

# STAFFORD COUNTY Public Schools



*Inspire and empower  
every student.*



## Annual Comprehensive Financial Report

(A Component Unit of  
Stafford County, Virginia)

**Fiscal Year 2022**  
(July 1, 2021 – June 30, 2022)





Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2022

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**2022 ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the Fiscal Year Ended June 30, 2022  
(July 1, 2021 – June 30, 2022)

Prepared By:

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**OUR VISION:**

**Prepared to Excel**

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2022

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**Members of the Stafford County Board of Supervisors**

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Ms. Pamela Yeung, Garrisonville District – Vice-Chairman  
Ms. Monica Gary - Aquia District  
Ms. Meg Bohmke, Falmouth District  
Mr. Tom Coen, George Washington District  
Ms. Tinesha Allen, Griffis-Widewater District  
Mr. Darrell English, Hartwood District

**Members of the School Board**

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Ms. Susan Randall, George Washington District – Vice-Chair  
Ms. Maya Guy, Aquia District  
Dr. Sarah Chase, Falmouth District  
Ms. Maureen Siegmund, Garrisonville District  
Dr. Elizabeth Warner, Griffis-Widewater District  
Ms. Alyssa Halstead, Hartwood District

**Officials of Stafford County Public Schools**

Dr. Thomas W. Taylor, Superintendent  
Dr. Stanley B. Jones, Deputy Superintendent & Chief Academic Officer  
Mr. Chris R. Fulmer, Deputy Superintendent & Chief Operating Officer  
Dr. Thomas M. Nichols, Chief of Schools & Executive Director of High School Leadership  
Dr. George C. Hummer, Chief Student Support Services Officer  
Ms. Sandra K. Osborn, Chief Communications Officer  
Mr. Patrick J. Byrnett, Chief Talent Officer  
Mr. Jay E. Cooke, Chief Technology Officer  
Ms. Lisa F. Boatwright, Division Counsel

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2022

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## **INTRODUCTORY SECTION**





## STAFFORD COUNTY PUBLIC SCHOOLS

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**Chris R. Fulmer, CPA, CFE**  
Deputy Superintendent &  
Chief Operating Officer

*The mission of Stafford County Public Schools is to "inspire and empower all learners to thrive."*

December 15, 2022

Members of the Stafford County School Board  
Stafford County Public Schools  
County of Stafford, Virginia

We hereby submit the Annual Comprehensive Financial Report (ACFR) of Stafford County Public Schools (Stafford Schools, or the division) for the fiscal year ended June 30, 2022. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Stafford Schools. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities and funds of Stafford Schools.

### **Overview of the Annual Comprehensive Financial Report**

This ACFR is divided into four sections: (1) Introductory, (2) Financial, (3) Statistical, and (4) Compliance. The Introductory section includes this Letter of Transmittal, plus a list of the School Board members and principal officials and the organizational chart for Stafford Schools. The Financial section, prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), includes the Independent Auditor's Report, Management's Discussion and Analysis (MD&A), the basic financial statements and accompanying notes to the financial statements, and Required Supplementary Information (RSI).

In addition, the Financial section contains other supplementary information, including the combining financial statements. The MD&A is management's narrative overview and analysis of the basic financial statements, which should be read in conjunction with this Letter of Transmittal. The Statistical section contains selected financial and demographic information generally presented on a multi-year basis. The final section is the Compliance section, which includes information with respect to the Single Audit Act (see below).

### Independent Audit

Stafford Schools' financial statements have been audited by the accounting firm of PBMares, LLP and earned an unmodified opinion. PBMares, LLP examined, on a test basis, documents supporting the amounts and disclosures in the financial statements, assessed the accounting principles used and significant estimates made by management, and evaluated the overall financial statement presentation. The Report of Independent Auditor is included as the first document in the Financial section of this report.

### Single Audit Act

Stafford Schools is required to undergo an annual single audit in conformity with the provision of the U.S. Office of Management and Budget's (OMB) *Compliance Supplement* and Title 2 U.S. *Code of Federal Regulations* Part 200 *Uniform Guidance*. Information related to this single audit, including a Schedule of Expenditures of Federal Awards, the Report of Independent Auditor on Compliance for each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance, the Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Governmental Auditing Standards*, and a Schedule of Findings and Questioned Costs, are included in the compliance section of the ACFR.

## **Profile of the County of Stafford and Stafford County Public Schools**

### **The County of Stafford**

Historical sites as well as cultural and recreational opportunities abound for residents of the County of Stafford (Stafford County, or the county).

Located across the Rappahannock River from the City of Fredericksburg, Stafford County's rich history is evident in places like Ferry Farm, George Washington's boyhood home; Chatham, an 18th century manor house; and Belmont, artist Gari Melchers' estate and gallery. Because of its close proximity to the richness of historical Virginia, the cultural attributes of Washington, D.C., and the recreational opportunities of the Atlantic Ocean, Chesapeake Bay, and the Blue Ridge Mountains, Stafford is one of the most attractive counties in the state. It is a family-oriented suburban community with plenty of rural countryside. Stafford is located between the major commuting centers of Washington, D.C. and Richmond, Virginia.

An elected seven-member Board of Supervisors, representing the following districts, governs Stafford County: Aquia, Falmouth, Garrisonville, George Washington, Griffis-Widewater, Hartwood, and Rockhill. The Board of Supervisors has established the following priorities for the community: public safety, education, economic development, infrastructure, and service excellence, all encompassed by fiscal responsibility and reducing the tax burden. The 2020 census recorded Stafford County's population at 156,927, an increase of 21.7% from 10 years ago, the largest increase in the region. The population estimate for Stafford County, as of July 1, 2021, was 160,877.

### **Stafford County Public Schools**

The citizens of Stafford County expect and support a quality educational system. Prior to the pandemic, our students regularly scored at or above the state and national averages on standardized tests and earned awards at the regional, state, and national levels. Like many school divisions across the Commonwealth and the nation, Stafford County students experienced learning loss due to the challenges wrought by remote learning and other stressors of the pandemic. Administrators, classroom teachers and the larger community continue to collaborate on strategies to address the social, emotional and academic needs of students moving forward.

Programs and policies of Stafford County Public Schools (Stafford Schools) are established by an elected seven-member School Board representing the same districts as the County's Board of Supervisors. The School Board itself has no power to levy and collect taxes, or to increase the budget. The County's Board of Supervisors appropriates all funds to Stafford Schools for educational expenditures, plus levies taxes and issues debt on behalf of Stafford Schools.

The School Board employs a superintendent of schools to administer the public school division. A full range of public educational services, including special education, vocational education, and gifted education, are provided to students from Pre-Kindergarten through 12th grade at 33 school sites. Several academic programs, including Advanced Placement, Dual Enrollment, International Baccalaureate World Schools, and a variety of Career and Technical Education programs are available to high school students. The school division also embraces the fine and performing arts as well as service learning opportunities across all grade levels.

### **Impact of the COVID-19 Global Pandemic**

The COVID-19 epidemic, later characterized as a global pandemic, triggered an abrupt halt to education as we have known it in Stafford County and across the United States. On March 13, 2020, Governor Ralph Northam announced that Virginia schools would be closed for two weeks in response to the spread of the virus. Effective March 23, 2020, Northam ordered all public schools to remain closed through the end of the academic year and by March 30, 2020, the Washington, D.C., Maryland, and Virginia (DMV) region issued formal "stay-at-home" orders.

Stafford County Public Schools' staff were immediately mobilized to mitigate the negative effects of an extended school closure by developing home learning activities and providing meals to students who rely on school breakfast and lunch programs. Moreover, enhanced cleaning and sanitizing protocols were enacted, consistent with Centers for Disease Control and Prevention (CDC) guidelines. Steps were taken to narrow the digital divide between students who had both technology hardware and internet access and those who did not. This included the purchase of Chromebooks and portable Wi-Fi hotspots. Equally important, Stafford Schools has worked to keep the school community and all stakeholders informed and engaged at every point in the process; seeking not only to advise them

of new and relevant information in a timely manner but also to secure information from them to aid our decision-making.

The 2021-22 school year saw a return to in-person learning in Stafford County Public Schools for all students. Mask mandates and other mitigation strategies were maintained throughout the school division in accordance with CDC guidance. Stafford Schools -- like many other school divisions in our region, state and country -- had to cope with a shortage of bus drivers, nutrition services workers, and substitute teachers. We also saw the effects of learning loss on our student population. The school division has worked to create a personalized and flexible remediation and acceleration model, which provides students with additional time and opportunities to recover from learning loss due to the pandemic and academic difficulties. While we have no way to ascertain the long-term effects of the pandemic on the education system, we have sought to maintain effective teaching and learning practices, to provide the additional supports needed by special populations, and to continue to carry out our mission to inspire and empower all learners to thrive. The challenges are great. We continue to confront them with excellence and equity.

### **Economic Outlook**

#### Median Household Income

Median household income in Stafford County in 2020 was estimated at \$110,120 (*Census Small Area Income and Poverty Estimates data*). This compares to the median household income in Virginia of \$79,154. The county's favorable income-to-cost balance vaults it up the "rich-county" ranks. By unadjusted median household income, Stafford ranks as the 18th wealthiest county in America. Stafford County is "one of the richest and best-educated counties in the country." (*Moneyinc.com: "The 20 Richest Counties in the U.S. in 2022"*)

Stafford County's highly educated workforce is comprised of residents as well as commuters from outside the county. In 2021, an estimated 41.3% of Stafford County residents age 25 years and older held a Bachelor's degree or higher. (*U.S. Census QuickFacts - Stafford County, VA, July 1, 2021*)

#### Composite Index

The Commonwealth of Virginia computes an index figure for each locality, known as the Composite Index of Local Ability-to-Pay (Composite Index or Index). The calculation for the Composite Index is very complex, as summarized in *Management's Discussion & Analysis*. The Composite Index determines how much the required local match contribution to state funding for the standards of quality (SOQ) programs, incentive programs, and the lottery-funded programs. The Composite Index increased from .3462 in the state biennium covering fiscal years 2019 and 2020 to .3470 in the state biennium covering fiscal years 2021 and 2022.

#### Impact of State Funding

The Composite Index, as discussed above, attempts to bring equity across the State. State funds are disbursed based on this Index. As a locality acquires greater wealth, the State adjusts the Index upward, which reduces State funding and increases the locality's funding responsibility. Despite the effects of the recession that followed the Covid-19 pandemic, Virginia is still widely regarded as an excellent state for business, an important component of a state's health and economic growth.

## **MAJOR INITIATIVES AND ACCOMPLISHMENTS**

### Department of Academic Programs Accomplishments

Working closely with the Instructional Services team, and educational leaders from all of our schools, the accomplishments of the Department of Academic Programs for 2021-22 are highlighted below:

- Extensive work in developing a rubric for identification of open educational resources (OER) to support instruction
- Development of model virtual courses for use in secondary classrooms
- Revision of curriculum K-12 to reflect the state and local expectations
- Implementation of mathematics and English intervention courses (Tier II and III) in the middle school
- Review, revision, and development of all systems and processes regarding division-wide instructional expectations

- Implementation of the state science, technology, engineering, and math (STEM) regional Advancing Computer Science Education (ASCE) grant focused on the promotion of computer science standards and resources for our teachers and students
- Implementation of the CTE Innovation grant to expand CTE Cyber Security course offerings, develop career and academic pathways, and more certifications for students (Cyber 4+ year 2)
- The launch of a dual language (DL) immersion program at Widewater ES and implemented professional learning for future kindergarten DL classrooms at WES
- Successful recruitment of two new work-based learning positions that facilitate the provision of opportunities for internships, mentorships, service learning, clinicals, and school-based enterprise and develop relationships with business and community organizations
- Acquisition of a planning grant for a regional laboratory school focused on data science and computer science that will serve students from five school divisions in Region III

### **Department of Student Services Accomplishments**

#### **VDOE Annual Performance Report**

The Virginia Department of Education (VDOE) designated Stafford Schools as Meets Requirements (highest rating) for the 2020-2021 reporting year. The VDOE determines this rating based on whether the school division complies with State Performance Indicators. Areas monitored by VDOE include: compliance indicators for suspension and expulsion of students with disabilities, disproportionate representation of racial and ethnic groups in special education, timelines for eligibility, post-secondary goals for transition, correct and timely submission of data, and percentage of students with disabilities participating in statewide assessments and graduation. VDOE reports data on these indicators in August for the previous school year; data for 2021-2022 will be available in August 2023.

#### **Multi-Sensory Reading Training for Staff**

The Department of Student Services and Special Education continues to provide and expand on multi-sensory reading training for all buildings (K-12). The training takes place throughout the course of the year, and it provides teachers with tools and strategies to work more exclusively with students that have reading difficulties, to include dyslexia. This program continues to expand and we are reaching out to more teachers at each building that are trained to meet the unique needs of our students.

#### **Project SEARCH/Post Grad Programming**

We continue to host post-grad students at Mary Washington hospital and the program continues to be a success. This year we hosted eight post-graduate students through Project SEARCH. The program continues to provide an opportunity for three 10-week internships in a job setting for students with various disabilities. During the 2021-2022 school year, Stafford Schools partnered with Mary Washington Healthcare, the Department of Aging and Rehabilitative Services (DARS), and Rehabilitative Services and Vocational Placement (RSVP) to teach students a variety of job skills in the Mary Washington Healthcare hospital setting. This program will provide positive outcomes for all involved. Six new students started their internship in August 2022, for the 2022 - 20223 school year. We also expanded our post graduate programs by 1 program at SHS to support the post grad needs for our students with disabilities.

#### **Nursing**

We continue to provide direct oversight to mitigating various medical outbreaks as they occur in buildings and providing staff at each site with support when navigating those situations. We established health protocols that will help support the outbreak of different conditions, such as the flu and we also provided numerous training and support for nurses and staff in an attempt to continue to keep our students and staff safe.

#### **Mental Health Support and Training**

We continue to provide mental health support and training for all staff to support the overall well-being of our students. We also put together a social emotional curriculum for teachers to implement with their students and we provide building level support for the implementation of those strategies. We are also partnering with community stakeholders to continue supporting the social emotional well-being of all students.

### Nutrition Services Accomplishments

The Stafford Schools Nutrition Services department is committed to enhancing student learning by providing high quality and nutritious meals with outstanding customer service. During the 2021-2022 school year, the department achieved success in the following areas:

- In the 2021-2022 school year, the Nutrition Services department achieved a record high for student meal participation. There were 2,816,504 lunches, 1,579,544 breakfasts, and 1,603 after school snacks served.
- Nutrition Services experienced outstanding increases up to 89% in high school student lunch participation. Middle and elementary schools increased lunch participation by approximately 22% and 17% respectively.
- The School Nutrition Services department was honored to win the coveted 2022 VSBA Food for Thought Competition in the Healthy School Meals category for “Renewed Emphasis on Scratch Cooking”.
- Nutrition Services made significant menu modifications by expanding fresh fruits and vegetable offerings. The revised menu boasted fresh Spinach and Berry Salads, Crispy Asian Chicken Salads, Mandarin Orange Tossed Salads, and Kale Superfood Salads.

### Professional Learning Accomplishments

In Fiscal Year 2022, Stafford Schools continued efforts to provide high quality support to school buildings as they supported student learning recovery post-pandemic. Stafford Schools also strategically realigned central resources to have a single Professional Learning team for both instructional and support staff separate from an Instructional Services team, focused on content knowledge and specific services for student learning and family engagement.

Accomplishments:

- Substantial build-out of the division’s learning management system (LMS), Canvas, for greater functionality for students and educators in blended learning (featured on [the Canvas website](#) in partnership with Virtual Virginia), and initial development of course “blueprints” for future teachers to use for blended learning, reducing the burden on new teachers for resource development
- Redesigned the division’s onboarding and mentorship program for new educators, [Mentor360](#), including a change to the induction week (now called Prep for Success week) to focus on immediate skill needs and in-building and cross-building relationship building, and designing and field testing a new Skilled Mentoring Framework to enable mentors to nimbly support teachers at different stages of growth
- Establishment of cross-curricular instructional coaching positions at three high schools using ESSER funds.
- Expanding restorative justice training to more schools to address challenges with student behavior and student-staff relationships, aiming to protect instructional time and build trusting relationships among faculty and students
- Expanding training for substitute teachers to a multi-day institute to improve the quality of temporary instructional coverage

### Human Resources Accomplishments

The Department of Human Resources (DHR) continued to focus on strong staffing in licensed, classified, and administrative positions for schools and departments. Licensed positions (including teachers as well as counselors, librarians, psychologists, social workers, and other related health service providers) remain a top priority based on the School Board’s adopted budget priorities, which emphasized maintenance of elementary class sizes below state requirements, robust and diverse courses of study at the middle and high school levels, and added positions to address student social and emotional health. Despite experiencing higher turnover among licensed staff than in recent years, Stafford Schools opened the 2022-23 school year with approximately 95 percent of licensed positions filled.

Accomplishments:

- Launching a new benefit, student loan repayment assistance, to support recruitment of new licensed employees (Despite the ongoing payment pause for *federal* student loans, this benefit received substantial positive feedback given the many *private* loans held by aspiring teachers.)

- Securing multiple grants from the Virginia Department of Education to support educator recruitment and retention, including enhanced tuition reimbursement and direct tuition payment for instructional aides and substitute teacher seeking teacher licensure
- Holding an inaugural health and wellness fair for employees and families in collaboration with the Office of Communications and business partners
- Developing differentiated pay for substitute teachers to increase the rate at which substitutes accept jobs, increase the number of retired educators who become substitute teachers, and reduce the burden on existing staff to sacrifice their planning period to cover the absences of peers
- Facilitating the reorganization of central office, which yielded a net savings in approved positions while realigning service delivery to better serve schools
- Simplifying the classification and compensation models for exempt support staff and instructional coordinators, as well as for clerical support staff in central office and in schools
- Designing simplified systems for adherence with federal Head Start requirements regarding staff vaccination to minimize administrative burden of record collection and reduce staff concerns about confidentiality of health records
- Maintaining a work atmosphere of adherence to labor standards, with zero founded complaints of violations of regulations related to workforce safety protocols, equal employment opportunity, Fair Labor Standards Act, or other labor law

## **Instructional Technology and Information Services Accomplishments**

### **Network and System Security**

Stafford Schools is continuing to enhance our network and systems security posture, with key advancements in staffing, policies, and deployed defensive systems. In addition to a “whole-team” approach to security, a dedicated position has been established to focus on cybersecurity readiness and incident response. An internal network vulnerability management system was deployed to monitor, identify, and remediate emerging threats to server and network infrastructure.

### **Information Systems**

Tardy tablets were deployed on tablet computers to help identify tardy students faster so they can get to class. The system allows students to utilize their StudentVUE accounts to log their tardiness directly into the student information system. Stafford Schools Technology provided all High Schools with tablets, mobile printers, and training. This system reduced the waiting time for students to get to their classes from over 30 minutes to less than 10. The new system makes morning data entry more efficient, freeing up staff for other tasks.

To save teachers and administrators hours of manual work, the technology department created a process to leverage Synergy to auto-generate an Elementary Transcript for the Stafford Schools Student Record. Before this process was put in place, schools would spend hours organizing, storing, and manually recording student information on paper grade cards. These transcripts will follow the students from Kindergarten through fifth grade and can be accessed through Synergy at any school within the county.

### **Security Cameras**

The multi-year security system upgrade was completed at all schools, including high definition cameras and modern video storage server systems.

Security cameras were upgraded on twenty school buses that serve a population of ten schools. Benefits include downloading videos automatically to address any disruptive behavior, reducing vehicle blind spots to prevent accidents, and responding to emergencies quickly by providing administration access to live camera feeds from these buses. These projects were funded using Virginia Security Equipment Grant funds.

### **Tablets on School Buses**

Forty-five school buses were equipped with a tablet computer and a built-in GPS system. Bus drivers log into their tablets when they report to work, and the tablets assist them throughout the day with pre-checks, routing/rerouting, turn-by-turn navigation, and post-trip procedures. These tablets are designed to improve time performance, increase route efficiency, and enhance our parent experience.



### *Chromebook Repair Program*

The Chromebook repair program has bolstered the turnaround time for repairs and provided students with the skills required for a career in Information Technology. At the close of the school year, approximately 39,000 Chromebooks were collected from schools, with a third requiring repairs. Through our Chromebook repair program, we were able to track 95% of our inventory, repair Chromebooks, and redeploy them to schools in a span of four months.

### *Post Graduate Internship Program*

The Technology Department partnered with Student Services for our inaugural post graduate internship program. The internships provided students with hands-on experience in the IT sector and taught valuable skills for entry in the workforce. The interns performed technology tasks such as refurbishing equipment, evaluating inventory, and surplus as needed. Throughout the program, interns collaborated, problem solved, and were provided daily training.

## **Financial Information**

Stafford Schools continues its sound financial condition as demonstrated by the financial statements and schedules included in this report, operating within the resources available while achieving many of its program goals. Approximately 85% of the current operating costs are related to employee compensation and providing competitive salaries and benefits to attract and retain qualified staff. This remains a top priority for Stafford Schools in the FY 2023 budget development process.

### *Other Post-Employment Benefits (OPEB) Trust Fund*

Stafford Schools established an irrevocable trust to invest funds to cover the OPEB liability for current and future retiree health benefit costs. In fiscal year 2022, a \$9.0 million contribution was made to the OPEB Trust Fund. The market values of the trust fund investments at June 30, 2022 and 2021 was \$36,804,983 and \$31,709,193, respectively. The cost value of the trust fund investments at June 30, 2022 and 2021 was \$23,844,378 and \$14,862,837, respectively.

### *Internal Controls*

The internal control system is designed to provide reasonable, but not absolute, assurance that Stafford Schools' management objectives are met. 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 valuation of costs and benefits requires estimates and judgments by management. The internal control system should reduce to a relatively low level the risk that material errors or fraud may occur. Materiality is determined in relation to the financial statements taken as a whole. The internal control system should ensure that any material errors or fraud that occurs are detected in a timely manner by employees in the normal course of performing their job duties and responsibilities.

### *Budgetary Controls*

Stafford Schools' management maintains budgetary controls to ensure compliance with the annual appropriated budget adopted by the School Board. In accordance with state law, the advertised budget is submitted to the Board of Supervisors (BOS) for appropriation. The BOS determines the level of local funding appropriated to Stafford Schools. Based on their appropriation, the School Board makes changes to its advertised budget and usually adopts the approved budget, as amended, by late April or early May, depending upon the timing of the Virginia General Assembly's adoption of the state budget.

Legal spending control is placed on the individual fund level with regard to the County appropriations. However, Stafford Schools has established account level control over the budget with functional reporting. The Financial Services Department ensures that purchase orders and other procurement methods comply with legal purchasing requirements and sufficient budgeted funds are available for the purchases.

Stafford Schools also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Expenditure commitments, including purchase orders and contracts, are encumbered to ensure funds have been reserved and will be available when the purchased goods or services are received and payment is due. Outstanding encumbrances are reported as a reservation of fund balance.

### Risk Management

The risk management program endeavors to minimize or eliminate, when possible, risks that endanger the safety and environmental health of the students, staff, property and financial resources of Stafford Schools. These objectives are met by identifying risk exposures, measuring and analyzing them, and implementing appropriate procedures to mitigate them. The results are monitored and evaluated for effectiveness and revised, as necessary.

Liability risk is managed through insurance. Stafford Schools' insurance policies include: property insurance, surety bonds, and fiduciary insurance. Stafford Schools makes available optional student health insurance for its families, including catastrophic medical insurance for participants in the Virginia High School League. The self-insurance program provides health benefits for active employees and retirees and workers' compensation benefits for active employees. Stafford Schools also retains an insurance broker to render professional services, lead and participate in identifying and analyzing areas of concern and to provide assistance, ideas and solutions to reduce and control risk.

### Cash Management

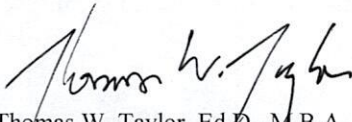
The County is the custodian of all the cash and investments of Stafford Schools, except certain cash on hand, investments held for certain capital projects, and funds held in local student activity accounts. Stafford Schools does not report a year-end cash balance as it is county policy to reclassify Stafford Schools' year-end cash and equivalents balances as "Due from Primary Government". The Treasurer's Office has custodial and internal control responsibilities over Stafford Schools' cash and cash equivalents, with the exception of Stafford Schools' fiduciary funds, which is explained in Note 1, section F, of the financial statements.

### **Acknowledgements**

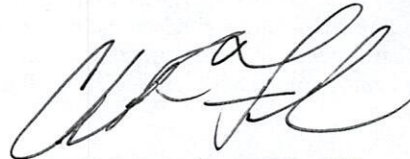
We would like to express our sincere gratitude to all the members of the Financial Services Department who were involved in or assisted with the preparation of this report. Our dedicated finance and accounting staff has accomplished the major task of preparing this ACFR and remains committed to the ongoing goal of continuously improving our financial accountability to the citizens of the County of Stafford.

We would also like to thank the School Board for its leadership, oversight and support in conducting the financial affairs of Stafford Schools in a responsible and progressive manner. Your steady support is vital to the financial health of the school division and the accomplishment of its mission.

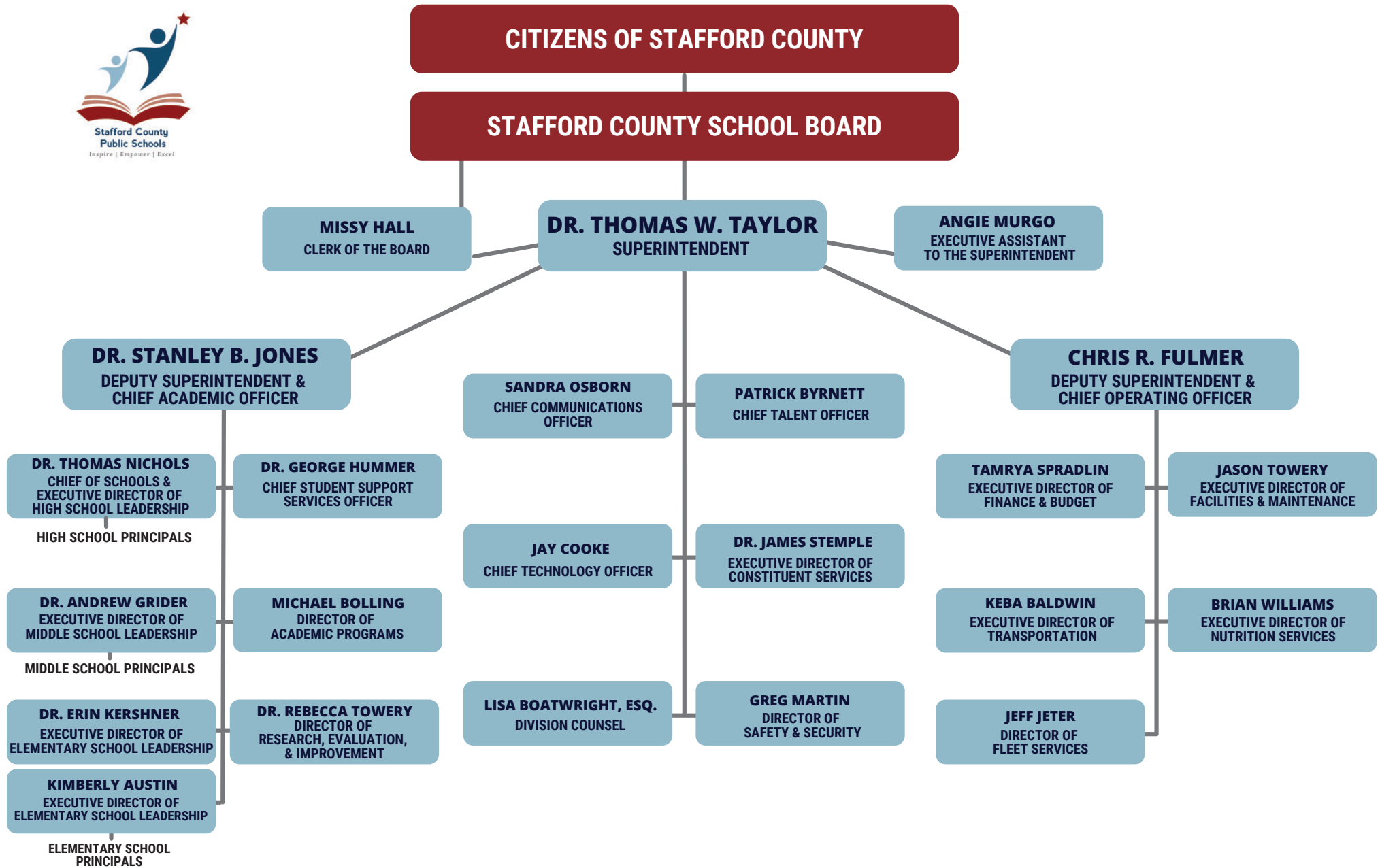
Respectfully,



Thomas W. Taylor, Ed.D., M.B.A.  
Superintendent



Chris R. Fulmer, CPA, CFE  
Deputy Superintendent & Chief Operating Officer





## **FINANCIAL SECTION**



## **REPORT OF INDEPENDENT AUDITOR**







## **INDEPENDENT AUDITOR'S REPORT**

To the Honorable Members of the Stafford County School Board  
Stafford County Public Schools  
Stafford, Virginia

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stafford County School Board (Stafford Schools), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Stafford Schools basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford Schools, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public 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 Stafford Schools 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 Stafford Schools ability to continue as a going concern for 12 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 Stafford Schools 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 Stafford Schools 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 on pages 4-11 and the required supplementary information on pages 87-108 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Stafford Schools' basic financial statements. The accompanying schedules listed in the table of contents as supplementary information, supplemental schedules, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, supplemental schedules, 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 15, 2022 on our consideration of the Stafford Schools 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 Stafford Schools' 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 Stafford Schools' internal control over financial reporting and compliance.

