SUPPLEMENT TO OFFICIAL STATEMENT
DATED AUGUST 9, 2022

relating to:

COUNTY OF SPOTSYLVANIA, VIRGINIA

$31,045,000
General Obligation
Public Improvement Bonds,
Series 2022

This Supplement to Official Statement (the "Supplement") supplements the Official Statement dated August 9, 2022 (the "Original Official Statement") with respect to the captioned bonds (the "Series 2022 Bonds") to reflect the imposition of a new federal alternative minimum tax on corporations by the Inflation Reduction Act of 2022 (the "Act") and to describe the potential effect of this new federal alternative minimum tax imposed by the Act on certain owners of the Series 2022 Bonds. The Act was signed into law on August 16, 2022.

Under the Act, for taxable years beginning after December 31, 2022, interest on the Series 2022 Bonds is included in the "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.

The cover page and the section entitled "Tax Matters - *Opinion of Bond Counsel*" of the Original Official Statement, and the Form of Bond Counsel Opinion attached as Appendix C to the Original Official Statement, contain amended language to reflect the changes described herein.

Except as supplemented by this Supplement, there are no other supplements or amendments to the Original Official Statement.

Dated: August 19, 2022

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NEW ISSUE	**Ratings: Moody's: "Aa1"**
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 2022 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 2022 Bonds is exempt from income taxation by the Commonwealth of Virginia. See the subsection entitled "Tax Matters."

COUNTY OF SPOTSYLVANIA, VIRGINIA

$31,045,000
General Obligation
Public Improvement Bonds,
Series 2022

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 2022 (the "Series 2022 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 2022 Bonds, a prospective investor should read this Official Statement in its entirety.

Security	**THE SERIES 2022 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 2022 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 2022 BONDS, RESPECTIVELY, AS THE SAME BECOME DUE AND PAYABLE.**
Purpose	The proceeds of the Series 2022 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 2022 Bonds, and to pay the costs of issuing the Series 2022 Bonds. See "Use of Proceeds" in "THE SERIES 2022 BONDS."
Interest Payment Dates	January 15 and July 15, commencing January 15, 2023
Record Date	June 15 and December 15
Redemption	The Series 2022 Bonds are subject to redemption as set forth herein.
Denominations	$5,000 and integral multiples thereof
Sale Date and Time	11:00 a.m. Eastern Time, August 9, 2022
Closing/Delivery Date	On or about August 23, 2022
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 2022 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: August 9, 2022

COUNTY OF SPOTSYLVANIA, VIRGINIA

$31,045,000
General Obligation
Public Improvement Bonds,
Series 2022

Year (Jan. 15)	Amount	Interest Rate	Yield	Price	CUSIP (Base No. 849254)
2023	$2,610,000	5.00%	1.580%	101.337%	ZL4
2024	2,640,000	5.00	1.610	104.654	ZM2
2025	2,640,000	5.00	1.700	107.709	ZN0
2026	2,640,000	5.00	1.750	110.663	ZP5
2027	2,635,000	5.00	1.800	113.460	ZQ3
2028	2,025,000	5.00	1.900	115.821	ZR1
2029	2,025,000	5.00	2.020	117.789	ZS9
2030	1,780,000	5.00	2.090	119.839	ZT7
2031	1,775,000	5.00	2.160	121.694	ZU4
2032	1,770,000	5.00	2.250*	122.053	ZV2
2033	1,385,000	5.00	2.350*	121.155	ZW0
2034	1,385,000	5.00	2.470*	120.089	ZX8
2035	910,000	5.00	2.550*	119.384	ZY6
2036	900,000	4.00	3.100*	106.946	ZZ3
2037	900,000	4.00	3.150*	106.546	A23
2038	605,000	4.00	3.240*	105.829	A31
2039	605,000	4.00	3.330*	105.118	A49
2040	605,000	4.00	3.410*	104.491	A56
2041	605,000	4.00	3.510*	103.712	A64
2042	605,000	4.00	3.550*	103.403	A72

* Yield calculated to first optional redemption date of July 15, 2031

COUNTY OF SPOTSYLVANIA, VIRGINIA

COUNTY BOARD OF SUPERVISORS

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

COUNTY OFFICIALS

Edward Petrovitch, *County Administrator*
Karl R. Holsten, Esq., *County Attorney*
Mark L. Cole, *Deputy County Administrator*
Bonnie L. Jewell, *Assistant County Administrator/Chief Financial Officer*
Larry K. Pritchett, *Treasurer*
Deborah F. Williams, *Commissioner of the Revenue*
Kelly S. Guempel, *Interim 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 580
Arlington, Virginia 22203

AUDITORS

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

The Series 2022 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 2022 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 2022 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 2022 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.

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OFFICIAL STATEMENT

COUNTY OF SPOTSYLVANIA, VIRGINIA

$31,045,000
General Obligation
Public Improvement Bonds,
Series 2022

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 $31,045,000 General Obligation Public Improvement Bonds, Series 2022 (the "Series 2022 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 2022 Bonds is the County of Spotsylvania, a political subdivision of the Commonwealth of Virginia.

The Series 2022 Bonds

The Series 2022 Bonds will be dated the date of their delivery and will mature on January 15 in the years 2023 through 2042 in the amounts set forth on the inside cover of this Official Statement. Interest on the Series 2022 Bonds will be payable on each January 15 and July 15, beginning January 15, 2023, 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 2022 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 2022 Bonds.

Optional Redemption

The Series 2022 Bonds are subject to redemption at the option of the County at any time, following requisite notice, on or after July 15, 2031.

Delivery

The Series 2022 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 2022 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 August 24, 2022.

Auditors

The County's general purpose financial statements for the fiscal year ended June 30, 2021, 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 2022 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 2022 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 2022 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 2022 Bonds. A portion of the Financial Advisor's fee for services rendered with respect to the sale of the Series 2022 Bonds is contingent upon the issuance and delivery of the Series 2022 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 Bonnie L. Jewell, Assistant County Administrator/Chief Financial Officer, Spotsylvania County, 8800 Courthouse Road, Spotsylvania, Virginia 22553 (540-507-7590), or the County's Financial Advisor, PFM Financial Advisors LLC (703-741-0175).

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THE SERIES 2022 BONDS

Authorization of the Series 2022 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, $15,901,960 in principal amount of the bonds authorized for public school projects remains authorized and unissued on the date hereof.

Under the 2014 Referendum, $17,173,641 in principal amount of bonds authorized for public safety projects remains authorized and unissued on the date hereof.

Under the 2014 Referendum, $48,043,950 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. All bonds authorized under the 2021 Referendum remain unissued on the date hereof.

The Series 2022 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 June 14, 2022 (the "Bond Resolution").

Use of Proceeds of the Series 2022 Bonds

The proceeds of the Series 2022 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.

The following table sets forth the anticipated application of proceeds of the Series 2022 Bonds for the purposes described above:

Sources of Funds:

Face Amount of Series 2022 Bonds	$ 31,045,000.00
Plus Original Issue Premium	3,812,093.85
Total Sources	$ 34,857,093.85

Uses of Funds:

Deposit to Construction Fund	$ 9,413,582.00
Deposit to School Board	25,184,535.00
Estimated Costs of Issuance (including Underwriters' fees)	258,976.85
Total Uses	$ 34,857,093.85

Description of the Series 2022 Bonds

The Series 2022 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 2022 Bonds. See the subsection "Book-Entry System" below. Purchases of beneficial ownership interests in the Series 2022 Bonds will be made only in book-entry form and individual purchasers will not receive physical delivery of Bond certificates. The Series 2022 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, 2023, 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 2022 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 2022 Bonds ("Bondholders"). Interest on the Series 2022 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 2022 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, 2031 upon payment of 100% of the principal amount of the Series 2022 Bonds to be redeemed, together with accrued interest to the redemption date.

Manner of Redemption. If less than all of the Series 2022 Bonds are called for redemption, the Series 2022 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 2022 Bonds of a particular maturity of a series are called for redemption, the Series 2022 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 2022 Bonds for redemption, each Bond shall be considered as representing that number of Series 2022 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 2022 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 2022 Bonds. If no qualified securities depository is the registered owner of the Series 2022 Bonds, notice of redemption shall be mailed to the registered owners of the Series 2022 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 2022 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 2022 Bonds called for redemption at the place or places of payment, such Series 2022 Bonds shall be paid and redeemed.

During the period that DTC or the DTC nominee is the registered holder of the Series 2022 Bonds, the County will not be responsible for mailing notices of redemption to the beneficial owners of the Series 2022 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 2022 Bonds, payments of principal of and interest on the Series 2022 Bonds to DTC, its nominee, Direct Participants (as hereinafter defined) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Series 2022 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 2022 Bonds. The Series 2022 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 2022 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 2022 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2022 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 2022 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 2022 Bonds, except in the event that use of the book-entry system for the Series 2022 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2022 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 2022 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 2022 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2022 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 2022 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 2022 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 2022 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2022 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 2022 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 2022 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 2022 Bonds, as nominee of DTC, references in this Official Statement to the Owners of the Series 2022 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners, and Cede & Co. will be treated as the only holder of Series 2022 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 2022 Bonds without the consent of Beneficial Owners or Bondholders.

CUSIP Numbers

It is anticipated that CUSIP identification numbers will be printed on the Series 2022 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 2022 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 2022 Bonds.

Security for the Series 2022 Bonds

The Series 2022 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 2022 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 2022 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 2022 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, 2019, the Commonwealth appropriated $179,722,810 to the County, of which $37,170,764 accrued to the County's General Fund.

Neither the Series 2022 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 2022 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 2022 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 2022 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 2022 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, 2021, 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 2022 Bonds a rating of "Aa1," "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 2022 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 2022 Bonds or the ability of the County to levy or collect ad valorem taxes for payment of the Series 2022 Bonds or the interest thereon.

Legal Matters

Certain legal matters relating to the authorization and validity of the Series 2022 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 2022 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 2022 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 2022 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 2022 Bonds.

Tax Matters

Opinion of Bond Counsel. In the opinion of Bond Counsel, under current law, interest on the Series 2022 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 2022 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 2022 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 Code, and is subject to the condition that there is compliance subsequent to the issuance of the Series 2022 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 2022 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2022 Bonds. Failure by the County to comply with such covenants, among other things, could cause interest on the Series 2022 Bonds to be included in gross income for Federal income tax purposes retroactively to their date of issue.

Original Issue Premium. Series 2022 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 2022 Bonds while so held. Purchasers of such Series 2022 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 2022 Bonds.

Other Tax Matters. In addition to the matters addressed above, prospective purchasers of the Series 2022 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 2022 Bonds should consult their tax advisors as to the applicability and impact of such consequences.

Prospective purchasers of the Series 2022 Bonds also should consult their own tax advisors as to the status of interest on the Series 2022 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 2022 Bonds, under current Service procedures, the Service will treat the County as the taxpayer and the owners of the Series 2022 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 2022 Bonds after their issuance, including but not limited to public knowledge of an audit of the Series 2022 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 2022 Bonds who purchase Series 2022 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 2022 Bonds should seek advice concerning such matters as they deem prudent in connection with their purchase of Series 2022 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 2022 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 2022 Bonds is contingent upon the issuance and delivery of the Series 2022 Bonds.

Sale at Competitive Bidding

The Series 2022 Bonds were offered for sale at competitive bidding at 10:45 a.m. Eastern Time, August 9, 2022, and were awarded to Morgan Stanley & Co. LLC, 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 $79,470.14 (or .255984% of the principal amount of the Series 2022 Bonds).

Morgan Stanley & Co. LLC., the underwriter of the Series 2022 Bonds, has entered into a distribution agreement with its affiliate, Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2022 Bonds.

Continuing Disclosure

To permit compliance by the purchasers of the Series 2022 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 2022 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. On or about February 24, 2021, the County filed a Continuing Disclosure Notice on EMMA, in which it provided notice of a late filing of its Annual Disclosure (Comprehensive Annual Financial Report) for its Fiscal Year ended June 30, 2021, and notice of late cross-linkage of its Fiscal Year 2018 Annual Disclosure to one base CUSIP number for certain lease revenue bonds of the County's Economic Development Authority, as to which the County is the obligated party. 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 2022 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.

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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 2022 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

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

On March 12, 2020, Ralph Northam, then-Governor of the Commonwealth, declared a state of emergency in the Commonwealth as a result of the COVID-19 pandemic (which declaration was reaffirmed and continued on May 26, 2020). Since the start of the COVID-19 pandemic, Governor Northam imposed a series of restrictions designed to mitigate the spread of COVID-19 in the Commonwealth, including, at various times, statewide mask-wearing and social distancing guidelines, limitations on public and private in-person gatherings, the closure of certain businesses, a statewide stay at home order, and the cancellation of in-person instruction at schools. Under the auspices of the federal government's program called Operation Warp Speed, vaccines were developed to combat COVID-19. Currently, vaccinations are available for all Virginians age 12 and older. As reported by the Virginia Department of Health as of July 27, 2022, approximately 7,048,981 people had been vaccinated with at least one dose of a COVID-19 vaccine in the Commonwealth, with an average of 7,306 doses being administered each day.

As vaccination rates increased and cases declined, Governor Northam gradually lifted many of the restrictions. On May 14, 2021, Governor Northam lifted the Commonwealth's mask mandate, with the exception of K-12 public schools, as well as giving businesses the right to require masks. Under Executive Order 79, Governor Northam lifted distancing and capacity restrictions on May 28, 2021.

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. The County's methods of service delivery were significantly impacted by the outbreak and continued spread of COVID-19. Beginning March 16, 2020 employees were encouraged to work from home and in-person transactions with citizens were discontinued. Further, citizens were encouraged to transact County business by mail, phone, or internet; however, operations of the County continued to the safest extent possible. The County instituted measures to reduce the likelihood that the County would encounter financial stress, including (among other measures), requiring that all County departments curtail non-essential expenditures, discontinue travel for educational purposes, and freeze hiring for any non-essential vacancies; but the County did not layoff or furlough any of its personnel, nor did it increase its real or personal property tax rates. The Spotsylvania Schools initially were closed at the onset of the pandemic, then transitioned to online learning, and then to a hybrid model.

Though, like other communities, staff expected the County would experience significant declines in FY 2020 and FY 2021 revenues – particularly in consumption-based taxes such as meals, sales, and transient occupancy – the community remained resilient in its transactions, and the County did not experience overall declines. In fact, thanks to online shopping and a new law ensuring the the receipt of local sales tax from the online sales generated by Spotsylvania residents, sales tax revenue increased year over year in FY 2020 and in FY 2021. Likewise, as a result of restaurants reworking their business models around drive-throughs and curbside pickup, year over year meals tax declined by only 1% in FY 2020, and outpaced FY 2019 revenues in FY 2021. Transient occupancy tax receipts on hotel stays did, of course, suffer in FY 2020 as travel was limited, but fully rebounded in FY 2021. For the current FY 2022, receipts from each of these consumption-based taxes will exceed budgeted projections.

