u>\$ 7,140,455</u>	<u>\$ 6,425,717</u>	<u>\$ 13,566,172</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 3,205,514</u>	<u>\$ 738,761</u>	<u>\$ 1,185,511</u>	<u>\$ 5,129,786</u>
Other financing sources (uses):				
Transfers in (out)	\$ (3,092,970)	\$ (94,340)	\$ 1,400,000	\$ (1,787,310)
Refunding bonds issued	-	-	1,512,701	1,512,701
Premium on refunding bonds issued	-	-	372,295	372,295
Payment to escrow for refunded bonds	-	-	(1,866,557)	(1,866,557)
Lease liabilities issued	-	23,428	-	23,428
Total other financing sources (uses), net	<u>\$ (3,092,970)</u>	<u>\$ (70,912)</u>	<u>\$ 1,418,439</u>	<u>\$ (1,745,443)</u>
Net change in fund balances	<u>\$ 112,544</u>	<u>\$ 667,849</u>	<u>\$ 2,603,950</u>	<u>\$ 3,384,343</u>
Fund balance, beginning	<u>470,054</u>	<u>6,046,283</u>	<u>9,760,969</u>	<u>16,277,306</u>
Fund balance, ending	<u>\$ 582,598</u>	<u>\$ 6,714,132</u>	<u>\$ 12,364,919</u>	<u>\$ 19,661,649</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Fire/EMS Service Fee Fund

For the Year Ended June 30, 2022

Schedule B-3.1

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
Charges for services	\$ 2,700,000	\$ 2,700,000	\$ 3,205,514	\$ 505,514
Total revenues	<u>\$ 2,700,000</u>	<u>\$ 2,700,000</u>	<u>\$ 3,205,514</u>	<u>\$ 505,514</u>
Other financing uses:				
Transfers out	\$ (2,700,000)	\$ (2,700,000)	\$ (3,092,970)	\$ (392,970)
Total other financing uses	<u>\$ (2,700,000)</u>	<u>\$ (2,700,000)</u>	<u>\$ (3,092,970)</u>	<u>\$ (392,970)</u>
Net change in fund balances	\$ -	\$ -	\$ 112,544	\$ 112,544
Fund balance, beginning	<u>-</u>	<u>-</u>	<u>470,054</u>	<u>470,054</u>
Fund balance, ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 582,598</u></u>	<u><u>\$ 582,598</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Code Compliance Fund

For the Year Ended June 30, 2022

Schedule B-3.2

	<u>Original Budget</u>	<u>Budget as Amended</u>	<u>Actual</u>	<u>Variance from Amended Budget</u>
REVENUES				
Permits, privilege fees and regulatory licenses	\$ 6,548,825	\$ 5,985,783	\$ 7,504,844	\$ 1,519,061
Charges for services	255,153	255,153	374,372	119,219
Total revenues	<u>\$ 6,803,978</u>	<u>\$ 6,240,936</u>	<u>\$ 7,879,216</u>	<u>\$ 1,638,280</u>
EXPENDITURES				
Current:				
Public Safety	\$ 2,967,526	\$ 3,034,201	\$ 2,782,290	\$ 251,911
Community Development	3,427,683	4,323,835	4,349,230	(25,395)
Debt service:				
Right to use leased assets:				
Principal retirement	-	-	8,814	(8,814)
Interest and other charges	-	-	121	(121)
Total expenditures	<u>\$ 6,395,209</u>	<u>\$ 7,358,036</u>	<u>\$ 7,140,455</u>	<u>\$ 217,581</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 408,769</u>	<u>\$ (1,117,100)</u>	<u>\$ 738,761</u>	<u>\$ 1,855,861</u>
Other financing sources (uses):				
Transfers in (out)	\$ 171,511	\$ 171,511	\$ (94,340)	\$ (265,851)
Lease liabilities issued	-	-	23,428	23,428
Total other financing sources (uses)	<u>\$ 171,511</u>	<u>\$ 171,511</u>	<u>\$ (70,912)</u>	<u>\$ (242,423)</u>
Net change in fund balances	<u>\$ 580,280</u>	<u>\$ (945,589)</u>	<u>\$ 667,849</u>	<u>\$ 1,613,438</u>
Fund balance, beginning	<u>(580,280)</u>	<u>945,589</u>	<u>6,046,283</u>	<u>5,100,694</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,714,132</u>	<u>\$ 6,714,132</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Budgetary Comparison Schedule - Transportation Fund

For the Year Ended June 30, 2022

Schedule B-3.3

	Original Budget	Budget as Amended	Actual	Variance from Amended Budget
REVENUES				
General property taxes	\$ 1,361,234	\$ 1,361,234	\$ 1,303,216	\$ (58,018)
Other local taxes	5,400,000	5,400,000	6,266,520	866,520
Permits, fees and regulatory licenses	16,000	16,000	23,980	7,980
From use of money and property	100,000	100,000	17,512	(82,488)
Total revenues	<u>\$ 6,877,234</u>	<u>\$ 6,877,234</u>	<u>\$ 7,611,228</u>	<u>\$ 733,994</u>
EXPENDITURES				
Current:				
Public works	87,748	88,983	71,442	17,541
Community development	1,321,668	1,325,773	1,290,026	35,747
Debt service:				
Principal retirement	3,535,193	3,535,193	3,535,193	-
Interest and other fiscal charges	1,715,177	1,702,828	1,510,617	192,211
Bond issuance costs	-	18,439	18,439	-
Total expenditures	<u>\$ 6,659,786</u>	<u>\$ 6,671,216</u>	<u>\$ 6,425,717</u>	<u>\$ 245,499</u>
Excess of revenues over expenditures	<u>\$ 217,448</u>	<u>\$ 206,018</u>	<u>\$ 1,185,511</u>	<u>\$ 979,493</u>
Other financing sources (uses):				
Transfers in	\$ 1,398,094	\$ 1,398,094	\$ 1,400,000	\$ 1,906
Refunding bonds issued	-	1,608,991	1,512,701	(96,290)
Premium on refunding bonds issued	-	276,005	372,295	96,290
Payment to escrow for refunded bonds	-	(1,866,557)	(1,866,557)	-
Total other financing sources (uses)	<u>\$ 1,398,094</u>	<u>\$ 1,416,533</u>	<u>\$ 1,418,439</u>	<u>\$ 1,906</u>
Net change in fund balances	<u>\$ 1,615,542</u>	<u>\$ 1,622,551</u>	<u>\$ 2,603,950</u>	<u>\$ 981,399</u>
Fund balance, beginning	<u>(1,615,542)</u>	<u>(1,622,551)</u>	<u>9,760,969</u>	<u>11,383,520</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,364,919</u>	<u>\$ 12,364,919</u>

DISCRETELY PRESENTED COMPONENT UNIT

SCHOOL BOARD

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

Governmental funds:

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

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

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

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

Enterprise fund:

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

Fiduciary fund:

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Combining Balance Sheet - Discretely Presented Component Unit - School Board

For the Year Ended June 30, 2022

Schedule C-1 - Page 1

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
ASSETS					
Cash and investments - pooled equity	\$ 3,486,445	\$ 22,974,358	\$ -	\$ -	\$ 26,460,803
Receivables, net	27,102,374	105,030	-	-	27,207,404
Restricted cash and investments	-	-	14,136,110	2,551,513	16,687,623
Total assets	<u>\$ 30,588,819</u>	<u>\$ 23,079,388</u>	<u>\$ 14,136,110</u>	<u>\$ 2,551,513</u>	<u>\$ 70,355,830</u>
LIABILITIES					
Accounts payable	\$ 3,942,533	\$ 1,417,755	\$ 1,391,096	\$ -	\$ 6,751,384
Retainage payable	-	-	518,922	-	518,922
Accrued salaries and benefits	19,478,389	146,776	-	-	19,625,165
Due to Primary Government	4,231,952	-	-	-	4,231,952
Total liabilities	<u>\$ 27,652,874</u>	<u>\$ 1,564,531</u>	<u>\$ 1,910,018</u>	<u>\$ -</u>	<u>\$ 31,127,423</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues	\$ 2,935,945	\$ -	\$ -	\$ -	\$ 2,935,945
FUND BALANCE					
Restricted for:					
Food service	\$ -	\$ 21,514,857	\$ -	\$ -	\$ 21,514,857
Capital projects	-	-	12,226,092	-	12,226,092
Student activities	-	-	-	2,551,513	2,551,513
Total fund balance	<u>\$ -</u>	<u>\$ 21,514,857</u>	<u>\$ 12,226,092</u>	<u>\$ 2,551,513</u>	<u>\$ 36,292,462</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 30,588,819</u>	<u>\$ 23,079,388</u>	<u>\$ 14,136,110</u>	<u>\$ 2,551,513</u>	<u>\$ 70,355,830</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, 2022

Schedule C-1 - Page 2

Total fund balances of the component unit - School Board (Schedule C-1)		\$	36,292,462
<i>Amounts reported for the Component Unit - School Board in the Statement of Net Position (Exhibit I) are different because:</i>			
Prepaid expenses use current resources and, therefore, are not reported in the governmental funds.			2,266,261
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Non-depreciable assets	\$	22,919,481	
Depreciable assets, net		<u>300,074,870</u>	
			322,994,351
Right to use leased assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Right to use assets, net			165,526
Net pension assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			2,229,795
Deferred outflows represent a consumption of net position that is applicable to a future reporting period.			
Pension contributions	\$	23,497,381	
Pension actuarial differences		22,763,049	
OPEB contributions		8,760,392	
OPEB actuarial differences		<u>43,437,271</u>	
			98,458,093
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.			
Other postemployment benefits	\$	(204,345,619)	
Net pension liability		(119,866,105)	
Lease liability		(165,180)	
Insurance claims		(5,015,630)	
Compensated absences (excludes \$335,485 accrued in Operating Fund)		<u>(6,956,152)</u>	
			(336,348,686)
Revenue not considered available in governmental funds is susceptible to full accrual on the entity-wide statements.			2,935,945
Deferred inflows represent an acquisition of net position that is applicable to a future reporting period.			
Pension actuarial differences	\$	(95,049,753)	
OPEB actuarial differences		<u>(147,597,852)</u>	
			(242,647,605)
Internal service fund included in entity-wide statements (Sch D-1).			<u>7,013,981</u>
Total net position of the component unit - School Board (Exhibit I)	\$		<u>(106,639,877)</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, 2022

