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STAFFORD Virginia

FY2021
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Year Ended June 30, 2021

Stafford County, Virginia

Frederick J. Presley, County Administrator
Jonathon C. Munch, Chief Financial Officer
Alan R. (Randy) Helwig, Controller
Irasela Madonia, Assistant Controller

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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, 2021

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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

Frederick J. Presley
County Administrator

February 11, 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) 2021 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.

Cherry Bekaert 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, 2021, 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, 2021. 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.

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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 153,392 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, Cherry Bekaert LLP, also performs an audit for the School Board. The School Board issues a separate annual 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. More than 1,000 students were enrolled in these programs during 2017-2018. Germanna's new Barbara J. Fried Center near Stafford Hospital opened in summer 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 serves approximately 1,000 local students. 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.

Stafford County joined a new regional program: Good Jobs Here-a broad-based effort to create, measure, execute and foster community-based, economic growth and job creation in the Fredericksburg region. Utilizing a GO Virginia grant, the George Washington Regional Commission partnered with leading local organizations to create a shared understanding of current data, analysis, strengths, and opportunities for this region. Once the current series of sessions are complete in November, we will gather all that we have learned and turn it into a common set of community-wide goals, with a special view as to how each individual and organization can best contribute to our economic success from our areas of strength and expertise.

UMW is leading a consortium of local governments and educational entities to offer a non-credit preparatory program for the Certified Information Systems Security Professionals, or CISSP, exam. Classes will take place at UMW's Stafford County and Dahlgren campuses.

Budgetary Control

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

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

Internal Control

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

Accounting System

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

Relevant Financial Policies

The Board's financial policy, *Principles of High-Performance Financial Management*, was adopted in FY 2005 and updated in FY 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, 2021 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 2021. 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 2021-2030 CIP totaled $756.7 million with $320.5 million for County projects, $266.8 million for school projects and $169.4 million for Utilities 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 $373,753,794 - $115,658,441 for County projects, $239,495,353 for school projects and $18,600,000 for Utilities 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 2021 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 2021. 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 perpetuation of Stafford 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 and redevelopment continue to enhance the County's position as economic conditions improve. In the midst of the COVID-19 pandemic, Stafford County saw both significant business stress and new economic growth in FY 2021. Purposeful economic development planning and marketing has led to Stafford now being recognized as a place for new distribution and cyber technology firms. Working with the Virginia Economic Development Partnership, Stafford secured the development of a 450,000 square foot DHL distribution center. The Peterson Companies, purchased and was approved for rezoning and permitting of three million square feet of logistics, manufacturing and distribution space and another 210,000 square feet were permitted nearby. These secured and potential sites for new business will or may likely create over 1,500 new jobs. Three additional distribution centers are currently in discussion.

Stafford's Cyber/IT Targeted Industry increased with two completed buildings in the North Stafford Technology & Business Center (NSTBC). Marine Corps Systems Command has added one new facility, and may add additional space in FY2022. Defense contractor CACI has moved into 39 Tech Parkway to work on a new contract as well. Data Center attraction activity has increased recently, as Stafford marketing efforts continue, and increases in Loudon and Prince William County land values and other costs rise.

According to the Bureau of Labor Statistics, Stafford's unemployment rate through June 2021 was 3.9%, while the State of Virginia and national rates were 4.1% and 5.9% respectively. The unemployment rate affected by the COVID-19 pandemic was comparatively low due to a relatively high skilled and educated labor force and a major portion of technology firms that shifted to at-home work. There are more than 2,957 businesses located in Stafford, employing more than 45,375 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 2021 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.

Merritt Properties has nearly completed construction of their first Class A Industrial/Flex buildings, located at Quantico Corporate Center. Two buildings will be built, exceeding 170,000 square feet. The industrial flex building offers new and existing businesses another option in commercial property. Merritt's experience and opportunity in Stafford enticed them to secure and purchase 30 acres for a new product. Merritt Austin Ridge offers five single-story buildings ranging from 54,500 to 113,775 square feet, totaling 390,075 square feet of new flex light industrial space.

Stafford County's Department of Economic Development and Tourism, the Economic Development Authority (EDA) and the County Board of Supervisors took an active role in assisting business through the COVID-19 crises. The EDA was the first organization in the region to launch a COVID-19 business grant program within four weeks of the national shut-down. The County allocated CARES Act funds for a second and third round of COVID-19 business grants. In total 138 businesses were awarded grants totaling more than $1.7M for COVID-19 relief.

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 is also focusing on redevelopment activities in several of Stafford's targeted growth areas. These areas include commercial and industrial properties in the northern, central and southern sectors of the County. The northern area is located near the Marine Corps Base Quantico (MCBQ) at Boswell's Corner. This business cluster attracts additional defense and high-tech related contractors. Healthcare, education, and support service enterprises (hotel, retail and food service) have located, are under construction, or plan to locate in the area.

The U.S. Small Business Administration certifies two HUBZone dedicated areas. Stafford has the Quantico HUBZone located in North Stafford, and a South Stafford HUBZ. Defense contractors benefit from holding HUBZone credentials, 3% of all dollars are dedicated for federal prime contracts.

In partnership with the Virginia Center for Innovative Technology and a private firm, OST, Inc., Stafford launched and is now home to the Virginia Smart Community Testbed. This "living laboratory" is the first of its kind that has 5G capability and is designed to rapidly test and deploy smart technology focused on efficiencies' in public services and infrastructure. In coordination with the Testbed, the EDA secured grants and invested in the launching of a business and entrepreneurial program focused on IoT and "smart" technology.

The Testbed and business accelerator program are located in a redeveloped store in the area now designated as Downtown Stafford. Downtown Stafford will include a variety of retail, government and health care facilities in a more (for Stafford) urban environment. The historic Courthouse area has been master planned as a pedestrian-friendly community center with both retail and cultural facilities. Stafford Hospital Center, a full service, 100-bed acute care facility, is also located in the Downtown Stafford area. Future development, enhanced by transportation improvements, is expected to generate supporting businesses for the area. The Exit 140 Divergent Diamond Interchange opened in July 2020. The County entered into a development agreement and authorized the rezoning of a six acre parcel that will be called Fountain Park in Downtown Stafford and also rezoned the adjacent County-owned 23 acres for Downtown Stafford.

Transportation issues continue to be addressed in all areas of the County. A major section of Route 610 has been widened. The Interstate 95 High Occupancy Vehicle (HOV) lanes which came to North Stafford 2 years ago are now extended through the County to US Route 17, and will cross the Rappahannock River by FY23. The Interstate 95 / Route 630 (Courthouse Road) Interchange Relocation is a $150 million "diverging diamond" interchange project. Completed in 2020, over 300 acres of underutilized and vacant area will be available for long term development. Safety improvements to Brooke, Poplar and Mountain View Roads are complete. Safety improvements along Route 1 in the Courthouse area and in the vicinity of Telegraph Road are in the design and land acquisition phases. These projects are part of VDOT's Revenue Sharing road improvement program, and the VDOT SmartScale funding program.

Stafford has enhanced its focus and efforts to promote and develop its tourism economy, and integrate that work into its overall economic development program. Tourism is a key component of "place making," which will encourage new programs for the Department of Economic Development & Tourism. COVID-19 put a halt on some of the tourism development plans, but as the County emerges from this pandemic these will be revisited. Particular attention will assist Stafford's adversely impacted hospitality industry.

MAJOR INITIATIVES

Stafford has prioritized adhering to sound and responsible financial practices for several years to improve bond ratings to benefit citizens for 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 continues its efforts to keep the Board apprised of the County's financial operations through various initiatives. A monthly financial report compares budget to actual results, in dollars and percentage, for major revenue sources and departmental expenditures; a short narrative explains variances. There is also a quarterly presentation at a Board work session during which financial results are reviewed, and projections are presented as well as plans to deal with them. To aid in this mindfulness, the County adheres to its Five-Year Financial Plan and Strategic Plan.

No planning could prepare Stafford, Virginia, the United States and the world for the Coronavirus Pandemic. The impact of the pandemic on Stafford during FY21 was profound in terms of major initiatives and where the County had to shift its efforts. Stafford's County Administrator had presented the FY21 budget when the pandemic hit, and the resulting prediction of a reduction in funding required a new budget be created in a few short weeks.

In a matter of weeks, the County changed predictions of revenues and funding and completed and presented a new reduced budget adopted by the Board of Supervisors. Hard decisions had to be made, and multiple part-time staff were furloughed. It was an unprecedented effort on the parts of everyone.

The budget work was being completed at the same time as the County was responding to the crisis and the changing requirements by the state on quarantine rules. The rules changed regularly, prompting the County to close buildings to the public and shift to a large part of employees teleworking. The County was able to provide services throughout the process.

Against this backdrop, Stafford was able to accomplish several pandemic-related initiatives. The first was to stand up a supply warehouse full of masks, hand sanitizer, gloves, and other things residents, staff, and local healthcare folks might need to operate safely during the pandemic.

The County's communications professionals worked with the local health district to communicate the dangers of COVID, the changing rules regarding quarantine and social distancing, and information on testing and vaccines. As well, staff had to facilitate online meetings for all public meetings – including the filming and the public access along with public comments. Again, this was unprecedented.

Stafford's public safety department worked with the health district to institute a weekly vaccine clinic for residents, supplying personnel to counsel and give the vaccines.

In a herculean effort over a few weeks, Stafford's IT Department outfitted and equipped employees to work from home to serve citizens. Due to state regulations, Stafford's buildings were closed to the public for around two and a half months.

Using approximately $26 million in CARES Act money, Stafford managed to assist many community sectors. Stafford's Economic Development Department established a fund to help businesses and, in an innovative program, bought gift cards from restaurants to provide to needy families. Stafford provided money for rent and mortgage assistance. The County worked to expand broadband access.

Again, it is impossible not to underestimate the additional activities the County had to perform during the pandemic while also conducting regular business. Additionally, the efforts were compounded by the fact that none of this had ever happened before, and new protocols were devised in real-time.

Despite the seriousness of the situation and the resources involved, Stafford still moved forward with several major initiatives during this time. Before COVID, Stafford's Board had been discussing Healthy Growth to address the issue of rapid growth in the County. The County managed to hold multiple town halls, provided a safe way for public comment, and adopted a Healthy Growth strategy that limited growth in rural areas by directing growth to areas with established infrastructure.

Over the past year, the Utilities Department has undergone significant efforts to repair and improve Stafford County water and sewer systems. Areas of emphasis include the replacement of neighborhood water systems, upgrades to water and wastewater treatment facilities and rehabilitation of County sewer pumping stations. These 3R initiatives ensure that Stafford County has the reliable infrastructure to provide residents with water and sewer services to meet current and future demands.

Stafford's voters approved a $50 million road bond referendum in 2019. The County completed projects on road widening and safety improvement projects during FY21.

As far as Capital Construction, Fire Station 14, a new cutting-edge template for future fire stations, was completed and opened. A widening and improvement project was completed on a curving section of Brooke Road. The third phase of one of Stafford's newest parks was completed. Stafford replaced a major force main to one of its wastewater treatment plants and renovated gravity and force main sewers and a pump station in its courthouse area.

As mentioned above, work continued expanding broadband access. Stafford had applied for and won a state grant before COVID to partner with a fixed wireless company to provide broadband to an unserved and underserved area. Work continued during FY21 and was completed, which became incredibly crucial for teleworking and the online education of the County's students.

Stafford worked with the Commonwealth of Virginia and many private vendors to open a testbed facility next to its Government Center. The facility gathers data and positions the area around the Government Center to become a “Smart City,” using technology to make life more efficient for residents and the government.

The summer of 2020 and into 2021 was a time for unrest in both the Country and the County. Stafford worked hard during a pandemic to find ways to make sure residents felt their voices were heard. To facilitate that, the Board of Supervisors created and established a Diversity Advisory Coalition, composed of community members, to address concerns regarding equity and race in the community. As well, the Board of Supervisors elected to change the name of Jefferson Davis Highway to Richmond Highway, a move that was approved by the state.

With COVID impacting the way the County did business, a new wayfinding initiative was created and implemented at the Government Center campus to better direct patrons to help minimize contact. A series of color-coded directional signs were installed on the floors and stairs of the buildings, inside and outside. A couple of “you are here” campus maps and signs in parking lots completed the successful effort.

Stafford launched a new website, a move designed to make the information on the website more accessible via mobile devices, the way most citizens access the website. The new, improved site is also more user-friendly and streamlined.

Stafford’s Fire and Rescue Department completed its first-ever Strategic plan, which identifies the department’s most important goals for the next three years, defines the objectives and strategies necessary to achieve them, and establishes performance measures to keep them on track.

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 thirty-ninth 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-four years, including the 2021 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 FY2021, please refer to the Management’s Discussion and Analysis, located in the Financial Section of this document.

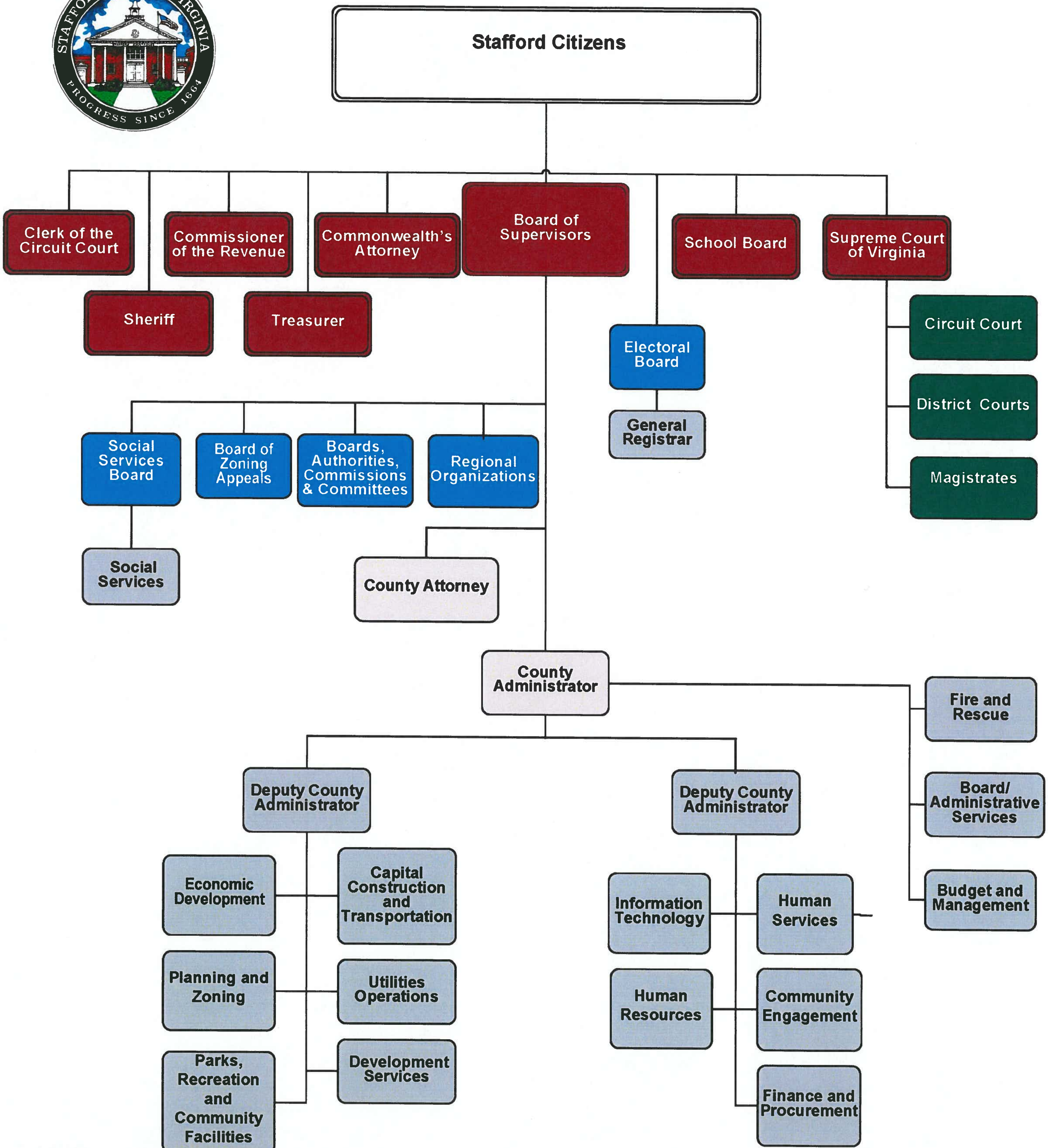
ACKNOWLEDGEMENTS

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.

Frederick J. Presley
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

BOARD OF SUPERVISORS

Crystal L. Vanuch, Chairman	Rock Hill District
Cindy C. Lamb, Vice Chairman	Aquia District
Meg Bohmke	Falmouth District
Tom Coen	George Washington District
Gary F. Snellings	Hartwood District
L. Mark Dudenhefer	Garrisonville 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 ADMINISTRATIVE OFFICERS

Frederick J. Presley	County Administrator
Mike T. Smith	Deputy County Administrator
Donna S. Krauss	Deputy County Administrator
Rysheda M. McClendon	County Attorney
Andrea M Light	Director of Budget and Management
Jason D. Towery	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
Michael A. Morris	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. Morrill

Executive Director/CEO

Report of Independent Auditor

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stafford County, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards and specifications require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the 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 unit, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, 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.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1-S to the financial statements, the County adopted the provisions of Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*, effective July 1, 2020. As a result, the related net position of the discretely presented component unit and custodial funds have been restated. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 and Other 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 Introductory Section, Other Supplementary Information, and Statistical Section, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Other Supplementary Information and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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.

The Introductory and Statistical Sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 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 the County's internal control over financial reporting and compliance.

Cherry Bekaert LLP

Tysons Corner, Virginia
February 11, 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, 2021. 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.

Financial Highlights

- The assets and deferred outflows of resources of the County exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $300.0 million (*net position*).

- At the close of the current fiscal year, the County’s governmental funds reported combined ending fund balances of $160.9 million. Of the $160.8 million, $40.7 million is available for spending in accordance with the County’s financial policies (*unassigned fund balance*).

- The County’s net general government long-term liabilities, which includes Other Postemployment Benefits (OPEB) and Pension obligations increased by $18.6 million during the current fiscal year. The increase was in part the result of reduction in long-term debt of $15.8 million debt coupled with an increase in pension and OPEB liabilities of $32.9 million and an increase in compensated absences of $1.5 million.

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 vacation leave).

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 social 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 a legally separate school board for which the County is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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 near-term 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 near-term 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 near-term financing decisions. Reconciliations between the governmental funds Balance Sheet and the government-wide Statement of Net Position and between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities are provided to facilitate this comparison between governmental funds and governmental activities.

The County maintains sixteen 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 thirteen 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 four fiduciary funds – Celebrate Virginia North Fund, George Washington Regional Commission Fund, Embrey Mill and the RBoard 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 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 $300.0 million at the close of fiscal year 2021. By far, the largest portion of the County's net position ($478.4 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 life).

An additional portion of the County's net position $60.4 million 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 State of Virginia, school boards cannot issue 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 $144.2 million governmental net position deficit is primarily due to $266.6 million for school property and equipment.

The net $15.9 million increase in business-type activities net position is largely due to capital contributions 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 of Net Position
As of June 30, 2021 and 2020
($ in millions)

	Primary Government						Component Unit	
	Governmental Activities		Business-type Activities		Total Primary Government			
	2021	2020	2021	2020	2021	2020	2021	2020
Assets:								
Current and other assets	$ 279.6	$ 220.8	$ 114.4	$ 110.6	$ 394.0	$ 292.3	$ 102.6	$ 107.8
Capital assets	234.6	267.6	457.1	446.0	691.7	752.7	459.8	467.9
Total assets	514.2	488.4	571.5	556.6	1,085.7	1,045.0	562.4	575.7
Total deferred outflows of resources	45.7	25.7	10.6	7.0	56.3	32.7	135.6	83.2
Liabilities:								
Current liabilities	144.3	128.7	15.3	13.9	159.6	142.6	51.9	51.0
Long-term liabilities	543.7	524.9	121.0	119.0	664.7	643.9	535.7	476.9
Total liabilities	688.0	653.6	136.3	132.9	824.3	786.5	587.6	527.9
Total deferred inflows of resources	16.0	15.0	1.7	2.5	17.7	17.5	61.8	51.3
Net position:								
Net Investment in capital assets	112.2	126.9	366.2	350.9	478.4	477.8	447.8	454.6
Restricted	50.4	30.8	10.0	10.8	60.4	41.6	13.2	24.0
Unrestricted	(306.8)	(312.2)	68.0	66.6	(238.8)	(245.6)	(412.2)	(398.7)
Total net position	$(144.2)	$(154.5)	$ 444.2	$ 428.3	$ 300.0	$ 273.8	$ 48.7	$ 79.9

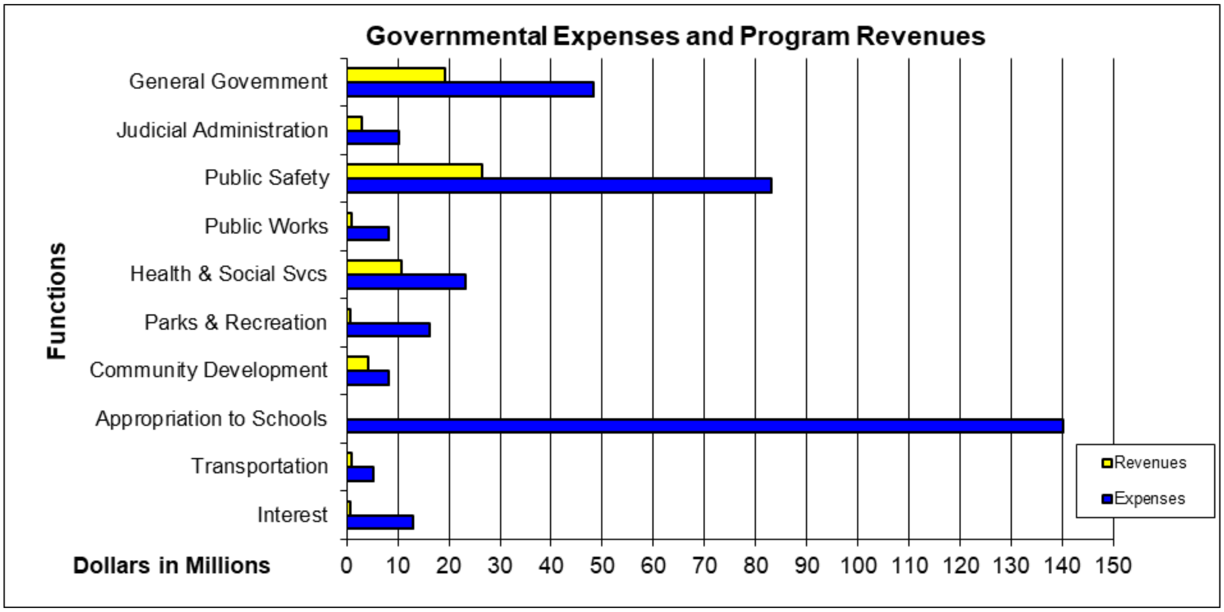
Statement of Activities
Governmental Activities

The increase in net position attributable to the County's governmental activities totaled $10.3 million for fiscal year 2021. Generally, the change in net position is the difference between revenues and expenses. For fiscal year 2021, governmental revenues were $366.8 million and expenses were $356.0 million. A summary of key elements follows:

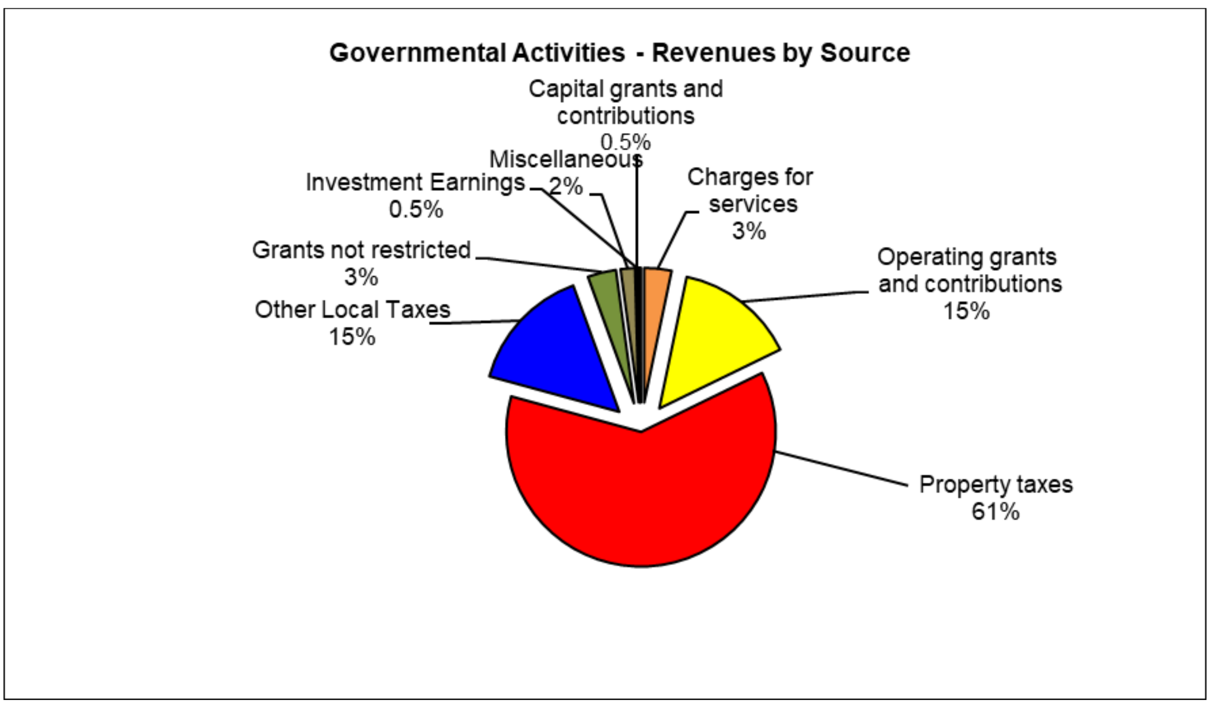
- Revenues increased $32.2 million mainly due to operating grants and contributions from CARES funds
- Investment earnings decreased $1.1 million.
- Capital grants and contributions decreased $4.4 million reflecting continued completion of revenue sharing agreements for local road improvement projects.

- Expenses for governmental activities recorded a net increase of $31.6 million compared to the prior year mainly due to increases in general government, judicial, public safety, health and human services and community development.

The following graph compares the County's fiscal year 2021 expenses by function to associated program revenues for governmental activities.



The following graph illustrates the County's fiscal year 2021 governmental revenues by source.



Business-type Activities

The increase in net position attributable to the County's business-type activities totaled $16.0 million for fiscal year 2021. 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 expenses exceeded operating revenues for fiscal year 2021, resulting in an operating loss of $0.5 million, primarily due to an increase in personnel services year on year. The net asset increase was primarily due to an increase in fixed assets including an increase in donated capital assets from fiscal year 2020. The following is a summary of relevant financial results for fiscal year 2021:

- Charges for services totaled $45.7 million, which were $0.3 million more than the prior fiscal year. This increase includes additional service to new customers.

- Availability and pro-rata fees totaled $9.3 million which is up $0.2 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 $9.4 million, a $3.2 million increase compared to the prior year.

- Expenses and transfers totaled $49.3 million, a net $1.4 million increase over the prior year. This is due mostly to personnel expense, which increased $ 1.2 million, the balance if the increase are slight increases to materials and supplies and contractual services coupled with slight decreases in utilities, telecommunication and internal services, interest and depreciation over the prior year.

The following table compares current and prior year revenues and expenses of the County's governmental and business-type activities and the Component Unit – School Board.

Change in Net Position
For the Fiscal Years Ended June 30, 2021 and 2020
($ in millions)

	Primary Government						Component Unit School Board	
	Governmental Activities		Business-type Activities		Total Primary			
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues:								
Program revenues:								
Charges for services	$ 12.0	$ 10.9	$ 45.7	$ 45.4	$ 57.7	$ 56.4	$ 10.3	$ 16.7
Operating grants and contributions	53.2	19.3	-	-	53.2	19.3	90.8	161.0
Capital grants and contributions	0.9	5.3	18.7	15.2	19.6	20.6	8.9	19.8
General revenues:								
General property taxes	225.5	222.5	-	-	225.5	222.5	-	-
Other local taxes	55.7	50.8	-	-	57.7	50.8	36.0	32.8
Grants not restricted	12.5	12.5	-	-	12.5	12.5	225.5	124.6
Investment earnings	0.7	2.8	0.2	2.3	0.9	5.1	-	.2
Miscellaneous	6.3	10.2	0.3	.3	6.6	10.5	.4	.3
Total revenues	366.8	334.6	64.9	63.2	431.7	397.8	371.9	355.4
Expenses:								
General Government	48.2	24.7	-	-	48.2	24.7	-	-
Judicial administration	10.1	9.8	-	-	10.1	9.8	-	-
Public safety	83.0	74.9	-	-	83.0	74.9	-	-
Public works	8.6	7.7	-	-	8.6	7.7	-	-
Health and social services	23.1	18.1	-	-	23.1	18.1	-	-
Parks, recreation and cultural	16.2	17.4	-	-	16.2	17.4	-	-
Community development	8.3	3.8	-	-	8.3	3.8	-	-
Appropriation to schools	140.2	144.5	-	-	140.2	144.5	406.2	361.2
Transportation	5.3	9.4	-	-	5.3	9.4	-	-
Interest	13.0	14.1	-	-	13.0	14.1	-	-
Water and sewer	-	-	49.3	48.0	49.3	48.0	-	-
Total expenses	356.0	324.4	49.3	48.0	405.4	372.4	406.2	361.2
Excess before transfer	10.7	10.2	15.6	15.2	26.3	25.4	-	-
Transfers	(0.4)	.2	0.4	(0.2)	-	-	-	-
Change in net position	10.3	10.4	16.0	15.0	26.2	25.4	(34.3)	(5.8)
Net position (deficit) beginning restated	(154.5)	(164.9)	428.3	413.3	273.8	248.3	83.1	79.9
Restatement	-	-	-	-	-	-	-	3.2
Net position (deficit) ending	$ (144.2)	$ (154.5)	$444.2	$428.3	$ 300.0	$ 273.8	$48.8	$83.1

Financial Analysis of the County's Funds

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

Governmental funds: The focus of the County's governmental funds is to provide information on near-term 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 $160.8 million, an increase of $40.4 million in comparison with the prior year.

Of the $160.9 million, $50.4 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 2021 was $40.7 million. The Fund Balance section of Note 1, Summary of Significant Accounting Policies, presents details of the County's governmental fund balance classification.

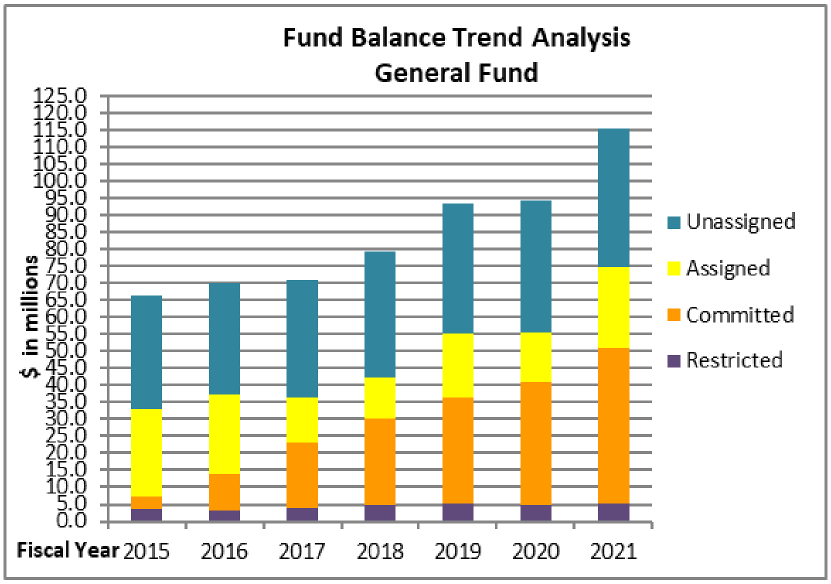
The General Fund is the primary operating fund of the County. The total fund balance of the County's General Fund increased $21.2 million during fiscal year 2021. This was due to CARES funding for public safety expenses in response to the COVID19 pandemic and also to management's conservative budgeting, 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 $115.4 million General Fund balance, $182 thousand is nonspendable made up mostly of inventory, $1.2 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, $0.7 million restricted for tourism and $.2 million for capital court costs, $46.0 million is committed by policy or for contractual obligations, $23.4 million is assigned for future expenditures and to provide budget flexibility while ensuring a structurally balanced budget and $40.8 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 $15.5 million, an increase of $ 5.6 million compared to the prior year. Of the $ 15.5 million, $14.9 million is restricted for transportation projects and $0.6 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 spend on road projects.

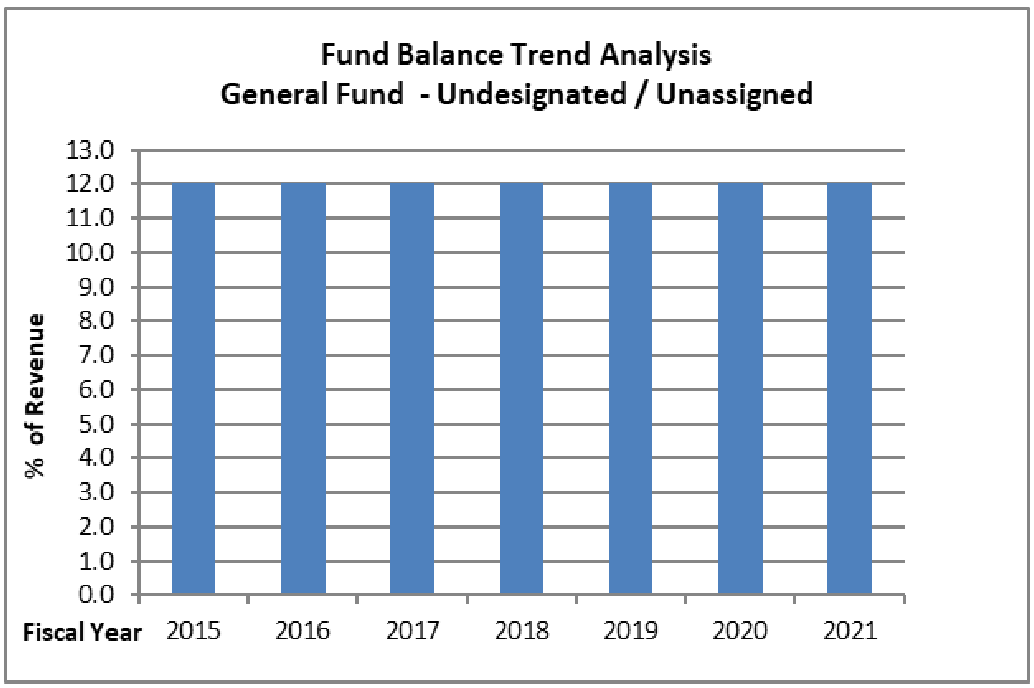
Total fund balance for the General Capital Projects Fund at year end was $21.0 million. This is an increase of $14.0 million from the previous fiscal year, which is primarily due to increases in issuance of debt for school projects coupled with an increase in transfers in..

