



# Annual Comprehensive Financial Report

Fiscal Year 2025 | (July 1, 2024 – June 30, 2025)

Stafford County Public Schools  
(A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA)



# 2025

# Annual Comprehensive Financial Report

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For the Fiscal Year Ended June 30, 2025  
(July 1, 2024 – June 30, 2025)

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## OUR VISION

**Prepared to Excel**

Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
June 30, 2025



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

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

### **Members of the School Board**

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

### **Officials of Stafford County Public Schools**

Dr. Daniel W. Smith, Superintendent  
Mr. Chris R. Fulmer, Deputy Superintendent & Chief Operating Officer  
Dr. Amanda Schultz, Chief of Staff  
Mr. Michael Bolling, Chief Academic Officer  
Dr. Ann M. Bueche, Chief Student Support Services Officer  
Dr. Marcie Robertson, Chief of Schools  
Mr. Patrick J. Byrnett, Chief Talent Officer  
Ms. Sandra K. Osborn, Chief Communications Officer  
Dr. Sharon Shewbridge, Chief Technology Officer  
Ms. Lisa F. Boatwright, Division Counsel

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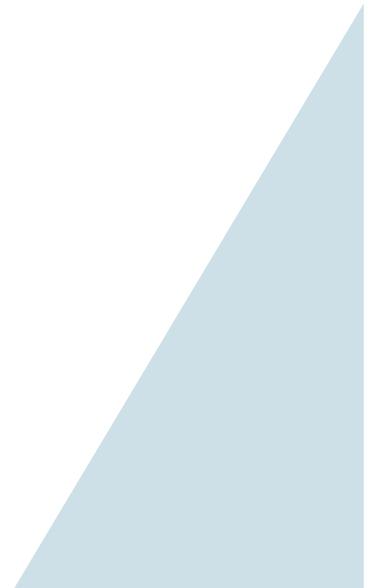
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**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*





# Introductory Section





## STAFFORD COUNTY PUBLIC SCHOOLS

31 Stafford Avenue  
Stafford, Virginia 22554-7246  
Phone: (540) 658-6000  
[www.staffordschools.net](http://www.staffordschools.net)

**SCHOOL BOARD**  
Maureen Siegmund, Chair  
Maya Guy, Vice Chair  
Dr. Sarah Chase  
Alyssa Halstead  
Patricia Healy  
Susan Randall  
Dr. Elizabeth Warner  
Gabriella Irish, Student Representative  
Lillian Eason, Alt. Student Representative

**SUPERINTENDENT**  
Daniel W. Smith, Ed. D.

December 22, 2025

Stafford County School Board

31 Stafford Avenue

Stafford, Virginia 22554

Madam Chair and Members of the Board:

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, 2025. 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, commonly referred to as a "clean audit," on Stafford Schools' financial statements for the fiscal year ended June 30, 2025. 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, Virginia (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, seated just 40 miles south of Washington, D.C. and 55 miles north of Richmond, Virginia.

An elected seven-member Board of Supervisors ("the BOS"), representing the following districts, governs Stafford County: Aquia, Falmouth, Garrisonville, George Washington, Griffis-Widewater, Hartwood, and Rockhill. The BOS reevaluated and updated its Strategic Plan for 2024 – 2029 to reflect the growing county's needs and the results of its first community survey. Stafford conceived its first-ever strategic plan in 2018, with that plan's initiatives ending in 2022. Therefore, the BOS took the necessary time to review the plan and develop new initiatives to meet the changes and demands of a growing county, expecting that new initiatives would be developed in 2030. The revised strategy focuses on transportation, a vibrant community, educational and wellness partnerships, public safety, economic diversification, excellence in governance and growth management.

Stafford County is the 12th largest county in Virginia. Its estimated 2025 population is 172,017 (*World Population Review*) with a growth rate of approximately 9.03% since 2020. The county has seen a population increase of approximately 32% since 2010, when its population was 129,857.

### Stafford County Public Schools

The citizens of Stafford County expect and support a quality educational system. Prior to the COVID-19 pandemic, our students regularly scored at or above the state and national averages on standardized tests and earned awards at regional, state, and national levels. Like many school divisions across Virginia 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 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 the division.

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. Stafford Schools is preparing to open a new high school and two new elementary schools in 2026 to meet the needs of our growing county.

## Economic Outlook

### Median Household Income

Median household income in Stafford County in 2025 was estimated at \$133,792 (*Stafford County 2025 County Profile*). This compares to the median household income in Virginia of \$92,090 (*U.S. Census Bureau, 2024 American Community Survey, 1-Year Estimates*). Nearly 80% of Stafford residents live in owner-occupied housing (*U.S. Census Bureau, 2024 American Community Survey, 1-Year Estimates*), with the median home value of \$458,800. (*Stafford County 2025 County Profile*).

### 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 the required local match contribution to state funding for standards of quality (SOQ), incentive, and lottery-funded programs. The Composite Index decreased from 0.3411 in the state biennium covering fiscal years 2023 and 2024 to 0.3312 in the state biennium covering fiscal years 2025 and 2026.

### Impact of Commonwealth of Virginia Funding

The Composite Index, as discussed above, attempts to bring equity across Virginia. Funds from the Commonwealth are disbursed based on this Index. As a locality acquires greater wealth, the Commonwealth adjusts the Index upward, which reduces Commonwealth funding and increases the locality's funding responsibility. Virginia is 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

Accomplishments of the Department of Academic Programs, in collaboration with the Offices of School Leadership and Professional Learning, for 2024-2025 are highlighted below:

- Planned for the opening of the fourth high school Specialty Center in 2025-2026 and updated secondary offerings.
- Revised K-12 curriculum to reflect changes in state standards and local expectations.
- Developed Tier 1 expectations and created Look-Fors for reflection on the implementation of Evidence-based Instructional Practices.
- Implemented a multi-tiered system of supports (MTSS) to ensure improved access to student support services for elementary students.
- Implemented expectations of the Virginia Literacy Act (VLA) in grades K-8, as appropriate, including teacher training on evidence-based literacy instruction, student reading plans, and adjustment of supplemental and intervention resources.

- Implemented a plan to increase the number of students enrolled in Algebra I during the middle school years.
- Planned for the impact of the revision to the state accountability system, analyzing and updating data streams and state submissions to improve accuracy.
- Revised the Division Literacy Plan.

## Office of Student Support Services Accomplishments

### VDOE Annual Performance Report

The Virginia Department of Education (VDOE) designated Stafford Schools as Meets Requirements (highest rating) for the 2023-2024 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. The VDOE reports Data on these indicators for the 2024-2025 reporting year will be available in August 2026.

### Inclusive Practices

Members of the Office of Student Support Services worked in conjunction with the Department of Academic Programs to develop High-Quality Instructional Strategies to Support Student Learning. The purpose of these resources is to aid teachers in understanding students' learning needs and provide instructional strategies and resources to ensure high-quality Tier 1 instruction for all students, in alignment with the Framework for Student Learning. It includes sections addressing various students' learning needs as well as evidence-based support for English Learners with varying needs.

### 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 (3) ten week internships in a job setting for students with various disabilities. Stafford Schools will continue its partnerships 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 provides positive outcomes for all involved.

### Start on Success (SOS)/Post Grad Programming

The 2024-2025 school year marked the second year of our partnership with the DARS to implement the SOS program, which fosters and facilitates postsecondary competitive integrated employment, education, and independent living for students with disabilities.

SOS is a model transition program that provides selected students with work-based learning experiences and workplace readiness skills training. This school-to-work program offers support from the DARS Vocational Rehabilitation Counselor, school division, worksite mentors, parents and a local business. The SOS program provides half-day, paid internships for students with disabilities. The SOS interns are on track to receive standard or advanced studies diplomas. The SOS program includes pre-employment transition services activities outlined in the Workforce Innovation and Opportunity Act, including job exploration counseling, work-based learning experiences, workplace readiness training, and instruction in self-advocacy. DARS provided funding for the hourly wage paid to the interns during the final semester of school for their work at the business site.

### 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 are in the exploration phase of adopting a new social emotional curriculum for teachers to implement with students and we provide building level support for the implementation of those strategies.

The Caring Collective conference was launched in the 2023-2024 school year and continues to bring mental health providers together and cultivate collaboration among school teams and consistency in procedures across the division. Topics this year included attendance, suicide risk assessment and response, and cohesion and collaboration amongst Specialized Instructional Support Personnel in support of student wellness.

For the 2024-2025 school year, we partnered with Mental Health America, Fredericksburg to provide Signs of Suicide to all ninth grade students across the division.

During the 2024-2025 school year, we successfully rolled out the Devereux Student Strengths Assessment (DESSA) mini screener to secondary students across all schools and three elementary schools. Schools were able to provide support to identify students in need.

This was the final of the two-year implementation of the NS3C grant which supports two elementary schools. The grant focuses on supporting student mental health through staff training on trauma-informed care and culturally relevant and responsive school systems.

Additionally, school year 2024-2025 was the second year of our partnership with The Jed Foundation (JED), a nonprofit that protects emotional health and prevents suicide for our nation's teens and young adults, giving them the skills and support they need to thrive. We partnered as a division for the District Comprehensive Approach (DCA) pilot and our five high schools and the Phoenix Center signed onto JED HS, collected data, and developed a strategic plan to better support the mental health needs of our students.

## Department of Nutrition Services Accomplishments

The Department of Nutrition Services is committed to enhancing student learning by providing high quality, nutritious, and diverse meals with outstanding customer service. The Department of Nutrition Services is excited to share the following operational successes for school year 2024-2025:

- Nationally recognized as an honoree of the Healthy Meals Incentives Award from the USDA Food and Nutrition Service, in collaboration with Action for Healthy Kids. This recognition highlights the district's commitment to enhancing the nutritional quality of school meals through innovative strategies.
- Successfully implemented self-serve salad bars in every school, offering students access to a wide variety of whole, fresh, and locally sourced produce. The initiative has been met with strong student engagement. During the 2024-2025 school year, students selected the salad bar as their lunch entrée approximately 93,000 times. The district witnessed a remarkable 282% increase in student salad consumption compared to 2023-2024 school year.
- Satisfactorily served a total of 4,662,055 student meals during the year, including 1,605,828 breakfasts and 3,056,227 lunches.
- Witnessed an impressive increase in student participation for breakfast and lunch of 3% and 4% respectively compared to school year 2023-2024.
- Increased the number of fresh scratch-made dishes by nearly 87% compared to the previous school year. New menu offerings included Roasted Parmesan Broccoli, Homemade Pico de Gallo, Seasoned Sweet Potato Medley, Honey Sriracha Roasted Wings, Turkey Pesto Panini, Fresh Spicy Hummus Bento Box, Roasted Summer Squash, Boom Boom Cauliflower, Zucchini Fire Sticks, Beef Vegetable Soup, and Hearty Chicken Noodle Soup, among others.

- Hosted its annual “Culinary Cup” competition inviting high school culinary arts teams to develop one vegetarian and one non-vegetarian entrée to be showcased on the district-wide high school menu. Each team created a healthy, made from scratch recipe incorporating locally sourced ingredients. The student-inspired meals were required to meet strict federal school meal standards for whole grains, zero trans-fat, lower saturated fat, sodium, and calories.
  - The non-vegetarian category winner was Stafford High School for Soy Ginger Pork Tacos.
  - The vegetarian category winner was Brooke Point High School for Refried Bean Enchilada.

## **Office of Human Resources and Talent Development Accomplishments**

In fiscal year 2025, the Office of Human Resources and Talent Development (HRTD) completed its two year Office Improvement Plan, which centered on two goals: providing consistent, reliable service delivery of expected procedures and services across all work streams, and becoming a trusted partner for all staff. These goals were informed by analysis of prior performance data for human resources and professional learning functions, feedback from school and department administrators via confidential survey, feedback from HRTD employees via confidential survey, and feedback from participants in events led by the office. The office used the “Plan, Do, Study, Act” model for improvement used for school improvement plans in Stafford Schools to oversee progress toward these goals.

### **Talent Development**

Stafford Schools continued efforts to provide high quality support to all staff, instructional and service, through collaborative work. The Department of Talent Development served as a key nexus between schools and central departments on all aspects of the talent development cycle, including new teacher mentoring, professional skill development, instructional coaching, leadership development, and performance management.

The targets established for the final cycles of the office improvement plan included implementation and improvement of the division-wide professional learning plan alongside stronger systems and support for performance evaluation for all staff.

#### **Accomplishments:**

- Conducted a division wide needs assessment for professional learning using interest surveys, listening tours of schools and department leaders, feedback surveys from participants, reviews of school improvement plans, and reviews of school climate data.
- Developed an expanded professional learning plan for the division for the 2025-2026 school year oriented around instructional excellence and growth for all employees, incorporating the training and professional learning plans of all departments throughout the year, featured offerings for different employee groups, and a year-long strategy for division wide professional learning days for instructional staff.
- Organized the second annual professional development conference for non-licensed employees that featured current employees, partners and presenters and offered employees choice on topics of participation, ranging from student behavior support to Artificial Intelligence.
- Continued partnership with the University of Mary Washington to offer additional learning opportunities for mid-tier professionals focused on leadership development and soft-skills.
- Implemented the competency based model for site-based instructional coaching (School Learning Support Teams, or SLS Teams) developed in fiscal years 2023 and 2024, including quarterly shared learning opportunities for all SLS Team members, placing instructional specialists alongside school administrators to oversee and drive instructional improvement.
- Deepened support for administrators in completion and quality of performance evaluations through shared learning opportunities, regular data sharing, and 1:1 consultations, leading to substantial improvements in on-time completion of evaluations for all staff.

- Continued refinement of existing professional learning matters, including Prep for Success Week (for new licensed hires), Mentor360 (differentiated mentorship for new licensed hires based on experience, subject area, and site placement), Sub360 (multi-day learning for substitute teachers), Health and Wellness Fair, and other recurring professional learning opportunities.
- Expanded use of the Powerschool Professional Learning platform to ensure mandatory training completion by all employees by job class/assignment.

## Human Resources

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.

The targets established for the final office improvement plan cycles focused on improved use of all HR information systems by all users, reliable processing and communication around offers and contracts, and improved intra- and interoffice communication to support all functions.

### Accomplishments:

- Expanded recruitment efforts with participation in community events, availability at public libraries, presence at in-state schools of education outside of job fairs, and multimedia local advertising, contributing to over 1,700 unique applicants for licensed positions in fiscal year 2025.
- Maintained goal of reliable and timely offers to candidates, with 90 percent of recommended candidates receiving a formal offer within two business days of recommendation by a hiring manager and all offered candidates receiving communication during the same window.
- Conducted a compensation and classification study of over 100 job titles covering over 600 service employees (primarily non-exempt) to inform fiscal year 2027 budget preparations.
- Continued to refine enrollment-based staffing standards for schools by developing and adopting standards for early childhood education based on state and federal law and best practices, revisions to special education staffing based on input from student support services and schools, and a more formalized process for evaluation of adjustment needs across all grade levels.
- Opened the 2025-2026 school year with nearly 98% of budgeted licensed positions filled (71 vacancies out of 2,660 budgeted licensed positions).
- Maintained a division-wide work atmosphere of adherence to labor standards and safe and supportive environments, including consistent honoring of workplace safety rules, equal employment opportunity, FLSA compliance, as well as successful resolution of over 170 employee relations concerns (combining grievances and misconduct investigations), with 90% of those requiring direct HR resolution concluding within two weeks of origin.

## Office of Technology Accomplishments

The Office of Technology completed a comprehensive Chromebook refresh initiative, replacing 13,725 student devices across grades 5-9. This large-scale cyclic replacement effort focused on all middle school students to ensure access to reliable, up-to-date technology to support their learning. By maintaining current hardware across these grade levels, the district provides students with consistent access to digital curriculum, collaborative tools, and educational resources essential for 21st-century learning.

Concurrent with the device refresh, the technology team implemented an enhanced acceptable use procedure to promote responsible device stewardship and extend the lifespan of district technology investments. This comprehensive approach included parent-signed acknowledgment forms outlining financial responsibility for loss and damage, ensuring families understand their role in protecting district resources. All students participated in mandatory in-class training sessions on proper device handling, care, and maintenance, fostering a culture of responsibility and digital citizenship.

To support families and mitigate financial hardship from accidental damage, the district introduced an optional device insurance program. This affordable insurance option provides families with peace of mind while protecting against the costs associated with unintentional loss or damage, making device protection accessible to all families regardless of economic circumstances.

The division employs a comprehensive and integrated management approach to ensure both a productive learning environment and efficient daily operations, made possible by leveraging Synergy our student Information system. A key component of this approach is the effective use of mass scheduling within Synergy to strategically allocate time and resources, which supports both core instruction and dedicated periods for targeted student support and enrichment. This planning facilitates the smooth coordination of large-scale initiatives like parent-teacher conferences. Furthermore, daily conduct is governed by standardized policies for teacher discipline and the management of student movement, such as controlled hall pass procedures, all managed within the platform to maximize instructional minutes and maintain a focused, safe atmosphere for all learners.

## Department of Safety and Security Accomplishments

The Department of Safety and Security's continued focus on a layered approach to security—including the hardening of physical spaces and the strategic leveraging of technology—resulted in a series of key accomplishments this year. These efforts have significantly enhanced our security posture, helping to ensure the safety of our students, staff, and visitors.

### Accomplishments:

- Adopted the Standard Response Protocol into our Emergency Management Plan. This standardized approach aims to improve communication and response during emergencies.
- Integrated technologies to help streamline the approach to initiating a building emergency to send communications internally to all staff, students, and visitors, the Department of Safety and Security, and Stafford County's Emergency Communication Center (911).
- Training:
  - Partnered with Stafford County's Office of the Fire Marshal to develop a program to train staff as crowd managers during large events to meet state fire code requirements. The Department of Safety and Security has trained 598 staff members across all schools to help satisfy the requirements.
  - Employed two certified threat assessment trainers and are able to now train and certify school based threat assessment team members.
  - Developed a Crisis Management Team training program to be delivered to school-based crisis management teams.
- Implemented Threat Assessment and Case Management software in an effort to standardize the threat assessment process and ensure that case management efforts are being completed. We are piloting the software in the fall of 2025 with selected schools, with anticipated full implementation in the spring of 2026.

## Department of Facilities and Maintenance Accomplishments

- Completed and brought online the largest school rooftop solar array in Virginia at North Stafford High School.

- Broke ground on Falls Run Elementary School and Crow's Nest Elementary School, with a planned opening of both in August 2026.
- Secured land and began design for the Drew Middle School rebuild slated to open in August 2028.
- Implemented a new maintenance work order management system and began implementation of new asset management program.
- Revamped the Capital Improvement Plan, securing funding for the rebuild of Hartwood Elementary School, slated to open in August 2028, as well as a fully-funded Capital program.
- Successfully completed redistricting efforts for Falls Run Elementary School, Crow's Nest Elementary School, and Hartwood High School, all slated to open in August 2026.
- Facilitated community meetings, online surveys, and stakeholder engagement loops to ensure transparency and community input during redistricting processes.
- Achieved 99% enrollment projection accuracy system-wide, supporting effective capital planning, budgeting, and staffing across school levels.
- Conducted detailed assessments of instructional program capacity (e.g., special education, gifted, etc.) across all elementary schools to help inform decisions on student transfers, boundary adjustments, and portable classroom needs.
- Worked closely with Stafford County planners to assess future housing developments and incorporate projected student yields into enrollment forecasts and accommodation plans.
- Created an in-house student transfer request system, improving response times, communication among stakeholders, and compliance with policy guidelines.
- Developed long-range enrollment projections and capacity utilization data to justify and prioritize future new school construction within the Capital Improvement Plan (CIP).
- Acquired 42 Blackjack Road property, providing necessary office, training, and warehouse storage space.
- Completed over 32,400 work requests with zero accidents.
- Executed a new custodial supply contract, reducing costs by over \$100,000.
- Continued custodial inspection process for quality assurance reducing custodial expenses by over \$70,000.
- Streamlined grounds maintenance contract reducing cost by over \$100,000.
- Purchased additional grounds and snow removal equipment, expanding internal capabilities and saving approximately \$200,000 annually.

## 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 81% of the current operating costs are related to employee compensation and providing competitive salaries and benefits to attract and retain qualified staff. This remained a top priority for Stafford Schools in the fiscal year 2026 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. The fair value of the trust fund investments at June 30, 2025 and 2024 were \$44,975,757 and \$43,289,637, respectively. The cost value of the trust fund investments at June 30, 2025 and 2024 was \$23,780,389 and \$23,801,630, 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 Stafford County 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 equivalent 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 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.

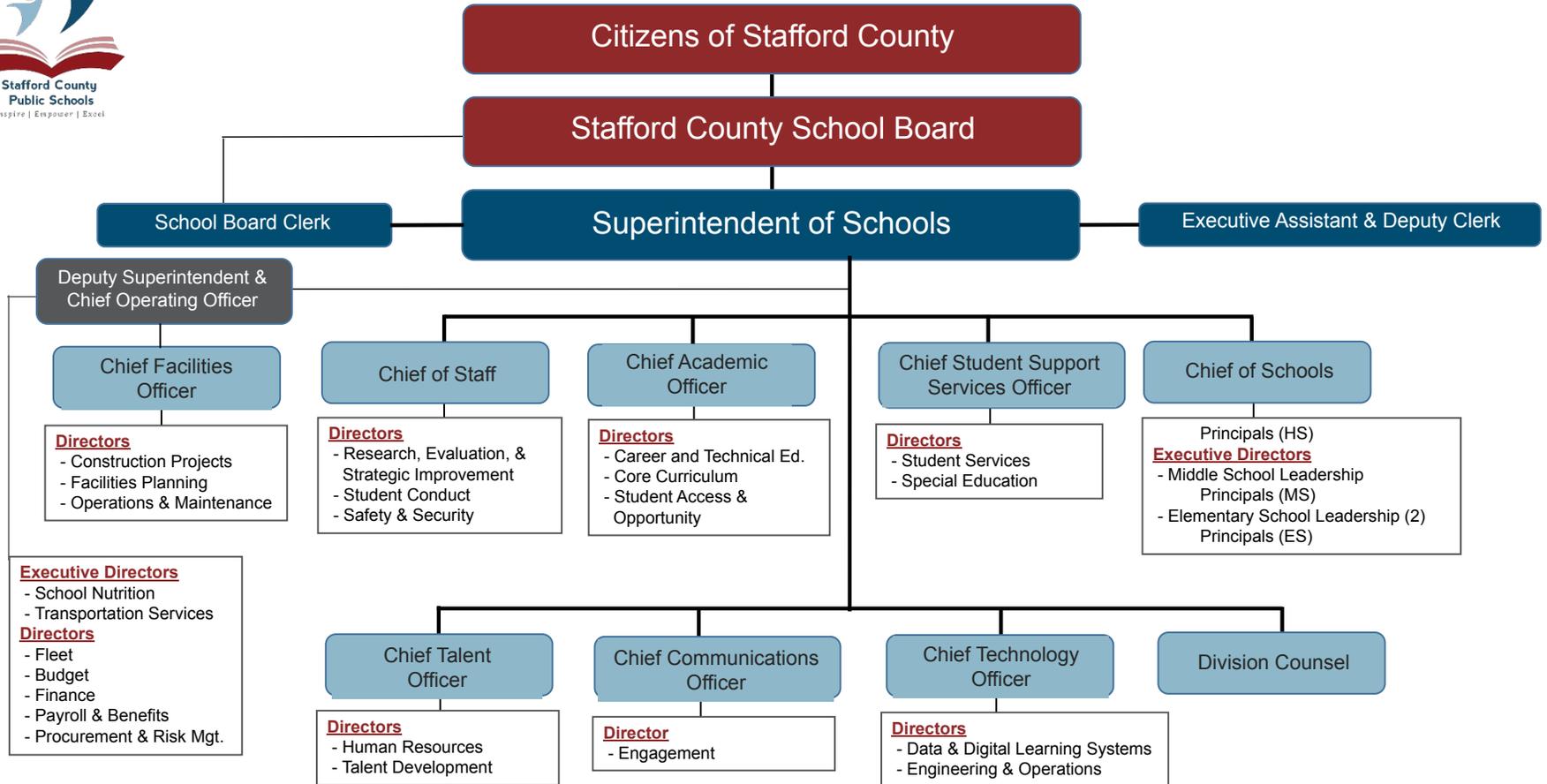
Respectfully,



Daniel W. Smith, Ed.D.  
Superintendent



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

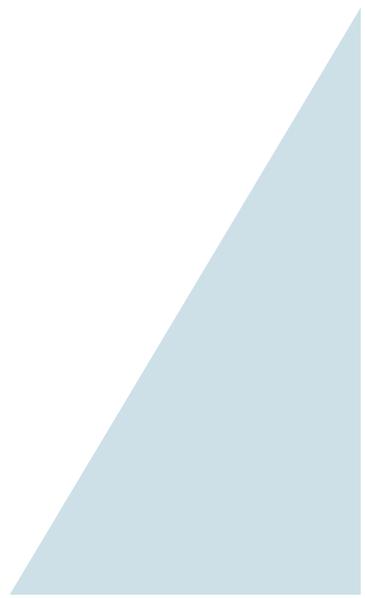




# Financial Section



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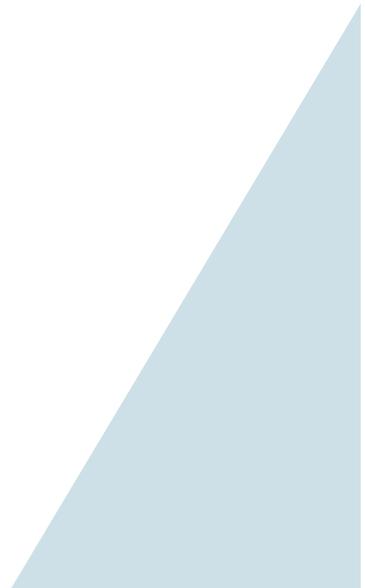


# **Independent Auditor's Report**





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## 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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2025, 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 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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia. Our responsibilities under those standards and specifications are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

#### *Emphasis of Matter*

As described in Note 17 to the financial statements, in fiscal year 2025, Stafford Schools adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

#### *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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia 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, *Government Auditing Standards*, and the *Specifications for Audits of Counties, Cities and Towns* issued by the Auditor of Public Accounts of the Commonwealth of Virginia, 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 and the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 GAAS. 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***

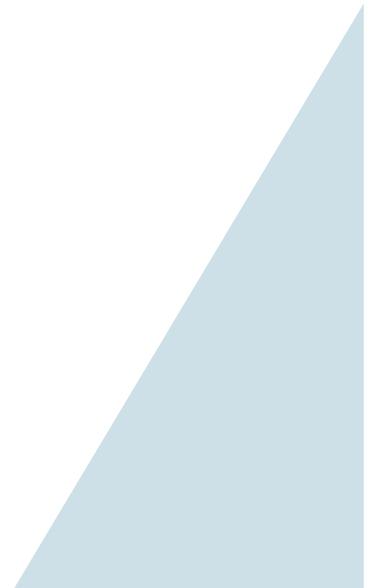
In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2025 on our consideration of Stafford Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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 22, 2025



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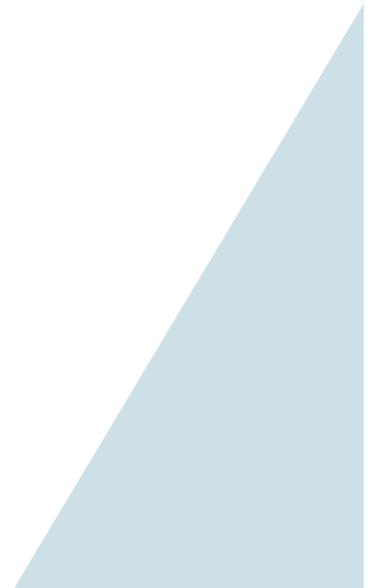


# **Management's Discussion and Analysis**





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## 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, 2025. 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, 2025. 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

### Government-Wide Financial Statements

Stafford Schools' total net position on a government-wide basis was \$285.1 million at June 30, 2025, as a result of assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources. Total revenues generated in fiscal year 2025 were \$594.3 million, which exceeded governmental activities expenses of \$516.1 million. This resulted in an increase in total net position of \$78.3 million for the current year.