Schedule C-2 - Page 1

	Operating	Cafeteria	Capital Projects	School Activity (non-major)	Total
REVENUES					
From use of money and property	\$ 125,075	\$ 2,832	\$ 51,378	\$ -	\$ 179,285
Charges for services	355,851	659,962	-	-	1,015,813
Miscellaneous	750,329	122,010	-	-	872,339
Intergovernmental	191,133,088	20,249,756	-	-	211,382,844
Student activity fees and contributions	-	-	-	3,390,063	3,390,063
Payments from Primary Government	107,451,165	-	18,109,528	-	125,560,693
Total revenues	<u>\$ 299,815,508</u>	<u>\$ 21,034,560</u>	<u>\$ 18,160,906</u>	<u>\$ 3,390,063</u>	<u>\$ 342,401,037</u>
EXPENDITURES					
Current:					
Education	\$ 300,042,131	\$ 14,022,152	\$ -	\$ 3,129,207	\$ 317,193,490
Capital projects	-	-	15,433,126	-	15,433,126
Debt service:					
Right to use leased assets:					
Principal retirement	82,360	-	-	-	82,360
Interest and other charges	1,563	-	-	-	1,563
Total expenditures	<u>\$ 300,126,054</u>	<u>\$ 14,022,152</u>	<u>\$ 15,433,126</u>	<u>\$ 3,129,207</u>	<u>\$ 332,710,539</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (310,546)</u>	<u>\$ 7,012,408</u>	<u>\$ 2,727,780</u>	<u>\$ 260,856</u>	<u>\$ 9,690,498</u>
Other financing sources (uses):					
Transfers out	\$ (193,494)	\$ -	\$ -	\$ -	\$ (193,494)
Lease liabilities issued	247,540	-	-	-	247,540
Total other financing sources (uses), net	<u>\$ 54,046</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,046</u>
Net change in fund balances	<u>\$ (256,500)</u>	<u>\$ 7,012,408</u>	<u>\$ 2,727,780</u>	<u>\$ 260,856</u>	<u>\$ 9,744,544</u>
Fund balance, beginning	256,500	14,502,449	9,498,312	2,290,657	26,547,918
Fund balance, ending	<u>\$ -</u>	<u>\$ 21,514,857</u>	<u>\$ 12,226,092</u>	<u>\$ 2,551,513</u>	<u>\$ 36,292,462</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, 2022

Schedule C-2 - Page 2

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

\$ 9,744,544

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.

733,118

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

Capital outlay	\$ 15,927,514	
Depreciation expense	(20,280,115)	

(4,352,601)

Capital outlay - right to use leased assets	\$ 247,540	
Amortization expense	(82,014)	

165,526

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

Proportionate share of the Commonwealth's contribution to the Virginia Retirement System's Teachers' Retirement Plan	\$ 947,186	
Sales tax revenues	1,413,301	

2,360,487

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.

Lease liabilities issued	\$ (247,540)	
Principal payments on right to use leased assets	82,360	

(165,180)

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	8,057,095	
Pension benefits	23,420,432	
Insurance claims	(324,416)	
Compensated absences	555,140	

31,708,251

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

(33,615)

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

\$ 40,160,530

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Schedule C-3 - Page 1

	Operating				Cafeteria			
	Budgeted Amounts		Actual	Variance	Budgeted Amounts		Actual	Variance
	Original	Final			Original	Final		
Revenues								
From use of money and property	\$ 90,000	\$ 90,000	\$ 125,075	\$ 35,075	\$ 32,000	\$ 32,000	\$ 2,832	\$ (29,168)
Charges for services	527,600	527,600	355,851	(171,749)	4,567,000	1,067,000	659,962	(407,038)
Miscellaneous	1,682,893	1,715,340	750,329	(965,011)	37,500	37,500	122,010	84,510
Intergovernmental	177,032,005	198,715,084	191,133,088	(7,581,996)	6,239,331	13,739,331	20,249,756	6,510,425
Payments from Primary Government	132,281,416	141,718,859	135,793,494	(5,925,365)	-	-	-	-
Total revenues	<u>\$ 311,613,914</u>	<u>\$ 342,766,883</u>	<u>\$ 328,157,837</u>	<u>\$ (14,609,046)</u>	<u>\$ 10,875,831</u>	<u>\$ 14,875,831</u>	<u>\$ 21,034,560</u>	<u>\$ 6,158,729</u>
Expenditures								
Current:								
Education	\$ 282,689,548	\$ 313,842,517	\$ 300,042,131	\$ 13,800,386	\$ 12,878,794	\$ 16,878,794	\$ 14,022,152	\$ 2,856,642
Capital projects	-	-	-	-	-	-	-	-
Debt service:								
Bonded debt:								
Principal	21,761,550	21,761,550	21,423,618	337,932	-	-	-	-
Interest and fiscal charges	7,162,816	7,162,816	6,690,212	472,604	-	-	-	-
Bond issuance costs	-	208,895	208,054	841	-	-	-	-
Right to use leased assets:								
Principal	-	-	82,360	(82,360)	-	-	-	-
Interest and fiscal charges	-	-	1,563	(1,563)	-	-	-	-
Total expenditures	<u>\$ 311,613,914</u>	<u>\$ 342,975,778</u>	<u>\$ 328,447,938</u>	<u>\$ 14,527,840</u>	<u>\$ 12,878,794</u>	<u>\$ 16,878,794</u>	<u>\$ 14,022,152</u>	<u>\$ 2,856,642</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (208,895)</u>	<u>\$ (290,101)</u>	<u>\$ (81,206)</u>	<u>\$ (2,002,963)</u>	<u>\$ (2,002,963)</u>	<u>\$ 7,012,408</u>	<u>\$ 9,015,371</u>
Other financing sources (uses):								
Issuance of bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Premium on bonds issued	-	-	-	-	-	-	-	-
Refunding bonds issued	-	23,817,618	23,834,568	16,950	-	-	-	-
Premium on refunding bonds issued	-	4,268,213	4,250,422	(17,791)	-	-	-	-
Payment to escrow for refunded bonds	-	(27,876,936)	(27,876,936)	-	-	-	-	-
Payments to Primary Government	-	-	(228,499)	(228,499)	-	-	-	-
Lease liabilities issued	-	-	247,540	247,540	-	-	-	-
Transfers	-	-	(193,494)	(193,494)	-	-	-	-
Total other financing sources (uses), net	<u>\$ -</u>	<u>\$ 208,895</u>	<u>\$ 33,601</u>	<u>\$ (175,294)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (256,500)</u>	<u>\$ (256,500)</u>	<u>\$ (2,002,963)</u>	<u>\$ (2,002,963)</u>	<u>\$ 7,012,408</u>	<u>\$ 9,015,371</u>
Fund balance, beginning	-	-	256,500	256,500	2,002,963	2,002,963	14,502,449	12,499,486
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,514,857</u>	<u>\$ 21,514,857</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

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	\$ -	\$ -	\$ 51,378	\$ 51,378	\$ 122,000	\$ 122,000	\$ 179,285	\$ 57,285
Charges for services	-	-	-	-	5,094,600	1,594,600	1,015,813	(578,787)
Miscellaneous	-	-	-	-	1,720,393	1,752,840	872,339	(880,501)
Intergovernmental	-	-	-	-	183,271,336	212,454,415	211,382,844	(1,071,571)
Payments from Primary Government	-	-	-	-	132,281,416	141,718,859	135,793,494	(5,925,365)
Total revenues	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,378</u>	<u>\$ 51,378</u>	<u>\$ 322,489,745</u>	<u>\$ 357,642,714</u>	<u>\$ 349,243,775</u>	<u>\$ (8,398,939)</u>
Expenditures								
Current:								
Education	\$ -	\$ -	\$ -	\$ -	\$ 295,568,342	\$ 330,721,311	\$ 314,064,283	\$ 16,657,028
Capital projects	18,509,528	27,205,374	15,433,126	11,772,248	18,509,528	27,205,374	15,433,126	11,772,248
Debt service:								
Bonded debt:								
Principal	-	-	-	-	21,761,550	21,761,550	21,423,618	337,932
Interest and fiscal charges	-	-	-	-	7,162,816	7,162,816	6,690,212	472,604
Bond issuance costs	-	164,145	164,145	-	-	373,040	372,199	841
Right to use leased assets:								
Principal	-	-	-	-	-	-	82,360	(82,360)
Interest and fiscal charges	-	-	-	-	-	-	1,563	(1,563)
Total expenditures	<u>\$ 18,509,528</u>	<u>\$ 27,369,519</u>	<u>\$ 15,597,271</u>	<u>\$ 11,772,248</u>	<u>\$ 343,002,236</u>	<u>\$ 387,224,091</u>	<u>\$ 358,067,361</u>	<u>\$ 29,156,730</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (18,509,528)</u>	<u>\$ (27,369,519)</u>	<u>\$ (15,545,893)</u>	<u>\$ 11,823,626</u>	<u>\$ (20,512,491)</u>	<u>\$ (29,581,377)</u>	<u>\$ (8,823,586)</u>	<u>\$ 20,757,791</u>
Other financing sources (uses):								
Issuance of bonds	\$ 18,109,528	\$ 15,580,000	\$ 15,580,000	\$ -	\$ 18,109,528	\$ 15,580,000	\$ 15,580,000	\$ -
Premium on bonds issued	-	2,693,673	2,693,673	-	-	2,693,673	2,693,673	-
Refunding bonds issued	-	-	-	-	-	23,817,618	23,834,568	16,950
Premium on refunding bonds issued	-	-	-	-	-	4,268,213	4,250,422	(17,791)
Payment to escrow for refunded bonds	-	-	-	-	-	(27,876,936)	(27,876,936)	-
Payments to Primary Government	-	-	-	-	-	-	(228,499)	(228,499)
Lease liabilities issued	-	-	-	-	-	-	247,540	247,540
Transfers	-	-	-	-	-	-	(193,494)	(193,494)
Total other financing sources (uses), net	<u>\$ 18,109,528</u>	<u>\$ 18,273,673</u>	<u>\$ 18,273,673</u>	<u>\$ -</u>	<u>\$ 18,109,528</u>	<u>\$ 18,482,568</u>	<u>\$ 18,307,274</u>	<u>\$ (175,294)</u>
Net change in fund balances	<u>\$ (400,000)</u>	<u>\$ (9,095,846)</u>	<u>\$ 2,727,780</u>	<u>\$ 11,823,626</u>	<u>\$ (2,402,963)</u>	<u>\$ (11,098,809)</u>	<u>\$ 9,483,688</u>	<u>\$ 20,582,497</u>
Fund balance, beginning	<u>400,000</u>	<u>9,095,846</u>	<u>9,498,312</u>	<u>402,466</u>	<u>2,402,963</u>	<u>11,098,809</u>	<u>24,257,261</u>	<u>13,158,452</u>
Fund balance, ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,226,092</u>	<u>\$ 12,226,092</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,740,949</u>	<u>\$ 33,740,949</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Notes to Combining Budgetary Comparison Schedule

For the Year Ended June 30, 2022

Schedule C-3 - Page 3

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

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

2 - As of January 1, 2021, medicare supplement coverage for over age 65 retiree health benefits was changed from a self-funded plan with Healthsmart to a premium based plan through Aetna. Of the funds held by Healthsmart, and no longer needed to cover claim costs, \$228,499 was returned to the School Board. The School Board transferred these same funds to the Primary Government to hold as part of the School Board's health insurance reserve.

