NEW ISSUE	**Ratings: Moody's: "Aaa"**
BOOK-ENTRY ONLY	**Standard & Poor's: "AAA"**
	Fitch: "AAA"
	(See "Ratings" herein)

In the opinion of Bond Counsel, under current law and subject to conditions described in the subsection "Tax Matters" in the section entitled "MISCELLANEOUS", interest on the Series 2023 Bonds (1) is not included in gross income for Federal income tax purposes, and (2) is not an item of tax preference for purposes of the Federal alternative minimum income tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in the "adjusted financial statement income" (as defined in Section 56A of the Internal Revenue Code of 1986, as amended) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Holders may be subject to other Federal tax consequences as described in "Tax Matters." Bond Counsel is also of the opinion that interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth of Virginia. See the subsection entitled "Tax Matters."

COUNTY OF SPOTSYLVANIA, VIRGINIA

$58,305,000
General Obligation
Public Improvement Bonds,
Series 2023

Dated: Date of Delivery | **Due: January 15, as shown on the inside cover**

This Official Statement has been prepared by the County of Spotsylvania, Virginia (the "County"), to provide information on its General Obligation Public Improvement Bonds, Series 2023 (the "Series 2023 Bonds"), the security therefor, the County and other relevant information. Selected information is presented on this cover page for the convenience of the user. To make an informed decision regarding the Series 2023 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	**THE SERIES 2023 BONDS WILL BE GENERAL OBLIGATIONS OF THE COUNTY, SECURED BY AN IRREVOCABLE PLEDGE OF ITS FULL FAITH AND CREDIT. THE COUNTY BOARD OF SUPERVISORS IS AUTHORIZED AND REQUIRED, UNLESS OTHER FUNDS ARE LAWFULLY AVAILABLE AND APPROPRIATED FOR TIMELY PAYMENT OF THE SERIES 2023 BONDS, TO LEVY AND COLLECT AN ANNUAL AD VALOREM TAX, OVER AND ABOVE ALL OTHER TAXES AUTHORIZED OR LIMITED BY LAW AND WITHOUT LIMITATION AS TO RATE OR AMOUNT, UPON ALL LOCALLY TAXABLE PROPERTY IN THE COUNTY SUFFICIENT TO PAY PRINCIPAL OF AND PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2023 BONDS, RESPECTIVELY, AS THE SAME BECOME DUE AND PAYABLE.**
Purpose	The proceeds of the Series 2023 Bonds will be used to finance or reimburse the County for costs of the public school projects, public safety projects, and transportation projects to be financed with such proceeds of the Series 2023 Bonds, and to pay the costs of issuing the Series 2023 Bonds. See "Use of Proceeds" in "THE SERIES 2023 BONDS."
Interest Payment Dates	January 15 and July 15, commencing January 15, 2024
Record Date	June 15 and December 15
Redemption	The Series 2023 Bonds are subject to redemption as set forth herein.
Denominations	$5,000 and integral multiples thereof
Sale Date and Time	10:30 a.m. Eastern Time, September 6, 2023
Closing/Delivery Date	On or about September 20, 2023
Registration	Full book-entry only; The Depository Trust Company, New York, New York
Registrar and Paying Agent	U.S. Bank Trust Company, National Association, Richmond, Virginia
Bond Counsel	Haneberg Hurlbert PLC, Richmond, Virginia
Financial Advisor	PFM Financial Advisors LLC, Arlington, Virginia

The Series 2023 Bonds are offered for delivery when, as and if issued, subject to the approving opinion of Haneberg Hurlbert PLC, Bond Counsel, as described herein. Certain legal matters will be passed upon for the County by the County Attorney, Karl R. Holsten, Esquire.

Dated: September 6, 2023

COUNTY OF SPOTSYLVANIA, VIRGINIA

$58,305,000
General Obligation
Public Improvement Bonds,
Series 2023

Year (January 15)	Amount	Interest Rate	Yield	CUSIP	Year (January 15)	Amount	Interest Rate	Yield	CUSIP
2024	$3,065,000	5.00%	3.210%	849254A80	2034	$2,780,000	5.00%	3.000%*	849254C21
2025	3,945,000	5.00	3.220	849254A98	2035	2,780,000	5.00	3.070*	849254C39
2026	3,940,000	5.00	3.100	849254B22	2036	2,705,000	5.00	3.220*	849254C47
2027	3,935,000	5.00	2.950	849254B30	2037	2,705,000	5.00	3.370*	849254C54
2028	3,920,000	5.00	2.900	849254B48	2038	2,705,000	5.00	3.470*	849254C62
2029	3,160,000	5.00	2.900	849254B55	2039	2,195,000	5.00	3.530*	849254C70
2030	3,160,000	5.00	2.900	849254B63	2040	2,195,000	5.00	3.580*	849254C88
2031	2,845,000	5.00	2.910	849254B71	2041	2,195,000	5.00	3.640*	849254C96
2032	2,845,000	5.00	2.920	849254B89	2042	2,195,000	5.00	3.700*	849254D20
2033	2,840,000	5.00	2.920*	849254B97	2043	2,195,000	5.00	3.750*	849254D38

* Yield calculated to the first optional redemption date of July 15, 2032.

COUNTY OF SPOTSYLVANIA, VIRGINIA

COUNTY BOARD OF SUPERVISORS

David Ross, Chairperson
Jacob Lane, Vice-Chairperson
Deborah H. Frazier
Lori Hayes
Kevin Marshall
Timothy J. McLaughlin
Chris Yakabouski

COUNTY OFFICIALS

Edward Petrovitch, *County Administrator*
Karl R. Holsten, Esq., *County Attorney*
Mark L. Cole, *Deputy County Administrator*
Rebecca R. Forry, *Chief Financial Officer*
Larry K. Pritchett, *Treasurer*
Deborah F. Williams, *Commissioner of the Revenue*
Mark B. Taylor, *School Superintendent*

BOND COUNSEL

HANEBERG HURLBERT PLC
1111 East Main Street, Suite 2010
Richmond, Virginia 23219

FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC
4350 North Fairfax Drive, Suite 590
Arlington, Virginia 22203

AUDITORS

CliftonLarsonAllen LLP
901 North Glebe Road, Suite 200
Arlington, Virginia 22203

The Series 2023 Bonds will be exempt from registration under the Securities Act of 1933. As obligations of a political subdivision of the Commonwealth of Virginia, the Series 2023 Bonds will also be exempt from registration under the securities laws of the Commonwealth of Virginia.

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representations, other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of any offer to buy, nor shall there be any sale of the Series 2023 Bonds by any person, in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

This Official Statement is not to be construed as a contract or agreement between the County and the purchasers or owners of any of the Series 2023 Bonds. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof.

TABLE OF CONTENTS

OFFICIAL STATEMENT

COUNTY OF SPOTSYLVANIA, VIRGINIA

$58,305,000
General Obligation
Public Improvement Bonds,
Series 2023

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and appendices hereto, is to provide information in connection with the issuance by the County of Spotsylvania (the "County"), a political subdivision of the Commonwealth of Virginia (the "Commonwealth"), of its $58,305,000 General Obligation Public Improvement Bonds, Series 2023 (the "Series 2023 Bonds"). The following introductory material is qualified in its entirety by the detailed information and financial statements appearing elsewhere in this Official Statement, reference to which is hereby made for all purposes.

The Issuer

The issuer of the Series 2023 Bonds is the County of Spotsylvania, a political subdivision of the Commonwealth of Virginia.

The Series 2023 Bonds

The Series 2023 Bonds will be dated the date of their delivery and will mature on January 15 in the years 2024 through 2043 in the amounts set forth on the inside cover of this Official Statement. Interest on the Series 2023 Bonds will be payable on each January 15 and July 15, beginning January 15, 2024, until the earlier of maturity or redemption, at the rates set forth on the inside cover of this Official Statement.

The proceeds of the Series 2023 Bonds will be used to finance or reimburse the County for costs associated with public school projects, public safety projects and transportation projects in the County, and to pay costs of issuance of the Series 2023 Bonds.

Optional Redemption

The Series 2023 Bonds are subject to redemption at the option of the County at any time, following requisite notice, on or after July 15, 2032.

Delivery

The Series 2023 Bonds are offered for delivery, when, as and if issued, subject to the approval of their validity by Haneberg Hurlbert PLC, Bond Counsel, and to certain other conditions referred to herein. It is expected that the Series 2023 Bonds will be available for delivery, at the expense of the County, in New York, New York, through the facilities of The Depository Trust Company, New York, New York ("DTC"), on or about September 20, 2023.

Auditors

The County's general purpose financial statements for the fiscal year ended June 30, 2022, have been audited by the independent public accounting firm of CliftonLarsonAllen LLP, Arlington, Virginia, and are included as Appendix B. CliftonLarsonAllen LLP will not be reviewing this Official Statement or any other matters in connection with the issuance of the Series 2023 Bonds. The County's audited financial statements for prior fiscal years are available for inspection at the Office of the County Administrator, 9104 Courthouse Road, Spotsylvania, Virginia 22553, or at https://www.spotsylvania.va.us/286/Annual-Financial-Reports.

Ratings

The Series 2023 Bonds have been rated as shown on the cover page hereto by Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, 23rd Floor, New York, New York 10007 ("Moody's"); Standard & Poor's Global Ratings, 55 Water Street, New York, New York 10041 ("Standard & Poor's"); and Fitch Ratings, 33 Whitehall Street, New York, New York 10004 ("Fitch"). A more complete description of the ratings is provided in the subsection "Ratings" in the section entitled "MISCELLANEOUS."

Continuing Disclosure

The County has agreed to execute a Continuing Disclosure Agreement at closing to assist the purchaser of the Series 2023 Bonds in complying with the provisions of Rule 15c2-12, as amended ("Rule 15c2-12"), promulgated by the Securities and Exchange Commission ("SEC") by providing annual financial information and event notices required by the Rule. See the subsection "Continuing Disclosure" in the section entitled "MISCELLANEOUS."

Financial Advisor

PFM Financial Advisors LLC, Arlington, Virginia, is employed as Financial Advisor to the County and has advised the County in connection with the planning, structuring and issuance of the Series 2023 Bonds. A portion of the Financial Advisor's fee for services rendered with respect to the sale of the Series 2023 Bonds is contingent upon the issuance and delivery of the Series 2023 Bonds.

Additional Information

Any questions concerning the content of this Official Statement should be directed to the attention of Edward Petrovitch, County Administrator, 9104 Courthouse Road, Spotsylvania, Virginia 22553 (540-507-7010) or Rebecca R. Forry, Chief Financial Officer, Spotsylvania County, 8800 Courthouse Road, Spotsylvania, Virginia 22553 (540-507-7597), or the County's Financial Advisor, PFM Financial Advisors LLC (571-527-5138).

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THE SERIES 2023 BONDS

Authorization of the Series 2023 Bonds

The issuance of the Bonds is authorized by a resolution adopted by the Board on July 8, 2014, and was approved by the qualified votes of the County at an election held on November 4, 2014 (the "2014 Referendum"), of which $141,724,876 was authorized for the financing of school projects, $36,388,641 was authorized for public safety projects, and $63,308,950 was authorized for transportation projects.

Under the 2014 Referendum, $0.00 in principal amount of the bonds authorized for public school projects remains authorized and unissued on the date hereof.

Under the 2014 Referendum, $14,338,641 in principal amount of bonds authorized for public safety projects remains authorized and unissued on the date hereof.

Under the 2014 Referendum, $42,443,950 in principal amount of the bonds authorized for transportation projects remains authorized and unissued on the date hereof.

The issuance of the Bonds is further authorized by resolutions adopted by the Board on July 27, 2021, and was approved by the qualified voters of the County at an election held on November 2, 2021 (the "2021 Referendum"), of which $206,800,000 was authorized for the financing of school projects, $32,162,474 was authorized for public safety projects, and $101,742,509 was authorized for transportation projects.

Under the 2021 Referendum, $200,091,960 in principal amount of the bonds authorized for public school projects remains authorized and unissued on the date hereof.

Under the 2021 Referendum, $32,162,474 in principal amount of bonds authorized for public safety projects remains authorized and unissued on the date hereof.

Under the 2021 Referendum, $101,742,509 in principal amount of the bonds authorized for transportation projects remains authorized and unissued on the date hereof.

The Series 2023 Bonds are being issued pursuant to the 2014 Referendum, the 2021 Referendum, the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991 (the "Act"), and a bond resolution adopted by the County Board of Supervisors on August 8, 2023 (the "Bond Resolution").

Use of Proceeds of the Series 2023 Bonds

The proceeds of the Series 2023 Bonds will be used to finance or reimburse the County for costs associated with public safety projects, public school projects and transportation projects in the County.

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The following table sets forth the anticipated application of proceeds of the Series 2023 Bonds for the purposes described above:

Sources of Funds:	
Face Amount of Series 2023 Bonds	$58,305,000.00
Plus Original Issue Premium	5,812,277.30
Total Sources	$ 64,117,277.30
Uses of Funds:	
Deposit to Construction Fund	$18,717,486.00
Deposit to School Board	45,061,075.00
Estimated Costs of Issuance (including Underwriters' fees and rounding amount)	338,716.30
Total Uses	$ 64,117,277.30

Description of the Series 2023 Bonds

The Series 2023 Bonds will be issued in fully registered form in the denominations of $5,000 and multiples thereof and will be held by The Depository Trust Company, New York, New York ("DTC"), or its nominee, as securities depository with respect to the Series 2023 Bonds. See the subsection "Book-Entry System" below. Purchases of beneficial ownership interests in the Series 2023 Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of Bond certificates. The Series 2023 Bonds will be dated the date of their issuance, will bear interest at the rates per annum set forth on the inside cover page hereof, calculated on the basis of a 360-day-year of twelve 30-day months, payable on January 15, 2024, and semi-annually thereafter on July 15 and January 15 of each year (an "Interest Payment Date"), and will mature on January 15 in the years and in the principal amounts set forth on the inside cover page hereof.

As long as the Series 2023 Bonds are held by DTC or its nominee, interest will be paid to Cede & Co., as nominee of DTC, in next day funds on each Interest Payment Date. If the book-entry system is discontinued, Bond certificates will be delivered as described in the Bond Resolution, and Beneficial Owners (as hereinafter defined) will become registered owners of the Series 2023 Bonds ("Bondholders"). Interest on the Series 2023 Bonds shall be payable on each Interest Payment Date by check or draft of U.S. Bank Trust Company, National Association, Richmond, Virginia, as paying agent and registrar (the "Paying Agent" or "Registrar"), mailed to the registered owner at his address as it appears on the June 15 and December 15 immediately preceding the respective Interest Payment Date. If any Interest Payment Date is not a business day, such payment will be made on the next succeeding business day with the same effect as if made on the Interest Payment Date and no additional interest shall accrue.

Redemption

Optional Redemption. The Series 2023 Bonds may be redeemed at the option of the County prior to their respective maturities in whole or in part (in integral multiples of $5,000) at any time, following requisite notice, on or after July 15, 2032, upon payment of 100% of the principal amount of the Series 2023 Bonds to be redeemed, together with accrued interest to the redemption date.

Manner of Redemption. If less than all of the Series 2023 Bonds are called for redemption, the Series 2023 Bonds to be redeemed shall be selected by the County's Chief Financial Officer in such a manner as he or she may determine to be in the best interest of the County. If less than all of the Series 2023 Bonds of a particular maturity of a series are called for redemption, the Series 2023 Bonds to be redeemed shall be selected by DTC or any successor securities depository pursuant to its rules and procedures or, if the book-entry system is discontinued, by the Registrar by lot in such manner as the Registrar in its discretion may determine. In either case, (a) the portion of any Bond to be redeemed shall be in a minimum principal amount of $5,000 or some multiple thereof and (b) in selecting Series

2023 Bonds for redemption, each Bond shall be considered as representing that number of Series 2023 Bonds which is obtained by dividing the principal amount of such Bond by $5,000.

Notice of Redemption. The County will cause notice of the call for redemption, identifying the Series 2023 Bonds or the portions thereof to be redeemed, to be sent by facsimile or electronic transmission, registered or certified mail or overnight express delivery not less than 30 nor more than 60 days prior to the redemption date, to DTC or its nominee as the registered owner thereof. The County shall not be responsible for mailing notice of redemption to anyone other than DTC or another qualified securities depository or its nominee unless no qualified securities depository is the registered owner of the Series 2023 Bonds. If no qualified securities depository is the registered owner of the Series 2023 Bonds, notice of redemption shall be mailed to the registered owners of the Series 2023 Bonds being redeemed.

The County may give or cause to be given notice of redemption prior to a deposit of redemption moneys if such notice states that the redemption is to be funded with the proceeds of a refunding bond issue and is conditioned on the deposit of such proceeds. Provided that moneys are deposited on or before the redemption date, such notice shall be effective when given. If such proceeds are not available on the redemption date, the Series 2023 Bonds will continue to bear interest until paid at the same rate they would have borne had they not been called for redemption and principal will continue to be payable as scheduled. On presentation and surrender of the Series 2023 Bonds called for redemption at the place or places of payment, such Series 2023 Bonds shall be paid and redeemed.

During the period that DTC or the DTC nominee is the registered holder of the Series 2023 Bonds, the County will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2023 Bonds. See the subsection "Book-Entry System" below.

Book-Entry System

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interests in the Series 2023 Bonds, payments of principal of and interest on the Series 2023 Bonds to DTC, its nominee, Direct Participants (as hereinafter defined) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2023 Bonds and other bond-related transactions by and between DTC, the Direct Participants and Beneficial Owners is based solely on information furnished by DTC.

DTC will act as securities depository for the Series 2023 Bonds. The Series 2023 Bonds will be issued as fully-registered securities registered in the name of Cede & Co., DTC's partnership nominee, or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Series 2023 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of New York Banking Law, member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants (the "Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (the "Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Series 2023 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2023 Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond (the "Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2023 Bonds are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2023 Bonds, except in the event that use of the book-entry system for the Series 2023 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2023 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Series 2023 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2023 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2023 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2023 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2023 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2023 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2023 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Paying Agent on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC (nor its nominee), the Paying Agent, or the County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the County or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2023 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates will be printed and delivered.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this subsection concerning DTC and DTC's book-entry system has been obtained from sources that the County believes to be reliable, but the County takes no responsibility for the accuracy thereof.

Neither the County nor the Paying Agent has any responsibility or obligation to the Direct or Indirect Participants or the Beneficial Owners with respect to (a) the accuracy of any records maintained by DTC or any Direct or Indirect Participant; (b) the payment by any Direct or Indirect Participant of any amount due to any Beneficial Owner in respect of the principal of and interest on the Series 2023 Bonds; (c) the delivery or timeliness of delivery by any Direct or Indirect Participant of any notice to any Beneficial Owner that is required or permitted under the terms of the Bond Resolution to be given to Bondholders; or (d) any other action taken by DTC, or its nominee, Cede & Co., as Bondholder, including the effectiveness of any action taken pursuant to an Omnibus Proxy.

So long as Cede & Co. is the registered owner of the Series 2023 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 2023 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Series 2023 Bonds for all purposes under the Bond Resolution.

The County may enter into amendments to the agreement with DTC or successor agreements with a successor securities depository, relating to the book-entry system to be maintained with respect to the Series 2023 Bonds without the consent of Beneficial Owners or Bondholders.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2023 Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal to accept delivery of and payment of the purchase price for the Series 2023 Bonds. All expenses in connection with the assignment and printing of CUSIP numbers shall be paid by the winning bidder, as described in the notice of Sale for the Series 2023 Bonds.