***PBMares, LLP***

Harrisonburg, Virginia  
December 15, 2022



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**



## INTRODUCTION

As management of Stafford County Public Schools (Stafford Schools), we offer readers an overview and analysis of financial activities as of and for the fiscal year ended June 30, 2022. This section of the Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the overall financial performance of Stafford Schools during the fiscal year ended June 30, 2022. Readers are encouraged to consider this information in conjunction with Stafford Schools' transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding and use of the basic financial statements.

## FINANCIAL HIGHLIGHTS

Stafford Schools' total net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) on a government-wide basis was \$57.5 million at June 30, 2022, representing an increase of \$8.8 million, or 18.1%, from the total net position of \$48.7 million, at June 30, 2021. The increase was due to an increase in restricted net position related to capital projects of \$15.2 million and school nutrition of \$5.2 million, offset by a decrease in net investment in capital assets of \$7.7 million. Restricted cash increased by \$14.2 million, in anticipation of the building of the sixth high school. Capital assets (net) decreased by \$6.7 million due to depreciation expense being in excess of new construction spending.

For fiscal year 2022, Stafford Schools' governmental activities expenses of \$418.4 million exceeded program revenues (charges for services plus grants and contributions) of \$150.7 million by \$267.7 million. This deficit is a \$28.5 million decrease from the \$296.2 million deficit for fiscal year 2021. Additionally, general revenues, unreserved funds available for all educational purposes including contributions from the County and general contributions from the state and federal governments, increased by \$14.6 million, or 5.6%, from \$261.8 million in fiscal year 2021 to \$276.4 million in fiscal year 2022.

Stafford Schools' General Fund (otherwise referred to as the Operating Fund) reported a fund balance of \$10.9 million as of June 30, 2022. This represents a decrease of \$5.9 million, or 35.1%, as compared to the June 30, 2021, fund balance of \$16.8 million.

## OVERVIEW OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

According to accounting principles generally accepted in the United States of America (GAAP), state and local governments are encouraged to prepare an ACFR "covering all funds and activities of the primary government and providing an overview of all discretely presented component units of a reporting entity – including an Introductory section, MD&A, basic financial statements, required supplementary information (other than the MD&A), combining and individual fund statements, schedules, narrative explanations, and a statistical section." GAAP further identifies a set of basic financial statements and Required Supplementary Information (RSI) disclosures, and the minimum required contents of a governmental entity's financial report, which are as follows:

- MD&A as RSI
- Basic Financial Statements
  - Government-wide Financial Statements
  - Fund Financial Statements
  - Notes to the Financial Statements
- RSI other than MD&A

The ACFR includes four major sections: (1) Introductory, (2) Financial, (3) Statistical, and (4) Compliance.

**Introductory section:** The introductory section includes a table of contents, a letter of transmittal, a list of principal officials and an organization chart. This introductory section is unaudited.

**Financial section:** The financial section includes the auditor's report, MD&A, the basic financial statements (i.e., government-wide, fund and accompanying notes), RSI, and other supplementary information (i.e., combining financial statements and supporting schedules).

## OVERVIEW OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (Continued)

**Statistical section:** The purpose of this section is to provide historical and trend data to help the reader of the financial statements better understand, review, and analyze the overall viability and economic status of the governmental entity. This section presents tables with 10-year historical information on financial trends, revenue capacity, debt capacity, demographic and economic information, and operating data. This section is unaudited.

GAAP requires the content of the statistical section to include five categories: (1) financial trend information, (2) revenue capacity information, (3) debt capacity information, (4) demographic and economic information, and (5) operating information. Sources and assumptions must be described for all statistical information presented. Other information is permissible as long as it supports the goal of improving a user's basic understanding and analysis of the governmental entity's economic condition.

**Compliance section:** The final section is the compliance section, which includes information with respect to the Single Audit Act (discussed in the Transmittal Letter) as well as the following two auditor's reports: (1) 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* and (2) Report of Independent Auditor on Compliance for the Major Federal Programs and Report on Internal Control Over Compliance required by the Uniform Guidance. The Schedule of Expenditures of Federal Awards, along with the related note disclosures, is also included in this section.

## THE BASIC FINANCIAL STATEMENTS

There are two types of financial statement presentations, the government-wide financial statements (for Stafford Schools as a whole), and the fund financial statements (for each Stafford Schools fund). The government-wide financial statements provide both long-term and short-term information about Stafford Schools' overall financial status on an economic resources focus. The remaining statements are fund financial statements that focus on current financial resources and individual parts of Stafford Schools' operations in greater depth and detail than the government-wide financial statements.

Also included in the financial statements are notes that explain some of the information in the financial statements and provide more detailed financial data and explanations. Following the financial statements is a section of RSI that further explains and supports the information in the financial statements.

The following chart summarizes the major features of Stafford Schools' financial statements and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.



**THE BASIC FINANCIAL STATEMENTS (Continued)**

The major features of Stafford Schools' government-wide financial statements and fund financial statements are as follows:

	<b>Government-wide Financial Statements</b>	<b>Fund Financial Statements</b>		
		<b>Governmental Funds</b>	<b>Proprietary Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire school division	Activities of school system not fiduciary or proprietary, such as Operating Fund, Capital Projects Fund, Food and Nutrition Services Fund, Grants Fund, and Activity Funds	Activities of school system operating similar to private businesses, such as Fleet Services Fund, Health Benefits Fund and Workers' Compensation Fund	Activities of school system with an agent or trustee overseeing resources, such as OPEB Trust Fund and Employee Flexible Spending Custodial Fund
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Revenues, Expenses, and Changes in Net Position</li> <li>• Statement of Cash Flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statements of Changes in Fiduciary Net Position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	Revenues when cash is received during or soon after year-end; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	All revenues earned and expenses incurred during year, regardless of when cash is received or paid

## FINANCIAL ANALYSIS OF STAFFORD SCHOOLS AS A WHOLE

Following is a discussion of the major financial highlights in Stafford Schools' government-wide financial statements.

### Net Position

Total net position at June 30, 2022, increased by \$8.7 million, or 17.9%, over June 30, 2021. Current assets decreased by \$1.5 million, or 1.5%, from 2021 to 2022. Restricted assets increased by \$14.1 million, or 377.9%, from 2021 to in anticipation of the building of the sixth high school. Capital assets decreased by \$6.7 million, or 1.5%, due to depreciation and amortization expense being in excess of new construction spending. Restricted net position increased by \$20.4 million, or 154.4% in anticipation of building a sixth high school.

The following table provides a summary of Stafford Schools' net position as of June 30, 2022 and 2021.

Summary of Net Position				
June 30, 2022 and 2021				
(In thousands of dollars)				
	Governmental Activities			
	2022	2021	Change	% Change
<b>Assets:</b>				
Current assets	\$ 97,370	\$ 98,870	\$ (1,500)	(1.5) %
Noncurrent assets:				
Restricted assets	17,889	3,743	14,146	377.9 %
Net pension asset	105	-	105	
Capital assets, net	453,107	459,802	(6,695)	(1.5) %
Right to use assets, net	675	-	675	
Total assets	569,146	562,415	6,731	1.2 %
<b>Deferred outflows of resources:</b>				
Pension deferrals	65,764	76,745	(10,981)	(14.3) %
OPEB deferrals	78,209	58,903	19,306	32.8 %
Total deferred outflows of resources	143,973	135,648	8,325	6.1 %
<b>Liabilities:</b>				
Current liabilities	58,304	51,852	6,452	12.4 %
Noncurrent liabilities	17,179	17,095	84	0.5 %
Net pension liability	151,708	284,499	(132,791)	(46.7) %
Net OPEB liability	269,969	234,127	35,842	15.3 %
Total liabilities	497,160	587,573	(90,413)	(15.4) %
<b>Deferred inflows of resources:</b>				
Pension deferrals	113,814	18,618	95,196	511.3 %
OPEB deferrals	44,678	43,134	1,544	3.6 %
Total deferred inflows of resources	158,492	61,752	96,740	156.7 %
<b>Net position:</b>				
Net investment in capital assets	439,952	447,723	(7,771)	(1.7) %
Restricted	33,644	13,224	20,420	154.4 %
Unrestricted (deficit)	(416,129)	(412,209)	(3,920)	1.0 %
<b>Total net position</b>	<b>\$ 57,467</b>	<b>\$ 48,738</b>	<b>\$ 8,729</b>	<b>17.9 %</b>

## FINANCIAL ANALYSIS OF STAFFORD SCHOOLS AS A WHOLE (Continued)

### Changes in Net Position

Revenue increased by a net of \$55.3 million, or 14.9%. The increase in revenue primarily consists of increases in operating grants and contributions of \$18.3 million as well as capital grants and contributions of \$17.1 million. Operating revenues included an increase of \$12.0 million related to federal waivers providing free meals for all students and \$2.4 million related to various federal pandemic relief funds. Capital revenues increased because of appropriations from Stafford County for various construction projects, including \$9.4 million for a sixth high school.

Program expenses increased by \$12.2 million, or 3.0%. Administration, attendance and health increased \$9.0 million due to a transfer made to the OPEB Trust Fund and \$2.0 million for increased claims processed for health benefits. Transportation increased due to the return to in-person learning for all students in fiscal year 2022, as well as an increase in gas prices. Nutrition and food services increased due to a greater number of meals served to students due to federal waivers providing free meals for all students. Technology expenditures were higher in fiscal year 2021 due to purchases made to facilitate remote learning, and returned to more normal levels in fiscal year 2022.

The following table summarizes Stafford Schools' changes in net position for the fiscal years ended June 30, 2022 and 2021.

**Summary of Changes in Net Position**  
For the Fiscal Years Ended June 30, 2022 and 2021  
(In thousands of dollars)

	Governmental Activities			
	2022	2021	Change	% Change
<b>Revenues:</b>				
<i>Program revenues</i>				
Charges for services	\$ 15,648	\$ 10,253	\$ 5,395	52.6 %
Operating grants and contributions	109,092	90,811	18,281	20.1 %
Capital grants and contributions	25,995	8,926	17,069	191.2 %
<i>General revenues</i>				
Sales tax	43,158	35,996	7,162	19.9 %
Basic aid	97,177	95,555	1,622	1.7 %
Payments from Stafford County	135,556	129,904	5,652	4.4 %
Investment earnings	13	14	(1)	(7.1) %
Gain on capital asset disposal and other sales	68	31	37	119.4 %
Miscellaneous	424	331	93	28.1 %
<b>Total revenues</b>	<b>427,131</b>	<b>371,821</b>	<b>55,310</b>	<b>14.9 %</b>
<b>Expenses:</b>				
Education:				
Instruction	247,025	247,545	(520)	(0.2) %
Administration, attendance and health	59,584	48,096	11,488	23.9 %
Pupil transportation	23,075	15,584	7,491	48.1 %
Operation and maintenance	27,435	25,997	1,438	5.5 %
Food and nutrition services	17,265	11,320	5,945	52.5 %
Facilities	22,217	28,432	(6,215)	(21.9) %
Technology	21,598	28,967	(7,369)	(25.4) %
Interest and fiscal charges	205	222	(17)	(7.7) %
<b>Total expenses</b>	<b>418,404</b>	<b>406,163</b>	<b>12,241</b>	<b>3.0 %</b>
<b>Change in net position</b>	<b>8,727</b>	<b>(34,342)</b>	<b>43,069</b>	<b>(125.4) %</b>
<b>Net position, beginning</b>	<b>48,738</b>	<b>83,080</b>	<b>(34,342)</b>	<b>(41.3) %</b>
<b>Net position, ending</b>	<b>\$ 57,465</b>	<b>\$ 48,738</b>	<b>\$ 8,727</b>	<b>17.9 %</b>

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)**  
**June 30, 2022**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

It is the duty of each division's Superintendent to prepare and submit to the School Board a recommended budget with the estimated funding needed during the next fiscal year to support the division. The School Board, after a public hearing to receive the views of the public, shall submit to the Board of Supervisors an approved budget, with the estimated funding needed during the next fiscal year to support the public schools of the division, by April 1.

The estimate shall set up the amount needed by each major classification prescribed by the Board of Education and such other headings or items as may be necessary. The Board of Supervisors must approve the School Board's budget and the School Board must adopt the approved budget by May 1 of each year or within 30 days after the close of the General Assembly, whichever is later.

Below is a summary of the Stafford Schools operating fund budget for the fiscal year ended June 30, 2022:

<b>Operating Fund Budget Summary</b>				
For the fiscal year ended June 30, 2022				
(In thousands of dollars)				
<b>Operating Activity Category</b>	<b>Operating Budget</b>		<b>Actual</b>	<b>Variance from Final Budget Over (Under)</b>
	<b>Original</b>	<b>Final</b>		
Total revenues	\$ 340,527	\$ 344,749	\$ 344,515	\$ (234)
Total expenditures	(341,527)	(364,240)	(350,351)	(13,889)
Net change in fund balance	\$ (1,000)	\$ (19,491)	\$ (5,836)	\$ (13,655)

**CAPITAL AND RIGHT TO USE ASSETS**

Below is a summary of Stafford Schools' net capital and right to use assets as of June 30, 2022 and 2021, respectively. Additional information on capital assets can be found in Note 5 to the financial statements.

<b>Net Capital and Right to Use Assets Summary</b>				
June 30, 2022 and 2021				
(In thousands of dollars)				
<b>Category</b>	<b>2022</b>	<b>2021</b>	<b>Change</b>	<b>% Change</b>
Land and land improvements	\$ 109,133	\$ 106,177	\$ 2,956	2.8 %
Construction in progress	9,238	16,804	(7,566)	(45.0) %
Building and building improvements	603,452	583,486	19,966	3.4 %
Water treatment system	1,320	1,320	-	- %
Furniture, fixtures and equipment	17,274	16,799	475	2.8 %
Technology infrastructure	4,357	4,357	-	- %
Software	2,109	2,138	(29)	(1.4) %
Vehicles	28,654	27,825	829	3.0 %
Less: accumulated depreciation and amortization	(321,755)	(299,104)	(22,651)	7.6 %
Total net capital and right to use assets	\$ 453,782	\$ 459,802	\$ (6,020)	(1.3) %

## **CAPITAL ASSETS (Continued)**

Major capital asset transactions occurring during fiscal year 2022 included the following:

- Land was purchased for a sixth high school.
- The Ferry Farm Elementary School renovation and addition was completed.
- Energy conservation measures were completed at nine schools.
- Twenty-two buses were disposed of, and seventeen were purchased.

Depreciation and amortization expense for 2022 was \$25.1 million.

## **COMPOSITE INDEX**

The Commonwealth of Virginia (the “state”) computes an index figure for each locality, known as the Composite Index of Local Ability-to-Pay (Composite Index). It is comprised of three components:

- ✓ The first component is an index of wealth per student (based on average daily membership)
- ✓ The second component is an index of the wealth per capita (based on population)
- ✓ The third component is the local nominal share of the costs of the Standards of Quality

The sum of the first component and the second component is multiplied by the third component, which is set at .45 each year. The Composite Index, as developed by the state, is designed to create equity across the state. State funds are disbursed based on the Composite Index. As a locality acquires greater wealth, the Composite Index increases, which reduces state funding and increases a locality’s funding responsibility.

The Composite Index increased from 0.3462 in the state biennium covering fiscal years 2019 and 2020 to 0.3470 in the state biennium covering fiscal years 2021 and 2022. The Composite Index in the state biennium covering fiscal years 2023 and 2024 decreased to 0.3411.

## **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

Since adopting the fiscal year 2023 budget, some factors have surfaced that may affect Stafford Schools’ financial operations:

- On April 19, 2022, the Board of Supervisors adopted and approved fiscal year 2023 County budgets, in resolution R22-65. The County’s fiscal year 2023 budget adopted by the Board of Supervisors included a local operating transfer to the school division of \$142 million.
- Stafford Schools experienced continued growth in the student population for fiscal years 2010 through 2020, which increased the Commonwealth revenues received by Stafford Schools. The average daily student membership drives the majority of Commonwealth revenues. The extent of this growth in revenue is mitigated by required increases in expenditures to accommodate the additional students. The 2020-2021 school year saw a drop in enrollment due to the COVID-19 global pandemic. More families chose to homeschool their children, enroll them in private school, or delay kindergarten registration for an additional year. For the 2021-2022 school year, Stafford Schools saw enrollment increase and exceed the levels of 2019-2020. Stafford Schools was one of very few divisions in the state that saw enrollment for the 2021-2022 school year exceed pre-pandemic levels, which is a sign of the growth in Stafford County. Enrollment projections for 2022-2023 and beyond continue to trend upward, with student enrollment estimated to continue to increase. Stafford Schools will have increased expenditures relating to the estimated enrollment increases. These increases will include operational expenditures, staffing requirements, and capital facility requirements.
- Providing competitive salaries continues to put pressure on Stafford Schools’ resources as contiguous northern neighboring counties have historically exceeded Stafford Schools’ teacher and service employee salaries. To remain competitive with the surrounding localities, Stafford Schools will need to continue to maintain competitive salary levels for all staff, which will require a significant allocation of financial resources for salaries and benefits.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET (Continued)**

- Stafford Schools continues to experience growing student populations in English for Speakers of Other Languages (ESOL), autism, and children who qualify for free or reduced lunch. These special populations add additional expenses beyond the general educational requirements.
- Since 2020, Stafford Schools has received additional federal revenues related to the COVID-19 global pandemic. As these funds are fully expended, the Division will need to reduce spending in certain areas to offset the elimination of these revenues. Areas that will potentially be reduced include technology-related purchases to accommodate remote learning and additional staff that were added to accommodate educational changes related to the pandemic.

**CONTACTING STAFFORD SCHOOLS MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, parents and guardians, and creditors with a general overview of Stafford Schools' finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact Chris R. Fulmer, CPA, CFE, Assistant Superintendent of Finance & Administration, Stafford County Public Schools, 31 Stafford Avenue, Stafford, VA 22554, by email at [fulmercr@staffordschools.net](mailto:fulmercr@staffordschools.net) or by telephone at 540-658-6000.

## **BASIC FINANCIAL STATEMENTS**





**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**June 30, 2022**

**Exhibit A**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 40,599,229
Accounts receivable	27,433,198
Due from Primary Government	28,496,270
Prepaid expenses	41,101
Inventory	800,605
Restricted cash and cash equivalents	17,888,918
Net pension asset	105,117
Capital assets:	
Land	39,695,598
Land improvements	69,437,186
Construction in progress	9,237,656
Buildings and building improvements	602,702,481
Water treatment system	1,319,841
Furniture, fixtures and equipment	17,274,386
Technology infrastructure	4,357,274
Software	2,109,140
Vehicles	28,653,539
Less: accumulated depreciation and amortization	(321,680,209)
Total capital assets	453,106,892
Right to use assets:	
Buildings	749,944
Less: accumulated amortization	(74,994)
Total right to use assets	674,950
Total assets	569,146,280
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	65,763,919
OPEB deferrals	78,208,639
Total deferred outflows of resources	143,972,558
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	7,690,579
Accrued salaries and benefits	40,753,589
Contract retainage	862,464
Current portion of accrued insurance claims	6,911,951
Current portion of long-term liabilities	1,576,117
Unearned revenues	509,736
Noncurrent portion of accrued insurance claims	411,002
Noncurrent portion of long-term liabilities	16,768,242
Net pension liability	151,708,002
Net OPEB liability	269,969,015
Total liabilities	497,160,697
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	113,814,079
OPEB deferrals	44,677,501
Total deferred inflows of resources	158,491,580
<b>NET POSITION</b>	
Net investment in capital assets	439,951,509
Restricted for:	
Capital Projects	21,447,694
School Nutrition	11,998,877
Grants	168,289
Endowment	25,643
Scholarship	3,672
Unrestricted (deficit)	(416,129,123)
Total net position	\$ 57,466,561

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

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2022

Exhibit B

Functions/Programs	Expenses	Program Revenues			Net (Expenses), Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities:</b>					
Education:					
Instruction	\$ 247,024,655	\$ 5,570,928	\$ 86,027,695	\$ -	\$ (155,426,032)
Administration, attendance and health	59,584,431	8,066,871	-	-	(51,517,560)
Pupil transportation	23,075,265	831,265	-	-	(22,244,000)
Operation and maintenance	27,434,652	282,736	-	-	(27,151,916)
Food and nutrition services	17,264,575	253,826	23,064,585	-	6,053,836
Facilities	22,217,013	220,887	-	25,995,144	3,999,018
Technology	21,598,498	421,928	-	-	(21,176,570)
Interest and fiscal charges	204,519	-	-	-	(204,519)
Total governmental activities	<u>\$ 418,403,608</u>	<u>\$ 15,648,441</u>	<u>\$ 109,092,280</u>	<u>\$ 25,995,144</u>	<u>(267,667,743)</u>
<b>General revenues:</b>					
Sales tax					43,157,962
Basic aid					97,176,900
Payments from Stafford County					135,555,869
Investment earnings					13,441
Gain on capital asset disposals and other sales					67,890
Miscellaneous					424,324
Total general revenues					<u>276,396,386</u>
Change in net position					<u>8,728,643</u>
Net position, beginning - July 1, 2021					<u>48,737,918</u>
Net position, ending - June 30, 2022					\$ 57,466,561

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

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2022

Exhibit C

	Special Revenue Funds					
	Operating Fund	Capital Projects Fund	Food and Nutrition Services Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Pooled cash and investments	\$ 2,000	\$ 6,876,648	\$ 10,778,602	\$ 268,444	\$ 3,145,922	\$ 21,071,616
Restricted cash and investments	-	17,859,603	-	-	29,315	17,888,918
Accounts receivable	521,635	1,950	27,460	15,447	-	566,492
Intergovernmental receivables:						
Federal Government	106,625	-	2,414,034	17,343,362	-	19,864,021
Commonwealth of Virginia	6,890,897	-	-	104,756	-	6,995,653
Due from Primary Government	28,496,270	-	-	-	-	28,496,270
Due from other funds	17,088,323	-	-	-	-	17,088,323
Inventory	-	-	486,047	-	-	486,047
Total assets	<u>\$ 53,105,750</u>	<u>\$ 24,738,201</u>	<u>\$ 13,706,143</u>	<u>\$ 17,732,009</u>	<u>\$ 3,175,237</u>	<u>\$ 112,457,340</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 2,533,413	\$ 2,430,362	\$ 55,271	\$ 241,879	\$ -	\$ 5,260,925
Accrued salaries and benefits	39,632,031	-	924,656	-	-	40,556,687
Contract retainage	2,319	860,145	-	-	-	862,464
Unearned revenues	-	-	241,292	268,444	-	509,736
Due to other funds	-	-	-	17,053,397	34,926	17,088,323
Total liabilities	<u>42,167,763</u>	<u>3,290,507</u>	<u>1,221,219</u>	<u>17,563,720</u>	<u>34,926</u>	<u>64,278,135</u>
Fund balance:						
Nonspendable:						
Inventory	-	-	486,047	-	-	486,047
Total nonspendable	<u>-</u>	<u>-</u>	<u>486,047</u>	<u>-</u>	<u>-</u>	<u>486,047</u>
Restricted:						
Capital projects	-	21,447,694	-	-	-	21,447,694
Food and nutrition services	-	-	11,998,877	-	-	11,998,877
Grants	-	-	-	168,289	-	168,289
Endowment	-	-	-	-	25,643	25,643
Scholarship	-	-	-	-	3,672	3,672
Total restricted	<u>-</u>	<u>21,447,694</u>	<u>11,998,877</u>	<u>168,289</u>	<u>29,315</u>	<u>33,644,175</u>
Assigned:						
Operating	10,937,987	-	-	-	-	10,937,987
School Activity	-	-	-	-	3,098,946	3,098,946
Fiduciary Services	-	-	-	-	12,050	12,050
Total assigned	<u>10,937,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,110,996</u>	<u>14,048,983</u>
Total fund balance	<u>10,937,987</u>	<u>21,447,694</u>	<u>12,484,924</u>	<u>168,289</u>	<u>3,140,311</u>	<u>48,179,205</u>
Total liabilities and fund balance	<u>\$ 53,105,750</u>	<u>\$ 24,738,201</u>	<u>\$ 13,706,143</u>	<u>\$ 17,732,009</u>	<u>\$ 3,175,237</u>	<u>\$ 112,457,340</u>

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

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**June 30, 2022**

**Exhibit C-1**

Fund balance - total governmental funds	\$	48,179,205
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Amounts reported for governmental activities in the Statement of Net Position are different due to:

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

Governmental capital assets	\$	770,868,436	
Less accumulated depreciation and amortization		(319,226,712)	
Net capital assets			451,641,724

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

Right to use leased assets		749,944	
Less accumulated amortization		(74,994)	
Net right to use leased assets			674,950

Net pension asset is not a current financial resource, and therefore is not reported in the governmental funds.		97,227
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Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.		142,988,875
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Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.

Assets		21,363,361	
Deferred outflows of resources		983,683	
Liabilities		(13,686,919)	
Deferred inflows of resources		(751,953)	
Net position			7,908,172

Long-term liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.

Leases for right to use assets		(598,129)	
Accrued interest		(2,252)	
Notes payable		(9,854,023)	
Compensated absences		(7,736,740)	
Net pension liability		(149,836,941)	
Net OPEB liability		(268,255,880)	
Total			(436,283,965)

Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.		(157,739,627)
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Net position of governmental activities	\$	<u>57,466,561</u>
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*The accompanying notes are an integral part of these financial statements.*

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Fiscal Year Ended June 30, 2022

Exhibit D

	Operating Fund	Capital Projects Fund	Special Revenue Funds			Total Governmental Funds
			Food and Nutrition Services Fund	Grants Fund	Nonmajor Governmental Funds	
<b>REVENUES</b>						
Intergovernmental:						
Stafford County	\$ 135,555,869	\$ 25,995,144	\$ -	\$ 207,348	\$ -	\$ 161,758,361
Commonwealth of Virginia	202,081,867	-	316,355	769,169	-	203,167,391
Federal Government	2,848,054	-	22,748,230	20,456,119	-	46,052,403
Total intergovernmental revenues	340,485,790	25,995,144	23,064,585	21,432,636	-	410,978,155
Charges for services:						
Tuition and fees	635,078	-	-	-	3,836,396	4,471,474
Food sales	-	-	48,856	-	-	48,856
Recovered costs	2,375,537	86,974	204,970	-	-	2,667,481
Miscellaneous	268,638	-	9,519	341,218	29,926	649,301
Use of money and property	-	230	-	-	67	297
Total revenues	343,765,043	26,082,348	23,327,930	21,773,854	3,866,389	418,815,564
<b>EXPENDITURES</b>						
Current:						
Education:						
Instruction	255,620,786	-	-	18,856,812	3,624,029	278,101,627
Administration, attendance and health	16,956,639	-	-	-	29,033	16,985,672
Pupil transportation	20,694,214	-	-	-	-	20,694,214
Operation and maintenance	27,298,459	-	-	-	-	27,298,459
Food and nutrition services	285,427	-	17,654,388	-	-	17,939,815
Facilities	509,041	-	-	-	-	509,041
Technology	18,841,617	-	136,900	2,739,080	-	21,717,597
Capital outlay	8,759,302	10,862,265	273,762	218,244	-	20,113,573
Debt service:						
Principal	1,184,361	-	-	-	-	1,184,361
Interest and fiscal charges	201,551	-	-	-	-	201,551
Total expenditures	350,351,397	10,862,265	18,065,050	21,814,136	3,653,062	404,745,910
Excess (deficiency) of revenues over (under) expenditures	(6,586,354)	15,220,083	5,262,880	(40,282)	213,327	14,069,654
<b>OTHER FINANCING SOURCES</b>						
Leases issued	749,944	-	-	-	-	749,944
Total other financing sources	749,944	-	-	-	-	749,944
Change in fund balance	(5,836,410)	15,220,083	5,262,880	(40,282)	213,327	14,819,598
Fund balance, beginning - July 1, 2021	16,774,397	6,227,611	7,222,044	208,571	2,926,984	33,359,607
Fund balance, ending - June 30, 2022	\$ 10,937,987	\$ 21,447,694	\$ 12,484,924	\$ 168,289	\$ 3,140,311	\$ 48,179,205

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

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit D-1**

Net change in fund balance - total governmental funds \$ 14,819,598

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

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

Expenditures for acquisition of capital assets	\$ 18,453,779	
Less: Depreciation and amortization expense	(24,858,801)	
Deficiency of capital outlay under depreciation and amortization		(6,405,022)

Expenditures for right to use leased assets	749,944	
Less: Amortization expense	(74,994)	
Excess of capital outlay over amortization		674,950

The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position. (188,563)

Debt issuance is revenue in the governmental funds, but increases long term liabilities in the Statement of Net Assets

Leases for right to use assets	(749,944)	
Increase in accrued interest payable	(2,252)	
		(752,196)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.

