



# FY2022

## ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2022

Sustainable Actions  
**Strategy-Focused**



**STAFFORD**  
*Virginia*

## Stafford County, Virginia

Randal E. Vosburg, County Administrator  
Jonathon C. Munch, Chief Financial Officer  
Alan R. (Randy) Helwig, Controller  
Irasela Madonia, Assistant Controller

Department of Finance  
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*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, 2022**

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## Board of Supervisors

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

Randal E. Vosburg  
County Administrator

December 14, 2022

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) 2022 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, 2022, 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, 2022. 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 160,337 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. Germanna will also expand cybersecurity, IT, general education and dual enrollment 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 1<sup>st</sup>. 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 30<sup>th</sup>, 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 2019 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, 2022 unassigned fund balance in the General Fund was \$40.7 million or 12.9% 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 2022. 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 2022-2031 CIP totaled \$1,101.4 million with \$420.6 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, capital leases, grants and General Fund revenues will fund the projects. The bond portion of the projects totaled \$540,327,146 - \$77,368,012 for County projects, \$381,057,918 for school projects and \$81,901,216 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 2022 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 2022. 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 capital lease funded purchases include that (1) capital lease 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 & Tourism is dedicated to the continued improvement of Stafford County's community and economic status and to market the County as a premier business location and travel destination 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, business attraction, and tourism continue to enhance the County's position as economic opportunities. In the midst of the COVID-19 pandemic and during FY2022, Stafford County saw both significant business stress and new economic growth. Purposeful economic development planning and marketing has led to Stafford now being recognized as a place for new distribution and technology firms (with a focus on drones, cyber, and smart communities). We have continued to foster private investment that has resulted in the leasing of 450,000 SF by Fed Ex and the expansion of firms into properties development by Merritt Properties. The Peterson Companies have continued to invest and are near completion of a 630,000 SF facility to serve as an Amazon Cross-Dock facility and continue to develop the balance of the NOVA Gateway Project.

Stafford's Cyber and IT Targeted Industry has become another major economic development opportunity. Our partnership with the Virginia Center for Innovative Technology and a private firm, OST, Inc., has grown and we celebrated the first anniversary of the Virginia Smart Community Testbed (Testbed) in Stafford in FY2022. The Testbed has been a source of new technology and technology-based business interests for Stafford. As we have completed a number of "Pilot Projects" that have provided for monitoring flooding in Stafford, and the deployment Smart Lighting and Connectivity Demonstration. Stafford is becoming recognized around the globe for its leadership in this technology-and attracting international business that wish to start their US operations in Stafford.

The Testbed and an associated business accelerator program financed by Go Virginia grants and the Stafford Economic Development Authority (EDA) are becoming key elements of Stafford's economic development strategy based on new technology entrepreneurship. These programs will further the advancement of what has been called "Downtown Stafford" an area around the historic Stafford Courthouse and government center in Stafford's Comprehensive planned envisioned as a pedestrian-friendly community center with both retail and cultural facilities. In 2021, the County entered into an agreement with Jarrell Properties, Inc. That will be the first development in this Plan, called Fountain Park.

Investment in Stafford by the private sector continued in FY2022 and is expected to continue. Investments in logistics and distribution as well as "flex" industrial space continues by companies such as The Peterson Companies, Merritt Properties, Matan, Northpoint, and Flint Development. It is anticipated that these investments and others will generate approximately \$8M of new real estate and business personal property taxes annually in five years and will create over 2,000 new jobs.



According to the Virginia Employment Commission, Stafford's unemployment rate in June 2022 was 2.8%, while the State of Virginia and national rates were 3% and 3.8% respectively. There are more than 3,000 businesses located in Stafford, employing more than 49,857 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 June 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 tourism marketing. Tourism is a key component of "place making," which will encourage new programs for the Department of Economic Development & Tourism. 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.

Stafford Utilities improved 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. Stafford has also partnered with Comcast to apply for a 2023 VATI grant to bring broadband to remaining unserved residents.

Stafford received two National Association of Counties Achievement Awards: one for the Stafford Cares program to help raise awareness of mental health and to assist restaurants and need families; and one for the color-coded wayfinding system at the Government Campus, designed to help visitors navigate more effectively. The Stafford Cares program also won a Virginia Association of Counties Achievement Award.

Stafford completed its first Community Survey to poll the community's priorities for Stafford County.

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 completed its redistricting efforts in the wake of the completion of the 2020 Census and the release of the new population numbers and work done by the state on redistricting.

Stafford debuted AskBlu, a chatbot, app and text request to expand customer service offerings. The County also launched Blu's News, a monthly newsletter for residents.

Stafford County has debuted its new Public Records Online Portal on the Stafford website. The portal allows users to access minutes, proclamations, resolutions and conditional use permits. Minutes are available back to 1870-as this is an ongoing effort by the County to increase transparency and streamline resident efforts to find information.

Stafford County Fire and Rescue earned an improved rating from the Insurance Services Office (ISO). This rating assesses a community's fire protection efforts, potentially lowering insurance costs for residents and businesses.

### **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, 2020. This was the County's fortieth 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-six years, including the 2022 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 FY2022, please refer to the Management's Discussion and Analysis, located in the Financial Section of this document.



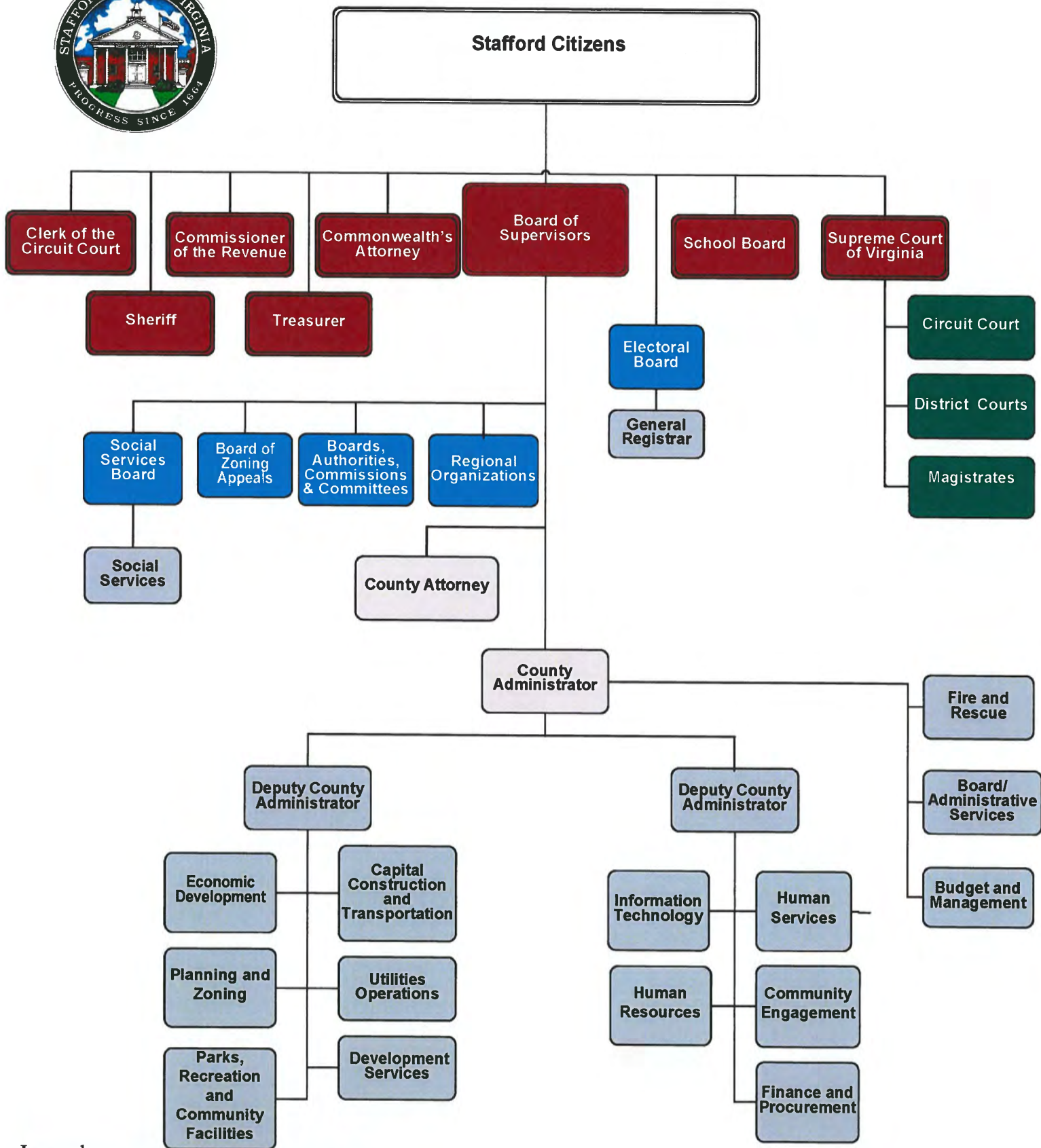
#### ACKNOWLEDGEMENTS

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

# COUNTY OF STAFFORD, VIRGINIA



## Legend

Elected Officials/Constitutional Officers

Courts

Appointed by the Board of Supervisors

Boards and Commissions

Agencies and Departments

COUNTY OF STAFFORD, VIRGINIA

PRINCIPAL OFFICIALS

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**BOARD OF SUPERVISORS**

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

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**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
Andrea M Light	Director of Budget and Management
Christopher Edwards	Director of Public Utilities and Public Works
Jeffrey A. Harvey	Director of Planning and Community Development
Joseph A. Cardello	Fire Chief
Michael J. Muse	Director of Social Services
Michael Q. Cannon	Director of Information Technology
Jonathon C. Munch	Chief Financial Officer
Brion L. Southall	Director of Parks, Recreation and Community Facilities
Andrew L. Spence	Director of Community Engagement
Shannon L. Wagner	Director of Human Resources



Government Finance Officers Association

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

Presented to

**Stafford County  
Virginia**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*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, 2022, 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, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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

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

#### ***Other Matter***

The financial statements of the County, as of and for the year ended June 30, 2021, were audited by other auditors, whose report dated February 11, 2022, expressed an unmodified opinion.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 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 22-31 and 121-137, 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 auditing standards generally accepted in the United States of America. 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 14, 2022 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.

*pbmres. LLP*

Harrisonburg, Virginia  
December 14, 2022

## 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, 2022. 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 \$342.7 million at June 30, 2022, which represents an increase of \$42.7 million or 14.2 percent from the prior year.
- The total cost of the County's governmental programs decreased 0.5 percent to \$354.1 million during fiscal year 2022, while the County's total revenues increased by 1.2 percent to \$371.2 million.
- At June 30, 2022, the County had \$439.1 million of debt outstanding, including \$257.4 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 \$126.9 million.
- The total cost of the County's business-type activities decreased 3.0 percent to \$47.8 million, while related revenues increased 13.1 percent to \$73.4 million, contributing to an increase in net position of business-type activities of \$25.4 million during fiscal year 2022.
- The County's total long-term liabilities, which includes pension and OPEB benefit obligations, decreased by \$64.1 million or 9.6 percent during FY2022.
- The County's governmental funds reported combined fund balance of \$162.4 million as of June 30, 2022, up \$1.5 million or 1.0 percent from the prior year.
- The County's unassigned General Fund balance as of June 30, 2022 was \$43.1 million in accordance with County policy.
- While the County's general fund revenues were shy of the budget by \$5.8 million, expenditures were \$25.6 million below budget prior to transfers, helping to provide additional resources for future appropriation.



**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 \$342.7 million at the close of fiscal year 2022. By far, the largest portion of the County's net position (\$505.2 million) reflects its net investment in capital assets net of depreciation (e.g., land, buildings, vehicles, distribution and collections systems, 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).

\$81.2 million of the County's net position represents resources that are subject to external restrictions on how they may be used. These restrictions include debt service, construction and maintenance, grants and federal drug enforcement constraints.

Another significant point to note regarding school assets and their related debt is that in the Commonwealth of Virginia, school boards do not have taxing authority, and thus, cannot issue general obligation debt; however, they hold title to the assets acquired through debt issued by their respective primary governments. They are custodians of the assets and maintain the property. Therefore, the County reports a significant liability for debt related to school property and equipment. The \$126.9 million governmental net position deficit is primarily due to \$257.4 million for school property and equipment for which the County does not report the related capital asset.

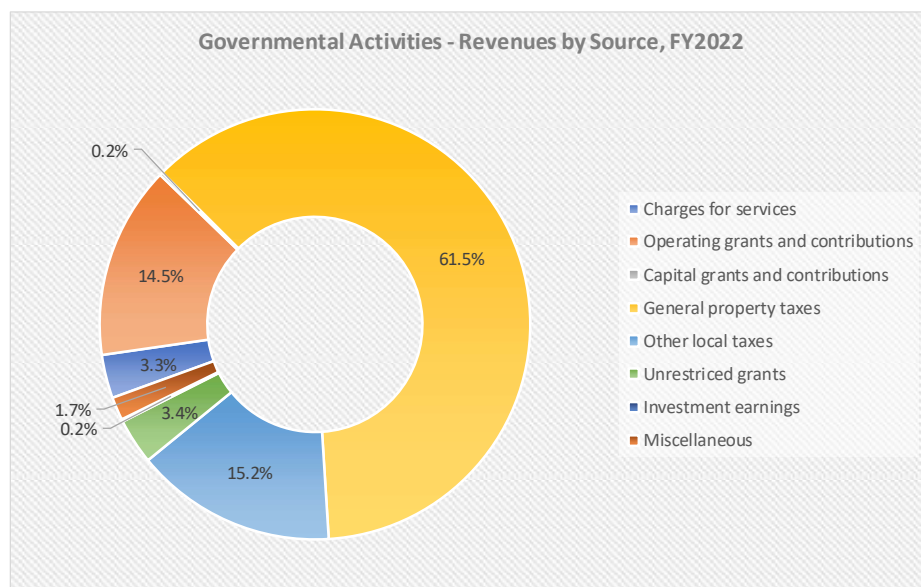
The net \$25.4 million increase in business-type activities net position is largely due to capital contributions in the form of donated infrastructure and developer contributions.

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, 2022 and 2021																
	Primary Government						Component Units									
	Governmental Activities		Business-Type Activities		Total											
	2022	2021	2022	2021	2022	2021	2022	2021								
Assets:																
Current and other assets	\$	285.7	\$	279.5	\$	123.2	\$	114.5	\$	408.9	\$	394.0	\$	118.7	\$	105.5
Capital assets, net		228.6		234.6		468.7		457.1		697.3		691.7		453.1		459.8
Total assets		514.3		514.1		591.9		571.6		1,106.2		1,085.7		571.8		565.3
Total deferred outflows of resources		56.6		45.7		11.3		10.6		67.9		56.3		144.0		135.6
Liabilities:																
Current liabilities		146.0		144.3		15.8		15.3		161.8		159.6		58.3		51.9
Long-term liabilities		492.9		543.7		107.7		121.0		600.6		664.7		438.9		535.7
Total liabilities		638.9		688.0		123.5		136.3		762.4		824.3		497.2		587.6
Total deferred inflows of resources		58.9		16.0		10.1		1.7		69.0		17.7		158.5		61.8
Net position:																
Net investment in capital assets		122.8		112.2		382.4		366.2		505.2		478.4		440.0		447.8
Restricted		63.1		50.4		18.1		10.0		81.2		60.4		33.6		13.2
Unrestricted		(312.8)		(306.8)		69.1		68.0		(243.7)		(238.8)		(413.5)		(409.5)
Total net position	\$	(126.9)	\$	(144.2)	\$	469.6	\$	444.2	\$	342.7	\$	300.0	\$	60.1	\$	51.5

## Statement of Activities

The increase in net position attributable to the County's governmental activities totaled \$17.3 million for fiscal year 2022. Generally, the change in net position is the difference between revenues and expenses. For fiscal year 2022, governmental revenues were \$371.2 million and expenses were \$354.1 million. A summary of key elements follows:



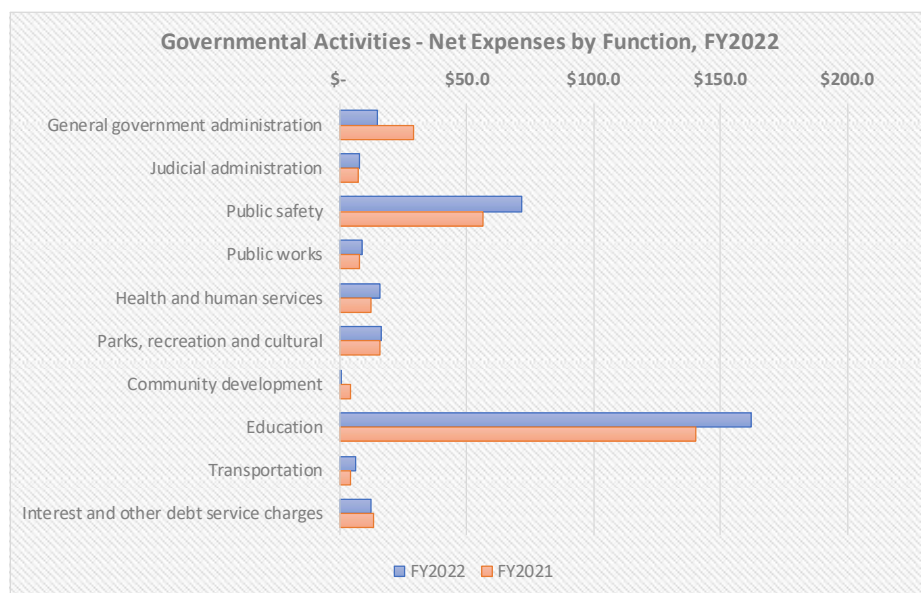
- General revenues increased with general property taxes up \$26.1 million, and other local taxes up \$5.2 million with assessed values of both real and personal property rising significantly, and strong sales tax revenue.

- Operating grants and contributions were lower than the prior year by \$29.0 million due to the phasing out of CARES Act funding.

- Investment earnings decreased \$0.6 million.

- Expenses for governmental activities recorded a net decrease of \$1.9 million compared to the prior year mainly due

to phasing out of increased spending levels resulting from the CARES Act, as well as the County's commitment to maintain adequate reserves, manifested in the County and Schools consistently underspending approved budgets.



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 \$25.4 million for fiscal year 2022. 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 exceeded operating expenses for fiscal year 2022, resulting in an operating income of \$2.6 million, primarily due to increases in charges for services of \$2.7 million, coupled with decreases in personnel costs of \$1.0 million which reversed increases from the prior year to more normal levels. The net position increase was primarily due to an increase in capital assets, including an increase in donated capital assets from fiscal year 2021. The following is a summary of relevant financial results for fiscal year 2022:

- Charges for services totaled \$48.4 million, which were \$2.7 million more than the prior fiscal year. This increase includes additional service to new customers.

- Availability and pro-rata fees totaled \$9.2 million which is down \$0.1 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 \$18.1 million, an \$8.7 million increase compared to the prior year, as post-pandemic development intensified.
- Expenses and transfers totaled \$48.0 million, a net \$0.9 million decrease from the prior year. This is due mostly to personnel expense, which decreased \$1.1 million; the balance of the overall change is comprised of slight increases to contractual services, utilities, telecommunications and internal services, and depreciation and amortization coupled with slight decreases in materials and supplies and miscellaneous expenses as compared to the 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, 2022 and 2021									
	Primary Government						Component Units		
	Governmental Activities		Business-Type Activities		Total				
	2022	2021	2022	2021	2022	2021	2022	2021	
Program revenues:									
Charges for services	\$ 12.8	\$ 12.0	\$ 48.4	\$ 45.7	\$ 61.2	\$ 57.7	\$ 15.6	\$ 10.3	
Operating grants and contributions	24.2	53.2	-	-	24.2	53.2	109.1	93.0	
Capital grants and contributions	1.4	0.9	27.2	18.7	28.6	19.6	26.0	8.9	
General revenues:									
General property taxes	251.6	225.5	-	-	251.6	225.5	-	-	
Other local taxes	60.8	55.6	-	-	60.8	55.6	43.2	36.0	
Unrestricted grants	12.5	12.5	-	-	12.5	12.5	233.0	225.5	
Investment earnings	0.1	0.7	(1.3)	0.2	(1.2)	0.9	-	-	
Miscellaneous	7.8	6.3	(0.9)	0.3	6.9	6.6	0.5	0.5	
Total revenues	371.2	366.7	73.4	64.9	444.6	431.6	427.4	374.2	
Expenses:									
General government	21.2	48.2	-	-	21.2	48.2	-	-	
Judicial administration	10.7	10.1	-	-	10.7	10.1	-	-	
Public safety	88.4	83.0	-	-	88.4	83.0	-	-	
Public works	8.7	8.6	-	-	8.7	8.6	-	-	
Health and human services	20.8	23.1	-	-	20.8	23.1	-	-	
Parks, recreation and cultural	17.7	16.2	-	-	17.7	16.2	-	-	
Community development	5.2	8.3	-	-	5.2	8.3	0.3	2.3	
Appropriation to schools	161.9	140.2	-	-	161.9	140.2	418.5	406.2	
Transportation	7.4	5.3	-	-	7.4	5.3	-	-	
Interest	12.1	13.0	-	-	12.1	13.0	-	-	
Water and sewer	-	-	47.8	49.3	47.8	49.3	-	-	
Total expenses	354.1	356.0	47.8	49.3	401.9	405.3	418.8	408.5	
Excess before transfers	17.1	10.7	25.6	15.6	42.7	26.3	8.6	(34.3)	
Transfers	0.2	(0.4)	(0.2)	0.4	-	-	-	-	
Change in net position	17.3	10.3	25.4	16.0	42.7	26.3	8.6	(34.3)	
Net position (deficit), beginning	(144.2)	(154.5)	444.2	428.2	300.0	273.7	51.5	85.8	
Net position (deficit), ending	\$ (126.9)	\$ (144.2)	\$ 469.6	\$ 444.2	\$ 342.7	\$ 300.0	\$ 60.1	\$ 51.5	

## Financial Analysis of the County's Funds

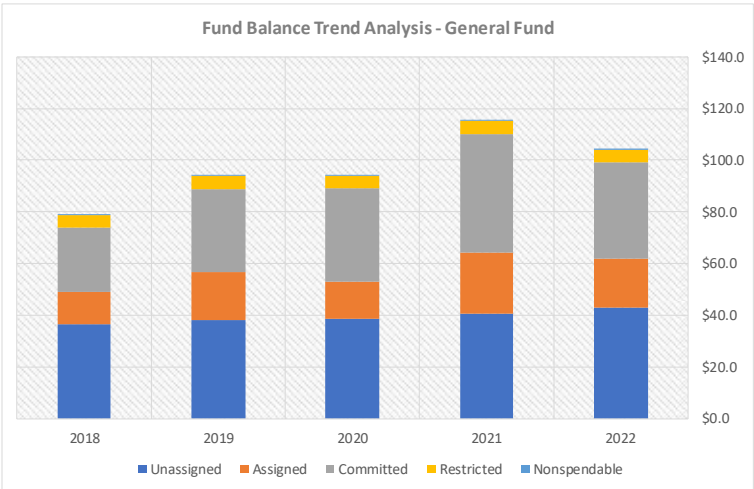
As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**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 \$162.4 million, an increase of \$1.5 million in comparison with the prior year.

Of the \$162.4 million, \$63.1 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 2022 was \$43.1 million. The Fund Balance section of Note 1, Summary of Significant Accounting Policies, presents details of the County’s governmental fund balance classification.

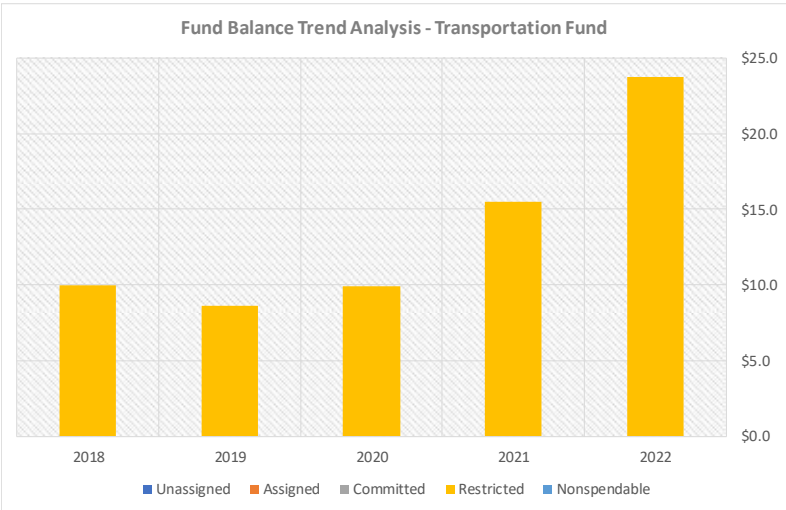


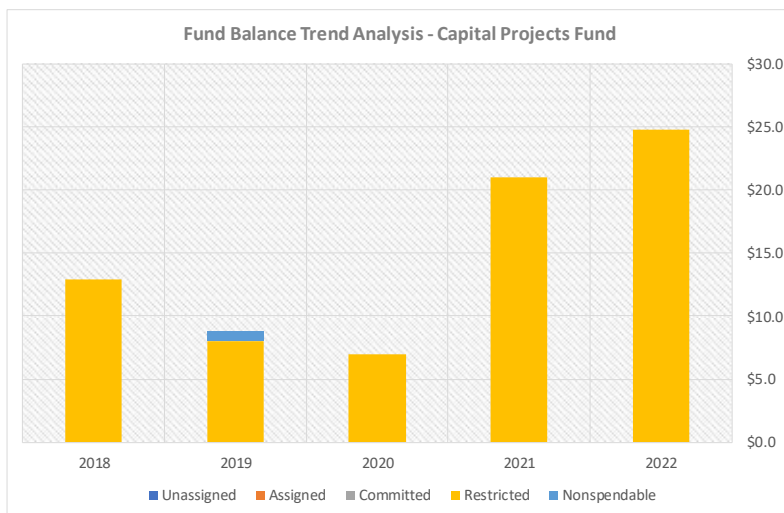
The General Fund is the primary operating fund of the County. The total fund balance of the County’s General Fund decreased \$11.3 million during fiscal year 2022. This was due to primarily to \$31.3 million of transfers from the general fund to the capital projects and transportation funds in support of large capital improvement projects, while still maintaining management’s conservative budgeting, commitment to maintain unassigned fund balance at or above stated policy levels, frequent analysis of revenue collection and expenditure patterns, and underspending by Schools and County departments. Of the \$104.1 million General Fund balance, \$142.6 thousand is nonspendable made up mostly of inventory; \$0.9 million is restricted for grant-funded programs, \$0.2 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 \$43.1 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 \$23.7 million, an increase of \$8.3 million compared to the prior year. Of the \$23.7 million, \$22.4 million is restricted for transportation projects and \$1.3 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.

Total fund balance for the General Capital Projects Fund at year end was \$24.8 million. This is an increase of \$3.8 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.



