

STAFFORD
Virginia

FY2024

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2024



Stafford County, Virginia

William H. Ashton II, County Administrator
Andrea Light, Chief Director Financial Services
Randy Helwig, Finance Director
Lisa Casias, Controller
Adam Rollyson, Assistant Controller

Department of Finance
1300 Courthouse Road
Stafford, Virginia 22555-0339
www.staffordcountyva.gov/finance

Through a culture of enthusiasm, creativity, and continuous improvement, we serve to make a difference.

**COUNTY OF STAFFORD, VIRGINIA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
YEAR ENDED JUNE 30, 2024**

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INTRODUCTORY SECTION



Meg Bohmke, Chairman
Tinesha O. Allen, Vice Chairman
Deuntay T. Diggs
Darrell E. English
Monica Gary
Crystal L. Vanuch
Dr. Pamela Yeung

William H. Ashton II
County Administrator

December 10, 2024

To Members of the Board of Supervisors and Citizens of Stafford County:

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the County of Stafford, Virginia (County) for Fiscal Year (FY) 2024 in compliance with Section 15.2-2511 of the *Code of Virginia* (1950), as amended. The County has used professionally accepted standards to prepare its financial statements. The report is designed to present fairly the financial position and results of financial operations of the County in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain maximum understanding of the County's financial affairs.

The Finance Department has prepared this report in accordance with the following standards:

- Accounting principles generally accepted in the United States of America (GAAP), which are uniform minimum standards and guidelines for financial accounting and reporting,
- Governmental accounting and financial reporting statements and interpretations issued by the Governmental Accounting Standards Board (GASB), and
- Uniform financial reporting standards for counties, cities and towns issued by the Commonwealth of Virginia's Auditor of Public Accounts (APA).

The responsibility for the accuracy, completeness and fairness of the data presented in the report, including all disclosures, rests with the County.

PBMares LLP, a firm of licensed certified public accountants, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County as of and for the fiscal year ended June 30, 2024, were free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors issued an unmodified opinion that the County's financial statements are fairly presented in all material respects in conformity with GAAP for the year ended June 30, 2024. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditors to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements and internal controls involving the administration of federal awards. These reports are available in the compliance section of this report.

GAAP requires that management provide a narrative overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The County's MD&A can be found immediately following the report of the independent auditor at the beginning of the financial section.



PROFILE OF STAFFORD COUNTY

Stafford County was formed in 1664 and was named for Staffordshire, England. The County is located in northeastern Virginia, approximately 40 miles south of Washington, D.C. and 55 miles north of Richmond, Virginia. It encompasses 277 square miles and is bordered by the Potomac River on the east and the Rappahannock River on the south.

Stafford County operates under the board of supervisors/administrator form of government. The Board of Supervisors (the Board) consists of seven members, elected by district, who have authority over local taxation, budgets, borrowing, local ordinances and policy. The Board appoints a County Administrator to act as the chief administrative officer of the County. The County Administrator serves at the pleasure of the Board of Supervisors and carries out the policies established by the Board.

The County government serves a population of 167,421 residents and provides a full range of local government services. These include general administration, judicial administration, public safety, public works, health and welfare, parks, recreation, and community facilities, education, and community and economic development. Funds required to support these services are reflected in this report.

Public Schools

Stafford County is financially accountable for a legally separate school district, reported within the government-wide financial statements as a discretely presented component unit. Stafford County Public Schools (education) is the largest service provided by the County. The school system is operated by a board consisting of seven members elected by district. The School Board appoints a superintendent to administer its policies. The County's audit firm, PBMares LLP, also performs an audit for the School Board. The School Board issues a separate Annual Comprehensive Financial Report.

Higher Education

Multiple opportunities for higher education exist within the County. The University of Mary Washington's (UMW) graduate school campus offers a variety of career advancement and professional development programs for working adults. Additionally, Germana Community College offers a wide range of programs including critically needed Allied Health Services and cybersecurity. The University of Maryland Global Campus also offers classes and a range of full services at Quantico Corporate Center (Off-Base) in Stafford, Virginia.

Budgetary Control

The annual budget serves as the foundation for the County's financial planning and control. County departments and agencies begin their budget preparation in October of each year. Appropriation requests are submitted in December for the fiscal year beginning the following July 1st. The County Administrator submits a proposed operating and capital budget to the Board of Supervisors in March of each year. The budget includes proposed expenditures and the revenue to support them. Work sessions are scheduled to refine the proposal and align it with goals and objectives. Public hearings are conducted to obtain citizen comments on the proposed budget and tax rates. Property tax rates are set by passage of a resolution. Prior to June 30th, the budget is legally enacted through passage of an appropriations resolution. Budget-to-Actual comparisons are provided in this document in the sections labeled "Required Supplementary Information" and "Other Supplementary Information".

The *Code of Virginia* requires the school superintendent to submit a budget to the County Board of Supervisors. When the School Board adopts its budget, it is forwarded to the County Administrator. The County Board of Supervisors reviews the School Board's budget and determines the level of local funding.

Internal Control

In developing and maintaining the County's overall accounting and financial management system, adequacy of internal accounting controls has been considered. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. In this regard, we believe that the County's internal accounting controls are adequate. In



addition, the external auditors evaluate these controls during the course of the annual audit. We are committed to deriving the maximum benefits from this review process and will continue to actively pursue implementation of all recommended policy and procedural changes which are deemed practicable.

Accounting System

The County operates a fully automated accounting and financial management information system. This system is the foundation required to support the “central accounting” function and represents a cooperative effort by both County and School Board financial staffs. Budgetary control is maintained primarily at the fund level and at the department level by the encumbrance of estimated purchases. Purchase orders are reviewed for adequate appropriations prior to release to vendors. Open encumbrances, which represent commitments for the purchase of goods or services in a future period, are reported as restrictions, commitments or assignments of fund balances at the end of the fiscal year.

Relevant Financial Policies

The Board’s financial policy, *Principles of High-Performance Financial Management*, was adopted in FY 2005 and updated in FY 2024 per policy guidelines. The policy defines the fund balance levels for the General Fund and sets debt capacity parameters in order to provide for overall stability and flexibility for financial planning purposes. It is reviewed and updated every two years, at a minimum. One of the Board’s goals is to continue strengthening its financial position through a commitment to fiscal discipline and accountability. The revised policy requires unassigned fund balance for the General Fund between ten percent (10%) and fourteen percent (14%) with a target of twelve percent (12%) of General Fund revenues. Use of unassigned fund balance is restricted to significant unexpected declines in revenues or unanticipated emergencies. This policy was met in the current fiscal year; as June 30, 2024, unassigned fund balance in the General Fund was \$56.5 million representing 13.2% of on-going operating revenues.

The Board also reaffirmed previously established fund balance commitments:

- Revenue Stabilization Fund – minimum 2% of General Fund revenues – to be used during times of economic downturns when there is a 2% shortfall of revenue within a single year and can be used for unanticipated emergencies and catastrophes.
- Capital Projects Reserve – a minimum of \$1.5 million for capital needs to reduce reliance on debt.
- Schools Capital Projects Reserve – a minimum of \$1.5 million for capital needs to reduce reliance on debt.
- Stafford Opportunity Fund – \$0.5 million to enhance and promote economic development.
- PDR fund – dedicates all rollback tax revenue to purchase development rights and preserve open space and farmland.
- CSA Reserve – a minimum \$0.3 million reserve for expenditures for the Children’s Services Act program to be used in any year when CSA costs for private day school expenditures exceed the budget, 20% of the overage may be funded by utilizing the CSA reserve.
- Reserve for healthcare costs - equal to the estimated Incurred But Not Reported (IBNR) plus 10% of annual claims.
- Any health care savings, after all expenditure and reserve needs have been met, will be set aside for a contribution to OPEB.

All commitments were fully funded according to policy guidelines for FY 2024. See the Notes to Financial Statements, Summary of Significant Accounting Policies, Note 1, Section N – Net Position and Fund Balance Classification – for a detailed discussion of this policy.

Long-Term Financial Planning

The County prepares a Capital Improvement Plan (CIP) annually. The CIP serves as a planning tool to analyze initiatives, formulate service levels and phase-in funding needed for public facilities. The Board adopts the plan during the budget process. The adopted FY 2024-2033 CIP totaled \$1,391.0 million with \$452.6 million for County projects, \$548.7 million for school projects and \$389.7 million for Water and Sewer Fund projects. A variety of funding sources including general obligation bonds, revenue bonds, equipment finance agreements, grants and General Fund revenues will fund the projects. The bond portion of the projects totaled \$791,176,994 - \$95,327,034 for County projects, \$503,397,835 for school projects and \$192,452,125 for Water and Sewer Fund projects.



The Board's financial policy limits general obligation debt to no more than 2.75% of the assessed value of taxable real property. General obligation debt as a percentage of taxable real property assessed value for FY 2024 was 1.80%. General Fund debt service expenditures for the County and its Component Unit School Board are not to exceed 10% of general government and schools operating budgeted expenditures. Debt service expenditures were 6.32% of budgeted expenditures for FY 2024. The County intends to maintain a ten-year pay-out ratio at or above 60%, and to the extent possible, future debt facilities will be issued with level principal payments. The policy reduces reliance on debt to meet capital needs by limiting the percentage of capital lease debt service to 1% of the general government budget. Additional criteria for equipment finance agreement funded purchases include that (1) equipment finance agreement purchase is eligible under state law for such financing, (2) the useful life of the purchase equals or exceeds the term of the debt, (3) the purchase exceeds \$100,000, and (4) sufficient funds are available for the resulting debt service. The adopted CIP is in full compliance with the County's financial debt management policies.

The County's five-year financial model represents the County's attempt to quantify the impacts of future needs matched with a projection of available resources. The plan is presented with detailed assumptions and multi-year operating impacts in a separate section of the budget document. The plan seeks to maintain or enhance budgetary objectives of the Board of Supervisors. Conservative revenue forecasting has enabled the County to meet future targets.

ECONOMIC CONDITION AND OUTLOOK

Stafford County Economic Development is dedicated to the continued improvement of Stafford County's community and economic status and to market the County as a premier business location in Virginia. As an economically competitive and sustainable community, Stafford County strives to create an exciting, diverse and amenity-rich identity. Initiatives undertaken in the areas of economic development, business retention, and business attraction continue to enhance the County's position as economic opportunities. Purposeful economic development planning and marketing has led to Stafford now being recognized as a place for new distribution and technology firms. We have continued to foster private investment that has resulted in the construction of a 510,000 square foot logistics and distribution center for DHL, a newly opened and operating Amazon Cross-Dock facility of 630,000 square feet, and an Amazon Delivery Center, comprised of 210,000 square feet.

Strong investment in Stafford by the private sector continued in FY 2024 and is expected to extend into the future. Investments in logistics, distribution, light industrial, as well as "flex" industrial space continues by companies such as The Peterson Companies, Merritt Properties, Matan, Northpoint, and Flint Development along the Interstate I-95 corridor. These investments are critical to the diversification and growth of Stafford County's commercial tax base.

According to the Virginia Employment Commission, Stafford's unemployment rate in July 2024 was 3.4%, while the State of Virginia and national rates were 3.3% and 4.5% respectively. There are more than 3,000 businesses located in Stafford, employing more than 46,000 people. The government contracting, retail, and health care industries have contributed significantly to that growth. However, a focused development and marketing effort in the data center sector is paying off. By the end of September 2024, nearly 10,000,000 square feet of data centers have been formally proposed and are in varying stages of development. These projects have potential to produce \$180,000,000 in annual tax revenue when fully built out over the next decade. There also are numerous commercial projects in various stages of development.

Recognizing that most new jobs and investment in the community come from existing businesses, Stafford continues to focus considerable energy and staff resources on business retention and expansion. The County and Stafford EDA celebrate new business openings and expansions with ribbon cuttings and additional social media marketing. This year the Stafford EDA held its 30th Annual Business Appreciation Reception, honoring local businesses with awards for their excellence in service, creativity and innovation.

Stafford continues to improve its economic development and marketing. The County continues to focus economic development efforts in different areas of the County under a comprehensive approach to encourage startups, expansion, and the attraction of existing and new business.



MAJOR INITIATIVES

In 2023, the County updated its Strategic Plan for 2024-2029 – Stafford County 2040 Vision ([Stafford2040 v42024.pdf](#)). The Strategic Plan identifies six strategic priorities that are the basis for decision making and major initiatives undertaken by the County.

Financial Stewardship

Stafford continued to prioritize financial stewardship critical to implementation of our major initiatives. This resulted in our continued achievement of a AAA bond rating from Moody's Investors Services, Standard & Poor's and Fitch Ratings. In keeping with its policies, the Finance and Budget staff keeps the Board apprised of the County's financial operations through various initiatives. A monthly financial report compares the budget to actual results, in dollars and percentages, for major revenue sources and departmental expenditures; a short narrative explains variances. There is also a quarterly presentation at a Board work session during which financial results are reviewed, and projections and plans to move them forward are presented.

Transportation and Infrastructure

Stafford completed a comprehensive Transportation Master Plan to guide future infrastructure projects.

Stafford Utilities' continued improvement of water and sewer systems is a crucial step in enhancing the quality of life in Stafford County. The replacement of neighborhood water systems, upgrading of water and wastewater treatment facilities, and rehabilitation of County sewer pumping stations are all significant undertakings. The nearing completion of the massive replacement of the water system in Ferry Farm, the construction of the new Enon Road water tank, and the recognition of Stafford County's two wastewater treatment facilities with the National Association of Clean Water Agencies (NACWA) Platinum Peak Performance Award all serve to reassure our community of the security and quality of their living conditions.

The County completed a project to bring broadband to the unserved in the western part of the county as part of a partnership with Comcast via a 2022 VATI Grant. Stafford negotiated and completed a new franchise agreement with Verizon.

Education

The groundbreaking of Elementary School #18 in the Hartwood District and Elementary School #19 in the Aquia District marks a significant step towards a brighter future for our students and the community. These new schools promise to provide a high-quality education and a nurturing environment.

Germanna Community College expanded its presence in Stafford County with a major expansion of its new Center of Educational Excellence which is located at 10 & 25 Center Street and includes the Barbara J. Fried Center and Kevin L. Dillard Health Sciences Center. The Stafford County Economic Development Authority donated \$750,000 to the expansion of Germanna with the understanding that workforce development is paramount to the success of the region. Germanna will be expanding cybersecurity, IT, general education and dual enrollment programs with these centers. This also allows Germanna to double student enrollment in critically needed Allied Health Services – especially nursing. The location's proximity to Quantico in Stafford will help Germanna serve veterans, professionals and local students.

Economic Diversification

Stafford created a zoning ordinance to address solar facilities and data centers. These actions helped the Board approve a 27-building billion-dollar data center deal, which includes a \$58 million investment in utility infrastructure, a reuse water services agreement, a new road, \$1.5 million for Fire and Rescue equipment, and new jobs for residents.

Stafford helped cut the ribbon on a new 630,000-square-foot Amazon Cross-Dock facility next to an Amazon distribution center.

Public Safety

In 2023, the Stafford County Board of Supervisors authorized a Fire and Emergency Services Levy which was fully implemented in FY 2024. This fund provides capital to cover capital costs for public safety.



Environmental Sustainability

Stafford has almost completed a project to restore a stream at Brooks Park. The project involves arresting the erosion rate within the channel to help reduce sediment and pollutants.

AWARDS AND RECOGNITION

Stafford received two National Association of Counties Achievement Awards: one for a superhero campaign to educate the public by Utilities and one for an Administrative Authority Policy Change by Human Resources. The Utilities program also won a Virginia Association of Counties Achievement Award.

Stafford finished third place nationwide in the Digital Counties Survey, demonstrating excellence in delivering information online.

The Government Finance Officers Association (GFOA) of the United States and Canada awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Stafford County for its ACFR for the fiscal year ended June 30, 2023. This was the County's forty-second consecutive award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government unit must publish an ACFR that is easy to read, efficiently organized and whose contents conform to program standards. The ACFR must satisfy GAAP and applicable legal requirements. We believe that our current report continues to conform to the Certificate of Achievement program requirements and will be submitted to GFOA.

The GFOA has also awarded the County its *Distinguished Budget Award* for the last thirty-eight years, including the 2025 fiscal year budget. In order to receive this award, a governmental unit must publish a budget document that is an exceptional policy document, operations guide, financial plan and communications medium.

For an overview of the County's financial condition and financial highlights for FY2024, please refer to the Management's Discussion and Analysis, located in the Financial Section of this document.

ACKNOWLEDGEMENTS

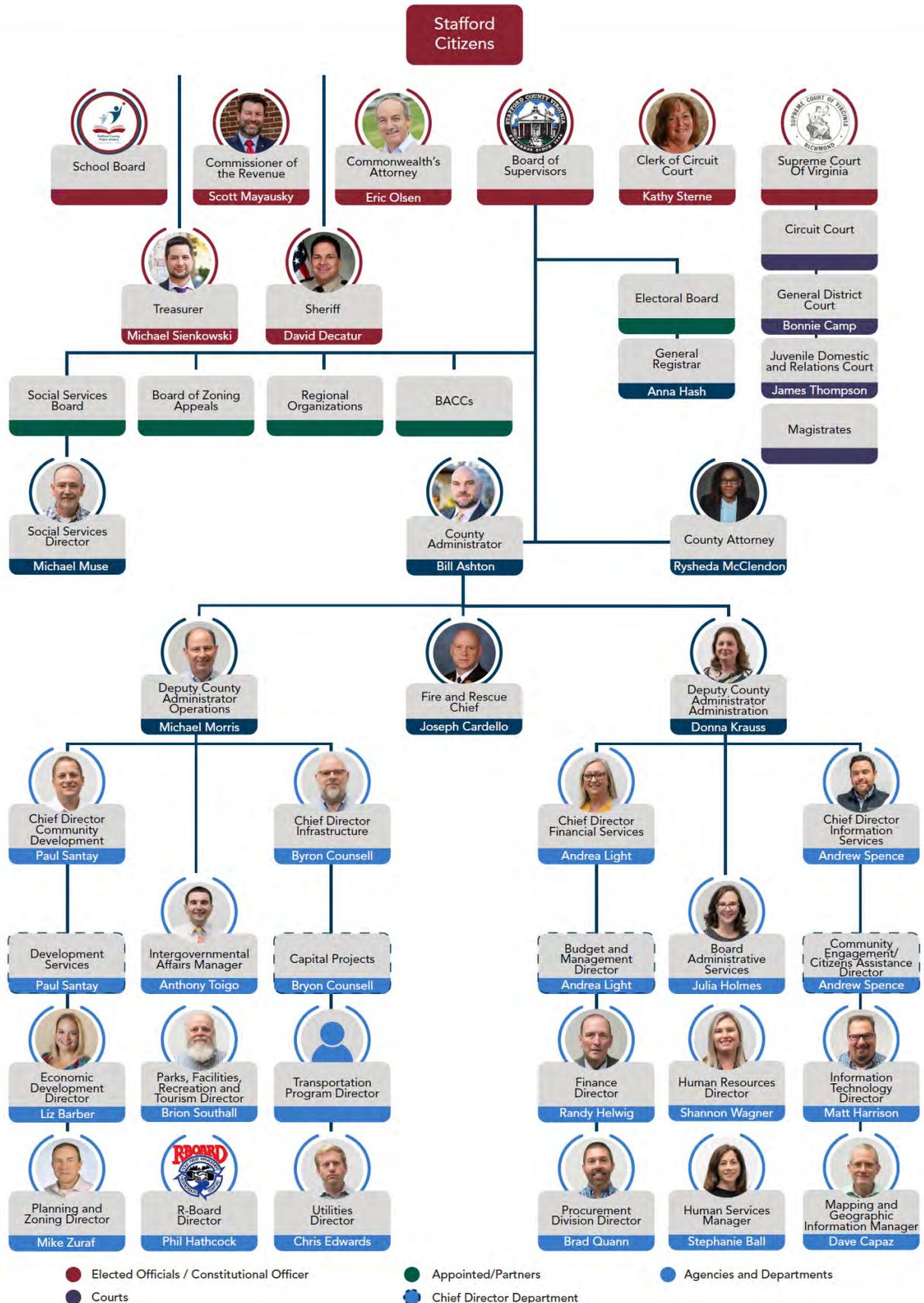
Stafford County has a sound record in financial management and continues to maintain a strong and stable financial reporting system. Appreciation is expressed to the members of the Stafford County Board of Supervisors, the School Board, the Treasurer, and the Commissioner of the Revenue for their interest and support in planning and conducting the financial operations of the County in a progressive and responsible manner.

Preparation of the ACFR was made possible by the dedicated and professional staff of the County Finance and Budget Department, the School Board Financial Services staff, the Commissioner of the Revenue and the Treasurer. All of these individuals have our sincere thanks and appreciation for the timeliness and high quality of work reflected in this report.

William H. Ashton II
County Administrator



Organizational Chart



- Elected Officials / Constitutional Officer
- Appointed/Partners
- Agencies and Departments
- Courts
- Chief Director Department

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Meg Bohmke, Chairwoman	Falmouth District
Tinesha O. Allen, Vice Chairwoman	Griffis-Widewater District
Crystal L. Vanuch	Rock Hill District
Darrell E. English	Hartwood District
Monica Gary	Aquia District
Dr. Pamela Yeung	Garrisonville District
Deuntay Diggs	George Washington District

CONSTITUTIONAL OFFICERS

Kathy M. Sterne	Clerk of Circuit Court
Scott A. Mayausky	Commissioner of the Revenue
Eric L. Olsen	Commonwealth's Attorney
David P. Decatur	Sheriff
Michael O. Sienkowski	Treasurer

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL OFFICIALS (Continued)

COUNTY ADMINISTRATIVE OFFICERS

William H. Ashton II	County Administrator
Michael A. Morris	Deputy County Administrator
Donna S. Krauss	Deputy County Administrator
Rysheda M. McClendon	County Attorney
Joseph A. Cardello	Fire Chief
Andrea M. Light	Chief Director of Financial Services
Andrew L. Spence	Chief Director of Information Services
Bryon H. Counsell	Chief Director of Infrastructure
Paul Santay	Chief Director of Community Development
Liz Barber	Director of Economic Development
Christopher Edwards	Director of Utilities
Michael Zuraf	Director of Planning and Zoning
Michael J. Muse	Director of Social Services
Matthew Harrison	Director of Information Technology
Brion L. Southall	Director of Parks, Facilities, Recreation and Tourism
Shannon L. Wagner	Director of Human Resources
Brad Quann	Division Director of Procurement
Randy Helwig	Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Stafford County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2023

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Honorable Members of the County Board
County of Stafford, Virginia

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 14-25 and 114-127, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The schedules listed in the table of contents as other supplementary information and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedules listed in the table of contents as other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

P. B. Mares, CPA

Harrisonburg, Virginia
December 10, 2024

Management's Discussion and Analysis

As management of the County of Stafford, Virginia (County) we offer users of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter, financial statements, and the accompanying notes.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The County's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains supplementary and statistical information in addition to the basic financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of the County's finances, in a manner similar to a private-sector business. The statement of net position presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between them reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of how the financial position of the County may be changing. Increases in net position may indicate an improved financial position; decreases in net position may reflect the changing manner in which the County may have used previously accumulated funds.

The Statement of Activities presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., accrued revenues and earned but unused compensated absences).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other activities that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government administration; judicial administration; public safety; public works; health and human services; parks, recreation and cultural; community development; appropriation to School Board; transportation; and interest on long-term debt. The business-type activities consist of public utilities (water and sewer services).

The government-wide financial statements include not only the County itself (known as the Primary Government), but also legally separate component units for which the County is financially accountable. Financial information for component units are reported separately from the financial information presented for the primary government.

FINANCIAL HIGHLIGHTS

- The primary government, made up of the governmental activities and business-type activities of the County, had positive net position of \$394.4 million at June 30, 2024, which represents an increase of \$73.5 million from the prior year.
- The total cost of the County's governmental programs decreased \$47.5 million to \$399.5 million during fiscal year 2024, while the County's total revenues increased \$57.2 million to \$452.8 million.
- At June 30, 2024, the County had \$514.3 million of debt outstanding, including \$307.0 million of debt issued on behalf of the School Board component unit for assets that are owned and maintained by the component unit. Consequently, the liabilities and deferred inflows of governmental activities exceed the assets and deferred outflows, contributing to a net position deficit of \$125.2 million.
- The total cost of the County's business-type activities increased to \$62.3 million, while related revenues decreased to \$82.5 million, contributing to an increase in net position of business-type activities of \$20.2 million during fiscal year 2024.
- The County's total long-term liabilities, which includes pension and OPEB benefit obligations, decreased by \$31.8 million during fiscal year 2024.
- The County's governmental funds reported combined fund balance of \$220.3 million as of June 30, 2024, up \$27.6 million from the prior year.
- The County's unassigned General Fund balance as of June 30, 2024 was \$56.5 million in accordance with County policy.

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

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

Because the focus of governmental funds is narrower than that of the government-wide financials, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, users may better understand the long-term impact of the County's current financing decisions. Reconciliations (Exhibits 4 and 6) between the governmental funds balance sheet (Exhibit 3) and the government-wide statement of net position (Exhibit 1) and between the governmental funds statement of revenues, expenditures, and changes in fund balances (Exhibit 5) and the government-wide statement of activities (Exhibit 2) are provided to facilitate this comparison between governmental funds and governmental activities.

The County maintains nineteen individual governmental funds. Information is reported separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, the Transportation Fund, and the General Capital Projects Fund; all three of which are considered to be major funds. Data from the other sixteen County funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Other Supplementary Information section of this report. The County adopts an annual appropriated General Fund, Transportation Fund and Capital Projects Fund budget, for which budgetary comparison statements have been provided to demonstrate compliance with the respective budgets.

The County maintains one **Proprietary Fund** – an enterprise fund, which is used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses an enterprise fund to account for its water and sewer utilities. Proprietary funds provide the same type of information as the business-type activities in the government-wide financial statements, only in more detail.

Fiduciary funds are used to account for resources received and held in a fiduciary capacity for the benefit of individuals or other governments. Fiduciary funds are not reflected in the government-wide financial statements because resources of these funds are not available to support the County's governmental activities. However, the County is responsible for ensuring fund assets are used for their intended purposes. The County has five fiduciary funds – Celebrate Virginia North Fund, George Washington Regional Commission Fund, Embrey Mill Fund and R-Board custodial funds, plus the Retired Employees Health Insurance Plan Trust Fund. Separate statements of fiduciary net position and statements of changes in fiduciary net position are presented elsewhere in this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the County's progress in funding its obligation to provide pension benefits and other post-employment health care benefits to its employees.

The combining statements and budgetary comparison schedule referred to earlier in connection with non-major governmental funds are presented following the required supplementary information.

This report also contains a statistical section that supplements the basic financial statements by presenting detailed trend information to assist readers in assessing the economic condition of the County. The statistical section contains five categories of trend information about the County – financial trend information (including governmental fund balances, net position and changes in net position, operating indicators, and capital asset statistics), revenue capacity information, debt capacity information, demographic and economic information, and operating information. We encourage readers to review the statistical section to better understand the County's operations, services and financial condition.

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, over time, changes in net position may serve as an indicator of the County's financial position. The County's assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$394.4 million at the close of fiscal year 2024. By far, the largest portion of the County's net position (\$549.5 million) reflects its net investment in capital assets (e.g., land, buildings, vehicles, distribution and collections systems, intangible lease and subscription assets and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens (e.g., law enforcement, fire and emergency medical services, libraries, water and wastewater services). Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the related debt must be provided by other sources since the capital assets cannot be used to liquidate the liabilities (the assets are not generally sold or otherwise disposed of during their useful lives).

\$178.2 million of the County's net position represents resources that are subject to external restrictions on how they may be used. These restrictions include debt service, construction and maintenance, grants and federal drug enforcement constraints.

Another significant point to note regarding school assets and their related debt is that in the Commonwealth of Virginia, school boards do not have taxing authority, and thus, cannot issue general obligation debt; however, they hold title to the assets acquired through debt issued by their respective primary governments. They are custodians of the assets and maintain the property. Therefore, the County reports a significant liability for debt related to school property and equipment. The \$125.2 million governmental net position deficit is primarily due to \$307.0 million for school property and equipment for which the County does not report the related capital asset.

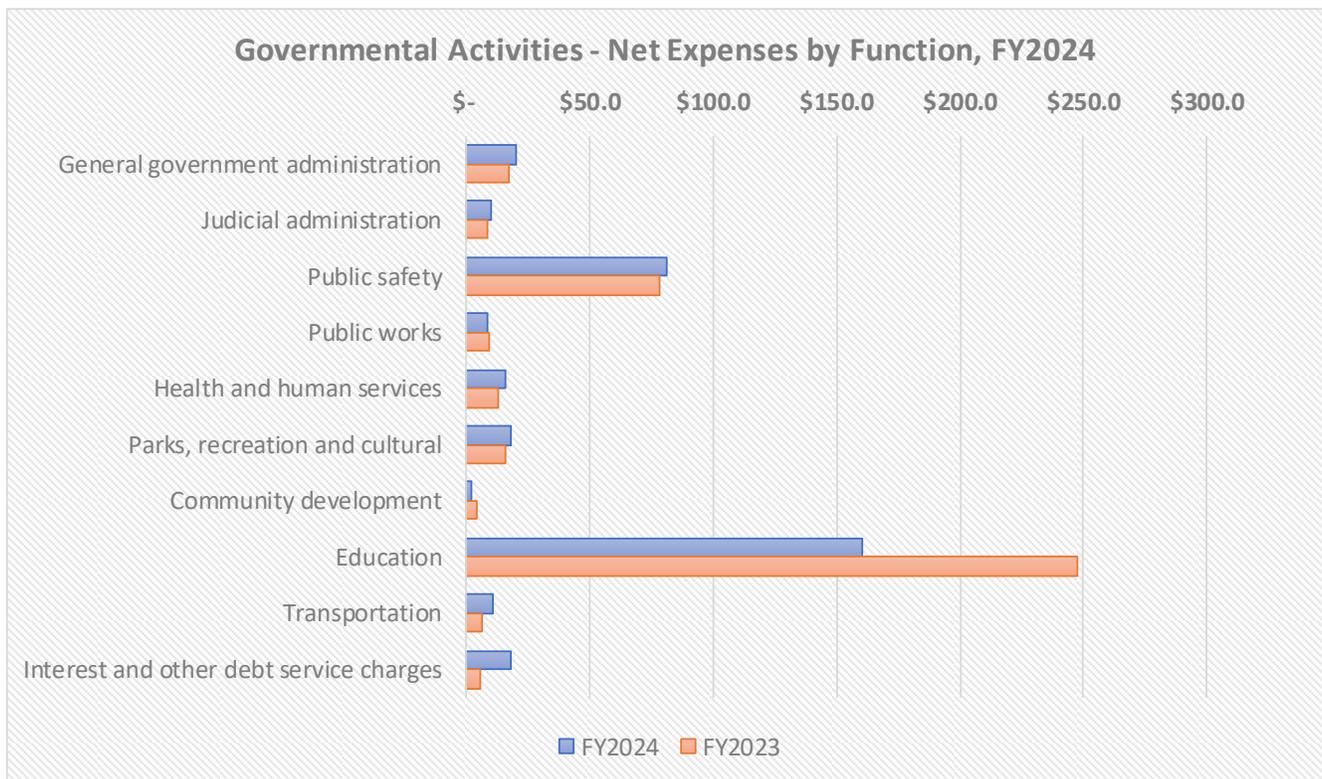
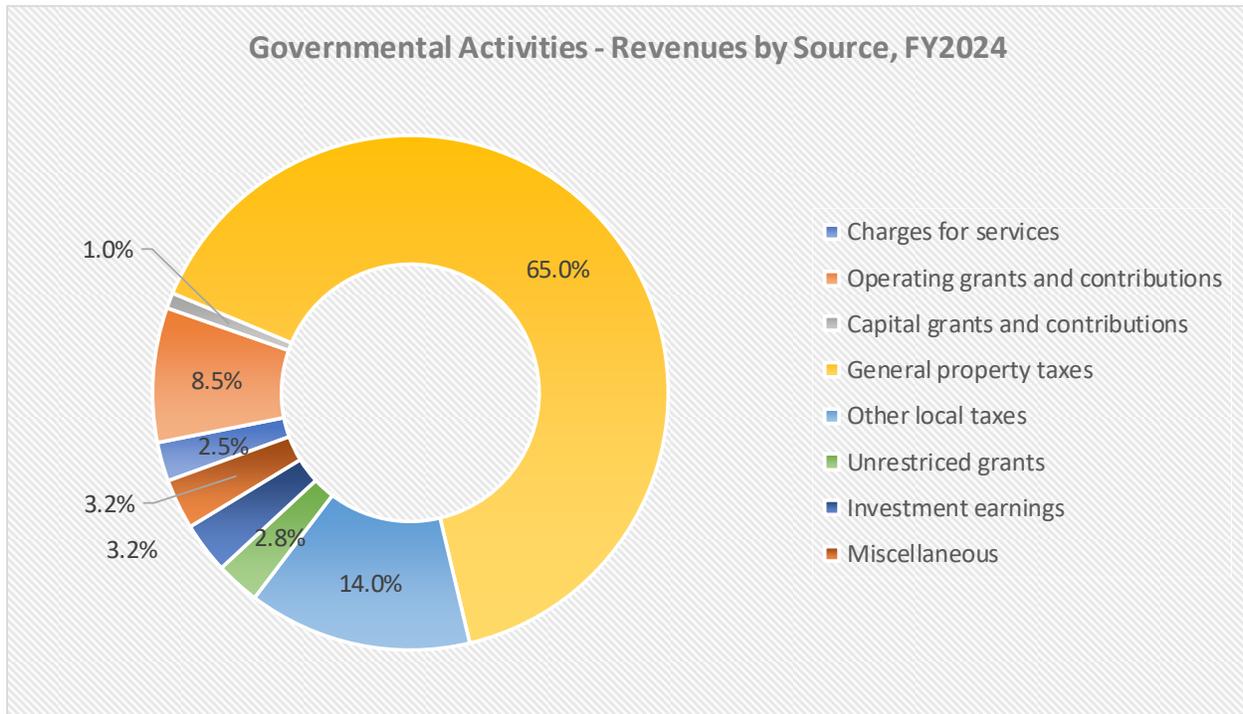
The net \$20.2 million increase in business-type activities net position is largely due to capital contributions in the form of donated infrastructure and developer contributions.

The following table presents the condensed Statement of Net Position and compares the prior year to the current year.

Summary Statement of Net Position										
As of June 30, 2024 and 2023										
	Primary Government									
	Governmental Activities		Business-Type Activities		Total		Component Units			
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Assets:										
Current and other assets	\$ 350.5	\$ 293.2	\$ 117.7	\$ 119.6	\$ 468.2	\$ 412.8	\$ 202.2	\$ 193.8		
Capital assets, net	218.5	221.4	518.5	500.0	737.0	721.4	485.9	459.6		
Total assets	<u>569.0</u>	<u>514.6</u>	<u>636.2</u>	<u>619.6</u>	<u>1,205.2</u>	<u>1,134.2</u>	<u>688.1</u>	<u>653.4</u>		
Total deferred outflows of resources	<u>43.9</u>	<u>48.2</u>	<u>8.2</u>	<u>9.8</u>	<u>52.1</u>	<u>58.0</u>	<u>144.2</u>	<u>136.5</u>		
Liabilities:										
Current liabilities	151.4	124.9	21.8	17.7	173.2	142.6	83.6	41.1		
Long-term liabilities	510.9	545.2	90.7	98.8	601.6	644.0	363.6	338.6		
Total liabilities	<u>662.3</u>	<u>670.1</u>	<u>112.5</u>	<u>116.5</u>	<u>774.8</u>	<u>786.6</u>	<u>447.2</u>	<u>379.7</u>		
Total deferred inflows of	<u>75.8</u>	<u>71.2</u>	<u>12.3</u>	<u>13.5</u>	<u>88.1</u>	<u>84.7</u>	<u>174.8</u>	<u>214.8</u>		
Net position:										
Net investment in capital assets	114.6	122.6	434.9	416.3	549.5	538.9	465.5	447.9		
Restricted	93.5	77.3	84.7	83.1	178.2	160.4	97.5	132.1		
Unrestricted	(333.3)	(378.4)	-	-	(333.3)	(378.4)	(352.7)	(384.7)		
Total net position	<u>\$ (125.2)</u>	<u>\$ (178.5)</u>	<u>\$ 519.6</u>	<u>\$ 499.4</u>	<u>\$ 394.4</u>	<u>\$ 320.9</u>	<u>\$ 210.3</u>	<u>\$ 195.3</u>		

Statement of Activities

The increase in net position attributable to the County’s governmental activities totaled \$53.3 million for fiscal year 2024. Generally, the change in net position is the difference between revenues and expenses. For fiscal year 2024, governmental revenues were \$452.8 million and expenses were \$399.5 million. A summary of key elements follows:



- Total revenues increased \$57.2 million primarily due to:
 - General property taxes increased \$26.5 million due to a reassessment rate approved by the Board of Supervisors, which resulted in more tax revenue for the county. In addition, the median assessed real estate property saw a 7.98% increase in taxes.
 - Other local taxes increased \$1.7 million. Many of these taxes are calculated as a percentage of the sale price of goods or services. With inflation, the prices have risen and more tax revenue is collected. The majority of this increase was from fuel, sales and meals tax.
 - Operating grants and contributions were higher than the prior year by \$12.2 million due to FEMA grant and ARPA revenue.
 - Investment earnings increased \$7.0 million. This stems from two sources: 1) Closer monitoring and timely management of our cash flow combined with increased interest rates have led to a \$3.18 million increase in interest revenue. 2) Market rates exceeded the amount of interest rate on our 2023 VPSA Bond borrow in the amount of \$3.2 million. As a result, we have booked a liability to offset the additional revenue, as we are anticipating having to pay this positive arbitrage.
- Expenses for governmental activities recorded a net decrease of \$47.5 million primarily due to:
 - Education expenses decreased by \$73.4 million due to a standalone VPSA debt issuance in the prior year.
 - Other offsetting increases were mainly attributable to: higher overall personnel costs across all labor categories due to COLA and merit adjustments, as well as additional compensation adjustments and increased staffing for public safety employees totaling approximately \$10 million; public safety also had increases for upgraded communication equipment acquired using ARPA funds, as well as SCBA (Self-Contained Breathing Apparatus) equipment for approximately \$7.5 million. Education expenses saw an increase in overall operational costs of \$16.4 million during the year, while transportation expenses increased due to advancement of capital project initiatives for approximately \$8.5 million.

The accompanying charts show the proportionate share of various revenues to the total revenues of governmental activities, and also the various functional net expenses of governmental activities after applying associated program revenues.

Business-Type Activities

The increase in net position attributable to the County's business-type activities totaled \$20.2 million for fiscal year 2024. Similar to the changes in net position attributable to government activities, changes in business-type activity net position also result from the difference between revenues and expenses. However, unlike governmental activities, which primarily rely on general tax revenues to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The County's business-type activities consist of a Water and Sewer Fund. Like all business-type activities, the Water and Sewer Fund attempts to recover much of the operating expenses it incurs through user charges. Operating revenues were less than operating expenses for fiscal year 2024, resulting in an operating loss of \$3.7 million, increases in charges for services of almost \$5.4 million were more than offset by decreases in labor of \$1.6 million, increases in materials and supplies of \$3.4 million and a reduction of bad debt allowance of \$0.5 million. The net position increase was primarily due to an increase in capital assets. The following is a summary of relevant financial results for fiscal year 2024:

- Charges for services totaled \$55.6 million, which were \$5.4 million more than the prior fiscal year. This increase includes additional service to new customers.
- Availability and pro-rata fees totaled \$7.2 million which is down \$0.9 million compared to the prior year. Availability and pro-rata fees are paid by the developer of a subdivision and then passed on to the new homeowner.
- Expenses and transfers totaled \$62.4 million, a net \$6.6 million increase from the prior year. This increase is due to two primary factors: 1) contractual services increased \$4.3 million due to capital expenses related to water and sewer line replacements, and 2) materials and supplies increased \$3.4 million due to water meter replacements/upgrades and pumpstation rehab efforts, coupled with price increases on piping and pumps, offset by other cost savings within the department.

The following table compares current and prior year revenues and expenses of the County’s governmental and business-type activities, as well as its component units.