Security for the Series 2023 Bonds

The Series 2023 Bonds will be general obligations of the County secured by an irrevocable pledge of its full faith and credit. The County Board of Supervisors is authorized and required, unless other funds are lawfully available and appropriated for timely payment of the Series 2023 Bonds, to levy and collect an annual ad valorem tax, unlimited as to rate or amount, upon all locally taxable property in the County sufficient to pay principal of and interest on the Series 2023 Bonds, respectively, as the same become due and payable.

Bondholders' Remedies in the Event of Default

Section 15.2-2659 of the Code of Virginia of 1950, as amended, provides that upon affidavit filed by or on behalf of any owner of a general obligation bond, or by any paying agent therefor, that a political subdivision of the Commonwealth of Virginia is in default as to payment of principal, premium or interest, the Governor shall forthwith conduct a summary investigation and, if such default is established to the Governor's satisfaction, the Governor shall immediately order the State Comptroller to withhold all funds appropriated and payable by the Commonwealth of Virginia (the "Commonwealth") to the political subdivision so in default and apply the amount so withheld to payment of the defaulted principal, premium, if any, and interest.

Section 15.2-2659 also provides for notice to registered owners of such Series 2023 Bonds of the default and the availability of withheld funds. The State Comptroller advises that, to date, no order to withhold funds pursuant to Section 15.1-227.61 or Section 15.1-225, the predecessor provisions of Section 15.2-2659, has ever been issued with respect to the County. Although neither the scope, the constitutionality nor the enforceability of Section 15.2-2659 or its predecessor provisions has been comprehensively addressed by a Virginia court, the Attorney General of Virginia has issued an opinion that appropriated funds may be withheld by the Commonwealth pursuant to Section 15.1-227.61. In the fiscal year ending June 30, 2022, the Commonwealth appropriated $201,913,865 to the County, of which $42,190,374 accrued to the County's General Fund.

Neither the Series 2023 Bonds nor the proceedings with respect thereto specifically provide any remedies to Bondholders if the County defaults in the payment of principal thereof or premium or interest thereon, nor do they contain any provision for the appointment of a trustee to enforce the interests of the Bondholders upon the occurrence of such default. Upon any default in the payment of principal, premium or interest, a Bondholder could, among other things, seek from an appropriate court a writ of mandamus requiring the Board to levy and collect taxes as described above. The mandamus remedy, however, may be impracticable and difficult to enforce. Furthermore, the right to enforce payment of the Series 2023 Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium, and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

Chapter 9 of the United States Bankruptcy Code (the "Bankruptcy Code") permits a municipality such as the County, if insolvent or otherwise unable to pay its debts as they become due, to file a voluntary petition for the adjustment of debts provided that such municipality is "specifically authorized, in its capacity as a municipality or by name, to be a debtor…." Bankruptcy Code, § 109(c)(2). Current Virginia statutes do not expressly authorize the County or municipalities generally to file for bankruptcy under Chapter 9, although it is unclear if the lack of express authorization under state law would be a successful defense to a claim that federal bankruptcy law preempts any Commonwealth of Virginia limitation on the exercise by the County of rights under the Bankruptcy Code. Chapter 9 does not authorize the filing of involuntary petitions against municipalities such as the County.

Bankruptcy proceedings by the County could have adverse effects on Bondholders including, (a) delay in the enforcement of their remedies, (b) subordination of their claims to claims of those supplying goods and services to the County after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings, and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Series 2023 Bonds. The Bankruptcy Code contains provisions intended to ensure that, in any reorganization plan not accepted by at least a majority of a class of creditors such as the holders of general obligation Series 2023 Bonds, such creditors will have the benefit of their original claims or the "indubitable equivalent" thereof, although such plan may not provide for payment of the Series 2023 Bonds in full. The effect of these and other provisions of the Bankruptcy Code cannot be predicted and may be significantly affected by judicial interpretations.

SPOTSYLVANIA COUNTY

Located in the northeastern section of Virginia, the County is bounded on the north by the Rappahannock and Rapidan Rivers, on the south by the North Anna River, on the west by Orange County, and on the east by Caroline County. The City of Fredericksburg borders the County to the northeast. The County is approximately 55 miles north of Richmond and 55 miles south of Washington, D.C.

The Board of Supervisors (the "Board") is the governing body of the County. The Board is comprised of seven members, who are elected for four-year terms. The Board members select from themselves a Chairperson and a Vice-Chairperson for one-year terms. The Board is elected to staggered terms, with three members elected in one election cycle and the remaining four members elected in a different election cycle.

The County functions under a traditional form of government with a County Administrator, as is common throughout Virginia. Under this form of government, the elected officials include the members of the Board, the Treasurer, the Commissioner of the Revenue, the Sheriff, the Clerk of the Circuit Court and the Commonwealth's Attorney. Mental Health/Mental Retardation Services are provided by the Community Services Board. The Health Department and the Court System are under the control of the Commonwealth of Virginia. All other functions of the County government are managed by department directors that in turn report to the County Administrator. The County Administrator also serves as the head of the Social Services Administrative Board.

The County Administrator is appointed by the Board to act as the Board's agent in the administration and operation of the departments and agencies. All departments directly responsible to the Board report to the County Administrator, and he or she acts as the Board's liaison to all other departments and agencies. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures.

Appendix A contains additional financial, economic and demographic information concerning the County. The financial and operating data contained in Appendix A are as of the dates and for the periods indicated therein, which in many cases were prior to the declaration of a global pandemic as a result of the outbreak of the novel coronavirus known as "COVID-19" (the "COVID-19 Pandemic"). Such financial and operating data have not been updated to reflect any potential impacts of the COVID-19 Pandemic on the County's general economic and financial condition. See "RECENT DEVELOPMENTS - *Response to Coronavirus (COVID-19) – Spotsylvania County*" in

Appendix A. The County's audited financial statements for the fiscal year ended June 30, 2022, are contained in Appendix B.

MISCELLANEOUS

Ratings

As noted on the cover page of this Official Statement, Moody's, Standard & Poor's and Fitch have assigned the Series 2023 Bonds a rating of "Aaa," "AAA" and "AAA," respectively, based upon the creditworthiness of the County.

Reference should be made to Moody's, Standard & Poor's and Fitch for a more complete explanation of the significance of the ratings assigned by such rating agencies. There is no assurance that the ratings will remain in effect for any given period of time or that they will not be downgraded, changed, suspended or withdrawn entirely by such rating agencies if, in the judgment of such rating agencies, changes in or unavailability of, information so warrant. A revision, suspension or withdrawal of a rating may have an adverse effect on the market price of the Series 2023 Bonds.

Litigation

The County and its employees have been named from time to time as defendants in claims that are being defended by the County Attorney and associated counsel. The County's potential liability exposure is limited partially by sovereign immunity, indemnification agreements and insurance policies. In addition, the County Attorney is aware of potential claims that are unasserted at this time. The County Attorney is of the opinion that none of the litigation currently pending or threatened against the County can reasonably be expected to have a material adverse effect on the County's financial condition.

The County Attorney is of the opinion that there is no litigation pending or, to the best of his information, knowledge and belief, threatened in the Circuit Court of Spotsylvania County or the United States District Court for the Eastern District - Richmond Division that would in any way affect the validity of the Series 2023 Bonds or the ability of the County to levy or collect ad valorem taxes for payment of the Series 2023 Bonds or the interest thereon.

Legal Matters

Certain legal matters relating to the authorization and validity of the Series 2023 Bonds will be subject to the approving opinion of Haneberg Hurlbert PLC, Bond Counsel, which will be furnished at the expense of the County upon delivery of the Series 2023 Bonds, in substantially the form set forth as Appendix C (the "Bond Opinion"). Certain legal matters will be passed upon for the County by the County Attorney, Karl R. Holsten, Esquire.

The Bond Opinion will be limited to matters relating to authorization and validity of the Series 2023 Bonds and to the tax status of interest thereon as described in the subsections "Tax Matters." Bond Counsel has not been engaged to investigate the financial resources of the County or its ability to provide for payment of the Series 2023 Bonds, and the Bond Opinion will make no statement as to such matters or as to the accuracy or completeness of this Official Statement or any other information that may have been relied on by anyone in making the decision to purchase Series 2023 Bonds.

Tax Matters

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest on the Series 2023 Bonds (a) is not included in gross income for Federal income tax purposes, and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in "adjusted financial statement income" (as defined in Section 56A of the Internal Revenue Code of 1986, as amended (the "Code")) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is also of the opinion that interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth of Virginia. No other opinion is expressed by Bond Counsel regarding the tax consequences of the ownership or the receipt or accrual of interest on the Series 2023 Bonds.

Bond Counsel's opinion is given in reliance upon certifications by representatives of the County as to certain facts relevant to both the opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and is subject to the condition that there is compliance subsequent to the issuance of the Series 2023 Bonds with all requirements of the Code that must be satisfied in order for interest thereon to remain excludable from gross income for Federal income tax purposes. The County has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2023 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2023 Bonds. Failure by the County to comply with such covenants, among other things, could cause interest on the Series 2023 Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

Original Issue Premium. Series 2023 Bonds purchased, whether upon issuance or otherwise, for an amount (excluding any amount attributable to accrued interest) in excess of their principal amount will be treated for Federal income tax purposes as having amortizable bond premium. A holder's basis in such a Bond must be reduced by the amount of premium which accrues while such Bond is held by the holder. No deduction for such amount will be allowed, but it generally will offset interest on the Series 2023 Bonds while so held. Purchasers of such Series 2023 Bonds should consult their own tax advisors as to the calculation, accrual and treatment of amortizable bond premium and the state and local tax consequences of holding such Series 2023 Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Series 2023 Bonds should be aware that the ownership of tax-exempt obligations may result in collateral Federal income tax consequences to certain taxpayers, including without limitation financial institutions, property and casualty insurance companies, S corporations, foreign corporations subject to the branch profits tax, recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Prospective purchasers of the Series 2023 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2023 Bonds also should consult their own tax advisors as to the status of interest on the Series 2023 Bonds under the tax laws of any state other than Virginia.

The Internal Revenue Service (the "Service") has a program to audit state and local government obligations to determine whether the interest thereon is includible in gross income for Federal income tax purposes. If the Service does audit the Series 2023 Bonds, under current Service procedures, the Service will treat the County as the taxpayer and the owners of the Series 2023 Bonds will have only limited rights, if any, to participate.

Bond Counsel's opinion represents its legal judgment based in part upon the representations and covenants referenced therein and its review of current law, but is not a guarantee of result or binding on the Service or the courts. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may come to Bond Counsel's attention after the date of its opinion or to reflect any changes in law or the interpretation thereof that may occur or become effective after such date.

There are many events which could affect the value and liquidity or marketability of the Series 2023 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2023 Bonds by the Service, a general change in interest rates for comparable securities, a change in Federal or state income tax rates, Federal or state legislative or regulatory proposals affecting state and local government securities and changes in judicial interpretation of existing law. In addition, certain tax considerations relevant to owners of Series 2023 Bonds who purchase Series 2023 Bonds after their issuance may be different from those relevant to purchasers upon issuance. Neither the opinion of Bond Counsel nor this Official Statement purports to address the likelihood or effect of any such potential events or such other tax considerations, and purchasers of the Series 2023 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2023 Bonds.

Financial Advisor

PFM Financial Advisors LLC, Arlington, Virginia (the "Financial Advisor"), serves as Financial Advisor to the County. The Financial Advisor has advised the County in matters relating to the planning, structuring and issuance of the Series 2023 Bonds and has assisted in the review of this Official Statement, but the Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume any responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Financial Advisor is a financial advisory, investment management and consulting organization and is not engaged in the business of underwriting municipal securities. A portion of the Financial Advisor's fee for services rendered with respect to the sale of the Series 2023 Bonds is contingent upon the issuance and delivery of the Series 2023 Bonds.

Sale at Competitive Bidding

The Series 2023 Bonds were offered for sale at competitive bidding at 10:30 a.m. Eastern Time, September 6, 2023, and were awarded to Hilltop Securities Inc., on the terms as to interest rates, prices and yields set forth on the inside front cover of this Official Statement. The expected selling compensation to such winning bidder is $108,913.51 (or .186800% of the principal amount of the Series 2023 Bonds).

Continuing Disclosure

To permit compliance by the purchasers of the Series 2023 Bonds with the continuing disclosure requirements of Rule 15c2-12, the County will execute a Continuing Disclosure Agreement (the "CDA") at closing, by which it will agree to provide certain annual financial information and event notices required by Rule 15c2-12. Such information will be filed through the Electronic Municipal Market Access System ("EMMA") maintained by the Municipal Securities Rulemaking Board and may be accessed through the Internet at emma.mrsb.org. Prior to July 1, 2009, filings by the County were made through the then existing national recognized municipal securities information repositories. As described in Appendix D, the CDA requires the County to provide only limited information at specific times, and the information provided may not be all the information necessary to value the Series 2023 Bonds at any particular time. The County may from time to time disclose certain information and data in addition to that required by the CDA. If the County chooses to provide any additional information, the County will have no obligation to continue to update such information or to include it in any future disclosure filing. Except to the extent that such circumstances or other circumstances previously disclosed on EMMA and/or in prior Official Statements of the County with respect to the County's prior filings of its Annual Disclosure, all of which are available on EMMA and incorporated herein by reference, are deemed material, (1) the County has not failed in the last five years to comply in all material respects with any previous continuing disclosure undertakings under Rule 15c2-12, and (2) the County's previous statements in this regard have been materially accurate.

Failure by the County to comply with the CDA is not an event of default under the Series 2023 Bonds or the Bond Resolution. The sole remedy for a default under the CDA is to bring an action for specific performance of the County's covenants thereunder, and no assurance can be provided as to the outcome of any such proceeding.

Approval of Official Statement

So far as any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact. No representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Series 2023 Bonds.

The distribution of this Official Statement has been duly authorized by the Board.

SPOTSYLVANIA COUNTY, VIRGINIA

By: /s/ Edward Petrovitch
Edward Petrovitch,
County Administrator

APPENDIX A

INFORMATION REGARDING

SPOTSYLVANIA COUNTY, VIRGINIA

TABLE OF CONTENTS TO APPENDIX A

INFORMATION REGARDING SPOTSYLVANIA COUNTY, VIRGINIA

INTRODUCTION

Located in the northeastern section of Virginia, Spotsylvania County (the "County") is bounded on the north by the Rappahannock and Rapidan Rivers, on the south by the North Anna River, on the west by Orange County, and on the east by Caroline County. The City of Fredericksburg borders the County to the northeast. The County is approximately 55 miles north of Richmond, Virginia and 55 miles south of Washington, D.C.

The County was formed in 1721 from sections of the Counties of Essex, King William and King and Queen. It was named for Alexander Spotswood, who was Royal Colonial Governor of Virginia from 1710 to 1722. A fort had been built at the falls of the Rappahannock River in 1676 and settlement started around 1700. Germanna was established as the first county seat in 1722. It had been settled in 1714 by a colony of Germans who were brought to the area by Governor Spotswood. The county seat was moved to Fredericksburg in 1732, to "Old Court House" in 1788, and to Spotsylvania in 1839, where it has remained.

RECENT DEVELOPMENTS

Response to Coronavirus (COVID-19) – Commonwealth of Virginia

Shortly following his inauguration on January 15, 2022, Governor Glenn Youngkin released his administration's COVID Action Plan. The Governor's COVID Action Plan encourages individuals to get vaccinated through public service announcements, expands vaccination event efforts, disperses rapid tests and provides flexibility and support to the Commonwealth's healthcare facilities while also empowering individuals to make health care decisions that are beneficial to them and their families. Due to the changing nature of the COVID-19 situation, it is possible additional action from Governor Youngkin and the Virginia Legislature could occur.

Response to Coronavirus (COVID-19) – Spotsylvania County

General. As of June 2022, the vast majority of County employees were back working in-person, though the option of occasional telecommute is still in place. Citizens transact business in person, but have the option of online and mail transactions, as well. Citizens wishing to make public comments at Board of Supervisors meetings may once again do so in person, but as a result of accommodations made during the pandemic, now have the continued option of submitting written comments online or via mail to be read into the public record.

Federal Funding. The County received \$23.76 million in allocated funds made available to the Commonwealth under the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"), which the County deployed prior to the original spending deadline of December 30, 2020 to the permitted use of funding for public safety personnel costs. Additionally, the County received \$26.5 million directly from the U.S. Treasury as its allocation of Coronavirus State and Local Fiscal Recovery Funds (SLFRF) pursuant to the 2021 American Rescue Plan Act. The Board of Supervisors has taken action to allocate this most recent federal funding largely to broadband and water treatment plant capital projects. Unlike the CARES Act funds that originally had a very short timeframe in which the funds were to be spent, the SLFRF allocation has a generous timeframe for expenditure – funds must be obligated by December 31, 2024 and must then be spent by December 31, 2026. SLFRF funds remaining as of June 30, 2023 in the amount of \$24.1 million are expected to be obligated in 2024 and expended prior to the 2026 deadline.

GOVERNMENT

The Board is the governing body of the County. The Board is comprised of seven members elected from seven voting districts in the County: Battlefield, Berkeley, Chancellor, Courtland, Lee Hill, Livingston and Salem. Each member is elected for a four-year term. The Board members select from among themselves a Chair and a Vice-Chair for one-year terms. The Board is elected to staggered terms, with three members elected in one election cycle and the remaining four members elected in a different election cycle. Terms of three current members expire on December 31, 2025. Terms of the remaining four current members expire on December 31, 2023.

The County functions under a traditional form of government with a County Administrator. Under this form of government, the elected officials include the members of the Board, the Treasurer, the Commissioner of the Revenue, the Sheriff, the Clerk of the Circuit Court and the Commonwealth's Attorney. Mental health, developmental disability, and substance abuse services are provided by the Community Services Board. The Health Department and the Court System are under the control of the Commonwealth of Virginia. All other functions of the County government are managed by department directors that in turn report to the County Administrator. The Deputy County Administrator serves as head of the Social Services Administrative Board.

The County Administrator is appointed by the Board to act as the Board's agent in the administration and operation of the departments and agencies. All departments directly responsible to the Board report to the County Administrator, and he or she acts as the Board's liaison to all other departments and agencies. The County Administrator serves at the pleasure of the Board, carries out its policies and directs business procedures.

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PRINCIPAL EXECUTIVE OFFICERS

Official	Name	Term and Manner of Selection	Length of Service with County	Expiration of Term
Chairman and Board Member (Chancellor District)	David Ross	4 Years (Elected)	11-½ Years	12/31/23
Vice Chairman and Board Member (Courtland District)	Jacob Lane	4 Years (Elected)	1-½ Years	12/31/25
Board Member (Berkeley District)	Kevin Marshall	4 Years (Elected)	20-½ Years[1]	12/31/25
Board Member (Livingston District)	Timothy J. McLaughlin	4 Years (Elected)	11-½ Years	12/31/23
Board Member (Battlefield District)	Chris Yakabouski	4 Years (Elected)	13-½ Years	12/31/25
Board Member (Salem District)	Deborah H. Frazier	4 Years (Elected)	25 Years[2]	12/31/23
Board Member (Lee Hill District)	Lori Hayes	4 Years (Elected)	1-½ Year	12/31/25
County Administrator	Edward Petrovitch	Appointed by Board	17 Years[3]	Pleasure of Board
County Attorney	Karl R. Holsten	Appointed by Board	10 Years[4]	Pleasure of Board
Deputy County Administrator	Mark L. Cole	Appointed by County Administrator	10-½ Years	Pleasure of County Administrator
Commissioner of the Revenue	Deborah F. Williams	4 Years (Elected)	36 Years	12/31/23
Treasurer	Larry K. Pritchett	4 Years (Elected)	49 Years	12/31/23
Superintendent of Schools	Mark B. Taylor	Appointed by School Board	14 Years[5]	Pleasure of School Board
Chief Financial Officer	Rebecca R. Forry	Appointed by County Administrator	16 Years[6]	Pleasure of County Administrator

Source: Office of the County Administrator, Spotsylvania County.