General revenues, which includes funds transferred from the County, totaled \$360.9 million and were available to use as needed. Such revenues were sufficient to offset the \$282.6 million of program expenses that were in excess of program revenues.

### Fund Financial Statements

Stafford Schools' governmental funds reported a combined fund balance of \$34.2 million as of June 30, 2025. This represents a decrease of \$74.0 million from the prior fiscal year. The decrease is primarily due to spending on capital projects and improvements, including construction on three schools (Hartwood High, Falls Run Elementary, and Crow's Nest Elementary), all slated to open in August 2026, and on kitchen upgrades and equipment for school cafeterias across the school division.

Stafford Schools' General Fund (otherwise referred to as the Operating Fund) reported a fund balance of \$11.0 million as of June 30, 2025, which is encumbered for future expenditures. This represents an increase of \$4.2 million, or 60.8%, as compared to the June 30, 2024, fund balance of \$6.8 million.

The Capital Projects Fund ended fiscal year 2025 with a fund balance of \$9.1 million, a decrease of \$76.2 million over the prior fiscal year. This fund balance is restricted for construction and improvement projects across the school division.

### 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).

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

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
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 or where the school system serves as custodian of funds for another organization, such as OPEB Trust Fund, the Academy of Technology and Innovation at UMW Custodial Fund and its School Activity Custodial Fund, the Commonwealth Governor's School Custodial Fund and its School Activity Custodial Fund and the Employee Flexible Spending Custodial Fund
Required financial statements	Statement of Net Position	Balance Sheet	Statement of Net Position	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balances	Statement of Revenues, Expenses, and Changes in Net Position  Statement of Cash Flows	Statements of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital and short-term and long-term	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, financial 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

The following table provides a summary of Stafford Schools' net position as of June 30, 2025 and 2024.

#### Summary of Net Position June 30, 2025 and 2024 (In thousands of dollars)

	Governmental Activities			
	2025	2024	Change	% Change
<b>Assets:</b>				
Current assets	\$ 114,902	\$ 109,919	\$ 4,983	4.5%
Noncurrent assets:				
Restricted assets	35,802	87,711	(51,909)	(59.2)%
Lease receivable	107	-	107	
Capital assets, net	617,361	488,884	128,477	26.3%
Total assets	768,172	686,514	81,658	11.9%
<b>Deferred outflows of resources:</b>				
Pension deferrals	90,540	81,333	9,207	11.3%
OPEB deferrals	52,640	62,828	(10,188)	(16.2)%
Total deferred outflows of resources	143,180	144,161	(981)	(0.7)%
<b>Liabilities:</b>				
Current liabilities	113,441	85,155	28,286	33.2%
Noncurrent liabilities	15,808	16,779	(971)	(5.8)%
Net pension liability	204,812	217,739	(12,927)	(5.9)%
Net OPEB liability	119,256	129,379	(10,123)	(7.8)%
Total liabilities	453,317	449,052	4,265	0.9%
<b>Deferred inflows of resources:</b>				
Lease deferrals	108	-	108	
Pension deferrals	33,328	22,863	10,465	45.8%
OPEB deferrals	139,464	151,898	(12,434)	-8.2%
Total deferred inflows of resources	172,900	174,761	(1,861)	(1.1)%
<b>Net position:</b>				
Net investment in capital assets	573,689	465,535	108,154	23.2%
Restricted	19,597	97,526	(77,929)	(79.9)%
Unrestricted (deficit)	(308,151)	(356,199)	48,048	13.5%
<b>Total net position</b>	<b>\$ 285,135</b>	<b>\$ 206,862</b>	<b>\$ 78,273</b>	<b>37.8%</b>

Stafford Schools' assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by \$285.1 million as of June 30, 2025. The largest component of net position is net investment in capital assets of \$573.7 million. This represents the portion related to capital and right-to-use assets, net of accumulated depreciation and amortization, less any outstanding liabilities of Stafford Schools that were used to acquire the assets. It should be noted that the *Code of Virginia* does not allow school districts to issue general obligation debt. Therefore, the County issues general obligation debt for Stafford Schools, which is reported in the County's financial statements.

## Changes in Net Position

The following table summarizes Stafford Schools' changes in net position for the fiscal years ended June 30, 2025 and 2024.

### Summary of Changes in Net Position For the Fiscal Years Ended June 30, 2025 and 2024 (In thousands of dollars)

	Governmental Activities			
	2025	2024	Change	% Change
<b>Revenues:</b>				
<b>Program revenues</b>				
Charges for services	\$ 26,386	\$ 24,854	\$ 1,532	6.2%
Operating grants and contributions	146,048	135,461	10,587	7.8%
Capital grants and contributions	61,002	9,648	51,354	532.3%
<b>General revenues</b>				
Sales tax	42,420	41,059	1,361	3.3%
Basic aid	143,308	115,700	27,608	23.9%
Payments from Stafford County	171,975	151,835	20,140	13.3%
Investment earnings	2,780	2,832	(52)	(1.8)%
Gain on capital asset disposal and other sales	39	38	1	2.6%
Miscellaneous	374	372	2	0.5%
<b>Total revenues</b>	<b>594,332</b>	<b>481,799</b>	<b>112,533</b>	<b>23.4%</b>
<b>Expenses:</b>				
Education:				
Instruction	317,108	286,776	30,332	10.6%
Administration, attendance and health	72,471	61,070	11,401	18.7%
Pupil transportation	29,268	25,857	3,411	13.2%
Operation and maintenance	31,284	30,640	644	2.1%
Food and nutrition services	19,036	17,248	1,788	10.4%
Facilities	25,039	22,453	2,586	11.5%
Technology	21,647	22,076	(429)	(1.9)%
Interest and fiscal charges	205	218	(13)	(6.0)%
<b>Total expenses</b>	<b>516,058</b>	<b>466,338</b>	<b>49,720</b>	<b>10.7%</b>
<b>Change in net position</b>	<b>78,274</b>	<b>15,461</b>	<b>62,813</b>	<b>406.3%</b>
<b>Net position, beginning, restated</b>	<b>206,862</b>	<b>191,401</b>	<b>15,461</b>	<b>8.1%</b>
<b>Net position, ending</b>	<b>\$ 285,135</b>	<b>\$ 206,862</b>	<b>\$ 78,273</b>	<b>37.8%</b>

Revenue, which include program revenues and general revenues, increased by \$112.5 million, or 23.4% over fiscal year 2024.

Program revenues include charges for services, operating grants and contributions and capital grants and contributions and had the following changes from the prior fiscal year:

- Charges for services increased by \$1.5 million mainly due to increases in charges to students for meals, contributions for health and dental premiums, and fees for dual enrollment, summer school, and student activities.
- Operating grants and contributions, mainly from the Virginia Department of Education (VDOE) and the federal government, increased by \$10.6 million.

This included the following major funding increases:

- Education at Risk funding (\$11.0 million).

- Special education Standards of Quality funding (\$5.0 million).
- ESL education funding (\$3.2 million).
- State funding for bonuses (\$3.2 million).
- All In funding (\$3.1 million).
- OPEB trust funding (\$2.1 million).
- Medicaid reimbursement (\$2.0 million).
- Education infrastructure and operations per pupil funding (\$1.1 million).
- Education Social Security funding (\$1.1 million).
- School Breakfast and Lunch program federal funding (\$0.7 million).
- Title I federal funding (\$0.5 million).

These increases were offset by the following major funding decreases:

- Compensation supplement funding (\$11.5 million).
- Hold Harmless funding (\$4.9 million).
- Pension/OPEB Non-employer contributions (\$3.3 million).
- Education Stabilization funding (\$2.7 million).
- Capital grants and contributions increased by \$51.4 million mainly due to increase funding from Stafford County towards school construction and improvement projects (\$50.4 million), and from the Virginia Department of Education for HVAC grants (\$1.0 million).
- General revenues increased by \$49.1 million, mostly attributed to increased funding from Stafford County (\$20.1 million), basic aid from the Commonwealth of Virginia (\$27.6 million), and sales tax revenue (\$1.4 million) ,

Program expenses increased by \$49.9 million, or 10.7% over fiscal year 2024 in the following areas:

- Instruction increased by \$30.3 million due to increases in salary and benefits for teachers and staff (\$26.3 million), tuition for Stafford students at the Academy of Technology and Innovation at University of Mary Washington, Virtual Virginia, and speech services (\$2.2 million) textbooks and supplies (\$2.0 million), student activity fund expenses (\$0.5 million) offset by a decrease in pension expense (\$0.7 million).
- Administration, attendance and health increased by \$11.4 million due to increases in salary and benefits for administrative and health staff (\$2.3 million), health and dental claims and incurred claims (\$8.4 million), workers compensation (\$0.7 million) offset by decrease in pension and OPEB expense (\$0.2 million).
- Pupil Transportation increased by \$3.4 million due to increases in salary and benefits for transportation staff (\$3.9 million), depreciation expense (\$0.2 million) offset by decrease in pension expense of (\$0.6 million).
- Nutrition increased by \$1.8 million due to increases in salary and benefits (\$1.1 million), cafeteria supplies and USDA commodities (\$0.6 million), and depreciation expense (\$0.1 million).
- Operation and maintenance increased by \$0.6 million due to increases in salary and benefits for staff (\$1.3 million), offset by decreases in facilities maintenance, cleaning, and grounds costs (\$0.1 million), repairs maintenance and equipment costs (\$0.3 million) and pension expense (\$0.3 million).
- Facilities increased by \$2.6 million due to increases in salary and benefits for facilities staff (\$0.5 million), legal fees and maintenance costs (\$0.6 million), depreciation and amortization expense (\$0.8 million) and payment of funds to the County Capital Reserve (\$0.7 million).
- Technology decreased by \$0.4 million due to increase in salaries for technology staff (\$0.2 million) short term online service and content (\$1.0 million), and amortization and depreciation expense (\$0.8 million) offset by decreases in expenses for technology agreements (\$2.0 million), computer parts (\$0.3 million) and pension expense (\$0.1 million).

### 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, 2025:

### Operating Fund Budget Summary For the fiscal year ended June 30, 2025 (In thousands of dollars)

Operating Activity Category	Operating Budget		Actual	Variance from Final Budget Over (Under)
	Original	Final		
Total revenues	\$ 459,745	\$ 470,581	\$ 471,635	\$ 1,054
Total expenditures	(460,745)	(478,424)	(467,475)	(10,949)
Net change in fund balance	\$ (1,000)	\$ (7,843)	\$ 4,160	\$ (12,003)

### Capital Assets

Below is a summary of Stafford Schools' net capital assets as of June 30, 2025 and 2024, respectively. Additional information on capital assets can be found in Note 5 to the financial statements.

### Net Capital Assets Summary June 30, 2025 and 2024 (In thousands of dollars)

Category	2025	2024	Change	% Change
Land and land improvements	\$ 124,015	\$ 117,042	\$ 6,973	6.0%
Assets not place in service	2,424	-	2,424	100.0%
Construction in progress	170,580	56,913	113,667	199.7%
Building and building improvements	638,811	618,756	20,055	3.2%
Furniture, fixtures and equipment	27,977	21,046	6,931	32.9%
Vehicles	39,680	35,685	3,995	11.2%
Technology infrastructure	4,865	4,799	66	1.4%
Water treatment system	1,320	1,320	-	-%
Software and subscription based information technology arrangements	5,662	4,606	1,056	22.9%
Less: accumulated depreciation and amortization	(397,973)	(371,283)	(26,690)	7.2%
Total capital assets, net	\$ 617,361	\$ 488,884	\$ 128,477	26.3%

Major capital asset transactions occurring during fiscal year 2025 included the following:

- Continued construction on Hartwood High school (\$79.5 million).
- Commencement of construction on Falls Run Elementary School (\$18.8 million).

- Commencement of construction on Crows Nest Elementary School (\$10.0 million).
- Planning for the rebuild of Drew Middle School (\$2.5 million).
- Purchase of the Blackjack Warehouse land and building (\$3.0 million).
- HVAC and mechanical upgrades at various schools (\$13.8 million).
- Installation and furnishing of modular classrooms at various schools (\$1.5 million).
- Building and site upgrades (including roofing, fire system upgrades, and renovation projects) at various schools (\$3.8 million).
- Computer equipment and technology upgrades (\$5.7 million).
- Buses and vehicle purchases (\$6.1 million).
- Subscription based IT arrangements (\$1.2 million).
- Nutrition kitchen equipment and upgrades (\$2.2 million).
- Various other site improvements (\$2.7 million).
- Playground, athletic, maintenance, equipment and other projects (\$7.4 million).

Capital assets disposals were \$3.1 million (including accumulated depreciation and amortization of \$2.8 million) and depreciation and amortization expense for fiscal year 2025 was \$29.5 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 was 0.3411 in the state biennium covering fiscal years 2023 and 2024. The Composite Index in the state biennium covering fiscal years 2025 and 2026 decreased to 0.3312.

## Economic Factors and Next Year's Budget

- On April 15, 2025, the Board of Supervisors adopted and approved fiscal year 2026 County budgets, in resolution 25-27. On May 20th, the Board of Supervisors adopted and approved an additional meals tax, allocated to the schools. The County's fiscal year 2026 budget adopted by the Board of Supervisors included a local operating transfer to the school division of \$178,121,149.

- Stafford Schools experienced continued growth in the student population for fiscal years 2010 through 2025, which increased state revenues received by Stafford Schools. The average daily student membership drives the majority of state revenues. The extent of this growth in revenue is mitigated by required increases in expenditures to accommodate the additional students. Enrollment projections 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. The increases for 2026 are partially mitigated by the reduction in the cap on support positions, increasing projected state revenue by \$6.7 million and the Special Education Add On.
- Stafford Schools continues to experience growing student populations in English for Speakers of Other Languages (ESOL), special education, and children who qualify for free or reduced lunch. These special populations add additional expenses beyond the general educational requirements and this population was projected to continue to grow in the fiscal year 2025 budget and beyond. State funding for ESOL for 2025 and 2026 is based on a new funding methodology adopted by the 2024 Special Session I General Assembly, which bases payments on instructional position ratios aligned with student proficiency levels.
- 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 moving forward. For 2026, Stafford Schools adopted an across the board pay increase of 2.7%.
- Included in the finalized Commonwealth of Virginia budget for fiscal year 2024 were one-time funds (nonrecurring) for addressing learning loss, chronic absenteeism, implementation of the Virginia Literacy Act (VLA), and per pupil operations costs to be spent through fiscal year 2026. These funds will be utilized in part during fiscal year 2026 to include additional staff to provide remediation and tutoring at the elementary level as well as supports for VLA implementation.

### **Contacting Stafford Schools Management**

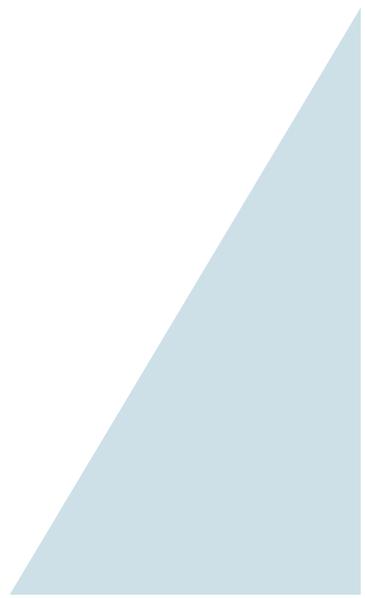
This financial report is designed to provide citizens, taxpayers, parents and guardians, and creditors with a general overview of Stafford Schools' finances and to demonstrate accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact Chris R. Fulmer, CPA, CFE, Deputy Superintendent and Chief Operating Officer, 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**  
*Inspire | Empower | Excel*



**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Statement of Net Position**  
**June 30, 2025**

**Exhibit A**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 36,377,099
Deposits	106,250
Accounts receivable, net of allowances	20,000,546
Due from Primary Government	55,965,992
Prepaid items	1,564,580
Inventory	886,876
Restricted cash and cash equivalents	35,802,214
Lease receivable	107,234
Capital assets:	
Land	46,515,137
Land improvements	77,499,761
Assets not placed in service	2,423,967
Construction in progress	170,579,947
Buildings and building improvements	638,677,886
Water treatment system	1,319,841
Furniture, fixtures and equipment	26,442,266
Technology infrastructure	4,865,156
Software	2,099,651
Vehicles	39,680,385
Less: accumulated depreciation and amortization	(395,142,326)
Right to use assets:	
Buildings	133,675
Equipment	1,534,565
Subscription-based information technology arrangements	3,562,106
Less: accumulated amortization	(2,830,759)
Total capital assets, net	<u>617,361,258</u>
Total assets	<u>768,172,049</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	90,539,837
OPEB deferrals	52,640,355
Total deferred outflows of resources	<u>143,180,192</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	33,310,545
Accrued salaries and benefits	57,759,763
Contract retainage	7,110,966
Current portion of accrued insurance claims	8,580,901
Current portion of long-term liabilities	4,420,966
Unearned revenues	2,258,003
Noncurrent portion of accrued insurance claims	89,241
Noncurrent portion of long-term liabilities	15,718,942
Net pension liability	204,812,066
Net OPEB liability	119,255,726
Total liabilities	<u>453,317,119</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Lease deferrals	108,310
Pension deferrals	33,328,483
OPEB deferrals	139,463,631
Total deferred inflows of resources	<u>172,900,424</u>
<b>NET POSITION</b>	
Net investment in capital assets	573,689,193
Restricted for:	
Capital Projects	9,088,423
School Nutrition	10,229,440
Grants	252,342
Endowment	26,361
Unrestricted (deficit)	(308,151,061)
Total net position	<u>\$ 285,134,698</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 Activities**  
**For the Fiscal Year Ended June 30, 2025**

Functions/Programs	Program Revenues			Net (Expenses), Revenues and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Education:				
Instruction	\$ 317,108,309	\$ 8,360,500	\$ 129,073,534	\$ - (179,674,275)
Administration, attendance and health	72,471,154	9,111,160	2,100,000	- (61,259,994)
Pupil transportation	29,268,120	1,254,571	-	- (28,013,549)
Operation and maintenance	31,283,553	126,726	-	- (31,156,827)
Food and nutrition services	19,036,108	6,592,081	14,018,468	- 1,574,441
Facilities	25,039,242	628,076	-	61,002,370 36,591,204
Technology	21,647,310	312,726	856,000	- (20,478,584)
Interest and fiscal charges	205,409	-	-	- (205,409)
Total governmental activities	<u>\$ 516,059,205</u>	<u>\$ 26,385,840</u>	<u>\$ 146,048,002</u>	<u>\$ 61,002,370 (282,622,993)</u>
<b>General revenues:</b>				
Sales tax				42,420,347
Basic aid				143,308,106
Payments from Stafford County				171,974,942
Investment earnings				2,779,841
Gain on capital asset disposals and other sales				38,841
Miscellaneous				373,640
Total general revenues				<u>360,895,717</u>
Change in net position				78,272,724
Net position, beginning - July 1, 2024				208,791,266
Restatement - implementation of GASB 101				(1,929,292)
Net position, beginning as restated - July 1, 2024				<u>\$ 206,861,974</u>
Net position, ending - June 30, 2025				<u>\$ 285,134,698</u>

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, 2025**

Exhibit C

	Operating Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds
			Nonmajor Governmental Funds	
<b>ASSETS</b>				
Pooled cash and investments	\$ 88,158	\$ 3,716,243	\$ 15,386,413	\$ 19,190,814
Restricted cash and investments	-	35,775,853	26,361	35,802,214
Deposits	-	106,250	-	106,250
Accounts receivable, net of allowances	3,032,411	42,897	230,065	3,305,373
Lease receivables	107,234	-	-	107,234
Intergovernmental receivables:				
Federal Government	2,706,508	-	6,450,702	9,157,210
Commonwealth of Virginia	7,396,971	-	135,486	7,532,457
Due from Primary Government	55,965,992	-	-	55,965,992
Due from other funds	4,681,863	-	263,459	4,945,322
Inventory	-	-	452,635	452,635
Total assets	<u>\$ 73,979,137</u>	<u>\$ 39,641,243</u>	<u>\$ 22,945,121</u>	<u>\$ 136,565,501</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>				
Liabilities:				
Accounts payable	\$ 6,363,731	\$ 23,596,159	\$ 414,079	\$ 30,373,969
Accrued salaries and benefits	56,125,738	46,804	1,363,918	57,536,460
Contract retainage	32,222	6,909,857	168,887	7,110,966
Unearned revenues	82,879	-	2,175,124	2,258,003
Due to other funds	263,459	-	4,681,863	4,945,322
Total liabilities	<u>62,868,029</u>	<u>30,552,820</u>	<u>8,803,871</u>	<u>102,224,720</u>
Deferred inflows of resources:				
Lease deferrals	107,234	-	-	107,234
Total deferred inflow of resources	<u>107,234</u>	<u>-</u>	<u>-</u>	<u>107,234</u>
Fund balance:				
Nonspendable:				
Inventory	-	-	452,635	452,635
Total nonspendable	<u>-</u>	<u>-</u>	<u>452,635</u>	<u>452,635</u>
Restricted:				
Capital projects	-	9,088,423	-	9,088,423
Food and nutrition services	-	-	10,229,440	10,229,440
Grants	-	-	95,854	95,854
Endowment	-	-	26,361	26,361
Total restricted	<u>-</u>	<u>9,088,423</u>	<u>10,351,655</u>	<u>19,440,078</u>
Assigned:				
Operating	11,003,874	-	-	11,003,874
School Activity	-	-	3,359,328	3,359,328
Total assigned	<u>11,003,874</u>	<u>-</u>	<u>3,359,328</u>	<u>14,363,202</u>
Unassigned:				
Division Wide Activity	-	-	(22,368)	(22,368)
Total unassigned	<u>-</u>	<u>-</u>	<u>(22,368)</u>	<u>(22,368)</u>
Total fund balance	11,003,874	9,088,423	14,141,250	34,233,547
Total liabilities and fund balance	<u>\$ 73,979,137</u>	<u>\$ 39,641,243</u>	<u>\$ 22,945,121</u>	<u>\$ 136,565,501</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, 2025**

Exhibit C-1

Fund balance - total governmental funds		\$	34,233,547
Amounts reported for governmental activities in the Statement of Net Position are different due to:			
Prepaid items used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			1,564,580
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Governmental capital assets	\$	1,006,363,057	
Less accumulated depreciation and amortization		<u>(392,270,837)</u>	
Net capital assets			614,092,220
Right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Right-to-use lease assets		1,668,240	
Right-to-use SBITA assets		3,562,106	
Less accumulated amortization		<u>(2,830,759)</u>	
Net right-to-use assets			2,399,587
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.			142,370,766
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		18,495,484	
Deferred outflows of resources		809,426	
Liabilities		(14,886,199)	
Deferred inflows of resources		<u>(1,159,416)</u>	
Net position			3,259,295
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Lease liability		(645,770)	
SBITA liability		(1,356,053)	
Accrued interest		(38,846)	
Notes payable		(7,645,192)	
Compensated absences		(10,328,201)	
Net pension liability		(202,742,736)	
Net OPEB liability		<u>(118,394,725)</u>	
Total			(341,151,523)
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.			<u>(171,633,774)</u>
Net position of governmental activities			<u>\$ 285,134,698</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 Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2025**

Exhibit D

	Operating Fund	Capital Projects Fund	Special Revenue Funds	Total Governmental Funds
			Nonmajor Governmental Funds	
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ 171,974,942	\$ 59,285,697	\$ -	\$ 231,260,639
Commonwealth of Virginia	287,003,168	-	8,025,935	295,029,103
Federal Government	4,788,402	-	31,575,623	36,364,025
Total intergovernmental revenues	463,766,512	59,285,697	39,601,558	562,653,767
Charges for services:				
Tuition and fees	1,145,511	-	5,660,670	6,806,181
Food sales	-	-	6,322,287	6,322,287
Recovered costs	5,440,036	87,612	269,794	5,797,442
Miscellaneous	89,097	-	320,078	409,175
Use of money and property	8,965	2,498,890	1,267	2,509,122
Total revenues	470,450,121	61,872,199	52,175,654	584,497,974
<b>EXPENDITURES</b>				
Current:				
Education:				
Instruction	338,389,119	-	23,257,235	361,646,354
Administration, attendance and health	24,543,455	-	839,472	25,382,927
Pupil transportation	29,961,494	-	214,463	30,175,957
Operation and maintenance	32,104,033	-	20,591	32,124,624
Food and nutrition services	186,245	-	19,977,334	20,163,579
Facilities	1,118,786	-	-	1,118,786
Technology	20,759,329	-	818,247	21,577,576
Capital outlay	12,793,891	138,100,207	8,927,176	159,821,274
Debt service:				
Principal	2,322,455	-	103,132	2,425,587
Interest and fiscal charges	196,151	-	4,154	200,305
Total expenditures	462,374,958	138,100,207	54,161,804	654,636,969
Excess (deficiency) of revenues over (under) expenditures	8,075,163	(76,228,008)	(1,986,150)	(70,138,995)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	(5,100,000)	-	-	(5,100,000)
SBITAs issued	1,185,378	-	18,482	1,203,860
Total other financing sources (uses), net	(3,914,622)	-	18,482	(3,896,140)
Change in fund balance	4,160,541	(76,228,008)	(1,967,668)	(74,035,135)
Fund balance, beginning - July 1, 2024	6,843,333	85,316,431	16,108,918	108,268,682
Fund balance, ending - June 30, 2025	\$ 11,003,874	\$ 9,088,423	\$ 14,141,250	\$ 34,233,547

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, 2025**

Net change in fund balance - total governmental funds		\$ (74,035,135)
Amounts reported for governmental activities in the Statement of Activities are different due to:		
Governmental funds report prepaid assets as expenditures. However, in the Statement of Activities, these assets are allocated over the benefiting periods.		1,567,295
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	\$ 156,967,554	
Less: Depreciation and amortization expense	<u>(27,688,058)</u>	
Excess of capital outlay over depreciation and amortization		129,279,496
Expenditures for right-to-use assets	1,203,860	
Less: Amortization expense	<u>(1,641,247)</u>	
Excess of amortization over capital outlay		(437,387)
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position.		(158,835)
Debt issuance is revenue in the governmental funds, but increases long term liabilities in the Statement of Net Position.		
SBITA issuance	<u>(1,203,860)</u>	(1,203,860)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.		2,425,587
Contributions for defined benefit pension and OPEB plans are recognized as expenditures in the governmental funds when contributions are made. However, in the Statement of Activities, pension expense is recognized based on changes in the long-term net pension and OPEB liabilities.		46,459,370
Some revenues reported in the Statement of Activities are not a source of current financial resources and, therefore, are not reported as revenue in the governmental funds. Some revenue is recognized as revenue in governmental funds, but deferred in the Statement of Activities.		
Lease revenue		(1,076)
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.		
Changes in accrued interest	(5,106)	
Changes in accrued compensated absences	(515,194)	
OPEB expense	4,594,931	
Pension expense	<u>(27,086,797)</u>	
		(23,012,166)
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.		<u>(2,610,565)</u>
Change in net position of governmental activities		<u>\$ 78,272,724</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 Net Position**  
**Proprietary Funds**  
**June 30, 2025**

**Exhibit E**

	<b>Governmental Activities</b>
	<b>- Internal Service Funds</b>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 17,186,285
Accounts receivable	5,507
Inventory	434,241
Capital assets:	
Land	37,357
Land improvements	1,268,429
Construction in progress	20,881
Buildings and building improvements	1,867,382
Furniture, fixtures and equipment	334,932
Software	79,530
Vehicles	132,429
Less: accumulated depreciation and amortization	(2,871,489)
Total capital assets	<u>869,451</u>
Total assets	<u>18,495,484</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Pension deferrals	367,488
OPEB deferrals	441,938
Total deferred outflows of resources	<u>809,426</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	2,897,734
Accrued salaries and benefits	223,303
Current portion of accrued insurance claims	8,580,901
Current portion of compensated absences	74,230
Noncurrent portion of accrued insurance claims	89,241
Noncurrent portion of compensated absences	90,459
Net pension liability	2,069,330
Net OPEB liability	861,001
Total liabilities	<u>14,886,199</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension deferrals	174,421
OPEB deferrals	984,995
Total deferred inflows of resources	<u>1,159,416</u>
<b>NET POSITION</b>	
Net investment in capital assets	859,067
Unrestricted	2,400,228
Total net position	<u>\$ 3,259,295</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 Revenues, Expenses, and Changes in Net Position**  
**Proprietary Funds**  
**For the Fiscal Year Ended June 30, 2025**