		Reconciling Activity			
	Budgetary Basis (Sch C-3)	Operating (1)	Capital Projects (1)	Transfers (2)	GAAP Basis (Sch C-2)
REVENUES					
Payments from Primary Government	\$ 135,793,494	\$ (28,113,830)	\$ 18,109,528	\$ (228,499)	\$ 125,560,693
EXPENDITURES					
Debt service:					
Bonded debt:					
Principal retirement	21,423,618	(21,423,618)	-	-	-
Interest and other charges	6,690,212	(6,690,212)	-	-	-
Bond issuance costs	372,199	(208,054)	(164,145)	-	-
Other financing sources (uses):					
Issuance of bonds	15,580,000	-	(15,580,000)	-	-
Premium on bonds issued	2,693,673	-	(2,693,673)	-	-
Refunding bonds issued	23,834,568	(23,834,568)	-	-	-
Premium on refunding bonds issued	4,250,422	(4,250,422)	-	-	-
Payment to escrow for refunded bonds	(27,876,936)	27,876,936	-	-	-
Payments to Primary Government	(228,499)	-	-	228,499	-

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Internal Service Fund - School Board

June 30, 2022

Schedule D-1

Fleet Services Fund**ASSETS**

Current assets:

Cash and investments - pooled equity	\$ 334,204
Receivables, net	2,205
Inventory	583,846
Total current assets	<u>\$ 920,255</u>

Noncurrent assets:

Capital assets, net:

Non-depreciable assets	\$ 94,400
Depreciable assets	7,775,151
Net pension assets	161,058

Total noncurrent assets	<u>\$ 8,030,609</u>
-------------------------	---------------------

Total assets	<u>\$ 8,950,864</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension contributions	\$ 43,478
Pension actuarial differences	67,625
OPEB contributions	43,228
OPEB actuarial differences	277,446
Total deferred outflows of resources	<u>\$ 431,777</u>

LIABILITIES

Current liabilities:

Accounts payable	\$ 64,180
Accrued salaries and benefits	31,469
Current portion of insurance claims payable	30,275
Current portion of compensated absences	6,273
Total current liabilities	<u>\$ 132,197</u>

Noncurrent liabilities:

Noncurrent portion of compensated absences	\$ 173,235
Net OPEB benefits	918,232
Total noncurrent liabilities	<u>\$ 1,091,467</u>
Total liabilities	<u>\$ 1,223,664</u>

DEFERRED INFLOWS OF RESOURCES

Pension actuarial differences	\$ 296,675
OPEB actuarial differences	848,321
Total deferred inflows of resources	<u>\$ 1,144,996</u>

NET POSITION

Net investment in capital assets	\$ 7,869,551
Unrestricted	(855,570)
Total net position	<u>\$ 7,013,981</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, 2022

Schedule D-2

	<u>Fleet Services Fund</u>
OPERATING REVENUES	
Charges for services	\$ 2,569,404
Other operating revenues	3,179
Total operating revenues	<u>\$ 2,572,583</u>
OPERATING EXPENSES	
Personnel and related benefits	\$ 1,460,447
Contractual services	177,918
Materials and supplies	699,479
Depreciation	367,081
Other services and charges	94,767
Total operating expenses	<u>\$ 2,799,692</u>
Operating loss	<u>\$ (227,109)</u>
NON-OPERATING REVENUES	
Transfers from other funds	<u>193,494</u>
Change in net position	\$ (33,615)
Net position, beginning	<u>7,047,596</u>
Net position, ending	<u><u>\$ 7,013,981</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Cash Flows - Internal Service Fund - School Board

For the Year Ended June 30, 2022

Schedule D-3

	<u>Fleet Services Fund</u>
Cash flows from operating activities:	
Receipts from internal customers	\$ 2,553,298
Receipts from external customers	16,106
Receipts from miscellaneous revenue	3,652
Payments to suppliers and service providers	(1,174,572)
Payments to employees for salaries and benefits	(1,525,967)
Net cash used by operating activities	<u>(127,483)</u>
Cash flows from non-capital financing activities:	
Transfers in	193,494
Net cash provided by non-capital financing activities	<u>193,494</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(66,180)
Net cash used in capital and related financing activities	<u>(66,180)</u>
Net decrease in cash and cash equivalents	(193,663)
Cash and cash equivalents:	
Beginning	334,373
Ending	<u><u>\$ 140,710</u></u>
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ (227,109)
Depreciation expense	367,081
Effect of changes in assets and liabilities	
Receivables	473
Inventory	(188,580)
Accounts payable	(13,828)
Employment related benefits	(65,520)
Net cash used in operating activities	<u><u>\$ (127,483)</u></u>

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COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Net Position - Fiduciary Funds - School Board

June 30, 2022

Schedule E-1

	<u>OPEB Trust Fund</u>
ASSETS	
Investments:	
Common trust funds	\$ 13,408,627
Total assets	<u>\$ 13,408,627</u>
NET POSITION	
Net position restricted for postemployment benefits other than pensions	\$ 13,408,627
Total net position	<u><u>\$ 13,408,627</u></u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Schedule E-2

	<u>OPEB Trust Fund</u>
ADDITIONS	
Contributions:	
Employer contributions	\$ 6,170,905
Investment earnings:	
Interest	\$ 3,275
Net decrease in the fair value of investments	(1,229,890)
Total investment earnings	\$ (1,226,615)
Less investment costs	(500)
Net investment earnings	\$ (1,227,115)
Total additions	<u>\$ 4,943,790</u>
DEDUCTIONS	
Benefit payments	\$ 3,250,763
Administrative fees	11,129
Total deductions	<u>\$ 3,261,892</u>
Net increase in fiduciary net position	\$ 1,681,898
Net position restricted for postemployment benefits other than pensions	
Net position, beginning	11,726,729
Net position, ending	<u>\$ 13,408,627</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, 2022

Schedule F-1

	Economic Development Authority
ASSETS	
Cash and investments - pooled equity	\$ 387,835
Land held for investment	<u>1,230,600</u>
Total assets	<u><u>\$ 1,618,435</u></u>
LIABILITIES	
Accounts payable	\$ 35,713
Other accrued liabilities	<u>84,914</u>
Total liabilities	<u>\$ 120,627</u>
FUND BALANCE	
Nonspendable - land held for investment	\$ 1,230,600
Unassigned	<u>267,208</u>
Total fund balances	<u>\$ 1,497,808</u>
Total liabilities and fund balances	<u><u>\$ 1,618,435</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, 2022

Schedule F-2

	Economic Development Authority
REVENUES	
From use of money and property	\$ 38,770
Charges for services	24,750
Miscellaneous	14,529
Payments from Primary Government	1,011,827
Total revenues	\$ 1,089,876
EXPENDITURES	
Community development:	
Business incentive program	\$ 1,011,827
Small business grants	2,565
Legal services	36,000
EDA member stipends	1,800
Total expenditures	\$ 1,052,192
Excess (deficiency) of revenues over (under) expenditures	\$ 37,684
Net change in fund balances	\$ 37,684
Fund balance, beginning	1,460,124
Fund balance, ending	\$ 1,497,808