[1] Served as a Firefighter from 2002 to May, 2019, joined the Board of Supervisors in 2018, and was named Business Development Manager in May, 2019.

[2] Has been employed by Spotsylvania County Public Schools for 24 years, including as an Assistant Principal for one year and as Principal in several County schools. Currently, is Principal at Chancellor Middle School. Joined the Board of Supervisors in 2020.

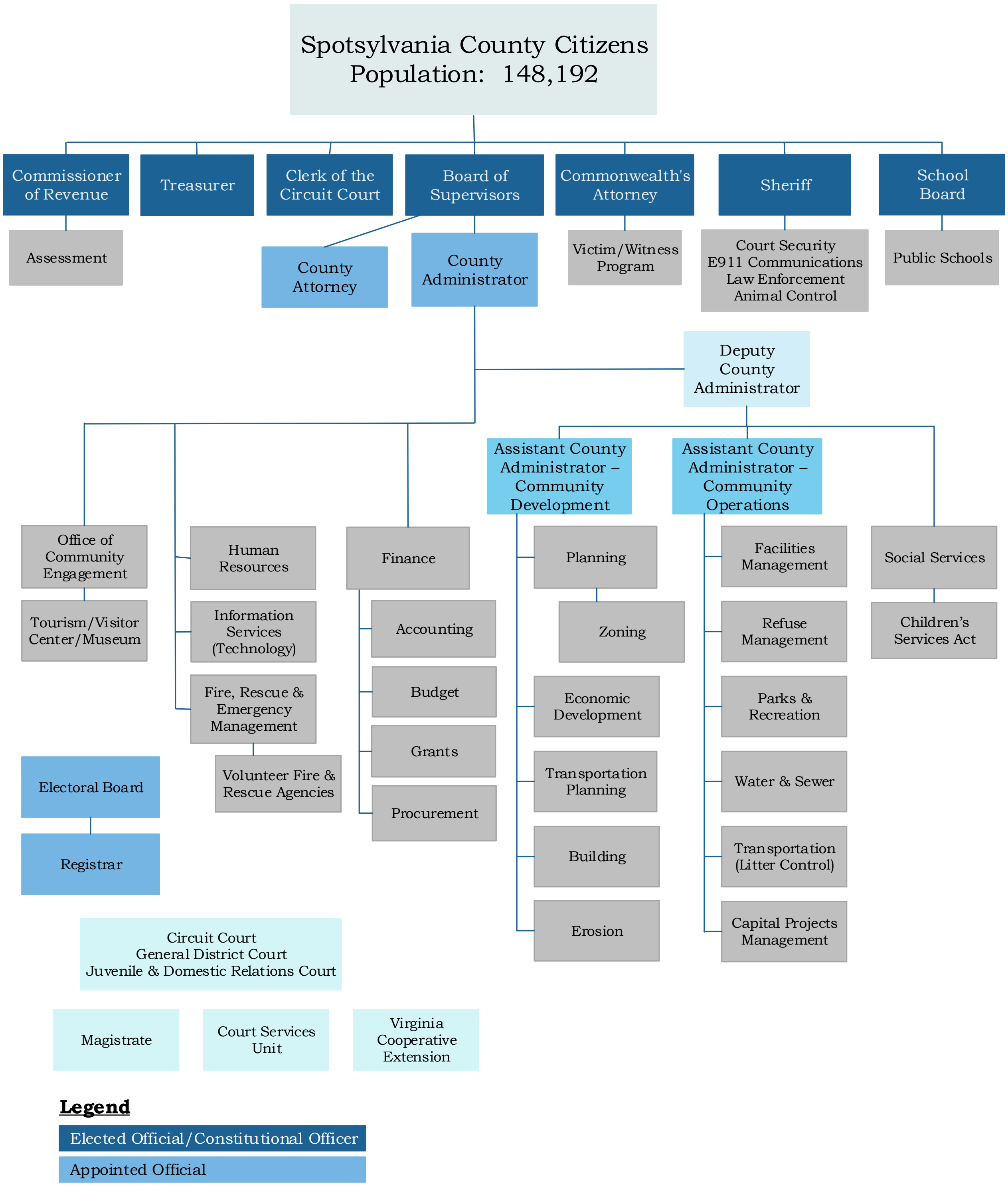
[3] Served as Deputy Director of Utilities since 2006 and Deputy County Administrator from 2008 through 2019. Appointed to serve as County Administrator, effective June, 2019.

[4] Served as Deputy County Attorney since 2013, Interim County Attorney, effective March 31, 2016, and County Attorney effective September 27, 2016.

[5] Served as Deputy County Attorney during years 1996-2000 and as County Attorney during years 2000-2006. Served as County Administrator from 2015 to 2019. Appointed Superintendent effective October, 2022.

[6] Previously served as Accounting Manager from 2007 to 2014, Controller from 2015 to 2019, and Chief Accounting Officer from 2019 through 2022. Appointed to serve as Chief Financial Officer, effective January, 2023.

SPOTSYLVANIA COUNTY ORGANIZATIONAL CHART



CERTAIN COUNTY ADMINISTRATIVE AND FINANCIAL STAFF MEMBERS

Edward Petrovitch, E.M.B.A., County Administrator, was appointed County Administrator in June 2019. Prior to his appointment as County Administrator, he served as Interim County Administrator beginning in April 2019, and prior to that appointment, he served as Deputy County Administrator beginning in March 2015. Mr. Petrovitch was initially hired by the County in August 2006, serving as Deputy Director of Utilities until July 2008, when he was promoted to Director of Utilities. Prior to his employment with the County, he was employed by Fairfax County Water Authority for 29 years. In his tenure with Fairfax County Water Authority he held several positions of increasing responsibility and last served as the Manager of Water Production and Quality. He holds a Bachelor of Science degree and an Executive Master's degree in Business Administration from Virginia Commonwealth University. He is a life member of the Beta Gamma Sigma Honor Society for accredited business school graduates. His professional affiliations include the American Water Works Association and the Water Environment Federation. He also served as an adjunct professor for Germanna Community College, where he taught courses in strategic planning and quality management.

Karl R. Holsten, Esq., County Attorney, was appointed to his current position on September 27, 2016 after serving as either a Deputy County Attorney or the Interim County Attorney for a total of three years. He earned a Bachelor of Arts (Political Science) degree and a Juris Doctor degree from the University of Richmond. After graduating from law school, Mr. Holsten worked in the City Attorney's office for the City of Richmond for approximately 10 years, rising to the position of Senior Assistant City Attorney, before joining the Spotsylvania County Attorney's Office in 2013 as a Deputy County Attorney.

Mark L. Cole, Deputy County Administrator, was appointed effective January 2, 2013. Prior to this appointment, he was a Program Manager and Systems Analyst for a major defense contractor for more than 27 years. From 1980 to 1985 he served as an officer in the US Navy and continued to serve in the Navy Reserve before retiring as a Commander in 2004. He is currently a member of the Virginia House of Delegates and previously served as a member of the Spotsylvania County Board of Supervisors. He holds bachelor's degrees in computer science and Civil Engineering Technology from Mary Washington College and Western Kentucky University, and is a member of the American Legion and the Veterans of Foreign Wars.

Rebecca R. Forry, Chief Financial Officer was appointed Chief Financial Officer effective January, 2023. Prior to her appointment as Chief Financial Officer, Ms. Forry served as the County's Chief Accounting Officer. She was the County's Controller from January 2014 to October 2019 and served as Accounting Manager from August 2007 through December 2014. Prior to her employment with the County, she was employed as an Accounting Manager for a subsidiary of JPMorgan Chase & Co. for approximately three years. Ms. Forry started her career with a CPA Firm providing audit services for local governments and not for profit organizations. She has a Bachelor of Science degree in Accounting, *summa cum laude*, from Strayer University, and earned a CPA certification in May 2004. She is a member of the national and state Government Finance Officers Associations and served as a past board member with the Virginia Government Finance Officers Association and the non-profit organization Healthy Families Rappahannock Area.

Larry K. Pritchett, Treasurer, has served as Treasurer since January 1988. He was an accountant with the County from July 1974 to January 1975 and from July 1978 to January 1979 served as Interim County Administrator. He also served as Finance Officer of the County from February 1975 to December 1987. He holds an Associate degree in Business Administration from Germanna Community College and a Bachelor of Science degree in Accounting from Virginia Polytechnic Institute and State University. He is a member and past president of the Virginia Treasurers Association, and is a member of the National Association of County Treasurers and Finance Officers. He holds the certification of Master Governmental Treasurer and the Treasurer's Office is accredited through the Virginia Treasurers Association and the Weldon Cooper Center for Public Service of the University of Virginia.

Deborah F. Williams, Commissioner of Revenue, has served in that capacity since January 1, 1996. Prior to this date, Ms. Williams was the Assistant to the Commissioner and Meals Tax Administrator for eight years. She holds a Bachelor of Science degree in Education from Radford University. She is currently a member of the Northern Virginia League of Commissioners of the Revenue, the Virginia Association for Local Executive Constitutional Officers, the Virginia Association of Assessing Officers, the International Association of Assessing Officers and the Commissioners of the Revenue Association. In 1998, she received certification as a Certified Commissioner of the

Revenue by the University of Virginia, Weldon Cooper Center for Public Service and the Division of Continuing Education.

Mark B. Taylor, Esq., Superintendent of Schools, was appointed by the Spotsylvania County School Board to serve as the Superintendent effective October, 2022. Prior to his appointment as Superintendent, Mr. Taylor served as County Administrator for Greene County, Virginia from 2019 through 2022. Prior to his service as County Administrator in Greene County, Mr. Tayler was County Administrator for Spotsylvania County, serving in such capacity from 2015 through 2019. Prior to his tenure as County Administrator in Spotsylvania County, he had worked for Spotsylvania County for 10 years previously, serving as Deputy County Attorney from 1996 to 2000, and County Attorney from 2000 to 2006. He served as a Virginia local government attorney for a total of 26 years. He has a Juris Doctorate degree from the University of North Carolina at Chapel Hill, and a Bachelor of Arts degree awarded with University Honors from American University, Washington, D.C. in Psychology and Philosophy. Mr. Taylor holds a Malcolm Baldrige certificate in Performance Management. He is also a member of the Virginia Local Government Management Association, the Local Government Attorneys of Virginia, and the Virginia State Bar.

SERVICES PROVIDED BY THE COUNTY

The County provides general governmental services for its citizens including but not limited to emergency medical services and fire protection, collection and disposal of refuse, water and sewer services, parks and recreation, libraries/culture, health and social services. Other services provided by the County, which receive partial funding from the State, include public education in grades kindergarten through twelve and certain technical, vocational and special education, mental health assistance, agricultural services, law enforcement and judicial activities.

Public Schools

The County school system (the "School System") is governed by an elected seven-member School Board. The School Board appoints a school superintendent who serves at the pleasure of the School Board (as he has no right to automatic contract approval) and is responsible for the operation of the School System in accordance with Virginia laws, regulations of the Virginia Board of Education, and the policies and regulations of the School Board. The superintendent recommends and the School Board appoints a staff that directs the School System.

The School Board presents an annual budget to the Board. Effective with the FY 2024 adopted budget, the Board makes annual categorical appropriations for school operations, but has limited authority over how the appropriations are spent within each category. For FY 2023, the school system's non-capital expenses are funded by the Commonwealth of Virginia (approximately 46.3%), federal funds (approximately 13.6%), fees charged for services (approximately 3.0%) use of prior years' School Food Service Fund balance (approximately 2.0%), and a transfer of revenues from the County's General Fund (approximately 35.1%).

Summary of Certain School Statistics

	2018-19	2019-20	2020-21	2021-22	2022-23
Kindergarten	1,545	1,623	1,379	1,646	1,607
Elementary (Grades 1-7)	12,219	12,368	11,743	11,905	12,248
Secondary (Grades 8-12)	9,478	9,482	9,582	9,853	9,959
Special Education*	432	462	383	483	449
Total Enrollment	**23,674**	**23,935**	**23,087**	**23,887**	**24,263**
Teachers & Administrators	2,001	2,032	2,032	2,046	2,129
Other Employees	1,196	1,214	1,208	1,238	1,355
Total Employees	**3,197**	**3,246**	**3,240**	**3,284**	**3,484**
Elementary & 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.
As of September 30 of each school year.
* Includes pre-kindergarten and Head Start.

Data on Existing Public Schools

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2022-23 Enrollment
Elementary:						
Battlefield	K-5	30.0 Acres	1974	2000	833	681
Berkeley	K-5	17.0 Acres	1961	1971, 1979, 2000, 2005	353	267
Brock Road	K-5	24.4 Acres	1992	2004	907	700
Cedar Forest	K-5	52.4 Acres	2008	---	936	811
Chancellor	K-5	12.0 Acres	1940	1948, 1961, 2000	455	456
Courthouse Road	K-5	25.0 Acres	1994	2005	907	780
Courtland(1)	K-5	------	1989	2000	789	530
Harrison Road(2)	K-5	------	2001	2006	936	723
Lee Hill	K-5	21.0 Acres	1977	1990, 1999	807	660
Livingston	K-5	15.5 Acres	1961	1971, 1992	504	435
Parkside	K-5	26.8 Acres	1994	2007	936	941
Riverview	K-5	25.0 Acres	1994	2005	907	634
Salem	K-5	20.0 Acres	1979	1989, 1999	815	616
Smith Station	K-5	23.0 Acres	1991	1999, 2004	986	662
Spotswood	K-5	20.0 Acres	1965	1971, 2000	641	510
Spotsylvania	K-5	14.1 Acres	1952	1977	586	588
Wilderness	K-5	25.0 Acres	1998	2003	936	656
Middle:						
Battlefield	6-8	30.0 Acres	1978	2003	807	791
Chancellor(2)	6-8	------	1989	---	857	854
Freedom	6-8	76.7 Acres	2003	---	948	777
Ni River	6-8	75.0 Acres	1999	---	774	719
Post Oak(3)	6-8	------	2007	---	948	665
Spotsylvania	6-8	41.7 Acres	1968	1973	907	982
Thornburg	6-8	50.0 Acres	1994	---	790	696
Secondary:						
Chancellor	9-12	100.0 Acres	1988	---	1,427	1,400
Courtland	9-12	100.0 Acres	1980	2019	1,565	1,557
Massaponax	9-12	100.0 Acres	1998	2005	1,830	1,742
Riverbend	9-12	90.7 Acres	2004	---	1,995	1,995
Spotsylvania	9-12	100.0 Acres	1994	---	1,611	1,388
Spotsylvania Vocational Center(1)(4)	---	------	1980	1993	---	---
Alternative:						
John J. Wright	K-12	20.0 Acres	1952	1962, 1982, 2008	n/a	n/a
Pre-K(5)						
Alt Education					90	47
				Total	27,783	24,263

Source: Superintendent of Schools, Spotsylvania County.
(1) On same site as Courtland High School.
(2) On same site as Chancellor High School.
(3) On same site as Spotsylvania High School.
(4) Included in high school enrollments.
(5) Pre-K enrollment is counted at the home elementary schools above. However, such enrollment for the 2022–2023 school year was 484 students as of October 1, 2022.

Actual and Projected Daily Student Enrollment by Grade(1)

	Actual Daily Student Enrollment by Grade				Projected Daily Student Enrollment by Grade				
Grade	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2026-27**	**2027-28**
Pre-K	462	383	483	449	483	483	483	483	483
K	1,623	1,379	1,646	1,607	1,676	1,671	1,654	1,642	1,621
1	1,614	1,569	1,562	1,729	1,731	1,731	1,726	1,708	1,694
2	1,641	1,557	1,694	1,654	1,764	1,765	1,763	1,755	1,737
3	1,758	1,606	1,611	1,746	1,626	1,797	1,796	1,791	1,783
4	1,747	1,680	1,696	1,671	1,759	1,656	1,828	1,825	1,820
5	1,747	1,720	1,773	1,794	1,673	1,793	1,690	1,859	1,856
6	1,924	1,702	1,781	1,833	1,753	1,716	1,830	1,714	1,885
7	1,937	1,909	1,788	1,821	1,842	1,790	1,750	1,867	1,750
8	1,844	1,915	1,958	1,830	1,841	1,870	1,816	1,775	1,893
9	2,118	1,986	2,247	2,214	2,016	2,049	2,088	2,025	1,982
10	1,947	2,029	1,914	2,143	2,080	1,923	1,956	1,990	1,932
11	1,775	1,817	1,885	1,797	2,046	1,989	1,839	1,869	1,902
12	1,798	1,835	1,849	1,975	1,885	2,097	2,041	1,896	1,924
Total	**23,935**	**23,087**	**23,887**	**24,263**	**24,175**	**24,330**	**24,260**	**24,199**	**24,262**

Source: Superintendent of Schools, Spotsylvania County.
(1) As of September 30 or October 1 of each school year.

Higher Education

Local opportunities for higher education are Germanna Community College, the University of Mary Washington and Strayer University. Germanna Community College, a unit of the Virginia Community College System, offers technical, arts and sciences, and business courses leading to an associate degree. Strayer University enrolls students each quarter from an eight-county service region. The local campus, one of nine campuses in the metropolitan Washington D.C., Maryland and Northern Virginia areas, offers associate, bachelor, and master degrees in a variety of fields. The University of Mary Washington is a state-supported residential and co-educational liberal arts institution with an undergraduate enrollment of approximately 4,000 and more than 300 enrolled in professional studies and graduate programs. The college offers a broad range of academic programs, including bachelor degrees in arts and science and also master degrees in business administration, education and information systems.

In addition, a number of public and private institutions are within 100 miles of the County. To the west and north are the University of Virginia in Charlottesville, George Mason University in Fairfax, and Northern Virginia Community College in Northern Virginia. To the south in Ashland is Randolph-Macon College and in Richmond are the University of Richmond, Virginia Union University, and Virginia Commonwealth University and its medical sciences division, the Medical College of Virginia. Other schools within the City of Richmond offer specialized secretarial and/or technical training.

Water and Sewer System

Prior to 1971, water and sewer services were provided through a service authority, a sanitary district and the City of Fredericksburg. In 1975, the Department of Utilities was established as an enterprise fund and took over the assets of the service authority and the sanitary district. The Department of Utilities became financially self-supporting in 1981. The Department is managed by the Assistant County Administrator, who reports to the County Administrator, with ultimate authority resting with the Board. The Department has a staff of 142 employees, who are responsible for operating and maintaining the System.

The County water and sewer system currently serves over 33,000 residential and non-residential customers within the County and includes over 1,200 miles of water and sewer mains and laterals. The County's waterworks also provides the City of Fredericksburg with water and up to 1.5 million gallons per day ("MGD") of wastewater treatment. The water system consists of the 6 MGD Ni River Reservoir Water Treatment Plant, the 15 MGD Motts Run Water Treatment Plant and eight water storage tanks with a total storage capacity of 7 million gallons. The sewer system consists of the 9.4 MGD Massaponax Wastewater Treatment Plant, the 4 MGD FMC Wastewater Treatment Plant, and a 0.345 MGD plant at Thornburg. All biosolids generated by the wastewater treatment facilities are composted at the County owned and operated Livingston's Blend compost facility.