The County also has thirteen non-major governmental funds. In total, fund balance is $8.9 million, a decrease of $ 0.4 million compared to prior year. Of the $8.9 million, $8.8 million is restricted for contractual obligations related to each fund's purpose.

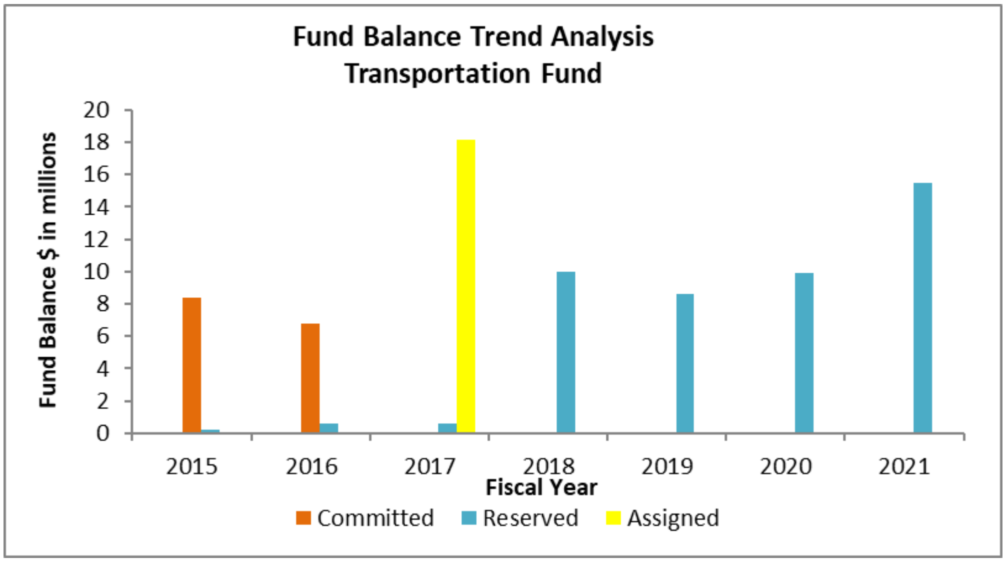
The following graphs illustrate fund balance trends for the County's governmental funds for fiscal years 2015 through 2021.

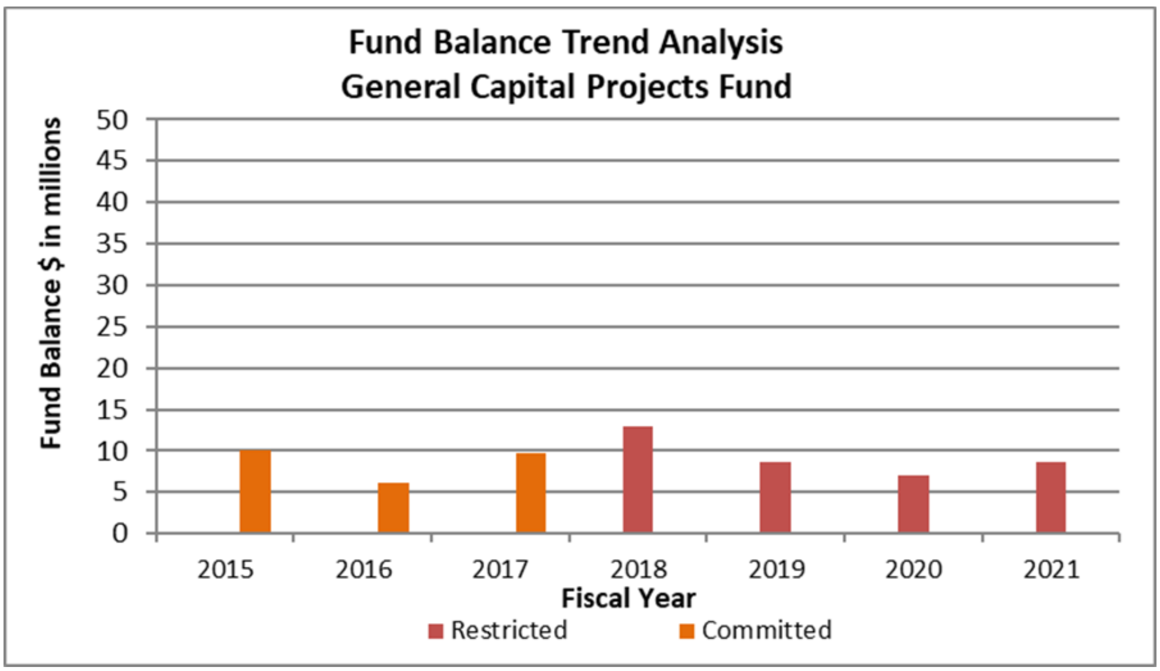


Fund Balance Trend Analysis
General Fund
$ in millions
125.0
120.0
115.0
110.0
105.0
100.0
95.0
90.0
85.0
80.0
75.0
70.0
65.0
60.0
55.0
50.0
45.0
40.0
35.0
30.0
25.0
20.0
15.0
10.0
5.0
0.0
Fiscal Year
2015
2016
2017
2018
2019
2020
2021
Unassigned
Assigned
Committed
Restricted



Fund Balance Trend Analysis
General Fund - Undesignated / Unassigned
% of Revenue
13.0
12.0
11.0
10.0
9.0
8.0
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Fiscal Year
2015
2016
2017
2018
2019
2020
2021





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 $15.9 million during fiscal year 2021. Capital assets, net of depreciation and related debt increased $15.0 million. Restricted net position decreased by $0.8 million and unrestricted net position increased by $2.1 million. A summary of the Water and Sewer Fund operations for the year was previously provided in the discussion of business-type activities.

Component Unit – School Board: The decrease in net position for the component unit School Board was $34.3 million. This was due to increases in expenses not being offset by increases in operating grants and contributions and local tax revenue. Unlike the two previous year's total expenses were exceeded by total revenues in FY2021. 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.

General Fund Budgetary Highlights

Budget amendments for expenditures resulted in an increase of $52.1 million between the original budget and the final budget. Major budget amendments included in this amount:

- $27.1 million for grant Funding CARES, ARPA and other grants
- $ 6.3 million commitments for ongoing operating and capital improvements
- $ 5.0 million Transportation Fund
- $ 3.2 million in re-appropriated grant funds
- $ 3.2 million for OPEB
- $ 3.0 million in re-appropriated encumbrances
- $ 2.6 million for Public Safety
- $ 1.2 million for Purchase Development Rights
- $ 0.5 million Schools' construction projects and operating

General Fund revenues increased $41.8 million over the prior year amount. General property taxes increased $8.0 million driven by new construction and increases in real estate and personal property tax collections. Other local taxes increased by $5.2 million. Robust sales tax, meals tax, and consumer utility collections contributed to the increase in other local taxes.

General Fund expenditures recorded a net increase of $14.4 million compared to the prior year amount. Highlights that contributed to the net increase include:

- Increase in general government expenses of $3.2 million
- Increase in judicial expense of $0.5 million
- Increase in public safety of $ 7.9 million.
- Increase in public works of $0.8 million.
- Increase in community development of $ 3.6 million.
- Decreased school operating and capital expenditures of $7.4 million.
- Increased health and human services expense of $ 5.2 million
- Decreased parks and recreation expense of $ $0.9 million
- Decreased debt service of $0.5 million.

The following table compares General Fund revenues and expenditures for fiscal year 2021 with the previous fiscal year.

General Fund Comparison Revenues and Expenditures FY 2021 – FY 2020 ($ in millions)			
	FY 2021	FY 2020	Increase (Decrease)
Revenues:			
General property taxes	$ 229.7	$ 221.7	$ 8.0
Other local taxes	48.7	43.5	5.2
Licenses and permits	5.5	4.6	0.9
Use of money and property	0.6	2.5	(1.9)
Charges for services	5.8	5.6	0.2
Other	6.2	10.8	(4.6)
Intergovernmental	65.6	31.6	34.0
Total revenues	$ 362.1	$ 320.4	$ 41.8
Expenditures:			
General government	$ 19.4	$ 16.2	$ 3.2
Judicial administration	9.4	8.9	0.5
Public safety	72.2	64.3	7.9
Public works	5.5	4.7	0.8
Health and social services	22.0	16.8	5.2
Parks, recreation and cultural	12.0	12.9	(0.9)
Community development	7.0	3.4	3.6
Education	130.2	137.6	(7.4)
Capital outlay	5.3	3.3	2.0
Debt service	43.4	43.9	(0.5)
Total expenditures	$ 326.4	$ 312.0	$ 14.4

Capital Asset and Debt Administration

Capital assets: The County's net position investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals $478.4 million, net of accumulated depreciation. This represents an increase of $.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 – land PDR easements, and technology infrastructure
- 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 changes in the County's governmental and business-type capital assets for fiscal year 2021. Additional information on the County's capital assets can be found in Note 4.

Change in Capital Assets ($ in millions)			
	Balance June 30, 2020	Net Additions And Deletions	Balance June 30, 2021
Governmental Activities:			
Land	$ 51.4	$ (3.4)	$ 48.0
Other intangible	3.9	1.3	5.2
Construction in progress, restated	23.5	(19.3)	4.2
Capital assets not being depreciated	78.8	(21.4)	57.4
Land improvements	108.9	1.2	110.1
Buildings and building improvements	129.1	0.6	129.7
Furniture, fixtures, equipment, software and technology infrastructure	67.5	1.5	69.0
Vehicles	34.0	2.8	36.8
Capital assets being depreciated	339.5	6.1	345.6
Less accumulated depreciation	150.8)	(17.6)	168.4)
Net capital assets being depreciated	188.7	(11.4)	177.2
Governmental activities capital assets	$ 267.6	$ (32.9)	$ 234.6

Change in Capital Assets ($ in millions)			
	Balance June 30, 2020	Net Additions (Deletions)	Balance June 30, 2021
Business-type Activities:			
Land	$ 19.0	$ -	$ 19.0
Other intangible	4.1	0.1	4.2
Construction in progress	12.2	12.8	25.0
Capital assets not being depreciated	35.3	12.9	48.2
Land improvements	0.7	-	0.7
Buildings and building improvements	4.3	-	4.3
Distribution and collection systems	606.4	13.7	620.1
Furniture, fixtures, equipment, software and technology infrastructure	26.0	0.2	26.2
Vehicles	6.6	0.3	6.9
Capital assets being depreciated	644.0	14.2	658.2
Less accumulated depreciation	(233.4)	(16.0)	(249.4)
Net capital assets being depreciated	410.6	(1.8)	408.8
Business-type activities capital assets	$ 445.9	$ 11.2	$ 457.1

Long-term liabilities excluding Deferred Revenue, OPEB and Pension: At the end of the current fiscal year, County governmental activities reported total debt outstanding of $413.8 million. Of this amount, $327.1 million is general obligation debt 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 OPEB and Pension of $14.4 million during the fiscal year. Issuances for FY 2021 included $14.1 million general obligation bonds for school renovation projects.

The County's strong wealth and income levels, diverse local economy, sound financial management and moderate debt burden earns a AAA from Moody's, Fitch and Standard and Poor's making the County a three 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 OPEB and Pension of $89.5 million at the end of the current fiscal year.

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

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

Summary of Changes in Long-Term Liabilities Excluding OPEB and Pension
($ in millions)

	June 30, 2020	Net Increase (Decrease)	June 30, 2021
Governmental Activities:			
General obligation bonds, net	$ 334.7	$ (7.6)	$ 327.1
Lease revenue bonds	0.4	(0.2)	0.2
Capital leases	11.0	(2.6)	8.4
Other	72.3	(5.4)	66.9
Compensated absences	9.7	1.4	11.1
Total long-term debt	$ 428.1	$ (14.4)	$ 413.7
Business-Type Activities:			
Revenue bonds, net	$ 77.5	$ (2.6)	$ 74.9
VRA loans	19.7	(1.7)	18.0
Compensated absences	1.4	0.2	1.6
Total long-term debt	$ 98.6	$ (4.1)	$ 94.5

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.
- Cares Act 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.

Statement of Net Position
June 30, 2021

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	School Board
ASSETS				
Current Assets:				
Cash, cash equivalents and temporary cash investments	$ 236,846,561	$ 90,594,733	$ 327,441,294	$ 40,332,148
Receivables, net of allowance for uncollectibles	28,502,095	3,572,611	32,074,706	11,511,847
Unbilled receivables	-	3,077,693	3,077,693	-
Note receivable - component unit	80,000	-	80,000	-
Due from Primary Government	-	-	-	46,286,272
Prepaid expenses	179,741	3,335	183,076	39,904
Inventory	2,294	1,089,899	1,092,193	699,666
Total Current Assets	265,610,691	98,338,271	363,948,962	98,869,837
Noncurrent Assets:				
Restricted cash and cash equivalents	4,880,839	16,058,378	20,939,217	3,742,856
Note receivable - component unit	400,000	-	400,000	-
Investment in joint venture	8,741,379	-	8,741,379	-
Capital assets, net of accumulated depreciation:				
Land	48,017,628	19,040,443	67,058,071	37,998,129
Other intangible assets	5,180,397	4,162,012	9,342,409	-
Construction in progress	4,205,502	25,074,307	29,279,809	16,803,509
Subtotal non-depreciable capital assets	57,403,527	48,276,762	105,680,289	54,801,638
Land improvements	110,088,447	699,187	110,787,634	68,178,732
Buildings and building improvements	129,722,590	4,294,205	134,016,795	583,486,268
Distribution and collection systems	-	620,134,094	620,134,094	1,319,841
Furniture, fixtures and equipment	52,187,879	25,458,432	77,646,311	16,799,206
Software	8,107,332	240,638	8,347,970	4,357,274
Technology infrastructure	8,746,482	510,229	9,256,711	2,137,891
Vehicles	36,790,556	6,866,482	43,657,038	27,825,137
Less accumulated depreciation	(168,415,779)	(249,406,552)	(417,822,331)	(299,104,122)
Subtotal depreciable capital assets	177,227,507	408,796,715	586,024,222	405,000,227
Total Noncurrent Assets	248,653,252	473,131,855	721,785,107	463,544,721
Total Assets	514,263,943	571,470,126	1,085,734,069	562,414,558
DEFERRED OUTFLOWS OF RESOURCES				
Deferred loss on refunding	2,977,779	2,066,974	5,044,753	-
Deferred outflows related to pensions	14,184,618	2,178,108	16,362,726	76,745,392
Deferred outflows related to other postemployment benefits	28,526,347	6,387,994	34,914,341	58,902,648
Total Deferred Outflows of Resources	45,688,744	10,633,076	56,321,820	135,648,040
LIABILITIES				
Current Liabilities:				
Accounts payable	5,846,664	2,592,466	8,439,130	5,419,005
Accrued salaries and benefits	4,795,819	669,872	5,465,691	36,403,346
Retainage payable	341,204	938,847	1,280,051	712,215
Accrued insurance claims	932,709	72,268	1,004,977	7,120,044
Accrued interest	5,778,960	797,203	6,576,163	-
Other liabilities	16,321,630	35,710	16,357,340	-
Due to component unit	46,271,817	14,455	46,286,272	-
Deposits	26,899,745	5,144,484	32,044,229	-
Unearned revenues	1,753,696	-	1,753,696	502,460
Current portion of long-term debt	35,396,004	4,999,058	40,395,062	1,694,433
Total Current Liabilities	144,338,248	15,264,363	159,602,611	51,851,503
Noncurrent Liabilities:				
Noncurrent portion of accrued insurance claims	-	-	-	242,094
Noncurrent portion of long-term debt	378,355,309	89,501,225	467,856,534	16,853,384
Net pension liability	32,516,341	4,993,021	37,509,362	284,498,871
Net other postemployment benefits liability	132,910,414	26,482,623	159,393,037	234,126,821
Total Noncurrent Liabilities	543,782,064	120,976,869	664,758,933	535,721,170
Total Liabilities	688,120,312	136,241,232	824,361,544	587,572,673
DEFERRED INFLOWS OF RESOURCES				
Deferred revenues	7,322,047	-	7,322,047	-
Deferred inflows related to pensions	173,867	26,698	200,565	18,618,303
Deferred inflows related to other postemployment benefits	8,539,165	1,623,358	10,162,523	43,133,704
Total Deferred Inflows of Resources	16,035,079	1,650,056	17,685,135	61,752,007
NET POSITION				
Net investment in capital assets	112,190,324	366,235,797	478,426,121	447,722,989
Restricted				
Drug enforcement	219,750	-	219,750	-
Capital projects	28,720,986	-	28,720,986	6,227,611
School Nutrition	-	-	-	6,757,079
Grants programs	1,348,860	-	1,348,860	208,571
Transportation	15,483,895	-	15,483,895	-
Claims fluctuation reserve	2,906,567	-	2,906,567	-
Water-sewer restricted construction	-	9,973,321	9,973,321	-
Tourism	1,627,276		1,627,276	
Other	110,458	-	110,458	30,248
Unrestricted (deficit)	(306,811,274)	68,002,796	(238,808,478)	(412,208,580)
Total Net Position	$ (144,203,158)	$ 444,211,914	$ 300,008,756	$ 48,737,918

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	$ 48,203,253	$ 300,920	$ 18,772,600	$ -
Judicial administration	10,154,621	615,450	2,377,727	-
Public safety	82,943,158	8,229,986	18,184,587	-
Public works	8,581,274	274,203	602,029	-
Health and social services	23,077,638	53,800	10,616,618	-
Parks, recreation, and cultural	16,233,896	381,109	329,171	-
Community development	8,293,326	2,109,692	2,229,040	-
Education				
School operating	131,317,899	-	-	-
School capital projects	8,925,945	-	-	-
Transportation	5,331,443	29,100	71,386	893,870
Interest and other debt service charges	13,029,423	-	-	-
Total Governmental Activities	356,091,876	11,994,260	53,183,158	893,870
Business-type activities:				
Water and Sewer	49,296,005	45,716,380	-	18,668,258
Total Business-type Activities	49,296,005	45,716,380	-	18,668,258
Total Primary Government	$ 405,387,881	$ 57,710,640	$ 53,183,158	$ 19,562,128
COMPONENT UNIT				
Stafford County School Board	$ 406,162,530	$ 10,252,601	$ 90,810,958	$ 8,925,945

General Revenues:
Taxes:
General property taxes
Other local taxes:
Sales
Fuels
Consumer utility
Motor vehicle decals
Bank stock
Recordation
Occupancy
Meals
Short-term rental
Cable franchise
Road impact fees
Basic Aid
Grants and contributions not restricted to specific programs
Investment earnings
Gain on disposal of capital assets
Miscellaneous
Transfers
Total General Revenues and Transfers
Change in Net Position
Net Position (Deficit) - Beginning, as restated, see note 1s
Net Position (Deficit) - Ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	School Board
$ (29,129,733)	$ -	$ (29,129,733)	$ -
(7,161,444)	-	(7,161,444)	-
(56,528,585)	-	(56,528,585)	-
(7,705,042)	-	(7,705,042)	-
(12,407,220)	-	(12,407,220)	-
(15,523,616)	-	(15,523,616)	-
(3,954,594)	-	(3,954,594)	-
(131,317,899)	-	(131,317,899)	-
(8,925,945)	-	(8,925,945)	-
(4,337,087)	-	(4,337,087)	-
(13,029,423)	-	(13,029,423)	-
(290,020,588)	-	(290,020,588)	-
-	15,088,633	15,088,633	-
-	15,088,633	15,088,633	-
$ (290,020,588)	$ 15,088,633	$ (274,931,955)	$ -
$ -	$ -	$ -	$ (296,173,026)
$ 225,554,976	$ -	$ 225,554,976	$ -
20,300,545	-	20,300,545	35,995,826
4,233,298	-	4,233,298	-
6,094,992	-	6,094,992	-
409,577	-	409,577	-
592,088	-	592,088	-
10,091,586	-	10,091,586	-
1,487,613	-	1,487,613	-
10,754,371	-	10,754,371	-
149,210	-	149,210	-
268,812	-	268,812	-
1,319,560	-	1,319,560	-
-	-	-	95,555,516
12,542,261	-	12,542,261	129,903,890
651,639	206,901	858,540	14,153
-	-	-	31,086
6,237,637	295,348	6,532,985	330,828
(356,928)	356,928	-	-
300,331,237	859,177	301,190,414	261,831,299
10,310,649	15,947,810	26,258,459	(34,341,727)
(154,513,807)	428,264,104	273,750,297	83,079,645
$ (144,203,158)	$444,211,914	$ 300,008,756	$ 48,737,918

COUNTY OF STAFFORD, VIRGINIA **Exhibit III**

Balance Sheet

Governmental Funds

June 30, 2021

	Major Funds			Non Major Funds	
		Special Revenue	Capital Projects	Other	Total
		Transportation	General Capital	Governmental	Governmental
	General Fund	Fund	Projects Fund	Funds	Funds
ASSETS					
Equity in pooled cash and investments	$ 175,498,618	$ 9,301,357	$ 20,128,036	$ 7,367,564	$ 212,295,575
Restricted assets:					
Cash	3,162,082	-	10,954	1,707,803	4,880,839
Cash with fiscal agents	17,755,312	4,956,572	1,839,102	-	24,550,986
Receivables, net of allowance for uncollectibles:					
Property taxes	15,078,280	-	-	43,456	15,121,736
Accounts	4,598,073	1,253,925	-	250,474	6,102,472
Intergovernmental	7,013,983	38,712	-	225,192	7,277,887
Prepaid expenditures	179,741	-	-	-	179,741
Inventory	2,294	-	-	-	2,294
Total Assets	$ 223,288,383	$ 15,550,566	$ 21,978,092	$ 9,594,489	$ 270,411,530
LIABILITIES					
Accounts payable	$ 4,812,415	$ 57,327	$ 863,610	$ 113,312	$ 5,846,664
Accrued salaries and benefits	4,769,681	9,344	2,918	13,876	4,795,819
Retainage payable	16,457	-	129,645	195,102	341,204
Other liabilities	16,321,630	-	-	-	16,321,630
Due to component unit	46,271,817	-	-	-	46,271,817
Deposits	26,827,458	-	-	72,287	26,899,745
Unearned revenues	1,526,682	-	-	227,014	1,753,696
Total Liabilities	100,546,140	66,671	996,173	621,591	102,230,575
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - property taxes	2,301,541	-	-	26,560	2,328,101
Deferred revenues	5,047,066	-	-	-	5,047,066
Total Deferred Inflows of Resources	7,322,047	-	-	26,560	7,375,167
FUND BALANCES					
Nonspendable	182,035	-	-	-	182,035
Restricted	5,176,950	15,483,895	20,981,919	8,767,197	50,409,961
Committed	45,937,450	-	-	179,141	46,116,591
Assigned	23,399,588	-	-	-	23,399,588
Unassigned	40,724,173	-	-	-	40,724,173
Total Fund Balances	115,420,196	15,483,895	20,981,919	8,946,338	160,832,348
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 223,288,383	$ 15,550,566	$ 21,978,092	$ 9,594,489	$ 270,438,090

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

COUNTY OF STAFFORD, VIRGINIA Exhibit IV

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position

June 30, 2021

Total fund balances - total governmental funds		$	160,832,348
Amounts reported for governmental activities in the Statement of Net Position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:			
Capital assets	403,046,813		
Less accumulated depreciation	(168,415,779)		
Net capital assets			234,631,034
Unavailable revenues represent amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.			26,560
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Investment in joint venture	8,741,379		
Note receivable - component unit (noncurrent)	400,000		
Note receivable - component unit (current)	80,000		
			9,221,379
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
General obligation bonds	(300,452,031)		
Revenue bonds	(380,000)		
Bond premiums	(26,638,494)		
Literary loans	(216,143)		
VRA loans	(66,525,744)		
Capital leases	(8,449,582)		
Pension related deferred outflows of resources	14,184,618		
Pension related deferred inflows of resources	(173,867)		
Net pension liability	(32,516,341)		
Other postemployment benefit related deferred outflows of resources	28,526,347		
Other postemployment benefit related deferred inflows of resources	(8,539,165)		
Net other postemployment benefit liability	(132,910,414)		
Compensated absences	(11,089,773)		
Loss on refunding	2,977,779		
Accrued insurance claims	(932,709)		
Accrued interest	(5,778,960)		
			(548,914,479)
Net position (deficit) of governmental activities		$	(144,203,158)

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit V**

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2021

	Major Funds			Non Major Funds	
		Special Revenue	Capital Projects		
	General Fund	Transportation Fund	General Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
General property taxes	$ 229,729,072	$ -	$ -	$ 908,567	$ 230,637,639
Other local taxes	48,661,181	4,233,298	-	2,807,173	55,701,652
Permits, privilege fees, and regulatory licenses	5,480,158	-	-	-	5,480,158
Fines and forfeitures	750,396	-	-	-	750,396
Use of money and property	618,955	3,643	15,865	13,176	651,639
Charges for services	5,763,706	-	-	-	5,763,706
Intergovernmental	65,641,708	496,158	-	481,423	66,619,289
Miscellaneous	6,219,061	15,903	-	2,673	6,237,637
Total Revenues	362,864,237	4,749,002	15,865	4,213,012	371,842,116
Expenditures:					
Current:					
General government	19,314,217	-	208,532	-	19,522,749
Judicial administration	9,385,488	-	-	9,908	9,395,396
Public safety	71,091,663	-	730,132	103,578	71,925,373
Public works	5,457,665	-	665,489	-	6,123,154
Health and social services	21,950,416	-	-	-	21,950,416
Parks, recreation, and cultural	11,983,788	-	117,102	187	12,101,077
Community development	7,055,431	-	-	816,757	7,872,188
Education					
School operating	129,903,890	-	-	-	129,903,890
School capital projects	277,583	-	8,648,362	-	8,925,945
Transportation	-	3,088,577	-	46,020	3,134,597
Capital outlay	6,617,024	2,350,240	1,151,803	1,002,761	11,121,828
Debt service:					
Principal retirement	28,763,466	815,684	-	305,000	29,884,150
Interest and other fiscal charges	14,619,858	547,363	-	183,325	15,350,546
Bond issuance cost	1,600	-	22,520	-	24,120
Total Expenditures	326,422,089	6,801,864	11,543,940	2,467,536	347,235,429
Excess (Deficiency) of Revenues Over (Under) Expenditures	36,442,148	(2,052,862)	(11,528,075)	1,745,476	24,606,687
Other Financing Sources (Uses):					
Transfers in	998,129	7,679,393	9,308,548	70,000	18,056,070
Transfers out	(16,238,458)	-	-	(2,174,540)	(18,412,998)
Issuance of debt:					
Issuance of new bonds	-	-	14,140,000	-	14,140,000
Premiums on bond issuances	-	-	2,032,253	-	2,032,253
Total Financing Other Sources (Uses), Net	(15,240,329)	7,679,393	25,480,801	(2,104,540)	15,815,325
Net Change in Fund Balances	21,201,819	5,626,531	13,952,726	(359,064)	40,422,012
Fund Balances, Beginning	94,218,377	9,857,364	7,029,193	9,305,402	120,410,336
Fund Balances, Ending	$ 115,420,196	$ 15,483,895	$ 20,981,919	$ 8,946,338	$ 160,832,348

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit VI**

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, 2021

Net change in fund balances - total governmental funds		$ 40,422,012
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 amount by which capital outlay exceeded depreciation in the current period.		
Acquisition of capital assets	8,496,520	
Loss on sale of capital assets	(22,829,154)	
Less depreciation expense	(18,602,473)	
Excess of capital outlay over depreciation		(32,935,107)
Unavailable revenue represents amounts that were not available to fund current expenditures and, therefore, is not reported as revenue in the governmental funds.		(5,082,663)
Changes in the investment in joint venture and note receivable from the component unit. These changes are included in expenses based on their functional category.		
Change in joint venture investment	1,116,330	
Change in note receivable - component unit	(75,000)	
		1,041,330
Bond proceeds provide current financial recourse to governmental funds, but issuing debt increase long-term liabilities in the Statement of Net Position. Repayment of bond principal and issuance costs are expenditures in the governmental funds, but the repayment reduces long-term liabilities. This is the amount by which proceeds were more than repayments.		
Debt issued or incurred:		
General obligation bonds	(14,140,000)	
Bond premiums	(2,032,253)	
Principal repayments:		
General obligation bonds	21,625,408	
Revenue bonds	40,000	
Literacy loans	216,149	
VRA Loans	5,406,703	
Capital leases	2,595,890	
		13,711,897
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	406,094	
Compensated absences	(1,433,075)	
Accrued insurance claims	352,609	
Deferred loss on refunding	(191,341)	
Amortization of premium on refunding	2,130,490	
Change in net position liability and related deferred inflows and outflows	(1,328,539)	
Change in net other postemployment benefits liability and related deferred inflows and outflows	(6,783,058)	
		(6,846,820)
Change in net position of governmental activities		$ 10,310,649

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit VII**

Statement of Net Position
Proprietary Fund

June 30, 2021

		Business-type Activity - Enterprise Fund Water and Sewer Fund
ASSETS		
Current Assets:		
Equity in pooled cash and investments	$	90,594,733
Accounts receivables, net of allowance for uncollectibles		3,572,611
Unbilled receivables		3,077,693
Prepaid expenses		3,335
Inventory		1,089,899
Total Current Assets		98,338,271
Noncurrent Assets:		
Restricted cash and cash equivalents		16,058,378
Capital assets, net of accumulated depreciation:		
Land		19,040,443
Other intangible assets		4,162,012
Construction in progress		25,074,307
Subtotal non-depreciable capital assets		48,276,762
Land improvements		699,187
Building and building improvements		4,294,205
Distribution and collection systems		620,134,094
Furniture, fixtures and equipment		25,458,432
Software		240,638
Technology infrastructure		510,229
Vehicles		6,866,482
Less accumulated depreciation		(249,406,552)
Subtotal depreciable capital assets		408,796,715
Total Noncurrent Assets		473,131,855
Total Assets		571,470,126
DEFERRED OUTFLOWS OF RESOURCES		
Deferred loss on refunding		2,066,974
Deferred outflows related to pensions		2,178,108
Deferred outflows related to other postemployment benefits		6,387,994
Total Deferred Outflows of Resources		10,633,076
LIABILITIES		
Current Liabilities:		
Accounts payable		2,592,466
Accrued salaries and benefits		669,872
Retainage payable		938,847
Accrued insurance claims		72,268
Accrued interest		797,203
Other liabilities		35,710
Due to component units		14,455
Deposits		5,144,484
Current portion of long-term debt		4,999,058
Total Current Liabilities		15,264,363
Noncurrent Liabilities:		
Noncurrent portion of long-term debt		89,501,225
Net pension liability		4,993,021
Net other postemployment benefits liability		26,482,623
Total Noncurrent Liabilities		120,976,869
Total Liabilities		136,241,232
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions		26,698
Deferred inflows related to other postemployment benefits		1,623,358
Total Deferred Inflows of Resources		1,650,056
NET POSITION		
Net investment in capital assets		366,235,797
Restricted - Construction		9,973,321
Unrestricted		68,002,796
Total Net Position	$	444,211,914

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit VIII**

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

For the Year Ended June 30, 2021

	Business-type Activity Enterprise Fund Water and Sewer Fund
Operating Revenues:	
Charges for services	$ 45,716,380
Miscellaneous	295,348
Total Operating Revenues	46,011,728
Operating Expenses:	
Personnel services	15,741,956
Contractual services	3,933,501
Materials and supplies	5,838,196
Heat, light and power	2,033,926
Telecommunication and internal services	2,277,310
Miscellaneous	511,481
Depreciation	16,123,989
Total Operating Expenses	46,460,359
Operating Loss	(448,631)
Nonoperating Revenues (Expenses):	
Interest and investment revenues	206,901
Interest expense	(3,187,844)
Amortization of bond discount	417,501
Amortization of loss on refunding	(103,349)
Loss on disposal of capital assets	38,046
Total Nonoperating Expenses, Net	(2,628,745)
Net Loss Before Capital Contributions and Transfers	(3,077,376)
Capital Contributions:	
Donated capital assets	9,372,375
Availability fees	7,956,911
Prorata fees	1,338,972
Total Capital Contributions	18,668,258
Transfers:	
Transfers in	657,680
Transfers out	(300,752)
Net Transfers	356,928
Change in Net Position	15,947,810
Net Position, Beginning	428,264,104
Net Position, Ending	$ 444,211,914

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

COUNTY OF STAFFORD, VIRGINIA **Exhibit IX**

Statement of Cash Flows
Proprietary Fund

For the Year Ended June 30, 2021

		Business-type Activity - Enterprise Fund Water and Sewer Fund
Cash flows from operating activities:		
Receipts from customers	$	45,394,372
Other receipts		295,348
Other disbursements		(511,481)
Payments to suppliers		(12,644,742)
Payments to employees		(13,759,904)
Net cash provided by operating activities		18,773,593
Cash flows from noncapital financing activities:		
Transfers in		657,680
Transfers out		(300,752)
Net cash provided by noncapital financing activities		356,928
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets		(17,877,736)
Principal paid on bonds		(3,861,760)
Interest payments on bonds		(3,187,844)
Proceeds on sale of capital assets		38,046
Availability fees and prorata fees received		9,295,883
Net cash used in capital and related financing activities		(15,593,411)
Cash flows from investing activities:		
Interest and dividends on investments		174,122
Net cash provided by investing activities		174,122
Net increase in cash and cash equivalents		3,711,232
Cash and cash equivalents, beginning of year		102,941,879
Cash and cash equivalents, end of year	$	106,653,111
Equity in pooled cash and investments	$	90,594,733
Restricted cash and cash equivalents		16,058,378
Total cash and cash equivalents	$	106,653,111
Reconciliation of operating loss to net cash provided by operating activities:		
Cash flows from operations:		
Loss from operations	$	(448,631)
Adjustment to reconcile operating loss to net cash provided by operating activities:		
Depreciation		16,123,989
Changes in assets and liabilities:		
Increase in accounts receivable		(193,650)
Increase in unbilled receivables		(128,358)
Decrease in prepaid expenses		4,077
Decrease in inventory		237,663
Increase in accounts payable and retainage payable		829,142
Increase in accrued salaries and benefits		106,392
Decrease in accrued insurance claims		(52,637)
Increase in due to component units		14,455
Increase in deposits		352,854
Increase in compensated absences		233,390
Increase in pension related liabilities and deferrals		189,017
Increase in OPEB related liabilities and deferrals		1,505,890
Total adjustments		19,222,224
Net cash provided by operating activities	$	18,773,593
Supplemental disclosure of noncash capital and related financing activities:		
Loss on the disposal of capital assets	$	(38,046)
Donated capital assets	$	9,372,375
Amortization on bond premium	$	417,501
Amortization on the loss of refundings	$	(103,349)

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

COUNTY OF STAFFORD, VIRGINIA
Statement of Fiduciary Net Position
Fiduciary Funds

Exhibit X

June 30, 2021

	Custodial Funds	Postemployment Trust Fund
ASSETS		
Current assets:		
Cash and short-term investments	$ 5,907,005	$ 14,503,066
Investments	9,196,218	
Receivables:		
Property taxes	5,093,098	-
Accounts	869,635	-
Other assets	14,142,299	-
Total Assets	35,208,255	14,503,066
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to Pensions/OPEB	1,146,154	-
LIABILITIES		
Accounts payable	329,843	-
Accrued salaries and benefits	175,561	-
Other liabilities	12,565,992	-
Total Liabilities	13,071,396	-
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to Pensions/OPEB	520,352	-
NET POSITION		
Restricted for:		
Post employment benefits other than pensions	-	14,503,066
Individuals, organizatons, and other governments	22,762,661	-
Total net position	$ 22,762,661	$ 14,503,066

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

COUNTY OF STAFFORD, VIRGINIA Exhibit XI
Statement of Changes in Fiduciary Net Position
Fiduciary Funds

For the Year Ended June 30, 2021

	Custodial Funds	Postemployment Trust Fund
ADDITIONS		
Retiree premiums - retiree portion collected	$ -	$ 471,753
Retiree premiums - county portion	-	575,947
Contributions and collections	12,370,206	-
Investment earnings:		
Contributions	-	3,213,038
Investment earnings	-	2,642,536
Net investment earnings	-	5,855,574
Total Additions	12,370,206	6,903,274
DEDUCTIONS		
Retiree premium expense	-	1,047,700
Administration	-	10,307
Payments to Bondholders and operating expenses	12,392,831	-
Total Deductions	12,392,831	1,058,007
Change in Net Position	(22,625)	5,845,267
Net Position - beginning, as previously reported	-	8,657,799
Restatement, see note 1s	22,785,286	-
Net Position - beginning, as restated	22,785,286	8,657,799
Net Position, ending of the year	$ 22,762,661	$ 14,503,066

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Narrative Profile

The County of Stafford, Virginia (County) is located in northeastern Virginia, approximately 40 miles south of Washington, DC, and 55 miles north of Richmond, Virginia. It was founded in 1664 and was named for Staffordshire, England. It encompasses 277 square miles and has a population of 153,392.