STATISTICAL SECTION

STATISTICAL SECTION

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Net Position by Component

Last Ten Fiscal Years

Table S-1

(Amounts in millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 22.6	\$ 57.7	\$ 60.8	\$ 60.1	\$ 71.0	\$ 71.8	\$ 82.3	\$ 86.9	\$ 90.5	\$ 101.9
Restricted	21.0	1.4	9.5	10.9	8.8	9.5	11.4	6.8	9.3	14.4
Unrestricted (deficit)	<u>(137.6)</u>	<u>(135.9)</u>	<u>(143.3)</u>	<u>(142.7)</u>	<u>(148.7)</u>	<u>(231.5)</u>	<u>(214.9)</u>	<u>(190.0)</u>	<u>(161.2)</u>	<u>(142.4)</u>
Total governmental activities net position	<u>\$ (94.0)</u>	<u>\$ (76.8)</u>	<u>\$ (73.0)</u>	<u>\$ (71.7)</u>	<u>\$ (68.9)</u>	<u>\$ (150.2)</u>	<u>\$ (121.2)</u>	<u>\$ (96.3)</u>	<u>\$ (61.4)</u>	<u>\$ (26.1)</u>
Business-type activities										
Net investment in capital assets	\$ 164.7	\$ 157.6	\$ 177.0	\$ 178.8	\$ 187.2	\$ 192.4	\$ 200.7	\$ 207.6	\$ 222.5	\$ 232.9
Restricted	15.7	6.1	6.1	0.9	2.7	2.8	2.9	3.6	2.5	2.6
Unrestricted (deficit)	<u>57.9</u>	<u>77.6</u>	<u>61.9</u>	<u>73.1</u>	<u>72.2</u>	<u>65.5</u>	<u>70.5</u>	<u>84.9</u>	<u>83.3</u>	<u>87.2</u>
Total business-type activities net position	<u>\$ 238.3</u>	<u>\$ 241.3</u>	<u>\$ 245.0</u>	<u>\$ 252.8</u>	<u>\$ 262.1</u>	<u>\$ 260.7</u>	<u>\$ 274.1</u>	<u>\$ 296.1</u>	<u>\$ 308.3</u>	<u>\$ 322.7</u>
Primary Government										
Net investment in capital assets	\$ 187.3	\$ 215.3	\$ 237.8	\$ 238.9	\$ 258.2	\$ 264.2	\$ 283.0	\$ 294.5	\$ 313.0	\$ 334.8
Restricted	36.7	7.5	15.6	11.8	11.5	12.3	14.3	10.4	11.8	17.0
Unrestricted (deficit)	<u>(79.7)</u>	<u>(58.3)</u>	<u>(81.4)</u>	<u>(69.6)</u>	<u>(76.5)</u>	<u>(166.0)</u>	<u>(144.4)</u>	<u>(105.1)</u>	<u>(77.9)</u>	<u>(55.2)</u>
Total Primary Government net position	<u>\$ 144.3</u>	<u>\$ 164.5</u>	<u>\$ 172.0</u>	<u>\$ 181.1</u>	<u>\$ 193.2</u>	<u>\$ 110.5</u>	<u>\$ 152.9</u>	<u>\$ 199.8</u>	<u>\$ 246.9</u>	<u>\$ 296.6</u>
Component unit - School Board (1)										
Net investment in capital assets	\$ 322.6	\$ 315.5	\$ 306.9	\$ 306.1	\$ 310.8	\$ 318.9	\$ 339.7	\$ 342.6	\$ 335.5	\$ 330.9
Restricted	0.7	4.0	5.6	4.8	0.7	4.3	1.4	7.4	11.8	14.8
Unrestricted (deficit)	<u>(71.5)</u>	<u>(78.5)</u>	<u>(304.3)</u>	<u>(309.6)</u>	<u>(322.8)</u>	<u>(474.3)</u>	<u>(475.8)</u>	<u>(493.1)</u>	<u>(494.1)</u>	<u>(452.3)</u>
Total Component unit - School Board net position	<u>\$ 251.8</u>	<u>\$ 241.0</u>	<u>\$ 8.2</u>	<u>\$ 1.3</u>	<u>\$ (11.3)</u>	<u>\$ (151.1)</u>	<u>\$ (134.7)</u>	<u>\$ (143.1)</u>	<u>\$ (146.8)</u>	<u>\$ (106.6)</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)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
General government	\$ 13.4	\$ 13.9	\$ 14.3	\$ 15.3	\$ 17.1	\$ 17.4	\$ 16.0	\$ 18.8	\$ 20.4	\$ 20.8
Judicial administration	5.7	8.4	9.1	8.7	9.1	9.1	6.6	10.0	10.9	11.0
Public safety	49.1	48.2	47.3	49.0	56.9	60.8	49.3	72.5	76.4	77.7
Public works	9.2	12.6	10.5	12.3	10.0	11.9	10.3	10.3	11.3	12.7
Health and welfare	17.7	18.5	18.1	19.8	21.3	24.1	24.3	26.4	25.3	26.0
Education	92.9	102.7	102.1	114.7	120.5	124.4	124.6	122.8	113.7	125.7
Parks, recreation & cultural	8.1	8.0	8.0	7.9	8.2	8.4	8.1	8.7	8.1	8.5
Community development	19.4	8.3	14.6	18.8	12.2	13.3	19.0	11.9	15.1	11.0
Interest on long-term debt	<u>12.6</u>	<u>11.7</u>	<u>10.6</u>	<u>10.4</u>	<u>10.1</u>	<u>9.9</u>	<u>10.0</u>	<u>9.4</u>	<u>8.3</u>	<u>7.5</u>
Total governmental activities expenses	<u>\$ 228.1</u>	<u>\$ 232.3</u>	<u>\$ 234.6</u>	<u>\$ 256.9</u>	<u>\$ 265.4</u>	<u>\$ 279.3</u>	<u>\$ 268.2</u>	<u>\$ 290.8</u>	<u>\$ 289.5</u>	<u>\$ 300.9</u>
Business-type activities										
Water and sewer	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>	<u>\$ 38.9</u>	<u>\$ 39.6</u>	<u>\$ 38.3</u>
Total business-type activities expenses	<u>\$ 33.2</u>	<u>\$ 33.0</u>	<u>\$ 33.6</u>	<u>\$ 33.3</u>	<u>\$ 33.8</u>	<u>\$ 36.4</u>	<u>\$ 34.2</u>	<u>\$ 38.9</u>	<u>\$ 39.6</u>	<u>\$ 38.3</u>
Total Primary Government expenses	<u>\$ 261.3</u>	<u>\$ 265.3</u>	<u>\$ 268.2</u>	<u>\$ 290.2</u>	<u>\$ 299.2</u>	<u>\$ 315.7</u>	<u>\$ 302.4</u>	<u>\$ 329.7</u>	<u>\$ 329.1</u>	<u>\$ 339.2</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3
Judicial administration	1.0	0.8	0.9	0.7	0.9	0.8	0.8	0.7	0.8	0.7
Public safety	5.8	5.9	6.6	7.5	7.5	7.9	8.8	9.2	10.7	12.1
Public works	1.3	1.9	2.4	2.5	2.7	3.0	3.2	2.6	3.0	3.5
Other	1.7	1.8	1.7	1.5	1.6	1.6	1.6	1.1	1.2	1.3
Operating grants & contributions	14.1	16.2	17.8	19.3	20.5	22.5	24.8	34.9	37.3	26.9
Capital grant & contributions	<u>9.9</u>	<u>3.8</u>	<u>3.5</u>	<u>4.2</u>	<u>2.8</u>	<u>2.8</u>	<u>2.4</u>	<u>3.3</u>	<u>0.4</u>	<u>0.5</u>
Total governmental activities program revenues	<u>\$ 34.1</u>	<u>\$ 30.7</u>	<u>\$ 33.2</u>	<u>\$ 36.0</u>	<u>\$ 36.3</u>	<u>\$ 38.9</u>	<u>\$ 41.9</u>	<u>\$ 52.1</u>	<u>\$ 53.7</u>	<u>\$ 45.3</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 2

(Amounts in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Business-type activities										
Charges for services										
Water and sewer	\$ 27.7	\$ 28.4	\$ 30.3	\$ 31.8	\$ 32.5	\$ 33.4	\$ 34.2	\$ 36.8	\$ 36.5	\$ 38.8
Operating grants & contributions	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.5	0.1
Capital grants & contributions	<u>4.4</u>	<u>6.3</u>	<u>8.2</u>	<u>8.1</u>	<u>9.5</u>	<u>11.3</u>	<u>10.3</u>	<u>20.5</u>	<u>13.6</u>	<u>15.5</u>
Total business-type program revenues	<u>\$ 32.6</u>	<u>\$ 35.2</u>	<u>\$ 39.0</u>	<u>\$ 40.4</u>	<u>\$ 42.5</u>	<u>\$ 45.2</u>	<u>\$ 45.0</u>	<u>\$ 57.9</u>	<u>\$ 50.6</u>	<u>\$ 54.4</u>
Total Primary Government program revenues	<u>\$ 66.7</u>	<u>\$ 66.9</u>	<u>\$ 72.2</u>	<u>\$ 76.4</u>	<u>\$ 78.8</u>	<u>\$ 84.1</u>	<u>\$ 86.9</u>	<u>\$ 110.0</u>	<u>\$ 104.4</u>	<u>\$ 98.1</u>
Net expense										
Governmental activities	\$ (194.0)	\$ (201.7)	\$ (201.4)	\$ (220.9)	\$ (229.3)	\$ (240.4)	\$ (225.2)	\$ (238.6)	\$ (235.8)	\$ (255.6)
Business-type activities	<u>(0.6)</u>	<u>2.2</u>	<u>5.4</u>	<u>7.1</u>	<u>8.7</u>	<u>8.8</u>	<u>10.8</u>	<u>19.0</u>	<u>11.0</u>	<u>16.1</u>
Total Primary Government net expenses	<u>\$ (194.6)</u>	<u>\$ (199.5)</u>	<u>\$ (196.0)</u>	<u>\$ (213.8)</u>	<u>\$ (220.6)</u>	<u>\$ (231.6)</u>	<u>\$ (214.4)</u>	<u>\$ (219.6)</u>	<u>\$ (224.8)</u>	<u>\$ (239.5)</u>
General revenues and other changes in net assets										
Governmental activities:										
Property taxes	\$ 147.9	\$ 151.4	\$ 154.8	\$ 161.8	\$ 166.8	\$ 172.1	\$ 179.8	\$ 186.1	\$ 191.4	\$ 202.1
Other taxes	47.3	51.7	48.2	48.1	45.6	47.2	49.7	53.0	59.5	69.5
Grants and contributions not restricted	15.4	15.6	15.4	15.6	20.2	20.1	19.8	19.8	19.9	19.8
Interest and investment earnings	-	0.5	0.5	1.2	0.6	1.1	4.0	4.1	0.4	(1.5)
Gain on sale of property	-	-	-	-	-	-	-	-	-	-
Miscellaneous	0.2	0.1	0.2	0.2	0.3	0.3	0.6	0.4	0.2	0.9
Transfers	-	(0.4)	(0.2)	0.2	(0.1)	0.6	-	0.3	(0.7)	0.1
Special item	<u>-</u>	<u>-</u>	<u>0.6</u>	<u>(2.0)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total governmental activities	<u>\$ 210.8</u>	<u>\$ 218.9</u>	<u>\$ 219.5</u>	<u>\$ 225.1</u>	<u>\$ 233.4</u>	<u>\$ 241.4</u>	<u>\$ 253.9</u>	<u>\$ 263.7</u>	<u>\$ 270.7</u>	<u>\$ 290.9</u>
Business-type activities										
Interest and investment earnings	0.3	0.4	0.3	0.8	0.3	0.5	2.7	3.0	0.3	(1.8)
Miscellaneous	-	-	-	0.1	0.2	0.3	0.2	0.1	0.2	0.2
Transfers	<u>-</u>	<u>0.4</u>	<u>0.2</u>	<u>(0.2)</u>	<u>0.1</u>	<u>(0.6)</u>	<u>(0.3)</u>	<u>-</u>	<u>0.7</u>	<u>(0.1)</u>
Total business-type activities	<u>\$ 0.3</u>	<u>\$ 0.8</u>	<u>\$ 0.5</u>	<u>\$ 0.7</u>	<u>\$ 0.6</u>	<u>\$ 0.2</u>	<u>\$ 2.6</u>	<u>\$ 3.1</u>	<u>\$ 1.2</u>	<u>\$ (1.7)</u>
Total Primary Government	<u>\$ 211.1</u>	<u>\$ 219.7</u>	<u>\$ 220.0</u>	<u>\$ 225.8</u>	<u>\$ 234.0</u>	<u>\$ 241.6</u>	<u>\$ 256.5</u>	<u>\$ 266.8</u>	<u>\$ 271.9</u>	<u>\$ 289.2</u>
Change in net position										
Governmental activities	\$ 16.8	\$ 17.2	\$ 18.1	\$ 4.2	\$ 4.1	\$ 1.1	\$ 28.9	\$ 24.9	\$ 34.9	\$ 35.3
Business-type activities	<u>(0.3)</u>	<u>3.0</u>	<u>5.9</u>	<u>7.8</u>	<u>9.3</u>	<u>8.9</u>	<u>13.4</u>	<u>22.0</u>	<u>12.2</u>	<u>14.4</u>
Total Primary Government	<u>\$ 16.5</u>	<u>\$ 20.2</u>	<u>\$ 24.0</u>	<u>\$ 12.0</u>	<u>\$ 13.4</u>	<u>\$ 10.0</u>	<u>\$ 42.3</u>	<u>\$ 46.9</u>	<u>\$ 47.1</u>	<u>\$ 49.7</u>