Principal repayments:		
Energy performance financing	630,460	
ERP financing	322,084	
Leases for right to use assets	151,815	
Note payable	80,000	
		1,184,359

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 the governmental funds.

Compensated absences	(278,379)	
OPEB expense	(17,960,708)	
Pension expense	26,742,379	
		8,503,292

Internal service funds are used by management to charge the costs of vehicle maintenance and employee benefits to individual funds. The net expense is reported with governmental funds.

Total revenues	38,569,703	
Total expenses	(47,677,478)	
		(9,107,775)

Change in net position of governmental activities	\$ 8,728,643
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*The accompanying notes are an integral part of these financial statements.*

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

**Exhibit E**

	<b>Governmental Activities - Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 19,527,613
Accounts receivable	7,032
Prepaid expenses	41,101
Inventory	314,558
Net pension asset	7,890
Capital assets:	
Land	37,357
Land improvements	1,268,429
Construction in progress	181,145
Buildings and building improvements	1,867,382
Furniture, fixtures and equipment	352,392
Software	79,530
Vehicles	132,429
Less: accumulated depreciation and amortization	(2,453,497)
Total capital assets	1,465,167
Total assets	21,363,361
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	429,276
OPEB deferrals	554,407
Total deferred outflows of resources	983,683
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,427,402
Accrued salaries and benefits	196,902
Current portion of accrued insurance claims	6,911,951
Current portion of compensated absences	20,897
Noncurrent portion of accrued insurance claims	411,002
Noncurrent portion of compensated absences	134,569
Net pension liability	1,871,061
Net OPEB liability	1,713,135
Total liabilities	13,686,919
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	388,943
OPEB deferrals	363,010
Total deferred inflows of resources	751,953
<b>NET POSITION</b>	
Net investment in capital assets	1,465,167
Unrestricted	6,443,005
Total net position	\$ 7,908,172

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

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit F**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services	\$ 38,445,007
Miscellaneous	43,662
Total operating revenues	<u>38,488,669</u>
<b>Operating expenses:</b>	
Personnel services	2,332,213
Contractual services	34,639,433
Materials and supplies	1,537,501
Utilities	13,102
Telecommunications	7,564
Depreciation and amortization	146,949
Total operating expenses	<u>38,676,762</u>
Operating loss	<u>(188,093)</u>
<b>Nonoperating revenues (expenses):</b>	
Interest and investment revenue	13,144
Interest expense	(716)
OPEB Trust Fund contribution	(9,000,000)
Vehicle and other sales	67,890
Total nonoperating expenses, net	<u>(8,919,682)</u>
Change in net position	(9,107,775)
Net position, beginning - July 1, 2021	17,015,947
Net position, ending - June 30, 2022	<u><u>\$ 7,908,172</u></u>

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



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit G**

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 38,510,847
Other receipts	43,662
Payments to suppliers	(35,245,449)
Payments to employees	(2,179,127)
Net cash provided by operating activities	<u>1,129,933</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfer to OPEB Trust Fund	(9,000,000)
Net cash used in noncapital financing activities	<u>(9,000,000)</u>
<b>Cash flows from capital and related financing activities:</b>	
Proceeds from vehicle and supply sales	67,890
Principal paid on notes payable	(33,953)
Interest paid on notes payable	(716)
Acquisition and construction of capital assets	(45,562)
Net cash used in capital and related financing activities	<u>(12,341)</u>
<b>Cash flows from investing activities:</b>	
Interest earned on investments	13,144
Net cash provided by investing activities	<u>13,144</u>
Net decrease in cash and cash equivalents	(7,869,264)
Cash and cash equivalents, beginning - July 1, 2021	27,396,877
Cash and cash equivalents, ending - June 30, 2022	<u>\$ 19,527,613</u>
<b>Reconciliation of operating loss to net cash provided by operating activities:</b>	
Operating loss	\$ (188,093)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation and amortization expense	146,949
Changes in assets and liabilities:	
Decrease in accounts receivable	65,840
Increase in inventory	(79,857)
Increase in prepaid expenses	(1,197)
Increase in net pension asset	(7,890)
Increase in deferred outflows of resources	(156,217)
Increase in accounts payable and accrued expenses	1,056,825
Decrease in compensated absences	(13,468)
Decrease in net pension liability	(277,801)
Increase in net OPEB liability	248,852
Increase in deferred inflows of resources	335,990
Total adjustments	<u>1,318,026</u>
Net cash provided by operating activities	<u>\$ 1,129,933</u>

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

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
June 30, 2022

Exhibit H

	OPEB Trust Fund	Custodial Fund Employee Flexible Spending Fund
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 370,029
Pooled investment funds	36,804,983	-
Total assets	<u>\$ 36,804,983</u>	<u>\$ 370,029</u>
<b>NET POSITION</b>		
Restricted for OPEB	\$ 36,804,983	\$ -
Restricted for individuals	-	370,029
Total net position	<u>\$ 36,804,983</u>	<u>\$ 370,029</u>

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

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS - TRUST AND CUSTODIAL FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit I**

	<b>OPEB Trust Fund</b>	<b>Custodial Fund Employee Flexible Spending Fund</b>
<b>ADDITIONS</b>		
Contributions:		
Contributions from employees	\$ -	\$ 694,262
Contributions from employer	9,000,000	-
Total contributions	9,000,000	694,262
Investment earnings:		
Net decrease in fair value of investments	(3,869,761)	-
Interest, dividends, and other		
Total investment losses	(3,869,761)	-
Less investment expense	34,449	-
Net investment losses	(3,904,210)	-
Total (subtractions) additions	(3,904,210)	694,262
<b>DEDUCTIONS</b>		
Benefits paid to employees	-	693,769
Total deductions	-	693,769
Net increase in fiduciary net position	5,095,790	493
Net position, beginning - July 1, 2021	31,709,193	369,536
Net position, ending - June 30, 2022	\$ 36,804,983	\$ 370,029

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



## **NOTES TO THE BASIC FINANCIAL STATEMENTS**



**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**June 30, 2022**

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Stafford County Public Schools (Stafford Schools or “the division”) is a corporate body operating under the constitution of the Commonwealth of Virginia and the *Code of Virginia*, and provides elementary and secondary education for the County of Stafford (County). The seven voting members of the School Board of Stafford County Public Schools (School Board) are elected by the citizens of the County to serve 4-year terms. Each of the County’s seven districts has a School Board member who represents its constituents. The School Board is responsible for setting the educational policies of Stafford Schools and appoints a superintendent to implement the School Board’s policies and serve as the chief administrative officer of the division, providing leadership and direct management of the division in accordance with policies adopted by the School Board.

**A. THE FINANCIAL REPORTING ENTITY**

A financial reporting entity is comprised of the Primary Government, component units and other organizations that are included to ensure the basic financial statements are not misleading. The Primary Government for Stafford Schools includes all funds and departments that are not legally separate from Stafford Schools. Stafford Schools is not financially accountable for any legally separate organizations; therefore, it has no component units. However, because Stafford Schools is fiscally dependent on the County and Stafford Schools’ operations are funded by payments from the County’s general fund, Stafford Schools is considered a component unit of the County. Other significant determining factors also include: the County approves Stafford Schools’ budget, the County funds any deficits, and the County issues and contracts debt to finance capital projects for Stafford Schools. Also, Stafford Schools provides services, which primarily benefit the citizens of the County.

The accompanying financial statements presented for Stafford Schools conform to accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units promulgated by the Governmental Accounting Standards Board (GASB), which is the standard setting body for establishing governmental accounting and financial reporting principles.

**B. FUND ACCOUNTING**

Financial transactions and accounts of Stafford Schools are maintained on the basis of fund accounting. The operation of each fund is considered to be an independent fiscal and separate accounting entity, with a self-balancing set of accounts. Each fund reports cash and other financial resources together with all related liabilities and residual equities or balances, and changes therein. There are three categories of funds: governmental, proprietary and fiduciary.

***GOVERNMENTAL FUNDS***

Governmental funds are those through which most governmental functions of Stafford Schools are financed. The acquisition, use and balances of Stafford Schools’ expendable financial resources and the related liabilities are accounted for through these funds. Stafford Schools has four major governmental funds and four non-major governmental funds as follows:

**Major Governmental Funds**

- **General Fund (hereafter referred to as the Operating Fund)** – Stafford Schools’ primary fund to account for and report the assets, liabilities, fund balance, revenues and expenditures associated with Stafford Schools’ operations, including financial resources not required to be accounted for and reported in another fund.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FUND ACCOUNTING (Continued)**

- **Capital Projects Fund** – accounts for and reports the assets, liabilities, fund balance, revenues and expenditures that are restricted, committed or assigned to Stafford Schools’ capital projects, including the acquisition, construction and equipping of new schools and the renovation, improvement and repairing of existing schools.
- **Food and Nutrition Services Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the provision of food and nutrition services within Stafford Schools’ school cafeterias.
- **Grants Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with grants received and used by Stafford Schools to supplement operations.

**Non-major Governmental Funds**

- **School Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the various activities conducted at the individual school sites in connection with student athletics, classes, clubs, and various fundraising activities and private donations. In addition, each school also has a faculty activity fund. Stafford Schools is liable if any school is unable to meet its obligations with respect to these funds.
- **Division Wide Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with certain activities conducted on a division-wide level, in connection with private donations and sales tax collections. Stafford Schools is liable for any obligation this fund is unable to meet.
- **Endowment Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with endowment programs administered by Stafford Schools.
- **Scholarship Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with scholarship programs administered by Stafford Schools.

The Food and Nutrition Services Fund, Grants Fund, and all of the Non-major Governmental Funds are special revenue funds used to account for and report proceeds of specific revenue sources, other than major capital projects, in which expenditures are restricted or committed for a specific purpose.

***PROPRIETARY FUNDS***

Proprietary funds are used to account for activities similar to those often engaged in by profit-seeking businesses. These funds account for the provision of services to other funds of Stafford Schools and the County on a cost-reimbursement basis. Operating revenues include charges for services and operating expenses include the cost of services.

**Enterprise Funds**

This type of proprietary fund accounts for services provided to the general public on a user-charge basis. Stafford Schools does not have any enterprise funds.



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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. FUND ACCOUNTING (Continued)**

**Internal Service Funds**

Activities that produce goods or services to be provided to other departments or other governmental units on a cost-reimbursement basis are accounted for by internal service funds. Stafford Schools has three internal service funds:

- **Fleet Services Fund** – accounts for the assets, liabilities, net position, deferred outflows and inflows of resources, revenues and expenses associated with the provision of vehicle maintenance services on a cost reimbursement basis to the departments and agencies of the County and Stafford Schools.
- **Health Benefits Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the provision of health benefits to the enrolled employees and retirees of Stafford Schools under a comprehensive health benefits self-insurance program.
- **Workers' Compensation Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the administration of the workers' compensation self-insurance program and the provision of workers' compensation benefits to the injured employees of Stafford Schools.

***FIDUCIARY FUNDS***

Fiduciary funds are used to account for assets held by a government acting as a trustee or agent for entities external to the governmental unit: individuals, organizations, other governmental units, or other funds. There are four types of fiduciary funds: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Fiduciary funds are not included in the government-wide financial statements. Stafford Schools has one other employee benefit trust fund and one custodial fund as follows:

- **OPEB Trust Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with the investment of funds contributed into an irrevocable trust and used to cover current and future retiree health benefit costs.
- **Employee Flexible Spending Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with the employee flexible spending program.

**C. BASIS OF FINANCIAL STATEMENT PRESENTATION**

GAAP has established the accounting requirements and reporting model to be used in the annual financial reports of state and local governments. The reporting model was developed to make the Annual Comprehensive Financial Report (ACFR) easier to understand and more useful to the people who use governmental financial information to make decisions.

The basic financial statements consist of the government-wide statements, including the Statement of Net Position and the Statement of Activities; fund financial statements, which provide more detailed financial information; and notes to the basic financial statements which provide detailed narrative information.

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide statements (the Statement of Net Position and the Statement of Activities) present financial information about Stafford Schools as a whole. These statements include the financial activity of the Stafford Schools Primary Government, except the fiduciary funds. In accordance with GAAP reporting requirements, activities are reported in these statements as either governmental or business-type. Stafford Schools does not have any business-type activities.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)**

The Statement of Net Position presents the overall financial condition of Stafford Schools at fiscal year-end. Presence and size of the net position is an indication of Stafford Schools' ability to cover its costs and continue to provide services in the future.

The Statement of Activities reports the expenses and revenues of Stafford Schools in a format that focuses on the cost of Stafford Schools' major functions, while net revenue or expenses indicate whether a function is self-supporting or relies on general revenue funding sources. Direct expenses are those that are clearly identifiable to particular functions. Program revenues include: (1) charges for services (e.g., tuition and fees); (2) operating grants and contributions; and (3) capital grants and contributions. Revenues not directly related to a program are reported as general revenues, including Stafford Schools' portion of property tax revenues received from the County and other unrestricted amounts received from the Commonwealth of Virginia and the federal government. Stafford Schools does not allocate indirect expenses.

The effect of inter-fund activity has been eliminated from the government-wide financial statements.

***FUND FINANCIAL STATEMENTS***

In order to provide budgetary controls and maintain legal compliance, Stafford Schools records transactions in separate funds rendering a more detailed level. Stafford Schools' Operating Fund, Capital Projects Fund, Food and Nutrition Services Fund, and Grants Fund are all deemed to be major governmental funds; therefore, they are separately reported in the governmental fund statements. Stafford Schools also reports four non-major governmental funds. The three internal service funds are presented in the proprietary fund statements. There are two fiduciary funds, including one trust fund and one custodial fund, presented in the fiduciary fund statements.

**D. MEASUREMENT FOCUS**

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

The government-wide financial statements are presented using an economic resources measurement focus. All assets and liabilities, as well as deferred outflows and deferred inflows of resources, are shown in the Statement of Net Position. This includes capital and right to use leased assets (i.e., land, buildings, improvements, and other capital assets) as well as long-term liabilities (i.e., financing obligations, compensated absences, accrued insurance claims, and OPEB liability).

Presented by the Statement of Activities is the degree to which expenses are offset by program revenues for a specific program or function of Stafford Schools. Program revenues include charges for services, operating grants and contributions, and capital grants and contributions. Grants and contributions from the County, the Commonwealth of Virginia, and the federal government, which are not restricted for specific purposes, are presented as general revenues. Revenue from the use of money is also presented as general revenues.

***FUND FINANCIAL STATEMENTS***

***Governmental Funds***

All governmental funds are accounted for using a current financial resources measurement focus, whereby only current assets and current liabilities are included in the Balance Sheet. The operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in current financial resources. Since governmental fund statements are presented on a different measurement focus than government-wide statements, a reconciliation of the total fund balance to net position is presented which briefly explains the adjustments made to reconcile the governmental activities reflected in the governmental fund financial statements to the government-wide statements.

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. MEASUREMENT FOCUS (Continued)**

**Proprietary Funds**

All proprietary funds are accounted for using the economic resources measurement focus. All assets and liabilities, as well as deferred outflows and deferred inflows of resources, associated with the operation of these funds are included on the Statement of Net Position. Proprietary fund equity (i.e., net position) is segregated into unrestricted and net investment in capital assets. The proprietary fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The operating revenue is charges for services; the cost to provide these services is reported as operating expenses. Non-operating revenue is generated from financing and investing type activities.

**Fiduciary Funds**

The fiduciary funds are accounted for using the economic resources measurement focus. All assets and liabilities associated with the operation of these funds are included on the Statement of Fiduciary Net Position. A liability to the beneficiaries of a fiduciary activity is recognized in a fiduciary fund when an event has occurred that compels the agency to disburse fiduciary resources. Liabilities other than those to beneficiaries are recognized in accordance with existing accounting standards using the economic resources measurement focus. The Statement of Changes in Fiduciary Net Position reports additions to and deductions from the fiduciary funds, disaggregated by source or type.

**E. BASIS OF ACCOUNTING**

The basis of accounting determines when transactions are recorded as financial entries reported in the financial statements. The government-wide financial statements are reported using the accrual basis of accounting. All governmental funds use the modified accrual basis of accounting. The proprietary and fiduciary funds use the accrual basis of accounting. The difference in the basis of accounting relates to how revenue is recognized, how unearned revenue is recorded, and whether expenses or expenditures are reported.

***REVENUES***

In the government-wide financial statements and in the proprietary and fiduciary funds financial statements, revenue is recorded on the accrual basis, i.e., when earned. In the governmental funds, revenue is recorded on the modified accrual basis, that is, revenue is recorded in the fiscal year in which resources are measurable and available, i.e., expected to be collected by fiscal year end or soon enough thereafter to be used to pay current liabilities. Stafford Schools uses the period 60 days after fiscal year end for its funds availability criteria. Non-exchange transactions, in which Stafford Schools either gives or receives value without directly receiving or giving equal value in exchange, include grants and donations. These revenues are recognized in the fiscal year in which all eligibility requirements have been satisfied. The effect of inter-fund revenue has been eliminated from the government-wide statements.

In the fund financial statements, Stafford Schools' primary revenues are unrestricted payments from the County and the Commonwealth of Virginia. These are considered general revenue and are recognized on the modified accrual basis. Revenue from general-purpose grants is recognized as general revenues in the period to which the grant applies. Special purpose revenue (i.e., federal, state, and other grants) is recognized as program revenue when earned. Revenue for the school lunch program is recognized as program revenue at the time the meals are provided. Operating revenue in the proprietary funds is revenue that is earned from charges for services provided to other departments on a cost-reimbursement basis. The non-operating revenue of these funds does not require a good or service to be delivered. The primary sources for non-operating revenue are interest income, vehicle sales, and other sales.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. BASIS OF ACCOUNTING (Continued)**

***EXPENDITURES/EXPENSES***

On the accrual basis of accounting, expenses are recorded when incurred. On the modified accrual basis of accounting, decreases in net financial resources are reported as expenditures rather than expenses. Expenditures are reported in the fiscal year when the related fund liability is incurred, except certain general long-term obligations, such as compensated absences and pension obligations, which are recognized only to the extent they have matured. Depreciation and amortization, which are allocations of cost, are not recorded in the governmental funds.

The operating expenses in the proprietary funds are those costs that relate directly to providing goods and services to the other departments, within the school district, on a cost-reimbursement basis. For services which extend over more than one fiscal period, such as insurance, the change in the actuarially determined insurance liability from one year to the next is reported as an operating expense. Any costs incurred as a result of financing and investing activities are reported as non-operating expenses.

**F. CASH AND CASH EQUIVALENTS**

Cash on deposit with the Treasurer's Office at the County represents the majority of Stafford Schools' available cash throughout the fiscal year. At the close of the fiscal year, substantially all available cash in the Operating Fund is reclassified to Due from Primary Government and represents cash available to pay existing liabilities at year-end, primarily accrued payroll. The Treasurer's Office has custodial and internal control responsibilities for Stafford Schools' cash including monthly bank reconciliations.

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. In order to maximize investment returns, cash and cash equivalents are maintained in a fully insured or collateralized investment pool administered by the Treasurer's Office of the County. At June 30, 2022, all of the County's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedure for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

***RESTRICTED CASH***

The Capital Projects Fund restricted cash and investments represent proceeds from school bonds held by the Commonwealth of Virginia State Non-Arbitrage Program (SNAP). The Endowment Fund and Scholarship Fund also report restricted cash and investments, which were received subject to donor restrictions on disbursements.

**G. DEPOSITS AND INVESTMENTS**

Cash resources of the individual funds, excluding cash held with fiscal agents in the Capital Projects Fund and Fiduciary Funds, are combined in accordance with County policy 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 cash and investments is retained by the County. The fair value of investments is based on quoted market prices and no investments are valued at cost. All investments in external investment pools are reported at fair value or amortized cost.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. INVENTORIES**

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

The Fleet Services Fund (a proprietary fund that is an internal service fund) carries its inventory on a cost basis (first-in, first-out), which is not in excess of market value. The inventory consists of parts, materials, and supplies for repair and maintenance of Stafford Schools and County vehicles, primarily school buses, police cars, and fire trucks.

The consumption method of accounting for inventory is used in the government-wide statements, as well as in the governmental and internal service funds. Under this method, inventory items are comprised of expendable supplies and are expensed as consumed. In the governmental funds, the inventory of the Food and Nutrition Services Fund, which consists of perishable and non-perishable food products, is considered non-spendable fund balance. The Internal Service Fund inventory is comprised of expendable supplies held for consumption.

**I. CAPITAL ASSETS**

Capital assets are reported in the government-wide financial statements and proprietary fund statements and include property, plant, equipment, and infrastructure assets with a cost of \$5,000 or more. Depreciation and amortization is recorded on capital assets in the government-wide statements and proprietary fund statements using the straight-line method. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their acquisition value on the date of the donation. 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 and amortization, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded in the results of operations.

Assets acquired through lease agreements are recorded at the present value of the minimum lease payments, as stated in the lease's amortization schedule.

All reported capital assets except land and construction in progress are depreciated or amortized. Accumulated depreciation and amortization is recorded as a reduction to capital assets. The straight-line depreciation or amortization method is used over the following estimated useful lives:

Land improvements	5 – 20 years
Buildings and building improvements	5 – 50 years
Water treatment system	15 – 20 years
Furniture, fixtures and equipment	5 – 20 years
Vehicles	8 – 15 years
Software	5 – 15 years
Technology infrastructure	20 years

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. RIGHT TO USE ASSETS**

The School Board has recorded right to use assets as a result of implementing GASB Statement No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

**K. LEASES**

The School Board adopted GASB Statement No. 87, *Leases*, on July 1, 2021. There were no beginning adjustments required at implementation.

*Lessor:* The School Board is not a party to any lease agreements as a lessor which would require recognition in the financial statements.

*Lessee:* The School Board is a lessee for non-cancellable leases of certain buildings. A right of use asset and lease liability are recognized on the Statement of Net Position for leases with an initial, non-cancellable term of greater than twelve months (including any options to extend the lease when exercise is reasonably certain). The lease asset and liability are calculated based on the value of the discounted future lease payments over the term of the lease. The liability is reduced as payments are made over the life of the lease, allocating the payment between principal and interest.

**L. ACCRUED LIABILITIES AND LONG-TERM DEBT**

All payables, accrued liabilities and long-term debt amounts are reported in the government-wide financial statements and the proprietary fund financial statements. Accounts payable and accrued liabilities expected to be paid from current financial resources are reported as current liabilities in each applicable fund. Long-term debt is segregated between amounts due within one year (current) and amounts due beyond one year (non-current).

**M. COMPENSATED ABSENCES**

Stafford Schools' employees accumulate vacation time and sick leave depending upon their length of service and whether they are VRS Legacy or Hybrid members. Stafford Schools has established accumulated leave balance thresholds for vacation leave. For VRS Legacy employees, excess vacation days above the allowed carry-over are converted to sick leave days. There is no threshold on accumulated sick leave for Legacy employees. Excess vacation days are converted to sick leave days for VRS Hybrid employees until the sick leave threshold of 60 days has been reached. If the employee has excess vacation days and a sick leave balance of 60 days the excess vacation days are forfeited. Vacation leave up to the established threshold and a portion of sick leave time is payable upon termination of employment.

The current and long-term portions of the governmental funds' accumulated vacation, personal and sick leave are recorded as liabilities in the government-wide financial statements only. Current and long-term compensated absences liabilities for proprietary funds are recorded in the government-wide and proprietary fund financial statements.

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. PENSIONS**

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. 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 VRS Plans and the additions to/deduction from the VRS Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, 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.

**O. OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***RETIREE HEALTH INSURANCE***

The Stafford Schools' postemployment medical plan (the plan) is a single-employer defined benefit health care plan which provides health insurance to retired employees. The fiduciary net position of the plan 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 plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***HEALTH INSURANCE CREDIT PROGRAM***

The Health Insurance Credit (HIC) Program for non-professional employees is a multiple-employer, agent defined benefit plan; whereas for professional employees it is a multi-employer, cost sharing plan. The HIC Program provides a credit toward the cost of health insurance coverage for retired employees of participating employers. The 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 HIC Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the HIC Program OPEB, and the HIC Program OPEB expense, information about the fiduciary net position of the VRS HIC Program; and the additions to/deductions from the VRS 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

***GROUP LIFE INSURANCE***

The 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 GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the VRS GLI Program OPEB's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.



**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**P. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources representing a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditure) until that time. Items related to the Stafford Schools' retirement and OPEB plans qualify for reporting in this category, including contributions to the plans subsequent to the actuarial measurement date, changes in proportionate share, changes in assumptions, and differences between expected and actual experience. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources representing an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Items related to the Stafford Schools' retirement and OPEB plans qualify for reporting in this category, including net differences between projected and actual earnings on plan investments, changes in proportionate share, changes in assumptions, and differences between expected and actual experience. The actuarial experience and assumption change impacts are amortized over the average expected remaining service life of the plan membership as of the measurement date, and investment gains/losses are amortized over five years.

Deferred outflows of resources and deferred inflows of resources are reported in the government-wide Statement of Net Position and the proprietary funds' Statement of Net Position. These are explained in more detail in separate notes to the financial statements.

**Q. NET POSITION**

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources in the government-wide and proprietary funds' financial statements. The net position of Stafford Schools falls into three categories: (1) net investment in capital assets; (2) restricted; and (3) unrestricted. The first category represents the portion of net position related to capital assets, net of accumulated depreciation and amortization, capital asset related accounts payable and retainage payable, and notes payable incurred to acquire these assets (see Notes 5 and 6). The second category represents the portion restricted by external parties and/or transactions. The unrestricted portion is reported in the third category.

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

In the Statement of Net Position, this scenario presents a dilemma for the County and Stafford Schools. Debt issued on behalf of Stafford Schools is reported along 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 Stafford Schools (title holder), the component unit, thereby increasing the net position of Stafford Schools.



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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Q. NET POSITION (Continued)**

The Virginia General Assembly amended the *Code of Virginia* to allow a tenancy in common with a school division whenever the locality incurs a financial obligation which is payable over more than one fiscal year for the acquisition of 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 additions and depreciation and amortization between the County and Stafford Schools would be cumbersome and not provide any added benefit to the financial statements. Therefore, the Board of Supervisors of the County adopted a resolution declining tenancy in common for current and future financial obligations.

**R. ENCUMBRANCES**

Stafford Schools uses encumbrance accounting where purchase orders, contracts and other commitments for the expenditure of funds are reported as restricted, committed, assigned or unassigned fund balance. Encumbrances represent the estimated amount of expenditures resulting when open purchase orders and unfinished contracts and commitments are completed in the subsequent fiscal year. The encumbrances for the Capital Projects Fund do not lapse until the projects are completed and are reported as restricted or committed fund balance at year-end. Funding for all other encumbrances lapse at year-end and require re-appropriation by the County. These are shown as restricted or assigned fund balance to indicate they are not available for other financing purposes.

**S. USE OF ESTIMATES**

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from these estimates.

**T. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING**

Stafford Schools follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Stafford Schools' Superintendent prepares an annual budget that is presented to the School Board. The School Board then reviews and requests changes be made or approves the Superintendent's Budget and presents it to the Board of Supervisors of the County.
2. Prior to April 1, the County Administrator submits a proposed budget (operating and capital) to the Board of Supervisors of the County 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.
3. Public hearings are conducted by the Board of Supervisors of the County to obtain taxpayer and citizen comments.
4. Prior to June 30, the County's budget, which includes Stafford Schools as a component unit, is legally enacted through passage of a resolution by the Board of Supervisors of the County. The School Board then adopts the budget approved by the County and the following individual fund budgets are legally adopted:

**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**T. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING (Continued)**

**Stafford County Public Schools' Budgets**

***Governmental Funds:***

Operating Fund  
Capital Projects Fund  
Food and Nutrition Services Fund  
Grants Fund

***Proprietary Funds – Internal Service Funds:***

Fleet Services Fund  
Health Benefits Fund  
Workers' Compensation Fund

Budgets are adopted on a basis consistent with GAAP. The budget for the proprietary funds serves as a guide and not as legally binding limitations. 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. For the year ended June 30, 2022, there were no expenditures in excess of budgetary appropriations.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, comparing actual revenue and expenditures with budgeted amounts as originally adopted, and as amended by the Board of Supervisors through June 30, 2022. Individual amendments were not material in relation to the original appropriations.