Summary Statement of Activities										
For the Years Ended June 30, 2024 and 2023										
	Primary Government								Component Units	
	Governmental Activities		Business-Type Activities		Total					
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Program revenues:										
Charges for services	\$ 11.1	\$ 12.0	\$ 55.6	\$ 50.1	\$ 66.7	\$ 62.1	\$ 25.0	\$ 23.1		
Operating grants and contributions	38.3	26.1	-	-	38.3	26.1	135.5	135.0		
Capital grants and contributions	4.4	1.7	20.4	32.0	24.8	33.7	9.6	117.1		
General revenues:										
General property taxes	294.2	267.7	-	-	294.2	267.7	-	-		
Other local taxes	63.5	61.8	-	-	63.5	61.8	41.1	41.1		
Unrestricted grants	12.5	12.5	-	-	12.5	12.5	267.9	247.5		
Investment earnings	14.5	7.5	5.9	3.3	20.4	10.8	2.9	2.3		
Miscellaneous	14.3	6.3	0.6	(0.2)	14.9	6.1	0.4	3.0		
Total revenues	<u>452.8</u>	<u>395.6</u>	<u>82.5</u>	<u>85.2</u>	<u>535.3</u>	<u>480.8</u>	<u>482.4</u>	<u>569.1</u>		
Expenses:										
General government	28.0	25.9	-	-	28.0	25.9	-	-		
Judicial administration	13.2	11.6	-	-	13.2	11.6	-	-		
Public safety	107.6	94.3	-	-	107.6	94.3	-	-		
Public works	8.8	10.1	-	-	8.8	10.1	-	-		
Health and human services	21.9	18.8	-	-	21.9	18.8	-	-		
Parks, recreation and cultural	19.5	17.4	-	-	19.5	17.4	-	-		
Community development	6.2	7.7	-	-	6.2	7.7	1.3	3.0		
Appropriation to schools	174.2	247.6	-	-	174.2	247.6	466.1	431.0		
Transportation	15.6	8.1	-	-	15.6	8.1	-	-		
Interest	4.5	5.5	-	-	4.5	5.5	-	-		
Water and sewer	-	-	62.3	55.6	62.3	55.6	-	-		
Total expenses	<u>399.5</u>	<u>447.0</u>	<u>62.3</u>	<u>55.6</u>	<u>461.8</u>	<u>502.6</u>	<u>467.4</u>	<u>434.0</u>		
Excess before transfers	53.3	(51.4)	20.2	29.6	73.5	(21.8)	15.0	135.1		
Transfers	-	(0.2)	-	0.2	-	-	-	-		
Change in net position	<u>53.3</u>	<u>(51.6)</u>	<u>20.2</u>	<u>29.8</u>	<u>73.5</u>	<u>(21.8)</u>	<u>15.0</u>	<u>135.1</u>		
Net position (deficit), beginning	(178.5)	(126.9)	499.4	469.6	320.9	342.7	195.3	60.2		
Net position (deficit), ending	<u>\$ (125.2)</u>	<u>\$ (178.5)</u>	<u>\$ 519.6</u>	<u>\$ 499.4</u>	<u>\$ 394.4</u>	<u>\$ 320.9</u>	<u>\$ 210.3</u>	<u>\$ 195.3</u>		

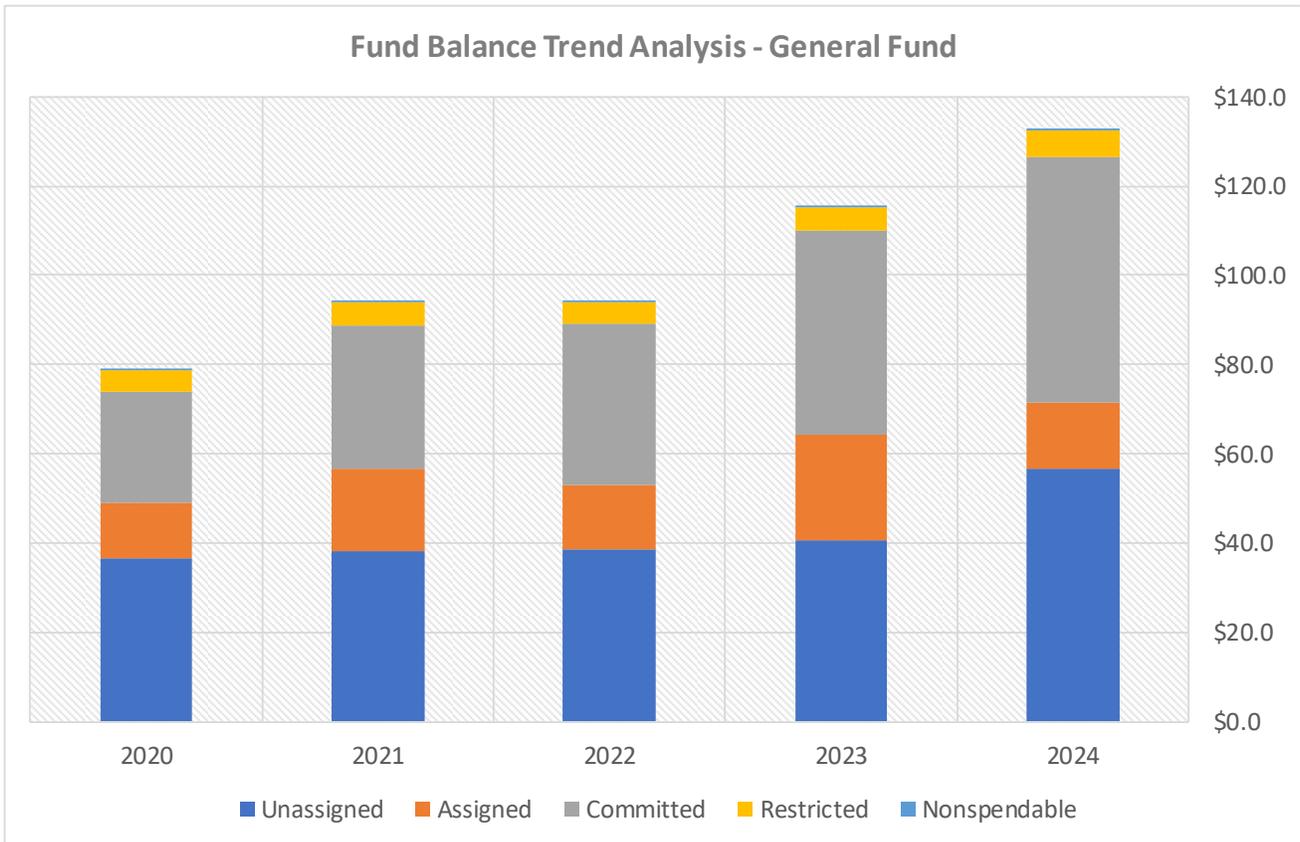
Financial Analysis of the County’s Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: The focus of the County’s governmental funds is to provide information on current inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County’s financing requirements. In particular, the unrestricted, unassigned fund balance may serve as a useful measure of the County’s net resources available for unanticipated expenditures.

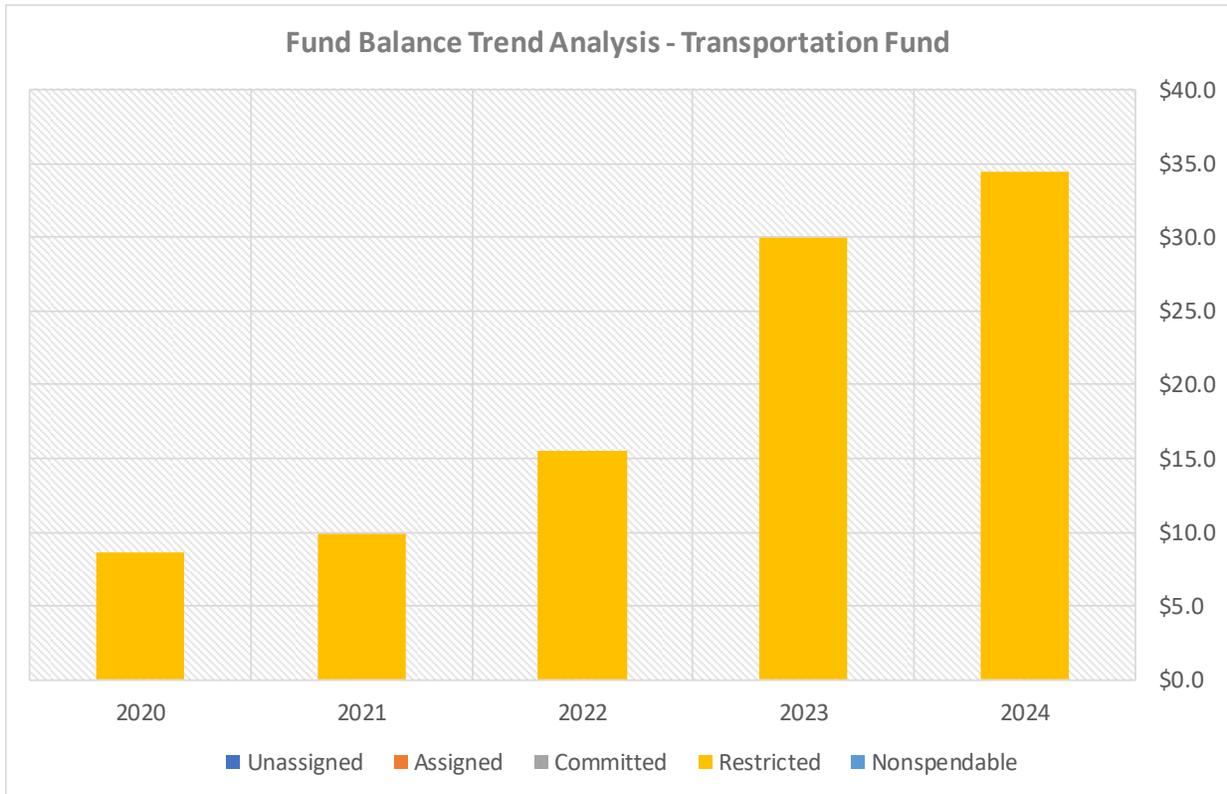
As of the end of the current fiscal year, the County’s governmental funds reported combined ending fund balances of \$220.3 million, an increase of \$27.6 million in comparison with the prior year.

Of the \$220.3 million, \$93.5 million is restricted for grant programs, drug enforcement activities, construction and debt service requirements. Committed and assigned portions of its fund balances are established to indicate plans for use of financial resources. The County reserves portions of its fund balances as commitments for specific purposes such as capital needs, economic development and risk management. Commitments include fund balance reservations required by the Board’s financial policies as well as contractual obligations of the County. Assignments represent management’s plans for future expenditures and the intent to liquidate purchase orders (encumbrances) of the prior fiscal year. By policy, the unassigned portion of fund balance is equal to 12% of annual General Fund revenues, not including transfers, reserves and grants. Unassigned funds beyond the 12% are by policy set aside in the capital project reserve. Unassigned fund balance for fiscal year 2024 was \$56.5 million. The Fund Balance section of Note 1, Summary of Significant Accounting Policies, presents details of the County’s governmental fund balance classification.

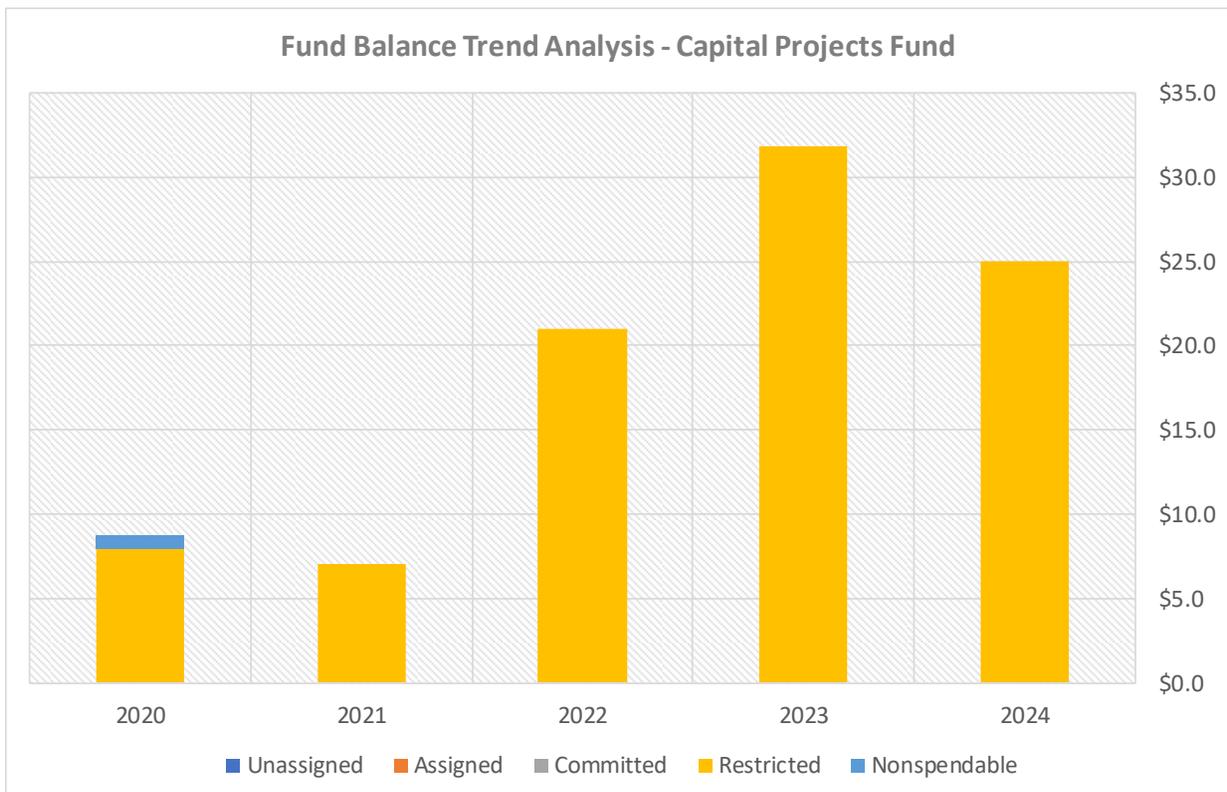


The General Fund is the primary operating fund of the County. The total fund balance of the County’s General Fund increased \$13.2 million during fiscal year 2024. This was due primarily to increases in revenues offsetting increases in expenditures. Revenues from taxes and intergovernmental was up \$35.6 million while expenditures were up only \$33.1 million. Of the \$132.8 million General Fund balance, \$158.3 thousand is nonspendable made up mostly of inventory; \$1.5 million is restricted for grant-funded programs, \$0.2 million is restricted for expenses utilizing appropriations, \$3.0 million is restricted for health insurance expenditures, \$0.4 million restricted for PEG fees, \$1.0 million restricted for opioid funds, and \$0.1 million for capital court costs; \$54.9 million is committed by policy or for contractual obligations, \$14.6 million is assigned for future expenditures and to provide budget flexibility while ensuring a structurally balanced budget and \$56.5 million is unassigned.

In addition to the General Fund, the County has two major governmental funds, the Transportation Fund and the General Capital Projects Fund. Total fund balance for the Transportation Fund at year end was \$34.4 million, an increase of \$4.4 million compared to the prior year. The entire \$34.4 million fund balance is restricted for transportation projects. The increase in fund balance is attributable to an increase in fuels tax and transfers in from the general fund in support of road projects.

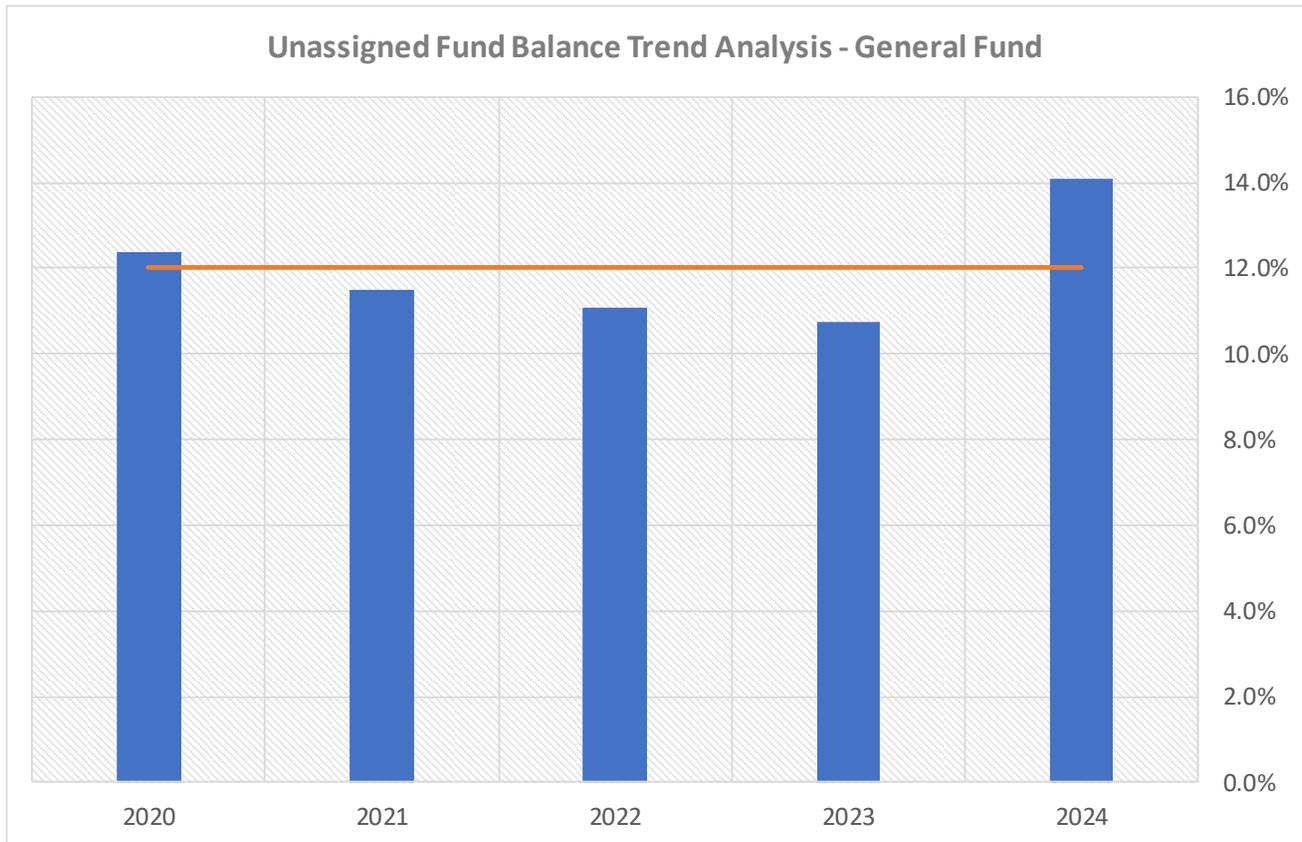


Total fund balance for the General Capital Projects Fund at year end was \$25.0 million. This is a decrease of \$6.9 million from the previous fiscal year, which is primarily due to using fund balance to complete various capital projects.



The County also has sixteen non-major governmental funds. In total, fund balance is \$28.0 million, an increase of \$16.9 million compared to prior year. Of the \$28.0 million, \$27.9 million is restricted for contractual obligations related to each fund's purpose.

As described earlier, the County has adopted Principles for High Performance Financial Management, which includes a policy requiring a minimum general fund unassigned fund balance between 10 to 14% with a target of 12% of the annual revenue (less certain exclusions) in any fiscal year. The County has consistently maintained this balance, and the following chart illustrates the County's unassigned general fund balance trends for fiscal years 2020 through 2024.



Proprietary fund: The County's proprietary fund financial statements provide the same type of information presented in the business-type activities on the government-wide financial statements, but in more detail. The Water and Sewer Fund total net position increased \$20.1 million during fiscal year 2024. Capital assets, net of depreciation increased \$18.5 million, while long-term liabilities decreased \$8.1 million. A summary of the Water and Sewer Fund operations for the year was previously provided in the discussion of business-type activities.

Component Unit – School Board: An increase in net position for the component unit School Board of \$15.7 million was due to increases in operating grants and contributions as well as increases in local sales tax revenue. Funds transferred from the County general fund include a local appropriation for operations and bond proceeds used to offset facility construction expenditures. The School Board issues a separate set of financial statements, which may be obtained directly from the School Board.

Component Unit – Stafford County Economic Development Authority: The decrease in net position for the component unit Economic Development Authority was \$0.7 million, primarily due to a \$0.5 million investment in Germanna Community College, in addition to increased administrative and marketing investments compared to prior year levels. The Stafford County Economic Development Authority issues a separate set of financial statements, which may be obtained directly from the Authority.

General Fund Budgetary Highlights

Budget amendments for expenditures resulted in an increase of \$34.8 million between the original budget and the final budget. Major budget amendments included in this amount are:

- \$16.7 million for grant funding related to ARPA and other grants.
- \$10.1 million related to commitments for ongoing operating and capital improvements.
- \$4.9 million related to Schools' operations and construction projects.
- \$2.2 million in re-appropriated encumbrances.
- \$0.9 million for public safety.

General Fund revenues increased \$35.6 million from the prior year. While general property taxes increased \$23.6 million driven by new construction and increases in real estate and personal property tax collections, intergovernmental revenue experienced an increase of \$6.7 million, due primarily to the use of American Rescue Plan Act activities resulting from the pandemic. Other local taxes increased by \$0.4 million, limited by flattening of sales and meals tax and declines in consumer utility tax.

General Fund expenditures recorded a net increase of \$33.1 million compared to the prior year. The summary statement of activities (on prior pages) compares general fund revenues and expenditures for fiscal year 2024 with the previous fiscal year.

The factors that contributed to the net increase include:

- Increase in education expenditures of \$25.9 million;
- Increase in public safety expenditures of \$11.4 million;
- Increase in parks, recreation and cultural expenditures of \$1.3 million;
- Increase in judicial administration expenditures of \$1.3 million;
- Increase in general administrative expenditures of \$ 1.2 million;
- Decrease in community development of \$1.9 million;
- Decrease in debt service expenditures of \$13.2 million;
- Increase in health and human services expenditures of \$3.2 million; and
- Increase in capital outlay expenditures of \$3.9 million.

Many of the factors that were previously discussed in the section related to governmental activities are directly attributable to the changes in the general fund.

Capital Asset and Debt Administration

Capital assets: The County's capital assets for its governmental and business-type activities as of June 30, 2024, total \$737.0 million, net of accumulated depreciation. This represents an increase of \$15.6 million over the prior year. The investment in capital assets includes land, buildings, distribution and collection systems, equipment, vehicles, construction in progress. Major capital asset acquisitions during the current fiscal year included the following:

- Governmental activities – replacement vehicles for public safety functions.
- Business-type activities construction in progress – water and sewer upgrades.
- Business-type activities distribution and collection systems – acceptance of developer constructed infrastructure.

The following tables summarize the balances of and changes in the County's capital assets for fiscal year 2024. Additional information on the County's capital assets can be found in Note 4.

Summary of Capital Assets - Primary Government and Component Units				
As of June 30, 2024 and 2023				
(\$ in millions)				
	Total Primary Government		Component Units	
	FY2024	FY2023	FY2024	FY2023
Nondepreciable capital assets	\$ 140.4	\$ 125.8	\$ 98.6	\$ 59.9
Depreciable capital assets, net	596.6	595.6	387.3	399.7
Total capital assets, net	<u>\$ 737.0</u>	<u>\$ 721.4</u>	<u>\$ 485.9</u>	<u>\$ 459.6</u>

Summary of Capital Assets - Primary Government				
As of June 30, 2024 and 2023				
	Balance		Balance	
	June 30, 2023	Net Changes	June 30, 2024	
Governmental Activities:				
Land	\$ 48.0	\$ 1.0	\$	49.0
Other intangible	5.2	0.8		6.0
Construction in progress	10.5	(0.6)		9.9
Nondepreciable capital assets	<u>63.7</u>	<u>1.2</u>		<u>64.9</u>
Land improvements	111.1	1.8		112.9
Buildings and building improvements	131.0	3.1		134.1
Furniture, fixtures, equipment, and other	70.4	(0.1)		70.3
Vehicles	39.3	4.7		44.0
Less: accumulated depreciation	(194.2)	(13.5)		(207.7)
Depreciable capital assets, net	<u>157.6</u>	<u>(4.0)</u>		<u>153.6</u>
Governmental activities capital assets	<u>\$ 221.3</u>	<u>\$ (2.8)</u>	<u>\$</u>	<u>218.5</u>
Business-Type Activities:				
Land	\$ 19.0	\$ -	\$	19.0
Other intangible	4.6	-		4.6
Construction in progress	38.5	13.4		51.9
Nondepreciable capital assets	<u>62.1</u>	<u>13.4</u>		<u>75.5</u>
Distribution and collection systems	680.1	19.2		699.3
Land improvements	1.0	0.1		1.1
Buildings and building improvements	4.3	0.5		4.8
Furniture, fixtures, equipment, and other	14.9	(2.0)		12.9
Vehicles	8.0	1.1		9.1
Less: accumulated depreciation	(270.3)	(13.9)		(284.2)
Depreciable capital assets, net	<u>438.0</u>	<u>5.0</u>		<u>443.0</u>
Business-Type activities capital assets	<u>\$ 500.1</u>	<u>\$ 18.4</u>	<u>\$</u>	<u>518.5</u>

Long-term liabilities excluding Deferred Revenue, OPEB and Pension: At the end of the current fiscal year, the Primary Government reported total debt outstanding of \$429.5 million. Of this amount, \$366.9 million is general obligation debt (including premiums) backed by the full faith and credit of the County. The remainder of the County's debt is secured by specific revenue sources. County governmental activities had a net decrease in long-term liabilities (including compensated absences as well as OPEB and pension liabilities) of \$29.2 million during the fiscal year. There were no new issuances of general obligation bonds for fiscal year 2024.

The County's strong wealth and income levels, diverse local economy, sound financial management and moderate debt burden earns a Aaa rating from Moody's, and AAA ratings from both Fitch and Standard and Poor's, giving the County a triple-AAA crediting rating.

The County is in compliance with all debt policy requirements as illustrated in Table S-13 in the Statistical Section of this report.

The County’s business-type activities reported total long-term liabilities (excluding compensated absences as well as OPEB and pension liabilities) of \$78.4 million at the end of the current fiscal year.

The following table compares summarized debt for the Primary Government for the current year with the prior year.

Summary of Long-Term Liabilities - Primary Government				
As of June 30, 2024 and 2023				
(\$ in millions)				
	Governmental Activities		Business-Type Activities	
	FY2024	FY2023	FY2024	FY2023
General obligation bonds	\$ 333.7	\$ 356.7	\$ -	\$ -
Revenue bonds	-	-	60.7	63.2
VRA / other loans	53.4	55.6	12.9	14.7
Installment financing agreements	9.1	5.5	-	-
Bond premiums	33.3	35.9	4.8	5.2
Compensated absences	12.8	11.8	1.6	1.5
Pension and OPEB liabilities	105.3	113.8	16.1	19.8
Total long-term liabilities	\$ 547.6	\$ 579.3	\$ 96.1	\$ 104.4

Additional information on the County’s long-term liabilities can be found in Note 5 of this report. Information on net pension liability and net OPEB liability can be found in Note 6 and Note 7 of the report, respectively.

Factors Influencing Future Budgets

Key factors that are expected to impact future budgets include:

- Uncertainty of state and federal revenue sources.
- Board of Supervisors’ priorities.
- Stafford County 2040 Strategic Priorities.
- Public safety staffing.
- Citizen demands for maintaining service levels.
- Funding for capital improvements.
- Operating costs associated with new capital facilities.
- Health care and pension costs.
- Mandated increases in minimum wage.
- Funding the annual required contribution for postemployment benefits other than pensions (OPEB).
- Funding Operating and Capital for Schools.
- Human services Children Services Act.
- ARPA approved projects with ongoing expenses.

Requests for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest therein. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Chief Financial Officer, County of Stafford, P.O. Box 339, Stafford, VA 22555-0339.

BASIC FINANCIAL STATEMENTS

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF NET POSITION
As of June 30, 2024

Exhibit 1
Page 1 of 2

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
ASSETS					
Current Assets:					
Cash, cash equivalents, and temporary cash	\$ 245,643,667	\$ 80,854,629	\$ 326,498,296	\$ 51,397,893	\$ 756,639
Restricted cash and cash equivalents	9,581,670	-	9,581,670	-	15,770
Receivables, net of allowance for uncollectibles	42,316,887	4,640,812	46,957,699	18,425,099	-
Lease receivable- current	72,874	74,813	147,687	-	-
Unbilled receivables	-	4,203,727	4,203,727	-	-
Notes receivable - component unit	80,000	-	80,000	-	85,544
Due from primary government	-	-	-	39,224,354	-
Other assets	-	-	-	-	4,950
Inventory	2,743	1,734,999	1,737,742	873,732	-
Prepaid expenses	155,541	3,335	158,876	-	1,456
Total current assets	297,853,382	91,512,315	389,365,697	109,921,078	864,359
Noncurrent assets:					
Restricted cash and cash equivalents	36,644,558	25,505,365	62,149,923	87,711,324	-
Lease receivable, net of current amount	39,607	674,424	714,031	-	-
Lease assets, net	2,377,590	-	2,377,590	1,334,075	-
Subscription assets, net	773,378	-	773,378	1,667,517	-
Notes receivable - component unit, net	160,000	-	160,000	-	675,730
Investment in joint venture	12,694,038	-	12,694,038	-	-
Capital assets, net of accumulated depreciation:					
Land	48,988,851	19,040,443	68,029,294	41,699,737	-
Other intangible assets	5,997,308	4,575,446	10,572,754	-	-
Construction in progress	9,908,997	51,872,668	61,781,665	56,912,903	-
Non-depreciable capital assets	64,895,156	75,488,557	140,383,713	98,612,640	-
Land improvements	112,872,769	1,063,256	113,936,025	75,342,519	-
Buildings and building improvements	134,120,810	4,828,818	138,949,628	618,005,585	-
Distribution and collection systems	-	699,332,104	699,332,104	-	-
Water treatment system	-	-	-	1,319,841	-
Furniture, fixtures and equipment	52,802,700	12,178,835	64,981,535	19,511,318	-
Software	8,266,393	240,638	8,507,031	2,099,651	-
Technology infrastructure	9,276,120	510,229	9,786,349	4,799,558	-
Vehicles	43,984,690	9,083,961	53,068,651	35,685,027	-
Accumulated depreciation	(207,720,839)	(284,204,294)	(491,925,133)	(369,493,667)	-
Depreciable capital assets	153,602,643	443,033,547	596,636,190	387,269,832	-
Total noncurrent assets	271,186,970	544,701,893	815,888,863	576,595,388	675,730
Total assets	569,040,352	636,214,208	1,205,254,560	686,516,466	1,540,089
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	2,431,267	1,910,586	4,341,853	-	-
Deferred outflows related to pensions	16,885,898	2,573,494	19,459,392	81,333,256	-
Deferred outflows related to OPEB	24,567,751	3,765,361	28,333,112	62,828,022	-
Total deferred outflows of resources	43,884,916	8,249,441	52,134,357	144,161,278	-

STATEMENT OF NET POSITION
As of June 30, 2024

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 10,005,700	\$ 7,275,297	\$ 17,280,997	\$ 15,309,114	\$ 23,216
Accrued salaries and benefits	3,255,977	464,665	3,720,642	48,310,784	-
Accrued interest	7,210,272	681,167	7,891,439	-	-
Accrued insurance claims	1,300,146	129,680	1,429,826	7,154,274	-
Accrued arbitrage	3,378,549	-	3,378,549	-	-
Retainages payable	353,001	1,223,495	1,576,496	1,948,854	-
Other liabilities	1,513,542	35,709	1,549,251	-	-
Due to component unit	39,224,354	-	39,224,354	-	-
Deposits and escrows	29,043,192	6,570,616	35,613,808	-	-
Unearned revenues	16,368,674	-	16,368,674	8,149,588	15,770
Current portion of lease liabilities	353,803	-	353,803	457,410	-
Current portion of subscriptions liabilities	332,647	-	332,647	665,576	-
Current portion of long-term debt	39,062,384	5,407,232	44,469,616	1,550,093	-
Total current liabilities	151,402,241	21,787,861	173,190,102	83,545,693	38,986
Noncurrent liabilities:					
Noncurrent portion of accrued insurance claims	-	-	-	138,214	-
Noncurrent portion of lease liabilities	2,084,241	-	2,084,241	779,298	-
Noncurrent portion of subscriptions liabilities	305,604	-	305,604	668,323	-
Noncurrent portion of long-term debt	403,245,683	74,595,604	477,841,287	14,873,678	-
Net pension liability	28,447,222	4,335,496	32,782,718	217,739,241	-
Net other post employment benefits liability	76,822,696	11,774,459	88,597,155	129,378,789	-
Total noncurrent liabilities	510,905,446	90,705,559	601,611,005	363,577,543	-
Total liabilities	662,307,687	112,493,420	774,801,107	447,123,236	38,986
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	110,506	733,197	843,703	-	-
Deferred inflows related to pensions	3,712,412	565,790	4,278,202	22,863,430	-
Deferred inflows related to OPEB	71,998,563	11,037,695	83,036,258	151,898,127	-
Total deferred inflows of resources	75,821,481	12,336,682	88,158,163	174,761,557	-
NET POSITION					
Net investment in capital assets	114,598,074	434,885,090	549,483,164	465,534,738	-
Restricted:					
Debt Covenants	-	25,505,365	25,505,365	-	-
Capital Projects	85,919,850	59,243,092	145,162,942	85,316,431	-
School Nutrition	-	-	-	11,948,747	-
Grants	3,049,337	-	3,049,337	235,353	-
Tourism	1,524,576	-	1,524,576	-	-
Claim Fluctuation	3,029,919	-	3,029,919	-	-
Endowment	-	-	-	26,094	-
Unrestricted (deficit)	(333,325,656)	-	(333,325,656)	(354,268,412)	1,501,103
	\$ (125,203,900)	\$ 519,633,547	\$ 394,429,647	\$ 208,792,951	\$ 1,501,103

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 28,033,360	\$ -	\$ 7,852,770	\$ -
Judicial administration	13,192,352	134,723	2,640,433	-
Public safety	107,626,425	7,173,092	19,513,983	-
Public works	8,771,869	8,956	-	-
Health and human services	21,911,163	-	6,076,064	-
Parks, recreation and cultural	19,563,080	1,536,511	126,338	-
Community development	6,153,940	2,252,533	2,104,319	-
Education:				
School operating	151,834,827	-	-	-
School capital projects	22,339,404	-	-	-
Transportation	15,581,515	20,790	-	4,418,597
Interest	4,553,665	-	-	-
Total Governmental Activities	399,561,600	11,126,605	38,313,907	4,418,597
Business-Type Activities:				
Water and sewer	62,426,187	55,600,917	-	20,385,864
Total Business-Type Activities	62,426,187	55,600,917	-	20,385,864
Total Primary Government	\$ 461,987,787	\$ 66,727,522	\$ 38,313,907	\$ 24,804,461
COMPONENT UNITS				
Stafford County School Board	\$ 466,113,505	\$ 24,855,944	\$ 135,460,716	\$ 9,648,140
Stafford County Economic Development Authority	1,306,071	120,548	-	-
Total component units	\$ 467,419,576	\$ 24,976,492	\$ 135,460,716	\$ 9,648,140
General revenues:				
Taxes:				
General property taxes				
Other local taxes				
Sales				
Fuels				
Consumer utility				
Motor vehicle decals				
Bank stock				
Recordation				
Occupancy				
Meals				
Cigarette tax				
Short-term rental				
Cable franchise				
Road impact fees				
Basic aid				
Grants and contributions not restricted to specific programs				
Investment earnings				
Gain on disposal of capital assets				
Miscellaneous				
Total general revenues and transfers				
Change in net position				
Net position (deficit), beginning				
Net position (deficit), ending				

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Exhibit 2
Page 2 of 2

Primary Government			Component Units		
Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA	
\$ (20,180,590)	\$ -	\$ (20,180,590)	\$ -	\$ -	
(10,417,196)	-	(10,417,196)	-	-	
(80,939,350)	-	(80,939,350)	-	-	
(8,762,913)	-	(8,762,913)	-	-	
(15,835,099)	-	(15,835,099)	-	-	
(17,900,231)	-	(17,900,231)	-	-	
(1,797,088)	-	(1,797,088)	-	-	
(151,834,827)	-	(151,834,827)	-	-	
(22,339,404)	-	(22,339,404)	-	-	
(11,142,128)	-	(11,142,128)	-	-	
(4,553,665)	-	(4,553,665)	-	-	
(345,702,491)	-	(345,702,491)	-	-	
-	13,560,594	13,560,594			
-	13,560,594	13,560,594			
(345,702,491)	13,560,594	(332,141,897)			
-	-	-	(296,148,705)	-	
-	-	-	-	(1,185,523)	
-	-	-	(296,148,705)	(1,185,523)	
294,188,906	-	294,188,906	-	-	
23,581,320	-	23,581,320	41,058,860	-	
6,510,106	-	6,510,106	-	-	
5,640,181	-	5,640,181	-	-	
34,379	-	34,379	-	-	
690,895	-	690,895	-	-	
6,234,520	-	6,234,520	-	-	
3,081,123	-	3,081,123	-	-	
14,976,589	-	14,976,589	-	-	
1,434,496	-	1,434,496	-	-	
128,575	-	128,575	-	-	
251,544	-	251,544	-	-	
941,685	-	941,685	-	-	
-	-	-	115,700,380	-	
12,542,261	-	12,542,261	151,834,827	381,068	
14,457,201	5,927,911	20,385,112	2,832,331	72,957	
-	69,930	69,930	38,560	-	
14,263,275	613,413	14,876,688	371,677	-	
398,957,056	6,611,254	405,568,310	311,836,635	454,025	
53,254,565	20,171,848	73,426,413	15,687,930	(731,498)	
(178,458,465)	499,461,699	321,003,234	193,105,021	2,232,601	
\$ (125,203,900)	\$ 519,633,547	\$ 394,429,647	\$ 208,792,951	\$ 1,501,103	

The accompanying notes are an integral part of these financial statements.

COUNTY OF STAFFORD, VIRGINIA

BALANCE SHEET – GOVERNMENTAL FUNDS
As of June 30, 2024

Exhibit 3

	General Fund	Special Revenue	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
		Transportation Fund	General Capital Projects Fund		
ASSETS					
Equity in pooled cash and investments	\$ 190,737,569	\$ 27,585,265	\$ 25,529,024	\$ 1,791,809	\$ 245,643,667
Restricted assets:					
Restricted cash	12,451,855	-	3,378,549	21,895,227	37,725,631
Cash with fiscal agents	3,200,126	5,300,471	-	-	8,500,597
Receivables, net of allowances:					
Accounts receivable	5,993,999	1,207,362	-	5,492,067	12,693,428
Property taxes receivable	17,844,726	-	-	93,389	17,938,115
Intergovernmental receivables	8,158,049	2,691,607	-	835,688	11,685,344
Lease receivable	112,481	-	-	-	112,481
Inventory	2,743	-	-	-	2,743
Prepaid expenditures	155,541	-	-	-	155,541
Total assets	<u>\$ 238,657,089</u>	<u>\$ 36,784,705</u>	<u>\$ 28,907,573</u>	<u>\$ 30,108,180</u>	<u>\$ 334,457,547</u>
LIABILITIES					
Accounts payable	\$ 5,843,062	\$ 2,351,139	\$ 402,123	\$ 1,409,376	\$ 10,005,700
Accrued salaries and benefits	3,239,010	7,043	2,438	7,486	3,255,977
Accrued arbitrage	-	-	3,378,549	-	3,378,549
Retainages payable	-	-	157,899	195,102	353,001
Other liabilities	1,513,542	-	-	-	1,513,542
Due to component unit	39,224,354	-	-	-	39,224,354
Deposits and escrows	28,766,933	-	-	276,259	29,043,192
Unearned revenues	16,278,191	-	-	90,483	16,368,674
Total liabilities	<u>94,865,092</u>	<u>2,358,182</u>	<u>3,941,009</u>	<u>1,978,706</u>	<u>103,142,989</u>
DEFERRED INFLOWS					
Unavailable revenue - property taxes	8,564,309	-	-	80,323	8,644,632
Deferred inflows related to leases	110,506	-	-	-	110,506
Deferred inflows related to opioid	2,301,757	-	-	-	2,301,757
Total deferred inflows	<u>10,976,572</u>	<u>-</u>	<u>-</u>	<u>80,323</u>	<u>11,056,895</u>
FUND BALANCES					
Nonspendable	158,284	-	-	-	158,284
Restricted	6,261,565	34,426,523	24,966,564	27,869,030	93,523,682
Committed	54,995,366	-	-	180,121	55,175,487
Assigned	14,939,989	-	-	-	14,939,989
Unassigned	56,460,221	-	-	-	56,460,221
Total fund balances	<u>132,815,425</u>	<u>34,426,523</u>	<u>24,966,564</u>	<u>28,049,151</u>	<u>220,257,663</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 238,657,089</u>	<u>\$ 36,784,705</u>	<u>\$ 28,907,573</u>	<u>\$ 30,108,180</u>	<u>\$ 334,457,547</u>

COUNTY OF STAFFORD, VIRGINIA

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION Exhibit 4
 As of June 30, 2024

Total fund balances - governmental funds \$ 220,257,663

Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

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

Capital assets	\$ 426,218,638	
Less: Accumulated depreciation	<u>(207,720,839)</u>	
Net capital assets		218,497,799

Certain amounts were not available to fund current expenditures of governmental funds, and therefore, were not reported as revenue 10,946,389

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

Investment in joint venture	12,694,038	
Lease and subscription assets, net	3,150,968	
Note receivable - component units	<u>240,000</u>	
Total other assets		16,085,006

Deferred outflows of resources represent a consumption of net position that applies to a future period and are not recognized as deferred outflows of resources in the governmental funds.

Pension plan	16,885,898	
Other postemployment benefits	<u>24,567,751</u>	
		41,453,649

Certain obligations are not due and payable in the current period, and therefore, are not reported as liabilities in governmental funds:

General obligation bonds	(333,640,000)	
Bond premiums	(33,291,261)	
VRA loans	(53,414,219)	
Installment financing agreements	(9,141,490)	
Lease and subscription liabilities	(3,076,295)	
Net pension liability	(28,447,222)	
Net other postemployment benefits liability	(76,822,696)	
Compensated absences	(12,821,097)	
Loss on refunding	2,431,267	
Accrued insurance claims	(1,300,146)	
Accrued interest	<u>(7,210,272)</u>	
		(556,733,431)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and are not recognized as deferred inflows of resources in the governmental funds.

Pension plan	(3,712,412)	
Other postemployment benefits	<u>(71,998,563)</u>	
		<u>(75,710,975)</u>

Net position (deficit) of governmental activities \$ (125,203,900)

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

Exhibit 5

	Special Revenue		Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Transportation Fund	General Capital Projects Fund		
REVENUES					
General property taxes	\$ 288,884,146	\$ -	\$ -	\$ 4,059,435	\$ 292,943,581
Other local taxes	53,019,714	6,510,106	-	3,975,593	63,505,413
Permits, privilege fees, and regulatory licenses	4,997,778	-	-	-	4,997,778
Fines and forfeitures	727,070	-	-	-	727,070
Use of money and property	10,351,178	228,754	3,366,128	511,141	14,457,201
Charges for services	5,400,777	-	-	980	5,401,757
Intergovernmental	50,749,556	3,336,498	-	1,188,711	55,274,765
Miscellaneous revenue	11,967,625	18,803	-	55,090	12,041,518
Total revenues	426,097,844	10,094,161	3,366,128	9,790,950	449,349,083
EXPENDITURES					
Current:					
General government administration	25,644,070	-	664,907	-	26,308,977
Judicial administration	12,098,539	-	379,870	7,097	12,485,506
Public safety	97,031,439	-	252,341	443,006	97,726,786
Public works	6,537,594	-	1,772,675	-	8,310,269
Health and human services	21,702,984	-	-	-	21,702,984
Parks, recreation and cultural	14,955,230	-	485,543	44,652	15,485,425
Community development	4,792,481	-	-	1,237,316	6,029,797
Education					
School operating	151,834,827	-	-	-	151,834,827
School capital projects	18,342,069	-	3,997,335	-	22,339,404
Transportation	-	6,121,675	-	321,445	6,443,120
Capital outlay	8,928,082	5,021,394	5,119,925	6,775,684	25,845,085
Debt service:					
Principal retirement	25,908,672	815,684	-	2,141,476	28,865,832
Interest and other fiscal charges	2,719,692	425,010	3,378,549	504,927	7,028,178
Bond issuance costs	-	-	67,625	-	67,625
Total expenditures	390,495,679	12,383,763	16,118,770	11,475,603	430,473,815
Excess/(Deficiency) of revenues over/(under) expenditures	35,602,165	(2,289,602)	(12,752,642)	(1,684,653)	18,875,268
OTHER FINANCING SOURCES (USES)					
Transfers in	1,820,827	11,262,784	12,764,903	16,258,724	42,107,238
Transfers out	(25,714,727)	(4,531,327)	(8,990,782)	(2,870,402)	(42,107,238)
Issuance of debt:					
Issuance of new loans	-	-	2,116,548	-	2,116,548
Issuance of new installment financing agreement	-	-	-	5,187,936	5,187,936
Issuance of new lease liability	1,459,262	-	-	-	1,459,262
Total other financing sources (uses), net	(22,434,638)	6,731,457	5,890,669	18,576,258	8,763,746
Net change in fund balances	13,167,527	4,441,855	(6,861,973)	16,891,605	27,639,014
Fund balances, beginning	119,647,898	29,984,668	31,828,537	11,157,546	192,618,649
Fund balances, ending	\$ 132,815,425	\$ 34,426,523	\$ 24,966,564	\$ 28,049,151	\$ 220,257,663

COUNTY OF STAFFORD, VIRGINIA

**RECONCILIATION FOR THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024**

Exhibit 6

Net change in fund balances - total governmental funds		\$ 27,639,014
Reconciliation of amounts reported for governmental activities in the Statement of Activities		
Governmental funds report capital outlays as expenditures; however in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net change in the carrying amount of capital assets in the current period:		
Acquisition of capital assets	\$ 20,804,041	
Loss on sale of capital assets	(7,071,423)	
Less depreciation expense	<u>(15,218,849)</u>	
Net decrease in carrying value of capital assets		(1,486,231)
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in governmental funds		3,547,082
Changes in the investment in joint venture and various receivable balances are included in expenses based on their functional category:		
Change in investment in joint venture	2,578,248	
Change in note receivable - component units	<u>(80,000)</u>	
		2,498,248
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and issuance costs are expenditures in the governmental funds, but repayment reduces long-term liabilities on the Statement of Net Position.		
Debt issued or incurred:		
VRA loans	(2,010,000)	
Bond premiums	(106,548)	
Installment financing agreements	(5,187,936)	
Lease and subscription liabilities	(1,459,262)	
Principal repayments:		
General obligation bonds	23,111,672	
VRA loans	4,217,685	
Installment financing agreements	1,536,475	
Lease and subscription liabilities	<u>690,802</u>	
		20,792,888
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:		
Accrued interest	62,682	
Compensated absences	(1,023,949)	
Accrued insurance claims	(155,473)	
Deferred loss on refunding	(182,171)	
Amortization of premium	2,690,070	
Amortization of lease and subscription assets	(774,413)	
Change in net pension liability and related deferred inflows and outflows	3,456	
Change in net OPEB liability and related deferred inflows and outflows	<u>(356,638)</u>	
		<u>263,564</u>
Change in net position of governmental activities		<u>\$ 53,254,565</u>

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF NET POSITION – PROPRIETARY FUNDS
As of June 30, 2024

Exhibit 7

	<u>Water and Sewer Enterprise Fund</u>
ASSETS	
Current assets:	
Equity in pooled cash and investments	\$ 80,854,629
Receivables, net of allowances:	
Accounts receivable	4,640,812
Unbilled receivables	4,203,727
Inventory	1,734,999
Prepaid expenses	3,335
Total current assets	<u>91,437,502</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash	25,505,365
Lease receivable	749,237
Capital assets:	
Non-depreciable capital assets	75,488,557
Depreciable capital assets, net	443,033,547
Total capital assets	<u>518,522,104</u>
Total noncurrent assets	<u>544,776,706</u>
Total assets	<u>636,214,208</u>
DEFERRED OUTFLOWS	
Deferred loss on refunding	1,910,586
Deferred outflows related to pensions	2,573,494
Deferred outflows related to OPEB	3,765,361
Total deferred outflows	<u>8,249,441</u>
LIABILITIES	
Current liabilities:	
Accounts payable	7,275,297
Accrued salaries and benefits	464,665
Accrued interest	681,167
Accrued insurance claims	129,680
Retainages payable	1,223,495
Other liabilities	35,709
Deposits and escrows	6,570,616
Current portion of long-term debt	5,407,232
Total current liabilities	<u>21,787,861</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	74,595,604
Net pension liability	4,335,496
Net OPEB liability	11,774,459
Total noncurrent liabilities	<u>90,705,559</u>
Total liabilities	<u>112,493,420</u>
DEFERRED INFLOWS	
Deferred inflows related to leases	733,197
Deferred inflows related to pensions	565,790
Deferred inflows related to OPEB	11,037,695
Total deferred inflows	<u>12,336,682</u>
NET POSITION	
Net investment in capital assets	434,885,090
Restricted:	
Debt Covenants	25,505,365
Capital Projects	59,243,092
Total net position	<u>\$ 519,633,547</u>

The accompanying notes are an integral part of these financial statements.