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Net Position

Last Ten Fiscal Years

Table S-2 - Page 3

(Amounts in millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Component unit - School Board (1)										
Expenses										
Education	\$ 261.5	\$ 257.7	\$ 264.6	\$ 281.6	\$ 288.4	\$ 273.0	\$ 276.0	\$ 304.5	\$ 323.0	\$ 305.3
Program revenues										
Charges for services	\$ 7.7	\$ 8.2	\$ 7.9	\$ 8.5	\$ 8.5	\$ 9.3	\$ 8.1	\$ 6.3	\$ 0.9	\$ 1.7
Operating grants & contributions	138.2	135.3	141.0	143.7	145.8	152.2	159.2	166.6	199.7	217.1
Capital grants & contributions	0.2	0.6	0.3	0.9	0.9	1.5	0.1	-	2.1	-
Total Component unit - School Board program revenue	<u>146.1</u>	<u>144.1</u>	<u>149.2</u>	<u>153.1</u>	<u>155.2</u>	<u>163.0</u>	<u>167.4</u>	<u>172.9</u>	<u>202.7</u>	<u>218.8</u>
Total Component unit - School Board net expense	<u>\$ (115.4)</u>	<u>\$ (113.6)</u>	<u>\$ (115.4)</u>	<u>\$ (128.5)</u>	<u>\$ (133.2)</u>	<u>\$ (110.0)</u>	<u>\$ (108.6)</u>	<u>\$ (131.6)</u>	<u>\$ (120.3)</u>	<u>\$ (86.5)</u>
General revenues and other changes in net position										
Payments from Primary Government	\$ 92.7	\$ 102.5	\$ 101.7	\$ 114.5	\$ 120.3	\$ 124.1	\$ 124.4	\$ 122.6	\$ 113.5	\$ 125.6
Interest and investment earnings	-	-	-	0.1	0.1	0.3	0.4	0.5	0.1	0.2
Miscellaneous	0.9	0.3	0.3	0.5	0.2	0.1	0.1	0.1	0.5	0.9
Total general revenues and transfers	<u>\$ 93.6</u>	<u>\$ 102.8</u>	<u>\$ 102.0</u>	<u>\$ 115.1</u>	<u>\$ 120.6</u>	<u>\$ 124.5</u>	<u>\$ 124.9</u>	<u>\$ 123.2</u>	<u>\$ 114.1</u>	<u>\$ 126.7</u>
Total Component unit - School Board change in net position	<u>\$ (21.8)</u>	<u>\$ (10.8)</u>	<u>\$ (13.4)</u>	<u>\$ (13.4)</u>	<u>\$ (12.6)</u>	<u>\$ 14.5</u>	<u>\$ 16.3</u>	<u>\$ (8.4)</u>	<u>\$ (6.2)</u>	<u>\$ 40.2</u>

(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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund:										
Restricted	1.5	1.6	2.1	2.7	2.7	2.7	3.1	2.7	3.1	4.0
Committed (1)	4.8	2.6	3.0	48.9	52.0	54.5	58.2	58.4	62.1	69.2
Assigned (1)	9.3	9.9	15.7	16.7	9.1	19.6	26.8	48.0	49.0	54.7
Unassigned	39.8	43.0	46.6	5.4	15.1	12.1	9.3	11.6	20.4	19.4
Total General Fund	<u>\$ 55.4</u>	<u>\$ 57.1</u>	<u>\$ 67.4</u>	<u>\$ 73.7</u>	<u>\$ 78.9</u>	<u>\$ 88.9</u>	<u>\$ 97.4</u>	<u>\$ 120.7</u>	<u>\$ 134.6</u>	<u>\$ 147.3</u>
All other governmental funds:										
Restricted	25.2	35.4	34.8	34.2	34.1	30.3	24.2	19.1	14.2	26.9
Committed	14.2	16.3	22.4	27.3	27.8	29.6	35.1	38.7	47.2	44.2
Assigned	0.5	2.8	3.4	2.1	2.2	3.3	5.7	9.2	7.9	9.3
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 39.9</u>	<u>\$ 54.5</u>	<u>\$ 60.6</u>	<u>\$ 63.6</u>	<u>\$ 64.1</u>	<u>\$ 63.2</u>	<u>\$ 65.0</u>	<u>\$ 67.0</u>	<u>\$ 69.3</u>	<u>\$ 80.4</u>

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 1

(Amounts in millions)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
General Property Taxes	\$ 147.8	\$ 151.9	\$ 156.7	\$ 161.7	\$ 167.5	\$ 172.3	\$ 178.2	\$ 186.1	\$ 191.0	\$ 199.8
Other local taxes	47.2	51.7	48.3	48.1	45.6	47.2	49.7	52.6	59.1	69.3
Permits, privilege fees and regulatory licenses	2.7	2.7	3.2	4.3	3.8	4.8	5.2	5.5	6.9	7.8
Fines and forfeitures	0.6	0.5	0.6	0.5	0.6	0.5	0.5	0.4	0.3	0.3
Revenues from use of money and property	0.7	1.1	1.2	1.9	1.5	2.0	4.9	4.9	1.1	(0.8)
Charges for services	6.4	7.1	7.6	7.0	7.8	7.9	8.7	7.9	8.6	9.6
Miscellaneous	0.7	0.9	0.5	1.2	0.9	1.8	2.2	2.7	0.6	1.5
Intergovernmental	41.2	37.9	39.0	38.4	40.4	44.3	45.4	53.5	58.0	44.1
Total revenues	<u>\$ 247.3</u>	<u>\$ 253.8</u>	<u>\$ 257.1</u>	<u>\$ 263.1</u>	<u>\$ 268.1</u>	<u>\$ 280.8</u>	<u>\$ 294.8</u>	<u>\$ 313.6</u>	<u>\$ 325.6</u>	<u>\$ 331.6</u>
Expenditures										
General government	\$ 11.6	\$ 11.5	\$ 11.9	\$ 11.6	\$ 12.8	\$ 12.7	\$ 13.3	\$ 14.0	\$ 15.3	\$ 16.5
Judicial administration	6.4	6.8	7.0	7.3	7.0	7.5	7.7	7.9	8.9	10.0
Public safety	44.4	44.3	43.9	45.8	48.1	51.7	56.0	61.3	65.8	71.1
Public works	8.3	8.7	8.5	8.5	7.9	8.2	8.4	8.3	8.6	9.8
Health and welfare	17.3	18.0	18.0	19.6	20.7	23.8	26.5	25.7	24.6	26.0
Education (2)	92.9	102.7	101.9	114.7	120.5	124.4	124.6	122.8	113.7	125.7
Parks, recreation and cultural	6.8	6.8	6.8	6.8	7.1	7.5	8.0	7.3	7.1	7.5
Community development	7.7	5.3	6.3	8.4	7.3	7.6	8.2	7.9	9.9	9.7
Non-departmental	0.5	0.7	1.0	1.1	1.2	1.2	2.0	1.5	1.4	1.9
Capital projects	16.2	14.0	21.0	27.5	23.5	17.2	28.3	21.7	26.5	19.9
Debt service:										
Principal (1)	26.8	25.2	23.2	25.4	27.8	28.4	27.6	31.2	30.8	32.1
Interest (1)	13.5	12.6	11.6	11.2	11.8	11.5	11.7	11.5	11.2	10.6
Bond issuance costs	0.9	0.2	0.9	0.3	0.3	0.2	0.3	0.3	0.2	0.6
Total expenditures	<u>\$ 253.3</u>	<u>\$ 256.8</u>	<u>\$ 262.0</u>	<u>\$ 288.2</u>	<u>\$ 296.0</u>	<u>\$ 301.9</u>	<u>\$ 322.6</u>	<u>\$ 321.4</u>	<u>\$ 324.0</u>	<u>\$ 341.4</u>
Other financing sources (uses)										
Issuance of debt (1)	\$ 10.7	\$ 19.6	\$ 20.0	\$ 34.2	\$ 32.0	\$ 29.5	\$ 37.7	\$ 34.6	\$ 14.5	\$ 32.9
Refunding bond proceeds	44.2	11.7	81.6	16.5	-	-	-	26.5	8.6	39.5
Payment to escrow for refunded debt	(43.5)	(11.6)	(80.8)	(16.4)	-	-	-	(26.4)	(8.5)	(39.2)
Lease proceeds and extinguishments	-	-	-	-	-	-	-	-	-	0.4

COUNTY OF SPOTSYLVANIA, VIRGINIA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Table S-4 - Page 2

