



GEORGE L. GORDON, JR.
GOVERNMENT CENTER

STAFFORD
Virginia

FY2023

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2023



Stafford County, Virginia

Randal E. Vosburg, County Administrator
Andrea Light, Chief Director Financial Services
Alan R. (Randy) Helwig, Controller
Irasela Madonia, Assistant Controller

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

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

**COUNTY OF STAFFORD, VIRGINIA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2023**

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Board of Supervisors

Dr. Pamela Yeung, Chairman
Thomas Coen, Vice Chairman
Tinesha Allen
Meg Bohmke
Darrell English
Monica Gary
Crystal L. Vanuch

Randal E. Vosburg
County Administrator

December 12, 2023

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

We are pleased to present the Annual Comprehensive Financial Report (ACFR) of the County of Stafford, Virginia (County) for Fiscal Year (FY) 2023 in compliance with Section 15.2-2511 of the *Code of Virginia* (1950), as amended. The County has used professionally accepted standards to prepare its financial statements. The report is designed to present fairly the financial position and results of financial operations of the County in all material respects and to demonstrate compliance with applicable finance-related legal and contractual provisions. The report adheres to the principle of full disclosure so that the reader may gain maximum understanding of the County's financial affairs.

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

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

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

PBMares LLP, a firm of licensed certified public accountants, audited the County's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the County as of and for the fiscal year ended June 30, 2023, were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditors issued an unmodified opinion that the County's financial statements are fairly presented in all material respects in conformity with GAAP for the year ended June 30, 2023. The report of independent auditor is presented as the first component of the financial section of this report.

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

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



PROFILE OF STAFFORD COUNTY

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

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

The government of the County serves a population of 163,417 residents and provides a full range of local government services. These include general administration, judicial administration, public safety, public works, health and welfare, parks, recreation, and community facilities, education, and community and economic development. Funds required to support these services are reflected in this report.

Public Schools

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

Higher Education

Multiple opportunities for higher education exist in the County. The University of Mary Washington's (UMW) graduate school campus is located in Stafford County. It offers a variety of career advancement and professional development programs for working adults.

Germanna's new Barbara J. Fried Center near Stafford Hospital opened in the summer of 2018 at 124 Old Potomac Church Road---the next step toward a permanent campus in Stafford County. The Barbara J. Fried Center offers all Germanna transfer programs, including cybersecurity, nursing and business administration. The location's proximity to Quantico in Stafford will help Germanna serve veterans and local professionals and approximately 1,000 local students. In 2022, Germanna announced a major expansion in Stafford County with the purchase of its new \$15 million Center of Educational Excellence at Center Street, allowing Germanna to double student enrollment in critically needed Allied Health Services – especially nursing. In 2023, Germanna established the James R. Clapper Center for Innovation in Cybersecurity in the Barbara J. Fried Center. The Clapper Center will house the community college's cybersecurity degree and credential programs.

University of Maryland Global Campus offers classes and full services at Quantico Corporate Center (Off-Base) in Stafford, Virginia. Other nearby educational institutions include the Marine Corp University and George Mason University.



Budgetary Control

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

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

Internal Control

In developing and maintaining the County's overall accounting and financial management system, adequacy of internal accounting controls has been considered. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss and the reliability of financial records. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived, and (2) the evaluation of costs and benefits requires estimates and judgments by management. In this regard, we believe that the County's internal accounting controls are adequate. In addition, the external auditors evaluate these controls during the course of the annual audit. We are committed to deriving the maximum benefits from this review process and will continue to actively pursue implementation of all recommended policy and procedural changes which are deemed practicable.

Accounting System

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



Relevant Financial Policies

The Board's financial policy, *Principles of High-Performance Financial Management*, was adopted in FY 2005 and updated in FY 2022 per policy guidelines. The policy defines the fund balance levels for the General Fund and sets debt capacity parameters in order to provide for overall stability and flexibility for financial planning purposes. It is reviewed and updated every two years, at a minimum. One of the Board's goals is to continue strengthening its financial position through a commitment to fiscal discipline and accountability. The revised policy continues the minimum unrestricted, unassigned fund balance for the General Fund at twelve percent (12%) of General Fund revenues. Use of unassigned fund balance is restricted to significant unexpected declines in revenues or unanticipated emergencies. This policy was met; at June 30, 2023 unassigned fund balance in the General Fund was \$50.2 million or 13.1% of on-going operating revenues.

The Board also reaffirmed previously established fund balance commitments:

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

All commitments were fully funded according to policy guidelines for FY 2023. See the Notes to Financial Statements, Summary of Significant Accounting Policies, Note 1, Section N – Net Position and Fund Balance Classification – for a detailed discussion of this policy.

Long-Term Financial Planning

The County prepares a Capital Improvement Plan (CIP) annually. The CIP serves as a planning tool to analyze initiatives, formulate service levels and phase-in funding needed for public facilities. The Board adopts the plan during the budget process. The adopted FY 2023-2032 CIP totaled \$1,073.3 million with \$392.5 million for County projects, \$414.5 million for school projects and \$266.3 million for Water and Sewer Fund projects. A variety of funding sources including general obligation bonds, revenue bonds, equipment finance agreements, grants and General Fund revenues will fund the projects. The bond portion of the projects totaled \$552,724,167 - \$89,583,033 for County projects, \$381,057,918 for school projects and \$82,083,216 for Water and Sewer Fund projects.



The Board's financial policy limits general obligation debt to no more than 2.75% of the assessed value of taxable real property. General obligation debt as a percentage of taxable real property assessed value for FY 2023 was 2.00%. General Fund debt service expenditures for the County and its Component Unit School Board are not to exceed 10% of general government and schools operating budgeted expenditures. Debt service expenditures were 8.37% of budgeted expenditures for FY 2023. The financial policy also states that the County intends to maintain a ten-year payout ratio at or above 60% and to the extent possible future debt for County facilities will be issued with level principal payments. The County intends to maintain a ten-year pay-out ratio at or above 60%, to the extent possible, future debt facilities will be issued with level principal payments. The policy reduces reliance on debt to meet capital needs by limiting the percentage of capital lease debt service to 1% of the general government budget. Additional criteria for equipment finance agreement funded purchases include that (1) equipment finance agreement purchase is eligible under state law for such financing, (2) the useful life of the purchase equals or exceeds the term of the debt, (3) the purchase exceeds \$100,000, and (4) sufficient funds are available for the resulting debt service. The adopted CIP is in full compliance with the County's financial debt management policies.

The policy also dedicates all rollback tax revenue to the County's Purchase of Development Rights program (PDR).

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

ECONOMIC CONDITION AND OUTLOOK

Stafford County Economic Development is dedicated to the continued improvement of Stafford County's community and economic status and to market the County as a premier business location in Virginia. An economically competitive and sustainable community, Stafford County strives to create an exciting, diverse and amenity-rich identity. Initiatives undertaken in the areas of economic development, business retention, and business attraction continue to enhance the County's position as economic opportunities. Purposeful economic development planning and marketing has led to Stafford now being recognized as a place for new distribution and technology firms. We have continued to foster private investment that has resulted in the leasing of 450,000 SF by Federal Express and the expansion of multiple companies into the development by Merritt Properties at Quantico Corporate Center. The Peterson Companies continue to invest in Stafford County with completion of a 630,000 SF facility to serve as an Amazon Cross-Dock facility, building of a spec 530,000 SF light industrial building (NOVA Gateway Building 2), and the continued development of the NOVA Gateway Project.

Stafford continues to house the Virginia Smart Community Testbed, which serves as a catalyst for innovation in public-private partnerships, products, and services. The Testbed also serves as host to international delegations seeking knowledge and insight into the unique investment and research and design being completed by the Virginia Innovation Partnership Corporation. In all of these activities, Stafford County has showcased its assets and strengths to be a host for innovative companies and startups.

Strong investment in Stafford by the private sector continued in FY2023 and is expected to extend into FY 2024. Investments in logistics, distribution, light industrial, as well as "flex" industrial space continues by companies such as The Peterson Companies, Merritt Properties, Matan, Northpoint, and Flint Development along the Interstate I-95 corridor. These investments are critical to the diversification and growth Stafford County's commercial tax base. It



is anticipated said developments and others will generate approximately \$8M of new real estate and business personal property taxes annually and will create over 2,000 new jobs.

According to the Virginia Employment Commission, Stafford's unemployment rate in June 2023 was 3.2%, while the State of Virginia and national rates were 2.8% and 3.6% respectively. There are more than 3,000 businesses located in Stafford, employing more than 48,000 people. The professional and business services and health care industries have contributed significantly to that growth. However, a focused development and marketing effort in the warehouse, distribution and advance manufacturing sector is paying off. By the end of July 2022 nearly 999,548 square feet of commercial space was under construction, nearly 300% higher than the previous year. There are numerous commercial projects in various stages of development.

Recognizing that most new jobs and investment in the community come from existing businesses, Stafford continues to focus considerable energy and staff resources on business retention and expansion. The County and Stafford EDA celebrate new business openings and expansions with ribbon cuttings and additional social media marketing.

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

MAJOR INITIATIVES

Stafford has prioritized adhering to sound and responsible financial practices for several years to improve bond ratings to benefit citizens in the long term. That constant financial mindfulness has led to Stafford maintaining a AAA bond rating from Moody's Investors Services, Standard & Poor's and Fitch Ratings. In keeping with its policies, the Finance and Budget staff keeps the Board apprised of the County's financial operations through various initiatives. A monthly financial report compares the budget to actual results, in dollars and percentages, for major revenue sources and departmental expenditures; a short narrative explains variances. There is also a quarterly presentation at a Board work session during which financial results are reviewed, projections are presented, and plans to move them forward. The County adheres to its Five-Year Financial Plan and Strategic Plan to aid in this mindfulness. In 2023, the County updated its Strategic Plan for the next five years.

Stafford provided the largest budget transfer to Schools in its history in the FY24 budget. Ground was broken on High School #6 in the Hartwood district.

Stafford Utilities continued the improvement of water and sewer systems, including replacing neighborhood water systems, upgrading water and wastewater treatment facilities, and rehabilitation of County sewer pumping stations. Work has been ongoing in completing a massive replacement of the water system in Ferry Farm, the oldest subdivision in Stafford County. Construction began on the new Enon Road water tank, a facility that will increase Stafford's ability to move water quickly from one area of the county to another. Stafford County's wastewater treatment facilities won the National Association of Clean Water Agencies (NACWA) award recognizing outstanding compliance records.



The County partnered with Comcast on a 2022 VATI grant to bring broadband to the unserved in the western part of the county and has neared completion at the end of 2023.

Stafford received two National Association of Counties Achievement Awards: one for the AskBlu initiative establishing a website chatbot, a newsletter and other services to residents; and one for the internship to employment program in Utilities. The Utilities program also won a Virginia Association of Counties Achievement Award.

Multiple businesses have succeeded and been supported by the Virginia Smart Community Testbed located at Stafford's campus.

Stafford continues progressing on its 2019 Road Bond Referendum with the completion of improvements on portions of Hartwood Road, Mountain View Road and Winding Creek Road.

Stafford debuted Blu's Academy, a citizen education initiative as well as the Neighborhood Services program, which consists of a newsletter and opportunities for staff to speak to HOAs and neighborhoods. Stafford also won first place in the county category of the seventh annual Government Experience Awards, an award given to jurisdictions with elevated tech standards to provide a more intuitive, customer-centric approach to delivering essential residential services.

With recruitment and retention in public safety positions continuing to be challenging, the County enacted pay raises of 17.75% for Sheriff's uniformed 1st Sergeant and below and 10.75% for all other uniformed public safety staff.

Parks, Recreation, Facilities and Tourism broke ground on a dog park in Mountain View

OTHER INFORMATION

The Certificate of Achievement for Excellence in Financial Reporting - The Government Finance Officers Association (GFOA) of the United States and Canada awarded a *Certificate of Achievement for Excellence in Financial Reporting* to Stafford County for its ACFR for the fiscal year ended June 30, 2022. This was the County's forty first consecutive award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an ACFR that is easy to read, efficiently organized and whose contents conform to program standards. The ACFR must satisfy GAAP and applicable legal requirements. We believe that our current report continues to conform to the Certificate of Achievement program requirements and will be submitted to GFOA.

Distinguished Budget Presentation Award - The GFOA has also awarded the County its *Distinguished Budget Award* for the last thirty-seven years, including the 2024 fiscal year budget. In order to receive this award, a governmental unit must publish a budget document that is an exceptional policy document, operations guide, financial plan and communications medium.

For an overview of the County's financial condition and financial highlights for FY2023, please refer to the Management's Discussion and Analysis, located in the Financial Section of this document.



ACKNOWLEDGEMENTS

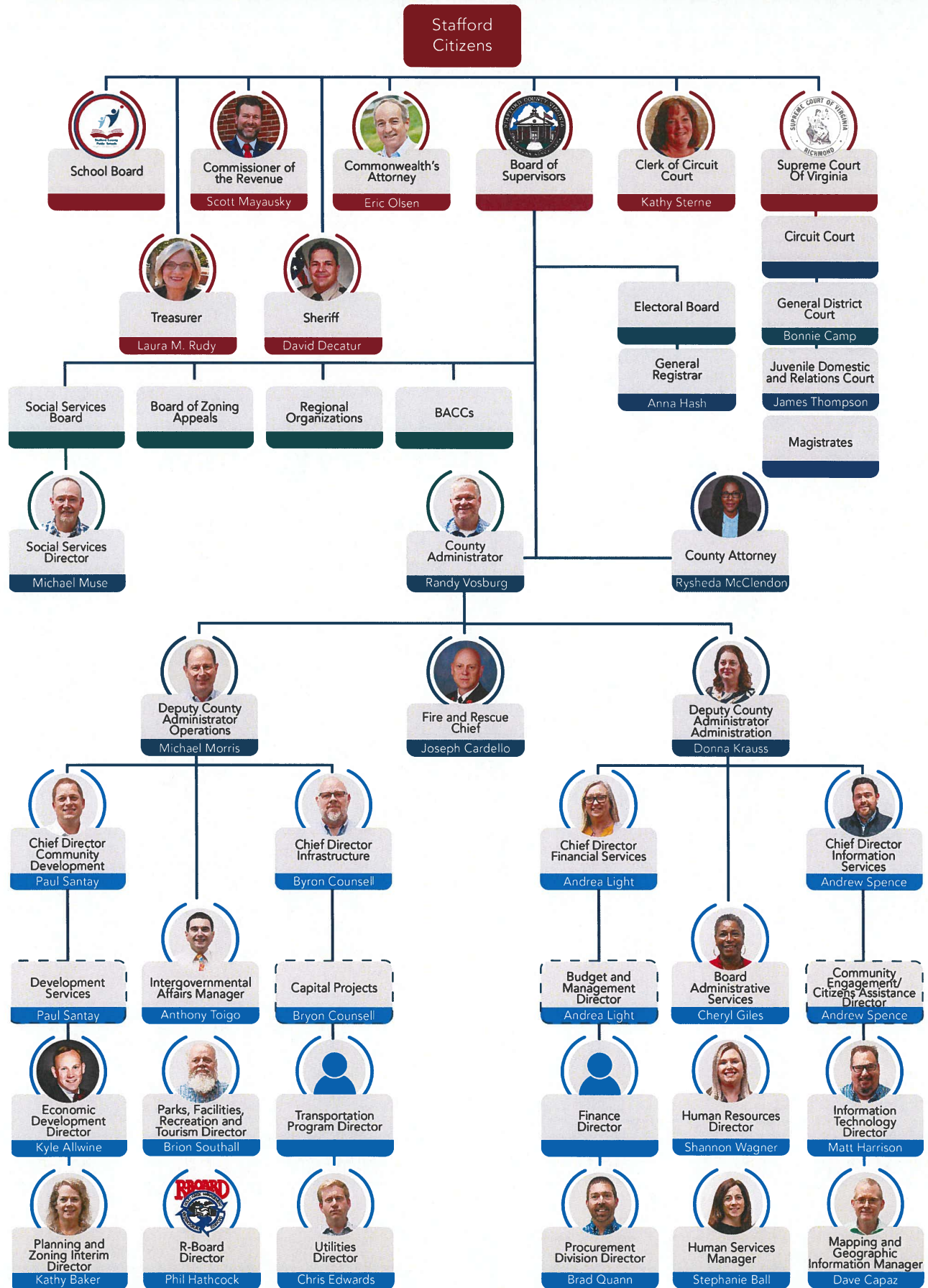
Stafford County has a sound record in financial management and continues to maintain a strong and stable financial reporting system. Appreciation is expressed to the members of the Stafford County Board of Supervisors, the School Board, the Treasurer, and the Commissioner of the Revenue for their interest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

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

Randal E. Vosburg
County Administrator



Organizational Chart



● Elected Officials / Constitutional Officer

● Courts

● Appointed/Partners

● Chief Director Department

● Agencies and Departments

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL OFFICIALS

BOARD OF SUPERVISORS

Dr. Pamela Yeung, Chairman	Garrisonville District
Thomas C. Coen, Vice Chairman	George Washington District
Meg Bohmke	Falmouth District
Crystal L. Vanuch	Rock Hill District
Tinesha O. Allen	Griffis-Widewater District
Darrell E. English	Hartwood District
Monica Gary, Sr.	Garrisonville District Aquia District

CONSTITUTIONAL OFFICERS

Kathy M. Stern	Clerk of Circuit Court
Scott A. Mayausky	Commissioner of the Revenue
Eric L. Olsen	Commonwealth's Attorney
David P. Decatur	Sheriff
Laura M. Rudy	Treasurer

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL OFFICIALS
(continued)

COUNTY ADMINISTRATIVE OFFICERS

Randal E. Vosburg	County Administrator
Michael A. Morris	Deputy County Administrator
Donna S. Krauss	Deputy County Administrator
Rysheda M. McClendon	County Attorney
Joseph A. Cardello	Fire Chief
Andrea M Light	Chief Director of Financial Services
Andrew L. Spence	Chief Director of Information Services
Bryon H. Counsell	Chief Director of Infrastructure
Paul Santay	Chief Director of Community Development
Kyle F. Allwine	Director of Economic Development
Christopher Edwards	Director of Utilities
Kathy C. Baker	Interim Director of Planning and Zoning
Michael J. Muse	Director of Social Services
Matthew Harrison	Director of Information Technology
Brion L. Southall	Director of Parks, Facilities, Recreation and Tourism
Shannon L. Wagner	Director of Human Resources
Brad Quann	Division Director of Procurement



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Stafford County
Virginia**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2022

Christopher P. Morill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information on pages 22-33 and 131-148, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2023 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

JB Mares, LLP

Harrisonburg, Virginia
December 12, 2023

Management's Discussion and Analysis

As management of the County of Stafford, Virginia (County) we offer users of the County's financial statements this narrative overview and analysis of the financial activities of the County as of and for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the transmittal letter, financial statements, and the accompanying notes.

Overview of the Financial Statements

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

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

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

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

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

FINANCIAL HIGHLIGHTS

- The primary government, made up of the governmental activities and business-type activities of the County, had positive net position of \$320.8 million at June 30, 2023, which represents a decrease of \$21.9 million from the prior year.
- The total cost of the County's governmental programs increased \$ 96 million to \$447.0 million during fiscal year 2023, while the County's total revenues increased \$ 24.3 million to \$395.5 million.
- At June 30, 2023, the County had \$543.4 million of debt outstanding, including \$356.7 million of debt issued on behalf of the School Board component unit for assets that are owned and maintained by the component unit. Consequently, the liabilities and deferred inflows of governmental activities exceed the assets and deferred outflows, contributing to a net position deficit of \$178.6 million.
- The total cost of the County's business-type activities increased to \$55.8 million, while related revenues to \$85.3 million, contributing to an increase in net position of business-type activities of \$29.7 million during fiscal year 2023.
- The County's total long-term liabilities, which includes pension and OPEB benefit obligations, increased by \$16.8 million during FY2023.
- The County's governmental funds reported combined fund balance of \$192.6 million as of June 30, 2023, up \$30.2 million from the prior year.
- The County's unassigned General Fund balance as of June 30, 2023 was \$50.2 million in accordance with County policy.

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

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

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

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

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

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

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

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

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

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

Government-Wide Financial Analysis

Statement of Net Position

As noted earlier, over time, changes in net position may serve as an indicator of the County's financial position. The County's assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources by \$320.8 million at the close of fiscal year 2023. By far, the largest portion of the County's net position (\$539.0 million) reflects its net investment in capital assets (e.g., land, buildings, vehicles, distribution and collections systems, intangible lease and subscription assets and equipment), less any related outstanding debt used to acquire those assets. The County uses these capital assets to provide services to its citizens (e.g., law enforcement, fire and emergency medical services, libraries, water and wastewater services). Consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay the related debt must be provided by other sources since the capital assets cannot be used to liquidate the liabilities (the assets are not generally sold or otherwise disposed of during their useful lives).

\$160.4 million of the County's net position represents resources that are subject to external restrictions on how they may be used. These restrictions include debt service, construction and maintenance, grants and federal drug enforcement constraints.

Another significant point to note regarding school assets and their related debt is that in the Commonwealth of Virginia, school boards do not have taxing authority, and thus, cannot issue general obligation debt; however, they hold title to the assets acquired through debt issued by their respective primary governments. They are custodians of the assets and maintain the property. Therefore, the County reports a significant liability for debt related to school property and equipment. The \$178.5 million governmental net position deficit is primarily due to \$354.6 million for school property and equipment for which the County does not report the related capital asset.

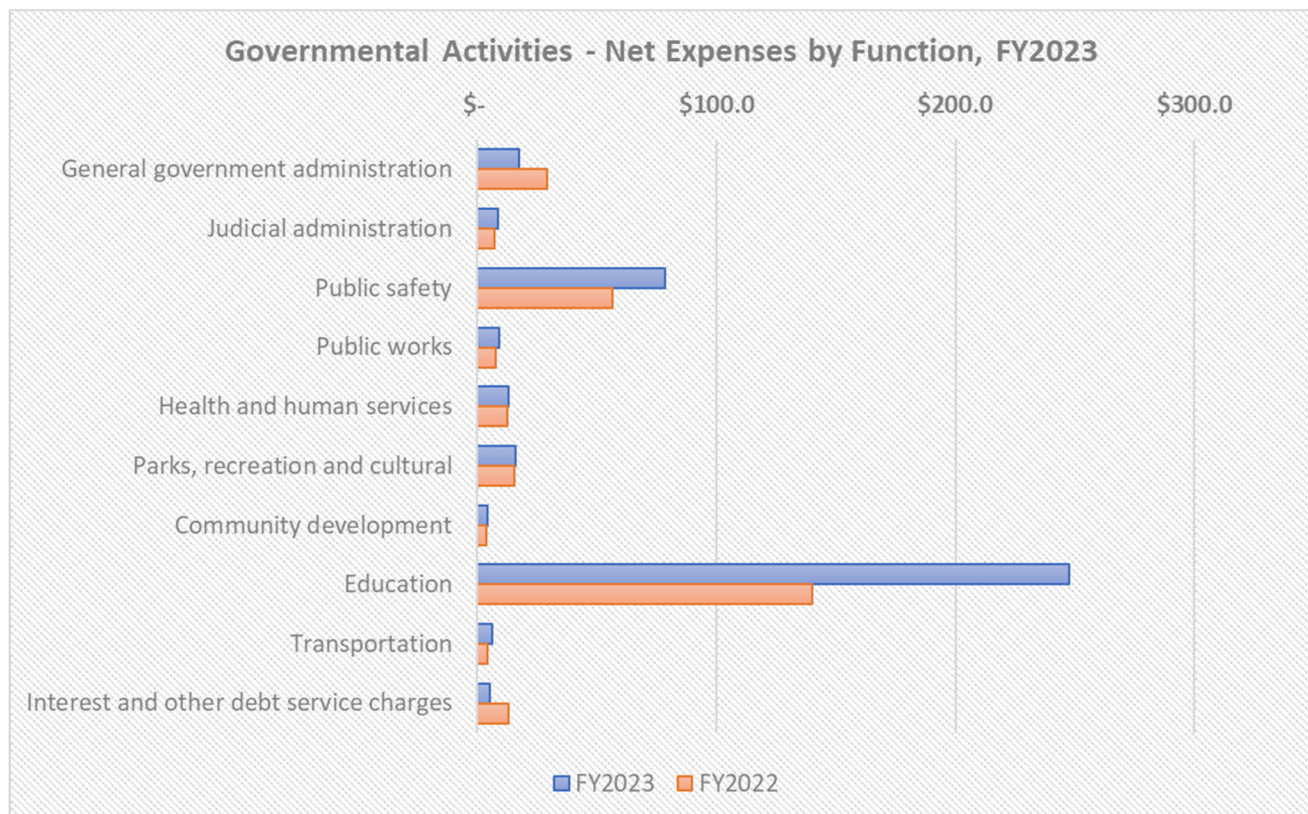
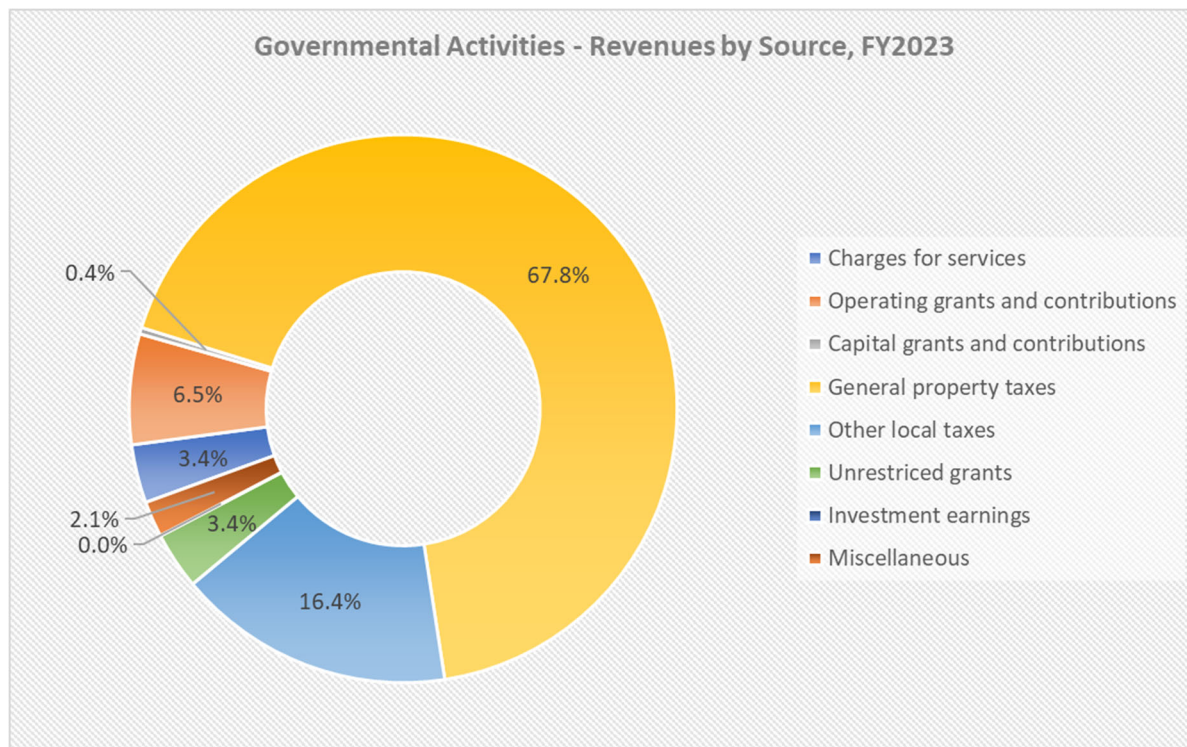
The net \$29.8 million increase in business-type activities net position is largely due to capital contributions in the form of donated infrastructure and developer contributions.

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

Summary Statement of Net Position																
As of June 30, 2023 and 2022																
	Primary Government								Component Units							
	Governmental Activities		Business-Type Activities		Total											
	2023	2022	2023	2022	2023	2022	2023	2022								
Assets:																
Current and other assets	\$	293.1	\$	285.7	\$	119.6	\$	123.2	\$	412.7	\$	408.9	\$	193.8	\$	118.7
Capital assets, net		221.4		228.6		500.0		468.7		721.4		697.3		459.6		453.1
Total assets		514.5		514.3		619.6		591.9		1,134.1		1,106.2		653.4		571.8
Total deferred outflows of resources		48.2		56.6		9.8		11.3		58.0		67.9		136.5		144.0
Liabilities:																
Current liabilities		124.9		146.0		17.7		15.8		142.6		161.8		41.1		58.3
Long-term liabilities		545.2		492.9		98.8		107.7		644.0		600.6		338.6		438.9
Total liabilities		670.1		638.9		116.5		123.5		786.6		762.4		379.7		497.2
Total deferred inflows of resources		71.2		58.9		13.5		10.1		84.7		69.0		214.8		158.5
Net position:																
Net investment in capital assets		122.6		122.8		416.3		382.4		538.9		505.2		447.9		440.0
Restricted		77.3		63.1		83.1		18.1		160.4		81.2		132.1		33.6
Unrestricted		(378.5)		(312.8)		-		69.1		(378.5)		(243.7)		(384.7)		(413.5)
Total net position	\$	(178.6)	\$	(126.9)	\$	499.4	\$	469.6	\$	320.8	\$	342.7	\$	195.3	\$	60.1

Statement of Activities

The decrease in net position attributable to the County's governmental activities totaled \$51.5 million for fiscal year 2023. Generally, the change in net position is the difference between revenues and expenses. For fiscal year 2023, governmental revenues were \$395.5 million and expenses were \$447.0 million. A summary of key elements follows:



- General revenues increased \$ 24.3 million with general property taxes up \$16.0 million, and other local taxes up \$1.0 million with assessed values of both real and personal property rising significantly, and strong sales tax revenue.
- Operating grants and contributions were higher than the prior year by \$1.9 million due to FEMA grant and ARPA revenue.
- Investment earnings increased \$7.4 million.
- Expenses for governmental activities recorded a net increase of \$92.9 million compared to the prior year mainly due to increased spending levels resulting from ARPA funds and school construction.

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

Business-Type Activities

The increase in net position attributable to the County's business-type activities totaled \$29.8 million for fiscal year 2023. Similar to the changes in net position attributable to government activities, changes in business-type activity net position also result from the difference between revenues and expenses. However, unlike governmental activities, which primarily rely on general tax revenues to finance operations, business-type activities are financed to a significant extent by fees charged for goods and services provided. The County's business-type activities consist of a Water and Sewer Fund. Like all business-type activities, the Water and Sewer Fund attempts to recover much of the operating expenses it incurs through user charges. Operating revenues were less than operating expenses for fiscal year 2023, resulting in an operating loss of \$2.8 million, increases in charges for services of almost \$2.0 million were more than offset by increases in labor \$2.0 million, materials and supplies \$ 3.3 and a reduction of bad debt allowance of \$.5 million. The net position increase was primarily due to an increase in capital assets, including an increase in donated capital assets from fiscal year 2023. The following is a summary of relevant financial results for fiscal year 2023:

- Charges for services totaled \$50.1 million, which were \$1.8 million more than the prior fiscal year. This increase includes additional service to new customers.
- Availability and pro-rata fees totaled \$8.1 million which is down \$1.0 million compared to the prior year. Availability and pro-rata fees are paid by the developer of a subdivision and then passed on to the new homeowner.
- Donated capital assets (infrastructure completed by developers and dedicated to the County) totaled \$23.8 million, a \$5.7 million increase compared to the prior year, as post-pandemic development intensified.
- Expenses and transfers totaled \$55.8 million, a net \$8.0 million increase from the prior year. This is due mostly to personnel expense, which increased \$2.3 million coupled with increase to materials and supplies if \$ 3.3 million and a reduction of bad debt allowance of (\$.5 million) compared to prior year.

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

Summary Statement of Activities
For the Years Ended June 30, 2023 and 2022

	Primary Government								Component Units	
	Governmental Activities		Business-Type Activities		Total					
	2023	2022	2023	2022	2023	2022	2023	2022		
Program revenues:										
Charges for services	\$ 11.9	\$ 12.8	\$ 50.1	\$ 48.4	\$ 62.0	\$ 61.2	\$ 23.1	\$ 15.6		
Operating grants and contributions	26.1	24.2	-	-	26.1	24.2	135.0	109.1		
Capital grants and contributions	1.7	1.4	32.0	27.2	33.7	28.6	117.1	26.0		
General revenues:										
General property taxes	267.7	251.6	-	-	267.7	251.6	-	-		
Other local taxes	61.8	60.8	-	-	61.8	60.8	41.1	43.2		
Unrestricted grants	12.5	12.5	-	-	12.5	12.5	247.5	233.0		
Investment earnings	7.5	0.1	3.3	(1.3)	10.8	(1.2)	2.3	-		
Miscellaneous	6.3	7.8	(0.2)	(0.9)	6.1	6.9	3.0	0.5		
Total revenues	395.5	371.2	85.2	73.4	480.7	444.6	569.1	427.4		
Expenses:										
General government	25.9	21.2	-	-	25.9	21.2	-	-		
Judicial administration	11.6	10.7	-	-	11.6	10.7	-	-		
Public safety	94.3	88.4	-	-	94.3	88.4	-	-		
Public works	10.1	8.7	-	-	10.1	8.7	-	-		
Health and human services	18.8	20.8	-	-	18.8	20.8	-	-		
Parks, recreation and cultural	17.4	17.7	-	-	17.4	17.7	-	-		
Community development	7.7	5.2	-	-	7.7	5.2	3.0	0.3		
Appropriation to schools	247.6	161.9	-	-	247.6	161.9	431.0	418.5		
Transportation	8.1	7.4	-	-	8.1	7.4	-	-		
Interest	5.5	12.1	-	-	5.5	12.1	-	-		
Water and sewer	-	-	55.6	47.8	55.6	47.8	-	-		
Total expenses	447.0	354.1	55.6	47.8	502.6	401.9	434.0	418.8		
Excess before transfers	(51.5)	17.1	29.6	25.6	(21.9)	42.7	135.1	8.6		
Transfers	(0.2)	0.2	0.2	(0.2)	-	-	-	-		
Change in net position	(51.7)	17.3	29.8	25.4	(21.9)	42.7	135.1	8.6		
Net position (deficit), beginning	(126.9)	(144.2)	469.6	444.2	342.7	300.0	60.2	51.5		
Net position (deficit), ending	\$ (178.6)	\$ (126.9)	\$ 499.4	\$ 469.6	\$ 320.8	\$ 342.7	\$ 195.3	\$ 60.1		

Financial Analysis of the County's Funds

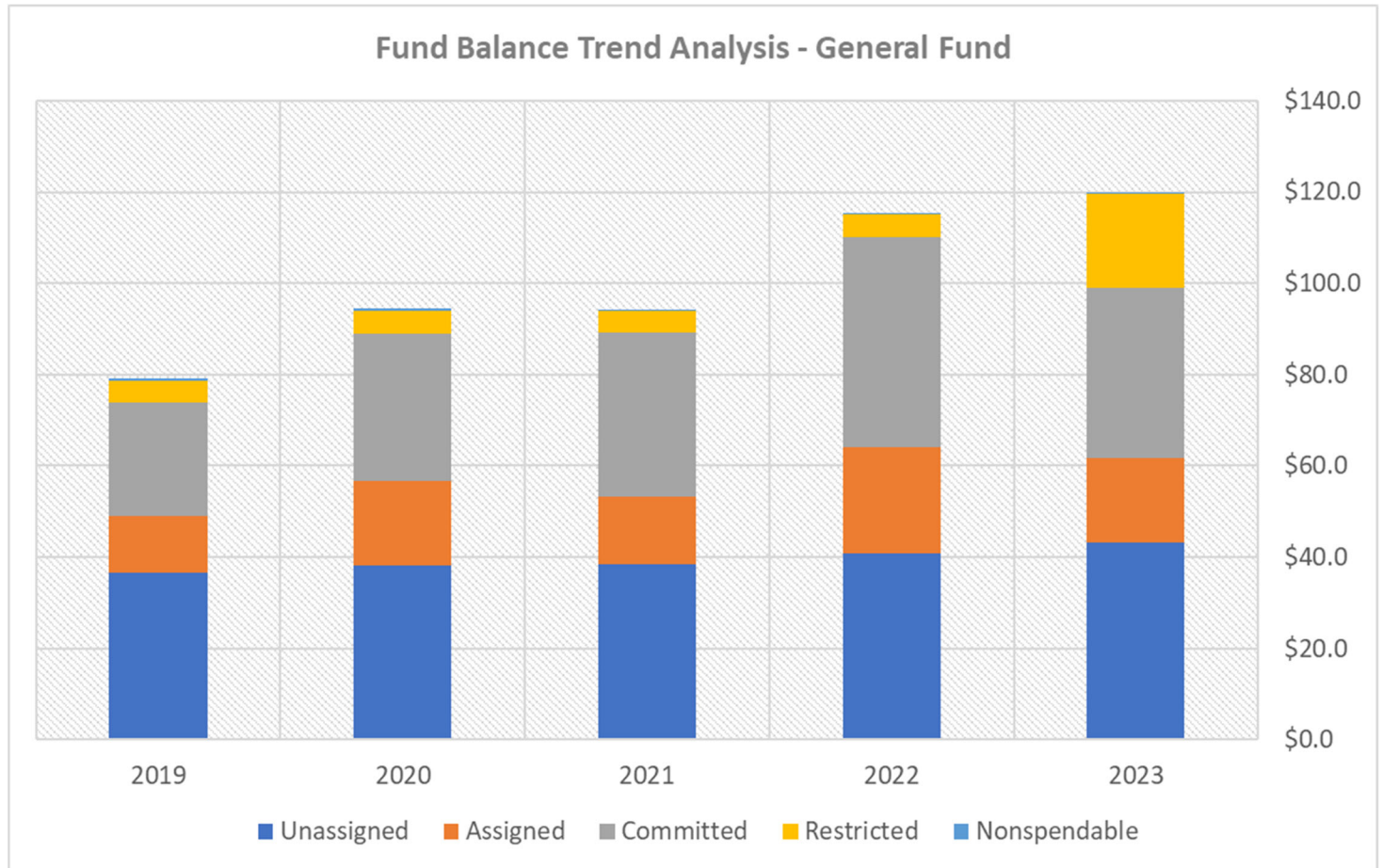
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$192.6 million, an increase of \$30.2 million in comparison with the prior year.