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION – PROPRIETARY FUNDS
 For the Year Ended June 30, 2024

Exhibit 8

	Water and Sewer Enterprise Fund
OPERATING REVENUES	
Charges for services	\$ 55,600,917
Miscellaneous	613,413
Total operating revenues	<u>56,214,330</u>
OPERATING EXPENSES	
Personnel services	15,285,768
Contractual services	9,725,654
Materials and supplies	12,516,478
Utilities	2,773,303
Telecommunication and internal services	2,520,517
Depreciation and amortization	16,613,267
Bad debt	(70,963)
Miscellaneous	524,886
Total operating expenses	<u>59,888,910</u>
Operating loss	<u>(3,674,580)</u>
NONOPERATING REVENUES (EXPENSES)	
Interest and investment revenues	5,927,911
Interest expense	(2,755,717)
Amortization of bond discount	329,876
Amortization of loss on refunding	(111,436)
Gain on disposal of capital assets	69,930
Total nonoperating revenues, net	<u>3,460,564</u>
Net loss before capital contributions	(214,016)
CAPITAL AND OTHER CONTRIBUTIONS	
Donated capital assets	13,215,960
Availability fees	4,753,258
Prorata fees	2,416,646
Total capital and other contributions	<u>20,385,864</u>
Change in net position	20,171,848
Net position, beginning	499,461,699
Net position, ending	<u>\$ 519,633,547</u>

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
For the Year Ended June 30, 2024

Exhibit 9

	Water and Sewer Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 54,036,654
Other receipts	601,137
Payments to suppliers	(23,389,740)
Payments to employees	(18,351,972)
Other disbursements	(524,886)
Net cash provided by operating activities	<u>12,371,193</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(21,952,149)
Principal paid on bonds	(4,251,725)
Interest payments on bonds	(2,794,489)
Proceeds on sale of capital assets	112,320
Availability fees and prorata fees received	7,169,904
Net cash used in capital and related financing activities	<u>(21,716,139)</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>5,927,911</u>
Net cash provided by investing activities	<u>5,927,911</u>
Net decrease in cash and cash equivalents	(3,417,035)
Cash and cash equivalents, beginning of year	<u>109,777,029</u>
Cash and cash equivalents, end of year	<u>\$ 106,359,994</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (3,674,580)
Depreciation expense	16,613,267
Changes in assets and liabilities:	
Increase in accounts receivable	(815,385)
Decrease in lease receivable	82,670
Increase in unbilled receivables	(819,841)
Decrease in inventory	15,682
Increase in accounts payable	2,662,186
Increase in accrued salaries and benefits	68,250
Increase in accrued insurance claims	24,374
Increase in retainages payable	525,928
Increase in deposits and escrows	942,416
Increase in compensated absences	140,139
Decrease in lease related liabilities and deferrals	(94,946)
Increase in pension related liabilities and deferrals	2,868
Decrease in OPEB related liabilities and deferrals	(3,301,835)
Total adjustments	<u>16,045,773</u>
Net cash provided by operating activities	<u>\$ 12,371,193</u>
Supplemental disclosure of noncash capital and related financing activities:	
Loss on the disposal of capital assets	\$ (42,390)
Donated capital assets	13,215,960
Amortization of bond premium	329,876
Amortization of loss on refundings	(111,436)

COUNTY OF STAFFORD, VIRGINIA

STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
As of June 30, 2024

Exhibit 10

	Custodial Funds	Postemployment Benefits Trust
ASSETS		
Current assets:		
Cash and short-term investments	\$ 14,752,069	\$ 15,462,709
Investments	9,626,740	-
Receivables:		
Property taxes	2,932,649	-
Accounts	1,498,278	-
Lease assets, net	2,475	-
Other assets	16,658,463	-
Total assets	<u>45,470,674</u>	<u>15,462,709</u>
DEFERRED OUTFLOWS		
Deferred outflows related to pensions	461,019	-
Deferred outflows related to OPEB	619,214	-
Total deferred outflows	<u>1,080,233</u>	<u>-</u>
LIABILITIES		
Accounts payable	1,477,373	-
Accrued salaries and benefits	149,698	-
Other liabilities	15,750,489	-
Total liabilities	<u>17,377,560</u>	<u>-</u>
Deferred inflows related to pensions	101,356	-
Deferred inflows related to property taxes	2,933,121	-
Deferred inflows related to OPEB	1,808,288	-
Total deferred inflows	<u>4,842,765</u>	<u>-</u>
NET POSITION		
Restricted for:		
Postemployment benefits other than pensions	-	15,462,709
Individuals, organizations, and other governments	24,330,582	-
Total net position	<u>\$ 24,330,582</u>	<u>\$ 15,462,709</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
For the Year Ended June 30, 2024

	Custodial Funds	Postemployment Benefits Trust
ADDITIONS		
Contributions and collections	\$ 20,548,862	\$ -
Investment Earnings	-	1,339,455
Net investment activity	-	1,339,455
Total additions	<u>20,548,862</u>	<u>1,339,455</u>
DEDUCTIONS		
Administration	-	14,552
Payments to bondholders and operating expenses	22,199,800	-
Total deductions	<u>22,199,800</u>	<u>14,552</u>
Change in net position	(1,650,938)	1,324,903
Net position, beginning	25,981,520	14,137,806
Net position, ending	<u>\$ 24,330,582</u>	<u>\$ 15,462,709</u>

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

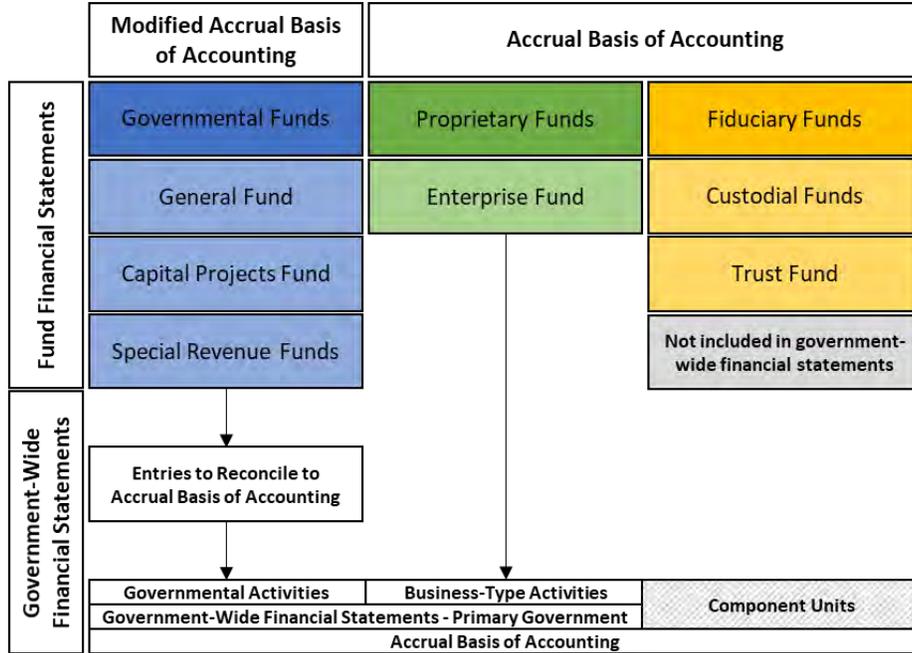
The County of Stafford, Virginia (County) is located in northeastern Virginia, approximately 40 miles south of Washington, DC, and 55 miles north of Richmond, Virginia. It was founded in 1664 and was named for Staffordshire, England. It encompasses 277 square miles and has a population of 167,421.

The government of the County provides a full range of local government services including public safety, public works, public education, health and human services, parks and recreation, and community development. The County is organized under the County Administrator form of government, as provided for by Commonwealth of Virginia (the Commonwealth) law. Under this form of government, the policies concerning the financial and business affairs of the County are determined by the Board of County Supervisors (the Board). The Board is composed of seven members, elected by district, who have authority over local taxation, budgets, borrowing, local ordinances and policy. The Board appoints a County Administrator to serve as the chief administrative officer of the County. The County Administrator carries out the policies established by the Board. The accompanying financial statements include the County's primary government and component units over which the County exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the County (as distinct from legal relationships).

The financial statements of the County conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units as promulgated by the Governmental Accounting Standards Board (GASB). The following is a summary of the County's more significant accounting policies:

A. THE FINANCIAL REPORTING MODEL AND THE REPORTING ENTITY

The basic financial statements include both fund financial statements which are based on individual governmental, proprietary, and fiduciary funds, and government-wide financial statements, which are based on the County as a whole, including component units (see Illustration, below).



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NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB has established requirements and a reporting model for the annual financial reports of state and local governments. The reporting model was developed to make annual reports easier to understand and more useful to the people who use governmental financial information to make decisions. The reporting model includes:

Management's Discussion and Analysis – The financial statements are accompanied by a narrative introduction and analytical overview of the government's financial activities in the form of "management's discussion and analysis" (MD&A).

Government-wide financial statements – The reporting model includes financial statements prepared using the accrual basis of accounting, and includes all of the government's activities, except for fiduciary funds. This approach includes current assets and liabilities, such as cash and accounts payable, as well as capital assets and long-term liabilities, such as buildings and general obligation debt. The accrual basis of accounting reports all of the revenues and costs of providing services each year, not just those received or paid in the current year or soon thereafter.

Statement of Net Position – The Statement of Net Position displays the net financial position of the Primary Government (governmental and business-type activities) and its discretely presented component units. Governments report all capital assets and their related debt in the government-wide Statement of Net Position. The net position of a government is broken down into three categories – (1) net investment in capital assets, (2) restricted, and (3) unrestricted.

Statement of Activities – The Statement of Activities reports expenses and revenues in a format that focuses on the cost of each governmental function. The expense of individual functions is compared to the revenues generated directly by that function, thereby demonstrating the degree to which direct expenses are offset by program revenues.

Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Fund Financial Statements – The fund financial statements report detailed information about the County's operations. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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 the process of establishing the annual operating budget of the County and have an interest in following the actual financial progress over the course of the year. The County revises its original budget over the course of the year for a variety of reasons.

As required by GAAP, these financial statements present the Primary Government and its component units for which the government is considered financially accountable. The discretely presented component units are reported in separate columns in the government-wide statements to emphasize legal separation from the Primary Government. The component units are included in the County's financial report because of the significance of their operational or financial relationship with the County.

Discretely Presented Component Units:

County of Stafford School Board

The County of Stafford School Board (School Board) operates the public education system in the County for grades kindergarten through twelve. The County is accountable for all significant fiscal matters - approving the School Board's budget, funding deficits, and issuing bonds to finance capital facilities. The School Board delivers services which primarily benefit the citizens of the County. The School Board provides separately issued financial statements which may be obtained as follows:

Stafford County School Board
Attention: Chris R. Fulmer, CPA, CFE
Chief Financial Officer
31 Stafford Avenue
Stafford, Virginia 22554
(540) 658-6000
<https://www.staffordschools.net>

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stafford County Economic Development Authority

The Stafford County Economic Development Authority (EDA) works to elevate the profile and prosperity of local businesses, using thoughtful financing and incentives to encourage job creation, capital investment, and well-paced growth. The Board of County Supervisors appoints a voting majority of the EDA Board, and therefore, has the ability to impose its will. The EDA delivers services which primarily benefit the citizens of the County. The EDA provides separately issued financial statements which may be obtained as follows:

Stafford County Economic Development Authority
Attention: Secretary
1300 Courthouse Road
Stafford, Virginia 22554
(540) 658-8681
<https://staffordeda.com>

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The basic financial statements include both government-wide (based on the County as a whole) and fund financial statements. The focus is on either the County as a whole (within the government-wide statements) or on major individual funds (within the fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. In the government-wide Statement of Net Position, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reflected on an accrual basis, economic resources measurement focus, which incorporates long-term assets and receivables as well as long-term debt and obligations.

The government-wide Statement of Activities is reported using the economic resources measurement focus and accrual basis of accounting which reflects both the gross and net cost per functional category (public safety, public works, health and welfare, etc.) that are otherwise being supported by general government revenues (property, sales and use taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants, and contributions. The program revenues must be directly associated with the function (public safety, public works, health and welfare, etc.) or a business-type activity. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operation or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported as general revenues. The County does not allocate indirect expenses. The operating grants column includes operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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

The fund financial statements emphasize the major funds in either the governmental or business-type categories. Non-major funds are summarized into a single column. Each fund is considered to be an independent fiscal accounting entity, with a self-balancing set of accounts recording cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations. The governmental fund statements are presented on a current financial resources and modified accrual basis of accounting. This is the manner in which these funds are normally budgeted. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, a reconciliation is presented which briefly explains the adjustments necessary to reconcile the fund financial statements to the governmental column of the government-wide financial statements. The proprietary fund statements are presented on the economic resource and accrual basis of accounting.

The County's fiduciary funds are presented in the fund financial statements by type (custodial or trust). Since, by definition, these assets are being held for the benefit of a third party and cannot be used to address activities of the government; these funds are not incorporated into the government-wide statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a brief description of the specific funds used by the County in fiscal year 2024.

(1) Governmental Funds

The focus of governmental funds is on determination of current financial resources and changes in current financial resources. The County has the following governmental funds:

- a. **General Fund** is the primary operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major governmental fund.
- b. **Special Revenue Funds** are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The County's Special Revenue Funds include the following:
 - 1. **Transportation Fund** – accounts for the receipt and disbursement of the regional two percent motor fuels tax and developer contributions to be used for a variety of County transportation projects. Grants and revenue sharing arrangements are also used to fund project expenditures. The Transportation Fund is a major governmental fund.
 - 2. **Nonmajor Governmental Funds** – these funds are used to account for the activities of the County's special revenue funds that do not meet the criteria to be treated as a major fund. A description of the activities of each individual fund, as well as the combining schedules and individual budgetary comparisons (where applicable) can be found in Other Supplementary Information.
- c. **Capital Projects Funds** are used to account for current financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by Proprietary Funds).

General Capital Projects Fund – accounts for capital expenditures for land, new structures and the major repair, renovation and maintenance of existing structures. The General Capital Projects Fund is a major governmental fund.

(2) Proprietary Funds

The focus of Proprietary Funds is on accounting for activities in a similar manner as those found in the private sector. All assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses related to the County's business-type activities are accounted for through a proprietary fund. The measurement focus of the proprietary fund is on determination of net income, financial position, and cash flows.

- a. **Water and Sewer Fund** – this is the County's only enterprise fund and is a major fund. The intent of the County is that the costs (expenses, including depreciation) of providing water and sewer services to the general public on a continuing basis be financed or recovered primarily through user charges.

(3) Fiduciary Funds

The focus of Fiduciary Funds is on accounting for assets held by the County in a custodial or trustee capacity for individuals, private organizations, other governmental units, or other funds. Custodial Funds use economic resources measurement focus. The County's Fiduciary Funds include the following:

- a. **Custodial Funds** – these funds are used to account for activities wherein the County is acting in a custodial capacity for the benefit of other governments or organizations. These funds are not available for use by the County to support its own programs. A description of the activities of each individual fund, as well as the combining schedules can be found in Other Supplementary Information.
- b. **Postemployment Benefits Trust Fund** - accounts for the activities of the County's other postemployment benefits (OPEB) trust, which provides a portion of health insurance coverage for the County's retirees.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus. Generally, only current assets and current liabilities are included on the balance sheet for this presentation. Long-term assets and long-term liabilities are included in the government-wide statements. Operating statements of these funds present increases (e.g., revenues and other financing sources) and decreases (e.g., expenditures and other financing uses) in net current financial resources for this measurement focus.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The government-wide, fiduciary fund and proprietary fund financial statements are reported using the economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these activities are included on the Statement of Net Position and operating statements present increases (revenues) and decreases (expenses) in total net position.

The Statement of Net Position, Statement of Activities, and financial statements of the Proprietary and Fiduciary Funds are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized when earned and expenses are recorded when liabilities are incurred without regard to receipt or disbursement of cash.

Governmental funds utilize the modified accrual basis of accounting under which revenues and related assets are recorded when measurable and available to finance operations during the year. Accordingly, real and personal property taxes are recorded as revenues and receivables when levied, net of allowances for uncollectible amounts. Property taxes due before June 30, but not collected within 45 days after fiscal year end are reflected as unavailable revenue. Sales taxes collected and held by the State at year-end on behalf of the County are recognized in the period which the underlying transaction occurs.

Certain other governmental revenues and sales and services, other than utility customer receivables, are recorded in the period which the underlying transaction occurs if available. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been satisfied. Licenses, permits, fines and rents are recorded as revenue when received. General purpose entitlement revenues are recognized in the period to which the entitlement applies. The County considers all other revenues reported in the governmental funds, other than property taxes and grants, to be available if the revenues are collected within 60 days after year-end.

The County recognizes assets of nonexchange transactions in the period when the underlying transaction occurs, when an enforceable legal claim has arisen, or when all eligibility requirements are met. Nonexchange transactions occur when one government provides (or receives) value to (from) another party without receiving (or giving) equal or nearly equal value in return. Expenditures of governmental funds are recorded when the related fund liabilities are incurred. However, exceptions apply related to principal and interest on long-term debt, compensated absences, pensions, OPEB, and claims and judgments are recognized when due.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's enterprise fund and the School Board component unit's internal service funds are charges to customers for sales and services. Operating expenses for the aforementioned enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources (expense or expenditure) until then. The County has four items that meet this criterion – a loss resulting from the refunding of debt, pension, opioid funds and OPEB related deferrals. The refunding loss is the difference in the reacquisition price and the net carrying value of the old debt. The amount is amortized as a component of interest expense on the straight-line basis over the remaining life of the old debt, or the new debt, whichever is shorter. The pension and OPEB deferrals relate to contributions made to the corresponding plans in the 2024 fiscal year and changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions reported as deferred outflows of resources will be amortized in the following year. The opioid amounts relate to the amount that is expected to be received for opioid settlements.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net assets that applies to a future period which will not be recognized as an inflow of resources (revenue) until then. The County has a few items that meet this criterion such as prepaid property taxes, property taxes not collected within the period of availability, deferrals of pension expense and OPEB, and leases. These are explained in more detail in notes 6, 7 and 15 to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to April 1, the County Administrator submits a proposed budget (operating and capital) to the Board of Supervisors for the fiscal year commencing the following July 1. The budget includes proposed obligations and the means of financing them. The budget embodies estimates of specific amounts of revenue.
2. Public hearings are conducted by the Board of Supervisors to obtain taxpayer and citizen comments.
3. Prior to June 30, the budget is legally enacted by resolution of the Board of Supervisors. Budgets are legally adopted for the following governmental funds:

Primary Government

General Fund (Exhibit 12)	Lake Carroll Service District (Schedule 3-F)
Transportation Fund (Exhibit 13)	Lake Arrowhead Service District (Schedule 3-G)
General Capital Projects Fund (Schedule 4)	Hidden Lake Dam Fund (Schedule 3-H)
Road Impact Fee – South East (Schedule 3-A)	Tourism Fund (Schedule 3-I)
Garrisonville Road Service District (Schedule 3-B)	Asset Forfeiture Fund (Schedule 3-J)
Warrenton Road Service District (Schedule 3-C)	Armed Services Memorial Fund (Schedule 3-K)
Lynhaven Lane Service District (Schedule 3-D)	E-Summons Fund (Schedule 3-L)
Transportation Impact Fee (Schedule 3-E)	Wetlands (Schedule 3-M)
	Fire & Rescue Levy Fund (Schedule 3-N)

Component Unit – School Board

School Operating Fund	Workers' Compensation Fund
Food and Nutrition Services Fund	Health Benefits Fund
School Grant Fund	School Capital Projects Fund

4. The budget for the proprietary fund serves as a guide to the County and not as legally binding limitations.
5. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. The budget is integrated into the accounting system. The budgetary data, as originally adopted and amended by the Board of Supervisors, is presented in the financial statements for all funds with legally adopted budgets with comparative actual revenue and expenditures. Individual amendments were not material in relation to the original appropriations.
8. By law, total expenditures by fund may not, and did not, exceed appropriations in fiscal year 2024.
9. At the close of the fiscal year, all appropriations lapse for budget items other than capital projects and grants. Appropriations designated for capital projects and grants remain in effect for the life of the project or grant, or until the Board changes or eliminates the appropriation by an ordinance or resolution.

F. DEPOSITS AND INVESTMENTS

Cash resources of the Primary Government, excluding cash held with fiscal agents, are combined to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of municipal bonds, corporate notes and bonds and obligations of the federal government which are recorded at fair value. Income from pooled investments is allocated only when contractually or legally required. Investment earnings are allocated to the various funds based on equity in the investment pool.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt and equity securities are valued using a matrix pricing technique, which values securities based on the securities' benchmark quoted prices. Level 3 investments are those which have significant unobservable inputs. The County does not have level 3 investments.

The Board's investments are primarily in short-term to mid-term securities that mature in five and a half years. Short-term investments including money market mutual funds, commercial paper, bankers' acceptances are highly liquid and are valued at amortized cost. Certificates of deposit and U.S. Agencies and Securities with terms to maturity of less than one year from the date of purchase may also be measured at amortized cost. Securities with terms of greater than one year at the time of purchase are valued at fair value.

All investments in external investment pools are reported at fair value or amortized cost.

G. RESTRICTED ASSETS – CASH AND INVESTMENTS

Certain cash and investment amounts are subject to constraints for specified uses either by entities external to the County, or through constitutional provision or enabling legislation. Such amounts are reported as restricted. When both unrestricted and restricted amounts are available for use, the County considers the restricted amounts to have been used first. In certain situations, the County may defer the use of restricted assets based on a review of the specific transaction.

H. INVENTORIES AND PREPAID ITEMS

Primary Government:

The General Fund inventory is stated at cost (first-in, first-out). It consists of small dollar office supplies held for consumption. Inventory is replenished when consumed.

The Water and Sewer Fund inventory is stated at cost (first-in, first-out). It consists of operating materials held for consumption.

Component Units:

The Food and Nutrition Services Fund carries its inventory on a cost basis (first-in, first-out), which is not in excess of market value. The inventory consists of food service supplies and perishable and non-perishable food products.

The Fleet Services Fund carries its inventory on a cost basis (first-in, first-out), which is not in excess of market value. It consists of parts, materials and supplies for repairs and maintenance of school and County vehicles.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements using the consumption method, and for the fund financial statements the purchase method is used.

I. CAPITAL ASSETS

Capital outlays are recorded as expenditures of the Primary Government in governmental funds and as capital assets in the government-wide and in the proprietary fund financial statements to the extent the County's capitalization threshold of \$5,000 is met. Infrastructure within the County (roads, streets, bridges, etc.) is owned and maintained by the Commonwealth of Virginia (Department of Transportation) and is therefore not recorded in the County's financial statements. Depreciation is recorded on capital assets on a government-wide basis using the straight-line method and the following estimated useful lives:

	<u>Primary Government</u> <u>Governmental Activities</u>	<u>Component Unit – School Board</u> <u>Governmental Activities</u>
Land improvements	20 years	5 – 20 years
Buildings and building improvements	25 – 50 years	5 – 50 years
Distribution and collection systems	-	15 – 20 years
Furniture, fixtures and equipment	5 – 10 years	5 – 20 years
Software	3 – 5 years	5 – 15 years
Technology infrastructure	5 years	20 years
Vehicles	5 years	8 – 15 years

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

To the extent the County’s capitalization threshold of \$5,000 is met, capital outlays of the Proprietary Fund are recorded as capital assets and depreciated over their estimated useful lives on a straight-line basis on both the fund basis and the government-wide basis for the following useful lives:

	<u>Primary Government</u>	<u>Component Unit – School Board</u>
	<u>Water and Sewer</u>	<u>Fleet Services</u>
	<u>Fund</u>	<u>Fund</u>
Land improvements	20 years	5 – 20 years
Buildings and building improvements	20 – 100 years	5 – 50 years
Distribution and collection systems	20 – 80 years	15 – 20 years
Furniture, fixtures and equipment	5 – 10 years	5 – 20 years
Software	3 – 5 years	5 – 15 years
Technology infrastructure	5 years	20 years
Vehicles	5 years	8 – 15 years

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated property is recorded at acquisition value. Maintenance, repairs and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded in the results of operations. There are no impaired capital assets.

J. REAL ESTATE AND PERSONAL PROPERTY DATA

The tax calendars for real and personal property taxes are summarized below.

	<u>Real Property</u>	<u>Personal Property</u>
Levy	January 1	January 1
Due Date	June 5 / December 5 (50% each date)	June 5 / December 5 (50% each date)
Lien Date	June 6 / December 6	June 6 / December 6

K. COMPENSATED ABSENCES

County employees accumulate vacation time and sick leave depending upon their length of service. The County has established accumulated leave balance thresholds for vacation and compensatory leave. There is no threshold on accumulated sick leave. Vacation leave up to the established threshold and a portion of sick leave time is payable upon termination of employment. Compensatory time earned by County employees up to the established threshold is also payable upon termination of employment.

In the governmental funds’, accumulated vacation, sick leave, and compensatory time for the Primary Government are reported when they have matured and are due. Current and long-term compensated absences liabilities, expected to be paid are recorded in the government-wide and proprietary fund financial statements.

L. LONG-TERM OBLIGATIONS

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are reported as expenses in the period in which they are incurred.

In the governmental funds’ financial statements, bond premiums and discounts, as well as issuance costs are recognized during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. All debt service costs including principal payments, are recognized as expenditures when due.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION (DEFICIT)

By law, the School Board does not have taxing authority and, therefore, it cannot incur debt through general obligation bonds to fund the acquisition, construction or improvement of its capital assets. That responsibility lies with the local governing body that issues the debt on behalf of the School Board. However, the *Code of Virginia* requires the School Board to hold title to the capital assets (buildings and equipment) due to their responsibility for maintenance and insurance.

In the Statement of Net Position, this scenario presents a dilemma for the Primary Government. Debt issued on behalf of the School Board is reported with the County debt as a liability of the Primary Government, thereby reducing the net position of the Primary Government. The corresponding capital assets are reported as assets of the Component Unit – School Board (title holder), thereby increasing their net position.

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with the School Board whenever the locality incurs a financial obligation which is payable over more than one fiscal year for any school property. The tenancy in common terminates when the associated debt has been paid in full. For financial reporting purposes, the legislation permits the locality to report the portion of the school property related to any outstanding financial obligation, thus eliminating a potential deficit from financing capital assets with debt. The legislation allows local governments to elect not to acquire a tenancy in common by adopting a resolution to that effect.

The County concluded that while joint tenancy would resolve a deficit in the Primary Government's net position, the continual computation process that would be required to allocate principal, interest, asset amount, and depreciation between the County and School Board would be cumbersome and not provide any added benefit to the financial statements. Therefore, the Board of Supervisors adopted a resolution declining tenancy in common for current and future financial obligations.

Of the \$125 million net position deficit in governmental activities in the government-wide Statement of Net Position, \$307.0 million is attributed to debt for school property and equipment.

N. FUND BALANCE and NET POSITION CLASSIFICATION

Fund Balance:

In the fund financial statements, fund balance for governmental funds is reported in classifications based primarily on the extent to which the County is bound to honor constraints on the specific purpose for which amounts in the funds may be spent. Fund balance is reported in five classifications – Nonspendable, Restricted, Committed, Assigned and Unassigned.

- Nonspendable – This classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.
- Restricted – This classification consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation may authorize the County to assess, levy, or otherwise mandate payment of resources (from external sources) and include a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.
- Committed – This classification consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision-making authority (the Board of Supervisors) through adopted resolutions. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the specified use by taking the same type of action (adopted resolution) it employed previously to commit those amounts.
- Assigned – This classification consists of amounts that are constrained by the County Management's intent to be used for specific purposes. The authority for assigning fund balance is assigned to the County Administrator and the Chief Financial Officer or their designee(s) as established by Board resolution adopting the County's Principles of High Performance Financial Management - Fund Balance Policy.
- Unassigned – This classification represents amounts that have not been restricted, committed or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount.

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources (committed, assigned and unassigned) as they are needed.

During its review of financial policies in fiscal year 2012, the Board established a goal of a minimum unassigned fund balance of twelve percent of General Fund operating revenues. This threshold must be met before other reserves are funded. The goal was met for fiscal year 2024.

During a review of its financial policies in fiscal year 2010, the Board created three General Fund reserves (R09-260 and R09-356) – Revenue Stabilization Reserve, Capital Projects Reserve, Stafford Opportunity Fund Reserve. These reserves allow flexibility for financial planning and addressing unanticipated expenditures and provide overall stability. Use of these reserves requires Board appropriation and must be for one-time, non-recurring expenditures. The reserves are in addition to minimum unassigned fund balance limits and are classified as committed fund balance.

During fiscal year 2019, the Board reviewed the County's financial policies and made changes (R19-182) that are designed to improve debt ratios and to strengthen and clarify fund balance reserve policies. Amounts in excess of the required minimum unassigned fund balance are assigned to the reserves according to the following hierarchy all of which are in the committed fund balance:

- Revenue Stabilization Fund – minimum 2% of General Fund revenues – to be used during times of economic downturns when there is a 2% shortfall of revenue within a single year and can be used for unanticipated emergencies and catastrophes.
- Capital Projects Reserve – a minimum of \$1.5 million for capital needs to reduce reliance on debt.
- Schools Capital Projects Reserve – a minimum of \$1.5 million for capital needs to reduce reliance on debt.
- Stafford Opportunity Fund – \$0.5 million to enhance and promote economic development.
- PDR Fund – dedicates all rollback tax revenue to purchase development rights and preserve open space and farm land.
- CSA Reserve – a minimum \$0.3 million reserve for expenditures for the Children's Services Act program. To be used in any year when CSA costs for private day school expenditures exceed the budget; 20% of the overage may be funded by utilizing the CSA Reserve.
- Reserve for Healthcare Costs - equal to the estimated Incurred But Not Reported (IBNR) plus 10% of annual claims.
- Any health care savings, after all expenditure and reserve needs have been met, will be set aside for a contribution to the OPEB Trust Fund.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification for Governmental Funds:

	General Fund	Transportation Fund	Capital Projects Fund	Other Nonmajor Governmental	Total
Nonspendable					
Prepays	\$ 155,541	\$ -	\$ -	\$ -	\$ 155,541
Inventory	2,743	-	-	-	2,743
Restricted					
Grant expenditures	1,463,974	-	-	-	1,463,974
Expenses utilizing appropriations	159,993	-	-	-	159,993
Drug enforcement	-	-	-	392,539	392,539
Claims fluctuation reserve	3,029,919	-	-	-	3,029,919
Court fees	128,609	-	-	-	128,609
Tourism	-	-	-	1,524,576	1,524,576
PEG Fees	446,239	-	-	-	446,239
Hidden Lake	-	-	-	84,402	84,402
E-Summons	-	-	-	98,470	98,470
Capital projects	-	34,426,523	24,966,564	25,769,043	85,162,130
Opioid funds	1,032,831	-	-	-	1,032,831
Committed					
Wetlands	-	-	-	180,121	180,121
Stafford Opportunity fund	500,000	-	-	-	500,000
Capital projects reserve	1,500,000	-	-	-	1,500,000
Capital projects reserve schools	5,000,000	-	-	-	5,000,000
Available for projects	23,785,173	-	-	-	23,785,173
Purchase of development rights	1,437,238	-	-	-	1,437,238
Health insurance	1,054,311	-	-	-	1,054,311
Road improvements	1,000,000	-	-	-	1,000,000
Land	1,000,000	-	-	-	1,000,000
Revenue stabilization reserve	13,410,038	-	-	-	13,410,038
School capital project reserve	6,308,606	-	-	-	6,308,606
Assigned					
Expenditures on prior appropriations	3,292,818	-	-	-	3,292,818
Corrections/ Juvenile Detention Center	500,043	-	-	-	500,043
CSA reserve	840,374	-	-	-	840,374
Expenditure fluctuation reserve	1,610,442	-	-	-	1,610,442
County capital projects	1,000,000	-	-	-	1,000,000
Fire and rescue volunteer reserve for capital needs	496,896	-	-	-	496,896
Future operations	5,740,680	-	-	-	5,740,680
One-Time Capital	1,458,736	-	-	-	1,458,736
Unassigned					
	56,460,221	-	-	-	56,460,221
Total	\$ 132,815,425	\$ 34,426,523	\$ 24,966,564	\$ 28,049,151	\$ 220,257,663

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

The government-wide financial statements utilize a net position presentation. Net position is presented in three components – net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – This component of net position consists of capital assets and leases, net of accumulated depreciation and amortization and reduced by the outstanding balances of any borrowings attributable to the acquisition, construction, or improvement of those assets including deferred outflows and inflows of resources related to total borrowings.

Restricted – This component consists of amounts that have constraints placed on them either externally by third-parties (creditors, grantors, contributors, or laws or regulations of other governments) or by law through constitutional provisions or enabling legislation. Enabling legislation may authorize the County to assess, levy, or otherwise mandate payment of resources (from external sources) and include a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation.

Unrestricted – This component consists of financial statement elements that do not meet the definition of “net invested in capital assets” and “restricted”. Deficits in unrestricted fund balance will require future funding.

The County operates a Water and Sewer Utilities Fund (business-type enterprise fund). The fund maintains a repair, renewal and rehabilitation reserve based on 150 days of operating and maintenance expenses. Unrestricted net position is in addition to all other required restrictions.

O. CASH FLOWS

In accordance with GAAP, the County has presented a Statement of Cash Flows for the Water and Sewer Fund. The cash amounts used in this Statement of Cash Flows is the equivalent of all demand deposits as well as short-term investments. For purposes of this statement, cash and cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and investments with original maturities of three months or less.

P. USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

Q. OTHER POSTEMPLOYMENT BENEFITS

Retiree Health Insurance

The Stafford County Retired Employees Health Insurance Plan (SCREHIP) is a single-employer defined benefit plan that provides health insurance to Stafford County retirees. The fiduciary net position of SCREHIP has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the SCREHIP fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Group Life Insurance

The Virginia Retirement System (VRS) Group Life Insurance (GLI) Program is 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 §51.1-500 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 GLI Program is a defined benefit plan that provides a basic group life insurance 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 Group Life Insurance 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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Insurance Credit Program

The VRS Political Subdivision Health Insurance Credit (HIC) Program is a multiple-employer, agent defined benefit plan that provides a credit toward the cost of health insurance coverage for retired political subdivision employees of participating employers. The Political Subdivision HIC Program was established pursuant to §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. For purposes of measuring the net Political Subdivision HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program OPEB, and the Political Subdivision HIC Program OPEB expense, information about the fiduciary net position of the VRS Political Subdivision HIC Program and the additions to/deductions from the VRS Political Subdivision HIC Program'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.

R. PENSIONS

The VRS Political Subdivision Retirement Plan is a multi-employer agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the 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. Stafford County School Board also participates with VRS multiple-employer and cost-sharing pension plans. For more information about Schools' pensions, please refer to Note 1.A for information about how to obtain a copy of their separately issued financial report.

S. GASB STATEMENTS

During fiscal year 2024, the County implemented GASB Statement No. 99, *Omnibus 2022*. The primary objective of this Statement is to enhance compatibility in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during the implementation and application of certain GASB Statements, and accounting and financial reporting for financial guarantees. There was no material impact.

During fiscal year 2024, the County implemented GASB Statement No. 100, *Accounting Changes and Error Corrections-an amendment of GASB Statement No 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. There was no material impact.

T. SUBSEQUENT EVENTS

The County has evaluated subsequent events through December 10, 2024, the date on which the financial statements were to be issued. Note 18 describes the subsequent event.

NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS

A. DEPOSITS

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

B. INVESTMENTS

Statutes authorize local governments and other public bodies to invest in obligations of the United States or agencies thereof, obligations of the Commonwealth of Virginia or political subdivisions thereof, obligations of the International Bank for Reconstruction and Development (World Bank), the Asian Development Bank, the African Development Bank, "prime quality" commercial paper and certain corporate notes, bankers' acceptances, repurchase agreements, the State Treasurer's Local Government Investment Pool (LGIP) and the Commonwealth of Virginia State Non-Arbitrage Program (SNAP).

External Investment Pools

Virginia Local Government Investment Pool (LGIP)

The Treasurer invests in a professionally management money market fund, the LGIP, which diversifies investments in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and regulatory oversight of the pool rests with the Virginia State Treasury, not the SEC. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. It is the policy of the LGIP management to invest funds in accordance with Section 2.2-4500, et seq. of the code with the primary objectives (in priority order) of safety, liquidity and return on investment. The reported value of the position of the LGIP is measured at amortized cost and the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share. Redemptions of shares are not subject to redemption fees or withdrawal penalties and can be made on any banking day without limitations.

Virginia State Non-Arbitrage Program (SNAP)

The Treasurer has invested proceeds of the 2023 Landfill Special Revenue Bond, and all the School Board VPSA bonds in the SNAP Fund (the Program) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended. The Program invests in the PFM Funds Prime Series-SNAP Fund Class. PFMAM is 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 is consistent with maintaining liquidity and stability of principle. It also provides Virginia issuers of tax-exempt borrowings investment management, accounting and arbitrage rebate calculation services. The Fund invests in qualifying obligations and securities as permitted by Virginia statutes. The reported value of the position in the SNAP external investment pool is measured at amortized cost and the same as the value of the pool's shares, \$1 per share. Redemption of shares are not subject to redemption fees or withdrawal penalties and can be made on any banking day without limitations.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

The County has the following recurring reported value measurements as of June 30, 2024:

	Valuation Method	Reported Value	Significant Other Observable Inputs (Level 2)
Investment Type			
U.S. Agencies and Securities	Fair Value	\$ 60,626,937	\$ 60,626,937
Corporate Notes and Bonds	Fair Value	15,169,600	15,169,600
Commercial Paper	Amortized Cost	6,997,494	-
Certificates of Deposit	Amortized Cost	8,729,675	-
Money Market Mutual Funds	Amortized Cost	130,557	-
LGIP	Amortized Cost	253,965,941	-
SNAP	Amortized Cost	1,318,354	-
SNAP-School Construction	Amortized Cost	3,378,549	-
Total		\$ 350,317,107	\$ 75,796,537
Component Unit			
LGIP	Amortized Cost	\$ 5,604,905	\$ -
SNAP	Amortized Cost	87,685,230	-
Total		\$ 93,290,135	\$ -
Held in County's Name as Fiduciary			
U.S. Agencies and Securities	Fair Value	\$ 7,281,047	\$ 7,281,047
Corporate Notes and Bonds	Fair Value	914,232	914,232
Certificates of Deposit	Amortized Cost	730,322	-
Commercial Paper	Amortized Cost	680,148	-
Money Market Mutual Funds	Amortized Cost	20,991	-
Total		\$ 9,626,740	\$ 8,195,279

(1) Custodial Credit Risk

The County's investment securities at June 30, 2024 were held by the County or in the County's name by the County's custodial banks.

(2) Credit Risk of Debt Securities

Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2024 and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

At year-end the Primary Government’s and Component Unit - Stafford County Public School’s investment balances were as follows:

	AAAm	A-1	AAA	AA
Primary Government:				
U.S. Agencies	\$ -	\$ -	\$ -	\$ 60,626,937
Corporate Notes and Bonds	-	-	1,059,619	14,109,981
Commercial Paper	-	6,997,494	-	-
Certificates of Deposits	-	8,729,675	-	-
Money Market Mutual Funds	130,557	-	-	-
LGIP	253,965,941	-	-	-
SNAP	1,318,354	-	-	-
SNAP-School Construction	3,378,549	-	-	-
Total	\$ 258,793,401	\$ 15,727,169	\$ 1,059,619	\$ 74,736,918
Component Unit - Stafford County Public Schools:				
LGIP	\$ 5,604,905	\$ -	\$ -	-
SNAP	87,685,230	-	-	-
Total	\$ 93,290,135	\$ -	\$ -	-
Held in County’s Name as Fiduciary				
U.S. Agencies and Securities	\$ -	\$ -	\$ -	\$ 7,281,047
Corporate Notes and Bonds	-	-	-	914,232
Commercial Paper	-	680,148	-	-
Certificates of Deposit	-	730,322	-	-
Money Market Mutual Funds	20,991	-	-	-
Total	\$ 20,991	\$ 1,410,470	\$ -	\$ 8,195,279

As of June 30, 2024, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor’s and/or Moody’s. Ratings must comply with the investment policy prior to any purchase.

(3) Concentration of Credit Risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. In accordance with GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and the issuer.

At June 30, 2024, the County did not have any investments exceeding 5% of the total investment.