Solid Waste Management

The waste management needs of County residents are currently met by the Livingston Sanitary Landfill, a 565-acre multi-phase site located in the southwestern part of the County. The County is currently in Phase I, which consists of 65 acres, and has a life expectancy of approximately 3 more years. The facility has an EPA approved composite liner and leachate collection system and an operating permit from the Department of Environmental Quality. Approximately 700 tons per day are disposed of at the site, and the facility meets or exceeds all Department of Environmental Quality standards. An extensive groundwater and methane monitoring program facilitates sound environmental protection.

The residents of the County are also served by 13 staffed convenience centers which integrate residential waste collection with recycling, yard waste mulching operation at two locations and a biosolid composting facility. The County enjoys a residential recycling rate of approximately 44%. The County currently recycles glass, lead acid batteries, aluminum, antifreeze, oil, tires, appliances, propane tanks, wood waste, plastic bottles, steel cans, cardboard, magazines, phonebooks and newsprint at various sites.

Health Care

Health care in the County is provided through the local office of the State Health Department and by private institutions. Spotsylvania Regional Medical Center ("SRMC"), the County's first hospital and the region's third hospital, employs over 500. SRMC is part of the HCA hospital chain, the nation's largest, with HCA's Virginia network consisting of 13 other hospitals and more than 30 outpatient centers, freestanding clinics, and urgent care centers. SRMC operates a 7,000 square foot Cancer Center through partnership with Virginia Commonwealth University Massey Cancer Center in Richmond, VA. Mary Washington Healthcare, formerly Mary Washington Hospital, provides primary and advanced health care in the City of Fredericksburg, Spotsylvania, Stafford and Caroline Counties. Mary Washington Hospital also has a cancer treatment center in the County, along with a free-standing emergency room and trauma center. In addition, there are a number of private walk-in clinics that serve the County, and the Medical College of Virginia, the University of Virginia and a number of Washington, D.C. metropolitan area hospitals are located within 75 miles.

Public Library

The County participates as a member jurisdiction of the Rappahannock Regional Library and provides economic support with two other counties and the City of Fredericksburg for library services. The main library is located in Fredericksburg and provides a complete range of services including a law library and a historical collection. Two branch library facilities serve the County directly. The Salem Church Branch Library opened in 1994 and serves the northern part of the County. The C. Melvin Snow Branch Library is located at Spotsylvania Courthouse. Additionally, two satellite library branches opened in the County during 2018, one of which occupies space in The Spotsylvania Towne Centre and is a catalyst for trips to the shopping facilities at the Towne Centre.

Parks and Recreation

The County Parks and Recreation Department provides and manages a variety of leisure activities and facilities that promote personal growth and physical fitness and serve the recreational needs of County residents. The department maintains 14 parks throughout the County, each with a number of athletic fields, playgrounds and picnic shelters and all are available for public enjoyment. The department offers a variety of programs, including youth sports, leisure classes for children and adults, summer camps and special events. Boating and fishing opportunities exist at the Ni River Reservoir Recreational Area and Hunting Run Park. The Senior Citizens Association is sponsored by the Parks and Recreation Department, providing a social outlet for the County's senior population. County residents and organizations also have access, for meetings and social gatherings, to four community centers maintained by the department, and the Senior Center, which provides activities for senior citizens. Four major Civil War battlefields in the County are managed by the National Park Service, and the 2,000-acre Lake Anna State Park is located on the southern border of the County. The County's central location allows residents easy access to mountains and beaches located within an hour's drive of the County.

Transportation

Centrally located in the mid-Atlantic region between Washington, D.C. and Richmond, Virginia, the County is served by an established transportation network. Interstate 95 runs north-south through the County with connectors east and west on Interstate 66 near Washington, D.C., and Interstate 64 in Richmond. U.S. Route 1 and St. Route 208 provide alternative north and south routes and State Route 3 offers east-west access on a four-lane divided highway.

The CSX Railroad passes through the County connecting rail yards in Washington, D.C. and Richmond. Commuter rail service between Washington, D.C. and the City of Fredericksburg, Virginia, began in July 1992. The County joined the Virginia Railway Express (VRE), which provides commuter rail service connecting Northern Virginia suburbs to Union Station in Washington, D.C., in February 2010. Spotsylvania's first commuter rail station has been operational since September 2015.

Shannon Airport, a privately-owned general aviation facility, provides charter, corporate and commuter services and facilities. The airport has a 3,000-foot paved runway and FAA approved lighting. The Stafford Regional Airport facility includes a 5,000 foot by 100-foot instrument runway with full parallel taxiways. The facilities can accommodate 75,000 annual operations and 100 based aircraft, including corporate business jets, with gross weights up to 70,000 pounds and wingspans up to 80 feet. Washington Dulles International Airport and Reagan National Airport are each within 75 miles of the County.

Regional bus service is provided by Fredericksburg Regional Transit (FRED) within the northern portions of the County and the City of Fredericksburg. Thirteen-passenger buses operate along Route 3, Four Mile Fork, Massaponax, and Spotsylvania Courthouse, and connect with routes into the City of Fredericksburg.

Environmental Initiatives

Environmental stewardship is one of the County's seven strategic goals. The County is committed to protecting and managing its natural resources in both rural and developed areas. Various departments at the County (such as refuse management, public works) use specific service metrics to measure performance to achieve its goals towards environmental stewardship (i.e., waste recycled, biosolids composted, etc.). The County's Utilities continue to achieve the level of Exemplary Environmental Enterprise (E3) provided by the Virginia Environmental Excellence Program by demonstrating proactive environmental management, compliance with requirements and continuous improvement in its performance.

The County houses one of the largest solar energy facilities in the United States. In April 2019, the Spotsylvania County Board approved special use permits for the Spotsylvania Solar Energy Center (the "Solar Facility"), which is now built and operational in western Spotsylvania County. The Solar Facility is built on 6,350 acres with approximately 3,500 acres developed, and remaining acreage dedicated to open space and buffers. The Solar Facility contains over one million solar panels, and is, at the present time, the largest solar facility east of the Rocky Mountains. The Solar Facility is owned by The AES Corporation and the power generated is utilized by several corporations and organizations including, among others, Microsoft and the University of Richmond. The Solar Facility generates about 600 mega-watts ("MW") dc (485 MW ac) of power and offsets approximately 850,000 tons of carbon from the atmosphere each year. The County's commitment highlights the importance of alternative energy solutions in the County. The Solar Facility also supports the Commonwealth's mandated goal of 100% zero-carbon energy generation by 2050, as written in the Virginia Clean Economy Act (VCEA), passed by the General Assembly in 2020.

Cybersecurity

The County has a formal Security Strategy in place to ensure appropriate resources are dedicated to various processes, safeguards, on-going testing and data loss prevention to protect County assets and systems from internal and external threats. The County has a dedicated Security Officer who oversees these efforts. The County maintains a robust cybersecurity insurance policy.

ECONOMIC AND RELATED DATA

Population Figures

The following table presents County population figures for selected years:

Year	Population
1990	57,403
2000	91,504
2010	122,397
2015	130,042
2016	131,401
2017	132,889
2018	134,227
2019	136,447
2020	140,475
2021	143,676
2022	144,796
2023	148,192

Sources: U.S. Census Bureau for years 2022 and prior; Spotsylvania County Planning Department for 2023 estimate.

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Income Profile

Median Household Income

	2017	2018	2019	2020	2021
Spotsylvania County	$85,743	$86,695	$90,262	$94,299	$100,162
Commonwealth of Virginia	71,518	72,600	76,471	79,154	80,926

Sources : U.S. Census Bureau. Latest information available.

Per Capita Income

	2017	2018	2019	2020	2021
Spotsylvania County + City of Fredericksburg	$48,951	$50,627	$52,157	$55,077	$59,414
Commonwealth of Virginia	55,631	57,964	59,657	61,958	66,305

Source: U.S. Bureau of Economic Analysis. Latest information available.

Construction Activity

The following data is presented to illustrate construction activity in the County:

Building Permits and Value

	Number				Value[4]			
Fiscal Year	Commercial[1]	Residential[2]	Accessory Permits[3]	Total	Commercial	Residential	Accessory Permits	Total
2014	298	429	2,384	3,111	$ 57,939,747	$ 99,272,843	$ 23,497,438	$180,710,028
2015	304	442	2,250	2,996	74,394,943	112,494,521	39,905,998	226,795,462
2016[5]	390	510	2,689	3,589	268,671,597	131,377,317	47,341,882	447,390,796
2017	310	640	2,805	3,755	93,178,917	169,340,263	69,390,729	331,909,909
2018[6]	309	715	2,999	4,023	667,146,793	186,182,287	108,323,303	961,652,383
2019	295	730	2,977	4,002	159,698,790	194,007,855	41,686,747	395,393,392
2020	217	796	2,596	3,609	203,352,245	187,811,766	51,371,965	442,535,976
2021	213	942	2,978	4,133	201,978,993	177,002,036	78,882,048	457,863,077
2022	256	884	3,930	5,070	328,232,103	272,731,535	107,046,544	708,010,182

Source: Code Compliance Department, Spotsylvania County.
(1) Commercial includes all new construction, renovations, additions, accessories, tenant build-outs, and site plans.
(2) Residential includes all dwelling unit permits for single family dwellings, townhouses, apartments, singlewides, doublewides, and triplewides.
(3) Accessory permits include all commercial and residential trade work (mechanical, electrical, plumbing), fire permits, residential accessories, over-the-counter permits, and all miscellaneous permit transactions.
(4) Values are taken from permit applications as provided by the applicants. These values do not represent the value assigned by Spotsylvania's Assessment Office.
(5) Includes submissions of several large commercial applications with sizeable stated values, including a substantial site plan for the 900,000 sq. ft. Lidl grocery distribution center.
(6) Includes submission of one large commercial application with a stated value of $500 million.

Housing

The following data is presented to illustrate the character of housing in the County:

Housing Units By Type of Structure

Type of Structure	1990[1] Number	1990[1] %	2000[1] Number	2000[1] %	2010[2] Number	2010[2] %	2020[2] Number	2020[2] %
Single Family:								
Detached[3]	18,355	90.2%	28,804	86.5%	37,476	86.5%	41,776	80.1%
Attached[4]	1,313	6.5	2,522	7.6	2,730	6.3	4,756	9.1
Multi Family:								
Apartments[5]	682	3.3	1,983	5.9	3,136	7.2	5,629	10.8
Total	20,350	100.0%	33,309	100.0%	43,342	100.0%	52,161	100.0%

Source: Planning Department and Assessment Office, Spotsylvania County.
(1) As of April 1, for 1990 and 2000.
(2) As of December 31, for 2010 and 2020.
(3) Includes trailers, manufactured homes and mobile homes.
(4) Consists of duplexes and townhouses.
(5) Represents the total number of apartments and condominiums (age-restricted included) and assisted living housing units per County building permit data.

Business and Labor

The County's primary economic development mission is to attract new businesses and capital investment, and to provide a supportive climate for the growth of existing businesses in order to stimulate the creation of jobs and tax revenues. The County has implemented numerous new initiatives and specific programs to accomplish this mission:

The County continues to be a prime business location due to Spotsylvania's geographical location along interstate 95, proximity to military installations and academic institutions, and nearby northern Virginia, D.C., and Richmond, but with a much lower cost-of-living. Due to the County's low tax rates, quality education system, and desirable location, the County has become a leader in job creation in the Commonwealth. The County's pro-business, low regulatory environment has succeeded in the attraction of companies that have created local job opportunities, invested in their properties and in the community, and enhanced the quality of life for our citizens.

The Department of Economic Development and the Economic Development Authority (EDA) continue to jointly embark on a vigorous effort to remain abreast of changes in the local economy, as well as evaluate the potential for future growth of new and existing industries. The EDA has generated over $350,000 in fee revenue through its Bond Financing Program and plans to invest these funds in infrastructure, site development, or other programs to further economic development opportunities in the County.

The County remains a partner with the Fredericksburg Regional Alliance (FRA), a public-private partnership which promotes and markets the region while focusing on targeted industries; assesses and forwards leads to localities from the Virginia Economic Development Partnership (VEDP); and works in many other ways to create and promote opportunities for business growth in the region. In Fall 2015, FRA partnered with the University of Mary Washington and the Fredericksburg Regional Chamber of Commerce in establishing the Center for Economic Research enabling the Fredericksburg Region to join Virginia's other three major metropolitan areas along the "Urban Crescent" in providing local university research services related to the region's economy. FRA is one of four regions in Virginia with universities in their communities that provide excellent research products dealing with our regions' economies.

Economic Development Programs & Initiatives:

- The County participates in the Virginia Business Ready Sites Program (VBRSP) administered by the Virginia Economic Development Partnership. The VBRSP is a discretionary program to promote development and characterization of large sites (minimum of 100 contiguous, developable acres) to enhance the

Commonwealth's infrastructure and promote a competitive business environment. The program's goal is to identify, assess, and improve the readiness of potential industrial sites for prospective investment. The County currently has 11 sites that have undergone characterization studies.

- GO Virginia is a statewide economic development initiative intended to create more higher-paying jobs in Virginia through business-led, regional collaboration. The state is split into nine GO Virginia regions, each with its own Regional Council and funding to allocate to qualified projects. Through an application process, applicants must meet certain economic growth and diversification requirements. The County is included in Region 6 which includes Caroline, Fredericksburg, King George, and Stafford along with Northern Neck and Middle Peninsula communities.

- The County has three Opportunity Zones designated by the U.S. Department of Treasury. Opportunity zones are an important federal tool to spur vitality in economic growth in communities across Virginia. The Federal Tax Cuts and Jobs Act of 2017 allows investors to receive tax benefits on currently unrealized capital gains by investing those gains in census tracts designated as Opportunity Zones. The designations are effective until December 31, 2028.

- Technology and Tourism Zone Programs serve both new and existing qualified businesses. The Technology Zone covers the County's primary settlement district encompassing the County's fully-serviced business corridors to encourage growth in Spotsylvania's high-technology sector. Qualifying businesses located within the Technology and Tourism zones are afforded local tax rebates on Business, Professional and Occupational License and Machinery and Tools taxes, and are placed in the County's Targeted Industries Program.

- There are four census tracts designated by the Small Business Administration as Qualified HUBZones that offer businesses an advantage when applying for federal contracts. Two adjacent HUBZones are located in the northern portion of the County on the Route 3 corridor, and the remaining two adjoining tracts are located near Lake Anna.

The County continues to attract businesses that provide a diverse economic base with above average annual salaries. Target market sectors consisting of distribution/manufacturing, professional services, information technology/defense contractors, data centers and destination tourism venues continue to remain strong and out-perform other areas of the state due to Spotsylvania's location and versatile workforce. High-tech service, distribution centers and data center clusters have been identified as the top industry clusters to target due to the on-going changes the pandemic has presented. There will be increased need for businesses enabling workers to work from home.

The County is experiencing certain previously vacant locations being entirely repurposed. For example, the now closed Sears location at Spotsylvania Towne Centre that had served as an anchor tenant since 1980 has been demolished to make room for a mixed-use development at the site which will increase daily traffic in and around the shopping area, continuing the mall as a prime retail location.

Major Economic Development Announcements:

Veterans Administration Clinic – Currently under development, the nation's largest Veterans Administration Clinic will occupy 470,000 square feet on a 48-acre site in Spotsylvania. The nearly $400 million development has an estimated completion date of mid-2024. The facility will be privately owned and, upon completion, will be leased to the United States government for a minimum of 20 years. The new facility is expected to provide jobs to more than 600 healthcare and administrative employees. Significant public transportation improvements are necessary and underway in the area of the clinic construction.

Kalahari Resorts and Convention Center – In July 2022, the company's request to rezone 135 acres at Thornburg (I-95 Exit 118) to construct approximately 1.4 million square feet of commercial space was approved by the Board of Supervisors. The development is slated to include a 900-room resort, convention center, indoor waterpark and family entertainment center, restaurants, retail, and a 10-acre outdoor pool/waterpark. The capital investment is expected to exceed $800 million and create 1,200 jobs. The resort is scheduled to open in 2026.

Attain at Spotsylvania Towne Centre – When the Sears anchor store closed at the Towne Centre, mall owners partnered with a developer to plan and have approved for construction on the former Sears site a mixed-use luxury development with ready access to I-95 to further the economic vitality of what has traditionally been a shopping area in the County. Once completed, the new multi-use property is expected to offer 271 apartments. The development is expected to open in phases with final completion in spring 2024.

SpotsyTechPark – This project is a 314-acre industrial-commercial campus envisioned to include 2 million square feet with a mix of industrial uses, labs, research and development facilities, and office and education spaces. The conceptual master plan was reviewed with community members at a public meeting earlier in 2022.

Kaeser Compressors – Spotsylvania is the location for Kaeser's U.S. headquarters. This fourth expansion of the facility will be 80,000 square feet. The project will create necessary warehouse and crane bay space and is expected to be completed in 2026.

Spotsylvania Regional Medical Center ER Clinic – A new standalone ER clinic opened in March 2023 on Rt. 3 West, a major thoroughfare in the County. The 10,000 square foot clinic houses 11 treatment rooms, as well as a trauma and resuscitation area, and is equipped with a CT scanner, x-ray capabilities, laboratory, and a dedicated emergency vehicle ingress/egress. The capital investment for this facility is estimated at $13 million and 35 new jobs are expected to be available.

Data center development – In coordination with the Virginia Economic Development Partnership, the Spotsylvania Economic Development Authority and the Fredericksburg Regional Alliance, the County recently received four rezoning requests for a total of up to thirty (30) 250,000 sq. ft. data centers to be built through 2040. An individual data center is estimated to invest $330 million in real estate and $670 million in business personal property, generating an estimated $4.9 million annually in positive tax revenues. Each center is also estimated to bring in approximately thirty (30) higher-paying technical jobs, and indirect and induced employment from on-going operations to generate another 108 jobs and $5.0 million in labor income. When scaled for full build-out of approximately thirty (30) data centers, the County estimates the potential for up to $450 million in tax revenues and up to 900 higher paying technical jobs through 2040.

Tourism:

One of the primary markets due to its relative size and importance within the County's economy is tourism. According to the Virginia Tourism Corporation 2021 report, Spotsylvania County ranked 23rd out of 133 counties and incorporated cities within the Commonwealth for tourism expenditures. The tourism "industry" is actually a cluster of industries. Tourism provides revenue for the County through sales to visitors who come for various attractions, accommodations, shopping, dining, and to experience recreation and entertainment. More than 1 million visits were recorded in 2020 at local attractions, including the Civil War battlefields, Lake Anna and other popular visitor sites and special events. According to the Virginia Tourism Corporation, visitors to the County in 2021 generated approximately $325 million in overall economic value, up from $265 million in 2016, and a strong return from the drop in value to $251 million in 2020 due to COVID. Spotsylvania Tourism continues to update its marketing plan, focusing on growth, and quickly adapting to changes in travel trends. Following are examples of the many tourism opportunities that are available in Spotsylvania:

Virginia Renaissance Faire – The Faire currently is held at the Lake Anna Winery for four weekends each year, averaging 20,000 visitors each season. The primary activity of the cast consists of presenting a series of events that will both educate and entertain audiences. Attendance reached a record high of close to 30,000 attendees in 2022.

Virginia Youth Soccer Association (VYSA) – VYSA, a nonprofit devoted to promoting youth soccer in Virginia and D.C., at the Publix Sportsplex, is situated on 80 acres in Spotsylvania. The facility boasts eight Federation International Football Association (FIFA) regulation fields including a small stadium. VYSA hosted the 2017/2018 U.S. Youth Soccer Region 1 Championships. The Championships used 4,000 hotel rooms in the region from Alexandria to Glen Allen and provided ample opportunities for tourism exposure and retail sales for the County. The Publix Sportsplex also hosted the Women and Girls in Soccer (WAGS) Tournament in October 2022, bringing over 5,000 athletes in the region utilizing hotel rooms, restaurants, meeting space, shopping and local attractions.