As of June 2022, the vast majority of County employees are 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 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.

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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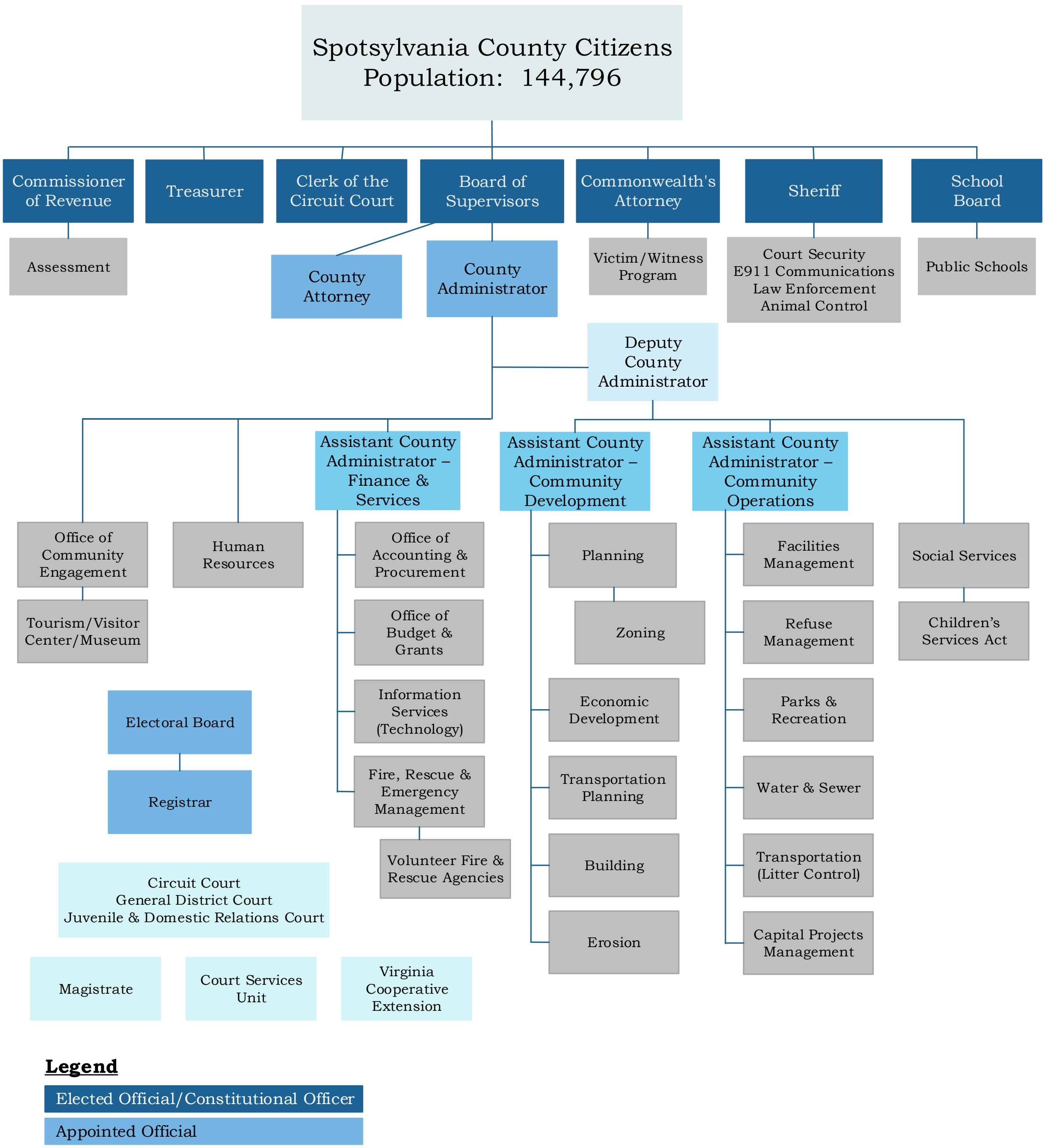
PRINCIPAL EXECUTIVE OFFICERS

Official	Name	Term and Manner of Selection	Length of Service with County	Expiration of Term
Chairman and Board Member (Chancellor District)	Timothy J. McLaughlin	4 Years (Elected)	10-½ Years	12/31/23
Vice Chairman and Board Member (Courtland District)	David Ross	4 Years (Elected)	10-½ Years	12/31/23
Board Member (Berkeley District)	Kevin Marshall	4 Years (Elected)	19-½ Years[1]	12/31/25
Board Member (Livingston District)	Jacob Lane	4 Years (Elected)	1/2 Year	12/31/25
Board Member (Battlefield District)	Chris Yakabouski	4 Years (Elected)	12-½ Years	12/31/25
Board Member (Salem District)	Deborah H. Frazier	4 Years (Elected)	24 Years[2]	12/31/23
Board Member (Lee Hill District)	Lori Hayes	4 Years (Elected)	1/2 Year	12/31/25
County Administrator	Edward Petrovitch	Appointed by Board	16 Years[3]	Pleasure of Board
County Attorney	Karl R. Holsten	Appointed by Board	9 Years[4]	Pleasure of Board
Deputy County Administrator	Mark L. Cole	Appointed by County Administrator	9-½ Years	Pleasure of County Administrator
Commissioner of the Revenue	Deborah F. Williams	4 Years (Elected)	35 Years	12/31/23
Treasurer	Larry K. Pritchett	4 Years (Elected)	48 Years	12/31/23
Interim Superintendent of Schools	Kelly S. Guempel	Appointed by School Board	3 Years	Pleasure of School Board
Assistant County Administrator/Chief Financial Officer	Bonnie L. Jewell	Appointed by County Administrator	15 Years[5]	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] Previously served as Senior Financial Analyst from 2007 to 2015 and Budget Manager from 2015 to 2019. Appointed to serve as Chief Financial Officer, effective November, 2019 and to the combined Assistant County Administrator/Chief Financial Officer role in January 2020.

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.

Bonnie L. Jewell, Assistant County Administrator/Chief Financial Officer, was appointed to the Chief Financial Officer position effective November 2019 and was assigned the Assistant County Administrator responsibility in January 2020. Immediately prior, Ms. Jewell served in the interim position of Deputy Director of Finance for Budget. She was the County's Budget Manager from May 2015 to April 2019 and served as Senior Financial Analyst from August 2007 through April 2015. Prior to her employment with the County, Ms. Jewell was employed for eight years by Arlington Public Schools where the last position she held was Budget Director. She earned a Bachelor of Arts degree in Economics from Mary Washington College and a Master of Business Administration degree from the University of Mary Washington. She is a member of the Government Finance Officers Association.

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.

Kelly S. Guempel, Interim Superintendent of Schools, was appointed by the Spotsylvania County School Board to serve as the Interim Superintendent effective July 1, 2022. Mr. Guempel has a Bachelor of Science in Health & Physical Education from Virginia Commonwealth University, a Master of Education degree in Administration and Supervision from Virginia Commonwealth University, and an Education Specialist degree in District Level Leadership from American College of Education. Mr. Guempel's 27-year career includes serving as teacher, coach, administrative intern, assistant principal, and principal in several Virginia school divisions. He has been employed by Spotsylvania County Public Schools since 2019 as the Principal of Spotsylvania High School.

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. The Board makes annual appropriations for school operations, but has limited authority over how the appropriations are spent. For FY 2022, the school system's non-capital expenses are funded by the Commonwealth of Virginia (approximately 49.7%), federal funds (approximately 5.8%), fees charged for services (approximately 3.5%) use of prior years' School Food Service Fund balance (approximately 0.6%), and a transfer of revenues from the County's General Fund (approximately 40.4%).

Summary of Certain School Statistics

	2017-18	2018-19	2019-20	2020-21	2021-22
Kindergarten	1,567	1,545	1,623	1,379	1,646
Elementary (Grades 1-7)	12,325	12,219	12,368	11,743	11,905
Secondary (Grades 8-12)	9,521	9,478	9,482	9,582	9,853
Special Education*	401	432	462	383	483
Total Enrollment	**23,814**	**23,674**	**23,935**	**23,087**	**23,887**
Teachers & Administrators	1,958	2,001	2,032	2,032	2,046
Other Employees	1,137	1,196	1,214	1,208	1,238
Total Employees	**3,095****	**3,197**	**3,246**	**3,240**	**3,284**
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.
** The reduction in employees in Fiscal Year 2018 was largely due to attrition after maintenance and food service positions were outsourced.

Data on Existing Public Schools

School	Grade	Site Size	Original Construction Date	Date of Additions	Institutional Capacity	2021-22 Enrollment
Elementary:						
Battlefield	K-5	30.0 Acres	1974	2000	833	676
Berkeley	K-5	17.0 Acres	1961	1971, 1979, 2000, 2005	353	277
Brock Road	K-5	24.4 Acres	1992	2004	907	658
Cedar Forest	K-5	52.4 Acres	2008	---	936	759
Chancellor	K-5	12.0 Acres	1940	1948, 1961, 2000	455	432
Courthouse Road	K-5	25.0 Acres	1994	2005	907	763
Courtland(1)	K-5	------	1989	2000	789	510
Harrison Road(2)	K-5	------	2001	2006	936	715
Lee Hill	K-5	21.0 Acres	1977	1990, 1999	807	629
Livingston	K-5	15.5 Acres	1961	1971, 1992	504	400
Parkside	K-5	26.8 Acres	1994	2007	936	953
Riverview	K-5	25.0 Acres	1994	2005	907	674
Salem	K-5	20.0 Acres	1979	1989, 1999	815	608
Smith Station	K-5	23.0 Acres	1991	1999, 2004	986	682
Spotswood	K-5	20.0 Acres	1965	1971, 2000	641	515
Spotsylvania	K-5	14.1 Acres	1952	1977	585	562
Wilderness	K-5	25.0 Acres	1998	2003	936	652
Middle:						
Battlefield	6-8	30.0 Acres	1978	2003	807	830
Chancellor(2)	6-8	------	1989	---	857	859
Freedom	6-8	76.7 Acres	2003	---	948	774
Ni River	6-8	75.0 Acres	1999	---	774	720
Post Oak(3)	6-8	------	2007	---	948	698
Spotsylvania	6-8	41.7 Acres	1968	1973	907	973
Thornburg	6-8	50.0 Acres	1994	---	790	673
Secondary:						
Chancellor	9-12	100.0 Acres	1988	---	1,427	1,383
Courtland	9-12	100.0 Acres	1980	2019	1,565	1,540
Massaponax	9-12	100.0 Acres	1998	2005	1,830	1,696
Riverbend	9-12	90.7 Acres	2004	---	1,995	1,923
Spotsylvania	9-12	100.0 Acres	1994	---	1,611	1,293
Spotsylvania Vocational Center(1)(4)	---	------	1980	1993	---	---
Alternative:						
John J. Wright(5)	K-12	20.0 Acres	1952	1962, 1982, 2008	n/a	n/a
Pre-K						(5)
Alt Education					90	60
				Total	27,782	23,887

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 2021–2022 school year was 483 students as of October 1, 2021.

Actual and Projected Daily Student Enrollment by Grade[(1)]

	Actual Daily Student Enrollment by Grade				Projected Daily Student Enrollment by Grade				
Grade	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**	**2025-26**
Pre-K	432	462	383	483	483	483	483	483	483
K	1,545	1,623	1,379	1,646	1,663	1,676	1,671	1,654	1,642
1	1,599	1,614	1,569	1,562	1,730	1,731	1,731	1,726	1,708
2	1,721	1,641	1,557	1,694	1,593	1,764	1,765	1,763	1,755
3	1,698	1,758	1,606	1,611	1,728	1,626	1,797	1,796	1,791
4	1,688	1,747	1,680	1,696	1,642	1,759	1,656	1,828	1,825
5	1,866	1,747	1,720	1,773	1,733	1,673	1,793	1,690	1,859
6	1,841	1,924	1,702	1,781	1,806	1,753	1,716	1,830	1,714
7	1,806	1,937	1,909	1,788	1,814	1,842	1,790	1,750	1,867
8	1,899	1,844	1,915	1,958	1,812	1,841	1,870	1,816	1,775
9	2,025	2,118	1,986	2,247	2,181	2,016	2,049	2,088	2,025
10	1,874	1,947	2,029	1,914	2,142	2,080	1,923	1,956	1,990
11	1,820	1,775	1,817	1,885	1,828	2,046	1,989	1,839	1,869
12	1,860	1,798	1,835	1,849	1,940	1,885	2,097	2,041	1,896
Total	**23,674**	**23,935**	**23,087**	**23,887**	**24,095**	**24,175**	**24,330**	**24,260**	**24,199**

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 Director of Utilities, who reports to the County Administrator, with ultimate authority resting with the Board. The Department has a staff of 128 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 13 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.

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
2014	128,881
2015	130,042
2016	131,401
2017	132,889
2018	134,227
2019	136,447
2020	140,475
2021	143,676
2022	144,796

Sources: U.S. Census Bureau for years 2021 and prior; Spotsylvania County Planning Department for 2022 estimate.

Income Profile

Median Household Income

	2016	2017	2018	2019	2020
Spotsylvania County	$81,065	$85,743	$86,695	$90,262	$94,299
Commonwealth of Virginia	68,127	71,518	72,600	76,471	79,154

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

Per Capita Income

	2016	2017	2018	2019	2020
Spotsylvania County + City of Fredericksburg	$47,547	$48,951	$50,627	$52,157	$55,077
Commonwealth of Virginia	53,792	55,631	57,964	59,657	61,958

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
2013[5]	290	464	2,314	3,068	$ 404,014,490	$102,557,927	$23,016,560	$529,588,977
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[6]	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[7]	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

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) There were multiple site plans for which the stated values were unusually large. Additionally, there were a number of large commercial building/renovation projects for which the stated value of each project was $3 million or more.
(6) 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.
(7) 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.

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 – Currently in the pre-application phase ahead of a rezoning request submittal, 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 third expansion of the facility will be 30,000 square feet. The project will create the space necessary for new jobs at the facility and provide advanced amenities for all employees, specifically a café, kitchen, and dining space with an outdoor terrace.

Spotsylvania Regional Medical Center ER Clinic – A new standalone ER clinic is to be constructed on Rt. 3 West, a major thoroughfare in the County. The 10,000 square foot clinic will house 11 treatment rooms, as well as a trauma and resuscitation area, and will be 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.