(4) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the County’s investment policy generally sets a 5-year maximum maturity from the date of purchase. Additionally, the County requires 25% of the liquid funds be invested in over-night funds while the remaining 75% be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5.5 years and a duration requirement not exceeding 3 years to manage portfolio volatility. The County establishes these guidelines to minimize investment risk in the portfolio.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 2. DEPOSITS AND INVESTMENTS (Continued)

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1 Year	1-5 Years	6 -10 Years	Over 10 Years
Primary Government					
U.S. Agencies and Securities	\$ 60,626,937	\$ 22,816,383	\$ 36,952,525	\$ 522,565	\$ 335,464
Corporate Notes and Bonds	15,169,600	6,351,560	8,818,040	-	-
Commercial Paper	6,997,494	6,997,494	-	-	-
Certificates of Deposit	8,729,675	8,729,675	-	-	-
Money Market Mutual Funds	130,557	130,557	-	-	-
LGIP	253,965,941	253,965,941	-	-	-
SNAP	1,318,354	1,318,354	-	-	-
SNAP-School Construction	3,378,549	3,378,549	-	-	-
Total	\$ 350,317,107	\$ 303,688,513	\$ 45,770,565	\$ 522,565	\$ 335,464
Component Unit - Stafford County Public Schools					
LGIP	\$ 5,604,905	\$ 5,604,905	\$ -	\$ -	\$ -
SNAP	87,685,230	87,685,230	-	-	-
Total	\$ 93,290,135	\$ 93,290,135	\$ -	\$ -	\$ -
Held in County's Name as Fiduciary					
U.S. Agencies and Securities	\$ 7,281,047	\$ 2,289,855	\$ 4,984,897	\$ 6,295	\$ -
Corporate Notes and Bonds	914,232	274,753	639,479	-	-
Certificates of Deposit	730,322	730,322	-	-	-
Commercial Paper	680,148	680,148	-	-	-
Money Market Mutual Funds	20,991	20,991	-	-	-
Total	\$ 9,626,740	\$ 3,996,069	\$ 5,624,376	\$ 6,295	\$ -

C. COUNTY AND COMPONENT UNIT'S OPEB FUNDS

As of June 30, 2024, the carrying value of the County's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust) and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	\$ 15,462,709	Not Rated

As of June 30, 2024, the carrying value of the Component Unit – Stafford County Public School's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	\$ 43,289,637	Not Rated

The County's OPEB trust fund and the Stafford County Public School's OPEB trust fund are participants in the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust). The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials participating in the Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The reported value of the pool is measured at amortized cost and can be redeemed on demand for use against qualified OPEB benefit costs. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5.0 percent after inflation, in a manner consistent with prudent risk-taking. Investment decisions for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they will oversee adherence to the investment policy.

The Board of Trustees review, monitor, and evaluate the performance of the investments and its investment advisors in light of available investment opportunities, market conditions, and publicly available indices for the generally accepted evaluation and measurement of such performance. Specific investment information for the Virginia Pooled OPEB Trust can be obtained by writing to VML/VACo Finance Program, 919 East Main Street Suite 1100, Richmond, Virginia 23219.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 3. RECEIVABLES

Receivables at June 30, 2024 consist of the following:

Primary Government	General Fund	Transportation Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Water and Sewer Fund	Total
Property taxes	\$ 21,121,090	\$ -	\$ -	\$ 93,952	\$ -	\$ 21,215,042
Accounts	5,993,999	1,207,362	-	5,492,067	9,846,692	22,540,120
Intergovernmental	8,158,049	2,691,607	-	835,688	-	11,685,344
Gross receivables	35,273,138	3,898,969	-	6,421,707	9,846,692	55,440,506
Less: Allowance for uncollectible accounts	(3,276,364)	-	-	(563)	(1,002,153)	(4,279,080)
Net receivables	\$ 31,996,774	\$ 3,898,969	\$ -	\$ 6,421,144	\$ 8,844,539	\$ 51,161,426

Component Units	Stafford County	
	Public Schools	Total
Accounts	\$ 18,425,099	\$ 18,425,099
Due from primary government	39,224,354	39,224,354
	\$ 57,649,453	\$ 57,649,453

Stafford County Public Schools' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts is not applicable to these receivables.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the Primary Government’s governmental activities for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Reclasses / Transfers	Balance June 30, 2024
Land	\$ 48,017,628	\$ 756,076	\$ -	\$ 215,147	\$ 48,988,851
Other intangible assets	5,181,767	802,105	-	13,436	5,997,308
Construction in progress	10,604,980	10,421,671	(6,836,280)	(4,281,374)	9,908,997
Total capital assets, nondepreciable	<u>63,804,375</u>	<u>11,979,852</u>	<u>(6,836,280)</u>	<u>(4,052,791)</u>	<u>64,895,156</u>
Land improvements	111,082,571	1,598,879	(20,687)	212,006	112,872,769
Building and building improvements	131,111,045	1,389,679	(5,671)	1,625,757	134,120,810
Furniture, fixtures and equipment	52,953,428	1,027,491	(1,615,456)	437,237	52,802,700
Software	8,172,937	65,419	-	28,037	8,266,393
Technology infrastructure	9,276,120	-	-	-	9,276,120
Vehicles	39,289,226	3,283,459	(289,517)	1,701,522	43,984,690
Total capital assets, depreciable	<u>351,885,327</u>	<u>7,364,927</u>	<u>(1,931,331)</u>	<u>4,004,559</u>	<u>361,323,482</u>
Less accumulated depreciation for:					
Land improvements	(42,812,361)	(5,177,446)	7,758	-	(47,982,049)
Building and building improvements	(62,023,039)	(4,200,339)	5,671	-	(66,217,707)
Furniture, fixtures and equipment	(47,810,572)	(1,970,574)	1,434,913	-	(48,346,233)
Software	(7,664,801)	(259,388)	-	-	(7,924,189)
Technology infrastructure	(8,775,066)	(55,525)	-	-	(8,830,591)
Vehicles	(25,160,571)	(3,555,577)	247,846	48,232	(28,420,070)
Total accumulated depreciation	<u>(194,246,410)</u>	<u>(15,218,849)</u>	<u>1,696,188</u>	<u>48,232</u>	<u>(207,720,839)</u>
Net depreciable capital assets	<u>157,638,917</u>	<u>(7,853,922)</u>	<u>(235,143)</u>	<u>4,052,791</u>	<u>153,602,643</u>
Total capital assets, governmental activities	<u>\$ 221,443,292</u>	<u>\$ 4,125,930</u>	<u>\$ (7,071,423)</u>	<u>\$ -</u>	<u>\$ 218,497,799</u>
Depreciation charged to governmental functions:					
General government		\$ 870,595			
Judicial administration		186,753			
Public safety		5,152,347			
Public works		2,903,908			
Health and human services		22,155			
Parks, recreation and cultural		3,556,766			
Community development		94,805			
Transportation		2,431,520			
Total		<u>\$ 15,218,849</u>			

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for Primary Government’s business-type activities for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Reclasses / Transfers	Balance June 30, 2024
Land	\$ 19,040,443	\$ -	\$ -	\$ -	\$ 19,040,443
Other intangible assets	4,529,366	46,080	-	-	4,575,446
Construction in progress	38,459,236	18,762,596	(271,104)	(5,078,061)	51,872,667
Total capital assets, nondepreciable	62,029,045	18,808,676	(271,104)	(5,078,061)	75,488,556
Land improvements	994,031	69,225	-	-	1,063,256
Building and building improvements	4,294,205	201,262	-	333,351	4,828,818
Distribution and collection systems	680,085,515	14,901,050	-	4,345,539	699,332,104
Furniture, fixtures and equipment	14,152,993	420,367	(2,394,525)	-	12,178,835
Software	240,638	-	-	-	240,638
Technology infrastructure	510,229	-	-	-	510,229
Vehicles	8,031,755	1,038,632	(286,743)	300,316	9,083,960
Total capital assets, depreciable	708,309,366	16,630,536	(2,681,268)	4,979,206	727,237,840
Less accumulated depreciation for:					
Land improvements	(510,600)	(43,026)	-	-	(553,626)
Building and building improvements	(3,078,523)	(120,049)	-	-	(3,198,572)
Distribution and collection systems	(251,454,816)	(14,962,244)	-	-	(266,417,060)
Furniture, fixtures and equipment	(8,356,967)	(815,065)	2,393,907	-	(6,778,125)
Software	(240,638)	-	-	-	(240,638)
Technology infrastructure	(510,229)	-	-	-	(510,229)
Vehicles	(6,176,985)	(672,883)	244,971	98,855	(6,506,042)
Total accumulated depreciation	(270,328,758)	(16,613,267)	2,638,878	98,855	(284,204,293)
Net depreciable capital assets	437,980,608	17,269	(42,390)	5,078,061	443,033,547
Total capital assets, business-type activities	\$ 500,009,653	\$ 18,825,945	\$ (313,494)	\$ -	\$ 518,522,103

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets, except for fleet services fund, for Stafford County Public Schools' governmental activities for the fiscal year ended June 30, 2024:

	Balance June 30, 2023	Increases	Decreases	Reclasses / Transfers	Balance June 30, 2024
Land	\$ 41,699,737	\$ -	\$ -	\$ -	\$ 41,699,737
Construction in progress	18,188,341	47,570,156	(181,145)	(8,664,449)	56,912,903
Total capital assets, nondepreciable	<u>59,888,078</u>	<u>47,570,156</u>	<u>(181,145)</u>	<u>(8,664,449)</u>	<u>98,612,640</u>
Land improvements	74,517,063	256,260	-	569,196	75,342,519
Buildings and building improvements	608,246,349	1,663,983	-	8,095,253	618,005,585
Furniture, fixtures and equipment	18,203,831	3,168,718	(1,861,231)	-	19,511,318
Vehicles	35,660,390	1,268,191	(1,243,554)	-	35,685,027
Software	2,109,140	-	(9,489)	-	2,099,651
Technology infrastructure	4,375,427	424,131	-	-	4,799,558
Water treatment system	1,319,841	-	-	-	1,319,841
Right-to-use assets - Buildings	749,944	-	-	-	749,944
Right-to-use assets - Equipment	1,534,565	-	-	-	1,534,565
Right-to-use assets - SBITA	1,854,881	1,135,738	(484,197)	-	2,506,422
Total capital assets, depreciable	<u>748,571,431</u>	<u>7,917,021</u>	<u>(3,598,471)</u>	<u>8,664,449</u>	<u>761,554,430</u>
Less accumulated depreciation for:					
Land improvements	(43,503,584)	(3,332,547)	-	-	(46,836,131)
Buildings and building improvements	(271,861,405)	(18,788,648)	-	-	(290,650,053)
Furniture, fixtures and equipment	(11,303,801)	(1,494,351)	1,855,536	-	(10,942,616)
Vehicles	(15,742,191)	(2,268,645)	1,234,305	-	(16,776,531)
Software	(1,146,600)	(102,157)	9,489	-	(1,239,268)
Technology infrastructure	(1,962,563)	(259,555)	-	-	(2,222,118)
Water treatment system	(770,558)	(56,392)	-	-	(826,950)
Right-to-use assets - Buildings	(224,983)	(149,989)	-	-	(374,972)
Right-to-use assets - Equipment	(191,821)	(383,641)	-	-	(575,462)
Right-to-use assets - SBITA	(295,985)	(750,030)	207,110	-	(838,905)
Total accumulated depreciation	<u>(347,003,491)</u>	<u>(27,585,955)</u>	<u>3,306,440</u>	<u>-</u>	<u>(371,283,006)</u>
Net depreciable capital assets	<u>401,567,940</u>	<u>(19,668,934)</u>	<u>(292,031)</u>	<u>8,664,449</u>	<u>390,271,424</u>
Total capital assets, school component unit	<u>\$ 461,456,018</u>	<u>\$ 27,901,222</u>	<u>\$ (473,176)</u>	<u>\$ -</u>	<u>\$ 488,884,064</u>

Depreciation charged to governmental functions as follows:

Instruction	\$ 467,811
Administration, attendance and health	159,638
Pupil transportation	2,402,775
Operation and maintenance	326,448
Food and nutrition services	247,073
Facilities	21,668,158
Technology	2,314,052
Total	<u>\$ 27,585,955</u>

As of June 30, 2024, the Stafford County Economic Development Authority component unit did not report any capital assets.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES

A. PRIMARY GOVERNMENT – GOVERNMENTAL ACTIVITIES

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2024:

	Amounts payable at			Amounts	
	July 1, 2023	Additions	Reductions	Payable at June 30, 2024	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	\$ 356,751,672	\$ -	\$ (23,111,672)	\$ 333,640,000	\$ 25,850,000
Unamortized bond premiums	35,874,783	106,548	(2,690,070)	33,291,261	2,691,764
Bonds payable including premiums	392,626,455	106,548	(25,801,742)	366,931,261	28,541,764
VRA loans	55,621,904	2,010,000	(4,217,685)	53,414,219	4,300,240
Installment financing agreements	5,490,029	5,187,936	(1,536,475)	9,141,490	1,639,750
Net pension liability	24,268,863	29,115,561	(24,937,202)	28,447,222	-
Net OPEB liability	89,472,779	12,127,138	(24,777,221)	76,822,696	-
Compensated absences*	11,797,148	10,516,113	(9,492,164)	12,821,097	4,580,630
Governmental activities long-term liabilities	<u>\$ 579,277,178</u>	<u>\$ 59,063,296</u>	<u>\$ (90,762,489)</u>	<u>\$ 547,577,985</u>	<u>\$ 39,062,384</u>

*Consistent with prior years, the following governmental funds, wherein associated payroll expenditures are recorded, are used to liquidate their portion of the liability for compensated absences: General Fund, Tourism Fund and Capital Projects Fund.

Annual debt service requirements to maturity for long-term debt and related interest, exclusive of premiums are as follows:

Fiscal Year(s):	General Obligation Bonds	
	Principal	Interest
2025	\$ 25,850,000	\$ 13,990,681
2026	26,945,000	12,748,464
2027	27,525,000	11,400,756
2028	28,430,000	10,143,925
2029	28,905,000	8,837,414
2030-2034	111,615,000	28,353,890
2035-2039	53,020,000	12,086,809
2040-2044	31,350,000	3,273,944
	<u>\$ 333,640,000</u>	<u>\$ 100,835,883</u>

Fiscal Year(s):	Installment Financings		VRA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,639,750	\$ 102,629	\$ 4,300,240	\$ 2,127,536	\$ 31,789,990	\$ 16,220,846
2026	1,868,988	74,842	4,438,084	1,925,983	33,252,072	14,749,289
2027	1,588,083	53,468	4,576,225	1,722,501	33,689,308	13,176,725
2028	1,639,386	35,665	4,714,670	1,521,909	34,784,056	11,701,499
2029	1,561,033	17,296	4,250,000	1,321,875	34,716,033	10,176,585
2030-2034	844,250	5,386	20,625,000	3,917,575	133,084,250	32,276,851
2035-2039	-	-	10,510,000	604,772	63,530,000	12,691,581
2040-2044	-	-	-	-	31,350,000	3,273,944
	<u>\$ 9,141,490</u>	<u>\$ 289,286</u>	<u>\$ 53,414,219</u>	<u>\$ 13,142,151</u>	<u>\$ 396,195,709</u>	<u>\$ 114,267,320</u>

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
General Obligation Bonds:					
Governmental Activities					
County:					
Public Improvements	6/27/2013	7/1/2033	3.13%	\$ 24,075,000	\$ 12,045,000
Parks and Transportation	8/11/2015	8/1/2035	3.00% - 5.00%	10,315,000	6,180,000
Parks and Transportation	5/24/2017	12/30/2037	3.00% - 5.00%	12,060,000	8,430,000
Total General Obligation - County				\$ 46,450,000	\$ 26,655,000
Schools:					
Education Series 2003A	5/15/2003	7/15/2023	3.10% - 5.35%	\$ 6,905,000	\$ -
Education Series 2003B	11/1/2003	7/15/2028	3.10% - 5.35%	54,070,000	16,830,000
Education Series 2003C	11/1/2003	7/15/2023	3.10% - 5.35%	5,494,768	-
Education Series 2004A	5/13/2004	7/15/2029	4.85% - 5.10%	8,470,000	3,090,000
Education Series 2004B	11/10/2004	7/15/2029	4.10% - 5.60%	9,700,000	3,470,000
Education Series 2005A	5/12/2005	7/15/2030	3.10% - 5.10%	17,895,000	7,340,000
Education Series 2005B	11/10/2005	7/15/2030	4.35% - 5.10%	9,810,000	4,025,000
Education Series 2006A	5/12/2006	7/15/2031	4.10% - 5.10%	41,035,000	18,740,000
Education Series 2006B	11/9/2006	7/15/2031	4.23% - 5.10%	6,310,000	2,835,000
Education Series 2007A	5/10/2007	7/15/2032	4.10% - 5.10%	13,620,000	6,845,000
Education Series 2007B	11/8/2007	7/15/2032	4.35% - 5.10%	10,600,000	5,380,000
Education Series 2008A	5/15/2008	7/15/2033	4.10% - 5.10%	11,500,000	6,340,000
Education Series 2008B	12/11/2008	7/15/2033	3.60% - 5.35%	1,700,000	945,000
Education Series 2010A	5/13/2010	7/15/2025	3.05% - 5.05%	5,740,000	995,000
VPSA Series 2010B (QSCB)	7/8/2010	6/1/2027	5.31%	1,305,000	240,000
Education Series 2010C	11/10/2010	7/15/2030	2.05% - 4.05%	2,305,000	985,000
Education Series 2011A	5/5/2011	7/15/2031	2.05% - 5.05%	5,625,000	2,875,000
Education Series 2011B	11/9/2011	7/15/2031	2.05% - 5.05%	9,845,000	4,680,000
VPSA Series 2012A	6/3/2012	10/1/2042	2.55% - 5.05%	11,860,000	5,360,000
Education Series 2012B	11/15/2012	7/15/2032	2.05% - 5.05%	16,220,000	8,290,000
Education Series 2013A	5/9/2013	7/15/2033	3.05% - 5.05%	13,820,000	8,145,000
Education Series 2013B	11/21/2013	7/15/2033	2.30% - 5.05%	12,575,000	7,545,000
VPSA Series 2014A	5/15/2014	7/15/2034	2.68% - 5.05%	16,380,000	9,515,000
Education Series 2014B	11/20/2014	7/15/2034	2.05% - 5.05%	15,250,000	9,365,000
Education Series 2015A	5/14/2015	7/15/2035	2.05% - 5.05%	6,870,000	4,840,000
Education Series 2015B	11/19/2015	7/15/2035	2.05% - 5.05%	18,910,000	13,275,000
Education Series 2016A	5/17/2016	7/15/2031	2.05% - 5.05%	1,720,000	1,055,000
Education Series 2016B	11/17/2016	7/15/2036	2.80% - 5.05%	8,480,000	6,335,000
Education Series 2017A	5/16/2017	7/15/2037	3.05% - 5.05%	10,370,000	8,155,000
Education Series 2017B	11/7/2017	7/15/2037	2.05% - 5.05%	7,585,000	6,035,000
Education Series 2018A	5/15/2018	7/15/2033	3.05% - 5.05%	8,625,000	6,395,000
Education Series 2018B	11/6/2018	7/15/2038	3.55% - 5.05%	6,970,000	5,855,000
Education Series 2019A	5/21/2019	7/15/2034	3.05% - 5.05%	5,130,000	3,750,000
Education Series 2019B	11/12/2019	7/15/2039	2.80% - 5.05%	6,070,000	5,305,000
Education Series 2020	11/10/2020	7/15/2040	2.05% - 5.05%	14,140,000	12,850,000
Education Series 2021B	11/9/2021	7/15/2041	1.93% - 5.05%	10,420,000	9,815,000
Education Series 2023	3/15/2023	7/15/2043	5.00%	89,935,000	89,485,000
Total General Obligation - Schools				\$ 503,259,768	\$ 306,985,000

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

The County has entered into installment financing agreements to finance the acquisition of land, buildings, equipment, software systems, and vehicles. The assets acquired through installment financing agreements are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 3,741,563
Vehicles	9,570,211
Less: Accumulated depreciation	<u>(10,826,590)</u>
Total	<u><u>\$ 2,485,184</u></u>

The County has moral obligation pledges as follows:

- \$619,065 for three Virginia Resources Authority loans secured by the Stafford Regional Airport to fund various site improvements.

All GO and VPSA for the general government are secured by a pledge of the full faith and credit of the County; remedies for default include late charges and supplemental interest charges, followed by possible acceleration of all outstanding debt, and state aid intercept upon an order from the Governor to the State Comptroller.

Listed below is a chart for the collateral and default terms for the Governmental debt:

Series	VRA Loans	Collateral	Default/Termination Events
2008	\$9,500,000 issued April 18, 2008, maturing semi-annually in varying installments of \$175,057 to \$312,864 through April 1, 2028, interest at 3.0%; payable semi-annually	Two parcels - 1,770 acres	Accelerate all lease payments to be due and payable or take possession of the parcels
2014B	\$64,335,000 issued Aug 15, 2014, maturing annually in varying installments of \$1,300,000 to \$4,365,000 through Oct 1, 2036, interest at 3.08%; payable semi-annually	Embrey Mill Indoor Recreation Center, Public Safety Building & Berea Fire Station	Accelerate all lease payments to be due and payable or take possession of the real estate
2015D	\$1,855,000 issued November 4, 2015, maturing annually in varying installments of \$195,000 to \$275,000 through October 1, 2023, interest at 3.125 to 5.125%; payable semi-annually.	Revenues of Stafford County and the R-Board	5% late payment charge and subject to "supplemental" interest payments; default could lead to acceleration of all debt due
2016C	\$460,000 refunding bonds issued November 2, 2016, maturing annually in varying installments of \$40,000 to \$55,000 through October 1, 2028, interest 4.375% to 5.125%, payable semi-annually, including premium of \$102,188	Autumn Ridge Park	Accelerate all lease payments to be due and payable or take possession of the parcel
2017A	\$5,430,000 issued May 24, 2017, maturing annually in varying installments of \$180,000 to \$380,000 through October 1, 2036, interest at 2.993% to 5.125%; payable semi-annually, including premium of \$436,440	Embrey Mill Indoor Recreation Center, Public Safety Building & Berea Fire Station	Accelerate all lease payments to be due and payable or take possession of the real estate
2017C	\$9,975,000 issued November 1, 2017 maturing annually in varying installments of \$290,000 to \$2,775,000 through October 1, 2037, interest at 2.826% to 5.125%; payable semi-annually, including premium of \$1,130,421	Embrey Mill Indoor Recreation Center, Public Safety Building & Berea Fire Station	Accelerate all lease payments to be due and payable or take possession of the real estate

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

Listed below is a chart related to the collateral and default terms of the County’s installment financing agreements:

Series	Installment Financing Agreements	Collateral	Default/Termination Events
Property Schedule 6	\$3,631,837 issued June 29, 2014 maturing semi-annually in varying installments of \$160,021 to \$204,914 through June 23, 2024; interest at 2.62% payable semi-annually	Heavy duty fire and rescue vehicle & scuba equipment	Accelerate all lease payments to be due and payable or take possession of the personal property
Property Schedule 9	\$3,028,339 issued on June 30, 2016 maturing semi-annually in varying installments of \$68,613 to \$83,264 through June 30, 2026; interest at 1.99% payable semi-annually.	5 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
Property Schedule 10	\$2,194,073 issued on November 1, 2018 maturing semi-annually in varying installments of \$92,314 to \$129,030 through December 23, 2028; interest at 3.56% payable semi-annually.	3 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 2	\$1,145,881 issued on December 30, 2019 maturing semi-annually in varying installments of \$49,584 to \$65,721; interest at 2.99% payable semi-annually.	Fire Ladder Truck	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 3	\$1,439,020 issued on April 7, 2020 maturing semi-annually in varying installments of \$137,451 to \$150,529; interest at 2.03% payable semi-annually.	LifePak Defibrillators	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 4	\$1,970,602 issued on April 7, 2020 maturing semi-annually in installments of \$86,703 to \$111,329; interest at 2.65% payable semi-annually.	3 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
Property Schedule 1	\$5,187,936 issued on October 4, 2024 maturing semi-annually in installments of \$481,887 to \$557,325; interest at 3.26% payable semi-annually.	Scuba Equipment & Supplies	Accelerate all lease payments to be due and payable or take possession of the personal property

B. PRIMARY GOVERNMENT – BUSINESS-TYPE ACTIVITIES

	Amounts payable at July 1, 2023			Amounts Payable at June 30, 2024		Amounts Due Within One Year
		Additions	Reductions			
Bonds payable:						
Revenue bonds	\$ 63,240,000	\$ -	\$ (2,555,000)	\$ 60,685,000	\$ 2,690,000	
VRA loans	14,626,782	-	(1,696,725)	12,930,057	1,799,789	
Unamortized bond premiums	5,162,227	-	(329,876)	4,832,351	329,876	
Bonds payable including premiums	83,029,009	-	(4,581,601)	78,447,408	4,819,665	
Net pension liability	3,693,299	4,442,749	(3,800,552)	4,335,496	-	
Net OPEB liability	16,099,299	1,557,640	(5,882,480)	11,774,459	-	
Compensated absences	1,415,289	1,395,910	(1,255,771)	1,555,428	587,567	
Governmental activities long-term liabilities	\$ 104,236,896	\$ 7,396,299	\$ (15,520,404)	\$ 96,112,791	\$ 5,407,232	

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

Annual debt service requirements to maturity for long-term debt and related interest, exclusive of unamortized premiums are as follows:

Fiscal Year(s):	Revenue Bonds		VRA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 2,690,000	\$ 2,416,468	\$ 1,799,789	\$ 185,639	\$ 4,489,789	\$ 2,602,107
2026	2,820,000	2,280,415	1,787,028	159,628	4,607,028	2,440,043
2027	2,955,000	2,147,389	1,813,539	133,117	4,768,539	2,280,506
2028	3,090,000	2,017,105	1,840,563	106,094	4,930,563	2,123,199
2029	3,210,000	1,887,913	1,868,111	78,545	5,078,111	1,966,458
2030-2034	18,285,000	7,243,225	3,821,027	72,286	22,106,027	7,315,511
2035-2039	15,330,000	3,664,056	-	-	15,330,000	3,664,056
2040-2043	12,305,000	950,039	-	-	12,305,000	950,039
	<u>\$ 60,685,000</u>	<u>\$ 22,606,610</u>	<u>\$ 12,930,057</u>	<u>\$ 735,309</u>	<u>\$ 73,615,057</u>	<u>\$ 23,341,919</u>

Information pertaining to the issuance and maturity dates, interest rates, original borrowing amounts, and principal balances outstanding of debt related to the County’s business-type activities is as follows:

Loans / Revenue Bonds:	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
Business- Type Activities					
Water & Sewer Series 2014A	6/27/2014	10/1/2035	3.12% - 4.83%	\$ 16,010,000	\$ 10,400,000
Water & Sewer Series 2015D	11/4/2015	10/1/2035	3.22%	8,620,000	6,070,000
Water & Sewer Series 2016C	11/2/2016	10/1/2042	2.12% - 5.13%	41,140,000	39,105,000
Water & Sewer Series 2021C	11/17/2021	10/1/2042	0.53% - 2.98%	5,180,000	5,110,000
Total Revenue Bonds				<u>\$ 70,950,000</u>	<u>\$ 60,685,000</u>
Total Loans					
Water & Sewer Series 2009A	7/27/2009	3/1/2031	2.34% - 4.20%	\$ 9,326,573	\$ 3,932,920
Water & Sewer Series 2009B	7/8/2009	3/1/2031	3.35%	23,386,039	8,997,137
Total Loans				<u>\$ 32,712,612</u>	<u>\$ 12,930,057</u>

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay water system revenue bonds issued at various times. Proceeds from the bonds provided financing for the construction and rehabilitation of the water-sewer system. The bonds are payable solely from water customer net revenues and are payable through 2042, and has the following characteristics:

Total principal and interest payments on revenue bones	\$ 83,291,610
Current year principal and interest payments	5,099,557
Net available revenues - Water & Sewer Fund	49,513,040
Principal and interest payments as a percent of net revenues	10%

In addition to pledged revenues, the County must meet certain rate covenants in accordance with the bond indentures. At June 30, 2024, the County was in compliance with all rate covenants.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

On November 17, 2021, the County issued \$5,180,000 in taxable revenue bonds through the VRA Pooled Financing Program with interest rate ranging between 0.525% to 2.975% to advance refund \$4,925,000 of outstanding 2012 lease revenue bonds interest rates ranging between 0.530% to 3.633%. The net proceeds of \$5,095,258 (after payment of \$84,742 of bond issuance costs) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012 lease revenue bonds. As a result, the 2012 lease revenue bonds are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net position. As of June 30, 2024, there is no more remaining value of outstanding defeased bonds. The result of the refunding saved the County \$713,750 in future debt service and resulted in \$549,684 economic gain.

The chart below lists the collateral and default terms of the loans for the business enterprise fund.

Series	Business-Type Activities	Collateral	Default/Termination Events
2009B	\$23,681,363 Water and Sewer Revenue Bond, issued July 8, 2009, maturing in varying semi-annual installments of \$1,043,784 to \$1,401,685 through March 1, 2031, interest at 3.35% payable semi-annually	W&S revenue pledged	Declaration of default could lead to acceleration of debt
2009A	\$9,606,478 Water and Sewer Revenue Bond, issued July 27, 2009, maturing in varying semi-annual installments of \$348,903 to \$668,999 through March 1, 2031, interest at 3.35% payable semi-annually	W&S revenue pledged	Declaration of default could lead to acceleration of debt
2012A	\$53,355,000 Water and Sewer Revenue Bond, issued June 13, 2012, maturing in varying semi-annual installments of \$810,000 to \$3,340,000 through October 1, 2042, interest at 3.43% to 5.13% payable semi-annually, net premium \$7,989,166	W&S revenue pledged	W/in 15 days of due date 5% late payment charge & subject to "supplemental" interest payments - default could lead to acceleration of all debt due
2014A	\$16,010,000 Water and Sewer Revenue Bond, issued June 27, 2014, maturing in varying annual installments of \$810,000 to \$3,340,000 through October 1, 2035, interest at 3.12% to 4.83% payable semi-annually, net premium \$1,230,766	W&S revenue pledged	W/in 15 days of due date 5% late payment charge & subject to "supplemental" interest payments - default could lead to acceleration of all debt due

Series	Business-Type Activities	Collateral	Default/Termination Events
2015D	\$8,620,000 VRA, issued November 4, 2015, maturing in varying annual installments of \$270,000 to \$625,000 through October 1, 2035, interest at 3.22% payable semi-annually	W&S revenue pledged	W/in 15 days of due date 5% late payment charge & subject to "supplemental" interest payments - default could lead to acceleration of all debt due
2016C	\$41,140,000 VRA Refunding Bond, issued November 2, 2016, maturing in varying annual installments of \$95,000 to \$2,695,000 through October 1, 2042, interest at 2.125% to 5.125% payable semi-annually	W&S revenue pledged	W/in 15 days of due date 5% late payment charge & subject to "supplemental" interest payments - default could lead to acceleration of all debt due
2021C	\$5,180,000 taxable refunding bonds, issued November 17, 2021, maturing in varying annual installments of \$5,000 to \$980,000 through October 1, 2042, interest at 0.525% to 2.975% payable semi-annually	W&S revenue pledged	W/in 15 days of due date 5% late payment charge & subject to "supplemental" interest payments - default could lead to acceleration of all debt due

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 5. LONG-TERM LIABILITIES (Continued)

C. NET INVESTMENT IN CAPITAL ASSETS

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Capital assets, net	\$ 218,497,799	\$518,522,103
Lease & subscription asset, net	3,150,968	-
Long-term debt related to capital assets	(396,195,709)	(73,615,057)
Lease & subscription liabilities	(3,076,295)	-
Unamortized premiums	(33,291,261)	(4,832,351)
Capital-related liabilities (A/P and retainage)	(3,856,506)	(7,100,191)
Unamortized loss / (gain)	(2,431,267)	1,910,586
Long-term debt and premiums related to Schools	331,800,345	-
	<u>\$ 114,598,074</u>	<u>\$ 434,885,090</u>

D. COMPONENT UNIT – STAFFORD COUNTY PUBLIC SCHOOLS

	Amounts payable at			Amounts	
	July 1, 2023	Increases	Decreases	Payable at	Amounts Due
				June 30, 2024	Within One Year
Lease liabilities	\$ 1,687,514	\$ -	\$ 450,806	\$ 1,236,708	\$ 457,410
SBITA liabilities	1,295,688	1,096,989	1,058,778	1,333,899	665,576
Notes payable	9,130,827	-	736,190	8,394,637	749,445
Compensated absences	7,730,593	1,068,914	770,373	8,029,134	800,648
Net pension liability	195,539,234	117,450,214	95,250,207	217,739,241	-
Net OPEB liability	125,186,196	228,123,283	223,930,690	129,378,789	-
Total	<u>\$ 340,570,052</u>	<u>\$ 347,739,400</u>	<u>\$ 322,197,044</u>	<u>\$ 366,112,408</u>	<u>\$ 2,673,079</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. DEFINED BENEFIT PENSION PLAN

A. PLAN DESCRIPTION

Name of Plan: Virginia Retirement System
 Identification of Plan: Agent and Cost-Sharing Multiple-Employer Defined Benefit Pension Plan
 Administering Entity: Virginia Retirement System (VRS)

All full-time, salaried permanent employees of the County are automatically covered by VRS upon employment. The plan is administered by the VRS along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service including prior public service, active duty military service, certain periods of leave and previously refunded service based on specific criteria as defined in the Code of Virginia, as amended.

The VRS administers three different benefit structures 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 in the table below:

RETIREMENT PLAN PROVISIONS		
PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About Plan 2 Plan 2 is a defined benefit plan. The retirement benefit is based on a member’s age, service credit and average final compensation at retirement using a formula.</p>	<p>About the Hybrid Retirement Plan The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"> • The defined benefit is based on a member’s age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><i>Hybrid Opt-In Election</i> VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 1 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.</p>	<p>Eligible Members Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013.</p> <p><i>Hybrid Opt-In Election</i> Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan’s effective date for eligible Plan 2 members who opted in was July 1, 2014.</p> <p>If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.</p> <p>Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.</p>	<p>Eligible Members Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1- April 30, 2014; the plan’s effective date for opt-in members was July 1, 2014 <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees <p>Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions 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.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was 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. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, 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 was 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. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>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 service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p>Vesting Same as Plan 1.</p>	<p>Vesting <i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contributions Component:</i> 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.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. <p>Distributions not required, except as governed by law until age 73.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the 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.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> 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.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non-hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: 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.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier Defined Benefit Component: VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age Defined Benefit Component: VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p>Defined Contribution Component: Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Earliest Unreduced Retirement Eligibility VRS: Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p>Earliest Unreduced Retirement Eligibility VRS: Normal Social Security retirement age with at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Unreduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Normal Social Security retirement age and have at least five years (60 months) of service credit or when their age plus service credit equals 90.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p>Earliest Reduced Retirement Eligibility VRS: Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p>Political subdivision hazardous duty employees: Age 50 with at least five years of service credit.</p>	<p>Earliest Reduced Retirement Eligibility VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Earliest Reduced Retirement Eligibility <i>Defined Benefit Component:</i> VRS: Age 60 with at least five years (60 months) of service credit.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short- term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. 	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI- U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p> <p><i>Eligibility:</i> Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><i>Exceptions to COLA Effective Dates (continued):</i></p> <ul style="list-style-type: none"> - The member dies in service and the member’s survivor or beneficiary is eligible for a monthly death-in-service benefit. - The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins. 		
<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p>Disability Coverage Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer- paid comparable program for its members.</p> <p>Hybrid members (including Plan 1 and Plan 2 opt-ins) covered under VLDP are subject to a one-year waiting period before becoming eligible for non-work- related disability benefits.</p>
<p>Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p>Purchase of Prior Service Same as Plan 1.</p>	<p>Purchase of Prior Service <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> - Hybrid Retirement Plan members are ineligible for ported service. <p><i>Defined Contribution Component:</i> Not applicable.</p>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

B. EMPLOYEES COVERED BY BENEFIT TERMS

As of the June 30, 2022 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>Number</u>
Retirees or their beneficiaries currently receiving benefits	<u>537</u>
Inactive members:	
Vested	198
Non-vested	305
Active elsewhere in VRS	<u>265</u>
Total inactive members	<u>768</u>
Active members	<u>1027</u>
Total covered employees	<u><u>2,332</u></u>

C. CONTRIBUTIONS

The contribution requirement for active employees is governed by Section 51.1-145 of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

The County’s contractually required employer contribution rate for the year ended June 30, 2024 was 13.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$10,845,532 and \$9,687,171 for the years ended June 30, 2024 and 2023 respectively.

D. NET PENSION LIABILITY

The net pension liability is calculated separately for each employer and represents that particular employer’s total pension liability determined in accordance with GAAP, less that employer’s fiduciary net position.

The County’s net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2022, rolled forward to the measurement date of June 30, 2023.

At June 30, 2024, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of \$34,017,332 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of \$32,782,718 for the County, \$457,948 for GWRC and \$776,666 for the R-Board. The County’s proportion of the net pension liability was based on the County’s actuarially determined employer contributions to the pension plan for the valuation date of June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

E. ACTUARIAL ASSUMPTIONS – GENERAL EMPLOYEES

The total pension liability for General Employees in the County’s Retirement Plan was based on an actuarial valuation as of June 30, 2022, using the entry age normal actuarial cost method and the following assumptions, applied to all periods including in the measurement and rolled forward to the measurement date as of June 30, 2023.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Non-Hazardous:	Duty: 15% of deaths are assumed to be service related
Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board Action are as follows:

Non-Hazardous Duty:

- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
- Retirement Rates: Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
- Withdrawal Rates: Adjusted rates to better fit experience at each year age and service through 9 years of service
- Disability Rates: No change
- Salary Scale: No change
- Line of Duty Disability: No change
- Discount Rate: No change

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

F. ACTUARIAL ASSUMPTIONS – PUBLIC SAFETY EMPLOYEES WITH HAZARDOUS DUTY BENEFIT

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County’s retirement plan was based on an actuarial valuation as of June 30, 2022, 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 as of June 30, 2023.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 4.75%
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Mortality rates:

Hazardous Duty:	45% of deaths are assumed to be service related
Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Page 16 of 27 Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study are as follows:

Hazardous Duty:

- Mortality Rates (Pre-retirement, post-retirement healthy, and disabled): Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
- Retirement Rates: Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
- Withdrawal Rates: Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty
- Disability Rates: No change
- Salary Scale: No change
- Line of Duty Disability: No change
- Discount Rate: No change

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

G. LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on pension 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 pension VRS 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 estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
			8.25%

* Expected arithmetic nominal return

*The above allocation provides a one-year expected return of 8.25%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

H. DISCOUNT RATE

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member 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 provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2022, actuarial valuations, whichever was greater. From July 1, 2023 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan’s fiduciary 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.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

I. CHANGE IN THE NET PENSION LIABILITY

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at July 1, 2022	\$ 279,763,820	\$ 250,708,147	\$ 29,055,673
Changes for the Year:			
Service cost	9,255,513	-	9,255,513
Interest	19,119,076	-	19,119,076
Difference between expected and actual experience	6,248,864	-	6,248,864
Contributions – employer	-	9,687,171	(9,687,171)
Contributions – employee	-	3,704,598	(3,704,598)
Net investment income	-	16,421,606	(16,421,606)
Benefit payments, including refunds of employee contributions	(11,547,530)	(11,547,530)	-
Administrative expense	-	(158,238)	158,238
Other changes	-	6,657	(6,657)
Net changes	23,075,923	18,114,264	4,961,659
Balances at June 30, 2023	<u>\$ 302,839,743</u>	<u>\$ 268,822,411</u>	<u>\$ 34,017,332</u>

Employees receiving benefits under this plan include the County, the R-Board and GWRC. The County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as the County employees. The County also has a memorandum of understanding with GWRC to provide all payroll and benefit services to its employees. Since the R-Board and GWRC are legally responsible for their employee’s contributions, they are responsible for their proportionate share of the net pension liability, deferred inflows of resources and deferred outflows of resources and deferred inflows of resources.

The Net Pension Liability:

A reconciliation from the amount above to the statements is shown below.

	Net Pension Liability
Governmental Activities	\$ 28,447,222
Business Type Activities	4,335,496
R-Board	776,666
GWRC	457,948
Total	<u>\$ 34,017,332</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

J. SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the net pension liabilities of the County, using the discount rate of 6.75%, as well as what the County’s net pension liabilities would be if they were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County Net Pension Liability (Asset)	\$ 77,945,218	\$ 34,017,332	\$ (1,910,335)

K. PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

For the year ended June 30, 2024, the County recognized pension expense of \$10,819,467. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,301,670	\$ 727,686
Changes in assumptions	3,045,040	-
Net difference between projected and actual earnings on pension plan investments	-	3,711,635
Employer contributions subsequent to the measurement date	10,845,532	-
Total	\$ 20,192,242	\$ 4,439,321

\$10,845,532 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2025	\$ 2,606,031
2026	(2,978,371)
2027	5,090,916
2028	188,813
	<u>\$ 4,907,389</u>

NOTES TO FINANCIAL STATEMENTS

Note 6. BENEFIT PENSION PLAN (Continued)

A reconciliation of the deferred inflows and deferred outflows is shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 16,885,898	\$ 3,712,412
Business Type Activities	2,573,494	565,790
R-Board	461,018	101,356
GWRC	271,832	59,763
Total	\$ 20,192,242	\$ 4,439,321

L. PENSION PLAN DATA

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2023 Annual Report. A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 7. OTHER POSTEMPLOYMENT BENEFITS

1. PRIMARY GOVERNMENT:

A. PLAN DESCRIPTION

Name of Plan: Stafford County Retired Employees Health Insurance Plan (SCREHIP)
 Identification of Plan: Single-Employer Defined Benefit Plan
 Administering Entity: Stafford County

The County provides post employment healthcare insurance benefits (OPEB) for retired employees through a single-employer defined benefit plan. The employees receiving benefits under this plan include employees of Stafford County, employees of the Rappahannock Regional Solid Waste Management Board (R-Board) and employees of the George Washington Regional Commission (GWRC). Stafford County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as Stafford County employees. Stafford County also has a memorandum of understanding with the GWRC to provide payroll and benefit services to its employees. The benefits, employee/retiree contributions and employer contributions are determined by the County through its personnel compensation plan. They may be amended by action of the governing body – the Board of Supervisors. The plan does not issue a separate financial report. The plan is managed by an OPEB Committee consisting of three members – the Treasurer, the Chief Financial Officer and a member of the Board of Supervisors.

B. BENEFITS PROVIDED

All retiree healthcare benefits are provided through the County’s self-insured health plan. The benefit levels are the same as those afforded to active employees. Benefits include general inpatient and outpatient medical services, mental and nervous care, vision care, dental care and prescriptions. To be eligible for benefits, an employee must qualify for retirement under the VRS.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

C. MEMBERSHIP

At January 1, 2023 membership consisted of:

	Number
Retirees and beneficiaries currently receiving benefits	245
Active employees	893
Total	1,138

D. CONTRIBUTIONS

The County’s employee and retiree healthcare contribution rates are set as policy by the Board of Supervisors. Beginning July 1, 2009, the County offered a choice of health care options for its active and retired employees. The options differ based on level of coverage. All plan participants, active and retirees, are required to pay a portion of the monthly premium. The monthly premium is based on the health care plan chosen plus applicable dependent coverage.

VRS eligible retirees receive a monthly (HIC) of \$1.50 for each year of service up to a maximum of \$45.00 per month. The HIC is applied to and reduces the retiree contribution. For retirees with fifteen (15) years or more of service to the County, the HIC covers the retiree’s share of the premium. The County contributes the remainder of the retiree only premium. Retirees with less than 15 years of service pay the full premium less any VRS HIC. The retiree is responsible for dependent coverage at stated plan rates. Post Medicare eligible retirees with 15 years of service to the County must be enrolled in Medicare Parts A and B to be eligible to participate in the County’s health insurance plan. Payment for Medicare Parts A and B is the responsibility of the retiree.