Exhibit F

	<b>Governmental Activities</b> <b>- Internal Service Funds</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 45,591,425
Miscellaneous	53,565
Total operating revenues	<u>45,644,990</u>
<b>OPERATING EXPENSES</b>	
Personnel services	2,460,535
Contractual services	49,022,352
Materials and supplies	1,997,316
Utilities	30,217
Telecommunications	7,116
Depreciation and amortization	146,319
Total operating expenses	<u>53,663,855</u>
Operating loss	<u>(8,018,865)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest and investment revenue	271,795
Loss on disposal of capital assets	(2,336)
Vehicle and other sales	38,841
Total nonoperating revenues, net	<u>308,300</u>
<b>TRANSFERS</b>	
Transfers in	5,100,000
Total transfers	<u>5,100,000</u>
Change in net position	(2,610,565)
Net position, beginning - July 1, 2024	5,873,323
Restatement - implementation of GASB 101	(3,463)
Net position, beginning as restated - July 1, 2024	<u>5,869,860</u>
Net position, ending - June 30, 2025	<u>\$ 3,259,295</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, 2025**

**Exhibit G**

	<b>Governmental Activities</b> <b>- Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 45,607,155
Other receipts	53,565
Payments to suppliers	(49,118,201)
Payments to employees	(2,478,342)
Net cash used in operating activities	<u>(5,935,823)</u>
<b>Cash flows from noncapital financing activities:</b>	
Transfers from other funds	5,100,000
Net cash provided by noncapital financing activities	<u>5,100,000</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(31,430)
Proceeds from vehicle and supply sales	38,841
Net cash provided by capital and related financing activities	<u>7,411</u>
<b>Cash flows from investing activities:</b>	
Interest earned on investments	271,795
Net cash provided by investing activities	<u>271,795</u>
Net decrease in cash and cash equivalents	(556,617)
Cash and cash equivalents, beginning - July 1, 2024	<u>17,742,902</u>
Cash and cash equivalents, ending - June 30, 2025	<u>\$ 17,186,285</u>
<b>Reconciliation of operating loss to net cash used in operating activities:</b>	
Operating loss	<u>\$ (8,018,865)</u>
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization expense	146,319
Changes in assets and liabilities:	
Decrease in accounts receivable	15,731
Increase in inventory	(69,326)
Decrease in deferred outflows of resources	33,520
Increase in accounts payable and accrued expenses	2,042,139
Increase in compensated absences	19,270
Decrease in net pension liability	(45,968)
Decrease in net OPEB liability	(42,594)
Decrease in deferred inflows of resources	(16,049)
Total adjustments	<u>2,083,042</u>
Net cash used in operating activities	<u>\$ (5,935,823)</u>
<b>Noncash capital and related financing activity:</b>	
Capital assets acquired through accounts payable - \$10,384	

*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, 2025**

Exhibit H

	<u>OPEB Trust Fund</u>	<u>Custodial Funds</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ -	\$ 1,400,521
Pooled investment funds	47,075,757	-
Prepaid items	-	47,550
Intergovernmental receivables:		
Commonwealth of Virginia	-	570,346
Total assets	<u>47,075,757</u>	<u>2,018,417</u>
<b>LIABILITIES</b>		
Accounts payable	2,100,000	155,905
Accrued salaries and benefits	-	221,749
Total liabilities	<u>2,100,000</u>	<u>377,654</u>
<b>NET POSITION</b>		
Restricted for OPEB	44,975,757	-
Restricted for organizations and individuals	-	1,640,763
Total net position	<u>\$ 44,975,757</u>	<u>\$ 1,640,763</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, 2025**

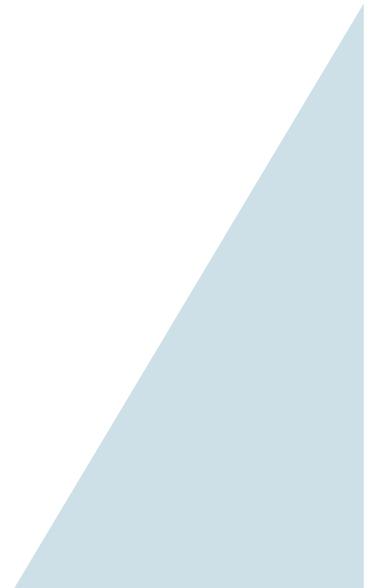
## Exhibit I

	<b>OPEB</b>	
	<b>Trust Fund</b>	<b>Custodial Funds</b>
<b>ADDITIONS</b>		
Contributions:		
Employer	\$ -	\$ 1,063,499
Students and organizations	-	149,276
Total contributions	-	1,212,775
Investment earnings:		
Net increase in fair value of investments	3,826,124	-
Total investment earnings	3,826,124	-
Less: Investment expenses	(40,004)	-
Net investment earnings	3,786,120	-
Intergovernmental revenue:		
Commonwealth of Virginia	-	3,607,069
Participating school divisions	-	705,500
Total intergovernmental revenue	-	4,312,569
Miscellaneous revenue:		
Miscellaneous revenue	-	85,248
Total miscellaneous revenue	-	85,248
Total additions	3,786,120	5,610,592
<b>DEDUCTIONS</b>		
Benefits paid to or on behalf of organizations and individuals:		
Personnel services	-	1,776,574
Contractual services	-	334,577
Materials and supplies	-	1,158,238
Other expenses	-	394,658
Benefits paid to employees	2,100,000	979,511
Total deductions	2,100,000	4,643,558
Net increase in fiduciary net position	1,686,120	967,034
Net position, beginning - July 1, 2024	43,289,637	563,393
Restatement - transfer of custodial funds from previous fiscal agent	-	110,336
Net position, beginning, restated - July 1, 2024	43,289,637	673,729
Net position, ending - June 30, 2025	\$ 44,975,757	\$ 1,640,763

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



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*

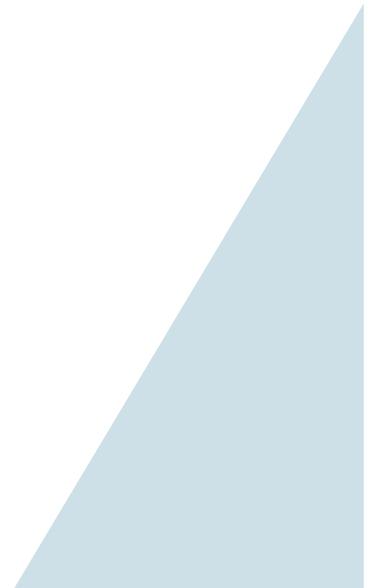




# Notes to the Basic Financial Statements



**Stafford County  
Public Schools**  
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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 three major governmental funds and five 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.
- **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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### B. Fund Accounting (Continued)

#### Non-major Governmental Funds

- **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.
- **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.

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.

#### 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### B. Fund Accounting (Continued)

#### 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 five custodial funds 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.

Stafford Schools serves as the fiscal agent for the following custodial funds:

- **Academy of Technology and Innovation at University of Mary Washington (UMW) Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with a regional high school program focused on computer and data science as applied across content areas at the University of Mary Washington.
- **Academy of Technology and Innovation at University of Mary Washington (UMW) Fund - School Activity Fund** – accounts for the assets, liabilities, and fiduciary net position (additions and deductions) associated with the various activities in connection with student athletics, classes, clubs, and various fundraising activities and private donations.
- **Commonwealth Governor's School Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with a regional high program serving students from Caroline, King George, Spotsylvania, and Stafford counties, Stafford Schools became the fiscal agent for the program on July 1, 2024. The fund had a beginning fiduciary net position of \$110,336 which was transferred from the prior fiscal agent and is presented as a restatement to beginning net position.
- **Commonwealth Governor's School – School Activity Fund** – accounts for the assets, liabilities, and fiduciary net position (additions and deductions) associated with the various activities in connection with student athletics, classes, clubs, and various fundraising activities and private donations for students attending the Commonwealth Governor's School.
- **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.

**Note 1. Summary of Significant Accounting Policies (Continued)****C. Basis of Financial Statement Presentation (Continued)****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.

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 interfund 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, 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 five non-major governmental funds. The three internal service funds are presented in the proprietary fund statements. There are six fiduciary funds, including one trust fund and five custodial funds, 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 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### D. Measurement Focus (Continued)

#### 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.

##### 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.

**Note 1. Summary of Significant Accounting Policies (Continued)****E. Basis of Accounting (Continued)**

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.

**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, 2025, 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**

Restricted cash and investments of the Capital Projects Fund 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### G. Deposits and Investments

Cash resources of the individual funds, excluding cash held with fiscal agents, 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.

### H. Prepaids

In the governmental funds, Stafford Schools recognizes the entire amount paid in advance in the period that payment is made under the purchases method for prepaid items.

### I. Inventories

The Food and Nutrition Services Fund (a non-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.

### J. Lease Arrangements

The School Board is a lessee for non-cancellable leases of certain buildings and equipment. 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 payments between principal and interest.

The School Board is a lessor for a lease for use of space within a building the School Board owns. A lease receivable and deferred inflows or resources are recognized on the Statement of Net Position for leases with a non-cancellable term of greater than twelve months (including any options to extend the lease when exercise is reasonably certain). The lease receivable and deferred inflow of resources are calculated based on the present value of the future lease payments over the term of the lease. The receivable and deferred unfollow of resources are reduced as payments are received over the life of the lease, allocating payments between principal and interest.

**Note 1. Summary of Significant Accounting Policies (Continued)****K. Subscription-Based Information Technology Arrangements(SBITA)**

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

**L. Capital Assets**

Capital asset include property, plant, equipment, and infrastructure assets, as well as right to use assets associated with lease and subscription based information technology agreements in accordance with GASB Statement No. 87, Leases and GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA).

Property, plant, equipment, and infrastructure assets with an individual cost of \$5,000 or more and when purchased en mass where total cost exceeds \$150,000 are capitalized and reported in government-wide financial statements and proprietary fund statements. Property, plant, equipment, and infrastructure assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated 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. There are no impaired property, plant, equipment, or infrastructure assets at year end.

Right to use assets acquired through lease and SBITA agreements are recorded at the present value of the minimum lease or subscription payments, as stated in the amortization schedule. Right to use assets are initially measured at an amount equal to the initial measurement of the related lease or SBITA liability plus any lease or SBITA payments made prior to the contract term, less incentives, and plus any ancillary charges necessary to place the right-to-use asset into service. Right-to-use assets are amortized on a straight-line basis over the life of the related contract.

Depreciation and amortization are recorded on capital assets in the government-wide statements and proprietary fund statements using the straight-line method.

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

**M. 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. Long-term debt is segregated between amounts due within one year (current) and amounts due beyond one year (non-current). Accounts payable and accrued liabilities expected to be paid from current financial resources are reported as current liabilities in each applicable fund.

## Note 1. Summary of Significant Accounting Policies (Continued)

### N. 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.

Liabilities are calculated for leave more likely than not to be used or paid out and include employer obligations for payroll taxes related to compensated absence liabilities. 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.

### O. Pensions

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan (professional plan) is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan (non-professional 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 fiduciary net 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.

### P. 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 VRS Health Insurance Credit (HIC) Program for non-professional employees is a multiple-employer, agent defined benefit plan; whereas for professional employees it is a multiple-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 HIC Program's fiduciary net 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.

**Note 1. Summary of Significant Accounting Policies (Continued)****P. Other Postemployment Benefits (OPEB) (Continued)****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 GLI Program OPEB's fiduciary net 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.

**Q. 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 assets 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 assets 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. In addition, Stafford Schools' also recognizes deferred inflow of resources for expected future inflow of resources related to lease agreements where Stafford Schools is the lessor.

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.

**R. 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 6 and 7). The second category represents the portion restricted by external parties and/or transactions. The unrestricted portion is reported in the third category. Stafford Schools considers restricted balances to be expended first in cases where both restricted and unrestricted amounts are available.

## Note 1. Summary of Significant Accounting Policies (Continued)

### R. Net Position (Continued)

By law, Stafford Schools does not have taxing authority and, therefore, 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.

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.

### S. 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.

### T. 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.

### U. 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### U. Stewardship, Compliance, and Accounting (Continued)

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:

#### **Stafford County Public Schools' Budgets**

##### ***Governmental Funds:***

Operating Fund  
Capital Projects Fund  
Grants Fund  
Food and Nutrition Services 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, 2025, there were no expenditures in excess of budgetary appropriations.

The budget is integrated into the accounting system, and the budgetary data, presented in the financial statements for all major 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, 2025. Individual amendments were not material in relation to the original appropriations.

### V. 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.

## Note 1. Summary of Significant Accounting Policies (Continued)

### V. 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

### A. Deposits

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

### B. Investments

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

### Demand Deposit State and Local Government Series (SLGS) Treasuries

The Treasurer has invested proceeds of VPSA's Special Obligation School Financing Bonds, Stafford County Series 2023 in Demand Deposit SLGS. The State and Local Government Series (SLGS) securities program was established in 1972 as the result of federal legislation enacted in 1969 which restricted state and local governments from earning arbitrage profits by investing bond proceeds in higher yielding investments. SLGS securities are offered for sale to issuers of state and local government tax-exempt debt to assist with compliance of yield restriction or arbitrage rebate provisions of the Internal Revenue Code. Subscribers may invest in time deposit or demand deposit types of securities. All SLGS securities are issued in book-entry form and are non-marketable. Earnings on Demand Deposit SLGS investments are exempt from both yield restriction and arbitrage rebate. PFM Financial Advisors LLC (PFM) is a registered municipal advisor with the Securities and Exchange Commission (SEC) and the Municipal Securities Rulemaking Board (MSRB) under the Dodd-Frank Act of 2010. PFM assists the County with the investment of these proceeds.

**Note 2. Deposits and Investments (Continued)****B. Investments (Continued)****External Investment Pools****Virginia Local Government Investment Pool (LGIP)**

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

**Virginia State Non-Arbitrage Program (SNAP)**

The County Treasurer has invested most of the proceeds of the School Board VPSA bonds in the SNAP Fund (the Program) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended. The Program invests in the PFM Fund Prime Series-SNAP Fund Class. PFMAM is registered under the Investment Act of 1940, as amended, the SNAP Fund Class is a diversified, open-end fund with the primary objective to see as high a rate of current income is consistent with maintaining liquidity and stability of principal. It also provides Virginia issuers of tax-exempt borrowings investment management, accounting, and arbitrage rebate calculation services. The Program 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 is the same as the value of the pool's shares, \$1 per share. Redemption of shares are not subject to redemption fees or withdrawal penalties, and can be made on any banking day without limitations.

The School Board has the following recurring reported value measurements as of June 30, 2025:

<b>Investment Type</b>	<b>Valuation Method</b>	<b>Reported Value</b>
LGIP	Amortized Cost	\$ 5,876,967
SNAP	Amortized Cost	22,566,964
SLGS	Book Value	13,208,889
Total		<u>\$ 41,652,820</u>

**1. Custodial Credit Risk**

The School Board's investment securities at June 30, 2025, were held by the School Board or in the School Board's name by the County's custodial banks.

**2. Credit Risk of Debt Securities**

Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2025, and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

**Note 2. Deposits and Investments (Continued)**

**B. Investments (Continued)**

Investment Type	AAAm	Unrated
LGIP	\$ 5,876,967	-
SNAP	22,566,964	-
SLGS	-	13,208,889
Total	\$ 28,443,931	13,208,889

As of June 30, 2025, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor’s and/or Moody’s. Ratings must comply with the investment policy prior to any purchase.

**3. Concentration of Credit Risk**

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. In accordance with GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and the issuer. At June 30, 2025, the School Board did not have any investments exceeding 5% of the total investment.

**4. Interest Rate Risk**

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

**C. 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 (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date; Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly; and Level 3 inputs are unobservable inputs for an asset or liability.

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.

Investment Type	Fair Value	Less than 1 Year
LGIP	\$ 5,876,967	\$ 5,876,967
SNAP	22,566,964	22,566,964
SLGS	13,208,889	13,208,889
Total	\$ 41,652,820	\$ 41,652,820

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.

## Note 2. Deposits and Investments (Continued)

### D. OPEB Trust Funds

As of June 30, 2025, 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:

	<u>Reported Value</u>	<u>Credit Rating</u>
Investment in pooled funds	\$ 47,075,757	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 for the funds' assets are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they oversee adherence to the investment policy.

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

### Note 3. Due From Stafford County (Primary Government)

The receivable due from Stafford County at June 30, 2025, 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.

### Note 4. Due from Commonwealth of Virginia and Federal Government

Significant amounts of intergovernmental receivables due from other governments at June 30, 2025, were as follows:

<u>Intergovernmental Receivables:</u>	<u>Operating Fund</u>	<u>Grants Fund</u>	<u>Food and Nutrition Services Fund</u>	<u>Governmental Funds Total</u>
Federal Government	\$ 2,706,508	\$ 4,902,747	\$ 1,547,955	\$ 9,157,210
Commonwealth of Virginia	7,396,971	127,003	8,483	7,532,457
Total	<u>\$ 10,103,479</u>	<u>\$ 5,029,750</u>	<u>\$ 1,556,438</u>	<u>\$ 16,689,667</u>

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 Grants Fund primarily consists of reimbursements owed for Title programs (I, II, III, IVB, VIB, X) that enhance the instruction for disadvantaged children, English learners and immigrant students, students with disabilities, provide assistance to improve quality of instruction and teacher skills, and other programs. In addition, other funds due from the federal government include reimbursements owed from Elementary and Secondary School Emergency Relief (ESSER) funds, Education Stabilization funds, special education pre-school funding and funding from the Department of Defense.

### Note 4. Due from Commonwealth of Virginia and Federal Government (Continued)

Amounts due from the federal government in the Food and Nutrition Services Fund are attributed to the National School Breakfast and Lunch Programs and the Summer Food Service Program.

Amount due from the Commonwealth of Virginia in the Operating Fund is attributed to state sales and use tax due to the school system. The Virginia Retail Sales and Use Tax Act requires one and one-eighth cent out of every five cents collected in state sales tax be distributed to school divisions based on school-age population.

Amounts due from the Commonwealth of Virginia in the Grants Fund are primarily attributed to the Special Education in Local and Regional Jails program, and also a grant received from the George Washington Regional Commission for Innovation Pathways.

Amount due from the Commonwealth of Virginia in the Food and Nutrition Services Fund are attributed to state funding to support breakfast and lunch programs.

Amounts due from the Commonwealth of Virginia and federal government are considered fully collectible and, therefore, an allowance for uncollectible accounts does not apply to these receivables.

### Note 5. Lease Receivables

#### Lease Receivable

On May 15, 2025, the School Board purchased a building and assumed a lessor agreement of the tenant who occupied space within the building and on the property at the time of the purchase. The lease agreement qualifies as other than a short-term lease under GASB Statement No. 87, Leases, and, therefore a receivable has been recorded at the present value of the future minimum lease payments as of the date of assumption of the lease. The lease receivable is measured at an internal rate of return of 2.7%.

The lease term is May 15, 2025 to April 30, 2028 and payment is due monthly. The monthly payment totals \$4,305, which includes \$3,280 for rent and \$1,025 for common area maintenance which is not included in the calculation of the lease receivable and deferred inflow of resources. Total amount received for the common area maintenance and is recognized as revenue when received.

The following is a summary of the lease activity for the year ended June 30, 2025:

	Amount Due at July 1, 2024	Increases	Decreases	Amount Due at June 30, 2025
Lease receivable	\$ -	\$ 116,053	\$ 8,819	\$ 107,234
Deferred inflow of resources	-	(116,053)	(7,743)	(108,310)

The future minimum lease receivables and the net present value of these minimum lease receipts as of June 30, 2025, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2026	\$ 33,680	\$ 2,338	\$ 36,018
2027	39,197	1,542	40,739
2028	34,357	437	34,794
Total future minimum lease receipts	<u>\$ 107,234</u>	<u>\$ 4,317</u>	<u>\$ 111,551</u>

## Note 6. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2025:

	Balance July 1, 2024	Increases	Decreases	Re-classifications	Balance June 30, 2025
<b>Capital assets not being depreciated or amortized:</b>					
Land	\$ 41,699,737	\$ 4,815,400	\$ -	\$ -	\$ 46,515,137
Assets not placed in service	-	2,423,967	-	-	2,423,967
Construction in progress	56,912,903	133,139,191	(24,857)	(19,447,290)	170,579,947
Total capital assets not being depreciated or amortized	98,612,640	140,378,558	(24,857)	(19,447,290)	219,519,051
<b>Capital assets being depreciated or amortized</b>					
Land improvements	75,342,519	1,660,615	-	496,627	77,499,761
Buildings and building improvements	618,005,585	3,914,905	-	16,757,396	638,677,886
Furniture, fixtures and equipment	19,511,318	4,967,673	(229,992)	2,193,267	26,442,266
Vehicles	35,685,027	6,011,635	(2,016,277)	-	39,680,385
Software	2,099,651	-	-	-	2,099,651
Technology infrastructure	4,799,558	65,598	-	-	4,865,156
Water treatment system	1,319,841	-	-	-	1,319,841
Right-to-use assets - Buildings	749,944	-	(616,269)	-	133,675
Right-to-use assets - Equipment	1,534,565	-	-	-	1,534,565
Right-to-use assets - SBITA	2,506,422	1,249,649	(193,965)	-	3,562,106
Total capital assets being depreciated or amortized	761,554,430	17,870,075	(3,056,503)	19,447,290	795,815,292
<b>Less accumulated depreciation or amortization</b>					
Land improvements	(46,836,131)	(3,268,873)	-	-	(50,105,004)
Buildings and building improvements	(290,650,053)	(19,538,774)	-	-	(310,188,827)
Furniture, fixtures and equipment	(10,942,616)	(2,123,577)	222,222	-	(12,843,971)
Vehicles	(16,776,531)	(2,437,888)	1,963,496	-	(17,250,923)
Software	(1,239,268)	(102,157)	-	-	(1,341,425)
Technology infrastructure	(2,222,118)	(306,716)	-	-	(2,528,834)
Water treatment system	(826,950)	(56,392)	-	-	(883,342)
Right-to-use assets - Buildings	(374,972)	(139,316)	414,032	-	(100,256)
Right-to-use assets - Equipment	(575,462)	(383,641)	-	-	(959,103)
Right-to-use assets - SBITA	(838,905)	(1,118,289)	185,794	-	(1,771,400)
Total accumulated depreciation or amortization	(371,283,006)	(29,475,623)	2,785,544	-	(397,973,085)
Total capital assets being depreciated or amortized, net	390,271,424	(11,605,548)	(270,959)	19,447,290	397,842,207
Total capital assets, net	\$ 488,884,064	\$ 128,773,010	\$ (295,816)	\$ -	\$ 617,361,258

Governmental activities capital assets, net of accumulated depreciation at June 30, 2025, are comprised of the following:

	Amount
General capital assets, net	\$ 616,491,807
Internal Service Funds capital assets, net	869,451
Total capital assets, net	<u>\$ 617,361,258</u>

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

	Amount
Instruction	\$ 489,808
Administration, attendance and health	157,255
Pupil transportation	2,580,513
Operation and maintenance	320,392
Food and nutrition services	334,127
Facilities	22,449,518
Technology	3,144,010
Total depreciation and amortization expense	<u>\$ 29,475,623</u>

## Note 7. 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, 2025:

	Amounts Payable at July 1, 2024	Increases	Decreases	Amounts Payable at June 30, 2025	Amounts Due within One Year
Lease liabilities	\$ 1,236,708	\$ -	\$ 590,937	\$ 645,771	\$ 335,036
SBITA liabilities	1,333,899	1,249,649	1,227,494	1,356,054	787,517
Notes payable	8,394,637	-	749,444	7,645,193	762,969
Compensated absences	9,958,427	534,463	-	10,492,890	2,535,444
Net pension liability	217,739,241	104,716,302	117,643,477	204,812,066	-
Net OPEB liability	129,378,789	192,168,586	202,291,649	119,255,726	-
Total	<u>\$ 368,041,701</u>	<u>\$ 298,669,000</u>	<u>\$ 322,503,001</u>	<u>\$ 344,207,700</u>	<u>\$ 4,420,966</u>

\*Note: Compensated absences change is shown as the net increase in this schedule.

### Lease Liabilities

The School Board has entered into agreements to lease certain buildings and equipment. 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 July 1, 2022, to lease copiers for a term of 60 months. Payment is due monthly at the beginning of each month in the amount of \$53,946, of which \$27,961 represents maintenance services. 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 \$575,462 on June 30, 2025.

The School Board entered into an agreement beginning January 1, 2022, to lease warehouse space with an expected term of 5 years. On May 15, 2025, the School Board purchased the building housing the warehouse space and no longer has any lease liabilities related to the lease at June 30, 2025. The School Board assumed the lease of one existing tenant at the time of purchase and lease receivables and deferred inflow are recorded at the present value of the future minimum lease payments with respect to the assumed lessor agreement.

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 \$33,419 on June 30, 2025.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2026	\$ 335,036	\$ 3,190	\$ 338,226
2027	310,735	1,092	311,827
Total future minimum lease payments	<u>\$ 645,771</u>	<u>\$ 4,282</u>	<u>\$ 650,053</u>

**Note 7. Long-Term Debt (Continued)****Subscription-Based Information Technology Arrangement Liabilities**

Stafford Schools is obligated under contracts covering certain subscription-based information technology arrangements (SBITA) as a lessee for information technology software. These contracts expire at various dates during the next two fiscal years. Stafford Schools' SBITA contracts do not contain any material residual value guarantees. As the interest rate implicit in the SBITAs is not readily determinable, Stafford Schools utilizes its incremental borrowing rate to discount the SBITA payments.

As a result of these SBITA, the School Board has recorded right to use assets with a net book value of \$1,790,706 on June 30, 2025.

The future minimum SBITA obligations and the net present value of these minimum SBITA payments as of June 30, 2025, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2026	\$ 787,517	\$ 36,390	\$ 823,907
2027	568,537	15,559	584,096
Total future minimum lease payments	<u>\$ 1,356,054</u>	<u>\$ 51,949</u>	<u>\$ 1,408,003</u>

**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
2026	\$ 80,000
2027	80,000
Total future payments	<u>\$ 160,000</u>

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 \$7,485,193 was outstanding as of June 30, 2025. For the year ended June 30, 2025, interest expense from the Energy Performance capital financing obligation totaled \$160,561.

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, 2025, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2026	\$ 682,969	\$ 147,037	\$ 830,006
2027	696,765	133,241	830,006
2028	710,841	119,165	830,006
2029	725,200	104,806	830,006
2030	739,850	90,156	830,006
2030-2035	3,929,568	220,465	4,150,033
Total future minimum lease payments	<u>\$ 7,485,193</u>	<u>\$ 814,870</u>	<u>\$ 8,300,063</u>

Assets acquired under capital financing at June 30, 2025, are summarized below:

	Amount
Buildings & building improvements	\$ 10,650,651
Accumulated depreciation	(2,142,068)
Total assets, net	<u>\$ 8,508,583</u>

## Note 8. Construction and Other Significant Commitments

At June 30, 2025, Stafford Schools had contractual commitments for significant construction projects of \$127.4 million in the Capital Projects Fund.

## Note 9. Related Parties

Stafford County Schools is fiscally dependent on Stafford 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 Academy of Technology and Innovation at University of Mary Washington (ATI-UMW) was established in partnership with the University of Mary Washington and Stafford Schools for the establishment of a regional laboratory partnership school to serve students in grades 9-12, with the possibility of eventual expansion to additional grades. ATI-UMW's Stafford Campus and serves school divisions across the Fredericksburg region, including Caroline County, Fredericksburg City, King George County, Orange County, and Stafford County. The ATI-UMW Regional School Board includes one school board representative from each participating school division and each school division contributes annually based on the number of students from each school division attending the school. ATI-UMW opened for the 2024- 2025 school year and Stafford Schools serves as the fiscal agent for ATI-UMW.