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 2019 report, Spotsylvania County ranked 17th out of 133 counties and incorporated cities within the Commonwealth for tourism expenditures, continuing to remain within the top 20 in the state. 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 2020 generated approximately $251 million in overall economic value, up from $295 million in 2018. Spotsylvania Tourism is implementing an updated 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 will host the Women and Girls in Soccer (WAGS) Tournament in October 2022, which will bring 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 will be added when Cider Labs completes its Spotsylvania Courthouse Commons location.

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 also received several gold medals at other competitions. During the pandemic, visits to the distillery have been available by appointment only. At this time, the distillery is continuing this practice of appointment only visits. Plans are in place to continue to market the distillery as a destination to out-of-state markets in the future.

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. In October 2021, Shannon Airport relaunched its Fall Fly-In event after a hiatus due to COVID-19. This event brought in over 800 guests with more than 500 interacting with the Spotsylvania Tourism information booth.

Fishing University, a television series that airs on sports networks, recorded a show at Lake Anna in 2018. It aired on three major sporting channels over 40 times, reaching more than 63 million households across all 50 states. As part of the County's agreement with Fishing University, a 90-second commercial for local attractions was produced and shown during each episode. Fishing University plans to return to Spotsylvania County in October 2022.

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
PAE Shared Services, LLC	Government Services & Support	250-499
Lidl US Operations	Grocery Distribution Center	250-499
CVS Pharmacy	Pharmacy Distribution Warehouse	250-499
Alorica	Administrative Support Services	250-499
Germanna Community College	Education	250-499
Weis Markets	Grocery	250-499
Kaeser Compressors	Air Compressor Manufacturer	250-499
McDonald's	Restaurant	100-249
United Parcel Service	Package Delivery Service	100-249
Costco	Retail	100-249
Carmax	Automobile Dealer	100-249
Giant Food	Grocery	100-249
Compass Counseling Center	Social Assistance	100-249
Wawa	Convenience Stores	100-249
Target Corp	Retail	100-249
Lowe's Home Center	Retail	100-249

Source: Virginia Employment Commission, as of 3rd quarter 2021.

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
Rappahannock Area Community Services Board	Social Advocacy Organization	500-999
United States Postal Service	Federal Government Agency	250-499
Mary Washington Healthcare	Ambulatory Health Care Services	250-499
The Home Depot	Retail	250-499
YMCA	Social Advocacy Organization	250-499
Snowden Services	Ambulatory Health Care Services	250-499
Stafford Hospital Center	Hospital	250-499

Source: Virginia Employment Commission, as of 3rd quarter 2021.

Unemployment Rate

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

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Spotsylvania County	6.0%	5.7%	5.3%	4.6%	4.0%	3.7%	3.0%	2.8%	6.0%	3.9%
Commonwealth of Virginia	5.9	5.6	5.1	4.4	4.0	3.7	3.0	2.8	6.2	3.9
United States	8.1	7.4	6.2	5.3	4.9	4.4	3.9	3.7	8.1	5.3

Source: Bureau of Labor Statistics.

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
2012	$1,459,932,298	$11,599
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

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 2023, which began July 1, 2022.

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Set forth in the table below is a summary of the FY 2023 Adopted General Fund Budget.

	FY 2023 ADOPTED BUDGET
Sources:	
Revenues:	
Property Taxes	$200,401,112
Other Local Taxes	61,182,566
Licenses & Permits	228,200
Charges for Services	5,104,034
Other Local Revenue	5,078,754
State	44,321,793
Federal	3,365,101
Transfer from Fire/EMS Service Fee Fund	2,700,000
Transfer from Code Compliance Fund	1,092,858
Total Revenues & Transfers In	323,474,418
Use of (Addition to) Fund Balance	17,881,374
Total Sources	$341,355,792
Uses:	
Executive Services	$7,287,216
Administrative Services	18,801,762
Voter Services	885,788
Judicial Administration	5,990,230
Public Safety	81,376,079
Public Works	10,886,431
Health & Human Services	31,542,014
Parks, Recreation & Cultural	8,423,694
Community Development	3,950,004
Debt Service	9,772,661
Subtotal	178,915,879
Tax Relief	1,400,000
Transfer to School Operating Fund	138,081,416
Transfers to Other Funds	22,958,497
Total Uses	$341,355,792

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 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2023-2027 Estimated Cost
GENERAL CAPITAL PROJECTS						
General Government Facilities	$15,034,640	$12,635,692	$10,559,310	$6,340,000	$6,303,900	$50,873,542
Solid Waste	5,792,037	6,013,429	8,956,229	5,373,183	865,300	27,000,178
Parks and Recreation	820,700	3,658,500	1,247,000	1,290,000	1,242,500	8,258,700
Fire/Rescue Services	7,801,315	11,991,954	12,179,174	8,435,618	4,259,488	44,667,549
Transportation	7,065,000	11,190,562	16,580,369	33,141,848	36,531,789	104,509,568
TOTAL	**$36,513,692**	**$45,490,137**	**$49,522,082**	**$54,580,649**	**$49,202,977**	**$235,309,537**
SCHOOL CAPITAL PROJECTS	**$38,743,386**	**$36,798,973**	**$36,798,973**	**$31,450,000**	**$15,000,000**	**$158,791,332**
UTILITIES CAPITAL PROJECTS	**$86,263,852**	**$89,495,000**	**$58,120,000**	**$25,155,000**	**$17,560,000**	**$276,593,852**
TOTAL	**$161,520,930**	**$171,784,110**	**$144,441,055**	**$111,185,649**	**$81,762,977**	**$670,694,721**

SUMMARY OF FUNDING ESTIMATES[1]

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2023-2027 Estimated Cost
GENERAL CAPITAL PROJECTS						
Use of (Add to) CIP Fund Balance	($1,015,465)	$5,285,105	$269,680	$62,088	($569,734)	$4,031,674
General Fund Revenues	18,674,065	10,843,247	15,847,009	12,870,603	14,601,322	72,836,246
Bond/Lease Issues	9,413,582	27,661,336	33,009,543	40,468,119	34,831,789	145,384,369
Other Sources	9,441,510	1,700,449	395,850	1,179,839	339,600	13,057,248
TOTAL GENERAL PROJECTS	**$36,513,692**	**$45,490,137**	**$49,522,082**	**$54,580,649**	**$49,202,977**	**$235,309,537**
SCHOOL CAPITAL PROJECTS						
Bond/Lease Issues	$25,184,535	$36,798,973	$36,798,973	$31,450,000	$15,000,000	$145,232,481
Other Sources	13,558,851	-	-	-	-	13,558,851
TOTAL SCHOOL PROJECTS	**$38,743,386**	**$36,798,973**	**$36,798,973**	**$31,450,000**	**$15,000,000**	**$158,791,332**
UTILITIES CAPITAL PROJECTS						
Connection Fees	$7,239,689	$6,844,903	$5,881,058	$5,998,679	$6,118,652	$32,082,981
Bond Issues	67,651,130	73,974,582	42,599,582	12,300,000	0	196,525,294
Other Sources	19,312,722	16,220,418	16,220,418	6,287,709	700,000	58,741,267
Use of (Add to) Util. Fund Balance	(7,939,689)	(7,544,903)	(6,581,058)	568,612	10,741,348	(10,755,690)
TOTAL UTIL. CAP. PROJECTS	**$86,263,852**	**$89,495,000**	**$58,120,000**	**$25,155,000**	**$17,560,000**	**$276,593,852**
TOTAL	**$161,520,930**	**$171,784,110**	**$144,441,055**	**$111,185,649**	**$81,762,977**	**$670,694,721**

Source: Office of Budget & Grants, 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 the County's General Fund revenues, expenditures and fund balances, the Proprietary Fund revenues, expenses and changes in retained earnings, the School Operating Fund revenues and expenditures and changes in fund balances.

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

	2017	2018	2019	2020	2021
Fund Balance at Beginning of Year	$ 73,018,972	$ 76,559,831	$ 87,116,708[3]	$ 93,859,805[5]	$118,759,634
Revenues:					
General property taxes[1]	$166,388,967	$171,066,503	$176,930,157	$184,706,333	$189,606,067
Other taxes	41,830,371	42,903,023	44,231,599	46,963,078	53,332,192
Permits, privilege fees and regulatory license	315,939	377,411	383,399	271,722	256,638
Fines and Forfeitures	558,004	529,585	549,846	356,918	327,313
Use of money and property	954,893	1,119,795	3,737,335	3,494,644	684,768
Charges for Services	4,781,097	5,197,426	5,617,482	4,787,180	5,468,326
Gifts and donations	133,646	167,352	171,234	196,642	109,734
Miscellaneous	105,475	213,829	259,594	206,364	367,575
Intergovernmental	39,286,317	42,974,684	44,644,969	53,185,280	57,192,402
Total revenues	$254,354,709	$264,549,608	$276,525,615	$294,168,161	$307,345,015
Expenditures:					
Current:					
General government administration	$ 12,740,875	$ 12,657,779	$13,199,943	$13,856,733	$15,207,705
Judicial administration	7,059,536	7,508,648	7,743,719	7,944,601	8,884,041
Public safety	46,230,001	49,635,232	53,934,435	58,974,210	63,302,261
Public works	7,871,561	8,161,166	8,399,612	8,284,639	8,560,241
Health and welfare	20,692,124	23,781,266	26,510,533	25,735,332	24,556,558
Education	120,472,661	124,350,214	124,574,067	122,806,912	113,680,175
Parks, recreation and cultural	7,077,085	7,503,395	8,007,414	7,271,230	7,099,779
Community development	2,381,984	2,466,484	4,048,241	3,504,373	3,906,612
General debt service	35,069,485	35,310,192	34,750,285	37,891,564	37,230,625
Non-departmental	1,206,801	1,219,696	2,042,174	1,541,446	1,401,727
Total expenditures	$260,802,113	$272,594,072	$283,210,423	$287,811,040	$283,829,724
Excess of revenues over expenditures	$ (6,447,404)	$ (8,044,464)	$ (6,684,808)	$6,357,121	$23,515,291
Other financing sources (uses):					
Bond proceeds	19,615,000	24,440,000	28,465,000	36,357,131	18,110,000
Debt issuance premiums (discounts)	2,898,821	3,106,621	2,594,020	6,686,378	3,552,202
Payment for refunded debt	-	-	-	(13,892,905)	(8,508,531)
Transfers in (out)	(12,525,558)	(9,456,891)	(15,998,087)	(10,607,896)	(22,860,888)
Total other financing sources (uses):	$ 9,988,263	$ 18,089,730	$15,060,933	$18,542,708	($9,707,217)
Excess (deficiency) of revenues & other sources over expenditures & other uses	3,540,859	10,045,266	8,376,125	24,899,829	13,808,074
Special revenue	-	-	-	-	
Fund balance at end of year	$ 76,559,831[4]	$86,605,097[2]	$95,492,833	$118,759,634	$132,567,708

Source: Spotsylvania County Annual Comprehensive Financial Report, Fiscal Year 2017 through Fiscal Year 2021.

(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 54 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) Difference due to rounding.

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

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

	2017	2018	2019	2020	2021[1]
Fund balance at beginning of year	$ 19,528,221	$ 15,579,781	$ 22,603,016	$13,745,782	$13,503,453
Revenues:					
Use of money and property	$ 97,061	$ 278,394	$ 418,101	$ 466,621	$89,995
Charges for services	8,039,886	8,795,223	7,520,796	5,790,933	361,644
Miscellaneous	284,246	366,645	264,427	461,034	650,292
Gifts and donations	-	-	-	-	-
Intergovernmental	146,684,659	153,577,679	159,596,917	167,413,113	199,887,509
Payments from primary government	120,243,266	124,119,694	124,484,896	122,617,741	113,491,004
Total Revenues	$275,349,118	$287,137,635	$292,285,137	$296,749,442	$314,480,444
Expenditures:					
Education	$252,711,284	$255,857,805	$263,264,111	$274,613,845	$293,121,400
Capital projects	26,586,274	24,256,595	37,878,260	22,377,926	10,586,828
Total Expenditures:	$279,297,558	$280,114,400	$301,142,371	$296,991,771	$303,708,228
Revenues over (under) expenditures	$ (3,948,440)	$ 7,023,235	$ (8,857,234)	$ (242,329)	$10,772,216
Transfers in (out)	$-	$-	$-	$-	($18,408)
Fund balance at end of year	$ 15,579,781	$ 22,603,016	$ 13,745,782	$13,503,453	$24,257,261

Source: Spotsylvania County Annual Comprehensive Financial Report Fiscal Year 2017 through Fiscal Year 2021.
[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.

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, 2022[(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			Schools			Total Debt Service		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2023	$10,006,959	$3,726,006	$13,732,965	$19,683,041	$6,410,787	$26,093,828	$29,689,999	$10,136,794	$39,826,793
2024	9,901,612	3,221,138	13,122,750	16,683,388	5,519,534	22,202,922	26,585,000	8,740,672	35,325,672
2025	9,643,073	2,733,051	12,376,124	16,126,927	4,741,046	20,867,973	25,770,000	7,474,097	33,244,097
2026	9,761,403	2,335,650	12,097,054	15,723,597	4,025,247	19,748,844	25,485,000	6,360,898	31,845,898
2027	10,010,843	1,956,389	11,967,231	15,134,158	3,356,608	18,490,766	25,145,000	5,312,997	30,457,997
2028	6,368,773	1,547,404	7,916,177	12,326,226	2,576,390	14,902,616	18,695,000	4,123,794	22,818,793
2029	5,951,421	1,265,120	7,216,541	11,098,578	2,035,067	13,133,645	17,050,000	3,300,186	20,350,186
2030	5,698,270	1,004,141	6,702,411	9,571,730	1,562,357	11,134,087	15,270,000	2,566,498	17,836,498
2031	3,810,511	755,421	4,565,932	8,414,489	1,184,981	9,599,471	12,225,000	1,940,403	14,165,403
2032	3,479,369	598,501	4,077,870	4,525,631	870,831	5,396,462	8,005,000	1,469,332	9,474,332
2033	3,322,014	482,043	3,804,057	4,117,985	712,272	4,830,257	7,440,000	1,194,314	8,634,314
2034	2,954,814	370,123	3,324,937	3,605,186	564,823	4,170,009	6,560,000	934,946	7,494,945
2035	2,449,456	270,352	2,719,808	3,170,544	443,159	3,613,703	5,620,000	713,511	6,333,511
2036	1,375,000	188,863	1,563,863	2,820,000	338,740	3,158,740	4,195,000	527,603	4,722,603
2037	1,160,000	146,381	1,306,381	2,635,000	245,378	2,880,378	3,795,000	391,759	4,186,759
2038	1,130,000	108,938	1,238,938	2,065,000	157,320	2,222,320	3,195,000	266,258	3,461,258
2039	1,130,000	71,400	1,201,400	2,065,000	83,400	2,148,400	3,195,000	154,800	3,349,800
2040	670,000	38,400	708,400	525,000	25,650	550,650	1,195,000	64,050	1,259,050
2041	610,000	18,300	628,300	330,000	9,900	339,900	940,000	28,200	968,200
2042	0	0	0	0	0	0	0	0	0
Total	**$89,433,518**	**$20,837,620**	**$110,271,138**	**$150,621,480**	**$34,863,490**	**$185,484,970**	**$240,054,998**	**$55,701,110**	**$295,756,108**