**U. FUND BALANCES**

The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory and prepaid expenses) or are required to be maintained intact (corpus of a permanent fund);
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority, and
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are only reported in the operating fund.

When fund balance resources are available for a specific purpose in more than one classification, it is Stafford Schools' policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed.

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**Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**U. FUND BALANCES (Continued)**

The School Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the School Board through the adoption or amendment of the budget as intended for specific purposes (such as the purchase of capital assets, construction, debt service, or for other purposes).

**Note 2. DEPOSITS AND INVESTMENTS**

**DEPOSITS**

Deposits with banks are insured up to limits 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.

Deposits of the School and Division Wide Activity Funds are made at federally-insured banking institutions generally based on their proximity and convenience to the specific school sites, and are not managed as public funds by the County Treasurer, or in accordance with the Virginia Security for Public Deposits Act. Prior to fiscal year 2021 and the implementation of GASB Statement No. 84 *Fiduciary Activities*, these funds were reported as fiduciary activities and excluded from the cash of the reporting entity. However, the School and Division Wide Activity Funds are now required to be reported as a governmental funds, and included in the reporting entity. The amount of cash managed in this alternative manner totaled \$3,145,922 as of June 30, 2022.

**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 SNAP.

The County Treasurer has invested the proceeds of VPSA bonds in the SNAP Fund (the Fund) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended. The Fund is a professionally managed money market fund, which 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.

The School Board also invests in the LGIP. The LGIP is a professionally managed money market fund, which invests 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 has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. 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.

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**Note 2. DEPOSITS AND INVESTMENTS (Continued)**

The School Board has the following recurring reported value measurements as of June 30, 2022:

Investment Type	Valuation Method	Reported Value
LGIP	Amortized Cost	\$ 5,105,834
SNAP	Amortized Cost	17,859,603
Total		<u>\$ 22,965,437</u>

***CUSTODIAL CREDIT RISK***

The School Board's investment securities at June 30, 2022, were held by the School Board or in the School Board's name by the County's custodial banks.

***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, 2022, and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

Investment Type	AAAm
LGIP	\$ 5,105,834
SNAP	17,859,603
Total	<u>\$ 22,965,437</u>

As of June 30, 2022, 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.

***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 issuer. At June 30, 2022, the School Board did not have any investments exceeding 5% of the total investment.

***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 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.

***EXTERNAL INVESTMENT POOLS***

The School Board categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The fair value of the positions in the external investment pools (LGIP and the VACo/VML Pooled OPEB Trust) are the same as the value of the pool shares. As these pools are not SEC-registered, regulatory oversight of the pools rests with the Virginia State Treasury.

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**Note 2. DEPOSITS AND INVESTMENTS (Continued)**

Investment Type	Fair Value	Less than 1 Year
LGIP	\$ 5,105,834	\$ 5,105,834
SNAP	17,859,603	17,859,603
Total	<u>\$ 22,965,437</u>	<u>\$ 22,965,437</u>

LGIP, SNAP, and VACo/VML Pooled OPEB Trust funds are not publicly traded on an open market and significant information about the underlying assets are unknown to the School Board. Therefore, the School Board records these funds at net asset value, which represents fair value based on observable data such as ongoing redemption and/or subscription activity. There are no features associated with the LGIP, SNAP, and VACo/VML Pooled OPEB Trust funds that management believes requires an adjustment to the net asset value.

**OPEB TRUST FUNDS**

As of June 30, 2022, the carrying value of the OPEB Trust 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:

	Reported Value	Credit Rating
Investment in pooled funds	\$ 36,804,983	Not Rated

The Stafford Schools' OPEB trust fund participates in the Virginia 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% after inflation, in a manner consistent with prudent risk-taking. Investment decisions 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 oversee adherence to the investment policy.

The Board of Trustees reviews, monitors, and evaluates the performance of the investments and 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.

**Note 3. DUE FROM STAFFORD COUNTY (PRIMARY GOVERNMENT)**

The receivable due from Stafford County at June 30, 2022, represents Stafford Schools' ending cash balance, excluding the balance reported as "Pooled cash and investments", which was reclassified and reported at year-end as "Due from Primary Government" in the Operating Fund.

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**Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT**

Significant amounts of intergovernmental receivables due from other governments at June 30, 2022, were as follows:

<i>Intergovernmental Receivables:</i>	Governmental Funds – Operating Fund	Governmental Funds – Grants Fund	Governmental Funds – Food and Nutrition Services Fund	Governmental Funds Total
Commonwealth of Virginia	\$ 6,890,897	\$ 104,756	\$ -	\$ 6,995,653
Federal Government	106,625	17,343,362	2,414,034	19,450,563
Total	<u>\$ 6,997,522</u>	<u>\$ 17,448,118</u>	<u>\$ 2,414,034</u>	<u>\$ 26,446,216</u>

The receivable from the Commonwealth of Virginia in the Operating Fund is attributed to state sales taxes due to the school system. The Virginia Retail Sales and Use Tax Act requires one and one-eighth cents out of every five cents collected in State Sales Tax be distributed to school divisions based on school-age population. The amount due from the Commonwealth of Virginia in the Grants Fund is attributed to the Jails – New Special Ed Regulation.

Amounts due from the federal government in the Operating Fund are attributed to the U.S. Department of Defense Junior Reserve Officers' Training Corps (JROTC) reimbursements and Medicaid reimbursements. Amounts due from the federal government in the Food and Nutrition Services Fund are primarily attributed to the National School Breakfast and Lunch Programs. The Grants Fund federal receivable primarily consists of reimbursements for Title I programs that enhance the instruction for disadvantaged children, Title VI-B programs that support the education of students with disabilities, and Elementary and Secondary School Emergency Relief (ESSER) funds to address impacts related to COVID-19.

Stafford Schools' receivables are considered fully collectible and, therefore, an allowance for uncollectible accounts does not apply to these receivables.

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**Note 5. CAPITAL ASSETS**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

	Balance June 30, 2021	Increases	Decreases	Re-classifications	Balance June 30, 2022
<u>Capital assets not being depreciated or amortized:</u>					
Land	\$ 37,998,129	\$ 1,537,094	\$ -	\$ 160,375	\$ 39,695,598
Construction in progress	16,803,509	8,526,287	(78,108)	(16,014,032)	9,237,656
Total capital assets not being depreciated or amortized	54,801,638	10,063,381	(78,108)	(15,853,657)	48,933,254
<u>Capital assets being depreciated or amortized</u>					
Land improvements	68,178,732	787,397	-	471,057	69,437,186
Buildings and building improvements	583,486,268	4,073,237	(176,000)	15,318,976	602,702,481
Furniture, fixtures and equipment	16,799,206	1,102,756	(627,576)	-	17,274,386
Vehicles	27,825,137	2,456,663	(1,628,261)	-	28,653,539
Software	2,137,891	15,906	(108,281)	63,624	2,109,140
Technology infrastructure	4,357,274	-	-	-	4,357,274
Water treatment system	1,319,841	-	-	-	1,319,841
Right to use assets:					
Buildings	-	749,944	-	-	749,944
Total capital assets being depreciated or amortized	704,104,349	9,185,903	(2,540,118)	15,853,657	726,603,791
<u>Less accumulated depreciation or amortization for:</u>					
Land improvements	(36,906,549)	(3,403,016)	-	-	(40,309,565)
Buildings and building improvements	(235,389,917)	(18,045,392)	176,000	-	(253,259,309)
Furniture, fixtures and equipment	(9,407,922)	(1,361,560)	546,409	-	(10,223,073)
Vehicles	(14,176,279)	(1,809,652)	1,598,972	-	(14,386,959)
Software	(1,050,343)	(102,381)	108,281	-	(1,044,443)
Technology infrastructure	(1,526,019)	(218,045)	-	-	(1,744,064)
Water treatment system	(647,093)	(65,703)	-	-	(712,796)
Right to use assets:					
Buildings	-	(74,994)	-	-	(74,994)
Total accumulated depreciation or amortization	(299,104,122)	(25,080,743)	2,429,662	-	(321,755,203)
Total capital assets being depreciated or amortized, net	405,000,227	(15,894,840)	(110,456)	15,853,657	404,848,588
<b>Total capital assets, net</b>	<b>\$ 459,801,865</b>	<b>\$ (5,831,459)</b>	<b>\$ (188,564)</b>	<b>\$ -</b>	<b>\$ 453,781,842</b>

Governmental activities capital assets, net of accumulated depreciation at June 30, 2022, are comprised of the following:

	Amount
General capital assets, net	\$ 452,316,675
Internal Service Funds capital assets, net	1,465,167
Total capital assets, net	<u>\$ 453,781,842</u>

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**Note 5. CAPITAL ASSETS (Continued)**

Depreciation and amortization expense was allocated to the government-wide functions as follows:

	Amount
Instruction	\$ 505,025
Administration, attendance and health	159,973
Pupil transportation	1,968,237
Operation and maintenance	331,411
Food and nutrition services	190,832
Facilities	20,867,467
Technology	1,057,798
Total depreciation and amortization expense	<u>\$ 25,080,743</u>

**Note 6. LONG-TERM DEBT**

**Changes in Long-Term Indebtedness**

The following is a summary of long-term liability activity of Stafford Schools for the year ended June 30, 2022:

	Amounts Payable at July 1, 2021	Increases	Decreases	Amounts Payable at June 30, 2022	Amounts Due within One Year
Lease liabilities	\$ -	\$ 749,944	\$ 151,815	\$ 598,129	\$ 141,566
Notes payable	10,920,522	-	1,066,499	9,854,023	723,196
Compensated absences	7,627,295	892,847	627,936	7,892,206	711,355
Net pension liability	284,498,871	55,636,008	188,426,877	151,708,002	-
Net OPEB liability	234,126,821	137,945,469	102,103,275	269,969,015	-
Total	<u>\$ 537,173,509</u>	<u>\$ 195,224,268</u>	<u>\$ 292,376,402</u>	<u>\$ 440,021,375</u>	<u>\$ 1,576,117</u>

**Lease Liabilities**

The School Board has entered into agreements to lease certain buildings. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases*, and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The School Board entered into an agreement beginning January 1, 2022, to lease warehouse space with an expected term of 5 years. Payment is due annually at the beginning of each term in amounts ranging from \$115,500 to \$129,996. The lease liability is measured at a discount rate of .648%. As a result of the lease, the School Board has recorded a right to use asset with a net book value of \$544,616 on June 30, 2022.

The School Board entered into an agreement beginning August 19, 2021, to lease two modular buildings to provide additional classroom space at Rocky Run Elementary School with an expected term of 60 months. Payment is due monthly in the amount of \$1,100 per modular building. The lease liability is measured at a discount rate of .648%. As a result of the lease, the School Board has recorded a right to use asset with a net book value of \$130,334 on June 30, 2022.



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**Note 6. LONG-TERM DEBT (Continued)**

**Lease Liabilities (Continued)**

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

Fiscal year ending June 30:	Principal	Interest	Total
2023	\$ 141,566	\$ 3,799	\$ 145,365
2024	146,052	2,882	148,934
2025	150,675	1,935	152,610
2026	155,438	958	156,396
2027	4,398	3	4,401
Total future minimum lease payments	\$ 598,129	\$ 9,577	\$ 607,706

**Notes Payable**

On July 8, 2010, Stafford Schools received the proceeds of a note from the County in the amount of \$1,305,000. The note is related to a bond the County received from the Virginia Public School Authority. It is a principal only note with an annual payment due June 30th each year for 17 years, with the final payment coming due in 2027. The payment schedule is as follows:

Fiscal year ending June 30:	Principal
2023	\$ 80,000
2024	80,000
2025	80,000
2026	80,000
2027	80,000
Total future payments	\$ 400,000

In August 2012, the School Board entered into an agreement with the Industrial Development Authority of the County of Stafford and the City of Staunton, Virginia to finance the purchase of three Steril Koni Eco 60-13 Heavy Duty In-ground Axle Engaging Lifts installed at Fleet Services. The financing for this project was structured as a Tax-exempt Lease/Purchase Agreement and qualifies as capital financing for accounting purposes. The total amount financed was \$300,500, including capitalized interest of \$500, which was paid off as of June 30, 2022. For the year ended June 30, 2022, interest expense from the capital financing obligation totaled \$716.

In May 2015, Stafford Schools executed a contract for the purchase of an enterprise resource planning (ERP) system. The financing for this project was funded by a Master Equipment Lease/Purchase Agreement and qualifies as capital financing for accounting purposes. The total amount financed was \$2,125,000, which was paid off as of June 30, 2022. For the year ended June 30, 2022, interest expense from the ERP capital financing obligation totaled \$3,785.

In October 2019, Stafford Schools executed an Energy Performance Contract, including improvements to building envelopes, lighting, and irrigation systems, that will result in energy conservation and operational efficiencies. The cost of implementing these improvements will be paid for from realized energy savings. The project was financed using a Master Equipment Lease/Purchase Agreement and qualifies as capital financing for accounting purposes. The total amount financed was \$10,650,651, of which \$9,454,023 was outstanding as of June 30, 2022. For the year ended June 30, 2022, interest expense from the Energy Performance capital financing obligation totaled \$193,210.

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**Note 6. LONG-TERM DEBT (Continued)**

**Notes Payable (Continued)**

The maturities of future minimum payments and the net present value of the financing obligation related to the Energy Performance Contract as of June 30, 2022, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2023	\$ 643,196	\$ 186,810	\$ 830,006
2024	656,190	173,816	830,006
2025	669,445	160,561	830,006
2026	682,969	147,037	830,006
2027	696,765	133,241	830,006
2028-2032	3,700,731	449,301	4,150,032
2033-2035	2,404,728	85,292	2,490,020
Total future minimum lease payments	<u>\$ 9,454,024</u>	<u>\$ 1,336,058</u>	<u>\$ 10,790,082</u>

Assets acquired under capital financing at June 30, 2022, are summarized below:

	Amount
Buildings & building improvements	\$ 10,650,651
Accumulated depreciation	(544,470)
Total assets, net	<u>\$ 10,106,181</u>

**Note 7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS**

At June 30, 2022, Stafford Schools had contractual commitments for significant construction projects of \$12.9 million in the Capital Projects Fund. Additionally, \$5.5 million was encumbered in the Operating Fund for the purchase of school buses.

**Note 8. RELATED PARTIES**

With the exception of the County, which funds a large portion of the Stafford Schools budget and is the custodian of the majority of Stafford Schools' cash and cash equivalents, the school system has no significant related parties.

**Note 9. DEBT SERVICE**

The *Code of Virginia* prohibits Stafford Schools from having borrowing or taxing authority. The County issues and services the general obligation debt to finance the purchase or construction of school facilities. The debt is not secured by the assets purchased or constructed but by the full faith and credit and taxing authority of the County. Since Stafford Schools is not obligated to repay principal or interest on any general obligation debt incurred on Stafford Schools' behalf, the debt is recorded in the County's government-wide financial statements.

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**Note 10. RISK MANAGEMENT**

Stafford Schools is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which Stafford Schools carries commercial insurance through VACoRP. Settled claims from these risks have not exceeded commercial coverage for the past three years.

Stafford Schools is a member of the Virginia Municipal League Programs (VML or Association) for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing. Each Association member jointly and severally agrees to assume, pay and discharge any liability. Stafford Schools pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The total estimated workers' compensation insurance claims payable as of June 30, 2022 was \$1,305,953, of which \$894,951 was estimated to be current claims payable.

The change in the workers' compensation claims liability balance during the past two years is as follows:

	<i>Fiscal Year Ended:</i>	
	June 30, 2022	June 30, 2021
Unpaid claims, beginning of fiscal year	\$ 1,027,238	\$ 560,966
Incurred claims (including IBNR)	1,432,550	1,587,319
Claims payments	(1,153,835)	(1,121,047)
Unpaid claims, end of fiscal year	<u>\$ 1,305,953</u>	<u>\$ 1,027,238</u>

Stafford Schools carries commercial insurance for all risks of loss, except for workers' compensation. Like the County, Stafford Schools participates in the Virginia Risk Sharing Association, sponsored by VML. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year.

Beginning in fiscal year 2002, Stafford 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 of Stafford Schools to a claims administrator who processes all claims.

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 health insurance claims liability balance during the past two years is as follows:

	<i>Fiscal Year Ended:</i>	
	June 30, 2022	June 30, 2021
Unpaid claims, beginning of fiscal year	\$ 6,334,900	\$ 5,965,900
Incurred claims (including IBNR)	31,598,493	29,257,863
Claims payments	(31,916,393)	(28,888,863)
Unpaid claims, end of fiscal year	<u>\$ 6,017,000</u>	<u>\$ 6,334,900</u>

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**Note 11. LITIGATION AND CONTINGENT LIABILITIES**

Stafford Schools is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of Stafford Schools' management, based on advice from legal counsel, that any losses incurred as a result of claims existing as of June 30, 2022, will not be material to the financial statements.

Federal programs in which the School Board participates were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), Audits of States, Local Governments, and Non-Profit Organizations. Pursuant to the provisions of the Uniform Guidance, all major programs and certain other programs were tested for compliance with applicable grant requirements. While matters of noncompliance may be disclosed by our audit, the grantors may also subject grant programs to additional compliance tests which may result in disallowed expenditures. In the opinion of management, any future disallowance of current grant program expenditures, if any, would likely be immaterial.

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**Note 12. PENSION PLAN**

**A. PLAN DESCRIPTION**

**Name of Plan:** Virginia Retirement System (VRS)  
**Identification of Plan:** Agent (“Non-professional”) and Cost-Sharing (“Professional”) Multiple-Employer Pension Plan  
**Administering Entity:** Virginia Retirement System (System)

All full-time, salaried permanent employees of public school divisions and employees of participating employers are automatically covered by the VRS plans upon employment. These plans are administered by the Virginia Retirement System (the System) 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, based on specific criteria as defined in the *Code of Virginia*, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

The System 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:

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>About Plan 1</b> 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.	<b>About Plan 2</b> 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.	<b>About Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. <ul style="list-style-type: none"> <li>▪ The defined benefit is based on a member’s age, service credit, and average final compensation at retirement using a formula.</li> <li>▪ 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.</li> </ul>

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
		<b>About Hybrid Retirement Plan (Continued)</b>
		<ul style="list-style-type: none"> <li>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.</li> </ul>
<b>Eligible Members</b>	<b>Eligible Members</b>	<b>Eligible Members</b>
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.	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.	Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: <ul style="list-style-type: none"> <li>School division employees</li> <li>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</li> </ul>
<b>Hybrid Opt-In Election</b>	<b>Hybrid Opt-In Election</b>	<b>*Non-Eligible Members</b>
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.	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.	Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: <ul style="list-style-type: none"> <li>Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul>
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	
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.	Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	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.

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<p><b>Retirement Contributions</b>  Employees contribute 5% of their compensation each month to their member contribution account through a pre-tax 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><b>Retirement Contributions</b>  Same as Plan 1.</p>	<p><b>Retirement Contributions</b>  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><b>Service Credit</b>  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><b>Service Credit</b>  Same as Plan 1.</p>	<p><b>Service Credit</b>  <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 Contribution Component:</i>  Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Vesting</b></p> <p>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><b>Vesting</b></p> <p>Same as Plan 1.</p>	<p><b>Vesting</b></p> <p><i>Defined Benefit Component:</i></p> <p>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 Contribution Component:</i></p> <p>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"> <li>▪ After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>▪ After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> </ul>



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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
		<i>Defined Contribution Component (Continued):</i> After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.
		Distributions not required, except as governed by law.
<b>Calculating the Benefit</b> 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.	<b>Calculating the Benefit</b> See definition under Plan 1.	<b>Calculating the Benefit</b> <i>Defined Benefit Component:</i> See definition under Plan 1.
		<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.
<b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.	<b>Average Final Compensation</b> Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.
<b>Service Retirement Multiplier</b> The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	<b>Service Retirement Multiplier</b> Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	<b>Service Retirement Multiplier</b> <i>Defined Benefit Component:</i> The retirement multiplier for the defined benefit component is 1.00%.  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.
		<i>Defined Contribution Component:</i> Not applicable.

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Normal Retirement Age</b> Age 65.	<b>Normal Retirement Age</b> Normal Social Security retirement age.	<b>Normal Retirement Age</b> <i>Defined Benefit Component:</i> Same as Plan 2.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Unreduced Retirement Eligibility</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	<b>Earliest Unreduced Retirement Eligibility</b> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.	<b>Earliest Unreduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.
<b>Earliest Reduced Retirement Eligibility</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	<b>Earliest Reduced Retirement Eligibility</b> Age 60 with at least five years (60 months) of service credit.	<b>Earliest Reduced Retirement Eligibility</b> <i>Defined Benefit Component:</i> Age 60 with at least five years (60 months) of service credit.  <i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> 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%.	<b>Cost-of-Living Adjustment (COLA) in Retirement</b> <i>Defined Benefit Component:</i> Same as Plan 2.  <i>Defined Contribution Component:</i> Not applicable.
<i>Eligibility:</i> 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.  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.	<i>Eligibility:</i> Same as Plan 1.	<i>Eligibility:</i> Same as Plan 1 and Plan 2.
<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: <ul style="list-style-type: none"> <li>▪ The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>▪ The member retires on disability.</li> <li>▪ The member retires directly from short-term or long-term disability.</li> </ul>		

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> </ul> <p>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> <p><b>Disability Coverage</b>  For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.</p>	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.	<b>Cost-of-Living Adjustment (COLA) in Retirement (Continued)</b> <i>Exceptions to COLA Effective Dates:</i> Same as Plan 1 and Plan 2.
	<p><b>Disability Coverage</b>  For 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><b>Disability Coverage</b>  Employees of school divisions (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>

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

<b>Plan 1</b>	<b>Plan 2</b>	<b>Hybrid Retirement Plan</b>
<b>Purchase of Prior Service</b> 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.	<b>Purchase of Prior Service</b> Same as Plan 1.	<b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <i>Defined Contribution Component:</i> Not applicable.

**School Board Non-Professional**

**Employees Covered by Benefit Terms**

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	206
Inactive members:	
Vested inactive members	40
Non-vested inactive members	142
Inactive members active elsewhere in VRS	52
Total inactive members	234
Active members	300
Total covered employees	740

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**Note 12. PENSION PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

***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 provided to school divisions by the Virginia General Assembly. Employees are required to contribute 5.00% of their compensation toward their retirement.

**School Board Non-Professional**

The School Board's non-professional contractually required employer contribution rate for the year ended June 30, 2022, was 6.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were \$797,068 and \$602,974 for the years ended June 30, 2022 and 2021, respectively.

**School Board Professional**

The School Board's professional contractually required contribution rate for the year ended June 30, 2022 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were \$31,977,403 and \$29,239,068 for the years ended June 30, 2022 and 2021, respectively.

**B. NET PENSION LIABILITY**

**School Board Non-Professional**

For the School Board's non-professional plan, 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 School Board's non-professional plan, the net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

**School Board Professional**

At June 30, 2022, the School Board reported a liability for the professional plan of \$151,708,002 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 1.95422% as compared to 1.93237% at June 30, 2020.

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**Note 12. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional Plan**

The total pension liability for non-professionals in the School Board's retirement plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates:	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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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
– 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

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**Note 12. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional Plan**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation
Mortality Rates:	
– Pre-retirement:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
– Post-retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
– Post-disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
– Beneficiaries and Survivors:	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
– Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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 service decrement through 9 years of service
– Disability Rates:	No change
– Salary Scale:	No change
– Discount Rate:	No change



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**Note 12. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on pension System 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 System investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best 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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

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

**Discount Rate – School Board Non-Professional Plan**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System 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 also provided with an opportunity to use an alternate employer contribution rate. From July 1, 2021, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

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**Note 12. PENSION PLAN (Continued)**

**B. NET PENSION LIABILITY (Continued)**

**Discount Rate – School Board Professional Plan**

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member 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. Through the fiscal year ending June 30, 2021, the rate contributed by the school division for the VRS Teacher Retirement Plan will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021, on, school divisions are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

**Net Pension Liability – School Board Professional Plan**

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GAAP, less that system's fiduciary net position. As of June 30, 2021, net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Amount
Total Pension Liability	\$ 53,381,141,000
Plan Fiduciary Net Position	45,617,878,000
Employers' Net Pension Liability	<u>\$ 7,763,263,000</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	85.46%

The total pension liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net pension liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

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**Note 12. PENSION PLAN (Continued)**

**C. CHANGES IN THE NET PENSION LIABILITY**

**School Board Non-Professional**

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2020	\$ 33,358,144	\$ 30,069,856	\$ 3,288,288
Changes for the Year:			
Service cost	876,424	-	876,424
Interest	2,196,559	-	2,196,559
Changes of assumptions	1,151,016	-	1,151,016
Difference between expected and actual experience	1,549,661	-	1,549,661
Contributions – employer	-	542,312	(542,312)
Contributions – employee	-	445,936	(445,936)
Net investment income	-	8,198,530	(8,198,530)
Benefit payments, including refunds of employee contributions	(1,633,057)	(1,633,057)	-
Administrative expense	-	(20,485)	20,485
Other changes	-	772	(772)
Net changes	4,140,603	7,534,008	(3,393,405)
Balances at June 30, 2021	\$ 37,498,747	\$ 37,603,864	\$ (105,117)

**Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate**

The following presents the net pension asset of the School Board non-professional plan and the net pension liability of the School Board professional plan, using the discount rate of 6.75%, as well as what the School Board's non-professional plan and the School Board's professional plan net pension asset and liability would be if they 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%)
School Board's non-professional net pension liability (asset)	\$4,534,455	(\$105,117)	(\$3,946,724)
School Board's professional net pension liability	\$292,788,229	\$151,708,002	\$35,650,672

**Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan (non-professional plan) and the VRS Teacher Retirement Plan (professional plan) is available in the separately issued VRS 2021 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2021-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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**Note 12. PENSION PLAN (Continued)**

**D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS**

**School Board Non-Professional**

For the year ended June 30, 2022, the School Board recognized pension expense of \$989,174 related to its non-professional plan. At June 30, 2022, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional pension plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,371,300	\$ 14,092
Changes of assumptions	774,995	-
Net difference between projected and actual earnings on plan investments	-	4,075,303
Employer contributions subsequent to the measurement date	708,351	-
Total	<u>\$ 2,854,646</u>	<u>\$ 4,089,395</u>

The \$708,351 reported as deferred outflows of resources related to pensions resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions for the School Board non-professional plan will be recognized in pension expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2023	\$ 434,041
2024	(188,659)
2025	(950,235)
2026	(1,238,247)
	<u>\$ (1,943,100)</u>

**School Board Professional**

For the year ended June 30, 2022, the School Board recognized pension expense related to the professional plan of \$4,343,382. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

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**Note 12. PENSION PLAN (Continued)**

**D. PENSION EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 12,921,569
Changes of assumptions	26,578,845	-
Net difference between projected and actual earnings on plan investments	-	95,602,323
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,249,978	1,200,792
Employer contributions subsequent to the measurement date	30,080,450	-
Total	<u>\$ 62,909,273</u>	<u>\$ 109,724,684</u>

The \$30,080,450 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2023	\$ (17,589,121)
2024	(15,612,046)
2025	(17,619,510)
2026	(26,106,997)
2027	31,813
	<u>\$ (76,895,861)</u>

**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN**

**A. PLAN DESCRIPTION**

Stafford Schools' postemployment medical plan (the plan) is a single-employer defined benefit health care plan that offers health insurance for retired employees. The School Board administers the plan, which has no separate financial report.

***Provided Benefits***

Plan participants are eligible for coverage based upon the following, in accordance with the eligibility provisions of the VRS retirement plan:

- Normal retirement at age 65 with 5 years of service
- Normal retirement at age 50 with 30 years of service
- Early retirement at age 50 with 10 years of service
- Early retirement at age 55 with 5 years of service

In addition, plan participants are also eligible to receive a HIC based upon retirement at age 50 for up to a minimum of 10 years and a maximum of 30 years of service, with the employer contribution (subsidy) percentages ranging from 15% to 100%. The HIC represents a subsidy of postemployment health care premiums for retirees, which is applied only to individual medical coverage. Retirees may elect to continue spousal and/or dependent coverage upon retirement, but they must pay the entire cost of that coverage.

The employer's subsidized portion of the participants' benefit is determined after any credit given to the retiree from the VRS. For inactive participants, the VRS subsidy amount paid to retirees is used. For active participants, the HIC provided by VRS is determined by multiplying the participants' years of service (up to a maximum of 30 years) by \$2.50 for non-professional employees and \$4.00 for professional employees.