E. INVESTMENT POLICY

The County’s assets are invested in the VML/VACo Financial Pooled OPEB Trust Fund. The investment objective of the fund is to maximize total long-term rate of return with reasonable risk by seeking capital appreciation and, secondarily, principal protection.

The fund is segregated and managed as two distinct portfolios that are referred to as Portfolio I and Portfolio II. The County’s OPEB funds are invested in Portfolio I, which is structured to achieve a compound annualized total expected rate of return over a market cycle, including current income and capital appreciation, of 7.65%. The investment performance of each Portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to the following: (a) a composite benchmark comprised of each asset classes’ market index benchmarks, weighted by each Portfolio’s long-term policy allocations, and (b) a peer group of other similar size fund sponsors.

The performance of each investment manager within each portfolio will be reviewed quarterly and compared on a rolling three year basis and over other relevant time periods to each individual manager’s agreed upon style specific benchmarks and peer group universes as specified in the Appendix. Active managers are expected to lead their respective benchmarks and perform consistently above median, net of fees, annually over a three-year rolling period.

Forecasts of the arithmetic long-term(LT) real rates of return for each major asset class included in the target asset allocation as of June 30, 2023 are included in the table below. The LT rates of return in the table are arithmetic; they are used as inputs for the model to arrive at the median returns for the portfolio which are geometric. When calculating the median rates, which are used to set the target rates, the intermediate term rates are used for the first 10 years and the LT rates for all years thereafter.

There are no investments in any one organization that represent 5% or more of the OPEB Trust’s fiduciary net position.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2024, the annual money-weighted rate of return on investments, net of investment expense, was 9.70 percent for Portfolio I. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Listed below is the target allocation.

Asset Class (Strategy)	Target Asset Allocation	Long-Term Arithmetic Average Nominal Return1	Long-Term Arithmetic Average Real Return 2	Long-Term Arithmetic Weighted Average Real Return
Core Bonds	5.00%	5.31%	2.56%	0.13%
Core Plus	11.00%	5.62%	2.87%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.90%	7.15%	1.50%
U.S. Small Cap Equity	10.00%	11.33%	8.58%	0.86%
International Developed Equity	13.00%	10.78%	8.03%	1.04%
Emerging Market Equity	5.00%	12.04%	9.29%	0.46%
Long/Short Equity	6.00%	8.30%	5.55%	0.33%
Private Equity	10.00%	13.26%	10.51%	1.05%
Core Real Estate	10.00%	9.24%	6.49%	0.65%
Opportunistic Real Estate	5.00%	12.24%	9.49%	0.47%
Total	100.00%			6.95%
			Inflation	2.75%
			* Expected arithmetic nominal return	9.70%

F. ACTUARIAL METHODS AND ASSUMPTIONS

An actuarial valuation was performed as of January 1, 2023 and updated procedures were used to roll forward the total OPEB liability to the OPEB plan’s year end of June 30, 2023 (measurement date for fiscal year 2024).

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

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

An experienced study has not been completed for the OPEB plan. The demographic assumptions used on this valuation are based on those used by the VRS. The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 1, 2023 rolled forward to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	<i>General employees:</i> 2.85% initially, decreasing to 1.00% over 20 year period, including inflation; depends on service <i>Sheriff/Fire:</i> 2.25% initially, decreasing to 1.00% over 20 year period, including inflation; depends on service
Investment rate of return	6.75%, including inflation
Discount rate	3.86% as of 6/30/2023
Bond rate	1.92% as of 6/30/2023
Healthcare cost trend rate	7.50%-3.94%

Mortality rates for general employees and healthy retirees were based on a Pub-2010 Healthy Table, sex distinct fully generational using Scale MP-2018, while Sheriff and Fire and Rescue employee rates were based on Pub-2010 Healthy Table, sex distinct, fully generational using Scale MP-2018. Mortality rates for disabled retirees were based on Pub-2010 Disabled Table, sex distinct fully generational using Scale MP-2018.

The municipal bond rated used as of June 30, 2023 is 3.86%. This rate is based on the Bond Buyer General Obligation 20-year Bond Municipal Bond Index.

G. DISCOUNT RATE

The discount rate used to measure the total OPEB liability was 3.86%, the discount rate on the measurement date for FY 2023. The benefit payment stream for the Plan is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher because the projected benefit payouts are expected to be unfunded.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. PLAN STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of July 1, 2023	\$ 100,634,320	\$ 14,137,806	\$ 86,496,514
Changes for the Year:			
Service Cost	4,286,744		4,286,744
Interest	3,843,994	-	3,843,994
Experience Gains	200,763	-	200,763
Employer Trust Contributions	-	2,298,726	(2,298,726)
Net Investment Income	-	1,324,903	(1,324,903)
Changes in Assumptions	(2,033,023)	-	(2,033,023)
Total Benefit Payments	(2,298,726)	(2,298,726)	-
Net Changes	3,999,752	1,324,903	2,674,849
Balance as of June 30, 2024	\$ 104,634,072	\$ 15,462,709	\$ 89,171,363

The Fiduciary Net Position is 14.78% of the total OPEB Liability.

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

The following table presents the plan’s Net OPEB Liability and the effects of using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate of 3.97%.

	1% Decrease (2.97%)	Discount Rate (3.97%)	1% Increase (4.97%)
Net OPEB Liability	\$ 109,897,619	\$ 89,171,363	\$ 72,985,804

Sensitivity of the Net OPEB Liability to changes in the Healthcare Costs Rate

The following table presents the plan’s Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 3.94%.

	1% Decrease (2.94%)	Medical Trend Rate (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 70,091,552	\$ 89,171,363	\$ 114,469,710

Assumptions

The demographic assumptions used on this valuation are based on those used by VRS. The medical trend assumption was developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions. The SOA model used the 2022 version that was released in October 2021.

Inflation	2.5%
Salary increases, including inflation	Locality General employees 3.5%-5.35% Locality Hazardous duty employees 3.5%-4.75%
Investment rate of return	3.69%, net of investment expenses, including inflation *

Discount rate

The discount rate assumption is 3.696%, which, because of the plan’s funding level is set equal to the June 30, 2023 20-year general obligation bond index rate.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

I. CHANGE IN NET OPEB LIABILITY OF THE COUNTY

The measurement date was June 30, 2024, as the actuarial valuation was performed as of January 1, 2023, and the net OPEB Liability per the valuation was \$86,496,514 to be recognized at June 30, 2024. Employees receiving benefits under this plan include the County, the R-Board, and GWRC. Employees receiving benefits under this plan include the County, the R-Board and GWRC. The County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as the County employees. The County also has a memorandum of understanding with GWRC to provide all payroll and benefit services to its employees. Since the R-Board and the GWRC are legally responsible for their employee’s contributions, they are responsible for their proportionate share of the net OPEB liability, deferred inflows of resources and deferred outflows of resources.

	Plan Fiduciary Net		
	Total OPEB Liability	Position	Net OPEB Liability
Balance as of July 1, 2021	\$ 116,962,984	\$ 13,149,633	\$ 103,813,351
Changes for the Year:			
Service Cost	5,614,263	-	5,614,263
Interest	4,274,575	-	4,274,575
Experience Losses	(11,560,636)	-	(11,560,636)
Employer Trust Contributions	-	1,911,501	(1,911,501)
Net Investment Income	-	988,173	(988,173)
Changes in Assumptions	(12,745,365)	-	(12,745,365)
Total Benefit Payments	(1,911,501)	(1,911,501)	-
Net Changes	(16,328,664)	988,173	(17,316,837)
Balance as of June 30, 2022	\$ 100,634,320	\$ 14,137,806	\$ 86,496,514

J. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following table presents the plan’s Net OPEB Liability and the effects of using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate of 3.86%.

	1% Decrease (2.86%)	Discount Rate (3.86%)	1% Increase (4.86%)
Net OPEB Liability	\$ 106,759,065	\$ 86,496,514	\$ 70,706,040

K. SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE HEALTHCARE COST TRENDS RATE

The following table presents the plan’s Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 3.94%.

	1% Decrease (2.94%)	Medical Trend Rate (3.94%)	1% Increase (4.94%)
Net OPEB Liability	\$ 68,674,779	\$ 86,496,514	\$ 110,047,337

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

L. OPEB EXPENSE AND DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

For the year ended June 30, 2024 the County, GWRC and the R-Board recognized OPEB expense (credit) in the amount of \$(972,320).

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,725	\$ 33,846,964
Change in assumptions	26,861,182	50,390,832
Net difference between projected and actual earnings on OPEB plan investments	643,491	-
Total	<u>\$ 27,554,398</u>	<u>\$ 84,237,796</u>

There were no contributions for FY24 as such \$0 reported as deferred outflows of resources related to OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2025. Amounts reported as deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Year Ending June 30,	Amount
2025	\$ (9,937,398)
2026	(7,838,769)
2027	(7,329,584)
2028	(9,644,294)
2029	(12,252,307)
Thereafter	<u>(9,681,046)</u>
Total	<u>\$ (56,683,398)</u>

Additional disclosures on changes in the Net OPEB Liability, related ratios, and employer contributions can be found in the required supplementary information following the notes to the financial statements.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

A reconciliation of the deferred inflows and deferred outflows is shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 23,382,662	\$ 71,484,194
Business Type Activities	3,584,827	10,959,337
Rappahannock Regional Solid Waste Management Board	586,909	1,794,265
Total	\$ 27,554,398	\$ 84,237,796

2. VIRGINIA RETIREMENT SYSTEM GROUP LIFE INSURANCE OPEB:

A. PLAN DESCRIPTION

All full-time, salaried permanent employees of the County are automatically covered by VRS GLI Program upon employment. This plan is administered by VRS, 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:

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>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:</p> <ul style="list-style-type: none"> - City of Richmond - City of Portsmouth - City of Roanoke - City of Norfolk - Roanoke City Schools Board <p>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.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"> • Natural Death Benefit – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled. • Accidental Death Benefit – The accidental death benefit is double the natural death benefit. • Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: <ul style="list-style-type: none"> ○ Accidental dismemberment benefit ○ Safety belt benefit ○ Repatriation benefit ○ Felonious assault benefit ○ Accelerated death benefit option
<p>Reduction in benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance 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 and is currently \$9,254 effective June 30, 2024.</p>

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

B. CONTRIBUTIONS

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, 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, 2024 was 0.54% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 were \$421,354 and \$624,220 for the years ended June 30, 2024 and June 30, 2023, respectively.

In June 2023, the Commonwealth made a special contribution of approximately \$10.1 million to the Group Life Insurance plan. This special payment was authorized by Chapter 2 of the Acts of Assembly of 2022, Special Session I, as amended by Chapter 769, 2023 Acts of Assembly Reconvened Session, and is classified as a special employer contribution. Our proportionate share of \$33,635 is deemed immaterial and is not reflected in our financial statements.

C. GLI OPEB LIABILITIES, GLI OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE GROUP LIFE INSURANCE PROGRAM OPEB

At June 30, 2024, the County, the GWRC and the R-Board reported a collective GLI OPEB liability of \$3,975,844 for its proportionate share of the Net GLI OPEB Liability (collectively the County). This amount is comprised of \$3,831,521 for the County, \$53,674 for GWRC and \$90,649 for the R-Board. The Net GLI OPEB Liability was measured as of June 30, 2023 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2022 and rolled forward to the measurement date of June 30, 2023. The covered County's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2023 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the County's proportion was 0.33151% as compared to 0.32478% at June 30, 2023.

For the year ended June 30, 2024, the County, GWRC and the R-Board recognized GLI OPEB expense of \$332,039. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 397,090	\$ 120,687
Net difference between projected and actual earnings on GLI OPEB program investments	-	159,772
Change in assumptions	84,985	275,462
Changes in proportionate share	387,081	1,056
County's contributions made after measurement date	421,354	-
Total	\$ 1,290,510	\$ 556,977

A reconciliation of the deferred inflows and deferred outflows is shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 1,079,253	\$ 465,800
GWRC	17,422	7,519
Business Type Activities	164,411	70,959
Rappahannock Regional Solid Waste Management Board	29,424	12,699
Total	\$ 1,290,510	\$ 556,977

\$421,354 reported as deferred outflows of resources related to the GLI OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ 109,679
2026	(41,255)
2027	148,845
2028	41,643
2029	53,267
Total	\$ 312,179

D. ACTUARIAL ASSUMPTIONS

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5%
Salary increases, including inflation	Locality General employees 3.5%-5.35%
	Locality Hazardous duty employees 3.5%-4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation*

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates – Non Largest 10 Locality Employers – General Employees

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected Page 11 of 25 generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Mortality rates – Non-Largest 10 Locality Employers - Hazardous Duty Employees

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

E. NET GLI OPEB LIABILITY

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2023, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB liability	\$ 3,907,052
Plan fiduciary net position	<u>2,707,739</u>
GLI OPEB liability	<u>\$ 1,199,313</u>
Plan fiduciary net position as a percentage of the total GLI OPEB liability	69.30%

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 System’s notes to the financial statements and required supplementary information.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on the VRS’s 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’s 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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
			8.25%

* Expected arithmetic nominal return

* The above allocation provides a one-year return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. 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 member 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 actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2023, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 113 % of the actuarially determined contribution rate. From July 1, 2023 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. SENSITIVITY OF THE COUNTY’S PROPORTIONATE SHARE OF THE NET GLI OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the County’s proportionate share of the net GLI OPEB liability including GWRC and the R-Board using the discount rate of 6.75%, as well as what the employer’s 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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability	\$ 5,893,443	\$ 3,975,844	\$ 2,425,453

I. GLI PROGRAM FIDUCIARY NET POSITION

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2023 Annual Comprehensive Financial Report (Annual Report). A copy of the 2023 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2023-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

3. VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM OPEB

A. GENERAL INFORMATION ABOUT THE POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM (HIC) PLAN DESCRIPTION

All full-time, salaried permanent employees of participating political subdivisions are automatically covered by the VRS HIC Program upon employment. This plan is administered by the VRS, 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.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The specific information about the Political Subdivision HIC Program OPEB, including eligibility, coverage and benefits is set out in the table below:

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
<p>Eligible Employees The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit.</p> <p>Eligible employees of participating are enrolled automatically upon employment. They include:</p> <ul style="list-style-type: none"> • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
<p>Benefit Amounts The political subdivision’s Retiree HIC Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"> • At Retirement – For employees who retire, the monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. • Disability Retirement – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is \$45.00 per month.
<p>Health Insurance Credit Program Notes:</p> <ul style="list-style-type: none"> • The monthly HIC benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

B. EMPLOYEES COVERED BY BENEFIT TERMS

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

	Number
Inactive members:	
Inactive members or their beneficiaries currently receiving benefits	186
Vested	15
Total inactive members	201
Active members	593
Total covered employees	794

C. CONTRIBUTIONS

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County’s contractually required employer contribution rate for the year ended June 30, 2024 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. 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 from the County to the Political Subdivision Health Insurance Credit Program were \$41,348 and \$41,351 for the years ended June 30, 2024 and June 30, 2023, respectively.

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. NET HIC OPEB LIABILITY

The County’s net HIC OPEB liability was measured as of June 30, 2023. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2022, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2023.

E. ACTUARIAL ASSUMPTIONS

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2022, 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, 2023.

Inflation	2.5%
Salary increases, including inflation –	
Locality – General employees	3.5%–5.35%
Locality – Hazardous Duty employees	3.5%–4.75%
Investment rate of return	6.75%, net of investment expenses, including inflation

Mortality rates – Non-Largest 10 Locality Employers – General Employees

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates – Non-Largest 10 Locality Employers – Hazardous Duty Employees

Pre-Retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.
Post-Retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
Post-Disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. 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)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. LONG-TERM EXPECTED RATE OF RETURN

The long-term expected rate of return on the VRS’s 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’s 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:

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%	6.14%	2.09%
Fixed Income	15.00%	2.56%	0.38%
Credit Strategies	14.00%	5.60%	0.78%
Real Assets	14.00%	5.02%	0.70%
Private Equity	16.00%	9.17%	1.47%
MAPS - Multi - Asset Public Strategies	4.00%	4.50%	0.18%
PIP - Private Investment Partnership	2.00%	7.18%	0.14%
Cash	1.00%	1.20%	0.01%
Total	100.00%		5.75%
	Inflation		2.50%
			8.25%

* Expected arithmetic nominal return

* The above allocation provides a one-year expected return of 8.25%. 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 7.14%, including expected inflation of 2.50%.

On June 15, 2023, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 45th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.14%, including expected inflation of 2.50%.

G. DISCOUNT RATE

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, 2023, the rate contributed by the 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 contribution rate. From July 1, 2023 on, employers are assumed 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.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. CHANGES IN NET HIC OPEB LIABILITY:

	Increase (Decrease)		
	Total HIC OPEB	Plan Fiduciary Net	Net HIC OPEB Liability
	Liability (a)	Position (b)	
	(a)	(b)	(a-b)
Balance at July 1, 2022	\$ 1,090,466	\$ 1,016,162	\$ 74,304
Changes for the year:			
Service cost	20,552	-	20,552
Interest	72,732	-	72,732
Differences between expected and actual experience	49,319	-	49,319
Contributions - employer	-	41,348	(41,348)
Net investment income	-	60,605	(60,605)
Benefit payments	(67,010)	(67,010)	-
Administrative expenses	-	(1,462)	1,462
Other changes	-	721	(721)
Net changes	75,593	34,202	41,391
Balance at June 30, 2023	\$ 1,166,059	\$ 1,050,364	\$ 115,695

I. SENSITIVITY OF THE COUNTY'S HIC NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

The following presents the County's HIC Program net HIC OPEB liability using the discount rate of 6.75%, as well as what the County's net HIC 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% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Net OPEB Liability (Asset)	\$ 247,429	\$ 115,695	\$ 4,696

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

J. **HIC PROGRAM OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB**

For the year ended June 30, 2024, the County recognized HIC Program OPEB expense \$26,894. At June 30, 2024, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 48,966	\$ 47,352
Change in assumptions	36,238	268
Net difference between projected and actual earnings on HIC OPEB program investments	-	10,456
County's contributions made after measurement date	41,348	-
Total	\$ 126,552	\$ 58,076

A reconciliation of the deferred inflows and deferred outflows is shown below:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$ 105,836	\$ 48,569
GWRC	1,708	784
Business Type Activities	16,123	7,399
Rappahannock Regional Solid Waste Management Board	2,885	1,324
Total	\$ 126,552	\$ 58,076

\$41,348 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Year Ending June 30,	Amount
2025	\$ 3,816
2026	(4,867)
2027	22,709
2028	7,484
2029	(2,014)
Total	\$ 27,128

K. **HIC PROGRAM PLAN DATA**

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2023 Financial Report. A copy of the 2023 VRS Financial Report may be downloaded from the VRS website at www.varetire.org/Pdf/Publications/2023-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Reconciliation of OPEB Plans to Financial Statements

As there are three OPEB plans for the County and they are allocated amongst various activities, a summary is provided below to reconcile the net OPEB liability, the deferred inflows and deferred outflows to the financial statements:

	OPEB	Program OPEB - GLI	OPEB - HIC	Total by Fund
Net OPEB Liability				
Governmental	\$ 73,400,942	\$ 3,324,998	\$ 96,756	\$ 76,822,696
Utilities	11,253,196	506,523	14,740	11,774,459
R-Board	1,842,376	90,649	2,638	1,935,663
GWRC	-	53,674	1,561	55,235
Total	\$ 86,496,514	\$ 3,975,844	\$ 115,695	\$ 90,588,053
	OPEB	Program OPEB - GLI	OPEB - HIC	Total by Fund
Deferred Outflows				
Governmental	\$ 23,382,662	\$ 1,079,253	\$ 105,836	\$ 24,567,751
Utilities	3,584,827	164,411	16,123	3,765,361
R-Board	586,909	29,424	2,885	619,218
GWRC	-	17,422	1,708	19,130
Total	\$ 27,554,398	\$ 1,290,510	\$ 126,552	\$ 28,971,460
	OPEB	Program OPEB - GLI	OPEB - HIC	Total by Fund
Deferred Inflows				
Governmental	\$ 71,484,194	\$ 465,800	\$ 48,569	\$ 71,998,563
Utilities	10,959,337	70,959	7,399	11,037,695
R-Board	1,794,265	12,699	1,324	1,808,288
GWRC	-	7,519	784	8,303
Total	\$ 84,237,796	\$ 556,977	\$ 58,076	\$ 84,852,849
	OPEB	Program OPEB - GLI	OPEB - HIC	Total by Fund
OPEB Expense				
Governmental	\$ (825,019)	\$ 277,684	\$ 22,491	\$ (524,844)
Utilities	(126,578)	42,302	3,426	(80,850)
R-Board	(20,723)	7,570	613	(12,540)
GWRC	-	4,483	364	4,847
Total	\$ (972,320)	\$ 332,039	\$ 26,894	\$ (613,387)

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 8. PRIMARY GOVERNMENT AND COMPONENT UNIT RECEIVABLE / PAYABLE

Primary Government and Component Unit fund receivable and payable balances at June 30, 2024 are summarized as follows:

	Due to Component Unit	School Board
		Due from Primary Government
Primary Government		
Governmental Activities	\$ 39,224,354	\$ 39,224,354
	<u>\$ 39,224,354</u>	<u>\$ 39,224,354</u>

The interfund payable from the General Fund to the Component Unit – School Board, School Operating Fund represents the accrued portion of the local appropriation as well as the amount due to fleet services.

Note 9. DEFERRED INFLOWS / UNEARNED REVENUES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also report unearned revenues in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflow of resources and unearned revenues reported in the governmental funds were as follows:

	Unavailable Revenues	Unearned Revenues
Unexpended ARPA Funds	\$ -	\$ 10,600,057
General Property Taxes	8,644,632	2,353,583
Opioid Funds	2,301,757	-
Other	110,506	3,415,034
	<u>\$ 11,056,895</u>	<u>\$ 16,368,674</u>

Note 10. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the County totaled \$55,274,765 for fiscal year 2024. Sources of these revenues were as follows:

	Commonwealth	Federal	Total
Primary Government			
Governmental Funds:			
General Fund	\$ 31,466,514	\$ 19,283,042	\$ 50,749,556
Transportation Fund	2,239,573	1,096,925	3,336,498
Other Nonmajor Governmental Funds	905,254	283,457	1,188,711
Total Governmental Funds	<u>\$ 34,611,341</u>	<u>\$ 20,663,424</u>	<u>\$ 55,274,765</u>

Note 11. INTERFUND TRANSFERS

Transfers from the General Fund to the Transportation fund were related to reserves for upcoming transportation projects.

Transfers from the General Fund to the Capital Projects Fund provided resources for police, fire and rescue projects, and capital maintenance projects for Community Facilities.

Transfers from the General Fund to Other Nonmajor Governmental Funds as well as transfers from Capital Projects to Other Nonmajor Governmental Funds were related to fire and levy projects.

Transfers from the Transportation Fund to the General Fund were related to DSS transportation for medical waste.

Transfers from the Transportation Fund to Other Nonmajor Governmental Funds were related to service district projects.

Transfers from Other Nonmajor Governmental Funds to the Transportation Fund were related to impact fee funds, while transfers from Other Nonmajor Governmental Funds to the General Fund were related to the 4 percent tourism occupancy tax and repayment of loans to service district projects.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 11. INTERFUND TRANSFERS (Continued)

A summary of interfund transfer activity for the year ended June 30, 2024 is presented as follows:

	Transfers In From Fund					Total Transfers In
	General Fund	Transportation Fund	General Capital Projects Fund	Nonmajor Governmental Funds		
Transfers Out to Fund:						
General Fund	\$ -	\$ 1,083	\$ -	\$ 1,819,744	\$ 1,820,827	
Transportation Fund	10,212,126	-	-	1,050,658	11,262,784	
Capital Projects Fund	12,764,903	-	-	-	12,764,903	
Other Nonmajor Governmental Funds	2,737,698	4,530,244	8,990,782	-	16,258,724	
Total Transfers Out	\$ 25,714,727	\$ 4,531,327	\$ 8,990,782	\$ 2,870,402	\$ 42,107,238	

Note 12. COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 2024, the County had contractual commitments of \$45.2 million, \$11.9 million for the construction of additions, enhancements, upgrades and design to the water and sewer system and the balance for general government, capital construction and CARES/ARPA projects.

The County receives grant funds, principally from the U.S. Government, for education programs and various other County programs. Expenditures of these funds are subject to audit by the grantor and the County is contingently liable to refund amounts received in excess of allowable expenditures. In the opinion of the management of the County, no material refunds will be required as a result of expenditures disallowed by the grantors.

The County is named as defendant in several cases for which the outcome of such claims is currently not predictable. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred related to claims existing at June 30, 2024 will not be material to the County’s financial position.

Note 13. JOINT VENTURES

A. RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD

The Rappahannock Regional Solid Waste Management Board (the R-Board) is a joint venture of the County and the City of Fredericksburg (the City). The R-Board was formed under an agreement dated December 9, 1987, for the purpose of operating and maintaining the Regional Landfill for the use and benefit of the citizens of the County and the City. The R-Board is administered by a six-member board currently comprised of three members from the County and three members from the City made up as follows:

- The County Administrator of the County of Stafford
- Two members of the County of Stafford, Board of Supervisors, to be appointed by the Board of Supervisors
- The City Manager of Fredericksburg
- Two members of the City Council of Fredericksburg, to be appointed by the City Council

The R-Board adopts an annual operating budget and sets user fees for the landfill. The R-Board has the authority to enter into written agreements with any contracting party for the operation and maintenance of the landfill. The R-Board has entered into an operating agreement with the County of Stafford, which will expire December 31, 2024. The County and the City fund operating deficits equally. The title to all real property acquired, held or leased is also allocated equally between the County and City, except for 30 acres owned by Stafford County.

NOTES TO FINANCIAL STATEMENTS

Note 13. JOINT VENTURES (Continued)

A summary of the County’s position with, and transactions related to the R-Board as of June 30, 2024 is as follows:

County's equity interest in joint venture	\$	12,694,038
Management fees paid to the County		369,225

State and federal laws and regulations require the R-Board to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting the waste, the R-Board reports a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each financial statement date. One-hundred percent of the liability has been recorded for the cells that are currently closed. These amounts are based on the estimated cost to perform all closure and post closure care in 2024.

Actual costs may vary due to inflation, changes in technology, or changes in regulations. Both Stafford County and the City of Fredericksburg have demonstrated financial assurance for these costs. The current estimate reported by the R-Board as landfill closure and post closure liability at June 30, 2024 represents the cumulative amount reported to date based on the percentage of use method for the estimated capacity of the landfill, as follows:

Current portion of closure/postclosure liability	\$	152,031
Noncurrent portion of closure/postclosure liability		<u>9,241,345</u>
Total closure/postclosure liability	<u>\$</u>	<u>9,393,376</u>

Complete financial statements for the R-Board can be obtained from the Director of Solid Waste Management, Rappahannock Regional Solid Waste Management Board, P.O. Box 339, Stafford, Virginia 22555-0339.

B. 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 are the City of Fredericksburg, and the Counties of Stafford, Spotsylvania and King George. A twelve-member board consisting of three representatives from each of the member jurisdictions, as follows, governs the Authority:

- The Sheriff of each jurisdiction
- A member of each jurisdiction’s governing body
- A representative from each member jurisdiction, appointed by their governing body

Before the Authority was created, the jail facility was operated by Stafford County. In November 1996, a transitional agreement between the Authority and Stafford County was signed. This agreement transferred operation of the Stafford County Jail to the Authority from January 1997, until the date the new regional facility opened, when Stafford’s prisoners would be housed in the joint facility. The Rappahannock Regional Jail is located in Stafford County and opened in June 2000.

In accordance with the Authority Agreement, member jurisdictions pay operating (per diem) and debt service costs based on percentage of inmate population. The County retains an ongoing financial responsibility for this joint venture due to this requirement of the agreement.

Complete financial statements for the Rappahannock Regional Jail Authority can be obtained from the Director of Support Services, Rappahannock Regional Jail, P.O. Box 3300, Stafford, VA 22555.

NOTES TO FINANCIAL STATEMENTS

Note 13. JOINT VENTURES (Continued)

C. CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

The Central Rappahannock Regional Library (Library) was organized July 1, 1971, pursuant to the provisions of Title 42.1 of the *Code of Virginia* (1950), as amended. Member jurisdictions are the City of Fredericksburg, and the Counties of Stafford, Spotsylvania, and Westmoreland. It provides library and related services to the participating jurisdictions.

The Library operates under a Regional Library Board consisting of representatives from each of the member jurisdictions, as follows:

- 2 appointed by the governing body of the City of Fredericksburg
- 2 appointed by the governing body of the County of Stafford
- 2 appointed by the governing body of the County of Spotsylvania
- 1 appointed by the governing body of the County of Westmoreland

The Regional Library Board is empowered to budget and expend funds and to execute contracts. Eighty percent of the Library's operating revenues are derived from annual appropriations by the participating jurisdictions. The remaining twenty percent is derived from fines, fees, donations and State grants.

Complete financial statements for the Central Rappahannock Regional Library can be obtained from the Library Director, Central Rappahannock Regional Library, 1201 Caroline St., Fredericksburg, VA 22401.

D. POTOMAC RAPPAHANNOCK TRANSPORTATION COMMISSION (PRTC)

The County is a member of the PRTC venture which participates with 5 other local Virginia jurisdictions to subsidize Virginia Railway Express and the Rideshare commuter bus routes. PRTC collects the jurisdictions fuel tax from the State and maintains fund balance which is proportioned to each jurisdiction based on the fuel tax collected in each jurisdiction. The subsidy is deducted from the fund balance during each year.

A summary of the County's contributions to, and fund balances held by its various joint ventures for the fiscal year ended June 30, 2024 is as follows:

County contributions to joint ventures:	
Rappahannock Regional Jail Authority	\$ 8,767,030
Central Rappahannock Regional Library	<u>5,510,408</u>
Total contributions to joint ventures	<u>\$ 14,277,438</u>
Fund balance held by joint ventures:	
Potomac Rappahannock Transportation Commission	\$ 5,300,471

Note 14. RISK MANAGEMENT

PRIMARY GOVERNMENT

The County is exposed to various risk of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by a combination of commercial insurance purchased from independent third parties and participation in public entity risk pools.

There have not been any significant reductions in insurance coverage as compared to the previous year. Settled claims from these risks have not exceeded commercial coverage for the past three fiscal years.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. RISK MANAGEMENT (Continued)

The County participates in VaCorp, which is a public entity risk pool that provides commercial general liability, property, automobile, and other types of insurance coverage to Virginia localities. The County also participates in the Virginia Municipal League Pool for its workers’ compensation coverage. In the case of both pools, if there is a loss deficit and depletion of all assets and available insurance of the pool, the pool may assess all members in the pool a proportion which the premium of each bears to the total premiums of all members in the year in which such deficit occurs.

The County has chosen to partially retain the risk associated with the employees’ health and dental insurance plan. Risk is retained up to the limits based on monthly claims paid per employee and a 115% aggregate stop loss for total claims paid during the year. The risk financing is accounted for in the General Fund. Premiums are paid for all full-time employees of the County to a claims administrator, which processes all claims. Any excess funds at the end of the year are deposited in a reserve account with the claims administrator. This reserve account is used to fund losses in future years. At June 30, 2024, the account had a balance of \$3,200,126.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering recent settlement trends including frequency and amount of pay-outs. The change in the claims liabilities balance during the past two fiscal years is as follows:

	2024	2023
Unpaid claims, beginning	\$ 1,272,382	\$ 1,147,672
Incurred claims (including IBNR)	15,624,081	12,292,028
Claim payments	(15,440,207)	(12,167,318)
Unpaid claims, ending	<u>\$ 1,456,256</u>	<u>\$ 1,272,382</u>

A reconciliation of the unpaid claims at June 30, 2024 is as follows:

General Government	\$ 1,300,146
Utilities	129,680
R-Board	28,430
Total	<u>\$ 1,458,256</u>

COMPONENT UNIT – Stafford County Public Schools

Public Schools carries commercial insurance for all risks of loss, except for workers’ compensation. Like the County, it participates in the VML public entity risk pool. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year. The total estimated worker’s compensation insurance claims payable as of June 30, 2024 were \$189,488, of which, \$51,274 was estimated to be current claims payable.

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
Unpaid claims, beginning of fiscal year	\$ 1,183,496	\$ 1,305,953
Incurred claims (including IBNR)	(111,257)	572,595
Claim payments	(882,751)	(695,052)
Unpaid claims, end of fiscal year	<u>\$ 189,488</u>	<u>\$ 1,183,496</u>

Beginning in fiscal year 2002, Stafford County Public Schools revised its health insurance plan to fully retain the associated risk. The risk financing is accounted for in the Health Benefits Fund. Premiums are paid for all full-time employees to a claims administrator which processes all claims.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 14. RISK MANAGEMENT (Continued)

Liabilities are reported when it is possible that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include any amount for claims that have been incurred but not reported (IBNR). Claim liabilities are calculated considering recent settlement trends including frequency and amount of payouts. The change in the claims liabilities balance during the past two years is as follows:

	Fiscal Year Ended June 30, 2024	Fiscal Year Ended June 30, 2023
Unpaid claims, beginning of fiscal year	\$ 6,256,000	\$ 6,017,000
Incurred claims (including IBNR)	39,143,938	35,407,848
Claim payments	(38,296,938)	(35,168,848)
Unpaid claims, end of fiscal year	<u>\$ 7,103,000</u>	<u>\$ 6,256,000</u>

Note 15. LEASES

County as Lessee:

As of June 30, 2024, the County had 13 active leases. The leases have payments that range from \$1,252 to \$175,563 and interest rates that range from 0.2370% to 3.0700%. As of June 30, 2024, the total combined value of the lease liability is \$2,438,044, the total combined value of the short-term lease liability is \$353,803. The combined value of the intangible right-to-use assets as of June 30, 2024 of \$3,325,591 with accumulated amortization of \$948,000 is included within the lease class activities table found below. The leases had \$0 of variable payments and \$0 of other payments, not included in the lease liability, within the fiscal year.

Amount of lease assets by major classes of underlying assets are as follows as of the fiscal year ended June 30, 2024:

Asset Class	Lease Asset Value	Accumulated Amortization
Land	\$ 1,313,740	\$ 646,636
Infrastructure	391,067	177,438
Buildings	1,620,783	123,926
Total Leases	<u>\$ 3,325,590</u>	<u>\$ 948,000</u>

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. LEASES (Continued)

Principal and interest requirements to maturity are as follows:

Fiscal Year(s)	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 353,803	\$ 54,915	\$ 408,718
2026	245,540	51,265	296,805
2027	145,613	47,899	193,512
2028	152,687	44,505	197,192
2029	160,056	40,928	200,984
2030 - 2034	772,301	146,455	918,756
2035 - 2039	608,044	47,080	655,124
Total Payments	\$ 2,438,044	\$ 433,047	\$ 2,871,091

The change in lease assets, net during the course of the fiscal year is detailed below:

	Balance as of July			Balance as of June 30, 2024
	1, 2023	Additions	Reductions	
Governmental activities	\$ 1,298,472	\$ 1,459,262	\$ (380,144)	\$ 2,377,590
Total	\$ 1,298,472	\$ 1,459,262	\$ (380,144)	\$ 2,377,590

The change in lease liabilities during the course of the fiscal year is detailed below:

	Amounts Payable			Amounts Payable at June 30, 2024	Amounts Due within One Year
	at July 1, 2023	Additions	Reductions		
Governmental activities	\$ 1,335,250	\$ 1,459,262	\$ 356,468	\$ 2,438,044	\$ 353,803
Total	\$ 1,335,250	\$ 1,459,262	\$ 356,468	\$ 2,438,044	\$ 353,803

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 15. LEASES (Continued)

County as Lessor:

As of June 30, 2024, the County had six active leases. The leases have receipts that range from \$4,366 to \$42,903 and interest rates that range from 0.3080% to 0.9800%. As of June 30, 2024, the total combined value of the lease receivable is \$861,718, the total combined value of the short-term lease receivable is \$147,687, and the combined value of the deferred inflow of resources is \$843,703. The leases had \$0 of variable receipts and \$0 of other receipts, not included in the lease receivable, within the fiscal year.

Principal and interest payments expected to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 72,874	\$ 812	\$ 73,686
2026	39,607	268	39,875
Total Payments	\$ 112,481	\$ 1,080	\$ 113,561

Fiscal Year(s)	Business-type Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 74,813	\$ 5,794	\$ 80,607
2026	40,911	5,306	46,217
2027	26,491	5,058	31,549
2028	27,657	4,838	32,495
2029	28,862	4,609	33,471
2030 - 2034	163,791	19,240	183,031
2035 - 2039	200,321	11,862	212,183
2040 - 2043	186,391	3,105	189,496
Total Payments	\$ 749,237	\$ 59,812	\$ 809,049

Note 16. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS

As of June 30, 2024, the County had ten active subscriptions. The subscriptions have payments that range from \$8,819 to \$158,746 and interest rates that range from 1.5800% to 2.5830%. As of June 30, 2024, the total combined value of the subscription liability is \$638,251, and the total combined value of the short-term subscription liability is \$332,647. The combined value of the intangible right-to-use assets as of June 30, 2024 of \$1,822,068 with accumulated amortization of \$1,048,690 is included within the subscription class activities table found below. The subscriptions had \$0 of variable payments and \$0 of other payments, not included in the subscription liability, within the fiscal year.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO FINANCIAL STATEMENTS

Note 16. SUBSCRIPTION BASED INFORMATION TECHNOLOGY AGREEMENTS (Continued)

Amount of subscription assets by major classes of underlying assets are as follows as of the fiscal year ended June 30, 2024:

Asset Class	Subscription Asset Value	Accumulated Amortization
Software	\$ 1,822,068	\$ 1,048,690
Total subscriptions	\$ 1,822,068	\$ 1,048,690

Principal and interest requirements to maturity are as follows:

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2025	\$ 332,647	\$ 15,016	\$ 347,663
2026	150,855	7,891	158,746
2027	154,749	3,996	158,745
Total payments	\$ 638,251	\$ 26,903	\$ 665,154

The change in intangible right-to-use subscription assets during the course of the fiscal year is as follows:

	Balance as of July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024
	Governmental activities	\$ 1,167,647	\$ -	\$ (394,269)
Total	\$ 1,167,647	\$ -	\$ (394,269)	\$ 773,378

The change in intangible right-to-use subscription liabilities during the course of the fiscal year is as follows:

	Balance as of July 1, 2023	Additions	Reductions	Ending Balance June 30, 2024	Amount Due within One Year
	Governmental activities	\$ 972,585	\$ -	\$ 334,334	\$ 638,251
Total	\$ 972,585	\$ -	\$ 334,334	\$ 638,251	\$ 332,647

Note 17. PENDING GASB STATEMENTS

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The County will implement Statement No. 101 in FY2025.

In December 2023, GASB Statement No. 102, *Certain Risk Disclosures*, requires all state and local governments to disclose essential information about risks related to vulnerabilities due to certain concentrations or constraints. Statement No. 102 will be effective for fiscal years beginning after June 15, 2024.

NOTES TO FINANCIAL STATEMENTS

Note 17. PENDING GASB STATEMENTS (Continued)

In April 2024, GASB Statement No. 103, *Financial Reporting Model Improvements*, improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Statement 103 will be effective for fiscal years beginning after June 15, 2025.

In September 2024, GASB Statement No. 104, *Disclosure of Certain Capital Assets*, requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, *Leases*, and intangible right-to-use assets recognized in accordance Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, should be disclosed separately by major class of underlying asset in the capital assets note disclosures. Subscription assets recognized in accordance with Statement No. 96, *Subscription-Based Information Technology Arrangements*, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025.

The County has not yet determined the effect these GASB Statements will have on its financial statements.

Note 18. SUBSEQUENT EVENTS

In August 2024, the County participated in the Virginia Resources Authority Pooled Financing Program to refinance its VRA 2014A revenue bonds and 2014B financing lease which resulted in savings over the life of the debt of \$360,484 and \$1,877,098, respectively.

In December 2024, the County issued debt in the amount of \$44,940,000 through a standalone Virginia Public School Authority borrowing. Proceeds of these issues will be used to finance the building of two elementary schools (18 and 19) and the rebuild of Drew Middle School.