Source: Office of Budget & Grants, 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, 2022

Year Ending June 30	Existing Governmental Debt Service Total	Series 2022 Bonds Principal	Series 2022 Bonds Interest	Series 2022 Bonds Total	Total Debt Service Principal	Total Debt Service Interest	Total Debt Service Total
2023	$39,826,793	$2,610,000	$ 593,244	$3,203,244	$32,300,000	$10,730,037	$43,030,037
2024	35,325,672	2,640,000	1,373,500	4,013,500	29,225,000	10,114,172	39,339,172
2025	33,244,097	2,640,000	1,241,500	3,881,500	28,410,000	8,715,597	37,125,597
2026	31,845,898	2,640,000	1,109,500	3,749,500	28,125,000	7,470,397	35,595,397
2027	30,457,997	2,635,000	977,500	3,612,500	27,780,001	6,290,497	34,070,498
2028	22,818,793	2,025,000	845,750	2,870,750	20,719,999	4,969,544	25,689,543
2029	20,350,186	2,025,000	744,500	2,769,500	19,074,999	4,044,687	23,119,686
2030	17,836,498	1,780,000	643,250	2,423,250	17,050,000	3,209,748	20,259,748
2031	14,165,403	1,775,000	554,250	2,329,250	14,000,000	2,494,652	16,494,652
2032	9,474,332	1,770,000	465,500	2,235,500	9,775,000	1,934,832	11,709,832
2033	8,634,314	1,385,000	377,000	1,762,000	8,824,999	1,571,315	10,396,314
2034	7,494,945	1,385,000	307,750	1,692,750	7,945,000	1,242,696	9,187,696
2035	6,333,511	910,000	238,500	1,148,500	6,530,000	952,011	7,482,011
2036	4,722,603	900,000	193,000	1,093,000	5,095,000	720,603	5,815,603
2037	4,186,759	900,000	157,000	1,057,000	4,695,000	548,759	5,243,759
2038	3,461,258	605,000	121,000	726,000	3,800,000	387,258	4,187,258
2039	3,349,800	605,000	96,800	701,800	3,800,000	251,600	4,051,600
2040	1,259,050	605,000	72,600	677,600	1,800,000	136,650	1,936,650
2041	968,200	605,000	48,400	653,400	1,545,000	76,600	1,621,600
2042	0	605,000	24,200	629,200	605,000	24,200	629,200
Total	**$295,756,108**	**$31,045,000**	**$10,184,744.44**	**$41,229,744**	**$271,099,998**	**$65,885,855**	**$336,985,853**

Source: Office of Budget & Grants, 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
2013	127,449	$11,944,871,476	$276,359,298	2.31%	$2,168
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

Source: Office of Budget & Grants, Spotsylvania County.

(1) U.S. Census Bureau for 2021 and prior, Spotsylvania County Planning Department for 2022 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
2012	$145,533,200	$15,110,445	$2,446,630	$18,324,183	$181,414,458
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

Source: Office of Budget & Grants, Spotsylvania County.

(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
2013	$12,415,275	$1,570,267	$21,097	$12,815	$11,202	$300,789	$14,331,446
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

Source: Commissioner of the Revenue, Spotsylvania County. Annual original property books.
(1) Locally assessed real estate at 100% of estimated fair market value. Amount is net of tax relief and deferred taxes. The calendar year 2022 assessment became effective January 1, 2022.
(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, 2021

Name	Type of Business	Assessed Valuation[(1)] (000s omitted)	Amount of Tax	Percent of Total Tax Billed
Dominion Virginia Power	Public Utility	$188,954	$1,529,390	1.03%
Spotsylvania Mall Company	Shopping Mall	179,569	1,465,311	0.97
Lidl US Operations	Grocery Distribution	108,668	1,093,508	0.59
Spotsylvania Regional Medical Center	Hospital	82,646	916,763	0.45
Rappahannock Electric	Public Utility	88,353	761,324	0.48
Columbia Gas of VA	Public Utility	58,562	473,998	0.32
Comcast	Public Utility	9,153	416,469	0.05
Allure 1, LLC	Apartments	48,998	401,027	0.27
Verizon VA	Public Utility	40,490	340,362	0.22
CVS VA Distribution	Distribution	6,923	315,007	0.04

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(1)	Total
2012	$147,205,885	$40,825,793	$2,387,611	$ 834,900	$1,086,961	$12,728,380	$1,465,681	$163,648,342	$370,183,553
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

Source: Audited Financial Statements 2012 – 2021.

(1) Effective July 1, 2009, all communications sales and use taxes, formerly remitted directly to localities by the provider and defined as local funding, was reclassified as State noncategorical funding and removed from this table. For ease of presentation, any communications sales and use taxes received as local funding prior to July 1, 2009 has also been reclassified to State noncategorical funding and removed from this table.

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
2013	$ 0.88	$ 6.37	$ 5.95	$ 2.50	$ 2.00
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

Source: Office of Budget & Grants, Spotsylvania County.

(1) For 2013 and 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]
2012	$141,539	$132,979	93.95%	$6,704	$139,683	98.69%
2013	141,272	134,557	95.25	6,272	140,829	99.69
2014	145,709	137,564	94.41	6,898	144,462	99.14
2015	147,956	141,151	95.40	6,561	147,712	99.84
2016	152,497	145,122	95.16	6,717	151,839	99.57
2017	158,338	151,128	95.45	6,533	157,661	99.57
2018	163,819	155,695	95.04	6,339	162,035	98.91
2019	172,121	161,306	93.72	7,093	168,399	97.84
2020	179,151	167,880	93.71	6,772	174,652	97.49
2021	183,615	172,041	93.70	-	172,041	93.70

Source: Treasurer, Spotsylvania County.

(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 2021, the County and School Board’s net pension liabilities were $31.5 million and $228.9 million, respectively. Details on the pension liability for each entity can be found in the County’s Annual Comprehensive Financial Report for Fiscal Year 2021.

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 2021.

At a minimum both the County and School Board fund retiree health benefits on a pay-as-you-go basis. For Fiscal Year 2021, the County contributed $1,490,000 or 38% of the County’s annual OPEB expense, and the School Board contributed $4,481,000 or 27% of the School Board’s annual OPEB expense. Over the past few years, the County developed OPEB reserves through the assignment of $6,847,000 of the County’s General Fund balance, and $5,422,222 of the Utilities Funds’ unrestricted net position, totaling $12,269,222 as of June 30, 2021. The County anticipates increasing its total OPEB reserves to $17,328,747 across all funds at the close of FY 2022. Additionally, the School Board has $11,727,000 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 2021.

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, 2021

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Spotsylvania, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

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

Opinions

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

Emphasis of Matter Paragraph

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

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County of Spotsylvania's basic financial statements. The Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Other Supplementary Information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory and Statistical Sections has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2021, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Arlington, Virginia
December 14, 2021

Management's Discussion & Analysis (MD&A)

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

Financial Highlights

Government-wide Statements

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

Fund Financial Statements

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

Other Financial Highlights

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

Overview of the Financial Statements

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

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

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

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

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

Table 1
Major Features of County's Government-wide and Fund Financial Statements

		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, 2021 and 2020:

Table 2

Summary of Net Position

(amounts in millions)

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

Primary Government

The largest portion of the Primary Government's net position represents $313.0 million of investment in capital assets (e.g., land, buildings, equipment, construction in progress, etc.), less any related outstanding debt and deferred inflows and outflows of resources used to acquire those assets. Due to their purpose, which is to serve the citizens of the County, these capital assets would not be considered available for future spending. The restricted net position of $11.8 million represents resources subject to external restrictions on how they may be used, and include future debt service ($2.5 million), capital projects ($2.9 million), transportation ($4.0 million), and grant programs ($2.4 million). The remaining balance equals a net deficit of $77.9 million, of which $177.3 million (of governmental activities unrestricted net deficit of $161.2 million) represents a deficit related to debt incurred by the County on-behalf of the School Board.

Component Units

Net position of component units consists of School Board net investment in capital assets of $335.5 million and $11.8 million in School Board funds restricted for capital projects of $9.5 million and student activity funds of $2.3 million. Unrestricted net position includes $1.5 million primarily from land held as an investment with the EDA, and a School Board deficit of $494.1 million as a result of postemployment liabilities of $500.1 million as of June 30, 2021.

Changes in Net Position

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

Table 3
Changes in Net Position
(amounts in millions)

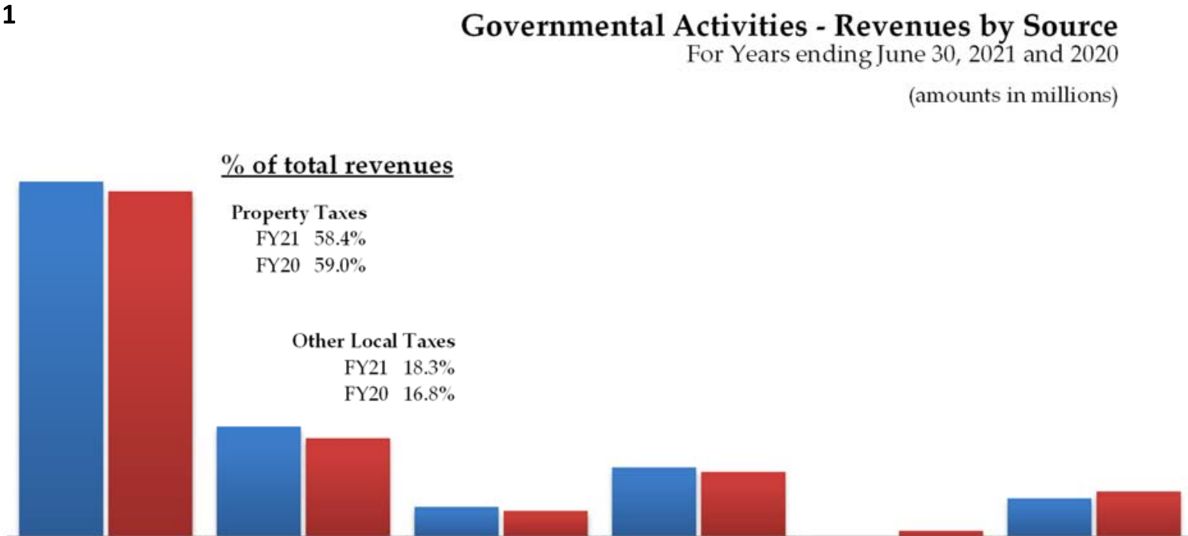
	Governmental Activities		Business-type Activities		Total Primary Government		Component Units	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues								
Program Revenues:								
Charges for services	$ 16.1	$ 13.9	$ 36.5	$ 36.8	$ 52.6	$ 50.7	$ 0.9	$ 6.6
Operating grants and contributions	37.3	34.9	0.5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

GOVERNMENTAL ACTIVITIES

Revenues

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

Chart 1



	Property Taxes	Other Taxes	Charges for Services	Operating Grants	Capital Grants	Other General Revenues
2021	$191.3	$59.5	$16.1	$37.3	$0.4	$20.6
2020	$186.1	$53.0	$13.9	$34.9	$3.3	$24.4

Program Revenues

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

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

General Revenues

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

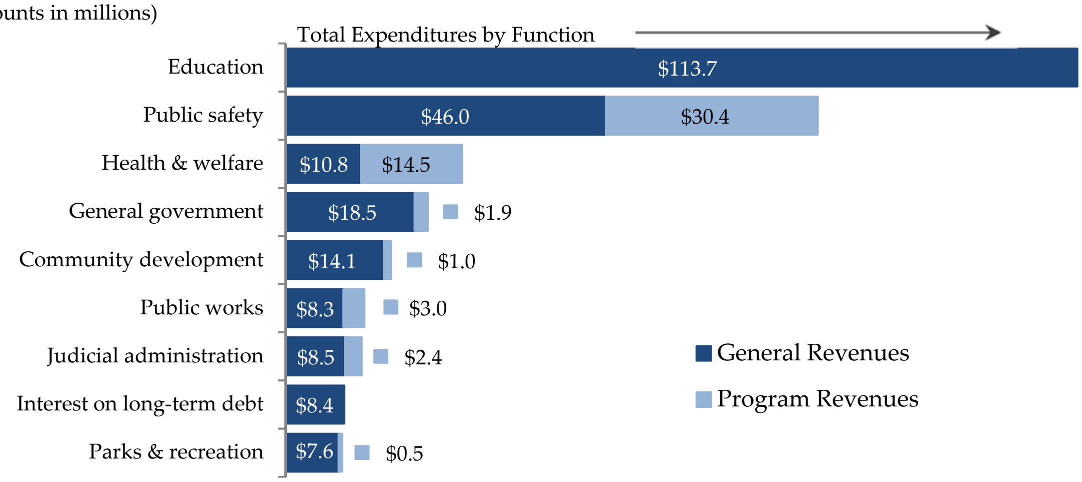
- General property taxes, the single largest source of local government tax revenue, rose $5.2 million, or 2.8%, from a growth of 2.7% in overall assessed value. Public service corporations reported the highest assessed value growth of 10% year over year, followed by 7.4% in personal property and 2.0%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

Expenses

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

Governmental Activities - Funding of Net Functional Costs
For the Year ended June 30, 2021
(amounts in millions)

Chart 2



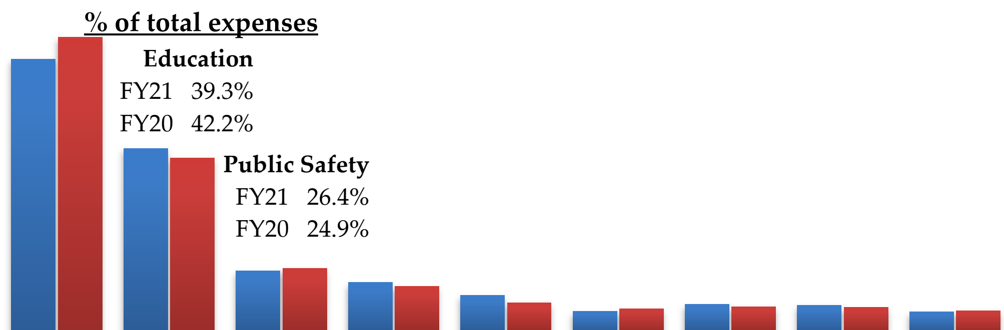
Governmental Activities – Expenses (continued)

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

Chart 3

Governmental Activities - Expenses by Function

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



	Education	Public Safety	Health & Welfare	General Govern-ment	Comm-unity Dev't	Interest on LT Debt	Public Works	Judicial Admin	Parks & Recreation
2021	$113.7	$76.4	$25.3	$20.4	$15.1	$8.4	$11.3	$10.9	$8.1
2020	$122.8	$72.4	$26.4	$18.8	$11.9	$9.5	$10.3	$10.0	$8.6

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

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

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

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

BUSINESS-TYPE ACTIVITIES

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

COMPONENT UNITS

School Board

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

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

- As a result of the COVID pandemic, the federal government initiated new meal programs to ensure students and families in local communities would be fed during this pandemic. The School Board started an expanded meal program in October of 2020 which includes breakfast, lunch, snack and dinner for anyone under the age of 18 in our community. Due to the increase in meals served to the community the school division received additional revenue of $17.1 million to cover increased costs and local charges for meals.