Of the \$192.6 million, \$77.3 million is restricted for grant programs, drug enforcement activities, construction and debt service requirements. Committed and assigned portions of its fund balances are established to indicate plans for use of financial resources. The County reserves portions of its fund balances as commitments for specific purposes such as capital needs, economic development and risk management. Commitments include fund balance reservations required by the Board's financial policies as well as contractual obligations of the County. Assignments represent management's plans for future expenditures and the intent to liquidate purchase orders (encumbrances) of the prior fiscal year. By policy, the unassigned portion of fund balance is equal to 12% of annual General Fund revenues, not including transfers, reserves and grants. Unassigned funds beyond the 12% are by policy set aside in the capital project reserve. Unassigned fund balance for fiscal year 2023 was \$50.2 million. The Fund

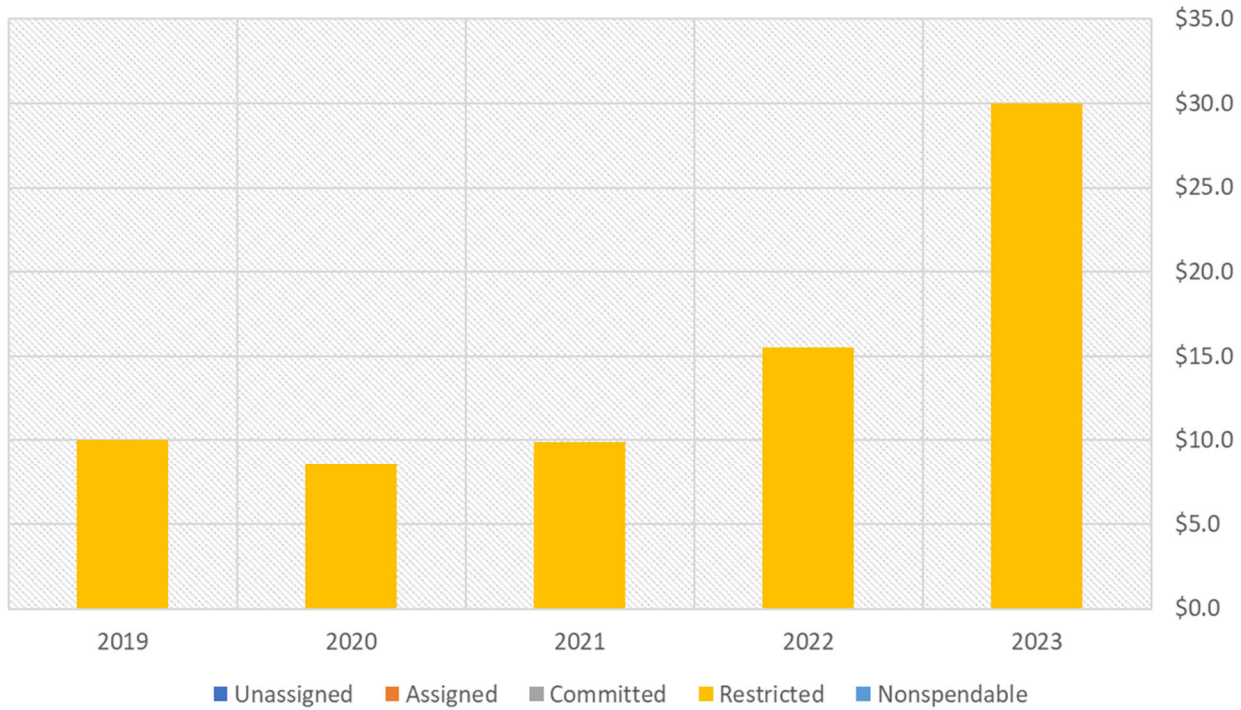
Balance section of Note 1, Summary of Significant Accounting Policies, presents details of the County's governmental fund balance classification.



The General Fund is the primary operating fund of the County. The total fund balance of the County's General Fund increased \$15.5 million during fiscal year 2023. This was due to primarily to increases in revenues offsetting increases in expenditures. Revenues from taxes and intergovernmental was up \$29.5 million while expenditures were up only \$ 21.6 million. Of the \$119.6 million General Fund balance, \$132.8 thousand is nonspendable made up mostly of inventory; \$0.9 million is restricted for grant-funded programs, \$0.1 million is restricted for expenses utilizing appropriations, \$2.9 million is restricted for health insurance expenditures, \$1.9 million restricted for tourism and \$0.2 million for capital court costs; \$37.3 million is committed by policy or for contractual obligations, \$18.5 million is assigned for future expenditures and to provide budget flexibility while ensuring a structurally balanced budget and \$50.2 million is unassigned.

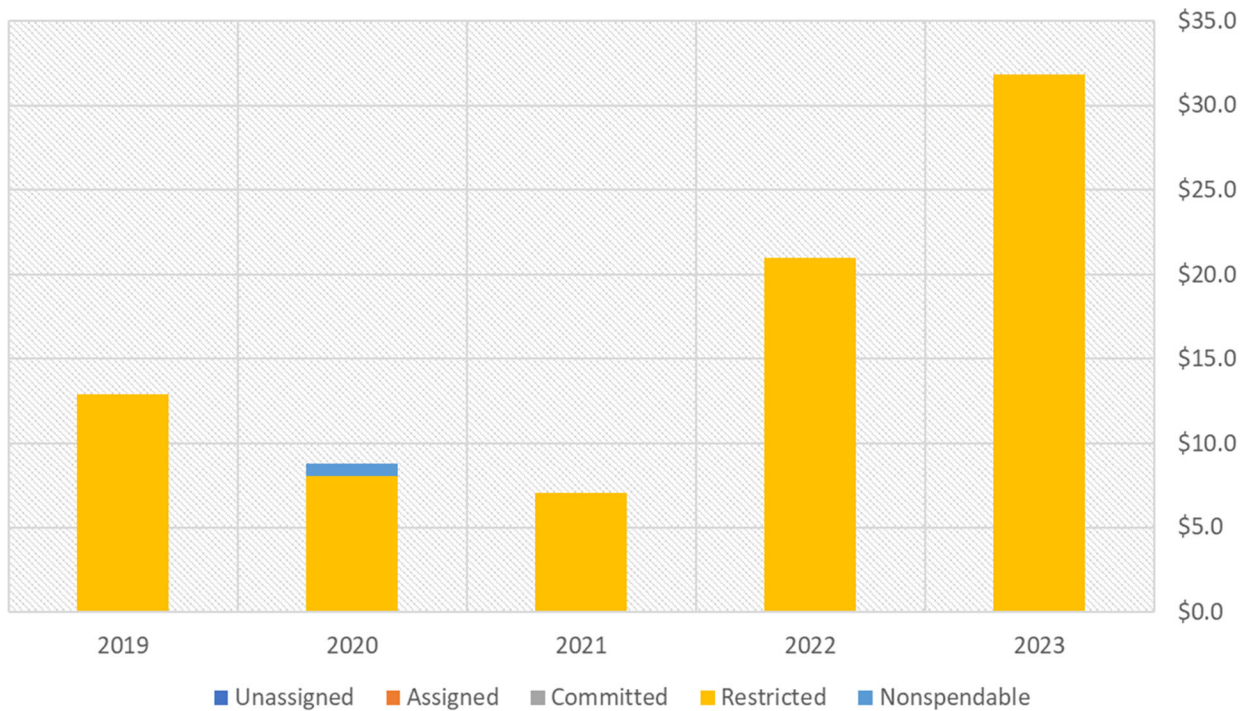
In addition to the General Fund, the County has two major governmental funds, the Transportation Fund and the General Capital Projects Fund. Total fund balance for the Transportation Fund at year end was \$30.0 million, an increase of \$6.2 million compared to the prior year. Of the \$30.0 million, \$29.0 million is restricted for transportation projects and \$1.0 million is restricted for debt service. The increase in fund balance is attributable to an increase in fuels tax and transfers in from the general fund in support of road projects.

Fund Balance Trend Analysis - Transportation Fund



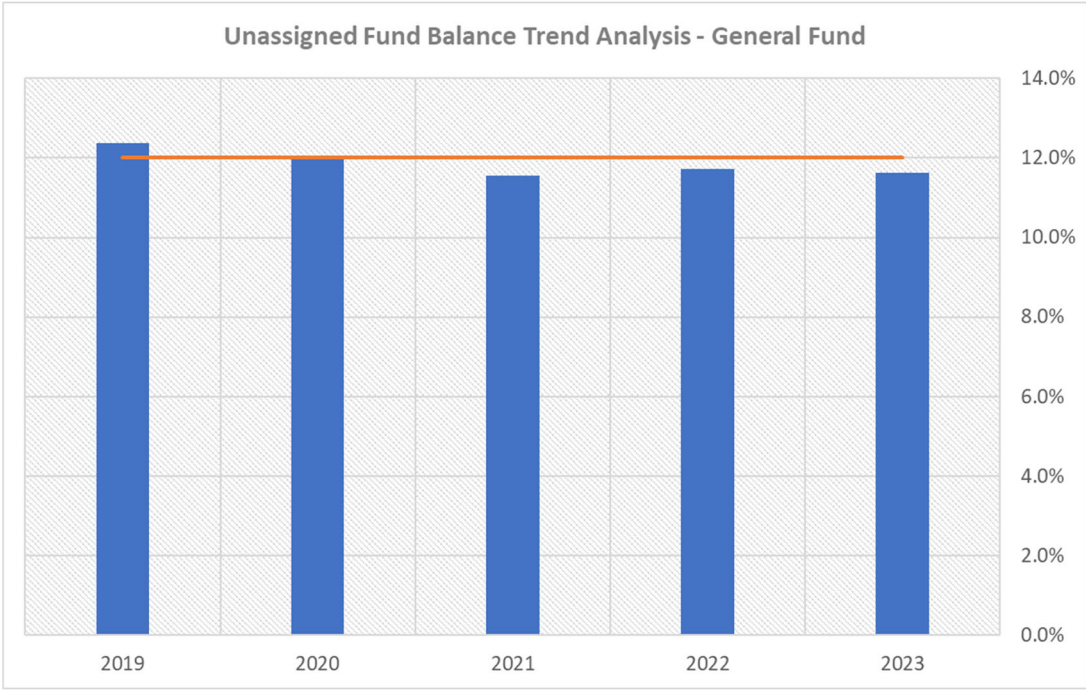
Total fund balance for the General Capital Projects Fund at year end was \$31.8 million. This is an increase of \$7.0 million from the previous fiscal year, which is primarily due to increases in issuance of debt for school projects coupled with an increase in transfers in from the general fund in support of various capital projects.

Fund Balance Trend Analysis - Capital Projects Fund



The County also has fourteen non-major governmental funds. In total, fund balance is \$11.1 million, an increase of \$ 1.4 million compared to prior year. Of the \$11.1 million, \$10.9 million is restricted for contractual obligations related to each fund’s purpose.

As described earlier, the County has adopted Principles for High Performance Financial Management, which includes a policy requiring a minimum general fund unassigned fund balance of 12% of the annual revenue (less certain exclusions) in any fiscal year. The County has consistently maintained this balance, and the following chart illustrates the County’s unassigned general fund balance trends for fiscal years 2019 through 2023.



Proprietary fund: The County’s proprietary fund financial statements provide the same type of information presented in the business-type activities on the government–wide financial statements, but in more detail. The Water and Sewer Fund total net position increased \$29.7 million during fiscal year 2023. Capital assets, net of depreciation increased \$31.3 million, while long-term liabilities decreased \$8.4 million. A summary of the Water and Sewer Fund operations for the year was previously provided in the discussion of business-type activities.

Component Unit – School Board: An increase in net position for the component unit School Board of \$135.6 million was due to increases in operating grants and contributions as well as increases in local sales tax revenue. Funds transferred from the County general fund include a local appropriation for operations and bond proceeds used to offset facility construction expenditures. The School Board issues a separate set of financial statements, which may be obtained directly from the School Board.

Component Unit – Stafford County Economic Development Authority: The decrease in net position for the component unit Economic Development Authority was \$0.3 million, as administrative and marketing costs increased from prior year levels, and unrealized losses on investments increased. The Stafford County Economic Development Authority issues a separate set of financial statements, which may be obtained directly from the Authority.

General Fund Budgetary Highlights

General Fund Budgetary Highlights

Budget amendments for expenditures resulted in an increase of \$37.9 million between the original budget and the final budget. Major budget amendments included in this amount:

- \$14.6 million for grant funding relate to ARPA and other grants
- \$ 5.6 million related to commitments for ongoing operating and capital improvements
- \$ 3.2 million related to Schools' operations and construction projects
- \$ 4.7 million in re-appropriated encumbrances
- \$ 6.2 million in re-appropriated ARPA grant funds
- \$ 2.5 million for public safety
- \$ 1.1 million for public works

General Fund revenues increased \$36.1 million from the prior year. While general property taxes increased \$23.2 million driven by new construction and increases in real estate and personal property tax collections, intergovernmental revenue experienced an increase of \$7.4 million, due primarily to the phasing out of CARES Act activities resulting from the pandemic. Other local taxes increased by \$3.6 million, bolstered by robust sales tax, meals tax, and consumer utility collections.

General Fund expenditures recorded a net increase of \$21.7 million compared to the prior year. The following table compares general fund revenues and expenditures for fiscal year 2023 with the previous fiscal year, and illustrates the factors that contributed to the net increase include:

- Increase in education expenditures of \$4.8 million;
- Increase in public safety expenditures of \$8.0 million;
- Increase in parks, recreation and cultural expenditures of \$.5 million;
- Increase in judicial administration expenditures of \$0.8 million;
- Increase in general administrative expenditures of \$ 5.1 million
- Increase in community development of \$ 3.7 million;
- Decrease in debt service expenditures of \$.1 million;
- Decrease in health and human services expenditures of \$1.1 million;

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

Capital Asset and Debt Administration

Capital assets: The County's capital assets for its governmental and business-type activities as of June 30, 2023, total \$721.4 million, net of accumulated depreciation. This represents an increase of \$24.1 million over the prior year. The investment in capital assets includes land, buildings, distribution and collection systems, equipment, vehicles, construction in progress. Major capital asset acquisitions during the current fiscal year included the following:

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

The following tables summarize the balances of and changes in the County's capital assets for fiscal year 2023. Additional information on the County's capital assets can be found in Note 4.

Summary of Capital Assets - Primary Government and Component Units				
As of June 30, 2023 and 2022				
(\$ in millions)				
	Total Primary Government		Component Units	
	FY2023	FY2022	FY2023	FY2022
Nondepreciable capital assets	\$ 125.8	\$ 117.8	\$ 59.9	\$ 48.9
Depreciable capital assets, net	595.6	579.5	399.7	404.2
Total capital assets, net	\$ 721.4	\$ 697.3	\$ 459.6	\$ 453.1

Summary of Capital Assets - Primary Government			
As of June 30, 2023 and 2022			
	Balance	Net Changes	Balance
	June 30, 2022		June 30, 2023
Governmental Activities:			
Land	\$ 48.0	\$ -	\$ 48.0
Other intangible	5.2	-	5.2
Construction in progress	8.4	2.1	10.5
Nondepreciable capital assets	61.6	2.1	63.7
Land improvements	110.5	0.6	111.1
Buildings and building improvements	130.0	1.0	131.0
Furniture, fixtures, equipment, and other	69.7	0.7	70.4
Vehicles	38.6	0.7	39.3
Less: accumulated depreciation	(181.8)	(12.4)	(194.2)
Depreciable capital assets, net	167.0	(9.4)	157.6
Governmental activities capital assets	\$ 228.6	\$ (7.3)	\$ 221.3
Business-Type Activities:			
Land	\$ 19.0	\$ -	\$ 19.0
Other intangible	4.5	0.1	4.6
Construction in progress	32.7	5.8	38.5
Nondepreciable capital assets	56.2	5.9	62.1
Distribution and collection systems	638.6	41.5	680.1
Land improvements	0.7	0.3	1.0
Buildings and building improvements	4.3	-	4.3
Furniture, fixtures, equipment, and other	26.6	(11.7)	14.9
Vehicles	7.9	0.1	8.0
Less: accumulated depreciation	(265.6)	(4.7)	(270.3)
Depreciable capital assets, net	412.5	25.5	438.0
Business-Type activities capital assets	\$ 468.7	\$ 31.4	\$ 500.1

Long-term liabilities excluding Deferred Revenue, OPEB and Pension: At the end of the current fiscal year, the Primary Government reported total debt outstanding of \$429.6 million. Of this amount, \$356.7 million is general obligation debt (including premiums) backed by the full faith and credit of the County. The remainder of the County's debt is secured by specific revenue sources. County governmental activities had a net increase in long-term liabilities (including compensated absences as well as OPEB and pension liabilities) of \$16.8 million during the fiscal year. Issuances for FY 2023 included \$89.9 million of general obligation bonds for school construction and renovation projects.

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

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

The County's business-type activities reported total long-term liabilities (excluding compensated absences as well as OPEB and pension liabilities) of \$83.2 million at the end of the current fiscal year.

Summary of Long-Term Liabilities - Primary Government As of June 30, 2023 and 2022 (\$ in millions)					
	Governmental Activities		Business-Type Activities		
	FY2023	FY2022	FY2023	FY2022	
General obligation bonds	\$ 356.7	\$ 288.7	\$ -	\$ -	
Revenue bonds	-	-	63.2	65.7	
VRA / other loans	55.6	61.3	14.7	16.4	
Installment financing agreements	5.5	7.0	-	-	
Bond premiums	-	25.7	5.2	5.8	
Compensated absences	11.8	11.2	1.5	1.4	
Pension and OPEB liabilities	113.8	132.7	19.8	23.5	
Total long-term liabilities	<u>\$ 543.4</u>	<u>\$ 526.6</u>	<u>\$ 104.4</u>	<u>\$ 112.8</u>	

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

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

Factors Influencing Future Budgets

Factors Influencing Future Budgets

Key factors that are expected to impact future budgets include:

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

Requests for Information

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



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	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
ASSETS					
Current Assets:					
Cash, cash equivalents, and temporary cash investments	\$ 210,326,858	\$ 87,872,716	\$ 298,199,574	\$ 44,507,243	\$ 1,414,755
Receivables, net of allowance for uncollectibles	33,983,380	3,825,427	37,808,807	27,778,310	-
Unbilled receivables	-	3,383,884	3,383,884	-	-
Notes receivable - component unit	80,000	-	80,000	-	54,928
Due from primary government	-	-	-	3,653,632	-
Other assets	-	-	-	-	4,002
Inventory	2,727	1,750,681	1,753,408	929,428	-
Prepaid expenses	130,100	3,335	133,435	139,500	-
Total current assets	<u>244,523,065</u>	<u>96,836,043</u>	<u>341,359,108</u>	<u>77,008,113</u>	<u>1,473,685</u>
Noncurrent assets:					
Restricted cash and cash equivalents	35,705,477	21,904,313	57,609,790	112,633,525	250,000
Lease receivable	183,336	831,907	1,015,243	-	-
Lease assets, net	1,298,472	-	1,298,472	1,558,896	-
Subscription assets, net	1,167,647	-	1,167,647	1,867,705	-
Notes receivable - component unit	240,000	-	240,000	-	520,404
Investment in joint venture	10,115,790	-	10,115,790	-	-
Capital assets, net of accumulated depreciation:					
Land	48,017,628	19,040,443	67,058,071	41,699,737	-
Other intangible assets	5,181,767	4,529,366	9,711,133	-	-
Construction in progress	10,604,980	38,459,236	49,064,216	18,188,341	-
Non-depreciable capital assets	<u>63,804,375</u>	<u>62,029,045</u>	<u>125,833,420</u>	<u>59,888,078</u>	<u>-</u>
Land improvements	111,082,571	994,031	112,076,602	74,517,063	-
Buildings and building improvements	131,111,045	4,294,205	135,405,250	608,246,349	-
Distribution and collection systems	-	680,085,515	680,085,515	1,319,841	-
Furniture, fixtures and equipment	52,953,428	14,152,993	67,106,421	18,203,831	-
Software	8,172,937	240,638	8,413,575	2,109,140	-
Technology infrastructure	9,276,120	510,229	9,786,349	4,375,427	-
Vehicles	39,289,226	8,031,755	47,320,981	35,660,390	-
Accumulated depreciation	<u>(194,246,410)</u>	<u>(270,328,759)</u>	<u>(464,575,169)</u>	<u>(346,290,702)</u>	<u>-</u>
Depreciable capital assets	<u>157,638,917</u>	<u>437,980,607</u>	<u>595,619,524</u>	<u>398,141,339</u>	<u>-</u>
Total noncurrent assets	<u>270,154,014</u>	<u>522,745,872</u>	<u>792,899,886</u>	<u>574,089,543</u>	<u>770,404</u>
Total assets	<u>514,677,079</u>	<u>619,581,915</u>	<u>1,134,258,994</u>	<u>651,097,656</u>	<u>2,244,089</u>
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on refunding	2,613,438	2,022,022	4,635,460	-	-
Deferred outflows related to pensions	15,687,152	2,387,311	18,074,463	64,671,799	-
Deferred outflows related to OPEB	29,936,272	5,379,419	35,315,691	71,847,239	-
Total deferred outflows of resources	<u>48,236,862</u>	<u>9,788,752</u>	<u>58,025,614</u>	<u>136,519,038</u>	<u>-</u>

The accompanying notes are an integral part of these financial statements

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
LIABILITIES					
Current liabilities:					
Accounts payable	11,655,664	4,613,111	16,268,775	8,678,417	11,488
Accrued salaries and benefits	2,838,700	396,414	3,235,114	21,450,179	-
Accrued interest	7,272,954	719,938	7,992,892	-	-
Accrued insurance claims	1,144,673	105,306	1,249,979	7,043,445	-
Retainages payable	299,171	697,567	996,738	1,015,725	-
Other liabilities	1,547,143	35,709	1,582,852	-	-
Due to component unit	3,653,632	-	3,653,632	-	-
Deposits and escrows	31,622,295	5,628,200	37,250,495	-	-
Unearned revenues	28,516,951	-	28,516,951	515,360	-
Current portion of lease liabilities	337,889	-	337,889	-	-
Current portion of subscriptions liabilities	334,333	-	334,333	-	-
Current portion of long-term debt	35,693,205	5,446,900	41,140,105	2,404,523	-
Total current liabilities	124,916,610	17,643,145	142,559,755	41,107,649	11,488
Noncurrent liabilities:					
Noncurrent portion of accrued insurance claims	-	-	-	396,051	-
Noncurrent portion of lease liabilities	997,361	-	997,361	-	-
Noncurrent portion of subscriptions liabilities	638,252	-	638,252	-	-
Noncurrent portion of long-term debt	429,842,331	78,997,398	508,839,729	17,440,099	-
Net pension liability	24,268,863	3,693,299	27,962,162	195,539,234	-
Net other post employment benefits liability	89,472,779	16,099,299	105,572,078	125,186,196	-
Total noncurrent liabilities	545,219,586	98,789,996	644,009,582	338,561,580	-
Total liabilities	670,136,196	116,433,141	786,569,337	379,669,229	11,488
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows related to leases	180,368	828,143	1,008,511	-	-
Deferred inflows related to pensions	6,695,479	1,018,936	7,714,415	40,000,483	-
Deferred inflows related to OPEB	64,360,363	11,628,748	75,989,111	174,841,960	-
Total deferred inflows of resources	71,236,210	13,475,827	84,712,037	214,842,443	-
NET POSITION					
Net investment in capital assets	122,649,075	416,323,864	538,972,939	445,739,747	2,232,601
Restricted	77,310,726	83,137,835	160,448,561	132,109,354	-
Unrestricted (deficit)	(378,418,266)	-	(378,418,266)	(384,744,079)	-
	\$ (178,458,465)	\$ 499,461,699	\$ 321,003,234	\$ 193,105,022	\$ 2,232,601

The accompanying notes are an integral part of these financial statements



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

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Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 25,872,589	\$ -	\$ 8,387,533	\$ -
Judicial administration	11,571,642	224,210	2,437,280	-
Public safety	94,279,847	7,878,373	8,048,751	-
Public works	10,134,258	9,411	674,336	-
Health and human services	18,808,071	-	5,532,444	-
Parks, recreation and cultural	17,385,653	1,431,888	75,049	-
Community development	7,741,737	2,410,838	948,252	-
Education				
School operating	139,231,707	-	-	-
School capital projects	108,378,638	-	-	-
Transportation	8,052,018	21,420	6,582	1,703,051
Interest and other debt service charges	5,509,172	-	-	-
Total Governmental Activities	446,965,332	11,976,140	26,110,227	1,703,051
Business-Type Activities:				
Water and sewer	55,572,813	50,163,010	-	31,953,447
Total Business-Type Activities	55,572,813	50,163,010	-	31,953,447
Total Primary Government	502,538,145	62,139,150	26,110,227	33,656,498
Stafford County School Board	430,934,553	23,004,363	134,980,790	117,099,218
Stafford County Economic Development Authority	2,993,869	101,449	-	-
Total component units	\$ 433,928,422	\$ 23,105,812	\$ 134,980,790	\$ 117,099,218
General revenues:				
Taxes:				
General property taxes				
Other local taxes				
Sales				
Fuels				
Consumer utility				
Motor vehicle decals				
Bank stock				
Recordation				
Occupancy				
Meals				
Cigarette tax				
Short-term rental				
Cable franchise				
Road impact fees				
Basic aid				
Grants and contributions not restricted to specific programs				
Investment earnings				
Gain (loss) on disposal of capital assets				
Miscellaneous				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position (deficit), beginning				
Net position (deficit), ending				

The accompanying notes are an integral part of these financial statements

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
\$ (17,485,056)	\$ -	\$ (17,485,056)	\$ -	\$ -
(8,910,152)	-	(8,910,152)	-	-
(78,352,723)	-	(78,352,723)	-	-
(9,450,511)	-	(9,450,511)	-	-
(13,275,627)	-	(13,275,627)	-	-
(15,878,716)	-	(15,878,716)	-	-
(4,382,647)	-	(4,382,647)	-	-
(139,231,707)	-	(139,231,707)	-	-
(108,378,638)	-	(108,378,638)	-	-
(6,320,965)	-	(6,320,965)	-	-
(5,509,172)	-	(5,509,172)	-	-
<u>(407,175,914)</u>	<u>-</u>	<u>(407,175,914)</u>	<u>-</u>	<u>-</u>
-	26,543,644	26,543,644		
-	26,543,644	26,543,644		
<u>(407,175,914)</u>	<u>26,543,644</u>	<u>(380,632,270)</u>		
			(155,850,182)	-
			-	(2,892,420)
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>(155,850,182)</u>	\$ <u>(2,892,420)</u>
\$ 267,710,422	\$ -	\$ 267,710,422	\$ -	\$ -
23,486,231	-	23,486,231	41,096,177	-
5,068,754	-	5,068,754	-	-
5,922,446	-	5,922,446	-	-
60,641	-	60,641	-	-
642,121	-	642,121	-	-
6,046,820	-	6,046,820	-	-
3,063,747	-	3,063,747	-	-
14,382,490	-	14,382,490	-	-
1,662,592	-	1,662,592	-	-
128,568	-	128,568	-	-
270,459	-	270,459	-	-
1,025,658	-	1,025,658	-	-
-	-	-	108,325,346	-
12,542,261	39,751	12,582,012	139,231,707	-
7,463,129	3,275,267	10,738,396	2,246,854	49,860
(459,088)	(410,999)	(870,087)	42,725	-
6,847,925	180,851	7,028,776	545,834	2,492,136
(240,021)	240,021	-	-	-
<u>355,625,155</u>	<u>3,324,891</u>	<u>358,950,046</u>	<u>291,488,643</u>	<u>2,541,996</u>
<u>(51,550,759)</u>	<u>29,868,535</u>	<u>(21,682,224)</u>	<u>135,638,461</u>	<u>(350,424)</u>
<u>(126,907,706)</u>	<u>469,593,164</u>	<u>342,685,458</u>	<u>57,466,561</u>	<u>2,583,025</u>
\$ <u>(178,458,465)</u>	\$ <u>499,461,699</u>	\$ <u>321,003,234</u>	\$ <u>193,105,022</u>	\$ <u>2,232,601</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA

Exhibit 3

Balance Sheet

Governmental Funds

As of June 30, 2023

		Special Revenue	Capital Projects		
	General Fund	Transportation Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Equity in pooled cash and investments	\$ 144,670,089	\$ 23,178,707	\$ 33,260,421	\$ 9,217,641	\$ 210,326,858
Restricted assets:					
Restricted cash	25,690,571	-	68,138	2,254,203	28,012,912
Cash with fiscal agents	3,029,919	4,649,052	13,594	-	7,692,565
Receivables, net of allowances:					
Accounts receivable	4,350,088	1,225,300	-	356,413	5,931,801
Property taxes receivable	16,592,541	-	-	62,196	16,654,737
Intergovernmental receivables	10,201,945	1,132,519	-	62,378	11,396,842
Lease receivable	183,336	-	-	-	183,336
Inventory	2,727	-	-	-	2,727
Prepaid expenditures	130,100	-	-	-	130,100
Total assets	<u>\$ 204,851,316</u>	<u>\$ 30,185,578</u>	<u>\$ 33,342,153</u>	<u>\$ 11,952,831</u>	<u>\$ 280,331,878</u>
LIABILITIES					
Accounts payable	\$ 9,876,932	\$ 192,108	\$ 1,431,115	\$ 155,509	\$ 11,655,664
Accrued salaries and benefits	2,826,048	5,651	2,642	4,359	2,838,700
Retainages payable	21,058	3,151	79,860	195,102	299,171
Other liabilities	1,547,143	-	-	-	1,547,143
Due to component unit	3,653,632	-	-	-	3,653,632
Deposits and escrows	31,346,036	-	-	276,259	31,622,295
Unearned revenues	28,402,567	-	-	114,384	28,516,951
Total liabilities	<u>77,673,416</u>	<u>200,910</u>	<u>1,513,617</u>	<u>745,613</u>	<u>80,133,556</u>
DEFERRED INFLOWS					
Unavailable revenue - property taxes	7,349,634	-	-	49,673	7,399,307
Deferred inflows related to leases	180,368	-	-	-	180,368
Total deferred inflows	<u>7,530,002</u>	<u>-</u>	<u>-</u>	<u>49,673</u>	<u>7,579,675</u>
FUND BALANCES					
Nonspendable	132,827	-	-	-	132,827
Restricted	4,559,008	29,984,668	31,828,536	10,978,404	77,350,616
Committed	53,091,336	-	-	179,141	53,270,477
Assigned	11,669,108	-	-	-	11,669,108
Unassigned	50,195,619	-	-	-	50,195,619
Total fund balances	<u>119,647,898</u>	<u>29,984,668</u>	<u>31,828,536</u>	<u>11,157,545</u>	<u>192,618,647</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 204,851,316</u>	<u>\$ 30,185,578</u>	<u>\$ 33,342,153</u>	<u>\$ 11,952,831</u>	<u>\$ 280,331,878</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA**Exhibit 4**

Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
As of June 30, 2023

Total fund balances - governmental funds	\$	192,618,647
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Amounts reported for governmental activities in the Statement of Net Position are different due to the following:

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

Capital assets	415,689,702	
Less: Accumulated depreciation	<u>(194,246,410)</u>	
Net capital assets		221,443,292

Certain amounts were not available to fund current expenditures of governmental funds, and therefore, were not reported as revenue	7,399,307
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Other assets used in governmental activities are not financial resources, and therefore, are not reported in governmental funds:

Investment in joint venture	10,115,790	
Lease and subscription assets, net	2,466,119	
Note receivable - component units	<u>320,000</u>	
Total other assets		12,901,909

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

General obligation bonds	(356,751,673)	
Bond premiums	(35,874,782)	
VRA loans	(55,621,904)	
Installment financing agreements	(5,490,029)	
Lease and subscription liabilities	(2,307,835)	
Net deferred outflows and inflows related to pensions	8,991,673	
Net pension liability	(24,268,863)	
Net deferred outflows and inflows related to other postemployment benefits	(34,424,091)	
Net other postemployment benefits liability	(89,472,779)	
Compensated absences	(11,797,148)	
Loss on refunding	2,613,438	
Accrued insurance claims	(1,144,673)	
Accrued interest	<u>(7,272,954)</u>	
		<u>(612,821,620)</u>

Net position (deficit) of governmental activities	\$	<u><u>(178,458,465)</u></u>
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The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA
Exhibit 5
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

		Special Revenue	Capital Projects		
	General Fund	Transportation Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
General property taxes	\$ 265,252,337	\$ -	\$ -	\$ 2,376,845	\$ 267,629,182
Other local taxes	52,602,367	5,068,754	-	4,101,023	61,772,144
Permits, privilege fees, and regulatory licenses	4,392,372	-	-	-	4,392,372
Fines and forfeitures	835,253	-	-	-	835,253
Use of money and property	6,885,335	212,044	50,252	315,495	7,463,126
Charges for services	6,674,810	-	-	43,110	6,717,920
Intergovernmental	44,060,654	1,691,102	-	956,275	46,708,031
Miscellaneous revenue	9,757,508	-	40,000	41,656	9,839,164
Total revenues	<u>390,460,636</u>	<u>6,971,900</u>	<u>90,252</u>	<u>7,834,404</u>	<u>405,357,192</u>
EXPENDITURES					
Current:					
General government administration	24,430,467	-	123,791	-	24,554,258
Judicial administration	10,810,013	-	128,158	32,997	10,971,168
Public safety	85,652,443	-	177,183	170,665	86,000,291
Public works	6,547,186	-	972,180	-	7,519,366
Health and human services	18,542,624	-	-	-	18,542,624
Parks, recreation and cultural	13,697,484	-	245,457	26,427	13,969,368
Community development	6,645,529	-	-	1,095,505	7,741,034
Education					
School operating	139,231,707	-	-	-	139,231,707
School capital projects	4,977,585	-	103,401,053	-	108,378,638
Transportation	-	4,832,840	-	206,845	5,039,685
Capital outlay	5,022,675	1,392,084	3,952,311	932,520	11,299,590
Debt service:					
Principal retirement	27,978,110	815,684	-	310,000	29,103,794
Interest and other fiscal charges	13,887,549	465,795	-	152,491	14,505,835
Bond issuance costs	-	-	439,166	-	439,166
Total expenditures	<u>357,423,372</u>	<u>7,506,403</u>	<u>109,439,299</u>	<u>2,927,450</u>	<u>477,296,524</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>33,037,264</u>	<u>(534,503)</u>	<u>(109,349,047)</u>	<u>4,906,954</u>	<u>(71,939,332)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	3,288,514	6,999,248	15,384,289	223,357	25,895,408
Transfers out	(20,764,485)	(223,357)	(1,415,217)	(3,732,370)	(26,135,429)
Issuance of debt:					
Issuance of new bonds	-	-	89,935,000	-	89,935,000
Premiums (discounts) on bonds	-	-	12,459,354	-	12,459,354
Total other financing sources (uses)	<u>(17,475,971)</u>	<u>6,775,891</u>	<u>116,363,426</u>	<u>(3,509,013)</u>	<u>102,154,333</u>
Net change in fund balances	15,561,293	6,241,388	7,014,379	1,397,941	30,215,001
Fund balances, beginning	104,086,605	23,743,280	24,814,157	9,759,604	162,403,646
Fund balances, ending	<u>\$ 119,647,898</u>	<u>\$ 29,984,668</u>	<u>\$ 31,828,536</u>	<u>\$ 11,157,545</u>	<u>\$ 192,618,647</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA**Exhibit 6**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of the Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

Net change in fund balances - total governmental funds	\$	30,215,001
Reconciliation of amounts reported for governmental activities in the Statement of Activities		
Governmental funds report capital outlays as expenditures; however in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the net change in the carrying amount of capital assets in the current period:		
Acquisition of capital assets	8,722,967	
Loss on sale of capital assets	(459,088)	
Less depreciation expense	<u>(15,441,511)</u>	
Net decrease in carrying value of capital assets		(7,177,632)
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in governmental funds		81,240
Changes in the investment in joint venture and various receivable balances are included in expenses based on their functional category		
Change in investment in joint venture	600,058	
Change in note receivable - component units	<u>(80,000)</u>	
		520,058
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal and issuance costs are expenditures in the governmental funds, but repayment reduces long-term liabilities on the Statement of Net Position.		
Debt issued or incurred:		
Bond premiums	(12,459,354)	
General obligation bonds	(89,935,000)	
Principal repayments:		
General obligation bonds	21,895,183	
VRA loans	5,710,416	
Installment financing agreements	1,498,194	
Lease and subscription liabilities	<u>1,188,383</u>	
		(72,102,178)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Accrued interest	(1,895,754)	
Compensated absences	(569,439)	
Accrued insurance claims	(104,175)	
Deferred loss on refunding	(182,170)	
Amortization of premium	2,304,619	
Amortization of lease and subscription assets	(1,024,023)	
Change in net pension liability and related deferred inflows and outflows	646,648	
Change in net OPEB liability and related deferred inflows and outflows	<u>(2,262,954)</u>	
		<u>(3,087,248)</u>
Change in net position of governmental activities	\$	<u>(51,550,759)</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA

Exhibit 7

Statement of Net Position

Proprietary Funds

As of June 30, 2023

	Water and Sewer Enterprise Fund
ASSETS	
Current assets:	
Equity in pooled cash and investments	\$ 87,872,716
Receivables, net of allowances:	
Accounts receivable	3,825,427
Unbilled receivables	3,383,884
Inventory	1,750,681
Prepaid expenses	3,335
Total current assets	<u>96,836,043</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash	21,904,313
Lease receivable	831,907
Capital assets:	
Non-depreciable capital assets	62,029,045
Depreciable capital assets, net	437,980,607
Total capital assets	<u>500,009,652</u>
Total noncurrent assets	<u>522,745,872</u>
Total assets	<u>619,581,915</u>
DEFERRED OUTFLOWS	
Deferred loss on refunding	2,022,022
Deferred outflows related to pensions	2,387,311
Deferred outflows related to OPEB	5,379,419
Total deferred outflows	<u>9,788,752</u>
LIABILITIES	
Current liabilities:	
Accounts payable	4,613,111
Accrued salaries and benefits	396,414
Accrued interest	719,938
Accrued insurance claims	105,306
Retainages payable	697,567
Other liabilities	35,709
Deposits and escrows	5,628,200
Current portion of long-term debt	5,446,900
Total current liabilities	<u>17,643,145</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	78,997,398
Net pension liability	3,693,299
Net OPEB liability	16,099,299
Total noncurrent liabilities	<u>98,789,996</u>
Total liabilities	<u>116,433,141</u>
DEFERRED INFLOWS	
Deferred inflows related to leases	828,143
Deferred inflows related to pensions	1,018,936
Deferred inflows related to OPEB	11,628,748
Total deferred inflows	<u>13,475,827</u>
NET POSITION	
Net investment in capital assets	416,323,864
Restricted	83,137,835
Total net position	<u>\$ 499,461,699</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA**Exhibit 8**

Statement of Revenues, Expenses, and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2023

		Water and Sewer Enterprise Fund
OPERATING REVENUES		
Charges for services	\$	50,163,010
Miscellaneous		180,851
Total operating revenues		<u>50,343,861</u>
OPERATING EXPENSES:		
Personnel services		16,928,063
Contractual services		5,387,686
Materials and supplies		9,111,299
Utilities		2,646,501
Telecommunication and internal services		2,560,916
Depreciation		16,510,479
Amortization		6,103
Bad debt		(561,803)
Miscellaneous		597,295
Total operating expenses		<u>53,186,539</u>
Operating income		<u>(2,842,678)</u>
NONOPERATING REVENUES (EXPENSES):		
Interest and investment revenues		3,275,267
Interest expense		(2,871,201)
Amortization of bond discount		596,789
Amortization of loss on refunding		(111,862)
Grants		39,751
Gain/(loss) on disposal of capital assets		(410,999)
Total nonoperating expenses, net		<u>517,745</u>
Net income/(loss) before capital contributions and transfers		(2,324,933)
CAPITAL AND OTHER CONTRIBUTIONS:		
Donated capital assets		23,807,745
Availability fees		7,290,045
Prorata fees		855,657
Total capital and other contributions		<u>31,953,447</u>
TRANSFERS:		
Transfers in		275,000
Transfers out		(34,979)
Net transfers		<u>240,021</u>
Change in net position		29,868,535
Net position, beginning		469,593,164
Net position, ending	\$	<u><u>499,461,699</u></u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

Exhibit 9

	Water and Sewer Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 49,799,603
Other receipts	179,113
Payments to suppliers	(18,385,452)
Payments to employees	(16,924,469)
Other disbursements	(597,297)
Net cash provided by operating activities	<u>14,071,498</u>
Cash flows from non-capital financing activities:	
Transfers in	275,000
Transfer out	(34,980)
Net cash provided by noncapital financing activities	<u>279,771</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(24,443,341)
Principal paid on bonds	(4,150,454)
Interest payments on bonds	(2,900,613)
Availability fees and prorata fees received	8,145,702
Net cash used in capital and related financing activities	<u>(23,348,706)</u>
Cash flows from investing activities:	
Interest and dividends on investments	<u>3,275,267</u>
Net cash provided by investing activities	<u>3,275,267</u>
Net decrease in cash and cash equivalents	(5,722,170)
Cash and cash equivalents, beginning of year	115,499,199
Cash and cash equivalents, end of year	<u>\$ 109,777,029</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ (2,842,677)
Depreciation expense	16,510,479
Amortization expense	6,103
Changes in assets and liabilities:	
Increase in accounts receivable	(728,314)
Increase in lease receivable	(647,960)
Increase in unbilled receivables	(196,896)
Increase in inventory	(531,473)
Increase in accounts payable	1,149,897
Decrease in accrued salaries and benefits	(332,640)
Increase in accrued insurance claims	16,448
Increase in retainages payable	500,813
Increase in deposits and escrows	201,713
Increase in compensated absences	17,524
Increase in lease related liabilities and deferrals	646,222
Decrease in pension related liabilities and deferrals	(111,899)
Increase in OPEB related liabilities and deferrals	414,161
Total adjustments	<u>16,914,178</u>
Net cash provided by operating activities	<u>\$ 14,071,501</u>
Supplemental disclosure of noncash capital and related financing activities:	
Loss on the disposal of capital assets	\$ (410,999)
Donated capital assets	\$ 23,807,745
Amortization of bond premium	\$ 596,789
Amortization of loss on refundings	\$ (111,861)

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023

Exhibit 10

	<u>Custodial Funds</u>	<u>Postemployment Benefits Trust</u>
ASSETS		
Current assets:		
Cash and short-term investments	\$ 11,583,419	\$ 14,137,806
Investments	9,169,767	-
Receivables:		
Property taxes	5,425,478	-
Accounts	1,019,718	-
Lease assets, net	6,718	-
Other assets	13,707,300	-
Total assets	<u>40,912,400</u>	<u>14,137,806</u>
DEFERRED OUTFLOWS		
Deferred outflows related to pensions	450,640	-
Deferred outflows related to OPEB	724,386	-
Total deferred outflows	<u>1,175,026</u>	<u>-</u>
LIABILITIES		
Accounts payable	204,119	-
Accrued salaries and benefits	176,502	-
Lease liabilities	5,244	-
Other liabilities	13,980,782	-
Total liabilities	<u>14,366,647</u>	<u>-</u>
Deferred inflows related to pensions	192,339	-
Deferred inflows related to OPEB	1,546,920	-
Total deferred inflows	<u>1,739,259</u>	<u>-</u>
NET POSITION		
Restricted for:		
Postemployment benefits other than pensions	-	14,137,806
Individuals, organizations, and other governments	25,981,520	-
Total net position	<u>\$ 25,981,520</u>	<u>\$ 14,137,806</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA**Exhibit 11**

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2023

	<u>Custodial Funds</u>	<u>Postemployment Benefits Trust</u>
ADDITIONS		
Contributions and collections	\$ 15,705,031	\$ -
Investment Earnings	<u>-</u>	<u>1,002,139</u>
Net investment activity	<u>-</u>	<u>1,002,139</u>
Total additions	<u>15,705,031</u>	<u>1,002,139</u>
DEDUCTIONS		
Administration	-	13,966
Payments to bondholders and operating expenses	<u>14,056,856</u>	<u>-</u>
Total deductions	<u>14,056,856</u>	<u>13,966</u>
Change in net position	1,648,175	988,173
Net position, beginning	<u>24,333,345</u>	<u>13,149,633</u>
Net position, ending	<u>\$ 25,981,520</u>	<u>\$ 14,137,806</u>

The accompanying notes are an integral part of these financial statements

COUNTY OF STAFFORD, VIRGINIA
Notes to Financial Statements
June 30, 2023

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

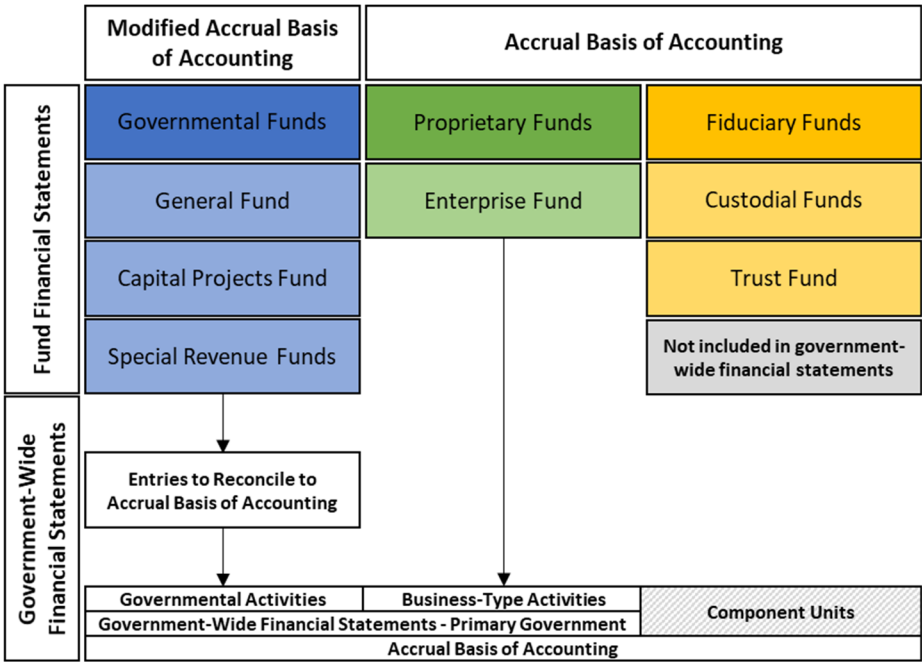
The County of Stafford, Virginia (County) is located in northeastern Virginia, approximately 40 miles south of Washington, DC, and 55 miles north of Richmond, Virginia. It was founded in 1664 and was named for Staffordshire, England. It encompasses 277 square miles and has a population of 163,417.

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

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

A. THE FINANCIAL REPORTING MODEL AND THE REPORTING ENTITY

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



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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

Budgetary Comparison Schedules – Demonstrating compliance with the adopted budget is an important component of a government's accountability to the public. Many citizens participate in the process of establishing the annual operating budget of the County and have an interest in following the actual financial progress over the course of the year. The County revises its original budget over the course of the year for a variety of reasons.

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

Discretely Presented Component Units:

County of Stafford School Board

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Stafford County Economic Development Authority

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

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

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is a brief description of the specific funds used by the County in fiscal year 2023.

(1) Governmental Funds

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

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

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

(2) Proprietary Funds

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

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

(3) Fiduciary Funds

The focus of Fiduciary Funds is on accounting for assets held by the County in a custodial or trustee capacity for individuals, private organizations, other governmental units, or other funds. Custodial Funds, due to their nature, do not focus on measurement of results of operations. The County's Fiduciary Funds include the following:

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

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

D. DEFERRED OUTFLOWS / INFLOWS OF RESOURCES

In addition to assets, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, "deferred outflows of resources", represents a consumption of net assets that applies to a future period which will not be recognized as an outflow of resources (expense or expenditure) until then. The County has three items that meets this criterion – a loss resulting from the refunding of debt, pension, and OPEB related deferrals. The refunding loss is the difference in the reacquisition price and the net carrying value of the old debt. The amount is amortized as a component of interest expense on the straight-line basis over the remaining life of the old debt, or the new debt, whichever is shorter. The pension and OPEB deferrals relate to contributions made to the corresponding plans in the 2023 fiscal year and changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions reported as deferred outflows of resources will be amortized in the following year.

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BUDGETS AND BUDGETARY ACCOUNTING

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

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

Primary Government

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

Component Unit – School Board

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

4. The budget for the proprietary fund serves as a guide to the County and not as legally binding limitations.
5. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.
6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. The budget is integrated into the accounting system. The budgetary data, as originally adopted and amended by the Board of Supervisors, is presented in the financial statements for all funds with legally adopted budgets with comparative actual revenue and expenditures. Individual amendments were not material in relation to the original appropriations.
8. By law, total expenditures by fund may not, and did not, exceed appropriations in fiscal year 2023.
9. At the close of the fiscal year, all appropriations lapse for budget items other than capital projects and grants. Appropriations designated for capital projects and grants remain in effect for the life of the project or grant, or until the Board changes or eliminates the appropriation by an ordinance or resolution.

F. DEPOSITS AND INVESTMENTS

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

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt and equity securities are valued using a matrix pricing technique, which values securities based on the

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

securities' benchmark quoted prices. Level 3 investments are those which have significant unobservable inputs. The County does not have level 3 investments.

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

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

G. RESTRICTED ASSETS – CASH AND INVESTMENTS

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

H. INVENTORIES AND PREPAID ITEMS**Primary Government:**

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

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

Component Units:

The School Nutrition Fund carries its inventory on lower of cost or market (first-in, first-out), which approximates market. The inventory consists of food service supplies and perishable and non-perishable food products.

The Fleet Services Fund carries its inventory on lower of cost or market (first-in, first-out), which approximates market. It consists of parts, materials and supplies for repairs and maintenance of school and County vehicles.

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

I. CAPITAL ASSETS

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

	<u>Primary Government</u>	<u>Component Unit – School Board</u>
	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Land improvements	20 years	20 years
Buildings and building improvements	25 – 50 years	4 – 50 years
Distribution and collection systems	-	15 – 20 years
Furniture, fixtures and equipment	5 – 10 years	5 – 15 years
Software	3 – 5 years	5 years
Technology infrastructure	5 years	15 years
Vehicles	5 years	8 – 14 years

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

	<u>Primary Government</u>	<u>Component Unit – School Board</u>
	<u>Water and Sewer</u>	<u>Fleet Services</u>
	<u>Fund</u>	<u>Fund</u>
Land improvements	20 years	20 years
Buildings and building improvements	20 – 100 years	4 – 50 years
Distribution and collection systems	20 – 80 years	-
Furniture, fixtures and equipment	5 – 10 years	5 – 15 years
Software	3 – 5 years	-
Technology infrastructure	5 years	-
Vehicles	5 years	8 – 14 years

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated property is recorded at acquisition value. Maintenance, repairs and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded in the results of operations.

J. REAL ESTATE AND PERSONAL PROPERTY DATA

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

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

K. COMPENSATED ABSENCES

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

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

L. LONG-TERM OBLIGATIONS

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. NET POSITION (DEFICIT)

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

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

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

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

Of the \$178.5 million net position deficit in governmental activities in the government-wide Statement of Net Position, \$354.6 million is attributed to debt for school property and equipment.

N. FUND BALANCE and NET POSITION CLASSIFICATION

Fund Balance:

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

During its review of financial policies in fiscal year 2012, the Board established a goal of a minimum unassigned fund balance of twelve percent of General Fund operating revenues. This threshold must be met before other reserves are funded. The goal was met for fiscal year 2023.

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification for Governmental Funds:

	General Fund	Transportation Fund	Capital Projects Fund	Other Nonmajor Governmental	Total
Nonspendable					
Prepays	\$ 130,100	\$ -	\$ -	\$ -	\$ 130,100
Inventory	2,727	-	-	-	2,727
Restricted					
Grant expenditures	917,135	-	-	-	917,135
Expenses utilizing appropriations	113,542	-	-	-	113,542
Drug enforcement	-	-	-	274,091	274,091
Claims fluctuation reserve	3,029,919	-	-	-	3,029,919
Court fees	95,318	-	-	-	95,318
Tourism	243,841	-	-	1,228,773	1,472,614
PEG Fees	159,253	-	-	-	159,253
Armed Services Memorial	-	-	-	21,852	21,852
Hidden Lake	-	-	-	77,903	77,903
Historic Port of Falmouth	-	-	-	42,896	42,896
E-Summons	-	-	-	18,973	18,973
Capital projects	-	29,984,668	31,828,536	9,313,916	71,127,120
Committed					
Wetlands	-	-	-	179,141	179,141
Stafford Opportunity fund	500,000	-	-	-	500,000
Capital projects reserve	1,500,000	-	-	-	1,500,000
Capital projects reserve schools	1,500,000	-	-	-	1,500,000
Available for projects	30,354,161	-	-	-	30,354,161
Purchase of development rights	1,717,944	-	-	-	1,717,944
Health insurance	1,054,311	-	-	-	1,054,311
Road improvements	2,500,000	-	-	-	2,500,000
Land	1,000,000	-	-	-	1,000,000
Revenue stabilization reserve	8,365,936	-	-	-	8,365,936
School capital project reserve	4,598,984	-	-	-	4,598,984
Assigned					
Expenditures on prior appropriations	2,014,902	-	-	-	2,014,902
Corrections/Juvenile Detention Center	500,043	-	-	-	500,043
CSA reserve	840,374	-	-	-	840,374
Expenditure fluctuation reserve	1,000,000	-	-	-	1,000,000
County capital projects	1,253,253	-	-	-	1,253,253
Fire and rescue volunteer reserve for capital needs	312,163	-	-	-	312,163
Future operations	4,289,637	-	-	-	4,289,637
One-Time Capital	1,458,736	-	-	-	1,458,736
Unassigned	50,195,619	-	-	-	50,195,619
Total	\$ 119,647,898	\$ 29,984,668	\$ 31,828,536	\$ 11,157,545	\$ 192,618,647

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position:

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

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

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

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

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

O. CASH FLOWS

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

P. USE OF ESTIMATES

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

Q. OTHER POSTEMPLOYMENT BENEFITS

Retiree Health Insurance

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

Group Life Insurance

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Health Insurance Credit Program

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

R. PENSIONS

The VRS Political Subdivision Retirement Plan is a multi-employer agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Political Subdivision's Retirement Plan and the additions to/deductions from the Political Subdivision's Retirement Plan's net fiduciary position have been determined on the same basis as they were reported by the VRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Stafford County School Board also participates with VRS multiple-employer and cost-sharing pension plans. For more information about Schools' pensions, please refer to Note 1.A for information about how to obtain a copy of their separately issued financial report.

S. GASB STATEMENTS

During fiscal year 2023, the County implemented GASB Statement No. 94, *Public-private and Public-public Partnership Payment Availability Arrangements*. The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). *Leases*. There was no material impact.

During fiscal year 2023, the County implemented Statement No. 96, *Subscription-Based Information Technology Arrangements*. The standard defines a SBITA and provides guidance on how to record and disclose accounting transactions when a subscription meets that definition. Statement No. 96.

T. Subsequent Events

The County has evaluated subsequent events through December 12, 2023, the date on which the financial statements were to be issued. Note 18 describes the subsequent event.

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. SCHOOL ACTIVITY FUND DEPOSITS

Deposits of School Activity Fund monies are made at federally-insured banking institutions generally based upon their proximity and convenience to the specific school sites, and are not managed as public funds by the County Treasurer, or in accordance with the Virginia Security for Public Deposits Act. Prior to the FY2022 implementation of GASB Statement No. 84, *Fiduciary Activities*, these funds were reported as fiduciary activities and excluded from the cash of the Total Reporting Entity; however, the updated guidance requires that these monies be reported as an activity of the government. The total amount of cash that is managed in this alternative manner totaled \$3,369,237 as of June 30, 2023.

C. 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).

The Treasurer has invested proceeds of the 2017 General Obligation bonds, and all the School Board VPSA bonds in the SNAP Fund (the Fund) to ensure compliance with certain arbitrage requirements of the *Internal Revenue Code of 1986*, as amended. The Fund is a professionally managed money market fund, which provides Virginia issuers of tax-exempt borrowings investment management, accounting and arbitrage rebate calculation services. The Fund invests in qualifying obligations and securities as permitted by Virginia statutes. The reported value of the position in the SNAP external investment pool is measured at amortized cost and the same as the value of the pool’s shares, \$1 per share.

The Treasurer also invests in the LGIP. The LGIP is a professionally managed money market fund, which invests in qualifying obligations and securities as permitted by Virginia statutes. Pursuant to Section 2.2-4605 of the *Code of Virginia*, the Treasury Board of the Commonwealth sponsors the LGIP and has delegated certain functions to the State Treasurer. The LGIP reports to the Treasury Board at their regularly scheduled monthly meetings. The reported value of the position of the LGIP is measured at amortized cost and the same as the value of the pool shares, i.e., the LGIP maintains a stable net asset value of \$1 per share.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

The County has the following recurring reported value measurements as of June 30, 2023:

<u>Investment Type</u>	<u>Valuation Method</u>	<u>Reported Value</u>	<u>Significant Other Observable Inputs (Level 2)</u>
U.S. Agencies and Securities	Fair Value	\$ 50,094,890	\$ 50,094,890
Municipal Bonds	Fair Value	364,138	364,138
Corporate Notes and Bonds	Fair Value	13,374,585	13,374,585
Commercial Paper	Amortized Cost	5,757,905	-
Certificates of Deposit	Amortized Cost	3,014,563	-
Money Market Mutual Funds	Amortized Cost	25,916	-
LGIP	Amortized Cost	275,776,232	-
SNAP-School Construction	Amortized Cost	81,732	-
Total		<u>\$ 348,489,960</u>	<u>\$ 63,833,613</u>
Component Unit			
LGIP	Amortized Cost	\$ 5,307,748	\$ -
SNAP	Amortized Cost	112,607,866	-
Total		<u>\$ 117,915,614</u>	<u>\$ -</u>
Held in County's Name as Fiduciary			
U.S. Agencies and Securities	Fair Value	\$ 6,205,008	\$ 6,205,008
Corporate Notes and Bonds	Fair Value	645,703	645,703
Certificates of Deposit	Amortized Cost	1,357,187	-
Commercial Paper	Amortized Cost	952,312	-
Money Market Mutual Funds	Amortized Cost	9,556	-
Total		<u>\$ 9,169,767</u>	<u>\$ 6,850,711</u>

(1) Custodial Credit Risk

The County's investment securities at June 30, 2023 were held by the County or in the County's name by the County's custodial banks.

(2) Credit Risk of Debt Securities

Standard & Poor's and/or an equivalent organization on the Nationally Recognized Statistical Rating Organizations (NRSRO) list rated the County's debt investments as of June 30, 2023 and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

Primary Government

	<u>AAAm</u>	<u>A-1</u>	<u>AAA</u>	<u>AA</u>
U.S. Agencies	\$ -	\$ -	\$ -	\$ 50,094,890
Municipal Bonds	-	-	364,138	-
Corporate Notes and Bonds	-	-	3,829,596	9,544,989
Commercial Paper	-	5,757,905	-	-
Certificates of Deposits	-	3,014,563	-	-
Money Market Mutual Funds	25,916	-	-	-
LGIP	275,776,232	-	-	-
SNAP-School Construction	81,732	-	-	-
Total	<u>\$ 275,883,880</u>	<u>\$ 8,772,468</u>	<u>\$ 4,193,734</u>	<u>\$ 59,639,879</u>

Component Unit - Stafford County Public Schools

LGIP	\$ 5,307,748	\$ -	\$ -	\$ -
SNAP	112,607,866	-	-	-
Total	<u>\$ 117,915,614</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Held in County's Name as Fiduciary

U.S. Agencies and Securities	\$ -	\$ -	\$ -	\$ 6,205,008
Corporate Notes and Bonds	-	-	-	645,703
Commercial Paper	-	952,312	-	-
Certificates of Deposit	-	1,357,187	-	-
Money Market Mutual Funds	9,556	-	-	-
Total	<u>\$ 9,556</u>	<u>\$ 2,309,499</u>	<u>\$ -</u>	<u>\$ 6,850,711</u>

As of June 30, 2023, 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, 2023, the County did not have any investments exceeding 5% of the total investment.

(4) Interest Rate Risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. Due to market conditions, the County's investment policy generally sets a 5-year maximum maturity from the date of purchase. Additionally, the County requires 25% of the liquid funds be invested in over-night funds while the remaining 75% be invested in no longer than 180 days. Furthermore, the core funds are to have a final maturity of no longer than 5 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.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
Primary Government					
U.S. Agencies and Securities	\$ 50,094,890	\$ 27,467,270	\$ 21,256,438	\$ 900,213	\$ 470,969
Municipal Bonds	364,138	364,138	-	-	-
Corporate Notes and Bonds	13,374,585	4,203,085	9,171,501	-	-
Commercial Paper	5,757,905	5,757,905	-	-	-
Certificates of Deposit	3,014,563	3,014,563	-	-	-
Money Market Mutual Funds	25,916	25,916	-	-	-
LGIP	275,776,232	275,776,232	-	-	-
SNAP-School Construction	81,732	81,732	-	-	-
Total	\$ 348,489,960	\$ 316,690,840	\$ 30,427,938	\$ 900,213	\$ 470,969
Component Unit - Stafford County Public Schools					
LGIP	\$ 5,307,748	\$ 5,307,748	\$ -	\$ -	\$ -
SNAP	112,607,866	112,607,866	-	-	-
Total	\$ 117,915,614	\$ 117,915,614	\$ -	\$ -	\$ -
Held in County's Name as Fiduciary					
U.S. Agencies and Securities	\$ 6,205,008	\$ 3,235,612	\$ 2,960,530	\$ 8,866	\$ -
Corporate Notes and Bonds	645,703	196,186	449,518	-	-
Certificates of Deposit	1,357,187	1,357,187	-	-	-
Commercial Paper	952,312	952,312	-	-	-
Money Market Mutual Funds	9,556	9,556	-	-	-
Total	\$ 9,169,767	\$ 5,750,853	\$ 3,410,048	\$ 8,866	\$ -

D. COUNTY AND COMPONENT UNIT'S OPEB FUNDS

As of June 30, 2023, the carrying value of the County's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust) and their respective credit rating was as follows:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Credit Rating</u>
Investment in pooled funds	<u>\$14,137,806</u>	Not Rated

As of June 30, 2023, the carrying value of the Component Unit – Stafford County Public School's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust and their respective credit rating was as follows:

<u>Investment Type</u>	<u>Reported Value</u>	<u>Credit Rating</u>
Investment in pooled funds	<u>\$39,575,721</u>	Not Rated

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

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

Note 3. RECEIVABLES

Receivables at June 30, 2023 consist of the following:

Primary Government	General Fund	Transportation Fund	Capital Projects Fund	Other Nonmajor Governmental Funds	Water and Sewer Fund	Total
Property taxes	\$ 19,842,003	\$ -	\$ -	\$ 62,368	\$ -	\$ 19,904,371
Accounts	4,350,088	1,225,300	-	356,413	7,209,311	13,141,112
Intergovernmental	10,201,945	1,132,519	-	62,378	-	11,396,842
Gross receivables	34,394,036	2,357,819	-	481,159	7,209,311	44,442,325
Less: Allowance for uncollectible accounts	(3,249,462)	-	-	(172)	-	(3,249,634)
Net receivables	\$ 31,144,574	\$ 2,357,819	\$ -	\$ 480,987	\$ 7,209,311	\$ 41,192,691

Component Units	Stafford County Public Schools	Stafford County EDA	Total
Accounts	\$ 27,778,310	\$ -	\$ 27,778,310
Due from primary government	3,653,632	-	3,653,632
	\$ 31,431,942	\$ -	\$ 31,431,942

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

Note 4. CAPITAL ASSETS

The following is a summary of changes in capital assets for the Primary Government's governmental activities for the fiscal year ended June 30, 2023:

	Balance			Reclasses /		Balance
	June 30, 2022	Increases	Decreases	Transfers		June 30, 2023
Land	\$ 48,017,628	\$ -	\$ -	\$ -		\$ 48,017,628
Other intangible assets	5,181,767	-	-	-		5,181,767
Construction in progress	8,378,119	5,564,604	(227,240)	(3,110,503)		10,604,980
Total capital assets, nondepreciable	61,577,514	5,564,604	(227,240)	(3,110,503)		63,804,375
Land improvements	110,534,809	55,253	-	492,509		111,082,571
Building and building improvements	130,002,514	703,395	-	405,136		131,111,045
Furniture, fixtures and equipment	52,231,471	572,721	(322,914)	472,150		52,953,428
Software	8,158,632	14,305	-	-		8,172,937
Technology infrastructure	9,276,120	-	-	-		9,276,120
Vehicles	38,595,530	1,812,689	(2,859,701)	1,740,708		39,289,226
Total capital assets, depreciable	348,799,076	3,158,363	(3,182,615)	3,110,503		351,885,327
Less accumulated depreciation for:						
Land improvements	(37,687,047)	(5,125,314)	-	-		(42,812,361)
Building and building improvements	(57,905,808)	(4,117,231)	-	-		(62,023,039)
Furniture, fixtures and equipment	(45,972,235)	(2,139,121)	300,784	-		(47,810,572)
Software	(7,344,032)	(320,769)	-	-		(7,664,801)
Technology infrastructure	(8,370,252)	(404,814)	-	-		(8,775,066)
Vehicles	(24,476,292)	(3,334,262)	2,649,983	-		(25,160,571)
Total accumulated depreciation	(181,755,666)	(15,441,511)	2,950,767	-		(194,246,410)
Net depreciable capital assets	167,043,410	(12,283,148)	(231,848)	3,110,503		157,638,917
Total capital assets, governmental activities	\$ 228,620,924	\$ (6,718,544)	\$ (459,088)	\$ -		\$ 221,443,292

Depreciation charged to governmental functions:

General government	\$ 908,863
Judicial administration	129,104
Public safety	5,391,644
Public works	2,911,984
Health and human services	14,361
Parks, recreation and cultural	3,555,464
Community development	94,536
Transportation	2,435,555
Total	<u>\$ 15,441,511</u>

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for Primary Government's business-type activities for the fiscal year ended June 30, 2023:

	Balance			Reclasses /		Balance
	June 30, 2022	Increases	Decreases	Transfers		June 30, 2023
Land	\$ 19,040,443	\$ -	\$ -	\$ -		\$ 19,040,443
Other intangible assets	4,380,449	148,917	-	-		4,529,366
Construction in progress	32,746,267	22,131,894	(256,725)	(16,162,200)		38,459,236
Total capital assets, nondepreciable	56,167,159	22,280,811	(256,725)	(16,162,200)		62,029,045
Land improvements	699,187	294,844	-	-		994,031
Building and building improvements	4,294,205	-	-	-		4,294,205
Distribution and collection systems	638,563,742	25,374,172	(14,599)	16,162,200		680,085,515
Furniture, fixtures and equipment	25,831,830	399,451	(12,111,379)	33,091		14,152,993
Software	240,638	-	-	-		240,638
Technology infrastructure	510,229	-	-	-		510,229
Vehicles	7,924,658	195,870	(88,773)	-		8,031,755
Total capital assets, depreciable	678,064,489	26,264,337	(12,214,751)	16,195,291		708,309,366
Less accumulated depreciation for:						
Land improvements	(478,770)	(31,830)	-	-		(510,600)
Building and building improvements	(2,965,157)	(113,366)	-	-		(3,078,523)
Distribution and collection systems	(237,121,545)	(14,347,870)	14,599	-		(251,454,816)
Furniture, fixtures and equipment	(18,694,663)	(1,292,255)	11,663,042	(33,091)		(8,356,967)
Software	(240,638)	-	-	-		(240,638)
Technology infrastructure	(494,296)	(15,933)	-	-		(510,229)
Vehicles	(5,556,534)	(709,224)	88,773	-		(6,176,985)
Total accumulated depreciation	(265,551,603)	(16,510,478)	11,766,414	(33,091)		(270,328,759)
Net depreciable capital assets	412,512,886	9,753,859	(448,337)	16,162,200		437,980,607
Total capital assets, business-type activities	\$ 468,680,045	\$ 32,034,670	\$ (705,062)	\$ -		\$ 500,009,652

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets, except for fleet services fund, for Stafford County Public Schools' governmental activities for the fiscal year ended June 30, 2023:

	Balance					Balance
	June 30, 2022	Increases	Decreases	Re-classifications		June 30, 2023
<u>Capital assets not being depreciated or amortized:</u>						
Land	\$ 39,695,598	\$ 2,004,139			\$	41,699,737
Construction in progress	9,237,656	12,210,871	(110,924)	(3,149,262)		18,188,341
Total capital assets not being depreciated or amortized	48,933,254	14,215,010	(110,924)	(3,149,262)		59,888,078
<u>Capital assets being depreciated or amortized</u>						
Land improvements	69,437,186	5,071,569	(230,359)	238,667		74,517,063
Buildings and building improvements	602,702,481	2,657,761	(24,488)	2,910,595		608,246,349
Furniture, fixtures and equipment	17,274,386	1,186,946	(257,501)			18,203,831
Vehicles	28,653,539	7,793,830	(786,979)			35,660,390
Software	2,109,140					2,109,140
Technology infrastructure	4,357,274	18,153				4,375,427
Water treatment system	1,319,841					1,319,841
Right-to-use assets - Buildings	749,944					749,944
Right-to-use assets - Equipment	-	1,534,565				1,534,565
Right-to-use assets - SBITA	-	1,854,881				1,854,881
Total capital assets being depreciated or amortized	726,603,791	20,117,705	(1,299,327)	3,149,262		748,571,431
<u>Less accumulated depreciation or amortization for:</u>						
Land improvements	(40,309,565)	(3,391,215)	197,196			(43,503,584)
Buildings and building improvements	(253,259,309)	(18,618,013)	15,917			(271,861,405)
Furniture, fixtures and equipment	(10,223,073)	(1,313,701)	232,973			(11,303,801)
Vehicles	(14,386,959)	(2,045,092)	689,860			(15,742,191)
Software	(1,044,443)	(102,157)				(1,146,600)
Technology infrastructure	(1,744,064)	(218,499)				(1,962,563)
Water treatment system	(712,796)	(57,762)				(770,558)
Right-to-use assets - Buildings	(74,994)	(149,989)				(224,983)
Right-to-use assets - Equipment	-	(191,821)				(191,821)
Right-to-use assets - SBITA	-	(295,985)				(295,985)
Total accumulated depreciation or amortization	(321,755,203)	(26,384,234)	1,135,946	-		(347,003,491)
Total capital assets being depreciated or amortized, net	404,848,588	(6,266,529)	(163,381)	3,149,262		401,567,940
Total capital assets, net	\$ 453,781,842	\$ 7,948,481	\$ (274,305)	\$ -	\$	461,456,018

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

	Amount
Instruction	\$ 490,115
Administration, attendance and health	161,076
Pupil transportation	2,174,742
Operation and maintenance	333,332
Food and nutrition services	215,828
Facilities	21,522,427
Technology	1,486,714
Total depreciation and amortization expense	\$ 26,384,234

As of June 30, 2023, the Stafford County Economic Development Authority component unit did not report any capital assets.