The Commonwealth Governor's School (CGS), established in 1998, is an Academic Year Governor's School that provides gifted and highly motivated high school students with challenging academic courses. Based on a school-within-a-school model, this half-day program utilizes real-time interactive technology, field experiences, and team teaching to create a regional community of learners. CGS offers a rigorous program of study and serves high school students in Caroline, King George, Spotsylvania, and Stafford counties with classes held at six sites within high schools from each school division. The CGS Board includes one school board representative and one alternate from each participating school division and each school division contributes annually for the operation of the school. Stafford Schools became the fiscal agent for CGS for the 2024-2025 school year.

## Note 10. 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.

## Note 11. 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 insurance for risk of loss. Like the County, Stafford Schools participates in the local government insurance pool administered through VAcop, a provider for government entities and municipalities in Virginia. Settled claims from these risks have not exceeded coverage for the past three years.

## Note 11. Risk Management (Continued)

Stafford Schools is a member of VAcorp insurance pool for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing. Each pool member jointly and severally agrees to assume, pay and discharge any liability. Stafford Schools pays VAcorp contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the pool and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, VAcorp 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, 2025 was \$96,142, of which \$6,901 was estimated to be current claims payable.

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

Fiscal Year Ended:	June 30, 2025	June 30, 2024
Unpaid claims, beginning of fiscal year	\$ 189,488	\$ 1,183,496
Incurred claims (including IBNR)	599,255	(111,257)
Claims payments	(692,601)	(882,751)
Unpaid claims, end of fiscal year	<u>\$ 96,142</u>	<u>\$ 189,488</u>

Stafford Schools fully retains risks associated with its health insurance plans. 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:

Fiscal Year Ended:	June 30, 2025	June 30, 2024
Unpaid claims, beginning of fiscal year	\$ 7,103,000	\$ 6,256,000
Incurred claims (including IBNR)	48,307,685	39,143,938
Claims payments	(46,836,685)	(38,296,938)
Unpaid claims, end of fiscal year	<u>\$ 8,574,000</u>	<u>\$ 7,103,000</u>

## Note 12. 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, 2025, 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.

## Note 13. 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:

Plan 1	Plan 2	Hybrid Retirement Plan
<p><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.</p>	<p><b>About Plan 2</b> Same as Plan 1.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <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> <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>
<p><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.</p>	<p><b>Eligible Members</b> <i>Professional Plan</i> Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Employees are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.</p> <p><i>Non-Professional Plan</i></p>	<p><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <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> <p><i>Non-Professional Plan</i></p>

**Note 13. Pension Plan (Continued)**

**A. Plan Description (Continued)**

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

**Note 13. Pension Plan (Continued)**

**A. Plan Description (Continued)**

Plan 1	Plan 2	Hybrid Retirement Plan
		Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.
<b>Vesting</b>	<b>Vesting</b>	<b>Vesting</b>
<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>Same as Plan 1.</p>	<p><i>Defined Benefit Component:</i> Defined benefit vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members are vested under the defined benefit component of the Hybrid Retirement Plan when they reach five years (60 months) of service credit. Plan 1 or Plan 2 members with at least five years (60 months) of service credit who opted into the Hybrid Retirement Plan remain vested in the defined benefit component.</p> <p><i>Defined Contribution Component:</i> Defined contribution vesting refers to the minimum length of service a member needs to be eligible to withdraw the employer contributions from the defined contribution component of the plan.</p> <p>Members are always 100% vested in the contributions that they make.</p> <p>Upon retirement or leaving covered employment, a member is eligible to withdraw a percentage of employer contributions to the defined contribution component of the plan, based on service.</p> <ul style="list-style-type: none"> <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> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law until age 73.</p>
<b>Calculating the Benefit</b>	<b>Calculating the Benefit</b>	<b>Calculating the Benefit</b>
<p>The basic benefit is determined using the average final compensation, service credit, and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Same as Plan 1.</p>	<p><i>Defined Benefit Component:</i> Same as Plan 1.</p> <p><i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>

## Note 13. Pension Plan (Continued)

### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b></p> <p>Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>
<p><b>Service Retirement Multiplier</b></p> <p>The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.</p>	<p><b>Service Retirement Multiplier</b></p> <p>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.</p>	<p><b>Service Retirement Multiplier</b></p> <p><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.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p><b>Normal Retirement Age</b></p> <p>Age 65.</p>	<p><b>Normal Retirement Age</b></p> <p>Normal Social Security retirement age.</p>	<p><b>Normal Retirement Age</b></p> <p><i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p>Age 65 with at least five years (60 months) of service credit or age 50 with at least 30 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p>Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b></p> <p><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.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b></p> <p>Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p>Age 60 with at least five years (60 months) of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b></p> <p><i>Defined Benefit Component:</i> Age 60 with at least five years (60 months) of service credit.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p><i>Defined Benefit Component:</i> Same as Plan 2.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>

**Note 13. Pension Plan (Continued)**

**A. Plan Description (Continued)**

Plan 1	Plan 2	Hybrid Retirement Plan
<p><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.</p> <p><i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> <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> <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> </ul> <p>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.</p>	<p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</p>	<p><i>Eligibility:</i> Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i> Same as Plan 1.</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>	<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 plan 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>

## Note 13. Pension Plan (Continued)

### A. Plan Description (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
<b>Purchase of Prior Service</b>	<b>Purchase of Prior Service</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.	Same as Plan 1.	<p><i>Defined Benefit Component:</i> Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>

### School Board Non-Professional

#### Employees Covered by Benefit Terms

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

	<u>Number</u>
Retirees and beneficiaries	220
Inactive vested members	58
Inactive nonvested members	174
Active elsewhere in VRS	78
Active employees	<u>343</u>
Total membership	<u><u>873</u></u>

#### 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, 2025, was 7.65% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023.

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 \$1,234,096 and \$1,124,842 for the years ended June 30, 2025 and 2024, respectively.

**Note 13. Pension Plan (Continued)**

**A. Plan Description (Continued)**

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$97,742 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$75,347 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$9,774,206 for the year ended June 30, 2025.

**School Board Professional**

The School Board’s professional contractually required employer contribution rate for the year ended June 30, 2025 was 14.21% of covered employee compensation. This rate was the General Assembly approved rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$37,576,756 and \$38,918,241 for the years ended June 30, 2025 and 2024, respectively.

The defined contributions component of the Hybrid plan includes member and employer mandatory and voluntary contributions. The Hybrid plan member must contribute a mandatory rate of 1% of their covered payroll. The employer must also contribute a mandatory rate of 1% of this covered payroll, which totaled \$1,346,165 for the year ended June 30, 2025. Hybrid plan members may also elect to contribute an additional voluntary rate of up to 4% of their covered payroll; which would require the employer a mandatory additional contribution rate of up to 2.5%. This additional employer mandatory contribution totaled \$1,648,109 for the year ended June 30, 2025. The total Hybrid plan participant covered payroll totaled \$134,616,542 for the year ended June 30, 2025.

**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 GASB Statement No. 68, less that employer’s fiduciary net position. For the School Board’s non-professional plan, the net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, rolled forward to the measurement date of June 30, 2024.

**Net Pension Liability – School Board Professional**

The net pension liability is calculated separately for each system and represents that particular system’s total pension liability determined in accordance with GASB Statement No. 67, less that system’s fiduciary net position. As of June 30, 2024, net pension liability amounts for the VRS Teacher Employee Retirement Plan are as follows (amounts expressed in thousands):

	<u>Amount</u>
Total Pension Liability	\$ 60,622,260
Plan Fiduciary Net Position	51,235,326
Employers’ Net Pension Liability	<u>\$ 9,386,934</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.52%

## Note 13. Pension Plan (Continued)

### B. Net Pension Liability (Continued)

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

At June 30, 2025, the School Board reported a liability for the professional plan of \$201,997,447 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 2.15190% as compared to 2.11939% at June 30, 2023.

### 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, 2023, 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, 2024.

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:	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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 year age and service through 9 years of service
– Disability Rates:	No change
– Salary Scale:	No change

**Note 13. Pension Plan (Continued)**

**B. Net Pension Liability (Continued)**

- Line of Duty Disability: No change
- Discount Rate: No change

**Actuarial Assumptions – School Board Professional**

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2023, 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, 2024.

- 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: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the standard rates

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020. 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 through 9 years of service
- Disability Rates: No change
- Salary Scale: No change
- Discount Rate: No change

## Note 13. Pension Plan (Continued)

### B. Net Pension 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP – Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%

Expected arithmetic nominal return\*\*

7.07%

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

#### 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. For the year ended June 30, 2024, the employer contribution rate is 100% of the actuarially determined employer contribution rate from the June 30, 2023, actuarial valuations. From July 1, 2024, 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.

**Note 13. 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, 2024, the rate contributed by the school division for the VRS Teacher Retirement Plan was subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 112% of the actuarially determined contribution rate. From July 1, 2024, 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.

**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, 2023	\$ 42,548,900	\$ 39,020,746	\$ 3,528,154
Changes for the Year:			
Service cost	1,161,793	-	1,161,793
Interest	2,878,936	-	2,878,936
Difference between expected and actual experience	623,662	-	623,662
Contributions – employer	-	970,788	(970,788)
Contributions – employee	-	639,678	(639,678)
Net investment income	-	3,791,312	(3,791,312)
Benefit payments, including refunds of employee contributions	(2,119,591)	(2,119,591)	-
Administrative expense	-	(24,652)	24,652
Other changes	-	800	(800)
Net changes	2,544,800	3,258,335	(713,535)
Balances at June 30, 2024	\$ 45,093,700	\$ 42,279,081	\$ 2,814,619

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

The following presents the net pension liabilities of the School Board non-professional plan and the the School Board professional plan, using the discount rate of 6.75%, as well as what the School Board non-professional plan and the School Board professional plan net pension 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 net pension liability (asset)	\$ 8,411,825	\$ 2,814,619
School Board’s professional net pension liability	375,271,662	201,997,447	60,091,377

## Note 13. Pension Plan (Continued)

### D. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

#### School Board Non-Professional

For the year ended June 30, 2025, the School Board recognized pension expense of \$859,198 related to its non professional plan. At June 30, 2025, 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	\$ 770,745	\$ -
Net difference between projected and actual earnings on plan investments	-	1,097,368
Employer contributions subsequent to the measurement date	1,234,096	-
Total	<u>\$ 2,004,841</u>	<u>\$ 1,097,368</u>

The \$1,234,096 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, 2026.

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
2026	\$ (325,999)
2027	450,989
2028	(216,533)
2028	<u>(235,080)</u>
	<u>\$ (326,623)</u>

#### School Board Professional

For the year ended June 30, 2025, the School Board recognized pension expense related to the professional plan of \$26,282,950. 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. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

**Note 13. Pension Plan (Continued)**

**D. Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)**

At June 30, 2025, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 35,043,709	\$ 4,159,268
Changes of assumptions	3,666,524	-
Net difference between projected and actual earnings on plan investments	-	27,805,072
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,248,007	266,775
Employer contributions subsequent to the measurement date	37,576,756	-
Total	<u>\$ 88,534,996</u>	<u>\$ 32,231,115</u>

The \$37,576,756 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, 2026.

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:	<b>Amount</b>
2026	\$ (7,127,733)
2027	21,706,000
2028	6,217,108
2029	(2,068,250)
	<u>\$ 18,727,125</u>

**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 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

**Note 14. 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

## Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)

### A. Plan Description (Continued)

- 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 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 for Stafford Schools. 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.

#### Membership

At March 1, 2024, membership consisted of:

Retirees and beneficiaries currently receiving benefits	709
Active employees (excludes employees who waived medical coverage)	2,707
Total	<u>3,416</u>

**Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)****A. Plan Description (Continued)****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 the program were \$3,153,585 and \$2,687,693 for the years ended June 30, 2025 and June 30, 2024, 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, 2024. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of March 1, 2024, and rolled forward to the measurement date of June 30, 2024.

**Actuarial Methods and Assumptions**

The total OPEB liability in the March 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate 4.84%
- Inflation 2.50%
- Medical Trend Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions

The Society of Actuaries (SOA) public plans mortality study analyzed general employees, public safety and teachers experience separately. The mortality assumption is based on SOA Pub 2010 headcount-weighted mortality tables, projected using mortality improvement scale MP-2021. Other assumptions for retirement, termination, and disability were those used by VRS to value the School Board - Professional Pension Plan (see Note 12).

**Discount Rate**

The discount rate used on the measurement date of June 30, 2024, was 4.84%. The estimated future benefit payment stream is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 6.75% for years when the projected benefit payouts are expected to be funded. As of June 30, 2024, long-term expected rates of return on funded plan assets of 6.75% (funded rate) and on internal funds of 3.97% (unfunded rate) were used for the blended discount rate determination.

**Note 14. 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:

VACo/VML Pooled OPEB Trust - Portfolio I	Target Asset Allocation	LT Arithmetic Average Nominal Return	LT Arithmetic Average Real Return	LT Arithmetic Weighted Average Real Return
Core Plus Bonds	16.00%	5.58%	2.83%	0.45%
Absolute Return	4.00%	7.00%	4.25%	0.17%
U.S. Large Cap Equity	21.00%	9.95%	7.20%	1.51%
U.S. Small Cap Equity	10.00%	11.34%	8.59%	0.86%
International Developed Equity	13.00%	10.72%	7.97%	1.04%
Emerging Market Equity	5.00%	11.99%	9.24%	0.46%
Long/Short Equity	6.00%	8.14%	5.39%	0.32%
Private Equity	10.00%	13.26%	10.51%	1.05%
Core Real Estate	10.00%	9.20%	6.45%	0.65%
Opportunistic Real Estate	5.00%	12.20%	9.45%	0.47%
Total	<u>100.00%</u>			<u>6.98%</u>
			Inflation	<u>2.75%</u>
		Expected arithmetic nominal return		<u>9.73%</u>

**Rate of Return**

For the year ended June 30, 2025, the annual money-weighted rate of return on investments, net of investment expense, was 8.84%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

**D. Changes in the Net OPEB Liability**

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2023	\$ 130,687,598	\$ 39,575,721	\$ 91,111,877
Changes for the Year:			
Service cost	6,247,197	-	6,247,197
Interest	5,342,080	-	5,342,080
Changes of Benefit Terms	(306,148)	-	(306,148)
Difference between expected and actual experience	(6,978,855)	-	(6,978,855)
Change in assumptions	(6,255,449)	-	(6,255,449)
Contributions - employer	-	2,687,693	(2,687,693)
Net investment income	-	3,713,915	(3,713,915)
Benefit payments	(2,687,693)	(2,687,693)	-
Net changes	(4,638,868)	3,713,915	(8,352,783)
Balances at June 30, 2024	\$ 126,048,730	\$ 43,289,636	\$ 82,759,094
Funded status			34.34%

**Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)**

**D. Changes in the Net OPEB Liability (Continued)**

**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 4.84%, 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 (3.84%) or one percentage point higher (5.84%) than the current rate:

	1 % Decrease (3.84%)	Current Discount Rate (4.84%)	1 % Increase (5.84%)
Total OPEB Liability	\$ 150,163,991	\$ 126,048,730	\$ 107,012,779
Net OPEB Liability	106,874,355	82,759,094	63,723,143

**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 3.92%, 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 (2.92%) or one percentage point higher (4.92%) than the current rate:

	1 % Decrease (2.92%)	Current Medical Trend Rate (3.92%)	1 % Increase (4.92%)
Total OPEB Liability	\$ 104,579,854	\$ 126,048,730	\$ 154,338,538
Net OPEB Liability	61,290,218	82,759,094	111,048,902

**E. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the year ended June 30, 2025, the School Board recognized OPEB expense of (\$7,672,929). 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	\$ 164,982	\$ 71,788,441
Changes of assumptions	39,147,307	64,516,715
Net difference between projected and actual earnings on plan investments	449,695	-
Employer contributions subsequent to the measurement date	3,153,585	-
Total	\$ 42,915,569	\$ 136,305,156

The \$3,153,585 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, 2026. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

## Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)

### E. OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)

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:	<u>Amount</u>
2026	\$ (16,476,850)
2027	(12,584,494)
2028	(12,998,079)
2029	(14,952,789)
2030	(15,969,944)
Thereafter	(23,561,016)
	<u>\$ (96,543,172)</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, 2025. For purposes of these disclosures, the School Board's net OPEB liability was measured as of June 30, 2025. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of March 1, 2024, and rolled forward to the measurement date of June 30, 2025.

#### Actuarial Methods and Assumptions

The total OPEB liability in the March 1, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount Rate 5.62%
- Inflation 2.50%
- Medical Trend Society of Actuaries (SOA) Long-Run Medical Cost Trend Model baseline assumptions and adjusted to reflect the expected impact of the Inflation Reduction Act.
- Mortality
  - Active Employees: SOA Pub 2010 Teachers Employees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021
  - Healthy Retirees and Spouses: SOA Pub 2010 Teachers Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021
  - Surviving Spouses: SOA Pub 2010 Teachers Retirees Headcount-Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021
  - Disabled Retirees: SOA Pub 2010 Teachers Disabled Retirees Headcount -Weighted Mortality Table, projected on a fully generational basis using mortality improvement scale MP-2021

**Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)**

**F. Additional OPEB Medical Plan Data (Continued)**

**Discount Rate**

The discount rate on the measurement date of June 30, 2025, is 5.62%. The new benefit payment stream is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 6.75% for years when the projected benefit payouts are expected to be funded. As of June 30, 2025, long-term expected rates of return on funded plan assets of 6.75% (funded rate) and on internal funds of 4.81% (unfunded rate) were used for the blended discount rate determination.

**Membership**

At March 1, 2024 membership consisted of:

Retirees and beneficiaries currently receiving benefits	709
Active employees (excludes employees who waived medical coverage)	2,707
Total	<u>3,416</u>

**Net OPEB Liability**

The components of the net OPEB liability of the School Board as of June 30, 2025, were as follows:

	<u>Amount</u>
Total OPEB Liability	\$ 118,725,967
Plan Fiduciary Net Position	(47,075,756)
Net OPEB Liability	<u>\$ 71,650,211</u>
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	39.65%

**Changes in the Net OPEB Liability**

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2024	\$ 126,048,730	\$ 43,289,636	\$ 82,759,094
Changes for the Year:			
Service cost	5,434,030	-	5,434,030
Interest	6,296,356	-	6,296,356
Difference between expected and actual experience	368,062	-	368,062
Change in assumptions	(16,267,626)	-	(16,267,626)
Contributions – employer	-	3,153,585	(3,153,585)
Net investment income	-	3,786,120	(3,786,120)
Benefit payments	(3,153,585)	(3,153,585)	-
Net changes	<u>(7,322,763)</u>	<u>3,786,120</u>	<u>(11,108,883)</u>
Balances at June 30, 2025	<u>\$ 118,725,967</u>	<u>\$ 47,075,756</u>	<u>\$ 71,650,211</u>

**Note 14. Other Postemployment Benefits (OPEB) Medical Plan (Continued)****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 5.62%, 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 (4.62%) or one percentage point higher (6.62%) than the current rate:

	1 % Decrease (4.62%)	Current Discount Rate (5.62%)	1 % Increase (6.62%)
Total OPEB Liability	\$ 140,147,978	\$ 118,725,967	\$ 101,703,224
Net OPEB Liability	93,072,222	71,650,211	54,627,468

**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 3.92%, 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 (2.92%) or one percentage point higher (4.92%) than the current rate:

	1% Decrease (2.92%)	Current Medical Trend Rate (3.92%)	1% Increase (4.92%)
Total OPEB Liability	\$ 98,654,290	\$ 118,725,967	\$ 145,054,904
Net OPEB Liability	51,578,534	71,650,211	97,979,148

**Note 15. 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:

**Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)**

**A. Plan Description (Continued)**

- 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.

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

	<u>Number</u>
Retirees and beneficiaries	84
Inactive vested members	10
Active elsewhere in VRS	74
Active employees	<u>343</u>
Total covered employees	<u><u>511</u></u>

**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, 2025, was 0.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 to the Non-Professional HIC Program were \$77,433 and \$69,219 for the years ended June 30, 2025, and June 30, 2024, respectively.

## Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)

### A. Plan Description (Continued)

#### 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, 2025, was 1.21% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 to the Professional HIC Program were \$3,199,710 and \$2,833,398 for the years ended June 30, 2025, and June 30, 2024, respectively.

### B. Net HIC OPEB Liability

#### School Board Non-Professional

The School Board's Non-Professional Plan net HIC OPEB liability was measured as of June 30, 2024. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2023, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2024.

#### School Board Professional

The net OPEB liability (NOL) for the HIC Professional Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2024, NOL amounts for the HIC Program are as follows (amounts expressed in thousands):

	<u>Amount</u>
Total HIC OPEB Liability	\$ 1,478,105
Plan Fiduciary Net Position	322,457
Net HIC OPEB Liability	<u>\$ 1,155,648</u>
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	21.82%

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 GASB Statement No. 74 in the System's notes to the financial statements and required supplementary information.

At June 30, 2025, the School Board reported a liability for the professional plan of \$25,258,190 for its proportionate share of the HIC Program Net OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2024, 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion was 2.18563% as compared to 2.15628% at June 30, 2023.

**Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)**

**B. Net HIC OPEB Liability (Continued)**

**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, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of plan investment expenses, including inflation
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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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
– Line of Duty Disability:	No change
– Discount Rate:	No change

## Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)

### B. Net HIC OPEB Liability (Continued)

#### Actuarial Assumptions – School Board Professional Plan

The total HIC OPEB liability for professionals was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of 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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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

**Note 15. Health Insurance Credit (HIC) 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:

<b>Asset Class (Strategy)</b>	<b>Long-Term Target Asset Allocation</b>	<b>Arithmetic Long-Term Expected Rate of Return</b>	<b>Weighted Average Long-Term Expected Rate of Return*</b>
Public Equity	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP – Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	<u>100.00%</u>		<u>7.07%</u>
		Expected arithmetic nominal return**	<u>7.07%</u>

\* The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%

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

**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, 2024, the rate contributed by the School Board for the HIC OPEB plan was 100% of the actuarially determined contribution rate. From July 1, 2024, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rate. 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.

## Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)

### 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, 2023	\$ 856,689	\$ 400,916	\$ 455,773
Changes for the year:			
Service cost	13,747	-	13,747
Interest	57,073	-	57,073
Difference between expected and actual experience	7,445	-	7,445
Contributions – employer	-	69,219	(69,219)
Net investment income	-	39,309	(39,309)
Benefit payments	(49,825)	(49,825)	-
Administrative expense	-	(539)	539
Net changes	28,440	58,164	(29,724)
Balances at June 30, 2024	\$ 885,129	\$ 459,080	\$ 426,049

### 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	\$ 522,739	\$ 426,049	\$ 344,206
School Board's professional HIC OPEB liability	28,724,863	25,258,190	22,319,867

### D. HIC OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

#### School Board Non-Professional

For the year ended June 30, 2025, the School Board recognized HIC OPEB expense related to its non-professional plan of \$72,635. At June 30, 2025, 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	\$ 86,461	\$ 31,087
Changes of assumptions	20,871	-
Net difference between projected and actual earnings on plan investments	-	9,001
Employer contributions subsequent to the measurement date	77,433	-
Total	\$ 184,765	\$ 40,088

The \$77,433 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, 2026.

**Note 15. Health Insurance Credit (HIC) OPEB Plan (Continued)**

**D. HIC OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (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
2026	\$ 23,090
2027	30,936
2028	14,880
2029	(1,662)
	<u>\$ 67,244</u>

**School Board Professional**

For the year ended June 30, 2025, the School Board recognized HIC OPEB expense related to the professional plan of \$2,437,207. 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 proportionate share and differences between actual and expected contributions.

At June 30, 2025, 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	\$ -	\$ 1,196,673
Changes of assumptions	435,126	-
Changes in proportionate share	2,095,732	46,484
Net difference between projected and actual earnings on plan investments	-	89,844
Employer contributions subsequent to the measurement date	3,199,710	-
Total	<u>\$ 5,730,568</u>	<u>\$ 1,333,001</u>

The \$3,199,710 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, 2026.

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
2026	\$ 301,674
2027	391,474
2028	233,051
2029	157,273
2030	113,792
Thereafter	593
	<u>\$ 1,197,857</u>

**HIC OPEB Plan Data**

Detailed information about the HIC Programs is available in the separately issued VRS 2024 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf> or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

## Note 16. Group Life Insurance (GLI) OPEB 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 group life insurance coverage, the insurer bills employers directly for the premiums. Employers deduct these premiums from members' paychecks and pay the premiums to the insurer. Since this is a separate and fully insured program, it is not included as part of the GLI Program OPEB.

The specific information for 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. Basic group life insurance 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.

### 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 \$9,532 as of June 30, 2025.

**Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)**

**A. Plan Description (Continued)**

**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 1.18% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.71% (1.18% X 60%) and the employer component was 0.47% (1.18% 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, 2025, was 0.47% of covered employee compensation. This rate was the final approved General Assembly rate which was based on an actuarially determined rate from an actuarial valuation as of June 30, 2023. 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 \$190,698 and \$193,318 for the years ended June 30, 2025, and June 30, 2024, respectively.

**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 \$3,122,630 and \$3,140,395 for the years ended June 30, 2025 and June 30, 2024, respectively.

**B. Net GLI OPEB Liability**

The net OPEB liability (NOL) for the GLI Program represents the program’s total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2024, NOL amounts for the GLI Program are as follows (amounts expressed in thousands):

	<u>Amount</u>
Total GLI OPEB Liability	\$ 4,196,055
Plan Fiduciary Net Position	3,080,133
GLI Net OPEB Liability	<u>\$ 1,115,922</u>
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	73.41%

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 GASB Statement No. 74 in the System’s notes to the financial statements and required supplementary information.

## Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)

### B. Net GLI OPEB Liability (Continued)

At June 30, 2025, the School Board reported liabilities of \$627,037 for the non-professional plan and \$10,185,356 for the professional plan for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2024, 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, 2023, and rolled forward to the measurement date of June 30, 2024. 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, 2024, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2024, the School Board's proportion for the non-professional plan was 0.05619% as compared to 0.06077% at June 30, 2023. At June 30, 2024, the School Board's proportion for the professional plan was 0.91273% as compared to 0.91392% at June 30, 2023.

### Actuarial Assumptions – School Board Non-Professional

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 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.

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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
– Line of Duty Disability:	No change
– Discount Rate:	No change

**Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)**

**B. Net GLI OPEB Liability (Continued)**

**Actuarial Assumptions – School Board Professional**

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2023, 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, 2024.

Inflation	2.50%
Salary increases, including inflation	3.50% - 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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. 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

**Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)****B. Net GLI 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	32.00%	6.70%	2.14%
Fixed Income	16.00%	5.40%	0.86%
Credit Strategies	16.00%	8.10%	1.30%
Real Assets	15.00%	7.20%	1.08%
Private Equity	15.00%	8.70%	1.31%
PIP – Private Investment Partnership	1.00%	8.00%	0.08%
Diversifying Strategies	6.00%	5.80%	0.35%
Cash	2.00%	3.00%	0.06%
Leverage	-3.00%	3.50%	-0.11%
Total	100.00%		7.07%
		Expected arithmetic nominal return**	7.07%

\*The above allocation provides a one-year expected return of 7.07% (includes 2.50% inflation assumption). However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 7.10%, including expected inflation of 2.50%.

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

**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, 2024, 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 113% of the actuarially determined contribution rate. From July 1, 2024 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.

**Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)**

**C. Changes in the GLI Net 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	\$ 975,123	\$ 627,037	\$ 345,828
School Board’s proportionate share of the professional net GLI OPEB Liability	15,839,551	10,185,356	5,617,509

**D. GLI OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources**

**School Board Non-Professional**

For the year ended June 30, 2025, the School Board recognized GLI OPEB expense related to its non-professional plan of \$40,734. 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, 2025, 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	\$ 98,898	\$ 15,316
Changes of assumptions	3,574	31,075
Changes in proportion	113,264	54,419
Net difference between projected and actual earnings on plan investments	-	52,853
Employer contributions subsequent to the measurement date	75,956	-
Total	<u>\$ 291,692</u>	<u>\$ 153,663</u>

The \$75,956 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, 2026.