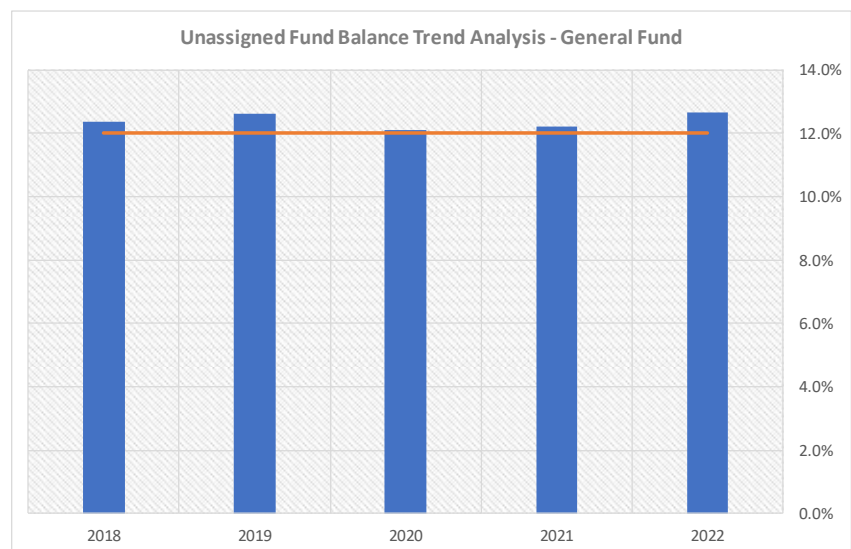


The County also has fourteen non-major governmental funds. In total, fund balance is \$9.8 million, an increase of \$ 0.8 million compared to prior year. Of the \$9.8 million, \$9.6 million is restricted for contractual obligations related to each fund's purpose.

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 2018 through 2022.

**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 \$25.4 million during fiscal year 2022. Capital assets, net of depreciation increased \$11.2 million, while long-term liabilities decreased \$13.8 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 \$8.7 million was due to increases in operating grants and contributions as well as increases in local sales tax revenue. Unlike the prior year, total expenses were exceeded by total revenues in FY2022. 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 \$0.1 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

Budget amendments for expenditures resulted in an increase of \$37.4 million between the original budget and the final budget. Major budget amendments included in this amount:

- \$10.9 million for grant funding relate to ARPA and other grants
- \$ 9.0 million related to commitments for ongoing operating and capital improvements
- \$ 8.2 million related to Schools' operations and construction projects
- \$ 3.4 million in re-appropriated encumbrances
- \$ 2.4 million for the Transportation Fund
- \$ 2.0 million in re-appropriated ARPA grant funds
- \$ 1.5 million for public safety



General Fund revenues decreased \$8.8 million from the prior year. While general property taxes increased \$13.8 million driven by new construction and increases in real estate and personal property tax collections, intergovernmental revenue experienced a sharp decline of \$29.0 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 \$9.4 million compared to the prior year. The following table compares general fund revenues and expenditures for fiscal year 2022 with the previous fiscal year, and illustrates the factors that contributed to the net increase include:

- Increase in education expenditures of \$9.2 million;
- Increase in public safety expenditures of \$5.7 million;
- Increase in parks, recreation and cultural expenditures of \$1.3 million;
- Increase in judicial administration expenditures of \$0.7 million;
- Increase in community development of \$ 3.6 million;
- Decrease in debt service expenditures of \$1.4 million;
- Decrease in health and human services expenditures of \$2.4 million;
- Decrease in community development expenditures of \$3.2 million;
- Decreased debt service of \$0.5 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.

General Fund					
Current Year and Prior Year Comparison of Revenues and Expenditures					
(\$ in millions)					
	FY2022		FY2021		Increase (Decrease)
<b><u>Revenues:</u></b>					
General property taxes	\$	243.5	\$	229.7	\$ 13.8
Other local taxes		52.3		48.7	3.6
Licenses and permits		5.8		5.5	0.3
Use of money and property		-		0.6	(0.6)
Charges for services		7.0		5.8	1.2
Other		8.1		6.2	1.9
Intergovernmental		36.6		65.6	(29.0)
Total revenues	\$	353.3	\$	362.1	\$ (8.8)
<b><u>Expenditures:</u></b>					
General government administration	\$	19.3	\$	19.4	\$ (0.1)
Judicial administration		10.1		9.4	0.7
Public safety		77.9		72.2	5.7
Public works		5.4		5.5	(0.1)
Health and human services		19.6		22.0	(2.4)
Parks, recreation and cultural		13.3		12.0	1.3
Community development		3.8		7.0	(3.2)
Education		139.4		130.2	9.2
Capital outlay		5.0		5.3	(0.3)
Debt service		42.0		43.4	(1.4)
Total expenditures	\$	335.8	\$	326.4	\$ 9.4

## Capital Asset and Debt Administration

**Capital assets:** The County's capital assets for its governmental and business-type activities as of June 30, 2022, total \$697.3 million, net of accumulated depreciation. This represents an increase of \$5.6 million over the prior year. The investment in capital assets includes land, buildings, distribution and collection systems, equipment, vehicles, construction in progress. Major capital asset acquisitions during the current fiscal year included the following:

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

The following tables summarize the balances of and changes in the County's capital assets for fiscal year 2022. 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, 2022 and 2021 (\$ in millions)				
	Total Primary Government		Component Units	
	FY2022	FY2021	FY2022	FY2021
Nondepreciable capital assets	\$ 117.8	\$ 105.7	\$ 48.9	\$ 54.8
Depreciable capital assets, net	579.5	586.0	404.2	405.0
Total capital assets, net	\$ 697.3	\$ 691.7	\$ 453.1	\$ 459.8

Summary of Capital Assets - Primary Government As of June 30, 2022 and 2021			
	Balance June 30, 2021	Net Changes	Balance June 30, 2022
Governmental Activities:			
Land	\$ 48.0	\$ -	\$ 48.0
Other intangible	5.2	-	5.2
Construction in progress	4.2	4.2	8.4
Nondepreciable capital assets	57.4	4.2	61.6
Land improvements	110.1	0.4	110.5
Buildings and building improvements	129.7	0.3	130.0
Furniture, fixtures, equipment, and other	69.0	0.7	69.7
Vehicles	36.8	1.8	38.6
Less: accumulated depreciation	(168.4)	(13.4)	(181.8)
Depreciable capital assets, net	177.2	(10.2)	167.0
Governmental activities capital assets	\$ 234.6	\$ (6.0)	\$ 228.6
Business-Type Activities:			
Land	\$ 19.0	\$ -	\$ 19.0
Other intangible	4.2	0.3	4.5
Construction in progress	25.1	7.6	32.7
Nondepreciable capital assets	48.3	7.9	56.2
Distribution and collection systems	620.1	18.5	638.6
Land improvements	0.7	-	0.7
Buildings and building improvements	4.3	-	4.3
Furniture, fixtures, equipment, and other	26.2	0.4	26.6
Vehicles	6.9	1.0	7.9
Less: accumulated depreciation	(249.4)	(16.2)	(265.6)
Depreciable capital assets, net	408.8	3.7	412.5
Business-Type activities capital assets	\$ 457.1	\$ 11.6	\$ 468.7

**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 \$470.6 million. Of this amount, \$314.4 million is general obligation debt (including premiums) backed by the full faith and credit of the County. The remainder of the County's debt is secured by specific revenue sources. County governmental activities had a net decrease in long-term liabilities (excluding compensated absences as well as OPEB and pension liabilities) of \$25.1 million during the fiscal year. Issuances for FY 2022 included \$10.4 million of general obligation bonds for school construction and renovation projects, with the remainder of the change being primarily attributable to reduction of principal through regular payment activity.

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 \$87.9 million at the end of the current fiscal year.

**Summary of Long-Term Liabilities - Primary Government**  
**As of June 30, 2022 and 2021**  
(\$ in millions)

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>	
	<b>FY2022</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2021</b>
General obligation bonds	\$ 288.7	\$ 300.5	\$ -	\$ -
Revenue bonds	-	-	65.7	62.8
VRA / other loans	61.3	67.1	16.4	23.0
Installment financing agreements	7.0	8.5	-	-
Bond premiums	25.7	26.6	5.8	7.2
Compensated absences	11.2	11.1	1.4	1.6
Pension and OPEB liabilities	132.7	165.4	23.5	31.5
Total long-term liabilities	<u>\$ 526.6</u>	<u>\$ 579.2</u>	<u>\$ 112.8</u>	<u>\$ 126.1</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

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.
- COVID 19 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.

COUNTY OF STAFFORD, VIRGINIA  
Statement of Net Position  
As of June 30, 2022

Exhibit 1  
Page 1 of 2

	Primary Government			Component Units	
	Governmental Activities	Business-Type Activities	Total	School Board	Stafford County EDA
<b>ASSETS</b>					
Current Assets:					
Cash, cash equivalents, and temporary cash investments	\$ 204,253,912	\$ 97,599,091	\$ 301,853,003	\$ 40,599,229	\$ 1,576,979
Receivables, net of allowance for uncollectibles	29,467,147	3,097,113	32,564,260	27,433,198	519,514
Unbilled receivables	-	3,186,986	3,186,986	-	-
Notes receivable - component unit	80,000	-	80,000	-	-
Due from primary government	-	-	-	28,496,270	-
Other assets	-	-	-	-	164
Inventory	2,519	1,219,208	1,221,727	800,605	-
Prepaid expenses	140,057	3,335	143,392	41,101	-
Total current assets	<u>233,943,635</u>	<u>105,105,733</u>	<u>339,049,368</u>	<u>97,370,403</u>	<u>2,096,657</u>
Noncurrent assets:					
Restricted cash and cash equivalents	40,035,991	17,900,108	57,936,099	17,888,918	-
Net pension asset	-	-	-	105,117	-
Lease receivable	252,229	183,947	436,176	-	-
Lease assets, net	1,621,360	6,103	1,627,463	674,950	-
Notes receivable - component unit	320,000	-	320,000	-	-
Investments	-	-	-	-	500,000
Investment in joint venture	9,515,732	-	9,515,732	-	-
Capital assets, net of accumulated depreciation:					
Land	48,017,628	19,040,443	67,058,071	39,695,598	-
Other intangible assets	5,181,767	4,380,449	9,562,216	-	-
Construction in progress	8,378,119	32,746,267	41,124,386	9,237,656	-
Non-depreciable capital assets	<u>61,577,514</u>	<u>56,167,159</u>	<u>117,744,673</u>	<u>48,933,254</u>	<u>-</u>
Land improvements	110,534,809	699,187	111,233,996	69,437,186	-
Buildings and building improvements	130,002,514	4,294,205	134,296,719	602,702,481	-
Distribution and collection systems	-	638,563,742	638,563,742	1,319,841	-
Furniture, fixtures and equipment	52,231,471	25,831,830	78,063,301	17,274,386	-
Software	8,158,632	240,638	8,399,270	4,357,274	-
Technology infrastructure	9,276,120	510,229	9,786,349	2,109,140	-
Vehicles	38,595,530	7,924,658	46,520,188	28,653,539	-
Accumulated depreciation	(181,755,666)	(265,551,604)	(447,307,270)	(321,680,209)	-
Depreciable capital assets	<u>167,043,410</u>	<u>412,512,885</u>	<u>579,556,295</u>	<u>404,173,638</u>	<u>-</u>
Total noncurrent assets	<u>280,366,236</u>	<u>486,770,202</u>	<u>767,136,438</u>	<u>471,775,877</u>	<u>500,000</u>
Total assets	<u>514,309,871</u>	<u>591,875,935</u>	<u>1,106,185,806</u>	<u>569,146,280</u>	<u>2,596,657</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred loss on refunding	2,795,608	2,133,883	4,929,491	-	-
Deferred outflows related to pensions	18,877,561	2,888,831	21,766,392	65,763,919	-
Deferred outflows related to OPEB	34,894,829	6,274,723	41,169,552	78,208,639	-
Total deferred outflows of resources	<u>56,567,998</u>	<u>11,297,437</u>	<u>67,865,435</u>	<u>143,972,558</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
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable	6,436,544	3,463,214	9,899,758	7,690,579	13,632
Accrued salaries and benefits	5,457,015	729,055	6,186,070	40,753,589	-
Accrued interest	5,367,048	749,351	6,116,399	-	-
Accrued insurance claims	1,040,498	88,858	1,129,356	6,911,951	-
Retainages payable	264,189	196,754	460,943	862,464	-
Other liabilities	1,634,284	35,709	1,669,993	-	-
Due to component unit	28,496,270	-	28,496,270	-	-
Deposits and escrows	31,124,577	5,426,487	36,551,064	-	-
Unearned revenues	30,767,032	-	30,767,032	509,736	-
Current portion of lease liabilities	325,797	-	325,797	-	-
Current portion of long-term debt	35,089,169	5,098,292	40,187,461	1,576,117	-
Total current liabilities	<u>146,002,423</u>	<u>15,787,720</u>	<u>161,790,143</u>	<u>58,304,436</u>	<u>13,632</u>
Noncurrent liabilities:					
Noncurrent portion of accrued insurance claims	-	-	-	411,002	-
Noncurrent portion of lease liabilities	1,311,791	-	1,311,791	-	-
Noncurrent portion of long-term debt	358,890,987	84,075,723	442,966,710	16,768,242	-
Net pension liability	12,053,140	1,844,490	13,897,630	151,708,002	-
Net other post employment benefits liability	120,631,473	21,747,236	142,378,709	269,969,015	-
Total noncurrent liabilities	<u>492,887,391</u>	<u>107,667,449</u>	<u>600,554,840</u>	<u>438,856,261</u>	<u>-</u>
Total liabilities	<u>638,889,814</u>	<u>123,455,169</u>	<u>762,344,983</u>	<u>497,160,697</u>	<u>13,632</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to leases	250,230	181,921	432,151	-	-
Deferred inflows related to pensions	22,748,259	3,481,164	26,229,423	113,814,079	-
Deferred inflows related to OPEB	35,897,272	6,461,954	42,359,226	44,677,501	-
Total deferred inflows of resources	<u>58,895,761</u>	<u>10,125,039</u>	<u>69,020,800</u>	<u>158,491,580</u>	<u>-</u>
<b>NET POSITION</b>					
Net investment in capital assets	122,829,491	382,433,699	505,263,190	439,951,509	-
Restricted	63,101,023	18,096,862	81,197,885	33,644,175	-
Unrestricted (deficit)	(312,838,220)	69,062,603	(243,775,617)	(416,129,123)	2,583,025
	<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>

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

Functions/Programs	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 21,223,795	\$ -	\$ 6,318,318	\$ -
Judicial administration	10,699,814	474,813	2,469,421	-
Public safety	88,434,169	8,649,083	8,225,261	-
Public works	8,725,238	10,048	29,286	-
Health and human services	20,793,282	14,450	5,077,636	-
Parks, recreation and cultural	17,727,822	1,202,001	80,586	-
Community development	5,217,704	2,463,497	2,010,514	-
Education				
School operating	135,555,869	-	-	-
School capital projects	26,301,836	-	-	-
Transportation	7,438,682	24,950	6,110	1,388,189
Interest and other debt service charges	12,079,135	-	-	-
Total Governmental Activities	354,197,346	12,838,842	24,217,132	1,388,189
Business-Type Activities:				
Water and sewer	47,772,015	48,429,192	-	27,244,338
Total Business-Type Activities	47,772,015	48,429,192	-	27,244,338
Total Primary Government	401,969,361	61,268,034	24,217,132	28,632,527
COMPONENT UNITS				
Stafford County School Board	418,403,608	15,648,441	109,092,280	25,995,144
Stafford County Economic Development Authority	310,558	32,090	-	-
Total component units	\$ 418,714,166	\$ 15,680,531	\$ 109,092,280	\$ 25,995,144
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
\$ (14,905,477)	\$ -	\$ (14,905,477)	\$ -	\$ -
(7,755,580)	-	(7,755,580)	-	-
(71,559,825)	-	(71,559,825)	-	-
(8,685,904)	-	(8,685,904)	-	-
(15,701,196)	-	(15,701,196)	-	-
(16,445,235)	-	(16,445,235)	-	-
(743,693)	-	(743,693)	-	-
(135,555,869)	-	(135,555,869)	-	-
(26,301,836)	-	(26,301,836)	-	-
(6,019,433)	-	(6,019,433)	-	-
(12,079,135)	-	(12,079,135)	-	-
(315,753,183)	-	(315,753,183)	-	-
-	27,901,515	27,901,515		
-	27,901,515	27,901,515		
(315,753,183)	27,901,515	(287,851,668)		
			(267,667,743)	-
			-	(278,468)
\$ -	\$ -	\$ -	\$ (267,667,743)	\$ (278,468)
\$ 251,579,000	\$ -	\$ 251,579,000	\$ -	\$ -
22,709,674	-	22,709,674	43,157,962	-
4,712,489	-	4,712,489	-	-
6,008,104	-	6,008,104	-	-
83,968	-	83,968	-	-
613,011	-	613,011	-	-
8,475,589	-	8,475,589	-	-
2,213,264	-	2,213,264	-	-
13,208,651	-	13,208,651	-	-
750,916	-	750,916	-	-
132,317	-	132,317	-	-
290,927	-	290,927	-	-
1,613,462	-	1,613,462	-	-
-	-	-	97,176,900	-
12,542,261	-	12,542,261	135,555,869	155,977
59,711	(1,339,487)	(1,279,776)	13,441	14,739
(209,580)	(1,146,635)	(1,356,215)	67,890	-
8,044,058	186,642	8,230,700	424,324	-
180,985	(180,985)	-	-	-
333,008,807	(2,480,465)	330,528,342	276,396,386	170,716
17,255,624	25,421,050	42,676,674	8,728,643	(107,752)
(144,163,330)	444,172,114	300,008,784	48,737,918	2,690,777
\$ (126,907,706)	\$ 469,593,164	\$ 342,685,458	\$ 57,466,561	\$ 2,583,025

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

		Special Revenue	Capital Projects		
	General Fund	Transportation Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in pooled cash and investments	\$ 156,351,443	\$ 16,468,596	\$ 23,597,389	\$ 7,836,484	\$ 204,253,912
Restricted assets:					
Restricted cash	27,869,187	-	68,138	2,239,002	30,176,327
Cash with fiscal agents	2,914,106	5,164,533	1,781,025	-	9,859,664
Receivables, net of allowances:					
Accounts receivable	4,286,435	1,237,830	-	298,097	5,822,362
Property taxes receivable	15,456,250	-	-	28,507	15,484,757
Intergovernmental receivables	6,906,831	1,076,181	-	177,016	8,160,028
Lease receivable	252,229	-	-	-	252,229
Inventory	2,519	-	-	-	2,519
Prepaid expenditures	140,057	-	-	-	140,057
Total assets	<u>\$ 214,179,057</u>	<u>\$ 23,947,140</u>	<u>\$ 25,446,552</u>	<u>\$ 10,579,106</u>	<u>\$ 274,151,855</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 5,560,104	\$ 171,966	\$ 589,952	\$ 114,522	\$ 6,436,544
Accrued salaries and benefits	5,416,134	21,927	2,552	16,402	5,457,015
Retainages payable	17,223	9,967	39,891	197,108	264,189
Other liabilities	1,634,284	-	-	-	1,634,284
Due to component unit	28,496,270	-	-	-	28,496,270
Deposits and escrows	30,848,318	-	-	276,259	31,124,577
Unearned revenues	30,579,728	-	-	187,304	30,767,032
Total liabilities	<u>102,552,061</u>	<u>203,860</u>	<u>632,395</u>	<u>791,595</u>	<u>104,179,911</u>
<b>DEFERRED INFLOWS</b>					
Unavailable revenue - property taxes	7,290,161	-	-	27,907	7,318,068
Deferred inflows related to leases	250,230	-	-	-	250,230
Total deferred inflows	<u>7,540,391</u>	<u>-</u>	<u>-</u>	<u>27,907</u>	<u>7,568,298</u>
<b>FUND BALANCES</b>					
Nonspendable	142,576	-	-	-	142,576
Restricted	4,963,123	23,743,280	24,814,157	9,580,463	63,101,023
Committed	37,303,657	-	-	179,141	37,482,798
Assigned	18,542,059	-	-	-	18,542,059
Unassigned	43,135,190	-	-	-	43,135,190
Total fund balances	<u>104,086,605</u>	<u>23,743,280</u>	<u>24,814,157</u>	<u>9,759,604</u>	<u>162,403,646</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 214,179,057</u>	<u>\$ 23,947,140</u>	<u>\$ 25,446,552</u>	<u>\$ 10,579,106</u>	<u>\$ 274,151,855</u>



**COUNTY OF STAFFORD, VIRGINIA****Exhibit 4**

Reconciliation of the Balance Sheet of Governmental Funds  
to the Statement of Net Position  
As of June 30, 2022

Total fund balances - governmental funds	\$	162,403,646
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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	410,376,590	
Less: Accumulated depreciation	<u>(181,755,666)</u>	
Net capital assets		228,620,924

Certain amounts were not available to fund current expenditures of governmental funds, and therefore, were not reported as revenue		7,318,068
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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	9,515,732	
Lease assets, net	1,621,360	
Note receivable - component units	<u>400,000</u>	
Total other assets		11,537,092

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

General obligation bonds	(288,711,856)	
Bond premiums	(25,720,048)	
VRA loans	(61,332,320)	
Installment financing agreements	(6,988,223)	
Lease liabilities	(1,637,588)	
Net deferred outflows and inflows related to pensions	(3,870,698)	
Net pension liability	(12,053,140)	
Net deferred outflows and inflows related to other postemployment benefits	(1,002,443)	
Net other postemployment benefits liability	(120,631,473)	
Compensated absences	(11,227,709)	
Loss on refunding	2,795,608	
Accrued insurance claims	(1,040,498)	
Accrued interest	<u>(5,367,048)</u>	
		<u>(536,787,436)</u>

Net position (deficit) of governmental activities	\$	<u><u>(126,907,706)</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, 2022

		Special Revenue	Capital Projects		
	General Fund	Transportation Fund	General Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
General property taxes	\$ 243,495,223	\$ -	\$ -	\$ 792,269	\$ 244,287,492
Other local taxes	52,273,157	4,712,489	-	3,826,726	60,812,372
Permits, privilege fees, and regulatory licenses	5,011,491	-	-	-	5,011,491
Fines and forfeitures	775,400	-	-	-	775,400
Use of money and property	(33,642)	9,330	62,496	21,527	59,711
Charges for services	7,051,951	-	-	-	7,051,951
Intergovernmental	36,614,239	1,089,170	-	444,173	38,147,582
Miscellaneous revenue	8,101,458	-	-	22,600	8,124,058
Total revenues	<u>353,289,277</u>	<u>5,810,989</u>	<u>62,496</u>	<u>5,107,295</u>	<u>364,270,057</u>
<b>EXPENDITURES</b>					
Current:					
General government administration	19,306,020	-	58,372	-	19,364,392
Judicial administration	10,065,641	-	198,712	25,517	10,289,870
Public safety	77,885,779	-	735,846	111,526	78,733,151
Public works	5,366,424	-	358,459	-	5,724,883
Health and human services	19,617,287	-	-	-	19,617,287
Parks, recreation and cultural	13,306,835	-	4,966	39,471	13,351,272
Community development	3,793,881	-	-	979,009	4,772,890
Education					
School operating	135,555,869	-	-	-	135,555,869
School capital projects	3,859,292	-	22,442,544	-	26,301,836
Transportation	-	4,332,833	-	251,169	4,584,002
Capital outlay	5,015,078	718,571	6,494,395	183,135	12,411,179
Debt service:					
Principal retirement	28,284,964	815,684	-	310,000	29,410,648
Interest and other fiscal charges	13,743,071	506,579	-	168,047	14,417,697
Bond issuance costs	-	-	6,537	-	6,537
Total expenditures	<u>335,800,141</u>	<u>6,373,667</u>	<u>30,299,831</u>	<u>2,067,874</u>	<u>374,541,513</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>17,489,136</u>	<u>(562,678)</u>	<u>(30,237,335)</u>	<u>3,039,421</u>	<u>(10,271,456)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,214,460	8,822,060	22,447,177	237,500	32,721,197
Transfers out	(30,037,177)	-	-	(2,503,035)	(32,540,212)
Issuance of debt:					
Issuance of new bonds	-	-	10,420,000	-	10,420,000
Premiums (discounts) on bonds	-	-	1,202,398	-	1,202,398
Total other financing sources (uses)	<u>(28,822,717)</u>	<u>8,822,060</u>	<u>34,069,575</u>	<u>(2,265,535)</u>	<u>11,803,383</u>
Net change in fund balances	(11,333,581)	8,259,382	3,832,240	773,886	1,531,927
Fund balances, beginning	115,420,186	15,483,898	20,981,917	8,985,718	160,871,719
Fund balances, ending	<u>\$ 104,086,605</u>	<u>\$ 23,743,280</u>	<u>\$ 24,814,157</u>	<u>\$ 9,759,604</u>	<u>\$ 162,403,646</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, 2022

Net change in fund balances - total governmental funds	\$	1,531,927
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	11,320,585	
Loss on sale of capital assets	(209,580)	
Less depreciation expense	<u>(17,121,116)</u>	
Net decrease in carrying value of capital assets		(6,010,111)
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in governmental funds		7,291,508
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	774,353	
Change in note receivable - component units	<u>(80,000)</u>	
		694,353
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	-	
General obligation bonds	(10,420,000)	
Principal repayments:		
General obligation bonds	22,160,176	
Literary loans	216,143	
VRA loans	5,573,424	
Installment financing agreements	1,460,905	
Lease liabilities	<u>350,284</u>	
		19,340,932
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	411,911	
Compensated absences	(137,936)	
Accrued insurance claims	(107,791)	
Deferred loss on refunding	(182,171)	
Amortization of premium on refunding	918,446	
Amortization of lease assets	(366,512)	
Change in net pension liability and related deferred inflows and outflows	2,581,752	
Change in net OPEB liability and related deferred inflows and outflows	<u>(8,710,684)</u>	
		<u>(5,592,985)</u>
Change in net position of governmental activities	\$	<u>17,255,624</u>

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

COUNTY OF STAFFORD, VIRGINIA  
Statement of Net Position  
Proprietary Funds  
As of June 30, 2022

Exhibit 7

	<b>Water and Sewer Enterprise Fund</b>
<b>ASSETS</b>	
Current assets:	
Equity in pooled cash and investments	\$ 97,599,091
Receivables, net of allowances:	
Accounts receivable	3,097,113
Unbilled receivables	3,186,986
Inventory	1,219,208
Prepaid expenses	3,335
Total current assets	<u>105,105,733</u>
Noncurrent assets:	
Restricted assets:	
Restricted cash	17,900,108
Lease receivable	183,947
Lease assets, net	6,103
Capital assets:	
Non-depreciable capital assets	56,167,159
Depreciable capital assets, net	412,512,885
Total capital assets	<u>468,680,044</u>
Total noncurrent assets	<u>486,770,202</u>
Total assets	<u>591,875,935</u>
<b>DEFERRED OUTFLOWS</b>	
Deferred loss on refunding	2,133,883
Deferred outflows related to pensions	2,888,831
Deferred outflows related to OPEB	6,274,723
Total deferred outflows	<u>11,297,437</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	3,463,214
Accrued salaries and benefits	729,055
Accrued interest	749,351
Accrued insurance claims	88,858
Retainages payable	196,754
Other liabilities	35,709
Deposits and escrows	5,426,487
Current portion of long-term debt	5,098,292
Total current liabilities	<u>15,787,720</u>
Noncurrent liabilities:	
Noncurrent portion of long-term debt	84,075,723
Net pension liability	1,844,490
Net OPEB liability	21,747,236
Total noncurrent liabilities	<u>107,667,449</u>
Total liabilities	<u>123,455,169</u>
<b>DEFERRED INFLOWS</b>	
Deferred inflows related to leases	181,921
Deferred inflows related to pensions	3,481,164
Deferred inflows related to OPEB	6,461,954
Total deferred inflows	<u>10,125,039</u>
<b>NET POSITION</b>	
Net investment in capital assets	382,433,699
Restricted	18,096,862
Unrestricted	69,062,603
Total net position	<u>\$ 469,593,164</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, 2022