**Disability Benefits**

The VRS disability eligibility is the date of hire for a participant, which is the same eligibility Stafford Schools requires. Disability participants receive the same subsidy percentage as a retiree, except there is no age 50 requirement to receive the employer subsidy. The employer's subsidized portion of the participants' benefit is determined after any credit given to the retiree from the VRS.

**Survivor Benefits**

Surviving spouses of participants with dependent coverage can stay on the plan, but receive no subsidy from Stafford Schools.

**Medicare Coverage Options**

Pre-Medicare retirees may continue to remain in one of the three options for medical and prescription drug coverage offered to active participants. Once the participant is Medicare eligible they can continue with the Medicare carve-out plan, which is offered secondarily to Medicare.

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 actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

***Membership***

At January 1, 2020, membership consisted of:

Retirees and beneficiaries currently receiving benefits	633
Active employees	<u>3,895</u>
Total	<u>4,528</u>

***Contributions***

The School Board establishes employer contribution rates for plan participants as part of the annual budget process. The School Board also determines whether to partially or fully fund the plan during the annual budget process. Funding for these benefits is currently made on a pay-as-you-go basis. Contributions from the School Board to program were \$2,830,038 and \$2,693,946 for the years ended June 30, 2022 and June 30, 2021, respectively.

The contribution requirements of plan members are established and may be amended by the School Board. Dental insurance for retirees is paid 100% by the retiree. Life insurance for retirees is covered by the Virginia Retirement System.

**B. NET OPEB LIABILITY**

The School Board's net OPEB liability was measured as of June 30, 2021. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, and rolled forward to the measurement date of June 30, 2021.

**Actuarial Methods and Assumptions**

The total OPEB liability in the January 1, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate 2.57%
- Inflation 2.5%
- Medical Trend Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions

The Society of Actuaries (SOA) recently published the first public plans mortality study. The study analyzed general employees, public safety and teachers experience separately. The mortality assumption was updated to that recommended by the SOA study for teacher employees and the most recently released mortality improvement (MP2019) scale. Other assumptions were those used by VRS to value the School Board - Professional Pension Plan (see Note 13).

**Discount Rate**

The discount rate on the measurement date of June 30, 2020, was 2.57%. The estimated future benefit payment stream was discounted based on an index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 7.00% for years when the projected benefit payouts are expected to be funded. A long-term expected rate of return on assets of 7.00% and a long-term expected rate of return on internal fund rate of 2.45% as of June 30, 2020, was used in the calculations.

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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**C. INVESTMENT POLICY**

The School Board's assets are invested in the VACo/VML Pooled OPEB Trust – Portfolio I. Listed below are the target allocation and expected returns:

<b>VACo/VML Pooled OPEB Trust - Portfolio I</b>	<b>Target Asset Allocation</b>	<b>LT Arithmetic Average Nominal Return</b>	<b>LT Arithmetic Average Real Return</b>	<b>LT Arithmetic Weighted Average Real Return</b>
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.63%	2.88%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.88%	7.13%	1.50%
U.S. Small Cap Equity	10.00%	11.28%	8.53%	0.85%
International Developed Equity	13.00%	10.74%	7.99%	1.04%
Emerging Market Equity	5.00%	11.98%	9.23%	0.46%
Long/Short Equity	6.00%	8.43%	5.68%	0.34%
Private Equity	10.00%	13.22%	10.47%	1.05%
Core Real Estate	10.00%	9.35%	6.60%	0.66%
Opportunistic Real Estate	5.00%	12.35%	9.60%	0.48%
<b>Total</b>	<b>100.00%</b>			<b>6.96%</b>
			Inflation	<b>2.75%</b>
		Expected arithmetic nominal return		<b>9.71%</b>

**Concentrations**

For the OPEB Medical plan, the Trust does not hold investments in any one organization that represent five percent or more of the OPEB Trust's Fiduciary Net Position.

**Rate of Return**

For the year ended June 30, 2022, the annual money-weighted rate of return on investments, net of investment expense, was (10.65%). The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**D. CHANGES IN THE NET OPEB LIABILITY**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2020	\$ 217,987,409	\$ 24,401,301	\$ 193,586,108
Changes for the Year:			
Service cost	14,411,622	-	14,411,622
Interest	5,562,925	-	5,562,925
Difference between expected and actual experience	(368,444)	-	(368,444)
Change in assumptions	30,638,733	-	30,638,733
Contributions – employer	-	2,693,946	(2,693,946)
Net investment income	-	7,307,892	(7,307,892)
Benefit payments	(2,693,946)	(2,693,946)	-
Net changes	47,550,890	7,307,892	40,242,998
Balances at June 30, 2021	\$ 265,538,299	\$ 31,709,193	\$ 233,829,106

Funded status 11.94%

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

The following presents the Total and Net OPEB liabilities, using the discount rate of 2.00%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (1.00%) or one percentage point higher (3.00%) than the current rate:

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability	\$332,876,182	\$265,538,299	\$214,782,065
Net OPEB Liability	\$301,166,989	\$233,829,106	\$183,072,872

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Total and Net OPEB liabilities, using the ultimate health care cost trend rate of 4.00%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a ultimate health care cost trend rate that is one percentage point lower (3.00%) or one percentage point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Medical Trend (4.00%)	1% Increase (5.00%)
Total OPEB Liability	\$204,445,707	\$265,538,299	\$351,925,074
Net OPEB Liability	\$172,736,514	\$233,829,106	\$320,215,881

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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**E. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB**

For the year ended June 30, 2022, the School Board recognized OPEB expense of \$20,091,263. The School Board also reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 329,967	\$ 24,620,852
Changes of assumptions	67,422,304	11,033,449
Net difference between projected and actual earnings on plan investments	-	3,777,221
Employer contributions subsequent to the measurement date	2,830,038	-
Total	<u>\$ 70,582,309</u>	<u>\$ 39,431,522</u>

The \$2,830,038 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2023. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

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

Fiscal year ending June 30:	Amount
2023	\$ 2,038,757
2024	2,140,651
2025	2,026,628
2026	1,834,475
2027	5,726,832
Thereafter	14,553,406
	<u>\$ 28,320,749</u>

**F. ADDITIONAL OPEB MEDICAL PLAN DATA**

The following additional disclosures are presented in conformity with the requirements of GAAP, using a Plan measurement date of June 30, 2022. For purposes of these disclosures, the School Board's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2021, and rolled forward to the measurement date of June 30, 2022.

**Membership**

At July 1, 2021 membership consisted of:

Retirees and beneficiaries currently receiving benefits	632
Active employees	<u>4,013</u>
Total	<u>4,645</u>

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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)**

**Net OPEB Liability**

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

	Amount
Total OPEB Liability	\$ 124,489,659
Plan Fiduciary Net Position	(36,804,983)
Net OPEB Liability	<u>\$ 87,684,676</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	29.56%

**Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	\$ 265,538,299	\$ 31,709,193	\$ 233,829,106
Changes for the Year:			
Service cost	18,063,239	-	18,063,239
Interest	5,277,316	-	5,277,316
Change of Benefit Terms	(1,787,122)	-	(1,787,122)
Difference between expected and actual experience	(78,391,888)	-	(78,391,888)
Change in assumptions	(81,380,147)	-	(81,380,147)
Contributions – employer	-	11,830,038	(11,830,038)
Net investment income	-	(3,904,210)	3,904,210
Benefit payments	(2,830,038)	(2,830,038)	-
Net changes	(141,048,640)	5,095,790	(146,144,430)
Balances at June 30, 2022	<u>\$ 124,489,659</u>	<u>\$ 36,804,983</u>	<u>\$ 87,684,676</u>

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

The following presents the Total and Net OPEB liabilities, using the discount rate of 4.05%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (3.05%) or one percentage point higher (5.05%) than the current rate:

	1% Decrease (3.05%)	Discount Rate (4.05%)	1% Increase (5.05%)
Total OPEB Liability	\$147,531,009	\$124,489,659	\$106,221,654
Net OPEB Liability	\$110,726,026	\$87,684,676	\$69,416,671

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**Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN (Continued)**

**F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)**

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the Total and Net OPEB liabilities, using the ultimate health care cost trend rate of 3.94%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a ultimate health care cost trend rate that is one percentage point lower (2.94%) or one percentage point higher (4.94%) than the current rate:

	1% Decrease (2.94%)	Medical Trend (3.94%)	1% Increase (4.94%)
Total OPEB Liability	\$102,738,635	\$124,489,659	\$153,224,770
Net OPEB Liability	\$65,933,652	\$87,684,676	\$116,419,787

**Note 14. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN**

**A. PLAN DESCRIPTION**

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

The specific information about the HIC Program OPEB, including eligibility, coverage and benefits is set out below.

***Eligible Employees***

The Retiree HIC Program was established July 1, 1993, for retired employees who retire with at least 15 years of service credit. Eligible employees are enrolled automatically upon employment. They include full-time permanent salaried employees who are covered under the VRS pension plan.

***Benefit Amount***

**School Board Non-Professional**

The School Board Non-Professional Retiree HIC Program provides the following benefits for eligible employees:

- At Retirement – For employees who retire, the standard monthly benefit is \$1.50 per year of service per month with a maximum benefit of \$45.00 per month. As of July 1, 2021, the School Board elected to provide an additional monthly benefit of \$1.00 per year of service, bringing the total monthly benefit to \$2.50 per year of service per month. This additional benefit is applicable to current and future retired employees covered under the Non-Professional Retiree HIC Program and is irrevocable.
- 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.

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**Note 14. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**School Board Professional**

The School Board Professional Retiree HIC Program provides the following benefits for eligible employees:

- At Retirement – For teachers and other professional school employees who retire, the monthly benefit is \$4.00 per year of service per month with no cap on the benefit amount.
- Disability Retirement – For teachers and other professional school employees who retire on disability or go on long-term disability under VLDP, the monthly benefit is either \$4.00 per month multiplied by twice the amount of service credit, or \$4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

*HIC Program Notes:*

For both the School Board Non-Professional and Professional Plans, the monthly HIC benefit cannot exceed the individual premium amount. Also, employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

***Employees Covered by Benefit Terms***

**School Board Non-Professional**

As of the June 30, 2020, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	2
Total inactive members	58
Active members	300
Total covered employees	358

***Contributions***

**School Board Non-Professional**

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 by the Virginia General Assembly. The School Board's Non-Professional Plan contractually required employer contribution rate for the year ended June 30, 2022, was 0.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. As of July 1, 2021, the School Board also elected to provide an additional HIC benefit which is calculated as 0.17% of covered employee compensation, bringing the total HIC employer contribution rate to 0.42%.

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

***Contributions (Continued)***

**School Board Non-Professional (Continued)**

Contributions from the School Board's Non-Professional Plan to the HIC Program were \$52,887 and \$23,815 for the years ended June 30, 2022, and June 30, 2021, respectively.

**School Board Professional**

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the Virginia General Assembly. The School Board's Professional Plan contractually required employer contribution rate for the year ended June 30, 2022, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions from the School Board's Professional Plan to the HIC Program were \$2,328,017 and \$2,128,770 for the years ended June 30, 2022, and June 30, 2021, respectively.

**B. NET HIC OPEB LIABILITY**

The School Board's non-professional plan net HIC OPEB liability was measured as of June 30, 2021. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2020, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

At June 30, 2022, the School Board reported a liability for the professional plan of \$25,533,271 for its proportionate share of the HIC Program Net OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2021, and the total HIC Program OPEB liability used to calculate the Net HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The School Board's proportion of the Net HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the HIC Program OPEB plan for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion was 1.98924% as compared to 1.96246% at June 30, 2020.

**Actuarial Assumptions – School Board Non-Professional Plan**

The total HIC OPEB liability for non-professionals was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional Plan (Continued)**

Mortality Rates:

- 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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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 service decrement through 9 years of service
- Disability Rates: No change
- Salary Scale: No change
- Discount Rate: No change

**Actuarial Assumptions – School Board Professional Plan**

The total HIC OPEB liability for professionals was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of plan investment expenses, including inflation

**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional Plan (Continued)**

Mortality Rates:

- Pre-retirement: Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
- Post-retirement: Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
- Post-disablement: Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
- Beneficiaries and Survivors: Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
- Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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 service decrement through 9 years of service
- Disability Rates: No change
- Salary Scale: No change
- Discount Rate: No change



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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on the System'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 System'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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	100.00%		4.89%
Inflation			2.50%
*Expected arithmetic nominal return			7.39%

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

**Discount Rate**

The discount rate used to measure the total 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 and 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 ended June 30, 2021, the rate contributed by the School Board for the HIC OPEB plan was 100% of the actuarially determined contribution rate. From July 1, 2021, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan'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.

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**B. NET HIC OPEB LIABILITY (Continued)**

**Net HIC OPEB Liability - School Board Professional Plan**

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2021, NOL amounts for the HIC Program is as follows:

	Amount
Total HIC OPEB Liability	\$ 1,477,874,000
Plan Fiduciary Net Position	194,305,000
Net HIC OPEB Liability	<u>\$ 1,283,569,000</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	13.15%

The total HIC OPEB liability is calculated by the System's actuary, and the plan's fiduciary net position is reported in the System's financial statements. The net HIC OPEB liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

**C. CHANGES IN THE NET HIC OPEB LIABILITY**

**School Board Non-Professional**

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
Balances at June 30, 2020	<u>\$ 445,923</u>	<u>\$ 277,196</u>	<u>\$ 168,727</u>
Changes for the year:			
Service cost	11,927	-	11,927
Interest	29,033	-	29,033
Changes in assumptions	7,927	-	7,927
Difference between expected and actual experience	16,069	-	16,069
Contributions – employer	-	23,815	(23,815)
Net investment income	-	71,910	(71,910)
Benefit payments	(31,603)	(31,603)	-
Administrative expense	-	(833)	833
Net changes	<u>33,353</u>	<u>63,289</u>	<u>(29,936)</u>
Balances at June 30, 2021	<u>\$ 479,276</u>	<u>\$ 340,485</u>	<u>\$ 138,791</u>

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**C. CHANGES IN THE NET HIC OPEB LIABILITY (Continued)**

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

The following presents the net HIC OPEB liabilities of the School Board non-professional plan and the School Board professional plan, using the discount rate of 6.75%, as well as what the School Board's non-professional plan and the School Board's professional plan net HIC OPEB liabilities would be if they 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%)
School Board's non-professional HIC OPEB liability	\$192,172	\$138,791	\$93,498
School Board's professional HIC OPEB liability	\$28,743,386	\$25,533,271	\$22,816,749

**HIC OPEB Plan Data**

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

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

**School Board Non-Professional**

For the year ended June 30, 2022, the School Board recognized HIC OPEB expense related to its non-professional plan of \$18,372. At June 30, 2022, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,484	\$ 5,318
Changes of assumptions	11,529	1,525
Net difference between projected and actual earnings on plan investments	-	34,384
Employer contributions subsequent to the measurement date	31,481	-
Total	<u>\$ 66,494</u>	<u>\$ 41,227</u>

The \$31,481 reported as deferred outflows of resources related to the HIC OPEB plan resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB liability in the year ending June 30, 2023.

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**D. HIC PROGRAM EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB (Continued)**

**School Board Non-Professional (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB plan for the School Board's non-professional plan will be recognized in HIC OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2023	\$ (2,900)
2024	(1,461)
2025	690
2026	(5,194)
2027	2,651
	<u>\$ (6,214)</u>

**School Board Professional**

For the year ended June 30, 2022, the School Board recognized HIC OPEB expense related to the professional plan of \$2,231,403. Since there was a change in proportionate share between measurement dates, a portion of the HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to its professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 445,554
Changes of assumptions	690,211	102,616
Changes in proportionate share	1,068,657	179,085
Net difference between projected and actual earnings on plan investments	-	336,350
Employer contributions subsequent to the measurement date	2,328,017	-
Total	<u>\$ 4,086,885</u>	<u>\$ 1,063,605</u>

The \$2,328,017 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB liability in the year ending June 30, 2023.

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**Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)**

**D. HIC PROGRAM EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO HIC PROGRAM OPEB (Continued)**

**School Board Professional (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB for the School Board's professional plan will be recognized in HIC OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:	Amount
2023	\$ 120,682
2024	116,863
2025	103,281
2026	89,693
2027	172,060
Thereafter	92,684
	<u>\$ 695,263</u>

**Note 15. GROUP LIFE INSURANCE PLAN**

**A. PLAN DESCRIPTION**

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

In addition to the Basic GLI benefit, members are also eligible to elect additional coverage for themselves as well as a spouse or dependent children through the Optional GLI Program. For members who elect the optional GLI 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 the GLI Program OPEB, including eligibility, coverage and benefits is set out below:

**Eligible Employees**

The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:

- City of Richmond
- City of Portsmouth
- City of Roanoke
- City of Norfolk
- Roanoke City School Board

Basic GLI coverage is automatic upon employment. Coverage ends for employees who leave their position before retirement eligibility or who take a refund of their accumulated retirement member contributions and accrued interest.

**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**Benefit Amounts**

The benefits payable under the GLI Program have several components.

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

**Reduction in Benefit Amounts**

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at \$8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was \$8,722 as of June 30, 2022.

***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. The School Board has elected to pay both the employee and employer components. Each employer’s contractually required employer contribution rate for the year ended June 30, 2022, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability.

**School Board Non-Professional**

Contributions to the GLI Program from the School Board for the non-professional plan, which include both the employee and employer components, were \$168,771 and \$127,726 for the years ended June 30, 2022, and June 30, 2021, respectively.

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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**A. PLAN DESCRIPTION (Continued)**

**School Board Professional**

Contributions to the GLI Program from the School Board for the professional plan, which include both the employee and employer components, were \$2,582,184 and \$2,359,665 for the years ended June 30, 2022 and June 30, 2021, respectively.

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY**

At June 30, 2022, the School Board reported a liability for the non-professional plan of \$537,544 and for the professional plan of \$9,930,303 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2021, and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2020, and rolled forward to the measurement date of June 30, 2021. The School Board's proportion of the Net GLI OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2021, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the School Board's proportion for the non-professional plan was 0.04617% as compared to 0.04768% at June 30, 2020. At June 30, 2021, the School Board's proportion for the professional plan was 0.85292% as compared to 0.83745% at June 30, 2020.

**Actuarial Assumptions – School Board Non-Professional**

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

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

**Mortality Rates:**

– 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 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.

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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Non-Professional (Continued)**

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

– Mortality Rates (Pre-retirement, post-retirement healthy, and disabled):	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

**Actuarial Assumptions – School Board Professional**

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2020, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2021.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of investment expenses, including inflation

**Mortality Rates:**

– Pre-retirement:	Pub-2010 Amount Weighted Teachers Employee Rates projected generationally; 110% of rates for males
– Post-retirement:	Pub-2010 Amount Weighted Teachers Healthy Retiree Rates projected generationally; males set forward 1 year; 105% of rates for females.
– Post-disablement:	Pub-2010 Amount Weighted Teachers Disabled Rates projected generationally; 110% of rates for males and females
– Beneficiaries and Survivors:	Pub-2010 Amount Weighted Teachers Contingent Annuitant Rates projected generationally
– Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates



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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Actuarial Assumptions – School Board Professional (Continued)**

The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions 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 service decrement through 9 years of service
– Disability Rates:	No change
– Salary Scale:	No change
– Discount Rate:	No change

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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**Long-Term Expected Rate of Return**

The long-term expected rate of return on System'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 System'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%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS – Multi-Asset Public Strategies	6.00%	3.29%	0.20%
PIP – Private Investment Partnership	3.00%	6.84%	0.21%
Total	<u>100.00%</u>		<u>4.89%</u>
Inflation			<u>2.50%</u>
*Expected arithmetic nominal return			<u>7.39%</u>

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

**Discount Rate**

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2021, the rate contributed by the School Board for the GLI OPEB was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2021 on, employers are assumed to continue 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.

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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)**

**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 the measurement date of June 30, 2021, NOL amounts for the GLI Program are as follows:

	Amount
Total GLI OPEB Liability	\$ 3,577,346,000
Plan Fiduciary Net Position	2,413,074,000
Employers' Net GLI OPEB Liability	<u>\$ 1,164,272,000</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%

The total GLI OPEB Liability is calculated by the System's actuary, and each plan's fiduciary net position is reported in the System's financial statements. The net GLI OPEB Liability is disclosed in accordance with the requirements of GAAP in the System's notes to the financial statements and required supplementary information.

**C. CHANGES IN THE NET GROUP LIFE INSURANCE OPEB LIABILITY**

**Sensitivity of the Employer's Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate**

The following presents the School Board's proportionate share of the net GLI OPEB Liability using the discount rate of 6.75%, as well as what the School Board'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%)
School Board's proportionate share of the non-professional net GLI OPEB Liability	\$785,372	\$537,544	\$337,413
School Board's proportionate share of the professional net GLI OPEB Liability	\$14,508,533	\$9,930,303	\$6,233,175

**GLI OPEB Plan Data**

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

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**June 30, 2022**

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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**D. GLI OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE GROUP LIFE INSURANCE PROGRAM OPEB**

**School Board Non-Professional**

For the year ended June 30, 2022, the School Board recognized GLI OPEB expense related to its non-professional plan of \$22,408. 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.

At June 30, 2022, the School Board reported deferred outflows of resources and deferred inflows of resources related to its non-professional GLI OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 61,309	\$ 4,096
Changes of assumptions	29,635	73,547
Changes in proportion	19,916	19,676
Net difference between projected and actual earnings on plan investments	-	128,300
Employer contributions subsequent to the measurement date	68,012	-
Total	<u>\$ 178,872</u>	<u>\$ 225,619</u>

The \$68,012 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2023. 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:

Fiscal year ending June 30:	Amount
2023	\$ (26,096)
2024	(20,130)
2025	(19,865)
2026	(38,618)
2027	(10,050)
	<u>\$ (114,759)</u>

**School Board Professional**

For the year ended June 30, 2022, the School Board recognized GLI OPEB expense related to its professional plan of \$535,585. 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.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**Note 15. GROUP LIFE INSURANCE PLAN (Continued)**

**D. GLI OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO THE GROUP LIFE INSURANCE PROGRAM OPEB (Continued)**

**School Board Professional (Continued)**

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,132,586	\$ 75,663
Changes of assumptions	547,455	1,358,677
Changes in proportion	573,456	111,038
Net difference between projected and actual earnings on plan investments	-	2,370,150
Employer contributions subsequent to the measurement date	1,040,582	-
Total	<u>\$ 3,294,079</u>	<u>\$ 3,915,528</u>

The \$1,040,582 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2023. 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:

Fiscal year ending June 30:	Amount
2023	\$ (360,447)
2024	(286,578)
2025	(282,485)
2026	(641,364)
2027	(91,157)
	<u>\$ (1,662,031)</u>

**Note 16. DEFICIT IN NET POSITION**

The Fleet Services Funds had a deficit net position balance of \$935,359 as of June 30, 2022.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
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**Note 17. PENDING ACCOUNTING STANDARDS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD**

As of June 30, 2022, the GASB had issued statements not yet implemented by Stafford Schools. The statements which might impact Stafford Schools are as follows:

GASB Statement No. 96, "Subscription-Based Information Technology Arrangements" (SBITAs), defines a SBITA and provides guidance on how to record and disclose accounting transactions when a subscription meets that definition. Statement No. 96 will be effective for fiscal years beginning after June 15, 2022.

GASB Statement No. 99, "Omnibus 2022," addresses practice issues identified during implementation and application of certain GASB Statements, as well as accounting and financial reporting for guarantees. The effective date varies by requirement, with all requirements effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 100, "Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62," defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement also prescribes the accounting and financial reporting for each type of accounting change and error corrections in previously issued financial statements. Statement No. 100 will be effective for fiscal years beginning after June 15, 2023.

GASB Statement No. 101, "Compensated Absences," updates the recognition and measurement guidance for compensated absences under a unified model, as well as disclosure requirements. Statement No. 101 will be effective for fiscal years beginning after December 15, 2023.

Management has not determined the effects these new Statements may have on prospective financial statements.

**Note 18. SUBSEQUENT EVENTS**

The School Board has evaluated subsequent events through December 15, 2022, the date on which the financial statements were available to be issued.

## **REQUIRED SUPPLEMENTARY INFORMATION**





**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

**Exhibit J**

**Operating Fund**  
**For the Fiscal Year Ended June 30, 2022**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ 133,021,712	\$ 137,315,082	\$ 135,555,869	\$ (1,759,213)
Commonwealth of Virginia	199,979,946	199,908,455	202,081,867	2,173,412
Federal Government	2,550,000	2,550,000	2,848,054	298,054
Total intergovernmental revenues	335,551,658	339,773,537	340,485,790	712,253
Charges for services:				
Tuition and fees	1,185,000	1,185,000	635,078	(549,922)
Recovered costs	3,695,109	3,694,609	2,375,537	(1,319,072)
Miscellaneous	95,000	95,500	268,638	173,138
Interest	-	-	-	-
Total revenues	340,526,767	344,748,646	343,765,043	(983,603)
<b>EXPENDITURES</b>				
Current:				
Education:				
Instruction	259,402,427	259,907,223	255,620,786	4,286,437
Administration, attendance and health	17,759,344	19,777,737	16,956,639	2,821,098
Pupil transportation	18,163,057	19,535,942	20,694,214	(1,158,272)
Operation and maintenance	24,428,872	28,361,386	27,298,459	1,062,927
Food and nutrition services	254,249	254,249	285,427	(31,178)
Facilities	467,000	799,030	509,041	289,989
Technology	17,873,764	19,476,281	18,841,617	634,664
Capital outlay	1,941,099	14,890,702	8,759,302	6,131,400
Debt service:				
Principal	1,027,545	1,027,545	1,184,361	(156,816)
Interest and fiscal charges	209,410	209,410	201,551	7,859
Total expenditures	341,526,767	364,239,505	350,351,397	13,888,108
Deficiency of revenues under expenditures	(1,000,000)	(19,490,859)	(6,586,354)	12,904,505
<b>OTHER FINANCING SOURCES</b>				
Leases issued	-	-	749,944	749,944
Change in fund balance	<u>\$ (1,000,000)</u>	<u>\$ (19,490,859)</u>	<u>(5,836,410)</u>	<u>\$ 12,904,505</u>
Fund balance, beginning - July 1, 2021			<u>16,774,397</u>	
Fund balance, ending - June 30, 2022			<u>\$ 10,937,987</u>	

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit K**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ -	\$ 25,994,009	\$ 25,995,144	\$ 1,135
Total intergovernmental revenues	-	25,994,009	25,995,144	1,135
Charges for services:				
Tuition and fees	110,000	110,000	-	(110,000)
Recovered costs	-	-	86,974	86,974
Use of money and property	-	-	230	230
Total revenues	110,000	26,104,009	26,082,348	(21,661)
<b>EXPENDITURES</b>				
Capital outlay	1,777,127	31,227,424	10,862,265	(20,365,159)
Total expenditures	1,777,127	31,227,424	10,862,265	(20,365,159)
Excess (deficiency) of revenues over (under) expenditures	(1,667,127)	(5,123,415)	15,220,083	20,343,498
Change in fund balance	<u>\$ (1,667,127)</u>	<u>\$ (5,123,415)</u>	15,220,083	<u>\$ 20,343,498</u>
Fund balance, beginning - July 1, 2021			<u>6,227,611</u>	
Fund balance, ending - June 30, 2022			<u>\$ 21,447,694</u>	

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Food and Nutrition Services Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit L**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Commonwealth of Virginia	\$ 227,430	\$ 227,430	\$ 316,355	\$ 88,925
Federal Government	6,769,890	11,769,890	22,748,230	10,978,340
Total intergovernmental revenues	6,997,320	11,997,320	23,064,585	11,067,265
Charges for services:				
Food Sales	6,505,296	6,505,296	48,856	(6,456,440)
Recovered costs	95,000	95,000	204,970	109,970
Miscellaneous	-	-	9,519	9,519
Total revenues	13,597,616	18,597,616	23,327,930	4,730,314
<b>EXPENDITURES</b>				
Current operating:				
Food and nutrition services	13,810,921	19,814,968	17,654,388	2,160,580
Technology	674,227	684,827	136,900	547,927
Capital outlay	1,000,000	1,107,959	273,762	834,197
Total expenditures	15,485,148	21,607,754	18,065,050	3,542,704
Excess (deficiency) of revenues over (under) expenditures	(1,887,532)	(3,010,138)	5,262,880	8,273,018
<b>OTHER FINANCING SOURCES</b>				
Transfers from other funds	64,000	64,000	-	(64,000)
Net change in fund balance	<u>\$ (1,823,532)</u>	<u>\$ (2,946,138)</u>	5,262,880	<u>\$ 8,209,018</u>
Fund balance, beginning - July 1, 2021			<u>7,222,044</u>	
Fund balance, ending - June 30, 2022			<u>\$ 12,484,924</u>	

**STAFFORD COUNTY PUBLIC SCHOOLS**  
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**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**Grants Fund**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit M**

	<b>Budget</b>			<b>Variance from</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Final Budget</b>
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ -	\$ 346,000	\$ 207,348	\$ (138,652)
Commonwealth of Virginia	344,892	1,003,703	769,169	(234,534)
Federal Government	19,299,363	33,634,668	20,456,119	(13,178,549)
Total intergovernmental revenues	19,644,255	34,984,371	21,432,636	(13,551,735)
Miscellaneous	2,768,000	366,046	341,218	(24,828)
Total revenues	22,412,255	35,350,417	21,773,854	(13,576,563)
<b>EXPENDITURES</b>				
Current:				
Education:				
Instruction	22,330,099	30,387,775	18,856,812	(11,530,963)
Technology	184,000	4,334,036	2,739,080	(1,594,956)
Capital outlay	107,906	1,087,613	218,244	(869,369)
Total expenditures	22,622,005	35,809,424	21,814,136	(13,995,288)
Deficiency of revenues under expenditures	(209,750)	(459,007)	(40,282)	418,725
Change in fund balance	<u>\$ (209,750)</u>	<u>\$ (459,007)</u>	<u>(40,282)</u>	<u>\$ 418,725</u>
Fund balance, beginning - July 1, 2021			<u>208,571</u>	
Fund balance, ending - June 30, 2022			<u>\$ 168,289</u>	



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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL**  
**NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM**

	As of June 30,				
	2022	2021	2020	2019	2018
Total Pension Liability					
Service cost	\$ 876,424	\$ 827,459	\$ 794,341	\$ 792,512	\$ 811,596
Interest	2,196,559	2,023,480	1,976,360	1,942,465	1,893,932
Differences between expected and actual experience	1,549,661	1,284,546	(295,951)	(743,289)	(466,649)
Changes of assumptions	1,151,016	-	861,271	-	(230,348)
Benefit payments, including refunds of employee contributions	(1,633,057)	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)
<b>Net change in total pension liability</b>	<b>4,140,603</b>	<b>2,625,844</b>	<b>1,661,163</b>	<b>651,590</b>	<b>718,214</b>
Total pension liability - beginning	33,358,144	30,732,300	29,071,137	28,419,547	27,701,333
Total pension liability - ending (a)	<b>\$ 37,498,747</b>	<b>\$ 33,358,144</b>	<b>\$ 30,732,300</b>	<b>\$ 29,071,137</b>	<b>\$ 28,419,547</b>
Plan Fiduciary Net Position					
Contributions - employer	\$ 542,312	\$ 451,488	\$ 421,836	\$ 509,433	\$ 505,800
Contributions - employee	445,936	461,700	422,790	415,354	409,474
Net investment income	8,198,530	571,869	1,914,248	2,018,373	3,015,642
Benefit payments, including refunds of employee contributions	(1,633,057)	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)
Administrative expense	(20,485)	(19,669)	(19,286)	(17,438)	(17,420)
Other changes	772	(678)	(1,202)	(1,803)	(2,684)
<b>Net change in plan fiduciary net position</b>	<b>7,534,008</b>	<b>(44,931)</b>	<b>1,063,528</b>	<b>1,583,821</b>	<b>2,620,495</b>
Plan fiduciary net position - beginning	30,069,856	30,114,787	29,051,259	27,467,438	24,846,943
Plan fiduciary net position - ending (b)	<b>\$ 37,603,864</b>	<b>\$ 30,069,856</b>	<b>\$ 30,114,787</b>	<b>\$ 29,051,259</b>	<b>\$ 27,467,438</b>
School Board non-professional net pension liability (asset) - ending (a) - (b)	<b>\$ (105,117)</b>	<b>\$ 3,288,288</b>	<b>\$ 617,513</b>	<b>\$ 19,878</b>	<b>\$ 952,109</b>
Plan fiduciary net position as a percentage of the total pension liability	100.28%	90.14%	97.99%	99.93%	96.65%
Employer's covered payroll	\$ 9,525,656	\$ 9,807,469	\$ 8,944,315	\$ 8,704,683	\$ 8,450,346
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	-1.10%	33.53%	6.90%	0.23%	11.27%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
  - b. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.