- Federal funding related to school operations increased by $7.8 million, or 74.4%, primarily from increased COVID-19 funding through the U.S. Department of Education's Education Stabilization Fund program and the U.S. Department of Treasury's Coronavirus Relief Fund.

- State aid also increased by $6.5 million, or 4.4%, in response to increased collections from sales tax of $1.7 million, and $4.1 million in "no loss funding" introduced in the State's budget for school divisions that experience a decrease in state formula entitlements in fiscal year 2021 and 2022 as compared to fiscal year 2020.

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

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

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

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

Economic Development Authority

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

Financial Analysis of Governmental Funds

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

- ***Restricted*** fund balance, representing amounts limited to specific purposes imposed by external parties, decreased 20.6% to $17.3 million, due primarily from $7.1 million in increased spending of available bond proceeds for facility maintenance and improvements and other projects in the Capital Projects Fund, less a $2.2 million increase in funds held by the Potomac Regional Transportation Commission (PRTC) restricted for transportation improvements in other governmental funds.

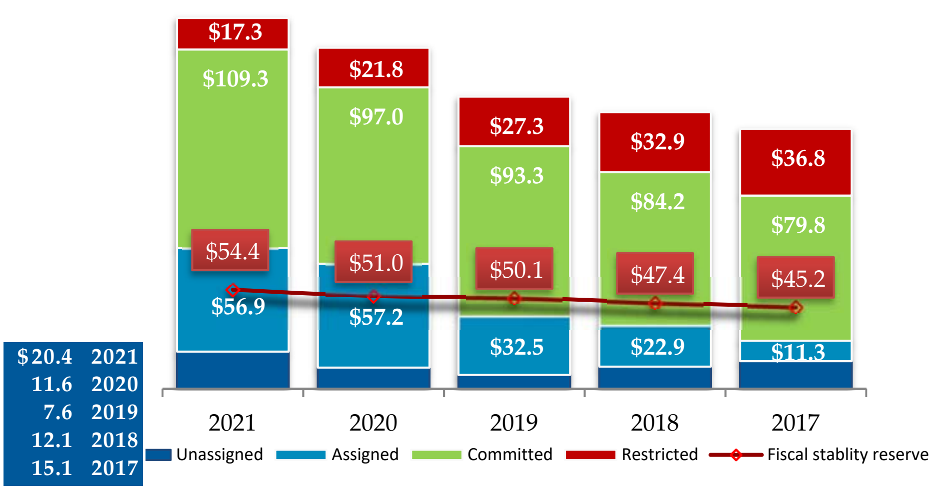
- ***Committed*** fund balance rose $12.3 million, or 12.7%, to $109.3 million. These funds are reserved by resolution of the Board and may not be changed or removed without equal action by the Board. Committed General Fund reserves increased by 6.3% and include major commitments of $54.4 million in fiscal stability reserve and $5.2 million in health insurance reserve. The Capital Projects Fund includes $42.1 million in locally funded cash reserves for future capital projects, and increase of 26%.

- ***Assigned*** fund balance includes amounts constrained for specific purposes and are normally temporary in nature. In 2021, assigned fund balance decreased by 0.5% to $56.9 million. Of this amount, the General Fund holds $49.0 million encompassing major assignments of carryover and fiscal year 2022 approved use of fund balance of $26.6 million, OPEB retiree health insurance reserves of $6.8 million, School health insurance reserve of $13.9 million, and a $2.0 million economics opportunities reserve.

- ***Unassigned*** fund balance includes all remaining amounts considered available for any purpose. After the funding of the County's Budget Stabilization Reserve of $5.0 million, total unassigned fund balance of the General Fund is $15.4 million, up $8.8 million from the previous year.

Chart 4

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



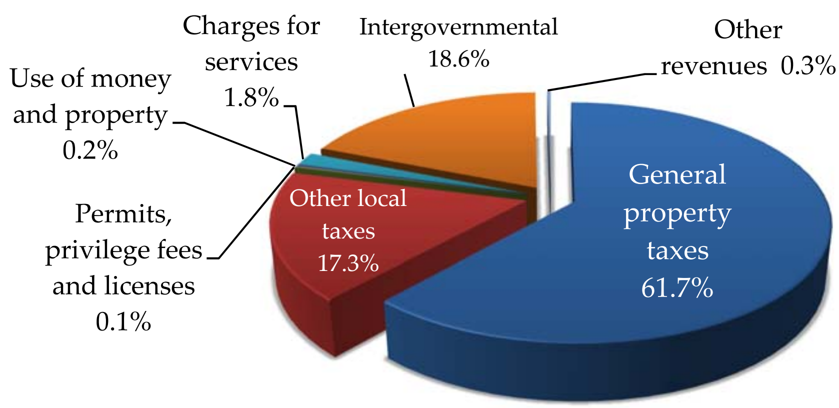
Amounts reflect the cumulative fund balances of the General Fund, Capital Projects Fund, and all non-major governmental funds.

Governmental Fund Revenues

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

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

Chart 5



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

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

Governmental Fund Expenditures

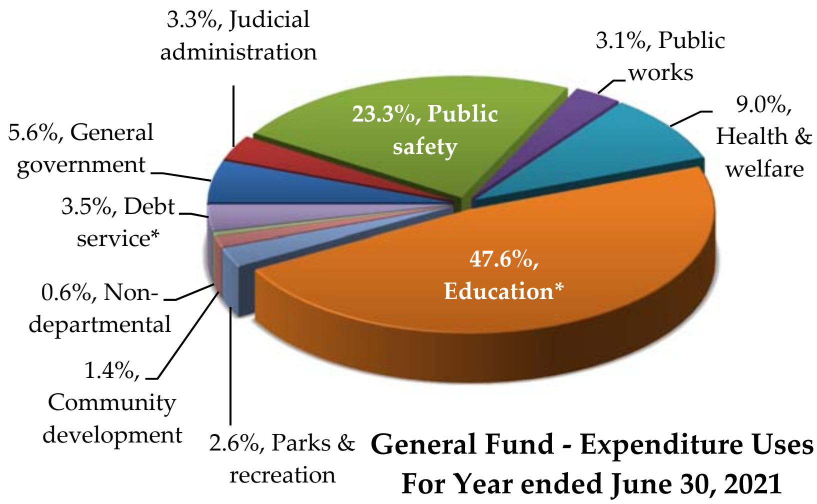
Fiscal year 2021 total governmental fund expenditures increased $2.6 million, or 0.2%. Functional expenditures of the General Fund, the County's main operating fund, increased $5.1 million (after removal of a negative $9.1 million in year over year Education reporting adjustments*), or 1.9%, from the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

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

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

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

Chart 6



General Fund - Expenditure Uses
For Year ended June 30, 2021

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

General Fund Budgetary Highlights

ORIGINAL BUDGET TO FINAL BUDGET

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

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

Available freed local funding:		
Increase in intergovernmental revenues in fiscal year 2021 used for public safety salaries and benefits - converted to freed local funding		$ 13,522,669
Use of 2020 fund balance – fiscal year 2020 freed local funding		10,245,799
Available freed local funding:		**$ 23,768,468**
Planned use of available funding:		
General property taxes:		
Reduction of CY2021 business tangible taxes - 1st half		$ 1,125,000
Transfers to other funds:		
Capital projects fund - out year reduction of debt to be issued	$ 8,092,734	
Capital projects fund - transportation projects-reduced debt to be issued	6,468,234	
Capital projects fund - various technology, equipment, bldg access improvements	2,714,500	
Transfers to other funds for employee bonuses	42,422	
		17,317,890
General government:		
Technology to improve remote access and teleworking	$ 412,500	
Employee bonuses	33,617	
Audit of CARES Act grants	40,000	
Reinstate training and tuition reimbursement budgets	168,744	
		654,861
Public safety:		
Employee bonuses	$ 234,648	
Reinstate training budget	47,086	
Facemasks and fire & rescue station fountain upgrades	62,000	
		343,734
Education:		
Bipolar ionization in all schools	$ 1,430,133	
Personal protective equipment and hotspots	202,554	
		1,632,687
All other functions:		
Small business relief grants (Community development)	$ 362,500	
Support for YMCA Daycare (Health and welfare)	250,000	
Employee bonuses (various)	72,394	
Reinstate training and mowing budget (various)	189,170	
Hire four eligibility workers in July 2020 instead of mid-year (Health & welfare)	136,000	
		1,010,064
Fund balance:		
2022 budget: reduction of CY2021 business tangible taxes - 2nd half	$ 1,125,000	
Unallocated balance - future budgets	559,232	
		1,684,232
Planned use of available funding:		**$ 23,768,468**

Other uses of fund balance:

- In response to the resiliency of the County's revenues during the pandemic, the Board was able to adopt a mid-year pay increase for employees totaling $1.5 million. This increase included a 1.8% cost of living adjustment for all employees, a step for employees on the public pay scale, and a 2% performance merit for full-time and part-time employees not on the public safety pay scale. Public safety's increase was $1.0 million, followed by a $0.2 million for general government, and $0.3 million spread over the remaining functions.

- The Board of Supervisors approved the School Board's request to appropriate a contribution to the School Board's OPEB Trust of $5.2 million from School Board OPEB reserves held in the County's General Fund as assigned fund balance.

- The "carryover" of obligated or approved fiscal year 2020 funding not yet expended by the County and Schools of $8.2 million was approved and appropriated to education ($5.5 million), public safety ($2.0 million), general government ($0.5 million), and $0.2 million spread over the remaining functions.

FINAL BUDGET TO ACTUAL

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

Revenues:

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

Expenditures:

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

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

Capital Assets and Debt Administration

CAPITAL ASSETS

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

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

Table 4

Capital Assets

(net of depreciation, amounts in millions)

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

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

Governmental Activities:

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

Business-type Activities:

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

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

DEBT ADMINISTRATION

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

Outstanding Bonds & Related Unamortized Premiums — Table 5

(amounts in millions)

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

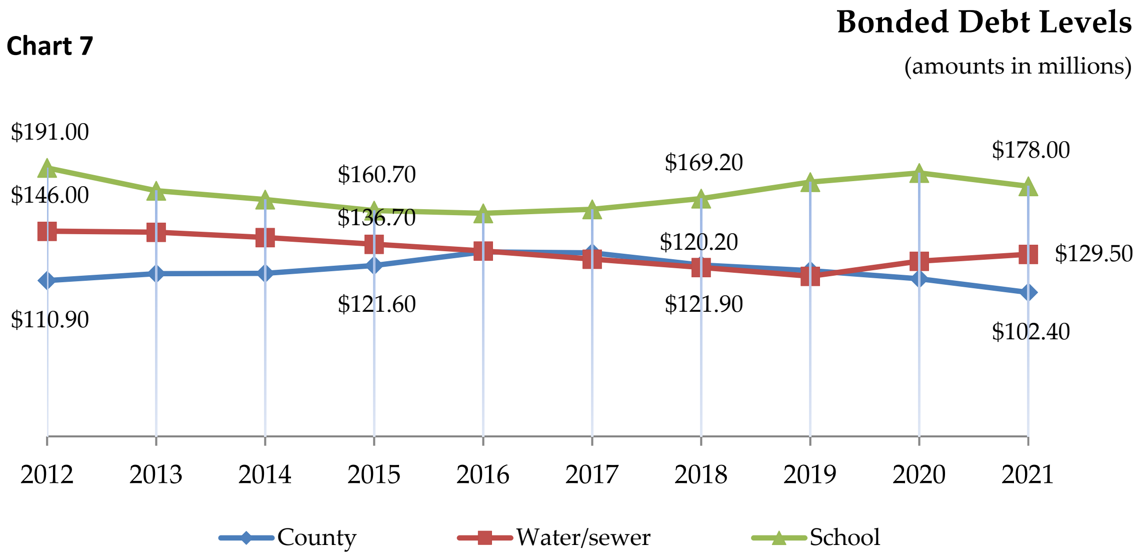
In September of 2020, the County issued $19.4 million in general obligation bonds (adjusted for premium of $3.7 million and payment of $0.2 million in issuance costs) to finance school and transportation projects of $14.4 million, with the remaining $8.5 million in net proceeds to refinance previously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

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

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

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

Chart 7



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

Economic Factors and Next Year's Budgets

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

- With the additional revenues that are anticipated, the Board maintained the real estate tax rate at the existing $0.8094 rate and reduced the general personal property tax rate by $0.20. Consistent with the Board's action during fiscal year 2021 to allocate $2.25 million from fund balance to reduce calendar year 2021 business taxes in response to the COVID pandemic – affecting revenue in both fiscal years 2021 and 2022, the budget includes a one-time decrease of $1,125,000 in business tax rates for business furniture & fixtures ($1.40), heavy equipment ($0.45), and machinery and tools ($0.60).

- The 2022 budget includes revenue from a 2% raise in transient occupancy (hotel) tax to a rate of 7% effective July 1, 2021. The increase is expected to generate an additional $590,000 in revenue for the year.

- The County's meals tax rate will increase from 4% to 4.5% on July 1, 2021. This rate remains competitive with surrounding localities, and is projected to bring in $850,000 in additional revenue for the year.