	<b>Water and Sewer Enterprise Fund</b>
<b>OPERATING REVENUES</b>	
Charges for services	\$ 48,429,192
Miscellaneous	186,642
Total operating revenues	<u>48,615,834</u>
<b>OPERATING EXPENSES:</b>	
Personnel services	14,656,682
Contractual services	4,118,405
Materials and supplies	5,837,563
Utilities	2,058,931
Telecommunication and internal services	2,464,655
Depreciation	16,208,465
Amortization	156,926
Miscellaneous	467,937
Total operating expenses	<u>45,969,564</u>
Operating income	<u>2,646,270</u>
<b>NONOPERATING REVENUES (EXPENSES):</b>	
Interest and investment revenues	(1,339,487)
Interest expense	(3,011,887)
Amortization of bond discount	1,397,527
Amortization of loss on refunding	(103,349)
Bond issuance costs	(84,742)
Gain/(loss) on disposal of capital assets	(1,146,635)
Total nonoperating expenses, net	<u>(4,288,573)</u>
Net income/(loss) before capital contributions and transfers	(1,642,303)
<b>CAPITAL AND OTHER CONTRIBUTIONS:</b>	
Donated capital assets	18,064,725
Availability fees	6,961,098
Prorata fees	2,218,515
Total capital and other contributions	<u>27,244,338</u>
<b>TRANSFERS:</b>	
Transfers out	(180,985)
Net transfers	<u>(180,985)</u>
Change in net position	25,421,050
Net position, beginning	444,172,114
Net position, ending	<u>\$ 469,593,164</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, 2022

Exhibit 9

	<b>Water and Sewer Enterprise Fund</b>
<b>Cash flows from operating activities:</b>	
Receipts from customers	\$ 48,795,398
Other receipts	184,616
Payments to suppliers	(14,252,464)
Payments to employees	(14,967,080)
Other disbursements	(467,937)
Net cash provided by operating activities	<u>19,292,533</u>
<b>Cash flows from non-capital financing activities:</b>	
Transfer out	(180,985)
Net cash used in noncapital financing activities	<u>(180,985)</u>
<b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(11,059,970)
Proceeds from issuance of debt	5,180,000
Principal paid on bonds	(9,014,226)
Interest payments on bonds	(3,078,796)
Costs of issuance of debt	(84,742)
Availability fees and prorata fees received	9,179,613
Net cash used in capital and related financing activities	<u>(8,878,121)</u>
<b>Cash flows from investing activities:</b>	
Interest and dividends on investments	(1,387,339)
Net cash used in investing activities	<u>(1,387,339)</u>
Net increase in cash and cash equivalents	8,846,088
Cash and cash equivalents, beginning of year	106,653,111
Cash and cash equivalents, end of year	<u>\$ 115,499,199</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 2,646,270
Depreciation expense	16,208,465
Amortization expense	156,926
Changes in assets and liabilities:	
Decrease in accounts receivable	475,498
Increase in lease receivable	(183,947)
Increase in unbilled receivables	(109,292)
Increase in inventory	(129,309)
Increase in accounts payable	832,671
Increase in accrued salaries and benefits	59,183
Increase in accrued insurance claims	16,591
Decrease in retainages payable	(742,093)
Decrease in due to component unit	(14,455)
Increase in deposits and escrows	280,276
Decrease in compensated absences	(197,864)
Increase in lease related liabilities and deferrals	181,921
Decrease in pension related liabilities and deferrals	(404,788)
Increase in OPEB related liabilities and deferrals	216,480
Total adjustments	<u>16,646,263</u>
Net cash provided by operating activities	<u>\$ 19,292,533</u>
<b>Supplemental disclosure of noncash capital and related financing activities:</b>	
Loss on the disposal of capital assets	\$ (1,146,635)
Donated capital assets	\$ 18,064,725
Amortization of bond premium	\$ 1,397,527
Amortization of loss on refundings	\$ 66,909

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, 2022

**Exhibit 10**

	<u>Custodial Funds</u>	<u>Postemployment Benefits Trust</u>
<b>ASSETS</b>		
Current assets:		
Cash and short-term investments	\$ 8,518,119	\$ 13,149,633
Investments	8,977,229	-
Receivables:		
Property taxes	5,117,835	-
Accounts	998,000	-
Lease assets, net	10,961	-
Other assets	14,229,560	-
Total assets	<u>37,851,704</u>	<u>13,149,633</u>
<b>DEFERRED OUTFLOWS</b>		
Deferred outflows related to pensions	550,230	-
Deferred outflows related to OPEB	844,499	-
Total deferred outflows	<u>1,394,729</u>	<u>-</u>
<b>LIABILITIES</b>		
Accounts payable	220,305	-
Accrued salaries and benefits	279,808	-
Lease liabilities	10,293	-
Other liabilities	12,872,159	-
Total liabilities	<u>13,382,565</u>	<u>-</u>
Deferred inflows related to pensions	663,051	-
Deferred inflows related to OPEB	867,472	-
Total deferred inflows	<u>1,530,523</u>	<u>-</u>
<b>NET POSITION</b>		
Restricted for:		
Postemployment benefits other than pensions	-	13,149,633
Individuals, organizations, and other governments	24,333,345	-
Total net position	<u>\$ 24,333,345</u>	<u>\$ 13,149,633</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, 2022

	<u>Custodial Funds</u>	<u>Postemployment Benefits Trust</u>
<b>ADDITIONS</b>		
Contributions and collections	\$ 14,533,429	\$ -
Investment earnings (losses)	<u>-</u>	<u>(1,337,817)</u>
Net investment activity	<u>-</u>	<u>(1,337,817)</u>
Total additions	<u>14,533,429</u>	<u>(1,337,817)</u>
<b>DEDUCTIONS</b>		
Administration	-	15,616
Payments to bondholders and operating expenses	<u>12,962,745</u>	<u>-</u>
Total deductions	<u>12,962,745</u>	<u>15,616</u>
Change in net position	1,570,684	(1,353,433)
Net position, beginning	<u>22,762,661</u>	<u>14,503,066</u>
Net position, ending	<u>\$ 24,333,345</u>	<u>\$ 13,149,633</u>

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



**COUNTY OF STAFFORD, VIRGINIA**  
**Notes to Financial Statements**  
**June 30, 2022**

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

**Narrative Profile**

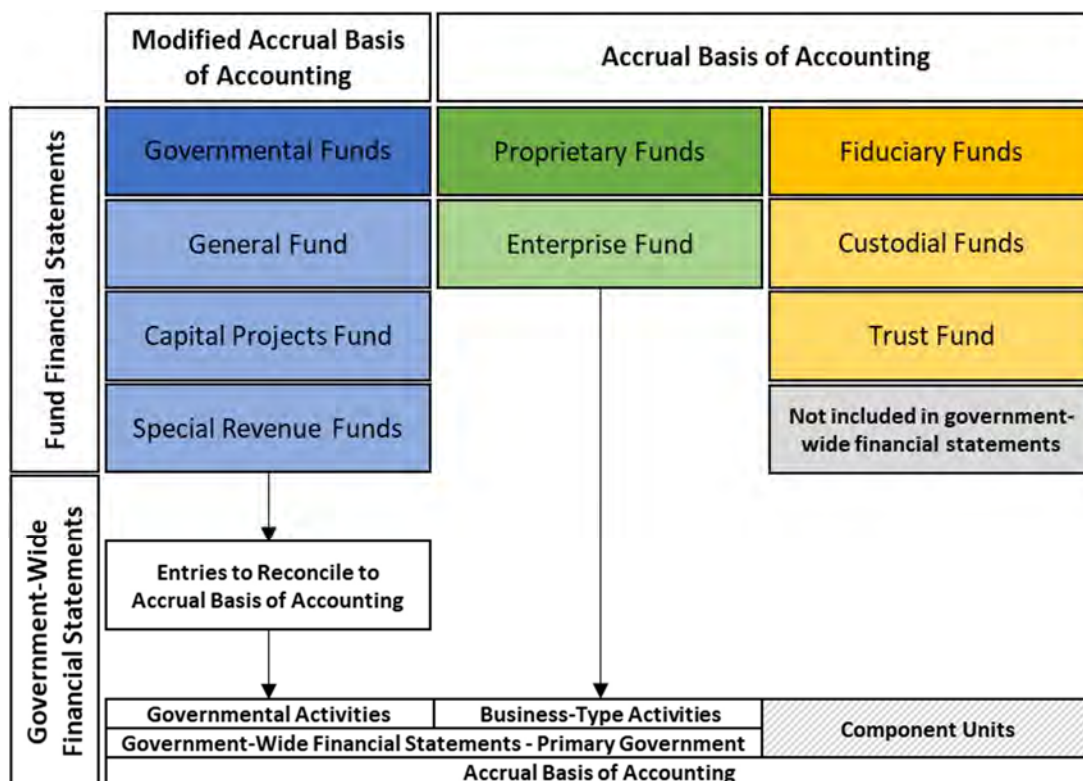
The County of Stafford, Virginia (County) is located in northeastern Virginia, approximately 40 miles south of Washington, DC, and 55 miles north of Richmond, Virginia. It was founded in 1664 and was named for Staffordshire, England. It encompasses 277 square miles and has a population of 156,927.

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>

**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:

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

Stafford County Economic Development Authority  
Attention: John Holden, 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.

The following is a brief description of the specific funds used by the County in fiscal year 2022.

**(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:

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

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.

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.

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

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 position 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 meet 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 2022 fiscal year and changes in actuarial 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 position 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.

### **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)	

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

**Component Unit – School Board**

School Operating Fund  
School Nutrition Fund  
School Grant Fund

Workers' Compensation Fund  
Health Benefits 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 2022.
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 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.

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

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, for the fund financial statements the purchase method is used.

**I. CAPITAL ASSETS**

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

	<u>Primary Government</u> <u>Governmental Activities</u>	<u>Component Unit – School Board</u> <u>Governmental Activities</u>
Land improvements	20 years	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

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>Water and Sewer</u> <u>Fund</u>	<u>Component Unit – School Board</u> <u>Fleet Services</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.



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

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.

### **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 \$126.9 million net position deficit in governmental activities in the government-wide Statement of Net Position, \$257.4 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.

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

- 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.

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 2022.

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.

Fund Balance Classification for Governmental Funds:

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

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor</u>	<u>Total</u>
<b>Nonspendable</b>					
Prepays	\$ 140,057	\$ -	\$ -	\$ -	\$ 140,057
Inventory	2,519	-	-	-	2,519
<b>Restricted</b>					
Grant expenditures	924,304	-	-	-	924,304
Expenses utilizing appropriations	174,084	-	-	-	174,084
Drug enforcement	-	-	-	274,091	274,091
Claims fluctuation reserve	2,914,106	-	-	-	2,914,106
Court fees	266,788	-	-	-	266,788
Tourism	683,841	-	-	1,228,773	1,912,614
Armed Services Memorial	-	-	-	21,852	21,852
Hidden Lake	-	-	-	77,903	77,903
Capital projects	-	23,743,280	24,814,157	7,977,844	56,535,281
<b>Committed</b>					
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	9,595,590	-	-	-	9,595,590
Purchase of development rights	1,535,044	-	-	-	1,535,044
Health insurance	2,914,311	-	-	-	2,914,311
Road improvements	1,000,000	-	-	-	1,000,000
Land	1,000,000	-	-	-	1,000,000
Revenue stabilization reserve	7,189,199	-	-	-	7,189,199
School capital project reserve	6,360,407	-	-	-	6,360,407
Courthouse reserve	4,209,107	-	-	-	4,209,107
<b>Assigned</b>					
Expenditures on prior appropriations	3,322,308	-	-	-	3,322,308
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	3,008,971	-	-	-	3,008,971
Fire and rescue volunteer reserve for capital needs	809,639	-	-	-	809,639
Future operations	5,676,286	-	-	-	5,676,286
One-Time Capital	3,318,527	-	-	-	3,318,527
County Projects	65,911	-	-	-	65,911
<b>Unassigned</b>	43,135,190	-	-	-	43,135,190
<b>Total</b>	<u>\$ 104,086,605</u>	<u>\$ 23,743,280</u>	<u>\$ 24,814,157</u>	<u>\$ 9,759,604</u>	<u>\$ 162,403,646</u>

**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.

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

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.

#### ***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.

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

### **S. RECLASSIFICATIONS**

Comparative total data for the prior year have been presented in selected sections of the accompanying financial statements in order to provide an understanding of the changes in the government's financial position and operations. Certain amounts in the prior year data have been reclassified in order to be consistent with the current year's presentation.

### **T. RESTATEMENTS**

Due to the implementation of GASB Statement No. 87, *Leases*, the County's governmental fund, proprietary fund, and government-wide financial statements were evaluated for restatements resulting from the impact of the new standard. However, the overall impact was determined to be minimal, and therefore, the County has chosen not to restate its beginning balances as of July 1, 2021.

### **U. GASB STATEMENTS**

During fiscal year 2022, the County implemented GASB Statement No. 87, *Leases*. The objectives of this Statement are to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. There was no material impact.

During fiscal year 2022, the County implemented Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with conduit debt. There was no material impact.

During fiscal year 2022, the County implemented GASB Statement No. 92, *Omnibus 2020*. 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. There was no material impact.

During fiscal year 2022, the County implemented GASB Statement No. 93, *Replacement of Interbank Offered Rates*. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an IBOR. There was no material impact.

During fiscal year 2022, the County implemented GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. The objective of this statement is to improve the relevance, consistency, and comparability, as well as to mitigate the costs, of accounting and financial reporting for various circumstances involving Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans). There was no material impact.

## **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 FY2021 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 \$3,145,922 as of June 30, 2022.

### **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.

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

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.

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

<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	\$ 54,287,470	\$ 54,287,470
Municipal Bonds	Fair Value	955,487	955,487
Corporate Notes and Bonds	Fair Value	12,092,963	12,092,963
Commercial Paper	Amortized Cost	1,025,633	-
Certificates of Deposit	Amortized Cost	2,896,994	-
Money Market Mutual Funds	Amortized Cost	260,984	-
LGIP	Amortized Cost	251,909,874	-
SNAP	Amortized Cost	1,936,072	-
Total		<u>\$ 325,365,476</u>	<u>\$ 67,335,920</u>
<b>Component Unit</b>			
LGIP	Amortized Cost	\$ 5,105,834	\$ -
Money Market Mutual Funds	Amortized Cost	-	-
SNAP	Amortized Cost	17,941,335	-
Total		<u>\$ 23,047,169</u>	<u>\$ -</u>
<b>Held in County's Name as Fiduciary</b>			
U.S. Agencies and Securities	Fair Value	\$ 5,456,080	\$ 5,456,080
Municipal Bonds	Fair Value	198,314	198,314
Corporate Notes and Bonds	Fair Value	614,780	614,780
Certificates of Deposit	Amortized Cost	1,919,818	-
Commercial Paper	Amortized Cost	762,009	-
Money Market Mutual Funds	Amortized Cost	26,228	-
Total		<u>\$ 8,977,229</u>	<u>\$ 6,269,175</u>

**(1) Custodial Credit Risk**

The County's investment securities at June 30, 2022 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, 2022 and the ratings are presented below using the Standard & Poor's or Moody's rating scale.

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

## Note 2. DEPOSITS AND INVESTMENTS (Continued)

<b>Primary Government</b>					
	<u>AAAm</u>	<u>A-1</u>	<u>AAA</u>	<u>AA</u>	<u>A</u>
U.S. Agencies	\$ -	\$ -	\$ 36,078,081	\$ 18,209,389	\$ -
Municipal Bonds	-	-	356,192	599,295	-
Corporate Notes and Bonds	-	-	4,996,500	7,096,462	-
Commercial Paper	-	1,025,633	-	-	-
Certificates of Deposits	-	2,896,994	-	-	-
Money Market Mutual Funds	260,984	-	-	-	-
LGIP	251,909,874	-	-	-	-
SNAP	1,936,072	-	-	-	-
<b>Total</b>	<b>\$ 254,106,930</b>	<b>\$ 3,922,627</b>	<b>\$ 41,430,773</b>	<b>\$ 25,905,146</b>	<b>\$ -</b>
<b>Component Unit - Stafford County Public Schools</b>					
LGIP	\$ 5,105,834	\$ -	\$ -	\$ -	\$ -
Money Market Mutual Funds	0	-	-	-	-
SNAP	17,941,335	-	-	-	-
<b>Total</b>	<b>\$ 23,047,169</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Held in County's Name as Fiduciary</b>					
U.S. Agencies and Securities	\$ -	\$ -	\$ 5,254,254	\$ 201,827	\$ -
Municipal Bonds	-	-	-	198,314	-
Corporate Notes and Bonds	-	-	102,780	512,001	-
Commercial Paper	-	762,009	-	-	-
Certificates of Deposit	-	1,919,818	-	-	-
Money Market Mutual Funds	26,228	-	-	-	-
<b>Total</b>	<b>\$ 26,228</b>	<b>\$ 2,681,827</b>	<b>\$ 5,357,033</b>	<b>\$ 912,141</b>	<b>\$ -</b>

As of June 30, 2022, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor's and/or Moody's. Ratings must comply with the investment policy prior to any purchase.

### (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, 2022, 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.

Investment Type	Fair Value		Investment Maturities (In Years)							
Primary Government			Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years				
U.S. Agencies and Securities	\$	54,287,470	\$	8,911,819	\$	42,307,335	\$	1,839,271	\$	1,229,046
Municipal Bonds		955,487		599,918		355,568		-		-
Corporate Notes and Bonds		12,092,963		2,119,312		9,973,651		-		-
Commercial Paper		1,025,633		1,025,633		-		-		-
Certificates of Deposit		2,896,994		2,896,994		-		-		-
Money Market Mutual Funds		260,984		260,984		-		-		-
LGIP		251,909,874		251,909,874		-		-		-
SNAP		1,936,072		1,936,072		-		-		-
Total	\$	325,365,476	\$	269,660,606	\$	52,636,554	\$	1,839,271	\$	1,229,046
Component Unit - Stafford County Public Schools										
LGIP	\$	5,105,834	\$	5,105,834	\$	-	\$	-	\$	-
Money Market Mutual Funds		-		-		-		-		-
SNAP		17,941,335		17,941,335		-		-		-
Total	\$	23,047,169	\$	23,047,169	\$	-	\$	-	\$	-
Held in County's Name as Fiduciary										
U.S. Agencies and Securities	\$	5,456,080	\$	1,040,143	\$	4,403,299	\$	12,638	\$	-
Municipal Bonds		198,314		198,314	\$	-		-		-
Corporate Notes and Bonds		614,780		105,158		509,623		-		-
Certificates of Deposit		1,919,818		1,919,818		-		-		-
Commercial Paper		762,009		762,009		-		-		-
Money Market Mutual Funds		26,228		26,228		-		-		-
Total	\$	8,977,229	\$	4,051,669	\$	4,912,921	\$	12,638	\$	-



**Note 2. DEPOSITS AND INVESTMENTS (Continued)****D. COUNTY AND COMPONENT UNIT'S OPEB FUNDS**

As of June 30, 2022, 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>\$13,149,633</u>	Not Rated

As of June 30, 2022, 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>\$36,804,983</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, 2022 consist of the following:

<u>Primary Government</u>	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Capital Projects Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Water and Sewer Fund</u>	<u>Total</u>
Property taxes	\$ 18,729,898	\$ -	\$ -	\$ 28,622	\$ -	\$ 18,758,520
Accounts	4,286,435	1,237,830	-	298,097	6,284,099	12,106,461
Intergovernmental	6,906,831	1,076,181	-	177,016	-	8,160,028
Gross receivables	29,923,164	2,314,011	-	503,735	6,284,099	39,025,009
Less: Allowance for uncollectible accounts	(3,273,648)	-	-	(115)	-	(3,273,763)
Net receivables	\$ 26,649,516	\$ 2,314,011	\$ -	\$ 503,620	\$ 6,284,099	\$ 35,751,246

<u>Component Units</u>	<u>Stafford County Public Schools</u>	<u>Stafford County EDA</u>	<u>Total</u>
Accounts	\$ 27,433,198	\$ 519,514	\$ 27,952,712
Due from primary government	28,496,270	-	28,496,270
	<u>\$ 55,929,468</u>	<u>\$ 519,514</u>	<u>\$ 56,448,982</u>

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, 2022:

**Note 4. CAPITAL ASSETS (Continued)**

	Balance June 30, 2021	Increases	Decreases	Reclasses	Balance June 30, 2022
Land	\$ 48,017,628	\$ -	\$ -	\$ -	\$ 48,017,628
Other intangible assets	5,180,397	1,370	-	-	5,181,767
Construction in progress	4,205,503	5,201,308	(169,451)	(859,241)	8,378,119
Total capital assets, nondepreciable	57,403,528	5,202,678	(169,451)	(859,241)	61,577,514
Land improvements	110,088,447	195,657	-	250,705	110,534,809
Building and building improvements	129,722,591	279,923	-	-	130,002,514
Furniture, fixtures and equipment	52,187,878	845,931	(1,397,374)	595,036	52,231,471
Software	8,107,332	37,800	-	13,500	8,158,632
Technology infrastructure	8,746,482	529,638	-	-	9,276,120
Vehicles	36,790,556	4,228,958	(2,423,984)	-	38,595,530
Total capital assets, depreciable	345,643,286	6,117,907	(3,821,358)	859,241	348,799,076
Less accumulated depreciation for:					
Land improvements	(32,565,429)	(5,121,618)	-	-	(37,687,047)
Building and building improvements	(53,812,538)	(4,093,270)	-	-	(57,905,808)
Furniture, fixtures and equipment	(43,694,094)	(3,643,014)	1,364,873	-	(45,972,235)
Software	(6,959,560)	(384,472)	-	-	(7,344,032)
Technology infrastructure	(7,557,758)	(812,494)	-	-	(8,370,252)
Vehicles	(23,826,400)	(3,066,248)	2,416,356	-	(24,476,292)
Total accumulated depreciation	(168,415,779)	(17,121,116)	3,781,229	-	(181,755,666)
Net depreciable capital assets	177,227,507	(11,003,209)	(40,129)	859,241	167,043,410
Total capital assets, governmental activities	\$ 234,631,035	\$ (5,800,531)	\$ (209,580)	\$ -	\$ 228,620,924
Depreciation charged to governmental functions:					
General government	\$	873,834			
Judicial administration		144,869			
Public safety		6,309,430			
Public works		3,328,409			
Health and human services		10,138			
Parks, recreation and cultural		3,773,791			
Community development		114,368			
Transportation		2,566,277			
Total		\$ 17,121,116			

The following is a summary of changes in capital assets for Primary Government's business-type activities for the fiscal year ended June 30, 2022:

**Note 4. CAPITAL ASSETS (Continued)**

	Balance June 30, 2021	Increases	Decreases	Reclasses	Balance June 30, 2022
Land	\$ 19,040,443	\$ -	\$ -	\$ -	\$ 19,040,443
Other intangible assets	4,162,012	218,437	-	-	4,380,449
Construction in progress	25,074,309	8,834,034	(1,162,076)	-	32,746,267
Total capital assets, nondepreciable	48,276,764	9,052,471	(1,162,076)	-	56,167,159
Land improvements	699,187	-	-	-	699,187
Building and building improvements	4,294,205	-	-	-	4,294,205
Distribution and collection systems	620,134,093	18,429,649	-	-	638,563,742
Furniture, fixtures and equipment	25,458,432	445,870	(72,472)	-	25,831,830
Software	240,638	-	-	-	240,638
Technology infrastructure	510,229	-	-	-	510,229
Vehicles	6,866,482	1,058,176	-	-	7,924,658
Total capital assets, depreciable	658,203,266	19,933,695	(72,472)	-	678,064,489
Less accumulated depreciation for:	-	-	-	-	-
Land improvements	(455,828)	(22,942)	-	-	(478,770)
Building and building improvements	(2,851,791)	(113,366)	-	-	(2,965,157)
Distribution and collection systems	(223,395,282)	(13,726,263)	-	-	(237,121,545)
Furniture, fixtures and equipment	(17,153,420)	(1,604,657)	63,414	-	(18,694,663)
Software	(240,638)	-	-	-	(240,638)
Technology infrastructure	(462,430)	(31,866)	-	-	(494,296)
Vehicles	(4,847,163)	(709,371)	-	-	(5,556,534)
Total accumulated depreciation	(249,406,552)	(16,208,465)	63,414	-	(265,551,603)
Net depreciable capital assets	408,796,714	3,725,230	(9,058)	-	412,512,886
Total capital assets, business-type activities	\$ 457,073,478	\$ 12,777,701	\$ (1,171,134)	\$ -	\$ 468,680,045

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, 2022:

**Note 4. CAPITAL ASSETS (Continued)**

	Balance June 30, 2021	Increases	Decreases	Reclasses	Balance June 30, 2022
Land	\$ 37,998,129	\$ 1,537,094	\$ -	\$ 160,375	\$ 39,695,598
Construction in progress	16,803,509	8,526,287	(78,108)	(16,014,032)	9,237,656
Total capital assets, nondepreciable	54,801,638	10,063,381	(78,108)	(15,853,657)	48,933,254
Land improvements	68,178,732	787,397	-	471,057	69,437,186
Buildings and building improvements	583,486,268	4,073,237	(176,000)	15,318,976	602,702,481
Furniture, fixtures and equipment	16,799,206	1,102,756	(627,576)	-	17,274,386
Vehicles	27,825,137	2,456,663	(1,628,261)	-	28,653,539
Software	2,137,891	15,906	(108,281)	63,624	2,109,140
Technology infrastructure	4,357,274	-	-	-	4,357,274
Water treatment system	1,319,841	-	-	-	1,319,841
Total capital assets, depreciable	704,104,349	8,435,959	(2,540,118)	15,853,657	725,853,847
Less accumulated depreciation for:					
Land improvements	(36,906,549)	(3,403,016)	-	-	(40,309,565)
Buildings and building improvements	(235,389,917)	(18,045,392)	176,000	-	(253,259,309)
Furniture, fixtures and equipment	(9,407,922)	(1,361,560)	546,409	-	(10,223,073)
Vehicles	(14,176,279)	(1,809,652)	1,598,972	-	(14,386,959)
Software	(1,050,343)	(102,381)	108,281	-	(1,044,443)
Technology infrastructure	(1,526,019)	(218,045)	-	-	(1,744,064)
Water treatment system	(647,093)	(65,703)	-	-	(712,796)
Total accumulated depreciation	(299,104,122)	(25,005,749)	2,429,662	-	(321,680,209)
Net depreciable capital assets	405,000,227	(16,569,790)	(110,456)	15,853,657	404,173,638
Total capital assets, school component unit	\$ 459,801,865	\$ (6,506,409)	\$ (188,564)	\$ -	\$ 453,106,892
Depreciation charged to governmental functions:					
Instruction		\$ 505,025			
Administration, attendance and health		159,973			
Pupil transportation		1,968,237			
Operation and maintenance		331,411			
Food and nutrition services		190,832			
Facilities		20,792,473			
Technology		1,057,798			
Total		\$ 25,005,749			

As of June 30, 2022, 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, 2022:

**Note 5. LONG-TERM LIABILITIES (Continued)**

	Amounts payable at June 30, 2021			Additions	Reductions	Amounts payable at June 30, 2022		Amounts Due within One Year
Bonds payable:								
General obligation bonds	\$	300,452,031	\$	10,420,000	\$ (22,160,176)	\$	288,711,855	\$ 21,895,183
Unamortized bond premiums		26,638,494		1,202,398	(2,120,844)		25,720,048	2,082,630
Bonds payable including premiums		327,090,525		11,622,398	(24,281,020)		314,431,903	23,977,813
Literary loans		216,143		-	(216,143)		-	-
VRA loans		66,905,745		-	(5,573,424)		61,332,321	5,710,416
Installment financing agreements		8,449,128		-	(1,460,905)		6,988,223	1,498,194
Net pension liability		32,516,341		-	(20,463,201)		12,053,140	-
Net OPEB liability		132,910,415		-	(12,278,942)		120,631,473	-
Compensated absences*		11,089,772		7,750,985	(7,613,048)		11,227,709	3,902,746
Governmental activities long-term liabilities	\$	579,178,069	\$	19,373,383	\$ (71,886,683)	\$	526,664,769	\$ 35,089,169