As of June 30,			
2017	2016	2015	
\$ 853,719	\$ 917,801	\$ 931,365	Total Pension Liability
1,856,844	1,773,289	1,679,630	Service cost
(868,215)	(171,518)	-	Interest
-	-	-	Differences between expected and actual experience
(1,334,723)	(1,317,128)	(1,228,897)	Changes of assumptions
507,625	1,202,444	1,382,098	Benefit payments, including refunds of employee contributions
			<b>Net change in total pension liability</b>
27,193,708	25,991,264	24,609,166	Total pension liability - beginning
\$ 27,701,333	\$ 27,193,708	\$ 25,991,264	Total pension liability - ending (a)
			Plan Fiduciary Net Position
\$ 687,268	\$ 700,475	\$ 828,505	Contributions - employer
406,077	412,685	433,951	Contributions - employee
436,457	1,081,570	3,247,485	Net investment income
(1,334,723)	(1,317,128)	(1,228,897)	Benefit payments, including refunds of employee contributions
(15,244)	(14,788)	(17,281)	Administrative expense
(182)	(227)	171	Other changes
179,653	862,587	3,263,934	<b>Net change in plan fiduciary net position</b>
24,667,290	23,804,703	20,540,769	Plan fiduciary net position - beginning
\$ 24,846,943	\$ 24,667,290	\$ 23,804,703	Plan fiduciary net position - ending (b)
\$ 2,854,390	\$ 2,526,418	\$ 2,186,561	School Board non-professional net pension liability (asset) - ending (a) - (b)
89.70%	90.71%	91.59%	Plan fiduciary net position as a percentage of the total pension liability
\$ 8,163,550	\$ 8,451,460	\$ 8,577,515	Employer's covered payroll
34.97%	29.89%	25.49%	School Board's non-professional net pension liability as a percentage of covered payroll

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD SHARE OF NET PENSION LIABILITY**  
**PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM**

	2022	2021	As of June 30, 2020	2019	2018
Employer's proportion of the net pension liability	1.95422%	1.93237%	1.90174%	1.88423%	1.91638%
Employer's proportionate share of the net pension liability	\$ 151,708,002	\$ 281,210,583	\$ 250,279,791	\$ 221,585,000	\$ 235,676,000
Employer's covered payroll	\$ 175,927,006	\$ 172,044,450	\$ 161,000,993	\$ 153,228,530	\$ 148,882,433
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	86.23%	163.45%	155.45%	144.61%	158.30%
Plan fiduciary net position as a percentage of the total pension liability	85.46%	71.47%	73.51%	74.81%	72.92%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
  - b. Adjusted retirement 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
  - c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.



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2017	As of June 30,		
	2016	2015	
1.88465%	1.87703%	1.96028%	Employer's proportion of the net pension liability
\$ 264,117,000	\$ 236,250,000	\$ 236,893,000	Employer's proportionate share of the net pension liability
\$ 143,696,984	\$ 139,553,875	\$ 143,355,995	Employer's covered payroll
183.80%	169.29%	165.25%	Employer's proportionate share of the net pension liability as a percentage of its covered payroll
68.28%	70.68%	70.88%	Plan fiduciary net position as a percentage of the total pension liability

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**NON-PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year Ended				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution (CRC)	\$ 797,068	\$ 602,974	\$ 505,085	\$ 460,764	\$ 541,431
Contributions in relation to the CRC	797,068	602,974	505,085	460,764	541,431
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 12,591,916	\$ 9,525,656	\$ 9,807,469	\$ 8,944,315	\$ 8,704,683
Contributions as a percentage of covered payroll	6.33%	6.33%	5.15%	5.15%	6.22%

**Notes to Schedule:**

- (1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (2) 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 for which information is available.

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Fiscal Year Ended				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
\$ 525,614	\$ 1,099,630	\$ 825,400	\$ 828,505	Contractually required contribution (CRC)
525,614	1,099,630	825,400	828,505	Contributions in relation to the CRC
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	Contribution deficiency (excess)
\$ 8,450,346	\$ 8,163,550	\$ 8,451,460	\$ 8,577,515	Employer's covered payroll
6.22%	13.47%	9.77%	9.66%	Contributions as a percentage of covered payroll

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**PROFESSIONAL - VIRGINIA RETIREMENT SYSTEM**

	Fiscal Year Ended				
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution (CRC)	\$ 31,976,718	\$ 29,239,068	\$ 26,976,570	\$ 24,354,767	\$ 24,089,529
Contributions in relation to the CRC	31,976,718	29,239,068	26,976,570	24,354,767	24,089,529
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 192,399,026	\$ 175,927,006	\$ 172,044,450	\$ 161,000,993	\$ 153,228,530
Contributions as a percentage of covered payroll	16.62%	16.62%	15.68%	15.13%	15.72%

**Notes to Schedule:**

- (1) Actuarially determined contribution rates are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.
- (2) 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 for which information is available.

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Fiscal Year Ended				
June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
\$ 21,806,528	\$ 20,203,796	\$ 20,235,599	\$ 16,715,309	Contractually required contribution (CRC)
21,806,528	20,203,796	20,235,599	16,715,309	Contributions in relation to the CRC
\$ -	\$ -	\$ -	\$ -	Contribution deficiency (excess)
<hr/>				
\$ 148,882,433	\$ 143,696,984	\$ 139,553,875	\$ 143,355,995	Employer's covered payroll
14.65%	14.06%	14.50%	11.66%	Contributions as a percentage of covered payroll

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF CHANGES IN THE SCHOOL BOARD  
NET MEDICAL PLAN OPEB LIABILITY AND RELATED RATIOS

Exhibit R

	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 Medical Plan OPEB Liability						
Service cost	\$ 18,063,239	\$ 14,411,622	\$ 10,991,667	\$ 9,102,769	\$ 8,503,360	\$ 9,898,436
Interest	5,277,316	5,562,925	6,224,135	6,050,643	5,698,104	4,889,280
Changes of benefit terms	(1,787,122)	-	-	-	-	-
Differences between expected and actual experience	(78,391,888)	(368,444)	(25,542,345)	494,952	(3,477,196)	(5,614,431)
Changes of assumptions	(81,380,147)	30,638,733	36,573,341	17,612,914	(4,390,470)	(19,337,174)
Benefit payments	(2,830,038)	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
<b>Net change in total Medical Plan OPEB liability</b>	<b>(141,048,640)</b>	<b>47,550,890</b>	<b>25,098,972</b>	<b>30,309,570</b>	<b>3,675,076</b>	<b>(11,561,871)</b>
Total Medical Plan OPEB liability - beginning	265,538,299	217,987,409	192,888,437	162,578,867	158,903,791	170,465,662
Total Medical Plan OPEB liability - ending (a)	<b>\$ 124,489,659</b>	<b>\$ 265,538,299</b>	<b>\$ 217,987,409</b>	<b>\$ 192,888,437</b>	<b>\$ 162,578,867</b>	<b>\$ 158,903,791</b>
Plan Fiduciary Net Position						
Contributions - employer	\$ 11,830,038	\$ 2,693,946	\$ 3,147,826	\$ 2,951,708	\$ 2,658,722	\$ 1,397,982
Net investment income	(3,904,210)	7,307,892	698,418	1,017,835	1,960,214	2,355,594
Benefit payments	(2,830,038)	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
<b>Net change in plan fiduciary net position</b>	<b>5,095,790</b>	<b>7,307,892</b>	<b>698,418</b>	<b>1,017,835</b>	<b>1,960,214</b>	<b>2,355,594</b>
Plan fiduciary net position - beginning	31,709,193	24,401,301	23,702,883	22,685,048	20,724,834	18,369,240
Plan fiduciary net position - ending (b)	<b>\$ 36,804,983</b>	<b>\$ 31,709,193</b>	<b>\$ 24,401,301</b>	<b>\$ 23,702,883</b>	<b>\$ 22,685,048</b>	<b>\$ 20,724,834</b>
School Board net Medical Plan OPEB liability - ending (a) - (b)	<b>\$ 87,684,676</b>	<b>\$ 233,829,106</b>	<b>\$ 193,586,108</b>	<b>\$ 169,185,554</b>	<b>\$ 139,893,819</b>	<b>\$ 138,178,957</b>
Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability	29.56%	11.94%	11.19%	12.29%	13.95%	13.04%
Employer's covered-employee payroll	\$ 204,990,942	\$ 185,452,662	\$ 181,851,919	\$ 169,945,308	\$ 161,933,213	\$ 151,834,911
School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll	42.77%	126.09%	106.45%	99.55%	86.39%	91.01%

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 School Board will present information for those years which information is available.
- (2) **Changes of benefit terms:** As of July 1, 2021, the VRS Health Insurance Credit was increased from \$1.50 to \$2.50 per year of service for non-professional employees. Since the School Board subsidy is offset by the VRS subsidy, this increase resulted in decreased liabilities for the OPEB Medical Plan.
- (3) **Changes of assumptions:** Changes to the actuarial assumptions as of the July 1, 2021 study were as follows:
  - a. Discount rate increased to 4.05%
  - b. The long-term healthcare cost trend was updated to the latest model released by the Society of Actuaries (SOA) on October 30, 2021.
  - c. The retirement, withdrawal, disability, and salary scale assumptions have been updated to be consistent with the VRS experience study dated 9/10/2021
  - d. The mortality assumption has been updated to the Public Sector tables released by the SOA with the MP2021 mortality improvement scale
- (4) The OPEB medical plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF INVESTMENT RETURNS  
OTHER POSTEMPLOYMENT BENEFITS MEDICAL PLAN

Exhibit S

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Annual money-weighted rate of return, net of investment expense	-10.65%	30.07%	3.01%	4.67%	9.52%

**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 School Board will present information for those years which information is available.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL**  
**NET HIC OPEB LIABILITY AND RELATED RATIOS**

**Exhibit T**

	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
Total HIC OPEB Liability					
Service cost	\$ 11,927	\$ 11,137	\$ 10,467	\$ 10,258	\$ 10,954
Interest	29,033	26,976	26,120	26,440	25,945
Changes of benefit terms	-	12,387	-	-	-
Changes of assumptions	7,927	-	10,145	-	(8,780)
Difference between expected and actual experience	16,069	10,585	6,939	(15,854)	-
Benefit payments	(31,603)	(29,614)	(24,731)	(26,099)	(16,000)
<b>Net change in total HIC OPEB liability</b>	<b>33,353</b>	<b>31,471</b>	<b>28,940</b>	<b>(5,255)</b>	<b>12,119</b>
Total HIC OPEB liability - beginning	445,923	414,452	385,512	390,767	378,648
Total HIC OPEB liability - ending (a)	<u>\$ 479,276</u>	<u>\$ 445,923</u>	<u>\$ 414,452</u>	<u>\$ 385,512</u>	<u>\$ 390,767</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 23,815	\$ 21,577	\$ 19,683	\$ 19,152	\$ 18,590
Net investment income	71,910	5,531	17,081	18,142	26,654
Benefit payments	(31,603)	(29,614)	(24,731)	(26,099)	(16,000)
Administrative expense	(833)	(525)	(370)	(421)	(435)
Other changes	-	(3)	(20)	(1,340)	1,340
<b>Net change in plan fiduciary net position</b>	<b>63,289</b>	<b>(3,034)</b>	<b>11,643</b>	<b>9,434</b>	<b>30,149</b>
Plan fiduciary net position - beginning	277,196	280,230	268,587	259,153	229,004
Plan fiduciary net position - ending (b)	<u>\$ 340,485</u>	<u>\$ 277,196</u>	<u>\$ 280,230</u>	<u>\$ 268,587</u>	<u>\$ 259,153</u>
School Board non-professional net HIC OPEB liability - ending (a) - (b)	<u>\$ 138,791</u>	<u>\$ 168,727</u>	<u>\$ 134,222</u>	<u>\$ 116,925</u>	<u>\$ 131,614</u>
Plan fiduciary net position as a percentage of the total HIC OPEB liability	71.04%	62.16%	67.61%	69.67%	66.32%
Employer's covered payroll	\$ 9,525,657	\$ 9,807,469	\$ 8,946,867	\$ 8,704,683	\$ 8,450,387
School Board's non-professional net HIC OPEB liability as a percentage of covered payroll	1.46%	1.72%	1.50%	1.34%	1.56%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
  - b. Adjusted rates to better fit experience and changed final retirement age from 65 to 70
  - c. Decreased withdrawal rates
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.



STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY  
PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM

Exhibit U

	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
Employer's proportion of the net HIC OPEB liability	1.98924%	1.96246%	1.91992%	1.89482%	1.92437%
Employer's proportionate share of the net HIC OPEB liability	\$ 25,533,271	\$ 25,600,615	\$ 25,134,000	\$ 24,058,000	\$ 24,413,000
Employer's covered payroll	\$ 175,927,006	\$ 172,044,450	\$ 161,036,564	\$ 153,241,128	\$ 151,871,436
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	14.51%	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	13.15%	9.95%	8.97%	8.08%	7.04%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
  - b. 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
  - c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**NON-PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM**

**Exhibit V**

	Fiscal Year Ended					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 31,481	\$ 23,815	\$ 21,576	\$ 19,607	\$ 19,150	\$ 18,590
Contributions in relation to the CRC	31,481	23,815	21,576	19,607	19,150	18,590
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 12,591,916	\$ 9,525,657	\$ 9,807,469	\$ 8,946,867	\$ 8,704,683	\$ 8,450,387
Contributions as a percentage of covered payroll	0.25%	0.25%	0.22%	0.22%	0.22%	0.22%

(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 School Board will present information for those years which information is available.

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS**  
**PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM**

**Exhibit W**

	Fiscal Year Ended					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 2,328,017	\$ 2,128,770	\$ 2,064,460	\$ 1,928,014	\$ 1,884,866	\$ 1,685,773
Contributions in relation to the CRC	2,328,017	2,128,770	2,064,460	1,928,014	1,884,866	1,685,773
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 192,405,991	\$ 175,927,006	\$ 172,044,450	\$ 161,036,564	\$ 153,241,128	\$ 151,871,436
Contributions as a percentage of covered payroll	1.21%	1.21%	1.20%	1.20%	1.23%	1.11%

**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 School Board will present information for those years which information is available.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY  
NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit X

	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
Employer's proportion of the net GLI OPEB liability	0.04617%	0.04768%	0.04575%	0.04588%	0.04586%
Employer's proportionate share of the net GLI OPEB liability	\$ 537,544	\$ 795,701	\$ 744,000	\$ 696,000	\$ 690,000
Employer's covered payroll	\$ 9,531,893	\$ 9,811,944	\$ 8,968,209	\$ 8,724,051	\$ 8,459,382
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.45%	52.64%	52.00%	51.22%	48.86%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
  - b. 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
  - c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY  
PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit Y

	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
Employer's proportion of the net GLI OPEB liability	0.85292%	0.83745%	0.82223%	0.80662%	0.82442%
Employer's proportionate share of the net GLI OPEB liability	\$ 9,930,303	\$ 13,975,670	\$ 13,380,000	\$ 12,250,000	\$ 12,406,000
Employer's covered payroll	\$ 176,095,376	\$ 172,350,914	\$ 161,184,289	\$ 153,377,599	\$ 152,067,324
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.45%	52.64%	52.00%	51.22%	48.86%

**Notes to Schedule:**

- (1) 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.
- (2) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.
- (3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
  - b. 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
  - c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
  - d. No change to the disability rates
  - e. No change to the salary scale
  - f. No change to the discount rate
- (4) 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.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit Z

	Fiscal Year Ended					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 68,012	\$ 51,472	\$ 51,022	\$ 46,635	\$ 45,365	\$ 43,989
Contributions in relation to the CRC	68,012	51,472	51,022	46,635	45,365	43,989
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 12,594,533	\$ 9,531,893	\$ 9,811,944	\$ 8,968,209	\$ 8,724,051	\$ 8,459,382
Contributions as a percentage of covered payroll	0.54%	0.54%	0.52%	0.52%	0.52%	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 School Board will present information for those years which information is available.

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS  
PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Exhibit AA

	Fiscal Year Ended					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Contractually required contribution (CRC)	\$ 1,040,582	\$ 950,915	\$ 896,225	\$ 838,158	\$ 797,564	\$ 790,750
Contributions in relation to the CRC	1,040,582	950,915	896,225	838,158	797,564	790,750
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employer's covered payroll	\$ 192,707,144	\$ 176,095,376	\$ 172,350,914	\$ 161,184,289	\$ 153,377,599	\$ 152,067,324
Contributions as a percentage of covered payroll	0.54%	0.54%	0.52%	0.52%	0.52%	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 School Board will present information for those years which information is available.





## **OTHER SUPPLEMENTARY INFORMATION**



**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2022**

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	
<b>ASSETS</b>					
Pooled cash and investments	\$ 3,133,872	\$ 12,050	\$ -	\$ -	\$ 3,145,922
Restricted cash and investments	-	-	25,643	3,672	29,315
Total assets	<u>\$ 3,133,872</u>	<u>\$ 12,050</u>	<u>\$ 25,643</u>	<u>\$ 3,672</u>	<u>\$ 3,175,237</u>
<b>LIABILITIES AND FUND BALANCE</b>					
Liabilities:					
Due to other funds	\$ 34,926	\$ -	\$ -	\$ -	\$ 34,926
Total liabilities	<u>34,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,926</u>
Fund balance:					
Restricted:					
Endowment	-	-	25,643	-	25,643
Scholarship	-	-	-	3,672	3,672
Total restricted	<u>-</u>	<u>-</u>	<u>25,643</u>	<u>3,672</u>	<u>29,315</u>
Assigned:					
School Activity	3,098,946	-	-	-	3,098,946
Division Wide Activity	-	12,050	-	-	12,050
Total assigned	<u>3,098,946</u>	<u>12,050</u>	<u>-</u>	<u>-</u>	<u>3,110,996</u>
Total fund balance	<u>3,098,946</u>	<u>12,050</u>	<u>25,643</u>	<u>3,672</u>	<u>3,140,311</u>
Total liabilities and fund balance	<u>\$ 3,133,872</u>	<u>\$ 12,050</u>	<u>\$ 25,643</u>	<u>\$ 3,672</u>	<u>\$ 3,175,237</u>

## STAFFORD COUNTY PUBLIC SCHOOLS

Exhibit AC

## A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA

## COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

## NONMAJOR GOVERNMENTAL FUNDS

For the Fiscal Year Ended June 30, 2022

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	
<b>REVENUES</b>					
Charges for services:					
Tuition and fees	\$ 3,836,396	\$ -	\$ -	\$ -	\$ 3,836,396
Miscellaneous	-	29,926	-	-	29,926
Use of money and property	-	-	67	-	67
Total revenues	3,836,396	29,926	67	-	3,866,389
<b>EXPENDITURES</b>					
Current:					
Education:					
Instruction	3,623,029	-	1,000	-	3,624,029
Administration, attendance and health	-	29,033	-	-	29,033
Total expenditures	3,623,029	29,033	1,000	-	3,653,062
Excess (deficiency) of revenues over (under) expenditures	213,367	893	(933)	-	213,327
Change in fund balance	213,367	893	(933)	-	213,327
Fund balance, beginning - July 1, 2021	2,885,579	11,157	26,576	3,672	2,926,984
Fund balance, ending - June 30, 2022	\$ 3,098,946	\$ 12,050	\$ 25,643	\$ 3,672	\$ 3,140,311

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**June 30, 2022**

**Exhibit AD**

	<b>Internal Service Funds</b>			
	<b>Fleet Services Fund</b>	<b>Health Benefits Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Proprietary Funds</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 943,791	\$ 17,231,995	\$ 1,351,827	\$ 19,527,613
Accounts receivable	7,032	-	-	7,032
Prepaid expenses	41,101	-	-	41,101
Inventory	314,558	-	-	314,558
Net pension asset	7,890	-	-	7,890
Capital assets:				
Land	37,357	-	-	37,357
Land improvements	1,268,429	-	-	1,268,429
Construction in progress	181,145	-	-	181,145
Buildings and building improvements	1,867,382	-	-	1,867,382
Furniture, fixtures and equipment	352,392	-	-	352,392
Software	79,530	-	-	79,530
Vehicles	132,429	-	-	132,429
Less accumulated depreciation and amortization	(2,453,497)	-	-	(2,453,497)
Total capital assets	1,465,167	-	-	1,465,167
Total assets	2,779,539	17,231,995	1,351,827	21,363,361
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	429,276	-	-	429,276
OPEB deferrals	554,407	-	-	554,407
Total deferred outflows of resources	983,683	-	-	983,683
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	33,622	2,362,079	31,701	2,427,402
Accrued salaries and benefits	173,344	15,852	7,706	196,902
Current portion of accrued insurance claims	-	6,017,000	894,951	6,911,951
Current portion of compensated absences	20,897	-	-	20,897
Noncurrent portion of accrued insurance claims	-	-	411,002	411,002
Noncurrent portion of compensated absences	134,569	-	-	134,569
Net pension liability	1,871,061	-	-	1,871,061
Net OPEB liability	1,713,135	-	-	1,713,135
Total liabilities	3,946,628	8,394,931	1,345,360	13,686,919
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	388,943	-	-	388,943
OPEB deferrals	363,010	-	-	363,010
Total deferred inflows of resources	751,953	-	-	751,953
<b>NET POSITION</b>				
Net investment in capital assets	1,465,167	-	-	1,465,167
Unrestricted (deficit)	(2,400,526)	8,837,064	6,467	6,443,005
Total net position (deficit)	\$ (935,359)	\$ 8,837,064	\$ 6,467	\$ 7,908,172

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit AE**

	<b>Internal Service Funds</b>			
	<b>Fleet Services Fund</b>	<b>Health Benefits Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Proprietary Funds</b>
<b>Operating revenues:</b>				
Charges for services	\$ 3,132,281	\$ 33,902,176	\$ 1,410,550	\$ 38,445,007
Miscellaneous	4,493	-	39,169	43,662
Total operating revenues	3,136,774	33,902,176	1,449,719	38,488,669
<b>Operating expenses:</b>				
Personnel services	1,988,750	243,602	99,861	2,332,213
Contractual services	71,416	33,414,182	1,153,835	34,639,433
Materials and supplies	1,537,501	-	-	1,537,501
Utilities	13,102	-	-	13,102
Telecommunications	7,564	-	-	7,564
Depreciation and amortization	146,949	-	-	146,949
Total operating expenses	3,765,282	33,657,784	1,253,696	38,676,762
Operating (loss) income	(628,508)	244,392	196,023	(188,093)
<b>Nonoperating revenues (expenses):</b>				
Interest and investment revenue	-	13,144	-	13,144
Interest expense	(716)	-	-	(716)
OPEB Trust Fund contribution	-	(9,000,000)	-	(9,000,000)
Vehicle and other sales	67,890	-	-	67,890
Total nonoperating revenues (expenses), net	67,174	(8,986,856)	-	(8,919,682)
Change in net position	(561,334)	(8,742,464)	196,023	(9,107,775)
Net position, beginning - July 1, 2021	(374,025)	17,579,528	(189,556)	17,015,947
Net position (deficit), ending - June 30, 2022	\$ (935,359)	\$ 8,837,064	\$ 6,467	\$ 7,908,172

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Fiscal Year Ended June 30, 2022**

**Exhibit AF**

	<b>Internal Service Funds</b>			
	<b>Fleet Services Fund</b>	<b>Health Benefits Fund</b>	<b>Workers' Compensation Fund</b>	<b>Total Proprietary Funds</b>
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 3,198,121	\$ 33,902,176	\$ 1,410,550	\$ 38,510,847
Other receipts	4,493	-	39,169	43,662
Payments to suppliers	(1,784,887)	(32,595,144)	(865,418)	(35,245,449)
Payments to employees	(1,841,878)	(237,746)	(99,503)	(2,179,127)
Net cash (used in) provided by operating activities	(424,151)	1,069,286	484,798	1,129,933
<b>Cash flows from noncapital financing activities:</b>				
Transfer to OPEB Trust Fund	-	(9,000,000)	-	(9,000,000)
Net cash used in noncapital financing activities	-	(9,000,000)	-	(9,000,000)
<b>Cash flows from capital and related financing activities:</b>				
Proceeds from vehicle and other sales	67,890	-	-	67,890
Principal paid on notes payable	(33,953)	-	-	(33,953)
Interest paid on notes payable	(716)	-	-	(716)
Acquisition and construction of capital assets	(45,562)	-	-	(45,562)
Net cash used in capital and related financing activities	(12,341)	-	-	(12,341)
<b>Cash flows from investing activities:</b>				
Interest earned on investments	-	13,144	-	13,144
Net cash provided by investing activities	-	13,144	-	13,144
Net (decrease) increase in cash and cash equivalents	(436,492)	(7,917,570)	484,798	(7,869,264)
Cash and cash equivalents, beginning - July 1, 2021	1,380,283	25,149,565	867,029	27,396,877
Cash and cash equivalents, ending - June 30, 2022	\$ 943,791	\$ 17,231,995	\$ 1,351,827	\$ 19,527,613
<b>Reconciliation of operating (loss) income to net cash (used in) provided by operating activities:</b>				
Operating (loss) income	\$ (628,508)	\$ 244,392	\$ 196,023	\$ (188,093)
Adjustments to reconcile operating (loss) income to net cash (used in) provided by operating activities:				
Depreciation and amortization expense	146,949	-	-	146,949
Changes in assets and liabilities:				
Decrease in accounts receivable	65,840	-	-	65,840
Increase in inventory	(79,857)	-	-	(79,857)
Increase in prepaid expenses	(1,197)	-	-	(1,197)
Increase in net pension asset	(7,890)	-	-	(7,890)
Increase in deferred outflows of resources	(156,217)	-	-	(156,217)
(Decrease) increase in accounts payable and accrued expenses	(56,844)	824,894	288,775	1,056,825
Decrease in compensated absences	(13,468)	-	-	(13,468)
Increase in net OPEB liability	248,852	-	-	248,852
Decrease in net pension liability	(277,801)	-	-	(277,801)
Increase in deferred inflows of resources	335,990	-	-	335,990
Total adjustments	204,357	824,894	288,775	1,318,026
Net cash (used in) provided by operating activities	\$ (424,151)	\$ 1,069,286	\$ 484,798	\$ 1,129,933





## **STATISTICAL SECTION**



Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2022

The statistical section of the ACFR presents detailed information as a context for understanding what the financial information presented in the basic financial statements, notes to the basic financial statements, and required and other supplementary information means regarding the overall financial health of Stafford Schools. It includes financial trends, demographic information, and operating indicators and data for the division.