The government of the County provides a full range of local government services including public safety, public works, public education, health and social 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 elected 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 unit 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

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

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

Government-wide financial statements – The reporting model includes financial statements prepared using the accrual basis of accounting, and includes all of the government's activities, except for fiduciary funds. This approach includes current assets and liabilities, such as cash and accounts payable, and 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 (government and business-type activities) and its discretely presented component unit. 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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 unit for which the government is considered financially accountable. The discretely presented component unit is reported in a separate column in the government-wide statements to emphasize that it is legally separate from the Primary Government. The component unit discussed below is included in the County's financial report because of the significance of its operational or financial relationship with the County.

Discretely Presented Component Unit:

Discretely presented component units are entities that are legally separate from the Primary Government, and for which the government is financially accountable, or whose relationship with the government is such that exclusion would cause the government's financial statements to be misleading or incomplete. The component unit is presented in a separate column in the government-wide financial statements to emphasize that it is legally separate from the Primary Government. The County has one component unit.

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. Also, the School Board provides services, which primarily benefit the citizens of the County. The School Board has 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

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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 adjustment 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 2021.

(1) <u>Governmental Funds</u>
The focus of governmental funds (in the Fund Financial Statements) is on determination of current financial resources and changes in current financial resources. The County has the following governmental funds:

a. General Fund is the primary operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is a major governmental fund.

b. Special Revenue Funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The County's Special Revenue Funds include the following:

1. **Transportation Fund** – accounts for the receipt and disbursement of the regional two percent motor fuels tax and developer contributions to be used for a variety of County transportation projects. Grants and revenue sharing arrangements are also used to fund project expenditures. The Transportation Fund is a major governmental fund.

2. **Road Impact Fee - West Fund** – accounts for impact fee receipts from new development in a designated service area in the western portion of the County. Disbursements from this fund are for road improvements attributable to the new development.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. **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.

4. **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.

5. **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.

6. **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.

7. **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 and road improvements.

8. **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.

9. **Asset Forfeiture Fund –** accounts for the receipts and disbursements associated with the County's drug enforcement activities.

10. **Tourism Fund** – accounts for the revenues and expenditures associated with promoting tourist venues in the County.

11. **Wetlands Fund** – accounts for mitigation fees and associated disbursements.

12. **Chesapeake Bay Fund** – accounts for resource protection area fees and associated disbursements.

13. **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.

14. **Armed Services Memorial Fund** – accounts for revenue and expenditures related to the construction of the Armed Services Memorial.

15. **Transportation Impact Fee** – accounts for impact fee receipts from new development in a designated service area in the County. Disbursements from this fund are for road improvement projects attributable to the new development.

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

A Proprietary Fund is used to account for activities that are similar to 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 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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The following is the County's Proprietary Fund type:

a. The Water and Sewer Fund 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
Fiduciary Funds are used to account for assets held by the County in a trustee capacity or as a custodian for individuals, private organizations, other governmental units, or other funds. The Custodial Funds, due to their nature, do not focus on measurement of results of operations. The following are the County's 4 custodial funds and types and postemployment trust fund:

a. Celebrate Virginia North Fund (Custodial Fund) – accounts for a special assessment collection used to service bonded debt for infrastructure improvements in the assessment district.

b. George Washington Regional Commission Fund (Custodial Fund) – accounts for the assets, liabilities, revenues and expenditures associated with a contractual arrangement to process the Commission's payroll.

c. Embrey Mill Fund (Custodial Fund) – accounts for a special assessment collection used to service bonded debt for infrastructure improvements in the assessment district.

d. R-Board (Landfill) Fund (Custodial Fund) – accounts for the operation of the landfill, which is a joint venture between the County and the City of Fredericksburg.

e. Postemployment Trust Fund (Trust Fund) – accounts for the activities of the County's other postemployment benefit (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 component unit's internal service funds are charges to internal 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 meets this criterion – a loss resulting from the refunding of debt, pension, and OPEB related deferrals. The refunding loss is the difference in the reacquisition price and the net carrying value of the old debt. The amount is amortized as a component of interest expense on the straight-line basis over the remaining life of the old debt, or the new debt, whichever is shorter. The pension and OPEB deferrals relate to contributions made to the corresponding plans in the 2021 fiscal year and changes in actuary calculations. Changes in actuarial assumptions are deferred and amortized over the remaining service life of all participants and investment experience amounts are deferred and amortized over a closed five-year period. Contributions reported as deferred outflows of resources will be amortized in the following year.

In addition to liabilities, the Statement of Net Position and Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, "deferred inflows of resources", represents an acquisition of net 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 on property taxes, property taxes not collected within the period of availability, deferrals of pension expense and OPEB. These are explained in more detail in notes 6 and 7 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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Prior to June 30, the budget is legally enacted through passage of a resolution. Budgets are legally adopted for the following governmental funds:

Primary Government

General Fund	Hidden Lake Dam Fund
Transportation Fund	Armed Services Memorial Fund
Road Impact Fee - West	Transportation Impact Fee
Garrisonville Road Service District	General Capital Projects Fund
Warrenton Road Service District	Tourism Fund
Lake Arrowhead Service District	Lake Carroll Service District
Asset Forfeiture Fund	Chesapeake Bay Fund
Road Impact Fee – Southeast	

Component Unit – School Board

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

4. The budget for the proprietary fund serves as a guide to the County and not as legally binding limitations.

5. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets.

6. Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

7. The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare actual revenue and expenditures with budgeted amounts as originally adopted, and as amended by the Board of Supervisors through June 30, 2021. 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 2021.

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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Restricted cash in the General Fund represents a reserve account held by the County's health insurance administrator as well as unspent grant proceeds and unspent lease proceeds.

Restricted cash in the Transportation Fund represents funds collected from a two percent motor fuel sales tax for Stafford County and held by the Potomac and Rappahannock Transportation Commission as fiscal agent for the County and these funds are required to be used on transportation projects and include proceeds from 2017 general obligation bonds.

Restricted cash in the Asset Forfeiture Fund is used for drug enforcement activities.

Restricted cash in Lake Carroll and Lake Arrowhead Funds are reserved for Dam projects or repayment of County loan.

Restricted cash in the General Capital Projects Fund represents the unspent proceeds from general obligation bonds issued in 2017.

Restricted cash and investments in the Water and Sewer Fund represent assets set aside to meet debt sinking fund requirements, project construction payments pursuant to bond covenants and customer advance payments, as well as an operating reserve for repair, renewal and rehabilitation of capital assets.

Generally, the County uses restricted assets first for expenses incurred for which both restricted and unrestricted assets are available. The County may defer the use of restricted assets based on a review of the specific transaction.

H. INVENTORIES AND PREPAID ITEMS

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

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

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

	Primary Government	Component Unit – School Board
	Governmental Activities	Governmental Activities
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:

	Primary Government	Component Unit – School Board
	Water and Sewer Fund	Fleet Services Fund
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.

	Real Property	**Personal Property**
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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. COMPENSATED ABSENCES

County employees accumulate vacation time and sick leave depending upon their length of service. The County has established accumulated leave balance thresholds for vacation and compensatory leave. There is no threshold on accumulated sick leave. Vacation leave up to the established threshold and a portion of sick leave time is payable upon termination of employment. Compensatory time earned by County employees up to the established threshold is also payable upon termination of employment. In the governmental funds', accumulated vacation, sick leave, and compensatory time for the Primary Government are reported when they have matured and are due. Current and long-term compensated absences liabilities, expected to be paid are recorded in the government-wide and proprietary fund financial statements.

L. LONG-TERM OBLIGATIONS

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type

Statement of Net Position. Bond premiums and discounts are amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable premium or discount. Bond issuance costs are reported as expenses in the period in which they are incurred.

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

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 to 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 $144.2 million net position deficit in governmental activities in the government-wide Statement of Net Position, $266.6 million is attributed to debt for school property and equipment.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. <u>NET POSITION and FUND BALANCE CLASSIFICATION</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, net of accumulated depreciation 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.

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 components – Nonspendable, Restricted, Committed, Assigned and Unassigned.

- Nonspendable – This component 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 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.

- Committed – This component consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County’s highest level of decision making authority (the Board of Supervisors) through adopted resolutions. Committed amounts cannot be used for any other purpose unless the Board modifies or rescinds the specified use by taking the same type of action (adopted resolution) it employed previously to commit those amounts.

- Assigned – This component 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 2021.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Classification for Governmental Funds:

		General Fund		Transportation Fund		Capital Projects Fund		Other Nonmajor Governmental		Total
Nonspendable										
Prepaids	$	179,741	$	-	$	-	$	-	$	179,741
Inventory		2,294		-		-		-		2,294
Restricted										
Grant expenditures		1,199,134		-		-		-		1,199,134
Expenses utilizing appropriations		149,726		-		-		-		149,726
Drug enforcement		-		-		-		219,750		219,750
Claims fluctuation reserve		2,906,567		-		-		-		2,906,567
Court fees		237,682		-		-		-		237,682
Tourism		683,841		-		-		938,983		1,622,824
Armed Services Memorial		-		-		-		19,065		19,065
Hidden Lake		-		-		-		91,393		91,393
Capital projects		-		15,483,895		20,981,919		7,498,006		43,963,820
Committed										
Wetlands		-		-		-		179,141		179,141
Stafford Opportunity fund		500,000		-		-		-		500,000
Capital projects reserve		1,500,000		-		-		-		1,500,000
Capital projects reserve schools		1,500,000		-		-		-		1,500,000
Available for projects		12,260,900		-		-		-		12,260,900
Purchase of development rights		1,201,336		-		-		-		1,201,336
Health insurance		1,494,113		-		-		-		1,494,113
Road improvements		2,371,250		-		-		-		2,371,250
Revenue stabilization reserve		6,785,100		-		-		-		6,785,100
School capital project reserve		14,115,644		-		-		-		14,115,644
Courthouse reserve		4,209,107		-		-		-		4,209,107
Assigned										
Expenditures on prior appropriations		3,019,978		-		-		-		3,019,978
Corrections/Juvenile Detention Center		500,043		-		-		-		500,043
CSA reserve		814,093		-		-		-		814,093
Expenditure fluctuation reserve		1,500,000		-		-		-		1,500,000
County capital projects		2,930,489		-		-		-		2,930,489
Fire and rescue volunteer reserve for capital needs		572,719		-		-		-		572,719
Future operations		6,082,013		-		-		-		6,082,013
One-Time Capital		7,294,660		-		-		-		7,294,660
County Projects		685,593		-		-		-		685,593
Unassigned		40,724,173		-		-		-		40,724,173
Total	$	115,420,196	$	15,483,895	$	20,981,919	$	8,946,338	$	160,832,348

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.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. RESTATEMENTS

Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the County's Fiduciary Statements have been restated to include the R-Board/Landfill as a Custodial Fund for the fiscal year ended June 30, 2021. The net impact of this restatement is $16,173,275 is shown in the table below.

Due to the implementation of GASB Statement No. 84, *Fiduciary Activities*, the School Board's School Activity Funds, which were formerly reported as a Fiduciary Fund are now reported as a Special Revenue Fund for the fiscal year ended June 30, 2021. The net impact of this restatement is $3,211,145 is shown in the table below.

	School Board, Exhibit II	R-Board Exhibit XI
Net Position June 30, 2020 as originally stated	$ 79,868,500	$ -
Restatement, GASB 84	3,211,145	22,785,286
Balance June 30, 2020, restated	$ 83,079,645	$ 22,785,286

T. GASB STATEMENTS

During fiscal year 2021 the County implemented GASB Statement No. 90, "Majority Equity Interest". The objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. 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 $2,942,256 as of June 30, 2021.

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).

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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

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

The County has the following recurring reported value measurements as of June 30, 2021:

Investment Type	Valuation Method	Reported Value	Significant Other Observable Inputs (Level 2)
U.S. Agencies and Securities	Fair Value	$ 43,985,859	$ 43,985,859
Municipal Bonds	Fair Value	1,687,878	1,687,878
Corporate Notes and Bonds	Fair Value	11,531,001	11,531,001
Commercial Paper	Amortized Cost	6,421,163	-
Certificates of Deposit	Amortized Cost	10,098,006	-
Money Market Mutual Funds	Amortized Cost	240,473	-
LGIP	Amortized Cost	246,432,624	-
SNAP	Amortized Cost	2,007,250	-
Total		$ 322,404,254	$ 57,204,738
Component Unit			
LGIP	Amortized Cost	$ 5,096,622	$ -
Money Market Mutual Funds	Amortized Cost	208,991	-
SNAP	Amortized Cost	11,756,517	-
Total		$ 17,062,130	$ -
Held in County's Name as Fiduciary			
U.S. Agencies and Securities	Fair Value	$ 4,290,715	$ 4,290,715
Municipal Bonds	Fair Value	502,466	502,466
Corporate Notes and Bonds	Fair Value	1,031,002	1,031,002
Certificates of Deposit	Amortized Cost	1,701,845	-
Commercial Paper	Amortized Cost	1,624,028	-
Money Market Mutual Funds	Amortized Cost	46,162	-
Total		$ 9,196,218	$ 5,824,183

(1) Custodial Credit Risk

The County's investment securities at June 30, 2021 were held by the County or in the County's name by the County's custodial banks.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

(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, 2021 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:

	AAAm	A-1	AAA	AA	A
Primary Government					
U.S. Agencies	$ -	$ -	$ 19,011,438	$ 24,974,421	$ -
Municipal Bonds	-	-	793,158	894,721	-
Corporate Notes and Bonds	-	-	6,034,147	5,496,854	-
Commercial Paper	-	6,421,163	-	-	-
Certificates of Deposits	-	8,635,096	-	1,462,910	-
Money Market Mutual Funds	240,473	-	-	-	-
LGIP	246,432,624	-	-	-	-
SNAP	2,007,250	-	-	-	-
Total	$ 248,680,346	$ 15,056,259	$ 25,838,743	$ 32,828,905	$ -
Component Unit - Stafford County Public Schools					
LGIP	$ 5,096,622	$ -	$ -	$ -	$ -
Money Market Mutual Funds	208,991	-	-	-	-
SNAP	11,756,517	-	-	-	-
Total	$ 17,062,130	$ -	$ -	$ -	$ -
Held in County's Name as Fiduciary					
U.S. Agencies and Securities	$ -	$ -	$ 2,604,523	$ 1,686,192	$ -
Municipal Bonds	-	-	100,237	402,229	-
Corporate Notes and Bonds	-	-	648,501	382,501	-
Commercial Paper	-	1,624,028	-	-	-
Certificates of Deposit	-	1,701,845	-	-	-
Money Market Mutual Funds	46,162	-	-	-	-
Total	$ 46,162	$ 3,325,873	$ 3,353,261	$ 2,470,922	$ -

As of June 30, 2021, 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, 2021, the County did not have any investments exceeding 5% of the total investment.

(4) Interest Rate Risk

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

Note 2. DEPOSITS AND INVESTMENTS (Continued)

Investment Type	Fair Value	Investment Maturities (In Years)			
Primary Government		Less Than 1 Year	1 - 5 Years	6 - 10 Years	Over 10 Years
U.S. Agencies and Securities	$ 43,985,859	$ 4,810,613	$ 35,063,247	$ 2,393,995	$ 1,718,005
Municipal Bonds	1,687,878	565,254	1,122,625	-	-
Corporate Notes and Bonds	11,531,001	1,514,750	10,016,251	-	-
Commercial Paper	6,421,163	6,421,163	-	-	-
Certificates of Deposit	10,098,006	8,644,250	1,453,757	-	-
Money Market Mutual Funds	240,473	240,473	-	-	-
LGIP	246,432,624	246,432,624	-	-	-
SNAP	2,007,250	2,007,250	-	-	-
Total	$ 322,404,254	$ 270,636,376	$ 47,655,879	$ 2,393,995	$ 1,718,005
Component Unit - Stafford County Public Schools					
LGIP	$ 5,096,622	$ 5,096,622	$ -	$ -	$ -
Money Market Mutual Funds	208,991	208,991	-	-	-
SNAP	11,756,517	11,756,517	-	-	-
Total	$ 17,062,130	$ 17,062,130	$ -	$ -	$ -
Held in County's Name as Fiduciary					
U.S. Agencies and Securities	$ 4,290,715	$ 611,322	$ 3,658,756	$ 20,638	$ -
Municipal Bonds	502,466	302,231	$ 200,235	-	-
Corporate Notes and Bonds	1,031,002	518,020	512,982	-	-
Certificates of Deposit	1,701,845	1,701,845	-	-	-
Commercial Paper	1,624,028	1,624,028	-	-	-
Money Market Mutual Funds	46,162	46,162	-	-	-
Total	$ 9,196,218	$ 4,803,607	$ 4,371,972	$ 20,638	$ -

D. COUNTY AND COMPONENT UNIT'S OPEB FUNDS

As of June 30, 2021, the carrying value of the County's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust (VACo/VML Pooled OPEB Trust) and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	$14,503,066	Not Rated

As of June 30, 2021, the carrying value of the Component Unit – Stafford County Public School's OPEB Fund's deposits and investments held by the Virginia Pooled OPEB Trust and their respective credit rating was as follows:

Investment Type	Reported Value	Credit Rating
Investment in pooled funds	$31,709,193	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.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

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, 2021 consist of the following:

Primary Government

	General Fund	Transportation Fund	Nonmajor Governmental Funds	Water and Sewer Fund	Totals
Property taxes	$ 18,784,008	$ -	$ 43,683	$ -	$ 18,827,691
Accounts	4,598,073	1,253,925	250,474	8,285,223	14,387,695
Intergovernmental	7,013,983	38,712	225,192	-	7,277,887
Gross receivables	30,396,064	1,292,637	519,349	8,285,223	40,493,273
Less:					
Allowance for uncollectible accounts	3,705,728	-	227	1,634,919	5,340,874
Net receivables	$ 26,690,336	$ 1,292,637	$ 519,122	$ 6,650,304	$ 35,152,399

Component Unit - Stafford County Public Schools

	Totals
Accounts	$ 243,588
Intergovernmental	11,268,259
Due from Primary Government	46,286,272
Total Receivables	$ 57,798,119

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, 2021:

PRIMARY GOVERNMENT

Governmental Activities

	Balance June 30, 2020	Increases	Decreases	Reclassifications	Balance June 30, 2021
Capital assets not being depreciated					
Land	$ 51,417,478	$ -	$ (3,399,850)	$ -	$ 48,017,628
Other intangible assets	3,913,330	-	-	1,267,067	5,180,397
Construction in progress	23,556,372	3,099,145	(19,265,582)	(3,184,433)	4,205,502
Total capital assets not being depreciated	78,887,180	3,099,145	(22,665,432)	(1,917,366)	57,403,527
Capital assets being depreciated					
Land Improvements	108,930,185	33,640	-	1,124,622	110,088,447
Building and building improvements	129,140,451	582,139	-	-	129,722,590
Furniture, fixtures and equipment	51,289,797	1,371,466	(585,380)	111,996	52,187,879
Software	7,407,097	19,487	-	680,748	8,107,332
Technology Infrastructure	8,746,482	-	-	-	8,746,482
Vehicles	34,009,779	3,390,643	(609,866)	-	36,790,556
Total capital assets being depreciated	339,523,791	5,397,375	(1,195,246)	1,917,366	345,643,286
Less accumulated depreciation for:					
Land Improvements	(27,483,703)	(5,081,726)	-	-	(32,565,429)
Building and building improvements	(49,716,626)	(4,095,912)	-	-	(53,812,538)
Furniture, fixtures and equipment	(38,975,086)	(5,156,461)	437,453	-	(43,694,094)
Software	(6,571,860)	(387,700)	-	-	(6,959,560)
Technology Infrastructure	(6,674,984)	(882,774)	-	-	(7,557,758)
Vehicles	(21,422,571)	(2,997,900)	594,071	-	(23,826,400)
Total accumulated depreciation	(150,844,830)	(18,602,473)	1,031,524	-	(168,415,779)
Total capital assets being depreciated, net	188,678,961	(13,205,098)	(163,722)	1,917,366	177,227,507
Total capital assets, governmental activities	$ 267,566,141	$ (10,105,953)	$ (22,829,154)	$ -	$ 234,631,034

Depreciation expense was charged to governmental functions as follows:

General government	$ 1,702,808
Judicial administration	107,421
Public safety	8,257,228
Public works	2,952,062
Health and social services	12,979
Parks, recreation and cultural	3,258,225
Community development	114,904
Transportation	2,196,846
Total	$ 18,602,473

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets for Primary Government's business-type activities for the fiscal year ended June 30, 2021:

	Balance June 30, 2020	Increases	Decreases	Reclassifications	Balance June 30, 2021
Capital assets not being depreciated:					
Land	$ 19,040,443	$ -	$ -	$ -	$ 19,040,443
Other intangible assets	4,110,462	51,550	-	-	4,162,012
Construction in progress	12,239,808	15,855,635	-	(3,021,136)	25,074,307
Total capital assets not being depreciated	35,390,713	15,907,185	-	(3,021,136)	48,276,762
Capital assets being depreciated:					
Land Improvements	699,187	-	-	-	699,187
Building and building improvements	4,294,205	-	-	-	4,294,205
Distribution and collection systems	606,374,430	10,738,528	-	3,021,136	620,134,094
Furniture, fixtures and equipment	25,259,521	272,213	(73,302)	-	25,458,432
Software	240,638	-	-	-	240,638
Technology Infrastructure	510,229	-	-	-	510,229
Vehicles	6,601,821	334,637	(69,976)	-	6,866,482
Total capital assets being depreciated	643,980,031	11,345,378	(143,278)	3,021,136	658,203,267
Less accumulated depreciation for:					
Land Improvements	(430,423)	(25,405)	-	-	(455,828)
Building and building improvements	(2,737,767)	(114,024)	-	-	(2,851,791)
Distribution and collection systems	(209,848,624)	(13,546,658)	-	-	(223,395,282)
Furniture, fixtures and equipment	(15,529,612)	(1,694,657)	70,849	-	(17,153,420)
Software	(236,132)	(4,506)	-	-	(240,638)
Technology Infrastructure	(430,564)	(31,866)	-	-	(462,430)
Vehicles	(4,210,266)	(706,873)	69,976	-	(4,847,163)
Total accumulated depreciation	(233,423,388)	(16,123,989)	140,825	-	(249,406,552)
Total capital assets being depreciated, net	410,556,643	(4,778,611)	(2,453)	3,021,136	408,796,715
Total capital assets, business-type activities	$ 445,947,356	$ 11,128,574	$ (2,453)	$ -	$ 457,073,477

Note 4. CAPITAL ASSETS (Continued)

The following is a summary of changes in capital assets, except for fleet services fund, for Stafford County Public Schools' governmental activities for the fiscal year ended June 30, 2021:

COMPONENT UNIT – Stafford County Public Schools
Governmental Activities

	Balance July 1, 2020	Increases	Decreases	Re-classifications	Balance June 30, 2021
Capital assets not being depreciated or amortized:					
Land	$ 38,009,215	$ 21,122	$ (32,208)	$ -	$ 37,998,129
Construction in progress	15,238,875	6,717,913	-	(5,153,280)	16,803,509
Total capital assets not being depreciated or amortized	53,248,090	6,739,036	(32,208)	(5,153,280)	54,801,638
Capital assets being depreciated or amortized					
Land improvements	68,884,153	97,780	(803,202)	-	68,178,732
Buildings & building improvements	577,291,340	5,765,698	(4,724,050)	5,153,280	583,486,267
Furniture, fixtures & equipment	15,595,475	2,102,382	(898,651)	-	16,799,207
Vehicles	26,506,475	2,684,526	(1,365,864)	-	27,825,137
Software	2,299,106	-	(161,215)	-	2,137,891
Technology infrastructure	4,345,100	12,174	-	-	4,357,274
Water treatment system	1,319,841	-	-	-	1,319,841
Total capital assets being depreciated or amortized	696,241,490	10,662,560	(7,952,981)	5,153,280	704,104,349
Less accumulated depreciation or amortization for:					
Land improvements	(33,882,881)	(3,431,459)	407,791	-	(36,906,549)
Buildings & building improvements	(221,996,458)	(17,444,291)	4,050,832	-	(235,389,916)
Furniture, fixtures & equipment	(8,960,135)	(1,301,412)	853,625	-	(9,407,923)
Vehicles	(13,776,083)	(1,733,536)	1,333,340	-	(14,176,279)
Software	(1,107,186)	(104,372)	161,215	-	(1,050,343)
Technology infrastructure	(1,308,278)	(217,741)	-	-	(1,526,019)
Water treatment system	(574,820)	(72,273)	-	-	(647,093)
Total accumulated depreciation or amortization	(281,605,841)	(24,305,083)	6,806,802	-	(299,104,122)
Total capital assets being depreciated or amortized, net	414,635,649	(13,642,523)	(1,146,178)	5,153,280	405,000,227
Total capital assets, net	$ 467,883,739	$ (6,903,487)	$ (1,178,387)	$ -	$ 459,801,865

Depreciation expense was charged to governmental functions as follows:

	Amount
Instruction	$ 536,378
Administration, attendance and health	169,830
Pupil transportation	1,899,668
Operation and maintenance	325,287
Food and nutrition services	189,459
Facilities	20,174,445
Technology	1,010,017
Total depreciation and amortization expense	$ 24,305,084

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, 2021:

	Amounts payable at June 30, 2020	Additions	Reductions	Amounts payable at June 30, 2021	Amounts Due within One Year
Bonds payable:					
General obligation bonds	$ 307,937,439	$ 14,140,000	$ (21,625,408)	$ 300,452,031	$ 22,160,176
Unamortized bond premiums	26,736,731	2,032,253	(2,130,490)	26,638,494	2,082,630
Bonds payable including premiums	334,674,170	16,172,253	(23,755,898)	327,090,525	24,242,806
Literary loans	432,292	-	(216,149)	216,143	216,143
VRA loans	72,352,447	-	(5,446,703)	66,905,745	5,573,424
Capital leases	11,045,018	-	(2,595,890)	8,449,128	1,460,905
Net pension liability	24,652,442	18,374,949	(10,511,050)	32,516,341	-
Net OPEB liability	107,872,493	27,750,728	(2,712,807)	132,910,414	-
Compensated absences*	9,656,698	8,341,292	(6,908,218)	11,089,772	3,902,726
Governmental activities long-term liabilities	$ 560,685,561	$ 70,639,222	$ (52,146,715)	$ 579,178,068	$ 35,396,004

* - 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:

	General Obligation Bonds		Revenue Bonds		Literary Loans	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 22,160,176	$ 11,438,122	$ -	$ -	$ 216,143	$ 6,484
2023	21,640,183	10,273,630	-	-	-	-
2024	22,311,672	9,068,528	-	-	-	-
2025	22,585,000	7,961,984	-	-	-	-
2026	23,515,000	6,872,010	-	-	-	-
2027-2031	115,535,000	19,362,575	-	-	-	-
2032-2036	60,735,000	4,720,909	-	-	-	-
2037-2041	11,970,000	565,629	-	-	-	-
	$ 300,452,031	$ 70,263,387	$ -	$ -	$ 216,143	$ 6,484

	Capital Leases		VRA Loans		Total	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 1,460,905	$ 214,782	$ 5,573,424	$ 2,734,083	$ 29,410,648	$ 14,393,471
2023	1,498,194	177,493	5,710,416	2,460,843	28,848,794	12,911,967
2024	1,536,476	139,211	4,217,686	2,222,689	28,065,834	11,430,429
2025	1,157,862	102,629	4,055,240	2,030,801	27,798,102	10,095,414
2026	881,535	74,842	4,178,084	1,842,189	28,574,618	8,789,041
2027-2031	1,914,157	111,815	20,815,895	6,439,175	138,265,051	25,913,565
2032-2036	-	-	18,715,000	2,370,241	79,450,000	7,091,150
2037-2041	-	-	3,640,000	78,188	15,610,000	643,817
	$ 8,449,128	$ 820,773	$ 66,905,745	$ 20,178,210	$ 376,023,047	$ 91,268,853

Note 5. LONG-TERM LIABILITIES (Continued)

	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
Governmental Activities					
General Obligation Bonds					
County:					
Public Improvements (Refunding)	6/13/2012	10/1/2021	3.43 – 5.13%	$ 4,810,000	$ 475,000
Public Improvements	6/27/2013	7/1/2033	3.13%	24,075,000	15,660,000
Parks and Transportation	8/11/2015	8/1/2035	3.00-5.00%	10,315,000	7,725,000
Parks and Transportation	5/24/2017	12/30/2037	3.00-5.00%	12,060,000	10,245,000
Total General Obligation – County					$ 34,105,000
Schools:					
VPSA Series 2001A	5/17/2001	7/15/2021	4.10 – 5.60%	10,135,000	$505,000
VPSA Series 2001B	11/15/2001	7/15/2021	3.10 – 5.35%	2,745,000	135,000
VPSA Series 2001C	11/15/2001	7/15/2021	3.10 – 5.35%	6,512,513	371,160
VPSA Series 2002A	5/16/2002	7/15/2022	3.60 – 5.60%	2,685,000	260,000
VPSA Series 2002B	11/7/2002	7/15/2022	2.35 – 5.10%	1,815,000	180,000
VPSA Series 2003A	5/15/2003	7/15/2023	3.10 – 5.35%	6,905,000	1,035,000
VPSA Series 2003B	11/1/2003	7/15/2028	3.10 – 5.35%	54,070,000	25,090,000
VPSA Series 2003C	11/1/2003	7/15/2023	3.10 – 5.35%	5,494,768	945,871
VPSA Series 2004A	5/13/2004	7/15/2029	4.85 – 5.10%	8,470,000	4,320,000
VPSA Series 2004B	11/10/2004	7/15/2029	4.10 – 5.60%	9,700,000	4,880,000
VPSA Series 2005A	5/12/2005	7/15/2030	3.10 – 5.10%	17,895,000	9,805,000
VPSA Series 2005B	11/10/2005	7/15/2030	4.35 – 5.10%	9,810,000	5,385,000
VPSA Series 2006A	5/12/2006	7/15/2031	4.10 – 5.10%	41,035,000	24,160,000
VPSA Series 2006B	11/9/2006	7/15/2031	4.23 – 5.10%	6,310,000	3,665,000
VPSA Series 2007A	5/10/2007	7/15/2032	4.10 – 5.10%	13,620,000	8,555,000
VPSA Series 2007B	11/8/2007	7/15/2032	4.35 – 5.10%	10,600,000	6,705,000
VPSA Series 2008A	5/15/2008	7/15/2033	4.10 – 5.10%	11,500,000	7,705,000
VPSA Series 2008B	12/11/2008	7/15/2033	3.60 – 5.35%	1,700,000	1,145,000
VPSA Series 2010A	5/13/2010	7/15/2025	3.05 – 5.05%	5,740,000	2,320,000
VPSA Series 2010B (QSCB)	7/8/2010	6/1/2027	5.31%	1,305,000	480,000
VPSA Series 2010C	11/10/2010	7/15/2030	2.05 – 4.05%	2,305,000	1,345,000
VPSA Series 2011A	5/5/2011	7/15/2031	2.05 – 5.05%	5,625,000	3,720,000
VPSA Series 2011B	11/9/2011	7/15/2031	2.05 – 5.05%	9,845,000	6,295,000
VPSA Series 2012A	5/10/2012	7/15/2032	2.55 – 5.05%	11,860,000	7,495,000
VPSA Series 2012B	11/15/2012	7/15/2032	2.05 – 5.05%	16,220,000	10,905,000
VPSA Series 2013A	5/9/2013	7/15/2033	3.05 – 5.05%	13,820,000	10,130,000
VPSA Series 2013B	11/21/2013	7/15/2033	2.30 – 5.05%	12,575,000	9,345,000
VPSA Series 2014A	5/15/2014	7/15/2034	2.68 – 5.05%	16,380,000	12,160,000
VPSA Series 2014B	11/20/2014	7/15/2034	2.05 – 5.05%	15,250,000	11,670,000
VPSA Series 2015A	5/14/2015	7/15/2035	2.05 – 5.05%	6,870,000	5,695,000
VPSA Series 2015B	11/19/2015	7/15/2035	2.05 – 5.05%	18,910,000	15,685,000
VPSA Series 2016A	5/17/2016	7/15/2031	2.05 – 5.05%	1,720,000	1,370,000
VPSA Series 2016B	11/17/2016	7/15/2036	2.80 – 5.05%	8,480,000	7,375,000
VPSA Series 2017A	5/16/2017	7/15/2037	3.05 – 5.05%	10,370,000	9,345,000
VPSA Series 2017B	11/7/2017	7/15/2037	2.05 – 5.05%	7,585,000	6,905,000
VPSA Series 2018A	5/15/2018	7/15/2033	3.05 – 5.05%	8,625,000	7,800,000
VPSA Series 2018B	11/6/2018	7/15/2038	3.55 – 5.05%	6,970,000	6,600,000
VPSA Series 2019A	5/21/2019	7/15/2034	3.05 – 5.05%	5,130,000	4,785,000
VPSA Series 2019B	11/10/2019	7/15/2039	2.80 – 5.05%	6,070,000	5,935,000
VPSA Series 2020	11/10/2020	7/15/2040	2.05 – 5.05%	14,140,000	14,140,000
Total General Obligation – Schools					$ 266,347,031

Note 5. LONG-TERM LIABILITIES (Continued)

	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
Literary Loans					
Rocky Run Elementary School	8/15/2001	8/15/2021	3.00%	$4,322,974	$216,143
Total Literary Loans					$216,143
VRA Loans					
Hidden Lake Dam Refunding	11/2/2016	10/1/2028	4.38 – 5.13%	460,000	$ 380,000
Crows Nest 2008	4/18/2008	4/1/2028	3.00%	9,500,000	3,890,745
Refunding LRBs 06/08	8/15/2014	10/1/2036	3.10%	64,335,000	50,570,000
Solid Waste 2015	11/4/2015	10/1/2023	3.12 – 5.13%	1,855,000	780,000
Animal Shelter	5/24/2017	10/1/2036	2.99 – 5.43%	5,430,000	4,675,000
Fire Station 14 & Refunding	11/1/2017	10/1/2037	2.86 – 5.13%	9,975,000	6,610,000
Total VRA Loans					66,905,745
Total Bonds Payable					$ 367,573,919

The County has entered into lease agreements as lessee for financing the acquisition of land, buildings, equipment, software systems, and vehicles. These lease agreements qualify as capital leases for accounting purposes and therefore have been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Equipment	$ 15,570,876
Vehicles	8,338,895
Less: Accumulated depreciation	(17,394,904)
Total	$ 6,514,867

In June, 2008, the County obtained $800,000 of Lease Revenue Bonds on behalf of the homeowners of the Hidden Lake Subdivision for dam renovations through the Virginia Resources Authority. Homeowners are assessed an ad valorem tax of $0.22 per $100 of assessed valuation, with collections designated for debt service on the financing. These bonds sold at a premium, yielding an additional $35,348 for project purposes.