\* - 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:

<u>General Obligation Bonds</u>			<u>Revenue Bonds</u>		<u>Literary Loans</u>	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 21,895,183	\$ 10,724,352	\$ -	\$ -	\$ -	\$ -
2024	22,661,672	9,419,160	-	-	-	-
2025	22,955,000	8,294,436	-	-	-	-
2026	23,905,000	7,185,273	-	-	-	-
2027	24,330,000	6,137,243	-	-	-	-
2028-2032	112,905,000	16,171,518	-	-	-	-
2033-2037	48,925,000	4,019,320	-	-	-	-
2038-2042	11,135,000	483,136	-	-	-	-
	<u>\$288,711,855</u>	<u>\$ 62,434,438</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Installment Financings</u>			<u>VRA Loans</u>		<u>Total</u>	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,498,194	\$ 177,493	\$ 5,710,416	\$ 2,460,843	\$ 29,103,793	\$ 13,362,688
2024	1,536,476	139,211	4,217,686	2,222,689	28,415,834	11,781,060
2025	1,157,862	102,629	4,055,240	2,030,801	28,168,102	10,427,866
2026	881,535	74,842	4,178,084	1,842,189	28,964,619	9,102,304
2027	568,194	53,468	4,306,225	1,652,288	29,204,419	7,842,999
2028-2032	1,345,962	58,347	20,614,670	5,562,022	134,865,632	21,791,887
2033-2037	-	-	17,960,000	1,668,581	66,885,000	5,687,901
2038-2042	-	-	290,000	4,713	11,425,000	487,849
	<u>\$ 6,988,223</u>	<u>\$ 605,990</u>	<u>\$ 61,332,321</u>	<u>\$ 17,444,126</u>	<u>\$ 357,032,399</u>	<u>\$ 80,484,554</u>

**Note 5. LONG-TERM LIABILITIES (Continued)**

<b>General Obligation Bonds</b>	<b>Sale Date</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Borrowing</b>	<b>Principal Outstanding</b>
<i>Governmental Activities</i>					
County:					
Public Improvements	6/27/2013	7/1/2033	3.13%	\$ 24,075,000	\$ 14,455,000
Parks and Transportation	8/11/2015	8/1/2035	3.00% - 5.00%	10,315,000	7,210,000
Parks and Transportation	5/24/2017	12/30/2037	3.00% - 5.00%	12,060,000	9,640,000
<b>Total General Obligation - County</b>				<b>\$ 46,450,000</b>	<b>\$ 31,305,000</b>
Schools:					
Education Series 2002A	5/16/2002	7/15/2022	3.60% - 5.60%	\$ 2,685,000	\$ 130,000
Education Series 2002B	11/7/2002	7/15/2022	2.35% - 5.10%	1,815,000	90,000
Education Series 2003A	5/15/2003	7/15/2023	3.10% - 5.35%	6,905,000	690,000
Education Series 2003B	11/1/2003	7/15/2028	3.10% - 5.35%	54,070,000	22,475,000
Education Series 2003C	11/1/2003	7/15/2023	3.10% - 5.35%	5,494,768	636,855
Education Series 2004A	5/13/2004	7/15/2029	4.85% - 5.10%	8,470,000	3,930,000
Education Series 2004B	11/10/2004	7/15/2029	4.10% - 5.60%	9,700,000	4,430,000
Education Series 2005A	5/12/2005	7/15/2030	3.10% - 5.10%	17,895,000	9,025,000
Education Series 2005B	11/10/2005	7/15/2030	4.35% - 5.10%	9,810,000	4,955,000
Education Series 2006A	5/12/2006	7/15/2031	4.10% - 5.10%	41,035,000	22,435,000
Education Series 2006B	11/9/2006	7/15/2031	4.23% - 5.10%	6,310,000	3,400,000
Education Series 2007A	5/10/2007	7/15/2032	4.10% - 5.10%	13,620,000	8,015,000
Education Series 2007B	11/8/2007	7/15/2032	4.35% - 5.10%	10,600,000	6,285,000
Education Series 2008A	5/15/2008	7/15/2033	4.10% - 5.10%	11,500,000	7,275,000
Education Series 2008B	12/11/2008	7/15/2033	3.60% - 5.35%	1,700,000	1,080,000
Education Series 2010A	5/13/2010	7/15/2025	3.05% - 5.05%	5,740,000	1,895,000
VP SA Series 2010B (QSCB)	7/8/2010	6/1/2027	5.31%	1,305,000	400,000
Education Series 2010C	11/10/2010	7/15/2030	2.05% - 4.05%	2,305,000	1,230,000
Education Series 2011A	5/5/2011	7/15/2031	2.05% - 5.05%	5,625,000	3,450,000
Education Series 2011B	11/9/2011	7/15/2031	2.05% - 5.05%	9,845,000	5,785,000
VP SA Series 2012A	6/3/2012	10/1/2042	2.55% - 5.05%	11,860,000	6,820,000
Education Series 2012B	11/15/2012	7/15/2032	2.05% - 5.05%	16,220,000	10,070,000
Education Series 2013A	5/9/2013	7/15/2033	3.05% - 5.05%	13,820,000	9,500,000
Education Series 2013B	11/21/2013	7/15/2033	2.30% - 5.05%	12,575,000	8,765,000
VP SA Series 2014A	5/15/2014	7/15/2034	2.68% - 5.05%	16,380,000	11,320,000
Education Series 2014B	11/20/2014	7/15/2034	2.05% - 5.05%	15,250,000	10,940,000
Education Series 2015A	5/14/2015	7/15/2035	2.05% - 5.05%	6,870,000	5,425,000
Education Series 2015B	11/19/2015	7/15/2035	2.05% - 5.05%	18,910,000	14,920,000
Education Series 2016A	5/17/2016	7/15/2031	2.05% - 5.05%	1,720,000	1,270,000
Education Series 2016B	11/17/2016	7/15/2036	2.80% - 5.05%	8,480,000	7,045,000
Education Series 2017A	5/16/2017	7/15/2037	3.05% - 5.05%	10,370,000	8,965,000
Education Series 2017B	11/7/2017	7/15/2037	2.05% - 5.05%	7,585,000	6,630,000
Education Series 2018A	5/15/2018	7/15/2033	3.05% - 5.05%	8,625,000	7,355,000
Education Series 2018B	11/6/2018	7/15/2038	3.55% - 5.05%	6,970,000	6,365,000
Education Series 2019A	5/21/2019	7/15/2034	3.05% - 5.05%	5,130,000	4,440,000
Education Series 2019B	11/12/2019	7/15/2039	2.80% - 5.05%	6,070,000	5,735,000
Education Series 2020	11/10/2020	7/15/2040	2.05% - 5.05%	14,140,000	13,810,000
Education Series 2021B	11/9/2021	7/15/2041	1.93% - 5.05%	10,420,000	10,420,000
<b>Total General Obligation - Schools</b>				<b>\$ 417,824,768</b>	<b>\$ 257,406,855</b>

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)**

		<b>Governmental Activities</b>
Asset:		
Equipment	\$	12,449,561
Vehicles		9,570,211
Technology Infrastructure		1,890,000
Less: Accumulated depreciation		<u>(18,993,631)</u>
Total	\$	<u>4,916,141</u>

The County has moral obligation pledges as follows:

- \$1,044,890 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

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

**Note 5. LONG-TERM LIABILITIES (Continued)**

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, 2021			Additions	Reductions	Amounts payable at June 30, 2022		Amounts Due within One Year
Bonds payable:								
Revenue bonds	\$	67,725,000	\$	5,180,000	\$ (7,225,000)	\$	65,680,000	\$ 2,440,000
VRA loans		18,023,114		-	(1,685,878)		16,337,236	1,710,454
Unamortized bond premiums		7,156,542		-	(1,397,527)		5,759,015	417,499
Bonds payable including premiums		92,904,656		5,180,000	(10,308,405)		87,776,251	4,567,953
Net pension liability		4,993,021		-	(3,148,531)		1,844,490	-
Net OPEB liability		26,482,623		-	(4,735,387)		21,747,236	-
Compensated absences		1,595,628		952,094	(1,149,958)		1,397,764	530,339
Business-type activities long-term liabilities	\$	125,975,928	\$	6,132,094	\$ (19,342,281)	\$	112,765,741	\$ 5,098,292

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
2023	\$ 2,440,000	\$ 2,664,411	\$ 1,710,454	\$ 236,203	\$ 4,150,454	\$ 2,900,614
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
2028-2032	16,800,000	8,720,700	7,529,701	256,925	24,329,701	8,977,625
2033-2037	17,610,000	4,965,004	-	-	17,610,000	4,965,004
2038-2042	14,555,000	2,015,134	-	-	14,555,000	2,015,134
2043-2047	3,255,000	61,499	-	-	3,255,000	61,499
	<u>\$ 65,680,000</u>	<u>\$ 27,815,577</u>	<u>\$ 16,337,236</u>	<u>\$ 1,182,672</u>	<u>\$ 82,017,236</u>	<u>\$ 28,998,249</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:



**Note 5. LONG-TERM LIABILITIES (Continued)**

<b>Loans / Revenue Bonds</b>	<b>Sale Date</b>	<b>Final Maturity</b>	<b>Interest Rates</b>	<b>Original Borrowing</b>	<b>Principal Outstanding</b>
<i>Business-Type Activities</i>					
Water & Sewer Series 2012A	6/3/2012	10/2/2022	3.43% - 5.13%	\$ 53,355,000	\$ 1,235,000
Water & Sewer Series 2014A	6/27/2014	10/1/2035	3.12% - 4.83%	16,010,000	11,830,000
Water & Sewer Series 2015D	11/4/2015	10/1/2035	3.22%	8,620,000	6,800,000
Water & Sewer Series 2016C	11/2/2016	10/1/2042	2.12% - 5.13%	41,140,000	40,635,000
Water & Sewer Series 2021C	11/17/2021	10/1/2042	0.53% - 2.98%	5,180,000	5,180,000
<b>Total Revenue Bonds</b>				<b>\$ 124,305,000</b>	<b>\$ 65,680,000</b>
Water & Sewer Series 2009A	7/27/2009	3/1/2031	2.34% - 4.20%	\$ 9,326,573	\$ 4,926,615
Water & Sewer Series 2009B	7/8/2009	3/1/2031	3.35%	23,386,039	11,410,621
<b>Total Loans</b>				<b>\$ 32,712,612</b>	<b>\$ 16,337,236</b>

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	\$ 93,495,579
Current year principal and interest payments	5,098,710
<u>Net available revenues - Water &amp; Sewer Fund</u>	<u>45,128,414</u>
<u>Principal and interest payments as a percent of net revenues</u>	<u>11%</u>

In addition to pledged revenues, the County must meet certain rate covenants in accordance with the bond indentures. At June 30, 2022, the County was in compliance with all rate covenants.

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, 2022, the remaining value of the outstanding defeased bonds is \$1,235,000. 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.

<b>Series</b>	<b>Business-Type Activities</b>	<b>Collateral</b>	<b>Default/Termination Events</b>
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

**Note 5. LONG-TERM LIABILITIES (Continued)**

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

**C. NET INVESTMENT IN CAPITAL ASSETS**

	Governmental Activities	Business-Type Activities
Capital assets, net	\$ 228,620,924	\$ 468,680,044
Lease asset, net	1,621,360	6,103
Less: Long-term debt related to capital assets	(357,032,399)	(82,017,235)
Less: Lease liabilities	(1,637,588)	-
Less: Unamortized premiums	(25,720,048)	(5,759,015)
Less: Capital-related liabilities (A/P and retainage)	(1,079,218)	(610,081)
Add: Unamortized loss	2,795,608	2,133,883
Add: Long-term debt and premiums related to Schools	273,324,780	-
Add: Unspent bond proceeds from non-Schools debt	1,936,072	-
	<u>\$ 122,829,491</u>	<u>\$ 382,433,699</u>

**D. COMPONENT UNIT – STAFFORD COUNTY PUBLIC SCHOOLS**

	Amounts Payable at July 1, 2021	Increases	Decreases	Amounts Payable at June 30, 2022	Amounts Due within One Year
Capital Financing	\$ 10,440,522	\$ -	\$ 986,499	\$ 9,454,023	\$ 643,196
Lease liabilities	-	749,944	151,815	598,129	
Note Payable	480,000	-	80,000	400,000	80,000
Compensated Absences	7,627,295	892,847	627,935	7,892,207	711,355
Net OPEB Liability	234,126,821	137,945,469	102,103,275	269,969,015	-
Net Pension Liability	284,498,871	55,636,008	188,426,877	151,708,002	-
Total	<u>\$ 537,173,509</u>	<u>\$ 195,224,268</u>	<u>\$ 292,376,401</u>	<u>\$ 440,021,376</u>	<u>\$ 1,576,117</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
<p><b>About Plan 1</b> Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About Plan 2</b> Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</p>	<p><b>About the Hybrid Retirement Plan</b> The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan.</p> <ul style="list-style-type: none"><li>• The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula.</li><li>• The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions.</li><li>• In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.</li></ul>

**NOTE 6. BENEFIT PENSION PLAN (Continued)**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Eligible Members</b> Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund.</p> <p><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><b>Eligible Members</b> 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><b>Eligible Members</b> Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees*</li> <li>• Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1- April 30, 2014; the plan's effective date for opt-in members was July 1, 2014</li> </ul> <p><i>*Non-Eligible Members</i> Some employees are not eligible to participate in the Hybrid Retirement Plan. They include:</p> <ul style="list-style-type: none"> <li>• Political subdivision employees who are covered by enhanced benefits for hazardous duty employees</li> </ul> <p>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><b>Retirement Contributions</b> 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><b>Retirement Contributions</b> Same as Plan 1.</p>	<p><b>Retirement Contributions</b> A member's retirement benefit is funded through mandatory and voluntary contributions made by the member and the employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of the employee's creditable compensation and are required from both the member and the employer. Additionally, members may choose to make voluntary contributions to the defined contribution component of the plan, and the employer is required to match those voluntary contributions according to specified percentages.</p>
<p><b>Service Credit</b> Service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p>	<p><b>Service Credit</b> Same as Plan 1.</p>	<p><b>Service Credit</b> <i>Defined Benefit Component:</i> Under the defined benefit component of the plan, service credit includes active service. Members earn service credit for each month they are employed in a covered position. It also may include credit for prior service the member has purchased or additional service credit the member was granted. A member's total service credit is one of the factors used to determine their eligibility for retirement and to calculate their retirement benefit. It also may count toward eligibility for the health insurance credit in retirement, if the employer offers the health insurance credit.</p> <p><i>Defined 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><b>Vesting</b>  Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund.</p> <p>Members are always 100% vested in the contributions that they make.</p>	<p><b>Vesting</b>  Same as Plan 1.</p>	<p><b>Vesting</b>  <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"> <li>• After two years, a member is 50% vested and may withdraw 50% of employer contributions.</li> <li>• After three years, a member is 75% vested and may withdraw 75% of employer contributions.</li> <li>• After four or more years, a member is 100% vested and may withdraw 100% of employer contributions.</li> </ul> <p>Distributions not required, except as governed by law.</p>

**NOTE 6. BENEFIT PENSION PLAN (Continued)**

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
<p><b>Calculating the Benefit</b> The basic benefit is determined using the average final compensation, service credit and plan multiplier. An early retirement reduction is applied to this amount if the member is retiring with a reduced benefit. In cases where the member has elected an optional form of retirement payment, an option factor specific to the option chosen is then applied.</p>	<p><b>Calculating the Benefit</b> See definition under Plan 1.</p>	<p><b>Calculating the Benefit</b> <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><b>Average Final Compensation</b> A member's average final compensation is the average of the 36 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> A member's average final compensation is the average of the 60 consecutive months of highest compensation as a covered employee.</p>	<p><b>Average Final Compensation</b> 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><b>Service Retirement Multiplier VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> The retirement multiplier for sheriffs and regional jail superintendents is 1.85%.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Service Retirement Multiplier VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Same as Plan 1.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Service Retirement Multiplier Defined Benefit Component:</b> <b>VRS:</b> 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><b>Sheriffs and regional jail superintendents:</b> Not applicable.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> Not applicable.</p>
<p><b>Normal Retirement Age VRS:</b> Age 65.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60.</p>	<p><b>Normal Retirement Age VRS:</b> Normal Social Security retirement age.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Normal Retirement Age Defined Benefit Component:</b> <b>VRS:</b> Same as Plan 2.</p> <p><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><b>Defined Contribution Component:</b> 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><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <b>VRS:</b> 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><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Unreduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> 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><b>Political subdivision hazardous duty employees:</b> Not applicable.</p> <p><i>Defined Contribution Component:</i>  Members are eligible to receive distributions upon leaving employment, subject to restrictions.</p>
<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Age 50 with at least five years of service credit.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> Same as Plan 1.</p>	<p><b>Earliest Reduced Retirement Eligibility</b>  <i>Defined Benefit Component:</i>  <b>VRS:</b> Age 60 with at least five years (60 months) of service credit.</p> <p><b>Political subdivision hazardous duty employees:</b> 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><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 3% increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional increase (up to 4%) up to a maximum COLA of 5%.</p> <p><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"> <li>• The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.</li> <li>• The member retires on disability.</li> <li>• The member retires directly from short-term or long-term disability.</li> <li>• The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.</li> <li>• The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit.</li> <li>• 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.</li> </ul>	<p><b>Cost-of-Living Adjustment (COLA) in Retirement</b></p> <p>The Cost-of-Living Adjustment (COLA) matches the first 2% increase in the CPI- U and half of any additional increase (up to 2%), for a maximum COLA of 3%.</p> <p><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><b>Cost-of-Living Adjustment (COLA) in Retirement</b></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><b>Disability Coverage</b> 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><b>Disability Coverage</b> Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.</p>	<p><b>Disability Coverage</b> Employees of 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><b>Purchase of Prior Service</b> Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.</p>	<p><b>Purchase of Prior Service</b> Same as Plan 1.</p>	<p><b>Purchase of Prior Service</b> <i>Defined Benefit Component:</i> Same as Plan 1, with the following exception:</p> <ul style="list-style-type: none"> <li>Hybrid Retirement Plan members are ineligible for ported service.</li> </ul> <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, 2020 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	<u>County Number</u>
Inactive members or their beneficiaries currently receiving benefits	<u>478</u>
Inactive members:	
Vested	177
Non-vested	260
Active elsewhere in VRS	<u>239</u>
Total inactive members	<u>676</u>
Active members	<u>970</u>
Total covered employees	<u>2,124</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, 2022 was 10.99% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by an employee during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the County were \$7,340,533 and \$6,855,095 for the years ended June 30, 2022 and 2021 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, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2020, rolled forward to the measurement date of June 30, 2021.

At June 30, 2022, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of \$14,405,945 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of \$13,897,630 for the County, \$156,998 for GWRC and \$351,317 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, 2020 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, 2020, 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, 2021.

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*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

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 rate

## NOTE 6. BENEFIT PENSION PLAN (Continued)

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

### 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

### 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, 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 as of June 30, 2021.

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*

\*Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of pension liabilities.

### 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.

## NOTE 6. BENEFIT PENSION PLAN (Continued)

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 rate

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

As s e t Class (Strategy)	Long Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return *
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS	6.00%	3.29%	0.20%
PIP	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

\*The above allocation provides a one-year expected return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. These results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%.

\*On October 10, 2019, the VRS Board elected a long-term rate of 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, 2021, the alternate rate was the employer rate used in FY2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2021 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, 2020	\$ 235,862,230	\$ 197,007,541	\$ 38,854,689
Changes for the year:			
Service cost	6,980,909	-	6,980,909
Interest	15,598,436	-	15,598,436
Changes of assumptions	11,274,874	-	11,274,874
Difference between expected and actual experience	5,908,532	-	5,908,532
Contributions - employer		6,855,095	(6,855,095)
Contributions - employee		3,143,943	(3,143,943)
Net investment income		54,345,357	(54,345,357)
Benefit payments, including refunds of employee contributions	(9,548,568)	(9,548,568)	-
Administrative expense		(131,034)	131,034
Other changes		(1,866)	1,866
Net changes	30,214,183	54,662,927	(24,448,744)
Balances at June 30, 2021	\$ 266,076,413	\$ 251,670,468	\$ 14,405,945

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	\$ 12,053,140
Business Type Activities	1,844,490
R-Board	351,317
GWRC	156,998
total	\$ 14,405,945

**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:

	<b>1% Decrease (5.75%)</b>	<b>Current Discount Rate (6.75%)</b>	<b>1% Increase (7.75%)</b>
County net pension liability/asset	\$52,533,194	\$14,405,945	\$(12,320,291)

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

For the year ended June 30, 2022, the County recognized pension expense of \$4,259,899. At June 30, 2022, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Net difference between projected and actual earnings on pension plan investments	\$0	\$27,188,781
Changes in assumptions	\$10,344,627	-
Difference between expected and actual experience	4,877,351	-
County contributions subsequent to the measurement date	7,340,533	-
Total	<u>\$22,562,511</u>	<u>\$27,188,781</u>

\$7,340,533 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 ended June 30, 2023. 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:	<b>Amount</b>
2023	\$ (265,114)
2024	(1,791,235)
2025	(2,163,026)
2026	(7,747,428)
Thereafter	-
	<u>\$ (11,966,803)</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	\$18,877,561	\$22,748,259
Business Type Activities	2,888,831	3,481,163
R-Board	550,230	663,051
GWRC	245,889	296,308
total	<u>\$22,562,511</u>	<u>\$27,188,781</u>

**L. Pension Plan Data**

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2021 Annual Report. A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2021-annual-report.pdf](http://varetire.org/pdf/publications/2021-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**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, 2021 membership consisted of:

Retirees and beneficiaries currently receiving benefits	216
Active employees	<u>842</u>
Total	<u>1,058</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 7.5%. 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, 2022 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, 2022, the annual money-weighted rate of return on investments, net of investment expense, was 9.23 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
Asset Class	Target Asset Allocation	Nominal Return1	Real Return2	Real Return
Core Bonds	5.00%	5.33%	2.58%	0.13%
Core Plus	11.00%	5.63%	2.88%	0.32%
Liquid Absolute Return	4.00%	6.00%	3.25%	0.13%
U.S. Large Cap Equity	21.00%	9.88%	7.13%	1.50%
U.S. Small Cap Equity	10.00%	11.28%	8.53%	0.85%
International Developed Equity	13.00%	10.74%	7.99%	1.03%
Emerging Market Equity	5.00%	11.98%	9.23%	0.46%
Long/Short Equity	6.00%	8.43%	5.68%	0.34%
Private Equity	10.00%	13.22%	10.47%	1.05%
Core Real Estate	10.00%	9.35%	6.60%	0.66%
Opportunistic Real Estate	5.00%	12.35%	9.60%	0.48%
<b>Total</b>	<b>100.00%</b>			<b>6.95%</b>
		Inflation		2.75%
		Expected arithmetic nominal return		<b>9.70%</b>

**F. Actuarial Methods and Assumptions**

An actuarial valuation was performed as of January 1, 2021 and updated procedures were used to roll forward the total OPEB liability to the OPEB plan's year end of June 30, 2022.

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, 2022 was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2022 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> 5.35% initially, decreasing to 3.50% over 20 year period, including inflation; depends on service <i>Sheriff/Fire:</i> 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	3.69% as of 6/30/2022
Bond rate	2.45% as of 6/30/2022
Healthcare cost trend rate	4.00%-5.20%

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, 2021 is 2.45%. 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 3.69%, the discount rate on the measurement date for FY 2022. 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, 2022

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2021	\$ 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 Gains	(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, 2022	\$ 116,962,984	\$ 13,149,633	\$ 103,813,351

The Fiduciary Net Position is 11.24% 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 3.69%.

	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

#### 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 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

#### 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 was released in October 2010 and updated in October 2018.

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	3.13%, net of investment expenses, including inflation*

**Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)**Discount rate

The discount rate assumption is 3.13%, which, because of the plan's funding level is set equal to the June 30, 2019 20-year general obligation bond index rate.

**I. Change in Net OPEB Liability of the County**

The measurement date was June 30, 2022, as the actuarial valuation was performed as of January 1, 2021, and the net OPEB Liability per the valuation was \$141,585,290 to be recognized at June 30, 2022. 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, 2019 for FY20	\$ 166,324,187	\$ 8,657,800	\$ 157,666,387
Changes for the Year:			
Service Cost	8,855,086	-	8,855,086
Interest	4,051,975	-	4,051,975
Experience Losses	(37,580,181)	-	(37,580,181)
Employer Trust Contributions		5,785,789	(5,785,789)
Net Investment Income		2,632,228	(2,632,228)
Changes in Assumptions	17,010,040	-	17,010,040
Total Benefit Payments	(2,572,751)	(2,572,751)	0
Net Changes	(10,235,831)	5,845,266	(16,081,097)
Balance as of June 30, 2020 for FY21	<u>\$ 156,088,356</u>	<u>\$ 14,503,066</u>	<u>\$ 141,585,290</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 1.92%.

	1% Decrease 1.92 % decreasing to 0.92%	Discount Rate 1.92%	1% Increase 1.92 % increasing to 2.92%
Net OPEB liability	\$ 180,120,569	\$ 141,585,290	\$ 112,574,611

**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	\$ 108,332,328	\$ 141,585,290	\$ 187,636,837



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

For the year ended June 30, 2022 the County, GWRC and the R-Board recognized OPEB expense in the amount of \$11,360,644.

At June 30, 2022, 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	\$ 74,589	\$ 33,341,946
Changes in assumptions	40,189,832	6,954,062
Net difference between projected and actual earnings on OPEB plan investments	-	1,425,528
County's contributions made after measurement date	-	-
	<u>\$ 40,264,421</u>	<u>\$ 41,721,536</u>

There were no contributions for FY22 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, 2022. 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>
2023	\$ (773,112)
2024	(746,132)
2025	(709,970)
2026	1,388,658
2027	1,897,845
Thereafter	(2,514,404)
	<u>\$ (1,457,115)</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.

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	\$ 33,411,417	\$ 34,620,531
GWRC	6,047,716	6,266,575
Business Type Activities	801,262	830,259
Rappahannock Regional Solid Waste Management Board	4,026	4,171
Total	<u>\$ 40,264,421</u>	<u>\$ 41,721,536</u>

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

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.

**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:

<b>GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></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"><li>- City of Richmond</li><li>- City of Portsmouth</li><li>- City of Roanoke</li><li>- City of Norfolk</li><li>- Roanoke City Schools Board</li></ul> <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</p>
<p><b>Benefit Amounts</b></p> <p>The benefits payable under the GLI Program have several components.</p> <ul style="list-style-type: none"><li>• <b><u>Natural Death Benefit</u></b> – The natural death benefit is equal to the employee’s covered compensation rounded to the next highest thousand and then doubled.</li><li>• <b><u>Accidental Death Benefit</u></b> – The accidental death benefit is double the natural death benefit.</li><li>• <b><u>Other Benefit Provisions</u></b> – 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"><li>○ Accidental dismemberment benefit</li><li>○ Safety belt benefit</li><li>○ Repatriation benefit</li><li>○ Felonious assault benefit</li><li>○ Accelerated death benefit option</li></ul></li></ul>
<p><b>Reduction in benefit Amounts</b></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><b>Minimum Benefit Amount and Cost-of-Living Adjustment (COLA)</b></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 \$ 8,722 effective June 30, 2022.</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, 2022 was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the GLI Program from the County were \$565,208 and \$353,195 for the years ended June 30, 2022 and June 30, 2021, respectively.

### **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, 2022, the County, the GWRC and the R-Board reported a collective GLI OPEB liability of \$3,688,412 for its proportionate share of the Net GLI OPEB Liability (collectively the County). This amount is comprised of \$3,558,266 for the County, \$40,197 for GWRC and \$89,949 for the R-Board. The Net GLI OPEB Liability was measured as of June 30, 2021 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of June 30, 2020 and rolled forward to the measurement date of June 30, 2021. 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, 2021 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the County's proportion was 0.32478% as compared to 0.31680% at June 30, 2021.