No information on revenue capacity is presented, since Stafford Schools has no taxing authority. Stafford Schools is primarily fiscally dependent on appropriations from the Commonwealth of Virginia and the County of Stafford. Similarly, no information on debt capacity is presented, since Stafford Schools has no debt issuance authority. The debt carried by Stafford Schools is in the form of notes payable, entered into for an enterprise resource planning system, energy performance improvements, and Fleet Services lift equipment.

The following information included in this statistical section is unaudited.

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STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
NET POSITION BY COMPONENT  
Fiscal Years 2013 - 2022  
(Accrual Basis of Accounting)

	June 30,				
	2013	2014	2015	2016	2017
<b>NET POSITION</b>					
Net investment in capital assets	\$ 383,728,660	\$ 402,418,884	\$ 433,631,721	\$ 438,932,856	\$ 446,017,755
Restricted	21,973,458	49,239,175	21,465,238	12,861,062	25,086,466
Unrestricted (deficit)	<u>5,638,327</u>	<u>(21,932,140)</u>	<u>(258,123,522)</u>	<u>(242,911,240)</u>	<u>(254,876,621)</u>
<b>Total net position</b>	<u>\$ 411,340,445</u>	<u>\$ 429,725,919</u>	<u>\$ 196,973,437</u>	<u>\$ 208,882,678</u>	<u>\$ 216,227,600</u>

Table S-1

June 30,					
2018	2019	2020	2021	2022	
					<b>NET POSITION</b>
\$ 448,764,864	\$ 467,480,838	\$ 454,576,954	\$ 447,722,989	\$ 439,951,509	Net investment in capital assets
23,153,543	12,945,965	24,039,301	13,223,509	33,644,175	Restricted
(392,841,614)	(394,780,952)	(398,747,755)	(412,208,580)	(416,129,123)	Unrestricted (deficit)
<u>\$ 79,076,793</u>	<u>\$ 85,645,851</u>	<u>\$ 79,868,500</u>	<u>\$ 48,737,918</u>	<u>\$ 57,466,561</u>	<b>Total net position</b>

STAFFORD COUNTY PUBLIC SCHOOLS  
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA  
CHANGES IN NET POSITION BY COMPONENT  
Fiscal Years 2013 - 2022  
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
<b>Expenses</b>					
Governmental activities	\$ 290,728,443	\$ 293,901,842	\$ 285,238,534	\$ 300,625,771	\$ 317,291,665
<b>Program revenues</b>					
Charges for services	17,987,309	18,232,507	18,902,311	18,372,613	18,061,718
Grants and contributions	81,370,952	82,741,613	76,415,692	72,638,754	81,463,016
<b>Total program revenues</b>	<u>99,358,261</u>	<u>100,974,120</u>	<u>95,318,003</u>	<u>91,011,367</u>	<u>99,524,734</u>
<b>Net expenses</b>	<u>(191,370,182)</u>	<u>(192,927,722)</u>	<u>(189,920,531)</u>	<u>(209,614,404)</u>	<u>(217,766,931)</u>
<b>General revenues</b>					
Sales Tax and Basic Aid	102,845,402	102,485,508	107,949,304	109,421,075	112,615,106
Payment from Stafford County	108,625,975	108,414,728	103,735,323	111,658,395	112,072,289
Investment earnings	53,507	51,177	42,190	71,599	90,762
Gain on capital asset disposals and other sales	1,069,605	117,222	133,484	115,058	64,697
Miscellaneous	567,629	244,561	276,331	257,518	269,000
<b>Total general revenues</b>	<u>213,162,118</u>	<u>211,313,196</u>	<u>212,136,632</u>	<u>221,523,645</u>	<u>225,111,854</u>
<b>Change in net position</b>	<u>\$ 21,791,936</u>	<u>\$ 18,385,474</u>	<u>\$ 22,216,101</u>	<u>\$ 11,909,241</u>	<u>\$ 7,344,923</u>

Table S-2

For the Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	
\$ 321,825,800	\$ 327,204,425	\$ 361,218,027	\$ 406,162,530	\$ 418,403,608	<b>Expenses</b>
					Governmental activities
					<b>Program revenues</b>
18,722,670	17,973,053	16,675,763	10,252,601	15,648,441	Charges for services
81,336,350	79,845,624	91,339,965	99,736,903	135,087,424	Grants and contributions
100,059,020	97,818,677	108,015,728	109,989,504	150,735,865	<b>Total program revenues</b>
(221,766,780)	(229,385,748)	(253,202,299)	(296,173,026)	(267,667,743)	<b>Net expenses</b>
					<b>General revenues</b>
112,912,819	119,280,695	122,343,356	131,551,342	140,334,862	Sales Tax and Basic Aid
116,440,953	116,796,434	124,601,178	129,903,890	135,555,869	Payment from Stafford County
339,742	291,944	217,423	14,153	13,441	Investment earnings
					Gain on capital asset disposals and
24,671	28,506	22,223	31,086	67,890	other sales
272,184	280,767	240,768	330,828	424,324	Miscellaneous
229,990,369	236,678,346	247,424,948	261,831,299	276,396,386	<b>Total general revenues</b>
\$ 8,223,589	\$ 7,292,598	\$ (5,777,351)	\$ (34,341,727)	\$ 8,728,643	<b>Change in net position</b>

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
**Fiscal Years 2013 - 2022**  
**(Modified Accrual Basis of Accounting)**

	<b>June 30,</b>				
<b>Operating Fund:</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Nonspendable	\$ 525,298	\$ 659,455	\$ 444,506	\$ 577,597	\$ 569,714
Committed	7,318,523	2,465,667	3,091,085	-	144,043
Assigned	-	-	-	-	-
Unassigned	(2,329,257)	2,961,531	5,213,871	12,794,590	10,792,575
Fund balance - operating fund	<u>5,514,564</u>	<u>6,086,653</u>	<u>8,749,462</u>	<u>13,372,187</u>	<u>11,506,332</u>
<b>All Other Governmental Funds:</b>					
Nonspendable:					
Food and Nutrition Services Fund	<u>341,770</u>	<u>297,730</u>	<u>240,566</u>	<u>260,626</u>	<u>282,149</u>
	<u>341,770</u>	<u>297,730</u>	<u>240,566</u>	<u>260,626</u>	<u>282,149</u>
Restricted:					
Capital Projects Fund	19,823,101	46,626,075	18,204,234	8,997,231	20,065,206
Food and Nutrition Services Fund	2,109,164	2,508,113	3,141,740	3,797,665	4,850,254
Grants Fund	41,193	104,987	119,264	66,166	171,006
Endowment Fund	-	-	-	-	-
Scholarship Fund	-	-	-	-	-
	<u>21,973,458</u>	<u>49,239,175</u>	<u>21,465,238</u>	<u>12,861,062</u>	<u>25,086,466</u>
Committed:					
Capital Projects Fund	<u>13,584,453</u>	<u>(10,966,533)</u>	<u>-</u>	<u>2,985,882</u>	<u>-</u>
	<u>13,584,453</u>	<u>(10,966,533)</u>	<u>-</u>	<u>2,985,882</u>	<u>-</u>
Assigned:					
School Activity Fund	-	-	-	-	-
Division Wide Activity Fund	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - other governmental funds	<u>35,899,681</u>	<u>38,570,372</u>	<u>21,705,804</u>	<u>16,107,570</u>	<u>25,368,615</u>
Fund balance - total governmental funds	<u>\$ 41,414,245</u>	<u>\$ 44,657,025</u>	<u>\$ 30,455,266</u>	<u>\$ 29,479,757</u>	<u>\$ 36,874,947</u>



Table S-3

June 30,					
2018	2019	2020	2021	2022	Operating Fund:
\$ 723,540	\$ -	\$ -	\$ -	\$ -	Nonspendable
211,584	-	-	-	-	Committed
9,069,955	6,701,074	9,311,489	16,774,397	10,937,987	Assigned
-	-	-	-	-	Unassigned
<u>10,005,079</u>	<u>6,701,074</u>	<u>9,311,489</u>	<u>16,774,397</u>	<u>10,937,987</u>	Fund balance - operating fund
					<b>All Other Governmental Funds:</b>
					Nonspendable:
465,648	589,964	748,053	464,965	486,047	Food and Nutrition Services Fund
<u>465,648</u>	<u>589,964</u>	<u>748,053</u>	<u>464,965</u>	<u>486,047</u>	
					Restricted:
17,237,097	5,911,621	17,098,734	6,227,611	21,447,694	Capital Projects Fund
5,771,134	6,916,437	6,830,419	6,757,079	11,998,877	Food and Nutrition Services Fund
145,312	117,907	110,148	208,571	168,289	Grants Fund
-	-	-	26,576	25,643	Endowment Fund
-	-	-	3,672	3,672	Scholarship Fund
<u>23,153,543</u>	<u>12,945,965</u>	<u>24,039,301</u>	<u>13,223,509</u>	<u>33,644,175</u>	
					Committed:
6,311,023	-	-	-	-	Capital Projects Fund
<u>6,311,023</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
					Assigned:
-	-	-	2,885,579	3,098,946	School Activity Fund
-	-	-	11,157	12,050	Division Wide Activity Fund
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,896,736</u>	<u>3,110,996</u>	
<u>29,930,214</u>	<u>13,535,929</u>	<u>24,787,354</u>	<u>16,585,210</u>	<u>37,241,218</u>	Fund balance - other governmental funds
<u>\$ 39,935,293</u>	<u>\$ 20,237,003</u>	<u>\$ 34,098,843</u>	<u>\$ 33,359,607</u>	<u>\$ 48,179,205</u>	Fund balance - total governmental funds

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**Fiscal Years 2013 - 2022**  
**(Modified Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,				
	2013	2014	2015	2016	2017
<b>REVENUES:</b>					
Intergovernmental:					
Stafford County	\$ 142,676,306	\$ 141,522,936	\$ 131,198,166	\$ 133,899,547	\$ 138,999,308
Commonwealth of Virginia	133,476,749	135,588,828	139,495,094	142,268,097	148,896,372
Federal Government	16,689,274	16,530,085	17,407,059	17,550,580	18,254,731
Total intergovernmental revenues	292,842,329	293,641,849	288,100,319	293,718,224	306,150,411
Charges for services:					
Tuition and fees	911,220	759,633	867,202	752,941	868,492
Food sales	6,681,246	6,640,211	6,684,272	6,754,639	6,762,593
Recovered costs	1,767,641	2,059,853	2,082,884	2,374,395	2,514,639
Miscellaneous	587,600	286,236	280,754	329,978	454,147
Use of money and property	45,810	46,322	36,892	56,296	54,853
Total revenues	302,835,846	303,434,104	298,052,323	303,986,473	316,805,135
<b>EXPENDITURES:</b>					
Current:					
Education:					
Instruction	191,433,956	190,904,984	190,794,453	196,107,491	206,214,135
Administration, attendance and health	10,422,301	10,587,435	10,448,126	10,743,059	11,407,604
Pupil transportation	13,419,206	13,591,390	12,923,044	12,463,033	12,810,665
Operation and maintenance	21,315,872	20,731,939	19,888,292	20,578,357	21,543,418
Food and nutrition services	12,054,783	11,517,146	11,724,692	12,077,813	12,047,774
Facilities	198,990	111,512	100,323	161,377	163,332
Technology	15,129,827	15,320,646	15,021,211	16,878,885	15,717,051
Capital outlay	22,907,317	36,172,121	52,277,196	34,604,747	28,145,272
Debt service:					
Principal	393,292	407,020	421,339	721,941	743,293
Interest and fiscal charges	71,631	68,147	49,701	68,115	46,703
Total expenditures	287,347,175	299,412,340	313,648,377	304,404,818	308,839,247
Excess (deficiency) of revenues over (under) expenditures	15,488,671	4,021,764	(15,596,054)	(418,345)	7,965,888
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from sale of land	1,000,000	-	-	-	-
Proceeds from notes payable	-	-	2,125,000	-	-
Leases issued	-	-	-	-	-
Transfers from other funds	2,361,672	200,000	1,302,000	318,630	-
Transfers to other funds	(203,343)	(978,985)	(2,032,707)	(875,794)	(570,698)
Total other financing sources (uses), net	3,158,329	(778,985)	1,394,293	(557,164)	(570,698)
<b>Change in fund balance</b>	<b>\$ 18,647,000</b>	<b>\$ 3,242,779</b>	<b>\$ (14,201,761)</b>	<b>\$ (975,509)</b>	<b>\$ 7,395,190</b>

Table S-4

For the Fiscal Year Ended June 30,					
2018	2019	2020	2021	2022	
					<b>REVENUES:</b>
					Intergovernmental:
\$ 134,942,282	\$ 132,965,915	\$ 144,398,390	\$ 138,829,835	\$ 161,758,361	Stafford County
156,289,875	164,043,554	173,787,902	191,919,975	203,167,391	Commonwealth of Virginia
19,457,965	18,913,284	20,098,207	30,442,325	46,052,403	Federal Government
310,690,122	315,922,753	338,284,499	361,192,135	410,978,155	Total intergovernmental revenues
					Charges for services:
783,138	772,915	680,915	2,196,689	4,471,474	Tuition and fees
6,587,698	6,709,453	5,301,519	23,345	48,856	Food sales
3,880,297	3,697,437	2,220,419	2,157,216	2,667,481	Recovered costs
360,930	369,834	382,322	481,471	649,301	Miscellaneous
268,578	174,164	136,329	6,393	297	Use of money and property
322,570,763	327,646,556	347,006,003	366,057,249	418,815,564	Total revenues
					<b>EXPENDITURES:</b>
					Current:
					Education:
217,564,851	224,587,714	238,472,922	253,998,730	278,101,627	Instruction
11,698,247	12,242,038	13,508,505	15,033,127	16,985,672	Administration, attendance and health
13,874,003	14,734,707	15,400,249	13,861,311	20,694,214	Pupil transportation
21,944,518	23,032,559	22,633,360	25,926,319	27,298,459	Operation and maintenance
12,204,242	12,391,388	12,148,378	11,416,357	17,939,815	Food and nutrition services
600,213	344,084	159,458	372,755	509,041	Facilities
15,373,331	15,779,881	17,128,328	27,769,612	21,717,597	Technology
25,278,935	42,525,570	23,779,245	24,577,592	20,113,573	Capital outlay
					Debt service:
372,323	378,329	384,456	956,875	1,184,361	Principal
33,204	26,900	179,913	219,952	201,551	Interest and fiscal charges
318,943,867	346,043,170	343,794,814	374,132,630	404,745,910	Total expenditures
					Excess (deficiency) of revenues over
3,626,896	(18,396,614)	3,211,189	(8,075,381)	14,069,654	(under) expenditures
					<b>OTHER FINANCING SOURCES (USES):</b>
-	-	-	-	-	Proceeds from sale of land
-	-	10,650,651	-	-	Proceeds from notes payable
-	-	-	-	749,944	Leases issued
-	-	-	4,125,000	-	Transfers from other funds
(566,550)	(578,136)	-	-	-	Transfers to other funds
(566,550)	(578,136)	10,650,651	4,125,000	749,944	Total other financing sources (uses), net
\$ 3,060,346	\$ (18,974,750)	\$ 13,861,840	\$ (3,950,381)	\$ 14,819,598	<b>Change in fund balance</b>

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**GENERAL INFORMATION**  
**June 30, 2022**

**Table S-5**

Stafford County			
<b>Independent county:</b>		September 27, 1664	
<b>Form of government:</b>		Traditional Board of Supervisors	
<b>Area - square miles:</b>		277 square miles	
Stafford County Public Schools			
<b>Number of Schools:</b>		Fall Membership: <b>(1)</b>	
Early childhood centers	2	Elementary schools	12,629
Elementary schools	17	Middle schools	7,179
Middle schools	8	High schools	10,121
High schools	5	Total	<u>29,929</u>
Alternative schools	<u>1</u>		
	<u>33</u>		
<b>Employees:</b>		<b>FY 2022</b>	
Licensed Instructional	2,285		
Other Employees	<u>1,862</u>		
	<u>4,147</u>		

**(1)** Fall membership is defined as the number of students enrolled in public school on September 30.

**Source: VDOE Fall Membership Build-A-Table**



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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Employees:</b>					
Licensed Instructional	2,174	2,139	2,116	2,304	2,480
Other Employees	1,541	1,486	1,428	1,449	1,402
Total	3,715	3,625	3,544	3,753	3,882

*Source: Superintendent's Annual Report*

**Table S-6**

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
2,403	2,352	2,337	2,257	2,285	<b>Employees:</b>
1,864	1,511	1,675	1,741	1,862	Licensed Instructional
4,267	3,863	4,012	3,998	4,147	Other Employees
					Total

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**NUMBER OF SCHOOLS IN THE DIVISION**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Number of Schools:</b>					
Elementary Schools	17	17	17	17	17
Middle Schools	8	8	8	8	8
High Schools	5	5	5	5	5
Total	30	30	30	30	30

**Source:** *Stafford Schools Website - Our Schools*



**Table S-7**

<b>Fiscal Year</b>					
<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	
17	17	17	17	17	<b>Number of Schools:</b>
8	8	8	8	8	Elementary Schools
5	5	5	5	5	Middle Schools
30	30	30	30	30	High Schools
					Total

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**DIVISION-WIDE ENROLLMENT**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Student Membership:</b>					
September 30 membership	26,972	26,944	27,218	27,510	28,005
Average daily membership as of March 31	26,904	26,901	27,197	27,519	28,017
End-of-year membership	26,803	26,925	27,218	27,474	28,786
Students enrolled in special education programs	2,559	2,392	2,532	2,653	2,964
English Language Learners	1,121	1,183	1,251	1,352	1,380
Students enrolled in grades K-3	7,526	7,532	7,761	7,822	7,916

*Sources: Superintendent's Annual Report; December 1 Special Education Child Count; Synergy Student Information System (ELLs); and VDOE Fall Membership Reports*

Table S-8

Fiscal Year					
2018	2019	2020	2021	2022	
28,793	28,793	29,494	28,898	29,929	<b>Student Membership:</b>
28,487	28,852	29,364	28,700	29,830	September 30 membership
28,576	28,869	29,505	28,562	30,201	Average daily membership as of March 31
3,303	3,322	3,791	3,890	3,937	End-of-year membership
					Students enrolled in special education programs
1,735	1,734	1,726	1,985	1,115	English Language Learners
8,018	8,018	8,204	7,644	8,248	Students enrolled in grades K-3

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**VARIOUS OPERATING INDICATORS**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Operating Statistics:</b>					
Average per pupil expenditures	\$ 9,971	\$ 9,285	\$ 8,255	\$ 9,514	\$ 9,961
Average classroom teacher salary	\$ 50,864	\$ 52,080	\$ 52,716	\$ 54,490	\$ 56,462
Composite index <b>(1)</b>	0.3305	0.3305	0.3412	0.3412	0.3445

**(1)** The composite index uses various factors to measure the County's wealth. The higher the index, the less money the County receives (per pupil) from the

**Source: Superintendent's Annual Report**

Table S-9

Fiscal Year					
2018	2019	2020	2021	2022	
\$ 9,561	\$ 9,937	\$ 10,217	\$ 11,024	\$ 12,307	Operating Statistics:
\$ 52,618	\$ 55,463	\$ 58,385	\$ 58,954	\$ 62,008	Average per pupil expenditures
0.3445	0.3462	0.3462	0.3470	0.3470	Average classroom teacher salary
					Composite index <b>(1)</b>

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**TRANSPORTATION OPERATING INDICATORS**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Transportation Statistics:</b>					
Average Ridership (Regular)	18,893	16,489	17,048	15,664	17,069
Average Ridership (Special Needs)	566	561	726	697	732
Average Ridership (Head Start)	353	350	350	300	350
Buses Operated Daily (Regular)	150	138	140	137	139
Buses Operated Daily (Special Needs)	70	71	71	57	67
Buses Operated Daily (Head Start)	11	10	10	10	11
Special Trip Assignments	4,048	3,926	3,864	3,976	4,217
Miles Traveled (Regular)	1,269,012	1,421,050	1,465,231	1,686,888	1,649,558
Miles Traveled (Special Needs)	839,917	860,773	865,854	1,103,008	1,291,239

\* The 2020 averages are based on ridership through March 13, 2020, after which Stafford County Public Schools was subject to the Governor's mandatory school closure due to the Covid-19

*Source: Department of Transportation Services, Stafford County Public Schools*

Table S-10

Fiscal Year					
2018	2019	2020*	2021	2022	
17,089	17,016	18,087	10,166	22,694	Average Ridership (Regular)
799	786	780	804	480	Average Ridership (Special Needs)
350	300	350	271	285	Average Ridership (Head Start)
139	134	142	134	175	Buses Operated Daily (Regular)
69	68	71	48	65	Buses Operated Daily (Special Needs)
12	12	12	12	12	Buses Operated Daily (Head Start)
3,771	4,210	3,050	777	2,812	Special Trip Assignments
1,473,182	1,420,849	1,086,813	1,299,520	2,317,560	Miles Traveled (Regular)
1,007,595	986,505	788,190	543,520	1,088,727	Miles Traveled (Special Needs)

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FOOD AND NUTRITION SERVICES OPERATING INDICATORS**  
**Fiscal Years 2013 - 2022**

		Fiscal Year				
		2013	2014	2015	2016	2017
<b>School Nutrition Program (SNP)</b>						
<b>Statistics:</b>						
September 30 Membership		26,972	26,944	27,173	27,510	28,005
Eligible for Free Lunch		5,993	6,135	6,439	7,222	8,035
	<b>Percentage</b>	22.22%	22.77%	23.70%	26.25%	28.69%
Eligible for Reduced Price Lunch		1,520	1,552	1,608	1,711	1,617
	<b>Percentage</b>	5.64%	5.76%	5.92%	6.22%	5.77%
Eligible for Free and Reduced Price Lunch - Total		7,513	7,687	8,047	8,933	9,652
	<b>Percentage</b>	27.85%	28.53%	29.61%	32.47%	34.47%
High School Lunch Prices		\$ 2.40	\$ 2.65	\$ 2.75	\$ 2.80	\$ 2.90
Middle School Lunch Prices		\$ 2.40	\$ 2.55	\$ 2.65	\$ 2.70	\$ 2.80
Elementary School Lunch Prices		\$ 2.30	\$ 2.45	\$ 2.55	\$ 2.60	\$ 2.70

**Source: Department of Food and Nutrition Services, Stafford County Public Schools**



Table S-11

Fiscal Year					School Nutrition Program (SNP) Statistics:
2018	2019	2020	2021	2022	
29,025	29,825	29,276	28,898	29,929	September 30 Membership
8,376	8,746	9,494	8,598	11,552	Eligible for Free Lunch
28.86%	29.32%	32.43%	29.75%	38.60%	<b>Percentage</b>
1,560	1,456	1,470	591	1,081	Eligible for Reduced Price Lunch
5.37%	4.88%	5.02%	2.05%	3.61%	<b>Percentage</b>
9,936	10,202	10,964	9,189	12,633	Eligible for Free and Reduced Price Lunch - Total
34.23%	34.21%	37.45%	31.80%	42.21%	<b>Percentage</b>
\$ 3.00	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.10	High School Lunch Prices
\$ 2.90	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	Middle School Lunch Prices
\$ 2.80	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.90	Elementary School Lunch Prices

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FLEET SERVICES OPERATING INDICATORS**  
**Fiscal Years 2013 - 2022**

	Fiscal Year											
	2013	2014	2015	2016			2017			2018		
				Average	Average		Average	Average		Average	Average	
				Active	Age	Mileage	Active	Age	Mileage	Active	Age	Mileage
Fleet Vehicles Serviced by Fleet Services:												
Stafford County Public Schools Fleet Vehicles:												
Buses:												
Mainstream	236	223	195	192	8.25	14,709	195	7.50	12,921	188	7.99	13,045
Special Needs	64	68	67	68	6.82	21,283	66	7.30	17,501	67	7.14	18,635
Activity Buses	5	5	5	5	4.20	23,982	5	5.20	22,085	5	6.20	23,762
Less: Salvaged (1)	(18)	(27)	(15)	(20)			(8)			0		
Subtotal Buses	287	269	252	245			258			260		
Other School Vehicles:												
Administration	2	2	2	2	6.50	9,555	-	-	-	-	-	-
Driver's Education	13	11	12	13	4.50	7,307	13	3.61	5,770	12	4.20	5,862
Fleet Services	7	6	6	6	7.16	3,276	6	8.60	4,276	5	5.80	5,035
Head Start	6	6	6	6	10.60	537	6	12.33	4,543	7	11.40	1,981
Maintenance	53	43	45	45	8.90	6,803	58	10.00	5,675	59	10.40	6,372
Food and Nutritional Services	1	1	1	1	11.00	6,803	1	12.00	1,743	2	7.00	1,399
Planning & Construction	4	4	4	4	10.00	6,803	4	11.00	6,642	4	12.00	6,491
Technology	1	1	1	1	6.00	6,803	1	7.00	1,993	1	4.00	2,226
Security	7	7	7	7	9.87	6,803	7	10.00	1,576	6	12.10	1,703
Transportation	8	8	7	8	7.62	6,803	8	9.00	1,906	8	9.88	2,127
Subtotal Other Vehicles	102	89	91	93			104			104		
Total Stafford County Public Schools Fleet Vehicles	389	358	343	338			362			364		
County of Stafford Fleet Vehicles:												
Fire & Rescue	166	169	172	178	11.34	4,318	170	11.97	4,950	174	12.42	4,712
Sheriff	222	241	221	227	6.01	9,137	259	5.84	9,847	275	5.66	9,497
Utilities	108	117	120	120	8.38	7,002	134	8.19	10,715	143	8.60	7,940
Other	145	139	153	157	9.04	4,920	139	11.13	N/A	152	-	N/A
Total County of Stafford Fleet Vehicles	641	666	666	682			702			744		
Total Fleet Vehicles	1,030	1,024	1,009	1,020			1,064			1,108		
Other Vehicles Serviced by Fleet Services:												
Vocational Foundation Fleet Vehicles												
	1	1	1	1	21	N/A	0	0	N/A	1	0	N/A
Total Other Vehicles	1	1	1	1			0			1		

(1) To be sold at auction

N/A - Not available.