In August, 2014, the County obtained $64,355,000 through the Virginia Resources Authority (VRA) to refund the remaining payments on Series 2006A and most of the remaining payments on Series 2008A Lease Revenue Bonds. This transaction resulted in the defeasance of those debts and the liabilities were removed from the government-wide statement of net position. As of June 30, 2019, the remaining value of outstanding defeased bonds is $0. The aggregate difference between the debt service on the original bonds and the debt service of the new bonds was $16.2 million and resulted in an economic gain of $ 7.5 million.

In November of 2015, the County and the City of Fredericksburg obtained a loan through the Virginia Resources Authority (VRA) to fund the Rappahannock Regional Solid Waste Management Board's (R-Board) construction of a new landfill cell, cell F2. These loans are secured by the proportion financed and letters of credit and are payable principally from payments received from the R-Board. As of June 30, 2021, the principle balance of the County's share of the loan is $780,000.

NOTE 5. LONG-TERM LIABILITIES (Continued)

On November 2, 2016, the County issued $460,000 in bonds through the Virginia Resources Authority (VRA) Virginia Pooled Financing Program with an interest rate ranging between 4.375% to 5.125% to advance refund $485,000 of outstanding 2008 lease revenue bonds for the Hidden Lake Dam with an interest rate ranging between 3.00% to 4.93%. The net proceeds of $523,800 (after premium of $102,188 and payment of $38,388 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 2008 lease revenue bonds. As a result, the 2008 lease revenue bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. As of June 30, 2019, the remaining value of the outstanding defeased bonds is $0. The aggregate difference between the debt service on the original bonds and the debt service of the new bonds was $31,041 reducing interest expense of the County's fund activities, and resulting in an economic gain of $19,755.

On November 1, 2017 the County issued $9,975,000 in bonds through the VRA Virginia Pooled Financing Program with an interest rate ranging between 2.286% to 5.125%. $4,085,000 of the issue was to advance refund $4,280,000 of outstanding 2008 lease revenue bonds with an interest rate ranging between 4.00% to 5.00%. The net proceeds of $4,367,492 (after premium of $353,100 and payment of $52,887 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 2008 lease revenue bonds. As a result, the 2008 lease revenue bonds are considered to be defeased and the liability for those bonds has been removed from the government-wide statement of net position. As of June 30, 2019, the remaining value of the outstanding defeased bonds is $0. The remaining $5,890,000 of the bonds was used for the construction of a fire station. The aggregate difference between the debt service on the original bonds left on the 2008 lease revenue bonds and the debt service of the new bonds was $ 835,025 and resulted in an economic gain of $ 97,698

The County has moral obligation pledges as follows:

- $1,263,559 for three Virginia Resources Authority loans secured by the Stafford Regional Airport to fund various site improvements;
- $780,000 over the next seven years to the Rappahannock Regional Solid Waste Management Board.

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.

NOTE 5. LONG-TERM LIABILITIES (Continued)

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

VRA Loans	Principal Outstanding	Collateral	Default/Termination Events
$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	$ 380,000	Autumn Ridge Park	Accelerate all lease payments to be due and payable or take possession of the parcel
$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	3,890,745	Two parcels - 1,770 acres	Accelerate all lease payments to be due and payable or take possession of the parcels
$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	50,570,000	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
$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.	780,000	Revenues of Stafford County and the R-Board	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
$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	4,675,000	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
$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	6,610,000	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
Capital Leases			
$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	1,190,416	Heavy duty fire & rescue vehicle & scuba equipment	Accelerate all lease payments to be due and payable or take possession of the personal property
$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.	1,589,251	5 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
$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.	1,715,793	3 Fire trucks	Accelerate all lease payments to be due and payable or take possession of the personal property
$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.	994,897	Fire Ladder Truck	Accelerate all lease payments to be due and payable or take possession of the personal property
$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.	1,162,723	LifePak Defibrillators	Accelerate all lease payments to be due and payable or take possession of the personal property
$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.	1,796,048	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, 2020	Additions	Reductions	Amounts payable at June 30, 2021	Amounts Due within One Year
Bonds payable:					
Revenue bonds	$ 69,925,000	$ -	$ (2,200,000)	$ 67,725,000	$ 2,300,000
VRA loans	19,684,873	-	(1,661,760)	18,023,113	1,685,878
Unamortized bond premiums	7,574,041	-	(417,499)	7,156,542	417,499
Bonds payable including premiums	97,183,914	-	(4,279,259)	92,904,655	4,403,377
Net pension liability	3,806,994	2,821,551	(1,635,524)	4,993,021	-
Net OPEB liability	21,476,983	5,572,613	(566,973)	26,482,623	-
Compensated absences	1,362,240	1,284,037	(1,050,649)	1,595,628	595,682
Business-type activities long-term liabilities	$ 123,830,131	$ 9,678,201	$ (7,532,405)	$ 125,975,927	$ 4,999,059

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

NOTE 5. LONG-TERM LIABILITIES (Continued)

	Revenue Bonds		VRA Loans		Total	
Fiscal Year(s)	Principal	Interest	Principal	Interest	Principal	Interest
2022	$ 2,300,000	$ 2,837,113	$ 1,685,878	$ 260,779	$ 3,985,878	$ 3,097,891
2023	2,405,000	2,730,372	1,710,454	236,203	4,115,454	2,966,575
2024	2,520,000	2,610,719	1,735,496	211,160	4,255,496	2,821,879
2025	2,655,000	2,482,909	1,761,018	185,639	4,416,018	2,668,548
2026	2,785,000	2,347,259	1,787,028	159,628	4,572,028	2,506,888
2027-2031	16,000,000	9,678,400	9,343,240	390,043	25,343,240	10,068,443
2032-2036	18,630,000	5,902,622	-	-	18,630,000	5,902,622
2037-2041	14,005,000	2,725,828	-	-	14,005,000	2,725,828
2042-2046	6,425,000	267,816	-	-	6,425,000	267,816
	$ 67,725,000	$31,583,038	$ 18,023,114	$1,443,452	$85,748,114	$33,026,490

	Sale Date	Final Maturity	Interest Rates	Original Borrowing	Principal Outstanding
Revenue Bonds					
Public Improvements	6/3/2012	10/1/2042	3.43–5.13%	$53,355,000	$ 7,340,000
Public Improvements	6/27/2014	10/1/2035	3.12–4.83%	16,010,000	12,500,000
Public Improvements	11/4/2015	10/1/2035	3.22%	8,620,000	7,140,000
Refunding	11/2/2016	10/1/2042	2.12–5.13%	41,140,000	40,745,000
Total Revenue Bonds					$ 67,725,000
VRA Loans					
Public Improvements	7/8/2009	3/1/2031	3.35%	23,681,363	$ 12,619,427
Public Improvements	7/27/2009	3/1/2031	2.34–4.20%	9,606,478	5,403,687
Total VRA Loans					$ 18,023,114

The County has pledged future water and sewer customer revenues, net of specified operating expenses, to repay $75.9 million in 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. Annual principal and interest payments on the bonds are expected to require less than 23 percent of net revenues. The total principal and interest remaining to be paid on the bonds is $107,476,354. Principal and interest paid on revenue bonds for the current year and total customer net revenues were $5,134,588 and $42,674,920, respectively. In addition to pledged revenues, the County must meet certain debt service ratio requirements in accordance with the bond indentures. At June 30, 2021, the County was in compliance with all ratio requirements.

NOTE 5. LONG-TERM LIABILITIES (Continued)

On November 2, 2016, the County issued $41,140,000 in bonds through the VRA Pooled Financing Program with interest rate ranging between 2.125% to 5.125% to advance refund $38,355,000 of outstanding 2012 lease revenue bonds interest rates ranging between 3.43% to 5.13%. The net proceeds of $46,347,632 (after premium of $5,528,297 and payment of $320,665 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, 2021, the remaining value of the outstanding defeased bonds is $38,355,000. The result of the refunding saved the County $2,027,634 in future debt service and resulted in $1,393,401 economic gain.

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

Enterprise Fund	Principal Outstanding	Collateral	Default/Termination Events
$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	12,619,427	W&S revenue pledged	Declaration of default could lead to acceleration of debt
$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	5,403,687	W&S revenue pledged	Declaration of default could lead to acceleration of debt
$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	7,340,000	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
$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	12,500,000	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
$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.	7,140,000	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
$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	40,745,000	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	$ 234,631,036	$ 457,073,477
Less: Long-term debt related to capital assets	(376,023,047)	(85,748,114)
Less: Unamortized premiums	(26,638,494)	(7,156,542)
Add: Unamortized loss/(gain)	(2,977,779)	2,066,977
Less: Capital-related liabilities (AP & Retainage)	(1,245,243)	-
Add: Long-term debt and premiums relation to SCPS' assets	282,436,601	-
Add: Unspent bond proceeds from non-SCPS' debt	2,007,250	-
Net Investment in Capital Assets	$ 112,190,324	$ 366,235,797

NOTE 5. LONG-TERM LIABILITIES (Continued)

D. COMPONENT UNIT – STAFFORD COUNTY PUBLIC SCHOOLS

	Amounts Payable at July 1, 2020	Increases	Decreases	Amounts Payable at June 30, 2021	Amounts Due within One Year
Capital Leases	$ 11,355,417	$ -	$ 914,895	$ 10,440,522	$ 986,498
Note Payable	555,000	-	75,000	480,000	80,000
Compensated Absences	6,952,452	1,338,929	664,086	7,627,295	627,935
Net OPEB Liability	208,577,776	94,876,466	69,327,421	234,126,821	-
Net Pension Liability	250,897,304	108,450,213	74,848,646	284,498,871	-
Total	$ 478,337,949	$ 204,665,608	$ 145,830,048	$ 537,173,509	$ 1,694,433

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.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

RETIREMENT PLAN PROVISIONS		
PLAN 1	**PLAN 2**	**HYBRID RETIREMENT PLAN**
About Plan 1 Plan 1 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About Plan 2** Plan 2 is a defined benefit plan. The retirement benefit is based on a member's age, service credit and average final compensation at retirement using a formula.	**About the Hybrid Retirement Plan** The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. • The defined benefit is based on a member's age, service credit and average final compensation at retirement using a formula. • The benefit from the defined contribution component of the plan depends on the member and employer contributions made to the plan and the investment performance of those contributions. • In addition to the monthly benefit payment payable from the defined benefit plan at retirement, a member may start receiving distributions from the balance in the defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Eligible Members Employees are in Plan 1 if their membership date is before July 1, 2010, and they were vested as of January 1, 2013, and they have not taken a refund. *Hybrid Opt-In Election* VRS non-hazardous duty-covered Plan 1 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 1 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 1 or ORP.	**Eligible Members** Employees are in Plan 2 if their membership date is on or after July 1, 2010, or their membership date is before July 1, 2010, and they were not vested as of January 1, 2013. *Hybrid Opt-In Election* Eligible Plan 2 members were allowed to make an irrevocable decision to opt into the Hybrid Retirement Plan during a special election window held January 1 through April 30, 2014. The Hybrid Retirement Plan's effective date for eligible Plan 2 members who opted in was July 1, 2014. If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan. Members who were eligible for an optional retirement plan (ORP) and have prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan, and remain as Plan 2 or ORP.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: • Political subdivision employees* • Members in Plan 1 or Plan 2 who elected to opt into the plan during the election window held January 1-April 30, 2014; the plan's effective date for opt-in members was July 1, 2014 **Non-Eligible Members* Some employees are not eligible to participate in the Hybrid Retirement Plan. They include: • Political subdivision employees who are covered by enhanced benefits for hazardous duty employees 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.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Vesting Vesting is the minimum length of service a member needs to qualify for a future retirement benefit. Members become vested when they have at least five years (60 months) of service credit. Vesting means members are eligible to qualify for retirement if they meet the age and service requirements for their plan. Members also must be vested to receive a full refund of their member contribution account balance if they leave employment and request a refund. Members are always 100% vested in the contributions that they make.	**Vesting** Same as Plan 1.	**Vesting** *Defined Benefit Component:* 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. *Defined Contributions Component:* 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. Members are always 100% vested in the contributions that they make. 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. • After two years, a member is 50% vested and may withdraw 50% of employer contributions. • After three years, a member is 75% vested and may withdraw 75% of employer contributions. • After four or more years, a member is 100% vested and may withdraw 100% of employer contributions. Distributions not required, except as governed by law.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Cost- of- Living Adjustment (COLA) in Retirement 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%.	**Cost- of- Living Adjustment (COLA) in Retirement** 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%.	**Cost- of- Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable.
Eligibility: For members who retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year from the retirement date. For members who retire with a reduced benefit and who have less than 20 years of service credit, the COLA will go into effect on July 1 after one calendar year following the unreduced retirement eligibility date.	*Eligibility:* Same as Plan 1.	*Eligibility:* Same as Plan 1 and Plan 2.
Exceptions to COLA Effective Dates: The COLA is effective July 1 following one full calendar year (January 1 to December 31) under any of the following circumstances: • The member is within five years of qualifying for an unreduced retirement benefit as of January 1, 2013. • The member retires on disability. • The member retires directly from short-term or long-term disability. • The member is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program. • The member dies in service and the member's survivor or beneficiary is eligible for a monthly death-in-service benefit. • The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.	*Exceptions to COLA Effective Dates:* Same as Plan 1.	*Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.

NOTE 6. BENEFIT PENSION PLAN (Continued)

PLAN 1	PLAN 2	HYBRID RETIREMENT PLAN
Disability Coverage Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.7% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased or granted.	**Disability Coverage** Employees of political subdivisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. 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.
Purchase of Prior Service Members may be eligible to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in their plan. Prior service credit counts toward vesting, eligibility for retirement and the health insurance credit. Only active members are eligible to purchase prior service. Members also may be eligible to purchase periods of leave without pay.	**Purchase of Prior Service** Same as Plan 1.	**Purchase of Prior Service** *Defined Benefit Component:* Same as Plan 1, with the following exception: • Hybrid Retirement Plan members are ineligible for ported service. *Defined Contribution Component:* Not applicable.

NOTE 6. BENEFIT PENSION PLAN (Continued)

B. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the pension plan:

	County Number	School Board Non Professional Number
Inactive members or their beneficiaries currently receiving benefits	465	200
Inactive members:		
Vested	167	37
Non-vested	232	135
Active elsewhere in VRS	231	52
Total inactive members	630	224
Active members	947	303
Total covered employees	2,042	727

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, 2020 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 $7,172,991 and $6,151,892 for the years ended June 30, 2021 and 2020 respectively.

NOTE 6. BENEFIT PENSION PLAN (Continued)

School Board Non-Professional

The School Board's non-professional contractually required employer contribution rate for the year ended June 30, 2021, was 6.33% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were $505,085 and $452,601 for the years ended June 30, 2021 and 2020, respectively.

School Board Professional

The School Board's professional contractually required contribution rate for the year ended June 30, 2021 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the professional plan were $29,239,068 and $26,976,570 for the years ended June 30, 2021 and 2020, 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, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

At June 30, 2021, the County, the George Washington Regional Commission (GWRC) and the R-Board reported a collective pension liability of $38,854,689 for its proportionate share of the VRS net pension liability (collectively the County). This amount is comprised of $37,509,362 for the County, $412,254 for GWRC and $933,073 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, 2019 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, 2019, 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, 2020.

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:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1 % increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Lowered rates
– Salary Scale:	No change
– Line of Duty Disability:	Increase rate from 14% to 15%
– Discount Rate:	Decrease rate from 7% to 6.75%

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, 2019, 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, 2020.

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:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 1 year, 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

NOTE 6. BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

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, 2020, 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, 2020 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 Pension Liability
Balances at June 30, 2019	$223,131,041	$193,604,423	$29,526,618
Changes for the Year:			
Service Cost	6,484,925	-	6,484,925
Interest	14,754,294	-	14,754,294
Difference between expected & actual experience	589,787	-	589,787
Contributions-employer	-	5,874,874	(5,874,874)
Contributions-employee	-	3,013,984	(3,013,984)
Net investment income	-	3,739,813	(3,739,813)
Benefit payments, including refunds of employee contributions	(9,097,817)	(9,097,817)	-
Administrative expenses	-	(123,294)	123,294
Other charges	-	(4,442)	4,442
Net changes	12,731,189	3,403,118	9,328,071
Balances at June 30, 2020	$235,862,230	$197,007,541	$38,854,689

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	$ 32,516,341
GWRC	412,254
Business-type Activities	4,993,021
R-Board	933,073
	$ 38,854,689

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
County net pension liability	71,065,041	38,854,689	12,320,291

K. COMPONENT UNIT – Stafford County Public Schools

For the School Board's non-professional plan, the net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GAAP, less that employer's fiduciary net position. The School Board's non-professional plan net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, rolled forward to the measurement date of June 30, 2020.

At June 30, 2021, the School Board reported a liability for the professional plan of $281,210,583 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the net pension liability was based on the School Board's actuarially determined employer contributions to the pension plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.93237% as compared to 1.90174% at June 30, 2019.

L. Actuarial Assumptions – School Board Non-Professional Plan

The total pension liability for non-professionals in the School Board's retirement plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Lowered rates
– Salary Scale:	No change
– Line of Duty Disability:	Increase rate from 14% to 15%
– Discount Rate:	Decrease rate from 7% to 6.75%

M. Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

Mortality Rates:

– Pre-retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
– Post-retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 75 and 2.0% increase compounded from ages 75 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the four-year period from July 1, 2012 through June 30, 2016, 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 a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decrease rate from 7% to 6.75%

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

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%

N. Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions; political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2020, the alternate rate was the employer contribution rate used in FY 2012 or 100% of the actuarially determined employer contribution rate from the June 30, 2017, actuarial valuations, whichever was greater. From July 1, 2020, on, participating employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6. BENEFIT PENSION PLAN (Continued)

O. Changes in the Net Pension Liability

School Board Non-Professional

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balances at June 30, 2019	$ 30,732,300	$ 30,114,787	$ 617,513
Changes for the Year:			
Service cost	827,459	-	827,459
Interest	2,023,480	-	2,023,480
Difference between expected and actual experience	1,284,546	-	1,284,546
Contributions – employer	-	451,488	(451,488)
Contributions – employee	-	461,700	(461,700)
Net investment income	-	571,869	(571,869)
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,509,641)	-
Administrative expense	-	(19,669)	19,669
Other changes	-	(678)	678
Net changes	2,625,844	(44,931)	2,670,775
Balances at June 30, 2020	$ 33,358,144	$ 30,069,856	$ 3,288,288

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional net pension liability	$7,154,409	$3,288,288	$51,998
School Board's professional net pension liability	$412,599,081	$281,210,583	$172,535,685

Detailed information about the pension plans' Fiduciary Net Position are available in the separately issued VRS financial report. Additional financial information supporting the preparation of the VRS Political Subdivision Plan Schedules and the VRS Teacher Retirement Plan Schedules (including the unmodified audit opinion on the financial statements and required supplementary information) is presented in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or a copy may be obtained by submitting a request to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

NOTE 6. BENEFIT PENSION PLAN (Continued)

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

For the year ended June 30, 2021, the County recognized pension expense of $8,117,701. At June 30, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$724,341	$139,972
Difference between expected and actual experience	3,507,453	67,786
Change in assumptions	5,862,709	-
County contributions subsequent to the measurement date	6,855,094	-
Total	$16,809,625	$207,758

$6,855,094 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, 2022. Other amounts reported as deferred inflows and deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year ended June 30:	Amount
2022	$2,026,773
2023	3,761,335
2024	2,235,214
2025	1,863,423
2026	0
Thereafter	0
	$9,886,745

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

	Deferred Outflows	Deferred Inflows
Governmental Activites	$ 14,184,618	$ 173,867
Business Type Activities	2,178,108	26,698
R-Board	407,035	4,989
GWRC	39,864	2,204
total	$ 16,809,625	$ 207,758

Q. Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan is also available in the separately issued VRS 2020 Comprehensive Annual Financial Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the VRS' Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

NOTE 6. BENEFIT PENSION PLAN (Continued)

R. School Board Non-Professional

For the year ended June 30, 2021, the School Board recognized pension expense of $55,263 related to its non-professional plan. At June 30, 2021, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional pension plan from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	833,828	$	154,500
Changes of assumptions		314,433		-
Net difference between projected and actual earnings on plan investments		903,406		-
Employer contributions subsequent to the measurement date		542,312		-
Total	$	2,593,979	$	154,500

The $505,085 reported as deferred outflows of resources related to pensions resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022.

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

Fiscal year ending June 30:		Amount
2022	$	609,444
2023		693,784
2024		305,925
2025		288,014
	$	1,897,167

NOTE 6. BENEFIT PENSION PLAN (Continued)

For the year ended June 30, 2021, the School Board recognized pension expense related to the professional plan of $32,139,227. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to pensions for the professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 16,483,275
Changes of assumptions	19,196,149	-
Net difference between projected and actual earnings on plan investments	21,389,179	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	5,955,393	1,980,528
Employer contributions subsequent to the measurement date	27,610,692	-
Total	$ 74,151,413	$ 18,463,803

The $29,239,068 reported as deferred outflows of resources related to pensions resulting from the School Board's contributions for the professional plan subsequent to the measurement date will be recognized as a reduction of the Net Pension Liability in the year ending June 30, 2022.

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

Fiscal year ending June 30:	Amount
2022	$ 1,509,735
2023	8,268,171
2024	10,222,033
2025	8,239,127
2026	(162,148)
	$ 28,076,918

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	842
Total	1,058

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 in 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, 2021 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, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 29.73 percent for Portfolio I. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Listed below is the target allocation.

Asset Class	Target Asset Allocation	Long-Term Arithmetic Average Nominal Return[1]	Long-Term Arithmetic Average Real Return[2]	Weighted Average Real Return
Core Bonds	7.00%	5.33%	2.58%	0.18%
Core Plus	14.00%	5.61%	2.86%	0.40%
Liquid Absolute Return	4.00%	6.01%	3.26%	0.13%
U.S. Large Cap Equity	26.00%	9.90%	7.15%	1.86%
U.S. Small Cap Equity	10.00%	11.19%	8.44%	0.84%
International Developed Equity	13.00%	10.69%	7.94%	1.03%
Emerging Market Equity	5.00%	11.84%	9.09%	0.45%
Long/Short Equity	6.00%	8.47%	5.72%	0.34%
Private Equity	5.00%	13.15%	10.40%	0.52%
Core Real Estate	10.00%	9.41%	6.66%	0.67%
Total	100.00%			6.43%
		Inflatiion		2.50%
		Expected arithmatic nominal return		9.18%

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, 2021.

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, 2021 was determined by an actuarial valuation as of January 1, 2021 rolled forward to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

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	2.45% as of 6/30/2021
Bond rate	2.45% as of 6/30/2021
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. <u>Discount Rate</u>

The discount rate used to measure the total OPEB liability was 2.45%, the discount rate on the measurement date for FY 2021. 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, 2021

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2020	$ 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 Gains	(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)	-
Net Changes	(10,235,831)	5,845,266	(16,081,097)
Balance as of June 30, 2021	$ 156,088,356	$ 14,503,066	$ 141,585,290

The Fiduciary Net Position is 9.29% 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 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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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 dutyl employees 3.5%-4.75%
Investment rate of return	3.13%, net of investment expenses, including inflation*

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, 2021, as the actuarial valuation was performed as of January 1, 2021, and the net OPEB Liability per the valuation was $157,666,387 to be recognized at June 30, 2021. 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.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2019 for FY20	$ 135,847,992	$ 8,410,339	$ 127,437,652
Changes for the Year:			
Service Cost	6,983,641	-	6,983,641
Interest	4,226,077	-	4,226,077
Experience Losses	99,453	-	99,453
Employer Trust Contributions	-	1,758,555	(1,758,555)
Net Investment Income	-	247,460	(247,460)
Changes in Assumptions	20,925,579	-	20,925,579
Total Benefit Payments	(1,758,555)	(1,758,555)	-
Net Changes	30,476,195	247,460	30,228,735
Balance as of June 30, 2020 for FY21	$ 166,324,187	$ 8,657,800	$ 157,666,387

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 2.45%.

	1% Decrease	Discount Rate	1% Increase
	2.45 % decreasing to 1.45%	2.45%	2.45 % increasing to 3.45%
Net OPEB liability	$ 200,049,101	$ 157,666,387	$ 125,851,281

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

The following table presents the plan's Net OPEB Liability and the effects of using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the medical trend rate of 3.90%.

	1% Decrease	Medical Trend Rate	1% Increase
	3.90 % decreasing to 2.90%	3.90%	3.90 % increasing to 4.90%
Net OPEB liability	$ 120,571,285	$ 157,666,387	$ 209,330,636

L. OPEB Expense and Deferred Inflows and Outflows of Resources

For the year ended June 30, 2021 the County, GWRC and the R-Board recognized OPEB expense in the amount of $12,747,093.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2021, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 87,021	$ 553,764
Changes in assumptions	29,834,117	9,225,300
Net difference between projected and actual earnings on OPEB plan	55,760	-
Change in proportion	737,720	737,720
County's contributions made after measurement date	3,213,038	-
	$ 33,927,656	$ 10,516,784

$3,213,038 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	Balance
2022	$ 2,126,099
2023	2,180,901
2024	2,207,881
2025	2,243,040
2026	4,342,671
Thereafter	7,097,242
	$ 20,197,834

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Acitivities	$ 27,064,586	$ 8,402,065
GWRC	12,319	979
Business Type Acitivities	6,153,551	1,602,308
Rappahannock Regional Solid Waste Management Board	697,200	511,432
Total	$ 33,927,656	$ 10,516,784

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:

GROUP LIFE INSURANCE PROGRAM PLAN PROVISIONS
Eligible Employees The GLI Program was established July 1, 1960, for state employees, teachers and employees of political subdivisions that elect the program, including the following employers that do not participate in VRS for retirement: - City of Richmond - City of Portsmouth - City of Roanoke - City of Norfolk - Roanoke City Schools Board Basic group life insurance coverage is automatic upon employment. Coverage end for employees who leave their position before retirement eligibility or who take a refund of their member contributions and accrued interest.
Benefit Amounts The benefits payable under the GLI Program have several components. • **Natural Death Benefit** – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled. • **Accidental Death Benefit** – The accidental death benefit is double the natural death benefit. • **Other Benefit Provisions** – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include: o Accidental dismemberment benefit o Safety belt benefit o Repatriation benefit o Felonious assault benefit o Accelerated death benefit option
Reduction in benefit Amounts The benefit amounts provided to members covered under the GLI Program are subject to a reduction factor. The benefit amount reduces by 25% on January 1 following one calendar year of separation. The benefit amount reduces by an additional 25% on each subsequent January 1 until it reaches 25% of its original value.
Minimum Benefit Amount and Cost-of-Living Adjustment (COLA) For covered members with at least 30 years of 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 $ 8,616 effective June 30, 2021.

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 1.31% 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, 2021 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 $353,195 and $322,349 for the years ended June 30, 2021 and June 30, 2020, 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, 2021, the County, the GWRC and the R-Board reported a collective GLI OPEB liability of $5,026,702 for its proportionate share of the Net GLI OPEB Liability (collectively the County). This amount is comprised of $4,852,778 for the County, $53,283 for GWRC and $120,641 for the R-Board. The Net GLI OPEB Liability was measured as of June 30, 2019 and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation as of that date. 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, 2020 relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2021, the County's proportion was 0.31680% as compared to 0.31210% at June 30, 2020.

For the year ended June 30, 2021, the County, GWRC and the RBoard recognized GLI OPEB expense of $290,919. 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, 2021, the County reported deferred outflows of resources and deferred inflows of resources related to the GLI OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 322,417	$ 45,150
Changes in assumptions	251,393	104,960
Net difference between projected and actual earnings on OPEB plan investments	150,998	-
Change in proportion	391,434	-
County's contributions made after measurement date	524,501	-
	$ 1,640,743	$ 150,110

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Acitivities	$ 1,373,138	$ 125,627
GWRC	7,392	1,591
Business Type Acitivities	220,835	19,289
Rappahannock Regional Solid Waste Management Board	39,378	3,603
Total	$ 1,640,743	$ 150,110

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

$524,501 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, 2022. 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		Balance
2022	$	639,380
2023		81,800
2024		107,557
2025		108,702
2026		26,801
Thereafter		1,892
	$	966,132

P. Actuarial Assumptions

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation	Locality General employees 3.5%-5.35% Locality Hazardous dutyl 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 – General Employees

Pre-Retirement:

RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:

RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:

RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rate
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Mortality rates – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 20%
Discount Rate	Decrease rate from 7.00% to 6.75%

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, 2020, NOL amounts for the GLI Program is as follows (amounts expressed in thousands):

	Group Life Insurance OPEB Program
Total GLI OPEB Liability	$ 3,523,937
Plan Fiduciary Net Position	1,855,102
Employers' Net GLI OPEB Liability	$ 1,668,835
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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 GAAP in the VRS'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)

Asset Class (Strategy)	Long-Term Target Asset	Arithmetic Long-Term Expected	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi -Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	**100.00%**		**4.64%**
	Inflation		2.50 %
	Expected arithmetic nominal return*		**7.14 %**

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75%, which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

S. <u>Discount Rate</u>

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, 2020, 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, 2020 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	Discount Rate	1% Increase
	6.75 % decreasing to 5.75%	6.75%	6.75 % increasing to 7.75%
Net OPEB liability	$ 6,584,980	$ 5,026,702	$ 3,747,406

GLI Program Fiduciary Net Position

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Financial Report. A copy of the 2020 VRS Financial Report may be downloaded from the VRS website at http://varetire.org/pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA 23218-2500.

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

POLITICAL SUBDIVISION HEALTH INSURANCE CREDIT PROGRAM PLAN PROVISIONS
Eligible Employees The Political Subdivision Retiree HIC Program was established July 1, 1993 for retired political subdivision employees of employers who elect the benefit and who retire with at least 15 years of service credit. Eligible employees of participating are enrolled automatically upon employment. They include: • Full-time permanent salaried employees of the participating political subdivision who are covered under the VRS pension plan.
Benefit Amounts The political subdivision's Retiree HIC Credit Program provides the following benefits for eligible employees: • **At Retirement** – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month. • **Disability Retirement** – For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.
Health Insurance Credit Program Notes: • The monthly HIC benefit cannot exceed the individual premium amount. • No health insurance credit for premiums paid and qualified under LODA, however, the employee may receive the credit for premiums paid for other qualified health plans. • Employees who retire after being on long-term disability under VLDP must have at least 15 year of service credit to qualify for the health insurance credit as a retiree.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

U. Employees Covered by Benefit Terms

As of the June 30, 2019 actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	129
Inactive members:	
Vested inactive members	-
Total inactive members	129
Total active members	544
Total covered employees	673

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

V. 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, 2021 was 0.11% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the County to the Political Subdivision Health Insurance Credit Program were $41,453 and $42,646 for the years ended June 30, 2021 and June 30, 2020, respectively.

W. Net HIC OPEB liability

The County's net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

X. Actuarial Assumptions

The total HIC OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

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 – General Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 95% of rates; females 105% of rates.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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)	Updated to a more current mortality table – RP- 2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Increased disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 60 to 70%
Discount Rate	Decreased rate from 7.00% to 6.75%

Mortality rates – Hazardous Duty Employees

Pre-Retirement:
RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with Scale BB to 2020; males 90% of rates; females set forward 1 year.

Post-Retirement:
RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with Scale BB to 2020; males set forward 1 year with 1.0% increase compounded from ages 70 to 90; females set forward 3 years.