For the year ended June 30, 2022, the County, GWRC and the R-Board recognized GLI OPEB expense of \$281,689. 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, 2022, 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	\$ 420,676	\$ 28,104
Changes in assumptions	203,341	504,653
Net difference between projected and actual earnings on OPEB plan investments	-	880,345
Change in proportion	489,409	-
County's contributions made after measurement date	565,208	-
	<u>\$ 1,678,634</u>	<u>\$ 1,413,102</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	\$ 1,404,476	\$ 1,182,312
GWRC	18,294	15,400
Business Type Activities	214,927	180,929
Rappahannock Regional Solid Waste Management Board	40,937	34,461
Total	<u>\$ 1,678,634</u>	<u>\$ 1,413,102</u>

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

\$565,208 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal Year ended June 30th		<u>Balance</u>
2023	\$	(51,124)
2024		(24,651)
2025		(38,003)
2026		(182,893)
2027		(3,005)
	\$	<u>(299,676)</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*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the market assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

**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, 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 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, 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 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, 2021, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

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

The total GLI OPEB liability is calculated by the 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)**

As s e t Class (Strategy)	Long Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return *
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS	6.00%	3.29%	0.20%
PIP	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

\* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 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, 2021, 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, 2021 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	\$ 5,388,903	\$ 3,688,412	\$ 2,315,188

**GLI Program Fiduciary Net Position**

Detailed information about the Group Life Insurance Program's Fiduciary Net Position is available in the separately issued VRS 2021 Annual Comprehensive Financial Report (Annual Report). A copy of the 2021 VRS Annual Report may be downloaded from the VRS website at [varetire.org/pdf/publications/2021-annual-report.pdf](http://varetire.org/pdf/publications/2021-annual-report.pdf), or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

**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:

<b>POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS</b>
<p><b>Eligible Employees</b></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"><li>• Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.</li></ul>
<p><b>Benefit Amounts</b></p> <p>The political subdivision's Retiree HIC Credit Program provides the following benefits for eligible employees:</p> <ul style="list-style-type: none"><li>• <b><u>At Retirement</u></b> – 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.</li><li>• <b><u>Disability Retirement</u></b> – 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.</li></ul>
<p><b>Health Insurance Credit Program Notes:</b></p> <ul style="list-style-type: none"><li>• The monthly HIC benefit cannot exceed the individual premium amount.</li><li>• 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.</li><li>• 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.</li></ul>

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

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

	<b>Number</b>
Inactive members or their beneficiaries currently receiving benefits	121
Inactive members:	
Vested inactive members	-
Total inactive members	10
	<b>131</b>
Total active members	558
Total covered employees	<b>689</b>

## 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, 2022 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2020. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were \$44,915 and \$41,453 for the years ended June 30, 2022 and June 30, 2021, respectively.

### X. Net HIC OPEB liability

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

### Y. Actuarial Assumptions

The total HIC 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*

\* Administrative expenses as a percent of the market value of assets for the last experience study were found to be approximately 0.06% of the assets for all of the VRS plans. This would provide an assumed investment return rate for GAAP purposes of slightly more than the assumed 6.75%. However, since the difference was minimal, and a more conservative 6.75% investment return assumption provided a projected plan net position that exceeded the projected benefit payments, the long-term expected rate of return on investments was assumed to be 6.75% to simplify preparation of the OPEB liabilities.

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

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality
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
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, 2020, valuation were based on the results of an actuarial experience study for the period from July 1, 2016, through June 30, 2020, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Update to PUB2010 public sector mortality tables. 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:

As s e t Class (Strategy)	Long Term Target Asset Allocation	Arithmetic Long-term Expected Rate of Return	Weighted Average Long-term Expected Rate of Return *
Public Equity	34.00%	5.00%	1.70%
Fixed Income	15.00%	0.57%	0.09%
Credit Strategies	14.00%	4.49%	0.63%
Real Assets	14.00%	4.76%	0.67%
Private Equity	14.00%	9.94%	1.39%
MAPS	6.00%	3.29%	0.20%
PIP	3.00%	6.84%	0.21%
Total	100.00%		4.89%
	Inflation		2.50%
	*Expected arithmetic nominal return		7.39%

\* The above allocation provides a one-year return of 7.39%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 6.94%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 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, 2021, 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, 2021 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HICOPEB'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, 2020	\$ 1,038,246	\$ 830,422	\$ 207,824
Changes for the Year:			
Service cost	25,682	-	25,682
Interest	68,030	-	68,030
Differences between expected and actual experience	592	-	592
Contributions employer	-	41,645	(41,645)
Net Investment income	-	215,857	(215,857)
Changes in Assumptions	22,165	-	22,165
Benefit payments	(60,790)	(60,790)	-
Administrative expense	-	(2,513)	2,513
Net changes	55,679	194,199	(138,520)
Balance as of June 30, 2021	<u>\$ 1,093,925</u>	<u>\$ 1,024,621</u>	<u>\$ 69,304</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)	\$ 191,105	\$ 69,304	\$ (33,697)

**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, 2022, the County recognized HIC Program OPEB expense \$17,100. At June 30, 2022, 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	\$ 16,638	\$ -
Changes in assumptions	32,792	9,228
Net difference between projected and actual earnings on OPEB plan investments	-	103,635
County's contributions made after measurement date	44,915	-
	<u>\$ 94,345</u>	<u>\$ 112,863</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	\$ 78,936	\$ 94,430
GWRC	1,028	1,230
Business-type Activities	12,080	14,451
Rappahannock Regional Solid Waste Management Board	2,301	2,752
Total	<u>\$ 94,345</u>	<u>\$ 112,863</u>

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

\$44,915 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, 2023. 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>
2023	\$	(17,530)
2024		(17,242)
2025		(13,995)
2026		(22,678)
2027		4,899
Thereafter		3,113
	\$	<u>(63,433)</u>

**AE. HIC Program Plan Data**

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

**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	\$ 117,487,474	\$ 3,086,014	\$ 57,985	\$ 120,631,473
Utilities	21,266,111	472,252	8,873	21,747,236
R-Board	2,817,547	89,949	1,690	2,909,186
GWRC	<u>14,159</u>	<u>40,197</u>	<u>756</u>	<u>55,112</u>
Total	<u>\$ 141,585,291</u>	<u>\$ 3,688,412</u>	<u>\$ 69,304</u>	<u>\$ 145,343,007</u>

Deferred Outflows

		Program		
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>
Governmental	\$ 33,411,417	\$ 1,404,476	\$ 78,936	\$ 34,894,829
Utilities	6,047,716	214,927	12,080	6,274,723
R-Board	801,262	40,937	2,301	844,500
GWRC	<u>4,026</u>	<u>18,294</u>	<u>1,028</u>	<u>23,348</u>
Total	<u>\$ 40,264,421</u>	<u>\$ 1,678,634</u>	<u>\$ 94,345</u>	<u>\$ 42,037,400</u>

Deferred Inflows

		Program		
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>
Governmental	\$ 34,620,530	\$ 1,182,312	\$ 94,430	\$ 35,897,272
Utilities	6,266,574	180,929	14,451	6,461,954
R-Board	830,259	34,461	2,752	867,472
GWRC	<u>4,172</u>	<u>15,400</u>	<u>1,230</u>	<u>20,802</u>
Total	<u>\$ 41,721,535</u>	<u>\$ 1,413,102</u>	<u>\$ 112,863</u>	<u>\$ 43,247,500</u>

OPEB Expense

		Program		
	<u>OPEB</u>	<u>OPEB - GLI</u>	<u>OPEB - HIC</u>	<u>Total by Fund</u>
Governmental	\$ 9,427,062	\$ 233,746	\$ 14,190	\$ 9,674,998
Utilities	1,706,369	42,310	2,568	1,751,247
R-Board	226,077	5,606	340	232,023
GWRC	<u>1,136</u>	<u>28</u>	<u>2</u>	<u>1,166</u>
Total	<u>\$ 11,360,644</u>	<u>\$ 281,690</u>	<u>\$ 17,100</u>	<u>\$ 11,659,434</u>

**Note 8. PRIMARY GOVERNMENT AND COMPONENT UNIT RECEIVABLE / PAYABLE**

Primary Government and Component Unit fund receivable and payable balances at June 30, 2022 are summarized as follows:

<u>Primary Government</u>	<u>Due to Component Unit</u>	<u>School Board Due from Primary Government</u>
Governmental Activities	\$ 28,496,270	
Business-Type Activities	-	
	<u>\$ 28,496,270</u>	<u>\$ 28,496,270</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	\$ -	\$ 27,112,809
General Property Taxes	7,318,068	2,297,166
Other	250,230	1,357,057
	<u>\$ 7,568,298</u>	<u>\$ 30,767,032</u>

**Note 10. INTERGOVERNMENTAL REVENUES**

Intergovernmental revenues for the County totaled \$38,147,582 for fiscal year 2022. Sources of these revenues were as follows:

	<u>Commonwealth</u>	<u>Federal</u>	<u>Total</u>
Primary Government			
Governmental Funds:			
General Fund	\$ 27,910,204	\$ 8,704,035	\$ 36,614,239
Transportation Fund	1,089,170	-	1,089,170
Other Nonmajor Governmental Funds	240,106	204,067	444,173
Total Governmental Funds	<u>\$ 29,239,480</u>	<u>\$ 8,908,102</u>	<u>\$ 38,147,582</u>

**Note 11. INTERFUND TRANSFERS**

Transfers from the General Fund to the Transportation fund were related to reserves for upcoming transportation projects, while the transfers from the General Fund to Other Nonmajor Governmental Funds were for renovations to the Lake Carroll dam.

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 2 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.

A summary of interfund transfer activity for the year ended June 30, 2022 is presented as follows:

**Note 11. INTERFUND TRANSFERS (Continued)**

Transfers Out to Fund:	Transfers In From Fund:			
	General Fund	Other Nonmajor Governmental Funds	Water and Sewer Fund	Total Transfers In
General Fund	\$ -	\$ 1,033,475	\$ 180,985	\$ 1,214,460
Transportation Fund	7,352,500	1,469,560	-	8,822,060
Capital Projects Fund	22,447,177	-	-	22,447,177
Other Nonmajor Governmental Funds	237,500	-	-	237,500
Total Transfers Out	\$ 30,037,177	\$ 2,503,035	\$ 180,985	\$ 32,721,197

**Note 12. COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS**

At June 30, 2022, the County had contractual commitments of \$37.7 million, \$27.1 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, 2022 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, 2022 is as follows:

County's equity interest in joint venture	\$	9,515,732
Management fees paid to the County		348,563

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 2022.

**Note 13. JOINT VENTURES (Continued)**

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, 2022 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	\$ 257,229
Noncurrent portion of closure/postclosure liability	<u>7,234,133</u>
Total closure/postclosure liability	\$ <u>7,491,362</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

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.



**Note 13. JOINT VENTURES (Continued)****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, 2022 is as follows:

<b>County contributions to joint ventures:</b>		
Rappahannock Regional Jail Authority	\$	7,677,637
Central Rappahannock Regional Library		<u>5,376,553</u>
Total contributions to joint ventures	\$	<u><u>13,054,190</u></u>
<b>Fund balance held by joint ventures:</b>		
Potomac Rappahannock Transportation Commission	\$	4,995,892

**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, 2022, the account had a balance of \$2,914,106.

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:

	<u>2022</u>	<u>2021</u>
Unpaid claims, beginning	\$1,019,070	\$1,437,858
Incurred claims (including IBNR)	12,620,728	11,369,919
Claim payments	<u>(12,492,126)</u>	<u>(11,788,707)</u>
Unpaid claims, ending	<u>\$1,147,672</u>	<u>\$1,019,070</u>

**Note 14. RISK MANAGEMENT (Continued)**

A reconciliation of the unpaid claims at June 30, 2022 is as follows:

General Government	\$ 1,040,498
Utilities	88,858
R-Board	18,316
Total	<u>\$ 1,147,672</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, 2022 were \$1,305,953, of which, \$894,951 was estimated to be current claims payable.

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

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>	
	June 30, 2022	June 30, 2021
Unpaid claims, beginning of fiscal year	\$ 6,334,900	\$ 5,965,900
Incurred claims (including IBNR)	31,260,393	29,257,863
Claims payments	(31,916,393)	(28,888,863)
Unpaid claims, end of fiscal year	<u>\$ 5,678,900</u>	<u>\$ 6,334,900</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**

The 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 June 30, 2022, the value of the lease liability is \$38,819. The County is required to make monthly fixed payments of \$1,678. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$58,114 with accumulated amortization of \$19,925 is included in the table below. The County has one extension option, for 60 months.

The County entered into an 11-month lease as Lessee for the use of 26 Jackson Street. An initial lease liability was recorded in the amount of \$21,283. As of June 30, 2022, the value of the lease liability is \$0.

## **Note 15. LEASES (Continued)**

The County is required to make monthly fixed payments of \$1,937. The lease has an interest rate of 0.2370%. The value of the right to use asset as of June 30, 2022 of \$21,283 with accumulated amortization of \$21,283 is included in the table found below. The County has four extension options, each for 12 months.

The 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 June 30, 2022, the value of the lease liability is \$69,300. The County is required to make monthly fixed payments of \$1,439. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$87,029 with accumulated amortization of \$18,856 is included in the table found below. The County has four extension options, each for 12 months.

The 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 \$74,493. As of June 30, 2022, the value of the lease liability is \$59,296. The County is required to make monthly fixed payments of \$1,233. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$74,493 with accumulated amortization of \$16,141 is included in the table found below. The County has four extension options, each for 12 months.

The 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 June 30, 2022, the value of the lease liability is \$599,472. The County is required to make monthly fixed payments of \$13,900. The lease has an interest rate of 0.2370%. The value of the right to use asset as of June 30, 2022 of \$766,688 with accumulated amortization of \$173,589 is included in the table found below. The County has four extension options, each for 12 months.

The 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 June 30, 2022, the value of the lease liability is \$2,481. The County is required to make annual fixed payments of \$1,252. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$3,733 with accumulated amortization of \$1,244 is included in the table found below. The County has two extension options, each for 60 months.

The 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 June 30, 2022, the value of the lease liability is \$3,602. The County is required to make annual fixed payments of \$1,818. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$5,420 with accumulated amortization of \$1,807 is included in the table found below. The County has two extension options, each for 60 months.

The 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 \$317,126. As of June 30, 2022, the value of the lease liability is \$285,717. The County is required to make annual fixed payments of \$34,218. The lease has an interest rate of 1.3720%. The value of the right to use asset as of June 30, 2022 of \$317,126 with accumulated amortization of \$37,505 is included in the table found below. The County has two extension options, each for 60 months.

The 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 \$73,940. As of June 30, 2022, the value of the lease liability is \$53,191. The County is required to make monthly fixed payments of \$1,813. The lease has an interest rate of 0.6480%. The value of the right to use asset as of June 30, 2022 of \$73,940 with accumulated amortization of \$21,641 is included in the table found below. The County has two extension options, each for 60 months.

The 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. As of June 30, 2022, the value of the lease liability is \$507,747. The County is required to make annual fixed payments of \$39,675. The lease has an interest rate of 1.7330%. The value of the right to use asset as of June 30, 2022 of \$547,053 with accumulated amortization of \$41,956 is included in the table found below. The County has two extension options, each for 60 months.

## Note 15. LEASES (Continued)

The 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 June 30, 2022, the value of the lease liability is \$17,963. The County is required to make annual fixed payments of \$18,041. The lease has an interest rate of 0.4350%. The value of the right to use asset as of June 30, 2022 of \$35,685 with accumulated amortization of \$15,257 is included in the table found below. The County has one extension option, for 60 months.

### Business-Type Activities:

The 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 June 30, 2022, the value of the lease liability is \$0. The County is required to make monthly fixed payments of \$13,607. The lease has an interest rate of 0.3080%. The value of the right to use asset as of June 30, 2022 of \$163,028 with accumulated amortization of \$156,925 is included in the table found below. The County has four extension options, each for 12 months.

Lease Balances - County as Lessee			
	Governmental Activities	Business-Type Activities	Total Primary Government
Lease assets, net	\$ 1,621,360	\$ 6,103	\$ 1,627,463
Lease liabilities	1,637,588	-	1,637,588
Net leases as lessee	<u>\$ (16,228)</u>	<u>\$ 6,103</u>	<u>\$ (10,125)</u>

### Amortization charged to functions:

General government administration	\$ 32,304	\$ -	\$ 32,304
Public safety	119,410	-	119,410
Health and human services	19,925	-	19,925
Parks, recreation and cultural	194,873	-	194,873
Water and sewer	-	156,926	156,926
Total	<u>\$ 366,512</u>	<u>\$ 156,926</u>	<u>\$ 523,438</u>

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

	Ending Balance at June 30, 2021		Additions	Reductions	Ending Balance at June 30, 2022	
Lease assets, net - governmental activities	\$ 158,830	\$	1,829,042	\$ (366,512)	\$	1,621,360
Lease assets, net - business-type activities	-		163,029	(156,926)	\$	6,103
Lease assets, net - primary government	<u>\$ 158,830</u>	<u>\$</u>	<u>1,992,071</u>	<u>\$ (523,438)</u>	<u>\$</u>	<u>1,627,463</u>

During the course of implementation, the County opted not to reclassify lease payment amounts out of the accounts generally used by departments for budgetary control into debt service accounts due to the insignificance of any impact on the associated fund balance/net position. Instead, we disclose those amounts in the table, below.

	Amounts payable at June 30, 2021		Additions	Reductions	Amounts payable at June 30, 2022		Amounts due within one year
Lease liabilities, governmental activities	\$ 1,287,304	\$	-	\$ 350,284	\$ 1,637,588	\$	325,797
Lease liabilities, business-type activities	163,028		-	(163,028)	-		-
Lease liabilities, primary government	<u>\$ 1,450,332</u>	<u>\$</u>	<u>-</u>	<u>\$ 187,256</u>	<u>\$ 1,637,588</u>	<u>\$</u>	<u>325,797</u>

## Note 15. LEASES (Continued)

### County as Lessor:

#### **Governmental Activities:**

The 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 \$17,136. As of June 30, 2022, the value of the lease receivable is \$13,020. The lessee is required to make annual fixed payments of \$4,115. The lease has an interest rate of 0.3080%. The value of the deferred inflow of resources as of June 30, 2022 was \$12,240, and the County recognized lease revenue of \$4,896 during the fiscal year. The lessee has three extension options, each for 12 months.

The 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 June 30, 2022, the value of the lease receivable is \$97,597. The lessee is required to make annual fixed payments of \$25,000. The lease has an interest rate of 0.9800%. The value of the deferred inflow of resources as of June 30, 2022 was \$99,486, and the County recognized lease revenue of \$22,639 during the fiscal year. The lessee has two extension options, each for 72 months.

The 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 \$180,832. As of June 30, 2022, the value of the lease receivable is \$141,612. The lessee is required to make monthly fixed payments of \$3,471. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was \$138,504, and the County recognized lease revenue of \$42,327 during the fiscal year. The lessee has two extension options, each for 60 months.

#### **Business-Type Activities:**

The 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 June 30, 2022, the value of the lease receivable is \$104,836. The lessee is required to make monthly fixed payments of \$2,472. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was \$103,055, and the County recognized lease revenue of \$29,968 during the fiscal year. The lessee has three extension options, each for 60 months.

The County entered into a 10-month lease as Lessor for the use of Tower Space - Shields Road. An initial lease receivable was recorded in the amount of \$32,048. As of June 30, 2022, the value of the lease receivable is \$0. The lessee is required to make monthly fixed payments of \$3,208. The lease has an interest rate of 0.2370%. The value of the deferred inflow of resources as of June 30, 2022 was \$0, and the County recognized lease revenue of \$32,048 during the fiscal year. The lessee has three extension options, each for 60 months.

The 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 June 30, 2022, the value of the lease receivable is \$79,111. The lessee is required to make monthly fixed payments of \$2,500. The lease has an interest rate of 0.8140%. The value of the deferred inflow of resources as of June 30, 2022 was \$78,866, and the County recognized lease revenue of \$29,544 during the fiscal year. The lessee has two extension options, each for 60 months.

#### **Lease Balances - County as Lessor**

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total Primary Government</b>
Lease receivable	\$ 252,229	\$ 183,947	\$ 436,176
Deferred inflows related to leases	250,230	181,921	432,151
Net leases as lessor	<u>\$ 1,999</u>	<u>\$ 2,026</u>	<u>\$ 4,025</u>

## **Note 16. PENDING GASB STATEMENTS**

In March 2020, GASB issued 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). The requirements of this Statement are effective for reporting periods beginning after June 15, 2022. The County will implement Statement No. 94 in FY2023.

In May 2020, GASB issued 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 will be effective for fiscal years beginning after June 15, 2022. The County will implement Statement No. 96 in FY2023.

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 as required in FY2023 or 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.

COUNTY OF STAFFORD, VIRGINIA

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund  
For the Year Ended June 30, 2022

Exhibit 12

Page 1 of 3

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive/(Negative)
Revenues:				
General property taxes	\$ 242,255,798	\$ 242,265,989	\$ 243,495,223	\$ 1,229,234
Other local taxes	45,852,540	45,852,540	52,273,157	6,420,617
Permits, privilege fees and regulatory licenses	4,319,573	4,319,573	5,011,491	691,918
Fines and forfeitures	720,625	720,625	775,400	54,775
Use of money and property	733,417	733,417	(33,642)	(767,059)
Charges for services	6,343,358	6,343,358	7,051,951	708,593
Intergovernmental	32,420,955	50,200,470	36,614,239	(13,586,231)
Miscellaneous	5,731,718	8,674,610	8,101,458	(573,152)
Total revenues	338,377,984	359,110,582	353,289,277	(5,821,305)
Expenditures:				
General government administration				
Board of Supervisors	680,993	748,002	717,847	30,155
Clerk of the Board	178,997	185,491	185,051	440
County Administrator	969,008	1,219,224	1,142,591	76,633
Public Information	867,142	1,180,258	962,281	217,977
County Attorney	1,458,913	1,514,532	980,059	534,473
Human Resources	1,512,765	1,613,473	1,442,273	171,200
Commissioner of the Revenue	3,171,195	3,261,583	3,239,189	22,394
Treasurer	2,553,917	2,793,124	2,378,780	414,344
Finance	3,207,776	3,051,979	2,701,651	350,328
Budget and Management	767,196	973,856	968,724	5,132
Computer Services	3,514,973	3,762,531	3,319,494	443,037
Geographic Information Systems	698,650	700,367	659,381	40,986
Electoral Board and Registrar	678,128	618,973	608,699	10,274
	20,259,653	21,623,393	19,306,020	2,317,373
Judicial administration				
Circuit Court	564,685	574,367	570,077	4,290
General District Court	116,118	120,955	71,488	49,467
Juvenile and Domestic Relations District Court	113,208	113,779	101,537	12,242
Clerk of the Circuit Court	1,845,384	2,174,612	1,845,624	328,988
Magistrate	8,717	8,717	7,119	1,598
Commonwealth's Attorney	3,800,639	3,802,013	3,696,078	105,935
Court Deputies	3,516,113	3,782,390	3,773,718	8,672
	9,964,864	10,576,833	10,065,641	511,192
Public safety				
Policing and investigating	30,541,239	32,462,520	31,421,063	1,041,457
Emergency management	28,402,750	31,695,719	30,148,282	1,547,437
Volunteer rescue squads	145,389	204,838	177,209	27,629
Volunteer fire departments	355,166	487,751	399,094	88,657
Care and confinement of prisoners	7,677,132	7,677,637	7,677,637	-
15th District Court Unit	361,707	346,372	285,377	60,995
Rappahannock Juvenile Detention	1,356,426	1,478,783	1,478,783	-
Code compliance	5,452,162	5,858,775	4,880,139	978,636
Animal control	1,288,297	1,646,197	1,418,195	228,002
	75,580,268	81,858,592	77,885,779	3,972,813

**COUNTY OF STAFFORD, VIRGINIA**

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund  
For the Year Ended June 30, 2022

**Exhibit 12****Page 2 of 3**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	<b>Positive/(Negative)</b>
Public works				
Engineering	396,552	395,354	371,544	23,810
Solid waste management	-	34,462	34,462	-
Transportation	-	3,231	3,231	-
Maintenance of buildings and grounds	4,869,272	5,007,575	4,957,187	50,388
	<u>5,265,824</u>	<u>5,440,622</u>	<u>5,366,424</u>	<u>74,198</u>
Health and human services				
Local health department	549,335	549,335	549,335	-
Public assistance	17,247,347	16,848,470	15,971,929	876,541
Other	2,803,263	6,631,825	3,096,023	3,535,802
	<u>20,599,945</u>	<u>24,029,630</u>	<u>19,617,287</u>	<u>4,412,343</u>
Parks, recreation and cultural				
Administration	5,443,838	4,918,242	4,918,155	87
Community programs	710,617	601,455	549,867	51,588
Sports programs	714,111	821,760	799,140	22,620
Gymnastics program	1,007,734	950,642	899,996	50,646
Pool program	871,986	495,571	387,173	108,398
Cultural programs	348,858	348,858	348,858	-
Regional library	5,403,646	5,403,646	5,403,646	-
	<u>14,500,790</u>	<u>13,540,174</u>	<u>13,306,835</u>	<u>233,339</u>
Community development				
Planning and community development	2,480,601	2,398,332	2,278,173	120,159
Planning commission	97,735	97,735	92,100	5,635
Economic development	617,533	878,478	785,237	93,241
Cooperative extension program	201,235	184,153	175,604	8,549
Other	452,576	462,767	462,767	-
	<u>3,849,680</u>	<u>4,021,465</u>	<u>3,793,881</u>	<u>227,584</u>
Education				
School operating	133,021,712	137,315,082	135,555,869	1,759,213
School capital projects	-	3,898,600	3,859,292	39,308
	<u>133,021,712</u>	<u>141,213,682</u>	<u>139,415,161</u>	<u>1,798,521</u>
Capital outlay	3,306,546	16,384,925	5,015,078	11,369,847
Debt service				
Principal retirement	28,644,797	28,644,797	28,284,964	359,833
Interest and other fiscal charges	13,983,956	13,983,956	13,743,071	240,885
Bond issuance costs	40,000	40,000	-	40,000
	<u>42,668,753</u>	<u>42,668,753</u>	<u>42,028,035</u>	<u>640,718</u>
Total expenditures	<u>329,018,035</u>	<u>361,358,069</u>	<u>335,800,141</u>	<u>25,557,928</u>
Excess/(deficiency) of revenues over (under)/expenditures	<u>9,359,949</u>	<u>(2,247,487)</u>	<u>17,489,136</u>	<u>19,736,623</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, 2022

**Exhibit 12****Page 3 of 3**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive/(Negative)</b>
	<b>Original</b>	<b>Final</b>		
Other financing sources (uses)				
Transfers in	1,123,440	1,159,940	1,214,460	54,520
Transfers out	(26,365,958)	(31,412,879)	(30,037,177)	1,375,702
	<u>(25,242,518)</u>	<u>(30,252,939)</u>	<u>(28,822,717)</u>	<u>1,430,222</u>
 Net change in fund balance	 (15,882,569)	 (32,500,426)	 (11,333,581)	 21,166,845
 Fund balance, beginning	 <u>115,420,186</u>	 <u>115,420,186</u>	 <u>115,420,186</u>	 <u>-</u>
Fund balance, ending	<u>\$ 99,537,617</u>	<u>\$ 82,919,760</u>	<u>\$ 104,086,605</u>	<u>\$ 21,166,845</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, 2022

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive/(Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Other local taxes	\$ 4,332,100	\$ 4,332,100	\$ 4,712,489	\$ 380,389
Use of money and property	27,750	27,750	9,330	(18,420)
Intergovernmental	3,493,076	14,166,703	1,089,170	(13,077,533)
Total revenues	<u>7,852,926</u>	<u>18,526,553</u>	<u>5,810,989</u>	<u>(12,715,564)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	4,189,109	8,817,373	4,332,833	4,484,540
Capital outlay	7,802,053	25,771,223	718,571	25,052,652
Debt service:				
Principal retirement	815,685	815,685	815,684	1
Interest and other fiscal charges	506,579	506,579	506,579	-
Total expenditures	<u>13,313,426</u>	<u>35,910,860</u>	<u>6,373,667</u>	<u>29,537,193</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(5,460,500)</u>	<u>(17,384,307)</u>	<u>(562,678)</u>	<u>16,821,629</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	6,592,861	6,340,586	8,822,060	2,481,474
Transfers out	<u>(1,132,361)</u>	<u>(1,355,718)</u>	<u>-</u>	<u>1,355,718</u>
Total other financing sources (uses)	<u>5,460,500</u>	<u>4,984,868</u>	<u>8,822,060</u>	<u>3,837,192</u>
Net change in fund balances	-	(12,399,439)	8,259,382	20,658,821
Fund balances, beginning	<u>15,483,898</u>	<u>15,483,898</u>	<u>15,483,898</u>	<u>-</u>
Fund balances, ending	<u>\$ 15,483,898</u>	<u>\$ 3,084,459</u>	<u>\$ 23,743,280</u>	<u>\$ 20,658,821</u>

**COUNTY OF STAFFORD, VIRGINIA**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COMPARISON SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2022**

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**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 20, 2021, 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, 2022.