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

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

Request for Information

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

BASIC FINANCIAL STATEMENTS

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF NET POSITION

June 30, 2021

Exhibit I

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

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

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

Exhibit II *Page 1*

		Program Revenues			Primary Government
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants & Contributions**	**Capital Grants & Contributions**	**Governmental Activities**
Primary Government:					
General government	$ 20,428,960	$ 329,155	$ 1,559,153	$ -	$ (18,540,652)
Judicial administration	10,944,572	767,989	1,707,900	-	(8,468,683)
Public safety	76,378,038	10,695,252	19,378,521	293,716	(46,010,549)
Public works	11,299,031	3,019,718	19,797	-	(8,259,516)
Health and welfare	25,249,569	27,713	14,408,489	-	(10,813,367)
Education	113,680,175	-	3,910	-	(113,676,265)
Parks, recreation and cultural	8,108,996	451,475	1,455	36,600	(7,619,466)
Community development	15,141,290	786,979	185,749	68,596	(14,099,966)
Interest on long-term debt	8,339,854	-	-	-	(8,339,854)
Total governmental activities	$289,570,485	$16,078,281	$ 37,264,974	$ 398,912	$ (235,828,318)
Business-type activities:					
Water and sewer	39,548,487	36,509,103	479,859	13,593,276	
Total Primary Government	$329,118,972	$52,587,384	$ 37,744,833	$ 13,992,188	
Component unit:					
School Board	$323,030,873	$ 935,950	$ 199,739,941	$ 2,074,000	
Economic Development Authority	$ 1,478,050	$ -	$ -	$ -	

General revenues:	
Taxes	
Property taxes	$ 191,357,648
Sales taxes	24,555,228
Utility taxes	3,373,919
Business licenses	5,314,949
Rental taxes	1,615,278
Motor vehicle licenses	3,208,710
Bank stock taxes	1,072,683
Recordation taxes	4,287,073
Meal taxes	10,364,204
Fuel taxes	5,720,405
Grants and contributions not restricted to specific programs	19,862,595
Payments from Primary Government	-
Interest and investment earnings	462,622
Miscellaneous	243,745
Transfers	(718,734)
Total general revenues and transfers	$ 270,720,325
Change in net position	$ 34,892,007
Net position (deficit), beginning	(96,335,041)
Net position (deficit), ending	$ (61,443,034)

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

Exhibit III *Page 1*

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

June 30, 2021

Page 2

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Exhibit IV *Page 1*

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Page 2

Net changes in governmental fund balances (Exhibit IV):		$ 16,229,935
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report prepaids as expenditures. However, in the Statement of Activites, the cost is allocated over its service life and reported against the applicable functional expense.		1,340,602
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay, net of disposals and related proceeds	$ 17,456,683	
Depreciation expense	(12,240,530)	
		5,216,153
In the Statement of Activities, only the gain (loss) on capital assets is reported, while in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.		(319,783)
The issuance of long-term debt provides current resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.		
Debt issued or incurred:		
Issuance of general obligation bonds	$ (11,030,000)	
Premium on general obligation bonds	(2,279,229)	
Issuance of general obligation refunding bonds	(8,320,000)	
Premium on general obligation refunding bonds	(1,502,430)	
		(23,131,659)
Debt reductions:		
Principal payments on bonds	30,838,000	
Payment to escrow for refunded debt (net of accrued interest of $73,531)	8,435,000	
		39,273,000
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund statements.		
Property taxes	$ 379,846	
Intergovernmental and other revenues	(510,543)	
		(130,697)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Other postemployment benefits obligation	$ (2,674,348)	
Pension benefits	(2,401,524)	
LOSAP pension benefits	(241,744)	
Amortization of bond related costs	2,761,533	
Accrued interest	307,849	
Landfill closure obligation	(953,722)	
Compensated absences	(456,191)	
Insurance claims (excludes $430,513 in claims expense reported in the General Fund)	(34,184)	
Arbitrage	106,787	
		(3,585,544)
Change in net position - governmental activities (Exhibit II)		$ 34,892,007

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF FUND NET POSITION - PROPRIETARY FUND

June 30, 2021

Exhibit V

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

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

For the Year Ended June 30, 2021

Exhibit VI

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CASH FLOWS - PROPRIETARY FUND

For the Year Ended June 30, 2021

Exhibit VII *Page 1*

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

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

Exhibit VII *Page 2*

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

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

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

Exhibit VIII

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

For the Year Ended June 30, 2021

Exhibit IX

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

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

Note 1
Summary of Significant Accounting Policies

1.01 REPORTING ENTITY

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

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

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

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

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

1.02 BASIS OF PRESENTATION

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

1.03 MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

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

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

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

1.04 BUDGET INFORMATION

Budgetary Basis of Accounting

Budgets for all funds are adopted on a budgetary basis. Budgeted amounts reflected in the basic financial statements are as originally adopted and amended by the County Board, School Board, County Administrator or the School Superintendent.

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

Budgetary Comparison Schedules

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

1.05 DEPOSITS AND INVESTMENTS

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

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

1.06 RECEIVABLES

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

1.07 PROPERTY TAXES

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

1.08 INVENTORIES

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

1.09 PREPAID ITEMS

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

1.10 CAPITAL ASSETS

Capital assets, which include property, plant, equipment, utility infrastructure, and intangibles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Individual capital items under $5,000, purchased in bulk at an amount greater than $50,000 with an estimated useful life in excess of two years, are also capitalized. The County does not capitalize any infrastructure, such as roads or bridges, where ownership is conveyed to the Commonwealth.

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

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

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

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

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

1.11 DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

The County reports a separate section for deferred inflows of resources in addition to liabilities for both its governmental funds' Balance Sheet and its Statement of Net Position. Deferred inflows of resources in the governmental funds' Balance Sheet represent unavailable revenue for amounts billed and not collected. Deferred inflows of resources in the government-wide Statement of Net Position represent unearned revenues for amounts received in advance of meeting timing requirements or amounts collected in advance of the fiscal year to which they apply. Deferred inflows of resources are also reported for amounts related to pensions and OPEB in the government-wide statement of net position. Actuarial losses resulting from a difference in actual experience, actuarial assumptions and proportionate share are deferred and amortized over the remaining service life of all participants. Deferred inflows of resources resulting from pension and OPEB investment experience are also deferred and amortized over a closed five-year period.

1.12 COMPENSATED ABSENCES

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

1.13 FUND BALANCE

Fund Balance Classifications

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

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

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

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

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

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

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

Reserves

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

Fiscal Stability Reserve – The County commits within its General Fund at the close of each fiscal year a reserve equal to no less than 11% of the General Fund and School Operating Fund revenues projected for the subsequent fiscal year budget. Appropriations from the Reserve may be made only by a majority vote of the Board of Supervisors to meet a critical, unexpected financial need costing at least $1.0 million and resulting from a natural disaster, declared emergency, or from a local catastrophe that cannot be resolved through other less extraordinary budgetary action. The

$1.0 million cost requirement is met when the County incurs a loss in revenue, an increase in expenditures, or a combination of each stemming from eligible events. Any use of the reserve will be replenished within three fiscal years.

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

Budget Stabilization Reserve – The County maintains a reserve to mitigate financial and service delivery risk due to unexpected revenue shortfalls or unanticipated critical expenditures. The purpose of the reserve is to provide budgetary stabilization and not serve as an alternative funding source for new programs. The reserve equal to $5 million is a component of unassigned fund balance at June 30, 2021.

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

1.14 NET POSITION

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

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

the School Board assets are included in the component unit column while the debts related to those assets are included in the Primary Government - Governmental Activities column on Exhibit I.

As of June 30, 2021, the County reported $177.3 million of "on-behalf" net school bonded debt with a corresponding reduction to the County's unrestricted net position. To assist readers in understanding this relationship and to more accurately reflect the respective financial conditions of the Primary Government and the component unit – School Board the following table provides the associated net position before and after the allocation of "on-behalf" school bonded debt.

Allocation of County Issued "on-behalf" Bonded Debt of the School Board

	Net Position Exhibit I	Allocation of "on-behalf" debt	Net Position after allocation
Primary Government - Governmental Activities:			
Net investment in capital assets	$ 90,448,662	$ -	$ 90,448,662
Restricted	9,320,013	-	9,320,013
Unrestricted	(161,211,709)	177,329,825	16,118,116
Total net position at June 30, 2021	$ (61,443,034)	$ 177,329,825	$ 115,886,791
Component unit - School Board:			
Net investment in capital assets	$ 335,517,401	$ (167,831,513)	$ 167,685,888
Restricted	11,788,969	(9,498,312)	2,290,657
Unrestricted	(494,106,777)	-	(494,106,777)
Total net position at June 30, 2021	$ (146,800,407)	$ (177,329,825)	$ (324,130,232)

Note 2

Deposits and Investments

2.01 DEPOSITS

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

2.02 INVESTMENTS

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

Fair Value Hierarchy

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

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

External Investment Pools

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

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

Virginia Local Government Investment Pool (LGIP)

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

Virginia State Non-Arbitrage Program (SNAP)

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

Defined Benefit Length of Service Award Program

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

EDA – Land Held for Investment

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

School Board OPEB Trust

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

Interest Rate Risk

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

Weighted Average Maturity of Investments

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

Credit Risk

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

Maximum Credit Exposure for Investments

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

Pooled Investments Reported by Credit Quality and Exposure

Investments by Type	Fair Value	Credit Quality Rating	Credit Exposure
LGIP	$ 146,975,538	AAAm	44.29%
SNAP	49,033,581	AAAm	14.78%
Other money market mutual funds	3,065,970	AAAm	0.92%
Commercial paper	6,721,077	A-1	2.03%
Repurchase agreements	2,909,446	AAA	0.88%
U.S. Treasury obligations	39,693,516	AA	11.96%
Federal agency obligations	42,599,014	AA	12.84%
Supra-national agency note	10,215,223	AAA	3.08%
Corporate notes	9,706,702	AAA(4%)/ AA(89%)/ A(7%)	2.93%
Municipals	5,027,835	AAA(26%)/ AA(74%)	1.51%
Certificates of Deposit	15,874,916	AA(16%)/ A(84%)	4.78%
Total investments:	**$ 331,822,818**		**100.00%**

Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss associated to the amount of the County's investment in a single issuer. No more than five percent of the pooled investment portfolio will be invested in securities of any single issuer with the exception of mutual funds and investments issued or explicitly guaranteed by the United States government. As of June 30, 2021, the County has no concentrations of credit risk to report.

Custodial Credit Risk

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

Restricted Cash and Investments

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

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

Note 3

Receivables

Receivables at June 30, 2021 consist of the following:

Receivables

	Primary Government - Governmental Activities				Component Unit
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds	School Board
Special assessments	$ -	$ 235,286	$ -	$ 235,286	$ -
Property taxes					
Delinquent	14,295,673	-	70,991	14,366,664	-
Not yet due	85,679,932	-	649,124	86,329,056	-
Fuel taxes	-	-	4,050,709	4,050,709	-
EMS Transport fees	-	-	1,356,602	1,356,602	-
Accounts - other	8,312,636	184,446	96,201	8,593,283	364,635
Intergovernmental - Federal	1,598,750	594,799	-	2,193,549	9,467,750
Intergovernmental - State	9,363,143	38,441	-	9,401,584	4,357,510
Gross receivables	119,250,134	1,052,972	6,223,627	126,526,733	14,189,895
Allowance for uncollectibles	(2,504,572)	-	(1,004,162)	(3,508,734)	-
Net receivables at June 30, 2021	$ 116,745,562	$ 1,052,972	$ 5,219,465	$ 123,017,999	$ 14,189,895

Primary Government - Business-type activities	Water & Sewer
Water & sewer services	$ 7,452,078
Notes - connection & availability fees	477,771
Accounts - other	3,184,852
Intergovernmental - Federal	-
Intergovernmental - State	22,875
Gross receivables	11,137,576
Allowance for uncollectibles	(326,895)
Net receivables at June 30, 2021	$ 10,810,681
Total Primary Government net receivables at June 30, 2021	$ 133,828,680

Special assessments of $203,938 in the Capital Projects Fund and $57,567 of connection and availability fees in the Water and Sewer Fund are not expected to be collected within one year.

Note 4

Capital Assets

Capital asset activity from governmental activities for the year ended June 30, 2021 was as follows:

Capital Assets - Governmental Activities

	Balance July 1, 2020	Increases	Decreases	Balance June 30, 2021
Capital assets, not being depreciated:				
Land & land improvements	$ 13,237,573	$ -	$ -	$ 13,237,573
Construction in progress	13,678,674	12,748,282	7,182,112	19,244,844
Total capital assets, not being depreciated	$ 26,916,247	$ 12,748,282	$ 7,182,112	$ 32,482,417
Capital assets being depreciated:				
Land improvements	$ 25,841,729	$ 905,272	$ 28,487	$ 26,718,514
Buildings & improvements	107,041,127	4,415,063	5,360	111,450,830
Furniture, equipment & vehicles	94,015,584	6,570,178	4,151,803	96,433,959
Total capital assets, being depreciated	226,898,440	11,890,513	4,185,650	234,603,303
Less accumulated depreciation for:				
Land improvements	15,260,621	1,182,698	17,092	16,426,227
Buildings & improvements	43,804,995	3,267,404	5,360	47,067,039
Furniture, equipment & vehicles	52,650,897	7,790,428	3,843,415	56,597,910
Total accumulated depreciation	111,716,513	12,240,530	3,865,867	120,091,176
Total capital assets being depreciated, net	$ 115,181,927	$ (350,017)	$ 319,783	$ 114,512,127
Governmental activities capital assets, net	**$ 142,098,174**	**$ 12,398,265**	**$ 7,501,895**	**$ 146,994,544**

Depreciation expense was charged to the functions of the governmental activities of the Primary Government as follows:

General government	$ 3,391,815
Judicial administration	1,173,068
Public safety	5,614,502
Public works	1,141,197
Health and welfare	50,677
Parks and recreation	831,141
Community development	38,130
	$ 12,240,530

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

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

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

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

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

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

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

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

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

Construction in progress activity for the Component unit – School Board for the year ended June 30, 2021 was as follows:

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

Note 5

Interfund Transfers

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

Transfers - Primary Government

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

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

Note 6

Receivables/Payables with Component Units

Transactions between the Primary Government and its Component Unit-School Board are made for the purpose of providing operational support. The remaining balance of $6.8 million at June 30, 2021 represents School Board accrued revenues and payables expected to be reimbursed by the County in the next fiscal year.

Note 7
Lease Obligations

Operating Leases
The County leases office space and other office equipment under various non-cancelable operating leases, subject to annual appropriation of funds. Total costs for such leases were $169,179 and are expected to remain at similar levels in future fiscal years, as expiring leases are generally renewed. All current leases are due to expire within the next five years.