(Amounts in millions)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Continued from page 1										
Transfers in(out), net	-	-	(0.2)	0.2	(0.1)	0.6	0.3	-	-	0.1
Total other financing sources, net	\$ 11.4	\$ 19.3	\$ 20.6	\$ 34.5	\$ 31.8	\$ 30.1	\$ 38.0	\$ 34.8	\$ 14.6	\$ 33.7
Special Item										
Proceeds from sale of land	\$ -	\$ -	\$ 0.6	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Change in Fund Balance	\$ (5.4)	\$ (16.3)	\$ (16.4)	\$ 9.4	\$ 4.0	\$ 9.2	\$ 10.2	\$ 26.9	\$ 16.2	\$ 23.9
Debt Service as a Percentage of Noncapital Expenditures: (1)										
Primary Government:										
Total debt service	\$ 39.4	\$ 37.5	\$ 34.8	\$ 36.6	\$ 39.6	\$ 39.9	\$ 39.3	\$ 42.7	\$ 42.0	\$ 42.6
Total expenditures	253.3	256.8	261.9	288.2	296.0	301.8	322.6	321.4	324.0	341.4
Capital outlay Primary Government only (2)	6.0	11.1	11.9	16.6	15.7	9.5	14.0	16.9	17.5	17.1
Non-capital expenditures	247.3	245.7	250.0	271.6	280.3	292.3	308.6	304.5	306.5	324.3
Debt service as a percentage of non-capital expenditures: (Primary Government only)	15.9%	15.3%	13.9%	13.5%	14.1%	13.7%	12.7%	14.0%	13.7%	13.1%
Component unit - School Board:										
School expenditures excluding County contribution	147.7	135.5	144.7	152.8	159.1	156.0	176.7	174.4	192.3	207.1
Capital outlay component unit - School Board only (2)	6.4	7.6	5.6	9.1	19.8	23.9	37.6	20.7	12.2	16.2
Non-capital expenditures	141.3	127.9	139.1	143.7	139.3	132.1	139.1	153.7	180.1	190.9
Total Reporting Entity (1):										
Total debt service	39.4	37.5	34.8	36.6	39.6	39.9	39.3	42.7	42.0	42.6
Total non-capital expenditures	\$ 388.6	\$ 373.6	\$ 389.1	\$ 415.3	\$ 419.6	\$ 424.4	\$ 447.7	\$ 458.2	\$ 486.6	\$ 515.2
Debt service as a percentage of non-capital expenditures: Total Reporting Entity	10.1%	10.0%	8.9%	8.8%	9.4%	9.4%	8.8%	9.3%	8.6%	8.3%

(1) In Virginia, the County issues debt to finance the construction of school facilities for the School Board because the School Board does not have borrowing or taxing authority; therefore, the debt service payments related to school facilities are presented as debt service of the Primary Government. Debt service as a percentage of non-capital expenditures for the Total Reporting Entity more appropriately reflects the unique Virginia school debt requirements.

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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	
2022	\$ 197,973,776	\$ 27,699,091	\$ 2,827,741	\$ 32,508,440	\$ 261,009,048
2021	189,131,945	24,148,206	2,773,048	26,410,938	242,464,137
2020	184,127,074	20,731,314	2,624,828	23,606,936	231,090,152
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2017	165,784,488	17,707,867	2,601,318	21,521,186	207,614,859
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
2013	146,393,586	15,355,413	2,404,781	19,186,113	183,339,893
% Change 2022/2021	4.7%	14.7%	2.0%	23.1%	7.6%
% Change 2022/2013	35.2%	80.4%	17.6%	69.4%	42.4%
Category % of Total Taxes	76.0%	10.6%	1.0%	12.4%	100.0%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

Last Ten Fiscal Years

Table S-6

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Fees, Licenses	Fines & Forfeitures	Use of Money & Property (1)(3)	Charges for Services (1)	Miscellaneous (1)(2)	Inter- governmental (1)	Total Revenues
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
2015	156,655,140	43,526,116	3,184,983	634,822	1,172,402	15,049,360	1,051,706	184,768,422	406,042,951
2014	151,945,820	46,939,533	2,685,169	544,449	1,108,352	14,808,265	1,687,726	178,014,581	397,733,895
2013	147,829,247	42,360,777	2,654,404	642,498	743,743	13,618,541	1,606,764	184,382,796	393,838,770
% Change 2022/2021	4.6%	17.4%	12.8%	(15.9%)	(156.0%)	18.6%	76.8%	(0.9%)	3.5%
% Change 2022/2013	35.1%	63.6%	192.6%	(57.1%)	(185.7%)	(22.1%)	46.5%	38.6%	38.4%

(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 \$125,560,693 and student activity fees and contributions of \$3,390,063.

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

(3) Excludes revenues attributable to the LOSAP Trust of \$69,919.

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
2022	\$ 20,036,651	\$ 20,386	\$ 2,581,255	\$ 34,624	\$ 24,137	\$ 462,810	\$ 23,159,863	\$ 0.96
2021	17,389,570	10,768	2,000,747	25,205	21,957	454,444	19,902,691	1.04
2020	17,043,131	11,232	1,862,180	30,504	21,881	413,003	19,381,931	1.05
2019	15,648,765	9,261	1,811,151	27,679	21,409	416,736	17,935,001	1.09
2018	15,358,064	8,792	1,737,814	27,943	17,157	383,376	17,533,146	1.07
2017	14,259,034	10,633	1,738,036	25,145	16,332	390,161	16,439,341	1.11
2016	13,920,390	11,283	1,685,432	28,975	15,116	352,055	16,013,251	1.11
2015	13,095,404	11,407	1,628,072	26,695	13,926	338,190	15,113,694	1.13
2014	12,930,409	11,730	1,604,441	28,908	14,169	309,858	14,899,515	1.13
2013	12,415,275	12,815	1,570,267	21,097	11,202	300,789	14,331,446	1.13
% Change 2022/2021	15.2%	89.3%	29.0%	37.4%	9.9%	1.8%	16.4%	
% Change 2022/2013	61.4%	59.1%	64.4%	64.1%	115.5%	53.9%	61.6%	
Category % of Total AV, CY 2022	86.5%	0.1%	11.1%	0.1%	0.1%	2.0%	100.0%	

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

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

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

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

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

Table S-8

Calendar Year	Real Estate & Mobile Home	Personal Property (1)	Business Furniture & Fixtures	Machinery & Tools	Heavy Construction Equipment
2022	\$ 0.7377	\$ 5.42	\$ 4.55	\$ 1.90	\$ 1.55
2021	0.8094	6.35	4.55	1.90	1.55
2020	0.8094	6.55	5.95	2.50	2.00
2019	0.8474	6.55	5.95	2.50	2.00
2018	0.8330	6.55	5.95	2.50	2.00
2017	0.8500	6.55	5.95	2.50	2.00
2016	0.8500	6.55	5.95	2.50	2.00
2015	0.8600	6.76	5.95	2.50	2.00
2014	0.8600	6.78	5.95	2.50	2.00
2013	0.8800	6.37	5.95	2.50	2.00

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

Source: Commissioner of Revenue, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Property Taxpayers

Current Year and Nine Years Ago

Table S-9

(Amounts in thousands)

	Calendar Year 2021			Calendar Year 2012		
	Assessed Value	Rank	% of Total County Taxable Assessed Value	Assessed Value	Rank	% of Total County Taxable Assessed Value
Dominion Virginia Power	\$ 188,954	1	1.03%	\$ 92,963	3	0.73%
Spotsylvania Towne Center	179,569	2	0.97%	185,218	1	1.46%
Lidl US Operations	108,668	3	0.59%	--		--
Spotsylvania Regional Medical Ctr	82,646	4	0.45%	87,694	2	0.69%
Rappahannock Electric Cooperative	88,353	5	0.48%	71,415	5	0.56%
Columbia Gas of Va	58,562	6	0.32%	29,332	10	0.23%
Comcast	9,153	7	0.05%	11,663	4	0.09%
Allure 1, LLC	48,998	8	0.27%	--		--
Verizon VA	40,490	9	0.22%	44,294	6	0.35%
CVS VA Distribution	6,923	10	0.04%	4,871	8	0.04%
GLL BUK Prop LP	--		--	39,368	7	0.31%
Lee Property Harrison Crossing	--		--	32,191	9	0.25%
	<u>\$ 812,316</u>		<u>4.42%</u>	<u>\$ 599,009</u>		<u>4.71%</u>

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

Source: Treasurer, Spotsylvania County, Virginia

COUNTY OF SPOTSYLVANIA, VIRGINIA

Property Tax Levies and Collections

Last Ten Fiscal Years

Table S-10

(Amounts in thousands)

Fiscal Year	Taxes Levied for the Fiscal Year (2)	Collected within the Fiscal Year of Levy			Collections in Subsequent Years (1)(2)	Total Collections to Date	
		Amount (2)	Percentage of Levy (3)			Amount	Percentage of Levy (3)
2022	\$ 194,532	\$ 190,296	97.82%		\$ -	\$ 190,296	97.82%
2021	183,615	172,041	93.70%		7,380	179,421	97.72%
2020	179,151	167,880	93.71%		7,360	175,240	97.82%
2019	172,121	161,306	93.72%		7,264	168,570	97.94%
2018	163,819	155,695	95.04%		6,396	162,092	98.95%
2017	158,338	151,128	95.45%		6,733	157,861	99.70%
2016	152,497	145,122	95.16%		7,110	152,232	99.83%
2015	147,956	141,151	95.40%		7,248	147,956	100.00%
2014	145,709	137,564	94.41%		7,218	144,782	99.36%
2013	141,272	134,557	95.25%		6,586	141,143	99.91%

(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			
	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Capital Leases	State Literary Fund Loans	Revenue Bonds	Total Primary Government	Percentage of Personal Income	Per Capita	
2022	\$ 226,655	\$ 1,378	\$ 47,753	\$ -	\$ -	\$ 121,909	\$ 397,695	2.01%	\$ 2.75	
2021	222,280	3,677	54,416	-	-	129,530	409,903	1.93%	2.85	
2020	233,250	6,369	59,890	-	-	124,742	424,251	1.82%	3.02	
2019	224,319	9,153	65,392	-	-	113,988	412,852	1.72%	3.03	
2018	207,123	13,295	70,691	-	-	120,172	411,281	1.65%	3.06	
2017	197,720	18,336	76,081	-	-	126,147	418,284	1.56%	3.15	
2016	184,864	23,701	81,364	-	-	131,894	421,823	1.48%	3.21	
2015	166,632	29,107	86,503	-	-	136,685	418,927	1.44%	3.22	
2014	165,705	34,621	84,288	-	-	141,466	426,080	1.35%	3.31	
2013	159,200	39,385	82,574	-	-	140,390	421,549	1.32%	3.31	

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Table S-11 - Page 2

(Amounts in thousands, except per capita)

General Obligation Bonded Debt Outstanding (1)							
Fiscal Year	General Obligation Bonds	Virginia Public School Authority Bonds	Public Improvement Bonds	Total Primary Government	Percentage of Assessed Value (2)	Per Capita (3)	
2022	\$ 226,655	\$ 1,378	\$ 47,753	\$ 275,786	1.19%	\$ 1.90	
2021	222,280	3,677	54,416	280,373	1.41%	1.95	
2020	233,250	6,369	59,890	299,509	1.55%	2.13	
2019	224,319	9,153	65,392	298,864	1.67%	2.19	
2018	207,123	13,295	70,691	291,109	1.66%	2.17	
2017	197,720	18,336	76,081	292,137	1.78%	2.20	
2016	184,864	23,701	81,364	289,929	1.81%	2.21	
2015	166,632	29,107	86,503	282,242	1.87%	2.17	
2014	165,705	34,621	84,288	284,614	1.91%	2.21	
2013	159,200	39,385	82,574	281,159	1.96%	2.21	

(1) Details regarding the County's outstanding debt can be found in the current financial statements. Includes all general obligation bonded debt issued on behalf of the School Board. Lease revenue bonds are issued for general government purposes and are paid by general government resources.