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS - COUNTY'S 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*	As of June 30, 2017*	As of June 30, 2016*	As of June 30, 2015*
Total Pension Liability								
Service cost	\$ 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	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	5,908,532	589,787	373,287	328,425	(2,070,636)	(1,563,825)	(118,543)	-
Benefit payments, including refunds of employee contributions	(9,548,568)	(9,097,817)	(8,346,239)	(7,678,917)	(7,381,507)	(6,479,621)	(5,788,531)	(5,525,348)
<b>Net change in total pension liability</b>	<b>30,214,183</b>	<b>12,731,189</b>	<b>21,844,079</b>	<b>11,295,574</b>	<b>7,604,326</b>	<b>9,317,775</b>	<b>10,737,357</b>	<b>10,379,372</b>
Total pension liability - beginning	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)	<u>\$ 266,076,413</u>	<u>\$ 235,862,230</u>	<u>\$ 223,131,041</u>	<u>\$ 201,286,962</u>	<u>\$ 189,991,388</u>	<u>\$ 182,387,062</u>	<u>\$ 173,069,287</u>	<u>\$ 162,331,930</u>
Plan Fiduciary Net Position								
Contributions - employer	\$ 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	3,143,943	3,013,984	2,686,928	2,587,998	2,515,641	2,360,151	2,363,363	2,344,409
Net investment income	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	(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	(131,034)	(123,294)	(118,212)	(106,856)	(105,161)	(90,725)	(85,858)	(99,431)
Other	(1,866)	(4,442)	(7,727)	(11,285)	(16,572)	(1,108)	(1,378)	999
<b>Net change in plan fiduciary net position</b>	<b>54,662,927</b>	<b>3,403,118</b>	<b>11,771,277</b>	<b>12,260,542</b>	<b>18,276,426</b>	<b>3,501,772</b>	<b>8,040,989</b>	<b>20,957,958</b>
Plan fiduciary net position - beginning	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)	<u>\$ 251,670,468</u>	<u>\$ 197,007,541</u>	<u>\$ 193,604,423</u>	<u>\$ 181,833,146</u>	<u>\$ 169,572,604</u>	<u>\$ 151,296,178</u>	<u>\$ 147,794,406</u>	<u>\$ 139,753,417</u>
Net pension liability - ending (a) - (b)	<u>\$ 14,405,945</u>	<u>\$ 38,854,689</u>	<u>\$ 29,526,618</u>	<u>\$ 19,453,816</u>	<u>\$ 20,418,784</u>	<u>\$ 31,090,884</u>	<u>\$ 25,274,881</u>	<u>\$ 22,578,513</u>
Plan fiduciary net position as a percentage of the total pension liability	94.59%	83.53%	86.77%	90.34%	89.25%	82.95%	85.40%	86.09%
County's covered payroll	\$ 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	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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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 CONTRIBUTIONS - COUNTY'S VIRGINIA RETIREMENT SYSTEM**

	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)	\$ 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	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	\$ 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	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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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, 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	\$ 9,302,206	\$ 8,855,086	\$ 6,983,641	\$ 5,218,581	\$ 5,083,380	\$ 6,108,000
Interest	2,977,933	4,051,975	4,226,077	4,060,904	3,784,739	3,270,000
Differences between expected and actual experience	(239,865)	(37,580,181)	99,453	(651,067)	(104,742)	-
Changes of Assumptions	(49,430,189)	17,010,040	20,925,579	15,378,981	(906,877)	(17,335,000)
Benefit payments, including refunds of employee contributions	(1,735,457)	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
<b>Net change in total OPEB liability</b>	<b>(39,125,372)</b>	<b>(10,235,831)</b>	<b>30,476,195</b>	<b>22,841,796</b>	<b>6,613,196</b>	<b>(8,762,000)</b>
Total OPEB liability - beginning	156,088,356	166,324,187	135,847,992	113,006,196	106,393,000	115,155,000
Total OPEB liability - ending (a)	\$ 116,962,984	\$ 156,088,356	\$ 166,324,187	\$ 135,847,992	\$ 113,006,196	\$ 106,393,000
Plan Fiduciary Net Position						
Contributions - employer	\$ 1,735,457	\$ 5,785,789	\$ 1,758,555	\$ 1,662,458	\$ 1,713,424	\$ 1,340,000
Net investment income	(1,353,433)	2,632,228	247,460	702,943	582,422	642,000
Benefit payments, including refunds of employee contributions	(1,735,457)	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
Administrative expense	-	-	-	-	-	(6,000)
<b>Net change in plan fiduciary net position</b>	<b>(1,353,433)</b>	<b>5,845,266</b>	<b>247,460</b>	<b>1,199,798</b>	<b>1,052,542</b>	<b>1,171,000</b>
Plan fiduciary net position - beginning	14,503,066	8,657,800	8,410,340	7,210,542	6,158,000	4,987,000
Plan fiduciary net position - ending (b)	\$ 13,149,633	\$ 14,503,066	\$ 8,657,800	\$ 8,410,340	\$ 7,210,542	\$ 6,158,000
Net OPEB liability - ending (a) - (b)	\$ 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	11.24%	9.29%	5.21%	6.19%	6.38%	5.79%
Money-weighted rate of return	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, 2022 was determined by an actuarial valuation as of January 1, 2021 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	3.69%
	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	General active employees and all inactive: Pub-2010 Healthy Mortality, Headcount weighted, General Employees Sex Distinct, Fully Generational
	Sheriff/Fire active employees: Healthy Mortality, Headcount weighted. Public Safety Employees Sex Distinct, Fully Generational projected from 2010 using scale MP-2018. Table with Blue Collar adjustment, sex distinct, generational with Scale
Disabled	Pub-2010 Disabled Mortality. Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018.

**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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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
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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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, 2022**

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

**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. 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

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

	June 30, 2022*	June 30, 2021*	June 30, 2020*	June 30, 2019*	June 30, 2018
Total HIC OPEB Liability					
Service cost	\$ 25,682	\$ 25,813	\$ 25,109	\$ 22,861	\$ 23,793
Interest on the total OPEB liability	68,030	65,008	62,866	60,624	60,120
Changes of assumptions	22,165	-	24,469	-	-
Difference between expected and actual experience	592	13,661	7,639	5,154	(31,628)
Benefit payments, including refunds of employee contributions	(60,790)	(58,642)	(51,533)	(61,670)	(28,536)
<b>Net change in total HIC OPEB liability</b>	<b>55,679</b>	<b>45,840</b>	<b>68,550</b>	<b>26,969</b>	<b>23,749</b>
Total HIC OPEB liability - beginning	1,038,246	992,406	923,856	896,887	873,138
Total HIC OPEB liability - ending (a)	<b>\$ 1,093,925</b>	<b>\$ 1,038,246</b>	<b>\$ 992,406</b>	<b>\$ 923,856</b>	<b>\$ 896,887</b>
Plan Fiduciary Net Position					
Contributions - employer	\$ 41,645	\$ 42,647	\$ 38,396	\$ 39,175	\$ 37,726
Net investment income	215,857	16,717	50,657	54,252	79,178
Benefit payments, including refunds of employee contributions	(60,790)	(58,642)	(51,533)	(61,670)	(28,536)
Administrative expense	(2,513)	(1,580)	(1,106)	(1,261)	(1,294)
Other changes	-	(8)	(60)	(3,977)	3,977
<b>Net change in plan fiduciary net position</b>	<b>194,199</b>	<b>(866)</b>	<b>36,354</b>	<b>26,519</b>	<b>91,051</b>
Plan fiduciary net position - beginning	830,422	831,288	794,934	768,415	677,364
Plan fiduciary net position - ending (b)	<b>\$ 1,024,621</b>	<b>\$ 830,422</b>	<b>\$ 831,288</b>	<b>\$ 794,934</b>	<b>\$ 768,415</b>
Net HIC OPEB liability - ending (a) - (b)	<b>\$ 69,304</b>	<b>\$ 207,824</b>	<b>\$ 161,118</b>	<b>\$ 128,922</b>	<b>\$ 128,472</b>
Plan fiduciary net position as a percentage of the total net HIC OPEB liability	93.66%	79.98%	83.76%	86.05%	85.68%
Covered Payroll	\$ 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%	0.58%	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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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
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 2021 VRS ACFR may be downloaded from the VRS website at <https://www.varetire.org/pdf/publications/2020-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, 2022**

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

**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. 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



## Working To Be The Best Local Government In Virginia

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



COMBINING SCHEDULES  
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS:

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

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

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

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

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

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

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

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

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

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

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

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

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

Wetlands Fund Accounts for wetlands mitigation fees and associated disbursements.

	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
<b>ASSETS</b>						
Equity in pooled cash and investments	\$ 125,032	\$ 1,446,482	\$ 3,804,661	\$ 89,297	\$ 1,119,052	\$ -
Restricted assets:						
Restricted cash	-	-	-	-	-	720,488
Receivables, net of allowances:						
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	8,272	-	286	-	-
Intergovernmental receivables	-	160,783	4,348	-	-	-
Total assets	<u>\$ 125,032</u>	<u>\$ 1,615,537</u>	<u>\$ 3,809,009</u>	<u>\$ 89,583</u>	<u>\$ 1,119,052</u>	<u>\$ 720,488</u>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 47,078	\$ 9,634	\$ -	\$ -	\$ 118
Accrued salaries and benefits	-	-	2,063	-	-	-
Retainages payable	-	197,108	-	-	-	-
Deposits and escrows	-	-	-	-	-	-
Unearned revenues	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>244,186</u>	<u>11,697</u>	<u>-</u>	<u>-</u>	<u>118</u>
<b>DEFERRED INFLOWS</b>						
Unavailable revenue - property taxes	-	17,948	-	286	-	-
Total deferred inflows	<u>-</u>	<u>17,948</u>	<u>-</u>	<u>286</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	125,032	1,353,403	3,797,312	89,297	1,119,052	720,370
Committed	-	-	-	-	-	-
Total fund balances	<u>125,032</u>	<u>1,353,403</u>	<u>3,797,312</u>	<u>89,297</u>	<u>1,119,052</u>	<u>720,370</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 125,032</u>	<u>\$ 1,615,537</u>	<u>\$ 3,809,009</u>	<u>\$ 89,583</u>	<u>\$ 1,119,052</u>	<u>\$ 720,488</u>

Lake Arrowhead Service District Fund	Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Total Nonmajor Governmental Funds
\$ -	\$ 75,584	\$ 971,930	\$ -	\$ 25,305	\$ -	\$ -	\$ 179,141	\$ 7,836,484
746,105	-	-	477,177	-	18,973	276,259	-	2,239,002
-	-	298,097	-	-	-	-	-	298,097
12,530	7,419	-	-	-	-	-	-	28,507
-	11,885	-	-	-	-	-	-	177,016
<u>\$ 758,635</u>	<u>\$ 94,888</u>	<u>\$ 1,270,027</u>	<u>\$ 477,177</u>	<u>\$ 25,305</u>	<u>\$ 18,973</u>	<u>\$ 276,259</u>	<u>\$ 179,141</u>	<u>\$ 10,579,106</u>
\$ 1,270	\$ 10,210	\$ 26,977	\$ 15,782	\$ 3,453	\$ -	\$ -	\$ -	\$ 114,522
-	62	14,277	-	-	-	-	-	16,402
-	-	-	-	-	-	-	-	197,108
-	-	-	-	-	-	276,259	-	276,259
-	-	-	187,304	-	-	-	-	187,304
<u>1,270</u>	<u>10,272</u>	<u>41,254</u>	<u>203,086</u>	<u>3,453</u>	<u>-</u>	<u>276,259</u>	<u>-</u>	<u>791,595</u>
2,960	6,713	-	-	-	-	-	-	27,907
<u>2,960</u>	<u>6,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,907</u>
754,405	77,903	1,228,773	274,091	21,852	18,973	-	-	9,580,463
-	-	-	-	-	-	-	179,141	179,141
<u>754,405</u>	<u>77,903</u>	<u>1,228,773</u>	<u>274,091</u>	<u>21,852</u>	<u>18,973</u>	<u>-</u>	<u>179,141</u>	<u>9,759,604</u>
<u>\$ 758,635</u>	<u>\$ 94,888</u>	<u>\$ 1,270,027</u>	<u>\$ 477,177</u>	<u>\$ 25,305</u>	<u>\$ 18,973</u>	<u>\$ 276,259</u>	<u>\$ 179,141</u>	<u>\$ 10,579,106</u>

COUNTY OF STAFFORD, VIRGINIA

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

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
<b>REVENUES</b>						
General property taxes	\$ -	\$ 543,945	\$ -	\$ 5,878	\$ -	\$ 24,772
Other local taxes	-	-	-	-	1,613,462	-
Use of money and property	325	3,517	9,795	228	2,981	1,509
Intergovernmental	-	164,067	134,951	-	-	-
Miscellaneous revenue	-	20	45	-	-	-
Total revenues	<u>325</u>	<u>711,549</u>	<u>144,791</u>	<u>6,106</u>	<u>1,616,443</u>	<u>26,281</u>
<b>EXPENDITURES</b>						
Current:						
Judicial administration	-	-	-	-	-	-
Public safety	-	-	-	-	-	-
Parks, recreational and cultural	-	-	-	-	-	4,690
Community development	-	-	-	-	-	-
Transportation	-	145,881	105,288	-	-	-
Capital outlay	-	57,460	119,177	-	-	6,498
Debt service:						
Principal retirement	-	265,000	-	-	-	-
Interest and other fiscal charges	-	149,725	-	-	-	-
Total expenditures	<u>-</u>	<u>618,066</u>	<u>224,465</u>	<u>-</u>	<u>-</u>	<u>11,188</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>325</u>	<u>93,483</u>	<u>(79,674)</u>	<u>6,106</u>	<u>1,616,443</u>	<u>15,093</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	-	-	-	237,500
Transfers out	-	-	-	-	(1,469,560)	(25,648)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,469,560)</u>	<u>211,852</u>
Net change in fund balances	325	93,483	(79,674)	6,106	146,883	226,945
Fund balances, beginning	124,707	1,259,920	3,876,986	83,191	972,169	493,425
Fund balances, ending	<u>\$ 125,032</u>	<u>\$ 1,353,403</u>	<u>\$ 3,797,312</u>	<u>\$ 89,297</u>	<u>\$ 1,119,052</u>	<u>\$ 720,370</u>

COUNTY OF STAFFORD, VIRGINIA

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2022

Schedule 2

Page 2 of 2

Lake Arrowhead Service District Fund	Hidden Lake Dam Fund	Tourism Fund	Asset Forfeiture Fund	Armed Services Memorial Fund	E-Summons Fund	RPA Chesapeake Bay Board Fund	Wetlands Fund	Total Nonmajor Governmental Funds
\$ 103,836	\$ 113,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 792,269
-	-	2,213,264	-	-	-	-	-	3,826,726
1,826	118	-	1,228	-	-	-	-	21,527
-	11,885	-	133,270	-	-	-	-	444,173
-	-	-	362	3,200	18,973	-	-	22,600
<u>105,662</u>	<u>125,841</u>	<u>2,213,264</u>	<u>134,860</u>	<u>3,200</u>	<u>18,973</u>	<u>-</u>	<u>-</u>	<u>5,107,295</u>
-	-	-	25,517	-	-	-	-	25,517
-	56,524	-	55,002	-	-	-	-	111,526
34,368	-	-	-	413	-	-	-	39,471
-	-	979,009	-	-	-	-	-	979,009
-	-	-	-	-	-	-	-	251,169
-	-	-	-	-	-	-	-	183,135
-	45,000	-	-	-	-	-	-	310,000
-	18,322	-	-	-	-	-	-	168,047
<u>34,368</u>	<u>119,846</u>	<u>979,009</u>	<u>80,519</u>	<u>413</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,067,874</u>
<u>71,294</u>	<u>5,995</u>	<u>1,234,255</u>	<u>54,341</u>	<u>2,787</u>	<u>18,973</u>	<u>-</u>	<u>-</u>	<u>3,039,421</u>
-	-	-	-	-	-	-	-	237,500
<u>(63,363)</u>	<u>-</u>	<u>(944,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,503,035)</u>
<u>(63,363)</u>	<u>-</u>	<u>(944,464)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,265,535)</u>
7,931	5,995	289,791	54,341	2,787	18,973	-	-	773,886
746,474	71,908	938,982	219,750	19,065	-	-	179,141	8,985,718
<u>\$ 754,405</u>	<u>\$ 77,903</u>	<u>\$ 1,228,773</u>	<u>\$ 274,091</u>	<u>\$ 21,852</u>	<u>\$ 18,973</u>	<u>\$ -</u>	<u>\$ 179,141</u>	<u>\$ 9,759,604</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, 2022

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive/(Negative)
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 325	\$ 325
Total revenues	-	-	325	325
Excess/(Deficiency) of revenues over/(under) expenditures	-	-	325	325
Net change in fund balances	-	-	325	325
Fund balances, beginning	124,707	124,707	124,707	-
Fund balances, ending	\$ 124,707	\$ 124,707	\$ 125,032	\$ 325

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, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 539,500	\$ 539,500	\$ 543,945	\$ 4,445
Use of money and property	1,000	1,000	3,517	2,517
Intergovernmental	313,632	751,197	164,067	(587,130)
Miscellaneous revenue	-	-	20	20
Total revenues	<u>854,132</u>	<u>1,291,697</u>	<u>711,549</u>	<u>(580,148)</u>
<b>EXPENDITURES</b>				
Current:				
Transportation	-	450,512	145,881	304,631
Capital outlay	439,407	1,069,643	57,460	1,012,183
Debt service:				
Principal retirement	265,000	265,000	265,000	-
Interest and other fiscal charges	149,725	149,725	149,725	-
Total expenditures	<u>854,132</u>	<u>1,934,880</u>	<u>618,066</u>	<u>1,316,814</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>-</u>	<u>(643,183)</u>	<u>93,483</u>	<u>736,666</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	223,357	-	(223,357)
Total other financing sources (uses)	<u>-</u>	<u>223,357</u>	<u>-</u>	<u>(223,357)</u>
Net change in fund balances	-	(419,826)	93,483	513,309
Fund balances, beginning	1,259,920	1,259,920	1,259,920	-
Fund balances, ending	<u>\$ 1,259,920</u>	<u>\$ 840,094</u>	<u>\$ 1,353,403</u>	<u>\$ 513,309</u>

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, 2022

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive/(Negative)
REVENUES				
Use of money and property	\$ -	\$ -	\$ 9,795	\$ 9,795
Intergovernmental	-	4,789,942	134,951	(4,654,991)
Miscellaneous revenue	-	-	45	45
Total revenues	-	4,789,942	144,791	(4,645,151)
EXPENDITURES				
Current:				
Transportation	-	125,838	105,288	20,550
Capital outlay	-	7,219,266	119,177	7,100,089
Total expenditures	-	7,345,104	224,465	7,120,639
Excess/(Deficiency) of revenues over/(under) expenditures	-	(2,555,162)	(79,674)	2,475,488
Net change in fund balances	-	(2,555,162)	(79,674)	2,475,488
Fund balances, beginning	3,876,986	3,876,986	3,876,986	-
Fund balances, ending	\$ 3,876,986	\$ 1,321,824	\$ 3,797,312	\$ 2,475,488



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, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 5,500	\$ 5,500	\$ 5,878	\$ 378
Use of money and property	-	-	228	228
Total revenues	5,500	5,500	6,106	606
<b>EXPENDITURES</b>				
Current:				
Transportation	-	64,635	-	64,635
Total expenditures	-	64,635	-	64,635
Excess/(Deficiency) of revenues over/(under) expenditures	5,500	(59,135)	6,106	65,241
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	64,635	-	(64,635)
Transfers out	(5,500)	(5,500)	-	5,500
Total other financing sources (uses)	(5,500)	59,135	-	(59,135)
Net change in fund balances	-	-	6,106	6,106
Fund balances, beginning	83,191	83,191	83,191	-
Fund balances, ending	\$ 83,191	\$ 83,191	\$ 89,297	\$ 6,106

**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, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive/(Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Other local taxes	\$ 750,000	\$ 750,000	\$ 1,613,462	\$ 863,462
Use of money and property	-	-	2,981	2,981
Total revenues	<u>750,000</u>	<u>750,000</u>	<u>1,616,443</u>	<u>866,443</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>750,000</u>	<u>750,000</u>	<u>1,616,443</u>	<u>866,443</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(750,000)</u>	<u>(1,469,560)</u>	<u>(1,469,560)</u>	-
Total other financing sources (uses)	<u>(750,000)</u>	<u>(1,469,560)</u>	<u>(1,469,560)</u>	-
Net change in fund balances	-	(719,560)	146,883	866,443
Fund balances, beginning	<u>972,169</u>	<u>972,169</u>	<u>972,169</u>	-
Fund balances, ending	<u>\$ 972,169</u>	<u>\$ 252,609</u>	<u>\$ 1,119,052</u>	<u>\$ 866,443</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, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 27,605	\$ 27,605	\$ 24,772	\$ (2,833)
Use of money and property	-	-	1,509	1,509
Total revenues	<u>27,605</u>	<u>27,605</u>	<u>26,281</u>	<u>(1,324)</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreational and cultural	1,957	4,693	4,690	3
Capital outlay	-	81,251	6,498	74,753
Total expenditures	<u>1,957</u>	<u>85,944</u>	<u>11,188</u>	<u>74,756</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>25,648</u>	<u>(58,339)</u>	<u>15,093</u>	<u>73,432</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	237,500	237,500
Transfers out	(25,648)	(25,648)	(25,648)	-
Total other financing sources (uses)	<u>(25,648)</u>	<u>(25,648)</u>	<u>211,852</u>	<u>237,500</u>
Net change in fund balances	-	(83,987)	226,945	310,932
Fund balances, beginning	493,425	493,425	493,425	-
Fund balances, ending	<u>\$ 493,425</u>	<u>\$ 409,438</u>	<u>\$ 720,370</u>	<u>\$ 310,932</u>

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, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 100,927	\$ 100,927	\$ 103,836	\$ 2,909
Use of money and property	500	500	1,826	1,326
Total revenues	<u>101,427</u>	<u>101,427</u>	<u>105,662</u>	<u>4,235</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreational and cultural	<u>63,368</u>	<u>99,838</u>	<u>34,368</u>	<u>65,470</u>
Total expenditures	<u>63,368</u>	<u>99,838</u>	<u>34,368</u>	<u>65,470</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>38,059</u>	<u>1,589</u>	<u>71,294</u>	<u>69,705</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(63,363)</u>	<u>(63,363)</u>	<u>(63,363)</u>	<u>-</u>
Total other financing sources (uses)	<u>(63,363)</u>	<u>(63,363)</u>	<u>(63,363)</u>	<u>-</u>
Net change in fund balances	(25,304)	(61,774)	7,931	69,705
Fund balances, beginning	<u>746,474</u>	<u>746,474</u>	<u>746,474</u>	<u>-</u>
Fund balances, ending	<u>\$ 721,170</u>	<u>\$ 684,700</u>	<u>\$ 754,405</u>	<u>\$ 69,705</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, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
General property taxes	\$ 122,382	\$ 122,382	\$ 113,838	\$ (8,544)
Use of money and property	100	100	118	18
Intergovernmental	-	-	11,885	11,885
Total revenues	<u>122,482</u>	<u>122,482</u>	<u>125,841</u>	<u>3,359</u>
<b>EXPENDITURES</b>				
Current:				
Public safety	59,160	63,201	56,524	6,677
Debt service:				
Principal retirement	45,000	45,000	45,000	-
Interest and other fiscal charges	<u>18,322</u>	<u>18,322</u>	<u>18,322</u>	-
Total expenditures	<u>122,482</u>	<u>126,523</u>	<u>119,846</u>	<u>6,677</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>-</u>	<u>(4,041)</u>	<u>5,995</u>	<u>10,036</u>
Net change in fund balances	-	(4,041)	5,995	10,036
Fund balances, beginning	<u>71,908</u>	<u>71,908</u>	<u>71,908</u>	-
Fund balances, ending	<u>\$ 71,908</u>	<u>\$ 67,867</u>	<u>\$ 77,903</u>	<u>\$ 10,036</u>

COUNTY OF STAFFORD, VIRGINIA

Schedule 3-I

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual  
Nonmajor Governmental Funds - Tourism Fund  
For the Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive/(Negative)
	Original	Final	Actual	
<b>REVENUES</b>				
Other local taxes	\$ 1,875,000	\$ 2,097,965	\$ 2,213,264	\$ 115,299
Intergovernmental	4,500	4,500	-	(4,500)
Total revenues	<u>1,879,500</u>	<u>2,102,465</u>	<u>2,213,264</u>	<u>110,799</u>
<b>EXPENDITURES</b>				
Current:				
Community development	<u>1,119,500</u>	<u>1,186,316</u>	<u>979,009</u>	<u>207,307</u>
Total expenditures	<u>1,119,500</u>	<u>1,186,316</u>	<u>979,009</u>	<u>207,307</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>760,000</u>	<u>916,149</u>	<u>1,234,255</u>	<u>318,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(760,000)</u>	<u>(944,465)</u>	<u>(944,464)</u>	<u>1</u>
Total other financing sources (uses)	<u>(760,000)</u>	<u>(944,465)</u>	<u>(944,464)</u>	<u>1</u>
Net change in fund balances	-	(28,316)	289,791	318,107
Fund balances, beginning	<u>938,982</u>	<u>938,982</u>	<u>938,982</u>	-
Fund balances, ending	<u>\$ 938,982</u>	<u>\$ 910,666</u>	<u>\$ 1,228,773</u>	<u>\$ 318,107</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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		Positive/(Negative)
<b>REVENUES</b>				
Use of money and property	\$ -	\$ -	\$ 1,228	\$ 1,228
Intergovernmental	200,000	200,000	133,270	(66,730)
Miscellaneous revenue	-	-	362	362
Total revenues	<u>200,000</u>	<u>200,000</u>	<u>134,860</u>	<u>(65,140)</u>
<b>EXPENDITURES</b>				
Current:				
Judicial administration	10,000	27,500	25,517	1,983
Public safety	<u>200,000</u>	<u>200,000</u>	<u>55,002</u>	<u>144,998</u>
Total expenditures	<u>210,000</u>	<u>227,500</u>	<u>80,519</u>	<u>146,981</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>(10,000)</u>	<u>(27,500)</u>	<u>54,341</u>	<u>81,841</u>
Net change in fund balances	(10,000)	(27,500)	54,341	81,841
Fund balances, beginning	<u>219,750</u>	<u>219,750</u>	<u>219,750</u>	-
Fund balances, ending	<u>\$ 209,750</u>	<u>\$ 192,250</u>	<u>\$ 274,091</u>	<u>\$ 81,841</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, 2022