Note 5. LONG-TERM LIABILITIES

A. PRIMARY GOVERNMENT – GOVERNMENTAL ACTIVITIES

The following is a summary of long-term liability activity of the primary government for the year ended June 30, 2023:

	Amounts payable at June 30, 2022			Additions	Reductions	Amounts payable at June 30, 2023		Amounts Due within One Year
Bonds payable:								
General obligation bonds	\$	288,711,855	\$	89,935,000	\$ (21,895,183)	\$	356,751,672	\$ 23,111,672
Unamortized bond premiums		25,720,048		12,459,354	(2,304,619)		35,874,783	2,649,057
Bonds payable including premiums		314,431,903		102,394,354	(24,199,802)		392,626,455	25,760,729
VRA loans		61,332,320		-	(5,710,416)		55,621,904	4,217,686
Installment financing agreements		6,988,223		-	(1,498,194)		5,490,029	1,536,476
Net pension liability		12,053,140		57,385,673	(45,169,950)		24,268,863	-
Net OPEB liability		120,631,473		14,121,146	(45,279,840)		89,472,779	-
Compensated absences*		11,227,709		8,983,068	(8,413,629)		11,797,148	4,178,314
Governmental activities long-term liabilities	\$	526,664,768		182,884,241	(130,271,831)		579,277,178	35,693,205

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

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

Fiscal Year(s)	<u>General Obligation Bonds</u>			<u>Revenue Bonds</u>			<u>Literary Loans</u>		
	Principal	Interest		Principal	Interest		Principal	Interest	
2024	\$ 23,111,672	\$ 13,367,549		\$ -	\$ -		\$ -	\$ -	
2025	25,850,000	12,696,311		-	-		-	-	
2026	26,945,000	11,438,773		-	-		-	-	
2027	27,525,000	10,234,868		-	-		-	-	
2028	28,430,000	8,940,661		-	-		-	-	
2029-2033	123,010,000	29,403,736		-	-		-	-	
2034-2038	62,760,000	14,243,653		-	-		-	-	
2039-2043	36,090,000	4,814,549		-	-		-	-	
2044-2048	3,030,000	75,750		-	-		-	-	
	<u>\$ 356,751,672</u>	<u>\$ 105,215,850</u>		<u>\$ -</u>	<u>\$ -</u>		<u>\$ -</u>	<u>\$ -</u>	

Fiscal Year(s)	<u>Installment Financings</u>			<u>VRA Loans</u>			<u>Total</u>		
	Principal	Interest		Principal	Interest		Principal	Interest	
2024	\$ 1,536,476	\$ 139,211		\$ 4,217,686	\$ 2,222,689		\$ 28,865,834	\$ 15,729,449	
2025	1,157,862	102,629		4,055,240	2,030,801		31,063,102	14,829,741	
2026	881,535	74,842		4,178,084	1,842,189		32,004,619	13,355,804	
2027	568,194	53,468		4,306,225	1,652,288		32,399,419	11,940,624	
2028	585,997	35,665		4,429,670	1,465,918		33,445,667	10,442,244	
2029-2033	759,965	22,682		20,400,000	4,704,681		144,169,965	34,131,099	
2034-2038	-	-		14,035,000	1,064,716		76,795,000	15,308,369	
2039-2043	-	-		-	-		36,090,000	4,814,549	
2044-2048	-	-		-	-		3,030,000	75,750	
	<u>\$ 5,490,029</u>	<u>\$ 428,497</u>		<u>\$ 55,621,905</u>	<u>\$ 14,983,282</u>		<u>\$ 417,863,606</u>	<u>\$ 120,627,629</u>	

Note 5. LONG-TERM LIABILITIES (Continued)

General Obligation Bonds	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
<i>Governmental Activities</i>					
County:					
Public Improvements	6/27/2013	7/1/2033	3.13%	\$ 24,075,000	\$ 13,250,000
Parks and Transportation	8/11/2015	8/1/2035	3.00% - 5.00%	10,315,000	6,695,000
Parks and Transportation	5/24/2017	12/30/2037	3.00% - 5.00%	12,060,000	9,035,000
Total General Obligation - County				\$ 46,450,000	\$ 28,980,000
Schools:					
Education Series 2003A	5/15/2003	7/15/2023	3.10% - 5.35%	6,905,000	345,000
Education Series 2003B	11/1/2003	7/15/2028	3.10% - 5.35%	54,070,000	19,725,000
Education Series 2003C	11/1/2003	7/15/2023	3.10% - 5.35%	5,494,768	321,672
Education Series 2004A	5/13/2004	7/15/2029	4.85% - 5.10%	8,470,000	3,520,000
Education Series 2004B	11/10/2004	7/15/2029	4.10% - 5.60%	9,700,000	3,960,000
Education Series 2005A	5/12/2005	7/15/2030	3.10% - 5.10%	17,895,000	8,205,000
Education Series 2005B	11/10/2005	7/15/2030	4.35% - 5.10%	9,810,000	4,500,000
Education Series 2006A	5/12/2006	7/15/2031	4.10% - 5.10%	41,035,000	20,630,000
Education Series 2006B	11/9/2006	7/15/2031	4.23% - 5.10%	6,310,000	3,125,000
Education Series 2007A	5/10/2007	7/15/2032	4.10% - 5.10%	13,620,000	7,445,000
Education Series 2007B	11/8/2007	7/15/2032	4.35% - 5.10%	10,600,000	5,845,000
Education Series 2008A	5/15/2008	7/15/2033	4.10% - 5.10%	11,500,000	6,820,000
Education Series 2008B	12/11/2008	7/15/2033	3.60% - 5.35%	1,700,000	1,015,000
Education Series 2010A	5/13/2010	7/15/2025	3.05% - 5.05%	5,740,000	1,455,000
VPSA Series 2010B (QSCB)	7/8/2010	6/1/2027	5.31%	1,305,000	320,000
Education Series 2010C	11/10/2010	7/15/2030	2.05% - 4.05%	2,305,000	1,110,000
Education Series 2011A	5/5/2011	7/15/2031	2.05% - 5.05%	5,625,000	3,170,000
Education Series 2011B	11/9/2011	7/15/2031	2.05% - 5.05%	9,845,000	5,245,000
VPSA Series 2012A	6/3/2012	10/1/2042	2.55% - 5.05%	11,860,000	6,110,000
Education Series 2012B	11/15/2012	7/15/2032	2.05% - 5.05%	16,220,000	9,195,000
Education Series 2013A	5/9/2013	7/15/2033	3.05% - 5.05%	13,820,000	8,840,000
Education Series 2013B	11/21/2013	7/15/2033	2.30% - 5.05%	12,575,000	8,165,000
VPSA Series 2014A	5/15/2014	7/15/2034	2.68% - 5.05%	16,380,000	10,440,000
Education Series 2014B	11/20/2014	7/15/2034	2.05% - 5.05%	15,250,000	10,170,000
Education Series 2015A	5/14/2015	7/15/2035	2.05% - 5.05%	6,870,000	5,140,000
Education Series 2015B	11/19/2015	7/15/2035	2.05% - 5.05%	18,910,000	14,120,000
Education Series 2016A	5/17/2016	7/15/2031	2.05% - 5.05%	1,720,000	1,165,000
Education Series 2016B	11/17/2016	7/15/2036	2.80% - 5.05%	8,480,000	6,700,000
Education Series 2017A	5/16/2017	7/15/2037	3.05% - 5.05%	10,370,000	8,570,000
Education Series 2017B	11/7/2017	7/15/2037	2.05% - 5.05%	7,585,000	6,340,000
Education Series 2018A	5/15/2018	7/15/2033	3.05% - 5.05%	8,625,000	6,885,000
Education Series 2018B	11/6/2018	7/15/2038	3.55% - 5.05%	6,970,000	6,115,000
Education Series 2019A	5/21/2019	7/15/2034	3.05% - 5.05%	5,130,000	4,095,000
Education Series 2019B	11/12/2019	7/15/2039	2.80% - 5.05%	6,070,000	5,525,000
Education Series 2020	11/10/2020	7/15/2040	2.05% - 5.05%	14,140,000	13,340,000
Education Series 2021B	11/9/2021	7/15/2041	1.93% - 5.05%	10,420,000	10,165,000
Education Series 2023	3/15/2023	7/15/2043	5.00%	89,935,000	89,935,000
Total General Obligation - Schools				\$ 503,259,768	\$ 327,771,672

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

Note 5. LONG-TERM LIABILITIES (Continued)

		Governmental Activities
Asset:		
Equipment	\$	12,449,561
Vehicles		9,570,211
Technology Infrastructure		1,890,000
Less: Accumulated depreciation		<u>(20,712,221)</u>
Total	\$	<u><u>3,197,551</u></u>

The County has moral obligation pledges as follows:

- \$845,177 for three Virginia Resources Authority loans secured by the Stafford Regional Airport to fund various site improvements;

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

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

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

Series	Installment Financing Agreements	Collateral	Default/Termination Events
Property Schedule 6	\$3,631,837.23 issued June 29, 2014 maturing semi-annually in varying installments of \$160,021 to \$204,914 through June 23, 2024; interest at 2.62% payable semi-annually	Heavy duty fire and rescue vehicle & scuba equipment	Accelerate all lease payments to be due and payable or take possession of the personal property
Property Schedule 9	\$3,028,339 issued on June 30, 2016 maturing semi-annually in varying installments of \$68,612.70 to \$83,264.47 through June 30, 2026; interest at 1.99% payable semi-annually.	5 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
Property Schedule 10	\$2,194,073 issued on November 1, 2018 maturing semi-annually in varying installments of \$92,314 to \$129,030 through December 23, 2028; interest at 3.56% payable semi-annually.	3 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 2	\$1,145,881.11 issued on December 30, 2019 maturing semi-annually in varying installments of \$49,584 to \$65,721; interest at 2.99% payable semi-annually.	Fire Ladder Truck	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 3	\$1,439,020.30 issued on April 7, 2020 maturing semi-annually in varying installments of \$137,451 to 150,529; interest at 2.03% payable semi-annually.	LifePak Defibrillators	Accelerate all lease payments to be due and payable or take possession of the personal property
Appendix 4	\$1,970,602 issued on April 7, 2020 maturing semi-annually in installments of \$86,703 to \$111,329; interest at 2.65% payable semi-annually.	3 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property

B. PRIMARY GOVERNMENT – BUSINESS-TYPE ACTIVITIES

	Amounts payable at June 30, 2022		Additions	Reductions	Amounts payable at June 30, 2023		Amounts Due within One Year
Bonds payable:							
Revenue bonds	\$	65,680,000	\$	-	\$	63,240,000	\$ 2,555,000
VRA loans		16,337,236		-		14,626,782	1,735,496
Unamortized bond premiums		5,759,015		-		5,162,227	596,789
Bonds payable including premiums		87,776,251		-		83,029,009	4,887,285
Net pension liability		1,844,490		8,731,856		3,693,299	-
Net OPEB liability		21,747,236		2,472,429		16,099,299	-
Compensated absences		1,397,764		1,195,152		1,415,289	559,615
Business-type activities long-term liabilities	\$	112,765,741	\$	12,399,437	\$	104,236,896	\$ 5,446,900

Note 5. LONG-TERM LIABILITIES (Continued)

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

Fiscal Year(s)	Revenue Bonds		VRA Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 2,555,000	\$ 2,544,557	\$ 1,735,496	\$ 211,160	\$ 4,290,496	\$ 2,755,717
2025	2,690,000	2,416,468	1,761,018	185,639	4,451,018	2,602,107
2026	2,820,000	2,280,415	1,787,028	159,628	4,607,028	2,440,043
2027	2,955,000	2,147,389	1,813,539	133,117	4,768,539	2,280,506
2028	3,090,000	2,017,105	1,840,563	106,094	4,930,563	2,123,199
2029-2033	17,525,000	7,992,931	5,689,138	150,832	23,214,138	8,143,763
2034-2038	16,495,000	4,288,792	-	-	16,495,000	4,288,792
2039-2043	15,110,000	1,463,510	-	-	15,110,000	1,463,510
	<u>\$ 63,240,000</u>	<u>\$ 25,151,167</u>	<u>\$ 14,626,782</u>	<u>\$ 946,470</u>	<u>\$ 77,866,782</u>	<u>\$ 26,097,637</u>

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

Loans / Revenue Bonds	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
<i>Business-Type Activities</i>					
Water & Sewer Series 2014A	6/27/2014	10/1/2035	3.12% - 4.83%	16,010,000	11,130,000
Water & Sewer Series 2015D	11/4/2015	10/1/2035	3.22%	8,620,000	6,445,000
Water & Sewer Series 2016C	11/2/2016	10/1/2042	2.12% - 5.13%	41,140,000	40,520,000
Water & Sewer Series 2021C	11/17/2021	10/1/2042	0.53% - 2.98%	5,180,000	5,145,000
Total Revenue Bonds				\$ 70,950,000	\$ 63,240,000
Water & Sewer Series 2009A	7/27/2009	3/1/2031	2.34% - 4.20%	\$ 9,326,573	\$ 4,436,478
Water & Sewer Series 2009B	7/8/2009	3/1/2031	3.35%	23,386,039	10,190,304
Total Loans				\$ 32,712,612	\$ 14,626,782

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

Total principal and interest payments on revenue bonds	\$ 88,391,167
Current year principal and interest payments	3,839,614
Net available revenues - Water & Sewer Fund	49,513,040
Principal and interest payments as a percent of net revenues	8%

In addition to pledged revenues, the County must meet certain rate covenants in accordance with the bond indentures. At June 30, 2023, the County was in compliance with all rate covenants.

Note 5. LONG-TERM LIABILITIES (Continued)

On November 17, 2021, the County issued \$5,180,000 in taxable revenue bonds through the VRA Pooled Financing Program with interest rate ranging between 0.525% to 2.975% to advance refund \$4,925,000 of outstanding 2012 lease revenue bonds interest rates ranging between 0.530% to 3.633%. The net proceeds of \$5,095,258 (after payment of \$84,742 of bond issuance costs) were used to purchase government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 2012 lease revenue bonds. As a result, the 2012 lease revenue bonds are considered to be defeased and the liability for those bonds have been removed from the government-wide statement of net position. As of June 30, 2023, there is no more remaining value of outstanding defeased bonds. The result of the refunding saved the County \$713,750 in future debt service and resulted in \$549,684 economic gain.

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

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

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

Note 5. LONG-TERM LIABILITIES (Continued)

C. NET INVESTMENT IN CAPITAL ASSETS

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 221,443,292	\$ 500,009,652
Lease & subscription asset, net	2,466,119	-
Less: Long-term debt related to capital assets	(417,863,606)	(77,866,781)
Less: Lease & subscription liabilities	(2,307,835)	-
Less: Unamortized premiums	(35,874,782)	(5,162,227)
Less: Capital-related liabilities (A/P and retainage)	(2,384,467)	(2,678,801)
Add: Unamortized loss	2,613,438	2,022,022
Add: Long-term debt and premiums related to Schools	354,556,916	-
	<u>\$ 122,649,075</u>	<u>\$ 416,323,865</u>

D. COMPONENT UNIT – STAFFORD COUNTY PUBLIC SCHOOLS

	Amounts Payable at July 1, 2022	Increases	Decreases	Amounts Payable at June 30, 2023	Amounts Due within One Year
Lease liabilities	\$ 598,129	\$ 1,534,565	\$ 445,180	\$ 1,687,514	\$ 450,806
SBITA liabilities	-	1,818,897	523,209	1,295,688	433,275
Notes payable	9,854,023	-	723,196	9,130,827	736,190
Compensated absences	7,892,206	693,922	855,535	7,730,593	784,252
Net pension liability	151,708,002	162,182,116	118,350,884	195,539,234	-
Net OPEB liability	269,969,015	117,824,590	262,607,409	125,186,196	-
Total	<u>\$ 440,021,375</u>	<u>\$ 284,054,090</u>	<u>\$ 383,505,413</u>	<u>\$ 340,570,052</u>	<u>\$ 2,404,523</u>

Note 6. DEFINED BENEFIT PENSION PLAN

A. Plan Description

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

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

The VRS administers three different benefit structures for covered employees – Plan 1, Plan 2 and Hybrid. Each of these benefit structures has different eligibility criteria. The specific information for each plan and the eligibility for covered groups within each plan are set out in the table below:

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Retirement Contributions Employees contribute 5% of their compensation each month to their member contribution account through a pretax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.</p>	<p>Retirement Contributions Same as Plan 1.</p>	<p>Retirement Contributions A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p>Service Credit Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p>Service Credit Same as Plan 1.</p>	<p>Service Credit <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined Contributions Component:</i> Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.</p>

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Calculating the Benefit The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p>Calculating the Benefit See definition under Plan 1.</p>	<p>Calculating the Benefit <i>Defined Benefit Component:</i> See definition under Plan 1.</p> <p><i>Defined Contribution Component:</i> The benefit is based on contributions made by the member and any matching contributions made by the employer, plus net investment earnings on those contributions.</p>
<p>Average Final Compensation A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p>Average Final Compensation Same as Plan 2. It is used in the retirement formula for the defined benefit component of the plan.</p>

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p>Service Retirement Multiplier VRS: The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for non- hazardous duty members is 1.70%.</p> <p>Sheriffs and regional jail superintendents: The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p>Political subdivision hazardous duty employees: The retirement multiplier of eligible political subdivision hazardous duty employees other than sheriffs and regional jail superintendents is 1.70% or 1.85% as elected by the employer.</p>	<p>Service Retirement Multiplier VRS: Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. For non-hazardous duty members the retirement multiplier is 1.65% for service credit earned, purchased or granted on or after January 1, 2013.</p> <p>Sheriffs and regional jail superintendents: Same as Plan 1.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Service Retirement Multiplier <i>Defined Benefit Component:</i> VRS: The retirement multiplier for the defined benefit component is 1.00%.</p> <p>For members who opted into the Hybrid Retirement Plan from Plan 1 or Plan 2, the applicable multipliers for those plans will be used to calculate the retirement benefit for service credited in those plans.</p> <p>Sheriffs and regional jail superintendents: Not applicable.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Not applicable.</p>
<p>Normal Retirement Age VRS: Age 65.</p> <p>Political subdivision hazardous duty employees: Age 60.</p>	<p>Normal Retirement Age VRS: Normal Social Security retirement age.</p> <p>Political subdivision hazardous duty employees: Same as Plan 1.</p>	<p>Normal Retirement Age <i>Defined Benefit Component:</i> VRS: Same as Plan 2.</p> <p>Political subdivision hazardous duty employees: Not applicable.</p> <p><i>Defined Contribution Component:</i> Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN1	PLAN2	HYBRID RETIREMENT PLAN
<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><i>Eligibility:</i></p> <p>For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date.</p> <p>For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.</p> <p><i>Exceptions to COLA Effective Dates:</i> The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances:</p> <ul style="list-style-type: none"> • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • 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>Cost-of-Living Adjustment (COLA) in Retirement</p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI- U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1.</p>	<p>Cost-of-Living Adjustment (COLA) in Retirement</p> <p><i>Defined Benefit Component:</i></p> <p>Same as Plan 2.</p> <p><i>Defined Contribution Component:</i></p> <p>Not applicable.</p> <p><i>Eligibility:</i></p> <p>Same as Plan 1 and Plan 2.</p> <p><i>Exceptions to COLA Effective Dates:</i></p> <p>Same as Plan 1 and Plan 2.</p>

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)**B. Employees Covered by Benefit Terms**

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>County Number</u>
Retirees or their beneficiaries currently receiving benefits	<u>510</u>
Inactive members:	
Vested	182
Non-vested	276
Active elsewhere in VRS	<u>247</u>
Total inactive members	<u>705</u>
Active members	<u>983</u>
Total covered employees	<u><u>2,198</u></u>

C. Contributions

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

The County's contractually required employer contribution rate for the year ended June 30, 2023 was 13.12% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$9,687,172 and \$7,340,533 for the years ended June 30, 2023 and 2022 respectively.

D. Net Pension Liability

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

The County's net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

At June 30, 2023, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of \$29,055,673 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of \$27,962,162 for the County, \$396,346 for GWRC and \$697,165 for the R-Board. The County's proportion of the net pension liability was based on the County's actuarially determined employer contributions to the pension plan for the valuation date of June 30, 2021 relative to the total of the actuarially determined employer contributions for all participating employers.

NOTE 6. BENEFIT PENSION PLAN (Continued)

E. Actuarial Assumptions – General Employees

The total pension liability for General Employees in the County's Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods including in the measurement and rolled forward to the measurement date as of June 30, 2022.

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

Mortality rates:

Non-Hazardous Duty: 15% of deaths are assumed to be service related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years

Mortality Improvement: 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board Action are as follows:

Non-Hazardous Duty:

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

F. Actuarial Assumptions – Public Safety Employees with Hazardous Duty Benefit

The total pension liability for Public Safety employees with Hazardous Duty Benefits in the County's retirement plan was based on an actuarial valuation as of June 30, 2021, using the entry age normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date as of June 30, 2022.

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

Mortality rates:

Hazardous Duty: 45% of deaths are assumed to be service related

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally with a Modified MP-2020 Improvement Scale; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Page 16 of 27 Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally with a Modified MP-2020 Improvement Scale; 110% of rates for males and females set forward 2 years.

Mortality Improvement: 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, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study are as follows:

Hazardous Duty:

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

NOTE 6. BENEFIT PENSION PLAN (Continued)**G. Long-Term Expected Rate of Return**

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

Asset Class	Long-Term Target Asset Allocation	Arithmetic Long- Term Expected Rate of Return	Weighted Average Long-Term Expected Real Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	Expected arithmetic nominal return *		7.83%

*The above allocation provides a one-year expected return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%.

*On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

H. Discount Rate

The discount rate used to measure the total pension liabilities was 6.75%. The projection of cash flows used to determine the discount rate assumed that VRS member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased in funding provided by the General Assembly for State and teacher employer contributions, political subdivisions were provided with an opportunity to use an alternative employer contribution rate. For the year ended June 30, 2023, the alternate rate was the employer rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2021, actuarial valuations, whichever was greater. From July 1, 2022 on, participating employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6. BENEFIT PENSION PLAN (Continued)**I. Change in the Net Pension Liability**

	Total Pension Liability	Plan Fiduciary Net Position	Net Position Liability
Balances at June 30, 2021	\$ 266,076,413	\$ 251,670,468	\$ 14,405,945
Changes for the year:			
Service cost	8,185,602	-	8,185,602
Interest	18,134,507	-	18,134,507
Difference between expected and actual experience	(1,427,384)	-	(1,427,384)
Contributions - employer		7,340,554	(7,340,554)
Contributions - employee		3,406,081	(3,406,081)
Net investment income		(354,326)	354,326
Benefit payments, including refunds of employee contributions	(11,205,318)	(11,205,318)	-
Administrative expense		(155,203)	155,203
Other changes		5,891	(5,891)
Net changes	13,687,407	(962,321)	14,649,728
Balances at June 30, 2022	\$ 279,763,820	\$ 250,708,147	\$ 29,055,673

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

The Net Pension Liability:

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

	Net Pension Liability
Governmental Activities	\$ 24,268,863
Business Type Activities	3,693,299
R-Board	697,165
GWRC	396,346
total	\$ 29,055,673

NOTE 6. BENEFIT PENSION PLAN (Continued)**J. Sensitivity of the Net Pension Liability to Changes in the Discount Rate**

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

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
County Net Pension liability/(Asset)	\$ 69,655,211	\$ 29,055,673	\$ (3,841,525)

K. Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the County recognized pension expense of \$8,945,453. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ -	\$6,938,565
Changes in assumptions	\$5,906,927	-
Difference between expected and actual experience	3,187,199	1,077,535
County contributions subsequent to the measurement date	9,687,172	-
Total	<u>\$18,781,298</u>	<u>\$8,016,100</u>

\$9,687,172 reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30:	Amount
2024	\$ 1,323,229
2025	951,438
2026	(4,632,964)
2027	3,436,323
Thereafter	-
	<u>\$ 1,078,026</u>

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	\$15,687,152	\$6,695,479
Business Type Activities	2,387,312	1,018,935
R-Board	450,640	192,339
GWRC	256,194	109,347
Total	<u>\$18,781,298</u>	<u>\$8,016,100</u>

L. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

Note 7. OTHER POSTEMPLOYMENT BENEFITS

Primary Government:

A. Plan Description

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

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

B. Benefits Provided

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

C. Membership

At January 1, 2023 membership consisted of:

Retirees and beneficiaries currently receiving benefits	245
Active employees	<u>893</u>
Total	<u>1,138</u>

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. Contributions

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

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

E. Investment Policy

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

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

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

For the year ended June 30, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 9.76 percent for Portfolio I. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Listed below is the target allocation.

		Long-Term Arithmetic Average	Long-Term Arithmetic Average	Long-Term Arithmetic Weighted Average
	Target Asset			
Asset Class	Allocation	Nominal Return1	Real Return2	Real Return
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.64%	2.89%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.92%	7.17%	1.51%
U.S. Small Cap Equity	10.00%	11.36%	8.61%	0.86%
International Developed Equity	13.00%	10.81%	8.06%	1.05%
Emerging Market Equity	5.00%	12.08%	9.33%	0.47%
Long/Short Equity	6.00%	8.52%	5.77%	0.35%
Private Equity	10.00%	13.30%	10.55%	1.06%
Core Real Estate	10.00%	9.29%	6.54%	0.65%
Opportunistic Real Estate	5.00%	12.29%	9.54%	0.48%
Total	100.00%			7.01%
		Inflation		2.75%
		Expected arithmetic nominal return		9.76%

F. Actuarial Methods and Assumptions

An actuarial valuation was performed as of January 1, 2023 and updated procedures were used to roll forward the total OPEB liability to the OPEB plan's year end of June 30, 2023.

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

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

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

G. Discount Rate

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

H. Plan Statements for the Fiscal Year Ended June 30, 2023

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2022	\$ 116,962,984	\$ 13,149,633	\$ 103,813,351
Changes for the Year:			
Service Cost	5,614,263	-	5,614,263
Interest	4,274,575	-	4,274,575
Experience Gains	(11,560,636)	-	(11,560,636)
Employer Trust Contributions		1,911,501	(1,911,501)
Net Investment Income		988,173	(988,173)
Changes in Assumptions	(12,745,365)	-	(12,745,365)
Total Benefit Payments	(1,911,501)	(1,911,501)	-
Net Changes	(16,328,664)	988,173	(17,316,837)
Balance as of June 30, 2023	<u>\$ 100,634,320</u>	<u>\$ 14,137,806</u>	<u>\$ 86,496,514</u>

The Fiduciary Net Position is 14.05% of the total OPEB Liability.

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

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

	1% Decrease 3.86 % decreasing to 2.86%	Discount Rate 3.86%	1% Increase 3.86 % increasing to 4.86%
Net OPEB liability	\$ 106,759,065	\$ 86,496,514	\$ 70,706,040

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

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

	1% Decrease 4.00 % decreasing to 3.00%	Medical Trend Rate 4.00%	1% Increase 4.00 % increasing to 5.00%
Net OPEB liability	\$ 68,674,779	\$ 86,496,514	\$ 110,047,337

Assumptions

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Discount rate

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

I. Change in Net OPEB Liability of the County

The measurement date was June 30, 2023, as the actuarial valuation was performed as of January 1, 2023, and the net OPEB Liability per the valuation was \$103,813,151 to be recognized at June 30, 2023. Employees receiving benefits under this plan include the County, the R-Board, and GWRC. Employees receiving benefits under this plan include the County, the R-Board and GWRC. The County has an operating agreement to manage the R-Board landfill effectively giving the R-Board employees the same benefits as the County employees. The County also has a memorandum of understanding with GWRC to provide all payroll and benefit services to its employees. Since the R-Board and the GWRC are legally responsible for their employee's contributions, they are responsible for their proportionate share of the net OPEB liability, deferred inflows of resources and deferred outflows of resources.

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2020 for FY21	\$ 156,088,356	\$ 14,503,066	\$ 141,585,290
Changes for the Year:			
Service Cost	9,302,206	-	9,302,206
Interest	2,977,933	-	2,977,933
Experience Losses	(239,865)	-	(239,865)
Employer Trust Contributions		1,735,457	(1,735,457)
Net Investment Income		(1,353,433)	1,353,433
Changes in Assumptions	(49,430,189)	-	(49,430,189)
Total Benefit Payments	(1,735,457)	(1,735,457)	-
Net Changes	(39,125,372)	(1,353,433)	(37,771,939)
Balance as of June 30, 2021 for FY22	<u>\$ 116,962,984</u>	<u>\$ 13,149,633</u>	<u>\$ 103,813,351</u>

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

The following table presents the plan's Net OPEB Liability and the effects of using a discount rate that is 1 percentage point lower or 1 percentage point higher than the discount rate of 3.69%.

	1% Decrease 3.69 % decreasing to 2.69%	Discount Rate 3.69%	1% Increase 3.69 % increasing to 4.69%
Net OPEB liability	\$ 128,795,416	\$ 103,813,351	\$ 84,556,167

K. Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trends Rate

The following table presents the plan's Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 4.00%.

	1% Decrease 4.00 % decreasing to 3.00%	Medical Trend Rate 4.00%	1% Increase 4.00 % increasing to 5.00%
Net OPEB liability	\$ 81,009,517	\$ 103,813,351	\$ 134,586,459

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**L. OPEB Expense and Deferred Inflows and Outflows of Resources**

For the year ended June 30, 2023 the County, GWRC and the R-Board recognized OPEB expense in the amount of \$4,756,785.

At June 30, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 62,157	\$ 28,759,829
Changes in assumptions	33,525,507	47,925,242
Net difference between projected and actual earnings on OPEB plan investments	847,025	-
County's contributions made after measurement date	-	-
	<u>\$ 34,434,689</u>	<u>\$ 76,685,071</u>

There were no contributions for FY23 as such \$0 reported as deferred outflows of resources related to OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net OPEB Liability in the fiscal year ending June 30, 2023. Amounts reported as deferred inflows of resources will be recognized in OPEB expense in the future fiscal years and noted below:

Fiscal Year ended June 30th	<u>Balance</u>
2024	\$ (6,481,158)
2025	(6,444,998)
2026	(4,346,369)
2027	(3,837,184)
2028	(6,151,896)
Thereafter	(14,988,777)
	<u>\$ (42,250,382)</u>

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	<u>Deferred Outflows of</u> <u>Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities	\$ 28,573,905	\$ 63,633,272
GWRC	3,444	7,668
Business Type Activities	5,172,090	11,518,098
Rappahannock Regional Solid Waste Management Board	685,250	1,526,033
Total	<u>\$ 34,434,689</u>	<u>\$ 76,685,071</u>

Virginia Retirement System Group Life Insurance OPEB**M. Plan Description**

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

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
<p>Eligible Employees</p> <p>The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement:</p> <ul style="list-style-type: none">- City of Richmond- City of Portsmouth- City of Roanoke- City of Norfolk- Roanoke City Schools Board <p>Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.</p>
<p>Benefit Amounts</p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none">• <u>Natural Death Benefit</u> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.• <u>Accidental Death Benefit</u> – The accidental death benefit is double the natural death benefit.• <u>Other Benefit Provisions</u> – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:<ul style="list-style-type: none">○ Accidental dismemberment benefit○ Safety belt benefit○ Repatriation benefit○ Felonious assault benefit○ Accelerated death benefit option
<p>Reduction in benefit Amounts</p> <p>The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.</p>
<p>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</p> <p>For covered members with at least 30 years of creditable service, there is a minimum benefit payable under the Group Life Insurance Program. The minimum benefit was set at \$8,000 by statute. This amount is increased annually based on the VRS Plan 2 cost-of-living adjustment and is currently \$ 8,984 effective June 30, 2023.</p>

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

N. Contributions

The contribution requirements for the GLI Program are governed by §51.1-506 and §51.1-508 of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided to state agencies and school divisions by the Virginia General Assembly. The total rate for the GLI Program was 1.34% of covered employee compensation. This was allocated into an employee and an employer component using a 60/40 split. The employee component was 0.80% (1.34% X 60%) and the employer component was 0.54% (1.34% X 40%). Employers may elect to pay all or part of the employee contribution, however the employer must pay all of the employer contribution. Each employer's contractually required employer contribution rate for the year ended June 30, 2023 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$624,220 and \$565,208 for the years ended June 30, 2023 and June 30, 2022, respectively.

In June 2022, the Commonwealth made a special contribution of approximately \$30.4 million to the Group Life Insurance plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act, of which \$98,858 is attributable to the County.

O. GLI OPEB Liabilities, GLI OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to the Group Life Insurance Program OPEB

At June 30, 2023, the County, the GWRC and the R-Board reported a collective GLI OPEB liability of \$3,910,664 for its proportionate share of the Net GLI OPEB Liability (collectively the County). This amount is comprised of \$3,763,486 for the County, \$53,345 for GWRC and \$93,833 for the R-Board. The Net GLI OPEB Liability was measured as of June 30, 2022 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2021 and rolled forward to the measurement date of June 30, 2022. The covered County's proportion of the Net GLI OPEB Liability was based on the covered employer's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2022 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2023, the County's proportion was 0.32478% as compared to 0.31680% at June 30, 2022.

For the year ended June 30, 2023, the County, GWRC and the R-Board recognized GLI OPEB expense of \$279,214. 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.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 309,675	\$ 156,886
Changes in assumptions	145,862	380,914
Net difference between projected and actual earnings on OPEB plan investments	-	244,359
Change in proportion	450,884	538
County's contributions made after measurement date	624,220	-
	<u>\$ 1,530,641</u>	<u>\$ 782,697</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities	\$ 1,278,474	\$ 653,751
GWRC	20,880	10,677
Business Type Activities	194,561	99,489
Rappahannock Regional Solid Waste Management Board	36,726	18,780
Total	<u>\$ 1,530,641</u>	<u>\$ 782,697</u>

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$624,220 reported as deferred outflows of resources related to the GLI OPEB resulting from the County’s contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the fiscal year ending June 30, 2024. 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 ended June 30th		<u>Balance</u>
2024	\$	71,322
2025		58,015
2026		(90,154)
2027		95,275
2028		(10,734)
Thereafter		-
	\$	<u>123,724</u>

P. Actuarial Assumptions

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)Mortality rates – Non Largest 10 Locality Employers – General Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected Page 11 of 25 generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience 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 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)Mortality rates – Non-Largest 10 Locality Employers - Hazardous Duty Employees

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

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

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period from July 1, 2016 through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience and VRS Board action are as follows:

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Q. Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	<u>Group Life Insurance</u> <u>OPEB Program</u>
Total GLI OPEB Liability	\$ 3,672,085
Plan Fiduciary Net Position	<u>2,467,096</u>
Employers' Net GLI OPEB Liability	<u>\$ 1,204,096</u>
 Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	 67.21%

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

R. Long-Term Expected Rate of Return

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Long-Term Target	Arithmetic Long-Term Expected	Weighted Average Long-Term Expected
Asset Class	Asset Allocation	Rate of Return	Real Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	Expected arithmetic nominal return *		7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

S. Discount Rate

The discount rate used to measure the total GLI OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made per the VRS guidance and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the GLI OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 % of the actuarially determined contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

T. Sensitivity of the County’s Proportionate Share of the Net GLI OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 6.75 % decreasing to 5.75%	Discount Rate 6.75%	1% Increase 6.75 % increasing to 7.75%
Net OPEB liability	\$ 5,690,475	\$ 3,910,664	\$ 1,438,328

GLI Program Fiduciary Net Position

Detailed information about the Group Life Insurance Program’s Fiduciary Net Position is available in the separately issued VRS 2022 Annual Comprehensive Financial Report (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at varetire.org/pdf/publications/2022-annual-report.pdf, or by writing to the System’s Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

U. General Information about the Political Subdivision Health Insurance Credit Program (HIC)
Plan Description

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**V. Employees Covered by Benefit Terms**

As of the June 30, 2021 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	130
Inactive members:	
Vested inactive members	-
Total inactive members	9
	139
Total active members	563
Total covered employees	702

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**W. Contributions**

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided to political subdivisions by the Virginia General Assembly. The County's contractually required employer contribution rate for the year ended June 30, 2023 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were \$41,351 and \$44,915 for the years ended June 30, 2023 and June 30, 2022, respectively.

X. Net HIC OPEB liability

The County's net HIC OPEB liability was measured as of June 30, 2022. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2021, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Y. Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2021, 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, 2022.

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**Mortality rates – Non-Largest 10 Locality Employers – General Employees**

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 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, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

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

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

Pre-Retirement: Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95% of rates for males; 105% of rates for females set forward 2 years.

Post-Retirement: Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.

Post-Disablement: Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.

Beneficiaries and Survivors: Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.

Mortality Improvement Scale: Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates. Mortality rates – Hazardous Duty Employees.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP2020
Retirement Rates	Adjusted rates to better fit experience and changed final retirement age from 65 to 70
Withdrawal Rates	Decreased rates and changed from rates based on age and service to rates based on service only to better fit experience and to be more consistent with Locals Top 10 Hazardous Duty
Disability Rates	No change
Salary Scale	No change
Line of Duty Disability	No change
Discount Rate	No change

Z. Long-Term Expected Rate of Return

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	Long-Term Target	Arithmetic Long-Term Expected	Weighted Average Long-Term Expected
Asset Class	Asset Allocation	Rate of Return	Real Return *
Public Equity	34.00%	5.71%	1.94%
Fixed Income	15.00%	2.04%	0.31%
Credit Strategies	14.00%	4.78%	0.67%
Real Assets	14.00%	4.47%	0.63%
Private Equity	14.00%	9.73%	1.36%
MAPS - Multi-Asset Public Strategies	6.00%	3.73%	0.22%
PIP - Private Investment Partnership	3.00%	6.55%	0.20%
Total	100.00%		5.33%
	Inflation		2.50%
	Expected arithmetic nominal return *		7.83%

* The above allocation provides a one-year return of 7.83%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.72%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of return of 6.75%, which was roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation at that time, providing a median return of 7.11%, including expected inflation of 2.50%.