Post-Disablement:
RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years; unisex using 100% male.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Increased rate from 60 to 70%
Discount Rate	Decreased rate from 7.00% to 6.75%

Y. 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:

Asset Class (Strategy)	Long- Term Target Asset	Arithmetic Long- Term Expected	Weighted Average Long- Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS - Multi -Asset Public Strategies	6.00%	3.04%	0.18%
PIP-Private Investment Partnership	3.00%	6.49%	0.19%
Total	**100.00%**		**4.64%**
	Inflation		2.50 %
	Expected arithmetic nominal return*		**7.14 %**

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the system, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. The VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Z. 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, 2020, 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, 2020 on, employers are assumed to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

AA. Changes in Net HIC OPEB Liability:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance as of June 30, 2019	$ 992,406	$ 831,288	$ 161,118
Changes for the Year:			
Service cost	25,813	-	25,813
Interest	65,008	-	65,008
Differences between expected and actual experience	13,661	-	13,661
Contributions employer	-	42,647	(42,647)
Net Investment income	-	16,717	(16,717)
Changes in Assumptions	-	-	-
Benefit payments	(58,642)	(58,642)	-
Administrative expense	-	(1,580)	1,580
Other changes	-	(8)	8
Net changes	45,840	(866)	46,706
Balance as of June 30, 2020	$ 1,038,246	$ 830,422	$ 207,824

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

AB. 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	Discount Rate	1% Increase
	6.75 % decreasing to 5.75%	6.75%	6.75 % increasing to 7.75%
Net OPEB liability	$ 319,912	$ 207,824	$ 112,463

AC. 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, 2020, the County recognized HIC Program OPEB expense $29,264. At June 30, 2020, the County reported deferred outflows of resources and deferred inflows of resources related to the Political Subdivision HIC Program from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,992	$ -
Changes in assumptions	17,367	13,708
Net difference between projected and actual earnings on OPEB plan investments	26,891	-
County's contributions made after measurement date	41,453	-
	$ 105,703	$ 13,708

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities	$ 88,624	$ 11,473
GWRC	930	145
Business-type Activities	13,608	1,761
Rappahannock Regional Solid Waste Management Board	2,541	329
Total	$ 105,703	$ 13,708

$41,453 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, 2022. 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		Balance
2022	$	5,031
2023		11,303
2024		11,591
2025		14,838
2026		6,154
Thereafter		1,625
	$	50,542

AD. HIC Program Plan Data

Information about the VRS Political Subdivision HIC Program is available in the separately issued VRS 2020 Financial Report. A copy of the 2020 VRS Financial Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-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)

Component Unit – Stafford County Public Schools:

A. PLAN DESCRIPTION

SCPS' postemployment medical plan (the plan) is a single-employer defined benefit health care plan which offers health insurance for retired employees. The plan is administered by the School Board and has no separate financial report.

B. PROVIDED BENEFITS

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

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

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

The employer's subsidized portion of the participants' benefit is determined after any credit given to the retiree from the VRS. For inactive participants, the VRS subsidy amount paid to retirees is used. For active participants, the HIC provided by VRS is determined by multiplying the participants' years of service (up to a maximum of 30 years) by $1.50 for non-professional employees and $4.00 for professional employees.

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

SURVIVOR BENEFITS
Surviving spouses of participants with dependent coverage can stay on the plan, but receive no subsidy from SCPS.

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

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

NET OPEB LIABILITY

The School Board's net OPEB liability was measured as of June 30, 2020. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of January 1, 2020, and rolled forward to the measurement date of June 30, 2019.

ACTUARIAL METHODS AND ASSUMPTIONS

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate 3.75%
- Inflation 2.3%
- Medical Trend Society of Actuaries Long Run Medical Cost baseline assumptions

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA to 2020, with males set back 2 years and females set back 3 years. Other assumptions were those used by VRS to value the School Board - Professional Pension Plan (see Note 14).

Discount Rate

The discount rate on the measurement date of June 30, 2020, was 2.75%. The new benefit payment stream was discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 7.00% for years when the projected benefit payouts are expected to be funded. A long-term expected rate of return on assets of 7.00% and a long-term expected rate of return on internal fund rate of 2.45% as of June 30, 2020, was used in the calculations.

C. MEMBERSHIP

At January 1, 2020 membership consisted of:

Retirees and beneficiaries currently receiving benefits	633
Terminated employees entitled to benefits but not yet receiving them	-
Active employees	3,895
Total	4,528

The School Board establishes employer contribution rates for plan participants as part of the annual budget process. The School Board also determines whether to partially or fully fund the plan during the annual budget process. Funding for these benefits is currently made on a pay-as-you-go basis. Contributions from the School Board to program were $2,693,946 and $3,147,826 for the years ended June 30, 2021 and June 30, 2020, respectively.

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

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

D. INVESTMENT POLICY

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

VACo/VML Pooled OPEB Trust - Portfolio I	Target Asset Allocation	LT Arithmetic Average Nominal Return	LT Arithmetic Average Real Return	LT Arithmetic Weighted Average Real Return
Core Bonds	7.00%	5.33%	2.58%	0.18%
Core Plus	14.00%	5.61%	2.86%	0.40%
Liquid Absolute Return	4.00%	6.01%	3.26%	0.13%
U.S. Large Cap Equity	26.00%	9.90%	7.15%	1.86%
U.S. Small Cap Equity	10.00%	11.19%	8.44%	0.84%
International Developed Equity	13.00%	10.69%	7.94%	1.03%
Emerging Market Equity	5.00%	11.84%	9.09%	0.45%
Long/Short Equity	6.00%	8.47%	5.72%	0.34%
Private Equity	5.00%	13.15%	10.40%	0.52%
Core Real Estate	10.00%	9.41%	6.66%	0.67%
Total	100.00%			6.42%
			Inflation	2.75%
			Expected arithmetic nominal return	9.17%

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

Rate of Return
For the year ended June 30, 2021, the annual money-weighted rate of return on investments, net of investment expense, was 3.01%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

E. CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2019	$ 192,888,437	$ 23,702,883	$ 169,185,554
Changes for the Year:			
Service cost	10,991,667	-	10,991,667
Interest	6,224,135	-	6,224,135
Difference between expected and actual experience	(25,542,345)	-	(25,542,345)
Change in assumptions	36,573,341	-	36,573,341
Contributions – employer	-	3,147,826	(3,147,826)
Net investment income	-	698,418	(698,418)
Benefit payments	(3,147,826)	(3,147,826)	-
Net changes	25,098,972	698,418	24,400,554
Balances at June 30, 2020	$ 217,987,409	$ 24,401,301	$ 193,586,108
Funded status			11.19%

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

The following presents the Total and Net OPEB liabilities, using the discount rate of 2.57%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (1.57%) or one percentage point higher (3.57%) than the current rate:

	1% Decrease (1.57%)	Discount Rate (2.57%)	1% Increase (3.57%)
Total OPEB Liability	$270,938,575	$217,987,409	$177,791,050
Net OPEB Liability	$246,537,274	$193,586,108	$153,389,749

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

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

	1% Decrease (3.00%)	Medical Trend (4.00%)	1% Increase (5.00%)
Total OPEB Liability	$171,365,420	$217,987,409	$282,704,958
Net OPEB Liability	$146,964,119	$193,586,108	$258,303,657

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

F. OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB

For the year ended June 30, 2021, the School Board recognized OPEB expense of $15,138,003. The School Board also reported deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 384,962	$ 28,141,565
Changes of assumptions	46,208,570	13,669,854
Net difference between projected and actual earnings on plan investments	692,955	-
Employer contributions subsequent to the measurement date	2,693,946	-
Total	$ 49,980,433	$ 41,811,419

The $2,693,946 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

Other amounts reported as deferred inflows of resources will be recognized in OPEB expense as follows:

Fiscal year ending June 30:	Amount
2022	$ (418,599)
2023	(204,649)
2024	(102,755)
2025	(216,778)
2026	(408,930)
Thereafter	6,826,779
	$ 5,475,068

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

HEALTH INSURANCE CREDIT (HIC) OPEB PLAN

A. PLAN DESCRIPTION

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

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

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

Benefit Amount

School Board Non Professional

At Retirement – For employees who retire, the monthly benefit is $1.50 per year of service per month with a maximum benefit of $45.00 per month.
Disability Retirement - For employees who retire on disability or go on long-term disability under the Virginia Local Disability Program (VLDP), the monthly benefit is $45.00 per month.

School Board Professional

At Retirement – For teachers and other professional school employees who retire with at least 15 years of service credit, the monthly benefit is $4.00 per year of service per month with no cap on the benefit amount.

Disability Retirement - For teachers and other professional school employees who retire on disability or go on long-term disability under VLDP, the monthly benefit is either $4.00 per month multiplied by twice the amount of service credit, or $4.00 per month multiplied by the amount of service earned had the employee been active until age 60, whichever is lower.

HIC Program Notes:
The monthly HIC benefit cannot exceed the individual premium amount. Employees who retire after being on long-term disability under VLDP must have at least 15 years of service credit to qualify for the HIC as a retiree.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Employees Covered by Benefit Terms

School Board Non Professional

As of the June 30, 2019, actuarial valuation, the following employees were covered by the benefit terms of the HIC OPEB plan:

	Number
Inactive members or their beneficiaries currently receiving benefits	56
Inactive members:	
Vested inactive members	-
Non-vested inactive members	-
Inactive members active elsewhere in VRS	-
Total inactive members	56
Active members	303
Total covered employees	359

Contributions

School Board Non Professional

The contribution requirement for active employees is governed by §51.1-1402(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding options provided by the Virginia General Assembly. The School Board's Non-Professional Plan contractually required employer contribution rate for the year ended June 30, 2021, was 0.25% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board's Non-Professional Plan to the HIC Program were $23,815 and $21,576 for the years ended June 30, 2021, and June 30, 2020, respectively.

School Board Professional

The contribution requirement for active employees is governed by §51.1-1401(E) of the *Code of Virginia*, as amended, but may be impacted as a result of funding provided by the Virginia General Assembly. The School Board's Professional Plan contractually required employer contribution rate for the year ended June 30, 2021, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions from the School Board's Professional Plan to the HIC Program were $2,128,770 and $2,064,533 for the years ended June 30, 2021, and June 30, 2020, respectively.

B. <u>NET HIC OPEB LIABILITY</u>

The School Board's non-professional plan net HIC OPEB liability was measured as of June 30, 2020. The total HIC OPEB liability was determined by an actuarial valuation performed as of June 30, 2019, using updated actuarial assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2020.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

At June 30, 2021, the School Board reported a liability for the professional plan of $25,600,615 for its proportionate share of the HIC Program Net OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2020, and the total HIC Program OPEB liability used to calculate the Net HIC Program OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net HIC Program OPEB Liability was based on the School Board's actuarially determined employer contributions to the HIC Program OPEB plan for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion was 1.96246% as compared to 1.91992% at June 30, 2019.

Actuarial Assumptions – School Board Non-Professional Plan

The total HIC OPEB liability for non-professionals was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
Investment rate of return	6.75%, net of plan 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 OPEB liabilities.

Mortality Rates:

– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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):	Updated to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each age and service year
– Disability Rates:	Lowered disability rates
– Salary Scale:	No change
– Line of Duty Disability:	Increased rate from 14% to 15%
– Discount Rate:	Decreased rate from 7.00% to 6.75%

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – School Board Professional Plan

The total HIC OPEB liability for professionals was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5%
Salary increases, including inflation	3.5% - 5.95%
Investment rate of return	6.75%, net of plan 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 OPEB liabilities.

Mortality Rates:

– Pre-retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
– Post-retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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):	Updated to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered retirement rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted disability rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions compiled for the FY2020 actuarial valuations, provide a median return of 6.81%.

Discount Rate

The discount rate used to measure the total HIC OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate.

Through the fiscal year ended June 30, 2020, the rate contributed by the entity for the HIC OPEB plan was 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, 2020, on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the HIC OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total HIC OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net HIC OPEB Liability - School Board Professional Plan

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of June 30, 2020, NOL amounts for the HIC Program is as follows:

	Amount
Total HIC OPEB Liability	$ 1,448,676,000
Plan Fiduciary Net Position	144,160,000
Net HIC OPEB Liability	$ 1,304,516,000
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%

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

C. CHANGES IN THE NET HIC OPEB LIABILITY

School Board Non-Professional

	Increase (Decrease)		
	Total HIC OPEB Liability	Plan Fiduciary Net Position	Net HIC OPEB Liability
Balances at June 30, 2019	$ 414,452	$ 280,230	$ 134,222
Changes for the year:			
Service cost	11,137	-	11,137
Interest	26,976	-	26,976
Changes in benefit terms	12,387	-	12,387
Difference between expected and actual experience	10,585	-	10,585
Contributions – employer	-	21,577	(21,577)
Net investment income	-	5,531	(5,531)
Benefit payments	(29,614)	(29,614)	-
Administrative expense	-	(525)	525
Other changes	-	(3)	3
Net changes	31,471	(3,034)	34,505
Balances at June 30, 2020	$ 445,923	$ 277,196	$ 168,727

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

The following presents the net HIC OPEB liabilities of the School Board non-professional plan and the School Board professional plan, using the discount rate of 6.75%, as well as what the School Board's non-professional plan and the School Board's professional plan net HIC OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional HIC OPEB liability	$215,996	$168,727	$127,212
School Board's professional HIC OPEB liability	$28,657,219	$25,600,615	$23,002,723

HIC OPEB Plan Data

Detailed information about the HIC programs' Fiduciary Net Position is available in the separately issued VRS 2020 *Comprehensive Annual Financial Report* (Annual Report). A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://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.

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

School Board Non-Professional

For the year ended June 30, 2021, the School Board recognized HIC OPEB expense related to its non-professional plan of $33,831. At June 30, 2021, the School Board also reported deferred outflows of resources and deferred inflows of resources related to its non-professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,314	$ 7,952
Changes of assumptions	6,723	2,976
Net difference between projected and actual earnings on plan investments	9,170	-
Employer contributions subsequent to the measurement date	23,815	-
Total	$ 53,022	$ 10,928

The $23,815 reported as deferred outflows of resources related to the HIC OPEB plan resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net HIC OPEB liability in the year ending June 30, 2022.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

Fiscal year ending June 30:		Amount
2022	$	1,428
2023		3,529
2024		4,968
2025		7,119
2026		1,235
	$	18,279

School Board Professional

For the year ended June 30, 2021, the School Board recognized HIC OPEB expense related to the professional plan of $2,246,296. Since there was a change in proportionate share between measurement dates, a portion of the HIC Net OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to its professional plan from the following sources:

		Deferred Outflows of Resources		Deferred Inflows of Resources
Differences between expected and actual experience	$	-	$	341,886
Changes of assumptions		506,088		139,874
Changes in proportionate share		953,716		229,390
Net difference between projected and actual earnings on plan investments		113,452		-
Employer contributions subsequent to the measurement date		2,128,770		-
Total	$	3,702,026	$	711,150

The $2,128,770 reported as deferred outflows of resources related to the HIC OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the HIC OPEB liability in the year ending June 30, 2022.

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

Fiscal year ending June 30:		Amount
2022	$	149,771
2023		161,016
2024		157,248
2025		143,509
2026		129,848
Thereafter		120,714
	$	862,106

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

GROUP LIFE INSURANCE (GLI) PLAN

A. PLAN DESCRIPTION

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

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

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

Eligible Employees

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

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

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

Benefit Amounts

The benefits payable under the GLI Program have several components.
- Natural Death Benefit – The natural death benefit is equal to the employee's covered compensation rounded to the next highest thousand and then doubled.
- Accidental Death Benefit – The accidental death benefit is double the natural death benefit.
- Other Benefit Provisions – In addition to the basic natural and accidental death benefits, the program provides additional benefits provided under specific circumstances. These include:

Accidental dismemberment benefit
Safety belt benefit
Repatriation benefit
Felonious assault benefit
Accelerated death benefit option

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,616 as of June 30, 2021.

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% (1.31% X 40%). Employers may elect to pay all or part of the employee contribution; however, the employer must pay all of the employer contribution. The School Board has elected to pay both the employee and employer components. Each employer's contractually required employer contribution rate for the year ended June 30, 2020, was 0.54% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2019. The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits payable during the year, with an additional amount to finance any unfunded accrued liability

School Board Non-Professional

Contributions to the GLI Program from the School Board for the non-professional plan were $51,472 and $51,022 for the years ended June 30, 2021, and June 30, 2020, respectively.

School Board Professional

Contributions to the GLI Program from the School Board for the professional plan were $950,915 and $896,225 for the years ended June 30, 2021 and June 30, 2020, respectively.

B. NET GROUP LIFE INSURANCE OPEB LIABILITY

At June 30, 2021, the School Board reported a liability for the non-professional plan of $795,701 and for the professional plan of $13,975,670 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2020, and the total GLI OPEB liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2019, and rolled forward to the measurement date of June 30, 2020. The School Board's proportion of the Net GLI OPEB Liability was based on the School Board's actuarially determined employer contributions to the GLI Program for the year ended June 30, 2020, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2020, the School Board's proportion for the non-professional plan was 0.04768% as compared to 0.04575% at June 30, 2019. At June 30, 2020, the School Board's proportion for the professional plan was 0.83745% as compared to 0.82223% at June 30, 2019.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – School Board Non-Professional

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.35%
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 OPEB liabilities.

Mortality Rates:

– Pre-retirement:	RP-2014 Employee Rates to age 80, Healthy Annuitant Rates to 81 and older projected with scale BB to 2020; males 95% of rates; females 105% of rates.
– Post-retirement:	RP-2014 Employee Rates to age 49, Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males set forward 3 years; females 1.0% increase compounded from ages 70 to 90.
– Post-disablement	RP-2014 Disability Life Mortality Table projected with scale BB to 2020; males set forward 2 years, 110% of rates; females 125% of rates.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

– Mortality Rates (Pre-retirement, post-retirement healthy, and disabled):	Updated to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered retirement rates at older ages and extended final retirement age from 70 to 75
– Withdrawal Rates:	Adjusted rates to better fit experience at each age and service year
– Disability Rates:	Lowered disability rates
– Salary Scale:	No change
– Line of Duty Disability:	Increased rate from 14% to 15%
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Assumptions – School Board Professional

The total GLI OPEB liability was based on an actuarial valuation as of June 30, 2019, 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, 2020.

Inflation	2.5 %
Salary increases, including inflation	3.5% - 5.95%
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 OPEB liabilities.

Mortality Rates:

– Pre-retirement:	RP-2014 White Collar Employee Rates to age 80, White Collar Healthy Annuitant Rates at ages 81 and older projected with scale BB to 2020.
– Post-retirement:	RP-2014 White Collar Employee Rates to age 49, White Collar Healthy Annuitant Rates at ages 50 and older projected with scale BB to 2020; males 1% increase compounded from ages 70 to 90; females set back 3 years with 1.5% increase compounded from ages 65 to 70 and 2.0% increase compounded from ages 75 to 90.
– Post-disablement:	RP-2014 Disability Mortality Rates projected with scale BB to 2020; 115% of rates for males and females.

The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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):	Updated to a more current mortality table – RP-2014 projected to 2020
– Retirement Rates:	Lowered retirement rates at older ages and changed final retirement from 70 to 75
– Withdrawal Rates:	Adjusted termination rates to better fit experience at each year age and service through 9 years of service
– Disability Rates:	Adjusted disability rates to better match experience
– Salary Scale:	No change
– Discount Rate:	Decreased discount rate from 7.00% to 6.75%

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Long-Term Expected Rate of Return

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

Asset Class (Strategy)	Long-Term Target Asset Allocation	Arithmetic Long-Term Expected Rate of Return	Weighted Average Long-Term Expected Rate of Return*
Public Equity	34.00%	4.65%	1.58%
Fixed Income	15.00%	0.46%	0.07%
Credit Strategies	14.00%	5.38%	0.75%
Real Assets	14.00%	5.01%	0.70%
Private Equity	14.00%	8.34%	1.17%
MAPS – Multi-Asset Public Strategies	6.00%	3.04%	0.18%
PIP – Private Investment Partnership	3.00%	6.49%	0.19%
Total	100.00%		4.64%
Inflation			2.50%
*Expected arithmetic nominal return			7.14%

* The above allocation provides a one-year return of 7.14%. However, one-year returns do not take into account the volatility present in each of the asset classes. In setting the long-term expected return for the System, stochastic projections are employed to model future returns under various economic conditions. The results provide a range of returns over various time periods that ultimately provide a median return of 7.11%, including expected inflation of 2.50%. On October 10, 2019, the VRS Board elected a long-term rate of 6.75% which is roughly at the 40th percentile of expected long-term results of the VRS fund asset allocation. More recent capital market assumptions complied for the FY2020 actuarial valuations, provide a median return of 6.81%.

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, 2020, the rate contributed by the entity for the GLI OPEB was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2020 on, employers are assumed to continue to contribute 100% of the actuarially determined contribution rates. Based on those assumptions, the GLI OPEB's fiduciary net position was projected to be available to make all projected future benefit payments of eligible employees. Therefore, the long-term expected rate of return was applied to all periods of projected benefit payments to determine the total GLI OPEB liability.

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB liability determined in accordance with GAAP, less the associated fiduciary net position. As of the measurement date of June 30, 2020, NOL amounts for the GLI Program are as follows:

	Amount
Total GLI OPEB Liability	$ 3,523,937,000
Plan Fiduciary Net Position	1,855,102,000
Employers' Net GLI OPEB Liability	$ 1,668,835,000
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%

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

C. CHANGES IN THE NET GROUP LIFE INSURANCE OPEB LIABILITY

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's proportionate share of the non-professional net GLI OPEB liability	$1,046,010	$795,701	$592,426
School Board's proportionate share of the professional net GLI OPEB liability	$18,372,091	$13,975,670	$10,405,364

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2020 Annual Report. A copy of the 2020 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2020-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

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

School Board Non-Professional

For the year ended June 30, 2021, the School Board recognized GLI OPEB expense related to its non-professional plan of $35,558. 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, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to its non-professional GLI OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 51,037	$ 7,146
Changes of assumptions	39,794	16,615
Changes in proportion	24,625	1,409
Net difference between projected and actual earnings on plan investments	23,902	-
Employer contributions subsequent to the measurement date	127,726	-
Total	$ 267,084	$ 25,170

At June 30, 2021, the School Board reported deferred outflows of resources and deferred inflows of resources related to its professional GLI OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 896,410	$ 125,525
Changes of assumptions	698,944	291,820
Changes in proportion	525,247	157,692
Net difference between projected and actual earnings on plan investments	419,817	-
Employer contributions subsequent to the measurement date	2,359,665	-
Total	$ 4,900,083	$ 575,037

Note 7. OTHER POSTEMPLOYMENT BENEFITS (Continued)

The $127,726 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's non-professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:		Amount
2022	$	17,200
2023		23,950
2024		30,111
2025		30,384
2026		11,011
Thereafter		1,532
	$	114,188

The $2,359,665 reported as deferred outflows of resources related to the GLI OPEB resulting from the School Board's professional plan contributions subsequent to the measurement date will be recognized as a reduction of the Net GLI OPEB Liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the GLI OPEB will be recognized in the GLI OPEB expense in future reporting periods as follows:

Fiscal year ending June 30:		Amount
2022	$	320,713
2023		439,271
2024		511,142
2025		515,145
2026		162,623
Thereafter		16,487
	$	1,965,381

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 funds, 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		
	OPEB	OPEB - GLI	OPEB - HIC	Total by Fund
General	$ 128,529,640	$ 4,206,846	$ 173,928	$ 132,910,414
Utilities	25,809,987	645,931	26,705	26,482,623
R-Board	3,310,994	120,641	4,988	3,436,623
GWRC	15,766	53,283	2,203	71,252
Total	$ 157,666,387	$ 5,026,701	$ 207,824	$ 162,900,912

Deferred Outflows

		Program		
	OPEB	OPEB - GLI	OPEB - HIC	Total by Fund
General	$ 27,064,585	$ 1,373,138	$ 88,624	$ 28,526,347
Utilities	6,153,551	220,835	13,608	6,387,994
R-Board	697,200	39,378	2,541	739,119
GWRC	12,320	7,392	930	20,642
Total	$ 33,927,656	$ 1,640,743	$ 105,703	$ 35,674,102

Deferred Inflows

		Program		
	OPEB	OPEB - GLI	OPEB - HIC	Total by Fund
General	$ 8,402,065	$ 125,627	$ 11,473	$ 8,539,165
Utilities	1,602,308	19,289	1,761	1,623,358
R-Board	511,432	3,603	329	515,364
GWRC	979	1,591	145	2,715
Total	$ 10,516,784	$ 150,110	$ 13,708	$ 10,680,602

OPEB Expense

		Program		
	OPEB	OPEB - GLI	OPEB - HIC	Total by Fund
General	$ 10,391,430	$ 237,157	$ 34,176	$ 10,662,763
Utilities	2,086,699	47,623	6,863	2,141,185
R-Board	267,689	6,982	1,006	275,677
GWRC	1,275	29	4	1,308
Total	$ 12,747,093	$ 291,792	$ 42,049	$ 13,080,934

Note 8. PRIMARY GOVERNMENT AND COMPONENT UNIT RECEIVABLE / PAYABLE

Primary Government and Component unit fund receivable and payable balances at June 30, 2021 are summarized as follows:

	Receivable Fund	
Payable Fund	Component Unit Stafford County Public Schools	
Primary Government		
General Fund	$	46,271,817
Utility fund		14,455
Total Receivable	$	46,286,272

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

Note 9. DEFERRED INFLOWS

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 deferred 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 deferred revenues reported in the governmental funds were as follows:

	Unavailable Revenues		Deferred Revenues	
Property tax receivable (net)(General Fund)	$	5,020,506	$	2,301,541
Property tax receivable (net)(Nonmajor Governmental Funds)		26,560		-
	$	5,047,066	$	2,301,541

Note 10. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues for the County totaled $ 66,619,289 for fiscal year 2021. Sources of these revenues were as follows:

	Component Unit	Commonwealth	Federal
Primary Government			
Governmental Funds:			
General Fund	$ 6,049,739	$ 27,128,882	$ 32,463,087
Transportation Fund	-	415,622	80,536
Garrisonville Fund	-	86,207	44,187
Warrenton Road Fund	-	267,317	-
Tourism Fund	-	14,500	-
Asset Forfeiture Fund	-	69,212	-
Total Governmental Funds	6,049,739	27,981,740	32,587,810
Total Primary Government	$ 6,049,739	$ 27,981,740	$ 32,587,810

Note 11. INTERFUND TRANSFERS

A summary of interfund transfer activity for the year ended June 30, 2021 is presented as follows:

	Transfer from Fund			
Transfer to Fund:	General Fund	Other Govt'l Funds	Water and Sewer Fund	Total Transferred In
General Fund	$ -	$ 697,377	$ 300,752	$ 998,129
Transportation Fund	6,202,230	1,477,163	-	7,679,393
Lynhaven Lane Service District Fund	70,000	-	-	70,000
General Capital Projects Fund	9,308,548	-	-	9,308,548
Water and Sewer Fund	657,680	-	-	657,680
Total Transferred Out	$ 16,238,458	$ 2,174,540	$ 300,752	$ 18,713,750

The transfer from the General to Transportation fund was proffers and general fund reserves for future transportation projects.

The transfer from General Fund to Lynhaven Lane Service District Fund is for road improvements.

The transfer from the General fund to Capital Projects Fund funds new ambulances, schools construction and 3R projects.

The transfer from General Fund to Water and Sewer Fund was reimbursing CARES expense.

The transfer from Other Governmental Funds to Transportation Fund was for impact fee funds.

The transfer from Other Funds to General Fund was for 2% occupancy tax and repayment of loans to service district projects.

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

Note 12. COMMITMENTS, CONTINGENT LIABILITIES AND SUBSEQUENT EVENTS

At June 30, 2021, the County had contractual commitments of $16.5 million, $7.3 million for the construction of additions, enhancements, upgrades and design to the water and sewer system and the balance for general government, capital construction and CARES/ARPA projects.

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

The County is named as defendant in several cases for which the outcome of such claims is currently not predictable. It is the opinion of County management, based on the advice of the County Attorney, that any losses incurred related to claims existing at June 30, 2021 will not be material to the County's financial position.

In November 2021, the County participated in the Fall 2021 Virginia Public School Authority issuance and sale of General Obligation School Bonds, in a principal amount of $11.6 million. Proceeds of these issues will be used to finance the purchase of a private school and building additions and renovations for an elementary school.

At June 30, 2021, the Component Unit – Stafford County Public Schools had contractual commitments of $3.0 million for construction of various projects.

Note 13. JOINT VENTURES

A. <u>RAPPAHANNOCK REGIONAL SOLID WASTE MANAGEMENT BOARD</u>

The Rappahannock Regional Solid Waste Management Board (the Board) is a joint venture of the County and the City of Fredericksburg (the City). The 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 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 Board adopts an annual operating budget and sets user fees for the landfill. The Board has the authority to enter into written agreements with any contracting party for the operation and maintenance of the landfill. The 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.

The County's equity interest as of June 30, 2021 was $8,741,379. During fiscal year 2021, the R-Board paid $366,464 in management fees to the County.

Note 13. JOINT VENTURES (Continued)

State and federal laws and regulations require the 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 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. The $ 7.3 million amount reported by the Board as landfill closure and post-closure liability at June 30, 2021 represents the cumulative amount reported to date based on the percentage of use method for the estimated capacity of the landfill. 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 2021. Actual cost may be higher 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.

Complete financial statements for the 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. The County's payments for the year ended June 30, 2021 totaled $7,231,090.

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.

Note 13. JOINT VENTURES (Continued)

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. For the year ended June 30, 2020, Stafford County's appropriation to the Regional Library was $ 5,276,334.

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

D. POTOMAC RAPPAHANNOCK TRANSPORTATION COMMISSION (PRTC)

The County is a member of the PRTC venture which participates with 5 other local Virginia jurisdictions to subsidize Virginia Railway Express and the Rideshare commuter bus routes. PRTC collects the jurisdictions fuel tax from the State and maintains fund balance which is proportioned to each jurisdiction based on the fuel tax collected in each jurisdiction. The subsidy is deducted from the fund balance during each year. During fiscal year 2021 the County's fund balance held by PRTC was $4,788,423.

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, 2021, the account had a balance of $2,906,567.

Note 14. RISK MANAGEMENT (Continued)

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 years is a follows:

	2021	2020
Unpaid claims, beginning	$1,437,858	$1,363,336
Incurred claims (including IBNR)	11,369,919	12,033,305
Claim payments	(11,788,707)	(11,958,783)
Unpaid claims, ending	$1,019,070	$1,437,858

A reconciliation of the unpaid claims at June 30, 2021 is as follows:

General Government	$ 932,709
Utilities	72,268
R-Board	14,093
Total	$ 1,019,070

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 workers compensation insurance claims payable as of June 30, 2021 were $1,027,238, of which, $785,144 was estimated to be current claims payable.

Fiscal Year Ended:	June 30, 2021	June 30, 2020
Unpaid claims, beginning of fiscal year	$ 560,966	$ 608,693
Incurred claims (including IBNR)	1,587,319	634,075
Claims payments	(1,121,047)	(681,802)
Unpaid claims, end of fiscal year	$ 1,027,238	$ 560,966

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:

Fiscal Year Ended:	June 30, 2021	June 30, 2020
Unpaid claims, beginning of fiscal year	$ 5,965,900	$ 5,544,900
Incurred claims (including IBNR)	29,257,863	30,712,879
Claims payments	(28,888,863)	(30,291,879)
Unpaid claims, end of fiscal year	$ 6,334,900	$ 5,965,900

Note 15. OPERATING LEASES

Stafford County leases building and office facilities and other equipment under noncancelable operating leases. Total costs for such leases were $1,272,224 for the year ended June 30, 2021. The future minimum lease payments for these leases are as follows:

Year Ending June 30	General Government	Water and Sewer Fund
2022	$ 566,654	$ 136,067
2023	405,842	-
2024	384,252	-
2025	242,601	-
2026	245,377	-
Thereafter	1,310,464	-
	$ 3,421,500	$ 203,694

Note 16. PENDING GASB STATEMENTS

In June 2017, GASB issued Statement No. 87, “Leases”. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021 The County will implement Statement No. 87 in FY2022.

In May 2019, GASB issued 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 (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County will implement Statement No. 91 in FY2022.

In January 2020, GASB issued 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. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County will implement Statement No. 91 in FY2022.

In March 2020, GASB issued 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. The removal of LIBOR as an appropriate benchmark interest rate is effective for reporting periods ending after December 31, 2021. All other requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County will implement Statement 93 in FY 2022.

Note 16. PENDING GASB STATEMENTS (Continued)

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" (SBITAs) defines a SBITA and provides guidance on how to record and disclose accounting transactions when a subscription meets that definition. Statement No. 96 will be effective for fiscal years beginning after June 15, 2022. The County will implement Statement No. 96 in FY2023.

In May 2020, GASB issued Statement No. 97, "Certain component unit criteria, and accounting and financial reporting for internal revenue code section 457 deferred compensation plans – an amendment of GASB statements No 14 and No. 84, and a supersession of GASB Statement No. 32." The requirements of this Statement will improve consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties of that governing board. The requirements of this Statement are effective for reporting periods beginning after June 15, 2021. The County will implement Statement No. 94 in FY2022.