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive/(Negative)</b>
	<b>Original</b>	<b>Final</b>	<b>Actual</b>	
<b>REVENUES</b>				
Miscellaneous revenue	\$ 2,000	\$ 2,000	\$ 3,200	\$ 1,200
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>3,200</u>	<u>1,200</u>
<b>EXPENDITURES</b>				
Current:				
Parks, recreational and cultural	<u>2,000</u>	<u>2,000</u>	<u>413</u>	<u>1,587</u>
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>413</u>	<u>1,587</u>
Excess/(Deficiency) of revenues over/(under) expenditures	<u>-</u>	<u>-</u>	<u>2,787</u>	<u>2,787</u>
Net change in fund balances	-	-	2,787	2,787
Fund balances, beginning	<u>19,065</u>	<u>19,065</u>	<u>19,065</u>	<u>-</u>
Fund balances, ending	<u>\$ 19,065</u>	<u>\$ 19,065</u>	<u>\$ 21,852</u>	<u>\$ 2,787</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, 2022

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Positive/(Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous revenue	\$ -	\$ -	\$ 18,973	\$ 18,973
Total revenues	-	-	18,973	18,973
Excess/(Deficiency) of revenues over/(under) expenditures	-	-	18,973	18,973
Net change in fund balances	-	-	18,973	18,973
Fund balances, ending	\$ -	\$ -	\$ 18,973	\$ 18,973



## Working To Be The Best Local Government In Virginia

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

## 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, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive/(Negative)
	Original	Final		
<b>REVENUES</b>				
Use of money and property	\$ 5,000	\$ 5,000	\$ 62,496	\$ 57,496
Intergovernmental	871,000	871,000	-	(871,000)
Miscellaneous revenue	40,000	40,000	-	(40,000)
Total revenues	916,000	916,000	62,496	(853,504)
<b>EXPENDITURES</b>				
Current:				
General government	-	61,373	58,372	3,001
Judicial administration	-	314,935	198,712	116,223
Public safety	-	992,131	735,846	256,285
Public works	-	786,393	358,459	427,934
Parks, recreational and cultural	-	46,917	4,966	41,951
Education				
School capital projects	13,053,135	22,559,495	22,442,544	116,951
Capital outlay	21,593,329	31,995,098	6,494,395	25,500,703
Debt service:				
Bond issuance costs	-	-	6,537	(6,537)
Total expenditures	34,646,464	56,756,342	30,299,831	26,456,511
Excess/(Deficiency) of revenues over/(under) expenditures	(33,730,464)	(55,840,342)	(30,237,335)	25,603,007
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	21,623,458	22,620,599	22,447,177	(173,422)
Issuance of debt:				
Issuance of new bonds	6,151,000	10,420,000	10,420,000	-
Issuance of installment financings	1,858,000	6,339,370	-	(6,339,370)
Premiums (discounts) on bonds	-	1,202,398	1,202,398	-
Total other financing sources (uses)	29,632,458	40,582,367	34,069,575	(6,512,792)
Net change in fund balances	(4,098,006)	(15,257,975)	3,832,240	19,090,215
Fund balances, beginning	20,981,917	20,981,917	20,981,917	-
Fund balances, ending	\$ 16,883,911	\$ 5,723,942	\$ 24,814,157	\$ 19,090,215

**COUNTY OF STAFFORD, VIRGINIA**
**Schedule 5**

Combining Statement of Fiduciary Net Position

Custodial Funds

As of June 30, 2022

	Custodial Funds					
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	Totals	
<b>ASSETS</b>						
Current assets:						
Cash and short-term investments	\$ 565,804	\$ -	\$ 1,241,539	\$ 6,710,776	\$ 8,518,119	
Investments	-	-	-	8,977,229	8,977,229	
Receivables:						
Property taxes	5,117,835	-	-	-	5,117,835	
Accounts	-	124,221	-	873,779	998,000	
Lease assets, net	-	-	-	10,961	10,961	
Other assets	-	-	-	14,229,560	14,229,560	
Total assets	<u>5,683,639</u>	<u>124,221</u>	<u>1,241,539</u>	<u>30,802,305</u>	<u>37,851,704</u>	
<b>DEFERRED OUTFLOWS</b>						
Deferred outflows related to pensions	-	-	-	550,230	550,230	
Deferred outflows related to OPEB	-	-	-	844,499	844,499	
Total deferred outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,394,729</u>	<u>1,394,729</u>	
<b>LIABILITIES</b>						
Accounts payable	-	-	-	220,305	220,305	
Accrued salaries and benefits	-	117,650	-	162,158	279,808	
Lease liabilities	-	-	-	10,293	10,293	
Other liabilities	541,449	6,571	-	12,324,139	12,872,159	
Total liabilities	<u>541,449</u>	<u>124,221</u>	<u>-</u>	<u>12,716,895</u>	<u>13,382,565</u>	
<b>DEFERRED INFLOWS</b>						
Deferred inflows related to pensions	-	-	-	663,051	663,051	
Deferred inflows related to OPEB	-	-	-	867,472	867,472	
Total deferred inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,530,523</u>	<u>1,530,523</u>	
<b>NET POSITION</b>						
Restricted for:						
Bondholders	5,142,190	-	1,241,539	-	6,383,729	
Other government operations	-	-	-	17,949,616	17,949,616	
Total net position	<u>\$ 5,142,190</u>	<u>\$ -</u>	<u>\$ 1,241,539</u>	<u>\$ 17,949,616</u>	<u>\$ 24,333,345</u>	

**COUNTY OF STAFFORD, VIRGINIA**
**Schedule 6**

## Combining Statement of Changes in Fiduciary Net Position

## Custodial Funds

For the Year Ended June 30, 2022

	Custodial Funds				
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	Totals
<b>ADDITIONS</b>					
Contributions:					
Charges to customers	\$ -	\$ 1,232,346	\$ -	\$ 9,333,204	\$ 10,565,550
Receivables:					
Property taxes	1,212,010	-	2,755,869	-	3,967,879
Total additions	<u>1,212,010</u>	<u>1,232,346</u>	<u>2,755,869</u>	<u>9,333,204</u>	<u>14,533,429</u>
<b>DEDUCTIONS</b>					
Payments	1,187,273	-	2,758,627	-	3,945,900
Operating expenses	-	-	-	6,618,301	6,618,301
Salary and benefit payments	-	1,232,346	-	-	1,232,346
Non-operating expenses	-	-	-	1,166,198	1,166,198
Total deductions	<u>1,187,273</u>	<u>1,232,346</u>	<u>2,758,627</u>	<u>7,784,499</u>	<u>12,962,745</u>
Change in fiduciary net position	24,737	-	(2,758)	1,548,705	1,570,684
Net position - beginning	<u>5,117,453</u>	<u>-</u>	<u>1,244,297</u>	<u>16,400,911</u>	<u>22,762,661</u>
Net position - ending	\$ <u><u>5,142,190</u></u>	\$ <u><u>-</u></u>	\$ <u><u>1,241,539</u></u>	\$ <u><u>17,949,616</u></u>	\$ <u><u>24,333,345</u></u>

## **STATISTICAL SECTION**

### **(unaudited)**

This section of Stafford County's Annual Comprehensive Financial Report (ACFR) 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 ACFR for the relevant year.

**COUNTY OF STAFFORD, VIRGINIA**  
**NET POSITION BY COMPONENT**  
**Fiscal Years 2013 - 2022**  
**(accrual basis of accounting)**  
**(unaudited) (1)**

Table S-1

	Fiscal Year									
	2013	2014	2015 (2)	2016	2017 (4)	2018	2019	2020	2021	2022
Primary Government:										
Governmental activities:										
Net investment in capital assets	\$ 83,012,683	\$ 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
Restricted (3)	2,563,552	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
Unrestricted (deficit) (3)	(217,209,926)	(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)
Total governmental activities net position	<u>\$ (131,633,691)</u>	<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>
Business-type activities:										
Net investment in capital assets	\$ 263,389,309	\$ 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
Restricted	14,008,268	-	9,617,314	10,673,889	6,252,110	10,990,332	10,687,024	10,698,005	9,973,321	18,096,862
Unrestricted (3)	41,136,662	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>\$ 318,534,239</u>	<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>
Total Primary Government										
Net investment in capital assets	\$ 346,401,992	\$ 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
Restricted	16,571,820	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
Unrestricted (deficit)	(176,073,264)	(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)
Total Primary Government net position	<u>\$ 186,900,548</u>	<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>

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

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

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

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



**COUNTY OF STAFFORD, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Fiscal Years 2013-2022**  
**(accrual basis of accounting)**  
**(unaudited) (1)**

Table S-2  
Page 1 of 2

	Fiscal Year									
	2013 <sup>(4)</sup>	2014	2015 <sup>(5)</sup>	2016 <sup>(6)</sup>	2017	2018 <sup>(7)</sup>	2019 <sup>(8)</sup>	2020	2021	2022
<b>Primary Government:</b>										
<b>Expenses</b>										
Governmental activities:										
General government	\$ 12,734,773	\$ 13,533,596	\$ 14,757,363	\$ 14,362,591	\$ 14,559,295	\$ 18,839,600	\$ 19,436,349	\$ 24,704,801	\$ 48,203,253	\$ 21,223,795
Judicial administration	6,105,930	7,606,669	6,370,324	6,918,104	8,482,351	8,306,197	8,367,589	9,756,898	10,154,621	10,699,814
Public safety	55,435,338	57,699,254	52,314,985	57,976,361	61,276,611	63,986,551	62,878,549	74,863,384	82,943,158	88,434,169
Public works	9,554,439	8,694,821	8,243,611	8,232,226	9,657,053	7,575,241	6,822,248	7,732,449	8,581,274	8,725,238
Health and social services	13,856,403	13,479,255	12,448,947	13,905,298	15,961,005	17,445,345	17,843,554	18,139,820	23,077,638	20,793,282
Parks, recreation and cultural	12,784,641	14,321,722	25,408,604	16,142,774	14,761,609	16,539,452	16,523,294	17,408,569	16,233,896	17,727,822
Community development	4,921,864	5,159,874	4,377,659	4,993,035	4,249,540	5,004,066	4,723,229	3,784,385	8,293,326	5,217,704
Appropriation to School Board	142,751,306	141,597,936	131,273,166	133,974,547	139,074,307	135,017,282	133,040,898	144,473,390	140,243,844	161,857,705
Transportation	4,829,573	3,322,814	3,019,659	3,227,877	3,723,774	13,854,155	5,296,964	9,364,614	5,331,443	7,438,682
Interest	16,736,309	13,807,460	17,050,475	17,260,538	16,208,762	16,388,405	15,204,938	14,135,992	13,029,423	12,079,135
Total governmental activities expenses	<u>279,710,576</u>	<u>279,223,401</u>	<u>275,264,793</u>	<u>276,993,351</u>	<u>287,954,307</u>	<u>302,956,294</u>	<u>290,137,612</u>	<u>324,364,302</u>	<u>356,091,876</u>	<u>354,197,346</u>
Total business-type activities expenses	<u>30,473,842</u>	<u>31,904,381</u>	<u>34,817,632</u>	<u>34,526,713</u>	<u>35,208,525</u>	<u>41,099,002</u>	<u>43,344,960</u>	<u>48,010,135</u>	<u>49,296,005</u>	<u>47,772,015</u>
Total Primary Government expenses	<u>\$ 310,184,418</u>	<u>\$ 311,127,782</u>	<u>\$ 310,082,425</u>	<u>\$ 311,520,064</u>	<u>\$ 323,162,832</u>	<u>\$ 344,055,296</u>	<u>\$ 333,482,572</u>	<u>\$ 372,374,437</u>	<u>\$ 405,387,881</u>	<u>\$ 401,969,361</u>
<b>Program revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 242,505	\$ 266,157	\$ 281,000	\$ 641,721	\$ 844,646	\$ 277,761	\$ 386,783	\$ 318,306	\$ 300,920	\$ -
Judicial administration	371,234	258,636	249,493	269,789	276,435	373,817	323,817	366,409	615,450	474,813
Public safety	7,926,496	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
Public works	72,680	54,814	66,868	38,912	43,210	204,629	308,264	302,689	274,203	10,048
Health and social services	195,762	247,335	75,819	135,963	144,916	53,475	39,425	48,275	53,800	14,450
Parks, recreation and cultural	1,900,427	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
Community development	1,796,945	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
Transportation	44,650	51,785	67,320	49,708	41,803	35,040	38,158	33,568	29,100	24,950
Operating grants and contributions										
General government	593,732	591,531	716,671	643,329	615,479	1,111,753	1,187,826	1,316,990	18,772,600	6,318,318
Judicial administration	1,775,749	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
Public safety	6,247,021	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
Public works	-	-	-	-	-	-	-	29,790	602,029	29,286
Health and social services	6,126,643	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
Parks, recreation and cultural	-	-	-	-	-	-	-	55,666	329,171	80,586
Community development	101,161	250,254	-	50	308,657	6,414	2,797	5,372	2,229,040	2,010,514
Transportation	82,849	918,886	836,333	-	-	109,931	66,557	65,099	71,386	6,110
Capital grants and contributions										
Public Safety	-	-	6,945	-	-	-	-	-	-	-
Community development	-	-	-	-	-	433,000	40,762	377,772	-	-
Transportation	898,290	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
Total governmental program revenues	<u>\$ 28,376,144</u>	<u>\$ 29,254,446</u>	<u>\$ 28,756,990</u>	<u>\$ 32,919,737</u>	<u>\$ 32,682,061</u>	<u>\$ 37,648,846</u>	<u>\$ 37,095,535</u>	<u>\$ 35,622,615</u>	<u>\$ 66,071,288</u>	<u>\$ 38,444,163</u>

**COUNTY OF STAFFORD, VIRGINIA**  
**CHANGES IN NET POSITION**  
**Fiscal Years 2013-2022**  
**(accrual basis of accounting)**  
**(unaudited) (1)**

Table S-2  
Page 2 of 2

	Fiscal Year									
	2013 <sup>(4)</sup>	2014	2015 <sup>(5)</sup>	2016 <sup>(6)</sup>	2017	2018 <sup>(7)</sup>	2019 <sup>(8)</sup>	2020	2021 <sup>(9)</sup>	2022
Business-type activities:										
Charges for services	\$ 26,115,323	\$ 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
Operating grants and contributions	276,145	-	-	-	-	-	-	-	-	-
Capital grants and contributions	21,404,272	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
Total business-type activities										
program revenues	47,795,740	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
Total Primary Government program revenues	\$ 76,171,884	\$ 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
<b>Net (expense)/revenue <sup>(2)</sup></b>										
Governmental activities	\$ (251,334,432)	\$ (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)
Business activities	17,321,898	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
Total Primary Government net expense	\$ (234,012,534)	\$ (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)
<b>General revenues and other changes in net assets</b>										
Governmental activities:										
Taxes										
General property taxes	\$ 176,261,594	\$ 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
Other local taxes	41,711,420	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
Unrestricted grants and contributions	14,941,367	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
Investment earnings	38,656	206,821	106,796	448,174	840,815	1,747,745	3,159,567	2,848,904	651,639	59,711
Miscellaneous <sup>(3)</sup>	884,870	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
Gain on sale of property	-	-	-	75,337	33,673	-	-	-	-	(209,580)
Transfers	121,100	-	10,000	-	371,402	724,000	854,620	195,848	(356,928)	180,985
Total governmental activities	\$ 233,959,007	\$ 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
Business-type activities										
Investment earnings	\$ 282,527	\$ 235,995	\$ 203,909	\$ 449,208	\$ 371,330	\$ 680,907	\$ 2,371,917	\$ 2,270,941	\$ 206,901	\$ (1,339,487)
Gain on disposal of capital assets	13,000	12,882	43,365	23,560	23,440	-	-	-	-	(1,146,635)
Miscellaneous	159,109	47,989	35,920	136,311	175,099	209,750	235,651	260,654	295,348	186,642
Transfers	(121,100)	-	(10,000)	-	-	(724,000)	(854,620)	(195,848)	356,928	(180,985)
Total business-type activities	333,536	296,866	273,194	609,079	569,869	166,657	1,752,948	2,335,747	859,177	(2,480,465)
Total Primary Government	\$ 234,292,543	\$ 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
<b>Change in net position</b>										
Primary government:										
Governmental activities	\$ (17,375,425)	\$ (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
Business-type activities	17,655,434	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
Total primary government	\$ 280,009	\$ 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
Total primary government										
Net position, beginning <sup>(3)</sup> - <sup>(5)</sup> , <sup>(7)</sup> and <sup>(9)</sup>	\$ 186,620,539	\$ 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
Net position, ending	\$ 186,900,548	\$ 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

(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 2012, the beginning net position balance for the governmental activities was restated to reflect an adjusted prior year transfer of a land asset to the Component Unit - School Board.

(4) In fiscal year 2013, the beginning net position balance for the governmental activities was restated to reflect a change in accounting principle and a restatement of an error.

(5) 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.

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

(7) 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.

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

(9) 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 2013-2022

(modified accrual basis of accounting)

(unaudited) (1)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General Fund										
Nonspendable	\$ 27,813	\$ 326,168	\$ 220,609	\$ 181,993	\$ 691,811	\$ 432,115	\$ 456,906	\$ 163,413	\$ 182,035	\$ 142,576
Restricted	879,437	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
Committed	13,937,000	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
Assigned	11,883,767	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
Unassigned	30,376,952	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
Total General Fund	57,104,969	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
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
Capital Projects	1,080,000	-	-	-	-	12,891,437	7,986,145	7,029,193	20,981,917	24,814,157
Other Governmental Funds	604,115	689,251	622,351	250,238	175,418	9,955,078	9,157,311	9,126,262	8,806,577	9,580,463
Committed										
Special Revenue	10,765,215	11,642,718	8,422,525	6,795,956	18,217,607	210,959	-	-	-	-
Capital Projects	16,903,871	11,476,554	9,996,099	6,200,789	9,692,399	-	-	-	-	-
Other Governmental Funds	7,123,925	8,844,875	9,596,848	5,757,073	7,138,126	-	95,516	179,140	179,141	179,141
Assigned										
Special Revenue	3,798,204	721,863	-	-	-	-	-	-	-	-
Other Governmental Funds	8,726,946	7,677,381	5,423,842	6,513,216	3,916,439	-	-	-	-	-
Total all other government funds	49,002,276	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
Total fund balances	\$ 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

(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 2013-2022**  
**(modified accrual basis of accounting)**  
**(unaudited) (1)**

**Table S-4**

**Page 1 of 2**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Revenues</b>										
General property taxes	\$ 178,881,369	\$ 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
Other local taxes	41,017,797	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
Permits, privilege fees and regulatory licenses	4,342,575	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
Fines and forfeitures	784,514	1,057,819	1,071,872	1,034,714	791,570	878,756	895,106	673,306	750,396	775,400
Use of money and property	347,769	432,444	462,759	872,914	840,813	1,747,745	3,159,567	2,848,904	651,639	59,711
Charges for services	6,193,509	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
Intergovernmental	29,382,578	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
Miscellaneous	3,883,714	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
<b>Total revenues</b>	<b>264,833,825</b>	<b>271,597,250</b>	<b>277,745,789</b>	<b>287,574,659</b>	<b>297,168,325</b>	<b>311,511,873</b>	<b>321,406,992</b>	<b>334,555,435</b>	<b>371,881,487</b>	<b>364,270,057</b>
<b>Expenditures</b>										
Current operating:										
General government	12,083,734	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
Judicial administration	6,949,212	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
Public safety	53,421,921	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
Public works	7,124,172	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
Health and social services	13,435,827	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
Parks, recreation and cultural	14,444,997	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
Community development	4,795,928	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
Appropriation to school board:										
School operation	108,625,975	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
School capital projects	34,050,331	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
Transportation	2,781,761	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
Capital outlay	6,950,065	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
Debt service										
Principal	25,436,816	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
Interest and fiscal charges	16,780,980	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
Bond issuance costs	-	-	-	-	-	70,608	85,505	20,493	24,120	6,537
<b>Total expenditures</b>	<b>306,881,719</b>	<b>311,983,296</b>	<b>313,875,989</b>	<b>332,339,409</b>	<b>323,017,399</b>	<b>336,136,916</b>	<b>327,843,478</b>	<b>346,811,086</b>	<b>347,235,429</b>	<b>374,541,513</b>
Excess of revenues (under) expenditures	(42,047,894)	(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)
<b>Other Financing Sources (Uses)</b>										
Issuance of debt	54,115,000	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
Issuance of capital leases	-	5,980,906	-	5,128,339	-	-	2,194,073	4,555,506	-	-
Bond premium	6,163,715	-	-	3,037,527	3,605,595	2,219,352	1,304,024	776,405	2,032,253	1,202,398
Refunding bonds issuance	-	-	-	-	-	4,085,000	-	-	-	-
Premium on refunding bonds issuance	-	-	-	-	-	353,100	-	-	-	-
Transfers in	4,603,625	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
Transfers out	(4,482,525)	(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)
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	-	-	-	-	-	-	-	-	-	-
<b>Total other financing sources, net</b>	<b>60,399,815</b>	<b>36,954,114</b>	<b>33,659,907</b>	<b>40,965,867</b>	<b>40,006,017</b>	<b>25,113,960</b>	<b>16,452,717</b>	<b>11,597,759</b>	<b>15,815,325</b>	<b>11,803,383</b>
<b>Net change in fund balances</b>	<b>18,351,921</b>	<b>(3,431,932)</b>	<b>(2,470,293)</b>	<b>(3,798,883)</b>	<b>14,156,943</b>	<b>488,917</b>	<b>10,016,231</b>	<b>(657,892)</b>	<b>40,461,383</b>	<b>1,531,927</b>
Fund balance, beginning (3)	87,755,324	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
Fund balance, ending (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

**COUNTY OF STAFFORD, VIRGINIA**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**  
**FISCAL YEARS 2013-2022**

Table S-4  
Page 2 of 2

(modified accrual basis of accounting)  
(unaudited) (1)

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total debt service	\$ 35,254,971	\$ 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
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	\$ 347,235,429	\$ 374,541,513
Less: Capital outlay (2)	16,817,195	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
Non-capital expenditures	\$ 295,166,101	\$ 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
Debt service as a percentage of noncapital expenditures	11.94%	14.97%	14.39%	16.38%	14.74%	15.36%	14.09%	13.76%	13.35%	12.07%

(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 2013-2022**  
**(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
2012	\$ 175,603,509	\$ 11,014,935	\$ 10,391,870	\$ 6,251,632	\$ 2,447,621	\$ 2,245,004	\$ 5,345,841	\$ 530,537	\$ 1,410,752	\$ 215,241,701
2013	\$ 176,261,594	\$ 11,800,992	\$ 10,018,017	\$ 6,400,869	\$ 3,600,473	\$ 2,344,309	\$ 5,616,151	\$ 533,358	\$ 703,628	\$ 217,279,391
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

(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.

## ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Calendar Years 2013 - 2022

(unaudited) (1)

Real Property					Personal Property							
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	Recreational Vehicles/ Trailers; Watercraft & Business Property	Total Personal Property	Total Taxable Assessed Value	Total Direct Tax Rate (4)
2013	\$ 10,453,773,090	\$ 2,673,373,426	\$ 497,992,200	\$ 13,262,150,638	\$ 632,393,059	\$ 186,440,770	\$ -	\$ 16,697,240	\$ 137,968,580	\$ 973,499,649	\$ 14,235,650,287	\$ 1.19
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)	\$ 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	\$ 0.95

(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.

Source: Office of the Commissioner of Revenue.

COUNTY OF STAFFORD, VIRGINIA

Table S-7

**DIRECT AND OVERLAPPING TAX RATES (1)**

Calendar Years 2013 - 2022

(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	
2013	\$ 1.07	\$ 0.99	\$6.89	\$ 0.12	\$0.50	\$ 0.01	\$ -	\$ -	\$1.07	\$ -	\$5.49	\$ 0.05	\$ 1.19
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	\$ 0.85	\$ 0.79	\$5.49	\$ 0.12	\$ -	\$ -	\$ -	\$ -	\$0.85	\$ 0.00	\$5.49	\$ 0.04	\$ 0.95

(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.

**Source:** Office of the Commissioner of Revenue.



COUNTY OF STAFFORD, VIRGINIA

Table S-8

**PRINCIPAL PROPERTY TAX PAYERS**  
**Calendar Years 2021 vs 2012**  
**(unaudited) (1)**

Tax Payer	Type of Business	Calendar Year 2021			Calendar Year 2012		
		Assessed Valuation	Rank	% Total Assessed Valuation	Assessed Valuation	Rank	% Total Assessed Valuation
Virginia Electric & Power Co	Utility	\$ 258,255,239	1	1.0%	\$ 185,518,760	1	1.3%
SREIT	Commercial	136,609,900	2	0.5%			
Kensington Multifamily Partners LLC	Commercial	124,620,500	3	0.5%	73,694,700	5	0.5%
Stafford Marketplace LLC	Commercial	83,533,300	4	0.3%	94,536,400	2	0.7%
Silver Companies	Commercial	80,121,600	5	0.3%			
Aventine LLC	Commercial	79,646,100	6	0.3%	81,723,537	3	0.6%
Walmart	Commercial	70,840,492	7	0.3%	75,675,840	4	0.5%
GEICO	Commercial	68,391,480	8	0.3%			
Crescent Pointe Limited Partnership	Commercial	64,437,700	9	0.2%	61,596,314	7	0.4%
Washington Real Estate Investment Trust	Commercial				63,816,900	6	0.5%
ACPRE ACS Realty LLC	Commercial				54,918,100	8	0.4%
Garrett Companies	Commercial				53,489,600	9	0.4%
Pulte Home Corp	Commercial				51,421,900	10	0.4%
Totals		<u>\$ 966,456,311</u>		3.6%	<u>\$ 796,392,051</u>		5.7%
Total taxable assessed value		\$ 25,937,088,430			\$ 14,034,826,478		

(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 2013 - 2022

(unaudited) (1)

Fiscal Year	Taxes Levied for the		Total Adjusted Levy	Collected within the Fiscal Year of the Levy		Subsequent Collections by Levy Years (3)	Total Collections to Date	
	Fiscal Year (2) (Original Levy)	Adjustments		Amount	Percentage of Original Levy		Amount	Percentage of Adjusted Levy
2013	\$ 141,088,714	\$ (628,046)	\$ 140,460,667	\$ 136,430,178	96.70%	\$ 2,865,717	\$ 139,295,895	99.17%
2014	\$ 144,738,631	\$ (390,547)	\$ 144,348,083	\$ 140,322,929	96.95%	\$ 2,529,848	\$ 142,852,777	98.96%
2015	\$ 147,557,767	\$ (395,963)	\$ 147,161,804	\$ 144,103,736	97.66%	\$ 2,526,808	\$ 146,630,544	99.64%
2016	\$ 152,915,361	\$ (788,345)	\$ 152,127,016	\$ 148,989,753	97.43%	\$ 2,318,533	\$ 151,308,286	99.46%
2017	\$ 157,468,327	\$ (848,373)	\$ 156,619,954	\$ 154,159,375	97.90%	\$ 1,904,443	\$ 156,063,818	99.64%
2018	\$ 163,675,360	\$ (1,246,706)	\$ 162,428,654	\$ 159,946,093	97.72%	\$ 1,604,054	\$ 161,550,147	99.46%
2019	\$ 170,959,805	\$ (1,845,323)	\$ 169,114,481	\$ 166,830,279	97.58%	\$ 1,534,309	\$ 168,364,588	99.56%
2020	\$ 175,302,689	\$ (1,797,388)	\$ 173,505,301	\$ 170,646,581	97.34%	\$ 2,027,649	\$ 172,674,230	99.52%
2021	\$ 178,371,412	\$ (2,298,951)	\$ 176,072,461	\$ 172,494,161	96.71%	\$ 2,384,731	\$ 174,878,892	99.32%
2022	\$ 186,187,162	\$ (2,395,274)	\$ 183,791,887	\$ 181,438,089	97.45%	\$ -	\$ 181,438,089	98.72%

(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 2013- 2022

(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)	
2013	\$ 297,085,268	\$ 77,195,000	\$ 3,195,335	\$ 7,026,320	\$ 7,626,409	\$ 85,002,056	\$ 477,130,388	\$ 501,455,917	3.60%	8.28%	\$ 3,610.99	
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	2.21%	6.89%	\$ 3,044.20	
2022	\$ 288,711,855	\$ -	\$ -	\$ 6,988,223	\$ 61,332,320	\$ 82,017,236	\$ 439,049,634	\$ 470,528,697	1.69%	5.63%	\$ 2,862.27	

(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. Prior years were restated.