AA.. Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Through the fiscal year ending June 30, 2022, the rate contributed by the entity for the HIC OPEB will be subject to the portion of the VRS Board-certified rates that are funded by the Virginia General Assembly which was 100 % of the actuarially contribution rate. From July 1, 2022 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**AB. Changes in Net HIC OPEB Liability:**

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2021	\$ 1,093,925	\$ 1,024,621	\$ 69,304
Changes for the Year:			
Service cost	32,026	-	32,026
Interest	73,757	-	73,757
Differences between expected and actual experience	(66,484)	-	(66,484)
Contributions employer	-	44,915	(44,915)
Net Investment income	-	1,623	(1,623)
Changes in Assumptions	23,764	-	23,764
Benefit payments	(66,522)	(66,522)	-
Administrative expense	-	(1,759)	1,759
Other changes	-	13,284	(13,284)
Net changes	(3,459)	(8,459)	5,000
Balance as of June 30, 2022	<u>\$ 1,090,466</u>	<u>\$ 1,016,162</u>	<u>\$ 74,304</u>

AC. Sensitivity of the County's HIC Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 6.75 % decreasing to 5.75%	Discount Rate 6.75%	1% Increase 6.75 % increasing to 7.75%
Net OPEB liability/(asset)	\$ 192,875	\$ 74,304	\$ (26,215)

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**AD. HIC Program OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to HIC Program OPEB**

For the year ended June 30, 2023, the County recognized HIC Program OPEB expense \$15,199. At June 30, 2023, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 12,692	\$ 56,918
Changes in assumptions	46,397	4,748
Net difference between projected and actual earnings on OPEB plan investments	-	26,140
County's contributions made after measurement date	41,351	-
	<u>\$ 100,440</u>	<u>\$ 87,806</u>

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Governmental Activities	\$ 83,893	\$ 73,340
GWRC	1,370	1,198
Business-type Activities	12,767	11,161
Rappahannock Regional Solid Waste Management Board	2,410	2,107
Total	<u>\$ 100,440</u>	<u>\$ 87,806</u>

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

\$41,351 reported as deferred outflows of resources related to the HIC OPEB resulting from the County's contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB Liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIC OPEB will be recognized in the HIC OPEB expense in future reporting periods as follows:

Fiscal Year ended June 30th		<u>Balance</u>
2024	\$	(9,949)
2025		(6,702)
2026		(15,385)
2027		12,191
2028		(3,034)
Thereafter		<u>(5,838)</u>
	\$	<u><u>(28,717)</u></u>

AE. HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2022 Financial Report. A copy of the 2022 VRS Financial Report may be downloaded from the VRS website at <http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf>, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Reconciliation of OPEB Plans to Financial Statements

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

Net OPEB Liability

		Program			
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>	
Governmental	\$ 86,144,319	\$ 3,266,397	\$ 62,063	\$	89,472,779
Utilities	15,592,765	497,089	9,445		16,099,299
R-Board	2,065,886	93,833	1,783		2,161,501
GWRC	<u>10,381</u>	<u>53,345</u>	<u>1,014</u>		<u>64,740</u>
Total	<u>\$ 103,813,351</u>	<u>\$ 3,910,664</u>	<u>\$ 74,304</u>	\$	<u>107,798,319</u>

Deferred Outflows

		Program			
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>	
Governmental	\$ 28,573,905	\$ 1,278,474	\$ 83,893	\$	29,936,272
Utilities	5,172,090	194,561	12,767		5,379,419
R-Board	685,250	36,726	2,410		724,387
GWRC	<u>3,443</u>	<u>20,879</u>	<u>1,370</u>		<u>25,693</u>
Total	<u>\$ 34,434,689</u>	<u>\$ 1,530,641</u>	<u>\$ 100,440</u>	\$	<u>36,065,770</u>

Deferred Inflows

		Program			
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>	
Governmental	\$ 63,633,272	\$ 653,751	\$ 73,340	\$	64,360,363
Utilities	11,518,098	99,489	11,161		11,628,748
R-Board	1,526,033	18,780	2,107		1,546,920
GWRC	<u>7,669</u>	<u>10,677</u>	<u>1,198</u>		<u>19,543</u>
Total	<u>\$ 76,685,071</u>	<u>\$ 782,697</u>	<u>\$ 87,806</u>	\$	<u>77,555,574</u>

OPEB Expense

		Program			
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>	
Governmental	\$ 3,947,180	\$ 231,692	\$ 12,612	\$	4,191,484
Utilities	714,469	41,938	2,283		758,690
R-Board	94,660	5,556	302		100,519
GWRC	<u>476</u>	<u>28</u>	<u>2</u>		<u>505</u>
Total	<u>\$ 4,756,785</u>	<u>\$ 279,215</u>	<u>\$ 15,199</u>	\$	<u>5,051,199</u>

Note 8. PRIMARY GOVERNMENT AND COMPONENT UNIT RECEIVABLE / PAYABLE

Primary Government and Component Unit fund receivable and payable balances at June 30, 2023 are summarized as follows:

<u>Primary Government</u>	<u>Due to Component Unit</u>	<u>School Board Due from Primary Government</u>
Governmental Activities	\$ 3,653,632	
Business-Type Activities	-	
	<u>\$ 3,653,632</u>	<u>\$ 3,653,632</u>

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

Note 9. DEFERRED INFLOWS / UNEARNED REVENUES

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

	<u>Unavailable Revenues</u>	<u>Unearned Revenues</u>
Unexpended ARPA Funds	\$ -	\$ 22,767,433
General Property Taxes	7,399,307	2,240,062
Other	180,368	3,509,456
	<u>\$ 7,579,675</u>	<u>\$ 28,516,951</u>

Note 10. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the County totaled \$46,708,029 for fiscal year 2023. Sources of these revenues were as follows:

	<u>Commonwealth</u>	<u>Federal</u>	<u>Total</u>
Primary Government			
Governmental Funds:			
General Fund	\$ 30,900,637	\$ 13,160,017	\$ 44,060,654
Transportation Fund	537,503	1,153,599	1,691,102
Other Nonmajor Governmental Funds	100,160	856,113	956,273
Total Governmental Funds	<u>\$ 31,538,300</u>	<u>\$ 15,169,729</u>	<u>\$ 46,708,029</u>

Note 11. INTERFUND TRANSFERS

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

Transfers from the General Fund to the Water and Sewer fund were for health insurance stipend.

The transfers from the General Fund to the Capital Projects Fund provided resources for ambulances, fire and rescue projects, and capital maintenance projects for Community Facilities, as well as for school construction.

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

The transfer from the Water and Sewer Fund to the General Fund was related to the allocations for the claims fluctuation reserve and administrative charges.

Note 11. INTERFUND TRANSFERS (Continued)

A summary of interfund transfer activity for the year ended June 30, 2023 is presented as follows:

		Transfers In From Fund:						
				Capital	Other	Water and		
Transfers Out to Fund:	General Fund	Transportation Fund	Projects Fund	Governmental Funds	Sewer Fund	Total Transfers In		
General Fund	\$ -	\$ -	\$ 1,415,217	\$ 1,838,317	\$ 34,980	\$ 3,288,514		
Transportation Fund	5,105,196	-	-	1,894,052	-	6,999,248		
Capital Projects Fund	15,384,289	-	-	-	-	15,384,289		
Other Nonmajor Governmental Funds	-	223,357	-	-	-	223,357		
Water and Sewer Fund	275,000	-	-	-	-	275,000		
Total Transfers Out	\$ 20,764,485	\$ 223,357	\$ 1,415,217	\$ 3,732,369	\$ 34,980	\$ 26,170,408		

Note 12. COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 2023, the County had contractual commitments of \$33.3 million, \$15.3 million for the construction of additions, enhancements, upgrades and design to the water and sewer system and the balance for general government, capital construction and CARES/ARPA projects.

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

The County is named as defendant in several cases for which the outcome of such claims is currently not predictable. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred related to claims existing at June 30, 2023 will not be material to the County's financial position.

Note 13. JOINT VENTURES**A. RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD**

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

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

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

A summary of the County's position with, and transactions related to the R-Board as of June 30, 2023 is as follows:

County's equity interest in joint venture	\$ 10,115,790
Management fees paid to the County	351,643

Note 13. JOINT VENTURES (Continued)

State and federal laws and regulations require the R-Board to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care costs will be paid only near or after the date that the landfill stops accepting the waste, the R-Board reports a portion of these closure and post closure costs as an operating expense in each period based on landfill capacity used as of each financial statement date. One-hundred percent of the liability has been recorded for the cells that are currently closed. These amounts are based on the estimated cost to perform all closure and post closure care in 2023.

Actual costs may vary due to inflation, changes in technology, or changes in regulations. Both Stafford County and the City of Fredericksburg have demonstrated financial assurance for these costs. The current estimate reported by the R-Board as landfill closure and post closure liability at June 30, 2023 represents the cumulative amount reported to date based on the percentage of use method for the estimated capacity of the landfill, as follows:

Current portion of closure/postclosure liability	\$	292,332
Noncurrent portion of closure/postclosure liability		<u>8,630,331</u>
Total closure/postclosure liability	\$	<u><u>8,922,663</u></u>

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

B. RAPPAHANNOCK REGIONAL JAIL AUTHORITY

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

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

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

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

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

C. CENTRAL RAPPAHANNOCK REGIONAL LIBRARY

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

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

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

Note 13. JOINT VENTURES (Continued)

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

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

D. POTOMAC RAPPAHANNOCK TRANSPORTATION COMMISSION (PRTC)

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

A summary of the County’s contributions to, and fund balances held by its various joint ventures for the fiscal year ended June 30, 2023 is as follows:

County contributions to joint ventures:	
Rappahannock Regional Jail Authority	\$ 8,431,135
Central Rappahannock Regional Library	<u>5,278,688</u>
Total contributions to joint ventures	<u>\$ 13,709,823</u>
 Fund balance held by joint ventures:	
Potomac Rappahannock Transportation Commission	\$ 4,649,052

Note 14. RISK MANAGEMENT

PRIMARY GOVERNMENT

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

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

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

The County has chosen to partially retain the risk associated with the employees’ health and dental insurance plan. Risk is retained up to the limits based on monthly claims paid per employee and a 115% aggregate stop loss for total claims paid during the year. The risk financing is accounted for in the General Fund. Premiums are paid for all full-time employees of the County to a claims administrator, which processes all claims. Any excess funds at the end of the year are deposited in a reserve account with the claims administrator. This reserve account is used to fund losses in future years. At June 30, 2023, the account had a balance of \$3,029,919.

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

Note 14. RISK MANAGEMENT (continued)

	<u>2023</u>	<u>2022</u>
Unpaid claims, beginning	\$1,147,672	\$1,019,070
Incurred claims (including IBNR)	12,292,028	12,620,728
Claim payments	<u>(12,167,318)</u>	<u>(12,492,126)</u>
Unpaid claims, ending	<u>\$1,272,382</u>	<u>\$1,147,672</u>

A reconciliation of the unpaid claims at June 30, 2023 is as follows:

General Government	\$ 1,144,673
Utilities	105,306
R-Board	<u>22,403</u>
Total	<u>\$ 1,272,382</u>

COMPONENT UNIT – Stafford County Public Schools

Public Schools carries commercial insurance for all risks of loss, except for workers' compensation. Like the County, it participates in the VML public entity risk pool. Settled claims have not exceeded commercial insurance coverage and there have not been any significant reductions in insurance coverage over the previous year. The total estimated worker's compensation insurance claims payable as of June 30, 2023 were \$1,183,496, of which, \$787,445 was estimated to be current claims payable.

	<i>Fiscal Year Ended:</i>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Unpaid claims, beginning of fiscal year	\$	1,305,953	\$ 1,027,238
Incurred claims (including IBNR)		592,595	1,432,550
Claims payments		<u>(695,052)</u>	<u>(1,153,835)</u>
Unpaid claims, end of fiscal year	\$	<u>1,183,496</u>	<u>\$ 1,305,953</u>

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

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

	<i>Fiscal Year Ended:</i>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Unpaid claims, beginning of fiscal year	\$	6,017,000	\$ 6,334,900
Incurred claims (including IBNR)		35,407,848	31,598,493
Claims payments		<u>(35,168,848)</u>	<u>(31,916,393)</u>
Unpaid claims, end of fiscal year	\$	<u>6,256,000</u>	<u>\$ 6,017,000</u>

Note 15. LEASES

Stafford County leases (as lessee) building and office facilities as well as other assets under noncancelable leases. The County also leases (as lessor) assets to other parties. Details related to these leases are as follows:

County as Lessee:

Governmental Activities

Stafford County entered into a 35 month lease as Lessee for the use of 1259 Courthouse Rd - Suite 102. An initial lease liability was recorded in the amount of \$58,114. As of 06/30/2023, the value of the lease liability is \$18,874. Stafford County, VA is required to make monthly fixed payments of \$1,843. The lease has an interest rate of 0.6480%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$58,114 with accumulated amortization of \$39,849 is included with Buildings on the Lease Class activities table found below. Stafford County, VA has 1 extension option(s), each for 60 months.

Stafford County entered into a 35 month lease as Lessee for the use of 26 Jackson Street. An initial lease liability was recorded in the amount of \$71,085.43. As of 06/30/2023, the value of the lease liability is \$23,459. Stafford County, VA is required to make monthly fixed payments of \$1,936. The lease has an interest rate of 0.2370%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$71,085 with accumulated amortization of \$48,744 is included with Land on the Lease Class activities table found below. Stafford County, VA has 4 extension option(s), each for 12 months.

Stafford County entered into a 60 month lease as Lessee for the use of 28 Potomac Creek Drive, Suite 109. An initial lease liability was recorded in the amount of \$87,029. As of 06/30/2023, the value of the lease liability is \$52,429. Stafford County, VA is required to make monthly fixed payments of \$1,400. The lease has an interest rate of 0.6480%. The Buildings estimated useful life was 288 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$87,029 with accumulated amortization of \$36,262 is included with Buildings on the Lease Class activities table found below. Stafford County, VA has 4 extension option(s), each for 12 months.

Stafford County entered into a 60 month lease as Lessee for the use of 28 Potomac Creek Drive, Suite 119. An initial lease liability was recorded in the amount of \$74,492. As of 06/30/2023, the value of the lease liability is \$44,846. Stafford County, VA is required to make monthly fixed payments of \$1,200. The lease has an interest rate of 0.6480%. The Buildings estimated useful life was 288 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$74,492 with accumulated amortization of \$31,038 is included with Buildings on the Lease Class activities table found below. Stafford County, VA has 4 extension option(s), each for 12 months.

Stafford County entered into a 53 month lease as Lessee for the use of 500 Nelms Circle. An initial lease liability was recorded in the amount of \$766,687. As of 06/30/2023, the value of the lease liability is \$428,586. Stafford County, VA is required to make monthly fixed payments of \$13,900. The lease has an interest rate of 0.2370%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$766,687 with accumulated amortization of \$347,179 is included with Land on the Lease Class activities table found below. Stafford County, VA has 4 extension option(s), each for 12 months.

Stafford County entered into a 36 month lease as Lessee for the use of Christy Farms - 15 Chriswood Lane. An initial lease liability was recorded in the amount of \$3,733. As of 06/30/2023, the value of the lease liability is \$1,244. Stafford County, VA is required to make annual fixed payments of \$1,252. The lease has an interest rate of 0.6480%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$3,733 with accumulated amortization of \$2,488 is included with Land on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Note 15. LEASES (Continued)

Stafford County entered into a 36 month lease as Lessee for the use of County Plant - Shelton's Shop Road. An initial lease liability was recorded in the amount of \$5,420. As of 06/30/2023, the value of the lease liability is \$1,806. Stafford County, VA is required to make annual fixed payments of \$1,818. The lease has an interest rate of 0.6480%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$5,420 with accumulated amortization of \$3,613 is included with Land on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Stafford County entered into a 101 month lease as Lessee for the use of Ground Space - 200 Rabbit Rd. An initial lease liability was recorded in the amount of \$317,125. As of 06/30/2023, the value of the lease liability is \$255,419. Stafford County, VA is required to make annual fixed payments of \$33,221. The lease has an interest rate of 1.3720%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$317,125 with accumulated amortization of \$75,010 is included with Infrastructure on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Stafford County entered into a 41 month lease as Lessee for the use of Ground Space - Shelter. An initial lease liability was recorded in the amount of \$73,939. As of 06/30/2023, the value of the lease liability is \$31,711. Stafford County, VA is required to make monthly fixed payments of \$1,730. The lease has an interest rate of 0.6480%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$73,939 with accumulated amortization of \$43,281 is included with Infrastructure on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Stafford County entered into a 156 month lease as Lessee for the use of Land - Parcel ID 54-45A. An initial lease liability was recorded in the amount of \$547,053.32. As of 06/30/2023, the value of the lease liability is \$476,871. Stafford County, VA is required to make annual fixed payments of \$39,675. The lease has an interest rate of 1.7330%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$547,053 with accumulated amortization of \$83,911 is included with Land on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Stafford County entered into a 28 month lease as Lessee for the use of Tower - Wildcat. An initial lease liability was recorded in the amount of \$35,685. As of 06/30/2023, the value of the lease liability is \$0. Stafford County, VA is required to make annual fixed payments of \$17,774. The lease has an interest rate of 0.4350%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$35,685 with accumulated amortization of \$30,514 is included with Infrastructure on the Lease Class activities table found below. Stafford County, VA has 1 extension option(s), each for 60 months.

Stafford County entered into a 43 month lease as Lessee for the use of Ground Space - Eskimo Hill. An initial lease liability was recorded in the amount of \$15,204. As of 06/30/2023, the value of the lease liability is \$5,244. Stafford County, VA is required to make annual fixed payments of \$4,983. The lease has an interest rate of 0.8140%. The Land estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$15,204 with accumulated amortization of \$8,485 is included with Land on the Lease Class activities table found below. Stafford County, VA has 2 extension option(s), each for 60 months.

Business-Type Activities:

Stafford County entered into a 12 month lease as Lessee for the use of 2128 Jefferson Davis Highway. An initial lease liability was recorded in the amount of \$163,028. As of 06/30/2023, the value of the lease liability is \$0. Stafford County, VA is required to make monthly fixed payments of \$13,606. The lease has an interest rate of 0.3080%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the right to use asset as of 06/30/2023 of \$0 with accumulated amortization of \$0 is included with Buildings on the Lease Class activities table found below. Stafford County, VA has 4 extension option(s), each for 12 months.

Note 15. LEASES (Continued)

Lease Balances - County as Lessee

	Governmental Activities	Business-Type Activities	Total Primary Government
Lease assets, net	\$ 1,298,472	\$ -	\$ 1,298,472
Lease liabilities	1,335,250	-	1,335,250
Net leases as lessee	<u>\$ (36,778)</u>	<u>\$ -</u>	<u>\$ (36,778)</u>

Amortization charged to functions:

General government administration	\$ 45,504	\$ -	\$ 45,504
Public safety	168,200	-	168,200
Health and human services	28,066	-	28,066
Parks, recreation and cultural	127,832	-	127,832
Water and sewer	-	6,103	6,103
Total	<u>\$ 369,602</u>	<u>\$ 6,103</u>	<u>\$ 375,705</u>

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

	Amounts payable at June 30, 2022	Additions	Reductions	Amounts payable at June 30, 2023	Amounts due within one year
Lease liabilities, governmental activities	\$ 1,621,360	\$ 15,204	\$ (301,314)	\$ 1,335,250	\$ 337,889
Lease liabilities, business-type activities	6,103	-	(6,103)	-	-
Lease liabilities, primary government	<u>\$ 1,627,463</u>	<u>\$ 15,204</u>	<u>\$ (307,417)</u>	<u>\$ 1,335,250</u>	<u>\$ 337,889</u>

The County opted not to reclassify lease payment amounts out of the accounts generally used for budgetary control into debt service accounts due to the insignificant impact on associated fund balance/net position. The amounts are disclosed in the tables below:

	Amounts payable at June 30, 2022	Additions	Reductions	Amounts payable at June 30, 2023	Amounts due within one year
Lease liabilities, governmental activities	\$ 1,637,588	\$ 15,204	\$ (317,542)	\$ 1,335,250	\$ 337,889
Lease liabilities, business-type activities	-	-	-	-	-
Lease liabilities, primary government	<u>\$ 1,637,588</u>	<u>\$ 15,204</u>	<u>\$ (317,542)</u>	<u>\$ 1,335,250</u>	<u>\$ 337,889</u>

County as Lessor:

Governmental Activities:

Stafford County entered into a 42 month lease as Lessor for the use of 638 Kings Highway. An initial lease receivable was recorded in the amount of \$17,135. As of 06/30/2023, the value of the lease receivable is \$8,821. The lessee is required to make annual fixed payments of \$4,115. The lease has an interest rate of 0.3080%. The Land estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$7,343, and Stafford County, VA recognized lease revenue of \$4,895 during the fiscal year. The lessee has 3 extension option(s), each for 12 months.

Note 15. LEASES (Continued)

Stafford County entered into a 64 month lease as Lessor for the use of The Gauntlet. An initial lease receivable was recorded in the amount of \$122,125. As of 06/30/2023, the value of the lease receivable is \$73,553. The lessee is required to make annual fixed payments of \$25,000. The lease has an interest rate of 0.9800%. The Buildings estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$76,847, and Stafford County, VA recognized lease revenue of \$22,639 during the fiscal year. The lessee has 2 extension option(s), each for 72 months.

Stafford County entered into a 51 month lease as Lessor for the use of Tower Space - 29G BB. An initial lease receivable was recorded in the amount of \$180,831. As of 06/30/2023, the value of the lease receivable is \$100,960. The lessee is required to make monthly fixed payments of \$3,303. The lease has an interest rate of 0.8140%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$96,176, and Stafford County, VA recognized lease revenue of \$42,327 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

Business-Type Activities:

Stafford County entered into a 53 month lease as Lessor for the use of Tower Space - 30S-2-D. An initial lease receivable was recorded in the amount of \$133,023. As of 06/30/2023, the value of the lease receivable is \$75,911. The lessee is required to make monthly fixed payments of \$2,400. The lease has an interest rate of 0.8140%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$73,087, and Stafford County, VA recognized lease revenue of \$29,967 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

Stafford County entered into a 44 month lease as Lessor for the use of Water Tower Sites. An initial lease receivable was recorded in the amount of \$108,409. As of 06/30/2023, the value of the lease receivable is \$49,645. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 0.8140%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$49,321, and Stafford County, VA recognized lease revenue of \$29,543 during the fiscal year. The lessee has 2 extension option(s), each for 60 months.

Stafford County entered into a 240 month lease as Lessor for the use of Water Tower Site - Embrey Mill. An initial lease receivable was recorded in the amount of \$708,685. As of 06/30/2023, the value of the lease receivable is \$706,350. The lessee is required to make monthly fixed payments of \$2,400. The lease has an interest rate of 0.8140%. The Infrastructure estimated useful life was 0 months as of the contract commencement. The value of the deferred inflow of resources as of 06/30/2023 was \$705,733, and Stafford County, VA recognized lease revenue of \$2,952 during the fiscal year. The lessee has 3 extension option(s), each for 60 months.

Lease Balances - County as Lessor				
	Governmental		Business-Type	Total Primary
	Activities		Activities	Government
Lease receivable	\$	183,336	\$	831,907
Deferred inflows related to leases		180,368		828,143
Net leases as lessor	\$	2,968	\$	3,764
			\$	6,732

Note 16. Subscription Based Information Technology Agreements

For the year ended 6/30/2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financings of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset. For additional information, refer to the disclosures below.

Note 16. Subscription Based Information Technology Agreements (Continued)

The County entered into a 36 month subscription for the use of Software - Oblique Imagery. An initial subscription liability was recorded in the amount of \$394,676. As of 06/30/2023, the value of the subscription liability is \$261,095. County of Stafford, VA is required to make annual fixed payments of \$133,650. The subscription has an interest rate of 1.5800%. The value of the right to use asset as of 06/30/2023 of \$394,676 with accumulated amortization of \$131,437 is included with Software on the Subscription Class activities table found below. County of Stafford, VA has 2 extension option(s), each for 12 months.

The County entered into a 20 month subscription for the use of VITA - Gartner Software. An initial subscription liability was recorded in the amount of \$194,639. As of 06/30/2023, the value of the subscription liability is \$0. County of Stafford, VA is required to make annual fixed payments of \$197,220. The subscription has an interest rate of 1.8940%. The value of the right to use asset as of 06/30/2023 of \$194,639 with accumulated amortization of \$194,639 is included with Software on the Subscription Class activities table found below. County of Stafford, VA has 1 extension option(s), each for 12 months. County of Stafford, VA had a termination period of 1 month as of the subscription commencement.

The County entered into a 14 month subscription for the use of SHI - COTS Software. An initial subscription liability was recorded in the amount of \$131,994. As of 06/30/2023, the value of the subscription liability is \$0. County of Stafford, VA is required to make annual variable principal and interest payments of \$132,434 based on a CPI index of 0%. The subscription has an interest rate of 1.5800%. The value of the right to use asset as of 06/30/2023 of \$131,994 with accumulated amortization of \$108,986 is included with Software on the Subscription Class activities table found below. County of Stafford, VA had a termination period of 1 month as of the subscription commencement.

The County entered into a 27 month subscription for the use of HiPER - FedResults Software. An initial subscription liability was recorded in the amount of \$17,372. As of 06/30/2023, the value of the subscription liability is \$8,655. County of Stafford, VA is required to make annual fixed payments of \$8,819. The subscription has an interest rate of 1.8940%. The value of the right to use asset as of 06/30/2023 of \$17,372 with accumulated amortization of \$7,516 is included with Software on the Subscription Class activities table found below.

The County entered into a 36 month subscription for the use of BMC Helix ITSM - Software. An initial subscription liability was recorded in the amount of \$69,324. As of 06/30/2023, the value of the subscription liability is \$45,624. County of Stafford, VA is required to make annual fixed payments of \$23,700. The subscription has an interest rate of 2.5830%. The value of the right to use asset as of 06/30/2023 of \$92,924 with accumulated amortization of \$10,324 is included with Software on the Subscription Class activities table found below.

The County entered into a 14 month subscription for the use of CDW - COTS Software. An initial subscription liability was recorded in the amount of \$132,384. As of 06/30/2023, the value of the subscription liability is \$0. County of Stafford, VA is required to make annual variable principal and interest payments of \$132,825 based on a CPI index of 0%. The subscription has an interest rate of 1.5800%. The value of the right to use asset as of 06/30/2023 of \$132,384 with accumulated amortization of \$109,308 is included with Software on the Subscription Class activities table found below. County of Stafford, VA had a termination period of 1 month as of the subscription commencement.

The County entered into a 60 month subscription for the use of Horizon & Naviline Software. An initial subscription liability was recorded in the amount of \$754,764. As of 06/30/2023, the value of the subscription liability is \$596,018. County of Stafford, VA is required to make annual fixed payments of \$158,745. The subscription has an interest rate of 2.5820%. The value of the right to use asset as of 06/30/2023 of \$766,764 with accumulated amortization of \$67,304 is included with Software on the Subscription Class activities table found below.

Note 16. Subscription Based Information Technology Agreements (Continued)

The County entered into a 44 month subscription for the use of GSA - DLT IT Software. An initial subscription liability was recorded in the amount of \$91,312. As of 06/30/2023, the value of the subscription liability is \$61,190. County of Stafford, VA is required to make annual fixed payments of \$31,567. The subscription has an interest rate of 2.1120%. The value of the right to use asset as of 06/30/2023 of \$91,312 with accumulated amortization of \$24,903 is included with Software on the Subscription Class activities table found below.

Amount of intangible right-to-use subscription assets by Major Classes of Underlying Asset

Asset Class	As of Fiscal Year-end	
	Subscription Asset Value	Accumulated Amortization
Software	1,822,068	654,421
Total Subscriptions	1,822,068	654,421

Principal and Interest Requirements to Maturity

Fiscal Year	Governmental Activities		
	Principal Payments	Interest Payments	Total Payments
2024	334,333	22,149	356,482
2025	332,647	15,016	347,663
2026	150,854	7,890	158,745
2027	154,749	3,995	158,745

Amortization charged by function as follows:

	Governmental Activities	Business-Type Activities	Total Primary Government
General government administration	\$ 80,569	\$ -	\$ 80,569
Public safety	297,817	-	297,817
Health and human services	49,694	-	49,694
Parks, recreation and cultural	226,341	-	226,341
Total	<u>\$ 654,421</u>	<u>\$ -</u>	<u>\$ 654,421</u>

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

	Ending Balance at June 30, 2022		Additions	Reductions	Ending Balance at June 30, 2023
Governmental activities	\$ 962,379	\$ 859,689	\$ (654,421)	\$	1,167,647
Business-type activities	-	-	-	\$	-
Total	<u>\$ 962,379</u>	<u>\$ 859,689</u>	<u>\$ (654,421)</u>	<u>\$</u>	<u>1,167,647</u>

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

	Ending Balance at June 30, 2022		Additions	Reductions	Ending Balance at June 30, 2023
Governmental activities	\$ 962,379	\$ 824,089	\$ (813,883)	\$	972,585
Business-type activities	-	-	-	\$	-
Total	<u>\$ 962,379</u>	<u>\$ 824,089</u>	<u>\$ (813,883)</u>	<u>\$</u>	<u>972,585</u>

Note 17. PENDING GASB STATEMENTS

In October 2021, GASB issued Statement No. 99, *Omnibus 2022*. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements, and accounting and financial reporting for financial guarantees. Certain provisions of this standard were implemented in tandem with related standards described in Note 1; others will be implemented in FY2024.

In June 2022, GASB issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The County will implement Statement No. 100 in FY2024.

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

Note 18. SUBSEQUENT EVENTS

On November 15, 2023 the County issued debt in the amount of \$ 2,010,000 through VRA pooled series 2023B to distribute to the Rappahannock Regional Solid Waste Management Board for new cell construction. The Landfill has pledged revenue as collateral and will reimburse the County's debt service over the life of the loan.

COUNTY OF STAFFORD, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2023

Exhibit 12**Page 1 of 3**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Revenues:				
General property taxes	\$ 248,970,196	\$ 248,970,196	\$ 265,252,337	\$ 16,282,141
Other local taxes	54,120,642	55,120,642	52,602,367	(2,518,275)
Permits, privilege fees and regulatory licenses	4,614,405	4,614,405	4,392,372	(222,033)
Fines and forfeitures	782,078	782,078	835,253	53,175
Use of money and property	578,181	578,181	6,885,335	6,307,154
Charges for services	6,121,138	6,121,830	6,674,810	552,980
Intergovernmental	35,539,266	57,151,751	44,060,654	(13,091,097)
Miscellaneous	9,667,846	10,095,273	9,757,508	(337,765)
Total revenues	<u>360,393,752</u>	<u>383,434,356</u>	<u>390,460,636</u>	<u>7,026,280</u>
Expenditures:				
General government administration				
Board of Supervisors	709,109	776,949	720,581	56,368
Clerk of the Board	177,505	210,719	210,719	-
County Administrator	1,177,378	1,259,345	1,125,278	134,067
Public Information	870,419	1,068,193	1,004,022	64,171
County Attorney	1,491,151	1,701,547	1,126,132	575,415
Human Resources	1,643,904	1,683,491	1,601,088	82,403
Commissioner of the Revenue	3,429,744	3,486,733	3,380,855	105,878
Treasurer	2,564,049	2,885,856	2,460,452	425,404
Finance	3,527,867	3,637,482	3,096,253	541,229
Budget and Management	998,666	957,082	852,017	105,065
Computer Services	4,657,319	10,324,231	7,398,268	2,925,963
Geographic Information Systems	769,794	715,106	679,138	35,968
Electoral Board and Registrar	785,344	858,700	775,664	83,036
	<u>22,802,249</u>	<u>29,565,434</u>	<u>24,430,467</u>	<u>5,134,967</u>
Judicial administration				
Circuit Court	680,727	676,576	577,231	99,345
General District Court	117,258	122,105	85,108	36,997
Juvenile and Domestic Relations District Court	113,208	113,779	109,953	3,826
Clerk of the Circuit Court	1,801,152	2,217,263	1,945,649	271,614
Magistrate	8,717	8,717	7,693	1,024
Commonwealth's Attorney	3,956,764	4,070,210	3,949,535	120,675
Court Deputies	3,578,789	4,158,715	4,134,844	23,871
	<u>10,256,615</u>	<u>11,367,365</u>	<u>10,810,013</u>	<u>557,352</u>
Public safety				
Policing and investigating	34,484,045	37,042,372	35,830,652	1,211,720
Emergency management	30,162,386	33,049,898	31,796,626	1,253,272
Volunteer rescue squads	140,068	185,325	168,796	16,529
Volunteer fire departments	377,976	1,129,729	1,089,503	40,226
Care and confinement of prisoners	8,395,221	8,431,137	8,431,135	2
15th District Court Unit	358,518	356,458	312,384	44,074
Rappahannock Juvenile Detention	1,458,133	1,561,133	1,458,236	102,897
Code compliance	5,870,878	5,389,182	5,071,304	317,878
Animal control	1,535,955	1,723,812	1,493,807	230,005
	<u>82,783,180</u>	<u>88,869,046</u>	<u>85,652,443</u>	<u>3,216,603</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2023

Exhibit 12**Page 2 of 3**

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Public works				
Engineering	951,664	909,810	564,149	345,661
Solid waste management	-	55,000	55,000	-
Maintenance of buildings and grounds	5,135,135	6,140,721	5,928,037	212,684
	<u>6,086,799</u>	<u>7,105,531</u>	<u>6,547,186</u>	<u>558,345</u>
Health and human services				
Local health department	549,335	549,335	549,335	-
Public assistance	17,704,334	17,335,256	16,606,738	728,518
Other	2,563,582	3,781,294	1,386,551	2,394,743
	<u>20,817,251</u>	<u>21,665,885</u>	<u>18,542,624</u>	<u>3,123,261</u>
Parks, recreation and cultural				
Administration	6,075,289	4,900,240	4,959,863	(59,623)
Community programs	823,250	967,254	816,958	150,296
Sports programs	896,480	901,425	893,087	8,338
Gymnastics program	1,090,899	995,354	907,205	88,149
Pool program	494,285	523,561	465,732	57,829
Cultural programs	348,858	348,860	348,858	2
Regional library	5,305,781	5,305,781	5,305,781	-
	<u>15,034,842</u>	<u>13,942,475</u>	<u>13,697,484</u>	<u>244,991</u>
Community development				
Planning and community development	2,720,996	2,857,565	2,765,865	91,700
Planning commission	104,100	104,491	93,184	11,307
Economic development	722,215	1,111,326	824,863	286,463
Cooperative extension program	266,971	201,592	130,237	71,355
Other	486,086	2,831,384	2,831,380	4
	<u>4,300,368</u>	<u>7,106,358</u>	<u>6,645,529</u>	<u>460,829</u>
Education				
School operating	142,021,712	142,021,712	139,231,707	2,790,005
School capital projects	-	4,977,585	4,977,585	-
	<u>142,021,712</u>	<u>146,999,297</u>	<u>144,209,292</u>	<u>2,790,005</u>
Capital outlay	4,145,086	19,556,514	5,022,675	14,533,839
Debt service				
Principal retirement	28,906,837	28,906,837	27,978,110	928,727
Interest and other fiscal charges	14,689,926	14,689,926	13,887,549	802,377
Bond issuance costs	40,000	40,000	-	40,000
	<u>43,636,763</u>	<u>43,636,763</u>	<u>41,865,659</u>	<u>1,771,104</u>
Total expenditures	<u>351,884,865</u>	<u>389,814,668</u>	<u>357,423,372</u>	<u>32,391,296</u>
Excess/(deficiency) of revenues over (under)/expenditures	<u>8,508,887</u>	<u>(6,380,312)</u>	<u>33,037,264</u>	<u>39,417,576</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund
For the Year Ended June 30, 2023

Exhibit 12**Page 3 of 3**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive/(Negative)
Other financing sources (uses)				
Transfers in	1,774,499	3,174,499	3,288,514	114,015
Transfers out	(24,831,292)	(23,558,000)	(20,764,485)	2,793,515
	<u>(23,056,793)</u>	<u>(20,383,501)</u>	<u>(17,475,971)</u>	<u>2,907,530</u>
Net change in fund balance	(14,547,906)	(26,763,813)	15,561,293	42,325,106
Fund balance, beginning	104,086,605	104,086,605	104,086,605	-
Fund balance, ending	<u>\$ 89,538,699</u>	<u>\$ 77,322,792</u>	<u>\$ 119,647,898</u>	<u>\$ 42,325,106</u>

COUNTY OF STAFFORD, VIRGINIA
Exhibit 13

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Governmental Funds - Transportation Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Other local taxes	\$ 4,537,598	\$ 4,537,598	\$ 5,068,754	\$ 531,156
Use of money and property	1,500	1,500	212,044	210,544
Intergovernmental	1,499,248	15,230,477	1,691,102	(13,539,375)
Total revenues	<u>6,038,346</u>	<u>19,769,575</u>	<u>6,971,900</u>	<u>(12,797,675)</u>
EXPENDITURES				
Current:				
Transportation	8,841,284	19,563,015	4,832,840	14,730,175
Capital outlay	10,645,137	28,130,316	1,392,084	26,738,232
Debt service:				
Principal retirement	815,684	815,684	815,684	-
Interest and other fiscal charges	465,795	465,795	465,795	-
Total expenditures	<u>20,767,900</u>	<u>48,974,810</u>	<u>7,506,403</u>	<u>41,468,407</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(14,729,554)</u>	<u>(29,205,235)</u>	<u>(534,503)</u>	<u>28,670,732</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	10,544,961	8,185,071	6,999,248	(1,185,823)
Transfers out	<u>(493,114)</u>	<u>(716,471)</u>	<u>(223,357)</u>	<u>493,114</u>
Total other financing sources (uses)	<u>10,051,847</u>	<u>7,468,600</u>	<u>6,775,891</u>	<u>(692,709)</u>
Net change in fund balances	(4,677,707)	(21,736,635)	6,241,388	27,978,023
Fund balances, beginning	<u>23,743,280</u>	<u>23,743,280</u>	<u>23,743,280</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,065,573</u>	<u>\$ 2,006,645</u>	<u>\$ 29,984,668</u>	<u>\$ 27,978,023</u>

COUNTY OF STAFFORD, VIRGINIA

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COMPARISON SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2023**

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Board of Supervisors annually adopts budgets for the General Fund, and Special Revenue Funds of the Primary Government. All appropriations are legally controlled at the department level for the General Fund and Special Revenue Funds. On April 19, 2022, the Board of Supervisors approved the original budget reflected in the financial statements.

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

Note 2. MATERIAL VIOLATIONS

There were no material violations of the annual appropriated budget for the General Fund or Transportation Fund for the fiscal year ended June 30, 2023.

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

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

Notes to Schedule:

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

(1) **Changes of benefit terms:** There have been no actuarially material changes to the VRS benefit provisions since the prior valuation.

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

Non-Hazardous Duty:

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

Hazardous Duty:

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

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

(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 County will present information for those years for which information is available.