Working To Be The Best Local Government In Virginia

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

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Revenues				
General property taxes	$ 226,122,377	$ 227,168,836	$ 229,729,072	$ 2,560,236
Other local taxes	42,244,321	42,244,321	48,661,181	6,416,860
Permits, privilege fees and regulatory licenses	3,794,707	3,794,707	5,480,158	1,685,451
Fines and forfeitures	700,327	700,327	750,396	50,069
Use of money and property	759,151	759,151	618,955	(140,196)
Charges for services	5,347,672	5,347,672	5,763,706	416,034
Intergovernmental	36,609,971	102,467,499	65,641,708	(36,825,791)
Miscellaneous	5,358,041	5,433,205	6,219,061	785,856
Total revenues	320,936,567	387,915,718	362,864,237	(25,051,481)
Expenditures				
Current operating:				
General government:				
Board of Supervisors	680,618	752,627	703,382	49,245
Clerk of the Board	165,961	170,500	187,345	(16,845)
County Administrator	1,143,119	944,604	890,477	54,127
Public Information	507,500	818,993	748,915	70,078
County Attorney	1,191,865	1,714,421	1,433,463	280,958
Human Resources	1,219,972	1,412,183	1,208,544	203,639
Commissioner of the Revenue	3,016,399	3,101,497	2,986,668	114,829
Treasurer	2,343,650	2,591,253	2,172,001	419,252
Finance	2,662,103	2,825,648	2,640,808	184,840
Budget	508,618	819,938	672,362	147,576
Computer Services	2,473,066	4,920,163	4,258,515	661,648
Geographic Information Systems	686,385	722,755	635,124	87,631
Electoral Board and Registrar	590,945	666,250	625,874	40,376
Other	-	170,739	150,739	20,000
	17,190,201	21,631,571	19,314,217	2,317,354
Judicial administration:				
Circuit Court	402,488	476,734	442,194	34,540
General District Court	115,883	120,721	76,029	44,692
Juvenile and Domestic Relations District Court	112,979	113,550	101,860	11,690
Clerk of the Circuit Court	1,743,393	2,085,309	1,789,234	296,075
Magistrate	8,698	8,698	7,068	1,630
Commonwealth's Attorney	3,619,292	3,695,498	3,614,175	81,323
Court Deputies	3,189,844	3,370,816	3,354,928	15,888
	9,192,577	9,871,326	9,385,488	485,838
Public safety:				
Policing and investigating	26,758,681	29,475,903	28,665,460	810,443
Emergency management	23,304,373	28,627,158	27,370,317	1,256,841
Volunteer rescue squads	144,587	263,521	195,581	67,940
Volunteer fire departments	346,583	790,499	723,344	67,155
Care and confinement of prisoners	7,198,489	7,231,090	7,231,090	-
15th District Court Unit	381,434	359,096	344,144	14,952
Rappahannock Juvenile Detention	1,425,133	1,507,015	839,297	667,718
Code compliance	5,184,044	5,205,654	4,505,021	700,633
Animal control	1,069,839	1,387,107	1,217,409	169,698
	65,813,163	74,847,043	71,091,663	3,755,380
Public works:				
Engineering	321,908	401,523	380,454	21,069
Maintenance of general buildings and grounds and general properties	4,586,556	5,640,472	5,077,211	563,261
	4,908,464	6,041,995	5,457,665	584,330

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive (Negative)
Health and social services:				
Local health department	$ 535,937	$ 535,937	$ 535,937	$ -
Public assistance	16,077,960	16,187,961	15,180,762	1,007,199
Other	6,956,805	8,809,759	6,233,717	2,576,042
	23,570,702	25,533,657	21,950,416	3,583,241
Parks, recreation and cultural:				
Administration	4,762,307	4,161,830	4,371,224	(209,394)
Community programs	517,787	421,864	390,953	30,911
Sports programs	630,279	660,090	561,992	98,098
Gymnastics program	929,259	991,707	776,655	215,052
Pool program	569,265	553,145	191,000	362,145
Cultural programs	348,858	348,859	348,858	1
Regional library	5,276,334	5,343,106	5,343,106	-
	13,034,089	12,480,601	11,983,788	496,813
Community development:				
Planning and community development	2,363,102	2,428,356	2,314,325	114,031
Planning commission	94,200	94,164	102,476	(8,312)
Zoning board	-	-	-	-
Economic development	630,973	3,734,468	3,494,319	240,149
Other	443,925	974,929	974,925	4
Cooperative extension program	195,760	192,729	169,386	23,343
	3,727,960	7,424,646	7,055,431	369,215
Education:				
School operating	128,314,664	135,551,332	129,903,890	5,647,442
School capital projects	115,307	392,890	277,583	115,307
	128,429,971	135,944,222	130,181,473	5,762,749
Capital outlay	2,431,399	18,722,826	6,617,024	12,105,802
Debt service:				
Principal retirement	28,671,500	28,672,627	28,763,466	(90,839)
Interest and fiscal charges and bond issuance cost	15,473,230	15,387,397	14,621,458	765,939
	44,144,730	44,060,024	43,384,924	675,100
Total expenditures	312,443,256	356,557,911	326,422,089	30,135,822
Excess (deficiency) of revenues over (under) expenditures	8,493,311	31,357,807	36,442,148	5,084,341
Other Financing Sources (Uses)				
Transfers in	469,914	469,914	998,129	528,215
Transfers out	(8,493,641)	(16,238,458)	(16,238,458)	-
Total other financing sources (uses), net	(8,023,727)	(15,768,544)	(15,240,329)	528,215
Net change in fund balance	469,584	15,589,263	21,201,819	5,612,556
Fund balance, beginning	-	583,264	94,218,377	93,635,113
Fund balance, ending	$ 469,584	$ 16,172,527	$ 115,420,196	$ 99,247,669

COUNTY OF STAFFORD, VIRGINIA Exhibit XIII

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TRANSPORTATION FUND FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive(Negative)
Revenues				
Other local taxes	$ 4,089,500	$ 4,089,500	$ 4,233,298	$ 143,798
Use of money and property	55,500	55,500	3,643	(51,857)
Intergovernmental	15,152,011	15,312,414	496,158	(14,816,256)
Miscellaneous	-	-	15,903	15,903
Total revenues	19,297,011	19,457,414	4,749,002	(14,708,412)
Expenditures				
Current operating:				
Transportation	3,346,599	3,347,396	2,972,316	(375,080)
Capital outlay	18,012,802	20,434,621	2,466,501	(17,968,120)
Debt service:				
Principal retirement	815,685	815,685	815,684	(1)
Interest and fiscal charges	547,363	547,363	547,363	-
Total expenditures	22,722,449	25,145,065	6,801,864	(18,343,201)
Excess (deficiency) of revenues over (under) expenditures	(3,425,438)	(5,687,651)	(2,052,862)	3,634,789
Other Financing Sources (Uses)				
Transfers in	1,552,230	7,679,393	7,679,393	-
Transfers out	(31,500)	(31,500)	-	31,500
Total other financing sources, net	1,520,730	7,647,893	7,679,393	31,500
Net change in fund balance	(1,904,708)	1,960,242	5,626,531	3,666,289
Fund balance, beginning	4,000,000	8,671,127	9,857,364	1,186,237
Fund balance, ending	$ 2,095,292	$ 10,631,369	$ 15,483,895	$ 4,852,526

COUNTY OF STAFFORD, VIRGINIA

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – COMPARISON SCHEDULES FOR THE YEAR ENDED JUNE 30, 2021

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 May 5, 2020, 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, 2021.

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

	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	$ 6,484,925	$ 5,982,721	$ 5,615,431	$ 5,550,497	$ 5,473,158	$ 5,483,794	$ 5,461,428
Interest	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	-	6,896,297	-	(1,002,770)	-	-	-
Differences between expected and actual experience	589,787	373,287	328,425	(2,070,636)	(1,563,825)	(118,543)	-
Benefit payments, including refunds of employee contributions	(9,097,817)	(8,346,239)	(7,678,917)	(7,381,507)	(6,479,621)	(5,788,531)	(5,525,348)
Net change in total pension liability	12,731,189	21,844,079	11,295,574	7,604,326	9,317,775	10,737,357	10,379,372
Total pension liability - beginning	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)	$ 235,862,230	$ 223,131,041	$ 201,286,962	$ 189,991,388	$ 182,387,062	$ 173,069,287	$ 162,331,930
Plan Fiduciary Net Position							
Contributions - employer	$ 5,874,874	$ 5,340,346	$ 4,869,518	$ 4,721,720	$ 5,062,191	$ 5,063,741	$ 5,291,891
Contributions - employee	3,013,984	2,686,928	2,587,998	2,515,641	2,360,151	2,363,363	2,344,409
Net investment income	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	(9,097,817)	(8,346,239)	(7,678,917)	(7,381,507)	(6,479,621)	(5,788,531)	(5,525,348)
Administrative expense	(123,294)	(118,212)	(106,856)	(105,161)	(90,725)	(85,858)	(99,431)
Other	(4,442)	(7,727)	(11,285)	(16,572)	(1,108)	(1,378)	999
Net change in plan fiduciary net position	3,403,118	11,771,277	12,260,542	18,276,426	3,501,772	8,040,989	20,957,958
Plan fiduciary net position - beginning	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)	$ 197,007,541	$ 193,604,423	$ 181,833,146	$ 169,572,604	$ 151,296,178	$ 147,794,406	$ 139,753,417
Net pension liability - ending (a) - (b)	$ 38,854,689	$ 29,526,618	$ 19,453,816	$ 20,418,784	$ 31,090,884	$ 25,274,881	$ 22,578,513
Plan fiduciary net position as a percentage of the total pension liability	83.53%	86.77%	90.34%	89.25%	82.95%	85.40%	86.09%
County's covered payroll	$ 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	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:** Theactuarial assumptions used in the June 30, 2018, valutation were based on the results of an actuarial experience study for the period from July 1, 2012 through June 30, 2016, 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 a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Lowered rates
Salary Scale	No change
Line of Duty Disability	Increase rate from 14% to 15%
Discount rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty:

Mortality Rates (Pre-Retirement, post-retirement healthy, and disabled)	Update to a more current mortality table - RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates, and lowered rates at older ages
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better fit experience
Salary Scale	No change
Line of Duty Disability	Decrease rate from 60% to 45%
Discount rate	Decrease rate from 7.00% to 6.75%

(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.

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NON-PROFESSIONAL
NET PENSION LIABILITY AND RELATED RATIOS - VIRGINIA RETIREMENT SYSTEM

	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	$ 827,459	$ 794,341	$ 792,512	$ 811,596	$ 853,719	$ 917,801	$ 931,365
Interest	2,023,480	1,976,360	1,942,465	1,893,932	1,856,844	1,773,289	1,679,630
Changes of benefit terms	-	-	-	-	(868,215)	-	-
Differences between expected and actual experience	1,284,546	(295,951)	(743,289)	(466,649)	-	(171,518)	-
Changes of assumptions	-	861,271	-	(230,348)	-	-	-
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)
Net change in total pension liability	2,625,844	1,661,163	651,590	718,214	507,625	1,202,444	1,382,098
Total pension liability - beginning	30,732,300	29,071,137	28,419,547	27,701,333	27,193,708	25,991,264	24,609,166
Total pension liability - ending (a)	$ 33,358,144	$ 30,732,300	$ 29,071,137	$ 28,419,547	$ 27,701,333	$ 27,193,708	$ 25,991,264
Plan Fiduciary Net Position							
Contributions - employer	$ 451,488	$ 421,836	$ 509,433	$ 505,800	$ 687,268	$ 700,475	$ 828,505
Contributions - employee	461,700	422,790	415,354	409,474	406,077	412,685	433,951
Net investment income	571,869	1,914,248	2,018,373	3,015,642	436,457	1,081,570	3,247,485
Benefit payments, including refunds of employee contributions	(1,509,641)	(1,674,858)	(1,340,098)	(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)
Administrative expense	(19,669)	(19,286)	(17,438)	(17,420)	(15,244)	(14,788)	(17,281)
Other	(678)	(1,202)	(1,803)	(2,684)	(182)	(227)	171
Net change in plan fiduciary net position	(44,931)	1,063,528	1,583,821	2,620,495	179,653	862,587	3,263,934
Plan fiduciary net position - beginning	30,114,787	29,051,259	27,467,438	24,846,943	24,667,290	23,804,703	20,540,769
Plan fiduciary net position - ending (b)	$ 30,069,856	$ 30,114,787	$ 29,051,259	$ 27,467,438	$ 24,846,943	$ 24,667,290	$ 23,804,703
School Board non-professional net pension liability - ending (a) - (b)	$ 3,288,288	$ 617,513	$ 19,878	$ 952,109	$ 2,854,390	$ 2,526,418	$ 2,186,561
Plan fiduciary net position as a percentage of the total pension liability	90.14%	97.99%	99.93%	96.65%	89.70%	90.71%	91.59%
Employer's covered payroll	$ 9,525,656	$ 8,944,315	$ 8,704,683	$ 8,450,346	$ 8,163,550	$ 8,451,460	$ 8,577,515
School Board's non-professional net pension liability as a percentage of covered payroll	34.52%	6.90%	0.23%	11.27%	34.97%	29.89%	25.49%

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 System benefit provisions since the prior actuarial valuation.

(2) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Update to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7% to 6.75%

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

	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*
Employer's proportionate of the net pension liability	1.93237%	1.90174%	1.88423%	1.91638%	1.88465%	1.87703%	1.96028%
Employer's proportionate share of the net pension liability	$ 281,210,583	$ 250,279,791	$ 221,585,000	$ 235,676,000	$ 264,117,000	$ 236,250,000	$ 236,893,000
Employer's covered payroll	$ 172,044,450	$ 161,000,993	$ 153,228,530	$ 148,882,433	$ 143,696,984	$ 139,553,874	$ 143,355,995
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	163.45%	155.45%	144.61%	158.30%	183.80%	169.29%	165.25%
Plan fiduciary net position as a percentage of the total pension liability	73.51%	73.51%	74.81%	72.92%	68.28%	70.68%	70.88%

Notes to Schedule:

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

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

(3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. Adjusted disability rates to better match experience
e. No change to the salary scale
f. Decreased discount rate from 7% to 6.75%

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

SCHEDULE OF CONTRIBUTIONS - COUNTY'S VIRGINIA RETIREMENT SYSTEM

	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)	$ 7,172,991	$ 6,151,892	$ 5,347,088	$ 5,135,417	$ 4,721,720	$ 5,062,191	$ 5,063,741	$ 5,291,891
Contribution in relation to the CRC	7,172,991	6,151,892	5,347,088	5,135,417	4,721,720	5,062,191	5,063,741	5,291,891
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
County's covered payroll	$ 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	11.49%	9.43%	10.10%	9.80%	9.85%	9.85%	10.24%	10.92%

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

	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)	$ 602,974	$ 505,085	$ 460,764	$ 541,431	$ 525,614	$ 1,099,630	$ 825,400	$ 828,505
Contribution in relation to the CRC	602,974	505,085	460,764	541,431	525,614	1,099,630	825,400	828,505
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 9,525,656	$ 9,525,656	$ 8,944,315	$ 8,704,683	$ 8,450,346	$ 8,163,550	$ 8,451,460	$ 8,577,515
Contributions as a percentage of covered payroll	6.33%	5.30%	5.15%	6.22%	6.22%	13.47%	9.77%	9.66%

A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHEDULE OF SCHOOL BOARD CONTRIBUTIONS - TEACHER RETIREMENT PLAN VIRGINIA RETIREMENT SYSTEM

	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)	$ 29,239,068	$ 26,976,570	$ 24,354,767	$ 24,089,529	$ 21,808,528	$ 20,203,796	$ 20,235,599	$ 16,715,309
Contribution in relation to the CRC	29,239,068	26,976,570	24,354,767	24,089,529	21,808,528	20,203,796	20,235,599	16,715,309
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 175,927,006	$ 172,044,450	$ 161,000,993	$ 153,228,530	$ 148,882,433	$ 143,696,984	$ 139,553,875	$ 143,355,995
Contributions as a percentage of covered payroll	16.62%	15.68%	15.13%	15.72%	14.65%	14.06%	14.50%	11.66%

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

	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	$ 8,855,086	$ 6,983,641	$ 5,218,581	$ 5,083,380	$ 6,108,000
Interest	4,051,975	4,226,077	4,060,904	3,784,739	3,270,000
Differences between expected and actual experience	(37,580,181)	99,453	(651,067)	(104,742)	-
Changes of Assumptions	17,010,040	20,925,579	15,378,981	(906,877)	(17,335,000)
Benefit payments, including refunds of employee contributions	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
Net change in total OPEB liability	(10,235,831)	30,476,195	22,841,796	6,613,196	(8,762,000)
Total OPEB liability - beginning	166,324,187	135,847,992	113,006,196	106,393,000	115,155,000
Total OPEB liability - ending (a)	$ 156,088,356	$ 166,324,187	$ 135,847,992	$ 113,006,196	$106,393,000
Plan Fiduciary Net Position					
Contributions - employer	$ 5,785,789	$ 1,758,555	$ 1,662,458	$ 1,713,424	$ 1,340,000
Net investment income	2,632,228	247,460	702,943	582,422	642,000
Benefit payments, including refunds of employee contributions	(2,572,751)	(1,758,555)	(1,165,603)	(1,243,304)	(805,000)
Administrative expense	-	-	-	-	(6,000)
Net change in plan fiduciary net position	5,845,266	247,460	1,199,798	1,052,542	1,171,000
Plan fiduciary net position - beginning	8,657,800	8,410,340	7,210,542	6,158,000	4,987,000
Plan fiduciary net position - ending (b)	$ 14,503,066	$ 8,657,800	$ 8,410,340	$ 7,210,542	$ 6,158,000
Net OPEB liability - ending (a) - (b)	$ 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	9.29%	5.21%	6.19%	6.38%	5.79%
Money-weighted rate of return	29.73%	4.67%	4.67%	9.52%	11.36%

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

Notes to Schedule:

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

(2) **Actuarial Assumptions:** The total OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of January 1, 2019 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified

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	7.0%, including inflation
Discount rate	1.92%
Bond rate	1.92%

(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 inactives:* Pub-2010 Healthy Mortality, Headcount weighted, General Employees Sex Distinct, Fully Generational projected from 2010 using scale 2018.
	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 AA
Disabled	Pub-2010 Disabled Mortality. Headcount weighted, General Employees, Sex Distinct, Fully Generational projected from 2010 using scale MP-2018.

SCHEDULE OF CHANGES IN THE SCHOOL BOARD NET OPEB LIABILITY AND RELATED RATIOS - RETIREE HEALTH INSURANCE

	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	$ 14,411,622	$ 10,991,667	$ 9,102,769	$ 8,503,360	$ 9,898,436
Interest	5,562,925	6,224,135	6,050,643	5,698,104	4,889,280
Differences between expected and actual experience	(368,444)	(25,542,345)	494,952	(3,477,196)	(5,614,431)
Changes of assumptions	30,638,733	36,573,341	17,612,914	(4,390,470)	(19,337,174)
Benefit payments	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
Net change in total OPEB liability	47,550,890	25,098,972	30,309,570	3,675,076	(11,561,871)
Total OPEB liability - beginning	217,987,409	192,888,437	162,578,867	158,903,791	170,465,662
Total OPEB liability - ending (a)	$ 265,538,299	$ 217,987,409	$ 192,888,437	$ 162,578,867	$158,903,791
Plan Fiduciary Net Position					
Contributions - employer	$ 2,693,946	$ 3,147,826	$ 2,951,708	$ 2,658,722	$ 1,397,982
Net investment income	7,307,892	698,418	1,017,835	1,960,214	2,355,594
Benefit payments (net of retiree contributions)	(2,693,946)	(3,147,826)	(2,951,708)	(2,658,722)	(1,397,982)
Net change in plan fiduciary net position	7,307,892	698,418	1,017,835	1,960,214	2,355,594
Plan fiduciary net position - beginning	24,401,301	23,702,883	22,685,048	20,724,834	18,369,240
Plan fiduciary net position - ending (b)	$ 31,709,193	$ 24,401,301	$ 23,702,883	$ 22,685,048	$ 20,724,834
Net pension liability - ending (a) - (b)	$ 233,829,106	$ 193,586,108	$ 169,185,554	$ 139,893,819	$138,178,957
Plan fiduciary net position as a percentage of the total OPEB liability	11.94%	11.19%	12.29%	13.95%	13.04%

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

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

	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	0.31680%	0.31210%	0.27587%	0.27380%
County's Proportionate share of the Net GLI OPEB Liability (includes County and Rboard)	$5,026,702	$4,612,161	$4,189,000	$4,120,000
County's Covered Payroll	$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	8.11%	8.72%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

	As of 6/30/2021	As of 6/30/2020	As of 6/30/2019	As of June 30, 2018
Employer's Proportion of the Net GLI OPEB Liability	0.04768%	0.045750%	0.045880%	0.045860%
Employer's Proportionate share of the Net GLI OPEB Liability	$795,701	$744,000	$696,000	$690,000
Employer's Covered Payroll	$9,811,944	$8,968,209	$8,724,051	$8,459,382
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.98%	8.16%
OPEB Liability	52.64%	52.00%	51.22%	48.86%

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

	As of 6/30/2021	As of 6/30/2020	As of 6/30/2019	As of 6/30/2018
Employer's Proportion of the Net GLI OPEB Liability	0.83745%	0.822230%	0.806620%	0.824420%
Employer's Proportionate share of the Net GLI OPEB Liability	$13,975,670	$13,380,000	$12,250,000	$12,406,000
Employer's Covered Payroll	$172,350,914	$161,184,289	$153,377,599	$152,067,324
Employer's Proportionate Share of the Net GLI OPEB Liability as a Percentage of its Covered Payroll	8.11%	8.30%	7.99%	8.16%
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	52.64%	52.00%	51.22%	48.86%

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

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

(3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each age and service year
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7.00% to 6.75%

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

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
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%

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD NON-PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Date	Contractually Required Contribution	Contribution in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as of % of Covered Payroll
2021	$ 51,472	$ 51,472	$ -	$ 9,531,893	0.54%
2020	$ 51,022	$ 51,022	$ -	$ 9,811,944	0.52%
2019	$ 46,635	$ 46,635	$ -	$ 8,968,209	0.52%
2018	$ 45,365	$ 45,365	$ -	$ 8,724,051	0.52%
2017	$ 43,989	$ 43,989	$ -	$ 8,459,382	0.52%

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD PROFESSIONAL - GROUP LIFE INSURANCE PROGRAM

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as of % of Covered Payroll
2021	$ 950,915	$ 950,915	$ -	$ 176,095,376	0.54%
2020	$ 896,225	$ 896,225	$ -	$ 172,350,914	0.52%
2019	$ 838,158	$ 838,158	$ -	$ 161,184,289	0.52%
2018	$ 797,564	$ 797,564	$ -	$ 153,377,599	0.52%
2017	$ 790,750	$ 790,750	$ -	$ 152,067,324	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

Notes to Required Supplementary Information - GLI
For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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

	June 30, 2021*	June 30, 2020*	June 30, 2019*	June 30, 2018
Total HIC OPEB Liability				
Service cost	$ 25,813	$ 25,109	$ 22,861	$ 23,793
Interest on the total OPEB liability	65,008	62,866	60,624	60,120
Changes of assumptions	-	24,469	-	-
Difference between expected and actual experience	13,661	7,639	5,154	(31,628)
Benefit payments, including refunds of employee contributions	(58,642)	(51,533)	(61,670)	(28,536)
Net change in total HIC OPEB liability	45,840	68,550	26,969	23,749
Total HIC OPEB liability - beginning	992,406	923,856	896,887	873,138
Total HIC OPEB liability - ending (a)	$ 1,038,246	$ 992,406	$ 923,856	$ 896,887
Plan Fiduciary Net Position				
Contributions - employer	$ 42,647	$ 38,396	$ 39,175	$ 37,726
Net investment income	16,717	50,657	54,252	79,178
Benefit payments, including refunds of employee contributions	(58,642)	(51,533)	(61,670)	(28,536)
Administrative expense	(1,580)	(1,106)	(1,261)	(1,294)
Other changes	(8)	(60)	(3,977)	3,977
Net change in plan fiduciary net position	(866)	36,354	26,519	91,051
Plan fiduciary net position - beginning	831,288	794,934	768,415	677,364
Plan fiduciary net position - ending (b)	$ 830,422	$ 831,288	$ 794,934	$ 768,415
Net HIC OPEB liability - ending (a) - (b)	$ 207,824	$ 161,118	$ 128,922	$ 128,472
Plan fiduciary net position as a percentage of the total net HIC OPEB liability	79.98%	83.76%	86.05%	85.68%
Covered Payroll	$ 35,723,869	$ 30,969,264	$ 30,135,840	$ 29,021,854
Net OPEB liability as a percentage of covered payroll	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, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
c. Adjusted termination rates to better fit experience at each age and service year
d. Lowered disability rates
e. Increased line of duty diability rate from 14% to 15%
f. Decreased discount rate from 7.00% to 6.75%

(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.

SCHEDULE OF CHANGES IN SCHOOL BOARD NON-PROFESSIONAL VIRGINIA RETIREMENT SYSTEM NET HIC OPEB LIABILITY AND RELATED RATIOS

	June 30, 2021*	June 30, 2020*	June 30, 2019*	June 30, 2018
Total OPEB Liability				
Service cost	$ 11,137	$ 10,467	$ 10,258	$ 10,954
Interest on the total OPEB liability	26,976	26,120	26,440	25,945
Changes of benefit terms	12,387	-	-	-
Changes of assumptions	-	10,145	-	(8,780)
Difference between expected and actual experience	10,585	6,939	(15,854)	-
Benefit payments, including refunds of employee contributions	(29,614)	(24,731)	(26,099)	(16,000)
Net change in total HIC OPEB liability	31,471	28,940	(5,255)	12,119
Total HIC OPEB liability - beginning	414,452	385,512	390,767	378,648
Total HIC OPEB liability - ending (a)	$ 445,923	$ 414,452	$ 385,512	$ 390,767
Plan Fiduciary Net Position				
Contributions - employer	$ 21,577	$ 19,683	$ 19,152	$ 18,590
Net investment income	5,531	17,081	18,142	26,654
Benefit payments, including refunds of employee contributions	(29,614)	(24,731)	(26,099)	(16,000)
Administrative expense	(525)	(370)	(421)	(435)
Other Changes	(3)	(20)	(1,340)	1,340
Net change in plan fiduciary net position	(3,034)	11,643	9,434	30,149
Plan fiduciary net position - beginning	280,230	268,587	259,153	229,004
Plan fiduciary net position - ending (b)	$ 277,196	$ 280,230	$ 268,587	$ 259,153
Net HIC OPEB liability - ending (a) - (b)	$ 168,727	$ 134,222	$ 116,925	$ 131,614
Plan fiduciary net position as a percentage of the total net HIC OPEB liability	62.16%	67.61%	69.67%	66.32%
Covered Payroll	$ 9,807,469	$ 8,946,867	$ 8,704,683	$ 8,450,387
Net OPEB liability as a percentage of covered payroll	1.72%	1.50%	1.34%	1.56%

Notes to Schedule:

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

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

(3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and extended final retirement age from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each age and service year
d. Lowered disability rates
e. No change to the salary scale
f. Increased line of duty diability rate from 14% to 15%
g. Decreased discount rate from 7.00% to 6.75%

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

SCHEDULE OF SCHOOL BOARD SHARE OF NET OPEB LIABILITY PROFESSIONAL - HEALTH INSURANCE CREDIT (HIC) PROGRAM

	As of 6/30/2021	As of 6/30/2020	As of 6/30/2019	As of 6/30/2018
Employer's Proportion of the Net HIC OPEB Liability	1.96246%	1.91992%	1.89482%	1.92437%
Employer's Proportionate share of the Net HIC OPEB Liability (Asset)	$ 25,600,615	$25,134,000	$24,058,000	$24,413,000
Employer's Covered Payroll	$ 172,044,450	$161,036,564	$153,241,128	$151,871,436
Employer's Proportionate Share of the Net HIC OPEB Liability (Asset) as a Percentage of its Covered Payroll	14.88%	15.61%	15.70%	16.07%
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	9.95%	8.97%	8.08%	7.04%

Notes to Schedule:

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

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

(3) **Changes of assumptions:** The actuarial assumptions used in the June 30, 2018, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, except the change in the discount rate, which was based on VRS Board action effective as of July 1, 2019. Changes to the actuarial assumptions as a result of the experience study and VRS Board action are as follows:

a. Updated to a more current mortality table - RP-2014 projected to 2020
b. Lowered retirement rates at older ages and changed final retirement from 70 to 75
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. Adjusted disability rates to better match experience
e. No change to the salary scale
f. Decreased discount rate from 7.00% to 6.75%

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

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
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.

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD NON-PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as of % of Covered Payroll
2021	$ 23,815	$ 23,815	$ -	$ 9,525,657	0.25%
2020	$ 21,576	$ 21,576	$ -	$ 9,807,469	0.22%
2019	$ 19,607	$ 19,607	$ -	$ 8,946,867	0.22%
2018	$ 19,150	$ 19,150	$ -	$ 8,704,683	0.22%
2017	$ 18,590	$ 18,590	$ -	$ 8,450,387	0.22%

A COMPONENT UNIT OF STAFFORD COUNTY
SCHOOL BOARD PROFESSIONAL - HEALTH INSURANCE CREDIT PROGRAM

Date	Contractually Required Contribution	Contributions in Relation to Contractually Required Contribution	Contribution Deficiency (Excess)	Employer's Covered Payroll	Contributions as of % of Covered Payroll
2021	$ 2,128,770	$ 2,128,770	$ -	$ 175,927,006	1.21%
2020	$ 2,064,533	$ 2,064,533	$ -	$ 172,044,450	1.20%
2019	$ 1,928,014	$ 1,928,014	$ -	$ 161,036,584	1.20%
2018	$ 1,884,866	$ 1,884,866	$ -	$ 153,241,128	1.23%
2017	$ 1,685,773	$ 1,685,773	$ -	$ 151,871,436	1.11%

Notes to Schedule:

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

Notes to Required Supplementary Information - HIC
For the Year Ended June 30, 2021

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, 2019, valuation were based on the results of an actuarial experience study for the period from July 1, 2012, through June 30, 2016, 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)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered rates at older ages and changed final retirement from 70 to 75
Withdrawal Rates	Adjusted rates to better fit experience at each year age and service through 9 years of service
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Discount Rate	Decrease rate from 7.00% to 6.75%

General Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Lowered retirement rates at older ages and extended final retirement age from 70 to 75.
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Lowered disability rates
Salary Scale	No change
Line of Duty Disability	Increased rate from 14% to 15%
Discount Rate	Decrease rate from 7.00% to 6.75%

Hazardous Duty Employees

Mortality Rates (Pre-retirement, post-retirement healthy, and disabled)	Updated to a more current mortality table – RP-2014 projected to 2020
Retirement Rates	Increased age 50 rates and lowered rates at older ages
Withdrawal Rates	Adjusted termination rates to better fit experience at each age and service year
Disability Rates	Adjusted rates to better match experience
Salary Scale	No change
Line of Duty Disability	Decreased rate from 60% to 45%
Discount Rate	Decrease rate from 7.00% to 6.75%

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.

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.

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.

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.

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

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

Wetlands Fund Accounts for wetlands mitigation fees and associated disbursements.

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

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.

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

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

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue					
	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lake Carroll Service District Fund	Lake Arrowhead Service District Fund	Asset Forfeiture Fund
ASSETS						
Equity in pooled cash and investments	$ 124,707	$ 1,400,971	$ 3,780,924	$ -	$ -	$ -
Restricted assets:						
Cash	-	-	-	491,303	736,827	446,764
Receivables, net						
Property taxes	-	19,808	-	2,065	14,545	-
Accounts	-	-	-	-	-	-
Intergovernmental	-	52,688	172,504	-	-	-
Total assets	$ 124,707	$ 1,473,467	$ 3,953,428	$ 493,368	$ 751,372	$ 446,764
LIABILITIES						
Accounts payable	$ -	$ 370	$ 74,904	$ -	$ -	$ -
Accrued salaries and benefits	-	-	1,538	-	-	-
Retainage payable	-	195,102	-	-	-	-
Deposits	-	-	-	-	39,378	-
Unearned revenues	-	-	-	-	-	227,014
Total liabilities	-	195,472	76,442	-	39,378	227,014
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	-	18,075	-	(57)	4,898	-
Total deferred inflows of resources	-	18,075	-	(57)	4,898	-
FUND BALANCES						
Restricted	124,707	1,259,920	3,876,986	493,425	707,096	219,750
Committed	-	-	-	-	-	-
Total fund balances	124,707	1,259,920	3,876,986	493,425	707,096	219,750
Total liabilities, deferred inflows of resources and fund balances	$ 124,707	$ 1,473,467	$ 3,953,428	$ 493,368	$ 751,372	$ 446,764

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue							
	Tourism Fund	RPA Chesapeake Bay Brd Fund	Wetlands Fund	Hidden Lake Dam Fund	Armed Services Memorial Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Total Nonmajor Governmental Funds
ASSETS								
Equity in pooled cash and investments	$ 726,516	$ -	$ 179,141	$ 77,427	$ 22,518	$ 83,191	$ 972,169	$ 7,367,564
Restricted assets:								
Cash	-	32,909	-	-	-	-	-	1,707,803
Receivables, net								
Property taxes	-	-	-	6,393	-	645	-	43,456
Accounts	250,474	-	-	-	-	-	-	250,474
Intergovernmental	-	-	-	-	-	-	-	225,192
Total assets	$ 976,990	$ 32,909	$ 179,141	$ 83,820	$ 22,518	$ 83,836	$ 972,169	$ 9,594,489
LIABILITIES								
Accounts payable	$ 25,825	$ -	$ -	$ 8,760	$ 3,453	$ -	$ -	$ 113,312
Accrued salaries and benefits	12,185	-	-	153	-	-	-	13,876
Retainage payable	-	-	-	-	-	-	-	195,102
Deposits	-	32,909	-	-	-	-	-	72,287
Unearned revenues	-	-	-	-	-	-	-	227,014
Total liabilities	38,010	32,909	-	8,913	3,453	-	-	621,591
DEFERRED INFLOWS OF RESOURCES								
Unavailable revenues - property taxes	-	-	-	2,998	-	646	-	26,560
Total deferred inflows of resources	-	-	-	2,998	-	646	-	26,560
FUND BALANCES								
Restricted	938,980	-	-	71,909	19,065	83,190	972,169	8,767,197
Committed	-	-	179,141	-	-	-	-	179,141
Total fund balances	938,980	-	179,141	71,909	19,065	83,190	972,169	8,946,338
Total liabilities, deferred inflows of resources and fund balances	$ 976,990	$ 32,909	$ 179,141	$ 83,820	$ 22,518	$ 83,836	$ 972,169	$ 9,594,489

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue					
	Road Impact Fee - SE Fund	Garrisonville Rd Service District Fund	Warrenton Rd Service District Fund	Lake Carroll Service District Fund	Lake Arrowhead Service District Fund	Asset Forfeiture Fund
REVENUES						
General property taxes	$ -	$ 622,664	$ -	$ 25,183	$ 134,875	$ -
Other local taxes	-	-	-	-	-	-
Use of money and property	191	1,696	6,110	810	1,044	628
Intergovernmental	-	130,395	267,317	-	-	69,211
Miscellaneous	-	-	-	-	-	603
Total revenues	191	754,755	273,427	25,993	135,919	70,442
EXPENDITURES						
Current:						
Judicial administration	-	-	-	-	-	9,908
Public safety	-	-	-	4,230	-	19,230
Parks, recreation and cultural	-	-	-	-	-	-
Community development	-	-	-	-	6,684	-
Transportation	-	-	40,467	430	5,123	-
Capital outlay	-	433,416	531,904	18,619	18,822	-
Debt service						
Principal Retirement	-	265,000	-	-	-	-
Interest and other fiscal charges	-	162,975	-	-	-	-
Total expenditures	-	861,391	572,371	23,279	30,629	29,138
Excess (deficiency) of revenues over (under) expenditures	191	(106,636)	(298,944)	2,714	105,290	41,304
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	(37,421)	(64,733)	-
Total other financing sources (uses), net	-	-	-	(37,421)	(64,733)	-
Net change in fund balances	191	(106,636)	(298,944)	(34,707)	40,557	41,304
Fund balance, beginning	124,516	1,366,556	4,175,930	528,132	666,539	178,446
Fund balance, ending	$ 124,707	$ 1,259,920	$ 3,876,986	$ 493,425	$ 707,096	$ 219,750