REQUIRED SUPPLEMENTARY INFORMATION

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
 GENERAL FUND
 For the Year Ended June 30, 2024

Exhibit 12
 Page 1 of 3

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Revenues:				
General property taxes	\$ 281,347,668	\$ 281,366,023	\$ 288,884,146	\$ 7,518,123
Other local taxes	56,025,043	56,025,043	53,019,714	(3,005,329)
Permits, privilege fees and regulatory licenses	4,279,827	4,279,827	4,997,778	717,951
Fines and forfeitures	740,524	740,524	727,070	(13,454)
Use of money and property	3,067,492	3,067,492	10,351,178	7,283,686
Charges for services	6,035,789	6,036,449	5,400,777	(635,672)
Intergovernmental	43,827,651	60,850,606	50,749,556	(10,101,050)
Miscellaneous	9,835,476	12,228,586	11,967,625	(260,961)
Total revenues	405,159,470	424,594,550	426,097,844	1,503,294
Expenditures:				
General government administration:				
Board of Supervisors	814,564	847,558	809,114	38,444
Clerk of the Board	205,676	223,522	223,521	1
County Administrator	1,426,689	1,423,409	1,215,616	207,793
Public Information	996,977	1,172,430	1,139,353	33,077
County Attorney	1,617,643	1,930,655	1,298,051	632,604
Human Resources	2,130,989	2,030,312	1,690,271	340,041
Commissioner of the Revenue	3,696,555	3,808,508	3,797,891	10,617
Treasurer	2,725,207	3,045,277	2,726,164	319,113
Finance	3,794,084	3,672,949	3,306,998	365,951
Budget and Management	1,132,461	1,137,377	1,074,617	62,760
Computer Services	5,149,729	7,069,664	6,461,844	607,820
Geographic Information Systems	807,777	857,236	850,853	6,383
Electoral Board and Registrar	802,038	1,221,173	1,049,777	171,396
	25,300,389	28,440,070	25,644,070	2,796,000
Judicial administration:				
Circuit Court	720,972	714,155	707,825	6,330
General District Court	117,258	117,258	86,074	31,184
Juvenile and Domestic Relations				
District Court	132,488	132,488	123,269	9,219
Clerk of the Circuit Court	1,928,988	2,199,008	2,104,446	94,562
Magistrate	8,717	14,351	13,076	1,275
Commonwealth's Attorney	4,776,064	4,866,265	4,626,724	239,541
Court Deputies	4,473,693	4,529,036	4,437,125	91,911
	12,158,180	12,572,561	12,098,539	474,022

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
 GENERAL FUND
 For the Year Ended June 30, 2024

Exhibit 12
 Page 2 of 3

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Expenditures (Continued):				
Public safety:				
Policing and investigating	\$ 41,037,376	\$ 48,122,158	\$ 43,503,875	\$ 4,618,283
Emergency management	35,668,756	37,591,836	35,126,488	2,465,348
Volunteer rescue squads	142,303	211,476	184,803	26,673
Volunteer fire departments	379,731	553,349	379,002	174,347
Care and confinement of prisoners	8,767,030	8,767,030	8,763,544	3,486
15th District Court Unit	364,384	371,092	358,493	12,599
Rappahannock Juvenile Detention	1,632,804	1,632,804	1,572,538	60,266
Code compliance	6,349,763	6,476,927	5,488,606	988,321
Animal control	1,489,793	1,984,397	1,654,090	330,307
	<u>95,831,940</u>	<u>105,711,069</u>	<u>97,031,439</u>	<u>8,679,630</u>
Public works:				
Engineering	893,760	1,156,690	713,435	443,255
Solid waste management	-	44,370	44,370	-
Maintenance of buildings and grounds	5,546,910	6,033,059	5,779,789	253,270
	<u>6,440,670</u>	<u>7,234,119</u>	<u>6,537,594</u>	<u>696,525</u>
Health and human services:				
Local health department	562,828	576,802	576,802	-
Public assistance	19,405,502	20,980,963	19,615,358	1,365,605
Other	2,745,564	2,698,675	1,510,824	1,187,851
	<u>22,713,894</u>	<u>24,256,440</u>	<u>21,702,984</u>	<u>2,553,456</u>
Parks, recreation and cultural:				
Administration	5,795,096	5,826,482	5,395,692	430,790
Community programs	1,091,118	1,229,809	937,102	292,707
Sports programs	1,222,900	1,220,770	995,107	225,663
Gymnastics program	1,482,301	1,455,234	1,058,679	396,555
Pool program	703,307	768,140	682,291	85,849
Cultural programs	348,858	348,860	348,858	2
Regional library	5,537,501	5,537,501	5,537,501	-
	<u>16,181,081</u>	<u>16,386,796</u>	<u>14,955,230</u>	<u>1,431,566</u>

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
 GENERAL FUND
 For the Year Ended June 30, 2024

Exhibit 12
 Page 3 of 3

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive/(Negative)
Expenditures (Continued):				
Community development:				
Planning and community development	\$ 3,034,656	\$ 3,088,122	\$ 2,771,150	\$ 316,972
Planning commission	104,100	104,100	90,854	13,246
Economic development	762,829	1,027,447	939,300	88,147
Cooperative extension program	216,649	216,649	154,971	61,678
Other	462,709	893,421	836,206	57,215
	<u>4,580,943</u>	<u>5,329,739</u>	<u>4,792,481</u>	<u>537,258</u>
Education:				
School operating	157,994,449	157,994,449	151,834,827	6,159,622
School capital projects	12,082,442	18,342,069	18,342,069	-
	<u>170,076,891</u>	<u>176,336,518</u>	<u>170,176,896</u>	<u>6,159,622</u>
Capital outlay	10,482,037	20,410,193	8,928,082	11,482,111
Debt service:				
Principal retirement	27,028,213	25,908,675	25,908,672	3
Interest and other fiscal charges	3,091,725	2,876,636	2,719,692	156,944
Bond issuance costs	40,000	40,000	-	40,000
	<u>30,159,938</u>	<u>28,825,311</u>	<u>28,628,364</u>	<u>196,947</u>
Total expenditures	<u>393,925,963</u>	<u>425,502,816</u>	<u>390,495,679</u>	<u>35,007,137</u>
Excess/(deficiency) of revenues over (under)/expenditures	<u>11,233,507</u>	<u>(908,266)</u>	<u>35,602,165</u>	<u>36,510,431</u>
Other financing sources (uses):				
Transfers in	1,924,907	1,924,907	1,820,827	(104,080)
Transfers out	(24,370,822)	(27,578,178)	(25,714,727)	1,863,451
Issuance of new lease liability	-	-	1,459,262	1,459,262
Total other financing uses, net	<u>(22,445,915)</u>	<u>(25,653,271)</u>	<u>(22,434,638)</u>	<u>3,218,633</u>
Net change in fund balance	(11,212,408)	(26,561,537)	13,167,527	39,729,064
Fund balance, beginning	119,647,898	119,647,898	119,647,898	-
Fund balance, ending	<u>\$ 108,435,490</u>	<u>\$ 93,086,361</u>	<u>\$ 132,815,425</u>	<u>\$ 39,729,064</u>

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
 TRANSPORTATION FUND
 For the Year Ended June 30, 2024

Exhibit 13

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Other local taxes	\$ 5,583,100	\$ 5,583,100	\$ 6,510,106	\$ 927,006
Use of money and property	45,000	45,000	228,754	183,754
Intergovernmental	2,819,587	20,866,786	3,336,498	(17,530,288)
Miscellaneous revenue	-	-	18,803	18,803
Total revenues	8,447,687	26,494,886	10,094,161	(16,400,725)
EXPENDITURES				
Current:				
Transportation	11,102,430	22,696,726	6,121,675	16,575,051
Capital outlay	6,430,276	27,911,447	5,021,394	22,890,053
Debt service:				
Principal retirement	815,684	815,684	815,684	-
Interest and other fiscal charges	425,011	425,011	425,010	1
Total expenditures	18,773,401	51,848,868	12,383,763	39,465,105
Deficiency of revenues under expenditures	(10,325,714)	(25,353,982)	(2,289,602)	23,064,380
OTHER FINANCING SOURCES (USES)				
Transfers in	9,907,264	10,706,973	11,262,784	555,811
Transfers out	(1,100,922)	(5,631,166)	(4,531,327)	1,099,839
Total other financing sources, net	8,806,342	5,075,807	6,731,457	1,655,650
Net change in fund balances	(1,519,372)	(20,278,175)	4,441,855	24,720,030
Fund balances, beginning	29,984,668	29,984,668	29,984,668	-
Fund balances, ending	\$ 28,465,296	\$ 9,706,493	\$ 34,426,523	\$ 24,720,030

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COMPARISON SCHEDULES

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Supervisors annually adopts budgets for the General Fund, and Special Revenue Funds of the Primary Government. All appropriations are legally controlled at the department level for the General Fund and Special Revenue Funds. On April 18, 2023, the Board of Supervisors approved the original budget reflected in the financial statements.

The budgets are integrated into the accounting system, and budgetary data, as presented in the financial statements, compare the revenues and expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the accompanying budgetary comparison schedules for the General Fund and Transportation Fund present actual revenues and expenditures in accordance with GAAP on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations for annual budgets lapse at the end of each fiscal year.

NOTE 2. MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund or Transportation Fund for the fiscal year ended June 30, 2024.

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS – COUNTY’S VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30, 2024*	Fiscal Year June 30, 2023*	Fiscal Year June 30, 2022*	Fiscal Year June 30, 2021*	Fiscal Year June 30, 2020*	Fiscal Year June 30, 2019*	Fiscal Year June 30, 2018*	Fiscal Year June 30, 2017*	Fiscal Year June 30, 2016*	Fiscal Year June 30, 2015*
Total Pension Liability										
Service cost	\$ 9,255,513	\$ 8,185,602	\$ 6,980,909	\$ 6,484,925	\$ 5,982,721	\$ 5,615,431	\$ 5,550,497	\$ 5,473,158	\$ 5,483,794	\$ 5,461,428
Interest	19,119,076	18,134,507	15,598,436	14,754,294	13,797,969	13,030,635	12,508,742	11,888,063	11,160,637	10,443,292
Changes in benefit terms	-	-	-	-	3,140,044	-	-	-	-	-
Changes in assumptions	-	-	11,274,874	-	6,896,297	-	(1,002,770)	-	-	-
Differences between expected and actual experience	6,248,864	(1,427,384)	5,908,532	589,787	373,287	328,425	(2,070,636)	(1,563,825)	(118,543)	-
Benefit payments, including refunds of employee contributions	(11,547,530)	(11,205,318)	(9,548,568)	(9,097,817)	(8,346,239)	(7,678,917)	(7,381,507)	(6,479,621)	(5,788,531)	(5,525,348)
Net change in total pension liability	23,075,923	13,687,407	30,214,183	12,731,189	21,844,079	11,295,574	7,604,326	9,317,775	10,737,357	10,379,372
Total pension liability - beginning	279,763,820	266,076,413	235,862,230	223,131,041	201,286,962	189,991,388	182,387,062	173,069,287	162,331,930	151,952,558
Total pension liability - ending (a)	\$ 302,839,743	\$ 279,763,820	\$ 266,076,413	\$ 235,862,230	\$ 223,131,041	\$ 201,286,962	\$ 189,991,388	\$ 182,387,062	\$ 173,069,287	\$ 162,331,930
Plan Fiduciary Net Position										
Contributions - employer	\$ 9,687,171	\$ 7,340,554	\$ 6,855,095	\$ 5,874,874	\$ 5,340,346	\$ 4,869,518	\$ 4,721,720	\$ 5,062,191	\$ 5,063,741	\$ 5,291,891
Contributions - employee	3,704,598	3,406,081	3,143,943	3,013,984	2,686,928	2,587,998	2,515,641	2,360,151	2,363,363	2,344,409
Net investment income	16,421,606	(354,326)	54,345,357	3,739,813	12,216,181	12,600,084	18,542,305	2,650,884	6,489,652	18,945,438
Benefit payments, including refunds of employee contributions	(11,547,530)	(11,205,318)	(9,548,568)	(9,097,817)	(8,346,239)	(7,678,917)	(7,381,507)	(6,479,621)	(5,788,531)	(5,525,348)
Administrative expense	(158,238)	(155,203)	(131,034)	(123,294)	(118,212)	(106,856)	(105,161)	(90,725)	(85,858)	(99,431)
Other	6,657	5,891	(1,866)	(4,442)	(7,727)	(11,285)	(16,572)	(1,108)	(1,378)	999
Net change in plan fiduciary net position	18,114,264	(962,321)	54,662,927	3,403,118	11,771,277	12,260,542	18,276,426	3,501,772	8,040,989	20,957,958
Plan fiduciary net position - beginning	250,708,147	251,670,468	197,007,541	193,604,423	181,833,146	169,572,604	151,296,178	147,794,406	139,753,417	118,795,459
Plan fiduciary net position - ending (b)	\$ 268,822,411	\$ 250,708,147	\$ 251,670,468	\$ 197,007,541	\$ 193,604,423	\$ 181,833,146	\$ 169,572,604	\$ 151,296,178	\$ 147,794,406	\$ 139,753,417
Net pension liability - ending (a) - (b)	\$ 34,017,332	\$ 29,055,673	\$ 14,405,945	\$ 38,854,689	\$ 29,526,618	\$ 19,453,816	\$ 20,418,784	\$ 31,090,884	\$ 25,274,881	\$ 22,578,513
Plan fiduciary net position as a percentage of the total pension liability	88.77%	89.61%	94.59%	83.53%	86.77%	90.34%	89.25%	82.95%	85.40%	86.09%
County's covered payroll	\$ 73,835,152	\$ 70,519,760	\$ 62,431,432	\$ 65,268,340	\$ 52,919,167	\$ 52,419,661	\$ 47,936,244	\$ 51,368,053	\$ 49,442,402	\$ 48,461,394
Net pension liability as a percentage of covered payroll	46.07%	41.20%	23.07%	59.53%	55.80%	37.11%	42.60%	60.53%	51.12%	46.59%

*The amounts presented have a measurement date of the previous fiscal year end.

Notes to Schedule:

- Changes of benefit terms:** There have been no actuarially material changes to the VRS benefit provisions since the prior valuation.
- Changes of assumptions:** The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Non-Hazardous Duty:

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

Hazardous Duty:

Mortality Rates (Pre-Retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70.
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Largest 10 Hazardous Duty.
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount rate	No change

- Reporting Entity:** The numbers presented above represent the County, GWRC and the Rappahannock Regional Waste Management Board.

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF CONTRIBUTIONS – COUNTY’S VIRGINIA RETIREMENT SYSTEM

Exhibit 15

	Fiscal Year June 30, 2024	Fiscal Year June 30, 2023	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Fiscal Year June 30, 2020	Fiscal Year June 30, 2019	Fiscal Year June 30, 2018	Fiscal Year June 30, 2017	Fiscal Year June 30, 2016	Fiscal Year June 30, 2015
Contractually required contribution (CRC)	\$ 10,845,532	\$ 9,687,172	\$ 7,340,554	\$ 6,855,095	\$ 5,874,874	\$ 5,340,346	\$ 4,869,518	\$ 4,721,720	\$ 5,062,191	\$ 5,063,741
Contribution in relation to the CRC	10,845,532	9,687,172	7,340,554	6,855,095	5,874,874	5,340,346	4,869,518	4,721,720	5,062,191	5,063,741
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 82,664,116	\$ 73,835,152	\$ 70,519,760	\$ 62,431,422	\$ 65,268,340	\$ 52,919,167	\$ 52,419,661	\$ 47,936,244	\$ 51,368,053	\$ 49,442,402
Contributions as a percentage of covered payroll	13.12%	13.12%	10.41%	10.98%	9.00%	10.09%	9.29%	9.85%	9.85%	10.24%

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF CHANGES IN THE NET OPEB LIABILITY AND RELATED RATIOS – COUNTY’S RETIREE HEALTH INSURANCE

Exhibit 16

	As of June 30, 2024	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018	As of June 30, 2017
Total OPEB Liability								
Service cost	\$ 4,286,744	\$ 5,614,263	\$ 9,302,206	\$ 8,855,086	\$ 6,983,641	\$ 5,218,581	\$ 5,083,380	\$ 6,108,000
Interest	3,843,994	4,274,575	2,977,933	4,051,975	4,226,077	4,060,904	3,784,739	3,270,000
Differences between expected and actual experience	200,763	(11,560,636)	(239,865)	(37,580,181)	99,453	(651,067)	(104,742)	-
Changes of Assumptions	(2,033,023)	(12,745,365)	(49,430,189)	17,010,040	20,925,579	15,378,981	(906,877)	(17,335,000)
Benefit payments, including refunds of employee contributions	(2,298,726)	(1,911,501)	(1,735,457)	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
Net change in total OPEB liability	3,999,752	(16,328,664)	(39,125,372)	(10,235,831)	30,476,195	22,841,796	6,613,196	(8,762,000)
Total OPEB liability - beginning	100,634,320	116,962,984	156,088,356	166,324,187	135,847,992	113,006,196	106,393,000	115,155,000
Total OPEB liability - ending (a)	\$ 104,634,072	\$ 100,634,320	\$ 116,962,984	\$ 156,088,356	\$ 166,324,187	\$ 135,847,992	\$ 113,006,196	\$ 106,393,000
Plan Fiduciary Net Position								
Contributions - employer	\$ 2,298,726	\$ 1,911,501	\$ 1,735,457	\$ 5,785,789	\$ 1,758,555	\$ 1,662,458	\$ 1,713,424	\$ 1,340,000
Net investment income	1,324,903	988,173	(1,353,433)	2,632,228	247,460	702,943	582,422	642,000
Benefit payments, including refunds of employee contributions	(2,298,726)	(1,911,501)	(1,735,457)	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
Administrative expense	-	-	-	-	-	-	-	(6,000)
Net change in plan fiduciary net position	1,324,903	988,173	(1,353,433)	5,845,266	247,460	1,199,798	1,052,542	1,171,000
Plan fiduciary net position - beginning	14,137,806	13,149,633	14,503,066	8,657,800	8,410,340	7,210,542	6,158,000	4,987,000
Plan fiduciary net position - ending (b)	\$ 15,462,709	\$ 14,137,806	\$ 13,149,633	\$ 14,503,066	\$ 8,657,800	\$ 8,410,340	\$ 7,210,542	\$ 6,158,000
Net OPEB liability - ending (a) - (b)	\$ 89,171,363	\$ 86,496,514	\$ 103,813,351	\$ 141,585,290	\$ 157,666,387	\$ 127,437,652	\$ 105,795,654	\$ 100,235,000
Plan fiduciary net position as a percentage of the total OPEB liability	14.78%	14.05%	11.24%	9.29%	5.21%	6.19%	6.38%	5.79%
Money-weighted rate of return	7.65%	7.65%	9.23%	29.73%	4.67%	4.67%	9.52%	11.36%

The plan does not make contributions based on payroll, therefore, Schedule of Contributions is not required or is included.

Notes to Schedule:

- (1) **Reporting Entity:** The numbers presented above represent the County, GWRC and the Rappahannock Regional Waste Management Board.
- (2) **Actuarial Assumptions:** The total OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of January 1, 2023 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Inflation	
Salary Increases	<i>General employees: 5.35% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service</i>
	<i>Sheriff/Fire: 4.75% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service</i>
Investment rate of return	
Discount rate	
Bond rate	

- (3) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the County will present information for those years for which information is available.

Mortality	
Healthy	<i>General active employees and all inactive: Pub-2010 Healthy Mortality, Headcount weighted, General Employees Sex Distinct, Projected on a fully generational basis using mortality improvement scale MP-2021</i>
	<i>Sheriff/Fire active employees: Pub-2010 Healthy Mortality, Headcount weighted. Public Safety Employees Sex Distinct, Projected Fully Generational on a fully generational basis using mortality improvement scale MP-2021</i>
Disabled	<i>Pub-2010 Disabled Retirees Headcount weighted, General Employees, Sex Distinct, on a fully generational basis using mortality improvement scale MP-2021</i>

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF COUNTY'S SHARE OF NET OPEB LIABILITY GROUP LIFE INSURANCE PROGRAM – VIRGINIA RETIREMENT SYSTEM

Exhibit 17

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
County's Proportion of the Net GLI OPEB Liability	0.33151%	0.32478%	0.31680%	0.31210%	0.27587%	0.27380%
County's Proportionate share of the Net GLI OPEB Liability (includes County and Rboard)	\$ 3,975,844	\$ 3,910,664	\$ 3,688,412	\$ 5,026,702	\$ 4,612,161	\$ 4,189,000
County's Covered Payroll	\$ 115,596,373	\$ 70,648,570	\$ 65,406,453	\$ 61,990,189	\$ 52,919,167	\$ 52,455,993
County's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	3.44%	5.54%	5.64%	8.11%	8.72%	7.99%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as of % of Covered Payroll
2024	\$ 421,354	\$ 421,354	\$ -	\$ 78,028,570	0.54%
2023	624,220	624,220	-	115,596,373	0.54%
2022	381,502	381,502	-	70,648,570	0.54%
2021	353,195	353,195	-	65,406,453	0.54%
2020	322,349	322,349	-	61,990,189	0.52%
2019	288,916	288,916	-	52,919,167	0.55%
2018	272,772	272,772	-	52,455,993	0.52%
2017	262,614	262,614	-	50,502,679	0.52%

Notes to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County and School Board will present information for those years which information is available

(2) FY2022 and FY2023 Contractually Required Contributions were corrected in FY2024.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – GROUP LIFE INSURANCE

Changes of benefit terms – There have been no actuarially material changes to VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF CHANGES IN COUNTY'S NET VIRGINIA RETIREMENT SYSTEM NET HIC OPEB LIABILITY AND RELATED RATIOS

Exhibit 19

	June 30, 2024*	June 30, 2023*	June 30, 2022*	June 30, 2021*	June 30, 2020*	June 30, 2019*	June 30, 2018
Total HIC OPEB Liability							
Service cost	\$ 20,552	\$ 32,026	\$ 25,682	\$ 25,813	\$ 25,109	\$ 22,861	\$ 23,793
Interest on the total OPEB liability	72,732	73,757	68,030	65,008	62,866	60,624	60,120
Changes of assumptions	-	23,764	22,165	-	24,469	-	-
Difference between expected and actual experience	49,319	(66,484)	592	13,661	7,639	5,154	(31,628)
Benefit payments, including refunds of employee contributions	(67,010)	(66,522)	(60,790)	(58,642)	(51,533)	(61,670)	(28,536)
Net change in total HIC OPEB liability	75,593	(3,459)	55,679	45,840	68,550	26,969	23,749
Total HIC OPEB liability - beginning	1,090,466	1,093,925	1,038,246	992,406	923,856	896,887	873,138
Total HIC OPEB liability - ending (a)	\$ 1,166,059	\$ 1,090,466	\$ 1,093,925	\$ 1,038,246	\$ 992,406	\$ 923,856	\$ 896,887
Plan Fiduciary Net Position							
Contributions - employer	\$ 41,348	\$ 44,915	\$ 41,645	\$ 42,647	\$ 38,396	\$ 39,175	\$ 37,726
Net investment income	60,605	1,623	215,857	16,717	50,657	54,252	79,178
Benefit payments, including refunds of employee contributions	(67,010)	(66,522)	(60,790)	(58,642)	(51,533)	(61,670)	(28,536)
Administrative expense	(1,462)	(1,759)	(2,513)	(1,580)	(1,106)	(1,261)	(1,294)
Other changes	721	13,284	-	(8)	(60)	(3,977)	3,977
Net change in plan fiduciary net position	34,202	(8,459)	194,199	(866)	36,354	26,519	91,051
Plan fiduciary net position - beginning	1,016,162	1,024,621	830,422	831,288	794,934	768,415	677,364
Plan fiduciary net position - ending (b)	\$ 1,050,364	\$ 1,016,162	\$ 1,024,621	\$ 830,422	\$ 831,288	\$ 794,934	\$ 768,415
Net HIC OPEB liability - ending (a) - (b)	\$ 115,695	\$ 74,304	\$ 69,304	\$ 207,824	\$ 161,118	\$ 128,922	\$ 128,472
Plan fiduciary net position as a percentage of the total net HIC OPEB liability	90.08%	93.19%	93.66%	79.98%	83.76%	86.05%	85.68%
Covered Payroll	\$ 42,496,990	\$ 40,827,664	\$ 37,684,271	\$ 35,723,869	\$ 30,969,264	\$ 30,135,840	\$ 29,021,854
Net OPEB liability as a percentage of covered payroll	0.27%	0.18%	0.18%	0.58%	0.52%	0.43%	0.44%

*The amounts presented have a measurement date of the previous fiscal year.

- (1) **Reporting Entity:** The numbers presented above represent the County, GWRC and the Rappahannock Regional Waste Management Board.
- (2) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.
- (3) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (4) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
 - a. Mortality rates update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality
 - b. Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
 - c. Withdrawal rates adjusted to better fit experience at each age and service
- (5) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF CONTRIBUTIONS – VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE
CREDIT PROGRAM

Exhibit 20

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as of % of Covered Payroll
2024	\$ 41,348	\$ 41,348	\$ -	\$ 38,533,741	0.11%
2023	41,351	41,351	-	42,496,990	0.11%
2022	44,915	44,915	-	40,827,664	0.11%
2021	41,453	41,453	-	37,684,271	0.11%
2020	42,647	42,647	-	35,723,869	0.12%
2019	38,396	38,396	-	30,969,264	0.12%
2018	39,175	39,175	-	30,135,840	0.13%
2017	37,726	37,726	-	29,021,854	0.13%

Note to Schedule:

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available.

COUNTY OF STAFFORD, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION HEALTH INSURANCE CREDIT PROGRAM

Changes of benefit terms – There have been no actuarially material changes to VRS benefit provisions since the prior actuarial valuation.

Changes of assumptions – The actuarial assumptions used in the June 30, 2022, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2021. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Discount Rate	No change

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
Withdrawal Rates	Adjusted rates to better fit experience at each age and service decrement through 9 years of service
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

OTHER SUPPLEMENTARY INFORMATION

Combining Schedules Nonmajor Governmental Funds

Special Revenue Funds:

Road Impact Fee – South East Fund Accounts for impact fee receipts from new development in a designated service area in the southeastern portion of the County. Disbursements from this fund are for road improvements attributable to the new development.

Garrisonville Road Service District Fund Accounts for ad valorem tax receipts from property owners in the district to pay debt service for road improvements in the district.

Warrenton Road Service District Fund Accounts for ad valorem tax receipts from property owners in the district to pay debt service for road improvements in the district.

Lynhaven Lane Service District Fund Accounts for ad valorem tax receipts from property owners along Lynhaven Lane repay loan for private road repair to meet VDOT standards for acceptance.

Transportation Impact Fee Fund Accounts for impact fee receipts from new development in designated service areas in the County. Disbursements from this fund are for road improvements attributable to the new development.

Lake Carroll Service District Fund Accounts for ad valorem tax receipts from property owners in the Lake Carroll subdivision to repay loan for dam repair.

Lake Arrowhead Service District Fund Accounts for ad valorem tax receipts from property owners in the Lake Arrowhead subdivision to repay loan for dam repair.

Hidden Lake Dam Fund Accounts for ad valorem tax receipts from property owners in the Hidden Lake subdivision to pay debt service for replacement of the dam.

Tourism Fund Accounts for the revenues and expenditures associated with promoting tourist venues in the County.

Asset Forfeiture Fund Accounts for the revenues and expenditures associated with the County's drug enforcement activities.

Armed Services Memorial Fund Accounts for the revenues and expenditures associated with the Armed Services Memorial.

E-Summons Fund Accounts for additional assessments on criminal or traffic cases in the district or circuit courts pursuant to Code of Virginia § 17.1-279.1, which restricts the use of such funds solely to fund software, hardware, and associated equipment costs for the implementation and maintenance of an electronic summons system.

RPA Chesapeake Bay Board Fund Accounts for resource protection area fees and associated disbursements.

Wetlands Fund Accounts for wetlands mitigation fees and associated disbursements.

Fire & Rescue Levy Fund Accounts for additional assessments on real estate and personal property taxes for fire and rescue equipment replacement.

Historic Port of Falmouth Fund Accounts for fees and associated disbursements at Falmouth Park.

COUNTY OF STAFFORD, VIRGINIA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2024

Schedule 1
Page 1 of 2

	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Lake Carroll Service District Fund
ASSETS						
Equity in pooled cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 224,002	\$ -
Restricted assets:						
Restricted cash	137,524	1,779,123	8,242,531	60,956	-	788,758
Receivables, net of allowances:						
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	14,624	-	463	-	-
Intergovernmental receivables	-	49,437	786,251	-	-	-
Total assets	<u>\$ 137,524</u>	<u>\$ 1,843,184</u>	<u>\$ 9,028,782</u>	<u>\$ 61,419</u>	<u>\$ 224,002</u>	<u>\$ 788,758</u>
LIABILITIES						
Accounts payable	\$ -	\$ 22,129	\$ 1,250,381	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	292	1,462	-	-	-
Retainages payable	-	195,102	-	-	-	-
Deposits and escrows	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>217,523</u>	<u>1,251,843</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS						
Unavailable revenue - property taxes	-	24,793	-	463	-	-
Total deferred inflows	<u>-</u>	<u>24,793</u>	<u>-</u>	<u>463</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	137,524	1,600,868	7,776,939	60,956	224,002	788,758
Committed	-	-	-	-	-	-
Total fund balances	<u>137,524</u>	<u>1,600,868</u>	<u>7,776,939</u>	<u>60,956</u>	<u>224,002</u>	<u>788,758</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 137,524</u>	<u>\$ 1,843,184</u>	<u>\$ 9,028,782</u>	<u>\$ 61,419</u>	<u>\$ 224,002</u>	<u>\$ 788,758</u>

COUNTY OF STAFFORD, VIRGINIA

COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
As of June 30, 2024

Schedule 1
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Lake Arrowhead Service District Fund	Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Fire & Rescue Levy	Historic Port of Falmouth	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 1,318,219	\$ -	\$ 26,571	\$ -	\$ -	\$ 180,121	\$ -	\$ 42,896	\$ 1,791,809
846,638	98,827	-	451,366	-	95,339	276,259	-	9,117,906	-	21,895,227
-	-	301,000	-	-	3,131	-	-	5,187,936	-	5,492,067
7,201	11,049	-	-	-	-	-	-	60,052	-	93,389
-	-	-	-	-	-	-	-	-	-	835,688
\$ 853,839	\$ 109,876	\$ 1,619,219	\$ 451,366	\$ 26,571	\$ 98,470	\$ 276,259	\$ 180,121	\$ 14,365,894	\$ 42,896	\$ 30,108,180
\$ -	\$ 15,000	\$ 89,099	\$ -	\$ 3,453	\$ -	\$ -	\$ -	\$ 29,314	\$ -	\$ 1,409,376
-	51	5,544	-	-	-	-	-	137	-	7,486
-	-	-	-	-	-	-	-	-	-	195,102
-	-	-	-	-	-	276,259	-	-	-	276,259
-	-	-	58,827	-	-	-	-	31,656	-	90,483
-	15,051	94,643	58,827	3,453	-	276,259	-	61,107	-	1,978,706
3,732	10,423	-	-	-	-	-	-	40,912	-	80,323
3,732	10,423	-	-	-	-	-	-	40,912	-	80,323
850,107	84,402	1,524,576	392,539	23,118	98,470	-	-	14,263,875	42,896	27,869,030
-	-	-	-	-	-	-	180,121	-	-	180,121
850,107	84,402	1,524,576	392,539	23,118	98,470	-	180,121	14,263,875	42,896	28,049,151
\$ 853,839	\$ 109,876	\$ 1,619,219	\$ 451,366	\$ 26,571	\$ 98,470	\$ 276,259	\$ 180,121	\$ 14,365,894	\$ 42,896	\$ 30,108,180

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024**

	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Lake Carroll Service District Fund
REVENUES						
General property taxes	\$ -	\$ 448,824	\$ -	\$ 2,572	\$ -	\$ 26,703
Other local taxes	-	-	-	-	941,686	-
Use of money and property	7,434	83,644	216,696	3,711	40,387	43,336
Charges for services	-	-	-	-	-	-
Intergovernmental	-	243,863	838,236	-	-	-
Miscellaneous revenue	-	-	-	-	-	-
Total revenues	7,434	776,331	1,054,932	6,283	982,073	70,039
EXPENDITURES						
Current:						
Judicial administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Parks, recreational and cultural	-	-	-	-	-	380
Community development	-	-	-	-	-	-
Transportation	-	267,297	41,403	12,745	-	-
Capital outlay	-	10,901	1,635,021	-	-	5,814
Debt service:						
Principal retirement	-	265,000	-	-	-	-
Interest and other fiscal charges	-	123,225	-	-	-	-
Total expenditures	-	666,423	1,676,424	12,745	-	6,194
Excess/(Deficiency) of revenues over/(under) expenditures	7,434	109,908	(621,492)	(6,462)	982,073	63,845
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	4,530,244	-	-	-
Transfers out	-	-	-	-	(1,050,658)	(25,648)
Issuance of debt:						
Issuance of new Installment financing agreements	-	-	-	-	-	-
Total other financing sources (uses), net	-	-	4,530,244	-	(1,050,658)	(25,648)
Net change in fund balances	7,434	109,908	3,908,752	(6,462)	(68,585)	38,197
Fund balances, beginning	130,090	1,490,960	3,868,187	67,418	292,587	750,561
Fund balances, ending	\$ 137,524	\$ 1,600,868	\$ 7,776,939	\$ 60,956	\$ 224,002	\$ 788,758

COUNTY OF STAFFORD, VIRGINIA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2024

Schedule 2
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Lake Arrowhead Service District Fund	Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Fire & Rescue Levy	Historic Port of Falmouth	Total Nonmajor Governmental Funds
\$ 102,711	\$ 117,575	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,361,050	\$ -	\$ 4,059,435
-	-	3,033,907	-	-	-	-	-	-	-	3,975,593
42,209	2,324	-	22,289	-	4,157	-	-	44,954	-	511,141
-	-	-	-	-	-	-	980	-	-	980
-	-	-	106,612	-	-	-	-	-	-	1,188,711
-	-	14,691	399	666	39,334	-	-	-	-	55,090
144,920	119,899	3,048,598	129,300	666	43,491	-	980	3,406,004	-	9,790,950
-	-	-	7,097	-	-	-	-	-	-	7,097
-	54,015	-	20,000	-	-	-	-	368,991	-	443,006
44,272	-	-	-	-	-	-	-	-	-	44,652
-	-	1,237,316	-	-	-	-	-	-	-	1,237,316
-	-	-	-	-	-	-	-	-	-	321,445
-	-	-	-	-	-	-	-	5,123,948	-	6,775,684
-	45,000	-	-	-	-	-	-	1,831,476	-	2,141,476
-	13,709	-	-	-	-	-	-	367,993	-	504,927
44,272	112,724	1,237,316	27,097	-	-	-	-	7,692,408	-	11,475,603
100,648	7,175	1,811,282	102,203	666	43,491	-	980	(4,286,404)	-	(1,684,653)
-	-	-	-	-	-	-	-	11,728,480	-	16,258,724
(60,623)	-	(1,733,473)	-	-	-	-	-	-	-	(2,870,402)
-	-	-	-	-	-	-	-	5,187,936	-	5,187,936
(60,623)	-	(1,733,473)	-	-	-	-	-	16,916,416	-	18,576,258
40,025	7,175	77,809	102,203	666	43,491	-	980	12,630,012	-	16,891,605
810,082	77,227	1,446,767	290,336	22,452	54,979	-	179,141	1,633,863	42,896	11,157,546
\$ 850,107	\$ 84,402	\$ 1,524,576	\$ 392,539	\$ 23,118	\$ 98,470	\$ -	\$ 180,121	\$ 14,263,875	\$ 42,896	\$ 28,049,151

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – ROAD IMPACT FEE – SE FUND Schedule 3 – A
 For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 7,434	\$ 7,434
Total revenues	-	-	7,434	7,434
Excess of revenues over expenditures	-	-	7,434	7,434
Net change in fund balances	-	-	7,434	7,434
Fund balances, beginning	130,090	130,090	130,090	-
Fund balances, ending	\$ 130,090	\$ 130,090	\$ 137,524	\$ 7,434

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – GARRISONVILLE RD SERVICE DISTRICT FUND Schedule 3 – B
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 487,773	\$ 487,773	\$ 448,824	\$ (38,949)
Use of money and property	-	-	83,644	83,644
Intergovernmental	719,537	1,404,312	243,863	(1,160,449)
Total revenues	1,207,310	1,892,085	776,331	(1,115,754)
EXPENDITURES				
Current:				
Transportation	121,511	473,823	267,297	206,526
Capital outlay	964,832	1,422,819	10,901	1,411,918
Debt service:				
Principal retirement	265,000	265,000	265,000	-
Interest and other fiscal charges	123,225	123,225	123,225	-
Total expenditures	1,474,568	2,284,867	666,423	1,618,444
Excess/(Deficiency) of revenues over/(under) expenditures	(267,258)	(392,782)	109,908	502,690
Net change in fund balances	(267,258)	(392,782)	109,908	502,690
Fund balances, beginning	1,490,960	1,490,960	1,490,960	-
Fund balances, ending	\$ 1,223,702	\$ 1,098,178	\$ 1,600,868	\$ 502,690

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – WARRENTON RD SERVICE DISTRICT FUND
For the Year Ended June 30, 2024

Schedule 3 – C

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 216,696	\$ 216,696
Intergovernmental	-	2,086,197	838,236	(1,247,961)
Total revenues	-	2,086,197	1,054,932	(1,031,265)
EXPENDITURES				
Current:				
Transportation	-	95,786	41,403	54,383
Capital outlay	-	11,442,923	1,635,021	9,807,902
Total expenditures	-	11,538,709	1,676,424	9,862,285
Deficiency of revenues under expenditures	-	(9,452,512)	(621,492)	8,831,020
OTHER FINANCING SOURCES				
Transfers in	-	4,530,244	4,530,244	-
Total other financing sources	-	4,530,244	4,530,244	-
Net change in fund balances	-	(4,922,268)	3,908,752	8,831,020
Fund balances, beginning	3,868,187	3,868,187	3,868,187	-
Fund balances, ending	\$ 3,868,187	\$ (1,054,081)	\$ 7,776,939	\$ 8,831,020

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – LYNHAVEN LANE SERVICE DISTRICT FUND
For the Year Ended June 30, 2024

Schedule 3 – D

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 5,500	\$ 5,500	\$ 2,572	\$ (2,928)
Use of money and property	-	-	3,711	3,711
Total revenues	5,500	5,500	6,283	783
EXPENDITURES				
Current:				
Transportation	-	39,160	12,745	26,415
Total expenditures	-	39,160	12,745	26,415
Excess/(Deficiency) of revenues over/(under) expenditures	5,500	(33,660)	(6,462)	27,198
OTHER FINANCING USES				
Transfers out	(5,500)	(5,500)	-	5,500
Total other financing uses	(5,500)	(5,500)	-	5,500
Net change in fund balances	-	(39,160)	(6,462)	32,698
Fund balances, beginning	67,418	67,418	67,418	-
Fund balances, ending	\$ 67,418	\$ 28,258	\$ 60,956	\$ 32,698

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – TRANSPORTATION IMPACT FEE FUND
For the Year Ended June 30, 2024

Schedule 3 – E

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive/(Negative)
REVENUES				
Other local taxes	\$ 785,000	\$ 785,000	\$ 941,686	\$ 156,686
Use of money and property	15,000	15,000	40,387	25,387
Total revenues	800,000	800,000	982,073	182,073
Excess of revenues over expenditures	800,000	800,000	982,073	182,073
OTHER FINANCING USES				
Transfers out	(800,000)	(1,050,658)	(1,050,658)	-
Total other financing uses	(800,000)	(1,050,658)	(1,050,658)	-
Net change in fund balances	-	(250,658)	(68,585)	182,073
Fund balances, beginning	292,587	292,587	292,587	-
Fund balances, ending	\$ 292,587	\$ 41,929	\$ 224,002	\$ 182,073

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – LAKE CARROLL SERVICE DISTRICT FUND
For the Year Ended June 30, 2024

Schedule 3 – F

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 30,970	\$ 30,970	\$ 26,703	\$ (4,267)
Use of money and property	-	-	43,336	43,336
Total revenues	30,970	30,970	70,039	39,069
EXPENDITURES				
Current:				
Parks, recreational and cultural	-	382	380	2
Capital outlay	5,322	109,527	5,814	103,713
Total expenditures	5,322	109,909	6,194	103,715
Excess/(Deficiency) of revenues over/(under) expenditures	25,648	(78,939)	63,845	142,784
OTHER FINANCING USES				
Transfers out	(25,648)	(25,648)	(25,648)	-
Total other financing uses	(25,648)	(25,648)	(25,648)	-
Net change in fund balances	-	(104,587)	38,197	142,784
Fund balances, beginning	750,561	750,561	750,561	-
Fund balances, ending	\$ 750,561	\$ 645,974	\$ 788,758	\$ 142,784

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – LAKE ARROWHEAD SERVICE DISTRICT FUND Schedule 3 – G
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 100,623	\$ 100,623	\$ 102,711	\$ 2,088
Use of money and property	-	-	42,209	42,209
Total revenues	100,623	100,623	144,920	44,297
EXPENDITURES				
Current:				
Parks, recreational and cultural	40,000	127,834	44,272	83,562
Capital outlay	-	440	-	440
Total expenditures	40,000	128,274	44,272	84,002
Excess/(Deficiency) of revenues over/(under) expenditures	60,623	(27,651)	100,648	128,299
OTHER FINANCING USES				
Transfers out	(60,623)	(60,623)	(60,623)	-
Total other financing uses	(60,623)	(60,623)	(60,623)	-
Net change in fund balances	-	(88,274)	40,025	128,299
Fund balances, beginning	810,082	810,082	810,082	-
Fund balances, ending	\$ 810,082	\$ 721,808	\$ 850,107	\$ 128,299

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – HIDDEN LAKE DAM FUND
For the Year Ended June 30, 2024

Schedule 3 – H

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 122,358	\$ 122,358	\$ 117,575	\$ (4,783)
Use of money and property	-	-	2,324	2,324
Total revenues	122,358	122,358	119,899	(2,459)
EXPENDITURES				
Current:				
Public safety	61,342	61,342	54,015	7,327
Debt service:				
Principal retirement	45,000	45,000	45,000	-
Interest and other fiscal charges	16,016	16,016	13,709	2,307
Total expenditures	122,358	122,358	112,724	9,634
Excess of revenues over expenditures	-	-	7,175	7,175
Net change in fund balances	-	-	7,175	7,175
Fund balances, beginning	77,227	77,227	77,227	-
Fund balances, ending	\$ 77,227	\$ 77,227	\$ 84,402	\$ 7,175

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – TOURISM FUND
For the Year Ended June 30, 2024

Schedule 3 – I

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Other local taxes	\$ 3,175,919	\$ 3,175,919	\$ 3,033,907	\$ (142,012)
Intergovernmental	10,000	10,000	-	(10,000)
Miscellaneous revenue	-	-	14,691	14,691
Total revenues	3,185,919	3,185,919	3,048,598	(137,321)
EXPENDITURES				
Current:				
Community development	1,441,785	1,492,901	1,237,316	255,585
Total expenditures	1,441,785	1,492,901	1,237,316	255,585
Excess of revenues over expenditures	1,744,134	1,693,018	1,811,282	118,264
OTHER FINANCING USES				
Transfers out	(1,814,812)	(1,814,812)	(1,733,473)	81,339
Total other financing uses	(1,814,812)	(1,814,812)	(1,733,473)	81,339
Net change in fund balances	(70,678)	(121,794)	77,809	199,603
Fund balances, beginning	1,446,767	1,446,767	1,446,767	-
Fund balances, ending	\$ 1,376,089	\$ 1,324,973	\$ 1,524,576	\$ 199,603

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND
 ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – ASSET FORFEITURE FUND
 For the Year Ended June 30, 2024

Schedule 3 – J

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 22,289	\$ 22,289
Intergovernmental	300,000	300,000	106,612	(193,388)
Miscellaneous revenue	-	-	399	399
Total revenues	300,000	300,000	129,300	(170,700)
EXPENDITURES				
Current:				
Judicial administration	20,000	20,000	7,097	12,903
Public safety	300,000	300,000	20,000	280,000
Total expenditures	320,000	320,000	27,097	292,903
Excess/(Deficiency) of revenues over/(under) expenditures	(20,000)	(20,000)	102,203	122,203
Net change in fund balances	(20,000)	(20,000)	102,203	122,203
Fund balances, beginning	290,336	290,336	290,336	-
Fund balances, ending	\$ 270,336	\$ 270,336	\$ 392,539	\$ 122,203

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – ARMED SERVICES MEMORIAL FUND
For the Year Ended June 30, 2024

Schedule 3 – K

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Miscellaneous revenue	\$ 2,000	\$ 2,000	\$ 666	\$ (1,334)
Total revenues	2,000	2,000	666	(1,334)
EXPENDITURES				
Current:				
Parks, recreational and cultural	2,000	2,000	-	2,000
Total expenditures	2,000	2,000	-	2,000
Excess of revenues over expenditures	-	-	666	666
Net change in fund balances	-	-	666	666
Fund balances, beginning	22,452	22,452	22,452	-
Fund balances, ending	\$ 22,452	\$ 22,452	\$ 23,118	\$ 666

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND
 ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – E-SUMMONS FUND
 For the Year Ended June 30, 2024

Schedule 3 – L

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 4,157	\$ 4,157
Miscellaneous revenue	31,370	31,370	39,334	7,964
Total revenues	31,370	31,370	43,491	12,121
EXPENDITURES				
Current:				
Public safety	31,370	31,370	-	31,370
Total expenditures	31,370	31,370	-	31,370
Excess of revenues over expenditures	-	-	43,491	43,491
Net change in fund balances	-	-	43,491	43,491
Fund balances, beginning	54,979	54,979	54,979	-
Fund balances, ending	\$ 54,979	\$ 54,979	\$ 98,470	\$ 43,491

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND
 ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – WETLANDS
 For the Year Ended June 30, 2024

Schedule 3 – M

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Charges for services	\$ -	\$ -	\$ 980	\$ 980
Total revenues	-	-	980	980
Excess of revenues over expenditures	-	-	980	980
Net change in fund balances	-	-	980	980
Fund balances, beginning	179,141	179,141	179,141	-
Fund balances, ending	\$ 179,141	\$ 179,141	\$ 180,121	\$ 980

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – NONMAJOR GOVERNMENTAL FUNDS – FIRE & RESCUE LEVY (CAPITAL)
For the Year Ended June 30, 2024

Schedule 3 – N

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
General property taxes	\$ 3,385,986	\$ 3,385,986	\$ 3,361,050	\$ (24,936)
Use of money and property	8,500	8,500	44,954	36,454
Total revenues	<u>3,394,486</u>	<u>3,394,486</u>	<u>3,406,004</u>	<u>11,518</u>
EXPENDITURES				
Current:				
Public safety	-	448,199	368,991	79,208
Capital outlay	18,735,500	18,287,301	5,123,948	13,163,353
Debt service:				
Principal retirement	2,777,645	2,370,649	1,831,476	539,173
Interest and other fiscal charges	-	406,996	367,993	39,003
Total expenditures	<u>21,513,145</u>	<u>21,513,145</u>	<u>7,692,408</u>	<u>13,820,737</u>
Deficiency of revenues under expenditures	<u>(18,118,659)</u>	<u>(18,118,659)</u>	<u>(4,286,404)</u>	<u>13,832,255</u>
OTHER FINANCING SOURCES				
Transfers in	12,391,260	12,391,260	11,728,480	(662,780)
Issuance of new installment financing agreement	5,280,000	5,280,000	5,187,936	(92,064)
Total other financing sources	<u>17,671,260</u>	<u>17,671,260</u>	<u>16,916,416</u>	<u>(754,844)</u>
Net change in fund balances	(447,399)	(447,399)	12,630,012	13,077,411
Fund balances, beginning	1,633,863	1,633,863	1,633,863	-
Fund balances, ending	<u>\$ 1,186,464</u>	<u>\$ 1,186,464</u>	<u>\$ 14,263,875</u>	<u>\$ 13,077,411</u>

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL – CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

Schedule 4

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
REVENUES				
Use of money and property	\$ 58,632	\$ 58,632	\$ 3,366,128	\$ 3,307,496
Intergovernmental	-	871,000	-	(871,000)
Total revenues	58,632	929,632	3,366,128	2,436,496
EXPENDITURES				
Current:				
General government administration	-	1,198,127	664,907	533,220
Judicial administration	-	525,787	379,870	145,917
Public safety	409,381	1,367,787	252,341	1,115,446
Public works	-	2,624,229	1,772,675	851,554
Parks, recreation and cultural	-	856,427	485,543	370,884
Education:				
School capital projects	81,728,551	84,446,636	3,997,335	80,449,301
Capital outlay	9,811,685	41,056,130	5,119,925	35,936,205
Debt service:				
Interest and other fiscal charges	-	-	3,378,549	(3,378,549)
Bond issuance costs	-	67,626	67,625	1
Total expenditures	91,949,617	132,142,749	16,118,770	116,023,979
Deficiency of revenues under expenditures	(91,890,985)	(131,213,117)	(12,752,642)	118,460,475
OTHER FINANCING SOURCES (USES)				
Transfers in	13,594,782	13,891,880	12,764,903	(1,126,977)
Transfers out	(9,653,562)	(8,990,782)	(8,990,782)	-
Issuance of debt:				
Issuance of new loans	77,731,216	94,045,909	2,116,548	(91,929,361)
Issuance of new installment financing agreement	551,072	4,364,377	-	(4,364,377)
Total other financing sources, net	82,223,508	103,311,384	5,890,669	(97,420,715)
Net change in fund balances	(9,667,477)	(27,901,733)	(6,861,973)	21,039,760
Fund balances, beginning	31,828,537	31,828,537	31,828,537	-
Fund balances, ending	\$ 22,161,060	\$ 3,926,804	\$ 24,966,564	\$ 21,039,760

Fiduciary Funds

Custodial Funds:

Celebrate Virginia North Fund This fund accounts for assets held by the County in a trustee capacity. It accounts for a special assessment collection used to retire debt incurred by the Celebrate Virginia North Community Development Authority for public infrastructure improvements in the district.