The County continues to grow in the Agritourism Industry with the addition of breweries and wineries to our inventory. Lake Anna Winery, Wilderness Run Vineyard and Mattaponi Winery are large farm wineries that grow much of their own grapes or fruit. Eden Try Winery is a boutique winery that grows only a small amount of grapes with all production and bottling being done elsewhere, and the product is sold only onsite at special occasions. Bacchus Winery is a micro-winery that purchases grape juice and creates the wine in their facility. Additionally, multiple breweries exist in the County. Maltese and 1781 Breweries have expanded and have seen increased visitation, also offering events that draw large crowds. In 2022, Spotsylvania's first cidery was opened in the Spotsylvania Courthouse Village development.

A. Smith Bowman Distillery is located in the Bowman Center and continues to win awards for their special blends of bourbon. They have added an additional still and several new staff members and expanded their production capabilities. John J. Bowman Single Barrel Virginia Straight Bourbon Whiskey was recognized as the world's best bourbon by Whiskey Magazine in 2017 and 2021, and they received the gold medal at the 2022 International Wine and Spirits Competition.

Lake Anna State Park continues to expand their program offerings and to host events that draw large crowds such as Iron Man competitions, Lake Anna Brewfest, and a wine festival. Two 16-person lodges were recently dedicated and opened at the park, and work has been completed on several yurts. Spotsylvania Community Engagement and Tourism collaborated with Lake Anna State Park in April 2022 to host an outdoor movie and luminary event drawing over 1,200 guests.

Shannon Air Museum continued to see an increase in visitation and has expanded the gift shop and seating area for the Robin's Nest Café. The Virginia Aeronautical Historical Society is headquartered at Shannon Air Museum. There was a special event held in 2019 at the airport that included the Tuskegee Air Museum and the Berlin Air Drop with local school groups in attendance. The Shannon Airport held its 8th annual Fall Fly-In, bringing in over 800 guests with more than 500 interacting with the Spotsylvania Tourism information booth.

Dominion Raceway and Entertainment secured the "Soles4Souls Big One" event for the fourth consecutive year in 2022. This event incorporates multiple styles of auto races, live music, games and prizes while collecting shoes for those less fortunate. The "Soles4Souls Big One" event is the largest annual charitable event supporting the Soles4Souls national organization drawing sold out crowds for multiple days to Dominion Raceway.

Principal Employers Within Spotsylvania

Name	**Nature of Business**	**Employee Range**
Spotsylvania County Schools	Education	1,000+
Spotsylvania County Government	Local Government	1,000+
HCA Virginia Health System	Hospital – Spotsylvania Regional	500-999
Wal-Mart	Retail	250-499
CVS Pharmacy	Pharmacy Distribution Center	250-499
Lidl US Operations	Grocery Distribution Center	250-499
United Parcel Service	Package Delivery Service	250-499
Germanna Community College	Education	250-499
Weis Markets	Grocery	250-499
Kaeser Compressors	Air Compressor Manufacturer	250-499
Costco Wholesale	Retail	250-499
Target Corp	Retail	100-249
Administaff	Administrative and Support Services	100-249
Giant Food	Grocery	100-249
Carmax	Automobile Dealer	100-249
McDonald's	Restaurant	100-249
Wawa	Convenience Stores	100-249
Compass Counseling Center	Social Assistance	100-249
Radley Honda	Motor Vehicle and Parts Dealers	100-249
Lowe's Home Center	Retail	100-249

Source: Virginia Employment Commission, as of 4th quarter 2022.

Additional major employers located in the surrounding area (but not located in the County) include:

Name	Nature of Business	Employee Range
U.S. Department of Defense	Federal Government Agency	1,000+
GEICO	Insurance Customer Service Center	1,000+
Stafford County Schools	Education	1,000+
Federal Bureau of Investigation	Federal Government Agency	1,000+
Mary Washington Hospital	Hospital	1,000+
County of Stafford	Local Government	1,000+
University of Mary Washington	Education	500-999
Medicorp Health System	Physician Recruiting	500-999
King George County Schools	Education	500-999
Fredericksburg City Schools	Education	500-999
McLane Mid Atlantic	Distributor for Convenience Centers	500-999
Caroline County Schools	Education	500-999
City of Fredericksburg	Local Government	500-999
YMCA	Social Advocacy Organization	500-999
Rappahannock Area Community Services Board	Social Advocacy Organization	250-499
United States Postal Service	Federal Government Agency	250-499
Mary Washington Healthcare	Ambulatory Health Care Services	250-499
The Home Depot	Retail	250-499
Snowden Services	Ambulatory Health Care Services	250-499
Tatitlek Technologies Inc.	Professional, Scientific and Technical	250-499

Source: Virginia Employment Commission, as of 4th quarter 2022

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Unemployment Rate

The following table illustrates the unemployment rate for the County, the Commonwealth of Virginia and the United States for selected years.

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Spotsylvania County	5.7%	5.3%	4.6%	4.0%	3.7%	3.0%	2.8%	6.0%	3.9%	2.9%
Commonwealth of Virginia	5.6	5.1	4.4	4.0	3.7	3.0	2.8	6.2	3.9	2.9
United States	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.9	3.7

Source: Bureau of Labor Statistics.

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Taxable Retail Sales

The table below is a summary of recent County taxable retail sales and per capita taxable retail sales.

Taxable Retail Sales and
Taxable Retail Sales Per Capita

Calendar Year	Taxable Retail Sales	Taxable Retail Sales Per Capita
2013	$1,475,776,919	$11,579
2014	1,506,373,874	11,688
2015	1,547,887,315	11,903
2016	1,590,677,800	12,106
2017	1,634,908,083	12,303
2018	1,696,332,232	12,638
2019	1,745,970,012	12,796
2020	1,822,004,763	12,970
2021	2,125,657,058	14,795
2022	2,377,400,013	16,419

Source: Department of Taxation, Commonwealth of Virginia. Latest available information.

ACCOUNTING SYSTEM AND ANNUAL AUDIT

The accounts of the County are organized on the basis of funds, each of which is considered to be a separate accounting and reporting entity. Operations are accounted for by a separate set of self-balancing accounts which comprise its assets, liabilities, fund equity, revenues and expenditures or expenses.

The modified accrual basis of accounting is followed for the governmental funds. Revenue is recorded when received, except for revenue deemed to be available and of a material amount which is accrued. Expenditures are recorded when liabilities are incurred.

An annual audit is made of the various funds of the County, and the most recently completed financial statement submitted by CliftonLarsonAllen, LLP, independent certified public accountants, is presented as Appendix B to this Official Statement. CliftonLarsonAllen, LLP will not review this Official Statement or any other matters in connection with the issuance of the Bonds. For years prior to fiscal year 2020, the County's audit was prepared by Cherry Bekaert, LLP.

Note 1 of the financial statements in Appendix B gives a more detailed summary of significant accounting policies.

BUDGET

General

Prior to March 30 of each year, the County Administrator submits to the Board a proposed operating and capital budget for the Fiscal Year commencing the following July 1. The operating and capital budget includes proposed expenditures and the means of financing them. Public hearings are conducted to obtain citizen comments. Prior to June 30, the budget is enacted by resolution of the Board. Thereafter, appropriations are approved annually by the Board. Additions to the budget must be approved and appropriated by the Board. The County Administrator is authorized to transfer budgeted amounts within general government departments and has limited authority to transfer budgeted amounts between departments.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Projects Funds, and Enterprise Fund. The School Funds are integrated only at the level of legal adoption.

Appropriations lapse on June 30 for all County units except for the Capital Projects Funds which carry unexpended balances into the following year on a continuing appropriation basis.

The Code of Virginia requires that the School Board's requested budget be submitted in its entirety to the Board. Legislation passed in the 1978 General Assembly requires the County to approve an annual budget for education purposes by May 1 or within 30 days of the receipt of estimates of educational funds to the County. The County budget document includes the school system's adopted budget. Once adopted by the County, the School Board's budget is controlled by the School Board. The County and the School Board have adopted their respective budgets for Fiscal Year 2024, which began July 1, 2023.

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Set forth in the table below is a summary of the FY 2024 Adopted General Fund Budget.

	FY 2024 ADOPTED BUDGET
Sources:	
Revenues:	
Property Taxes	$219,503,422
Other Local Taxes	74,714,894
Licenses & Permits	228,200
Charges for Services	5,620,590
Other Local Revenue	5,091,083
State	44,267,854
Federal	1,822,211
Transfer from Fire/EMS Service Fee Fund	3,395,000
Transfer from Code Compliance Fund	1,418,258
Total Revenues & Transfers In	356,061,512
Use of (Addition to) Fund Balance	12,114,243
Total Sources	$368,175,755
Uses:	
Executive Services	$9,070,597
Administrative Services	22,618,217
Voter Services	901,819
Judicial Administration	6,433,510
Public Safety	90,981,530
Public Works	12,750,095
Health & Human Services	32,489,986
Parks, Recreation & Cultural	9,272,871
Community Development	4,403,513
Debt Service	9,798,060
Subtotal	198,720,198
Tax Relief	1,400,000
Transfer to School Operating Fund	148,872,545
Transfers to Other Funds	19,183,012
Total Uses	$368,175,755

Strategic Plan

In June 2018, the Board approved strategic plan guidance, entailing the County's vision, values, and long-term strategic goals. The strategic plan adopted by the Board creates a vision of "setting the standard for Virginia Counties." The plan centers around seven strategic initiatives, each initiative requires funding and human capital resources to maintain existing levels of service in addition to the growing list of federal and state unfunded mandates. The seven strategic initiatives are summarized as follows:

Quality Government. The County will encourage collaborative enhancements to programs and policies through innovation and creativity, acknowledge the contributions from all participants, and insist on integrity, ethical behavior and respect for diversity. The County will allocate resources to ensure effective and efficient delivery of high-quality services, allocating limited resources among competing high priorities. The County will ensure government's capacity to provide high quality service that achieves community priorities.

Public Safety. The County will ensure continuing trust and confidence in the safety of our community by providing the flexibility for leaders to adjust to changing threats. The County's public safety forces will be trained, equipped and deployed to help citizens, preserving life and property through prompt and skillful all-hazard emergency response, incident prevention, education, and community engagement.

Infrastructure Investment. The County will prioritize, plan and invest in critical infrastructure that responds to past and future changes and improves capacity to serve community needs.

Growth Management. The County will attend to and further rural quality of life through a clear vision of the Spotsylvania of tomorrow, providing a balance between commercial and residential development that also recognizes the dynamic relationship between revenue and expenses as the County's community grows, and fostering an environment that honors heritage while enhancing the County's future through the well-being of people and the quality of services.

Environmental Stewardship. The County will thoughtfully protect and manage its ecosystems and natural resources in both rural and developed areas to safeguard the quality of life of current and future generations.

Educational Opportunity. The County will foster a rich, lifelong learning environment to increase educational opportunities and workforce readiness to meet evolving market demands.

Economic Prosperity. The County will foster a community environment that stimulates diversified job creation, capital investments, and tax revenues that support community goals.

FISCAL POLICY GUIDELINES

In March 1992, the Board of Supervisors adopted a series of fiscal policies designed to provide target parameters and goals that will influence and guide the financial management practices of the County. These policies relate to: Financial Planning and Budgeting; Revenues; Expenditures, including Debt Management and Reserves; Utilities and Code Compliance Funds; and Virginia Railway Express Funding. Updates to the guidelines have been approved by the Board periodically, most recently in 2017 to support the County's goal maintaining its superior credit ratings, and in 2019 to incorporate policies associated with the school health insurance and school OPEB reserves held by the County.

CAPITAL IMPROVEMENT PLAN

The County makes annual appropriations for capital projects on a continuing basis. These appropriations cover projects until completed unless amended or superseded by action of the Board.

The Capital Improvement Plan ("CIP") represents a five-year program of capital outlays for general County, water and sewer and school improvements. It is reviewed and updated annually but does not represent a legislative commitment to expend capital funds for the projects indicated. It is a plan for future spending and establishes priorities for the orderly development of the County. The CIP is subject to continuing examination and revision and is reviewed and adopted by the Board on an annual basis. The most recent CIP adopted by the Board of Supervisors appears on the following page.

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FIVE-YEAR CAPITAL IMPROVEMENT PROGRAM
Capital Improvement Plan

SUMMARY OF PROJECT ESTIMATES[1]

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2024-2028 Estimated Cost
GENERAL CAPITAL PROJECTS						
General Government Facilities	$ 9,495,035	$20,005,084	$13,364,000	$10,444,820	$ 4,520,000	$ 57,828,939
Solid Waste	11,408,698	12,790,183	7,734,900	897,000	1,569,100	34,399,881
Parks and Recreation	311,667	5,941,773	3,047,400	1,716,100	2,171,000	13,187,940
Fire/Rescue Services	10,555,131	9,985,866	11,725,145	6,060,839	15,938,384	54,265,365
Transportation	16,392,932	17,650,369	33,873,848	41,576,910	18,600,000	128,094,059
TOTAL	**$48,163,463**	**$66,373,275**	**$69,745,293**	**$60,695,669**	**$42,798,484**	**$287,776,184**
SCHOOL CAPITAL PROJECTS	**$46,538,360**	**$31,589,043**	**$31,057,777**	**$17,325,769**	**$30,518,602**	**$157,029,551**
UTILITIES CAPITAL PROJECTS	**$57,325,000**	**$74,675,898**	**$65,472,375**	**$22,525,000**	**$22,140,000**	**$242,138,273**
TOTAL	**$152,026,823**	**$172,638,216**	**$166,275,445**	**$100,546,438**	**$95,457,086**	**$686,944,008**

SUMMARY OF FUNDING ESTIMATES[1]

	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2024-2028 Estimated Cost
GENERAL CAPITAL PROJECTS						
Use of (Add to) CIP Fund Balance	$ 7,521,948	$ (466,729)	$ (472,911)	$ (512,376)	$ (542,134)	$5,527,798
General Fund Revenues	13,569,981	28,379,332	17,395,892	17,261,989	24,401,018	101,008,212
Bond/Lease Issues	18,717,486	37,636,235	51,441,552	43,576,910	18,600,000	169,972,183
Other Sources	8,354,048	824,437	1,380,760	369,146	339,600	11,267,991
TOTAL GENERAL PROJECTS	**$ 48,163,463**	**$ 66,373,275**	**$ 69,745,293**	**$ 60,695,669**	**$42,798,484**	**$287,776,184**
SCHOOL CAPITAL PROJECTS						
Bond/Lease Issues	$ 45,061,075	$ 31,589,043	$ 31,057,777	$ 17,325,769	$30,518,602	$155,552,266
Other Sources	1,477,285	-	-	-	-	1,477,285
TOTAL SCHOOL PROJECTS	**$ 45,538,360**	**$ 31,589,043**	**$ 31,057,777**	**$ 17,325,769**	**$30,518,602**	**$157,029,551**
UTILITIES CAPITAL PROJECTS						
Connection Fees	$ 6,845,145	$ 5,881,266	$ 5,998,891	$ 6,118,869	$6,241,246	$31,085,417
Bond Issues	37,825,000	64,322,898	52,558,084	4,965,000	22,140,000	181,810,982
Other Sources	13,900,000	11,053,000	6,347,000	700,000	700,000	32,700,000
Use of (Add to) Util. Fund Balance	(1,245,145)	(6,581,266)	568,400	10,741,131	(6,941,246)	(3,458,126)
TOTAL UTIL. CAP. PROJECTS	**$ 57,325,000**	**$ 74,675,898**	**$ 65,472,375**	**$ 22,525,000**	**$22,140,000**	**$242,138,273**
TOTAL	**$152,026,823**	**$172,638,216**	**$166,275,445**	**$ 100,546,438**	**$95,457,086**	**$686,944,008**

Source: Finance Department, Spotsylvania County.
(1) Some of the columns and rows may not add exactly due to rounding.

SELECTED FINANCIAL INFORMATION

The financial data shown in the following tables present a summary for the last five fiscal years of revenues, expenditures and changes in fund balances for the County's General Fund and School Funds, respectively.

Five - Year Summary of
Revenues, Expenditures and Changes in Fund Balances
General Fund
Fiscal Year Ended June 30

	2018	2019	2020	2021	2022
Fund Balance at Beginning of Year	$ 76,559,831	$ 87,116,708[3]	$ 93,859,805[4]	$118,759,634	$132,567,708
Revenues:					
General property taxes[1]	$171,066,503	$176,930,157	$184,706,333	$189,606,067	$198,432,134
Other taxes	42,903,023	44,231,599	46,963,078	53,332,192	63,035,272
Permits, privilege fees and regulatory license	377,411	383,399	271,722	256,638	236,964
Fines and Forfeitures	529,585	549,846	356,918	327,313	275,326
Use of money and property	1,119,795	3,737,335	3,494,644	684,768	(1,060,415)
Charges for Services	5,197,426	5,617,482	4,787,180	5,468,326	6,015,773
Gifts and donations	167,352	171,234	196,642	109,734	137,375
Miscellaneous	213,829	259,594	206,364	367,575	330,546
Intergovernmental	42,974,684	44,644,969	53,185,280	57,192,402	44,077,977
Total revenues	$264,549,608	$276,525,615	$294,168,161	$307,345,015	$311,480,952
Expenditures:					
General government administration	$ 12,657,779	$ 13,199,943	$ 13,856,733	$ 15,207,705	$ 16,313,396
Judicial administration	7,508,648	7,743,719	7,944,601	8,884,041	9,971,635
Public safety	49,635,232	53,934,435	58,974,210	63,302,261	68,217,965
Public works	8,161,166	8,399,612	8,284,639	8,560,241	9,731,786
Health and welfare	23,781,266	26,510,533	25,735,332	24,556,558	26,013,827
Education	124,350,214	124,574,067	122,806,912	113,680,175	125,749,864
Parks, recreation and cultural	7,503,395	8,007,414	7,271,230	7,099,779	7,545,252
Community development	2,466,484	4,048,241	3,504,373	3,906,612	4,021,501
General debt service	35,310,192	34,750,285	37,891,564	37,230,625	38,094,841
Non-departmental	1,219,696	2,042,174	1,541,446	1,401,727	1,927,164
Total expenditures	$272,594,072	$283,210,423	$287,811,040	$283,829,724	$307,587,231
Excess (deficiency) of revenues over (under) expenditures	$ (8,044,464)	$ (6,684,808)	$ 6,357,121	$ 23,515,291	$ 3,893,721
Other financing sources (uses):					
Bond proceeds	$ 24,440,000	$ 28,465,000	$ 36,357,131	$ 18,110,000	$ 47,582,299
Debt issuance premiums (discounts)	3,106,621	2,594,020	6,686,378	3,552,202	8,286,339
Payment for refunded debt	-	-	(13,892,905)	(8,508,531)	(37,305,050)
Lease liabilities issued[5]					403,419
Transfers in (out)	(9,456,891)	(15,998,087)	(10,607,896)	(22,860,888)	$ 10,098,846
Total other financing sources (uses):	$ 18,089,730	$ 15,060,933	$ 18,542,708	$ (9,707,217)	$ 8,868,161
Net change in fund balance	$ 10,045,266	$ 8,376,125	$ 24,899,829	$ 13,808,074	$ 12,761,882
Fund balance at end of year	$ 86,605,097[2]	$ 95,492,833	$118,759,634	$132,567,708	$145,329,590

Source: Spotsylvania County Annual Comprehensive Financial Report, Fiscal Year 2018 through Fiscal Year 2022.