Source: Fleet Services internal records

Fiscal Year												
2019			2020			2021			2022			
Average	Average		Average	Average		Average	Average		Average	Average		
Active	Age	Mileage	Active	Age	Mileage	Active	Age	Mileage	Active	Age	Mileage	
187	8.52	13,859	195	9.06	10,191	175	8.83	6,773	185	8.28	6,872	Fleet Vehicles Serviced by Fleet Services:
66	7.50	18,499	72	8.41	12,748	75	8.34	8,491	81	7.14	7,448	Stafford County Public Schools Fleet Vehicles:
5	7.20	21,347	5	8.46	18,319	5	9.71	7,917	5	10.20	6,931	Buses:
0			0			0			0			Mainstream
258			272			255			271			Special Needs
												Activity Buses
												Less: Salvaged (1)
												Subtotal Buses
-	-	-	-	-	-	-	-	-	-	-	-	Other School Vehicles:
12	3.89	5,847	12	4.26	4,137	12	5.93	5,130	14	6.17	3,952	Administration
5	6.60	4,260	5	6.39	4,624	5	7.40	5,096	6	6.50	2,261	Driver's Education
5	10.54	1,634	6	9.76	1,128	5	7.64	4,264	7	8.00	938	Fleet Services
59	10.68	4,688	53	11.61	5,191	54	10.89	9,023	52	11.35	8,446	Head Start
2	9.11	1,033	3	1.66	741	3	2.90	3,877	4	1.83	1,082	Maintenance
4	13.28	3,817	4	14.32	5,613	3	15.28	8,730	7	7.60	2,330	Food and Nutritional Services
1	8.05	2,271	1	10.15	3,203	1	11.40	3,449	1	12.00	1,966	Planning & Construction
7	11.65	1,369	7	12.69	1,092	7	13.94	859	7	14.20	410	Technology
8	11.31	2,052	8	12.36	2,005	8	13.60	2,005	14	8.57	1,354	Security
103			99			98			112			Transportation
361			371			353			383			Subtotal Other Vehicles
												Total Stafford County Public Schools Fleet Vehicles
186	12.95	3,281	195	13.35	1,567	147	11.39	1,373	N/A	N/A	N/A	County of Stafford Fleet Vehicles:
262	5.56	7,896	259	5.73	9,526	341	5.73	7,235	302	5.14	384	Fire & Rescue (Fleet no longer track Fire & Rescue)
154	8.80	4,457	151	9.09	4,454	163	9.25	5,255	165		166	Sheriff
163	-	N/A	153	-	N/A	160	-	N/A	191		189	Utilities
765			758			811			658			Other
												Total County of Stafford Fleet Vehicles
1,126			1,129			1,164			1,041			Total Fleet Vehicles
1	0	N/A	1	0	N/A	1	0	N/A	N/A			Other Vehicles Serviced by Fleet Services:
												Vocational Foundation Fleet Vehicles
1			1			1						Total Other Vehicles

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**FLEET SERVICES OPERATING INDICATORS**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>FLEET OPERATIONS</b>					
Work orders completed	5,593	5,638	5,254	5,402	5,220
Invoices processed	4,374	4,670	4,593	4,532	4,443
Parts transactions	95,663	90,926	83,703	80,917	87,410

	Fiscal Year					
	2017		2018		2019	
	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>
<b>FLEET FUEL</b>						
Gallons Purchased	556,154	487,511	562,598	503,230	560,577	512,084
Cost	\$ 921,522	\$ 785,867	\$ 1,171,800	\$ 971,072	\$ 1,203,317	\$ 1,017,771

	Fiscal Year					
	2017		2018		2019	
	<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>
<b>FLEET ACQUISITIONS</b>						
School Buses - Mainstream	23	-	7	-	-	-
- Special Needs	3	-	3	-	7	-
Other School Vehicles	3	-	6	-	-	-

	Fiscal Year					
	2017		2018		2019	
	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>
<b>FLEET SHOPS</b>						
Vehicles per Technician by Shop	36	128	36	148	26	139

Source: Fleet Services internal records

**NOTE:** In fiscal year 2007, Stafford Schools issued its first stand-alone ACFR. Ten years of data are available, only six years are presented.

Table S-12B

Fiscal Year					
2018	2019	2020	2021	2022	
5,475	5,452	4,276	4,492	4,329	<b>FLEET OPERATIONS</b>
4,266	4,055	3,222	2,804	3,745	Work orders completed
87,209	87,839	71,054	55,966	41,710	Invoices processed
					Parts transactions

Fiscal Year						
2020		2021		2022		
<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<u>Schools</u>	<u>County</u>	<b>FLEET FUEL</b>
438,096	500,696	498,532	304,905	589,067	513,816	Gallons Purchased
\$ 842,992	\$ 803,389	\$ 825,273	\$ 547,529	\$ 1,800,894	\$ 1,471,433	Cost

Fiscal Year					
2020		2021		2022	
<u>Replacement</u>	<u>Additional</u>	<u>Replacement</u>	<u>Additional</u>		<b>FLEET ACQUISITIONS</b>
14	-	10	2	44	School Buses - Mainstream
5	-	20	-	15	- Special Needs
2	-		-		Other School Vehicles

Fiscal Year						
2020		2021		2022		
<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<u>Heavy Duty Shop</u>	<u>Light Duty Shop</u>	<b>FLEET SHOPS</b>
35	154	42	186	132	104	Vehicles per Technician by Shop

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Technology and Information Services**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Technology Statistics:</b>					
Number of Sites Serviced (Schools and Support Offices)	34	34	34	34	34
<b>Computer Statistics:</b>					
Total Desktop Computers	7,141	7,270	7,326	7,457	7,449
Desktop Computers over 5 years old	65	138	174	5	993
Percentage of Desktop Computers over 5 years old	1%	2%	2%	0%	13%
Total MacBooks	3,825	3,245	3,135	3,161	2,696
MacBooks over 5 years old	187	600	110	465	290
Percentage of MacBooks over 5 years old	5%	18%	4%	15%	11%
Total Chromebooks	778	1,651	3,025	6,955	13,867
Chromebooks Reaching EOL	0	0	0	0	65
Percentage of Chromebooks Reaching EOL	0%	0%	0%	0%	0%
Total Windows Laptops					
Windows Laptops over 5 years old					
Percentage of Windows Laptops over 5 years old					
<b>Connectivity Statistics by Site</b>					
Number of Sites with Wireless LAN connection	34	34	34	34	34
Percentage of Sites with Wireless LAN connection	100%	100%	100%	100%	100%
Number of Sites with Fiber WAN connection	18	26	27	31	33
Percentage of Sites with Fiber WAN connection	53%	76%	79%	91%	97%
<b>Other Technology Statistics:</b>					
Number of Schools equipped with Projection Systems	30	30	30	30	30
Percentage of Schools equipped with Projection Systems	100%	100%	100%	100%	100%

*Source: Technology and Information Services Internal Records*

Table S-13

Fiscal Year					
2018	2019	2020	2021	2022	
35	36	36	36	37	<b>Technology Statistics:</b>
					Number of Sites Serviced (Schools and Support Offices)
					<b>Computer Statistics:</b>
7,534	6,668	6,730	5,971	6,109	Total Desktop Computers
554	442	4,842	5,191	5,818	Desktop Computers over 5 years old
7%	7%	72%	87%	95%	Percentage of Desktop Computers over 5 years old
2,246	1,534	1,534	412	114	Total MacBooks
604	210	1,474	402	93	MacBooks over 5 years old
27%	14%	96%	98%	82%	Percentage of MacBooks over 5 years old
14,751	17,206	24,950	44,121	46,603	Total Chromebooks
2,308	1,376	120	2,466	0	Chromebooks Reaching EOL
16%	8%	0%	6%	0%	Percentage of Chromebooks Reaching EOL
1,336	1,215	1,201	1,423	1,443	Total Windows Laptops
600	746	789	529	519	Windows Laptops over 5 years old
45%	61%	66%	37%	36%	Percentage of Windows Laptops over 5 years old
					<b>Connectivity Statistics by Site</b>
35	36	36	36	37	Number of Sites with Wireless LAN connection
100%	100%	100%	100%	100%	Percentage of Sites with Wireless LAN connection
34	36	36	36	37	Number of Sites with Fiber WAN connection
97%	100%	100%	100%	100%	Percentage of Sites with Fiber WAN connection
					<b>Other Technology Statistics:</b>
32	33	33	33	33	Number of Schools equipped with Projection Systems
100%	100%	100%	100%	100%	Percentage of Schools equipped with Projection Systems

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Property Data**  
**June 30, 2022**

**Table S-14**

	<b><u>Year of Construction</u></b>	<b><u>Year of Last Renovation</u></b>	<b><u>Building - Square Feet</u></b>	<b><u>Site - Acreage</u></b>
<b>High School Data</b>				
Brooke Point HS	1993	2016	281,637	52.82
Colonial Forge HS	1999	2016	268,091	62.90
Mountain View HS	2005	2017	271,439	95.35
North Stafford HS	1981	2003	304,096	88.50
Stafford Senior HS	2015	-	288,253	124.56
<b>Middle School Data</b>				
Edward Drew MS	1951	1998	98,913*	15.31
<i>*6,032 SF is designated to the Heather Empfield Day School</i>				
Dixon-Smith MS	2006	-	145,700	48.04
H. H. Poole MS	1995	1998	145,140	36.62
Rodney Thompson MS	2000	-	138,199	44.55
Stafford MS	1991	2007	136,677	37.45
Shirley Heim MS	2008	-	146,770	22.00
T.B. Gayle MS	2002	-	148,221	39.98
A.G. Wright MS and Garrisonville ES (combined campus)	1981	2018	195,099	50.20
<b>Elementary School Data</b>				
Anthony Burns ES	2006	-	88,300	38.57
K. W. Barrett ES	2002	-	87,800	20.51
Conway ES	2005	-	91,940	19.92
Falmouth ES	1967	2012	73,725	41.49
Ferry Farm ES	1957	2021	79,857	18.12
Grafton Village ES	1967	2014	81,384	12.16
Hartwood ES	1963	1993	61,284	29.60
Hampton Oaks ES	1992	1996	80,968	18.76
Margaret Brent ES	2004	-	87,800	22.80
Moncure ES	2019	-	105,900	27.00
Park Ridge ES	1990	1994	76,431	20.00
Rockhill ES	1989	1994	76,438	23.38
Rocky Run ES	2000	-	90,580	20.00
Stafford ES	1968	2013	74,317	15.87
Widewater ES	1988	1995	77,108	22.44
Winding Creek ES	1997	-	82,016	20.89
<b>Other Property</b>				
Alvin York Bandy Administration Building and and Professional Development Center	1998	2000	74,124	9.55
Gari Melchers Complex	1931	1990	156,934	29.87
Pupil Transportation (Included in Fleet Acreage)	2009	-	7,362	-
Fleet Services	1980	-	16,000	21.54
Support Services Building (Included in Fleet Acreage)	1998	-	25,650	-
Aimee Building (JROTC Office on Stafford Senior HS campus)	1981	-	2,304	-
North Star Early Education Center	2004	2019	39,000	21.15
<b>Land</b>				
Clift Farm Road	-	-	-	172.00
Armstrong Property	-	-	-	151.45

*Source: Facility Planning, Design & Construction Internal Records*





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**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**Energy Management - Utilities Savings Data**  
**Calendar Years 2012 - 2021**

	Calendar Year				
	2012	2013	2014	2015	2016
<b>Utilities Summary of All Schools (by Year):</b>					
Thousand British Thermal Units (KBTU)	189,007,876	191,080,280	189,759,963	187,518,601	182,780,846
Square Footage	3,771,182	3,771,182	3,771,182	3,784,663	3,840,542
KBTU/Square Footage	50.12	50.67	50.32	49.55	47.59

**Utilities Summary by School Level (in KBTU):**

	2021		
	Actual	Historical	Savings
<b>Elementary Schools:</b>			
Electric	47,380,852	50,946,476	3,565,624
Gas	20,515,494	20,394,793	(120,701)
Oil	-	1,406,655	1,406,655
Propane	269,762	195,988	(73,774)
Subtotal	68,166,108	72,943,912	4,777,804
<b>Middle Schools:</b>			
Electric	27,140,136	32,483,556	5,343,420
Gas	15,444,378	9,693,934	(5,750,444)
Oil	1,885,287	3,081,177	1,195,890
Propane	74,446	56,562	(17,884)
Subtotal	44,544,247	45,315,229	770,982
<b>High Schools:</b>			
Electric	42,533,382	49,307,426	6,774,044
Gas	12,961,662	12,642,496	(319,166)
Oil	5,700,559	6,840,796	1,140,237
Propane	306,204	121,225	(184,979)
Subtotal	61,501,807	68,911,943	7,410,136
<b>Total</b>	<b>174,212,162</b>	<b>187,171,084</b>	<b>12,958,922</b>

Percentage of Savings 6.90%  
Dollar Savings \$415,126

Source: Facility Planning, Design & Construction Internal Records

Table S-15

Calendar Year					Utilities Summary of All Schools (by Year):
2017	2018	2019	2020	2021	
184,526,886	184,152,617	154,602,113	164,136,091	174,212,162	Thousand British Thermal Units (KBTU)
3,840,542	3,840,542	3,870,344	3,946,658	3,870,560	Square Footage
48.05	47.95	39.95	41.58	45.01	KBTU/Square Footage

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**AVERAGE SAT SCORES**  
**Fiscal Years 2013 - 2022**

	Fiscal Year				
	2013	2014	2015	2016	2017
<b>Average SAT Scores:</b>					
Math	509	511	519	513	521
Writing	490	493	492	486	542
Critical Reading	514	519	522	520	NLG

**Source: College Board (2020) SAT Suite Assessments Annual Report**

\* The 2020 data represent the average scores for the Commonwealth of Virginia, not Stafford County.

NLG = No Longer Given

**Table S-16**

Fiscal Year					Average SAT Scores:
2018	2019	2020*	2021	2022	
541	546	549	542	550	Mathematics
					Evidence-
					Based Reading
560	564	567	565	529	and Writing
NLG	NLG	NLG	NLG	NLG	Critical Reading

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2013 - 2022**

**Table S-17A**

<b>Grade</b>	<b>Location</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>
<b>Reading</b>											
3	Division	76%	70%	76%	75%	74%	73%	70%		59%	66%
	State	72%	69%	75%	76%	75%	72%	71%		61%	68%
4	Division	74%	72%	82%	77%	78%	77%	76%		67%	70%
	State	70%	70%	77%	77%	79%	76%	75%		68%	72%
5	Division	79%	76%	83%	83%	83%	80%	81%		67%	74%
	State	73%	73%	79%	81%	81%	80%	78%		66%	72%
6	Division	79%	76%	78%	80%	83%	83%	78%		68%	66%
	State	73%	73%	76%	77%	78%	80%	77%		69%	70%
7	Division	82%	83%	86%	85%	85%	84%	82%		67%	73%
	State	74%	76%	81%	82%	82%	81%	79%		71%	72%
8	Division	77%	74%	81%	81%	79%	81%	78%		66%	70%
	State	71%	70%	75%	75%	76%	77%	76%		69%	72%
High School	Division	93%	92%	92%	90%	90%	89%	86%		83%	87%
	State	89%	90%	89%	89%	87%	87%	86%		81%	85%
<b>Writing</b>											
5	Division	75%	74%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	71%	71%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
8	Division	74%	69%	76%	75%	74%	69%	64%		NR	NR
	State	70%	70%	72%	71%	73%	73%	70%		NR	NR
High School	Division	90%	85%	86%	86%	86%	85%	83%		NR	NR
	State	87%	84%	83%	83%	84%	84%	82%		NR	NR

**NLG = No longer given**

**NR = Not Reported (Only federally required subjects were reported this year)**

\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.

With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.

**Source: Virginia Department of Education School State Policy Waivers**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2013 - 2022**

**Table S-17B**

Grade	Location	2013	2014	2015	2016	2017	2018	2019	2020*	2021	2022
3	Division State	89%	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		87%	86%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
4	Division State	96%	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		81%	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
5	Division State	History and Social Science (Alternative Assessment)									
		95%	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
6	Division State	83%	90%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		84%	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
7	Division State	89%	96%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		84%	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
High School	Division State	86%	92%	90%	90%	85%	74%	82%		NR	NR
		77%	86%	78%	85%	80%	83%	78%		NR	NR
High School	Division State	Virginia and U.S. History									
		91%	90%	91%	90%	90%	88%	79%		NR	NR
High School	Division State	86%	87%	87%	86%	86%	84%	68%		NR	NR
		World History I									
High School	Division State	92%	91%	89%	89%	90%	85%	81%		NR	NR
		84%	85%	85%	84%	85%	82%	80%		NR	NR
High School	Division State	World History II									
		90%	92%	91%	90%	90%	87%	85%		NR	NR
High School	Division State	85%	86%	87%	86%	87%	84%	82%		NR	NR
		World Geography									
High School	Division State	97%	99%	100%	99%	95%	99%	92%		NR	NR
		86%	86%	86%	86%	83%	82%	80%		NR	NR
Content Specific	Division State	Virginia Studies									
		90%	87%	89%	87%	85%	84%	80%		NR	NR
Content Specific	Division State	87%	85%	87%	87%	87%	85%	81%		NR	NR
		U.S. History 1865 to 1877									
Content Specific	Division State	85%	79%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		83%	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
Content Specific	Division State	U.S. History 1877 to present									
		88%	84%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
Content Specific	Division State	82%	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
		Civics and Economics									
Content Specific	Division State	87%	83%	86%	87%	84%	83%	77%		NR	NR
		85%	83%	86%	87%	87%	86%	82%		NR	NR

**NLG = No longer given**

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Source: Virginia Department of Education School State Policy Waivers

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2013 - 2022**

**Table S-17C**

<b>Grade</b>	<b>Location</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>
<b>Mathematics</b>											
3	Division	69%	68%	78%	77%	74%	75%	81%		52%	65%
	State	65%	67%	74%	77%	75%	73%	82%		54%	67%
4	Division	79%	84%	85%	83%	81%	79%	85%		53%	63%
	State	74%	80%	84%	83%	81%	79%	83%		56%	66%
5	Division	76%	78%	84%	81%	83%	79%	85%		56%	67%
	State	69%	73%	79%	79%	79%	77%	81%		51%	64%
6	Division	83%	86%	90%	90%	88%	84%	78%		22%	42%
	State	77%	76%	83%	82%	82%	79%	78%		45%	57%
7	Division	75%	75%	79%	81%	79%	78%	86%		42%	51%
	State	61%	65%	72%	72%	71%	69%	78%		45%	55%
8	Division	68%	72%	79%	77%	76%	70%	73%		19%	30%
	State	61%	67%	74%	73%	74%	71%	77%		43%	57%
<b>Algebra I</b>											
High School	Division	87%	84%	85%	84%	84%	81%	87%		56%	76%
	State	76%	79%	82%	83%	82%	81%	86%		63%	80%
<b>Geometry</b>											
High School	Division	81%	82%	85%	82%	81%	81%	84%		79%	80%
	State	76%	77%	80%	80%	78%	77%	83%		73%	80%
<b>Algebra II</b>											
High School	Division	86%	91%	95%	92%	89%	91%	90%		76%	88%
	State	76%	82%	87%	89%	90%	89%	91%		78%	86%

\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.

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**Source: Virginia Department of Education School State Policy Waivers**



**STAFFORD COUNTY PUBLIC SCHOOL**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**STANDARDS OF LEARNING TEST PASSING RATES**  
**Fiscal Years 2013 - 2022**

**Table S-17D**

<b>Grade</b>	<b>Location</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020*</b>	<b>2021</b>	<b>2022</b>
<b>Science</b>											
3	Division	85%	85%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	84%	83%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
5	Division	79%	75%	82%	81%	79%	78%	77%		44%	58%
	State	75%	73%	79%	81%	79%	79%	79%		50%	61%
8	Division	83%	79%	83%	83%	82%	77%	79%		55%	60%
	State	76%	74%	78%	79%	79%	78%	78%		58%	61%
<b>Biology</b>											
High School	Division	89%	88%	91%	90%	88%	86%	86%		69%	71%
	State	83%	83%	84%	84%	82%	82%	83%		66%	70%
<b>Chemistry</b>											
High School	Division	90%	90%	91%	87%	87%	86%	86%		35%	64%
	State	86%	87%	88%	88%	89%	89%	88%		52%	64%
<b>Earth Science</b>											
High School	Division	91%	88%	87%	87%	86%	83%	83%		62%	69%
	State	83%	83%	83%	84%	82%	81%	81%		67%	73%

**NLG = No longer given**

**NR = Not Reported (Only federally required subjects were reported this year)**

*\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.*

*With the above privileges, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.*

**Source: Virginia Department of Education School State Policy Waivers**

**STAFFORD COUNTY PUBLIC SCHOOLS**  
**A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA**  
**SCHOOL ACCREDITATION AND ADEQUATE YEARLY PROGRESS (AYP)**  
**OR FEDERAL ANNUAL MEASURABLE OBJECTIVES (FAMOs)**  
**Fiscal Years 2013 - 2022**

	2013	2014	2015	2016	2017
<b>Division-wide Status:</b>					
Schools Fully Accredited	100%	100%	97%	100%	100%
Accreditation Waived					
Schools that Made AYP/AMO	37%	47%	50%	37%	*
Division AYP/AMO	Did not make AYP	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO	*
Schools that Made FAMO	-	47%	50%	37%	*
Division FAMO	-	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO	*

\* FAMO/AYP/AMO were not calculated this year.

*\*\* Governor Northam's Executive Order Fifty-One (EO51), issued on March 12, 2020, declared a state of emergency in response to the COVID-19 pandemic and authorized heads of executive branch agencies to waive any state requirement or regulation on behalf of its regulatory board. Chapter 1283 of the 2020 Acts of Assembly (part of the Appropriation Act), as signed by Governor Northam on April 27, 2020, gave the Superintendent of Public Instruction the additional authority to grant temporary flexibility or waivers for certain deadlines and requirements as provided in the Title 22.1 of the Code of Virginia and Appropriation Act that could not be met for fiscal year 2020 (school year 2019-2020) or fiscal year 2021 (school year 2020-2021) due to the state of emergency and subsequent school closures. Per procedural requirements, any waiver or relief measure requested by the Superintendent of Public Instruction must also be reviewed and approved by the Secretary of Education before taking effect.*

*With the above authorities, the Superintendent of Public Instruction has provided a number of waivers and relief measures for state-level mandates that could not be resolved through existing pathways or flexibilities and where inaction would have caused irrevocable harm to students, families, and teachers.*

**Source: Virginia Department of Education School State Policy Waivers**

Table S-18

2018	2019	2020**	2021**	2022	Division-wide Status:
100%	100%	**	**	100%	Accredited
		100%	100%		Accreditation Waived
*	*	*	*	*	Schools that Made AYP/AMO
*	*	*	*	*	Division AYP/AMO
*	*	*	*	*	Schools that Made FAMO
*	*	*	*	*	Division FAMO



## COMPLIANCE





**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 Stafford County School Board  
Stafford County Public Schools  
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; 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, each major fund, the discretely presented component unit, and the remaining fund information of the Stafford County School Board (Stafford Schools), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Stafford Schools' basic financial statements, and have issued our report thereon dated December 15, 2022.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Stafford Schools internal control over financial reporting (internal control) as a basis for designing 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 Stafford Schools internal control. Accordingly, we do not express an opinion on the effectiveness of the Stafford Schools 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 a material misstatement of Stafford Schools' 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 Stafford Schools 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 financial statements. 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 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 Stafford Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stafford Schools internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*PBMares, LLP*

Harrisonburg, Virginia  
December 15, 2022





**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 Stafford County School Board  
Stafford County Public Schools  
Stafford, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on the Major Federal Programs***

We have audited Stafford County School Board (Stafford Schools) 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 Stafford Schools major federal programs for the year ended June 30, 2022. Stafford Schools 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, Stafford Schools complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

We conducted our audit of compliance 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; 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 Stafford Schools 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 Stafford Schools' 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 Stafford Schools' 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 Stafford Schools 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 generally accepted auditing standards, *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 Stafford Schools compliance with the requirements of the federal programs as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Stafford Schools compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Stafford Schools 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 Stafford Schools' 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 we considered to be material weaknesses, as defined above. However, material weakness 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.

*PBMares, LLP*

Harrisonburg, Virginia  
December 15, 2022

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2022

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Subrecipient	2022 Federal Expenditures
Department of Agriculture:				
Direct Payments:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	Not applicable	\$ -	\$ 918,844
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	202020N85034	-	11,971,976
National School Lunch Program COVID19	10.555	202020N85034	-	744,312
Total National School Lunch Program			-	13,635,132
School Breakfast Program	10.553	202020N85034	-	3,766,361
Summer Food Service Program for Children	10.559	202121N10994	-	171,086
Total Child Nutrition Cluster			-	17,572,579
Child and Adult Care Food Program	10.558	202020N10994	-	39,916
Child and Adult Care Food Program COVID19	10.558	202020N85034	-	2,287
Total Child and Adult Care Food Program			-	42,203
Pandemic EBT Administrative Costs	10.649	Not provided	-	4,502
Total Department of Agriculture			-	17,619,284
Department of Defense:				
Direct Payments:				
JROTC	12.000	Not applicable	-	398,025
Total Department of Defense			-	398,025
Department of Labor				
Pass Through Payments From Commonwealth of Virginia:				
WIOA Cluster:				
WIOA Dislocated Worker Formula Grants	17.278	Not provided	-	15,165
Total WIOA Cluster			-	15,165
Total Department of Labor			-	15,165
Federal Communications Commission				
Direct Payments:				
Emergency Connectivity Fund Program	32.009	Not applicable	-	375,483
Total Federal Communications Commission			-	375,483
Department of Education:				
Direct Payments:				
Impact Aid	84.041	Not applicable	-	1,035,217
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	H027A200107	-	5,309,721
Special Education Preschool Grants	84.173A	H193A180112	-	104,686
Total Special Education Cluster (IDEA)			-	5,414,407

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2022**

<b>Federal Grantor/State Pass - Through Grantor/ Program Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass-through Entity Identifying Number</b>	<b>Subrecipient</b>	<b>2022 Federal Expenditures</b>
Title I Grants to Local Educational Agencies	84.010	S010A190046	-	1,951,847
Career and Technical Education - Basic Grants to States	84.048	V048A200046	-	346,164
Education for Homeless Children and Youth	84.196	S196A200048	-	35,563
Twenty-First Century Community Learning Center	84.287	S287C190047	-	157,781
English Language Acquisition State Grants	84.365	S365A190046	-	273,920
Supporting Effective Instruction State Grants	84.367	S367A180044	-	529,170
Student Support and Academic Enrichment Program	84.424	S424A190048	-	164,361
Education Stabilization Fund: Governor's Emergency Education Relief (GEER) Fund COVID19	84.425C	S425D200008	-	8,676
Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund COVID19	84.425D	S425D200008	-	8,347,252
Total Department of Education			-	18,264,358
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	Not applicable	-	2,692,984
Head Start COVID19	93.600	Not applicable	-	140,193
Total Head Start Cluster			-	2,833,177
Pass Through Payments From Commonwealth of Virginia:				
Department of Social Services:				
Medicaid Cluster:				
Medical Assistance Program	93.778	93.778/2012	-	1,414,812
Total Medicaid Cluster			-	1,414,812
Total Department of Health and Human Services			-	4,247,989
Total Expenditures of Federal Awards			\$ -	\$ 40,920,304

See accompanying notes to the schedule of expenditures of federal awards.

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Fiscal Year Ended June 30, 2022**

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Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Stafford Schools under programs of the federal government for the year ended June 30, 2022. 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 Schools, it is not intended to and does not present the financial position, changes in net position, or cash flows of Stafford Schools.

Note 2 - Summary of Significant Accounting Policies

1. 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.
2. Pass-through entity identifying numbers are presented where available.
3. The School Board has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

# STAFFORD COUNTY SCHOOL BOARD

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

### Section I. SUMMARY OF AUDITOR'S RESULTS

#### Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified?	_____ Yes	<u>√</u> No
Significant deficiencies identified?	_____ Yes	<u>√</u> None Reported
Noncompliance material to financial statements noted?	_____ Yes	<u>√</u> No

#### Federal Awards

Internal control over the major federal programs:

Material weaknesses identified?	_____ Yes	<u>√</u> No
Significant deficiencies identified?	_____ Yes	<u>√</u> None Reported

Type of auditor's report issued on compliance for the 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:

Federal Assisting Listing Number	Name of Federal Program or Cluster
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	School Lunch Program COVID-19
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
84.010	Title I Grants to Local Education Agencies
Special Education Cluster:	
84.027A	Special Education – Grants to States
84.173A	Special Education – Preschool Grants
Education Stabilization Funds:	
84.425C	Education Stabilization Fund (GEER) COVID-19
84.425D	Education Stabilization Fund (ESSER) COVID-19
Head Start Cluster:	
93.600	Head Start
93.600	COVID-19: Head Start
Medicaid Cluster:	
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs \$ 1,227,609

Auditee qualified as low-risk auditee? √ Yes \_\_\_\_\_ No

**STAFFORD COUNTY SCHOOL BOARD**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**Year Ended June 30, 2022**

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**Section II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**Section III. FEDERAL AWARDS FINDING AND QUESTIONED COSTS**

No matters were reported.



**STAFFORD COUNTY SCHOOL BOARD**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**Year Ended June 30, 2022**

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There were no matters reported during the fiscal year ended June 30, 2021.







**The mission of Stafford County Public Schools is to “inspire and empower every student.”**