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue							
	Tourism Fund	Resource Protection Area Chesapeake Bay Board Fund	Wetlands Fund	Hidden Lake Dam Fund	Armed Services Memorial Fund	Lynhaven Lane Service District Fund	Transportation Impact Fee Fund	Total Nonmajor Governmental Funds
REVENUES								
General property taxes	$ -	$ -	$ -	$ 120,922	$ -	$ 4,923	$ -	$ 908,567
Other local taxes	1,487,613	-	-	-	-	-	1,319,560	2,807,173
Use of money and property	-	-	-	61	-	27	2,609	13,176
Intergovernmental	14,500	-	-	-	-	-	-	481,423
Miscellaneous	1,270	-	-	-	800	-	-	2,673
Total revenues	1,503,383	-	-	120,983	800	4,950	1,322,169	4,213,012
EXPENDITURES								
Current:								
Judicial administration	-	-	-	-	-	-	-	9,908
Public safety	-	-	-	80,118	-	-	-	103,578
Parks, recreation and cultural	-	-	-	-	187	-	-	187
Community development	810,073	-	-	-	-	-	-	816,757
Transportation	-	-	-	-	-	-	-	46,020
Capital outlay	-	-	-	-	-	-	-	1,002,761
Debt service								
Principal Retirement	-	-	-	40,000	-	-	-	305,000
Interest and other fiscal charges	-	-	-	20,350	-	-	-	183,325
Total expenditures	810,073	-	-	140,468	187	-	-	2,467,536
Excess (deficiency) of revenues over (under) expenditures	693,310	-	-	(19,485)	613	4,950	1,322,169	1,745,476
OTHER FINANCING SOURCES (USES)								
Transfers in		-	-	-	-	70,000	-	70,000
Transfers out	(595,223)	-	-	-	-	-	(1,477,163)	(2,174,540)
Total other financing sources (uses), ne	(595,223)	-	-	-	-	70,000	(1,477,163)	(2,104,540)
Net change in fund balances	98,087	-	-	(19,485)	613	74,950	(154,994)	(359,064)
Fund balance, beginning	840,893	-	179,141	91,394	18,452	8,240	1,127,163	9,305,402
Fund balance, ending	$ 938,980	$ -	$ 179,141	$ 71,909	$ 19,065	$ 83,190	$ 972,169	$ 8,946,338

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

PRIMARY GOVERNMENT	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive(Negative)
Road Impact Fee - South East				
Revenues				
Use of money and property	$ -	$ -	$ 191	$ 191
Total revenues	-	-	191	191
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	191	191
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Total other financing sources (uses) net	-	-	-	-
Net change in fund balances	-	-	191	191
Fund balance, beginning	-	-	124,516	124,516
Fund balance, ending	$ -	$ -	$ 124,707	$ 124,707
Wetlands Fund:				
Revenues:				
Intergovernmental	$ -	$ -	$ -	$ -
Total revenues	-	-	-	-
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (uses)				
Transfers-In	-	-	-	-
Transfers-Out	-	-	-	-
Total other financing sources (uses) net	-	-	-	-
Net change in fund balance	-	-	-	-
Fund balance, beginning	-	-	179,141	179,141
Fund balance, ending	$ -	$ -	$ 179,141	$ 179,141

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
PRIMARY GOVERNMENT	Original	Final	Actual Amounts	Positive(Negative)
Special Revenue Funds:				
Garrisonville Road Service District Fund:				
Revenues				
General property taxes	$ 539,500	$ 539,500	$ 622,664	$ 83,164
Use of money and property	1,000	1,000	1,696	696
Intergovernmental	415,896	549,006	130,395	(418,611)
Miscellaneous	-	-	-	-
Total revenues	956,396	1,089,506	754,755	(334,751)
Expenditures				
Current:				
Capital outlay	528,421	727,279	433,416	293,863
Debt service	-	-		
Principal retirement	265,000	265,000	265,000	-
Interest and other fiscal charges	162,975	162,975	162,975	-
Total expenditures	956,396	1,155,254	861,391	293,863
Excess (deficiency) of revenues over (under) expenditures	-	(65,748)	(106,636)	(40,888)
Net change in fund balance	-	(65,748)	(106,636)	(40,888)
Fund balance, beginning	-	337,430	1,366,555	1,029,125
Fund balance, ending	$ -	$ 271,682	$ 1,259,919	$ 988,237
Warrenton Road Service District Fund:				
Revenues				
Use of money and property	$ 25,000	$ 25,000	$ 6,110	$ (18,890)
Intergovernmental	2,656,087	2,656,087	267,317	(2,388,770)
Total revenues	2,681,087	2,681,087	273,427	(2,407,660)
Expenditures				
Current operating:				
Capital outlay	4,456,383	5,669,704	572,371	5,097,333
Total expenditures	4,456,383	5,669,704	572,371	5,097,333
Excess (deficiency) of revenues over (under) expenditures	(1,775,296)	(2,988,617)	(298,944)	2,689,673
Other Financing Sources (Uses)				
Transfers-In	-	-	-	-
Total other financing sources (uses) net	-	-	-	-
Net change in fund balances	(1,775,296)	(2,988,617)	(298,944)	2,689,673
Fund balance, beginning	1,775,296	2,988,617	4,175,930	1,187,313
Fund balance, ending	$ -	$ -	$ 3,876,986	$ 3,876,986

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
PRIMARY GOVERNMENT	Original	Final	Actual Amounts	Positive(Negative)
Special Revenue Funds:				
Lake Carroll Service District				
Revenues				
General property taxes	$ 27,605	$ 27,605	$ 25,183	$ (2,422)
Use of money and property	-	-	810	810
Total revenues	27,605	27,605	25,993	(1,612)
Expenditures				
Current:				
Capital Outlay	735,319	92,308	23,279	69,029
Total expenditures	735,319	92,308	23,279	69,029
Excess (deficiency) of revenues over (under) expenditures	(707,714)	(64,703)	2,714	67,417
Other Financing Sources (Uses)				
Transfers out	(37,421)	(37,421)	(37,421)	-
Total other financing sources (uses) net	(37,421)	(37,421)	(37,421)	-
Net change in fund balance	(745,135)	(102,124)	(34,707)	67,417
Fund balance, beginning	745,135	767,413	528,132	(239,281)
Fund balance, ending	$ -	$ 665,289	$ 493,425	$ (171,864)
Lake Arrowhead Service District:				
Revenues				
General property taxes	$ 112,000	$ 112,000	$ 134,875	$ 22,875
Use of money and property	7,500	7,500	1,044	(6,456)
Total revenues	119,500	119,500	135,919	16,419
Expenditures				
Current:				
Capital Outlay	536,378	70,573	30,629	39,944
Total expenditures	536,378	70,573	30,629	39,944
Excess (deficiency) of revenues over (under) expenditures	(416,878)	48,927	105,290	56,363
Other Financing Sources (Uses)				
Transfers out	(64,733)	(64,733)	(64,733)	-
Total other financing sources (uses) net	(64,733)	(64,733)	(64,733)	-
Net change in fund balance	(481,611)	(15,806)	40,557	56,363
Fund balance, beginning	481,611	496,576	666,539	169,963
Fund balance, ending	$ -	$ 480,770	$ 707,096	$ 226,326

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

PRIMARY GOVERNMENT	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget Positive(Negative)
Special Revenue Funds:				
Asset Forfeiture Fund:				
Revenues				
Use of money and property	$ -	$ -	$ 1,231	$ 1,231
Intergovernmental	156,929	161,159	69,211	91,948
Total revenues	156,929	161,159	70,442	93,179
Expenditures				
Current:				
Judicial administration	10,000	10,000	9,908	92
Public safety	156,929	71,159	19,230	51,929
Total expenditures	166,929	81,159	29,138	52,021
Excess (deficiency) of revenues over (under) expenditures	(10,000)	80,000	41,304	38,696
Net change in fund balance	(10,000)	80,000	41,304	(38,696)
Fund balance, beginning	10,000	10,000	178,446	168,446
Fund balance, ending	$ -	$ 90,000	$ 219,750	$ 129,750
Tourism Fund:				
Revenues				
Other local taxes	$ 954,548	$ 1,204,548	$ 1,487,613	$ 283,065
Intergovernmental	4,500	14,500	14,500	-
Miscellaneous	-	-	1,270	1,270
Total revenues	959,048	1,219,048	1,503,383	284,335
Expenditures				
Current:				
Community development	794,699	877,961	810,073	67,888
Total expenditures	794,699	877,961	810,073	67,888
Excess (deficiency) of revenues over (under) expenditures	164,349	341,087	693,310	352,223
Other financing sources (uses)				
Transfers out	(391,819)	(595,223)	(595,223)	-
Total other financing sources (uses) net	(391,819)	(595,223)	(595,223)	-
Net change in fund balance	(227,470)	(254,136)	98,087	352,223
Fund balance, beginning	227,470	254,136	840,893	586,757
Fund balance, ending	$ -	$ -	$ 938,980	$ 938,980

COUNTY OF STAFFORD, VIRGINIA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
PRIMARY GOVERNMENT	Original	Final	Actual Amounts	Positive(Negative)
Transportation Impact Fee:				
Revenues:				
Other local taxes	$ 600,000	$ 600,000	$ 1,319,560	$ 719,560
Use of money and property	-	-	2,608	2,608
Total revenues	600,000	600,000	1,322,168	722,168
Expenditures				
Current:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	600,000	600,000	1,322,168	722,168
Other financing sources (uses)				
Transfers out	(350,000)	(1,477,163)	(1,477,163)	-
Total other financing sources (uses) net	(350,000)	(1,477,163)	(1,477,163)	-
Net change in fund balance	250,000	(877,163)	(154,995)	722,168
Fund balance, beginning	-	1,127,163	1,127,164	1
Fund balance, ending	$ 250,000	$ 250,000	$ 972,169	$ 722,169
Hidden Lake Dam Fund:				
Revenues:				
General property taxes	$ 122,382	$ 122,382	$ 120,922	$ (1,460)
Use of money and property	1,500	1,500	61	(1,439)
Total revenues	123,882	123,882	120,983	(2,899)
Expenditures				
Current operating:				
Public Safety	63,532	85,262	80,118	5,144
Debt service:				
Principal retirement	40,000	40,000	40,000	-
Interest and other fiscal charges	20,350	20,350	20,350	-
Total expenditures	123,882	145,612	140,468	5,144
Excess (deficiency) of revenues over (under) expenditures	-	(21,730)	(19,485)	2,245
Net change in fund balance	-	(21,730)	(19,485)	2,245
Fund balance, beginning	-	21,730	91,394	69,664
Fund balance, ending	$ -	$ -	$ 71,909	$ 71,909

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
PRIMARY GOVERNMENT	Original	Final	Actual Amounts	Positive(Negative)
Armed Services Memorial Fund:				
Revenues:				
Miscellaneous	$ 2,000	$ 2,000	$ 800	$ (1,200)
Total revenues	2,000	2,000	800	(1,200)
Expenditures				
Current:				
Parks, recreation and cultural	2,000	2,000	187	1,813
Total expenditures	2,000	2,000	187	1,813
Excess (deficiency) of revenues over (under) expenditures	-	-	613	(3,013)
Net change in fund balance	-	-	613	613
Fund balance, beginning	-	-	18,452	18,452
Fund balance, ending	$ -	$ -	$ 19,065	$ 19,065
Lynnhaven Lane Service District				
Revenues:				
General property taxes	$ 5,500	$ 5,500	$ 4,923	$ (577)
Use of money and property	-	-	28	28
Total revenues	5,500	5,500	4,951	(549)
Expenditures				
Current:				
Public Safety	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	5,500	5,500	4,951	(549)
Other Financing Sources				
Transfers-In	-	70,000	70,000	-
Transfers-Out	-	-	-	-
Total other financing sources	-	70,000	70,000	-
Net change in fund balance	5,500	5,500	74,951	69,451
Fund balance, beginning	-	-	8,240	8,240
Fund balance, ending	$ 5,500	$ 5,500	$ 83,191	$ 77,691

COUNTY OF STAFFORD, VIRGINIA Schedule IV

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual Amounts	Positive(Negative)
PRIMARY GOVERNMENT				
Capital Projects Funds:				
General Capital Projects Fund:				
Revenues				
Use of money and property	$ 145,000	$ 224,541	$ 15,865	$ (208,676)
Total revenues	145,000	224,541	15,865	(208,676)
Expenditures				
Current:				
General government	-	210,000	208,532	1,468
Public safety	305,000	1,484,650	548,815	935,835
Public works	145,000	670,000	665,489	4,511
Parks, recreation and cultural	-	52,000	51,811	189
Education	12,724,700	8,792,431	8,648,362	144,069
Capital outlay	6,492,255	3,729,746	1,398,411	2,331,335
Debt service:				
Bond issuance costs	-	22,520	22,520	-
Total expenditures	19,666,955	14,961,347	11,543,940	3,417,407
Deficiency of revenues over(under) expenditures	(19,521,955)	(14,736,806)	(11,528,075)	3,208,731
Other financing sources (uses)				
Transfers in	7,291,411	9,308,548	9,308,548	-
Issuance of debt:				
Issuance of new bonds	9,445,359	14,140,000	14,140,000	-
Issuance of capital leases	2,785,185	4,140,370	-	(4,140,370)
Premiums on bond issuances	-	2,032,253	2,032,253	-
Total other financing sources (uses), net	19,521,955	29,621,171	25,480,801	(4,140,370)
Net change in fund balance	-	14,884,365	13,952,726	(931,639)
Fund balance, beginning	-	5,859,748	7,029,193	1,169,445
Fund balance, ending	$ -	$ 20,744,113	$ 20,981,919	$ 237,806

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 it vendors.

COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Custodial Funds				
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	Landfill/R-Board	Totals
ASSETS					
Current assets:					
Cash and short-term investments	$ 510,654	$ -	$ 1,244,297	$ 4,152,054	$ 5,907,005
Investments				9,196,218	9,196,218
Receivables:					-
Property taxes	5,093,098	-	-	-	5,093,098
Accounts		77,232		792,403	869,635
Other Assets/Deferred Outflows	-	-	-	14,142,299	14,142,299
Total Assets	5,603,752	77,232	1,244,297	28,282,974	35,208,255
DEFERRED OUTFLOWS OF RESOURCES					
Deferred outflows relating to pensions/OPEB	-	-	-	1,146,154	1,146,154
LIABILITIES					
Accounts payable	-	-	-	329,843	329,843
Accrued salaries and benefits	-	37,846	-	137,715	175,561
Other liabilities.deferred inflows	486,299	39,386	-	12,040,307	12,565,992
Total Liabilities	486,299	77,232	-	12,507,865	13,071,396
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows relating to pensions/OPEB	-	-	-	520,352	520,352
NET POSITION					
Ristricted for:					
Future expenses	-	-	-	-	-
Bond holders	5,117,453	-	1,244,297	-	6,361,750
Other Government operations	-	-	-	16,400,911	16,400,911
Total net position	$ 5,117,453	$ -	$ 1,244,297	$ 16,400,911	$ 22,762,661

STATEMENT OF CHANGES IN NET POSITION
CUSTODIAL FUNDS
JUNE 30, 2021

	Custodial Funds				
	Celebrate Virginia North	George Washington Regional Commission	Embrey Mill	R-Board (Landfill)	Totals
ADDITIONS					
Contributions:					
Charges to customers	$ -	$ -	$ -	$ 8,553,393	$ 8,553,393
Receivables:					
Property taxes	1,263,851	-	2,552,962	-	3,816,813
Total Additions	1,263,851	-	2,552,962	8,553,393	12,370,206
DEDUCTIONS					
Payments	1,325,032	-	2,570,004	-	$ 3,895,036
Operating expenses	-	-	-	7,146,947	7,146,947
Salaries and benefits	-	172,038	-	-	172,038
Non-operating expenses	-	-	-	1,178,810	1,178,810
Total Deductions	1,325,032	172,038	2,570,004	8,325,757	12,392,831
Net increase(decrease) in net position	(61,181)	(172,038)	(17,042)	227,636	(22,625)
Net position - beginning, as previously reported	-	-	-	-	-
Restatement, see footnote 1s	5,178,634	172,038	1,261,339	16,173,275	22,785,286
Net position - beginning, as restated	5,178,634	172,038	1,261,339	16,173,275	22,785,286
Net position - ending	$ 5,117,453	$ -	$ 1,244,297	$16,400,911	$ 22,762,661

Working To Be The Best Local Government In Virginia

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

STATISTICAL SECTION
(unaudited)

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

Contents

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

COUNTY OF STAFFORD, VIRGINIA

Table S-1

NET POSITION BY COMPONENT
Fiscal Years 2012 - 2021
(accrual basis of accounting)
(unaudited) (1)

	2012	2013	2014	2015 (2)	2016	2017 (4)	2018	2019	2020	2021
Primary Government:										
Governmental activities:										
Net investment in capital assets	$ 81,905,153	$ 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
Restricted (3)	2,585,376	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
Unrestricted (deficit) (3)	(192,972,219)	(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)
Total governmental activities net position	$ (108,481,690)	$ (131,633,691)	$ (139,386,457)	$ (160,895,980)	$ (149,714,363)	$ (199,861,270)	$ (191,085,592)	$ (164,941,336)	$(154,513,807)	$ (144,203,158)
Business-type activities:										
Net investment in capital assets	$ 215,975,340	$ 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
Restricted	51,224,071	14,008,268	-	9,617,314	10,673,889	6,252,110	10,990,332	10,687,024	10,698,005	9,973,321
Unrestricted (3)	34,373,851	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
Total business-type activities net position	$ 301,573,262	$ 318,534,239	$ 338,782,576	$ 347,701,031	$ 365,950,086	$ 370,589,456	$ 395,750,134	$ 413,266,385	$ 428,264,104	$ 444,211,914
Total Primary Government										
Net investment in capital assets	$ 297,880,493	$ 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
Restricted	53,809,447	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
Unrestricted (deficit)	(158,598,368)	(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)
Total Primary Government net position	$ 193,091,572	$ 186,900,548	$ 199,396,119	$ 186,805,051	$ 216,235,723	$ 170,728,186	$ 204,664,542	$ 248,325,049	$ 273,750,297	$ 300,008,756

(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 **Table S-2**

CHANGES IN NET POSITION
Fiscal Years 2012-2021
(accrual basis of accounting)
(unaudited) (1)

Primary Government:	**2012 [3]**	**2013 [4]**	**2014**	**2015 [5]**	**2016 [6]**	**2017**	**2018 [7]**	**2019 [8]**	**2020**	**2021**
Expenses										
Governmental activities:										
General government	$ 12,623,568	$ 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
Judicial administration	6,839,212	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
Public safety	49,986,737	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
Public works	7,851,234	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
Health and social services	14,070,334	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
Parks, recreation and cultural	12,034,049	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
Community development	4,837,754	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
Appropriation to School Board	123,139,836	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
Transportation	3,988,075	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
Interest	16,147,660	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
Total governmental activities expenses	251,518,459	279,710,576	279,223,401	275,264,793	276,993,351	287,954,307	302,956,294	290,137,612	324,364,302	356,091,876
Total business-type activities expenses	31,324,423	30,473,842	31,904,381	34,817,632	34,526,713	35,208,525	41,099,002	43,344,960	48,010,135	49,296,005
Total Primary Government expenses	$ 282,842,882	$ 310,184,418	$ 311,127,782	$ 310,082,425	$ 311,520,064	$ 323,162,832	$ 344,055,296	$ 333,482,572	$ 372,374,437	$ 405,387,881
Program revenues										
Governmental activities:										
Charges for services:										
General government	$ 225,028	$ 242,505	$ 266,157	$ 281,000	$ 641,721	$ 844,646	$ 277,761	$ 386,783	$ 318,306	$ 300,920
Judicial administration	304,592	371,234	258,636	249,493	269,789	276,435	373,817	323,817	366,409	615,450
Public safety	6,693,587	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
Public works	68,888	72,680	54,814	66,868	38,912	43,210	204,629	308,264	302,689	274,203
Health and social services	140,145	195,762	247,335	75,819	135,963	144,916	53,475	39,425	48,275	53,800
Parks, recreation and cultural	1,840,751	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
Community development	1,237,301	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
Transportation	36,450	44,650	51,785	67,320	49,708	41,803	35,040	38,158	33,568	29,100
Operating grants and contributions										
General government	571,979	593,732	591,531	716,671	643,329	615,479	1,111,753	1,187,826	1,316,990	18,772,600
Judicial administration	1,619,250	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
Public safety	6,341,182	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
Public works	-	-	-	-	-	-	-	-	29,790	602,029
Health and social services	7,246,818	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
Parks, recreation and cultural	39,496	-	-	-	-	-	-	-	55,666	329,171
Community development	75,348	101,161	250,254	-	50	308,657	6,414	2,797	5,372	2,229,040
Transportation	1,031,384	82,849	918,886	836,333	-	-	109,931	66,557	65,099	71,386
Capital grants and contributions										
Public Safety	-	-	-	6,945	-	-	-	-	-	-
Community development	-	-	-	-	-	-	433,000	40,762	377,772	-
Public works	-	-	-	-	-	-	-	-	-	-
Transportation	685,812	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
Total governmental program revenues	$ 28,158,011	$ 28,376,144	$ 29,254,446	$ 28,756,990	$ 32,919,737	$ 32,682,061	$ 37,648,846	$ 37,095,535	$ 35,622,615	$ 66,071,288

COUNTY OF STAFFORD, VIRGINIA **Table S-2**

CHANGES IN NET POSITION
Fiscal Years 2012-2021
(accrual basis of accounting)
(unaudited) (1)

	2012 (3)	2013 (4)	2014	2015 (5)	2016 (6)	2017	2018 (7)	2019 (8)	2020	2021
Business-type activities:										
Charges for services	$ 24,085,502	$ 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
Operating grants and contributions	1,037,356	276,145	-	-	-	-	-	-	-	-
Capital grants and contributions	17,037,061	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
Total business-type activities program revenues	42,159,919	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
Total Primary Government program revenues	$ 70,536,063	$ 76,171,884	$ 80,612,842	$ 80,469,407	$ 85,086,426	$ 87,854,271	$ 103,741,869	$ 96,203,798	$ 96,294,722	$ 130,455,926
Net (expense)/revenue (2)										
Governmental activities	$ (251,334,432)	$ (251,334,432)	$ (246,507,803)	$ (244,622,808)	$ (244,073,614)	$ (255,272,246)	$ (265,307,448)	$ (253,042,077)	$ (288,741,687)	$ (290,020,588)
Business activities	11,686,077	17,321,898	17,038,220	47,549,670	17,639,976	19,963,685	24,994,021	15,763,303	12,661,972	15,088,633
Total Primary Government net expense	$ (239,648,355)	$ (234,012,534)	$ (229,469,583)	$ (197,073,138)	$ (226,433,638)	$ (235,308,561)	$ (240,313,427)	$ (237,278,774)	$ (276,079,715)	$ (274,931,955)
General revenues and other changes in net assets										
Governmental activities:										
Taxes										
General property taxes	$ 175,603,509	$ 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
Other local taxes	40,345,254	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
Unrestricted grants and contributions	14,911,207	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
Investment earnings	46,162	38,656	206,821	106,796	448,174	840,815	1,747,745	3,159,567	2,848,904	651,639
Miscellaneous (8)	552,128	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
Gain on sale of property	-	-	-	-	75,337	33,673	-	-	-	-
Transfers	-	121,100	-	10,000	-	371,402	724,000	854,620	195,848	(356,928)
Total governmental activities	$ 231,458,260	$ 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
Business-type activities										
Investment earnings	$ 377,663	$ 282,527	$ 235,995	$ 203,909	$ 449,208	$ 371,330	$ 680,907	$ 2,371,917	$ 2,270,941	$ 206,901
Gain on disposal of capital assets	5,122	13,000	12,882	43,365	23,560	23,440	-	-	-	-
Miscellaneous	168,433	159,109	47,989	35,920	136,311	175,099	209,750	235,651	260,654	295,348
Transfers	-	(121,100)	-	(10,000)	-	-	(724,000)	(854,620)	(195,848)	356,928
Total business-type activities	551,218	333,536	296,866	273,194	609,079	569,869	166,657	1,752,948	2,335,747	859,177
Total Primary Government	$ 232,009,478	$ 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
Change in net position										
Primary government:										
Governmental activities	$ 8,097,812	$ (17,375,425)	$ (7,752,766)	$ 1,616,027	$ 11,181,617	$ 8,750,782	$ 8,775,678	$ 33,048,717	$ 10,427,549	$ 10,310,649
Business-type activities	11,386,714	17,655,434	20,248,337	13,005,232	18,249,055	20,533,554	25,160,678	17,516,251	14,997,719	15,947,810
Total primary government	$ 19,484,526	$ 280,009	$ 12,495,571	$ 14,621,259	$ 29,430,672	$ 29,284,336	$ 33,936,356	$ 50,564,968	$ 25,425,268	$ 26,258,459
Total primary government										
Net position, beginning (3) - (5) & (7)	$ 173,507,046	$ 186,620,539	$ 186,900,548	$ 172,183,792	$ 186,805,051	$ 216,235,723	$ 170,728,186	$ 197,760,061	$ 248,325,029	$ 273,750,297
Net position, ending	$ 192,991,572	$ 186,900,548	$ 199,396,119	$ 186,805,051	$ 216,235,723	$ 245,520,059	$ 204,664,542	$ 248,325,029	$ 273,750,297	$ 300,008,756

(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 II.
(7) In fiscal year 2018, the beginning net position balance for the governmental activities and business-type activitites 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 II

COUNTY OF STAFFORD, VIRGINIA **Table S-3**

FUNDS BALANCES, GOVERNMENTAL FUNDS

Fiscal Years 2012-2021

(modified accrual basis of accounting)

(unaudited) (1)

	Post-GASB 54 (2) Fiscal Year									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
General Fund										
Nonspendable	$ 39,554	$ 27,813	$ 326,168	$ 220,609	$ 181,993	$ 691,811	$ 432,115	$ 456,906	$ 163,413	$ 182,035
Restricted	652,293	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
Committed	11,846,432	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
Assigned	13,496,185	11,883,767	18,539,638	24,541,606	23,332,365	25,525,307	12,364,759	18,553,831	14,664,239	23,399,588
Unassigned	29,590,639	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
Total General Fund	55,625,103	57,104,969	61,622,671	66,143,355	70,278,366	70,812,475	79,088,056	94,408,377	94,218,377	115,420,196
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	15,483,895
Capital Projects	1,155,000	1,080,000	-	-	-	-	12,891,437	7,986,145	7,029,193	20,981,919
Other Governmental Funds	778,082	604,115	689,251	622,351	250,238	175,418	9,955,078	9,157,311	9,126,262	8,767,197
Committed										
Special Revenue	6,220,896	10,765,215	11,642,718	8,422,525	6,795,956	18,217,607	210,959	-	-	-
Capital Projects	9,874,269	16,903,871	11,476,554	9,996,099	6,200,789	9,692,399	-	-	-	-
Other Governmental Funds	1,152,847	7,123,925	8,844,875	9,596,848	5,757,073	7,138,126	-	95,516	179,140	179,141
Assigned										
Special Revenue	4,330,167	3,798,204	721,863	-	-	-	-	-	-	-
Other Governmental Funds	8,618,960	8,726,946	7,677,381	5,423,842	6,513,216	3,916,439	-	-	-	-
Total all other government funds	32,130,221	49,002,276	41,052,642	34,061,665	26,127,771	39,750,605	31,963,941	26,659,851	26,191,959	45,412,152
Total fund balances	$ 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	$160,832,348

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

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 2012-2021
(modified accrual basis of accounting)
(unaudited) (1)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
General property taxes	$ 175,603,509	$ 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
Other local taxes	39,638,192	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
Permits, privilege fees and regulatory licenses	3,165,460	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
Fines and forfeitures	730,433	784,514	1,057,819	1,071,872	1,034,714	791,570	878,756	895,106	673,306	750,396
Use of money and property	334,240	347,769	432,444	462,759	872,914	840,813	1,747,745	3,159,567	2,848,904	651,639
Charges for services	5,817,807	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
Intergovernmental	31,186,940	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
Miscellaneous	3,139,690	3,883,714	7,402,475	6,616,291	5,229,929	6,745,267	5,864,196	5,646,084	10,239,068	6,237,637
Total revenues	259,616,271	264,833,825	271,597,250	277,745,789	287,574,659	297,168,325	311,511,873	321,406,992	334,555,435	371,842,116
Expenditures										
Current operating:										
General government	16,048,880	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
Judicial administration	6,459,754	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
Public safety	48,822,682	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
Public works	7,167,438	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
Health and social services	13,684,536	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
Parks, recreation and cultural	11,314,097	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
Community development	4,723,822	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
Appropriation to school board:										
School operation	98,599,339	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
School capital projects	24,540,497	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
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
Capital outlay	4,854,714	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
Debt service										
Principal	25,714,726	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
Interest and fiscal charges	16,932,891	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
Bond issuance costs	-	-	-	-	-	-	70,608	85,505	20,493	24,120
Total expenditures	278,863,376	306,881,719	311,983,296	313,875,989	332,339,409	323,017,399	336,136,916	327,843,478	346,811,086	347,235,429
Excess of revenues (under) expenditures	(19,247,105)	(42,047,894)	(40,386,046)	(36,130,200)	(44,764,750)	(25,849,074)	(24,625,043)	(6,436,486)	(12,255,651)	24,606,687
Other Financing Sources (Uses)										
Issuance of debt	26,515,000	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
Issuance of capital leases	-	-	5,980,906	-	5,128,339	-		2,194,073	4,555,506	-
Bond premium	3,577,788	6,163,715	-	-	3,037,527	3,605,595	2,219,352	1,304,024	776,405	2,032,253
Refunding bonds issuance	-	-	-	-	-	-	4,085,000	-	-	-
Premium on refunding bonds issuance	-	-	-	-	-	-	353,100	-	-	-
Transfers in	4,011,416	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
Transfers out	(4,011,416)	(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)
Payment from Joint Venture	-	-	-	-	-	238,984	-	-	-	-
Payment to Joint Venture	-	-	-	-	-	(1,175,535)	-	-	-	-
Refunding of debt	-	-	-	(64,335,000)	-	-	(4,367,492)	-	-	-
Other miscellaneous non-operating revenue	-	-	-	-	-	-	-	-	-	-
Loan to Component Unit	-	-	-	-	-	-	-	-	-	-
Total other financing sources, net	30,092,788	60,399,815	36,954,114	33,659,907	40,965,867	40,006,017	25,113,960	16,452,717	11,597,759	15,815,325
Net change in fund balances	**10,845,683**	**18,351,921**	**(3,431,932)**	**(2,470,293)**	**(3,798,883)**	**14,156,943**	**488,917**	**10,016,231**	**(657,892)**	**40,422,012**
Fund balance, beginning (3)	76,909,641	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
Fund balance, ending (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	$ 160,832,348

COUNTY OF STAFFORD, VIRGINIA

Table S-4
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CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
FISCAL YEARS 2012-2021
(modified accrual basis of accounting)
(unaudited) (1)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Total debt service	$ 42,647,617	$ 42,217,796	$ 35,254,971	$ 42,850,880	$ 43,745,842	$ 46,062,433	$ 46,362,693	$ 46,887,295	$ 45,784,512	$ 45,234,696
Total expenditures	$ 278,863,376	$ 306,881,719	$ 311,983,296	$ 313,875,989	$ 332,339,409	$ 323,017,399	$ 336,136,916	$ 327,843,478	$ 346,811,086	$ 347,235,429
Less: Capital outlay (2)	13,202,826	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
Non-capital expenditures	$ 265,660,550	$ 290,064,524	$ 284,296,315	$ 285,489,328	$ 290,574,126	$ 301,321,039	$ 313,515,426	$ 305,875,429	$ 328,200,146	$ 338,738,909
Debt service as a percentage of noncapital expenditures	**16.05%**	**14.55%**	**12.40%**	**15.01%**	**15.05%**	**15.29%**	**14.79%**	**15.33%**	**13.95%**	**13.35%**

(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 2012-2021
(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

(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 2012 - 2021
(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)
2012 (2)	$ 10,236,576,300	$ 2,623,917,176	$ 517,222,800	$ 13,002,326,118	$ 608,786,840	$ 196,387,420	$ 30,495,880	$ 19,280,860	$ 177,549,360	$ 1,032,500,360	$ 14,034,826,478	$ 1.19
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

(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 2012 - 2021
(unaudited) (2)

Calendar Year	Real Estate Tax Rate	Real Estate Direct Rate Applied (7)	Personal Property (4) Tax Rate	Personal Property (4) Direct Rate Applied (7)	Merchants Capital Tax Rate	Merchants Capital Direct Rate Applied (7)	Machinery and Tools Tax Rate	Machinery and Tools Direct Rate Applied (7)	Mobile Homes (5) Tax Rate	Mobile Homes (5) Direct Rate Applied	Recreational Vehicles/ Trailers; Watercraft & Business Property (6) Tax Rate	Recreational Vehicles/ Trailers; Watercraft & Business Property (6) Direct Rate Applied	Total Direct Tax Rate For each Fiscal Year (7)
2012 (3)	$1.07	$ 0.99	$6.89	$ 0.12	$0.50	$ 0.01	$0.75	$ -	$1.07	$ -	$5.49	$ 0.07	$1.19
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

(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 2020 vs 2011
(unaudited) (1)

		Calendar Year 2020			Calendar Year 2011		
Tax Payer	Type of Business	Assessed Valuation	Rank	% Total Assessed Valuation	Assessed Valuation	Rank	% Total Assessed Valuation
Virginia Electric & Power Co	Utility	$ 295,523,966	1	1.4%	$ 185,518,758	1	1.3%
Kensington Multifamily Partners LLC	Commercial	98,889,500	2	0.5%			
Stafford Market Place	Commercial	84,853,300	3	0.4%	72,947,700	4	0.5%
Silver Companies	Commercial	79,469,200	4	0.4%	103,942,200	2	0.7%
SREITI	Commercial	72,317,000	5	0.3%			
Verizon	Utility	71,611,642	6	0.3%	58,035,742	6	0.4%
Government Insurance Employee Co	Commercial	70,990,770	7	0.3%	81,148,300	3	0.6%
Aventine LLC	Commercial	67,579,300	8	0.3%			
Walmart	Commercial	65,037,405	9	0.3%	57,353,840	7	0.4%
Quantico Corportate Center	Commercial	60,633,400	10	0.3%			
United Dominion Realty Trust	Commercial				61,780,900	5	0.4%
ACPRE ACS Realty LLC	Commercial				54,270,700	8	0.4%
Washington Real Estate Investment Trust	Commercial				54,105,000	9	0.4%
Pulte Home Corp	Commercial				51,495,600	10	0.4%
Totals		$ 966,905,483		4.5%	$ 780,598,740		5.5%
Total taxable assessed value		$ 20,900,646,190			$ 14,302,458,616		

(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.