(1) See footnote (1) in the table entitled "Tax Revenues by Source" on page A-26 for additional information regarding general property taxes.

(2) Difference from Annual Comprehensive Financial Report is due to Economic Development Opportunities Fund and the LOSAP trust included in Annual Comprehensive Financial Report to satisfy GASB reporting requirements.

(3) Effective July 1, 2019, the Economic Development Opportunities (EDO) Fund is consolidated into the General Fund. The General Fund beginning balance has been adjusted to reflect the $511,581 in fund balance previously held by the EDO Fund.

(4) The FY 2019 ending/FY 2020 beginning balance was restated to properly account for prior years' pre-paid tax revenue.

(5) Adoption of GASB Statement No. 87, Leases.

Summary of
Revenues, Expenditures and Fund Balances
School Funds
Fiscal Year Ended June 30

	2018	2019	2020	2021	2022[1]
Fund balance at beginning of year	$ 15,579,781	$ 22,603,016	$ 13,745,782	$ 13,503,453	$24,257,261
Revenues:					
Use of money and property	$ 278,394	$ 418,101	$ 466,621	$89,995	$ 179,285
Charges for services	8,795,223	7,520,796	5,790,933	361,644	1,015,813
Miscellaneous	366,645	264,427	461,034	650,292	872,339
Gifts and donations	-	-	-	-	-
Intergovernmental	153,577,679	159,596,917	167,413,113	199,887,509	211,382,844
Payments from primary government	124,119,694	124,484,896	122,617,741	113,491,004	125,560,693
Total Revenues	$287,137,635	$292,285,137	$296,749,442	$314,480,444	$339,010,974
Expenditures:					
Education	$255,857,805	$263,264,111	$274,613,845	$293,121,400	$314,064,283
Capital projects	24,256,595	37,878,260	22,377,926	10,586,828	15,433,126
Debt service	-	-	-	-	83,923
Total expenditures:	$280,114,400	$301,142,371	$296,991,771	$303,708,228	$329,581,332
Excess (deficiency) of revenues over (under) expenditures	$ 7,023,235	$ (8,857,234)	$ (242,329)	$ 10,772,216	$ 9,429,642
Other financing sources (uses):					
Transfers in (out)	$ -	$ -	$ -	$ (18,408)	$ (193,494)
Lease liabilities issued[2]	$ -	$ -	$ -	$ -	247,540
Total other financing sources (uses)	$ -	$ -	$ -	$ (18,408)	$ 54,046
Net change in fund balance	$ 7,023,235	$ (8,857,234)	$ (242,329)	$ 10,753,808	$ 9,483,688
Fund balance at end of year	$ 22,603,016	$ 13,745,782	$ 13,503,453	$ 24,257,261	$ 33,740,949

Source: Spotsylvania County Annual Comprehensive Financial Report Fiscal Year 2018 through Fiscal Year 2022.
[1] Beginning in FY 2021, the County implemented GASB Statement 84, "Fiduciary Activities" and reclassified School Activity Funds as funds within the School Board component unit. The display above excludes the School Activity Funds, and therefore will differ from the Annual Comprehensive Financial Report for FY 2021 and forward.
[2] Adoption of GASB Statement No. 87, Leases.

DEBT MANAGEMENT

Pursuant to the Constitution of Virginia and the Public Finance Act of 1991, a county in Virginia is authorized, subject to certain limitations, to issue general obligation bonds secured by a pledge of its full faith and credit and for which the County is authorized and required to levy on all taxable property within the County such ad valorem taxes as may be necessary to pay principal and interest. Although the issuance of bonds by Virginia counties is not subject to any limitation on amount, counties are prohibited from issuing general obligation bonds unless the issuance of such bonds has been approved by public referendum except for certain bonds issued for school purposes.

Counties may, with voter approval, elect to be treated as cities for the purpose of incurring debt. This election allows a county to issue bonds in a principal amount up to 10% of the assessed value of real estate subject to taxation by the county without voter approval. The County has not elected to be treated as a city for this purpose.

Statement of Debt Service Charges on Outstanding
General Governmental Long-Term Obligations to Maturity
At June 30, 2023[(1), (2)]

Annual requirements to amortize general governmental long-term obligations (consisting of school bonds, Literary Fund loans and capital leases and other subject-to-appropriation obligations) and related interest are as follows:

General Governmental Long-Term Debt

Year Ending June 30	General Government Principal	General Government Interest	General Government Total	Schools Principal	Schools Interest	Schools Total	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Total
2024	$ 10,406,612	$ 3,597,138	$14,003,750	$ 18,818,388	$ 6,517,034	$ 25,335,422	$ 29,225,000	$ 10,114,172	$ 39,339,172
2025	10,148,073	3,083,801	13,231,874	18,261,927	5,631,796	23,893,723	28,410,000	8,715,597	37,125,597
2026	10,266,403	2,661,150	12,927,553	17,858,597	4,809,247	22,667,844	28,125,000	7,470,397	35,595,397
2027	10,515,843	2,256,639	12,772,482	17,264,157	4,033,858	21,298,015	27,780,000	6,290,497	34,070,497
2028	6,873,773	1,822,404	8,696,177	13,846,227	3,147,140	16,993,367	20,720,000	4,969,544	25,689,544
2029	6,456,421	1,514,870	7,971,291	12,618,579	2,529,817	15,148,396	19,075,000	4,044,687	23,119,687
2030	6,203,270	1,228,641	7,431,911	10,846,730	1,981,107	12,827,837	17,050,000	3,209,748	20,259,748
2031	4,315,511	954,671	5,270,182	9,684,489	1,539,981	11,224,470	14,000,000	2,494,652	16,494,652
2032	3,979,369	772,501	4,751,870	5,795,631	1,162,331	6,957,962	9,775,000	1,934,832	11,709,832
2033	3,822,015	631,043	4,453,058	5,002,985	940,272	5,943,257	8,825,000	1,571,315	10,396,315
2034	3,454,815	494,123	3,948,938	4,490,185	748,573	5,238,758	7,945,000	1,242,696	9,187,696
2035	2,749,456	369,352	3,118,808	3,780,544	582,659	4,363,203	6,530,000	952,011	7,482,011
2036	1,675,000	272,863	1,947,863	3,420,000	447,740	3,867,740	5,095,000	720,603	5,815,603
2037	1,460,000	218,381	1,678,381	3,235,000	330,378	3,565,378	4,695,000	548,759	5,243,759
2038	1,430,000	168,937	1,598,937	2,370,000	218,320	2,588,320	3,800,000	387,257	4,187,257
2039	1,430,000	119,400	1,549,400	2,370,000	132,200	2,502,200	3,800,000	251,600	4,051,600
2040	970,000	74,400	1,044,400	830,000	62,250	892,250	1,800,000	136,650	1,936,650
2041	910,000	42,300	952,300	635,000	34,300	669,300	1,545,000	76,600	1,621,600
2042	300,000	12,000	312,000	305,000	12,200	317,200	605,000	24,200	629,200
Total	**$87,366,561**	**$20,294,614**	**$107,661,175**	**$151,433,439**	**$34,861,203**	**$186,294,642**	**$238,800,000**	**$55,155,817**	**$293,955,817**

Source: Finance Department, Spotsylvania County.
(1) Some of the columns and rows may not add up exactly because of the effect of rounding.
(2) Excludes bonds issued for transportation projects for which Special Service District taxes are in place to fully fund debt service.

Statement of Debt Service Charges on Outstanding General Governmental Long-Term Obligations to Maturity[(1), (2)] Subsequent to June 30, 2023

Year Ending June 30	Existing Governmental Debt Service Total	Series 2023 Bonds Principal	Series 2023 Bonds Interest	Series 2023 Bonds Total	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Total
2024	$39,339,172	$3,065,000	$ 931,260	$3,996,260	$32,290,000	$11,045,432	$43,335,432
2025	37,125,597	3,945,000	2,762,000	6,707,000	32,355,000	11,477,597	43,832,597
2026	35,595,397	3,940,000	2,564,750	6,504,750	32,065,000	10,035,147	42,100,147
2027	34,070,497	3,935,000	2,367,750	6,302,750	31,715,000	8,658,247	40,373,247
2028	25,689,544	3,920,000	2,171,000	6,091,000	24,640,000	7,140,544	31,780,544
2029	23,119,687	3,160,000	1,975,000	5,135,000	22,235,000	6,019,687	28,254,687
2030	20,259,748	3,160,000	1,817,000	4,977,000	20,210,000	5,026,748	25,236,748
2031	16,494,652	2,845,000	1,659,000	4,504,000	16,845,000	4,153,652	20,998,652
2032	11,709,832	2,845,000	1,516,750	4,361,750	12,620,000	3,451,582	16,071,582
2033	10,396,315	2,840,000	1,374,500	4,214,500	11,665,000	2,945,815	14,610,815
2034	9,187,696	2,780,000	1,232,500	4,012,500	10,725,000	2,475,196	13,200,196
2035	7,482,011	2,780,000	1,093,500	3,873,500	9,310,000	2,045,511	11,355,511
2036	5,815,603	2,705,000	954,500	3,659,500	7,800,000	1,675,103	9,475,103
2037	5,243,759	2,705,000	819,250	3,524,250	7,400,000	1,368,009	8,768,009
2038	4,187,257	2,705,000	684,000	3,389,000	6,505,000	1,071,257	7,576,257
2039	4,051,600	2,195,000	548,750	2,743,750	5,995,000	800,350	6,795,350
2040	1,936,650	2,195,000	439,000	2,634,000	3,995,000	575,650	4,570,650
2041	1,621,600	2,195,000	329,250	2,524,250	3,740,000	405,850	4,145,850
2042	629,200	2,195,000	219,500	2,414,500	2,800,000	243,700	3,043,700
2043	0	2,195,000	109,750	2,304,750	2,195,000	109,750	2,304,750
Total	**$293,955,817**	**$58,305,000**	**$25,569,010**	**$83,874,010**	**$297,105,000**	**$80,724,827**	**$377,829,827**

Source: Finance Department, Spotsylvania County.

(1) Some of the columns and rows may not add up exactly because of the effect of rounding.

(2) Excludes bonds issued for transportation projects for which Special Service District taxes are in place to fully fund debt service.

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Ratio of Net Bonded Debt to Assessed Valuation and Net Bonded Debt per Capita

Fiscal Year	Population[1]	Assessed Value of Real Property[2]	Net[3] Bonded Debt	Percentage of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2014	128,881	$12,465,541,474	$271,637,694	2.18%	$2,108
2015	130,042	12,641,335,473	263,795,039	2.09	2,029
2016	131,401	13,441,945,734	266,867,938	1.99	2,031
2017	132,889	13,778,110,158	267,604,097	1.94	2,014
2018	134,227	14,849,064,873	266,018,023	1.79	1,982
2019	136,447	15,138,224,874	273,673,161	1.81	2,006
2020	140,475	16,514,732,942	268,082,997	1.62	1,908
2021	143,676	16,875,047,298	248,819,998	1.47	1,732
2022	144,796	19,470,140,981	240,054,998	1.23	1,658
2023	148,192	19,949,211,458	238,800,000	1.19	1,611

Source: Office of Budget & Grants, Spotsylvania County.
(1) U.S. Census Bureau for 2022 and prior, Spotsylvania County Planning Department for 2023 estimate.
(2) Assessed value net of tax deferrals and tax relief. Reflects main book value only; no supplemental books.
(3) Represents debt outstanding at year's end. There are no incorporated municipalities within the County. Thus, there is no overlapping debt. Excludes bonds issued for transportation projects for which Special Service District taxes are in place to fully fund the debt service.

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OPERATING DATA

The following tables present operating data with respect to the County, some of which, as noted, will be updated in the County's Annual Comprehensive Financial Report, and posted on the Electronic Municipal Market Access system of the Municipal Securities and Rulemaking Board in connection with the County's continuing disclosure obligations. See the subsection "Continuing Disclosure" in Section Four of the front part of this Official Statement.

Tax Revenues By Source

Last Ten Fiscal Years

Fiscal Year	Property Taxes[1]	Sales Taxes	Utilities Taxes	Other Taxes	Total Taxes
2013	$146,393,586	$15,355,413	$2,404,781	$19,186,113	$183,339,893
2014	150,750,977	15,778,707	2,530,703	19,208,252	188,268,639
2015	155,425,369	16,437,035	2,552,040	19,755,059	194,169,503
2016	160,136,405	17,123,500	2,547,905	20,491,125	200,298,935
2017	165,784,448	17,707,867	2,601,318	21,521,186	207,614,859
2018	170,465,838	18,105,300	2,518,953	22,278,770	213,368,861
2019	176,416,351	18,933,735	2,731,219	22,566,645	220,647,950
2020	184,127,074	20,731,314	2,624,828	23,606,936	231,090,152
2021	189,131,945	24,148,206	2,773,048	26,410,938	242,464,137
2022	197,973,776	27,699,091	2,827,741	32,508,440	261,009,048

Source: Audited Financial Statements, 2013 - 2022.

[1] In 1998, the General Assembly of the Commonwealth enacted legislation that reduced the personal property taxes applicable to the first $20,000 in assessed value of certain individually owned motor vehicles. Such legislation provided a formula for the Commonwealth generally to reimburse localities, including the County, for up to 100% of the decrease in revenues attributable to such tax; however, the timing and the amount of such reimbursements are subject to annual appropriation and further modification by the General Assembly. Implementation of such reimbursements began with Fiscal Year 1998, with the level of reimbursement reaching 70%. Beginning in 2006, reimbursement by the Commonwealth to all localities was capped at $950 million. In addition to the property taxes shown here, the County receives $14,509,422 million each fiscal year in reimbursements from the Commonwealth.

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Assessed Value of All Taxable Property

Last Ten Calendar Years
($ in thousands)

Calendar Year	Real Property[1]	Personal Property[2]	Machinery and Tools	Mobile Homes	Heavy Construction	Public Service[3]	Total
2014	$12,930,409	$1,604,441	$28,908	$11,730	$14,169	$309,858	$14,899,515
2015	13,095,404	1,628,072	26,695	11,407	13,926	338,190	15,113,694
2016	13,920,390	1,685,432	28,975	11,283	15,116	352,055	16,013,251
2017	14,259,034	1,738,036	25,145	10,633	16,332	390,161	16,439,341
2018	15,358,064	1,737,814	27,943	8,792	17,157	383,376	17,533,146
2019	15,648,765	1,811,151	27,679	9,261	21,409	416,736	17,935,001
2020	17,043,131	1,862,180	28,398	11,232	21,881	413,003	19,379,825
2021	17,389,570	2,000,747	25,205	10,768	21,957	454,444	19,902,691
2022	20,036,651	2,655,074	34,624	20,386	24,137	462,810	23,233,682
2023	20,520,953	2,472,920	35,380	18,775	27,445	521,208	23,596,681

Source: Commissioner of the Revenue, Spotsylvania County. Annual original property books.
(1) Locally assessed real estate at 100% of estimated fair market value. The calendar year 2023 assessment became effective January 1, 2023.
(2) Locally assessed personal property tax is levied on all cars and trucks (100% assessment value shown here; currently taxed at 50% value).
(3) Based on valuations as established by State Corporation Commission.

Ten Largest Taxpayers
December 31, 2022

Name	Type of Business	Assessed Valuation[1] (000s omitted)	Amount of Tax	Percent of Total Tax Billed
Dominion Virginia Power	Public Utility	$175,158	$1,292,318	0.82%
Spotsylvania Regional Medical Center	Hospital	91,048	1,116,742	0.43
Lidl US Operations	Grocery Distribution	111,271	1,008,556	0.52
Spotsylvania Mall Company	Shopping Mall	128,227	957,599	0.60
Rappahannock Electric	Public Utility	86,726	673,660	0.41
Allure 1, LLC	Apartments	48,998	401,027	0.30
Comcast	Public Utility	9,704	441,540	0.05
Columbia Gas of VA	Public Utility	56,304	415,353	0.26
Abberly Southpoint LLC	Apartments	51,969	385,469	0.24
PAC Kingson LLC	Apartments	51,249	378,065	0.24

Source: Treasurer, Spotsylvania County.
(1) Includes real and personal property taxes. This schedule is sorted by tax paid. Due to varying rates for real and personal property and public service corporations, assessed values may appear to be out of order.

General Government Revenues By Source
All Governmental Fund Types

Last Ten Fiscal Years

Fiscal Year	General Property Taxes	Other Local Taxes	Permits, Privilege Fees and Regulatory Licenses	Fines And Forfeitures	Revenues From Use of Money And Property	Charges For Services	Miscellaneous	Inter-Governmental	Total
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
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
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
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
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
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
2019	178,186,133	49,731,885	5,166,301	549,846	5,259,056	16,245,358	2,494,232	204,969,764	462,602,575
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
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
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

Source: Audited Financial Statements 2013 – 2022.

General Property Tax Rates Per $100 of Assessed Value

Last Ten Calendar Years

Calendar Year	Real Estate and Mobile Home	Personal Property[1]	Business Furniture and Fixtures	Machinery And Tools	Heavy Construction Equipment
2014	$ 0.86	$ 6.78	$ 5.95	$ 2.50	$ 2.00
2015	0.86	6.73/6.25	5.95	2.50	2.00
2016	0.85	6.55/6.25	5.95	2.50	2.00
2017	0.85	6.55/6.25	5.95	2.50	2.00
2018	0.8330	6.55/6.25	5.95	2.50	2.00
2019	0.8474	6.55/6.25/1.25	5.95	2.50	2.00
2020	0.8094	6.55/6.25/1.25	5.95	2.50	2.00
2021	0.8094	6.35/6.25/1.25	4.55	1.90	1.55
2022	0.7377	6.35/6.25/1.25/5.42	4.55	1.90	1.55
2023	0.7717	6.35/6.25/1.25/5.42	4.55	1.90	1.55

Source: Finance Department, Spotsylvania County.

(1) For 2014, the rate shown includes all personal property types. Beginning in 2015, a separate tax rate was established for boats and boat trailers. Beginning in 2019, a third tax rate was established for data center equipment and peripherals. Then in 2022, in response to significant increases in the book values for used vehicles, a fourth tax rate was established to separate automobiles, certain trucks and other vehicles, motorcycles, mopeds, all-terrain vehicles, campers, and other recreational vehicles.

Property Tax Levies and Collections

Last Ten Fiscal Years
($ in thousands)

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

Source: Audited Financial Statements 2013 – 2022.

(1) Does not include land redemptions.

(2) Exclusive of penalties and interest.

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

PENSION PLAN

All permanent full-time employees of the County and the non-professional employees of the Spotsylvania School Board are automatically enrolled in the Virginia Retirement System ("VRS"), which provides retirement and disability benefits. The VRS maintains separate accounts for each participating locality based on contributions made by the locality and its employees and the benefits being paid to former employees.

The VRS Basic Benefit is a lifetime monthly benefit based on a formula using the member's average final compensation, a retirement multiplier and total service credit at retirement. For members hired before July 1, 2010, the monthly benefit is based on 1.7% (1.85% for hazardous duty employees) of the member's 36 consecutive months of highest compensation. For non-hazardous duty members hired or rehired on or after July 1, 2010 and members who were not vested on January 1, 2013, the monthly benefit is based on 1.65% of the member's 60 consecutive months of highest compensation. Effective January 1, 2014, all new employees without prior VRS service are required to enroll in the VRS Hybrid Plan except for sworn personnel, a combination of defined benefit and defined contribution plans. The Hybrid Plan, introduced to address future affordability, lowered the retirement multiplier to 1.0% and increased the number of months used to calculate the average final compensation.