George Washington Regional Commission Fund Stafford County acts as fiscal agent for the George Washington Regional Commission payroll function. This fund records the payroll expense and tracks the reimbursement receipts for this activity.

Embrey Mill Fund This fund accounts for assets held by the County in a trustee capacity. It accounts for a special assessment collection used to retire debt incurred by the Embrey Mill Development for public infrastructure improvements in the district.

R-Board (Landfill) Fund This fund accounts for assets held by the County used by the R-Board in its Landfill operations which is a joint venture between the County and the City of Fredericksburg. It accounts for the R-Board's collection of accounts receivable and the payment of its vendors.

COUNTY OF STAFFORD, VIRGINIA

COMBINING STATEMENT OF FIDUCIARY NET POSITION – CUSTODIAL FUNDS
As of June 30, 2024

Schedule 5

	Custodial Funds				
	Celebrate Virginia North	George Washington Regional		R-Board (Landfill)	Totals
		Commission	Embrey Mill		
ASSETS					
Cash and short-term investments	\$ 740,337	\$ -	\$ 1,322,300	\$ 12,689,432	\$ 14,752,069
Investments	-	-	-	9,626,740	9,626,740
Receivables:					
Property taxes	1,372,464	-	1,560,185	-	2,932,649
Accounts	-	186,582	-	1,311,696	1,498,278
Lease assets, net	-	-	-	2,475	2,475
Other assets	-	-	-	16,658,463	16,658,463
Total assets	<u>2,112,801</u>	<u>186,582</u>	<u>2,882,485</u>	<u>40,288,806</u>	<u>45,470,674</u>
DEFERRED OUTFLOWS					
Deferred outflows related to pensions	-	-	-	461,019	461,019
Deferred outflows related to OPEB	-	-	-	619,214	619,214
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,080,233</u>	<u>1,080,233</u>
LIABILITIES					
Accounts payable	-	23,680	-	1,453,693	1,477,373
Accrued salaries and benefits	-	58,037	-	91,661	149,698
Other liabilities	715,982	104,865	1,321,828	13,607,814	15,750,489
Total liabilities	<u>715,982</u>	<u>186,582</u>	<u>1,321,828</u>	<u>15,153,168</u>	<u>17,377,560</u>
DEFERRED INFLOWS					
Deferred inflows related to pensions	-	-	-	101,356	101,356
Deferred inflows related to property taxes	1,372,464	-	1,560,657	-	2,933,121
Deferred inflows related to OPEB	-	-	-	1,808,288	1,808,288
Total deferred inflows	<u>1,372,464</u>	<u>-</u>	<u>1,560,657</u>	<u>1,909,644</u>	<u>4,842,765</u>
NET POSITION					
Restricted for:					
Bondholders	24,355	-	-	-	24,355
Other government operations	-	-	-	24,306,227	24,306,227
Total net position	<u>\$ 24,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,306,227</u>	<u>\$ 24,330,582</u>

COMBINING STATEMENT OF CHANGES IN NET POSITION – CUSTODIAL FUNDS
 For the Year Ended June 30, 2024

	Custodial Funds				Totals
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	
ADDITIONS					
Contributions:					
Charges to customers	\$ -	\$ 1,754,002	\$ -	\$ 11,287,431	\$ 13,041,433
Receivables:					
Property taxes	3,106,846	-	2,600,480	-	5,707,326
Non-operating revenues	-	-	-	1,800,103	1,800,103
Total additions	<u>3,106,846</u>	<u>1,754,002</u>	<u>2,600,480</u>	<u>13,087,534</u>	<u>20,548,862</u>
DEDUCTIONS					
Payments	2,856,826	-	2,660,137	-	5,516,963
Operating expenses	-	-	-	7,799,130	7,799,130
Salary and benefit payments	-	1,754,002	-	-	1,754,002
Non-operating expenses	5,675,498	-	1,322,300	131,907	7,129,705
Total deductions	<u>8,532,324</u>	<u>1,754,002</u>	<u>3,982,437</u>	<u>7,931,037</u>	<u>22,199,800</u>
Change in fiduciary net position	(5,425,478)	-	(1,381,957)	5,156,497	(1,650,938)
Net position - beginning	5,449,833	-	1,381,957	19,149,730	25,981,520
Net position - ending	<u>\$ 24,355</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,306,227</u>	<u>\$ 24,330,582</u>

STATISTICAL SECTION

COUNTY OF STAFFORD, VIRGINIA

NET POSITION BY COMPONENT
Fiscal Years 2015 – 2024
(accrual basis of accounting)
(unaudited) (1)

Table S-1

	Fiscal Year									
	2015 (2)	2016	2017 (4)	2018	2019	2020	2021	2022	2023	2024
Primary Government:										
Governmental activities:										
Net investment in capital assets	\$ 98,292,334	\$ 125,608,019	\$ 137,144,534	\$ 140,085,894	\$ 123,810,124	\$ 126,882,780	\$ 112,190,324	\$ 122,829,491	\$ 122,649,075	\$ 114,598,074
Restricted (3)	2,682,185	861,102	42,442,927	36,387,289	30,924,661	30,859,540	50,417,792	63,101,023	77,310,726	-
Unrestricted (deficit) (3)	(261,870,499)	(276,183,484)	(379,448,731)	(367,558,775)	(319,676,121)	(312,256,127)	(306,811,274)	(312,838,220)	(378,418,266)	(333,325,656)
Total governmental activities net position	<u>\$ (160,895,980)</u>	<u>\$ (149,714,363)</u>	<u>\$ (199,861,270)</u>	<u>\$ (191,085,592)</u>	<u>\$ (164,941,336)</u>	<u>\$ (154,513,807)</u>	<u>\$ (144,203,158)</u>	<u>\$ (126,907,706)</u>	<u>\$ (178,458,465)</u>	<u>\$ (218,727,582)</u>
Business-type activities:										
Net investment in capital assets	\$ 308,716,780	\$ 322,691,679	\$ 327,610,514	\$ 338,103,297	\$ 347,102,176	\$ 350,933,764	\$ 366,235,797	\$ 382,433,699	\$ 416,323,864	\$ 434,885,090
Restricted	9,617,314	10,673,889	6,252,110	10,990,332	10,687,024	10,698,005	9,973,321	18,096,862	83,137,835	-
Unrestricted (3)	29,366,937	32,584,518	36,726,832	46,656,505	55,477,185	66,632,335	68,002,796	69,062,603	-	-
Total business-type activities net position	<u>\$ 347,701,031</u>	<u>\$ 365,950,086</u>	<u>\$ 370,589,456</u>	<u>\$ 395,750,134</u>	<u>\$ 413,266,385</u>	<u>\$ 428,264,104</u>	<u>\$ 444,211,914</u>	<u>\$ 469,593,164</u>	<u>\$ 499,461,699</u>	<u>\$ 434,885,090</u>
Total Primary Government										
Net investment in capital assets	\$ 407,009,114	\$ 448,299,698	\$ 464,755,048	\$ 478,189,191	\$ 470,912,300	\$ 477,816,544	\$ 478,426,121	\$ 505,263,190	\$ 538,972,939	\$ 549,483,164
Restricted	12,299,499	11,534,991	48,695,037	47,377,621	41,611,685	41,557,545	60,391,113	81,197,885	160,448,561	-
Unrestricted (deficit)	(232,503,562)	(243,598,966)	(342,721,899)	(320,902,270)	(264,198,936)	(245,623,792)	(238,808,478)	(243,775,617)	(378,418,266)	(333,325,656)
Total Primary Government net position	<u>\$ 186,805,051</u>	<u>\$ 216,235,723</u>	<u>\$ 170,728,186</u>	<u>\$ 204,664,542</u>	<u>\$ 248,325,049</u>	<u>\$ 273,750,297</u>	<u>\$ 300,008,756</u>	<u>\$ 342,685,458</u>	<u>\$ 321,003,234</u>	<u>\$ 216,157,508</u>

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) In FY15, fund balance was restated to reflect change in accounting for pensions per GASB 68.

(3) In FY17, the FY16 amounts were revised to coincide with Exhibit I.

(4) 2017 fund balance has been restated to reflect GASB 75.

COUNTY OF STAFFORD, VIRGINIA

CHANGES IN NET POSITION
Fiscal Years 2015 – 2024
(accrual basis of accounting)
(unaudited) (1)

Table S-2
Page 1 of 2

Primary Government:	Fiscal Year									
	2015 ⁽³⁾	2016 ⁽⁴⁾	2017	2018 ⁽⁵⁾	2019 ⁽⁶⁾	2020	2021	2022	2023	2024
Expenses										
Governmental activities:										
General government	\$ 14,757,363	\$ 14,362,591	\$ 14,559,295	\$ 18,839,600	\$ 19,436,349	\$ 24,704,801	\$ 48,203,253	\$ 48,203,253	\$ 25,872,589	\$ 28,033,360
Judicial administration	6,370,324	6,918,104	8,482,351	8,306,197	8,367,589	9,756,898	10,154,621	10,154,621	11,571,642	13,192,352
Public safety	52,314,985	57,976,361	61,276,611	63,986,551	62,878,549	74,863,384	82,943,158	82,943,158	94,279,847	107,626,425
Public works	8,243,611	8,232,226	9,657,053	7,575,241	6,822,248	7,732,449	8,581,274	8,581,274	10,134,258	8,771,869
Health and social services	12,448,947	13,905,298	15,961,005	17,445,345	17,843,554	18,139,820	23,077,638	23,077,638	18,808,071	21,911,163
Parks, recreation and cultural	25,408,604	16,142,774	14,761,609	16,539,452	16,523,294	17,408,569	16,233,896	16,233,896	17,385,653	19,563,080
Community development	4,377,659	4,993,035	4,249,540	5,004,066	4,723,229	3,784,385	8,293,326	8,293,326	7,741,737	6,153,940
Appropriation to School Board	131,273,166	133,974,547	139,074,307	135,017,282	133,040,898	144,473,390	140,243,844	140,243,844	247,610,345	174,174,231
Transportation	3,019,659	3,227,877	3,723,774	13,854,155	5,296,964	9,364,614	5,331,443	5,331,443	8,052,018	15,581,515
Interest	17,050,475	17,260,538	16,208,762	16,388,405	15,204,938	14,135,992	13,029,423	13,029,423	5,509,172	4,553,665
Total governmental activities expenses	275,264,793	276,993,351	287,954,307	302,956,294	290,137,612	324,364,302	356,091,876	356,091,876	446,965,332	399,561,600
Total business-type activities expenses	34,817,632	34,526,713	35,208,525	41,099,002	43,344,960	48,010,135	49,296,005	49,296,005	55,572,813	62,426,187
Total Primary Government expenses	\$ 310,082,425	\$ 311,520,064	\$ 323,162,832	\$ 344,055,296	\$ 333,482,572	\$ 372,374,437	\$ 405,387,881	\$ 405,387,881	\$ 502,538,145	\$ 461,987,787
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 281,000	\$ 641,721	\$ 844,646	\$ 277,761	\$ 386,783	\$ 318,306	\$ 300,920	\$ -	\$ -	\$ -
Judicial administration	249,493	269,789	276,435	373,817	323,817	366,409	615,450	474,813	224,210	134,723
Public safety	7,267,651	7,562,952	6,913,255	7,934,736	6,956,517	7,166,529	8,229,986	8,649,083	7,878,373	7,173,092
Public works	66,868	38,912	43,210	204,629	308,264	302,689	274,203	10,048	9,411	8,956
Health and social services	75,819	135,963	144,916	53,475	39,425	48,275	53,800	14,450	-	-
Parks, recreation and cultural	2,441,178	2,213,931	1,723,461	1,767,047	1,533,151	828,312	381,109	1,202,001	1,431,888	1,536,511
Community development	2,321,592	1,689,645	1,795,183	1,776,963	1,749,523	1,915,241	2,109,692	2,463,497	2,410,838	2,252,533
Transportation	67,320	49,708	41,803	35,040	38,158	33,568	29,100	24,950	21,420	20,790
Operating grants and contributions										
General government	716,671	643,329	615,479	1,111,753	1,187,826	1,316,990	18,772,600	6,318,318	8,387,533	7,852,770
Judicial administration	1,713,319	1,909,899	2,117,745	2,190,237	2,186,048	2,226,287	2,377,727	2,469,421	2,437,280	2,640,433
Public safety	5,163,714	5,367,744	5,604,834	6,772,215	6,008,303	6,749,648	18,184,587	8,225,261	8,048,751	19,513,983
Public works	-	-	-	-	-	29,790	602,029	29,286	674,336	-
Health and social services	6,383,766	7,019,454	7,931,317	8,683,077	8,792,974	8,877,291	10,616,618	5,077,636	5,532,444	6,076,064
Parks, recreation and cultural	-	-	-	-	-	55,666	329,171	80,586	75,049	126,338
Community development	-	50	308,657	6,414	2,797	5,372	2,229,040	2,010,514	948,252	2,104,319
Transportation	836,333	-	-	109,931	66,557	65,099	71,386	6,110	6,582	-
Capital grants and contributions										
General government	6,945	-	-	-	-	-	-	-	-	-
Community development	-	-	-	433,000	40,762	377,772	-	-	-	-
Transportation	1,165,321	5,376,640	4,321,120	5,918,751	7,474,630	4,939,371	893,870	1,388,189	1,703,051	4,418,597
Total governmental program revenues	28,756,990	32,919,737	32,682,061	37,648,846	37,095,535	35,622,615	66,071,288	38,444,163	39,789,418	53,859,109

CHANGES IN NET POSITION
Fiscal Years 2015 – 2024
(accrual basis of accounting)
(unaudited) (1)

	Fiscal Year									
	2015 ⁽³⁾	2016 ⁽⁴⁾	2017	2018 ⁽⁵⁾	2019 ⁽⁶⁾	2020	2021 ⁽⁷⁾	2022	2023	2024
Business-type activities:										
Charges for services	\$ 30,660,729	\$ 32,449,975	\$ 35,852,460	\$ 38,997,356	\$ 42,674,920	\$ 45,412,966	\$ 45,716,380	\$ 48,429,192	\$ 50,163,010	\$ 55,600,917
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	16,888,941	19,716,714	19,319,750	27,095,667	16,433,343	15,259,141	18,668,258	27,244,338	31,953,447	20,385,864
Total business-type activities program revenues	47,549,670	52,166,689	55,172,210	66,093,023	59,108,263	60,672,107	64,384,638	75,673,530	82,116,457	75,986,781
Total Primary Government program revenues	\$ 80,469,407	\$ 84,848,750	\$ 92,821,056	\$ 103,188,558	\$ 94,730,878	\$ 126,743,395	\$ 130,455,926	\$ 114,117,693	\$ 121,905,875	\$ 129,845,890
Net (expense)/revenue ⁽²⁾										
Governmental activities	\$ (244,622,808)	\$ (255,272,246)	\$ (265,307,448)	\$ (253,042,077)	\$ (288,741,687)	\$ (290,020,588)	\$ (290,020,588)	\$ (315,753,183)	\$ (407,175,914)	\$ (345,702,491)
Business activities	47,549,670	16,958,164	14,073,208	22,748,063	11,098,128	11,376,102	15,088,633	27,901,515	26,543,644	13,560,594
Total Primary Government net expense	\$ (197,073,138)	\$ (238,314,082)	\$ (251,234,240)	\$ (230,294,014)	\$ (277,643,559)	\$ (278,644,486)	\$ (274,931,955)	\$ (287,851,668)	\$ (380,632,270)	\$ (332,141,897)
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
General property taxes	\$ 185,302,231	\$ 192,132,277	\$ 199,376,130	\$ 206,800,056	\$ 215,780,411	\$ 222,526,854	\$ 225,524,213	\$ 251,579,000	\$ 267,710,422	\$ 294,188,906
Other local taxes	40,503,669	42,531,750	43,974,287	46,404,868	48,107,851	50,816,301	55,732,415	60,812,372	61,760,527	63,505,413
Unrestricted grants and contributions	15,584,842	15,978,707	12,748,800	12,542,261	12,542,261	12,542,261	12,542,261	12,542,261	12,542,261	12,542,261
Investment earnings	106,796	448,174	840,815	1,747,745	3,159,567	2,848,904	651,639	59,711	7,463,129	14,457,201
Miscellaneous ⁽⁸⁾	6,616,292	4,088,986	6,677,921	5,864,196	5,646,084	10,239,068	6,237,637	8,044,058	6,847,925	14,263,275
Gain (Loss) on sale of property	-	75,337	33,673	-	-	-	-	(209,580)	(459,088)	-
Transfers	10,000	-	371,402	724,000	854,620	195,848	(356,928)	180,985	(240,021)	-
Total governmental activities	248,123,830	255,255,231	264,023,028	274,083,126	286,090,794	299,169,236	300,331,237	333,008,807	355,625,155	398,957,056
Business-type activities										
Investment earnings	203,909	449,208	371,330	680,907	2,371,917	2,270,941	206,901	(1,339,487)	3,275,267	5,927,911
Gain on disposal of capital assets	43,365	23,560	23,440	-	-	-	-	(1,146,635)	(410,999)	69,930
Miscellaneous	35,920	136,311	175,099	209,750	235,651	260,654	295,348	186,642	180,851	613,413
Transfers	(10,000)	-	-	(724,000)	(854,620)	(195,848)	356,928	(180,985)	240,021	-
Total business-type activities	273,194	609,079	569,869	166,657	1,752,948	2,335,747	859,177	(2,480,465)	3,285,140	6,611,254
Total Primary Government	\$ 248,397,024	\$ 255,864,310	\$ 264,592,897	\$ 274,249,783	\$ 287,843,742	\$ 301,504,983	\$ 301,190,414	\$ 330,528,342	\$ 358,910,295	\$ 405,568,310
Change in net position										
Primary government:										
Governmental activities	\$ 1,616,027	\$ (17,015)	\$ (1,284,420)	\$ 21,041,049	\$ (2,650,893)	\$ 9,148,648	\$ 10,310,649	\$ 17,255,624	\$ (51,550,759)	\$ 53,254,565
Business-type activities	13,005,232	17,567,243	14,643,077	22,914,720	12,851,076	13,711,849	15,947,810	25,421,050	29,868,535	20,171,848
Total primary government	14,621,259	17,550,228	13,358,657	43,955,769	10,200,183	22,860,497	26,258,459	42,676,674	(21,682,224)	73,426,413
Net position, beginning ^{(3), (5) and (7)}	172,183,792	186,805,051	204,355,279	170,728,186	197,760,061	248,325,029	273,750,325	300,008,784	342,685,458	321,003,234
Net position, ending	\$ 186,805,051	\$ 204,355,279	\$ 217,713,936	\$ 214,683,955	\$ 207,960,244	\$ 271,185,526	\$ 300,008,784	\$ 342,685,458	\$ 321,003,234	\$ 394,429,647

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Net (expense) revenue is the difference between the expenses and program revenues. A positive number indicates that the program can be supported by program revenues. A negative number indicates that general revenues are needed to support or supplement the program.

(3) In fiscal year 2015, the beginning net position balance for the governmental activities was restated to reflect a change in accounting for pensions per GASB 68.

(4) In fiscal year 2017, FY2016 amounts were revised to coincide with Exhibit 2.

(5) In fiscal year 2018, the beginning net position balance for the governmental activities and business-type activities was restated to reflect a change in accounting for OPEB per GASB 75.

(6) In fiscal year 2020, the FY2019 \$ 71,074 was added to the miscellaneous revenue line to align this table with Exhibit 2.

(7) In fiscal year 2021, beginning net position of the primary government was restated to reflect a change in accounting for GASB 84.

COUNTY OF STAFFORD, VIRGINIA

FUND BALANCES – GOVERNMENTAL FUNDS
Fiscal Years 2015 – 2024
(modified accrual basis of accounting)
(unaudited) (1)

Table S-3

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
Nonspendable	\$ 220,609	\$ 181,993	\$ 691,811	\$ 432,115	\$ 456,906	\$ 163,413	\$ 182,035	\$ 142,576	\$ 132,827	\$ 158,284
Restricted	3,306,455	3,189,177	3,276,037	4,646,807	5,072,636	4,846,721	5,176,950	4,963,123	4,559,008	6,261,565
Committed	5,164,702	10,672,838	6,949,499	25,028,902	32,062,380	36,078,133	45,937,450	37,303,657	53,091,336	54,995,366
Assigned	24,541,606	23,332,365	25,525,307	12,364,759	18,553,831	14,664,239	23,399,578	18,542,059	11,669,108	14,939,989
Unassigned	32,909,983	32,901,993	34,369,821	36,615,473	38,262,624	38,465,871	40,724,173	43,135,190	50,195,619	56,460,221
Total General Fund	66,143,355	70,278,366	70,812,475	79,088,056	94,408,377	94,218,377	115,420,186	104,086,605	119,647,898	132,815,425
All Other Governmental Funds										
Nonspendable	-	-	117	12,500	787,310	-	-	-	-	-
Restricted:										
Special Revenue	-	610,499	610,499	8,893,967	8,633,569	9,857,364	15,483,898	23,743,280	29,984,668	34,426,523
Capital Projects	-	-	-	12,891,437	7,986,145	7,029,193	20,981,917	24,814,157	31,828,536	24,966,564
Other Governmental Funds	622,351	250,238	175,418	9,955,078	9,157,311	9,126,262	8,806,577	9,580,463	10,978,404	27,869,030
Committed:										
Special Revenue	8,422,525	6,795,956	18,217,607	210,959	-	-	-	-	-	-
Capital Projects	9,996,099	6,200,789	9,692,399	-	-	-	-	-	-	-
Other Governmental Funds	9,596,848	5,757,073	7,138,126	-	95,516	179,140	179,141	179,141	179,141	180,121
Assigned:										
Other Governmental Funds	5,423,842	6,513,216	3,916,439	-	-	-	-	-	-	-
Total all other government funds	34,061,665	26,127,771	39,750,605	31,963,941	26,659,851	26,191,959	45,451,533	58,317,041	72,970,749	87,442,238
Total fund balances	\$ 100,205,020	\$ 96,406,137	\$ 110,563,080	\$ 111,051,997	\$ 121,068,228	\$ 120,410,336	\$ 160,871,719	\$ 162,403,646	\$ 192,618,647	\$ 220,257,663

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

COUNTY OF STAFFORD, VIRGINIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Fiscal Years 2015 – 2024

(modified accrual basis of accounting)

(unaudited) (1)

Table S-4

Page 1 of 2

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenues										
General property taxes	\$ 186,177,201	\$ 191,531,969	\$ 200,177,097	\$ 207,303,957	\$ 214,855,694	\$ 222,486,286	\$ 230,637,639	\$ 244,287,492	\$ 267,629,182	\$ 292,943,581
Other local taxes	40,503,669	41,686,287	43,974,287	46,404,868	48,107,851	50,816,301	55,701,652	60,812,372	61,772,144	63,505,413
Permits, privilege fees and regulatory licenses	3,723,699	4,203,746	4,600,431	4,640,366	4,346,390	4,619,745	5,480,158	5,011,491	4,392,372	4,997,778
Fines and forfeitures	1,071,872	1,034,714	791,570	878,756	895,106	673,306	750,396	775,400	835,253	727,070
Use of money and property	462,759	872,914	840,813	1,747,745	3,159,567	2,848,904	651,639	59,711	7,463,126	14,457,201
Charges for services	6,920,303	6,657,657	6,390,908	6,904,346	6,094,142	5,686,278	5,763,706	7,051,951	6,717,920	5,401,757
Intergovernmental	32,269,995	36,357,443	33,647,952	37,767,639	38,302,158	37,185,547	66,619,289	38,147,582	46,708,031	55,274,765
Miscellaneous	6,616,291	5,229,929	6,745,267	5,864,196	5,646,084	10,239,068	6,277,008	8,124,058	9,839,164	12,041,518
Total revenues	277,745,789	287,574,659	297,168,325	311,511,873	321,406,992	334,555,435	371,881,487	364,270,057	405,357,192	449,349,083
Expenditures										
Current operating:										
General government	13,324,624	13,311,548	13,178,287	13,890,180	14,764,011	16,378,150	19,522,749	19,364,392	24,554,256	26,308,977
Judicial administration	7,069,087	7,168,625	7,589,619	7,873,248	8,183,925	8,872,879	9,395,396	10,289,870	10,971,168	12,485,506
Public safety	52,124,684	58,166,109	57,866,940	62,605,381	62,215,257	65,159,756	71,925,373	78,733,151	86,000,291	97,726,786
Public works	5,387,823	7,993,681	7,918,462	5,077,713	4,846,503	4,721,251	6,123,154	5,724,883	7,519,366	8,310,269
Health and social services	12,331,075	13,647,667	15,778,608	17,111,432	17,811,436	16,788,584	21,950,416	19,617,287	18,542,624	21,702,984
Parks, recreation and cultural	28,875,822	25,508,295	13,860,112	15,180,699	14,209,264	13,083,530	12,101,077	13,351,272	13,969,368	15,485,425
Community development	4,580,033	4,937,518	4,865,208	4,737,547	4,632,587	4,439,208	7,872,188	4,772,890	7,741,034	6,029,797
Appropriation to school board:										
School operation	103,735,323	111,449,395	112,072,288	116,440,953	116,796,434	124,601,178	129,903,890	135,555,869	139,231,707	151,834,827
School capital projects	27,462,843	22,450,152	26,927,019	18,501,329	16,169,464	19,797,212	8,925,945	26,301,836	108,378,638	22,339,404
Transportation	3,662,264	3,651,700	3,377,104	3,076,652	3,287,684	4,077,869	3,134,597	4,584,002	5,039,685	6,443,120
Capital outlay	12,471,531	20,308,877	13,521,319	25,208,481	17,954,113	23,086,464	11,121,828	12,411,179	11,299,590	25,845,085
Debt service:										
Principal	23,835,993	25,222,800	27,733,990	28,431,591	29,466,692	29,383,602	29,884,150	29,410,648	29,103,794	28,865,832
Interest and fiscal charges	19,014,887	18,523,042	18,328,443	17,931,102	17,420,603	16,400,910	15,350,546	14,417,697	14,505,835	7,028,178
Bond issuance costs	-	-	-	70,608	85,505	20,493	24,120	6,537	439,166	67,625
Total expenditures	313,875,989	332,339,409	323,017,399	336,136,916	327,843,478	346,811,086	347,235,429	374,541,513	477,296,522	430,473,815
Excess of revenues (under) expenditures	(36,130,200)	(44,764,750)	(25,849,074)	(24,625,043)	(6,436,486)	(12,255,651)	24,646,058	(10,271,456)	(71,939,330)	18,875,268
Other Financing Sources (Uses)										
Issuance of debt	97,984,907	32,800,001	36,029,020	22,100,000	12,100,000	6,070,000	14,140,000	10,420,000	89,935,000	2,116,548
Issuance of capital leases/installment financing agreements	-	5,128,339	-	-	2,194,073	4,555,506	-	-	-	5,187,936
Issuance of lease liability	-	-	-	-	-	-	-	-	-	1,459,262
Bond premium	-	3,037,527	3,605,595	2,219,352	1,304,024	776,405	2,032,253	1,202,398	12,459,354	-
Refunding bonds issuance	-	-	-	4,085,000	-	-	-	-	-	-
Premium on refunding bonds issuance	-	-	-	353,100	-	-	-	-	-	-
Transfers in	6,586,311	5,547,969	5,932,652	3,822,766	6,123,360	12,796,062	18,056,070	32,721,197	25,895,408	42,107,238
Transfers out	(6,576,311)	(5,547,969)	(4,624,699)	(3,098,766)	(5,268,740)	(12,600,214)	(18,412,998)	(32,540,212)	(26,135,429)	(42,107,238)
Payment from Joint Venture	-	-	238,984	-	-	-	-	-	-	-
Payment to Joint Venture	-	-	(1,175,535)	-	-	-	-	-	-	-
Refunding of debt	(64,335,000)	-	-	(4,367,492)	-	-	-	-	-	-
Total other financing sources, net	33,659,907	40,965,867	40,006,017	25,113,960	16,452,717	11,597,759	15,815,325	11,803,383	102,154,333	8,763,746
Net change in fund balances	(2,470,293)	(3,798,883)	14,156,943	488,917	10,016,231	(657,892)	40,461,383	1,531,927	30,215,003	27,639,014
Fund balance, beginning (3)	102,675,313	100,205,020	96,406,137	110,563,080	111,051,997	121,068,228	120,410,336	160,871,719	162,403,646	192,618,649
Fund balance, ending (3)	\$ 100,205,020	\$ 96,406,137	\$ 110,563,080	\$ 111,051,997	\$ 121,068,228	\$ 120,410,336	\$ 160,871,719	\$ 162,403,646	\$ 192,618,649	\$ 220,257,663

COUNTY OF STAFFORD, VIRGINIA

CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Fiscal Years 2015 – 2024
(modified accrual basis of accounting)
(unaudited) (1)

Table S-4
Page 2 of 2

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total debt service	\$ 43,745,842	\$ 46,062,433	\$ 46,362,693	\$ 46,887,295	\$ 45,784,512	\$ 45,234,696	\$ 45,234,696	\$ 43,828,345	\$ 43,609,629	\$ 35,894,010
Total expenditures	\$ 332,339,409	\$ 323,017,399	\$ 336,136,916	\$ 327,843,478	\$ 346,811,086	\$ 347,235,429	\$ 347,235,429	\$ 374,541,513	\$ 477,296,522	\$ 430,473,815
Less: Capital outlay (2)	28,386,661	41,765,283	21,696,360	22,621,490	21,968,049	18,610,940	8,496,520	11,320,585	8,722,967	20,804,041
Non-capital expenditures	\$ 303,952,748	\$ 281,252,116	\$ 314,440,556	\$ 305,221,988	\$ 324,843,037	\$ 328,624,489	\$ 338,738,909	\$ 363,220,928	\$ 468,573,555	\$ 409,669,774
Debt service as a percentage of noncapital expenditures	14.39%	16.38%	14.74%	15.36%	14.09%	13.76%	13.35%	12.07%	9.31%	8.76%

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) The amounts used for capital outlay were obtained from the Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.

(3) In Fiscal year 2015, the Fiscal year 2006 and part of Fiscal year 2008 lease revenue bonds were refunded.

In Fiscal year 2018, part of the Fiscal year 2008 lease revenue bonds were refunded.

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL TAX REVENUE BY SOURCE
Fiscal Years 2015 – 2024
(accrual basis of accounting)
(unaudited) (1)

Table S-5

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Restaurant Food Taxes	Taxes on		Vehicle License Taxes	Fuels Sales Tax	Service Districts		Total
					Recordation and Wills	Property Taxes			Other Local Taxes		
2015	\$ 185,302,231	\$ 12,376,768	\$ 11,094,684	\$ 7,102,018	\$ 2,967,321	\$ 2,019,185	\$ 3,828,615	\$ 541,721	\$ 573,357	\$ 225,805,900	
2016	192,132,277	12,872,793	9,929,556	7,779,537	3,939,630	2,371,392	2,961,265	556,373	2,121,204	234,664,027	
2017	199,376,130	13,641,300	6,448,823	8,022,545	6,142,390	2,522,370	3,363,483	562,865	2,944,965	243,024,871	
2018 (2)	206,800,056	14,341,668	7,035,404	8,512,213	5,985,497	2,645,892	3,806,666	570,237	4,077,528	253,775,161	
2019	214,042,524	14,958,972	6,970,652	9,103,132	5,886,356	2,752,636	4,750,315	813,170	3,685,788	262,963,545	
2020	221,691,856	17,540,447	6,597,960	8,356,499	7,134,207	3,000,160	4,324,336	834,998	3,862,692	273,343,155	
2021	245,526,216	19,661,980	4,314,667	10,424,592	7,631,301	383,021	4,233,298	856,194	2,319,426	295,350,695	
2022	264,145,207	22,514,348	4,383,659	13,323,788	6,019,830	48,567	4,712,489	809,545	3,070,579	319,028,013	
2023 (3)	274,821,129	23,486,231	5,922,446	14,382,490	6,046,820	60,641	5,068,754	742,982	5,638,919	336,170,412	
2024	293,490,521	23,581,320	5,640,181	14,976,589	6,234,520	34,379	6,510,106	698,385	6,528,318	357,694,319	

- (1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
- (2) In FY2019, FY2018 General Property Taxes were revised when compared to FY2018 ACFR.
- (3) Beginning in FY23 other local taxes include cigarette tax.

COUNTY OF STAFFORD, VIRGINIA

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Calendar Years 2015 – 2024
 (unaudited) (1)

Table S-6

Calendar Year	Real Property				Personal Property								Total Taxable Assessed Value	Total Direct Tax Rate (4)
	Residential Real Property	Commercial and Industrial Real Property	Agricultural Real Property	Total Real Property (3)	Personal Property	Merchants Capital	Machinery & Tools	Mobile Homes	Aircraft (4)	Recreational Vehicles/ Trailers; Watercraft & Business Property	Total Personal Property			
2015	\$ 11,771,269,050	\$ 2,775,865,500	\$ 495,224,200	\$ 14,699,463,435	\$ 658,036,590	\$ 199,069,300	\$ -	\$ 16,162,950	\$ -	\$ 139,524,240	\$ 1,012,793,080	\$ 15,712,256,515	\$ 1.12	
2016 (2)	12,745,166,500	2,946,159,700	473,016,900	15,857,245,779	694,942,180	195,895,430	-	16,622,020	-	147,308,220	1,054,767,850	16,912,013,629	1.09	
2017 (5)	13,046,815,950	2,993,924,200	455,058,000	16,495,801,650	716,779,720	249,816,840	-	16,880,360	-	157,450,170	1,140,927,090	17,636,728,740	1.09	
2018 (2)	13,855,938,651	3,183,115,300	459,242,200	17,498,296,151	755,575,220	206,150,400	-	17,017,230	-	168,845,320	1,147,588,170	18,645,884,321	1.09	
2019	14,247,191,601	3,179,860,300	431,519,300	17,858,571,201	770,824,880	173,543,320	-	17,083,260	-	170,802,840	1,132,254,300	18,990,825,501	1.11	
2020 (2)	15,366,648,100	3,236,412,900	416,999,300	19,020,060,300	785,802,570	183,272,630	-	17,055,070	-	172,952,030	1,159,082,300	20,179,142,600	1.10	
2021	15,754,006,500	3,270,354,800	399,908,900	19,424,270,200	1,099,604,150	182,434,590	-	18,919,890	-	177,417,360	1,476,375,990	20,900,646,190	1.08	
2022 (2)(6)	19,881,750,600	3,776,231,300	431,794,600	24,089,776,500	1,452,372,200	193,904,250	-	17,454,630	-	183,580,850	1,847,311,930	25,937,088,430	0.93	
2023	20,253,735,400	3,904,423,200	427,515,200	24,585,679,800	1,302,252,630	203,648,160	-	17,861,650	-	230,818,110	1,754,580,550	26,340,260,350	1.03	
2024	23,038,734,600	4,690,922,100	465,543,700	28,195,200,400	1,318,793,290	207,958,080	-	18,254,830	-	241,229,460	1,786,235,660	29,981,436,060	0.99	

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
 (2) The county reassesses real property every two years. Real property is assessed at 100% of the fair market value.
 (3) The assessed value of real property does not include exempt values.
 (4) Total Direct Tax Rates are calculated per \$100 of assessed value, calculated on a weighted average basis. Refer to Table 7.
 (5) FY17 Total Direct Tax Rates revised in FY18 to reflect correct rate.
 (6) Total Direct Tax Rate for FY2022 misstated in the FY2022 ACFR. Total Direct Tax Rate has been changed in FY2023 ACFR.

Source: Office of the Commissioner of Revenue.

COUNTY OF STAFFORD, VIRGINIA

DIRECT AND OVERLAPPING TAX RATES (1)
Calendar Years 2015 – 2024
(unaudited) (2)

Table S-7

Calendar Year	Real Estate		Personal Property (4)		Merchants Capital		Machinery and Tools		Mobile Homes (5)		Recreational Vehicles/ Trailers; Watercraft & Business Property (6)		Total Direct Tax Rate For each Fiscal Year (7)
	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied	Tax Rate	Direct Rate Applied	
2015	\$ 1.02	\$ 0.95	\$ 6.61	\$ 0.11	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 1.02	\$ -	\$ 5.49	\$ 0.05	\$ 1.12
2016 (3)	0.99	0.93	6.50	0.10	0.50	0.01	-	-	0.99	-	5.49	0.05	1.09
2017	0.99	0.93	6.46	0.11	0.50	0.01	-	-	0.99	-	5.49	0.05	1.09
2018 (3)	0.99	0.93	6.46	0.10	0.50	0.01	-	-	0.99	-	5.49	0.05	1.09
2019	1.01	0.95	6.46	0.10	0.50	-	-	-	0.99	-	5.49	0.05	1.11
2020 (3)	0.97	0.95	6.46	0.10	0.50	-	-	-	0.97	-	5.49	0.05	1.10
2021 (3)	0.97	0.90	6.10	0.12	0.50	-	-	-	0.97	-	5.49	0.05	1.08
2022 (8)	0.85	0.79	4.49	0.10	0.50	-	-	-	0.85	-	5.49	0.04	0.93
2023	0.93	0.87	5.49	0.11	0.50	-	-	-	0.93	-	5.49	0.05	1.03
2024	0.89	0.84	5.72	0.10	0.50	-	-	-	0.89	-	5.49	0.04	0.99

- (1) All the rates listed on this page are direct rates, meaning the primary government has the authority to set, modify or approve. Although the County does support some regional activities, there are no rates set or charged by any overlapping governmental bodies.
- (2) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
- (3) Years of General Reassessments. Real estate is assessed at 100% of fair market value. Rates are charged per \$100 of assessed value.
- (4) Personal property is assessed at 40% of fair market value. Hence, the effective tax rate is approximately \$2.58 per \$100 of fair market value.
- (5) Mobile homes are assessed at 100% of fair market value.
- (6) FY17 Direct Rate Applied was revised to correct rate in FY18.
- (7) The Direct Tax Rates are calculated per \$100 of assessed value, calculated on a weighted average basis based on assessed value. Refer to Table 6 for Assessed Values. FY17 Total Direct Tax Rate revised to correct rate in FY18.
- (8) Personal Property Tax Rate, Merchants Capital Tax Rate and Total Direct Tax Rate were misstated for FY2022 in the FY2022 ACFR . FY2022 Personal Property Tax Rate, Merchants Capital Tax Rate and Total Direct Rate have been changed in the FY2023 ACFR.

Source: Office of the Commissioner of Revenue.

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL PROPERTY TAX PAYERS
 Calendar Years 2023 vs 2014
 (unaudited) (1)

Table S-8

Tax Payer	Type of Business	Calendar Year 2023			Calendar Year 2014		
		Assessed Valuation	Rank	% Total Assessed Valuation	Assessed Valuation	Rank	% Total Assessed Valuation
Virginia Electric & Power Co	Utility	\$ 602,402,072	1	2.3%	\$ 236,779,559	1	1.6%
North Centreport Industrial LC (Amazon)	Commercial	335,144,790	2	1.3%	-	N/A	
SREIT	Commercial	144,383,000	3	0.5%	-	N/A	
Kensington Multifamily Partners LLC	Commercial	138,794,700	4	0.5%	-	N/A	
CPUS Stafford LP (DHL Warehouse)	Commercial	116,540,100	5	0.4%	-	N/A	
Columbia Gas of Virginia Inc	Utility	110,376,768	6	0.4%	-	N/A	
Stafford Marketplace LLC	Commercial	100,567,300	7	0.4%	70,635,800	5	0.5%
Walmart	Commercial	93,294,560	8	0.4%	65,918,100	7	0.4%
180 Centreport Parkway LLC (FedEx Warehouse)	Commercial	84,586,420	9	0.3%	-	N/A	
Aventine LLC	Commercial	84,033,500	10	0.3%	-	N/A	
Silver Companies	Commercial	-	N/A		91,886,500	2	0.6%
Verizon	Commercial	-	N/A		89,519,560	3	0.6%
GEICO	Commercial	-	N/A		72,757,040	4	0.5%
Washington Real Estate Investment	Commercial	-	N/A		66,168,900	6	0.4%
ACPRE ACS Realty LLC	Commercial	-	N/A		62,139,896	8	0.4%
Pulte Home Corp	Commercial	-	N/A		56,356,000	9	0.4%
Garrett Companies	Commercial	-	N/A		53,468,000	10	0.4%
Totals		\$ 1,810,123,210		6.9%	\$ 865,629,355		5.9%
Total taxable assessed value		\$ 26,340,260,350			\$ 14,729,326,050		

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

Source: Office of the Commissioner of Revenue. Data is based on calendar year not ACFR year.