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
2026	\$ (1,969)
2027	33,554
2028	25,652
2029	3,392
2030	1,444
	<u>\$ 62,073</u>

## Note 16. Group Life Insurance (GLI) OPEB Plan (Continued)

### D. GLI OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources (Continued)

#### School Board Professional

For the year ended June 30, 2025, the School Board recognized GLI OPEB expense related to its professional plan of \$486,858. 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, 2025, 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	\$ 1,606,465	\$ 248,794
Changes of assumptions	58,057	504,765
Changes in proportion	609,480	19,645
Net difference between projected and actual earnings on plan investments	-	858,519
Employer contributions subsequent to the measurement date	1,243,759	-
Total	\$ 3,517,761	\$ 1,631,723

The \$1,243,759 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, 2026.

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
2026	\$ (218,752)
2027	372,973
2028	163,286
2029	168,724
2030	156,048
	\$ 642,279

#### GLI OPEB Plan Data

Detailed information about the GLI Program is available in the separately issued VRS 2024 Annual Report. A copy of the 2024 VRS Annual Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2024-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

## Note 17. Accounting Standards of Governmental Accounting Standards Board (GASB)

For the fiscal year ending June 30, 2025, Stafford Schools implemented the following standards issued by the Governmental Accounting Standards Board (GASB).

GASB Statement No.101, "Compensated Absences," updates the recognition and measurement guidance for compensated absences under a unified model, as well as disclosure requirements. The implementation of GASB Statement No. 101 requires restatement of the prior year balances for compensated absences. The chart below summarizes the restated beginning balances at June 30, 2024:

**Note 17. Accounting Standards of Governmental Accounting Standards Board (GASB) (Continued)**

	<u>As Reported</u> <u>6/30/2024</u>	<u>Adjustment</u>	<u>Restated</u> <u>6/30/2024</u>
<b><u>Government wide- Governmental Activities</u></b>			
Assets and deferred outflows	\$830,676,059	\$-	\$830,676,059
Liabilities and deferred inflows	621,884,793	1,929,292	623,814,085
Net Position	208,791,266	(1,929,292)	206,861,974
<b><u>Proprietary funds</u></b>			
Assets and deferred outflows	\$19,958,676	\$-	\$19,958,676
Liabilities and deferred inflows	14,085,353	3,463	14,088,816
Net Position	\$5,873,323	\$(3,463)	\$5,869,860

GASB Statement No.102, "Certain Risk Disclosures" provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints and outlines disclosure requirements. Statement No.102 is effective for fiscal years beginning after June 15, 2024.

**Pending Standards**

As of June 30,2025, the GASB had issued statements not yet implemented by Stafford Schools. The statements which might impact Stafford Schools are as follows:

GASB Statement No.103, "Financial Reporting Model Improvements" provides for updates in reporting requirements and presentation for the Management's Discussion and Analysis, unusual and/or infrequent items, major component units, budgetary comparison information, and for Proprietary Fund Statement of Revenues, Expense, and Changes in Net Position. Statement No.103 is effective for fiscal years beginning after June 15, 2025.

GASB Statement No.104, "Disclosure of Certain Capital Assets" provides for updates in reporting and disclosure requirements for right to use capital assets related to lease agreements and subscription based IT arrangements, as well as for assets held for sale. Statement No.104 is effective for fiscal years beginning after June 15, 2025.

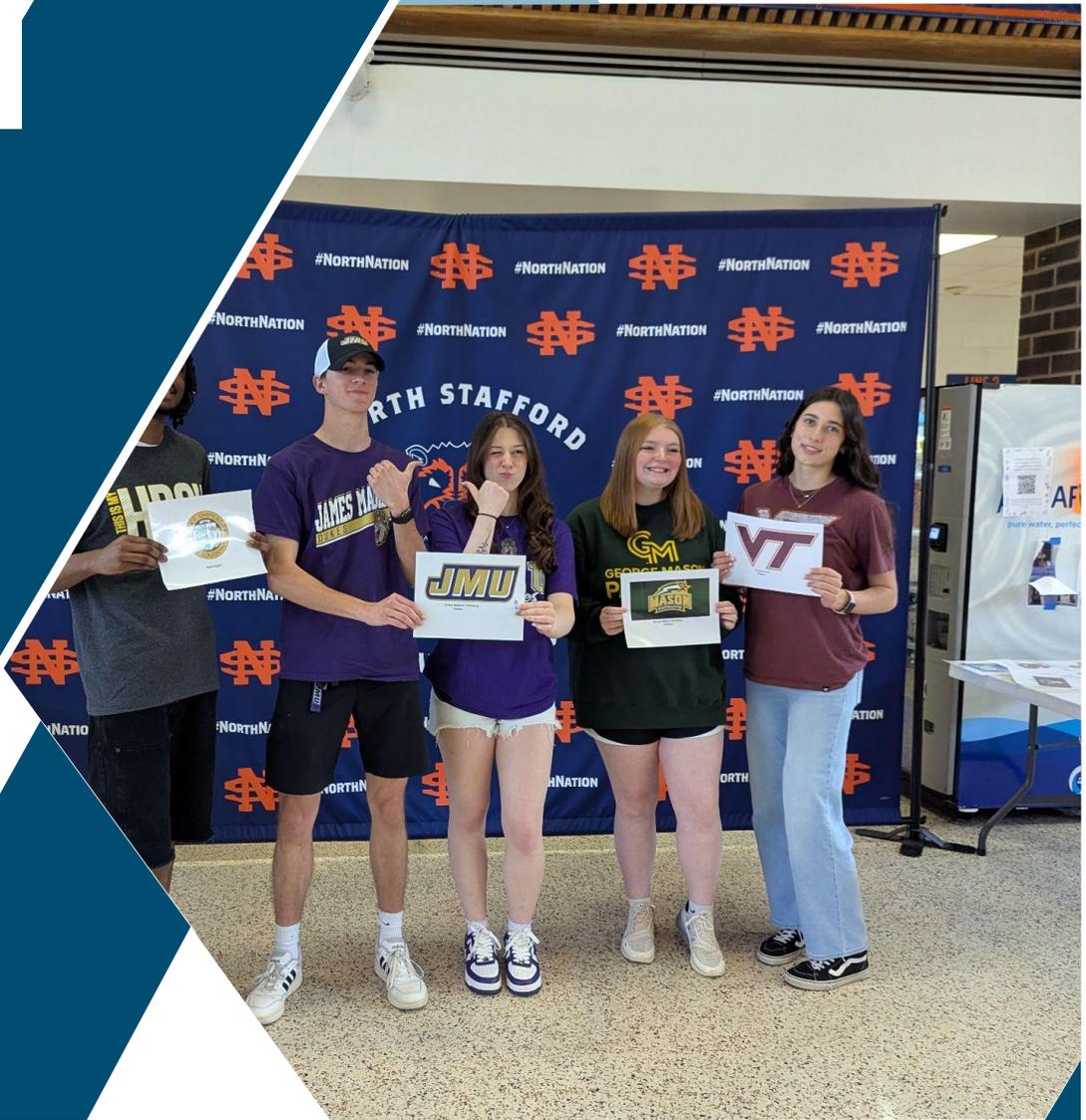
Management has not determined the effects these new Statements may have on prospective financial statements.

**Note 18. Subsequent Events**

The School Board has evaluated subsequent events through December 22, 2025, the date on which the financial statements were available to be issued and has determined that the following subsequent events require disclosure in the financial statements:

**Land Purchase**

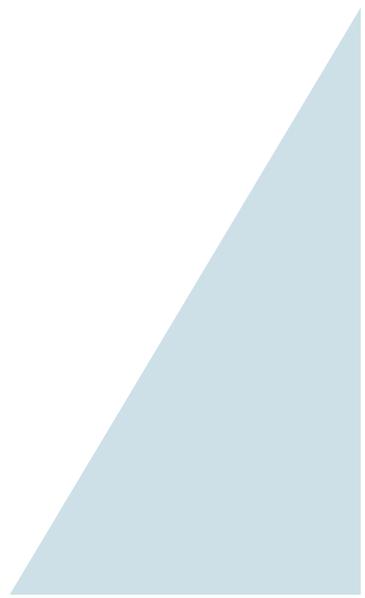
On October 30, 2025, the School Board purchased land in the amount of \$2,125,000 for the purpose of rebuilding Edward E. Drew Middle School. Deposits of \$106,250 were made towards the purchase during fiscal year 2025.



# Required Supplementary Information



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*



**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Operating Fund**  
**For the Fiscal Year Ended June 30, 2025**

	Budget		Actual	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ 169,994,449	\$ 175,349,157	\$ 171,974,942	\$ 3,374,215
Commonwealth of Virginia	281,255,363	286,228,602	287,003,168	(774,566)
Federal Government	2,625,000	2,625,000	4,788,402	(2,163,402)
Total intergovernmental revenues	453,874,812	464,202,759	463,766,512	436,247
Charges for services:				
Tuition and fees	1,149,185	1,149,185	1,145,511	3,674
Recovered costs	4,600,922	5,068,131	5,440,036	(371,905)
Miscellaneous	120,000	160,720	89,097	71,623
Use of money and property	-	-	8,965	(8,965)
Total revenues	459,744,919	470,580,795	470,450,121	130,674
<b>EXPENDITURES</b>				
Current:				
Education:				
Instruction	341,312,207	342,276,047	338,389,119	3,886,928
Administration, attendance and health	26,717,621	25,595,312	24,543,455	1,051,857
Pupil transportation	29,449,742	28,429,749	29,961,494	(1,531,745)
Operation and maintenance	33,854,044	33,556,547	32,104,033	1,452,514
Food and nutrition services	75,000	81,366	186,245	(104,879)
Facilities	500,000	1,089,136	1,118,786	(29,650)
Technology	25,271,178	24,392,660	20,759,329	3,633,331
Capital outlay	2,650,121	16,988,340	12,793,891	4,194,449
Debt service:				
Principal	749,445	749,445	2,322,455	(1,573,010)
Interest and fiscal charges	165,561	165,561	196,151	(30,590)
Total expenditures	460,744,919	473,324,163	462,374,958	10,949,205
Excess (deficiency) of revenues over (under) expenditures	(1,000,000)	(2,743,368)	8,075,163	(10,818,531)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers (out)	-	(5,100,000)	(5,100,000)	-
SBITAs issued	-	-	1,185,378	(1,185,378)
Total other financing uses, net	-	(5,100,000)	(3,914,622)	(1,185,378)
Change in fund balance	\$ (1,000,000)	\$ (2,743,368)	8,075,163	\$ (10,818,531)
Fund balance, beginning - July 1, 2024			6,843,333	
Fund balance, ending - June 30, 2025			<u>\$ 11,003,874</u>	

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Capital Projects Fund**  
**For the Fiscal Year Ended June 30, 2025**

Exhibit K

	Budget		Actual	Variance from Final Budget
	Original	Final		
<b>REVENUES</b>				
Intergovernmental:				
Stafford County	\$ 1,445,865	\$ 141,575,361	\$ 59,285,697	\$ 82,289,664
Total intergovernmental revenues	1,445,865	141,575,361	59,285,697	82,289,664
Recovered costs	160,000	160,000	87,612	72,388
Use of money and property	-	-	2,498,890	(2,498,890)
Total revenues	1,605,865	141,735,361	61,872,199	79,863,162
<b>EXPENDITURES</b>				
Capital outlay	1,863,784	282,094,819	138,100,207	143,994,612
Total expenditures	1,863,784	282,094,819	138,100,207	143,994,612
Deficiency of revenues under expenditures	(257,919)	(140,359,458)	(76,228,008)	(64,131,450)
Change in fund balance	\$ (257,919)	\$ (140,359,458)	(76,228,008)	\$ (64,131,450)
Fund balance, beginning - July 1, 2024			85,316,431	
Fund balance, ending - June 30, 2025			\$ 9,088,423	

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Changes in the Net Pension Liability and Related Ratios**  
**Non-Professional - Virginia Retirement System**

	As of June 30,				
	2025	2024	2023	2022	2021
Total Pension Liability					
Service cost	\$ 1,161,793	\$ 1,293,253	\$ 915,926	\$ 876,424	\$ 827,459
Interest	2,878,936	2,674,794	2,530,003	2,196,559	2,023,480
Differences between expected and actual experience	623,662	1,220,096	227,511	1,549,661	1,284,546
Changes of assumptions	-	-	-	1,151,016	-
Benefit payments, including refunds of employee contributions	(2,119,591)	(1,945,127)	(1,866,303)	(1,633,057)	(1,509,641)
<b>Net change in total pension liability</b>	<b>2,544,800</b>	<b>3,243,016</b>	<b>1,807,137</b>	<b>4,140,603</b>	<b>2,625,844</b>
Total pension liability - beginning	42,548,900	39,305,884	37,498,747	33,358,144	30,732,300
Total pension liability - ending (a)	<u>\$ 45,093,700</u>	<u>\$ 42,548,900</u>	<u>\$ 39,305,884</u>	<u>\$ 37,498,747</u>	<u>\$ 33,358,144</u>
Plan Fiduciary Net Position					
Contributions - employer	\$ 970,788	\$ 987,403	\$ 708,351	\$ 542,312	\$ 451,488
Contributions - employee	639,678	650,586	582,036	445,936	461,700
Net investment income	3,791,312	2,390,900	(45,825)	8,198,530	571,869
Benefit payments, including refunds of employee contributions	(2,119,591)	(1,945,127)	(1,866,303)	(1,633,057)	(1,509,641)
Administrative expense	(24,652)	(23,572)	(23,401)	(20,485)	(19,669)
Other changes	800	966	868	772	(678)
<b>Net change in plan fiduciary net position</b>	<b>3,258,335</b>	<b>2,061,156</b>	<b>(644,274)</b>	<b>7,534,008</b>	<b>(44,931)</b>
Plan fiduciary net position - beginning	39,020,746	36,959,590	37,603,864	30,069,856	30,114,787
Plan fiduciary net position - ending (b)	<u>\$ 42,279,081</u>	<u>\$ 39,020,746</u>	<u>\$ 36,959,590</u>	<u>\$ 37,603,864</u>	<u>\$ 30,069,856</u>
School Board non-professional net pension liability (asset) - ending (a) - (b)	<u>\$ 2,814,619</u>	<u>\$ 3,528,154</u>	<u>\$ 2,346,294</u>	<u>\$ (105,117)</u>	<u>\$ 3,288,288</u>
Plan fiduciary net position as a percentage of the total pension liability	93.76%	91.71%	94.03%	100.28%	90.14%
Employer's covered payroll	\$ 14,421,056	\$ 14,301,038	\$ 12,591,916	\$ 9,525,656	\$ 9,807,469
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	19.52%	24.67%	18.63%	(1.10%)	33.53%

**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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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 line of duty disability
  - g. No change to the discount rate

Exhibit L

As of June 30,				
2020	2019	2018	2017	2016
\$ 794,341	\$ 792,512	\$ 811,596	\$ 853,719	\$ 917,801
1,976,360	1,942,465	1,893,932	1,856,844	1,773,289
(295,951)	(743,289)	(466,649)	(868,215)	(171,518)
861,271	-	(230,348)	-	-
(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)
1,661,163	651,590	718,214	507,625	1,202,444
29,071,137	28,419,547	27,701,333	27,193,708	25,991,264
<u>\$ 30,732,300</u>	<u>\$ 29,071,137</u>	<u>\$ 28,419,547</u>	<u>\$ 27,701,333</u>	<u>\$ 27,193,708</u>
\$ 421,836	\$ 509,433	\$ 505,800	\$ 687,268	\$ 700,475
422,790	415,354	409,474	406,077	412,685
1,914,248	2,018,373	3,015,642	436,457	1,081,570
(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)
(19,286)	(17,438)	(17,420)	(15,244)	(14,788)
(1,202)	(1,803)	(2,684)	(182)	(227)
1,063,528	1,583,821	2,620,495	179,653	862,587
29,051,259	27,467,438	24,846,943	24,667,290	23,804,703
<u>\$ 30,114,787</u>	<u>\$ 29,051,259</u>	<u>\$ 27,467,438</u>	<u>\$ 24,846,943</u>	<u>\$ 24,667,290</u>
\$ 617,513	\$ 19,878	\$ 952,109	\$ 2,854,390	\$ 2,526,418
97.99%	99.93%	96.65%	89.70%	90.71%
\$ 8,944,315	\$ 8,704,683	\$ 8,450,346	\$ 8,163,550	\$ 8,451,460
6.90%	0.23%	11.27%	34.97%	29.89%

Total Pension Liability

- Service cost
- Interest
- Differences between expected and actual experience
- Changes of assumptions
- Benefit payments, including refunds of employee contributions
- Net change in total pension liability**

Total pension liability - beginning

Total pension liability - ending (a)

Plan Fiduciary Net Position

- Contributions - employer
- Contributions - employee
- Net investment income
- Benefit payments, including refunds of employee contributions
- Administrative expense
- Other changes
- Net change in plan fiduciary net position**

Plan fiduciary net position - beginning

Plan fiduciary net position - ending (b)

School Board non-professional net pension liability (asset) - ending (a) - (b)

Plan fiduciary net position as a percentage of the total pension liability

Employer's covered payroll

School Board's non-professional net pension liability (asset) 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**

	As of June 30,				
	2025	2024	2023	2022	2021
Employer's proportion of the net pension liability	2.15190%	2.11939%	2.02921%	1.95422%	1.93237%
Employer's proportionate share of the net pension liability	\$ 201,997,447	\$ 214,211,087	\$ 193,192,940	\$ 151,708,002	\$ 281,210,583
Employer's covered payroll	\$ 234,165,109	\$ 215,004,534	\$ 192,399,026	\$ 175,927,006	\$ 172,044,450
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	86.26%	99.63%	100.41%	86.23%	163.45%
Plan fiduciary net position as a percentage of the total pension liability	84.52%	82.45%	82.61%	85.46%	71.47%

**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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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

Exhibit M

As of June 30,					
2020	2019	2018	2017	2016	
1.90174%	1.88423%	1.91638%	1.88465%	1.87703%	Employer's proportion of the net pension liability
\$ 250,279,791	\$ 221,585,000	\$ 235,676,000	\$ 264,117,000	\$ 236,250,000	Employer's proportionate share of the net pension liability
\$ 161,000,993	\$ 153,228,530	\$ 148,882,433	\$ 143,696,984	\$ 139,553,875	Employer's covered payroll
155.45%	144.61%	158.30%	183.80%	169.29%	Employer's proportionate share of the net pension liability as a percentage of its covered payroll
73.51%	74.81%	72.92%	68.28%	70.68%	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  
Virginia Retirement System - Pension Plan

Exhibit N

Non-Professional

Fiscal Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2025	\$ 1,234,096	\$ 1,234,096	\$ -	\$ 16,131,971	7.65%
June 30, 2024	1,124,842	1,124,842	-	14,421,056	7.80%
June 30, 2023	1,115,482	1,115,482	-	14,301,038	7.80%
June 30, 2022	797,068	797,068	-	12,591,916	6.33%
June 30, 2021	602,974	602,974	-	9,525,656	6.33%
June 30, 2020	505,085	505,085	-	9,807,469	5.15%
June 30, 2019	460,764	460,764	-	8,944,315	5.15%
June 30, 2018	541,431	541,431	-	8,704,683	6.22%
June 30, 2017	525,614	525,614	-	8,450,346	6.22%
June 30, 2016	1,099,630	1,099,630	-	8,163,550	13.47%

Professional

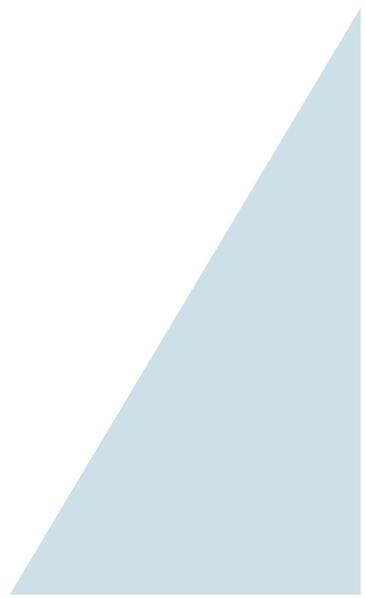
Fiscal Year Ended	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a % of Covered Payroll
June 30, 2025	\$ 37,576,756	\$ 37,576,756	\$ -	\$ 264,438,815	14.21%
June 30, 2024	38,918,241	38,918,241	-	234,165,109	16.62%
June 30, 2023	35,733,373	35,733,373	-	215,004,534	16.62%
June 30, 2022	31,976,718	31,976,718	-	192,399,026	16.62%
June 30, 2021	29,239,068	29,239,068	-	175,927,006	16.62%
June 30, 2020	26,976,570	26,976,570	-	172,044,450	15.68%
June 30, 2019	24,354,767	24,354,767	-	161,000,993	15.13%
June 30, 2018	24,089,529	24,089,529	-	153,228,530	15.72%
June 30, 2017	21,806,528	21,806,528	-	148,882,433	14.65%
June 30, 2016	20,203,796	20,203,796	-	143,696,984	14.06%

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.



**Stafford County  
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**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**School Board Medical Plan**

	As of June 30,			
	2025	2024	2023	2022
Total Medical Plan OPEB Liability				
Service cost	\$ 5,434,030	\$ 6,247,197	\$ 6,165,749	\$ 18,063,239
Interest	6,296,356	5,342,080	4,980,911	5,277,316
Changes of benefit terms	-	(306,148)	-	(1,787,122)
Differences between expected and actual experience	368,062	(6,978,855)	(376,499)	(78,391,888)
Changes of assumptions	(16,267,626)	(6,255,449)	(1,940,331)	(81,380,147)
Benefit payments	(3,153,585)	(2,687,693)	(2,631,891)	(2,830,038)
<b>Net change in total Medical Plan OPEB liability</b>	<b>(7,322,763)</b>	<b>(4,638,868)</b>	<b>6,197,939</b>	<b>(141,048,640)</b>
Total Medical Plan OPEB liability - beginning	126,048,730	130,687,598	124,489,659	265,538,299
Total Medical Plan OPEB liability - ending (a)	<u>\$ 118,725,967</u>	<u>\$ 126,048,730</u>	<u>\$ 130,687,598</u>	<u>\$ 124,489,659</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 3,153,585	\$ 2,687,693	\$ 2,631,891	\$ 11,830,038
Net investment income	3,786,120	3,713,915	2,770,738	(3,904,210)
Benefit payments	(3,153,585)	(2,687,693)	(2,631,891)	(2,830,038)
<b>Net change in plan fiduciary net position</b>	<b>3,786,120</b>	<b>3,713,915</b>	<b>2,770,738</b>	<b>5,095,790</b>
Plan fiduciary net position - beginning	43,289,636	39,575,721	36,804,983	31,709,193
Plan fiduciary net position - ending (b)	<u>\$ 47,075,756</u>	<u>\$ 43,289,636</u>	<u>\$ 39,575,721</u>	<u>\$ 36,804,983</u>
School Board net Medical Plan OPEB liability - ending (a) - (b)	<u>\$ 71,650,211</u>	<u>\$ 82,759,094</u>	<u>\$ 91,111,877</u>	<u>\$ 87,684,676</u>
Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability	39.65%	34.34%	30.28%	29.56%
Employer's covered-employee payroll	\$ 248,586,165	\$ 248,586,165	\$ 229,305,572	\$ 204,990,942
School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll	28.82%	33.29%	39.73%	42.77%

**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: None
- (3) Changes of assumptions:
  - a. Discount rate increased to 5.62%
  - b. Expected return on assets: None
- (4) The OPEB medical plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

Exhibit O

As of June 30,				
2021	2020	2019	2018	2017
\$ 14,411,622	\$ 10,991,667	\$ 9,102,769	\$ 8,503,360	\$ 9,898,436
5,562,925	6,224,135	6,050,643	5,698,104	4,889,280
-	-	-	-	-
(368,444)	(25,542,345)	494,952	(3,477,196)	(5,614,431)
30,638,733	36,573,341	17,612,914	(4,390,470)	(19,337,174)
(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
47,550,890	25,098,972	30,309,570	3,675,076	(11,561,871)
217,987,409	192,888,437	162,578,867	158,903,791	170,465,662
\$	\$	\$	\$	\$
265,538,299	217,987,409	192,888,437	162,578,867	158,903,791
\$ 2,693,946	\$ 3,147,826	\$ 2,951,708	\$ 2,658,722	\$ 1,397,982
7,307,892	698,418	1,017,835	1,960,214	2,355,594
(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
7,307,892	698,418	1,017,835	1,960,214	2,355,594
24,401,301	23,702,883	22,685,048	20,724,834	18,369,240
\$ 31,709,193	\$ 24,401,301	\$ 23,702,883	\$ 22,685,048	\$ 20,724,834
\$	\$	\$	\$	\$
233,829,106	193,586,108	169,185,554	139,893,819	138,178,957
11.94%	11.19%	12.29%	13.95%	13.04%
\$	\$	\$	\$	\$
185,452,662	181,851,919	169,945,308	161,933,213	151,834,911
126.09%	106.45%	99.55%	86.39%	91.01%

Total Medical Plan OPEB Liability

- Service cost
- Interest
- Changes of benefit terms
- Differences between expected and actual experience
- Changes of assumptions
- Benefit payments

**Net change in total Medical Plan OPEB liability**

Total Medical Plan OPEB liability - beginning

Total Medical Plan OPEB liability - ending (a)

Plan Fiduciary Net Position

- Contributions - employer
- Net investment income
- Benefit payments

**Net change in plan fiduciary net position**

Plan fiduciary net position - beginning

Plan fiduciary net position - ending (b)

School Board net Medical Plan OPEB liability - ending (a) - (b)

Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability

Employer's covered-employee payroll

School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Investment Returns**  
**School Board Medical Plan**

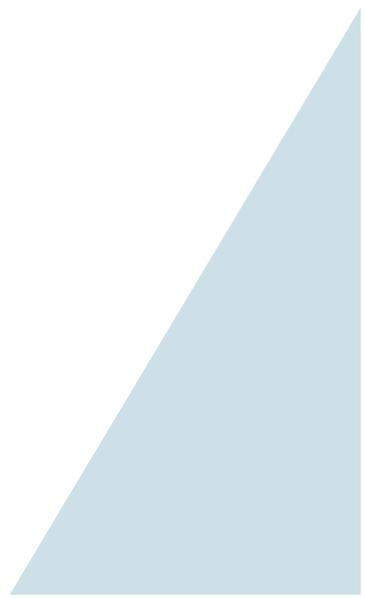
Fiscal Year Ended	Annual Money-Weighted Rate of Return (Net of Investment Expense)
June 30, 2025	8.84%
June 30, 2024	9.48%
June 30, 2023	7.62%
June 30, 2022	-10.65%
June 30, 2021	30.07%
June 30, 2020	3.01%
June 30, 2019	4.67%
June 30, 2018	9.52%

**Note to Schedule:**

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**Stafford County  
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**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of Changes in the Net OPEB Liability and Related Ratios**  
**Non-Professional - Health Insurance Credit Program**

	As of June 30,			
	2025	2024	2023	2022
Total HIC OPEB Liability				
Service cost	\$ 13,747	\$ 15,294	\$ 9,280	\$ 11,927
Interest	57,073	47,245	31,393	29,033
Changes of benefit terms	-	-	261,739	-
Changes of assumptions	-	-	40,793	7,927
Difference between expected and actual experience	7,445	132,194	(68,245)	16,069
Benefit payments	(49,825)	(45,342)	(46,938)	(31,603)
<b>Net change in total HIC OPEB liability</b>	<b>28,440</b>	<b>149,391</b>	<b>228,022</b>	<b>33,353</b>
Total HIC OPEB liability - beginning	856,689	707,298	479,276	445,923
Total HIC OPEB liability - ending (a)	\$ 885,129	\$ 856,689	\$ 707,298	\$ 479,276
Plan Fiduciary Net Position				
Contributions - employer	\$ 69,219	\$ 68,643	\$ 52,887	\$ 23,815
Net investment income	39,309	22,043	142	71,910
Benefit payments	(49,825)	(45,342)	(46,938)	(31,603)
Administrative expense	(539)	(550)	(623)	(833)
Other changes	-	520	9,649	-
<b>Net change in plan fiduciary net position</b>	<b>58,164</b>	<b>45,314</b>	<b>15,117</b>	<b>63,289</b>
Plan fiduciary net position - beginning	400,916	355,602	340,485	277,196
Plan fiduciary net position - ending (b)	\$ 459,080	\$ 400,916	\$ 355,602	\$ 340,485
School Board non-professional net HIC OPEB liability - ending (a) - (b)	\$ 426,049	\$ 455,773	\$ 351,696	\$ 138,791
Plan fiduciary net position as a percentage of the total HIC OPEB liability	51.87%	46.80%	50.28%	71.04%
Employer's covered payroll	\$ 14,421,056	\$ 14,301,038	\$ 12,591,916	\$ 9,525,657
School Board's non-professional net HIC OPEB liability as a percentage of covered payroll	2.95%	3.19%	2.79%	1.46%

**Notes to Schedule:**

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- (3) Changes of assumptions: The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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 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 line of duty disability
  - g. 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.