(2) See Schedule S-7 for the County's assessed value data.

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Revenue Bond Coverage - Water and Sewer Revenue Bonds

Last Ten Fiscal Years

Table S-12

(Amounts in thousands)

Fiscal Year	Gross Revenue (1)	Expenses (2)	Net Revenue Available for Debt Service	Debt Service Requirements			Times (4)
				Principal	Interest (3)	Total	
2022	\$ 44,261	\$ 21,158	\$ 23,103	\$ 6,450	\$ 4,643	\$ 11,093	2.08
2021	44,281	20,165	24,116	4,290	4,861	9,151	2.64
2020	51,008	19,883	31,125	5,025	4,638	9,663	3.22
2019	44,285	19,049	25,236	5,680	4,471	10,151	2.49
2018	41,293	18,416	22,877	5,471	4,666	10,137	2.26
2017	38,989	17,683	21,306	5,242	4,846	10,088	2.11
2016	39,096	16,548	22,548	5,575	4,578	10,153	2.22
2015	34,783	16,535	18,248	4,557	5,645	10,202	1.79
2014	33,100	16,472	16,628	4,220	5,887	10,107	1.65
2013	32,066	16,047	16,019	3,880	5,899	9,779	1.64

(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)
2022	144,796	\$ 7,974,904	\$ 55,077	23,887	3.0%
2021	139,971	7,300,517	55,077	23,087	4.4%
2020	138,449	7,221,134	55,077	23,935	8.6%
2019	136,447	7,116,715	52,157	23,674	2.9%
2018	134,227	6,795,518	50,627	23,814	3.2%
2017	132,889	6,505,098	48,951	23,592	3.7%
2016	131,401	6,247,711	47,547	23,678	4.1%
2015	130,042	6,024,994	46,331	23,817	4.7%
2014	128,881	5,772,816	44,792	23,773	5.4%
2013	127,449	5,566,129	43,673	23,725	6.1%

(1) Estimated for July 1 of each year
 2013 - 2021 U.S. Bureau of the Census
 2022 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 2013 - 2020 (the last year available). Per Capita Personal Income for 2021 and 2022 is assumed to be equal to 2020, the last year for which personal income data is available. Personal Income amounts for 2021 and 2022 are calculated by multiplying the population estimates by the Per Capita Personal Income estimates for each year.

(3) As of October 1 of each fiscal year

(4) Virginia Employment Commission Local Area Unemployment Statistics; data presented at fiscal year-end

COUNTY OF SPOTSYLVANIA, VIRGINIA

Principal Employers

Current Year and Nine Years Ago

Table S-14

Employer	FY 2022			FY 2013		
	Employees	Rank	Percentage of Total Employment	Employees	Rank	Percentage of Total Employment
Spotsylvania County School Board	Over 1,000	1	9.2%	Over 1,000	1	9.8%
County of Spotsylvania	Over 1,000	2	3.4%	500 to 999	2	3.0%
HCA Virginia Health System	500 to 999	3	2.1%	500 to 999	3	2.4%
Wal mart	250 to 499	4	1.1%	500 to 999	4	2.4%
PAE Shared Services LLC	250 to 499	5	1.1%	--		
Lidl US Operations	250 to 499	6	1.1%	--		
CVS, Inc.	250 to 499	7	1.1%	250 to 499	6	1.2%
Germanna Community College	250 to 499	8	1.1%	250 to 499	8	1.2%
United Parcel Service	250 to 499	9	1.1%	--		
Weis Markets (previously Food Lion)	250 to 499	10	1.1%	250 to 499	7	1.2%
Giant Food	--			100 to 249	10	0.6%
A T Solutions, Inc.	--			250 to 499	5	1.2%
Carmax	--			100 to 249	9	0.6%
Total employment	35,656			31,017		

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	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental Activities:										
General government	122	124	128	127	132	137	140	140	143	148
Judicial administration	38	38	38	38	40	41	41	42	42	44
Public safety	401	425	438	452	470	497	536	540	543	568
Public works	48	48	49	50	50	50	54	53	53	56
Health and welfare	83	83	85	85	88	93	103	110	117	134
Parks, recreation and cultural	23	23	23	23	23	23	24	25	25	25
Community development	38	36	36	36	36	35	39	41	41	49
Total governmental activities	753	777	797	811	839	876	937	951	964	1,024
Business-type activities:										
Water and sewer	114	115	117	118	119	120	122	122	122	125
Total business-type activities	114	115	117	118	119	120	122	122	122	125
Total full-time employees	867	892	914	929	958	996	1,059	1,073	1,086	1,149

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government										
Commissioner of Revenue										
Taxable real estate parcels (1)	59,803	60,459	60,765	61,040	61,624	62,107	62,557	63,314	63,693	64,408
Percentage of fair market value (2)	82.70%	89.50%	85.40%	92.00%	83.30%	91.40%	86.80%	91.20%	80.70%	n/a
Treasurer										
Real estate tax bills generated	132,219	135,270	131,710	130,725	131,269	132,330	133,304	133,941	135,116	140,042
Personal property tax bills generated (1)	293,817	298,844	305,300	306,102	305,378	316,851	311,119	310,526	311,898	322,375
Registrar										
Number of registered voters	81,922	82,355	83,220	84,754	86,200	88,465	90,920	94,799	101,500	103,220
Judicial administration										
Clerk of the Circuit Court										
Number of deeds recorded (1)	28,618	20,024	22,080	23,086	23,149	20,880	18,344	32,458	37,928	n/a
Commonwealth Attorney										
Average caseload per attorney (1)	1,400	1,280	1,319	1,387	1,435	1,187	1,085	875	823	n/a
Number of circuit court cases (1)	2,278	1,962	2,076	2,694	3,352	3,113	2,923	2,705	3,010	n/a
Number of General District Court cases (1)	8,667	8,028	8,245	8,804	8,444	8,079	7,588	5,960	5,341	n/a
Number of Juvenile & Domestic Relations Court cases (1)	3,062	2,817	2,873	2,381	2,552	2,457	2,505	1,831	2,342	n/a
Public Safety										
Sheriff										
Calls for service	144,996	129,761	116,336	122,067	121,102	124,105	118,984	120,087	115,157	110,966
Calls for service per road deputy	2,013	1,802	1,615	1,695	1,681	1,477	1,416	1,412	1,439	1,305
Civil process papers served	38,281	43,224	42,149	43,441	40,817	44,490	40,428	40,308	34,889	20,548
Warrants served	11,055	9,986	10,714	10,917	11,146	11,151	10,780	10,703	10,062	8,654
Emergency Communications										
Total calls received	188,361	184,615	179,219	183,563	185,097	187,792	194,092	190,168	196,668	189,000
911 calls received	47,832	49,189	45,984	44,244	46,325	47,338	48,652	49,642	51,424	55,019
Fire, Rescue and Emergency Management										
Calls for service	16,974	15,355	16,219	16,526	17,525	18,500	18,836	18,757	19,733	22,058
Animal Control										
Calls for service (all types)	8,212	8,386	8,084	8,803	8,925	9,453	12,246	11,543	9,577	n/a
Public works										
Refuse Disposal										
Solid waste - tons (1)	73,737	108,500	132,524	125,935	127,916	135,022	154,303	132,267	147,962	169,363
Recycling										
Recycled materials - tons	23,360	26,446	20,000	21,000	20,000	22,578	24,667	23,921	18,784	17,398
Sludge composted - tons	18,828	22,924	19,945	19,596	20,280	15,703	17,693	17,333	18,696	18,725

COUNTY OF SPOTSYLVANIA, VIRGINIA

Operating Indicators by Function

Last Ten Fiscal Years

Table S-16 - Page 2

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Health and welfare										
Social Services										
SNAP applications	4,530	4,709	4,658	4,319	4,038	4,037	4,240	4,737	4,777	5,144
Medicaid applications	3,960	4,786	4,833	4,033	4,025	5,233	6,460	6,568	5,089	5,039
Medicaid (avg monthly ongoing caseload)	6,760	6,869	7,651	8,298	8,287	9,266	10,546	12,825	14,740	16,743
Foster care children (avg monthly county)	90	82	78	88	97	141	157	133	93	86
Parks, recreation and cultural										
Parks and Recreation										
Sports league participants	7,293	7,024	7,037	6,466	6,607	6,744	6,458	5,911	1,644	4,939
Special interest/leisure participants	11,120	10,671	11,540	14,217	15,613	17,408	18,131	18,988	7,081	13,633
Park visitors	1,312,800	1,313,800	1,322,700	1,190,900	1,194,500	1,198,600	1,208,700	948,918	1,057,398	1,161,455
Community Development										
Planning										
Final platted lots approved (1)	278	236	252	550	499	400	677	357	591	n/a
Economic Development										
Average "annual" salary census of wages (Virginia Employment Commission)	\$ 31,955	\$ 32,965	\$ 34,341	\$ 35,000	\$ 35,773	\$ 33,787	\$ 41,236	\$ 34,385	\$ 35,656	n/a
Tourism										
Tourists visiting area (1)	799,887	849,000	935,538	1,673,261	1,799,951	1,707,438	1,744,349	1,013,747	978,417	n/a
Extension Office (3)										
Requests for educational information	3,694	2,462	10,392	15,970	20,119	21,439	16,426	16,549	6,900	3,818
Individuals participating in programs	13,494	9,672	18,125	19,874	9,498	9,932	16,699	22,076	3,501	5,624
Other funds										
Code Compliance										
Community development permits issued	3,068	3,111	2,996	3,628	3,773	4,040	4,069	3,609	4,133	5,222
Building inspections	13,442	14,682	15,672	16,731	19,541	21,884	22,554	24,589	25,282	34,490
Utilities										
Average daily water consumption (mgd)	6.81	7.14	6.78	6.98	7.10	7.19	7.33	7.47	10.95	11.32
Average effluent flows (mgd)	7.50	9.54	8.13	8.90	8.90	10.70	9.13	8.48	10.73	11.31
Water customers	28,976	29,390	29,658	30,104	30,628	31,160	31,622	32,216	32,790	33,616
Sewer customers	27,691	28,095	28,338	28,768	29,285	29,813	30,271	30,852	31,408	32,194

n/a Not available

(1) Reported on a calendar year basis

(2) Final 2022 State sales ratio will be issued late 2023

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

Source: Various County Departments

COUNTY OF SPOTSYLVANIA, VIRGINIA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Table S-17