The plan is funded through annual required contributions, actuarially determined every two years, at rates that provide for both normal and accrued funding liability. Plan members are required by Virginia law to contribute 5.0% of their creditable compensation toward their retirement. The County and schools are required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

As reported in the County's Annual Comprehensive Financial Report for Fiscal Year 2022, the County and School Board's net pension liabilities were $13.8 million and $117.5 million, respectively. Details on the pension liability for each entity can be found in the County's Annual Comprehensive Financial Report for Fiscal Year 2022.

POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The County and School Board Other Postemployment Benefit Plans are each a single-employer, defined plan, providing health and dental care to retired employees upon meeting certain eligibility requirements. The provisions of each plan may be amended by the Board of each respective entity. In addition, pursuant to Virginia law, the School Board has joined the Virginia Pooled OPEB Trust Fund, an irrevocable trust to receive, invest, and disburse OPEB funds. For additional information on plan descriptions, actuarial methods and assumptions please see Note 12 in the County's Annual Comprehensive Financial Report for Fiscal Year 2022.

At a minimum both the County and School Board fund retiree health benefits on a pay-as-you-go basis. For Fiscal Year 2022, the County contributed $2,117,000 or 38% of the County's annual OPEB expense, and the School Board contributed $10,016,649 or 27% of the School Board's annual OPEB expense. Over the past few years, the County developed OPEB reserves through the assignment of $9,248,065 of the County's General Fund balance, and $6,054,033 of the Utilities Funds' unrestricted net position, totaling $15,302,098 as of June 30, 2022. The County increased its total OPEB reserves to $17,328,747 across all funds at the close of FY 2022. Additionally, the School Board has $13,408,627 in assets held in an irrevocable OPEB trust.

Additional information on each plan's funded status and funding progress can be found in the County's Annual Comprehensive Financial Report for Fiscal Year 2022.

LABOR RELATIONS

There are presently no strikes or work stoppages by employees of the County, or independent contractors that provide essential government services, either in progress or threatened. Under current Virginia law, the County is empowered to enact one or more ordinances that allow certain local government employees to form unions and engage in collective bargaining with the County. To date, the County has not adopted any such ordinance(s), and the County has neither negotiated nor bargained with its employees in any manner concerning any aspect of the terms and conditions of the employment of its employees. The County does provide, pursuant to Virginia law, a grievance procedure for the resolution of various personnel complaints.

APPENDIX B

AUDITED FINANCIAL STATEMENTS OF

SPOTSYLVANIA COUNTY, VIRGINIA

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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CliftonLarsonAllen LLP
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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.

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

		Fund Statements		
	Government-wide 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	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of net position • Statement of revenues, expenses, and changes in fund net position • Statement of cash flows	• 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 unit*s – 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)

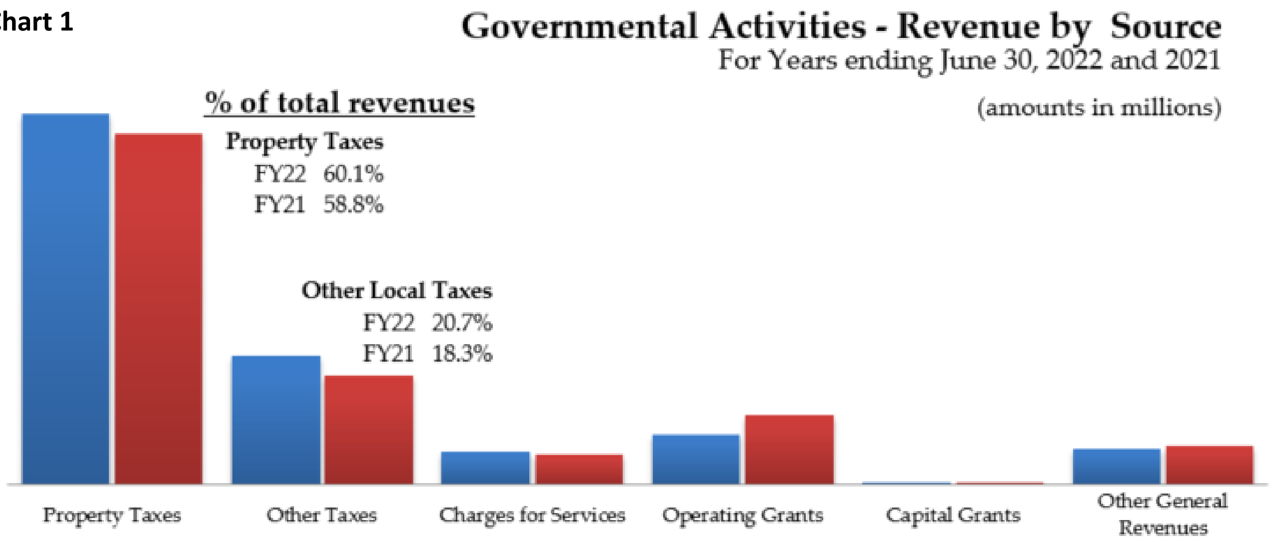
* Fiscal year 2022 recognizes the implementation of GASB 87, Leases. Although not yet effective, the County has elected to follow paragraph 36 of GASB Statement No. 100, Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62, stating "For reporting periods that are earlier than 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



	Property Taxes	Other Taxes	Charges for Services	Operating Grants	Capital Grants	Other General Revenues
2022	$202.1	$69.6	$18.0	$26.8	$0.5	$19.1
2021	$191.3	$59.5	$16.1	$37.3	$0.4	$20.6

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.

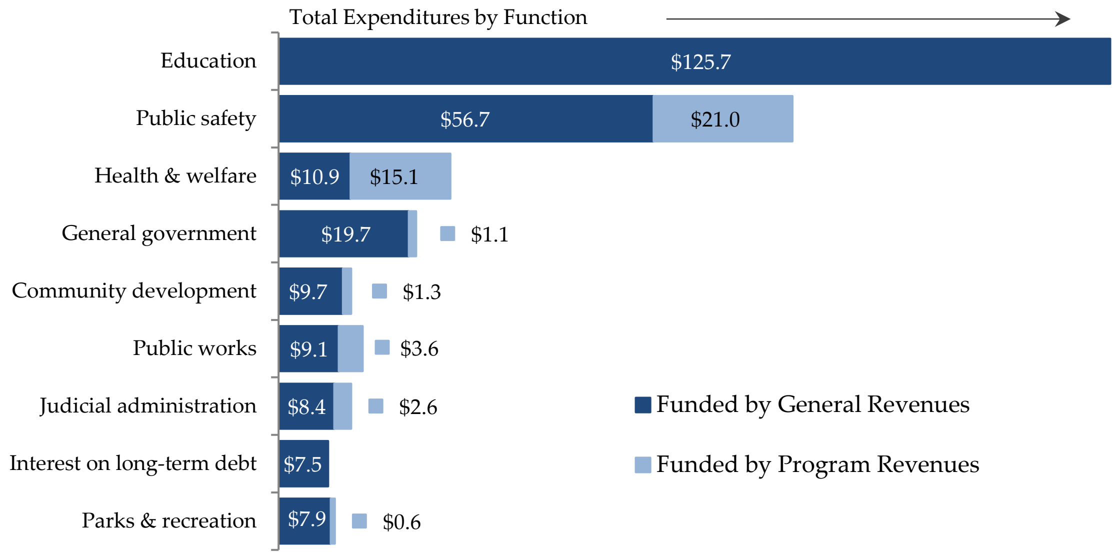
- Other local taxes rose $10.1 million, or 17.0%, year over year. As the County continues to recover from the pandemic and local development continues to expand, for the second year in a row, reported sales and meals tax revenues saw double-digit growth bringing in an additional $3.1 million and $3.4 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



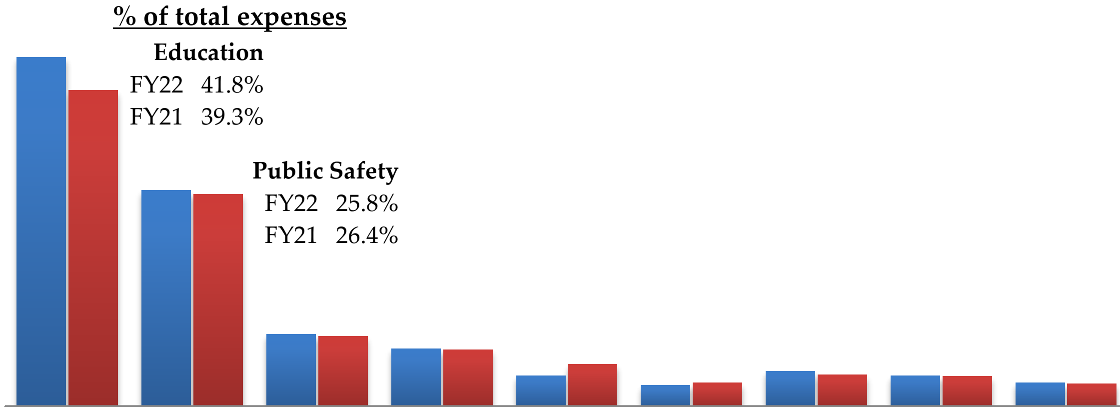
Governmental Expenses (continued)

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)



	Education	Public Safety	Health & Welfare	General Govern-ment	Comm-unity Dev't	Interest on LT Debt	Public Works	Judicial Admin	Parks & Recreation
2022	$125.7	$77.7	$26.0	$20.8	$11.0	$7.5	$12.7	$11.0	$8.5
2021	$113.7	$76.4	$25.3	$20.4	$15.1	$8.4	$11.3	$10.9	$8.1

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.

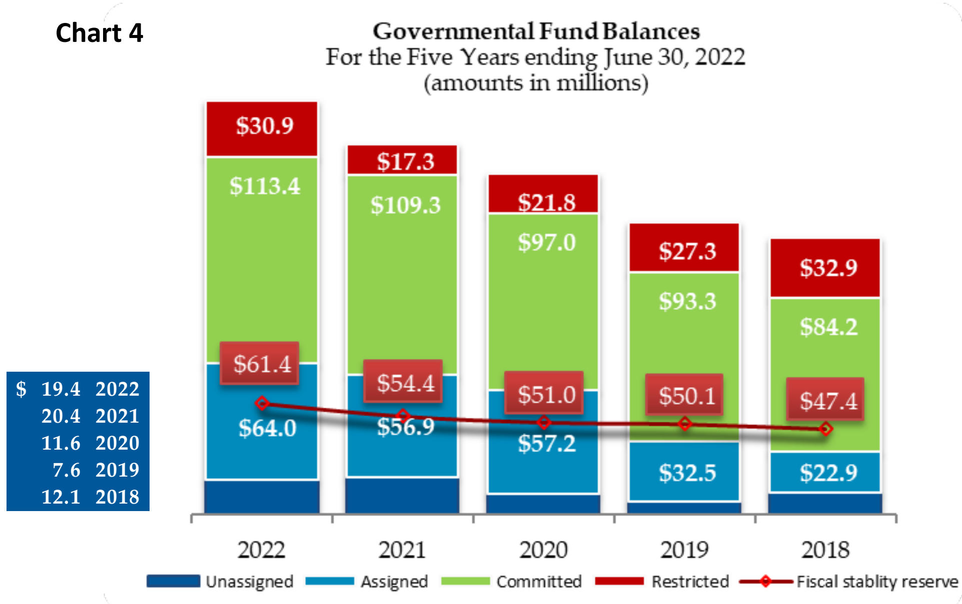
- ***Restricted*** fund balance, representing amounts limited to specific purposes imposed by external parties, increased 78.6% to $30.9 million primarily from an increase in available bond proceeds for transportation and major facility improvement projects.

- ***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



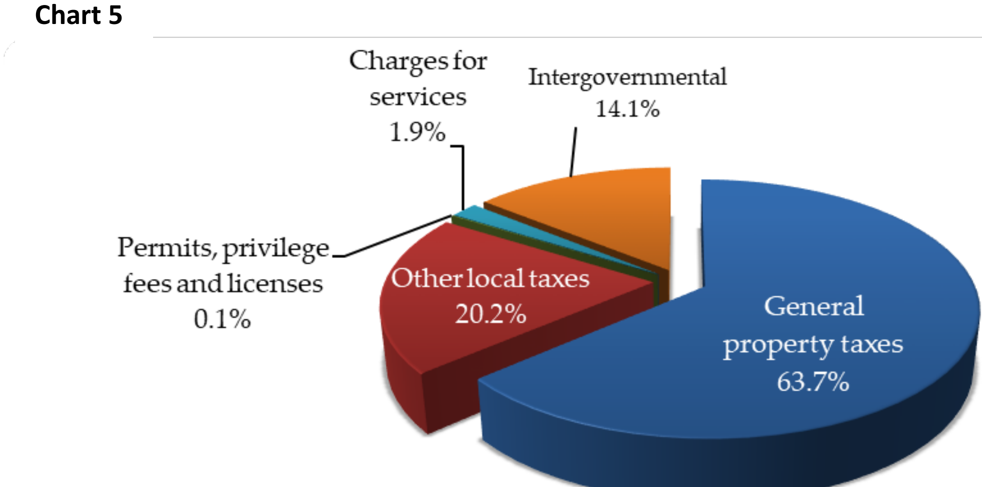
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

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



Revenue sources ($ in millions):	
General property taxes	$ 198.4
Other local taxes	63.0
Permits, fees and licenses	0.2
Use of money and property	(1.0)
Charges for services	6.0
Intergovernmental	44.1
Other revenue	0.9
	$ 311.6

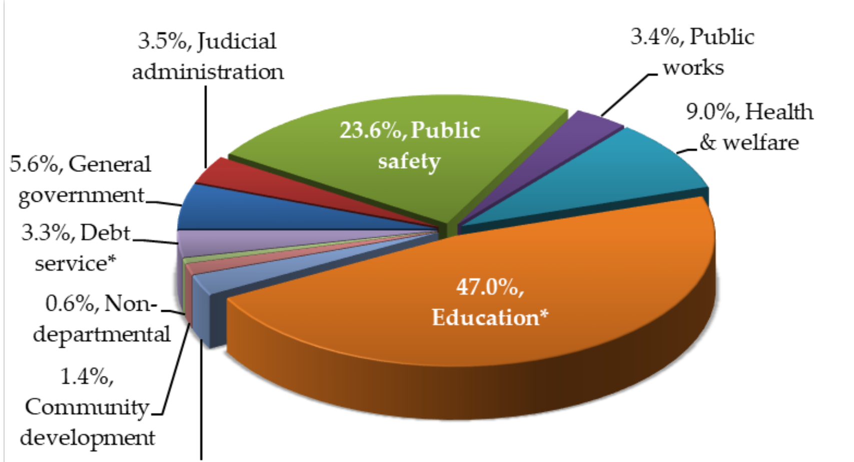
General Fund - Revenue Sources
For the Year ended June 30, 2022

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



General Fund - Expenditure Uses For Year ended June 30, 2022

* 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 2022	Total Primary Government 2021	$ Change	% Change
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)

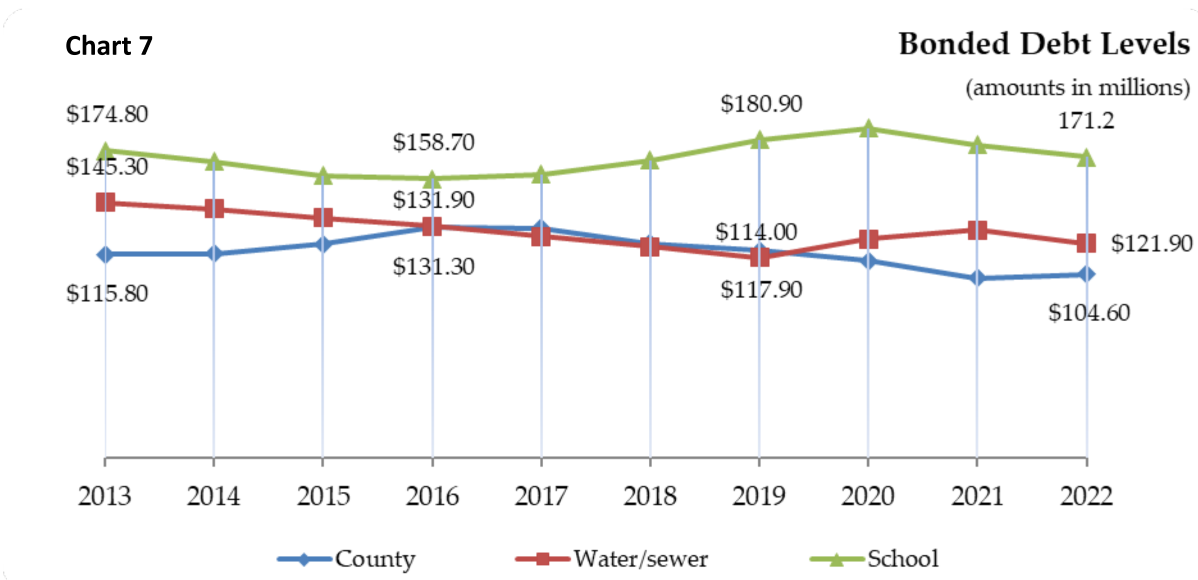
	Primary Government		%
	2022	2021	Change
Governmental activities:			
General obligation bonds - County	$ 84.1	$ 82.4	2.1%
General obligation bonds - School Board	115.2	117.1	-1.6%
Public facility revenue bonds - County	7.0	8.5	-17.6%
Public facility revenue bonds - School Board	35.4	43.2	-18.1%
Unamortized 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

		Program Revenues			Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**
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
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	-
Interest and investment earnings	(1,529,392)
Miscellanous	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)

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 2

	Net (Expense) Revenue & Changes in Net Position			
	Primary Government		Component Unit	
Functions/Programs	**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
Miscellanous	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

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	$ 293,570,079	$ 66,278,552	$ 22,250,678	$ 382,099,309
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	$ 29,805,859	$ 5,258,413	$ 1,957,095	$ 37,021,367
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	$ 116,401,030	$ 293,509	$ 631,934	$ 117,326,473
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	$ 147,363,190	$ 60,726,630	$ 19,661,649	$ 227,751,469
Total liabilities, deferred inflows of resources, and fund balances	$ 293,570,079	$ 66,278,552	$ 22,250,678	$ 382,099,309

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

June 30, 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)

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Revenues, Expenditures and Changes in Fund 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	$ 311,550,871	$ 1,337,749	$ 18,695,958	$ 331,584,578
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	$ 307,660,076	$ 20,184,801	$ 13,566,172	$ 341,411,049
Excess (deficiency) of revenues over (under) expenditures	$ 3,890,795	$ (18,847,052)	$ 5,129,786	$ (9,826,471)
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	$ 8,868,161	$ 26,563,165	$ (1,745,443)	$ 33,685,883
Net change in fund balances	$ 12,758,956	$ 7,716,113	$ 3,384,343	$ 23,859,412
Fund balance, beginning	134,604,234	53,010,517	16,277,306	203,892,057
Fund balance, ending	$ 147,363,190	$ 60,726,630	$ 19,661,649	$ 227,751,469

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	(12,676,843)	
		4,041,505
Capital outlay- Right to use leased assets	$ 426,847	
Amortization expense	(98,112)	
		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	(426,847)	
		(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	97,697	
		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	2,953,244	
		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)	(75,590)	
		4,638,831
Change in net position - governmental activities (Exhibit II)		$ 35,325,566