Exhibit Q

As of June 30,			
2021	2020	2019	2018
\$ 11,137	\$ 10,467	\$ 10,258	\$ 10,954
26,976	26,120	26,440	25,945
12,387	-	-	-
-	10,145	-	(8,780)
10,585	6,939	(15,854)	-
(29,614)	(24,731)	(26,099)	(16,000)
31,471	28,940	(5,255)	12,119
414,452	385,512	390,767	378,648
\$ 445,923	\$ 414,452	\$ 385,512	\$ 390,767
\$ 21,577	\$ 19,683	\$ 19,152	\$ 18,590
5,531	17,081	18,142	26,654
(29,614)	(24,731)	(26,099)	(16,000)
(525)	(370)	(421)	(435)
(3)	(20)	(1,340)	1,340
(3,034)	11,643	9,434	30,149
280,230	268,587	259,153	229,004
\$ 277,196	\$ 280,230	\$ 268,587	\$ 259,153
\$ 168,727	\$ 134,222	\$ 116,925	\$ 131,614
62.16%	67.61%	69.67%	66.32%
\$ 9,807,469	\$ 8,946,867	\$ 8,704,683	\$ 8,450,387
1.72%	1.50%	1.34%	1.56%

Total HIC OPEB Liability

- Service cost
- Interest
- Changes of benefit terms
- Changes of assumptions
- Difference between expected and actual experience
- Benefit payments
- Net change in total HIC OPEB liability**

Total HIC OPEB liability - beginning

Total HIC OPEB liability - ending (a)

Plan Fiduciary Net Position

- Contributions - employer
- Net investment income
- Benefit payments
- Administrative expense
- Other changes
- Net change in plan fiduciary net position**

Plan fiduciary net position - beginning

Plan fiduciary net position - ending (b)

School Board non-professional net HIC OPEB liability - ending (a) - (b)

Plan fiduciary net position as a percentage of the total HIC OPEB liability

Employer's covered payroll

School Board's non-professional net HIC OPEB 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 OPEB Liability**  
**Professional - Health Insurance Credit Program**

	As of June 30,			
	2025	2024	2023	2022
Employer's proportion of the net HIC OPEB liability	2.18563%	2.15628%	2.06441%	1.98924%
Employer's proportionate share of the net HIC OPEB liability	\$ 25,258,190	\$ 26,121,551	\$ 25,785,441	\$ 25,533,271
Employer's covered payroll	\$ 234,165,109	\$ 215,004,534	\$ 192,405,991	\$ 175,927,006
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	10.79%	12.15%	13.40%	14.51%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	21.82%	17.90%	15.08%	13.15%

**Notes to Schedule:**

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- (3) Changes of assumptions: The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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 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.

Exhibit R

As of June 30,				
2021	2020	2019	2018	
1.96246%	1.91992%	1.89482%	1.92437%	Employer's proportion of the net HIC OPEB liability
\$ 25,600,615	\$ 25,134,000	\$ 24,058,000	\$ 24,413,000	Employer's proportionate share of the net HIC OPEB liability
\$ 172,044,450	\$ 161,036,564	\$ 153,241,128	\$ 151,871,436	Employer's covered payroll
14.88%	15.61%	15.70%	16.07%	Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll
9.95%	8.97%	8.08%	7.04%	Plan fiduciary net position as a percentage of the total HIC OPEB liability

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of School Board Contributions**  
**Health Insurance Credit Program**

**Exhibit S**

**Non-Professional**

<b>Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2025	\$ 77,433	\$ 77,433	\$ -	\$ 16,131,971	0.48%
June 30, 2024	69,219	69,219	-	14,421,056	0.48%
June 30, 2023	68,643	68,643	-	14,301,038	0.48%
June 30, 2022	52,877	52,877	-	12,591,916	0.25%
June 30, 2021	23,815	23,815	-	9,525,657	0.25%
June 30, 2020	21,577	21,577	-	9,807,469	0.22%
June 30, 2019	19,683	19,683	-	8,946,867	0.22%
June 30, 2018	19,152	19,152	-	8,704,683	0.22%
June 30, 2017	18,590	18,590	-	8,450,387	0.22%

**Professional**

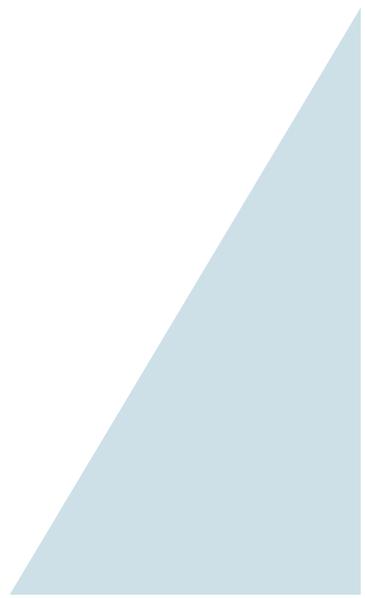
<b>Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2025	\$ 3,199,710	\$ 3,199,710	\$ -	\$ 264,438,815	1.21%
June 30, 2024	2,833,398	2,833,398	-	234,165,109	1.21%
June 30, 2023	2,601,499	2,601,499	-	215,004,534	1.21%
June 30, 2022	2,328,017	2,328,017	-	192,405,991	1.21%
June 30, 2021	2,128,770	2,128,770	-	175,927,006	1.21%
June 30, 2020	2,064,460	2,064,460	-	172,044,450	1.20%
June 30, 2019	1,928,014	1,928,014	-	161,036,564	1.20%
June 30, 2018	1,884,866	1,884,866	-	153,241,128	1.23%
June 30, 2017	1,685,773	1,685,773	-	151,871,436	1.11%

**Note to Schedule:**

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



**Stafford County  
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**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**

	As of June 30,			
	2025	2024	2023	2022
Employer's proportion of the net GLI OPEB liability	0.05619%	0.06077%	0.05790%	0.04617%
Employer's proportionate share of the net GLI OPEB liability	\$ 627,037	\$ 728,823	\$ 697,172	\$ 537,544
Employer's covered payroll	\$ 14,426,717	\$ 14,315,591	\$ 12,594,533	\$ 9,531,893
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	4.35%	5.09%	5.54%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%	69.30%	67.21%	67.45%

**Notes to Schedule:**

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- (3) Changes of assumptions: The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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 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 Line of Duty Disability.
  - g. 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.

Exhibit T

As of June 30,					
2021	2020	2019	2018		
0.04768%	0.04575%	0.04588%	0.04586%		Employer's proportion of the net GLI OPEB liability
\$ 795,701	\$ 744,000	\$ 696,000	\$ 690,000		Employer's proportionate share of the net GLI OPEB liability
\$ 9,811,944	\$ 8,968,209	\$ 8,724,051	\$ 8,459,382		Employer's covered payroll
8.11%	8.30%	7.98%	8.16%		Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll
52.64%	52.00%	51.22%	48.86%		Plan fiduciary net position as a percentage of the total GLI OPEB liability

**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**

	As of June 30,			
	2025	2024	2023	2022
Employer's proportion of the net GLI OPEB liability	0.91273%	0.91392%	0.88591%	0.85292%
Employer's proportionate share of the net GLI OPEB liability	\$ 10,185,356	\$ 10,960,765	\$ 10,667,211	\$ 9,930,303
Employer's covered payroll	\$ 234,357,841	\$ 215,276,609	\$ 192,707,144	\$ 176,095,376
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	4.35%	5.09%	5.54%	5.64%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	73.41%	69.30%	67.21%	67.45%

**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, 2023, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:
  - a. Updated mortality rates (pre-retirement, post-retirement healthy, and disabled) 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 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.

Exhibit U

As of June 30,				
2021	2020	2019	2018	
0.83745%	0.82223%	0.80662%	0.82442%	Employer's proportion of the net GLI OPEB liability
\$ 13,975,670	\$ 13,380,000	\$ 12,250,000	\$ 12,406,000	Employer's proportionate share of the net GLI OPEB liability
\$ 172,350,914	\$ 161,184,289	\$ 153,377,599	\$ 152,067,324	Employer's covered payroll
8.11%	8.30%	7.99%	8.16%	Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll
52.64%	52.00%	51.22%	48.86%	Plan fiduciary net position as a percentage of the total GLI OPEB liability

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Schedule of School Board Contributions**  
**Group Life Insurance Program**

**Exhibit V**

**Non-Professional**

<b>Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2025	\$ 75,956	\$ 75,956	\$ -	\$ 16,160,853	0.47%
June 30, 2024	77,904	77,904	-	14,426,717	0.54%
June 30, 2023	77,306	77,306	-	14,315,591	0.54%
June 30, 2022	68,012	68,012	-	12,594,533	0.54%
June 30, 2021	51,472	51,472	-	9,531,893	0.54%
June 30, 2020	51,022	51,022	-	9,811,944	0.52%
June 30, 2019	46,635	46,635	-	8,968,209	0.52%
June 30, 2018	45,365	45,365	-	8,724,051	0.52%
June 30, 2017	43,989	43,989	-	8,459,382	0.52%

**Professional**

<b>Fiscal Year Ended</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Contributions as a % of Covered Payroll</b>
June 30, 2025	\$ 1,243,759	\$ 1,243,759	\$ -	\$ 264,629,657	0.47%
June 30, 2024	1,265,532	1,265,532	-	234,357,841	0.54%
June 30, 2023	1,162,466	1,162,466	-	215,276,609	0.54%
June 30, 2022	1,040,582	1,040,582	-	192,707,144	0.54%
June 30, 2021	950,915	950,915	-	176,095,376	0.54%
June 30, 2020	896,225	896,225	-	172,350,914	0.52%
June 30, 2019	838,158	838,158	-	161,184,289	0.52%
June 30, 2018	797,564	797,564	-	153,377,599	0.52%
June 30, 2017	790,750	790,750	-	152,067,324	0.52%

**Note to Schedule:**

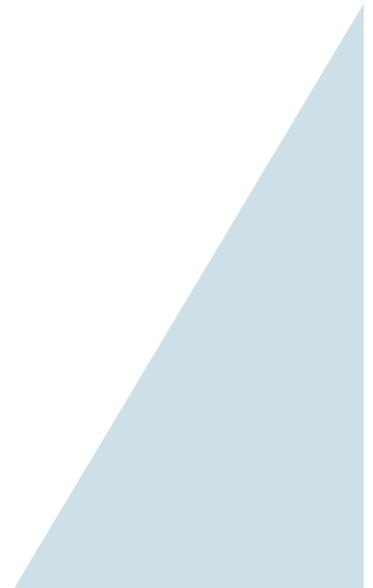
(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the School Board will present information for those years which information is available.



# Other Supplementary Information



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*



**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2025**

Exhibit AA

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Food and Nutrition Services Fund	Grants Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	
<b>ASSETS</b>						
Pooled cash and investments	\$ 9,976,445	\$ 1,881,675	\$ 3,504,247	\$ 24,046	\$ -	\$ 15,386,413
Restricted cash and investments	-	-	-	-	26,361	26,361
Accounts receivable, net of allowances	176,921	53,144	-	-	-	230,065
Intergovernmental receivables:						
Federal Government	1,547,955	4,902,747	-	-	-	6,450,702
Commonwealth of Virginia	8,483	127,003	-	-	-	135,486
Due from other funds	263,459	-	-	-	-	263,459
Inventory	452,635	-	-	-	-	452,635
Total assets	<u>\$ 12,425,898</u>	<u>\$ 6,964,569</u>	<u>\$ 3,504,247</u>	<u>\$ 24,046</u>	<u>\$ 26,361</u>	<u>\$ 22,945,121</u>
<b>LIABILITIES AND FUND BALANCE</b>						
Liabilities:						
Accounts payable	\$ 40,261	\$ 373,818	\$ -	\$ -	\$ -	\$ 414,079
Accrued salaries and benefits	1,363,918	-	-	-	-	1,363,918
Contract retainage	46,195	122,692	-	-	-	168,887
Unearned revenues	293,449	1,881,675	-	-	-	2,175,124
Due to other funds	-	4,490,530	144,919	46,414	-	4,681,863
Total liabilities	<u>1,743,823</u>	<u>6,868,715</u>	<u>144,919</u>	<u>46,414</u>	<u>-</u>	<u>8,803,871</u>
Fund balance:						
Nonspendable:						
Inventory	452,635	-	-	-	-	452,635
Total nonspendable	<u>452,635</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>452,635</u>
Restricted:						
Food and nutrition services	10,229,440	-	-	-	-	10,229,440
Grants	-	95,854	-	-	-	95,854
Endowment	-	-	-	-	26,361	26,361
Total restricted	<u>10,229,440</u>	<u>95,854</u>	<u>-</u>	<u>-</u>	<u>26,361</u>	<u>10,351,655</u>
Assigned:						
School Activity	-	-	3,359,328	-	-	3,359,328
Total assigned	<u>-</u>	<u>-</u>	<u>3,359,328</u>	<u>-</u>	<u>-</u>	<u>3,359,328</u>
Unassigned:						
Division Wide Activity	-	-	-	(22,368)	-	(22,368)
Total unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,368)</u>	<u>-</u>	<u>(22,368)</u>
Total fund balance	<u>10,682,075</u>	<u>95,854</u>	<u>3,359,328</u>	<u>(22,368)</u>	<u>26,361</u>	<u>14,141,250</u>
Total liabilities and fund balance	<u>\$ 12,425,898</u>	<u>\$ 6,964,569</u>	<u>\$ 3,504,247</u>	<u>\$ 24,046</u>	<u>\$ 26,361</u>	<u>\$ 22,945,121</u>

**Stafford County Public Schools**  
**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, 2025**

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Food and Nutrition Services Fund	Grants Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	
<b>REVENUES</b>						
Intergovernmental:						
Commonwealth of Virginia	\$ 506,575	\$ 7,519,360	\$ -	\$ -	\$ -	\$ 8,025,935
Federal Government	13,511,894	18,063,729	-	-	-	31,575,623
Total intergovernmental revenues	14,018,469	25,583,089	-	-	-	39,601,558
Charges for services:						
Tuition and fees	-	-	5,660,670	-	-	5,660,670
Food sales	6,322,287	-	-	-	-	6,322,287
Recovered costs	269,794	-	-	-	-	269,794
Miscellaneous	32,590	277,271	6,670	3,547	-	320,078
Use of money and property	-	-	-	-	1,267	1,267
Total revenues	20,643,140	25,860,360	5,667,340	3,547	1,267	52,175,654
<b>EXPENDITURES</b>						
Current:						
Education:						
Instruction	-	17,584,038	5,672,197	-	1,000	23,257,235
Administration, attendance and health	-	787,835	3,123	48,514	-	839,472
Pupil transportation	-	214,463	-	-	-	214,463
Operation and maintenance	-	20,591	-	-	-	20,591
Food and nutrition services	19,977,334	-	-	-	-	19,977,334
Technology	115,567	702,680	-	-	-	818,247
Capital outlay	2,284,673	6,642,503	-	-	-	8,927,176
Debt service:						
Principal	38,609	64,523	-	-	-	103,132
Interest and fiscal charges	2,446	1,708	-	-	-	4,154
Total expenditures	22,418,629	26,018,341	5,675,320	48,514	1,000	54,161,804
Excess (deficiency) of revenues over (under) expenditures	(1,775,489)	(157,981)	(7,980)	(44,967)	267	(1,986,150)
<b>OTHER FINANCING SOURCES</b>						
SBITAs issued	-	18,482	-	-	-	18,482
Total other financing sources	-	18,482	-	-	-	18,482
Change in fund balance	(1,775,489)	(139,499)	(7,980)	(44,967)	267	(1,967,668)
Fund balance, beginning - July 1, 2024	12,457,564	235,353	3,367,308	22,599	26,094	16,108,918
Fund balance, ending - June 30, 2025	\$ 10,682,075	\$ 95,854	\$ 3,359,328	\$ (22,368)	\$ 26,361	\$ 14,141,250

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Combining Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2025**

**Exhibit AC**

	Internal Service Funds			Total Proprietary Funds
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 2,601,979	\$ 12,881,669	\$ 1,702,637	\$ 17,186,285
Accounts receivable	4,924	583	-	5,507
Inventory	434,241	-	-	434,241
Capital assets:				
Land	37,357	-	-	37,357
Land improvements	1,268,429	-	-	1,268,429
Construction in progress	20,881	-	-	20,881
Buildings and building improvements	1,867,382	-	-	1,867,382
Furniture, fixtures and equipment	334,932	-	-	334,932
Software	79,530	-	-	79,530
Vehicles	132,429	-	-	132,429
Less: accumulated depreciation and amortization	(2,871,489)	-	-	(2,871,489)
Total capital assets	869,451	-	-	869,451
Total assets	3,910,595	12,882,252	1,702,637	18,495,484
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	367,488	-	-	367,488
OPEB deferrals	441,938	-	-	441,938
Total deferred outflows of resources	809,426	-	-	809,426
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable	23,212	2,874,461	61	2,897,734
Accrued salaries and benefits	181,532	32,199	9,572	223,303
Current portion of accrued insurance claims	-	8,574,000	6,901	8,580,901
Current portion of compensated absences	74,230	-	-	74,230
Noncurrent portion of accrued insurance claims	-	-	89,241	89,241
Noncurrent portion of compensated absences	90,459	-	-	90,459
Net pension liability	2,069,330	-	-	2,069,330
Net OPEB liability	861,001	-	-	861,001
Total liabilities	3,299,764	11,480,660	105,775	14,886,199
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	174,421	-	-	174,421
OPEB deferrals	984,995	-	-	984,995
Total deferred inflows of resources	1,159,416	-	-	1,159,416
<b>NET POSITION</b>				
Net investment in capital assets	859,067	-	-	859,067
Unrestricted (deficit)	(598,226)	1,401,592	1,596,862	2,400,228
Total net position	\$ 260,841	\$ 1,401,592	\$ 1,596,862	\$ 3,259,295

**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, 2025**

	Internal Service Funds			Total Proprietary Funds
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	
<b>OPERATING REVENUES</b>				
Charges for services	\$ 4,794,683	\$ 39,929,953	\$ 866,789	\$ 45,591,425
Miscellaneous	8,109	-	45,456	53,565
Total operating revenues	4,802,792	39,929,953	912,245	45,644,990
<b>OPERATING EXPENSES</b>				
Personnel services	1,928,355	418,641	113,539	2,460,535
Contractual services	97,113	48,325,984	599,255	49,022,352
Materials and supplies	1,997,316	-	-	1,997,316
Utilities	30,217	-	-	30,217
Telecommunications	7,116	-	-	7,116
Depreciation and amortization	146,319	-	-	146,319
Total operating expenses	4,206,436	48,744,625	712,794	53,663,855
Operating (loss) income	596,356	(8,814,672)	199,451	(8,018,865)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest and investment revenue	-	271,795	-	271,795
Loss on disposal of capital assets	(2,336)	-	-	(2,336)
Vehicle and other sales	38,841	-	-	38,841
Total nonoperating revenues, net	36,505	271,795	-	308,300
<b>TRANSFERS</b>				
Transfers in	-	5,100,000	-	5,100,000
Total transfers	-	5,100,000	-	5,100,000
Change in net position	632,861	(3,442,877)	199,451	(2,610,565)
Net position, beginning - July 1, 2024	(368,557)	4,844,469	1,397,411	5,873,323
Restatement - implementation of GASB 101	(3,463)	-	-	(3,463)
Net position, beginning, restated - July 1, 2024	(372,020)	4,844,469	1,397,411	5,869,860
Net position, ending - June 30, 2025	\$ 260,841	\$ 1,401,592	\$ 1,596,862	\$ 3,259,295

**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, 2025**

Exhibit AE

	Internal Service Funds			Total Proprietary Funds
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	
<b>Cash flows from operating activities:</b>				
Receipts from customers	\$ 4,807,881	\$ 39,932,485	\$ 866,789	\$ 45,607,155
Other receipts	8,109	-	45,456	53,565
Payments to suppliers	(2,219,876)	(46,205,140)	(693,185)	(49,118,201)
Payments to employees	(1,924,012)	(415,442)	(138,888)	(2,478,342)
Net cash provided by (used in) operating activities	672,102	(6,688,097)	80,172	(5,935,823)
<b>Cash flows from noncapital financing activities:</b>				
Transfers (to) from other funds	-	5,100,000	-	5,100,000
Net cash provided by noncapital financing activities	-	5,100,000	-	5,100,000
<b>Cash flows from capital and related financing activities:</b>				
Acquisition and construction of capital assets	(31,430)	-	-	(31,430)
Proceeds from vehicle and supply sales	38,841	-	-	38,841
Net cash provided by capital and related financing activities	7,411	-	-	7,411
<b>Cash flows from investing activities:</b>				
Interest earned on investments	-	271,795	-	271,795
Net cash provided by investing activities	-	271,795	-	271,795
Net increase (decrease) in cash and cash equivalents	679,513	(1,316,302)	80,172	(556,617)
Cash and cash equivalents, beginning - July 1, 2024	1,922,466	14,197,971	1,622,465	17,742,902
Cash and cash equivalents, ending - June 30, 2025	\$ 2,601,979	\$ 12,881,669	\$ 1,702,637	\$ 17,186,285
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>				
Operating income (loss)	\$ 596,356	\$ (8,814,672)	\$ 199,451	\$ (8,018,865)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	146,319	-	-	146,319
Changes in assets and liabilities:				
Decrease in accounts receivable	13,198	2,533	-	15,731
Increase in inventory	(69,326)	-	-	(69,326)
Decrease in deferred outflows of resources	33,520	-	-	33,520
(Decrease) increase in accounts payable and accrued expenses	37,376	2,124,042	(119,279)	2,042,139
Increase in compensated absences	19,270	-	-	19,270
Decrease in net pension liability	(45,968)	-	-	(45,968)
Decrease in net OPEB liability	(42,594)	-	-	(42,594)
Decrease in deferred inflows of resources	(16,049)	-	-	(16,049)
Total adjustments	75,746	2,126,575	(119,279)	2,083,042
Net cash provided by (used in) operating activities	\$ 672,102	\$ (6,688,097)	\$ 80,172	\$ (5,935,823)
<b>Noncash capital and related financing activity:</b>				
Capital assets acquired through accounts payable - \$10,384				

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Combining Statement of Fiduciary Net Position**  
**Custodial Funds**  
**June 30, 2025**

	Custodial Funds		
	Academy of Technology and Innovation at UMW Fund	Academy of Technology and Innovation at UMW School Activity Fund	Commonwealth Governor's School Fund
<b>ASSETS</b>			
Cash and cash equivalents	\$ 204,928	\$ 3,220	\$ 513,369
Prepaid items	-	-	47,550
Intergovernmental receivables:			
Commonwealth of Virginia	570,346	-	-
Total assets	<u>775,274</u>	<u>3,220</u>	<u>560,919</u>
<b>LIABILITIES</b>			
Accounts payable	122,613	-	33,292
Accrued salaries and benefits	164,677	-	57,072
Total liabilities	<u>287,290</u>	<u>-</u>	<u>90,364</u>
<b>NET POSITION</b>			
Restricted for organizations and individuals	487,984	3,220	470,555
Total net position	<u>\$ 487,984</u>	<u>\$ 3,220</u>	<u>\$ 470,555</u>

Exhibit AF

Custodial Funds				
Commonwealth Governor's School School Activity Fund	Employee Flexible Spending Fund	Total Custodial Funds		
\$ 31,623	\$ 647,381	\$ 1,400,521		<b>ASSETS</b>
-	-	47,550		Cash and cash equivalents
-	-	570,346		Prepaid items
31,623	647,381	2,018,417		Intergovernmental receivables:
				Commonwealth of Virginia
				Total assets
-	-	155,905		<b>LIABILITIES</b>
-	-	221,749		Accounts payable
-	-	377,654		Accrued salaries and benefits
				Total liabilities
31,623	647,381	1,640,763		<b>NET POSITION</b>
\$ 31,623	\$ 647,381	\$ 1,640,763		Restricted for organizations and individuals
				Total net position

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Combining Statement of Changes in Fiduciary Net Position**  
**Custodial Funds**  
**For the Fiscal Year Ended June 30, 2025**

	Custodial Funds		
	Academy of Technology and Innovation at UMW Fund	Academy of Technology and Innovation at UMW School Activity Fund	Commonwealth Governor's School Fund
<b>ADDITIONS</b>			
Contributions:			
Employer	\$ -	\$ -	\$ -
Students and organizations	-	3,220	-
Total contributions	-	3,220	-
Intergovernmental revenue:			
Commonwealth of Virginia	1,914,226	-	1,692,843
Participating school divisions	705,500	-	-
Total intergovernmental revenue	2,619,726	-	1,692,843
Miscellaneous revenue:			
Miscellaneous revenue	-	-	85,248
Total miscellaneous revenue	-	-	85,248
Total additions	2,619,726	3,220	1,778,091
<b>DEDUCTIONS</b>			
Benefits paid to or on behalf of organizations and individuals:			
Personnel services	1,190,900	-	585,674
Contractual services	195,868	-	138,709
Materials and supplies	464,749	-	693,489
Other expenses	280,225	-	-
Benefits paid to employees	-	-	-
Total deductions	2,131,742	-	1,417,872
Net increase in fiduciary net position	487,984	3,220	360,219
Net position, beginning - July 1, 2024	-	-	-
Restatement - transfer of custodial funds from previous fiscal agent	-	-	110,336
Net position, beginning, restated - July 1, 2024	-	-	110,336
Net position, ending - June 30, 2025	\$ 487,984	\$ 3,220	\$ 470,555

Exhibit AG

<b>Custodial Funds</b>		
<b>Commonwealth Governor's School School Activity Fund</b>	<b>Employee Flexible Spending Fund</b>	<b>Total Custodial Funds</b>
\$ -	\$ 1,063,499	\$ 1,063,499
146,056	-	149,276
146,056	1,063,499	1,212,775
-	-	3,607,069
-	-	705,500
-	-	4,312,569
-	-	85,248
-	-	85,248
146,056	1,063,499	5,610,592
-	-	1,776,574
-	-	334,577
-	-	1,158,238
114,433	-	394,658
-	979,511	979,511
114,433	979,511	4,643,558
31,623	83,988	967,034
-	563,393	563,393
-	-	110,336
-	563,393	673,729
\$ 31,623	\$ 647,381	\$ 1,640,763

**ADDITIONS**

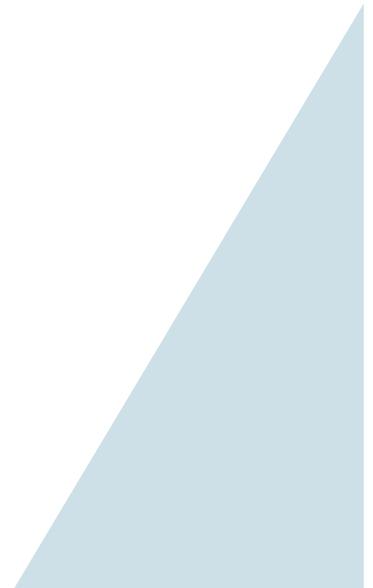
Contributions:
Employer
Students and organizations
Total contributions
Intergovernmental revenue:
Commonwealth of Virginia
Participating school divisions
Total intergovernmental revenue
Miscellaneous revenue:
Miscellaneous revenue
Total miscellaneous revenue
Total additions

**DEDUCTIONS**

Benefits paid to or on behalf of organizations and individuals:
Personnel services
Contractual services
Materials and supplies
Other expenses
Benefits paid to employees
Total deductions
Net increase in fiduciary net position
Net position, beginning - July 1, 2024
Restatement - transfer of custodial funds from previous fiscal agent
Net position, beginning, restated - July 1, 2024
Net position, ending - June 30, 2025



**Stafford County  
Public Schools**  
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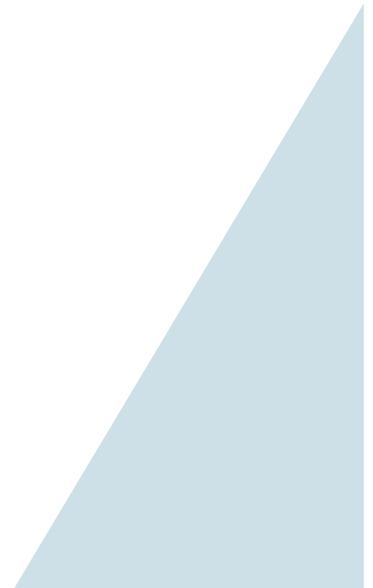




# Statistical Section



**Stafford County  
Public Schools**  
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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 energy performance improvements across the school division.