Detailed information about Schools' VRS Pension program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 232182500. Additional information about the Schools' Pension program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - COUNTY'S VIRGINIA RETIREMENT SYSTEM

	Fiscal Year June 30, 2023	Fiscal Year June 30, 2022	Fiscal Year June 30, 2021	Fiscal Year June 30, 2020	Fiscal Year June 30, 2019	Fiscal Year June 30, 2018	Fiscal Year June 30, 2017	Fiscal Year June 30, 2016	Fiscal Year June 30, 2015	Fiscal Year June 30, 2014
Contractually required contribution (CRC)	\$ 9,687,172	\$ 7,340,533	\$ 6,855,095	\$ 5,874,874	\$ 5,340,346	\$ 4,869,518	\$ 4,721,720	\$ 5,062,191	\$ 5,063,741	\$ 5,291,891
Contribution in relation to the CRC	9,687,172	7,340,533	6,855,095	5,874,874	5,340,346	4,869,518	4,721,720	5,062,191	5,063,741	5,291,891
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
County's covered payroll	\$ 73,835,152	\$ 70,519,760	\$ 62,431,422	\$ 65,268,340	\$ 52,919,167	\$ 52,419,661	\$ 47,936,244	\$ 51,368,053	\$ 49,442,402	\$ 48,461,394
Contributions as a percentage of covered payroll	13.12%	10.41%	10.98%	9.00%	10.09%	9.29%	9.85%	9.85%	10.24%	10.92%

Detailed information about Schools' VRS Pension program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2021-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' Pension program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

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

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

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

Notes to Schedule:

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

Actuarial Assumptions: The total OPEB liability as of June 30, 2023 was determined by an actuarial valuation as of January 1, 2022 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

(2)

Inflation	2.50%
Salary Increases	General employees: 5 .35% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service Sheriff/Fire: 4.75% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service
Investment rate of return	6.75%, including inflation
Discount rate	3.86%
Bond rate	2.45%

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

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

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

	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
County's Proportion of the Net GLI OPEB Liability	0.32478%	0.31680%	0.31210%	0.27587%	0.27380%
County's Proportionate share of the Net GLI OPEB Liability (includes County and Rboard)	\$3,688,412	\$5,026,702	\$4,612,161	\$4,189,000	\$4,120,000
County's Covered Payroll	\$65,406,453	\$61,990,189	\$52,919,167	\$52,455,993	\$50,502,679
County's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	5.64%	8.11%	8.72%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.45%	52.64%	52.00%	51.22%	48.86%

Detailed information about Schools' **VRS GLI** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS GLI program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM GROUP LIFE INSURANCE

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as of % of Covered Payroll
2023	\$ 624,220	\$ 624,220	\$ -	\$ 78,088,940	0.54%
2022	565,208	565,208	-	70,648,570	0.54%
2021	353,195	353,195	-	65,406,453	0.54%
2020	322,349	322,349	-	61,990,189	0.52%
2019	288,916	288,916	-	52,919,167	0.55%
2018	272,772	272,772	-	52,455,993	0.52%
2017	262,614	262,614	-	50,502,679	0.52%

Notes to Schedule:

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

Detailed information about Schools' **VRS GLI** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS GLI program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

**Notes to Required Supplementary Information - GLI
For the Year Ended June 30, 2023**

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

General Employees

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

Hazardous Duty Employees

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

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

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

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

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

(2) This schedule is presented based on the measurement date used in the actuarial valuation, which is one year prior to the date of the financial statements.

(3) **Changes of benefit terms:** There have been no actuarially material changes to the System benefit provisions since the prior actuarial valuation.

(4) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

- Mortality rates update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality
- Retirement rates adjusted to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
- Withdrawal rates adjusted to better fit experience at each age and service

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

Detailed information about Schools' **VRS HIC** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS HIC program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

SCHEDULE OF CONTRIBUTIONS - VIRGINIA RETIREMENT SYSTEM HEALTH INSURANCE CREDIT PROGRAM

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	County's Covered Payroll	Contributions as of % of Covered Payroll
2023	\$ 40,985	\$ 40,985	\$ -	\$ 42,496,990	0.11%
2022	44,915	44,915	-	40,827,664	0.11%
2021	41,453	41,453	-	37,684,271	0.11%
2020	42,646	42,646	-	35,723,869	0.12%
2019	38,396	38,396	-	30,969,264	0.12%
2018	39,177	39,177	-	30,135,840	0.13%
2017	37,728	37,728	-	29,021,854	0.13%

Notes to Schedule:

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

Detailed information about Schools' **VRS HIC** program's Fiduciary Net Position is available in the separately issued VRS Annual Comprehensive Financial Report (ACFR). A copy of the 2022 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2022-annual-report.pdf>, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500. Additional information about the Schools' VRS HIC program may be obtained from their separately issued financial report, available for download from the Stafford County Public Schools website at <https://www.staffordschools.net/Page/19285>, or by writing to the Schools' Chief Financial Officer at 31 Stafford Avenue, Stafford, VA 22554.

**Notes to Required Supplementary Information - HIC
For the Year Ended June 30, 2023**

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

Changes of assumptions – The actuarial assumptions used in the June 30, 2021, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Teachers

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

General Employees

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

Hazardous Duty Employees

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

COMBINING SCHEDULES
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Wetlands Fund Accounts for wetlands mitigation fees and associated disbursements.

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

	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Lake Carroll Service District Fund	Lake Arrowhead Service District Fund
ASSETS							
Equity in pooled cash and investments	\$ 130,090	\$ 1,684,659	\$ 3,848,811	\$ 92,948	\$ 292,587	\$ -	\$ -
Restricted assets:							
Restricted cash	-	-	-	-	-	750,561	803,706
Receivables, net of allowances:							
Accounts receivable	-	-	-	-	-	-	-
Property taxes receivable	-	11,187	-	348	-	-	9,416
Intergovernmental receivables	-	37,707	24,671	-	-	-	-
Total assets	<u>\$ 130,090</u>	<u>\$ 1,733,553</u>	<u>\$ 3,873,482</u>	<u>\$ 93,296</u>	<u>\$ 292,587</u>	<u>\$ 750,561</u>	<u>\$ 813,122</u>
LIABILITIES							
Accounts payable	\$ -	\$ 29,313	\$ 4,908	\$ 25,530	\$ -	\$ -	\$ -
Accrued salaries and benefits	-	215	387	-	-	-	-
Retainages payable	-	195,102	-	-	-	-	-
Deposits and escrows	-	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>224,630</u>	<u>5,295</u>	<u>25,530</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS							
Unavailable revenue - property taxes	-	17,963	-	348	-	-	3,040
Total deferred inflows	<u>-</u>	<u>17,963</u>	<u>-</u>	<u>348</u>	<u>-</u>	<u>-</u>	<u>3,040</u>
FUND BALANCES							
Restricted	130,090	1,490,960	3,868,187	67,418	292,587	750,561	810,082
Committed	-	-	-	-	-	-	-
Total fund balances	<u>130,090</u>	<u>1,490,960</u>	<u>3,868,187</u>	<u>67,418</u>	<u>292,587</u>	<u>750,561</u>	<u>810,082</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 130,090</u>	<u>\$ 1,733,553</u>	<u>\$ 3,873,482</u>	<u>\$ 93,296</u>	<u>\$ 292,587</u>	<u>\$ 750,561</u>	<u>\$ 813,122</u>

Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Fire & Rescue Levy	Historic Port of Falmouth	Total Nonmajor Governmental Funds
\$ 91,706	\$ 1,171,857	\$ -	\$ 25,905	\$ -	\$ -	\$ 179,141	\$ 1,657,041	\$ 42,896	\$ 9,217,641
-	-	371,044	-	52,633	276,259	-	-	-	2,254,203
-	354,067	-	-	2,346	-	-	-	-	356,413
7,921	-	-	-	-	-	-	33,324	-	62,196
-	-	-	-	-	-	-	-	-	62,378
<u>\$ 99,627</u>	<u>\$ 1,525,924</u>	<u>\$ 371,044</u>	<u>\$ 25,905</u>	<u>\$ 54,979</u>	<u>\$ 276,259</u>	<u>\$ 179,141</u>	<u>\$ 1,690,365</u>	<u>\$ 42,896</u>	<u>\$ 11,952,831</u>
\$ 15,000	\$ 75,423	\$ 1,882	\$ 3,453	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 155,509
23	3,734	-	-	-	-	-	-	-	4,359
-	-	-	-	-	-	-	-	-	195,102
-	-	-	-	-	276,259	-	-	-	276,259
-	-	78,827	-	-	-	-	35,557	-	114,384
<u>15,023</u>	<u>79,157</u>	<u>80,709</u>	<u>3,453</u>	<u>-</u>	<u>276,259</u>	<u>-</u>	<u>35,557</u>	<u>-</u>	<u>745,613</u>
<u>7,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,945</u>	<u>-</u>	<u>49,673</u>
<u>7,377</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,945</u>	<u>-</u>	<u>49,673</u>
77,227	1,446,767	290,335	22,452	54,979	-	-	1,633,863	42,896	10,978,404
-	-	-	-	-	-	179,141	-	-	179,141
<u>77,227</u>	<u>1,446,767</u>	<u>290,335</u>	<u>22,452</u>	<u>54,979</u>	<u>-</u>	<u>179,141</u>	<u>1,633,863</u>	<u>42,896</u>	<u>11,157,545</u>
<u>\$ 99,627</u>	<u>\$ 1,525,924</u>	<u>\$ 371,044</u>	<u>\$ 25,905</u>	<u>\$ 54,979</u>	<u>\$ 276,259</u>	<u>\$ 179,141</u>	<u>\$ 1,690,365</u>	<u>\$ 42,896</u>	<u>\$ 11,952,831</u>

COUNTY OF STAFFORD, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

Schedule 2

Page 1 of 2

	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Lake Carroll Service District Fund	Lake Arrowhead Service District Fund
REVENUES							
General property taxes	\$ -	\$ 489,264	\$ -	\$ 5,334	\$ -	\$ 27,195	\$ 103,310
Other local taxes	-	-	-	-	1,025,658	-	11,618
Use of money and property	5,059	34,667	151,466	3,627	41,929	28,818	28,996
Charges for services	-	-	-	-	-	-	-
Intergovernmental	-	746,802	72,875	-	-	-	-
Miscellaneous revenue	-	-	-	-	-	-	-
Total revenues	<u>5,059</u>	<u>1,270,733</u>	<u>224,341</u>	<u>8,961</u>	<u>1,067,587</u>	<u>56,013</u>	<u>143,924</u>
EXPENDITURES							
Current:							
Judicial administration	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-
Parks, recreational and cultural	-	-	-	-	-	174	26,253
Community development	-	-	-	-	-	-	-
Transportation	-	128,826	47,179	30,840	-	-	-
Capital outlay	-	826,232	106,288	-	-	-	-
Debt service:							
Principal retirement	-	265,000	-	-	-	-	-
Interest and other fiscal charges	-	136,475	-	-	-	-	-
Total expenditures	<u>-</u>	<u>1,356,533</u>	<u>153,467</u>	<u>30,840</u>	<u>-</u>	<u>174</u>	<u>26,253</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>5,059</u>	<u>(85,800)</u>	<u>70,874</u>	<u>(21,879)</u>	<u>1,067,587</u>	<u>55,839</u>	<u>117,671</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	223,357	-	-	-	-	-
Transfers out	-	-	-	-	(1,894,052)	(25,648)	(61,993)
Total other financing sources (uses)	<u>-</u>	<u>223,357</u>	<u>-</u>	<u>-</u>	<u>(1,894,052)</u>	<u>(25,648)</u>	<u>(61,993)</u>
Net change in fund balances	5,059	137,557	70,874	(21,879)	(826,465)	30,191	55,678
Fund balances, beginning	125,031	1,353,403	3,797,313	89,297	1,119,052	720,370	754,404
Fund balances, ending	<u>\$ 130,090</u>	<u>\$ 1,490,960</u>	<u>\$ 3,868,187</u>	<u>\$ 67,418</u>	<u>\$ 292,587</u>	<u>\$ 750,561</u>	<u>\$ 810,082</u>

COUNTY OF STAFFORD, VIRGINIA

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

Schedule 2

Page 2 of 2

Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Fire & Rescue Levy	Historic Port of Falmouth	Total Nonmajor Governmental Funds
\$ 117,879	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,633,863	\$ -	\$ 2,376,845
-	3,063,747	-	-	-	-	-	-	-	4,101,023
2,369	-	17,054	-	1,510	-	-	-	-	315,495
-	214	-	-	-	-	-	-	42,896	43,110
-	-	136,598	-	-	-	-	-	-	956,275
-	215	6,345	600	34,496	-	-	-	-	41,656
<u>120,248</u>	<u>3,064,176</u>	<u>159,997</u>	<u>600</u>	<u>36,006</u>	<u>-</u>	<u>-</u>	<u>1,633,863</u>	<u>42,896</u>	<u>7,834,404</u>
-	-	32,997	-	-	-	-	-	-	32,997
59,908	-	110,757	-	-	-	-	-	-	170,665
-	-	-	-	-	-	-	-	-	26,427
-	1,095,505	-	-	-	-	-	-	-	1,095,505
-	-	-	-	-	-	-	-	-	206,845
-	-	-	-	-	-	-	-	-	932,520
45,000	-	-	-	-	-	-	-	-	310,000
16,016	-	-	-	-	-	-	-	-	152,491
<u>120,924</u>	<u>1,095,505</u>	<u>143,754</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,927,450</u>
<u>(676)</u>	<u>1,968,671</u>	<u>16,243</u>	<u>600</u>	<u>36,006</u>	<u>-</u>	<u>-</u>	<u>1,633,863</u>	<u>42,896</u>	<u>4,906,954</u>
-	-	-	-	-	-	-	-	-	223,357
-	(1,750,677)	-	-	-	-	-	-	-	(3,732,370)
-	(1,750,677)	-	-	-	-	-	-	-	(3,509,013)
(676)	217,994	16,243	600	36,006	-	-	1,633,863	42,896	1,397,941
77,903	1,228,773	274,092	21,852	18,973	-	179,141	-	-	9,759,604
<u>\$ 77,227</u>	<u>\$ 1,446,767</u>	<u>\$ 290,335</u>	<u>\$ 22,452</u>	<u>\$ 54,979</u>	<u>\$ -</u>	<u>\$ 179,141</u>	<u>\$ 1,633,863</u>	<u>\$ 42,896</u>	<u>\$ 11,157,545</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-A

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Nonmajor Governmental Funds - Road Impact Fee - SE Fund

For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 5,059	\$ 5,059
Total revenues	-	-	5,059	5,059
Excess/(Deficiency) of revenues over/(under) expenditures	-	-	5,059	5,059
Net change in fund balances	-	-	5,059	5,059
Fund balances, beginning	125,031	125,031	125,031	-
Fund balances, ending	\$ 125,031	\$ 125,031	\$ 130,090	\$ 5,059

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-B

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Garrisonville Rd Service District Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 487,773	\$ 487,773	\$ 489,264	\$ 1,491
Use of money and property	-	-	34,667	34,667
Intergovernmental	346,000	997,026	746,802	(250,224)
Total revenues	833,773	1,484,799	1,270,733	(214,066)
EXPENDITURES				
Current:				
Transportation	86,298	453,780	128,826	324,954
Capital outlay	400,000	1,309,669	826,232	483,437
Debt service:				
Principal retirement	265,000	265,000	265,000	-
Interest and other fiscal charges	136,475	136,475	136,475	-
Total expenditures	887,773	2,164,924	1,356,533	808,391
Excess/(Deficiency) of revenues over/(under) expenditures	(54,000)	(680,125)	(85,800)	594,325
OTHER FINANCING SOURCES (USES)				
Transfers in	-	223,357	223,357	-
Total other financing sources (uses)	-	223,357	223,357	-
Net change in fund balances	(54,000)	(456,768)	137,557	594,325
Fund balances, beginning	1,353,403	1,353,403	1,353,403	-
Fund balances, ending	\$ 1,299,403	\$ 896,635	\$ 1,490,960	\$ 594,325

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-C

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Warrenton Rd Service District Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 151,466	\$ 151,466
Intergovernmental	-	2,943,046	72,875	(2,870,171)
Total revenues	-	2,943,046	224,341	(2,718,705)
EXPENDITURES				
Current:				
Transportation	-	102,087	47,179	54,908
Capital outlay	-	7,058,508	106,288	6,952,220
Total expenditures	-	7,160,595	153,467	7,007,128
Excess/(Deficiency) of revenues over/(under) expenditures	-	(4,217,549)	70,874	4,288,423
Net change in fund balances	-	(4,217,549)	70,874	4,288,423
Fund balances, beginning	3,797,313	3,797,313	3,797,313	-
Fund balances, ending	\$ 3,797,313	\$ (420,236)	\$ 3,868,187	\$ 4,288,423

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-D

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Lynhaven Lane Service District Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 5,500	\$ 5,500	\$ 5,334	\$ (166)
Use of money and property	-	-	3,627	3,627
Total revenues	5,500	5,500	8,961	3,461
EXPENDITURES				
Current:				
Transportation	-	70,000	30,840	39,160
Total expenditures	-	70,000	30,840	39,160
Excess/(Deficiency) of revenues over/(under) expenditures	5,500	(64,500)	(21,879)	42,621
OTHER FINANCING SOURCES (USES)				
Transfers out	(5,500)	(5,500)	-	5,500
Total other financing sources (uses)	(5,500)	(5,500)	-	5,500
Net change in fund balances	-	(70,000)	(21,879)	48,121
Fund balances, beginning	89,297	89,297	89,297	-
Fund balances, ending	\$ 89,297	\$ 19,297	\$ 67,418	\$ 48,121

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-E

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Transportation Impact Fee Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Other local taxes	\$ 775,000	\$ 775,000	\$ 1,025,658	\$ 250,658
Use of money and property	-	-	41,929	41,929
Total revenues	<u>775,000</u>	<u>775,000</u>	<u>1,067,587</u>	<u>292,587</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>775,000</u>	<u>775,000</u>	<u>1,067,587</u>	<u>292,587</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(775,000)	(1,894,052)	(1,894,052)	-
Total other financing sources (uses)	<u>(775,000)</u>	<u>(1,894,052)</u>	<u>(1,894,052)</u>	<u>-</u>
Net change in fund balances	-	(1,119,052)	(826,465)	292,587
Fund balances, beginning	<u>1,119,052</u>	<u>1,119,052</u>	<u>1,119,052</u>	<u>-</u>
Fund balances, ending	<u>\$ 1,119,052</u>	<u>\$ -</u>	<u>\$ 292,587</u>	<u>\$ 292,587</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-F

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Lake Carroll Service District Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 36,292	\$ 36,292	\$ 27,195	\$ (9,097)
Use of money and property	-	-	28,818	28,818
Total revenues	36,292	36,292	56,013	19,721
EXPENDITURES				
Current:				
Parks, recreational and cultural	5,322	5,322	174	5,148
Capital outlay	5,322	80,078	-	80,078
Total expenditures	10,644	85,400	174	85,226
Excess/(Deficiency) of revenues over/(under) expenditures	25,648	(49,108)	55,839	104,947
OTHER FINANCING SOURCES (USES)				
Transfers out	(25,648)	(25,648)	(25,648)	-
Total other financing sources (uses)	(25,648)	(25,648)	(25,648)	-
Net change in fund balances	-	(74,756)	30,191	104,947
Fund balances, beginning	720,370	720,370	720,370	-
Fund balances, ending	\$ 720,370	\$ 645,614	\$ 750,561	\$ 104,947

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-G

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Lake Arrowhead Service District Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 101,993	\$ 101,993	\$ 103,310	\$ 1,317
Other local taxes	-	-	11,618	11,618
Use of money and property	-	-	28,996	28,996
Total revenues	<u>101,993</u>	<u>101,993</u>	<u>143,924</u>	<u>41,931</u>
EXPENDITURES				
Current:				
Parks, recreational and cultural	74,232	142,737	26,253	116,484
Capital outlay	-	440	-	440
Total expenditures	<u>74,232</u>	<u>143,177</u>	<u>26,253</u>	<u>116,924</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>27,761</u>	<u>(41,184)</u>	<u>117,671</u>	<u>158,855</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(61,993)</u>	<u>(61,993)</u>	<u>(61,993)</u>	-
Total other financing sources (uses)	<u>(61,993)</u>	<u>(61,993)</u>	<u>(61,993)</u>	-
Net change in fund balances	(34,232)	(103,177)	55,678	158,855
Fund balances, beginning	754,404	754,404	754,404	-
Fund balances, ending	<u>\$ 720,172</u>	<u>\$ 651,227</u>	<u>\$ 810,082</u>	<u>\$ 158,855</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-H

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Hidden Lake Dam Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ 122,488	\$ 122,488	\$ 117,879	\$ (4,609)
Use of money and property	-	-	2,369	2,369
Total revenues	<u>122,488</u>	<u>122,488</u>	<u>120,248</u>	<u>(2,240)</u>
EXPENDITURES				
Current:				
Public safety	61,472	63,295	59,908	3,387
Debt service:				
Principal retirement	45,000	45,000	45,000	-
Interest and other fiscal charges	16,016	16,016	16,016	-
Total expenditures	<u>122,488</u>	<u>124,311</u>	<u>120,924</u>	<u>3,387</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>-</u>	<u>(1,823)</u>	<u>(676)</u>	<u>1,147</u>
Net change in fund balances	-	(1,823)	(676)	1,147
Fund balances, beginning	77,903	77,903	77,903	-
Fund balances, ending	<u>\$ 77,903</u>	<u>\$ 76,080</u>	<u>\$ 77,227</u>	<u>\$ 1,147</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-1

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Tourism Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Other local taxes	\$ 2,887,815	\$ 2,887,815	\$ 3,063,747	\$ 175,932
Charges for services	-	-	214	214
Intergovernmental	10,000	10,000	-	(10,000)
Miscellaneous revenue	-	-	215	215
Total revenues	<u>2,897,815</u>	<u>2,897,815</u>	<u>3,064,176</u>	<u>166,361</u>
EXPENDITURES				
Current:				
Community development	<u>1,237,635</u>	<u>1,284,076</u>	<u>1,095,505</u>	<u>188,571</u>
Total expenditures	<u>1,237,635</u>	<u>1,284,076</u>	<u>1,095,505</u>	<u>188,571</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>1,660,180</u>	<u>1,613,739</u>	<u>1,968,671</u>	<u>354,932</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(1,660,180)</u>	<u>(1,660,180)</u>	<u>(1,750,677)</u>	<u>(90,497)</u>
Total other financing sources (uses)	<u>(1,660,180)</u>	<u>(1,660,180)</u>	<u>(1,750,677)</u>	<u>(90,497)</u>
Net change in fund balances	-	(46,441)	217,994	264,435
Fund balances, beginning	<u>1,228,773</u>	<u>1,228,773</u>	<u>1,228,773</u>	-
Fund balances, ending	<u>\$ 1,228,773</u>	<u>\$ 1,182,332</u>	<u>\$ 1,446,767</u>	<u>\$ 264,435</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-J

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Asset Forfeiture Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 17,054	\$ 17,054
Intergovernmental	300,000	341,524	136,598	(204,926)
Miscellaneous revenue	-	-	6,346	6,346
Total revenues	<u>300,000</u>	<u>341,524</u>	<u>159,998</u>	<u>(181,526)</u>
EXPENDITURES				
Current:				
Judicial administration	20,000	36,000	32,997	3,003
Public safety	<u>300,000</u>	<u>355,760</u>	<u>110,757</u>	<u>245,003</u>
Total expenditures	<u>320,000</u>	<u>391,760</u>	<u>143,754</u>	<u>248,006</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(20,000)</u>	<u>(50,236)</u>	<u>16,244</u>	<u>66,480</u>
Net change in fund balances	(20,000)	(50,236)	16,244	66,480
Fund balances, beginning	<u>274,092</u>	<u>274,092</u>	<u>274,092</u>	-
Fund balances, ending	<u>\$ 254,092</u>	<u>\$ 223,856</u>	<u>\$ 290,336</u>	<u>\$ 66,480</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-K

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - Armed Services Memorial Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Miscellaneous revenue	\$ 2,000	\$ 2,000	\$ 600	\$ (1,400)
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>600</u>	<u>(1,400)</u>
EXPENDITURES				
Current:				
Parks, recreational and cultural	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>600</u>	<u>600</u>
Net change in fund balances	-	-	600	600
Fund balances, beginning	<u>21,852</u>	<u>21,852</u>	<u>21,852</u>	<u>-</u>
Fund balances, ending	<u>\$ 21,852</u>	<u>\$ 21,852</u>	<u>\$ 22,452</u>	<u>\$ 600</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-L

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Nonmajor Governmental Funds - E-Summons Fund
For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
Use of money and property	\$ -	\$ -	\$ 1,510	\$ 1,510
Miscellaneous revenue	25,000	25,000	34,496	9,496
Total revenues	25,000	25,000	36,006	11,006
EXPENDITURES				
Current:				
Public safety	367,000	367,000	-	367,000
Total expenditures	367,000	367,000	-	367,000
Excess/(Deficiency) of revenues over/(under) expenditures	(342,000)	(342,000)	36,006	378,006
OTHER FINANCING SOURCES (USES)				
Transfers in	342,000	342,000	-	(342,000)
Total other financing sources (uses)	342,000	342,000	-	(342,000)
Net change in fund balances	-	-	36,006	36,006
Fund balances, beginning	18,973	18,973	18,973	-
Fund balances, ending	\$ 18,973	\$ 18,973	\$ 54,979	\$ 36,006

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-M

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Nonmajor Governmental Funds - Fire & Rescue Levy (Capital)

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
REVENUES				
General property taxes	\$ -	\$ -	\$ 1,633,863	\$ 1,633,863
Total revenues	-	-	1,633,863	1,633,863
 Excess/(Deficiency) of revenues over/(under) expenditures	-	-	1,633,863	1,633,863
 Net change in fund balances	-	-	1,633,863	1,633,863
Fund balances, ending	\$ -	\$ -	\$ 1,633,863	\$ 1,633,863

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-N

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

Nonmajor Governmental Funds - Historic Port of Falmouth

For the Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
Charges for services	\$ -	\$ -	\$ 42,896	\$ 42,896
Total revenues	-	-	42,896	42,896
Excess/(Deficiency) of revenues over/(under)				
expenditures	-	-	42,896	42,896
Net change in fund balances	-	-	42,896	42,896
Fund balances, ending	\$ -	\$ -	\$ 42,896	\$ 42,896

FIDUCIARY FUNDS:

Custodial Funds:

Celebrate Virginia North Fund

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

George Washington Regional Commission Fund

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

Embrey Mill Fund

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

R-Board (Landfill) Fund

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

COUNTY OF STAFFORD, VIRGINIA

Schedule 4

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
Major Governmental Funds - Capital Projects Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 50,253	\$ 50,253
Intergovernmental	-	871,000	-	(871,000)
Miscellaneous revenue	-	40,000	40,000	-
Total revenues	-	911,000	90,253	(820,747)
EXPENDITURES				
Current:				
General government	-	561,156	123,791	437,365
Judicial administration	-	240,708	128,158	112,550
Public safety	200,000	724,900	177,183	547,717
Public works	-	1,103,023	972,180	130,843
Parks, recreational and cultural	-	375,753	245,457	130,296
Education				
School capital projects	58,660,865	106,119,139	103,401,053	2,718,086
Capital outlay	17,113,276	39,513,681	3,952,311	35,561,370
Debt service:				
Bond issuance costs	-	-	439,166	(439,166)
Total expenditures	75,974,141	148,638,360	109,439,299	39,199,061
Excess/(Deficiency) of revenues over/(under) expenditures	(75,974,141)	(147,727,360)	(109,349,046)	38,378,314
OTHER FINANCING SOURCES (USES)				
Transfers in	16,975,464	17,209,517	15,384,289	(1,825,228)
Transfers out	(2,710,000)	(1,419,441)	(1,415,217)	4,224
Issuance of debt:				
Issuance of new bonds	59,925,000	104,673,274	89,935,000	(14,738,274)
Issuance of installment financings	1,783,677	4,473,515	-	(4,473,515)
Premiums (discounts) on bonds	-	-	12,459,354	12,459,354
Total other financing sources (uses)	75,974,141	124,936,865	116,363,426	(8,573,439)
Net change in fund balances	-	(22,790,495)	7,014,380	29,804,875
Fund balances, beginning	24,814,157	24,814,157	24,814,157	-
Fund balances, ending	\$ 24,814,157	\$ 2,023,662	\$ 31,828,537	\$ 29,804,875

COUNTY OF STAFFORD, VIRGINIA
Schedule 5

Combining Statement of Fiduciary Net Position

Custodial Funds

As of June 30, 2023

	Custodial Funds				
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	Totals
ASSETS					
Current assets:					
Cash and short-term investments	\$ 490,317	\$ -	\$ 1,381,957	\$ 9,711,145	\$ 11,583,419
Investments	-	-	-	9,169,767	9,169,767
Receivables:					
Property taxes	5,425,478	-	-	-	5,425,478
Accounts	-	124,221	-	895,497	1,019,718
Lease assets, net	-	-	-	6,718	6,718
Other assets	-	-	-	13,707,300	13,707,300
Total assets	<u>5,915,795</u>	<u>124,221</u>	<u>1,381,957</u>	<u>33,490,427</u>	<u>40,912,400</u>
DEFERRED OUTFLOWS					
Deferred outflows related to pensions	-	-	-	450,640	450,640
Deferred outflows related to OPEB	-	-	-	724,386	724,386
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,175,026</u>	<u>1,175,026</u>
LIABILITIES					
Accounts payable	-	27,016	-	177,103	204,119
Accrued salaries and benefits	-	97,205	-	79,297	176,502
Lease liabilities	-	-	-	5,244	5,244
Other liabilities	465,962	-	-	13,514,820	13,980,782
Total liabilities	<u>465,962</u>	<u>124,221</u>	<u>-</u>	<u>13,776,464</u>	<u>14,366,647</u>
DEFERRED INFLOWS					
Deferred inflows related to pensions	-	-	-	192,339	192,339
Deferred inflows related to OPEB	-	-	-	1,546,920	1,546,920
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,739,259</u>	<u>1,739,259</u>
NET POSITION					
Restricted for:					
Bondholders	5,449,833	-	1,381,957	-	6,831,790
Other government operations	-	-	-	19,149,730	19,149,730
Total net position	<u>\$ 5,449,833</u>	<u>\$ -</u>	<u>\$ 1,381,957</u>	<u>\$ 19,149,730</u>	<u>\$ 25,981,520</u>

COUNTY OF STAFFORD, VIRGINIA
Schedule 6
Combining Statement of Changes in Fiduciary Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Custodial Funds					
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	Totals	
ADDITIONS						
Contributions:						
Charges to customers	\$ -	\$ 1,643,477	\$ -	\$ 10,108,011	\$ 11,751,488	
Receivables:						
Property taxes	1,246,047	-	2,707,496	-	3,953,543	
Total additions	<u>1,246,047</u>	<u>1,643,477</u>	<u>2,707,496</u>	<u>10,108,011</u>	<u>15,705,031</u>	
DEDUCTIONS						
Payments	938,404	-	2,567,078	-	3,505,482	
Operating expenses	-	-	-	8,491,863	8,491,863	
Salary and benefit payments	-	1,643,477	-	-	1,643,477	
Non-operating expenses	-	-	-	416,034	416,034	
Total deductions	<u>938,404</u>	<u>1,643,477</u>	<u>2,567,078</u>	<u>8,907,897</u>	<u>14,056,856</u>	
Change in fiduciary net position	307,643	-	140,418	1,200,114	1,648,175	
Net position - beginning	<u>5,142,190</u>	<u>-</u>	<u>1,241,539</u>	<u>17,949,616</u>	<u>24,333,345</u>	
Net position - ending	\$ <u><u>5,449,833</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,381,957</u></u>	\$ <u><u>19,149,730</u></u>	\$ <u><u>25,981,520</u></u>	

STATISTICAL SECTION

(unaudited)

This section of Stafford County's Comprehensive Annual Financial Report (CAFR) presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the County's overall financial health.

Contents

Financial Trends S-1 thru S-4

These tables contain trend information to help the reader understand how the County's financial performance and well-being has changed over time.

Revenue Capacity S-5 thru S-9

These tables contain information to help the reader assess the factors affecting the County's ability to generate its property taxes.

Debt Capacity S-10 thru S-14

These tables present information to help the reader assess the affordability of the County's current levels of outstanding debt and its ability to issue additional debt in the future.

Demographic & Economic Information S-15 thru S-17

These tables offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place and to help make comparisons over time and with other governments.

Operation Information S-18 thru S-20

These tables contain information about the County's operations and resources to help the reader understand how the County's financial information relates to the services the County provides and the activities it performs.

Sources: Unless otherwise noted, the information in these tables is derived from the CAFR for the relevant year.

COUNTY OF STAFFORD, VIRGINIA

Table S-1

NET POSITION BY COMPONENT

Fiscal Years 2014 - 2023

(accrual basis of accounting)

(unaudited) (1)

	Fiscal Year									
	2014	2015 (2)	2016	2017 (4)	2018	2019	2020	2021	2022	2023
Primary Government:										
Governmental activities:										
Net investment in capital assets	\$ 94,214,362	\$ 98,292,334	\$ 125,608,019	\$ 137,144,534	\$ 140,085,894	\$ 123,810,124	\$ 126,882,780	\$ 112,190,324	\$ 122,829,491	\$ 122,649,075
Restricted (3)	3,127,912	2,682,185	861,102	42,442,927	36,387,289	30,924,661	30,859,540	50,417,792	63,101,023	77,310,726
Unrestricted (deficit) (3)	(236,728,731)	(261,870,499)	(276,183,484)	(379,448,731)	(367,558,775)	(319,676,121)	(312,256,127)	(306,811,274)	(312,838,220)	(378,418,266)
Total governmental activities net position	<u>\$ (139,386,457)</u>	<u>\$ (160,895,980)</u>	<u>\$ (149,714,363)</u>	<u>\$ (199,861,270)</u>	<u>\$ (191,085,592)</u>	<u>\$ (164,941,336)</u>	<u>\$ (154,513,807)</u>	<u>\$ (144,203,158)</u>	<u>\$ (126,907,706)</u>	<u>\$ (178,458,465)</u>
Business-type activities:										
Net investment in capital assets	\$ 314,276,234	\$ 308,716,780	\$ 322,691,679	\$ 327,610,514	\$ 338,103,297	\$ 347,102,176	\$ 350,933,764	\$ 366,235,797	\$ 382,433,699	\$ 416,323,864
Restricted	-	9,617,314	10,673,889	6,252,110	10,990,332	10,687,024	10,698,005	9,973,321	18,096,862	83,137,835
Unrestricted (3)	24,506,342	29,366,937	32,584,518	36,726,832	46,656,505	55,477,185	66,632,335	68,002,796	69,062,603	-
Total business-type activities net position	<u>\$ 338,782,576</u>	<u>\$ 347,701,031</u>	<u>\$ 365,950,086</u>	<u>\$ 370,589,456</u>	<u>\$ 395,750,134</u>	<u>\$ 413,266,385</u>	<u>\$ 428,264,104</u>	<u>\$ 444,211,914</u>	<u>\$ 469,593,164</u>	<u>\$ 499,461,699</u>
Total Primary Government										
Net investment in capital assets	\$ 408,490,596	\$ 407,009,114	\$ 448,299,698	\$ 464,755,048	\$ 478,189,191	\$ 470,912,300	\$ 477,816,544	\$ 478,426,121	\$ 505,263,190	\$ 538,972,939
Restricted	3,127,912	12,299,499	11,534,991	48,695,037	47,377,621	41,611,685	41,557,545	60,391,113	81,197,885	160,448,561
Unrestricted (deficit)	(212,222,389)	(232,503,562)	(243,598,966)	(342,721,899)	(320,902,270)	(264,198,936)	(245,623,792)	(238,808,478)	(243,775,617)	(378,418,266)
Total Primary Government net position	<u>\$ 199,396,119</u>	<u>\$ 186,805,051</u>	<u>\$ 216,235,723</u>	<u>\$ 170,728,186</u>	<u>\$ 204,664,542</u>	<u>\$ 248,325,049</u>	<u>\$ 273,750,297</u>	<u>\$ 300,008,756</u>	<u>\$ 342,685,458</u>	<u>\$ 321,003,234</u>

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

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

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

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

COUNTY OF STAFFORD, VIRGINIA

CHANGES IN NET POSITION

Fiscal Years 2014-2023

(accrual basis of accounting)

(unaudited) (1)