(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 2013 - 2022**  
**(unaudited) (1)**

<b>Fiscal Year</b>	<b>General Obligation Bonds (2)</b>	<b>Premiums on General Obligation Bonds</b>	<b>Percentage of Estimated Actual Taxable Value of Property (3)</b>	<b>Outstanding Debt Per Capita (4)</b>
2013	\$ 297,085,268	\$ 16,255,429	2.09%	\$ 2,196
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	1.17%	\$ 1,840

(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, 2022

(unaudited) (1)

	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
<b>Direct debt:</b>			
General Government			
General obligation bonds (3)	\$ 288,711,855	100.0%	\$ 288,711,855
Lease revenue bonds (3)	-	100.0%	-
Literary loans	-	100.0%	-
Installment Finance Agreements	6,988,223	100.0%	6,988,223
VRA	61,332,320	100.0%	61,332,320
Total general government direct debt	357,032,398		357,032,398
Bond premiums	25,720,048	100.0%	25,720,048
Total general government obligations including premiums	\$ 382,752,446		\$ 382,752,446
<b>Overlapping Debt:</b>			
Regional Joint Activities			
Rappahannock Regional Jail	57,670,000	47.6%	27,450,920
Total regional joint ventures	57,670,000		27,450,920
Total overlapping debt	57,670,000		27,450,920
Total direct and overlapping debt	\$ 414,702,398		\$ 384,483,318

(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.

**DEBT MARGIN INFORMATION**  
**Fiscal Years 2013 - 2022**  
**(unaudited) (1)**

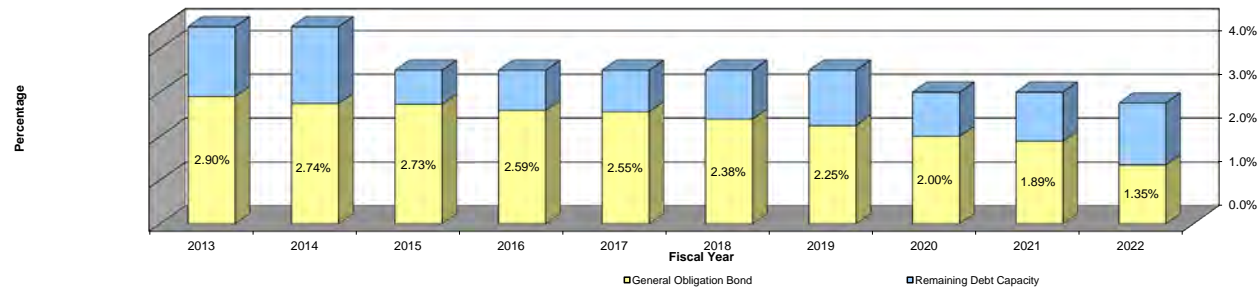
On June 4, 2019, the Board of Supervisors adopted new "Principles of High Performance Financial Management" as a means to prudently manage the people's resources through accountable and transparent allocation of resources, planned strategic use of financial resources to ensure sustainability, maintain 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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Assessed value of taxable real property	\$ 13,262,150,638	\$ 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	\$ 25,937,088,430
Debt limit, 3% of assessed value prior to 6/4/19, 2.75% thereafter (2)	\$464,175,272	\$503,048,072	\$514,481,220	\$475,717,373	\$494,874,050	\$524,948,885	\$535,757,136	\$523,051,658	\$534,167,431	\$713,269,932
Tax-supported general obligation debt (3)	\$385,102,012	\$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
<b>% of assessed real property</b>	<b>2.90%</b>	<b>2.74%</b>	<b>2.73%</b>	<b>2.59%</b>	<b>2.55%</b>	<b>2.38%</b>	<b>2.25%</b>	<b>2.00%</b>	<b>1.89%</b>	<b>1.35%</b>
Debt margin (4)	<u>\$79,073,260</u>	<u>\$109,072,404</u>	<u>\$113,882,481</u>	<u>\$65,747,957</u>	<u>\$73,835,312.50</u>	<u>\$ 107,887,901</u>	<u>\$ 133,762,348</u>	<u>\$ 142,329,480</u>	<u>\$ 166,593,512</u>	<u>\$ 363,225,757</u>

**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 CAFR, 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.

COUNTY OF STAFFORD, VIRGINIA

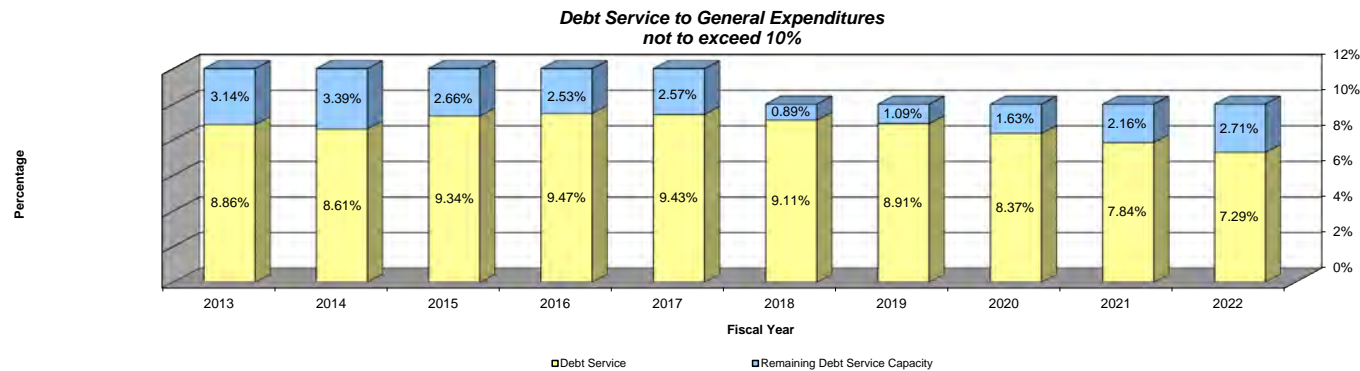
Table S-13  
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**DEBT MARGIN INFORMATION**  
**Fiscal Years 2013 - 2022**  
**(unaudited) (1)**

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government budget (3)	\$ 399,027,672	\$ 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
Debt limit, 11% of general government budget, 10 % after 2015 (7)	\$43,893,044	\$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
Debt service expenditure (4) (5)	35,348,244	\$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
<b>Percentage of the general government budget</b>	<b>8.86%</b>	<b>8.61%</b>	<b>9.34%</b>	<b>9.47%</b>	<b>9.43%</b>	<b>9.11%</b>	<b>8.91%</b>	<b>8.37%</b>	<b>7.84%</b>	<b>7.29%</b>
Debt service margin (6)	\$ 8,544,800	\$ 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



(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) The above schedule excludes debt service on master leases, the fiscal year 2007 through 2013 expenditures were revised in the 2014 CAFR.

(6) 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.

(7) In FY17 CAFR, The debt limits for 2015 and 2017 were restated to 10%.

COUNTY OF STAFFORD, VIRGINIA

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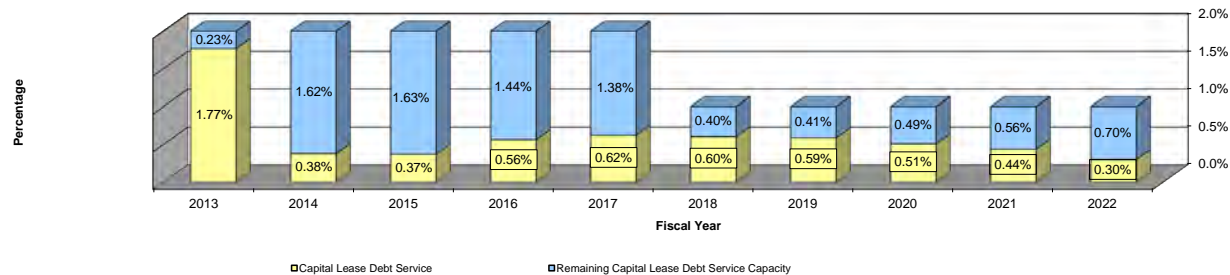
**DEBT MARGIN INFORMATION**  
**Fiscal Years 2013 - 2022**  
**(unaudited) (1)**

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									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government budget	\$ 399,027,672	\$ 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
Installment Finance Agreements debt service limit (2)										
Total debt service limitation	7,744,280	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
Amount of total debt service applicable to limit (3)	7,054,952	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
Installment Finance Agreements debt service as a percentage of general government budget	1.77%	0.38%	0.37%	0.56%	0.62%	0.60%	0.59%	0.51%	0.44%	0.30%
Debt service margin (4)	\$ 689,327	\$ 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

**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) At the end of fiscal year 2012 capital leases were paid down by \$ 5.3 million.
- (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.



**PLEDGED REVENUE COVERAGE: WATER AND SEWER FUND**  
**Fiscal Years 2013 - 2022**  
**(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		
2013	\$ 37,586,122	\$ 20,577,533	\$ 17,008,589	\$ 1,975,883	\$ 3,174,914	\$ 5,150,797	3.30	
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	

(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 2013 - 2022**  
**(unaudited) (1)**

<b>Fiscal Year</b>	<b>Population (2)</b>	<b>Civilian Labor Force (3)</b>	<b>At Place Employment(4)</b>	<b>Unemployment Rate (5)</b>	<b>Personal Income (in thousands) (6)</b>	<b>Per Capita Personal Income (7)</b>	<b>Total Taxable Assessed Real Property (8)</b>
2013	135,311	71,569	38,039	5.1%	\$ 5,900,913	\$ 43,610	\$ 13,262,150,638
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	\$ 20,900,646,190
2022	156,927	74,531	50,402	2.8%	\$ 7,975,775	\$ 50,825	\$ 25,937,088,430

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

(2) Population figures for fiscal year 2010 were provided by the U.S. Census Count. Fiscal Year 2011 figure is from American Community Survey Estimate.

Fiscal year 2012 figure is from Weldon Cooper Center. Fiscal year 2013 -2019 figures are from Stafford County Planning and Zoning. Fiscal year 2022 figure from EDA

(3) The Civilian Labor Force represents the number of people that live in Stafford County. Source: fiscal year 2010- 2014 (US Census DP-3), fiscal year 2015-2019 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 2010-2011): Estimate provided by Stafford County Finance Department assuming a growth of 2%.

Per capita personal income figures ( fiscal year 2012-2013): Provided by Stafford Economic Development. Fiscal year 2011 figure revised, fiscal year 2012 , 2013, 2016-2019 based on 2% increase. Fiscal Year 2014-2015 figures are from Stafford County Economic Development.

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

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			
<b>Population:</b>							
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)
<b>Education:</b>							
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%	
<b>Income:</b>							
Median household income	\$88,179	\$111,108		\$74,222		\$62,843	
<b>Housing:</b>							
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 2022 vs 2013

(unaudited) (1)

Employer	Industry	Fiscal Year 2022			Fiscal Year 2013		
		Employees	Rank	Percentage of Total County Employment (2)	Employees	Rank	Percentage of Total County Employment (2)
Stafford County School System	Education	4,346	2	9.5%	3,715	1	9.2%
GEICO, Government Employees Insurance	Insurance	1000+	1	2.6%	1000+	2	2.6%
U.S. Federal Bureau of Investigation	Government Services	1000+	3	2.6%	1000+	3	2.6%
U.S. Department of Defense	Government Services	1000+	4	2.0%	1000+	4	2.0%
Stafford County Government	County Government	1,177	5	2.6%	786	5	2.1%
Walmart	Retail	500-999	6	2.0%			
McLane Mid Atlantic	Merchant Wholesalers, Nondurable Goods	500-999	7	2.0%	500-999	7	2.0%
Intuit	Merchant Wholesalers, Durable Goods	250-499	9	1.0%	250-499	8	1.0%
Stafford Hospital Center	Medical	500-999	8	2.0%	500-999	6	2.0%
Target	Retail	250-499	10	1.0%			
Market Fair Foods	Food Manufacturing				250-499	9	1.0%
YMCA	Recreation				250-499	10	1.0%
Total 10 Largest Employers		10523-12518+		27.3%	9251-10996+		25.5%
Total County Employment		51,659			38,039		

(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 2013- 2022

(unaudited) (1)

Function/Program Employees:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Primary Government:										
Governmental activities:										
General government	99	97	103	102	107	107	124	124	110	127
Judicial administration	48	46	44	48	52	53	59	59	60	65
Public safety (2)	338	358	355	379	378	415	419	419	448	465
Health and welfare	51	51	54	52	51	64	72	72	65	78
Parks, recreation and community facilities (3)	51	53	54	58	56	62	88	88	67	114
Community development	67	69	66	62	63	72	75	75	68	66
Total governmental activities employees	654	674	676	701	707	773	837	837	819	914
Business-type activities:										
Utilities	132	134	137	137	133	140	139	139	142	149
Total business-type activities employees										
Total primary government employees	786	808	813	838	840	913	976	976	961	1,063
<b>Volunteers:</b>										
Public safety (4)	400	200	200	200	327	368	260	571	570	169

(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.

Source: Stafford Human Resources Department.

**OPERATING INDICATORS BY FUNCTION**  
**Fiscal Years 2013 - 2022**  
**(unaudited) (1)**

<b>Function/Program</b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>
<b>Governmental Activities:</b>										
<b>General government</b>										
Commissioner of Revenue										
Taxpayers assisted at real estate and personal property counters	9,748	8,841	11,546	12,744	13,230	8,786	8,292	7,028	3,767	5,983
Building permits reviewed	1,961	1,976	1,858	1,973	2,310	2,248	2,270	3,106	6,868	7,306
State income tax returns processed	5,570	6,838	7,027	5,741	5,739	5,317	4,825	5,111	4,629	3,586
Personal property records processed	86,054	77,632	80,419	92,063	79,169	74,828	70,632	96,698	115,401	132,620
Finance										
Landfill bills processed	352	369	407	421	479	661	832	901	909	908
Accounts payable transactions processed (2)	45,156	47,429	43,731	44,379	49,327	33,859	31,096	30,835	30,289	48,678
Department of Human Resources										
Number of new hires	249	242	272	310	367	346	361	172	253	328
Number of positions recruited	80	78	90	104	111	134	155	141	139	209
Public Services										
Total facilities maintained (sq ft) (3)	563,271	565,128	555,218	600,967	594,232	612,624	612,800	620,662	720,756	720,756
Registrar										
Voters served at polling places	63,431	36,479	45,043	53,212	81,911	50,515	64,781	78,154	79,864	67,617
Registered Voters Served (4)	81,765	82,630	81,394	86,603	90,645	93,755	96,160	100,464	106,322	109,466
Treasurer										
Real estate and personal property bills processed	271,311	277,174	283,455	291,455	293,468	307,064	314,318	377,133	325,275	332,641
Water and sewer bills processed	395,147	401,193	415,050	415,050	431,776	440,792	451,511	461,154	470,251	476,631
<b>Judicial administration</b>										
Victims' services (5)	957	914	929	973	1,335	1,434	1,341	1,301	1,075	1,166
<b>Public safety</b>										
Requests for law enforcement service (responded)	73,371	75,716	75,458	82,317	85,332	71,310	67,788	73,957	79,162	130,205
Number of arrests	6,194	6,084	5,341	5,029	5,297	5,465	5,478	6,397	7,262	6,182
Number of fire and EMS calls (6)	25,957	25,432	24,845	17,983	25,039	26,665	19,400	20,248	23,311	26,921

COUNTY OF STAFFORD, VIRGINIA

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OPERATING INDICATORS BY FUNCTION  
Fiscal Years 2013 - 2022  
(unaudited) (1)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Social Services</b>										
Benefit applications received (11)	8,552	8,810	7,989	7,552	N/A	7,445	9,112	10,658	9,585	9,648
CPS complaints investigated (7)	546	542	695	704	755	780	709	572	564	586
Food stamp households served	4,024	4,032	3,718	3,379	3,201	3,106	3,126	3,422	3,768	4,099
Foster care children served	71	82	59	56	52	56	72	64	54	71
<b>Parks, Recreational and Cultural</b>										
Programs offered: gymnastics	2,056	1,610	2,532	2,689	3,312	3,339	3,417	2,462	448	1,449
Programs offered: senior citizens	260	495	564	801	834	838	714	367	48	196
Programs offered: sports/recreation	618	1,244	1,131	1,268	752	448	790	412	421	655
Programs offered: aquatics	630	507	635	903	704	1,685	899	151	26	73
Acres maintained (12)	1,476	1,476	1,476	2,072	2,072	2,072	2,072	2,072	2,072	2,072
<b>Community Development</b>										
Public Works										
Permits issued	4,306	4,424	4,062	5,228	5,735	5,495	5,616	5,466	5,947	5,995
Chesapeake Bay building permits reviewed	1,744	1,893	1,942	1,877	2,141	2,187	2,197	3,106	2,874	2,434
Building inspections performed	30,708	33,897	24,889	35,244	37,836	44,680	36,198	36,813	40,097	41,621
E&S control inspections performed (9)	6,584	6,576	7,504	6,973	7,055	6,646	6,271	5,301	4,856	4,658
Economic Development/Legislative Affairs										
At-place employment	38,039	39,443	40,341	41,939	42,399	43,130	44,318	42,750	47,810	51,659
Unemployment rate	5.1%	5.1%	5.2%	4.0%	3.6%	3.3%	2.7%	5.8%	4.3%	2.9%
Businesses in the County	2,272	2,329	2,377	2,639	2,618	2,674	2,810	2,873	2,922	3,150
Legislative bills reviewed for action/response (13)	2,575	2,942	2,925	3,009	2,959	3,722	3,128	3,911	1,555	3,143
Planning and Zoning										
Addresses issued (10)	1,666	633	716	417	1,626	1,040	398	825	742	968
Subdivision applications processed	442	652	482	460	365	602	258	132	384	404
Site plans processed	160	180	167	150	176	112	126	55	186	185
Zoning site development inspections	265	700	678	457	446	513	452	450	381	370
Zoning enforcement inspections performed	604	525	304	671	518	635	564	858	1,318	1,374

## OPERATING INDICATORS BY FUNCTION

Fiscal Years 2013 - 2022

(unaudited) (1)

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Business-Type Activities:</b>										
<b>Water &amp; Sewer Utilities</b>										
Billions of gallons of water treated per year	3.944	3.305	3.328	3.160	3.185	3.173	3.450	3.670	3.721	3,820
Water storage (mg)	16.645	17.645	17.645	17.645	18.145	17.145	20.250	20.250	20.250	20
Billions of gallons of wastewater treated per year	2.844	3.066	2.486	2.948	3.047	3.204	3.220	3.210	3.651	3,651
Number of customer accounts served	33,240	33,768	34,518	35,427	36,268	37,035	37,845	38,643	39,400	39,988

(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.

**Source:** Various Stafford County Departments



## CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2013 - 2022

(unaudited) (1)

Function/Program	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Public services</b>										
Total facilities maintained (sq ft) (2)	563,271	520,858	518,034	600,967	594,232	612,624	612,800	620,662	720,756	720,756
<b>Public safety (3)</b>										
Number of Fire & Rescue Stations	8	8	8	10	10	10	10	10	10	10
Number of Fire Stations	4	4	4	3	3	3	3	3	3	3
Number of Rescue Squads	4	4	4	3	3	3	3	3	3	3
<b>Utilities</b>										
Water Plant Capacity (mgd)	19	19	19	19	19	19	19	19	19	19
Water Lines (miles)	613	619	634	643	657	704	679	711	711	711
Wastewater Plant Capacity (mgd)	14.5	18	18	18	18	18	18	18	18	18
Sewer Lines (miles)	506	511	516	522	534	540.6	549	541	541	541
Pumping Stations	89	91	90	88	88	94	94	94	94	94
<b>Parks, recreation and cultural</b>										
Number of County parks (6)	18	18	18	19	19	19	19	19	19	19
Acreage of County parks	1476	1476	1476	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	2	3	3	3	3	3
Playgrounds (County & Schools) (7)	25	25	25	27	27	43	43	43	43	43
Athletic fields (County & Schools) (7)	93	93	92	99	99	151	151	151	151	151
Tennis courts (County & Schools) (7)	19	19	19	19	19	18	18	18	18	18
Campgrounds (48 acres)	1	1	1	1	1	1	1	1	1	1
Private golf courses (9 holes)	1	1	1	1	1	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	2	5	5	5	5	5	5	5
Public fishing lakes	2	2	2	2	3	3	3	3	3	3
Public boat ramps	3	3	3	4	4	4	4	4	4	4

COUNTY OF STAFFORD, VIRGINIA

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CAPITAL ASSET STATISTICS BY FUNCTION

Fiscal Years 2013 - 2022

(unaudited) (1)

Function/Program	Fiscal Year									
	<u>2013</u>	<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>
<b>Parks, recreation and cultural (cont.)</b>										
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	2	4	4	4	4	4	4	4
<b>Community development</b>										
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



**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, 2022, 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 14, 2022.

**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.

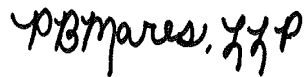
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 14, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

To the Honorable Members of the 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, 2022. 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, 2022.

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

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 14, 2022

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Pass Through Payments:			
Department of Social Services			
State Administrative Matching Grants for the			
Supplemental Nutrition Assistance Program	10.561	0010113-90103	\$ 1,234,428
		0010113-90223	
		0040113-90104	
		0040113-90224	
Total SNAP Cluster			<u>\$ 1,234,428</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>1,234,428</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Pass Through Payments:			
Department of Social Services			
Social Services Block Grant	93.667	1000113-90648	420,198
		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	108,800
		0760113-90117	
		0760113-90118	
		0760113-90236	
		0760113-90237	
		0760113-90238	
		0760113-90529	
Child Care & Development Fund	93.575	773121 - 90785	<u>(391)</u>
Total Child Care Cluster			<u>108,409</u>
Stephanie Tubbs Jones			
Child Welfare Services Program	93.645	0900113-90251	1,106
Chafee Education and Training Vouchers Program	93.599	9160119 - 90353	13,490



**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

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	\$ 477,731
Promoting health and stable families	93.556	950113-91129	16,166
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113-90623 0500113-90113 0500113-90233	264,393
Low-Income Home Energy Assistance	93.568	0600413-90114 0600413-90115 0600413-90234 0600413-90235	81,125
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	518,019
Adoption Assistance	93.659	1120113-90606 1120113-90607 1120113-90228	530,052
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674	9150113-90254 9150113-90356	14,955
Children's Health Insurance Program	93.767	0540113-90102 0540113-90222	6,444
Medical Assistance Program (Medicaid; Title XIX)	93.778	1200113-90101 1200113-90146 1200113-90221 1200113-90266	655,771
Total Medical Assistance Program (Medicaid; Title XIX) Cluster			<u>655,771</u>
Guardianship Assistance	93.090		259
Title IV-E Prevention Program	93.472		12,617
Elder Abuse Prevention Intervention Program	93.747		<u>4,452</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>3,125,187</u>

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
Direct Payments:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		\$ 2,371
Equitable Sharing Program	16.922		40,000
COVID-19 Coronavirus Emergency Supplemental Funding	16.034		59,695
Office of Community Oriented Policing Services			
Public Safety Partnership and Community Policing Grants	16.710		320,096
Pass Through Payments:			
Dept of Criminal Justice Services			
Crime Victim Assistance	16.575	21-X9564VW19-VICT	136,327
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>558,489</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Direct Payments:			
Federal Highway Administration			
Highway Planning and Construction	20.205		<u>164,077</u>
Total Highway Planning and Construction Cluster			<u>164,077</u>
Pass Through Payments:			
Department of Motor Vehicles			
State and Community Highway Safety (Section 402)	20.600	FSC-2022-52216-22216	6,847
Selective Enforcement - Occupant Protection	20.600	FOP-2022-52227-22227	<u>2,096</u>
Total Highway Safety Cluster			<u>8,943</u>
Selective Enforcement - Alcohol	20.601	154AL-2022-52203-22203	4,260
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>177,279</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Pass Through Payments:			
Department of Emergency Management			
Emergency Management Performance Grant	97.042	2010-EP-EO-0039	47,187
Homeland Security Grant Program	97.067		674
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>47,861</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Pass Through Payments:			
Department of Housing and Community Development			
Community Development Block Grant	14.228	117618 - CDBG-CV	33,500
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>33,500</u>
U.S. DEPARTMENT OF TREASURY			
Direct Payments:			
COVID-19 American Rescue Plan Act - Coronavirus State & Local Fiscal Recovery Funds (SLFRF)	21.027		3,517,273
Pass Through Payments:			
Department of Accounts			
COVID19 Cares Act-Coronavirus Relief Fund	21.019		207,413
TOTAL U.S. DEPARTMENT OF TREASURY			<u>3,724,686</u>
<b>GRAND TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u><b>\$ 8,901,430</b></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, 2022

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#### 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, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Stafford 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 (Catalog of Federal Domestic Assistance (CFDA))* – the term Assistance Listing has replaced the Catalog of Federal Domestic Assistance (CFDA). As a result of this terminology change the Supplement has now replaced all references to CFDA with Assistance Listing, including program titles. For example, the CHIP program, previously titled CFDA 93.767 CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP), is now titled ASSISTANCE LISTING 93.767 CHILDREN'S HEALTH INSURANCE PROGRAM (CHIP). 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.

**Note 4. Subrecipients**

Stafford County provided American Rescue Plan Act – Coronavirus State & Local Fiscal Recovery Funds (ALN # 21.027) funding totaling \$300,000 to one subrecipient. Subaward was used to provide housing assistance for residents whose employer and/or medical/child care responsibilities were impacted due to COVID-19. No other federal awards were passed through to subrecipients.

## COUNTY OF STAFFORD, VIRGINIA

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

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

##### *Financial Statements*

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

Internal control over financial reporting:

Material weaknesses identified?

\_\_\_\_\_ Yes

√ No

Significant deficiencies identified?

\_\_\_\_\_ Yes

√ None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes

√ No

##### *Federal Awards*

Internal control over major federal programs:

Material weakness identified?

\_\_\_\_\_ Yes

√ No

Significant deficiencies 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 programs:

Federal Assistance Listing

Name of Federal Program or Cluster

10.561

SNAP Cluster:

State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

21.027

COVID-19 American Rescue Plan Act – Coronavirus State & Local Fiscal Recovery Funds

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

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

Randal E. Vosburg  
County Administrator

County of Stafford, Virginia

Summary Schedule of Prior Audit Findings  
Year ended June 30, 2022

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Finding 2021-001 – Significant Deficiency – Recording Unbilled Receivables

Status – Corrective Action Implemented