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Public safety										
Sheriff:										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	201	201	201	206	220	209	202	210	210	220
Fire & Rescue:										
Stations	13	13	13	13	12	12	12	12	12	12
Response units	67	69	69	69	72	72	72	71	71	70
Public works										
Solid waste convenience centers	13	13	13	13	13	13	13	13	13	13
Collection trucks	13	13	16	16	16	16	16	16	16	16
Landfills	3	3	3	3	3	3	3	3	3	3
Square footage of buildings maintained	649,397	649,721	649,721	649,721	649,721	709,706	709,849	709,549	720,369	764,369
Parks, recreation and cultural										
Parks	13	13	13	13	13	13	13	13	13	13
Park acreage	536	536	536	536	536	536	536	536	536	536
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	7	7	7	7	7	7	7	7	7
Athletic fields maintained	37	37	37	37	37	37	37	37	36	36
Community centers	7	7	6	6	6	6	5	5	5	5
Public boat ramps	2	2	2	2	2	2	2	2	2	2
Library facilities	2	2	2	2	2	2	2	2	2	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)	517	536	542	553	562	563	561	567	575	585
Water treatment plants	2	2	2	2	2	2	2	2	2	2
Maximum daily capacity (thousands of gallons)	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000
Sewer										
Sanitary sewers (miles)	497	497	500	552	552	553	551	556	565	570
Wastewater treatment plants	3	3	3	3	3	3	3	3	3	3
Maximum daily treatment capacity (thousands of gallons)	13,700	13,700	13,700	13,700	13,700	13,700	13,745	13,745	13,745	13,745
Reservoirs	3	3	3	3	3	3	3	3	3	3
Vehicles maintained	52	51	52	50	50	46	48	48	46	46
Fleet Management										
Vehicles maintained	1,074	1,057	1,070	1,061	1,075	1,090	1,059	1,066	1,055	1,120

COUNTY OF SPOTSYLVANIA, VIRGINIA**Summary of Certain School Statistics**

School Enrollment

Last Five Fiscal Years

Table S-18 - Page 1

	2018	2019	2020	2021	2022
Kindergarten	1,567	1,545	1,623	1,379	1,646
Elementary (grades 1-7)	12,325	12,219	12,368	11,743	11,905
Secondary (grades 8-12)	9,521	9,478	9,482	9,582	9,853
Pre-K/Headstart (SpEd)	401	432	462	383	483
Total Enrollment (1)	23,814	23,674	23,935	23,087	23,887
Teachers and Administrators	1,958	2,001	2,032	2,032	2,046
Other employees	1,137	1,196	1,214	1,208	1,238
Total employees (2)	3,095	3,197	3,246	3,240	3,284
Elementary and intermediate	24	24	24	24	24
Secondary (includes vocational)	7	7	7	7	7
Total buildings	31	31	31	31	31

Source: Superintendent of Schools, Spotsylvania County, Virginia.

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

(2) As budgeted.

COUNTY OF SPOTSYLVANIA, VIRGINIA

Summary of Certain School Statistics

Actual and Projected Average Daily Enrollment by Grade

Table S-18 - Page 2

Grade	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
K	1,567	1,545	1,623	1,379	1,646	1663	1676	1671	1654	1642
1	1,664	1,599	1,614	1,569	1,562	1730	1730	1731	1726	1708
2	1652	1721	1641	1557	1694	1593	1764	1765	1763	1755
3	1646	1698	1758	1606	1611	1728	1626	1797	1796	1791
4	1854	1688	1747	1680	1696	1642	1759	1656	1828	1825
5	1836	1866	1747	1720	1773	1733	1673	1793	1690	1859
6	1788	1841	1924	1702	1781	1806	1753	1716	1830	1714
7	1885	1806	1937	1909	1788	1814	1842	1790	1750	1867
8	1865	1899	1844	1915	1958	1812	1841	1870	1816	1775
9	2043	2025	2118	1986	2247	2181	2016	2049	2088	2025
10	1910	1874	1947	2029	1914	2142	2080	1923	1956	1990
11	1839	1820	1775	1817	1885	1828	2046	1989	1839	1869
12	1864	1860	1798	1835	1849	1940	1885	2097	2041	1896
Pre-K*	401	432	462	383	483	483	483	483	483	483
Total Enrollment (1)	<u>23,814</u>	<u>23,674</u>	<u>23,935</u>	<u>23,087</u>	<u>23,887</u>	<u>24,095</u>	<u>24,174</u>	<u>24,330</u>	<u>24,260</u>	<u>24,199</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	2021-2022 Enrollment
Elementary:							
Battlefield	K-5	30.0	Acres	1,974	2,000	833	676
Berkeley	K-5	17.0	Acres	1,961	1971, 1979, 2000, 2005	353	277
Brock Road	K-5	24.4	Acres	1992	2004	907	658
Cedar Forest	K-5	52.2	Acres	2008	-	936	759
Chancellor	K-5	12.0	Acres	1940	1948, 1961, 2000	455	432
Courthouse Road	K-5	25.0	Acres	1994	2005	907	763
Courtland (1)	K-5	-	Acres	1989	2000	789	510
Harrison Road (2)	K-5	-	Acres	2001	2006	936	715
Lee Hill	K-5	21.0	Acres	1977	1990, 1999	807	629
Livingston	K-5	15.5	Acres	1961	1971, 1992	504	400
Parkside	K-5	26.8	Acres	2001	2007	936	953
Riverview	K-5	25.0	Acres	1994	2005	907	674
Salem	K-5	20.0	Acres	1979	1989, 1999	815	608
Smith Station	K-5	23.0	Acres	1991	1999,2004	986	682
Spotswood	K-5	20.0	Acres	1965	1971, 2000	641	515
Spotsylvania	K-5	14.1	Acres	1952	1977	585	562
Wilderness	K-5	25.0	Acres	1998	2003	936	652
							10,465
Middle:							
Battlefield	6-8	30.0	Acres	1978	2003	807	830
Chancellor (2)	6-8	-	Acres	1989	-	857	859
Freedom	6-8	76.7	Acres	2003	-	948	774
Ni River	6-8	75.0	Acres	1999	-	774	720
Post Oak (3)	6-8	-	Acres	2007	-	948	698
Spotsylvania	6-8	41.7	Acres	1968	1973	907	973
Thornburg	6-8	50.0	Acres	1994	-	790	673
							5,527
Secondary:							
Chancellor	9-12	100.0	Acres	1988	-	1,427	1,383
Courtland	9-12	100.0	Acres	1980	-	1,565	1,540
Massaponax	9-12	100.0	Acres	1998	2005	1,830	1,696
Riverbend	9-12	90.7	Acres	2004	-	1,995	1,923
Spotsylvania	9-12	100.0	Acres	1994	-	1,611	1,293
J.J. Wright Alternative	Pre K - 12	20.0	Acres	1952	1962, 1982, 2008, 2009	90	60
Vocational Center (1)	-	-	-	1980	1993	-	N/A
							7,895

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, 2021	Revenues	Expenditures	Fund Balance June 30, 2022
Elementary:				
Battlefield	\$ 43,964	\$ 28,814	\$ 30,991	\$ 41,787
Berkeley	27,560	10,899	12,374	26,084
Brock Road	41,024	29,855	30,675	40,205
Cedar Forest	13,357	21,181	18,468	16,070
Chancellor	21,391	19,740	10,796	30,335
Courthouse Road	62,649	38,475	35,311	65,814
Courtland	22,010	19,372	19,817	21,565
Harrison Road	40,687	9,224	9,407	40,504
Lee Hill	17,347	33,233	35,147	15,433
Livingston	34,002	19,357	23,724	29,635
Parkside	12,434	29,646	17,722	24,358
Riverview	25,929	42,314	37,617	30,626
Salem	27,531	24,067	18,716	32,882
Smith Station	25,091	22,026	32,304	14,814
Spotswood	27,173	29,832	31,529	25,477
Spotsylvania	18,581	14,948	14,951	18,577
Wilderness	44,864	34,300	35,899	43,266
Total Elementary Schools:	\$ 505,595	\$ 427,283	\$ 415,447	\$ 517,432
			2021 - 2022 pupil enrollment:	10,465
			Per pupil fund balance:	\$ 49.44
Middle:				
Battlefield	48,393	67,072	59,247	56,218
Chancellor	53,317	81,803	70,504	64,615
Freedom	63,942	82,982	73,992	72,933
Ni River	57,213	65,949	59,331	63,831
Post Oak	35,583	80,106	68,425	47,264
Spotsylvania	83,446	71,911	60,495	94,862
Thornburg	44,147	73,404	68,234	49,317
Total Middle Schools:	\$ 386,042	\$ 523,227	\$ 460,229	\$ 449,040
			2021 - 2022 pupil enrollment:	5,527
			Per pupil fund balance:	\$ 81.24
High:				
Chancellor	106,143	344,293	302,974	147,462
Courtland	328,012	444,032	404,538	367,506
Massaponax	322,542	420,047	411,449	331,140
Riverbend	278,836	594,595	568,435	304,996
Spotsylvania	205,497	310,555	282,796	233,255
Total High Schools:	\$ 1,241,029	\$ 2,113,521	\$ 1,970,192	\$ 1,384,359
			2021 - 2022 pupil enrollment:	7,895
			Per pupil fund balance:	\$ 175.35
Other:				
J.J. Wright Alternative	3,380	9,997	4,790	8,587
School Board Office	2,683	0	66	2,617
Career and Technical Center	151,928	228,037	236,881	143,085
Commonwealth Governor's School	-	87,997	41,602	46,396
Total Other Schools:	\$ 157,991	\$ 326,032	\$ 283,339	\$ 200,685
Total All Schools:	\$ 2,290,657	\$ 3,390,063	\$ 3,129,207	\$ 2,551,513

Source: Spotsylvania County Schools School Activity Fund 2022 Audit Report