Table S-2

Page 1 of 2

	Fiscal Year									
	2014	2015 ⁽³⁾	2016 ⁽⁴⁾	2017	2018 ⁽⁵⁾	2019 ⁽⁶⁾	2020	2021	2022	2023
Primary Government:										
Expenses										
Governmental activities:										
General government	\$ 13,533,596	\$ 14,757,363	\$ 14,362,591	\$ 14,559,295	\$ 18,839,600	\$ 19,436,349	\$ 24,704,801	\$ 48,203,253	\$ 48,203,253	\$ 25,872,589
Judicial administration	7,606,669	6,370,324	6,918,104	8,482,351	8,306,197	8,367,589	9,756,898	10,154,621	10,154,621	11,571,642
Public safety	57,699,254	52,314,985	57,976,361	61,276,611	63,986,551	62,878,549	74,863,384	82,943,158	82,943,158	94,279,847
Public works	8,694,821	8,243,611	8,232,226	9,657,053	7,575,241	6,822,248	7,732,449	8,581,274	8,581,274	10,134,258
Health and social services	13,479,255	12,448,947	13,905,298	15,961,005	17,445,345	17,843,554	18,139,820	23,077,638	23,077,638	18,808,071
Parks, recreation and cultural	14,321,722	25,408,604	16,142,774	14,761,609	16,539,452	16,523,294	17,408,569	16,233,896	16,233,896	17,385,653
Community development	5,159,874	4,377,659	4,993,035	4,249,540	5,004,066	4,723,229	3,784,385	8,293,326	8,293,326	7,741,737
Appropriation to School Board	141,597,936	131,273,166	133,974,547	139,074,307	135,017,282	133,040,898	144,473,390	140,243,844	140,243,844	247,610,345
Transportation	3,322,814	3,019,659	3,227,877	3,723,774	13,854,155	5,296,964	9,364,614	5,331,443	5,331,443	8,052,018
Interest	13,807,460	17,050,475	17,260,538	16,208,762	16,388,405	15,204,938	14,135,992	13,029,423	13,029,423	5,509,172
Total governmental activities expenses	279,223,401	275,264,793	276,993,351	287,954,307	302,956,294	290,137,612	324,364,302	356,091,876	356,091,876	446,965,332
Total business-type activities expenses	31,904,381	34,817,632	34,526,713	35,208,525	41,099,002	43,344,960	48,010,135	49,296,005	49,296,005	55,572,813
Total Primary Government expenses	\$ 311,127,782	\$ 310,082,425	\$ 311,520,064	\$ 323,162,832	\$ 344,055,296	\$ 333,482,572	\$ 372,374,437	\$ 405,387,881	\$ 405,387,881	\$ 502,538,145
Program revenues										
Governmental activities:										
Charges for services:										
General government	\$ 266,157	\$ 281,000	\$ 641,721	\$ 844,646	\$ 277,761	\$ 386,783	\$ 318,306	\$ 300,920	\$ -	\$ -
Judicial administration	258,636	249,493	269,789	276,435	373,817	323,817	366,409	615,450	474,813	224,210
Public safety	7,672,339	7,267,651	7,562,952	6,913,255	7,934,736	6,956,517	7,166,529	8,229,986	8,649,083	7,878,373
Public works	54,814	66,868	38,912	43,210	204,629	308,264	302,689	274,203	10,048	9,411
Health and social services	247,335	75,819	135,963	144,916	53,475	39,425	48,275	53,800	14,450	-
Parks, recreation and cultural	1,888,993	2,441,178	2,213,931	1,723,461	1,767,047	1,533,151	828,312	381,109	1,202,001	1,431,888
Community development	1,835,090	2,321,592	1,689,645	1,795,183	1,776,963	1,749,523	1,915,241	2,109,692	2,463,497	2,410,838
Transportation	51,785	67,320	49,708	41,803	35,040	38,158	33,568	29,100	24,950	21,420
Operating grants and contributions										
General government	591,531	716,671	643,329	615,479	1,111,753	1,187,826	1,316,990	18,772,600	6,318,318	8,387,533
Judicial administration	1,765,593	1,713,319	1,909,899	2,117,745	2,190,237	2,186,048	2,226,287	2,377,727	2,469,421	2,437,280
Public safety	5,549,949	5,163,714	5,367,744	5,604,834	6,772,215	6,008,303	6,749,648	18,184,587	8,225,261	8,048,751
Public works	-	-	-	-	-	-	29,790	602,029	29,286	674,336
Health and social services	6,300,225	6,383,766	7,019,454	7,931,317	8,683,077	8,792,974	8,877,291	10,616,618	5,077,636	5,532,444
Parks, recreation and cultural	-	-	-	-	-	-	55,666	329,171	80,586	75,049
Community development	250,254	-	50	308,657	6,414	2,797	5,372	2,229,040	2,010,514	948,252
Transportation	918,886	836,333	-	-	109,931	66,557	65,099	71,386	6,110	6,582
Capital grants and contributions										
General government	-	6,945	-	-	-	-	-	-	-	-
Community development	-	-	-	-	433,000	40,762	377,772	-	-	-
Transportation	1,602,859	1,165,321	5,376,640	4,321,120	5,918,751	7,474,630	4,939,371	893,870	1,388,189	1,703,051
Total governmental program revenues	\$ 29,254,446	\$ 28,756,990	\$ 32,919,737	\$ 32,682,061	\$ 37,648,846	\$ 37,095,535	\$ 35,622,615	\$ 66,071,288	\$ 38,444,163	\$ 39,789,418

COUNTY OF STAFFORD, VIRGINIA
CHANGES IN NET POSITION
Fiscal Years 2014-2023
(accrual basis of accounting)
(unaudited) (1)

Table S-2
Page 2 of 2

	Fiscal Year									
	2014	2015 ⁽³⁾	2016 ⁽⁴⁾	2017	2018 ⁽⁵⁾	2019 ⁽⁶⁾	2020	2021 ⁽⁷⁾	2022	2023
Business-type activities:										
Charges for services	\$ 27,444,874	\$ 30,660,729	\$ 32,449,975	\$ 35,852,460	\$ 38,997,356	\$ 42,674,920	\$ 45,412,966	\$ 45,716,380	\$ 48,429,192	\$ 50,163,010
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	24,410,978	16,888,941	19,716,714	19,319,750	27,095,667	16,433,343	15,259,141	18,668,258	27,244,338	31,953,447
Total business-type activities	51,855,852	47,549,670	52,166,689	55,172,210	66,093,023	59,108,263	60,672,107	64,384,638	75,673,530	82,116,457
program revenues										
Total Primary Government program revenues	\$ 80,612,842	\$ 80,469,407	\$ 84,848,750	\$ 92,821,056	\$ 103,188,558	\$ 94,730,878	\$ 126,743,395	\$ 130,455,926	\$ 114,117,693	\$ 121,905,875
Net (expense)/revenue ⁽⁴⁾										
Governmental activities	\$ (246,507,803)	\$ (244,622,808)	\$ (255,272,246)	\$ (265,307,448)	\$ (253,042,077)	\$ (288,741,687)	\$ (290,020,588)	\$ (290,020,588)	\$ (315,753,183)	\$ (407,175,914)
Business activities	17,038,220	47,549,670	16,958,164	14,073,208	22,748,063	11,098,128	11,376,102	15,088,633	27,901,515	26,543,644
Total Primary Government net expense	\$ (229,469,583)	\$ (197,073,138)	\$ (238,314,082)	\$ (251,234,240)	\$ (230,294,014)	\$ (277,643,559)	\$ (278,644,486)	\$ (274,931,955)	\$ (287,851,668)	\$ (380,632,270)
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
General property taxes	\$ 183,480,382	\$ 185,302,231	\$ 192,132,277	\$ 199,376,130	\$ 206,800,056	\$ 215,780,411	\$ 222,526,854	\$ 225,524,213	\$ 251,579,000	\$ 267,710,422
Other local taxes	39,281,476	40,503,669	42,531,750	43,974,287	46,404,868	48,107,851	50,816,301	55,732,415	60,812,372	61,760,527
Unrestricted grants and contributions	14,591,241	15,584,842	15,978,707	12,748,800	12,542,261	12,542,261	12,542,261	12,542,261	12,542,261	12,542,261
Investment earnings	206,821	106,796	448,174	840,815	1,747,745	3,159,567	2,848,904	651,639	59,711	7,463,129
Miscellaneous ⁽⁸⁾	4,656,269	6,616,292	4,088,986	6,677,921	5,864,196	5,646,084	10,239,068	6,237,637	8,044,058	6,847,925
Gain on sale of property	-	-	75,337	33,673	-	-	-	-	(209,580)	(459,088)
Transfers	-	10,000	-	371,402	724,000	854,620	195,848	(356,928)	180,985	(240,021)
Total governmental activities	\$ 242,216,189	\$ 248,123,830	\$ 255,255,231	\$ 264,023,028	\$ 274,083,126	\$ 286,090,794	\$ 299,169,236	\$ 300,331,237	\$ 333,008,807	\$ 355,625,155
Business-type activities										
Investment earnings	\$ 235,995	\$ 203,909	\$ 449,208	\$ 371,330	\$ 680,907	\$ 2,371,917	\$ 2,270,941	\$ 206,901	\$ (1,339,487)	\$ 3,275,267
Gain on disposal of capital assets	12,882	43,365	23,560	23,440	-	-	-	-	(1,146,635)	(410,999)
Miscellaneous	47,989	35,920	136,311	175,099	209,750	235,651	260,654	295,348	186,642	180,851
Transfers	-	(10,000)	-	-	(724,000)	(854,620)	(195,848)	356,928	(180,985)	240,021
Total business-type activities	296,866	273,194	609,079	569,869	166,657	1,752,948	2,335,747	859,177	(2,480,465)	3,285,140
Total Primary Government	\$ 242,513,055	\$ 248,397,024	\$ 255,864,310	\$ 264,592,897	\$ 274,249,783	\$ 287,843,742	\$ 301,504,983	\$ 301,190,414	\$ 330,528,342	\$ 358,910,295
Change in net position										
Primary government:										
Governmental activities	\$ (7,752,766)	\$ 1,616,027	\$ (17,015)	\$ (1,284,420)	\$ 21,041,049	\$ (2,650,893)	\$ 9,148,648	\$ 10,310,649	\$ 17,255,624	\$ (51,550,759)
Business-type activities	20,248,337	13,005,232	17,567,243	14,643,077	22,914,720	12,851,076	13,711,849	15,947,810	25,421,050	29,868,535
Total primary government	\$ 12,495,571	\$ 14,621,259	\$ 17,550,228	\$ 13,358,657	\$ 43,955,769	\$ 10,200,183	\$ 22,860,497	\$ 26,258,459	\$ 42,676,674	\$ (21,682,224)
Total primary government										
Net position, beginning ^{(3), (5) and (7)}	\$ 186,900,548	\$ 172,183,792	\$ 186,805,051	\$ 204,355,279	\$ 170,728,186	\$ 197,760,061	\$ 248,325,029	\$ 273,750,325	\$ 300,008,784	\$ 342,685,458
Net position, ending	\$ 199,396,119	\$ 186,805,051	\$ 204,355,279	\$ 217,713,936	\$ 214,683,955	\$ 207,960,244	\$ 271,185,526	\$ 300,008,784	\$ 342,685,458	\$ 321,003,234

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

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

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

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

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

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

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

COUNTY OF STAFFORD, VIRGINIA
FUNDS BALANCES, GOVERNMENTAL FUNDS

Table S-3

Fiscal Years 2014-2023

(modified accrual basis of accounting)

(unaudited) (1)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Fund										
Nonspendable	\$ 326,168	\$ 220,609	\$ 181,993	\$ 691,811	\$ 432,115	\$ 456,906	\$ 163,413	\$ 182,035	\$ 142,576	\$ 132,827
Restricted	3,373,807	3,306,455	3,189,177	3,276,037	4,646,807	5,072,636	4,846,721	5,176,950	4,963,123	4,559,008
Committed	8,413,076	5,164,702	10,672,838	6,949,499	25,028,902	32,062,380	36,078,133	45,937,450	37,303,657	53,091,336
Assigned	18,539,638	24,541,606	23,332,365	25,525,307	12,364,759	18,553,831	14,664,239	23,399,578	18,542,059	11,669,108
Unassigned	30,969,982	32,909,983	32,901,993	34,369,821	36,615,473	38,262,624	38,465,871	40,724,173	43,135,190	50,195,619
Total General Fund	61,622,671	66,143,355	70,278,366	70,812,475	79,088,056	94,408,377	94,218,377	115,420,186	104,086,605	119,647,898
All Other Governmental Funds										
Nonspendable	-	-	-	117	12,500	787,310	-	-	-	-
Restricted										
Special Revenue	-	-	610,499	610,499	8,893,967	8,633,569	9,857,364	15,483,898	23,743,280	29,984,668
Capital Projects	-	-	-	-	12,891,437	7,986,145	7,029,193	20,981,917	24,814,157	31,828,536
Other Governmental Funds	689,251	622,351	250,238	175,418	9,955,078	9,157,311	9,126,262	8,806,577	9,580,463	10,978,404
Committed										
Special Revenue	11,642,718	8,422,525	6,795,956	18,217,607	210,959	-	-	-	-	-
Capital Projects	11,476,554	9,996,099	6,200,789	9,692,399	-	-	-	-	-	-
Other Governmental Funds	8,844,875	9,596,848	5,757,073	7,138,126	-	95,516	179,140	179,141	179,141	179,141
Assigned										
Special Revenue	721,863	-	-	-	-	-	-	-	-	-
Other Governmental Funds	7,677,381	5,423,842	6,513,216	3,916,439	-	-	-	-	-	-
Total all other government funds	41,052,642	34,061,665	26,127,771	39,750,605	31,963,941	26,659,851	26,191,959	45,451,533	58,317,041	72,970,749
Total fund balances	\$ 102,675,313	\$ 100,205,020	\$ 96,406,137	\$ 110,563,080	\$ 111,051,997	\$ 121,068,228	\$ 120,410,336	\$ 160,871,719	\$ 162,403,646	\$ 192,618,647

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

COUNTY OF STAFFORD, VIRGINIA

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

FISCAL YEARS 2014-2023

(modified accrual basis of accounting)

(unaudited) (1)

Table S-4

Page 1 of 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Revenues										
General property taxes	\$ 183,606,999	\$ 186,177,201	\$ 191,531,969	\$ 200,177,097	\$ 207,303,957	\$ 214,855,694	\$ 222,486,286	\$ 230,637,639	\$ 244,287,492	\$ 267,629,182
Other local taxes	38,426,342	40,503,669	41,686,287	43,974,287	46,404,868	48,107,851	50,816,301	55,701,652	60,812,372	61,772,144
Permits, privilege fees and regulatory licenses	4,312,561	3,723,699	4,203,746	4,600,431	4,640,366	4,346,390	4,619,745	5,480,158	5,011,491	4,392,372
Fines and forfeitures	1,057,819	1,071,872	1,034,714	791,570	878,756	895,106	673,306	750,396	775,400	835,253
Use of money and property	432,444	462,759	872,914	840,813	1,747,745	3,159,567	2,848,904	651,639	59,711	7,463,126
Charges for services	6,326,343	6,920,303	6,657,657	6,390,908	6,904,346	6,094,142	5,686,278	5,763,706	7,051,951	6,717,920
Intergovernmental	30,032,267	32,269,995	36,357,443	33,647,952	37,767,639	38,302,158	37,185,547	66,619,289	38,147,582	46,708,031
Miscellaneous	7,402,475	6,616,291	5,229,929	6,745,267	5,864,196	5,646,084	10,239,068	6,277,008	8,124,058	9,839,164
Total revenues	271,597,250	277,745,789	287,574,659	297,168,325	311,511,873	321,406,992	334,555,435	371,881,487	364,270,057	405,357,192
Expenditures										
Current operating:										
General government	12,585,414	13,324,624	13,311,548	13,178,287	13,890,180	14,764,011	16,378,150	19,522,749	19,364,392	24,554,258
Judicial administration	6,996,272	7,069,087	7,168,625	7,589,619	7,873,248	8,183,925	8,872,879	9,395,396	10,289,870	10,971,168
Public safety	51,822,442	52,124,684	58,166,109	57,866,940	62,605,381	62,215,257	65,159,756	71,925,373	78,733,151	86,000,291
Public works	9,728,759	5,387,823	7,993,681	7,918,462	5,077,713	4,846,503	4,721,251	6,123,154	5,724,883	7,519,366
Health and social services	13,141,477	12,331,075	13,647,667	15,778,608	17,111,432	17,811,436	16,788,584	21,950,416	19,617,287	18,542,624
Parks, recreation and cultural	22,263,174	28,875,822	25,508,295	13,860,112	15,180,699	14,209,264	13,083,530	12,101,077	13,351,272	13,969,368
Community development	4,708,570	4,580,033	4,937,518	4,865,208	4,737,547	4,632,587	4,439,208	7,872,188	4,772,890	7,741,034
Appropriation to school board:										
School operation	108,414,728	103,735,323	111,449,395	112,072,288	116,440,953	116,796,434	124,601,178	129,903,890	135,555,869	139,231,707
School capital projects	33,108,208	27,462,843	22,450,152	26,927,019	18,501,329	16,169,464	19,797,212	8,925,945	26,301,836	108,378,638
Transportation	3,347,968	3,662,264	3,651,700	3,377,104	3,076,652	3,287,684	4,077,869	3,134,597	4,584,002	5,039,685
Capital outlay	10,611,313	12,471,531	20,308,877	13,521,319	25,208,481	17,954,113	23,086,464	11,121,828	12,411,179	11,299,590
Debt service										
Principal	21,021,636	23,835,993	25,222,800	27,733,990	28,431,591	29,466,692	29,383,602	29,884,150	29,410,648	29,103,794
Interest and fiscal charges	14,233,335	19,014,887	18,523,042	18,328,443	17,931,102	17,420,603	16,400,910	15,350,546	14,417,697	14,505,835
Bond issuance costs	-	-	-	-	70,608	85,505	20,493	24,120	6,537	439,166
Total expenditures	311,983,296	313,875,989	332,339,409	323,017,399	336,136,916	327,843,478	346,811,086	347,235,429	374,541,513	477,296,524
Excess of revenues (under) expenditures	(40,386,046)	(36,130,200)	(44,764,750)	(25,849,074)	(24,625,043)	(6,436,486)	(12,255,651)	24,646,058	(10,271,456)	(71,939,332)
Other Financing Sources (Uses)										
Issuance of debt	30,973,208	97,984,907	32,800,001	36,029,020	22,100,000	12,100,000	6,070,000	14,140,000	10,420,000	89,935,000
Issuance of capital leases	5,980,906	-	5,128,339	-	-	2,194,073	4,555,506	-	-	-
Bond premium	-	-	3,037,527	3,605,595	2,219,352	1,304,024	776,405	2,032,253	1,202,398	12,459,354
Refunding bonds issuance	-	-	-	-	4,085,000	-	-	-	-	-
Premium on refunding bonds issuance	-	-	-	-	353,100	-	-	-	-	-
Transfers in	12,031,878	6,586,311	5,547,969	5,932,652	3,822,766	6,123,360	12,796,062	18,056,070	32,721,197	25,895,408
Transfers out	(12,031,878)	(6,576,311)	(5,547,969)	(4,624,699)	(3,098,766)	(5,268,740)	(12,600,214)	(18,412,998)	(32,540,212)	(26,135,429)
Payment from Joint Venture	-	-	-	238,984	-	-	-	-	-	-
Payment to Joint Venture	-	-	-	(1,175,535)	-	-	-	-	-	-
Refunding of debt	-	(64,335,000)	-	-	(4,367,492)	-	-	-	-	-
Other miscellaneous non-operating revenue	-	-	-	-	-	-	-	-	-	-
Loan to Component Unit	-	-	-	-	-	-	-	-	-	-
Total other financing sources, net	36,954,114	33,659,907	40,965,867	40,006,017	25,113,960	16,452,717	11,597,759	15,815,325	11,803,383	102,154,333
Net change in fund balances	(3,431,932)	(2,470,293)	(3,798,883)	14,156,943	488,917	10,016,231	(657,892)	40,461,383	1,531,927	30,215,001
Fund balance, beginning (3)	106,107,245	102,675,313	100,205,020	96,406,137	110,563,080	111,051,997	121,068,228	120,410,336	160,871,719	162,403,646
Fund balance, ending (3)	\$ 102,675,313	\$ 100,205,020	\$ 96,406,137	\$ 110,563,080	\$ 111,051,997	\$ 121,068,228	\$ 120,410,336	\$ 160,871,719	\$ 162,403,646	\$ 192,618,647

COUNTY OF STAFFORD, VIRGINIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 2014-2023
(modified accrual basis of accounting)
(unaudited) (1)

Table S-4
Page 2 of 2

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total debt service	\$ 42,850,880	\$ 43,745,842	\$ 46,062,433	\$ 46,362,693	\$ 46,887,295	\$ 45,784,512	\$ 45,234,696	\$ 45,234,696	\$ 43,828,345	\$ 43,609,629
Total expenditures	\$ 313,875,989	\$ 332,339,409	\$ 323,017,399	\$ 336,136,916	\$ 327,843,478	\$ 346,811,086	\$ 347,235,429	\$ 347,235,429	\$ 374,541,513	\$ 477,296,524
Less: Capital outlay (2)	27,686,981	28,386,661	41,765,283	21,696,360	22,621,490	21,968,049	18,610,940	8,496,520	11,320,585	8,722,967
Non-capital expenditures	\$ 286,189,008	\$ 303,952,748	\$ 281,252,116	\$ 314,440,556	\$ 305,221,988	\$ 324,843,037	\$ 328,624,489	\$ 338,738,909	\$ 363,220,928	\$ 468,573,557
Debt service as a percentage of noncapital expenditures	14.97%	14.39%	16.38%	14.74%	15.36%	14.09%	13.76%	13.35%	12.07%	9.31%

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

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

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

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

Principal Tax Revenue by Source
Fiscal Year 2014-2023
(accrual basis of accounting)
(unaudited) (1)

Table S-5

Fiscal Year	General Property Taxes	Local Sales and Use Taxes	Consumer Utility Taxes	Restaurant Food Taxes	Taxes on Recordation and Wills	Vehicle License Taxes	Fuels Sales Tax	Service Districts Property Taxes	Other Local Taxes	Total
2014	\$ 183,480,382	\$ 11,790,128	\$ 10,190,648	\$ 6,577,615	\$ 3,515,617	\$ 411,185	\$ 4,946,890	\$ 530,862	\$ 463,397	\$ 221,906,724
2015	\$ 185,302,231	\$ 12,376,768	\$ 11,094,684	\$ 7,102,018	\$ 2,967,321	\$ 2,019,185	\$ 3,828,615	\$ 541,721	\$ 573,357	\$ 225,805,900
2016	\$ 192,132,277	\$ 12,872,793	\$ 9,929,556	\$ 7,779,537	\$ 3,939,630	\$ 2,371,392	\$ 2,961,265	\$ 556,373	\$ 2,121,204	\$ 234,664,027
2017	\$ 199,376,130	\$ 13,641,300	\$ 6,448,823	\$ 8,022,545	\$ 6,142,390	\$ 2,522,370	\$ 3,363,483	\$ 562,865	\$ 2,944,965	\$ 243,024,871
2018 (2)	\$ 206,800,056	\$ 14,341,668	\$ 7,035,404	\$ 8,512,213	\$ 5,985,497	\$ 2,645,892	\$ 3,806,666	\$ 570,237	\$ 4,077,528	\$ 253,775,161
2019	\$ 214,042,524	\$ 14,958,972	\$ 6,970,652	\$ 9,103,132	\$ 5,886,356	\$ 2,752,636	\$ 4,750,315	\$ 813,170	\$ 3,685,788	\$ 262,963,545
2020	\$ 221,691,856	\$ 17,540,447	\$ 6,597,960	\$ 8,356,499	\$ 7,134,207	\$ 3,000,160	\$ 4,324,336	\$ 834,998	\$ 3,862,692	\$ 273,343,155
2021	\$ 245,526,216	\$ 19,661,980	\$ 4,314,667	\$ 10,424,592	\$ 7,631,301	\$ 383,021	\$ 4,233,298	\$ 856,194	\$ 2,319,426	\$ 295,350,695
2022	\$ 264,145,207	\$ 22,514,348	\$ 4,383,659	\$ 13,323,788	\$ 6,019,830	\$ 48,567	\$ 4,712,489	\$ 809,545	\$ 3,070,579	\$ 319,028,013
2023 (3)	\$ 274,821,129	\$ 23,486,231	\$ 5,922,446	\$ 14,382,490	\$ 6,046,820	\$ 60,641	\$ 5,068,754	\$ 742,982	\$ 5,638,919	\$ 336,170,412

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

(2) In FY2019, FY2018 General Property Taxes were revised when compared to FY2018 ACFR

(3) Beginning in FY23 other local taxes include cigarette tax

COUNTY OF STAFFORD, VIRGINIA

Table S-6

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Calendar Years 2014 - 2023
(unaudited) (1)

Real Property					Personal Property										Total Taxable Assessed Value	Total Direct Tax Rate (4)
Calendar Year	Residential Real Property	Commercial and Industrial Real Property	Agricultural Real Property	Total Real Property (3)	Personal Property	Merchants Capital	Machinery & Tools	Mobile Homes	Aircraft (4)	Recreational Vehicles/ Trailers; Watercraft & Business Property	Total Personal Property					
2014 (2)	\$ 11,453,237,050	\$ 2,765,187,000	\$ 510,902,000	\$ 14,389,795,201	\$ 646,424,160	\$ 198,206,730	\$ -	\$ 15,648,640	\$ -	\$ 132,954,700	\$ 993,234,230	\$ 15,383,029,431	\$ 1.12			
2015	\$ 11,771,269,050	\$ 2,775,865,500	\$ 495,224,200	\$ 14,699,463,435	\$ 658,036,590	\$ 199,069,300	\$ -	\$ 16,162,950	\$ -	\$ 139,524,240	\$ 1,012,793,080	\$ 15,712,256,515	\$ 1.12			
2016 (2)	\$ 12,745,166,500	\$ 2,946,159,700	\$ 473,016,900	\$ 15,857,245,779	\$ 694,942,180	\$ 195,895,430	\$ -	\$ 16,622,020	\$ -	\$ 147,308,220	\$ 1,054,767,850	\$ 16,912,013,629	\$ 1.09			
2017 (5)	\$ 13,046,815,950	\$ 2,993,924,200	\$ 455,058,000	\$ 16,495,801,650	\$ 716,779,720	\$ 249,816,840	\$ -	\$ 16,880,360	\$ -	\$ 157,450,170	\$ 1,140,927,090	\$ 17,636,728,740	\$ 1.09			
2018 (2)	\$ 13,855,938,651	\$ 3,183,115,300	\$ 459,242,200	\$ 17,498,296,151	\$ 755,575,220	\$ 206,150,400	\$ -	\$ 17,017,230	\$ -	\$ 168,845,320	\$ 1,147,588,170	\$ 18,645,884,321	\$ 1.09			
2019	\$ 14,247,191,601	\$ 3,179,860,300	\$ 431,519,300	\$ 17,858,571,201	\$ 770,824,880	\$ 173,543,320	\$ -	\$ 17,083,260	\$ -	\$ 170,802,840	\$ 1,132,254,300	\$ 18,990,825,501	\$ 1.11			
2020 (2)	\$ 15,366,648,100	\$ 3,236,412,900	\$ 416,999,300	\$ 19,020,060,300	\$ 785,802,570	\$ 183,272,630	\$ -	\$ 17,055,070	\$ -	\$ 172,952,030	\$ 1,159,082,300	\$ 20,179,142,600	\$ 1.10			
2021	\$ 15,754,006,500	\$ 3,270,354,800	\$ 399,908,900	\$ 19,424,270,200	\$ 1,099,604,150	\$ 182,434,590	\$ -	\$ 18,919,890	\$ -	\$ 177,417,360	\$ 1,476,375,990	\$ 20,900,646,190	\$ 1.08			
2022 (2),(6)	\$ 19,881,750,600	\$ 3,776,231,300	\$ 431,794,600	\$ 24,089,776,500	\$ 1,452,372,200	\$ 193,904,250	\$ -	\$ 17,454,630	\$ -	\$ 183,580,850	\$ 1,847,311,930	\$ 25,937,088,430	\$ 0.93			
2023	\$ 20,253,735,400	\$ 3,904,423,200	\$ 427,515,200	\$ 24,585,679,800	\$ 1,302,252,630	\$ 203,648,160	\$ -	\$ 17,861,650	\$ -	\$ 230,818,110	\$ 1,754,580,550	\$ 26,340,260,350	\$ 1.03			

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

(2) The county reassesses real property every two years. Real property is assessed at 100% of the fair market value.

(3) The assessed value of real property does not include exempt values.

(4) Total Direct Tax Rates are calculated per \$100 of assessed value, calculated on a weighted average basis. Refer to Table 7.

(5) FY17 Total Direct Tax Rates revised in FY18 to reflect correct rate.

(6) Total Direct Tax Rate for FY2022 misstated in the FY2022 ACFR. Total Direct Tax Rate has been changed in FY2023 ACFR.

Source: Office of the Commissioner of Revenue.

COUNTY OF STAFFORD, VIRGINIA

Table S-7

DIRECT AND OVERLAPPING TAX RATES (1)
Calendar Years 2014 - 2023
(unaudited) (2)

Calendar Year	Real Estate		Personal Property (4)		Merchants Capital		Machinery and Tools		Mobile Homes (5)		Recreational Vehicles/ Trailers; Watercraft & Business Property (6)		Total Direct Tax Rate For each Fiscal Year (7)
	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied (7)	Tax Rate	Direct Rate Applied	Tax Rate	Direct Rate Applied	
2014 (3)	\$ 1.02	\$ 0.95	\$6.61	\$ 0.11	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 1.02	\$ -	\$ 5.49	\$ 0.05	\$ 1.12
2015	\$ 1.02	\$ 0.95	\$6.61	\$ 0.11	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 1.02	\$ -	\$ 5.49	\$ 0.05	\$ 1.12
2016 (3)	\$ 0.99	\$ 0.93	\$6.50	\$ 0.10	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 0.99	\$ -	\$ 5.49	\$ 0.05	\$ 1.09
2017	\$ 0.99	\$ 0.93	\$6.46	\$ 0.11	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 0.99	\$ -	\$ 5.49	\$ 0.05	\$ 1.09
2018 (3)	\$ 0.99	\$ 0.93	\$6.46	\$ 0.10	\$ 0.50	\$ 0.01	\$ -	\$ -	\$ 0.99	\$ -	\$ 5.49	\$ 0.05	\$ 1.09
2019	\$ 1.01	\$ 0.95	\$6.46	\$ 0.10	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.99	\$ -	\$ 5.49	\$ 0.05	\$ 1.11
2020 (3)	\$ 0.97	\$ 0.95	\$6.46	\$ 0.10	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.97	\$ -	\$ 5.49	\$ 0.05	\$ 1.10
2021 (3)	\$ 0.97	\$ 0.90	\$6.10	\$ 0.12	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.97	\$ -	\$ 5.49	\$ 0.05	\$ 1.08
2022 (8)	\$ 0.85	\$ 0.79	\$4.49	\$ 0.10	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.85	\$ -	\$ 5.49	\$ 0.04	\$ 0.93
2023	\$ 0.93	\$ 0.87	\$5.49	\$ 0.11	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.93	\$ -	\$ 5.49	\$ 0.05	\$ 1.03

(1) All the rates listed on this page are direct rates, meaning the primary government has the authority to set, modify or approve.

Although the County does support some regional activities, there are no rates set or charged by any overlapping governmental bodies.

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

(3) Years of General Reassessments. Real estate is assessed at 100% of fair market value. Rates are charged per \$100 of assessed value.

(4) Personal property is assessed at 40% of fair market value. Hence, the effective tax rate is approximately \$2.58 per \$100 of fair market value.

(5) Mobile homes are assessed at 100% of fair market value.

(6) Beginning in calendar year 2009, recreational vehicles / trailers, watercraft and business property have a separate rate set.

FY17 Direct Rate Applied was revised to correct rate in FY18.

(7) The Direct Tax Rates are calculated per \$100 of assessed value, calculated on a weighted average basis based on assessed value. Refer to Table 6 for Assessed Values.

FY17 Total Direct Tax Rate revised to correct rate in FY18.

(8) Personal Property Tax Rate, Merchants Capital Tax Rate and Total Direct Tax Rate were misstated for FY2022 in the FY2022 ACFR .

FY2022 Personal Property Tax Rate, Merchants Capital Tax Rate and Total Direct Rate have been changed in the FY2023 ACFR.

Source: Office of the Commissioner of Revenue.

COUNTY OF STAFFORD, VIRGINIA

Table S-8

PRINCIPAL PROPERTY TAX PAYERS
Calendar Years 2022 vs 2013
(unaudited) (1)

Tax Payer	Type of Business	Calendar Year 2022			Calendar Year 2013		
		Assessed Valuation	Rank	% Total Assessed Valuation	Assessed Valuation	Rank	% Total Assessed Valuation
Virginia Electric & Power Co	Utility	\$ 301,951,140	1	1.2%	\$ 223,226,073	1	1.6%
SREIT	Commercial	136,609,900	2	0.5%			
North Centreport Industrial LC	Commercial	126,842,830	3	0.5%			
Kensington Multifamily Partners LLC	Commercial	124,620,500	4	0.5%			
Stafford Marketplace LLC	Commercial	94,445,400	5	0.4%	68,855,600	5	0.5%
Aventine LLC	Commercial	79,646,100	6	0.3%			
Silver Companies	Commercial	68,592,000	7	0.3%	85,780,100	2	0.6%
GEICO	Commercial	67,683,110	8	0.3%			
Walmart	Commercial	67,563,655	9	0.3%	60,595,004	7	0.4%
Verizon	Commercial	66,501,482	10	0.3%	80,408,972	3	0.6%
Government Employees Insurance Co	Commercial				76,814,470	4	0.5%
Washington Real Estate Investment	Commercial				63,816,900	6	0.4%
ACPRE ACS Realty LLC	Commercial				54,918,100	8	0.4%
Garrett Companies	Commercial				46,993,400	10	0.3%
Pulte Home Corp	Commercial				52,233,700	9	0.4%
Totals		<u>\$ 1,134,456,117</u>		4.4%	<u>\$ 813,642,319</u>		5.7%
Total taxable assessed value		\$ 25,937,088,430			\$ 14,235,650,287		

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

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

REAL PROPERTY TAX LEVIES AND COLLECTIONS

Fiscal Years 2014 - 2023

(unaudited) (1)

Fiscal Year	Taxes Levied for the Fiscal Year (2) (Original Levy)		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Subsequent Collections by Levy Years (3)	Total Collections to Date	
		Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2014	\$ 144,738,631	\$ (390,547)	\$ 144,348,083	\$ 140,322,929	96.95%	\$ 2,537,368	\$ 142,860,297	98.97%
2015	\$ 147,557,767	\$ (395,963)	\$ 147,161,804	\$ 144,103,736	97.66%	\$ 2,534,687	\$ 146,638,423	99.64%
2016	\$ 152,915,361	\$ (788,345)	\$ 152,127,016	\$ 148,989,753	97.43%	\$ 2,328,101	\$ 151,317,855	99.47%
2017	\$ 157,468,327	\$ (848,373)	\$ 156,619,954	\$ 154,159,375	97.90%	\$ 1,967,465	\$ 156,126,840	99.69%
2018	\$ 163,675,360	\$ (1,246,706)	\$ 162,428,654	\$ 159,946,093	97.72%	\$ 1,791,919	\$ 161,738,012	99.57%
2019	\$ 170,959,805	\$ (1,845,323)	\$ 169,114,481	\$ 166,830,279	97.58%	\$ 2,110,799	\$ 168,941,078	99.90%
2020	\$ 175,302,689	\$ (1,797,388)	\$ 173,505,301	\$ 170,646,581	97.34%	\$ 2,517,038	\$ 173,163,619	99.80%
2021	\$ 178,371,412	\$ (2,298,951)	\$ 176,072,461	\$ 172,494,161	96.71%	\$ 2,715,189	\$ 175,209,350	99.51%
2022	\$ 186,187,162	\$ (2,395,274)	\$ 183,791,887	\$ 181,438,089	97.45%	\$ 2,018,751	\$ 183,456,840	99.82%
2023	\$ 203,952,962	\$ (3,086,183)	\$ 200,866,779	\$ 199,114,690	97.63%	\$ -	\$ 199,114,690	99.13%

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

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

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

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

RATIOS OF OUTSTANDING DEBT BY TYPE

Direct Debt Ratios

Fiscal Years 2014- 2023

(unaudited) (1)

Fiscal Year	Governmental Activities					Business-Type Activities			Total Direct Debt		
	General Obligation Bonds (2)	Lease Revenue Bonds (2)	Literary Loans	Installment Finance Agreements	VRA Loan	Revenue Bonds (3)	Total Primary Government	Total Primary Government Including Premiums (4)	Percentage of Assessed Real Property Value (5)	Percentage of Personal Income (6)	Outstanding Debt Per Capita (7)
2014	\$ 310,375,533	\$ 73,665,000	\$ 2,729,186	\$ 12,053,731	\$ 7,205,949	\$ 98,204,379	\$ 504,233,778	\$ 530,507,968	3.28%	8.47%	\$ 3,726.48
2015	\$ 314,821,489	\$ 12,415,000	\$ 2,263,037	\$ 10,339,667	\$ 71,099,213	\$ 95,339,840	\$ 506,278,246	\$ 540,065,412	3.22%	8.37%	\$ 3,701.19
2016	\$ 327,095,270	\$ 9,875,000	\$ 1,796,888	\$ 13,674,528	\$ 71,202,259	\$ 101,019,503	\$ 524,663,448	\$ 560,324,897	3.10%	8.17%	\$ 3,687.05
2017	\$ 337,758,148	\$ 7,315,000	\$ 1,330,739	\$ 11,186,218	\$ 74,634,850	\$ 100,489,853	\$ 532,714,808	\$ 569,666,129	3.23%	8.13%	\$ 3,741.50
2018	\$ 333,349,649	\$ 500,000	\$ 864,590	\$ 8,637,381	\$ 82,346,744	\$ 96,977,811	\$ 522,676,175	\$ 559,827,933	2.99%	7.70%	\$ 3,614.33
2019	\$ 323,653,653	\$ 460,000	\$ 648,441	\$ 8,530,958	\$ 77,232,694	\$ 93,352,959	\$ 503,878,705	\$ 539,886,064	2.82%	7.22%	\$ 3,458.35
2020	\$ 307,937,439	\$ 420,000	\$ 432,292	\$ 11,045,472	\$ 71,932,447	\$ 89,609,873	\$ 481,377,523	\$ 515,688,295	2.53%	5.86%	\$ 3,228.34
2021	\$ 300,452,031	\$ 380,000	\$ 216,143	\$ 8,449,128	\$ 66,525,745	\$ 85,748,114	\$ 461,771,161	\$ 495,566,197	2.38%	6.89%	\$ 3,044.20
2022	\$ 288,711,855	\$ -	\$ -	\$ 6,988,223	\$ 61,332,320	\$ 82,017,236	\$ 439,049,634	\$ 470,528,697	1.82%	5.63%	\$ 2,862.27
2023	\$ 356,751,672	\$ -	\$ -	\$ 5,490,029	\$ 55,621,904	\$ 77,866,782	\$ 495,730,387	\$ 536,767,397	2.02%	5.85%	\$ 3,033.53

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

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

(3) In fiscal year 2010, Revenue Bonds for Business-Type Activities were included to show the total primary government's outstanding debt.

(4) In FY2016, Total Primary Government Including Premiums were added. However, percentage of assessed real property valued, percentage of personal income and outstanding debt per capita are calculated without the use of premiums.

In FY18, restated figures to include Business-type Premiums.

(5) Percentage of Assessed Taxable Real Property = Total Direct Debt/Total Assessed Taxable Real Property Value (See Table S-14).

(6) Percentage of Personal Income = Outstanding Debt Per Capita/Total Per Capita Personal Income (See Table S-14).

(7) Percentage of Assessed Real Property = Total Direct Debt/Population (See Table S-14).