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 2016 - 2025**  
**(Accrual Basis of Accounting)**

	June 30,				
	2016	2017	2018	2019	2020
<b>NET POSITION</b>					
Net investment in capital assets	\$ 438,932,856	\$ 446,017,755	\$ 448,764,864	\$ 467,480,838	\$ 454,576,954
Restricted	12,861,062	25,086,466	23,153,543	12,945,965	24,039,301
Unrestricted (deficit)	<u>(242,911,240)</u>	<u>(254,876,621)</u>	<u>(392,841,614)</u>	<u>(394,780,952)</u>	<u>(398,747,755)</u>
<b>Total net position</b>	<u>\$ 208,882,678</u>	<u>\$ 216,227,600</u>	<u>\$ 79,076,793</u>	<u>\$ 85,645,851</u>	<u>\$ 79,868,500</u>

Table S-1

	June 30,					
2021	2022	2023	2024	2025		
\$ 447,722,989	\$ 439,951,509	\$ 445,739,747	\$ 465,534,738	\$ 573,689,193		<b>NET POSITION</b>
13,223,509	33,644,175	132,109,354	97,526,625	19,596,566		Net investment in capital assets
(412,208,580)	(416,129,123)	(384,744,079)	(356,199,389)	(308,151,061)		Restricted
						Unrestricted (deficit)
<u>\$ 48,737,918</u>	<u>\$ 57,466,561</u>	<u>\$ 193,105,022</u>	<u>\$ 206,861,974</u>	<u>\$ 285,134,698</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 2016 - 2025**  
**(Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
<b>Expenses</b>					
Governmental activities	\$ 300,625,771	\$ 317,291,665	\$ 321,825,800	\$ 327,204,425	\$ 361,218,027
<b>Program revenues</b>					
Charges for services	18,372,613	18,061,718	18,722,670	17,973,053	16,675,763
Grants and contributions	72,638,754	81,463,016	81,336,350	79,845,624	91,339,965
<b>Total program revenues</b>	<u>91,011,367</u>	<u>99,524,734</u>	<u>100,059,020</u>	<u>97,818,677</u>	<u>108,015,728</u>
<b>Net expenses</b>	<u>(209,614,404)</u>	<u>(217,766,931)</u>	<u>(221,766,780)</u>	<u>(229,385,748)</u>	<u>(253,202,299)</u>
<b>General revenues</b>					
Sales Tax and Basic Aid	109,421,075	112,615,106	112,912,819	119,280,695	122,343,356
Payment from Stafford County	111,658,395	112,072,289	116,440,953	116,796,434	124,601,178
Investment earnings	71,599	90,762	339,742	291,944	217,423
Gain on capital asset disposals and other sales	115,058	64,697	24,671	28,506	22,223
Miscellaneous	257,518	269,000	272,184	280,767	240,768
<b>Total general revenues</b>	<u>221,523,645</u>	<u>225,111,854</u>	<u>229,990,369</u>	<u>236,678,346</u>	<u>247,424,948</u>
<b>Change in net position</b>	<u>\$ 11,909,241</u>	<u>\$ 7,344,923</u>	<u>\$ 8,223,589</u>	<u>\$ 7,292,598</u>	<u>\$ (5,777,351)</u>

Table S-2

For the Fiscal Year Ended June 30,				
2021	2022	2023	2024	2025
\$ 406,162,530	\$ 418,403,608	\$ 430,934,554	\$ 466,113,505	\$ 516,059,205
10,252,601	15,648,441	23,004,363	24,854,259	26,385,840
99,736,903	135,087,424	252,080,008	145,108,856	207,050,372
109,989,504	150,735,865	275,084,371	169,963,115	233,436,212
(296,173,026)	(267,667,743)	(155,850,183)	(296,150,390)	(282,622,993)
131,551,342	140,334,862	149,421,523	156,759,240	185,728,453
129,903,890	135,555,869	139,231,707	151,834,827	171,974,942
14,153	13,441	2,246,854	2,832,331	2,779,841
31,086	67,890	42,725	38,560	38,841
330,828	424,324	545,834	371,677	373,640
261,831,299	276,396,386	291,488,643	311,836,635	360,895,717
\$ (34,341,727)	\$ 8,728,643	\$ 135,638,460	\$ 15,686,245	\$ 78,272,724

**Expenses**

Governmental activities

**Program revenues**

Charges for services

Grants and contributions

**Total program revenues**

**Net expenses**

**General revenues**

Sales Tax and Basic Aid

Payment from Stafford County

Investment earnings

Gain on capital asset disposals and other sales

Miscellaneous

**Total general revenues**

**Change in net position**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Fund Balances, Governmental Funds**  
**Fiscal Years 2016 - 2025**  
**(Modified Accrual Basis of Accounting)**

	June 30,				
	2016	2017	2018	2019	2020
<b>Operating Fund:</b>					
Nonspendable	\$ 577,597	\$ 569,714	\$ 723,540	\$ -	\$ -
Committed	-	144,043	211,584	-	-
Assigned	-	-	9,069,955	6,701,074	9,311,489
Unassigned	12,794,590	10,792,575	-	-	-
Fund balance - operating fund	<u>13,372,187</u>	<u>11,506,332</u>	<u>10,005,079</u>	<u>6,701,074</u>	<u>9,311,489</u>
<b>All Other Governmental Funds:</b>					
Nonspendable:					
Food and Nutrition Services Fund	260,626	282,149	465,648	589,964	748,053
	<u>260,626</u>	<u>282,149</u>	<u>465,648</u>	<u>589,964</u>	<u>748,053</u>
Restricted:					
Capital Projects Fund	8,997,231	20,065,206	17,237,097	5,911,621	17,098,734
Food and Nutrition Services Fund	3,797,665	4,850,254	5,771,134	6,916,437	6,830,419
Grants Fund	66,166	171,006	145,312	117,907	110,148
Endowment Fund	-	-	-	-	-
Scholarship Fund	-	-	-	-	-
	<u>12,861,062</u>	<u>25,086,466</u>	<u>23,153,543</u>	<u>12,945,965</u>	<u>24,039,301</u>
Committed:					
Capital Projects Fund	2,985,882	-	6,311,023	-	-
	<u>2,985,882</u>	<u>-</u>	<u>6,311,023</u>	<u>-</u>	<u>-</u>
Assigned:					
School Activity Fund	-	-	-	-	-
Division Wide Activity Fund	-	-	-	-	-
Unassigned:					
District Wide Activity Fund	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - other governmental funds	16,107,570	25,368,615	29,930,214	13,535,929	24,787,354
Fund balance - total governmental funds	<u>\$ 29,479,757</u>	<u>\$ 36,874,947</u>	<u>\$ 39,935,293</u>	<u>\$ 20,237,003</u>	<u>\$ 34,098,843</u>

Table S-3

					June 30,				
2021	2022	2023	2024	2025					
\$ -	\$ -	\$ -	\$ -	\$ -					
-	-	-	-	-					
16,774,397	10,937,987	5,834,988	6,843,333	11,003,874					
-	-	-	-	-					
<u>16,774,397</u>	<u>10,937,987</u>	<u>5,834,988</u>	<u>6,843,333</u>	<u>11,003,874</u>					
					<b>Operating Fund:</b>				
					Nonspendable				
					Committed				
					Assigned				
					Unassigned				
					Fund balance - operating fund				
					<b>All Other Governmental Funds:</b>				
					Nonspendable:				
					Food and Nutrition Services Fund				
464,965	486,047	603,891	508,817	452,635					
<u>464,965</u>	<u>486,047</u>	<u>603,891</u>	<u>508,817</u>	<u>452,635</u>					
					Restricted:				
					Capital Projects Fund				
					Food and Nutrition Services Fund				
					Grants Fund				
					Endowment Fund				
					Scholarship Fund				
6,227,611	21,447,694	120,723,073	85,316,431	9,088,423					
6,757,079	11,998,877	11,226,490	11,948,747	10,229,440					
208,571	168,289	134,132	235,353	95,854					
26,576	25,643	25,659	26,094	26,361					
3,672	3,672	-	-	-					
<u>13,223,509</u>	<u>33,644,175</u>	<u>132,109,354</u>	<u>97,526,625</u>	<u>19,440,078</u>					
-	-	-	-	-					
-	-	-	-	-					
					Committed:				
					Capital Projects Fund				
					Assigned:				
					School Activity Fund				
					Division Wide Activity Fund				
2,885,579	3,098,946	3,322,749	3,367,308	3,359,328					
11,157	12,050	12,790	22,599	-					
<u>2,896,736</u>	<u>3,110,996</u>	<u>3,335,539</u>	<u>3,389,907</u>	<u>3,359,328</u>					
					Unassigned:				
					District Wide Activity Fund				
-	-	-	-	(22,368)					
-	-	-	-	(22,368)					
16,585,210	37,241,218	136,048,784	101,425,349	23,229,673					
<u>\$ 33,359,607</u>	<u>\$ 48,179,205</u>	<u>\$ 141,883,772</u>	<u>\$ 108,268,682</u>	<u>\$ 34,233,547</u>					
					Fund balance - other governmental funds				
					Fund balance - total governmental funds				

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Changes in Fund Balances, Governmental Funds**  
**Fiscal Years 2016 - 2025**  
**(Modified Accrual Basis of Accounting)**

	For the Fiscal Year Ended June 30,				
	2016	2017	2018	2019	2020
<b>REVENUES</b>					
Intergovernmental:					
Stafford County	\$ 133,899,547	\$ 138,999,308	\$ 134,942,282	\$ 132,965,915	\$ 144,398,390
Commonwealth of Virginia	142,268,097	148,896,372	156,289,875	164,043,554	173,787,902
Federal Government	17,550,580	18,254,731	19,457,965	18,913,284	20,098,207
Total intergovernmental revenues	<u>293,718,224</u>	<u>306,150,411</u>	<u>310,690,122</u>	<u>315,922,753</u>	<u>338,284,499</u>
Charges for services:					
Tuition and fees	752,941	868,492	783,138	772,915	680,915
Food sales	6,754,639	6,762,593	6,587,698	6,709,453	5,301,519
Recovered costs	2,374,395	2,514,639	3,880,297	3,697,437	2,220,419
Miscellaneous	329,978	454,147	360,930	369,834	382,322
Use of money and property	56,296	54,853	268,578	174,164	136,329
Total revenues	<u>303,986,473</u>	<u>316,805,135</u>	<u>322,570,763</u>	<u>327,646,556</u>	<u>347,006,003</u>
<b>EXPENDITURES</b>					
Current:					
Education:					
Instruction	196,107,491	206,214,135	217,564,851	224,587,714	238,472,922
Administration, attendance and health	10,743,059	11,407,604	11,698,247	12,242,038	13,508,505
Pupil transportation	12,463,033	12,810,665	13,874,003	14,734,707	15,400,249
Operation and maintenance	20,578,357	21,543,418	21,944,518	23,032,559	22,633,360
Food and nutrition services	12,077,813	12,047,774	12,204,242	12,391,388	12,148,378
Facilities	161,377	163,332	600,213	344,084	159,458
Technology	16,878,885	15,717,051	15,373,331	15,779,881	17,128,328
Capital outlay	34,604,747	28,145,272	25,278,935	42,525,570	23,779,245
Debt service:					
Principal	721,941	743,293	372,323	378,329	384,456
Interest and fiscal charges	68,115	46,703	33,204	26,900	179,913
Total expenditures	<u>304,404,818</u>	<u>308,839,247</u>	<u>318,943,867</u>	<u>346,043,170</u>	<u>343,794,814</u>
Excess (deficiency) of revenues over (under) expenditures	<u>418,345</u>	<u>7,965,888</u>	<u>3,626,896</u>	<u>(18,396,614)</u>	<u>3,211,189</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from notes payable	-	-	-	-	10,650,651
Leases issued	-	-	-	-	-
SBITAs issued	-	-	-	-	-
Transfers in	318,630	-	-	-	-
Transfers (out)	(875,794)	(570,698)	(566,550)	(578,136)	-
Total other financing sources (uses), net	<u>(557,164)</u>	<u>(570,698)</u>	<u>(566,550)</u>	<u>(578,136)</u>	<u>10,650,651</u>
<b>Change in fund balance</b>	<u>\$ (975,509)</u>	<u>\$ 7,395,190</u>	<u>\$ 3,060,346</u>	<u>\$ (18,974,750)</u>	<u>\$ 13,861,840</u>

Table S-4

For the Fiscal Year Ended June 30,				
2021	2022	2023	2024	2025
\$ 138,829,835	\$ 161,758,361	\$ 247,709,689	\$ 160,757,162	\$ 231,260,639
191,919,975	203,167,391	236,081,783	252,926,813	295,029,103
30,442,325	46,052,403	47,429,850	36,708,522	36,364,025
361,192,135	410,978,155	531,221,322	450,392,497	562,653,767
2,196,689	4,471,474	5,749,321	6,178,117	6,806,181
23,345	48,856	5,403,574	5,956,040	6,322,287
2,157,216	2,667,481	3,144,800	3,338,507	5,797,442
481,471	649,301	539,798	790,216	409,175
6,393	297	2,044,956	2,535,608	2,509,122
366,057,249	418,815,564	548,103,771	469,190,985	584,497,974
253,998,730	278,101,627	300,804,570	326,082,419	361,646,354
15,033,127	16,985,672	21,581,093	23,364,062	25,382,927
13,861,311	20,694,214	25,639,838	25,330,904	30,175,957
25,926,319	27,298,459	29,139,980	31,144,650	32,124,624
11,416,357	17,939,815	18,512,175	18,319,856	20,163,579
372,755	509,041	439,249	543,959	1,118,786
27,769,612	21,717,597	25,102,321	21,173,107	21,577,576
24,577,592	20,113,573	34,645,548	55,888,694	159,821,274
956,875	1,184,361	1,727,569	1,890,375	2,425,587
219,952	201,551	196,307	203,787	200,305
374,132,630	404,745,910	457,788,650	503,941,813	654,636,969
(8,075,381)	14,069,654	90,315,121	(34,750,828)	(70,138,995)
-	-	-	-	-
-	749,944	1,534,565	-	-
-	-	1,854,881	1,135,738	1,203,860
4,125,000	-	-	-	-
-	-	-	-	(5,100,000)
4,125,000	749,944	3,389,446	1,135,738	(3,896,140)
\$ (3,950,381)	\$ 14,819,598	\$ 93,704,567	\$ (33,615,090)	\$ (74,035,135)

**REVENUES**

Intergovernmental:  
 Stafford County  
 Commonwealth of Virginia  
 Federal Government  
 Total intergovernmental revenues  
 Charges for services:  
 Tuition and fees  
 Food sales  
 Recovered costs  
 Miscellaneous  
 Use of money and property  
 Total revenues

**EXPENDITURES**

Current:  
 Education:  
 Instruction  
 Administration, attendance and health  
 Pupil transportation  
 Operation and maintenance  
 Food and nutrition services  
 Facilities  
 Technology  
 Capital outlay  
 Debt service:  
 Principal  
 Interest and fiscal charges  
 Total expenditures

Excess (deficiency) of revenues over (under) expenditures

**OTHER FINANCING SOURCES (USES)**

Proceeds from notes payable  
 Leases issued  
 SBITAs issued  
 Transfers in  
 Transfers (out)  
 Total other financing sources (uses), net

**Change in fund balance**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**General Information**  
**June 30, 2025**

**Table S-5**

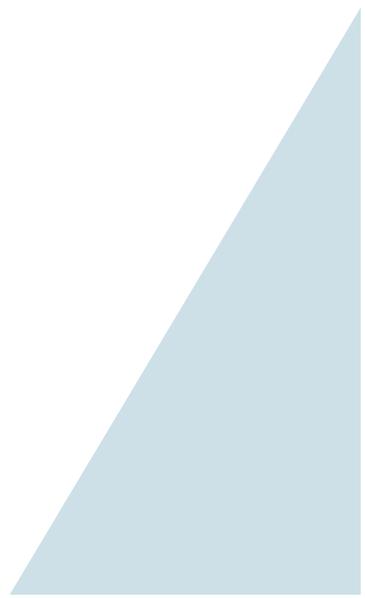
<b>Stafford County</b>			
<b>Independent county:</b>			September 27, 1664
<b>Form of government:</b>			Traditional Board of Supervisors
<b>Area - square miles:</b>			277 square miles
<b>Stafford County Public Schools</b>			
<b>Number of Schools:</b>		Fall Membership: <sup>(1)</sup>	
Early childhood centers	2	Elementary schools	13,271
Elementary schools	17	Middle schools	7,285
Middle schools	8	High schools	10,757
High schools	5	Total	<u>31,313</u>
Alternative schools	<u>1</u>		
	<u>33</u>		
<b>Employees:</b>	<b>FY 2025</b>		
Licensed Instructional	<u>2,509</u>		
Other Employees	<u>2,113</u>		
	<u>4,622</u>		

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

Source: Virginia Department of Education Fall Membership Build-A-Table



**Stafford County  
Public Schools**  
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**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Full-Time Equivalent Government Employees by Function**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Employees:</b>					
Licensed Instructional	2,304	2,480	2,403	2,352	2,337
Other Employees	1,449	1,402	1,864	1,511	1,675
Total	<u>3,753</u>	<u>3,882</u>	<u>4,267</u>	<u>3,863</u>	<u>4,012</u>

Source: Superintendent's Annual Report

Table S-6

Fiscal Year				
2021	2022	2023	2024	2025
2,257	2,285	2,341	2,404	2,509
1,741	1,862	1,953	1,960	2,113
<u>3,998</u>	<u>4,147</u>	<u>4,294</u>	<u>4,364</u>	<u>4,622</u>

**Employees:**  
 Licensed Instructional  
 Other Employees  
 Total

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Number of Schools in the Division**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<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	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>

Source: Stafford Schools Website - Our Schools

Table S-7

Fiscal Year					
2021	2022	2023	2024	2025	
17	17	17	17	17	Elementary Schools
8	8	8	8	8	Middle Schools
5	5	5	5	5	High Schools
<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	<u>30</u>	Total

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Division-Wide Enrollment**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Student Membership:</b>					
September 30 membership	27,510	28,005	28,793	28,793	29,494
Average daily membership as of March 31	27,519	28,017	28,487	28,852	29,364
End-of-year membership	27,474	28,786	28,576	28,869	29,505
Students enrolled in special education programs	2,653	2,964	3,303	3,322	3,791
English Language Learners*	1,251	1,355	1,605	1,740	2,114
Students enrolled in grades K-3	7,822	7,916	8,018	8,018	8,204

Sources: Superintendent's Annual Report; December 1 Special Education Child Count; Virginia Department of Education Fall Membership Reports

Table S-8

Fiscal Year					
2021	2022	2023	2024	2025	
28,898	29,929	30,570	31,052	31,313	<b>Student Membership:</b>
28,700	29,830	31,100	31,498	31,142	September 30 membership
28,562	30,201	30,801	31,321	31,502	Average daily membership as of March 31
					End-of-year membership
3,890	3,937	4,177	4,177	4,619	Students enrolled in special education programs
1,821	2,437	2,862	3,258	3,629	English Language Learners*
7,644	8,248	8,501	8,638	8,609	Students enrolled in grades K-3

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Various Operating Indicators**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Operating Statistics:</b>					
Average per pupil expenditures	\$ 9,514	\$ 9,961	\$ 9,561	\$ 9,937	\$ 10,217
Average classroom teacher salary	\$ 54,490	\$ 56,462	\$ 52,618	\$ 55,463	\$ 58,385
Composite index <sup>(1)</sup>	0.3412	0.3445	0.3445	0.3462	0.3462

(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 Commonwealth of Virginia.

**Source: Superintendent's Annual Report**

Table S-9

		Fiscal Year								
		2021	2022	2023	2024	2025				
\$	11,024	\$	12,307	\$	12,779	\$	13,712	\$	15,839	Operating Statistics:
\$	58,954	\$	62,008	\$	68,689	\$	73,490	\$	76,201	Average per pupil expenditures
	0.3470		0.3470		0.3411		0.3411		0.3312	Average classroom teacher salary
										Composite index <sup>(1)</sup>

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Transportation Operating Indicators**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Transportation Statistics:</b>					
Average Ridership (Regular)	15,664	17,069	17,089	17,016	18,087
Average Ridership (Special Needs)	697	732	799	786	780
Average Ridership (Head Start)	300	350	350	300	350
Buses Operated Daily (Regular)	137	139	139	134	142
Buses Operated Daily (Special Needs)	57	67	69	68	71
Buses Operated Daily (Head Start)	10	11	12	12	12
Special Trip Assignments	3,976	4,217	3,771	4,210	3,050
Miles Traveled (Regular)	1,686,888	1,649,558	1,473,182	1,420,849	1,086,813
Miles Traveled (Special Needs)	1,103,008	1,291,239	1,007,595	986,505	788,190

\*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 Pandemic

Source: Department of Transportation Services, Stafford County Public Schools

Table S-10

Fiscal Year					
2021	2022	2023	2024	2025	
10,166	22,694	19,362	20,489	19,334	<b>Transportation Statistics:</b>
804	480	883	829	826	Average Ridership (Regular)
271	285	269	452	301	Average Ridership (Special Needs)
134	175	163	171	216	Average Ridership (Head Start)
48	65	65	62	90	Buses Operated Daily (Regular)
12	12	11	9	9	Buses Operated Daily (Special Needs)
777	2,812	3,701	3,778	4,600	Buses Operated Daily (Head Start)
1,299,520	2,317,560	1,516,916	1,654,841	1,536,461	Special Trip Assignments
543,520	1,088,727	852,428	644,161	601,351	Miles Traveled (Regular)
					Miles Traveled (Special Needs)

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Food and Nutrition Services Operating Indicators**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>School Nutrition Program (SNP)</b>					
<b>Statistics:</b>					
September 30 Membership	27,510	28,005	29,025	29,825	29,276
Eligible for Free Lunch	7,222	8,035	8,376	8,746	9,494
Percentage	26.3%	28.7%	28.9%	29.3%	32.4%
Eligible for Reduced Price Lunch	1,711	1,617	1,560	1,456	1,470
Percentage	6.2%	5.8%	5.4%	4.9%	5.0%
Eligible for Free and Reduced Price Lunch - Total	8,933	9,652	9,936	10,202	10,964
Percentage	32.5%	34.5%	34.2%	34.2%	37.5%
High School Lunch Prices	\$ 2.80	\$ 2.90	\$ 3.00	\$ 3.10	\$ 3.10
Middle School Lunch Prices	\$ 2.70	\$ 2.80	\$ 2.90	\$ 3.00	\$ 3.00
Elementary School Lunch Prices	\$ 2.60	\$ 2.70	\$ 2.80	\$ 2.90	\$ 2.90

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

Table S-11

		Fiscal Year					
	2021	2022	2023	2024	2025		
	28,898	29,929	30,570	31,052	31,313	<b>School Nutrition Program (SNP)</b>	
						<b>Statistics:</b>	
						September 30 Membership	
	8,598	11,552	13,254	13,879	13,159	Eligible for Free Lunch	
	29.8%	38.6%	43.4%	44.7%	42.0%	<b>Percentage</b>	
	591	1,081	859	928	1,024	Eligible for Reduced Price Lunch	
	2.1%	3.6%	2.8%	3.0%	3.3%	<b>Percentage</b>	
	9,189	12,633	14,113	14,807	14,183	Eligible for Free and Reduced Price Lunch - Total	
	31.8%	42.2%	46.2%	47.7%	45.3%	<b>Percentage</b>	
\$	3.10	\$ 3.10	\$ 3.10	\$ 3.10	\$ 3.15	High School Lunch Prices	
\$	3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.05	Middle School Lunch Prices	
\$	2.90	\$ 2.90	\$ 2.90	\$ 2.90	\$ 2.95	Elementary School Lunch Prices	

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Fleet Services Operating Indicators**  
**Fiscal Years 2016 - 2025**

Fleet Vehicles Serviced by Fleet Services:	Fiscal Year											
	2016	2017	2018	2019			2020			2021		
				Active	Average Age	Average Mileage	Active	Average Age	Average Mileage	Active	Average Age	Average Mileage
Stafford Schools:												
Buses:												
Mainstream	192	195	188	187	8.52	13,859	195	9.06	10,191	175	8.83	6,773
Special Needs	68	66	67	66	7.50	18,499	72	8.41	12,748	75	8.34	8,491
Activity Buses	5	5	5	5	7.20	21,347	5	8.46	18,319	5	9.71	7,917
Less: Salvaged <sup>(1)</sup>	(20)	(8)	-	-	-	-	-	-	-	-	-	-
Subtotal Buses	245	258	260	258			272			255		
Other Vehicles:												
Administration	2	-	-	-	-	-	-	-	-	-	-	-
Driver's Education	13	13	12	12	3.89	5,847	12	4.26	4,137	12	5.93	5,130
Fleet Services	6	6	5	5	6.60	4,260	5	6.39	4,624	5	7.40	5,096
Head Start	6	6	7	5	10.54	1,634	6	9.76	1,128	5	7.64	4,264
Maintenance	45	58	59	59	10.68	4,688	53	11.61	5,191	54	10.89	9,023
Food and Nutritional Services	1	1	2	2	9.11	1,033	3	1.66	741	3	2.90	3,877
Planning & Construction	4	4	4	4	13.28	3,817	4	14.32	5,613	3	15.28	8,730
Technology	1	1	1	1	8.05	2,271	1	10.15	3,203	1	11.40	3,449
Security	7	7	6	7	11.65	1,369	7	12.69	1,092	7	13.94	859
Transportation	8	8	8	8	11.31	2,052	8	12.36	2,005	8	13.60	2,005
Subtotal Other Vehicles	93	104	104	103			99			98		
Total Stafford Schools	338	362	364	361			371			353		
County of Stafford:												
Fire & Rescue	178	170	174	186	12.95	3,281	195	13.35	1,567	147	11.39	1,373
Sheriff	227	259	275	262	5.56	7,896	259	5.73	9,526	341	5.73	7,235
Utilities	120	134	143	154	8.80	4,457	151	9.09	4,454	163	9.25	5,255
Other	157	139	152	163	-	N/A	153	-	N/A	160	-	N/A
Total County of Stafford	682	702	744	765			758			811		
<b>Total Fleet Vehicles</b>	1,020	1,064	1,108	1,126			1,129			1,164		
<b>Other Vehicles Serviced by Fleet Services:</b>												
Vocational Foundation Fleet Vehicles	1	-	1	1	-	N/A	1	-	N/A	1	-	N/A
<b>Total Other Vehicles</b>	1	-	1	1			1			1		

(1) To be sold at auction

N/A - Not available.