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

Statement of Fund Net Position - Proprietary Fund

June 30, 2022

Exhibit V

		Water & Sewer Fund
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	$	135,400,785
Noncurrent assets:		
Capital assets, net:		
Non-depreciable assets	$	34,818,776
Depreciable assets		300,316,241
Total noncurrent assets	$	335,135,017
Total assets	$	470,535,802
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	$	6,134,072
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	$	16,408,603
Noncurrent liabilities:		
Noncurrent portion of long-term debt	$	127,740,922
Total noncurrent liabilities	$	127,740,922
Total liabilities	$	144,149,525
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	$	9,783,652
NET POSITION		
Net investment in capital assets	$	232,919,177
Restricted for debt service		2,578,618
Unrestricted		87,238,902
Total net position	$	322,736,697

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2022

Exhibit VI

		Water & Sewer Fund
OPERATING REVENUES		
Charges for services	$	37,019,778
Other operating revenues		1,772,399
Total operating revenues	$	38,792,177
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	$	34,877,173
Operating income	$	3,915,004
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	$	(3,708,810)
Income before contributions and transfers	$	206,194
Capital contributions:		
Availability fees	$	6,741,930
Other capital contributions		7,514,713
Total capital contributions	$	14,256,643
Transfers to other funds, net		(66,014)
Total capital contributions and transfers	$	14,190,629
Change in net position	$	14,396,823
Net position, beginning		308,339,874
Net position, ending	$	322,736,697

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA
Statement of Cash Flows - Proprietary Fund
For the Year Ended June 30, 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

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

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

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

Exhibit IX

		Custodial Fund
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	$	4,503,515
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	$	3,650,597
Net increase in fiduciary net position	$	852,918
Fiduciary net position, beginning		435,077
Fiduciary net position, ending	$	1,287,995

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

Note 1

Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

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

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

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

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

1.02 BASIS OF PRESENTATION

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

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

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

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

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

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

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

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

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

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts 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	$ (26,117,468)	$ 169,085,161	$ 142,967,693
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	$ (106,639,877)	$ (169,085,161)	$ (275,725,038)

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:		**$ 405,896,192**	
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	
		$ 405,896,192	

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			
		Maximum Credit Exposure	
Authorized Investment	**Minimum Credit Quality Rating**	**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 & invesments:	**$**	**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 & invesments:	**$**	**20,108,612**
Total Primary Government restricted cash & investments:	**$**	**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 & invesments:	**$**	**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	$ 130,976,392	$ 385,732	$ 6,294,662	$ 137,656,786	$ 27,209,609

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	$ 9,984,273
Total Primary Government net receivables at June 30, 2022	$ 147,641,059

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
	$ 2,177,936	$ 2,139,566	$ 222,506	$ 1,676,174	$ 1,659,647	$ 171,142

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
	$ 98,112

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
	$ 12,676,843

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
	$ 25,591,092	$ 8,182,959	$ 17,408,133

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
	$ 17,178,253	$ 13,384,811	$ 3,793,441

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 out				
Transfers in	**General Fund**	**Capital Projects Fund**	**Other Governmental Funds**	**Water & Sewer Fund**	**Total**
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								
	Governmental Activities							
			Direct Placements				Business-type Activities Revenue Bonds	
	General Obligation		General Obligation		Public Improvement			
Fiscal Year	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 (Palmers 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 (Palmers 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	Governmental Activities			School Board		
Year Ending June 30	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
	400

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)
	$ 1,206,857	$ (848,109)
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)
	$ 1,206,857	$ (848,109)

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.

<table>
<tr><th rowspan="2">VRS PLAN 1</th><th rowspan="2">VRS PLAN 2</th><th colspan="2">HYBRID RETIREMENT PLAN</th></tr>
<tr><th>DEFINED BENEFIT</th><th>DEFINED CONTRIBUTION</th></tr>
<tr><td colspan="4">ELIGIBILITY</td></tr>
<tr><td>Membership date is before July 1, 2010 and they were vested as of January 1, 2013 and have not taken a refund.</td><td>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.</td><td colspan="2">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.</td></tr>
<tr><td colspan="4">VESTING</td></tr>
<tr><td colspan="3">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.</td><td>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.</td></tr>
<tr><td colspan="4">CALCULATING THE BENEFIT</td></tr>
<tr><td colspan="3">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.</td><td>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.</td></tr>
<tr><td colspan="4">AVERAGE FINAL COMPENSATION</td></tr>
<tr><td>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</td><td colspan="2">A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.</td><td>Not applicable for defined contribution plans.</td></tr>
<tr><td colspan="4">SERVICE RETIREMENT MULTIPLIER</td></tr>
<tr><td>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%.</td><td>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.</td><td>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.</td><td>Not applicable for defined contribution plans.</td></tr>
</table>

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN — DEFINED BENEFIT	HYBRID RETIREMENT PLAN — 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
	2,085	966

* 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.

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

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	$ 7,763,263
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.	• 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.	• 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.	• 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 rages 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 mediam 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 (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (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 (a)		Plan Fiduciary Net Position (b)		Net Pension (Asset) Liability (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							
	1% Decrease (5.75%)			Current Discount 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 calulated 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				Teacher Retirement Cost-sharing Plan	Total Component unit School Board
	Governmental Activities	Business-type Activities	School Board	Internal Service Fund Fleet Services		
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					
	Governmental Activities	Business-type Activities	School Board	Internal Service Fund Fleet Services	Teacher Retirement Cost-sharing Plan	Total Component 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
	$ (5,061,751)	**$ (573,121)**	**$ (3,095,042)**	**$ (229,050)**	**$ (69,191,662)**	**$ (72,515,754)**
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)
	$ (5,061,751)	**$ (573,121)**	**$ (3,095,042)**	**$ (229,050)**	**$ (69,191,662)**	**$ (72,515,754)**

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):	**$ 6,310,913**	**$ 806,248**	**$ 23,540,859**
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):	**$ 18,914,494**	**$ 2,336,911**	**$ 22,830,674**
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):	**$ 23,617,497**	**$ 2,910,032**	**$ 95,346,428**

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
	1061

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	$ 15,983,224	$ (44,380,522)

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

	Deferred Outflows	Deferred Inflows
Year ending June 30,		
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	$ 15,983,224	$ (44,380,522)
Governmental Activities	$ 14,033,782	$ (39,320,691)
Business-type Activities	1,949,442	(5,059,831)
	$ 15,983,224	$ (44,380,522)

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

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 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):	**$ 322,837**	**$ 45,881**	**$ 8,803,620**
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):	**$ 15,664,715**	**$ 2,082,686**	**$ 43,714,717**

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
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%

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

<u>Healthcare cost trend rates</u> 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:

	Deferred Outflows	Deferred Inflows
Year ending June 30,		
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	$ 41,548,623	$ (143,559,860)

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	13,408,626
School Board's net OPEB liability	$ 132,769,605
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
Differrence 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: • 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 County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
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 County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
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 County School Board	Spotsylvania County School Board Teacher Plan
	Governmental Activities	Business-type Activities		
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 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.	• 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	• 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	• 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	$ 1,164,272
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%
Mulit-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
	$ 126,610

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:

<table>
<tr><th colspan="2">HIC PLAN PROVISIONS</th></tr>
<tr><td colspan="2">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:
• Full-time permanent (professional) salaried employees of public school divisions covered under VRS.</td></tr>
<tr><td colspan="2">Benefit Amounts
The HIC provides the following benefits for eligible employees:</td></tr>
<tr><td>Teacher Employee HIC Program
• <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:
o $4.00 per month, multiplied by twice the amount of service credit, or
o $4.00 per month, multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.</td><td>Political Subdivision HIC Program
• <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.</td></tr>
<tr><td colspan="2">Health Insurance Credit Program Notes
• 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.</td></tr>
</table>

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
	$ 20,346,749

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	$ 1,283,569
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.
Morality 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.
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.	• 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	• 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%
Mulit-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 (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (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 Fleet Services	Total	Teacher Employee HIC Program	Component unit School Board
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
	School Board	Internal Service Fund Fleet Services	Total	Teacher Employee HIC Program	Component unit School 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)
	$ 12,623	$ 934	$ 13,557	$ (728,402)	$ (714,845)
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)
	$ 12,623	$ 934	$ 13,557	$ (728,402)	$ (714,845)

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		1,785
	$	40,964

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 commited 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
	$	421,824,534

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
Primary Government				
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
Component unit - School Board				
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
	$ 1,846,169

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 PTRC'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	$ -	$ -	$ 145,329,590	$ 145,329,590

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)	132,567,708	-	2,036,526	134,604,234
Fund balance, ending (Exh X & IV)	$ 145,329,590	$ -	$ 2,033,600	$ 147,363,190

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	$ 252,192	$ 217,006	$ 204,152	$ 182,871	$ 170,855	$ 160,300	$ 148,391	$ 138,471		
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	$ 238,415	$ 185,488	$ 181,370	$ 169,101	$ 156,534	$ 138,187	$ 134,411	$ 126,004		
County's net pension liability-ending	$ 13,777	$ 31,518	$ 22,782	$ 13,770	$ 14,321	$ 22,113	$ 13,980	$ 12,467		
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	$ (369)	$ (338)	$ (303)	$ (281)	$ (263)	$ (247)	$ (241)	$ (233)	$ (222)	$ (213)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ (55)	$ (53)	$ (54)	$ (51)	$ (48)	$ (48)	$ (48)	$ (48)	$ (47)	$ (48)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	$ (778)	$ (738)	$ (718)	$ (689)	$ (658)	$ (655)	$ (658)	$ (643)	$ (629)	$ (640)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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	70	505								
Total HIC OPEB liability - beginning	505	-								
Total HIC OPEB liability - ending	$ 575	$ 505								
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	54	-								
Plan fiduciary net position - beginning	-	-								
Plan fiduciary net position - ending	$ 54	$ -								
School Board's net HIC OPEB liability-ending	$ 521	$ 505								
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	(49)	(47)								
Contribution deficiency (excess)	$ -	$ -								
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	(1,742)	(1,653)	(1,655)	(1,588)	(1,554)	(1,548)	(1,463)	(1,430)	(1,387)	(1,391)
Contribution (deficiency)/excess	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
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 equivalant 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%.

	2022	2021	2020	2019	2018
Change in discount rate	3.54%	2.16%	2.21%	3.50%	3.87%

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%.

	2022	2021	2020	2019	2018	2017
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	(228)	(214)	(203)	(193)	(181)					
Net change in total OPEB liability	(1,624)	1,273	(2,912)	1,515	860					
Total OPEB liability - beginning	7,567	6,294	9,206	7,691	6,831					
Total OPEB liability - ending	$ 5,943	$ 7,567	$ 6,294	$ 9,206	$ 7,691					
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	$ 4,484	$ 4,870	$ 3,701	$ 3,461	$ 3,376	$ 3,627				
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 thorugh 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

APPENDIX C

FORM OF BOND COUNSEL OPINION

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APPENDIX C

FORM OF BOND COUNSEL OPINION – SERIES 2023 BONDS

Set forth below is the proposed form of opinion of
Haneberg Hurlbert PLC, Bond Counsel, with respect to the Series 2023 Bonds.
It is preliminary and subject to change prior to delivery of the Series 2023 Bonds.

September 20, 2023

Board of Supervisors
County of Spotsylvania, Virginia

County of Spotsylvania, Virginia
$58,305,000
General Obligation
Public Improvement Bonds,
Series 2023

Ladies and Gentlemen:

We have examined the applicable law and certified copies of proceedings and documents relating to the issuance and sale by the County of Spotsylvania, Virginia (the "County"), of its $58,305,000 General Obligation Public Improvement Bonds, Series 2023 (the "Series 2023 Bonds"). Reference is made to the forms of the Series 2023 Bonds for information concerning their details, including payment and redemption provisions, their purpose and the proceedings pursuant to which they are issued.

Without undertaking to verify the same by independent investigation, we have relied on certifications by representatives of the County as to certain facts relevant to both our opinion and requirements of the Internal Revenue Code of 1986, as amended (the "Code"). The County has covenanted to comply with the current provisions of the Code regarding, among other matters, the use, expenditure and investment of the proceeds of the Series 2023 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2023 Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2023 Bonds (the "Covenants"). In rendering the following opinions, we have assumed the genuineness of all signatures, the authenticity of all documents tendered to us as originals and the conformity to original documents of all documents submitted to us as certified copies.

Based on the foregoing, we are of the opinion that:

1. The Series 2023 Bonds have been authorized and issued in accordance with the Constitution and statutes of the Commonwealth of Virginia, including the Public Finance Act of 1991, and constitute valid and binding obligations of the County, and the County Board of Supervisors is authorized and required by law, unless other funds are lawfully available and appropriated for timely payment of the Series 2023 Bonds, to levy and collect an annual ad valorem tax, over and above all other taxes authorized or limited by law and without limitation as to rate or amount, on all locally taxable property in the County sufficient to pay when due the principal of and interest on the Series 2023 Bonds.

2. The rights of the holders of the Series 2023 Bonds and the enforceability of such rights may be limited or otherwise affected by (a) bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium and other laws affecting the rights of creditors generally, and (b) principles of equity, whether considered at law or in equity.

3. Under current law, interest on the Series 2023 Bonds (a) is not included in gross income for Federal income tax purposes and (b) is not an item of tax preference for purposes of the Federal alternative minimum income tax on individuals. However, for taxable years beginning after December 31, 2022, such interest is included in "adjusted financial statement income" (as defined in Section 56A of the Internal Revenue Code of 1986, as amended

(the "Code")) of certain corporations in determining the applicability and amount of the federal corporate alternative minimum tax imposed under Section 55(b) of the Code. Bond Counsel is also of the opinion that interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth of Virginia. The opinion in the preceding sentence is subject to the condition that there is compliance subsequent to the issuance of the Series 2023 Bonds with all requirements of the Code that must be satisfied in order that interest thereon not be included in gross income for Federal income tax purposes. Failure by the County to comply with the Covenants, among other things, could cause interest on the Series 2023 Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue. We express no opinion regarding other Federal tax consequences of the ownership of or receipt or accrual of interest on the Series 2023 Bonds.

4. Under current law, interest on the Series 2023 Bonds is exempt from income taxation by the Commonwealth of Virginia.

Our services as bond counsel to the County have been limited to delivering the foregoing opinion based on our review of such proceedings and documents as we deem necessary to approve the validity of the Series 2023 Bonds and the tax-exempt status of the interest thereon. We express no opinion herein as to the financial resources of the County, its ability to provide for payment of the Series 2023 Bonds or the accuracy or completeness of any information, including the County's Preliminary Official Statement dated August 25, 2023, and its Official Statement dated September 6, 2023, that may have been relied upon by anyone in making the decision to purchase Series 2023 Bonds.

The opinions expressed herein are for your benefit and the benefit of your successors and assigns and may not, without our prior written consent, be distributed to or relied upon by any other person. Our opinions are expressed as of the date hereof, and we do not assume any obligation to update or supplement our opinions to reflect any fact or circumstance subsequently arising or any change in law subsequently occurring. Our opinions expressed herein are limited to the matters expressly stated, and no opinion is implied or may be inferred beyond such matters.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of September 6, 2023 (the "Disclosure Agreement"), is executed and delivered by the Board of Supervisors of Spotsylvania County, Virginia, on behalf of Spotsylvania County, Virginia (the "County"), in connection with the issuance of its General Obligation Public Improvement Bonds, Series 2023 (the "Series 2023 Bonds"). The County hereby covenants and agrees as follows:

Section 1. Purpose. This Disclosure Agreement is being executed and delivered by the County for the benefit of the holders of the Series 2023 Bonds (the "Bondholders") and in order to assist the original purchasers of the Series 2023 Bonds in complying with the provisions of Section (b)(5)(i) of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "SEC") by providing certain annual financial information and event notices required by the Rule.

Section 2. Annual Disclosure. (a) The County shall provide annually financial information and operating data in accordance with the provisions of Section (b)(5)(i) of the Rule as follows:

(i) audited financial statements of the County, prepared in accordance with generally accepted accounting principles, which contain certain financial and operating data with respect to the County, some of which are included, as noted, in Appendix A of the County's Official Statement dated September 6, 2023, under the caption "Operating Data."

If the financial statements filed pursuant to Section 2(a)(i) are not audited, the County shall file such statements as audited when available.

(b) The County shall file annually with the Municipal Securities Rulemaking Board ("MSRB") the financial information and operating data described in subsection (a) above (collectively, the "Annual Disclosure") within 210 days after the end of the County's fiscal year, commencing with the County's fiscal year ending June 30, 2023.

(c) Any Annual Disclosure may be included by specific reference to other documents previously provided to the MSRB or filed with the SEC; provided, however, that any final official statement incorporated by reference must be available from the MSRB.

(d) The County shall file with the MSRB in a timely manner notice specifying any failure of the County to provide the Annual Disclosure by the date specified.

Section 3. Event Disclosure. The County shall file with the MSRB in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Series 2023 Bonds:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

(c) unscheduled draws on debt service reserves reflecting financial difficulties;

(d) unscheduled draws on any credit enhancement reflecting financial difficulties;

(e) substitution of credit or liquidity providers, or their failure to perform;

(f) adverse tax opinions, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2023 Bonds, or other material events affecting the tax status of the Series 2023 Bonds;

(g) modifications to rights of Bondholders, if material;

(h) bond calls, if material, and tender offers;

(i) defeasance of all or any portion of the Series 2023 Bonds;

(j) release, substitution, or sale of property securing repayment of the Series 2023 Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar event of the County;

(m) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence by the County of a Financial Obligation (as hereinafter defined), if material, or an agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the County, any of which affect Bondholders, if material. "Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term "Financial Obligation" does not include municipal securities at to which a final official statement has been otherwise provided o the MSRB under the Rule; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the County, any of which reflect financial difficulties.

Section 4. Termination. The obligations of the County hereunder will terminate upon the redemption, defeasance (within the meaning of the Rule) or payment in full of all the Series 2023 Bonds.

Section 5. Amendment. The County may modify its obligations hereunder without the consent of Bondholders, provided that this Disclosure Agreement as so modified complies with the Rule as it exists at the time of modification. The County shall within a reasonable time thereafter file with the MSRB a description of such modification(s).

Section 6. Defaults. (a) If the County fails to comply with any covenant or obligation regarding Continuing Disclosure specified in this Disclosure Agreement, any holder (within the meaning of the Rule) of Series 2023 Bonds then outstanding may, by notice to the County, proceed to protect and enforce its rights and the rights of the holders by an action for specific performance of the County's covenant to provide the Continuing Disclosure.

(b) Notwithstanding anything herein to the contrary, any failure of the County to comply with any obligation regarding Continuing Disclosure specified in this Disclosure Agreement (i) shall not be deemed to constitute an event of default under the Series 2023 Bonds or the resolution providing for the issuance of the Series 2023 Bonds and (ii) shall not give rise to any right or remedy other than that described in Section 6(a) above.

Section 7. Filing Method. Any filing required hereunder shall be made by transmitting such disclosure, notice or other information in electronic format to the MSRB through the MSRB's Electronic Municipal Market Access (EMMA) system pursuant to procedures promulgated by the MSRB.

Section 8. Additional Disclosure. The County may from time to time disclose certain information and data in addition to the Continuing Disclosure. Notwithstanding anything herein to the contrary, the County shall not incur any obligation to continue to provide, or to update, such additional information or data.

Section 9. Counterparts. This Disclosure Agreement may be executed in several counterparts each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10. Governing Law. This Disclosure Agreement shall be construed and enforced in accordance with the laws of the Commonwealth of Virginia.

BOARD OF SUPERVISORS OF
SPOTSYLVANIA COUNTY, VIRGINIA

By: ____
Chairperson

By: ____
Edward Petrovitch, County Administrator

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