Note 8
Defined Benefit Pension Plan
8.01 GENERAL INFORMATION ABOUT THE PENSION PLAN

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

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

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

Summary of Significant Accounting Policies
For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Plan, and the additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they were reported by VRS. For this purpose, benefit payments (including

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

Benefits Provided

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

VRS PLAN 1	VRS PLAN 2	HYBRID RETIREMENT PLAN	
		DEFINED BENEFIT	DEFINED CONTRIBUTION
ELIGIBILITY			
Membership date is before July 1, 2010 and they were vested as of January 1, 2013 and have not taken a refund.	Membership date is after June 30, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.	Membership date is on or after January 1, 2014 for school division and political subdivision employees, and any member opting in from VRS Plans 1 or 2 during the election window. Political subdivision employees who are covered by enhanced benefits for hazardous duty employees are ineligible.	
VESTING			
Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of creditable service. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members are always 100% vested in the contributions that they make.			Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan. Members are always 100% vested in the contributions that they make.
CALCULATING THE BENEFIT			
The basic benefit is determined using the member's average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.			The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.
AVERAGE FINAL COMPENSATION			
A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	A member's average final compensation is the average of their 60 consecutive months of highest compensation as a covered employee.		Not applicable for defined contribution plans.
SERVICE RETIREMENT MULTIPLIER			
The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The multiplier for non-hazardous duty members is 1.70% and eligible political subdivision hazardous duty employees is 1.85%.	Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.	The retirement multiplier is 1.0%. For members that opted into the Hybrid Retirement Plan from VRS Plan 1 or 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited.	Not applicable for defined contribution plans.

<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">NORMAL RETIREMENT AGE</td></tr>
<tr><td>Normal retirement age is 65. Political subdivision hazardous duty employees is age 60.</td><td colspan="2">Normal Social Security retirement age. Political subdivision hazardous duty employees same as Plan 1.</td><td>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td colspan="4">EARLIEST REDUCED RETIREMENT ELIGIBILITY</td></tr>
<tr><td>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.</td><td colspan="2">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.</td><td>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td colspan="4">EARLIEST UNREDUCED RETIREMENT ELIGIBILITY</td></tr>
<tr><td>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.</td><td colspan="2">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.</td><td>Members are eligible to receive distributions upon leaving employment, subject to restrictions.</td></tr>
<tr><td colspan="4">COST-OF-LIVING ADJUSTMENT (COLA) IN RETIREMENT</td></tr>
<tr><td>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.</td><td colspan="2">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.</td><td>Not applicable for defined contribution plans.</td></tr>
<tr><td colspan="4">RETIREMENT CONTRIBUTIONS</td></tr>
<tr><td colspan="2">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.</td><td colspan="2">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.</td></tr>
<tr><td colspan="4">SERVICE CREDIT</td></tr>
<tr><td colspan="3">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.</td><td>Service credit is used to determine vesting for the employer contribution portion of the plan.</td></tr>
</table>

<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">PURCHASE OF PRIOR SERVICE</td></tr>
<tr><td colspan="3">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.</td><td>Not applicable for defined contribution plans.</td></tr>
<tr><td colspan="4">DISABILITY COVERAGE</td></tr>
<tr><td>For Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service.</td><td>Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service.</td><td colspan="2">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.</td></tr>
</table>

Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County	School Board*
Inactive employees or beneficiaries currently receiving benefits	386	285
Inactive employees entitled to but not yet receiving benefits	619	244
Active employees	984	422
	1,989	951

* Excludes employees reported under the Teacher's Cost Sharing Plan.

Contributions

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

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

Details of the County and School Board's contractually required rates for the year ended June 30, 2021, as a percentage of covered employee compensation, are provided in the table below.

		School Board	
	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, 2021 and June 30, 2020 were as follows:

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

8.02 FIDUCIARY NET POSITION

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

8.03 NET PENSION LIABILITY

Multi-Employer Agent Plan

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

School Board's Teacher Retirement Cost-Sharing Plan

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

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

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

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

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

Actuarial assumptions

The total pension liability of the Plan was based on an actuarial valuation as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

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

Plan Actuarial Assumptions			
Mortality tables:			
Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-retirement	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates lowered • Line of duty disability rate increased from 14% to 15% • Discount rate lowered from 7.00% to 6.75%.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates increased at age 50, and lowered rates at older ages • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better fit experience • Line of duty disability rate decreased from 60% to 45% • Discount rate lowered from 7.00% to 6.75%.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience

Long-term Expected Rate of Return

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

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

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

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

Discount Rate

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

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

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

Changes in the Net Pension Liability

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

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

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

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

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

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

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

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

8.04 DISAGGREGATION OF DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS AS REPORTED ON EXHIBIT I

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

8.05 PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

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

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

Amortization of Deferred Outflows and Inflows of Resources

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

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

8.06 PAYABLES TO THE PENSION PLAN

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

Note 9

Long-term Debt and Other Liabilities

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

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

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

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

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

General Obligations Bonds

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

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

Schedule of Outstanding General Obligation Bonds

General obligation bonds payable at June 30, 2021, backed by the full faith and credit of the County, are comprised of the following individual issues:

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

Direct Placements – Public Improvement Bonds

Periodically, the EDA has issued Public Facility Revenue Bonds as authorized in the Industrial Development and Revenue Bond Act, Section 15.2-4900 et. seq. of the Code. These bonds provide financial assistance to the County for the acquisition and construction of facilities in the public interest. The bonds are secured by the property financed and are payable solely from County appropriations through an authorized financing agreement with the EDA. Upon repayment of the bonds, ownership of the acquired facilities transfers to the County served by the bond issuance. Through an approved financing agreement, the County is obligated for repayment of the bonds. Accordingly, the bonds are reported as County obligations. In the event of default, possible remedies include acceleration of all unpaid payments on the debt, possession of pledged property by the debtor, or any other necessary legal actions against the County to cure the default. The following assets are held for collateral as of June 30, 2021:

Issue	Sale Date	Collateral
Public Facility Revenue Bonds, Series 2011	10/2011	Merchant Square Building
Public Facility Revenue & Refunding Bonds, Series 2012	07/2012	Courtland High School
Public Facility Revenue & Refunding Bonds, Series 2013	08/2013	Ni-River Middle School
Public Facility Revenue & Refunding Bonds, Series 2014	08/2014	Post Oak Middle School

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

General obligation bonds payable and public improvement bonds payable at June 30, 2021, are comprised of the following individual issues:

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

Water & Sewer Revenue Bonds

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

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

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

New Debt Issuance and Related Redemption

General Obligation Bonds

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

Revenue Bonds

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

Amortization of Debt Service

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

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

Note 10

Conduit Debt Obligations

From time to time, the Economic Development Authority (EDA) has issued Revenue Bonds to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. Bonds are issued in 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, 2021, outstanding revenue bonds totaling $60.9 million include the following issues:

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

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

Note 11

Closure and Post-Closure Care Costs

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

The estimated liability for landfill closure and post-closure care costs is $0.5 million and $10.4 million for closed and operating landfills, respectively, which is based on 100% and 91.4% usage, respectively. It is estimated that an additional $0.6 million will be recognized as closure and post-closure care expenses between the date of the Statement of Net Position and the date the operating landfill open cells are expected to be filled to capacity (2022).

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

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

Note 12

Other Postemployment Health Care Benefits

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

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Outflows of Resources:			
Employer contributions subsequent to the measurement date:			
School Board Retiree Healthcare (Note 12.03)	$ -	$ -	$ 10,016,649
VRS Health Insurance Credit Program (Note 12.04)	-	-	1,702,411
VRS Group Life Insurance Program (Note 12.05)	296,243	41,546	791,444
OPEB contributions (Exhibit I):	**$ 296,243**	**$ 41,546**	**$ 12,510,504**
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	$ 17,760,667	$ 2,399,743	$ 41,501,946
Primary Government LODA Program (12.02)	810,062	-	-
VRS Health Insurance Credit Program (Note 12.04)	-	-	640,367
VRS Group Life Insurance Program (Note 12.05)	867,187	121,618	1,858,562
OPEB actuarial differences (Exhibit I):	**$ 19,437,916**	**$ 2,521,361**	**$ 44,000,875**

	Primary Government		
	Governmental Activities	Business-type Activities	Component Unit-School Board
Deferred Inflows of Resources			
OPEB actuarial differences:			
Primary Government Retiree Healthcare (Note 12.01)	$ 27,980,429	$ 3,689,645	$ -
Primary Government LODA Program (12.02)	3,185,115	-	-
School Board Retiree Healthcare (Note 12.03)	-	-	34,760,367
VRS Health Insurance Credit Program (Note 12.04)	-	-	881,497
VRS Group Life Insurance Program (Note 12.05)	123,809	17,364	647,333
OBEP actuarial differences (Exhibit I):	**$ 31,289,353**	**$ 3,707,009**	**$ 36,289,197**

12.01 PRIMARY GOVERNMENT RETIREE HEALTHCARE PLAN

Plan Description

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

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

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

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

Post-65 Health Reimbursement Accounts (HRAs)

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

Employees Covered by Benefit Terms

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

Number of Participants:	
Active Employees	849
Retirees and Spouses	212
	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, 2021, the County has assigned fund balances of $6,847,000, $78,478 and $1,722,646 in its General Fund, Capital Projects Fund and other governmental funds, respectively; and $5,422,222 of its proprietary Water & Sewer Fund's unrestricted net position to fund future OPEB liabilities. Per County fiscal policy, funding of 100% of the annual required contribution is expected to be met in 2024.

Total OPEB Liability

The County's total OPEB liability of $98.1 million was determined by an actuarial valuation as of June 30, 2021.

Changes in the Total OPEB Liability

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

Actuarial Assumptions

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

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

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

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

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

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

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

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

Discount rate sensitivity

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

Healthcare rate sensitivity

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

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

The County recognized OPEB expense for fiscal year 2021 of $3,929,462. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the following sources:

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	$ 7,233,279	$ (16,558,421)
Changes of assumptions	12,927,131	(15,111,653)
Total	$ 20,160,410	$ (31,670,074)

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

12.02 PRIMARY GOVERNMENT LINE OF DUTY ACT (LODA) PLAN

Plan Description

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

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

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

Medical Benefits

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

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

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

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

- Disabled employees receive LODA coverage for life.

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

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

Medical Plans

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

Medicare B Premiums

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

LODA Premiums

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

Plan 1 (former LODA)	Premium
Single	$ 979.00
Family	$ 2,321.00

Plan 3 (Medicare primary)	Premium
Single	$ 283.00

Plan Participants

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

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

Contributions

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

Total OPEB Liability

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

Changes in the Total OPEB Liability

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

Actuarial Assumptions

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

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

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

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

Changes of assumptions and other inputs since the prior valuation:

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

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

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

Discount rate sensitivity

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

Healthcare rate sensitivity

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

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

For the year ended June 30, 2021, the County recognized OPEB expense of $650,105. At June 30, 2021, deferred outflows of resources and deferred inflows of resources related to OPEB were from the following sources:

	Deferred Outflows	Deferred Inflows
Differrence between expected and actual experience	$ 12,372	$ (2,960,104)
Changes of assumptions	797,690	(225,011)
Total	$ 810,062	$ (3,185,115)

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,		
2022	$ 116,679	$ (457,976)
2023	116,679	(457,976)
2024	116,679	(457,976)
2025	116,679	(457,976)
2026	116,679	(457,977)
Thereafter	226,667	(895,234)
Total	$ 810,062	$ (3,185,115)

12.03 SCHOOL BOARD RETIREE HEALTHCARE PLAN

Plan Description

Plan administration

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

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

Plan membership

As of the July 1, 2019, the most recent actuarial valuation date, membership consisted of the following:

	2018	2019
Active employees	2,356	2,115
Retirees (pre-Medicare)	296	281
Retirees (Medicare-age)	744	655
Total	3,396	3,051

Benefits provided

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

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

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

Contributions

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

Investments

Investment policy

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

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

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

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

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

Concentrations

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

Rate of return

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

Total OPEB Liability

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

Changes in the Net OPEB Liability

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

Actuarial Assumptions

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

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

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

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

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

Changes of assumptions and other inputs:

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

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

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

Discount rate sensitivity

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

Healthcare rate sensitivity

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

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

For the fiscal year ended June 30, 2021, the School Board recognized an OPEB expense of $16,587,967. At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Net difference between projected and actual earnings	$ 100,379	$ -
Changes of assumptions	41,401,567	(16,011,141)
Differences between expected and actual experience	-	(18,749,226)
Total	$ 41,501,946	$ (34,760,367)

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,		
2022	$ 7,555,906	$ (7,563,273)
2023	7,587,780	(7,563,273)
2024	7,603,088	(7,563,273)
2025	7,592,829	(7,563,273)
2026	7,559,805	(4,103,395)
Thereafter	3,602,538	(403,880)
Total	$ 41,501,946	$ (34,760,367)

GASB 74 OPEB Liability

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

Net OPEB Liability

The components of the net OPEB liability of the School Board at June 30, 2021, were as follows:

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

Actuarial assumptions

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

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

<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.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30, 2021 are summarized below.

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

Discount rate

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

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

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

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

Discount rate sensitivity

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

Healthcare rate sensitivity

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

12.04 VRS HEALTH INSURANCE CREDIT PROGRAM

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

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

Summary of Significant Accounting Policies

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

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

Plan Description

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

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

<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</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</td></tr>
</table>

<table>
<tr><td>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>(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, 2019, actuarial valuation, the following employees were covered by the benefit terms of the Political Subdivision Health Insurance Credit Program:

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

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

Contributions

Teacher Employee HIC Program

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

Political Subdivision HIC Program

The contribution requirement for active employees is governed by Section 51.1-1401(E) of the Code, as amended, but may be impacted as a result of funding provided to school divisions by the Virginia General Assembly. The contractually required employer contribution rate for the year ended June 30, 2021, was 0.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan was $47,200 for the year ended June 30, 2021.

Fiduciary Net Position

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

Net OPEB Liability

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

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

Teacher Employee HIC Program

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

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

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

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

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

Political Subdivision HIC Program

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

Actuarial Assumptions

The total HIC OPEB liabilities were based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Plan Actuarial Assumptions		
	Political Subdivision	**Teacher Plan**
Assumptions used in calculations:		
Inflation	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation	
Mortality tables:		
Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-retirement	.RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50	RP-2014 White Collar Employee Rates to age 49, White

	and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	Collar Healthy Annuitant Rates at ages 50 and older and projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.
Changes to assumptions:		
The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each age and service year • Disability rates lowered • Discount rate lowered from 7.00% to 6.75%.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience • Discount rate decreased from 7.00% to 6.75%

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

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

Teacher Employee HIC Program

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

Political Subdivision HIC Program

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

Change in the Political Subdivision Net HIC OPEB Liability

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

School Board - Changes in the Political Subdivision Net HIC OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

Payables to the HIC OPEB Plans

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

HIC - School Board Cost-Sharing Teacher Plan	$	40,450
HIC - Political Subdivision Agent Plan		1,341
	$	41,791

12.05 VRS GROUP LIFE INSURANCE PROGRAM

Summary of Significant Accounting Policies

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

Plan Description

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

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

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

<table>
<tr><th>GLI PLAN PROVISIONS</th></tr>
<tr><td>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.</td></tr>
<tr><td>Benefit Amounts
The benefits payable under the GLI Program have several components.
<u>Natural Death Benefit</u> – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
<u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.
<u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:
Accidental dismemberment benefit
Safety belt benefit</td></tr>
</table>

- Repatriation benefit
- Felonious assault benefit
- Accelerated death benefit option

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

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

Contributions

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

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

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

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

At June 30, 2021, the County and School Board reported liabilities for their proportionate share of the net GLI OPEB liabilities as shown in the following table. The net GLI OPEB liabilities were measured as of June 30, 2020 and the total GLI OPEB liabilities used to calculate the net GLI OPEB liabilities were determined by actuarial valuations performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The County's and School Board's proportions of the net GLI OPEB liability were based on their actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers.