COUNTY OF STAFFORD, VIRGINIA

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Table S-9

Fiscal Years 2015 – 2024

(unaudited) (1)

Fiscal Year	Taxes Levied for the Fiscal Year (2)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Subsequent Collections by Levy Years (3)	Total Collections to Date	
	(Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2015	\$ 147,557,767	\$ (395,963)	\$ 147,161,804	\$ 144,103,736	97.66%	\$ 2,539,168	\$ 146,642,904	99.65%
2016	152,915,361	(788,345)	152,127,016	148,989,753	97.43%	2,328,101	151,317,855	99.47%
2017	157,468,327	(848,373)	156,619,954	154,159,375	97.90%	1,967,465	156,126,840	99.69%
2018	163,675,360	(1,246,706)	162,428,654	159,946,093	97.72%	1,795,199	161,741,292	99.58%
2019	170,959,805	(1,845,323)	169,114,481	166,830,279	97.58%	2,112,032	168,942,311	99.90%
2020	175,302,689	(1,797,388)	173,505,301	170,646,581	97.34%	2,525,080	173,171,661	99.81%
2021	178,371,412	(2,298,951)	176,072,461	172,494,161	96.71%	2,805,032	175,299,193	99.56%
2022	186,187,162	(2,395,274)	183,791,887	181,438,089	97.45%	2,337,083	183,775,172	99.99%
2023	203,952,962	(3,086,183)	200,866,779	199,114,690	97.63%	1,177,323	200,292,013	99.71%
2024	222,411,379	(2,708,672)	219,702,707	216,672,875	97.42%	-	216,672,875	98.62%

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Taxes Levied for the Fiscal Year = Tax setups minus Tax Relief and Disable Vet Relief.

(3) The Collections in Subsequent Years column is restated annually to accurately report delinquent taxes by levy year rather than by collection year.

Source: Data provided by the Stafford County Treasurer's Office.

COUNTY OF STAFFORD, VIRGINIA

RATIOS OF OUTSTANDING DEBT BY TYPE

Table S-10

Direct Debt Ratios

Fiscal Years 2015 – 2024

(unaudited) (1)

Fiscal Year	Governmental Activities						Business-Type Activities		Total Direct Debt				
	General Obligation Bonds (2)	Lease Revenue Bonds (2)	Literary Loans	Bond Premiums	Installment Financing Agreements	VRA Loans	Revenue Bonds and Loans	Bond Premiums	Total Primary Government	Total Primary Government Including Premiums (3)	Percentage of Assessed Real Property Value (4)	Percentage of Personal Income (5)(7)	Outstanding Debt Per Capita (6)(7)
2015	\$ 314,821,489	\$ 12,415,000	\$ 2,263,037	\$ 25,242,174	\$ 10,339,667	\$ 71,099,213	\$ 95,339,840	\$ 8,544,992	\$ 506,278,246	\$ 540,065,412	3.44%	8.04%	\$ 3,557.85
2016	327,095,270	9,875,000	1,796,888	26,557,015	13,674,528	71,202,259	101,019,503	9,104,434	524,663,448	560,324,897	3.31%	8.17%	3,684.95
2017	337,758,148	7,315,000	1,330,739	28,124,783	11,186,218	74,634,850	100,489,853	8,826,538	532,714,808	569,666,129	3.23%	8.00%	3,683.75
2018	333,349,649	500,000	864,590	28,742,719	8,637,381	82,346,744	96,977,811	8,409,039	522,676,175	559,827,933	2.99%	7.64%	3,587.37
2019	323,653,653	460,000	648,441	28,015,819	8,530,958	77,232,694	93,352,959	7,991,540	503,878,705	539,886,064	2.82%	7.06%	3,379.24
2020	307,937,439	420,000	432,292	26,736,731	11,045,472	71,932,447	89,609,873	7,574,041	481,377,523	515,688,295	2.53%	6.50%	3,173.45
2021	300,452,031	380,000	216,143	26,638,494	8,449,128	66,525,745	85,748,114	7,156,542	461,771,161	495,566,197	2.38%	6.04%	3,010.40
2022	288,711,855	-	-	25,720,048	6,988,223	61,332,320	82,017,236	5,759,015	439,049,634	470,528,697	1.82%	5.50%	2,797.80
2023	356,751,672	-	-	35,874,783	5,490,029	55,621,904	77,866,782	5,162,227	495,730,387	536,767,397	2.02%	5.85%	3,033.53
2024	333,640,000	-	-	33,291,261	9,141,490	53,414,219	73,615,057	4,832,351	469,810,766	507,934,378	1.67%	5.30%	2,801.71

(1) The scope of the independent audit does not include the tables displayed in the Statistical section of the ACFR.

(2) Bond numbers shown do not include the impact of deferred amounts for premiums or discounts.

(3) In FY2016, Total Primary Government Including Premiums were added. However, percentage of assessed real property valued, percentage of personal income and outstanding debt per capita are calculated without the use of premiums. In FY18, restated figures to include Business-type Premiums.

(4) Percentage of Assessed Taxable Real Property = Total Direct Debt/Total Assessed Taxable Real Property Value (See Table S-15).

(5) Percentage of Personal Income = Outstanding Debt Per Capita/Total Per Capita Personal Income (See Table S-15).

(6) Percentage of Assessed Real Property = Total Direct Debt/Population (See Table S-15).

(7) Population numbers misstated for years 2015-2022 affecting Percentage of Personal Income and Outstanding Debt Per Capita formulas, corrected in FY24.

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Fiscal Years 2015 – 2024
(unaudited) (1)

Table S-11

Fiscal Year	General Obligation Bonds (2)	Premiums on General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (3)	Outstanding Debt Per Capita (4)
2015	\$ 314,821,489	\$ 25,242,174	2.10%	\$ 2,212
2016	327,095,270	26,557,015	2.08%	2,297
2017	337,758,148	28,124,783	2.07%	2,336
2018	333,349,649	28,742,719	1.92%	2,288
2019	323,653,653	28,015,819	1.79%	2,171
2020	307,937,439	26,736,731	1.67%	2,030
2021	300,452,031	26,638,494	1.59%	1,959
2022	288,711,855	25,720,048	1.26%	1,840
2023	356,751,672	35,874,783	1.41%	2,183
2024	333,640,000	33,291,261	1.20%	1,990

- (1) The scope of the independent audit does not include the tables displayed in the Statistical section of the ACFR.
- (2) There are currently no resources that have been externally restricted for the repayment of Therefore net bonded debt is equal to total bonded debt.
- (3) See Assessed Value and Actual Value of Taxable Real Property, Table S-5.
 $\text{Percentage} = \frac{\text{Outstanding General Bonded Debt}}{\text{Taxable Assessed Real Property Value}} \times \text{Tax rate}$.
- (4) Population data can be found Taxable Real Property Value (See Table S-15) on Demographic and Economic Statistics (Table S-15).

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2024
(unaudited) (1)

Table S-12

	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Direct debt:			
General Government			
General obligation bonds (3)	\$ 333,640,000	100.0%	\$ 333,640,000
Lease revenue bonds (3)	-	100.0%	-
Literary loans	-	100.0%	-
Installment Financing Agreements	9,141,490	100.0%	9,141,490
VRA loans	53,414,219	100.0%	53,414,219
Total general government direct debt	396,195,709		396,195,709
Bond premiums	33,291,261	100.0%	33,291,261
Total general government obligations including premiums	429,486,970		429,486,970
Overlapping Debt:			
Regional Joint Activities			
Rappahannock Regional Jail	50,640,000	47.6%	24,104,640
Total regional joint ventures	50,640,000		24,104,640
Total overlapping debt	50,640,000		24,104,640
Total direct and overlapping debt	\$ 446,835,709		\$ 420,300,349

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) The estimated percentage applicable of overlapping debt was calculated based on the population.

(3) Bond numbers shown do not include the impact of any deferred amounts for premiums or losses on refunding.

COUNTY OF STAFFORD, VIRGINIA

DEBT MARGIN INFORMATION

Fiscal Years 2015 – 2024

(unaudited) (1)

Table S-13

Page 1 of 3

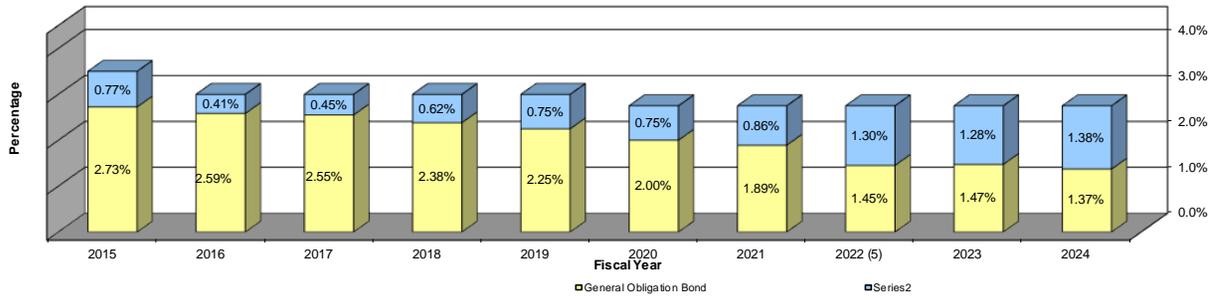
On June 4, 2019, the Board of Supervisors adopted new "Principles of High Performance Financial Management" as a means to prudently manage the people's resources through accountable and transparent allocation of resources, planned strategic use of financial resources to ensure sustainability, maintain and upgrade the County's bond ratings and ensure a balanced tax burden from residential and commercial sources. The principles include three significant debt limitations as follows:

Debt Limitation 1:

The (tax-supported) general obligation debt shall not exceed 3.5% of the assessed valuation of taxable real property prior to FY2014, 3% between FY2014-FY2019 and 2.75% thereafter. (2)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022 (5)	2023 (6)	2024
Assessed value of taxable real property	\$ 14,699,463,435	\$ 15,857,245,779	\$ 16,495,801,650	\$ 17,498,296,151	\$ 17,858,571,201	\$ 19,020,060,300	\$ 19,424,270,200	\$ 24,089,776,500	\$ 24,585,679,800	\$ 28,195,200,400
Debt limit, 3% of assessed value prior to 6/4/19, 2.75% thereafter (2)	514,481,220	475,717,373	494,874,050	524,948,885	535,757,136	523,051,658	534,167,431	662,468,854	676,106,195	775,368,011
Tax-supported general obligation debt (3)	400,598,739	409,969,416	421,038,737	417,060,984	401,994,788	380,722,178	367,573,919	350,044,175	412,373,576	387,054,219
% of assessed real property	2.73%	2.59%	2.55%	2.38%	2.25%	2.00%	1.89%	1.45%	1.47%	1.37%
Debt margin (4)	113,882,481	65,747,957	73,835,313	107,887,901	133,762,348	142,329,480	166,593,512	312,424,679	263,732,619	388,313,792

**Total Debt to Assessed Value of Property
not to exceed 3.0% prior to 6/4/19, 2.75 thereafter**



(1) The scope of the independent audit does not include the tables/charts displayed in the Statistical section of the ACFR.

(2) Debt limit was 3% of assessed value prior to June 21, 2005; it changed to 4.5% of assessed value until July 6, 2010; at that time it was set at 3.5% of assessed value with a goal to reach 3% by July 1, 2015. On 11/17/15, the returned to 3.0 % of assessed value. In FY18 ACFR, years FY16 and FY17 have been revised to correctly reflect 3.0 % of assessed value. On June 4, 2019, the debt limit was set to 2.75%. Graph updated to match this note

(3) The tax-supported general obligation debt includes general obligation bonds (including VPSA), lease-revenue bonds (issued for the construction of public safety projects), literary loans, certificates of participation and VRS taxable refunding bonds. Any impact of premiums and/or losses on refunding are excluded from these numbers.

(4) Counties in Virginia are not subject to state imposed debt margins. The debt margin above represents a self-imposed debt limitation established by the Board of Supervisors.

(5) FY22 figure was changed beginning with the FY23 ACFR to equal assessed value of real property, the FY22 ACFR figure was assessed value of all property.

(6) FY23 tax-supported general obligation debt figure was changed with the FY24 ACFR.

COUNTY OF STAFFORD, VIRGINIA

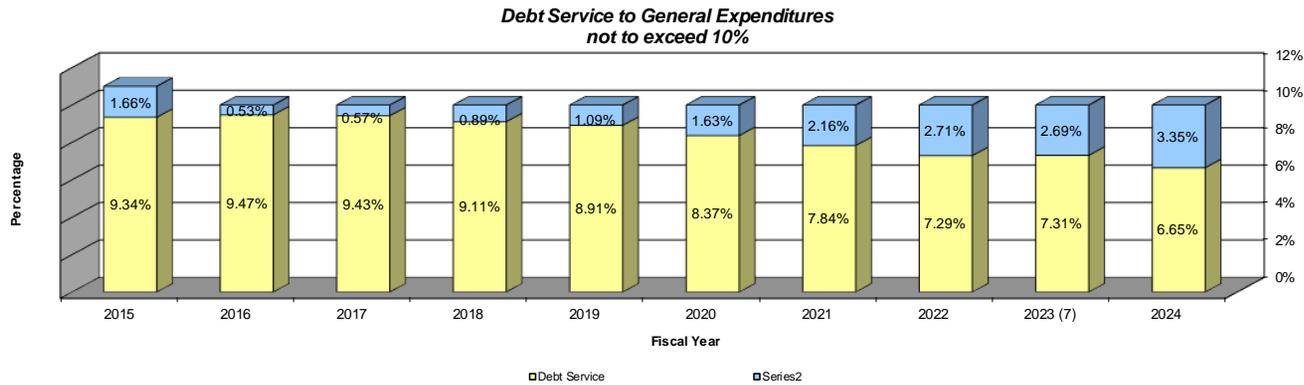
DEBT MARGIN INFORMATION
 Fiscal Years 2015 – 2024
 (unaudited) (1)

Table S-13
 Page 2 of 3

Debt Limitation 2:

General fund debt service expenditures not including master leases (County and Schools) shall not exceed 11% of the general government budget or 10% after FY15. (2)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023 (7)	2024
General government budget (3)	\$ 419,269,371	\$ 426,175,667	\$ 444,242,723	\$ 462,388,414	\$ 475,651,388	\$ 497,365,567	\$ 520,418,344	\$ 556,111,989	\$ 604,495,879	\$ 664,113,351
Debt limit, 11% of general government budget, 10 % after 2015 (6)	41,926,937	42,617,567	44,424,272	46,238,841	47,565,139	49,736,557	52,041,834	55,611,199	57,209,188	66,411,335
Debt service expenditure (4) Percentage of the general government budget	39,169,081 9.34%	40,370,084 9.47%	41,870,495 9.43%	42,103,993 9.11%	42,394,149 8.91%	41,607,653 8.37%	40,786,980 7.84%	40,567,130 7.29%	41,832,114 7.31%	44,158,247 6.65%
Debt service margin (5)	2,757,856	2,247,483	2,553,777	4,134,849	5,170,990	8,128,904	11,254,854	15,044,069	15,377,074	22,253,088



- (1) The scope of the independent audit does not include the tables/charts displayed in the Statistical section of the ACFR.
- (2) Debt service limit was changed to 11% of general expenditures on July 6, 2010 with a goal to reach 10% by July 1, 2015 (FY16). Graph updated to match this note with FY24 ACFR.
- (3) General government is defined in the adopted Principles of High Performance Financial Management as General Fund plus the School Operating Fund (including School Grant Funds) less the School transfer.
- (4) Debt service expenditures = principal payments plus interest.
- (5) Counties in Virginia are not subject to state imposed debt margins. The debt margin above represents a self-imposed debt limitation established by the Board of Supervisors.
- (6) In FY17 ACFR, The debit limits for 2015 and 2017 were restated to 10%.
- (7) FY23 general government budget figure was changed with the FY24 ACFR.

COUNTY OF STAFFORD, VIRGINIA

DEBT MARGIN INFORMATION
Fiscal Years 2015 – 2024
(unaudited) (1)

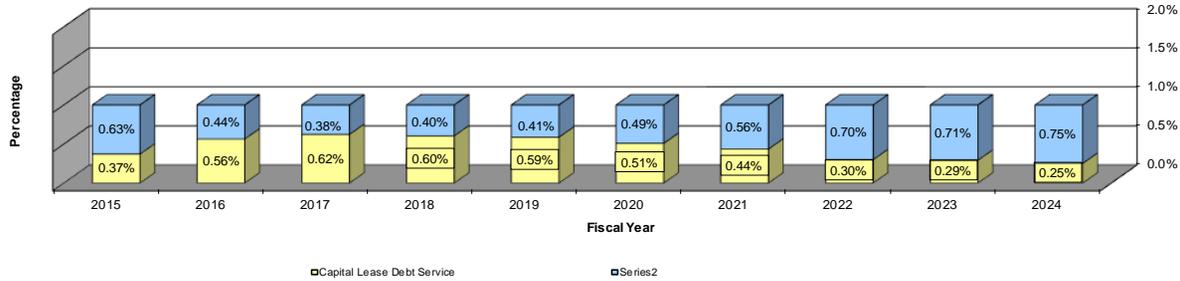
Table S-13
Page 3 of 3

Debt Limitation 3:

Installment Finance Agreements debt service shall not exceed 2% of the general government budget prior to FY13 and 1% thereafter. (2)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General government budget	\$ 419,269,371	\$ 426,175,667	\$ 444,242,723	\$ 462,388,414	\$ 475,651,388	\$ 497,365,567	\$ 520,418,344	\$ 556,111,989	\$ 572,091,883	\$ 664,113,351
Installment Finance Agreements debt service limit (2)										
Total debt service limitation	4,192,694	4,261,757	4,442,427	4,623,884	4,756,514	4,973,656	5,204,183	5,561,120	5,720,919	6,641,134
Amount of total debt service applicable to limit	1,559,682	2,405,210	2,766,685	2,795,283	2,795,283	2,527,833	2,269,628	1,675,686	1,675,687	1,675,510
Installment Finance Agreements debt service as a percentage of general government budget	0.37%	0.56%	0.62%	0.60%	0.59%	0.51%	0.44%	0.30%	0.29%	0.25%
Debt service margin (3)	2,633,012	1,856,546	1,675,743	1,828,602	1,961,232	2,445,823	2,934,555	3,885,434	4,045,232	4,965,624

Installment Finance Agreements Debt Service to General Government Budget not to exceed 2% prior to FY13 and 1% thereafter



(1) The scope of the independent audit does not include the tables/charts displayed in the Statistical section of the ACFR.

(2) Debt service limit was 2% of general expenditures prior to fiscal year 2012; the Board changed this policy to 1% of general government budget in June 2012 after all debt service transactions had been recorded. Graph updated to match this note with FY24 ACFR.

(3) Counties in Virginia are not subject to state imposed debt margins. The debt margin above represents a self-imposed debt limitation established by the Board of Supervisors.

PLEDGED REVENUE COVERAGE – WATER AND SEWER ENTERPRISE FUND
Fiscal Years 2015 – 2024
(unaudited) (1)

Table S-14

Water and Sewer Enterprise Fund							
Fiscal Year	Gross Revenue (2)	Less: Expenses (3)	Net Available Revenue	Debt Service		Total	Coverage (Times) (4)
				Principal	Interest		
2015	\$ 39,480,956	\$ 24,423,982	\$ 15,056,974	\$ 2,864,536	\$ 3,777,812	\$ 6,642,348	2.27
2016	44,781,008	23,836,325	20,944,683	2,924,720	3,814,897	6,739,617	3.11
2017	49,965,359	27,155,536	22,809,823	3,314,650	3,663,117	6,977,767	3.27
2018	53,488,200	27,485,520	26,002,680	3,512,042	3,494,594	7,006,636	3.71
2019	55,081,671	24,190,604	30,891,067	3,624,851	3,426,297	7,051,149	4.38
2020	57,020,882	28,287,347	28,733,535	3,743,087	3,310,659	7,053,746	4.07
2021	64,679,986	30,336,370	34,343,616	3,861,759	3,187,844	7,049,603	4.87
2022	75,860,172	29,761,099	46,099,073	3,985,878	3,011,887	6,997,765	6.59
2023	82,297,308	36,413,234	45,884,074	4,150,454	2,871,201	7,021,655	6.53
2024	80,323,184	43,275,643	37,047,541	4,251,725	2,755,717	7,007,442	5.29

- (1) The scope of the independent audit does not include the tables displayed in the Statistical section of the ACFR.
- (2) Includes availability fees and any other revenue sources pledged for the retirement of debt, which is consistent with Stafford County's Master Bond Covenants.
- (3) Total expenses are exclusive of depreciation, amortization and bond interest.
- (4) Net revenue coverage required by the covenants is 1.2 times the debt service.

COUNTY OF STAFFORD, VIRGINIA

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Years 2015 – 2024

(unaudited) (1)

Table S-15

Fiscal Year	Population (2)	Civilian Labor Force (3)	At Place Employment(4)	Unemployment Rate (5)	Personal Income (in thousands) (6)	Per Capita Personal Income (7)	Total Taxable Assessed Real Property (8)(9)
2015	142,299	70,828	40,341	5.2%	\$ 6,296,162	\$ 44,246	\$ 14,699,463,435
2016	142,380	67,413	41,939	4.0%	6,425,740	45,131	15,857,245,779
2017	144,612	69,913	42,399	3.6%	6,657,002	46,034	16,495,801,650
2018	145,699	70,284	43,130	3.3%	6,841,181	46,954	17,498,296,151
2019	149,110	71,656	44,318	2.7%	7,141,369	47,893	17,858,571,201
2020	151,689	73,950	42,750	7.5%	7,410,183	48,851	19,020,060,300
2021	153,392	74,816	47,810	4.3%	7,643,245	49,828	19,424,270,200
2022	156,927	74,531	50,402	2.8%	7,975,775	50,825	24,089,776,500
2023	163,417	79,745	48,048	2.7%	8,471,740	51,841	24,585,679,800
2024	167,421	85,546	46,021	3.4%	8,852,899	52,878	28,195,200,400

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Fiscal year 2015 -2019 figures are from Stafford County Planning and Zoning. Fiscal year 2022 & forward figures from EDA.

(3) The Civilian Labor Force represents the number of people that live in Stafford County. Source: Virginia Employment Commission (VEC).

(4) The At Place Employment numbers represent the number of jobs in Stafford County. It includes people that commute into Stafford County to work and excludes those that travel out of the County to work. Figures are based on a calendar year. Source: Virginia Employment Commission (VEC).

(5) Unemployment Rate Source: Virginia Employment Commission (VEC).

(6) Personal Income figures are based on a calculation of per capita and population numbers.

(7) Per capita personal income figures Fiscal Year figures are from Stafford County Economic Development.

Fiscal year 2016-2021 based on 2% increase. Fiscal Year 2022 & forward from Stafford Economic Development.

(8) Total taxable assessed real property figures are based on a calendar year. Source: Stafford County Office of the Commissioner of Revenue.

(9) Total taxable assessed real property for FY2021 and FY2022, were changed in FY2023 ACFR to coincide with Table S-6, Total Real Property.

COUNTY OF STAFFORD, VIRGINIA

COMPARATIVE DEMOGRAPHIC AND ECONOMIC STATISTICS
 Census Years 2010 & 2020
 (unaudited) (1)

Table S-16

	2010 Census		2020 Census		
	Stafford County	Stafford County	Virginia	United States	
Population:					
Median age	34.2	32.0 (2)	38.5 (2)	38.2 (2)	
Persons under 18 years old	29.2%	25.9%	21.8%	22.3%	
Persons 19 to 64 years old	64.3%	63.4%	62.3%	61.2%	
Persons 65 years old and over	6.5%	10.7%	15.9%	16.5%	
Persons per square mile	477.0	479.5 (2)	202.6 (2)	87.4 (2)	
Education:					
High school or higher	91.3%	93.2%	89.7%	88.0%	
Bachelor's degree or higher	35.5%	39.9%	38.8%	32.1%	
Income:					
Median household income	\$88,179	\$111,108	\$74,222	\$62,843	
Housing:					
Number persons/household	3.0	3.0	2.6	2.6	
Percent owner occupied	79.5%	77.4%	66.3%	64.0%	
Owner occupied median value	\$364,900	\$346,100	\$273,100	\$217,500	

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Census numbers for Median Age and Persons per Square Mile are for year 2020.

(Source: <http://quickfacts.census.gov>)

Source: US Census, 2010 & 2020.

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL EMPLOYERS
Fiscal Years 2024 vs 2015
(unaudited) (1)

Table S-17

Employer	Industry	Fiscal Year 2024			Fiscal Year 2015		
		Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Stafford County School System	Education	4,400	1	9.5%	3,959	1	9.8%
GEICO, Government Employees Insurance	Insurance	1000+	2	2.2%	1000+	2	2.5%
U.S. Federal Bureau of Investigation	Government Services	1000+	3	2.2%	-	N/A	
U.S. Department of Defense	Government Services	1000+	4	2.2%	1000+	3	2.5%
Stafford County Government	County Government	1,200	5	2.6%	813	4	2.0%
Amazon	Retail	1000+	6	2.2%	-	N/A	
Walmart	Retail	500-999	7	1.6%	500-999	5	1.9%
McLane Mid Atlantic	Merchant Wholesalers, Nondurable Goods	500-999	8	1.6%	500-999	6	1.9%
Intuit	Merchant Wholesalers, Durable Goods	500-999	9	1.6%	250-499	8	0.9%
Stafford Hospital Center	Medical	500-999	10	1.6%	500-999	7	1.9%
Food Lion	Grocery	-	N/A		250-499	9	0.9%
Giant Food	Grocery	-	N/A		250-499	10	0.9%
Total 10 Largest Employers		11600-13596+		27.2%	9,022-11,266+		25.1%
Total County Employment		46,273			40,341		

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Percentage of Total County Employment is based on the midpoints in the ranges given.

(The data above does not include the 6,700 Marines or 6,900 civilians stationed/employed at the Quantico Marine Corps Base or any retail.)

Source: Virginia Employment Commission.& US Bureau of Labor Statistics

COUNTY OF STAFFORD, VIRGINIA

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Table S-18

Fiscal Years 2015 – 2024

(unaudited) (1)

Function/Program Employees:	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Primary Government:										
Governmental activities:										
General government	103	102	107	107	124	124	110	127	134	142
Judicial administration	44	48	52	53	59	59	60	65	56	59
Public safety (2)	355	379	378	415	419	419	448	465	489	497
Health and welfare	54	52	51	64	72	72	65	78	73	80
Parks, recreation and community facilities (3)(5)	54	58	56	62	88	88	67	62	57	61
Community development	66	62	63	72	75	75	69	66	88	80
Total governmental activities employees	<u>676</u>	<u>701</u>	<u>707</u>	<u>773</u>	<u>837</u>	<u>837</u>	<u>819</u>	<u>863</u>	<u>898</u>	<u>919</u>
Business-type activities:										
Utilities	137	137	133	140	139	139	142	149	146	146
Total business-type activities employees										
Total primary government employees	<u>813</u>	<u>838</u>	<u>840</u>	<u>913</u>	<u>976</u>	<u>976</u>	<u>961</u>	<u>1,012</u>	<u>1,044</u>	<u>1,065</u>
Volunteers:										
Public safety (4)	<u>200</u>	<u>200</u>	<u>327</u>	<u>368</u>	<u>260</u>	<u>571</u>	<u>570</u>	<u>169</u>	<u>433</u>	<u>525</u>

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) Includes E-911 Fund employees.

(3) Does not include seasonal employees.

(4) The number of Public Safety Volunteers is provided by the Stafford County Fire and Rescue Department and Sheriff's Office.

(5) The number of full time employees were incorrectly reported in FY2022 ACFR, the FY22 number of employees has been changed in the FY2023 ACFR.

Source: Stafford Human Resources Department

COUNTY OF STAFFORD, VIRGINIA

OPERATING INDICATORS BY FUNCTION
Fiscal Years 2015 – 2024
(unaudited) (1)

Table S-19
Page 1 of 3

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities:										
General government										
Commissioner of Revenue										
Taxpayers assisted at real estate and personal property counters	11,546	12,744	13,230	8,786	8,292	7,028	3,767	5,983	7,201	7,980
Building permits reviewed (16)	1,858	1,973	2,310	2,248	2,270	2,427	2,984	2,344	2,007	1,770
State income tax returns processed	7,027	5,741	5,739	5,317	4,825	5,111	4,629	3,586	3,128	5,156
Personal property records processed	80,419	92,063	79,169	74,828	70,632	96,698	115,401	132,620	142,578	169,151
Finance										
Landfill bills processed	407	421	479	661	832	901	909	908	905	1,018
Accounts payable transactions processed (2)	43,731	44,379	49,327	33,859	31,096	30,835	30,289	48,678	64,881	69,915
Department of Human Resources										
Number of new hires	272	310	367	346	361	172	253	328	358	399
Number of positions recruited	90	104	111	134	155	141	139	209	108	232
Public Services										
Total facilities maintained (sq ft) (3)	555,218	600,967	594,232	612,624	612,800	620,662	720,756	720,756	719,330	719,330
Registrar										
Voters served at polling places	45,043	53,212	81,911	50,515	64,781	78,154	79,864	67,617	74,102	94,544
Registered Voters Served (4)	81,394	86,603	90,645	93,755	96,160	100,464	106,322	109,466	111,151	115,230
Treasurer										
Real estate and personal property bills processed (15)	283,455	291,455	293,468	307,064	314,318	319,611	325,275	332,641	332,997	333,992
Water and sewer bills processed	415,050	415,050	431,776	440,792	451,511	461,154	470,251	476,631	484,824	490,270
Judicial administration										
Victims' services (5)	929	973	1,335	1,434	1,341	1,301	1,075	1,166	1,134	1,218
Public safety										
Requests for law enforcement service (responded)	75,458	82,317	85,332	71,310	67,788	73,957	79,162	130,205	133,311	131,586
Number of arrests	5,341	5,029	5,297	5,465	5,478	6,397	7,262	6,182	6,628	5,022
Number of fire and EMS calls (6)	24,845	17,983	25,039	26,665	19,400	20,248	23,311	26,921	25,836	27,302

COUNTY OF STAFFORD, VIRGINIA

OPERATING INDICATORS BY FUNCTION

Fiscal Years 2015 – 2024

(unaudited) (1)

Table S-19

Page 2 of 3

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Social Services										
Benefit applications received (11)	7,989	7,552	N/A	7,445	9,112	10,658	9,585	9,648	10,988	11,876
CPS complaints investigated (7)	695	704	755	780	709	572	564	586	518	584
Food stamp households served	3,718	3,379	3,201	3,106	3,126	3,422	3,768	4,099	4,643	4,802
Foster care children served	59	56	52	56	72	64	54	71	69	77
Parks, Recreational and Cultural										
Programs offered: gymnastics	2,532	2,689	3,312	3,339	3,417	2,462	448	1,449	1,668	2,745
Programs offered: senior citizens	564	801	834	838	714	367	48	196	245	241
Programs offered: sports/recreation	1,131	1,268	752	448	790	412	421	655	911	897
Programs offered: aquatics	635	903	704	1,685	899	151	26	73	57	44
Acres maintained (12)	1,476	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072
Community Development										
Public Works										
Permits issued	4,062	5,228	5,735	5,495	5,616	5,466	5,947	5,995	7,172	5,975
Chesapeake Bay building permits reviewed	1,942	1,877	2,141	2,187	2,197	3,106	2,874	2,434	1,943	1,896
Building inspections performed	24,889	35,244	37,836	44,680	36,198	36,813	40,097	41,621	42,038	31,876
E&S control inspections performed (9)	7,504	6,973	7,055	6,646	6,271	5,301	4,856	4,658	5,146	4,978
Economic Development/Legislative Affairs										
At-place employment	40,341	41,939	42,399	43,130	44,318	42,750	47,810	51,659	48,411	46,021
Unemployment rate	5.2%	4.0%	3.6%	3.3%	2.7%	5.8%	4.3%	2.9%	2.7%	3.4%
Businesses in the County	2,377	2,639	2,618	2,674	2,810	2,873	2,922	3,150	3,147	3,233
Legislative bills reviewed for action/response (13)	2,925	3,009	2,959	3,722	3,128	3,911	1,555	3,143	2,863	3,595
Planning and Zoning										
Addresses issued (10)	716	417	1,626	1,040	398	825	742	968	433	449
Subdivision applications processed	482	460	365	602	258	132	384	404	291	313
Site plans processed	167	150	176	112	126	55	186	185	228	232
Zoning site development inspections	678	457	446	513	452	450	381	370	331	345
Zoning enforcement inspections performed	304	671	518	635	564	858	1,318	1,374	1,353	1,191

COUNTY OF STAFFORD, VIRGINIA

OPERATING INDICATORS BY FUNCTION
Fiscal Years 2015 – 2024
(unaudited) (1)

Table S-19
Page 3 of 3

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Business-Type Activities:										
Water & Sewer Utilities										
Billions of gallons of water treated per year	3.328	3.160	3.185	3.173	3.450	3.670	3.721	3,820	3,730	3,276
Water storage (mg)	17.645	17.645	18.145	17.145	20.250	20.250	20.250	20.250	17.300	17,300
Billions of gallons of wastewater treated per year	2.486	2.948	3.047	3.204	3.220	3.210	3.651	3,651	2,870	2,554
Number of customer accounts served	34,518	35,427	36,268	37,035	37,845	38,643	39,400	39,988	40,684	41,068

- (1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
- (2) The number of accounts payable transactions includes checks and purchasing cards.
- (3) In FY16, sq ft maintained includes county owned property only.
 In FY17, Woodlands Pool's square footage decreased significantly because it became a seasonal facility (the pool is no longer enclosed by a dome). A few other structures were added to offset its decreased sq footage.
- (4) EMS = Emergency Medical Services-Number provided by the EnRoute report Fire Incidents by Time and Day of Week for Fiscal Year
- (5) CPS = Child Protection Services
- (6) E&S = Erosion & Sediment
- (7) Beginning with FY17, all newly recorded lots were assigned addresses. At the time of final plat review in coordination with GIS to enhance and expedite the address assignment process. Some addresses were assigned during building permit reviews not associated with final plats. Included in these numbers were two major apartment complexes totaling 544 new address assignments.
- (8) Due to the conversion of a new computer system, VDSS was unable to merge the data between two different systems and therefore, could not provide reliable reports to local departments for several months during FY17.
- (9) Lake Mooney acreage was added in FY16. In the FY18 ACFR, the FY16 Parks, Recreational and Cultural "Acres Maintained" was revised to correctly reflect Lake Mooney acreage.
- (10) Represents the total number of bills introduced into the General Assembly.
- (11) In 2021 Community Development subdivision and site plan figures for FY20 were based on actual applications, all others are based on reviews.
- (12) The number of real estate and personal property bills processed, were misstated for FY2020 in the FY20 to FY22 ACFR's. The number of bills processed for FY2020 was corrected in the FY23 ACFR.
- (13) The number of building permits reviewed, were misstated for FY2020 to FY2022 in the FY20 to FY22 ACFR's. The number of building permits reviewed for FY2020 to FY2022 were corrected in the FY23 ACFR.

Source: Various Stafford County Departments

COUNTY OF STAFFORD, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2015 – 2024

(unaudited) (1)

Table S-20

Page 1 of 2

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public services										
Total facilities maintained (sq ft) (2)	518,034	600,967	594,232	612,624	612,800	620,662	720,756	720,756	719,330	719,330
Public safety (3)										
Number of Fire & Rescue Stations	8	10	10	10	10	10	10	10	10	10
Number of Fire Stations	4	3	3	3	3	3	3	3	3	3
Number of Rescue Squads	4	3	3	3	3	3	3	3	3	3
Utilities										
Water Plant Capacity (mgd)	19	19	19	19	19	19	19	19	19	19
Water Lines (miles)	634	643	657	704	679	711	711	711	695	705
Wastewater Plant Capacity (mgd)	18	18	18	18	18	18	18	18	18	18
Sewer Lines (miles)	516	522	534	540.6	549	541	541	541	565	569
Pumping Stations	90	88	88	94	94	94	94	94	90	90
Parks, recreation and cultural										
Number of County parks (6)	18	19	19	19	19	19	19	19	19	19
Acreage of County parks	1476	2072	2072	2072	2072	2072	2072	2072	2072	2,072
Number of Regional parks (4)	0	0	0	0	0	0	0	0	0	0
Acreage of Regional parks (4)	0	0	0	0	0	0	0	0	0	0
State and National parks (1,184 acres)	2	2	2	3	3	3	3	3	3	3
Playgrounds (County & Schools) (7)	25	27	27	43	43	43	43	43	50	51
Athletic fields (County & Schools) (7)	92	99	99	151	151	151	151	151	163	163
Tennis courts (County & Schools) (7)	19	19	19	18	18	18	18	18	53	53
Campgrounds (48 acres)	1	1	1	1	1	1	1	1	1	1
Private golf courses (9 holes)	1	1	1	2	2	2	2	2	2	1
Public golf courses (18 holes) (7)	3	3	3	3	3	3	3	3	3	3
National historic attractions	10	10	10	10	10	10	10	10	10	10
Public beaches/waterfront parks (48 acres)	2	2	2	2	2	2	2	2	2	2
Public swimming pools	2	5	5	5	5	5	5	5	5	5
Public fishing lakes	2	2	3	3	3	3	3	3	3	3
Public boat ramps	3	4	4	4	4	4	4	4	4	4

COUNTY OF STAFFORD, VIRGINIA

CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2015 – 2024

(unaudited) (1)

Table S-20

Page 2 of 2

Function/Program	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Parks, recreation and cultural (cont.)										
Skateboard parks	2	2	2	2	2	2	2	2	2	2
Senior citizens centers	1	1	1	1	1	1	1	1	1	1
Gymnastics training centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	4	4	4	4	4	4	4	3	3
Community development										
Libraries (4)	2	2	2	2	2	2	2	2	2	2

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.

(2) County owned facilities only. FY2016 amount restated for FY2017 ACFR and thereafter. FY2015 amounts restated to exclude rental facilities for FY2018 ACFR and thereafter.

(3) Although the County supports the Fire and Rescue stations, not all stations are owned by the County. In FY18, FY16 and FY17 Rescue Squads were revised from 2 to 3.

(4) The Central Rappahannock Regional Library (CRRL) is a shared facility serving the Central Rappahannock area.

(5) Lake Mooney acreage was added in FY16. In the FY18 ACFR, the FY16 Parks, Recreational and Cultural "Acres Maintained" was revised to correctly reflect Lake Mooney acreage.

(6) The number of playgrounds, athletic fields and tennis courts were updated in FY18. Numbers were provided by County and Schools.

Source: Various Stafford County Departments

COMPLIANCE SECTION



**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Honorable Members of the County Board
County of Stafford, Virginia

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia (County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 10, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

P. B. Mares, LLP

Harrisonburg, Virginia
December 10, 2024



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the County Board
County of Stafford, Virginia

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Stafford, Virginia’s (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended June 30, 2024. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

P. B. Mares, LLP

Harrisonburg, Virginia
December 10, 2024

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended JUNE 30, 2024

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Social Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	0010113-90103 0010113-90223 0040113-90104 0040113-90224	
Total SNAP Cluster			\$ 1,477,979
Direct Payments:			
Agricultural Conservation Easement Program - Natural Resources Conservation Service (NRCS)	10.931	N/A	265,000
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,742,979</u>
U.S. DEPARTMENT OF JUSTICE			
Pass Through Payments:			
Dept of Criminal Justice Services			
Crime Victim Assistance	16.575	24-O1194VW20	122,694
State Criminal Alien Assistance Program	16.606	15PBJA-23-RR-05997-SCAA	23,585
State Criminal Alien Assistance Program	16.606	15PBJA-22-RR-05472-SCAA	11,456
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710	2020UMWX0252	(1,813)
Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	31,828
Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	12,161
Equitable Sharing Program	16.922	N/A	39,594
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>239,505</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Highway Administration			
Highway Planning and Construction (Federal-Aid Highway Program)	20.205	N/A	1,340,788
Pass Through Payments:			
Department of Motor Vehicles			
State and Community Highway Safety	20.600	BPT-2023-53185-23185	
State and Community Highway Safety	20.600	BPT-2024-54179-24179	
Total Highway Safety Cluster			15,247
Alcohol Open Container Requirements	20.607	ENF-AL-2023-53177-23177	3,392
Alcohol Open Container Requirements	20.607	ENF-AL-2024-54157-24157	22,752
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,382,179</u>
U.S. DEPARTMENT OF TREASURY			
Direct Payments:			
COVID-19 American Rescue Plan Act - Coronavirus State & Local Fiscal Recovery Funds (SLFRF)	21.027	N/A	13,622,721
Local Assistance and Tribal Consistency Fund (LATCF)	21.032	N/A	50,000
TOTAL U.S. DEPARTMENT OF TREASURY			<u>13,672,721</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended JUNE 30, 2024

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)			
Pass Through Payments (Continued):			
Social Services Block Grant	93.667	1000113-90648	\$ 434,634
		1000113-90335	
		1000113-90340	
		1000113-90123	
		1000113-90124	
		1000113-90240	
		1000113-90242	
		1000113-90243	
		1000113-90244	
		1000113-90245	
		1000113-90246	
		1000113-90262	
		1000113-90351	
		1000113-90379	
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150113-90254	4,873
		9150113-90356	
Elder Abuse Prevention Intervention Program	93.747	Not Provided	605
Children’s Health Insurance Program (CHIP)	93.767	0540113-90102	12,901
		0540113-90222	
Medical Assistance Program (Medicaid; Title XIX)	93.778	1200113-90101	
		1200113-90146	
		1200113-90221	
		1200112-90266	
Total Medical Assistance Program (Medicaid; Title XIX) Cluster			<u>1,140,244</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,565,237</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments:			
Department of Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	179-99179-00	2,794
Emergency Management Performance Grants	97.042	EMP-2023-EP-00006	48,614
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>51,408</u>
GRAND TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 20,654,029</u>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended JUNE 30, 2024**

Note 1. Significant Accounting Policies

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the County of Stafford, Virginia (County) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Stafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Stafford County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the Schedule.

Pass Through Payments – Assistance received in a pass through relationship from entities other than the federal government is classified as pass through payments on the Schedule.

Major Programs – The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County were determined using a risk-based approach in accordance with the requirements of Uniform Guidance.

Assistance Listing Number – Assistance Listing Number (ALN) is a catalog of numbers to reference federal awards and their program titles. A searchable copy of the Assistance Listing and a PDF version are available through the Internet on the GSA home page (<https://beta.sam.gov>). Note that if the Assistance Listing indicates under a program entry (Post Assistance Requirements – Audit) that audit is “Not Applicable” or the program is not subject to 2 CFR Part 200 (Note: Some Assistance Listing entries still may refer to OMB Circular A-133), the auditee should contact the federal agency single audit office/official indicated in Appendix III of the Supplement.

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs.

Component Unit, Stafford County Public Schools has a separate Single Audit. They issue a separate set of financial statements which includes an audit of federal awards.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3. Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2024

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified? Yes No
Significant deficiency(ies) identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? Yes No

Identification of major federal programs:

Table with 2 columns: Federal Assistance Listing Number, Name of Federal Program or Cluster. Rows include COVID-19 American Rescue Plan Act and Medical Assistance Program.

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.

COUNTY OF STAFFORD, VIRGINIA

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2024

The prior year single audit disclosed no findings in the Schedule of Findings and Questioned Costs and no uncorrected or unresolved findings exist from prior audit's Summary Schedule of Prior Audit Findings.