RATIOS OF GENERAL BONDED DEBT OUTSTANDING**Fiscal Years 2014 - 2023****(unaudited) (1)**

Fiscal Year	General Obligation Bonds (2)	Premiums on General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (3)	Outstanding Debt Per Capita (4)
2014	\$ 310,375,533	\$ 17,344,516	2.11%	\$ 2,242
2015	\$ 314,821,489	\$ 25,242,174	2.10%	\$ 2,212
2016	\$ 327,095,270	\$ 26,557,015	2.08%	\$ 2,297
2017	\$ 337,758,148	\$ 28,124,783	2.07%	\$ 2,336
2018	\$ 333,349,649	\$ 28,742,719	1.92%	\$ 2,288
2019	\$ 323,653,653	\$ 28,015,819	1.79%	\$ 2,171
2020	\$ 307,937,439	\$ 26,736,731	1.67%	\$ 2,030
2021	\$ 300,452,031	\$ 26,638,494	1.59%	\$ 1,959
2022	\$ 288,711,855	\$ 25,720,048	1.26%	\$ 1,840
2023	\$ 356,751,672	\$ 35,874,783	1.41%	\$ 2,183

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

(2) There are currently no resources that have been externally restricted for the repayment of the principal of general bonded debt. Therefore net bonded debt is equal to total bonded debt.

(3) See Assessed Value and Actual Value of Taxable Real Property, Table S-5.

Percentage = Outstanding General Bonded Debt / Taxable Assessed Real Property Value X Tax rate.

(4) Population data can be found Taxable Real Property Value (See Table S-15) on Demographic and Economic Statistics (Table S-15).

COUNTY OF STAFFORD, VIRGINIA

Table S-12

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of June 30, 2023

(unaudited) (1)

	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Direct debt:			
General Government			
General obligation bonds (3)	\$ 356,751,672	100.0%	\$ 356,751,672
Lease revenue bonds (3)	-	100.0%	-
Literary loans	-	100.0%	-
Installment Finance Agreements	5,490,029	100.0%	5,490,029
VRA	55,621,904	100.0%	55,621,904
Total general government direct debt	417,863,605		417,863,605
Bond premiums	35,874,783	100.0%	35,874,783
Total general government obligations including premiums	\$ 453,738,388		\$ 453,738,388
Overlapping Debt:			
Regional Joint Activities			
Rappahannock Regional Jail	54,250,000	47.6%	25,823,000
Total regional joint ventures	54,250,000		25,823,000
Total overlapping debt	54,250,000		25,823,000
Total direct and overlapping debt	\$ 472,113,605		\$ 443,686,605

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

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

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

COUNTY OF STAFFORD, VIRGINIA

Table S-13
Page 1 of 3

DEBT MARGIN INFORMATION

Fiscal Years 2014 - 2023

(unaudited) (1)

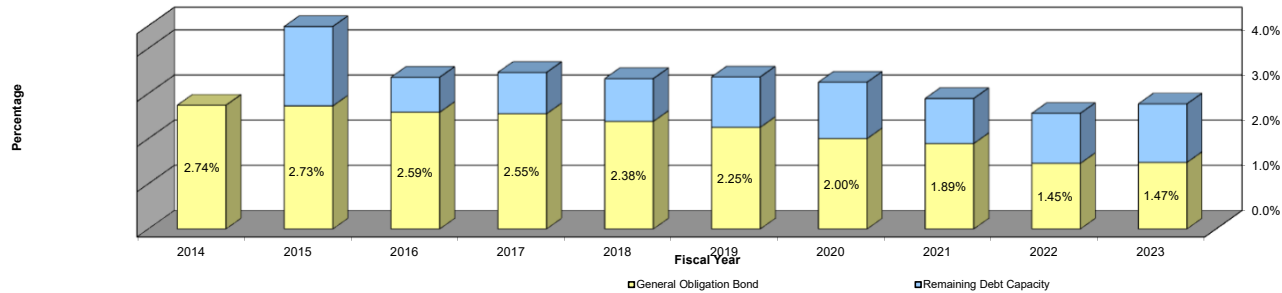
On June 4, 2019, the Board of Supervisors adopted new "Principles of High Performance Financial Management" as a means to prudently manage the people's resources through accountable and transparent allocation of resources, planned strategic use of financial resources to ensure sustainability, maintain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

Debt Limitation 1:

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022 (5)	2023
Assessed value of taxable real property	\$ 14,372,802,061	\$ 14,699,463,435	\$ 15,857,245,779	\$ 16,495,801,650	\$ 17,498,296,151	\$ 17,858,571,201	\$ 19,020,060,300	\$ 19,424,270,200	\$ 24,089,776,500	\$ 24,585,679,800
Debt limit, 3% of assessed value prior to 6/4/19, 2.75% thereafter (2)	\$503,048,072	\$514,481,220	\$475,717,373	\$494,874,050	\$524,948,885	\$535,757,136	\$523,051,658	\$534,167,431	\$662,468,854	\$676,106,195
Tax-supported general obligation debt (3)	\$393,975,668	\$400,598,739	\$409,969,416	\$421,038,737	\$417,060,984	\$401,994,788	\$380,722,178	\$367,573,919	\$350,044,175	\$362,373,576
% of assessed real property	2.74%	2.73%	2.59%	2.55%	2.38%	2.25%	2.00%	1.89%	1.45%	1.47%
Debt margin (4)	\$109,072,404	\$113,882,481	\$65,747,957	\$73,835,312.50	\$ 107,887,901	\$ 133,762,348	\$ 142,329,480	\$ 166,593,512	\$ 312,424,679	\$ 313,732,619

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



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

(2) Debt limit was 3% of assessed value prior to June 21, 2005; it changed to 4.5% of assessed value until July 6, 2010; at that time it was set at 3.5% of assessed value with a goal to reach 3% by July 1, 2015. On 11/17/15, the Debt limit was returned to 3.0 % of assessed value. In FY18 ACFR, years FY 16 and FY17 have been revised to correctly reflect 3.0 % of assessed value. On June 4, 2019, the debt limit was set to 2.75%.

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

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

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

COUNTY OF STAFFORD, VIRGINIA

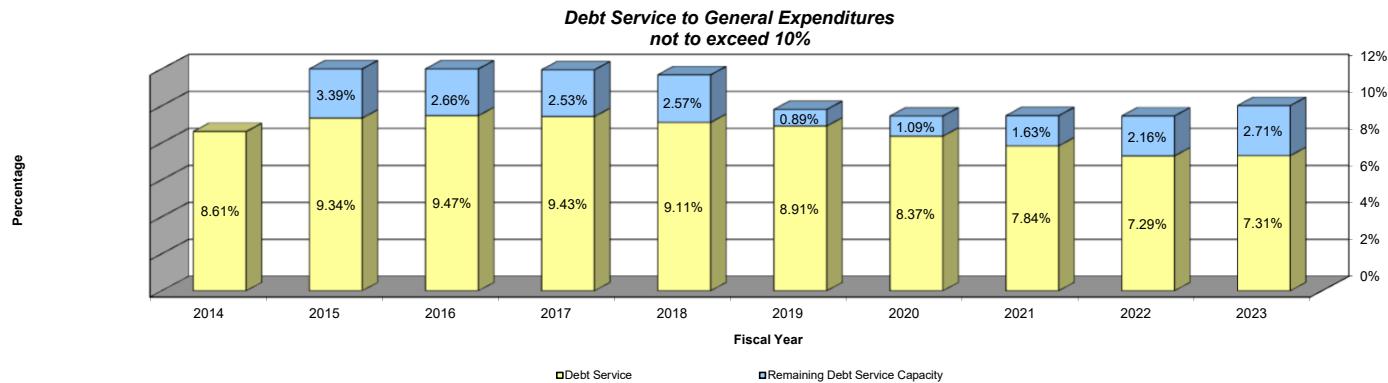
Table S-13
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DEBT MARGIN INFORMATION
Fiscal Years 2014 - 2023
(unaudited) (1)

Debt Limitation 2:

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government budget (3)	\$ 409,450,896	\$ 419,269,371	\$ 426,175,667	\$ 444,242,723	\$ 462,388,414	\$ 475,651,388	\$ 497,365,567	\$ 520,418,344	\$ 556,111,989	\$ 572,091,883
Debt limit, 11% of general government budget, 10 % after 2015 (6)	\$45,039,599	\$41,926,937	\$42,617,567	\$44,424,272	\$46,238,841	\$47,565,139	\$49,736,557	\$52,041,834	\$55,611,199	\$57,209,188
Debt service expenditure (4)	\$35,254,971	39,169,081	40,370,084	41,870,495	42,103,993	42,394,149	41,607,653	40,786,980	40,567,130	41,832,114
Percentage of the general government budget	8.61%	9.34%	9.47%	9.43%	9.11%	8.91%	8.37%	7.84%	7.29%	7.31%
Debt service margin (5)	\$ 9,784,628	\$ 2,757,856	\$ 2,247,483	\$ 2,553,777	\$ 4,134,849	\$ 5,170,990	\$ 8,128,904	\$ 11,254,854	\$ 15,044,069	\$ 15,377,074



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

(2) Debt service limit was 10% of general expenditures prior to June 21, 2005; it changed to 12% of general expenditures until July 6, 2010; at that time it was set at 11% of general expenditures with a goal to reach 10% by July 1, 2015.

(3) General government is defined in the adopted Principles of High Performance Financial Management as General Fund plus the School Operating Fund (including School Grant Funds) less the School transfer.

(4) Debt service expenditures = principal payments plus interest.

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

(6) In FY17 CAFR, The debt limits for 2015 and 2017 were restated to 10%.

COUNTY OF STAFFORD, VIRGINIA

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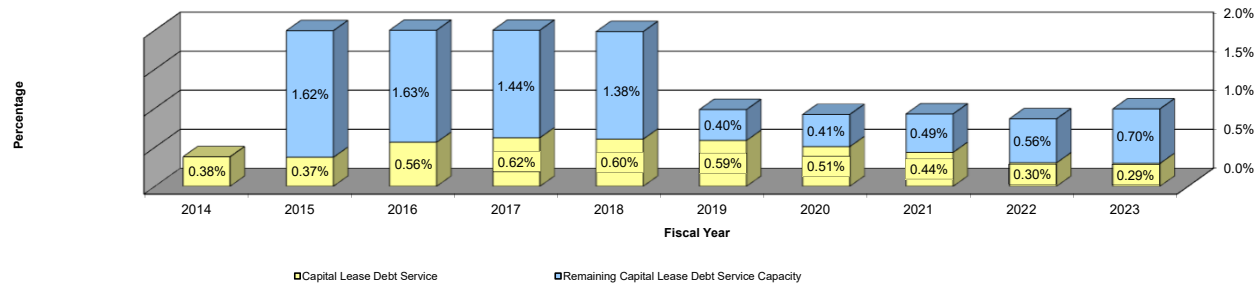
DEBT MARGIN INFORMATION
Fiscal Years 2014 - 2023
(unaudited) (1)

Debt Limitation 3:

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government budget	\$ 409,450,896	\$ 419,269,371	\$ 426,175,667	\$ 444,242,723	\$ 462,388,414	\$ 475,651,388	\$ 497,365,567	\$ 520,418,344	\$ 556,111,989	\$ 572,091,883
Installment Finance Agreements debt service limit (2)										
Total debt service limitation	3,990,276	4,192,694	4,261,757	4,442,427	4,623,884	4,756,514	4,973,656	5,204,183	5,561,120	5,720,919
Amount of total debt service applicable to limit	1,549,552	1,559,682	2,405,210	2,766,685	2,795,283	2,795,283	2,527,833	2,269,628	1,675,686	1,675,687
Installment Finance Agreements debt service as a percentage of general government budget	0.38%	0.37%	0.56%	0.62%	0.60%	0.59%	0.51%	0.44%	0.30%	0.29%
Debt service margin (3)	\$ 2,440,724	\$ 2,633,012	\$ 1,856,546	\$ 1,675,743	\$ 1,828,602	\$ 1,961,232	\$ 2,445,823	\$ 2,934,555	\$ 3,885,434	\$ 4,045,232

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



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

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

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

PLEDGED REVENUE COVERAGE: WATER AND SEWER FUND
Fiscal Years 2014 - 2023
(unaudited) (1)

Fiscal Year	Water and Sewer Fund						Coverage (Times) (4)
	Gross Revenue (2)	Less: Expenses (3)	Net Available Revenue	Debt Service			
				Principal	Interest	Total	
2014	\$ 40,151,093	\$ 21,637,360	\$ 18,513,733	\$ 2,807,676	\$ 3,294,940	\$ 6,102,616	3.03
2015	\$ 39,480,956	\$ 24,423,982	\$ 15,056,974	\$ 2,864,536	\$ 3,777,812	\$ 6,642,348	2.27
2016	\$ 44,781,008	\$ 23,836,325	\$ 20,944,683	\$ 2,924,720	\$ 3,814,897	\$ 6,739,617	3.11
2017	\$ 49,965,359	\$ 27,155,536	\$ 22,809,823	\$ 3,314,650	\$ 3,663,117	\$ 6,977,767	3.27
2018	\$ 53,488,200	\$ 27,485,520	\$ 26,002,680	\$ 3,512,042	\$ 3,494,594	\$ 7,006,636	3.71
2019	\$ 55,081,671	\$ 24,190,604	\$ 30,891,067	\$ 3,624,851	\$ 3,426,297	\$ 7,051,149	4.38
2020	\$ 57,020,882	\$ 28,287,347	\$ 28,733,535	\$ 3,743,087	\$ 3,310,659	\$ 7,053,746	4.07
2021	\$ 64,679,986	\$ 30,336,370	\$ 34,343,616	\$ 3,861,759	\$ 3,187,844	\$ 7,049,603	4.87
2022	\$ 75,860,172	\$ 29,761,099	\$ 46,099,073	\$ 3,985,878	\$ 3,011,887	\$ 6,997,765	6.59
2023	\$ 82,297,308	\$ 36,413,234	\$ 45,884,074	\$ 4,150,454	\$ 2,871,201	\$ 7,021,655	6.53

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

(2) Includes availability fees and any other revenue sources pledged for the retirement of debt, which is consistent with Stafford County's Master Bond Covenants.

(3) Total expenses are exclusive of depreciation, amortization and bond interest.

(4) Net revenue coverage required by the covenants is 1.2 times the debt service.

COUNTY OF STAFFORD, VIRGINIA

Table S-15

DEMOGRAPHIC AND ECONOMIC STATISTICS
Fiscal Years 2014 - 2023
(unaudited) (1)

Fiscal Year	Population (2)	Civilian Labor Force (3)	At Place Employment(4)	Unemployment Rate (5)	Personal Income (in thousands) (6)	Per Capita Personal Income (7)	Total Taxable Assessed Real Property (8),(9)
2014	138,423	71,229	39,672	5.2%	\$ 6,091,996	\$ 44,010	\$ 14,389,795,201
2015	142,299	70,828	40,341	5.2%	\$ 6,296,162	\$ 44,246	\$ 14,699,463,435
2016	142,380	67,413	41,939	4.0%	\$ 6,425,740	\$ 45,131	\$ 15,857,245,779
2017	144,612	69,913	42,399	3.6%	\$ 6,657,002	\$ 46,034	\$ 16,495,801,650
2018	145,699	70,284	43,130	3.3%	\$ 6,841,181	\$ 46,954	\$ 17,498,296,151
2019	149,110	71,656	44,318	2.7%	\$ 7,141,369	\$ 47,893	\$ 17,858,571,201
2020	151,689	73,950	42,750	7.5%	\$ 7,410,183	\$ 48,851	\$ 19,020,060,300
2021	153,392	74,816	47,810	4.3%	\$ 7,643,245	\$ 49,828	\$ 19,424,270,200
2022	156,927	74,531	50,402	2.8%	\$ 7,975,775	\$ 50,825	\$ 24,089,776,500
2023	163,417	79,745	48,048	2.7%	\$ 8,471,740	\$ 51,841	\$ 24,585,679,800

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

(2) Fiscal year 2014 -2019 figures are from Stafford County Planning and Zoning. Fiscal year 2022 & 2023 figure from EDA

(3) The Civilian Labor Force represents the number of people that live in Stafford County. Source: fiscal year 2014 (US Census DP-3), fiscal year 2015-23 figures are from Virginia Employment Commission (VEC) .

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

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

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

(7) Per capita personal income figures Fiscal Year 2014-2015 figures are from Stafford County Economic Development.

Fiscal year 2016-2021 based on 2% increase. Fiscal Year 2022 - 2023 from Stafford Economic Development.

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

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

COUNTY OF STAFFORD, VIRGINIA

Table S-16

COMPARATIVE DEMOGRAPHIC AND ECONOMIC STATISTICS

Census Years 2010 & 2020

(unaudited) (1)

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

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

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

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

Source: US Census, 2010 & 2020.

COUNTY OF STAFFORD, VIRGINIA

Table S-17

PRINCIPAL EMPLOYERS

Fiscal Years 2023 vs 2014

(unaudited) (1)

Employer	Industry	Fiscal Year 2023			Fiscal Year 2014		
		Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Stafford County School System	Education	4,294	2	9.2%	4,458	1	11.2%
GEICO, Government Employees Insurance	Insurance	1000+	1	2.1%	1000+	2	2.5%
U.S. Federal Bureau of Investigation	Government Services	1000+	3	2.1%	1000+	3	2.5%
U.S. Department of Defense	Government Services	1000+	4	2.1%	1000+	4	2.5%
Stafford County Government	County Government	1,424	5	3.0%	808	5	2.0%
Walmart	Retail	500-999	6	1.6%	500-999	6	1.9%
McLane Mid Atlantic	Merchant Wholesalers, Nondurable Goods	500-999	7	1.6%	500-999	8	1.9%
Intuit	Merchant Wholesalers, Durable Goods	250-499	9	0.8%	250-499	9	0.9%
Stafford Hospital Center	Medical	500-999	8	1.6%	500-999	7	1.9%
SimVentions Inc.	Government Contractor	250-499	10	0.8%			
Market Fair Foods	Food Manufacturing				250-499	10	0.9%
YMCA	Recreation						
Total 10 Largest Employers		<u>10718-12713+</u>		<u>24.8%</u>	<u>10266-12261+</u>		<u>28.4%</u>
Total County Employment		47,443			39,672		

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

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

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

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

FULL-TIME EQUIVALENT COUNTY GOVERNMENT EMPLOYEES BY FUNCTION

Fiscal Years 2014- 2023

(unaudited) (1)

Function/Program Employees:	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Primary Government:										
Governmental activities:										
General government	97	103	102	107	107	124	124	110	127	134
Judicial administration	46	44	48	52	53	59	59	60	65	56
Public safety (2)	358	355	379	378	415	419	419	448	465	489
Health and welfare	51	54	52	51	64	72	72	65	78	73
Parks, recreation and community facilities (3),(5)	53	54	58	56	62	88	88	67	62	57
Community development	69	66	62	63	72	75	75	69	66	88
Total governmental activities employees	674	676	701	707	773	837	837	819	863	898
Business-type activities:										
Utilities	134	137	137	133	140	139	139	142	149	146
Total business-type activities employees										
Total primary government employees	808	813	838	840	913	976	976	961	1,012	1,044
Volunteers:										
Public safety (4)	200	200	200	327	368	260	571	570	169	433

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

(2) Includes E-911 Fund employees.

(3) Does not include seasonal employees.

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

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

Source: Stafford Human Resources Department.

COUNTY OF STAFFORD, VIRGINIA

Table S-19

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OPERATING INDICATORS BY FUNCTION

Fiscal Years 2014 - 2023

(unaudited) (1)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Governmental Activities:										
General government										
Commissioner of Revenue										
Taxpayers assisted at real estate and personal property counters	8,841	11,546	12,744	13,230	8,786	8,292	7,028	3,767	5,983	7,201
Building permits reviewed (16)	1,976	1,858	1,973	2,310	2,248	2,270	2,427	2,984	2,344	2,007
State income tax returns processed	6,838	7,027	5,741	5,739	5,317	4,825	5,111	4,629	3,586	3,128
Personal property records processed	77,632	80,419	92,063	79,169	74,828	70,632	96,698	115,401	132,620	142,578
Finance										
Landfill bills processed	369	407	421	479	661	832	901	909	908	905
Accounts payable transactions processed (2)	47,429	43,731	44,379	49,327	33,859	31,096	30,835	30,289	48,678	64,881
Department of Human Resources										
Number of new hires	242	272	310	367	346	361	172	253	328	358
Number of positions recruited	78	90	104	111	134	155	141	139	209	108
Public Services										
Total facilities maintained (sq ft) (3)	565,128	555,218	600,967	594,232	612,624	612,800	620,662	720,756	720,756	719,330
Registrar										
Voters served at polling places	36,479	45,043	53,212	81,911	50,515	64,781	78,154	79,864	67,617	74,102
Registered Voters Served (4)	82,630	81,394	86,603	90,645	93,755	96,160	100,464	106,322	109,466	111,151
Treasurer										
Real estate and personal property bills processed (15)	277,174	283,455	291,455	293,468	307,064	314,318	319,611	325,275	332,641	332,997
Water and sewer bills processed	401,193	415,050	415,050	431,776	440,792	451,511	461,154	470,251	476,631	484,824
Judicial administration										
Victims' services (5)	914	929	973	1,335	1,434	1,341	1,301	1,075	1,166	1,134
Public safety										
Requests for law enforcement service (responded)	75,716	75,458	82,317	85,332	71,310	67,788	73,957	79,162	130,205	133,311
Number of arrests	6,084	5,341	5,029	5,297	5,465	5,478	6,397	7,262	6,182	6,628
Number of fire and EMS calls (6)	25,432	24,845	17,983	25,039	26,665	19,400	20,248	23,311	26,921	25,836

COUNTY OF STAFFORD, VIRGINIA

Table S-19

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OPERATING INDICATORS BY FUNCTION

Fiscal Years 2014 - 2023

(unaudited) (1)

Function/Program	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Social Services										
Benefit applications received (11)	8,810	7,989	7,552	N/A	7,445	9,112	10,658	9,585	9,648	10,988
CPS complaints investigated (7)	542	695	704	755	780	709	572	564	586	518
Food stamp households served	4,032	3,718	3,379	3,201	3,106	3,126	3,422	3,768	4,099	4,643
Foster care children served	82	59	56	52	56	72	64	54	71	69
Parks, Recreational and Cultural										
Programs offered: gymnastics	1,610	2,532	2,689	3,312	3,339	3,417	2,462	448	1,449	1,668
Programs offered: senior citizens	495	564	801	834	838	714	367	48	196	245
Programs offered: sports/recreation	1,244	1,131	1,268	752	448	790	412	421	655	911
Programs offered: aquatics	507	635	903	704	1,685	899	151	26	73	57
Acres maintained (12)	1,476	1,476	2,072	2,072	2,072	2,072	2,072	2,072	2,072	2,072
Community Development										
Public Works										
Permits issued	4,424	4,062	5,228	5,735	5,495	5,616	5,466	5,947	5,995	7,172
Chesapeake Bay building permits reviewed	1,893	1,942	1,877	2,141	2,187	2,197	3,106	2,874	2,434	1,943
Building inspections performed	33,897	24,889	35,244	37,836	44,680	36,198	36,813	40,097	41,621	42,038
E&S control inspections performed (9)	6,576	7,504	6,973	7,055	6,646	6,271	5,301	4,856	4,658	5,146
Economic Development/Legislative Affairs										
At-place employment	39,443	40,341	41,939	42,399	43,130	44,318	42,750	47,810	51,659	48,411
Unemployment rate	5.1%	5.2%	4.0%	3.6%	3.3%	2.7%	5.8%	4.3%	2.9%	2.7%
Businesses in the County	2,329	2,377	2,639	2,618	2,674	2,810	2,873	2,922	3,150	3,147
Legislative bills reviewed for action/response (13)	2,942	2,925	3,009	2,959	3,722	3,128	3,911	1,555	3,143	2,863
Planning and Zoning										
Addresses issued (10)	633	716	417	1,626	1,040	398	825	742	968	433
Subdivision applications processed	652	482	460	365	602	258	132	384	404	291
Site plans processed	180	167	150	176	112	126	55	186	185	228
Zoning site development inspections	700	678	457	446	513	452	450	381	370	331
Zoning enforcement inspections performed	525	304	671	518	635	564	858	1,318	1,374	1,353

OPERATING INDICATORS BY FUNCTION

Fiscal Years 2014 - 2023

(unaudited) (1)

Function/Program	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Business-Type Activities:										
Water & Sewer Utilities										
Billions of gallons of water treated per year	3.305	3.328	3.160	3.185	3.173	3.450	3.670	3.721	3,820	3,730
Water storage (mg)	17.645	17.645	17.645	18.145	17.145	20.250	20.250	20.250	20.250	17.300
Billions of gallons of wastewater treated per year	3.066	2.486	2.948	3.047	3.204	3.220	3.210	3.651	3,651	2,870
Number of customer accounts served	33,768	34,518	35,427	36,268	37,035	37,845	38,643	39,400	39,988	40,684

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

(2) The number of accounts payable transactions includes checks and purchasing cards.

(3) Beginning with fiscal year 2008 the total of sq ft maintained includes owned and rental property. In FY16, sq ft maintained includes county owned property only.

In FY17, Woodlands Pool's square footage decreased significantly because it became a seasonal facility (the pool is no longer enclosed by a dome). A few other structures were added to offset its decreased sq footage.

(4) The number of registered voters served was added to the schedule beginning with fiscal year 2011.

(5) The number of victims' services decreased in fiscal year 2011 due to an increase in Domestic Violence cases which require more time per case than other services.

(6) EMS = Emergency Medical Services-Number provided by the EnRoute report Fire Incidents by Time and Day of Week for Fiscal Year

(7) CPS = Child Protection Services

(9) E&S = Erosion & Sediment

(10) The number of new addresses decreased in fiscal year 2010, which reflected an overall slow down in new home starts.

Fiscal year 2013 increased due to volume of residential applications. Beginning with FY17, all newly recorded lots were assigned addresses.

At the time of final plat review in coordination with GIS to enhance and expedite the address assignment process. Some addresses were assigned during building permit reviews not associated with final plats.

Included in these numbers were two major apartment complexes totaling 544 new address assignments.

(11) Due to the conversion of a new computer system, VDSS was unable to merge the data between two different systems and therefore, could not provide reliable reports to local departments for several months during FY17.

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

(13) Represents the total number of bills introduced into the General Assembly.

(14) In 2021 Community Development subdivision and site plan figures for FY20 were based on actual applications, all others are based on reviews.

(15) The number of real estate and personal property bills processed, were misstated for FY2020 in the FY20 to FY22 ACFR's. The number of bills processed for FY2020 was corrected in the FY23 ACFR.

(16) The number of building permits reviewed, were misstated for FY2020 to FY2022 in the FY20 to FY22 ACFR's. The number of building permits reviewed for FY2020 to FY2022 were corrected in the FY23 ACFR.

Source: Various Stafford County Departments

CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2014 - 2023

(unaudited) (1)

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Public services										
Total facilities maintained (sq ft) (2)	520,858	518,034	600,967	594,232	612,624	612,800	620,662	720,756	720,756	719,330
Public safety (3)										
Number of Fire & Rescue Stations	8	8	10	10	10	10	10	10	10	10
Number of Fire Stations	4	4	3	3	3	3	3	3	3	3
Number of Rescue Squads	4	4	3	3	3	3	3	3	3	3
Utilities										
Water Plant Capacity (mgd)	19	19	19	19	19	19	19	19	19	19
Water Lines (miles)	619	634	643	657	704	679	711	711	711	695
Wastewater Plant Capacity (mgd)	18	18	18	18	18	18	18	18	18	18
Sewer Lines (miles)	511	516	522	534	540.6	549	541	541	541	565
Pumping Stations	91	90	88	88	94	94	94	94	94	90
Parks, recreation and cultural										
Number of County parks (6)	18	18	19	19	19	19	19	19	19	19
Acreage of County parks	1476	1476	2072	2072	2072	2072	2072	2072	2072	2072
Number of Regional parks (4)	0	0	0	0	0	0	0	0	0	0
Acreage of Regional parks (4)	0	0	0	0	0	0	0	0	0	0
State and National parks (1,184 acres)	2	2	2	2	3	3	3	3	3	3
Playgrounds (County & Schools) (7)	25	25	27	27	43	43	43	43	43	50
Athletic fields (County & Schools) (7)	93	92	99	99	151	151	151	151	151	163
Tennis courts (County & Schools) (7)	19	19	19	19	18	18	18	18	18	53
Campgrounds (48 acres)	1	1	1	1	1	1	1	1	1	1
Private golf courses (9 holes)	1	1	1	1	2	2	2	2	2	2
Public golf courses (18 holes) (7)	3	3	3	3	3	3	3	3	3	3
National historic attractions	10	10	10	10	10	10	10	10	10	10
Public beaches/waterfront parks (48 acres)	2	2	2	2	2	2	2	2	2	2
Public swimming pools	2	2	5	5	5	5	5	5	5	5
Public fishing lakes	2	2	2	3	3	3	3	3	3	3
Public boat ramps	3	3	4	4	4	4	4	4	4	4

COUNTY OF STAFFORD, VIRGINIA

Table S-20

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CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2014 - 2023

(unaudited) (1)

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Parks, recreation and cultural (cont.)										
Skateboard parks	2	2	2	2	2	2	2	2	2	2
Senior citizens centers	1	1	1	1	1	1	1	1	1	1
Gymnastics training centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	4	4	4	4	4	4	4	3
Community development										
Libraries (5)	2	2	2	2	2	2	2	2	2	2

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

(2) County owned facilities only. FY2016 amount restated for FY2017 CAFR and thereafter. FY2014 and FY2015 amounts restated to exclude rental facilities for FY2018 ACFR and thereafter.

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

(4) Regional parks & regional acreage was added to County parks & County acreage in fiscal year 2010.

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

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

(7) The number of playgrounds, athletic fields and tennis courts were updated in FY18. Numbers were provided by County and Schools.

Source: Various Stafford County Departments



Working To Be The Best Local Government In Virginia

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

**INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the County of Stafford, Virginia (County), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

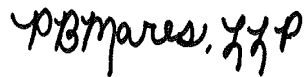
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "P. B. Mares, LLP". The signature is written in a cursive, stylized font.

Harrisonburg, Virginia
December 12, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Stafford, Virginia's (County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2023. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBmares, LLP

Harrisonburg, Virginia
December 12, 2023

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Recipient State Agency/Program Title			
	<u>ALN</u>	<u>Pass-through Agency Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Social Services			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	0010113-90103	\$ 1,388,292
		0010113-90223	
		0040113-90104	
		0040113-90224	
Total SNAP Cluster			<u>\$ 1,388,292</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,388,292</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments:			
Department of Social Services			
Social Services Block Grant	93.667	1000113-90648	454,993
		1000113-90335	
		1000113-90340	
		1000113-90123	
		1000113-90124	
		1000113-90240	
		1000113-90242	
		1000113-90243	
		1000113-90244	
		1000113-90245	
		1000113-90246	
		1000113-90262	
		1000113-90351	
		1000113-90379	
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596	0760113-90116	126,070
		0760113-90117	
		0760113-90118	
		0760113-90236	
		0760113-90237	
		0760113-90238	
		0760113-90529	
Child Care & Development Fund	93.575	773121 - 90785	<u>1,309</u>
Total Child Care Cluster			<u>127,379</u>
Stephanie Tubbs Jones			
Child Welfare Services Program	93.645	0900113-90251	933
Chafee Education and Training Vouchers Program	93.599	9160119 - 90353	335

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (continued)			
Pass Through Payments:			
Department of Social Services			
Temporary Assistance for Needy Families	93.558	0400113-90109 0400113-90110 0400113-90111 0400113-90112 0400113-90127 0400113-90229 0400113-90230 0400113-90231 0400113-90232 0400113-90247 0400113-90249 0400113-90365 0400113-90377	\$ 536,614
Promoting Safe and Stable Families Program	93.556	950113-91129	11,298
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113-90623 0500113-90113 0500113-90233	150,809
Low-Income Home Energy Assistance	93.568	0600413-90114 0600413-90115 0600413-90234 0600413-90235	101,603
Foster Care Title IV-E	93.658	1100113-90639 1100113-90658 1100113-90105 1100113-90106 1100113-90147 1100113-90225 1100113-90226 1100113-90227 1100113-90253 1100113-90258 1100113-90267 1100113-90268	488,157
Adoption Assistance	93.659	1120113-90606 1120113-90607 1120113-90228	601,292
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150113-90254 9150113-90356	4,594
Children's Health Insurance Program	93.767	0540113-90102 0540113-90222	6,317
Medical Assistance Program (Medicaid; Title XIX)	93.778	1200113-90101 1200113-90146 1200113-90221 1200112-90266	728,040
Total Medical Assistance Program (Medicaid; Title XIX) Cluster			<u>728,040</u>
Guardianship Assistance	93.090	Not Provided	338
Title IV-E Prevention Program	93.472	Not Provided	34,167
Elder Abuse Prevention Intervention Program	93.747	Not Provided	<u>15,322</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,262,191</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency	
		<u>Identifying Number</u>	<u>Expenditures</u>
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 67,913
Equitable Sharing Program	16.922		109,312
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710		362,016
Pass Through Payments:			
Dept of Criminal Justice Services			
Crime Victim Assistance	16.575	21-X9564VW19-VICT	131,717
State Criminal Alien Assistance Program	16.606	15PBJA-20RR-00503-SCAA	15,374
	16.606	15PBJA-21RR-05117-SCAA	29,885
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>716,217</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Highway Administration			
Highway Planning and Construction	20.205		<u>1,900,401</u>
Pass Through Payments:			
Department of Motor Vehicles			
State and Community Highway Safety (Section 402)	20.600	FSC-2022-52216-22216	19,572
Selective Enforcement - Occupant Protection	20.600	FOP-2022-52227-22227	4,321
Total Highway Safety Cluster			<u>23,893</u>
Selective Enforcement - Alcohol	20.607	154AL-2022-52203-22203	13,673
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,937,967</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments:			
Department of Emergency Management			
Emergency Management Performance Grant	97.042	2010-EP-EO-0039	49,164
Homeland Security Grant Program	97.067	EMW-2021-SS-00034	16,280
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	179-99179-00	1,084,433
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>1,149,877</u>
U.S. DEPARTMENT OF TREASURY			
Direct Payments:			
COVID-19 American Rescue Plan Act - Coronavirus			
State & Local Fiscal Recovery Funds (SLFRF)	21.027		6,697,812
Local Assistance and Tribal Consistency	21.032		50,000
TOTAL U.S. DEPARTMENT OF TREASURY			<u>6,747,812</u>
GRAND TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 15,202,356</u>

See notes to the schedule of expenditures of federal awards

COUNTY OF STAFFORD, VIRGINIA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Note 1. Significant Accounting Policies

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule" of SEFA) includes the federal award activity of Stafford County under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Stafford County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Stafford County.

Federal Financial Assistance – The Single Audit Act Amendments of 1996 (Public Law 104-156) and the Uniform Guidance define federal financial assistance as grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations or other assistance. Nonmonetary deferral assistance including food commodities is considered federal assistance and, therefore, is reported on the Schedule. Federal financial assistance does not include direct federal cash assistance to individuals.

Direct Payments – Assistance received directly from the Federal government is classified as direct payments on the SEFA.

Pass Through Payments – Assistance received in a pass through relationship from entities other than the Federal government is classified as pass through payments on the SEFA.

Major Programs – The Single Audit Act Amendments of 1996 and the Uniform Guidance establish the criteria to be used in defining major programs. Major programs for the County were determined using a risk-based approach in accordance with the requirements of Uniform Guidance.

Assistance Listing Number – Assistance Listing Number is a catalog of numbers to reference federal awards and their program titles. A searchable copy of the Assistance Listing and a PDF version are available through the Internet on the GSA home page (<https://beta.sam.gov>). Note that if the Assistance Listing indicates under a program entry (Post Assistance Requirements – Audit) that audit is "Not Applicable" or the program is not subject to 2 CFR Part 200 (**Note:** Some Assistance Listing entries still may refer to OMB Circular A-133), the auditee should contact the federal agency single audit office/official indicated in Appendix III of the Supplement.

Note 1. Significant Accounting Policies (Continued)

Cluster of Programs – Closely related programs that share common compliance requirements are grouped into clusters of programs. A cluster of programs is considered as one federal program for determining major programs.

Component Unit, Stafford County Public Schools has a separate Single Audit. They issue a separate set of financial statements which includes an audit of Federal awards.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

Stafford County has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS Year Ended June 30, 2023

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:

Material weakness(es) identified?

_____ Yes √ No

Significant deficiency(ies) identified?

_____ Yes √ None Reported

Noncompliance material to financial statements noted?

_____ Yes √ No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

_____ Yes √ No

Significant deficiency(ies) identified?

_____ Yes √ None Reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?

_____ Yes √ No

Identification of major federal programs:

Federal Assistance
Listing Number

Name of Federal Program or Cluster

20.205

Highway Planning and Construction

21.027

COVID-19 American Rescue Plan Act – Coronavirus State & Local Fiscal Recovery Funds

97.036

Disaster Grants – Public Assistance (Presidentially Declared Disasters)

Dollar threshold used to distinguish between type A and type B programs:

\$750,000

Auditee qualified as low-risk auditee?

√ Yes _____ No

Section II. FINANCIAL STATEMENT FINDINGS

None.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None.



Board of Supervisors

Dr. Pamela Yeung, Chairman
Thomas Coen, Vice Chairman
Tinesha Allen
Meg Bohmke
Darrell English
Monica Gary
Crystal L. Vanuch

Randal E. Vosburg
County Administrator

County of Stafford, Virginia

Summary Schedule of Prior Audit Findings
Year ended June 30, 2023

Not applicable