REAL PROPERTY TAX LEVIES AND COLLECTIONS
Fiscal Years 2012 - 2021
(unaudited) (1)

Fiscal Year	Taxes Levied for the Fiscal Year (2) (Original Levy)	Adjustments	Total Adjusted Levy	Collected within the Fiscal Year of the Levy: Amount	Collected within the Fiscal Year of the Levy: Percentage of Original Levy	Subsequent Collections by Levy Years (3)	Total Collections to Date: Amount	Total Collections to Date: Percentage of Adjusted Levy
2012	$ 138,195,291	$ (566,768)	$ 137,628,524	$ 134,446,756	97.29%	$ 3,033,195	$ 137,479,951	99.89%
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%	$ -	$ 172,494,161	97.97%

(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 2012- 2021
(unaudited) (1)

	Governmental Activities					Business-Type Activities	Total Direct Debt				
Fiscal Year	General Obligation Bonds (2)	Lease Revenue Bonds (2)	Literary Loans	Capital Leases	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)
2012	$ 257,810,098	$ 80,685,000	$ 3,661,484	$ 7,949,797	$ 8,023,769	$ 87,277,322	$ 445,407,470	$ 464,569,943	3.43%	7.97%	$ 3,370.90
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%	8.09%	$ 3,526.18
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%	8.38%	$ 3,686.24
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%	8.04%	$ 3,557.85
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%	$ 3,684.95
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%	8.00%	$ 3,683.75
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%	7.64%	$ 3,587.37
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%	7.06%	$ 3,379.24
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%	5.76%	$ 3,173.45
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%	6.81%	$ 3,010.40

(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).

COUNTY OF STAFFORD, VIRGINIA

Table S-11

RATIOS OF GENERAL BONDED DEBT OUTSTANDING
Fiscal Years 2012 - 2021
(unaudited) (1)

Fiscal Year	General Obligation Bonds (2)	Premiums on General Obligation Bonds	Percentage of Estimated Actual Taxable Value of Property (3)	Outstanding Debt Per Capita (4)
2012	$ 257,810,098	$ 10,782,718	1.85%	$ 1,951
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

(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, 2021
(unaudited) (1)

	Debt Outstanding	Estimated Percentage Applicable (2)	Estimated Share of Direct and Overlapping Debt
Direct debt:			
General Government			
General obligation bonds (3)	$ 300,452,031	100.0%	$ 300,452,031
Lease revenue bonds (3)	380,000	100.0%	380,000
Literary loans	216,143	100.0%	216,143
Capital leases	8,449,128	100.0%	8,449,128
VRA	66,525,745	100.0%	66,525,745
Total general government direct debt	376,023,047		376,023,047
Bond premiums	26,638,494	100.0%	26,638,494
Total general government obligations including premiums	$ 402,661,541		$ 402,661,541
Overlapping Debt:			
Regional Joint Activities			
Rappahannock Regional Jail	56,165,000	47.6%	26,734,540
Total regional joint ventures	56,165,000		26,734,540
Total overlapping debt	56,165,000		26,734,540
Total direct and overlapping debt	$ 432,188,047		$ 402,757,587

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
(2) The estimated percentage applicable of overlapping debt was calculated based on the population.
(3) Bond numbers shown do not include the impact of any deferred amounts for premiums or losses on refunding.

COUNTY OF STAFFORD, VIRGINIA **Table S-13**
Page 1 of 3

DEBT MARGIN INFORMATION
Fiscal Years 2012 - 2021
(unaudited) (1)

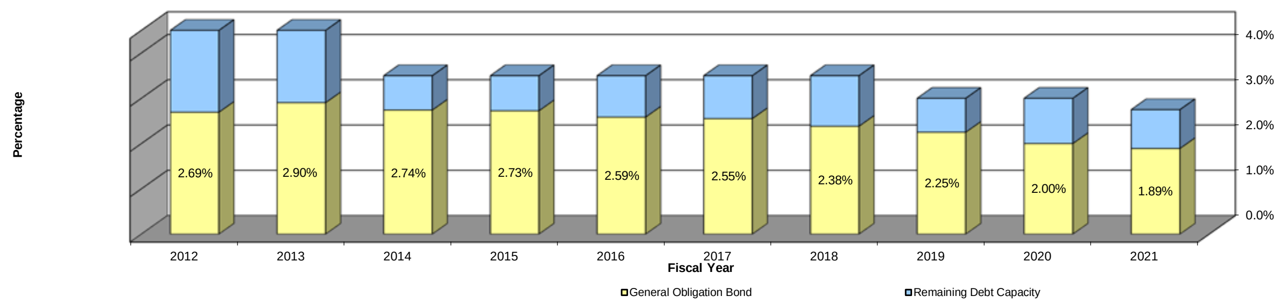
On June 4, 2019, the Board of Supervisors adopted new "Principles of High Performance Financial Management" as a means to prudently manage the people's resources through accountable and transparent allocation of resources, planned strategic use of financial resources to ensure sustainability, maintain 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 asssessed valuation of taxable real property prior to FY2014, 3% between FY2014-FY2019 and 2.75% thereafter. (2)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Assessed value of taxable real property	$ 13,002,326,118	$ 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
Debt limit, 3% of assessed value prior to 6/4/19, 2.75% thereafter (2)	$455,081,414	$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
Tax-supported general obligation debt (3)	$350,180,351	$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
% of assessed real property	**2.69%**	**2.90%**	**2.74%**	**2.73%**	**2.59%**	**2.55%**	**2.38%**	**2.25%**	**2.00%**	**1.89%**
Debt margin (4)	$104,901,063	$79,073,260	$109,072,404	$113,882,481	$65,747,957.37	$ 73,835,313	$ 107,887,901	$ 133,762,348	$ 142,329,480	$ 166,593,512

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



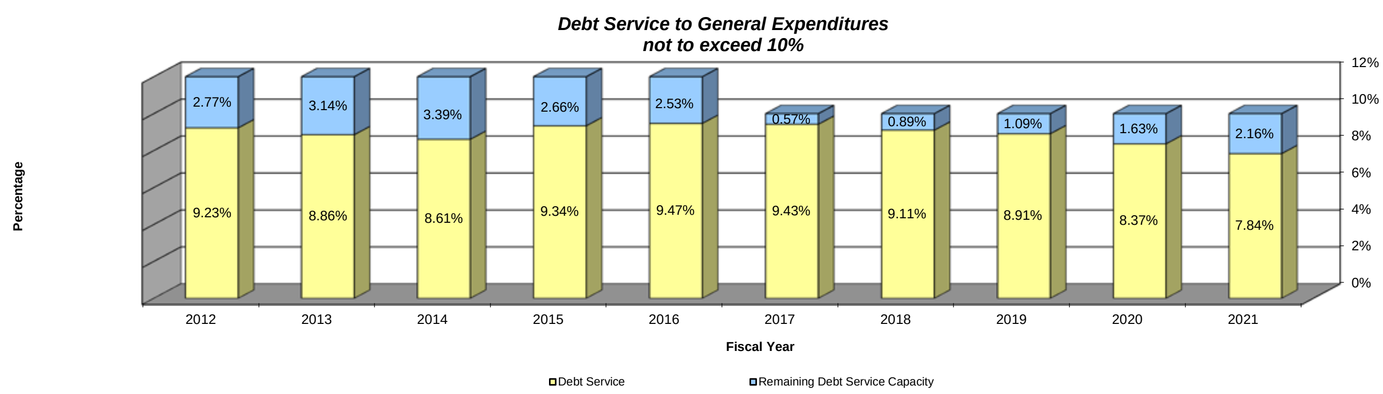
(1) The scope of the independent audit does not include the tables/charts displayed in the Statistical section of the ACFR.
(2) Debt limit was 3% of assessed value prior to June 21, 2005; it changed to 4.5% of assessed value until July 6, 2010; at that time it was set at 3.5% of assessed value with a 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.

DEBT MARGIN INFORMATION
Fiscal Years 2012 - 2021
(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									
	2012	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
General government budget (3)	$ 387,213,980	$ 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
Debt limit, 11% of general government budget, 10 % after 2015 (7)	$42,593,538	$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
Debt service expenditure (4) (5)	35,742,589	$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
Percentage of the general government budget	**9.23%**	**8.86%**	**8.61%**	**9.34%**	**9.47%**	**9.43%**	**9.11%**	**8.91%**	**8.37%**	**7.84%**
Debt service margin (6)	$ 6,850,949	$ 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



(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 debit limits for 2015 and 2017 were restated to 10%.

COUNTY OF STAFFORD, VIRGINIA

Table S-13
Page 3 of 3

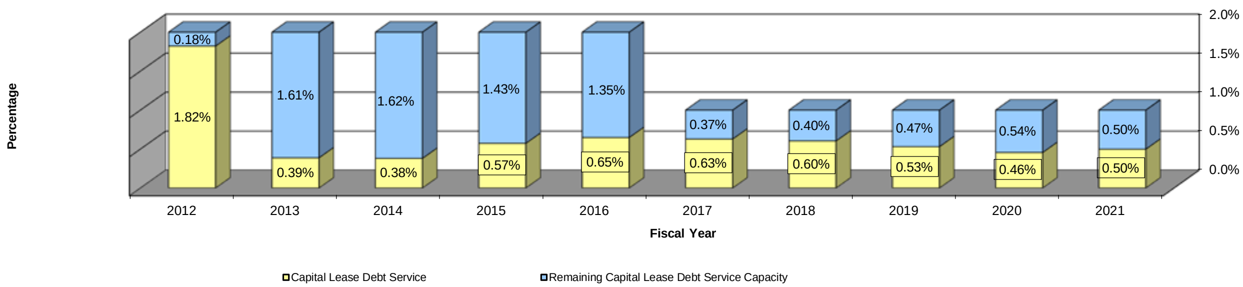
DEBT MARGIN INFORMATION
Fiscal Years 2012 - 2021
(unaudited) (1)

Debt Limitation 3:

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General government budget	$ 387,213,980	$ 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
Capital lease debt service limit (2) Total debt service limitation	7,744,280	3,990,276	4,094,509	4,192,694	4,261,757	4,442,427	4,623,884	4,756,514	4,973,656	5,204,183
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	2,596,344
Capital lease debt service as a percentage of general government budget	**1.82%**	**0.39%**	**0.38%**	**0.57%**	**0.65%**	**0.63%**	**0.60%**	**0.53%**	**0.46%**	**0.50%**
Debt service margin (4)	$ 689,327	$ 2,440,724	$ 2,534,827	$ 1,787,483	$ 1,495,072	$ 1,647,145	$ 1,828,602	$ 2,228,681	$ 2,704,028	$ 2,607,839

Capital Lease 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 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.

COUNTY OF STAFFORD, VIRGINIA

Table S-14

PLEDGED REVENUE COVERAGE: WATER AND SEWER FUND
Fiscal Years 2012 - 2021
(unaudited) (1)

	Water and Sewer Fund			Debt Service			
Fiscal Year	Gross Revenue (2)	Less: Expenses (3)	Net Available Revenue	Principal	Interest	Total	Coverage (Times) (4)
2012	$ 31,620,457	$ 20,670,017	$ 10,950,440	$ 3,815,613	$ 1,567,969	$ 5,383,582	2.03
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

(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 2012 - 2021
(unaudited) (1)

Fiscal Year	Population (2)	Civilian Labor Force (3)	At Place Employment(4)	Unemployment Rate (5)	Personal Income (in thousands) (6)	Per Capita Personal Income (7)	Total Taxable Assessed Real Property (8)
2012	132,719	72,993	37,508	4.9%	$ 5,674,401	$ 42,755	$ 13,002,326,118
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%	$ 6,779,926	$ 44,200	$ 20,900,646,190

(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.

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

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
(2) Census numbers for Median Age and Persons per Square Mile are for year 2020.
(Source: http://quickfacts.census.gov)

Source: US Census, 2010 & 2020.

COUNTY OF STAFFORD, VIRGINIA **Table S-17**

PRINCIPAL EMPLOYERS
Fiscal Years 2021 vs 2012
(unaudited) (1)

Employer	Industry	Fiscal Year 2021 Employees	Fiscal Year 2021 Rank	Fiscal Year 2021 Percentage of Total County Employment (2)	Fiscal Year 2012 Employees	Fiscal Year 2012 Rank	Fiscal Year 2012 Percentage of Total County Employment (2)
Stafford County School System	Education	4,249	1	9.9%	3,735	1	9.3%
GEICO, Government Employees Insurance	Insurance	3,700	2	8.7%	1000+	2	2.7%
U.S. Federal Bureau of Investigation	Government Services	2,100	3	4.9%	1000+	3	2.7%
U.S. Department of Defense	Government Services	2000+	4	4.7%	500-999	5	2.0%
Stafford County Government	County Government	971	5	2.3%	782	4	2.1%
Walmart	Retail	875	6	2.0%			
McLane Mid Atlantic	Merchant Wholesalers, Nondurable Goods	620	7	1.5%	500-999	7	2.0%
Intuit	Merchant Wholesalers, Durable Goods	350	8	0.8%	250-499	8	1.0%
Stafford Hospital Center	Medical	491	9	1.1%	500-999	6	2.0%
Intuit	Merchant Wholesalers, Durable Goods	350	10	0.8%	250-499	8	1.0%
QinetiQ	Engineering Consultants				250-499	9	1.0%
YMCA	Recreation				250-499	10	1.0%
Total 10 Largest Employers		15706+		36.7%	8767-11011+		26.8%
Total County Employment		42,750			37,508		

(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 2012- 2021
(unaudited) (1)

Function/Program Employees:	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Primary Government:										
Governmental activities:										
General government	99	99	97	103	102	107	107	124	124	110
Judicial administration	46	48	46	44	48	52	53	59	59	60
Public safety (2)	332	338	358	355	379	378	415	419	419	448
Health and welfare	54	51	51	54	52	51	64	72	72	65
Parks, recreation and community facilities (3)	53	51	53	54	58	56	62	88	88	67
Community development	62	67	69	66	62	63	72	75	75	68
Total governmental activities employees	646	654	674	676	701	707	773	837	837	819
Business-type activities:										
Utilities	136	132	134	137	137	133	140	139	139	142
Total business-type activities employees										
Total primary government employees	782	786	808	813	838	840	913	976	976	961
Volunteers:										
Public safety (4)	550	400	200	200	200	327	368	260	571	570

(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 2012 - 2021
(unaudited) (1)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental Activities:										
General government										
Commissioner of Revenue										
Taxpayers assisted at real estate and personal property counters	11,262	9,748	8,841	11,546	12,744	13,230	8,786	8,292	7,028	3,767
Building permits reviewed	1,798	1,961	1,976	1,858	1,973	2,310	2,248	2,270	3,106	6,868
State income tax returns processed	2,504	5,570	6,838	7,027	5,741	5,739	5,317	4,825	5,111	4,629
Personal property records processed	87,541	86,054	77,632	80,419	92,063	79,169	74,828	70,632	96,698	115,401
Finance										
Landfill bills processed	351	352	369	407	421	479	661	832	901	909
Accounts payable transactions processed (2)	44,497	45,156	47,429	43,731	44,379	49,327	33,859	31,096	30,835	30,289
Department of Human Resources										
Number of new hires	214	249	242	272	310	367	346	361	172	253
Number of positions recruited	94	80	78	90	104	111	134	155	141	139
Public Services										
Total facilities maintained (sq ft) (3)	495,567	563,271	565,128	555,218	600,967	594,232	612,624	612,800	620,662	720,756
Registrar										
Voters served at polling places	32,965	63,431	36,479	45,043	53,212	81,911	50,515	64,781	78,154	79,864
Registered Voters Served (4)	80,572	81,765	82,630	81,394	86,603	90,645	93,755	96,160	100,464	106,322
Treasurer										
Real estate and personal property bills processed	267,546	271,311	277,174	283,455	291,455	293,468	307,064	314,318	377,133	325,275
Water and sewer bills processed	390,614	395,147	401,193	415,050	415,050	431,776	440,792	451,511	461,154	470,251
Judicial administration										
Victims' services (5)	856	957	914	929	973	1,335	1,434	1,341	1,301	1,075
Public safety										
Requests for law enforcement service (responded)	75,457	73,371	75,716	75,458	82,317	85,332	71,310	67,788	73,957	79,162
Number of arrests	6,851	6,194	6,084	5,341	5,029	5,297	5,465	5,478	6,397	7,262
Number of fire and EMS calls (6)	25,660	25,957	25,432	24,845	17,983	25,039	26,665	19,400	20,248	23,311

OPERATING INDICATORS BY FUNCTION
Fiscal Years 2012 - 2021
(unaudited) (1)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Social Services										
Benefit applications received (11)	7,853	8,552	8,810	7,989	7,552	N/A	7,445	9,112	10,658	9,585
CPS complaints investigated (7)	603	546	542	695	704	755	780	709	572	564
Food stamp households served	3,701	4,024	4,032	3,718	3,379	3,201	3,106	3,126	3,422	3,768
Foster care children served	73	71	82	59	56	52	56	72	64	54
Parks, Recreational and Cultural										
Programs offered: gymnastics	2,230	2,056	1,610	2,532	2,689	3,312	3,339	3,417	2,462	448
Programs offered: senior citizens	377	260	495	564	801	834	838	714	367	48
Programs offered: sports/recreation	915	618	1,244	1,131	1,268	752	448	790	412	421
Programs offered: aquatics	550	630	507	635	903	704	1,685	899	151	26
Acres maintained (12)	1,432	1,476	1,476	1,476	2,072	2,072	2,072	2,072	2,072	2,072
Community Development										
Public Works										
Permits issued	3,567	4,306	4,424	4,062	5,228	5,735	5,495	5,616	5,466	5,947
Chesapeake Bay building permits reviewed	1,487	1,744	1,893	1,942	1,877	2,141	2,187	2,197	3,106	2,874
Building inspections performed	26,254	30,708	33,897	24,889	35,244	37,836	44,680	36,198	36,813	40,097
E&S control inspections performed (9)	5,765	6,584	6,576	7,504	6,973	7,055	6,646	6,271	5,301	4,856
Economic Development/Legislative Affairs										
At-place employment	37,508	38,039	39,443	40,341	41,939	42,399	43,130	44,318	42,750	47,810
Unemployment rate	4.9%	5.1%	5.1%	5.2%	4.0%	3.6%	3.3%	2.7%	5.8%	4.3%
Businesses in the County	2,257	2,272	2,329	2,377	2,639	2,618	2,674	2,810	2,873	2,922
Legislative bills reviewed for action/response (13)	2,876	2,575	2,942	2,925	3,009	2,959	3,722	3,128	3,911	1,555
Planning and Zoning										
Addresses issued (10)	760	1,666	633	716	417	1,626	1,040	398	825	742
Subdivision applications processed	316	442	652	482	460	365	602	258	132	384
Site plans processed	143	160	180	167	150	176	112	126	55	186
Zoning site development inspections	272	265	700	678	457	446	513	452	450	381
Zoning enforcement inspections performed	807	604	525	304	671	518	635	564	858	1,318

OPERATING INDICATORS BY FUNCTION
Fiscal Years 2012 - 2021
(unaudited) (1)

Function/Program	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Business-Type Activities:										
Water & Sewer Utilities										
Billions of gallons of water treated per year	3.400	3.944	3.305	3.328	3.160	3.185	3.173	3.450	3.670	3.721
Water storage (mg)	16.645	16.645	17.645	17.645	17.645	18.145	17.145	20.250	20.250	20.250
Billions of gallons of wastewater treated per year	2.994	2.844	3.066	2.486	2.948	3.047	3.204	3.220	3.210	3.651
Number of customer accounts served	32,650	33,240	33,768	34,518	35,427	36,268	37,035	37,845	38,643	39,400

(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 prc 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 2012 - 2021
(unaudited) (1)

	Fiscal Year									
Function/Program	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Public services										
Total facilities maintained (sq ft) (2)	495,567	563,271	520,858	518,034	600,967	594,232	612,624	612,800	620,662	620,662
Public safety (3)										
Number of Fire & Rescue Stations	7	8	8	8	10	10	10	10	10	10
Number of Fire Stations	4	4	4	4	3	3	3	3	3	3
Number of Rescue Squads	5	4	4	4	3	3	3	3	3	3
Utilities										
Water Plant Capacity (mgd)	19	19	19	19	19	19	19	19	19	19
Water Lines (miles)	600	613	619	634	643	657	704	679	711	711
Wastewater Plant Capacity (mgd)	14.5	14.5	18	18	18	18	18	18	18	18
Sewer Lines (miles)	497	506	511	516	522	534	540.6	549	541	541
Pumping Stations	89	89	91	90	88	88	94	94	94	94
Parks, recreation and cultural										
Number of County parks (6)	13	18	18	18	19	19	19	19	19	19
Acreage of County parks	1432	1476	1476	1476	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	2	3	3	3	3
Playgrounds (County & Schools) (7)	25	25	25	25	27	27	43	43	43	43
Athletic fields (County & Schools) (7)	82	93	93	92	99	99	151	151	151	151
Tennis courts (County & Schools) (7)	19	19	19	19	19	19	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	1	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	2	5	5	5	5	5	5
Public fishing lakes	2	2	2	2	2	3	3	3	3	3
Public boat ramps	3	3	3	3	4	4	4	4	4	4

CAPITAL ASSET STATISTICS BY FUNCTION
Fiscal Years 2012 - 2021
(unaudited) (1)

	Fiscal Year									
Function/Program	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**
Parks, recreation and cultural (cont.)										
Skateboard parks	2	2	2	2	2	2	2	2	2	2
Senior citizens centers	1	1	1	1	1	1	1	1	1	1
Gymnastics training centers	1	1	1	1	1	1	1	1	1	1
Community centers	2	2	2	2	4	4	4	4	4	4
Community development										
Libraries (5)	2	2	2	2	2	2	2	2	2	2

(1) The scope of the independent audit does not include the tables displayed within the Statistical section of the ACFR.
(2) County owned facilities only. FY2016 amount restated for FY2017 CAFR and thereafter. FY2014 and FY2015 amounts restated to exclude rental facilities for FY2018 ACFR and thereafter.
(3) Although the County supports the Fire and Rescue stations, not all stations are owned by the County. In FY18, FY16 and FY17 Rescue Squads were revised from 2 to 3.
(4) Regional parks & regional acreage was added to County parks & County acreage in fiscal year 2010.
(5) The Central Rappahannock Regional Library (CRRL) is a shared facility serving the Central Rappahannock area.
(6) Lake Mooney acreage was added in FY16. In the FY18 ACFR, the FY16 Parks, Recreational and Cultural "Acres Maintained" was revised to correctly reflect Lake Mooney acreage.
(7) The number of playgrounds, athletic fields and tennis courts were updated in FY18. Numbers were provided by County and Schools.

Source: Various Stafford County Departments

Report of Independent Auditor on Internal Control over Financial Reporting and on Compliance with Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Stafford County, Virginia (the "County"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 11, 2022. That report recognizes that the County restated net position of the discretely presented component unit and custodial funds due to the implementation of a new accounting standard, effective July 1, 2020.

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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings as item 2021-001, that we consider to be a significant deficiency.

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and two instances of noncompliance that are required to be reported under the *Specifications for Audits Counties, Cities, and Towns,* as noted in the Schedule of Findings and Questioned Costs as findings 2021-002 and 2021-003.

County's Responses to Findings
The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

Cherry Bekaert LLP

Tysons Corner, Virginia
February 11, 2022

Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance

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

Report on Compliance for Each Major Federal Program
We have audited Stafford County, Virginia's (the "County") compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility
Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program
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, 2021.

Report on Internal Control over Compliance
Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Cherry Bekaert LLP

Tysons Corner, Virginia
February 11, 2022

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Recipient State Agency/Program Title	ALN	Pass-through Agency Identifying Number	Expenditures	
U.S. DEPARTMENT OF AGRICULTURE				
Direct Payments:				
Agricultural Conservation Easement Program	10.931		$ 572,000	
Pass Through Payments:				
Department of Social Services				
State Administrative Matching Grants for				
Food Stamp Program	10.561	0010113-90103	1,057,716	
		0010113-90223		
		0040113-90104		
		0040113-90224		
TOTAL U.S. DEPARMENT OF AGRICULTURE				$ 1,629,716
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass Through Payments:				
Department of Social Services				
Social Services Block Grant	93.667	1000113-90648	347,577	
		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	95,380	
		0760113-90117		
		0760113-90118		
		0760113-90236		
		0760113-90237		
		0760113-90238		
		0760113-90529		
Child Care & Development Fund	93.575	773121 - 90785	1,283	
Total Child Care Cluster			96,663	
Administration for Children and Families				
Child Welfare Services - State Grants	93.645	0900113-90251	322	
Chafee Education and Training Vouchers Program	93.599	9160119 - 90353	2,993	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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	$ 432,345	
		0400113-90110		
		0400113-90111		
		0400113-90112		
		0400113-90127		
		0400113-90229		
		0400113-90230		
		0400113-90231		
		0400113-90232		
		0400113-90247		
		0400113-90249		
		0400113-90365		
		0400113-90377		
Promoting health and stable families	93.556	950113-91129	8,548	
Refugee and Entrant Assistance - State Administered Programs	93.566	0500113-90623	9,447	
		0500113-90113		
		0500113-90233		
Low-Income Home Energy Assistance	93.568	0600413-90114	64,229	
		0600413-90115		
		0600413-90234		
		0600413-90235		
Foster Care Title IV-E	93.658	1100113-90639	481,677	
		1100113-90658		
		1100113-90105		
		1100113-90106		
		1100113-90147		
		1100113-90225		
		1100113-90226		
		1100113-90227		
		1100113-90253		
		1100113-90258		
		1100113-90267		
		1100113-90268		
Adoption Assistance	93.659	1120113-90606	559,218	
		1120113-90607		
		1120113-90228		
Chafee Foster Care Independence Program	93.674	9150113-90254	9,695	
		9150113-90356		
State Children's Insurance Program	93.767	0540113-90102	10,542	
		0540113-90222		
Medical Assistance Program (Medicaid; Title XIX)	93.778	1200113-90101	813,929	
		1200113-90146		
		1200113-90221		
		1200112-90266		
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				$ 2,837,185

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

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		68,473	
Coronavirus Emergency Supplemental Funding	16.034		52,458	
Office of Community Oriented Policing Services				
COPS Hiring Program	16.710		69,702	
Pass Through Payments:				
Office for Victims of Crime	16.575	21-X9564VW19-VICT	147,664	
TOTAL U.S. DEPARTMENT OF JUSTICE				$ 338,297
U.S. DEPARTMENT OF TRANSPORTATION				
Direct Payments:				
Federal Highway Administration				
Highway Planning and Construction	20.205		124,723	
Pass Through Payments:				
Department of Motor Vehicles				
State and Community Highway Safety (Section 402)	20.600	SC2014-54108-5356	13,945	
Selective Enforcement - Alcohol	20.601	K8-2013-53164-4879	15,249	
Selective Enforcement - Occupant Protection	20.602	K2-2013-53165-4880	3,074	
Total Highway Safety Cluster			32,268	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				$ 156,991
U.S. DEPARTMENT OF HOMELAND SECURITY				
Pass Through Payments:				
Department of Emergency Management				
Emergency Management Performance Grant	97.042	2010-EP-EO-0039	49,164	
State Homeland Security Program	97.067		26,569	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				$ 75,733
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	748,500	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				$ 748,500
U.S. DEPARTMENT OF TREASURY				
Direct Payments:				
QSCB Interest	21.UNK		65,346	
American Rescue Plan Act - Coronavirus State & Local Fiscal Recovery Funds (SLFRF)	21.027		142,935	
Pass Through Payments:				
Cares Act-Coronavirus Relief Fund	21.019		26,559,229	
TOTAL U.S. DEPARTMENT OF TREASURY				$ 26,767,510
ELECTION ASSISTANCE COMMISSION				
Pass Through Payments:				
Department of Elections				
Health America Vote Act Funds	90.404	116912 - COVID19	92,966	
TOTAL ELECTION ASSISTANCE COMMISSION				$ 92,966
GRAND TOTAL FEDERAL FINANCIAL ASSISTANCE				**$ 32,646,897**

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, 2021

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, 2021. 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 Singe 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 CARES Act Coronavirus Relief Fund (ALN # 21.019) funding totaling $2,319,755 to two subrecipients. One subaward was used to provide housing assistance for residents whose employment and/or medical/child care responsibilities were impacted due to COVID-19. The other subaward was to provide assistance to businesses economically impacted by the pandemic. No other federal awards were passed through to subrecipients.

Stafford County, Virginia
Schedule of Findings and Questioned Costs
June 30, 2021

A. Summary of Auditor's Results

1. The type of report issued on the basic financial statements: **Unmodified opinion**
2. Significant deficiencies in internal control disclosed by the audit of the financial statements**:** **Yes, 2021-001**
3. Material weaknesses in internal control disclosed by the audit of financial statements: **None**
4. Noncompliance, which is material to the financial statements: **None**
5. Significant deficiencies in internal control over major programs: **None reported**
6. Material weaknesses in internal control over major programs: **None**
7. The type of report issued on compliance for major programs: **Unmodified**
8. Any audit findings which are required to be reported under the Uniform Guidance: **No**
9. The programs tested as major programs were:

ALN	Name of Federal Program and Cluster
10.551-CL	Supplemental Nutrition Assistance Program (SNAP) Cluster
21.019	Coronavirus Relief Fund

10. Dollar threshold used to distinguish between type A and type B programs: **$979,408**
11. Auditee qualified as low-risk auditee? **No**

B. Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*

Finding: 2021-001 – Stafford County – Unbilled Receivables

Type of Finding: Significant Deficiency

Prior Year Audit Finding Number: Not Applicable

Criteria: In accordance with accounting principles generally accepted in the United States of America reporting requirements, unbilled receivables account for services that have already provided, but not yet billed to the customer at reporting period-end.

Condition: During the fiscal year, County management determined the supporting schedule for unbilled receivables did not reconcile to the trial balance recorded amount.

Cause: The unbilled receivables balance provided did not reconcile to the trial balance because there was a transposition error when recording a journal entry for the activity.

Effect: Unbilled receivables and revenues were understated; therefore, County management recorded an adjusting journal entry to correctly reflect the activity for current fiscal year-end reporting.

Auditor's Recommendation: We recommend County finance management review schedules to ensure they support the trial balance recorded amount as well as lower the scope of their monthly reporting period-end analytics performed to increase the opportunity to identify possible errors.

Management's Response: Management concurs. The misstatement occurred due to a typo when entering the meter reading into the worksheet for recording the unbilled activity. Management will institute a secondary review process to check control totals of the meter readings to a control total on the worksheet.

C. Findings and Questioned Costs Relating to Federal Awards:

None noted

D. Findings Relating to Compliance with Commonwealth of Virginia Laws, Regulations, Contracts, and Grants

Finding: 2021-002

Type of Finding: Non-material, Non-compliance – Conflict of Interest

Prior Year Audit Finding Number: 2020-002

Criteria:
Section 2.2-3115 of the Code of Virginia requires certain local government officials and employees file a Statement of Economic Interest ("SOEI"), Financial Disclosure Statement ("FDS"), and Real Estate Disclosure ("RED") form with the Clerk of the local governing body by February 1st or prior to assuming office or taking employment.

Condition:
During our testing required by the *Specifications for Audits Counties, Cities, and Towns,* we noted:

- Of seventeen (17) County Board members, other officials and personnel required to complete the forms, we noted three (3) instances where the forms were not filed prior to the local official assuming office.
- Of one-hundred and seventy (170) individuals required to complete a SOEI, FDS, or RED form, we noted twelve (12) that did not complete their disclosure requirements.
- Of one-hundred and seventy (170) individuals required to complete a SOEI, FDS, or RED form, we noted three (3) newly hired individuals did not submit their form(s) prior to being hired.

Cause:
Controls in place over the complete and timely submission of required disclosure forms were not followed by County personnel.

Effect:
Non-compliance could result in action by the Commonwealth of Virginia.

Recommendation:
Local government officials should complete the required disclosure forms in accordance with prescribed requirements.

Views of responsible officials and planned corrective actions:
Management concurs. Staff sent notifications in early January and did several follow-ups to obtain the forms. Of the 170 forms, all but 12 were collected. Staff has a checklist and will endeavor to follow up multiple times for future years. For 2022 and future years, staff will provide a checklist to the Board of Supervisors prior to the deadline.
Finding: 2021-003

Type of Finding: Non-material, Non-compliance – Public Notice

Prior Year Audit Finding Number: Not Applicable

Criteria:
Section 15.2-2506 in Chapter 25 of Title 15.2 of the Code of Virginia sets forth procedures for the annual publication and notice requirements for budgeting. This section requires "A brief synopsis of the budget that, except in the case of school division budget, shall be informative and fiscal planning purposes only, shall be published once in a newspaper having general circulation in the locality affected, and notice given of one or more public hearings, at least seven days prior to the date set for hearing, at which any citizen of the locality shall have the right to attend and state his views thereon. Any locality not having a newspaper of general circulation may in lieu of the foregoing notice by written of printed handbills, posted at such places as it may direct".

Condition:
During our testing required by the *Specifications for Audits Counties, Cities, and Towns*, we determined the public hearing for the adoption of the fiscal year 2021 budget was not advertised in a newspaper per review of Board of Supervisors minutes and discussion with Kim Herman, Budget Manager.

Cause:
Controls in place over the public notice reporting to ensure budget meetings are properly advertised according to the Code of Virginia §15.2-2506 were not followed.

Effect:
Non-compliance could result in action by the Commonwealth of Virginia.

Recommendation:
Budget meetings should be properly advertised in accordance with prescribed requirements.

Views of responsible officials and planned corrective actions:
Management concurs. Corrective measures have been put in place to ensure the process of developing the advertisements are completed as part of the preparation of the Board action to request advertisement. Also, a team of two staff members will be working on these together with another staff member providing oversight. This remains on management's list as part of the annual budget requirements.

E. Status of Prior Year Findings

Finding 2020-001 – Non-material, Non-compliance – Property Taxes and Property Taxes Receivable

Status: Corrective action implemented as evidenced by finding not being repeated.

Finding 2020-002 – Non-material, Non-compliance – Conflict of Interest

Status: Repeat finding 2021-002.

Finding 2020-003 – Non-material, Non-compliance – Unclaimed Property

Status: Corrective action implemented as evidenced by finding not being repeated.

Finding 2020-004 – Non-material, Non-compliance – Acceptable Use Policy

Status: Corrective action implemented as evidenced by finding not being repeated.

Finding 2020-005 – Non-material, Non-compliance – Procurement

Status: Corrective action implemented as evidenced by finding not being repeated.

Board of Supervisors

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

Frederick J. Presley
County Administrator

County of Stafford, VA

Corrective Action Plan
For the Year Ended June 30, 2021

Section II – Financial Statement Findings

Finding 2021-001 – Significant Deficiency – Recording Unbilled Receivables

Corrective Action: The Water & Sewer Accounting Manager will perform a secondary review of the unbilled schedule and perform analytics in conjunction with the trial balance prior to sending the entry to Finance for recording. Implementation is ongoing and expected by June 30, 2022, contact is Deidre Jett, Utilities Accounting Manager.