Source: Fleet Services internal records

Table S-12A

Fiscal Year											
2022			2023			2024			2025		
Active	Average Age	Average Mileage	Active	Average Age	Average Mileage	Active	Average Age	Average Mileage	Active	Average Age	Average Mileage
185	8.28	6,872	212	7.02	12,984	222	7.46	6,486	225	6.99	11,705
81	7.14	7,448	84	7.12	6,007	83	6.92	3,821	79	7.30	15,945
5	10.20	6,931	5	11.20	20,231	11	8.90	3,288	13	8.29	11,173
-	-	-	-	-	-	-	-	-	-	-	-
<u>271</u>			<u>301</u>			<u>316</u>			<u>317</u>		
-	-	-	-	-	-	-	-	-	-	-	-
14	6.17	3,952	13	5.00	9,752	13	4.92	3,416	13	6.30	11,145
6	6.50	2,261	6	8.50	5,138	6	9.50	1,517	6	10.57	4,838
7	8.00	938	7	7.43	1,243	7	8.43	1,312	7	9.13	1,537
52	11.35	8,446	47	11.83	8,123	52	8.21	1,352	55	9.24	7,293
4	1.83	1,082	6	3.83	3,010	7	4.29	1,100	7	4.54	3,706
7	7.60	2,330	6	9.67	5,300	6	10.67	760	6	11.33	3,150
1	12.00	1,966	1	14.00	4,959	1	14.25	338	1	15.42	2,928
7	14.20	410	7	16.29	872	7	17.29	1,154	8	15.78	796
14	8.57	1,354	13	10.08	3,084	13	7.62	12,216	12	7.28	4,888
<u>112</u>			<u>106</u>			<u>112</u>			<u>115</u>		
<u>383</u>			<u>407</u>			<u>428</u>			<u>432</u>		
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
302	5.14	384	280	6.17	9,313	323	5.34	10,123	329	5.68	8,120
165	N/A	166	107	11	5,574	110	8.23	8,246	123	8.35	6,803
191	N/A	189	165	11	4,252	185	11.49	5,284	152	11.12	4,004
<u>658</u>			<u>552</u>			<u>618</u>			<u>604</u>		
<u>1,041</u>			<u>959</u>			<u>1,046</u>			<u>1,036</u>		
<u>1</u>	-	N/A	<u>-</u>	-	N/A	<u>-</u>	-	N/A	<u>1</u>	30.00	N/A
<u>1</u>			<u>-</u>			<u>-</u>			<u>1</u>	30.00	

**Fleet Vehicles Serviced by Fleet Services:**

Stafford Schools:

Buses:

- Mainstream
- Special Needs
- Activity Buses
- Less: Salvaged<sup>(1)</sup>
- Subtotal Buses

Other Vehicles:

- Administration
- Driver's Education
- Fleet Services
- Head Start
- Maintenance
- Food and Nutritional Services
- Planning & Construction
- Technology
- Security
- Transportation
- Subtotal Other Vehicles

Total Stafford Schools

County of Stafford:

- Fire & Rescue
- Sheriff
- Utilities
- Other

Total County of Stafford

**Total Fleet Vehicles**

**Other Vehicles Serviced by Fleet Services:**

Vocational Foundation Fleet Vehicles

**Total Other Vehicles**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Fleet Services Operating Indicators**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Fleet Operations</b>					
Work orders completed	5,402	5,220	5,475	5,452	4,276
Invoices processed	4,532	4,443	4,266	4,055	3,222
Parts transactions	80,917	87,410	87,209	87,839	71,054
<b>Fleet Fuel</b>					
Stafford County Public Schools					
Gallons Purchased	541,287	556,154	562,598	560,577	438,096
Cost	777,308	921,522	1,171,800	1,203,317	842,992
Stafford County					
Gallons Purchased	478,829	487,511	503,230	512,084	500,696
Cost	733,776	785,667	971,072	1,017,771	803,389
<b>Fleet Acquisitions</b>					
School Buses - Mainstream					
Replacement	-	23	7	-	14
Additional	20	-	-	-	-
School Buses- Special Needs					
Replacement	-	3	3	7	5
Additional	5	-	-	-	-
Other School Vehicles					
Replacement	3	3	6	-	2
Additional	-	-	-	-	-
<b>Fleet Shops</b>					
Vehicles per Technician by Shop					
Heavy Duty Shop	25	36	36	26	35
Light Duty Shop	124	128	148	139	154

Source: Fleet Services internal records

Table S-12B

		Fiscal Year					
2021	2022	2023	2024	2025			
<b>Fleet Operations</b>							
4,492	4,329	3,996	5,238	5,168		Work orders completed	
2,804	3,745	3,900	3,800	4,334		Invoices processed	
55,966	41,710	51,844	91,925	89,754		Parts transactions	
<b>Fleet Fuel</b>							
Stafford County Public Schools							
498,532	589,067	668,942	675,802	681,049		Gallons Purchased	
825,273	1,800,894	2,214,251	1,924,059	1,589,002		Cost	
Stafford County							
304,905	513,816	511,260	514,430	485,779		Gallons Purchased	
547,529	1,471,433	1,487,819	1,370,567	1,127,300		Cost	
<b>Fleet Acquisitions</b>							
School Buses - Mainstream							
10	44	37	19	17		Replacement	
2	-	-	2	-		Additional	
School Buses- Special Needs							
20	15	6	9	0		Replacement	
-	-	-	-	8		Additional	
Other School Vehicles							
-	-	14	-	4		Replacement	
-	-	-	5	7		Additional	
<b>Fleet Shops</b>							
Vehicles per Technician by Shop							
42	132	202	205	353		Heavy Duty Shop	
186	104	93	115	328		Light Duty Shop	

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Technology and Information Services**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020
<b>Technology Statistics:</b>					
Number of Sites Serviced (Schools and Support Offices)	34	34	35	36	36
<b>Computer Statistics:</b>					
Total Desktop Computers	7,457	7,449	7,534	6,668	6,730
Desktop Computers over 5 years old	5	993	554	442	4,842
Percentage of Desktop Computers over 5 years old	0%	13%	7%	7%	72%
Total MacBooks	3,161	2,696	2,246	1,534	1,534
MacBooks over 5 years old	465	290	604	210	1,474
Percentage of MacBooks over 5 years old	15%	11%	27%	14%	96%
Total Chromebooks	6,955	13,867	14,751	17,206	24,950
Chromebooks Reaching EOL	-	65	2,308	1,376	120
Percentage of Chromebooks Reaching EOL	0%	0%	16%	8%	0%
Total Windows Laptops	-	-	1,336	1,215	1,201
Windows Laptops over 5 years old	-	-	600	746	789
Percentage of Windows Laptops over 5 years old	0%	0%	45%	61%	66%
<b>Connectivity Statistics by Site</b>					
Number of Sites with Wireless LAN connection	34	34	35	36	36
Percentage of Sites with Wireless LAN connection	100%	100%	100%	100%	100%
Number of Sites with Fiber WAN connection	31	33	34	36	36
Percentage of Sites with Fiber WAN connection	91%	97%	97%	100%	100%
<b>Other Technology Statistics:</b>					
Number of Schools equipped with Projection Systems	30	30	32	33	33
Percentage of Schools equipped with Projection Systems	100%	100%	100%	100%	100%

Source: Technology and Information Services Internal Records

Table S-13

Fiscal Year				
2021	2022	2023	2024	2025
36	37	37	37	39
5,971	6,109	5,549	6,082	6,059
5,191	5,818	5,253	4,607	4,206
87%	95%	95%	76%	69%
412	114	59	53	115
402	93	6	-	45
98%	82%	10%	0%	39%
44,121	46,603	45,002	49,452	47,190
2,466	-	23,621	26,335	15
6%	0%	52%	53%	0.03%
1,423	1,443	1,610	1,330	1,125
529	519	302	264	684
37%	36%	19%	20%	61%
36	37	37	37	39
100%	100%	100%	100%	100%
36	37	37	37	37
100%	100%	100%	100%	100%
33	33	33	33	33
100%	100%	100%	100%	100%

**Technology Statistics:**

Number of Sites Serviced (Schools and Support Offices)

**Computer Statistics:**

Total Desktop Computers

Desktop Computers over 5 years old

Percentage of Desktop Computers over 5 years old

Total MacBooks

MacBooks over 5 years old

Percentage of MacBooks over 5 years old

Total Chromebooks

Chromebooks Reaching EOL

Percentage of Chromebooks Reaching EOL

Total Windows Laptops

Windows Laptops over 5 years old

Percentage of Windows Laptops over 5 years old

**Connectivity Statistics by Site**

Number of Sites with Wireless LAN connection

Percentage of Sites with Wireless LAN connection

Number of Sites with Fiber WAN connection

Percentage of Sites with Fiber WAN connection

**Other Technology Statistics:**

Number of Schools equipped with Projection Systems

Percentage of Schools equipped with Projection Systems

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Property Data**  
**June 30, 2025**

Table S-14

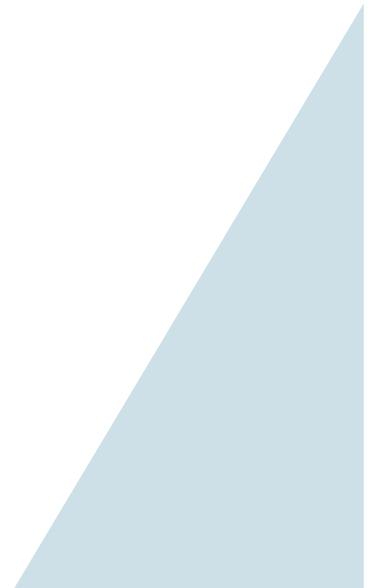
	<u>Year of Construction</u>	<u>Year of Last Renovation</u>	<u>Building - Square Feet</u>	<u>Site - Acreage</u>
<b>High School Data</b>				
Brooke Point HS	1993	2016	281,647	52.82
Colonial Forge HS	1999	2016	268,923	62.90
Mountain View HS	2005	2017	271,439	95.35
North Stafford HS	1981	2003	308,456	88.50
Stafford Senior HS <sup>(1)</sup>	2015	-	290,557	124.56
<b>Middle School Data</b>				
Edward Drew MS <sup>(2)</sup>	1951	1998	98,913	15.31
Dixon-Smith MS	2006	-	150,565	48.04
H. H. Poole MS	1995	1998	145,600	36.62
Rodney Thompson MS	2000	-	136,329	44.55
Stafford MS	1991	2007	134,567	37.45
Shirley Heim MS	2008	-	146,770	22.00
T.B. Gayle MS	2002	-	146,349	39.98
A.G. Wright MS and Garrisonville ES (combined campus)	1981	2018	195,099	50.21
<b>Elementary School Data</b>				
Anthony Burns ES	2006	-	88,385	38.57
K. W. Barrett ES <sup>(3)</sup>	2002	-	91,375	20.51
Conway ES <sup>(4)</sup>	2005	-	93,748	19.92
Falmouth ES <sup>(5)</sup>	1967	2012	80,121	41.49
Ferry Farm ES	1957	2021	79,857	18.12
Grafton Village ES	1967	2014	80,399	12.16
Hartwood ES <sup>(6)</sup>	1963	2017	64,548	29.60
Hampton Oaks ES <sup>(7)</sup>	1992	1996	84,608	18.76
Margaret Brent ES	2004	-	87,800	22.80
Moncure ES <sup>(8)</sup>	2019	-	110,035	27.00
Park Ridge ES <sup>(9)</sup>	1990	1994	85,369	20.00
Rockhill ES	1989	1994	76,432	23.38
Rocky Run ES <sup>(10)</sup>	2000	-	94,850	20.00
Stafford ES <sup>(11)</sup>	1968	2013	82,645	15.87
Widewater ES	1988	1995	77,481	22.44
Winding Creek ES <sup>(12)</sup>	1997	-	85,656	20.89
<b>Other Property</b>				
Alvin York Bandy Administration Building and Professional Development Center	1998	2000	70,338	9.55
Gari Melchers Complex	1931	1990	79,887	29.87
Pupil Transportation (Included in Fleet Acreage)	2009	-	7,362	-
Fleet Services	1980	-	16,500	21.54
Support Services Building (Included in Fleet Acreage)	1998	-	47,450	-
North Star Early Education Center <sup>(13)</sup>	2004	2019	48,207	21.15
Blackjack Storage Facility (purchased May 2025)	2012	2022	15,000	1.49
<b>Land</b>				
Clift Farm Road	-	-	-	172.00
Armstrong Property	-	-	-	151.45

(1) Includes 2,304 square feet related to the Aimee Building and 6,600 square feet related to the Automotive Building.

(2) Includes 6,032 square feet related to the Heather Empfield Day School.



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*



**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Energy Management - Utilities Savings Data**  
**Calendar Years 2015 - 2024**

	Calendar Year				
	2015	2016	2017	2018	2019
<b>Utilities Summary of All Schools (by Year):</b>					
Thousand British Thermal Units (KBTU)	187,518,601	182,780,846	184,526,886	184,152,617	154,602,113
Square Footage	3,784,663	3,840,542	3,840,542	3,840,542	3,870,344
KBTU/Square Footage	49.55	47.59	48.05	47.95	39.95
<b>2024</b>					
	Actual	Historical	Savings		
<b>Utilities Summary by School Level (in KBTU):</b>					
<b>Elementary Schools:</b>					
Electric	54,352,771	50,267,758	(4,085,013)		
Gas	23,402,239	20,125,057	(3,277,182)		
Oil		1,176,810	1,176,810		
Propane	94,208	176,922	82,714		
Subtotal	77,849,218	71,746,547	(6,102,671)		
<b>Middle Schools:</b>					
Electric	30,110,904	31,876,624	1,765,720		
Gas	13,556,743	10,250,356	(3,306,387)		
Oil	138,000	2,921,428	2,783,428		
Propane	1,220,362	52,005	(1,168,357)		
Subtotal	45,026,009	45,100,413	74,404		
<b>High Schools:</b>					
Electric	48,540,248	48,354,408	(185,840)		
Gas	19,804,673	12,844,546	(6,960,127)		
Oil	5,305,272	6,596,916	1,291,644		
Propane	403,126	164,309	(238,817)		
Subtotal	74,053,319	67,960,179	(6,093,140)		
Total	196,928,546	184,807,139	(12,121,407)		
Percentage of Savings				-6.50%	
Dollar Savings				-\$444,073	

Source: Facility Planning, Design & Construction Internal Records

Table S-15

Calendar Year					Utilities Summary of All Schools (by Year):
2020	2021	2022	2023	2024	
164,136,091	174,212,162	161,949,907	182,104,981	196,928,546	Thousand British Thermal Units (KBTU)
3,946,658	3,870,560	3,889,507	3,935,435	3,935,435	Square Footage
41.58	45.01	41.64	46.27	50.02	KBTU/Square Footage

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Average SAT Scores**  
**Fiscal Years 2016 - 2025**

	Fiscal Year				
	2016	2017	2018	2019	2020 <sup>(1)</sup>
<b>Average SAT Scores:</b>					
Math	513	521	541	546	549
Writing	486	542	560	564	567
Critical Reading	520	NLG	NLG	NLG	NLG

Source: College Board SAT Suite Assessments Annual Report

(1) The 2020 data represents the average scores for the Commonwealth of Virginia, not Stafford County.

NLG = No Longer Given

Table S-16

Fiscal Year					Average SAT Scores:
2021	2022	2023	2024	2025	
542	550	538	541	548	Math
565	529	563	564	575	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 2016 - 2025**

**Table S-17A**

Grade	Location	2016	2017	2018	2019	2020 <sup>(1)</sup>	2021	2022	2023	2024	2025
<b>Reading</b>											
3	Division	75%	74%	73%	70%		59%	66%	62%	63%	62%
	State	76%	75%	72%	71%		61%	68%	66%	67%	67%
4	Division	77%	78%	77%	76%		67%	70%	73%	71%	72%
	State	77%	79%	76%	75%		68%	72%	73%	73%	73%
5	Division	83%	83%	80%	81%		67%	74%	72%	72%	71%
	State	81%	81%	80%	78%		66%	72%	71%	72%	72%
6	Division	80%	83%	83%	78%		68%	66%	68%	70%	73%
	State	77%	78%	80%	77%		69%	70%	71%	71%	73%
7	Division	85%	85%	84%	82%		67%	73%	67%	71%	71%
	State	82%	82%	81%	79%		71%	72%	70%	72%	73%
8	Division	81%	79%	81%	78%		66%	70%	67%	68%	73%
	State	75%	76%	77%	76%		69%	72%	71%	72%	73%
High School	Division	90%	90%	89%	86%		83%	87%	86%	85%	90%
	State	89%	87%	87%	86%		81%	85%	85%	84%	86%
<b>Writing</b>											
8	Division	75%	74%	69%	64%		NR	NR	NR	NR	NR
	State	71%	73%	73%	70%		NR	NR	NR	NR	NR
High School	Division	86%	86%	85%	83%		NR	NR	NR	NR	80%
	State	83%	84%	84%	82%		NR	NR	NR	NR	76%

**NLG = No longer given**

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

(1) 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**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Standards of Learning Test Passing Rates**  
**Fiscal Years 2017 - 2025**

**Table S-17B**

Grade	Location	2017	2018	2019	2020 <sup>(1)</sup>	2021	2022	2023	2024	2024	2025
<b>History and Social Science (Alternative Assessment)</b>											
High School	Division	90%	85%	74%	82%		NR	NR	NR	NR	NR
	State	85%	80%	83%	78%		NR	NR	NR	NR	NR
<b>Virginia and U.S. History</b>											
High School	Division	90%	90%	88%	79%		NR	NR	NR	45%	50%
	State	86%	86%	84%	68%		NR	NR	NR	35%	39%
<b>World History I</b>											
High School	Division	89%	90%	85%	81%		NR	NR	NR	71%	70%
	State	84%	85%	82%	80%		NR	NR	NR	66%	66%
<b>World History II</b>											
High School	Division	90%	90%	87%	85%		NR	NR	NR	35%	55%
	State	86%	87%	84%	82%		NR	NR	NR	31%	37%
<b>World Geography</b>											
High School	Division	99%	95%	99%	92%		NR	NR	NR	71%	87%
	State	86%	83%	82%	80%		NR	NR	NR	68%	68%
<b>Virginia Studies</b>											
Content Specific	Division	87%	85%	84%	80%		NR	NR	NR	65%	66%
	State	85%	81%		NR	NR	NR	69%	69%	69%	69%
<b>Civics and Economics</b>											
Content Specific	Division	87%	84%	83%	77%		NR	NR	NR	68%	66%
	State	87%	87%	86%	82%		NR	NR	NR	73%	72%

**NLG = No longer given**

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

(1) 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**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Standards of Learning Test Passing Rates**  
**Fiscal Years 2016 - 2025**

Table S-17C

Grade	Location	2016	2017	2018	2019	2020 <sup>(1)</sup>	2021	2022	2023	2024	2025
<b>Mathematics</b>											
3	Division	77%	74%	75%	81%		52%	65%	67%	68%	70%
	State	77%	75%	73%	82%		54%	67%	69%	70%	73%
4	Division	83%	81%	79%	85%		53%	63%	69%	67%	71%
	State	83%	81%	79%	83%		56%	66%	70%	71%	73%
5	Division	81%	83%	79%	85%		56%	67%	70%	69%	71%
	State	79%	79%	77%	81%		51%	64%	67%	68%	71%
6	Division	90%	88%	84%	78%		22%	42%	57%	61%	64%
	State	82%	82%	79%	78%		45%	57%	61%	63%	65%
7	Division	81%	79%	78%	86%		42%	51%	55%	49%	50%
	State	72%	71%	69%	78%		45%	55%	59%	61%	62%
8	Division	77%	76%	70%	73%		19%	30%	43%	63%	54%
	State	73%	74%	71%	77%		43%	57%	60%	63%	63%
<b>Algebra I</b>											
High School	Division	84%	84%	81%	87%		56%	76%	76%	82%	86%
	State	83%	82%	81%	86%		63%	80%	80%	85%	85%
<b>Geometry</b>											
High School	Division	82%	81%	81%	84%		79%	80%	72%	71%	80%
	State	80%	78%	77%	83%		73%	80%	78%	80%	82%
<b>Algebra II</b>											
High School	Division	92%	89%	91%	90%		76%	88%	87%	87%	89%
	State	89%	90%	89%	91%		78%	86%	86%	86%	89%

(1) 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**

**Stafford County Public Schools**  
**A Component Unit of Stafford County, Virginia**  
**Standards of Learning Test Passing Rates**  
**Fiscal Years 2016 - 2025**

**Table S-17D**

Grade	Location	2016	2017	2018	2019	2020 <sup>(1)</sup>	2021	2022	2023	2024	2025
<b>Science</b>											
5	Division	81%	79%	78%	77%		44%	58%	62%	64%	66%
	State	81%	79%	79%	79%		50%	61%	66%	66%	69%
8	Division	83%	82%	77%	79%		55%	60%	59%	62%	65%
	State	79%	79%	78%	78%		58%	61%	62%	65%	68%
<b>Biology</b>											
High School	Division	90%	88%	86%	86%		69%	71%	70%	76%	77%
	State	84%	82%	82%	83%		66%	70%	72%	74%	78%
<b>Chemistry</b>											
High School	Division	87%	87%	86%	86%		35%	64%	47%	31%	52%
	State	88%	89%	89%	88%		52%	64%	37%	37%	42%
<b>Earth Science</b>											
High School	Division	87%	86%	83%	83%		62%	69%	70%	73%	76%
	State	84%	82%	81%	81%		67%	73%	67%	67%	70%

**NLG = No longer given**

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

(1) Governor Northam's Executive Order Fifty-One (E051), 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**

**Stafford County Public Schools  
Component Unit of Stafford County, Virginia  
Accreditation and Adequate Yearly Progress (AYP)  
Or Federal Annual Measurable Objectives (FAMOs)  
Fiscal Years 2016 - 2025**

	2016	2017	2018	2019	2020 <sup>(1)</sup>
<b>Division-wide Status:</b>					
Schools Fully Accredited	100%	100%	100%	100%	-1
Accreditation Waived					100%
Schools that Made AYP/AMO	37%	*	*	*	*
Division AYP/AMO	Did not meet	*	*	*	*
	FAMO	FAMO			
Schools that Made FAMO	37%	*	*	*	*
Division FAMO	Did not meet	*	*	*	*
	FAMO	FAMO			

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

(1) 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.

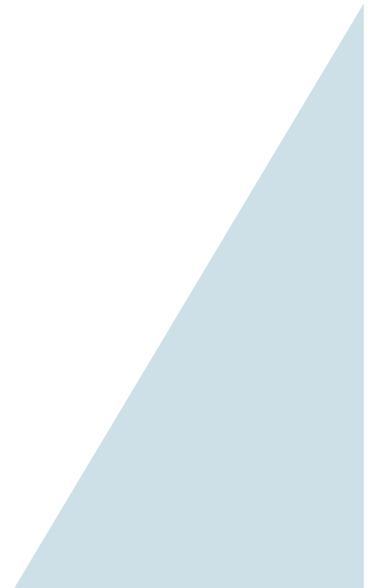
**Source: Virginia Department of Education**

Table S-18

2021 <sup>(1)</sup>	2022	2023	2024	2025	
-1	1	100%	91%	100%	<b>Division-wide Status:</b>
100%	100%	100%	-%	-%	Schools Fully Accredited
*	*	*	*	*	Accreditation Waived
*	*	*	*	*	Schools that Made AYP/AMO
					Division AYP/AMO
*	*	*	*	*	Schools that Made FAMO
*	*	*	*	*	Division FAMO



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*

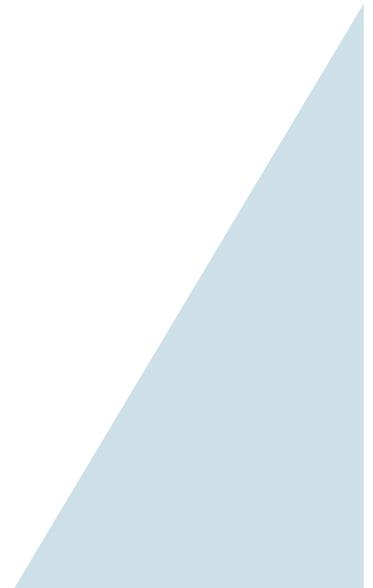




# Compliance



**Stafford County  
Public Schools**  
*Inspire | Empower | Excel*





**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 (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Stafford Schools' basic financial statements, and have issued our report thereon dated December 22, 2025.

**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 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 Stafford Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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 22, 2025



**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 Each Major Federal Programs***

We have audited Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Stafford Schools’ major federal programs for the year ended June 30, 2025. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stafford Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 22, 2025

**Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025**

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Subrecipient	2025 Federal Expenditures
Department of Agriculture:				
Direct Payments:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	Not applicable	\$ -	\$ 1,512,259
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	202020N85034	-	8,585,839
School Breakfast Program	10.553	202020N85034	-	3,252,320
Summer Food Service Program for Children	10.559	202121N10994	-	89,791
Total Child Nutrition Cluster			-	13,440,209
Child and Adult Care Food Program	10.558	202020N10994	-	71,685
Total Department of Agriculture			-	13,511,894
Department of Defense:				
Direct Payments:				
JROTC	12.000	Not applicable	-	473,159
Promoting K-12 Student Achievement at Military-Connected Schools	12.556	Not applicable	-	78,192
Total Department of Defense			-	551,351
United States Department of the Treasury				
Pass Through Payments From Commonwealth of Virginia:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	-	2,715,076
Total United States Department of the Treasury			-	2,715,076
Department of Education:				
Direct Payments:				
Impact Aid	84.041	Not applicable	-	1,121,028
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	H027A200107	-	6,163,956
Special Education Preschool Grants	84.173A	H193A180112	-	114,920
Total Special Education Cluster (IDEA)			-	6,278,876
Title I Grants to Local Educational Agencies	84.010	S010A190046	\$ -	\$ 3,502,703
Career and Technical Education - Basic Grants to States	84.048	V048A200046	-	416,782
Education for Homeless Children and Youth	84.196	S196A200048	-	44,766
Education for Homeless Children and Youth COVID19	84.196	S196A200048	-	15,926
Twenty-First Century Community Learning Center	84.287	S287C190047	-	336,575
English Language Acquisition State Grants	84.365	S365A190046	-	336,714
Supporting Effective Instruction State Grants	84.367	S367A180044	-	693,768
Student Support and Academic Enrichment Program	84.424	S424A190048	-	212,707

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

**Stafford County Public Schools  
A Component Unit of Stafford County, Virginia  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2025**

<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>2025 Federal Expenditures</b>
Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund COVID19	84.425D	S425D200008	-	210,374
Total Department of Education			-	13,170,219
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	Not applicable	-	3,182,548
Total Head Start Cluster			-	3,182,548
Pass Through Payments From Commonwealth of Virginia:				
Department of Social Services:				
Refugee & Entrant Assistance State Administered Programs	93.566	Not applicable	-	39,011
Medicaid Cluster:				
Medical Assistance Program	93.778	93.778/2012	-	3,193,926
Total Medicaid Cluster			-	3,232,937
Total Department of Health and Human Services			-	6,415,485
Total Expenditures of Federal Awards			\$ -	\$ 36,364,025

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

**Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of SCPS under programs of the federal government for the year ended June 30, 2025. 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 SCPS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCPS.

**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 minimus indirect cost as allowed under the Uniform Guidance.

**Stafford County Public Schools  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2025**

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

*Financial Statements*

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

Internal control over financial reporting:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

*Federal Awards*

Internal control over the major federal programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?  Yes  No

Identification of major federal programs:

<b>Federal Assistance Listing Number</b>	<b>Name of Federal Program or Cluster</b>
Child Nutrition Cluster:	
10.553	School Breakfast Program
10.555	National School Lunch Program
10.559	Summer Food Service Program for Children
Head Start Cluster:	
93.600	Head Start
Medicaid Cluster:	
93.778	Medical Assistance Program

Dollar threshold used to distinguish between type A and type B programs \$1,090,921

Auditee qualified as low-risk auditee?  Yes  No

**Section II. FINANCIAL STATEMENT FINDINGS**

No matters were reported.

**Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

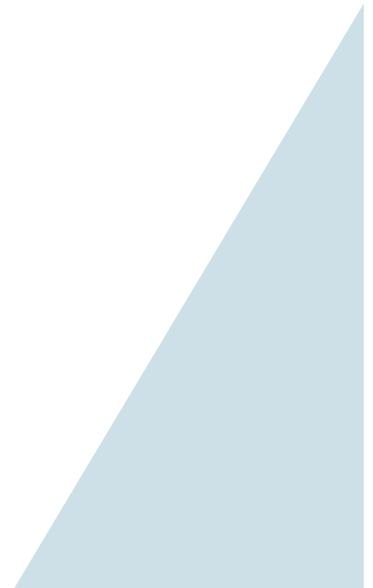
No matters were reported.

**Stafford County Public Schools**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2025**

There were no matters reported during the fiscal year ended June 30, 2024.



**Stafford County  
Public Schools**  
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# Stafford County Public Schools