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

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

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

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

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

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

Actuarial Assumptions

The total GLI OPEB liability was based on actuarial valuations as of June 30, 2019, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

GLI Plan Actuarial Assumptions			
	Locality - General Employees	Locality - Hazardous Duty Employees	Teacher Plan
Assumptions used in calculations:			
Inflation	2.50%	2.50%	2.50%
Salary increases, including inflation	3.50% - 5.35%	3.50% - 4.75%	3.50% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation		
Mortality tables:			
Pre-retirement	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.	RP-2014 Employee Rates to age 80, Health Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
Post-retirement	.RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020;	RP-2014 Employee Rates to age 49, Health Annuitant Rates to ages 50 and older projected with Scale BB to 2020;	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older and

	males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.	males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.	projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
Post-Disability	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100%	RP-2014 Disability Mortality Rates projected with Scale BB to 2020; 115% of rates for males and females.
Changes to assumptions:			
The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each age and service year • Disability rates lowered • Discount rate lowered from 7.00% to 6.75%.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates increased at age 50 and lowered rates at older ages • Withdrawal rates adjusted to better fit experience at each age and service year • Disability rates lowered to better match experience • Discount rate lowered from 7.00% to 6.75%.	• Mortality rates updated to a more current mortality table – RP-2014 projected to 2020 • Retirement rates lowered at older ages and changed final retirement from 70 to 75 • Withdrawal rates adjusted to better fit experience at each year age and service through 9 years of service • Disability rates adjusted to better match experience • Discount rate decreased from 7.00% to 6.75%

Plans' Net GLI OPEB Liability

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

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

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

Long-Term Expected Rate of Return

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

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

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

Discount Rate

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

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

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

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

Fiduciary Net Position

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

Payables to the VRS GLI OPEB Plan

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

GLI - County	$ 71,333
GLI - School Board	1,759
GLI - School Board Teacher Plan	44,731
	$ 117,823

Note 13
Volunteer Fire & Rescue Length of Service Award Program

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

Plan membership
As of June 30, 2020, the most recent actuarial valuation date, membership in the Plan was as follows:

Number of Participants:	
Inactive members currently receiving benefits	69
Inactive members with deferred vested benefits	146
Active members	189
	404

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

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

Total pension liability
The Plan's total pension liability of $4.9 million was determined and measured by an actuarial valuation performed as of June 30, 2020.

Changes in total pension liability

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

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

Actuarial assumptions

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

Rate of inflation	2.00%
Salary scale	No salary, inflation used
Discount rate	2.21%

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

Discount rate

The discount rate used to measure the total pension liability was 2.21%, based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA or higher as published by the Bond Buyer 20-Bond GO Index. Changes of assumptions and other inputs reflect a change in the discount rate from 3.5% in 2019 to 2.21% in 2020.

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

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

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

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

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

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

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

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

Note 14

FUND BALANCE

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

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

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

Note 15
Commitments and Contingencies

15.01 COMMITMENTS

The County has various contracts for general government and utility capital projects approximating $3.9 million and $27.3 million, respectively, at June 30, 2021. The School Board has construction project commitments of $3.0 million at June 30, 2021.

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

Public safety	$	23,643,641
Schools		31,481,960
Transportation		53,938,950
	$	109,064,551

15.02 CONTINGENCIES

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

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

Note 16
Tax Incentives

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

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

- On January 26, 2017, the County entered into an incentive agreement with a local engineering firm to expand its operational footprint over the next 10 years by entering into a new facility lease and expanding its number of full-time employees. As part of this agreement, the County has committed to reimbursing the firm up to $900,000 in personal property, and Business, Professional and Occupational License (BPOL) taxes in annual not to exceed installments of $90,000. In the event of non-compliance, all payments are subject to recapture. For the year ending June 30, 2021, the County reimbursed $32,786.
- On July 22, 2015, the County entered into an agreement to induce an international grocery chain to make a $125.0 million capital investment and create 200 new jobs in the County to be maintained over a period of seventeen years. As part of this agreement, the County has committed to reimbursing the company up to $7.5 million in personal property and local sales taxes. Various levels of non-compliance and recapture are in place to protect the County's investment. For the year ending June 30, 2021, the County reimbursed $535,605.
- On June 8, 2006, the County entered into an agreement with a local developer to facilitate the development of an $80.0 million first-class retail center. As part of this agreement the County has agreed to reimburse the developer up to $17.1 million in new local sales tax generated over a twenty-year period. Because taxes are abated after the qualifying spending has taken place, there are no provisions for recapturing abated taxes. For the year ending June 30, 2021, the County reimbursed $93,693.

Note 17
Risk Management

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

Health Insurance Plan

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

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

Change in Self-funded Health and Dental Insurance Claim Liabilities

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

Primary Government:	
Governmental	$ 1,767,025
Business-type	171,723
	$ 1,938,748

Property and Casualty

Spotsylvania County & School Board

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

Line of Duty Benefits

Spotsylvania County
The Line of Duty Act (LODA) provides important benefits to public safety officers and public safety volunteers and their beneficiaries due to death or disability resulting from performance of their duties. The County has contracted with VACoRP to administer the Plan and is charged a minimal premium to cover the risk of any claims above the $500,000 deductible. The amount of the deductible has been allocated as committed fund balance in the General Fund as of June 30, 2021.

Note 18

Interjurisdictional Agreements

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

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

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

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

Note 19

Joint Ventures

19.01 POTOMAC AND RAPPAHANNOCK TRANSPORTATION COMMISSION

On August 18, 2009, the County of Spotsylvania entered into agreement with the Potomac and Rappahannock Transportation Commission (PRTC) effective February 15, 2010. The PRTC was created in fiscal year 1987 to levy a 2% Motor Fuel Tax authorized by the Commonwealth. The PRTC is a joint venture of the contiguous jurisdictions of Prince William, Stafford, Manassas, Manassas Park, Fredericksburg, and Spotsylvania and was established to improve transportation systems, composed of transit facilities, public highways and other modes of transport. While each jurisdiction effectively controls 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 2021, the County received $5.7 million in Motor Fuel Tax and paid $1.7 million in subsidies. As of June 30, 2021, the PRTC holds $4.1 million in County fuel tax receipts available for future transportation project appropriations.

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

19.02 RAPPAHANNOCK REGIONAL JAIL AUTHORITY

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

In accordance with the Authority agreement, member jurisdictions pay operating (per diem) and debt service costs based on the percentage of inmate population. Due to this requirement of the Agreement, the County retains an ongoing financial responsibility for the joint venture. The County's payments for the year ended June 30, 2021 totaled $6.2 million.

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

19.03 RAPPAHANNOCK JUVENILE CENTER

The Rappahannock Juvenile Center (RJC) operates under the direction of the Rappahannock Juvenile Detention Commission in accordance with Section 16.1-315 of the Code. The primary mission of RJC is to provide secure detention for youths found to be in need of such placement by a court within the participating jurisdictions. RJC originally opened in the fall of 1972 in Fredericksburg, Virginia. In the winter of 2000, located just 7 miles north in Stafford, a new facility was built covering 59,000 square feet with an 80 bed capacity; serving the City of Fredericksburg, and the Counties of Spotsylvania, Louisa, Madison, Orange, King George, and Stafford. The County retains an ongoing financial responsibility and made payments for the year ended June 30, 2021 of $1.2 million.

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

Note 20

Jointly Governed Organizations

CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the Code, as amended. Member jurisdictions are the City of Fredericksburg and the Counties of Spotsylvania, Stafford, and Westmoreland. It provides library and related services to the participating jurisdictions. The Library operates under the Regional 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, 2021, the County's appropriation to the Library was $4.3 million.

Note 21

Prior Period Adjustment – New Accounting Pronouncement

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

	Primary Government
Fiduciary Funds:	
Custodial fund net position - July 1, 2020	$ -
Creation of custodial fund	405,012
Custodial fund net position - July 1, 2020, restated	$ 405,012

	Component-unit School Board
Government-wide restatement:	
Net position (deficit) - July 1, 2020	$ (143,087,464)
Non-major School Activity Funds	2,528,621
Net position (deficit) - July 1, 2020, restated	$ (140,558,843)
Governmental Funds:	
School Board total fund balances - July 1, 2020	$ 13,503,453
Non-major School Activity Funds	2,528,621
School Board total fund balances - July 1, 2020, restated	$ 16,032,074

Note 22

Subsequent Events

On August 24, 2021, the County issued $35.5 million in General Obligation Public Improvement and Refunding Bonds, Series 2021 with fixed interest rates ranging from 3 to 5%. The bonds are to be repaid in various installments beginning January 15, 2022 until final maturity on January 15, 2041. Net bond proceeds of $41.3 million (adjusted for premium of $6.2 million and payment of $0.4 million in issuance costs) will be used to finance or reimburse the County for $32.6 million associated with school, public safety, and transportation projects in the County, with the remaining $8.7 million used to refund General Obligation Public Improvement Bonds, Series 2011A, General Obligation Refunding Bonds, Series 2011B, and General Obligation Public Improvement Bonds, Series 2012A (Tax-Exempt).

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

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF SPOTSYLVANIA, VIRGINIA

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

For the Year Ended June 30, 2021

Exhibit X *Page 1*

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

For the Year Ended June 30, 2021

Exhibit X *Page 2*

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

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

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

	Budgetary Basis (Exh IX)	School Debt Service (1)	LOSAP Trust (2)	GAAP Basis (Exh IV)
REVENUES				
From use of money and property	$ 684,768	$ -	$ 66,735	$ 751,503
Miscellaneous	367,575	-	-	367,575
EXPENDITURES				
Current:				
Public safety	63,302,261	-	(20,611)	63,281,650
Education	128,378,849	(14,698,674)	-	113,680,175
Debt service:				
Principal retirement	6,783,568	20,598,573	-	27,382,141
Interest and other charges	2,594,712	7,064,233	-	9,658,945
Bond issuance costs	73,899	115,640	-	189,539
Other financing sources (uses):				
Issuance of bonds	-	11,030,000	-	11,030,000
Premium on bonds issued	-	2,049,772	-	2,049,772
Refunding bonds issued	7,080,000	-	-	7,080,000
Premium on refunding bonds issued	1,502,430	-	-	1,502,430
Payment to escrow for refunded bonds	(8,508,531)	-	-	(8,508,531)
Total reconciling adjustments:		$ -	$ 87,346	
Net change in fund balances (Exh IX & IV):	$ 13,808,074	$ -	$ 87,346	$ 13,895,420
Fund balance, beginning (Exh IX & IV)	118,759,634	$ -	1,949,180	120,708,814
Fund balance, ending (Exh IX & IV)	$ 132,567,708	$ -	$ 2,036,526	$ 134,604,234

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XI

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XI
Page 2

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

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XII

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XII
Page 2

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

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIII

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIII
Page 2

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

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XIV

Schedule of Employer Contributions - Pensions

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XV

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XV
Page 2

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

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVI

Schedule of Employer GLI Contributions

Last Ten Fiscal Years

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVII

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XVII
Page 2

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

Last Ten Fiscal Years

Notes to Schedule

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA *EXHIBIT XVIII*

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

Notes to Schedule:

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

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA *EXHIBIT XIX*

Schedule of Employer Health Insurance Credit Contributions

Last Ten Fiscal Years

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA *EXHIBIT XX*

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

Last Ten Fiscal Years

(Amounts in thousands)

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

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

Notes to Schedule:

Benefits provided through the OPEB Retiree Healthcare Plan are not administered through a trust or 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 - The June 30, 2021 actuarial valuation resulted in an $18.8 million decrease in liability due to the expected per capita healthcare costs not increasing as much as expected.

Changes in assumptions

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXI

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

Last Ten Fiscal Years

(Amounts in thousands)

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

Notes to Schedule:

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

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

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

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

	2021	2020	2019	2018	2017
Change in Discount Rate:	1.92%	2.45%	3.13%	3.62%	3.58%

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXII

Schedule of OPEB - Retiree Healthcare Investment Returns - School Board

Last Ten Fiscal Years

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXIII

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

Last Ten Fiscal Years

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

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

Notes to Schedule:

There are no actuarially significant changes to benefit provisions.

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

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

COUNTY OF SPOTSYLVANIA, VIRGINIA

EXHIBIT XXIV

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

Last Ten Fiscal Years

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

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

Notes to Schedule:

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

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

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

Mortality Table - RP 2014 Combined - Projected to 2020

APPENDIX C

FORM OF BOND COUNSEL OPINION

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APPENDIX C

FORM OF BOND COUNSEL OPINION – SERIES 2022 BONDS

August 23, 2022

Board of Supervisors
County of Spotsylvania, Virginia

County of Spotsylvania, Virginia
$31,045,000
General Obligation Public Improvement Bonds,
Series 2022

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 $31,045,000 General Obligation Public Improvement Bonds, Series 2022 (the "Series 2022 Bonds"). Reference is made to the forms of the Series 2022 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 2022 Bonds and the timely payment to the United States of any arbitrage rebate amounts with respect to the Series 2022 Bonds, all as set forth in the proceedings and documents relating to the issuance of the Series 2022 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 2022 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 2022 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 2022 Bonds.

2. The rights of the holders of the Series 2022 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 2022 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. The opinions in the preceding sentences are subject to the condition that there is compliance subsequent to the issuance of the Series 2022 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 2022 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 2022 Bonds.

4. Under current law, interest on the Series 2022 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 2022 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 2022 Bonds or the accuracy or completeness of any information, including the County's Preliminary Official Statement dated July 29, 2022, and its Official Statement dated August 9, 2022, that may have been relied upon by anyone in making the decision to purchase Series 2022 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

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APPENDIX D

FORM OF CONTINUING DISCLOSURE AGREEMENT

This CONTINUING DISCLOSURE AGREEMENT dated as of August 23, 2022 (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 2022 (the "Series 2022 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 2022 Bonds (the "Bondholders") and in order to assist the original purchasers of the Series 2022 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 August 9, 2022, 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, 2022.

(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 2022 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 2022 Bonds, or other material events affecting the tax status of the Series 2022 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 2022 Bonds;

(j) release, substitution, or sale of property securing repayment of the Series 2022 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 2022 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 2022 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 2022 Bonds or the resolution providing for the issuance of the Series 2022 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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