STAFFORD COUNTY
Public Schools

Inspire and empower every student.





Annual Comprehensive Financial Report

(A Component Unit of
Stafford County, Virginia)



Fiscal Year 2023
(July 1, 2022 – June 30, 2023)

2023 COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2023
(July 1, 2022 – June 30, 2023)

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OUR VISION:

Prepared to Excel

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
June 30, 2023



Members of the Stafford County Board of Supervisors
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Mr. Thomas Coen, George Washington District – Vice Chairman
Ms. Monica Gary - Aquia District
Ms. Meg Bohmke, Falmouth District
Ms. Tinesha Allen, Griffis-Widewater District
Mr. Darrell English, Hartwood District
Ms. Crystal Vanuch, Rock Hill District

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

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Mr. Chris R. Fulmer, Deputy Superintendent & Chief Operating Officer
Mr. Michael Bolling, Chief Academic Officer
Ms. Sandra K. Osborn, Chief Communications Officer
Dr. James Stemple, Chief of Schools
Dr. Ann M. Bueche, Chief Support Services Officer
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Stafford County Public Schools
A Component Unit of Stafford County, Virginia
June 30, 2023

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INTRODUCTORY SECTION

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

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

December 15, 2023

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

We hereby submit the Annual Comprehensive Financial Report (ACFR) of Stafford County Public Schools (Stafford Schools, or the division) for the fiscal year ended June 30, 2023. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the management of Stafford Schools. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position and results of operations of the various activities and funds of Stafford Schools.

Overview of the Annual Comprehensive Financial Report

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

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

Independent Audit

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

Single Audit Act

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

Profile of the County of Stafford and Stafford County Public Schools

The County of Stafford

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

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

An elected seven-member Board of Supervisors, representing the following districts, governs Stafford County: Aquia, Falmouth, Garrisonville, George Washington, Griffis-Widewater, Hartwood, and Rockhill. The Board of Supervisors has established the following priorities for the community: public safety, education, economic development, infrastructure, and service excellence, all encompassed by fiscal responsibility and reducing the tax burden. Stafford County, Virginia's estimated 2023 population is 165,318 with a growth rate of 1.72% in the past year according to the most recent United States census data. Stafford County is the 12th largest county in Virginia. The 2010 population was 128,961 and has seen a growth of 28.19% since that time.

Stafford County Public Schools

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

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

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

Impact of the COVID-19 Global Pandemic

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

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

community and all stakeholders informed and engaged at every point in the process; seeking not only to advise them of new and relevant information in a timely manner but also to secure information from them to aid our decision-making.

The 2021-22 school year saw a return to in-person learning in Stafford County Public Schools for all students. Mask mandates and other mitigation strategies were maintained throughout the school division in accordance with CDC guidance. Stafford Schools -- like many other school divisions in our region, state and country -- had to cope with a shortage of bus drivers, nutrition services workers, and substitute teachers. We also saw the effects of learning loss on our student population. The school division has worked to create a personalized and flexible remediation and acceleration model, which provides students with additional time and opportunities to recover from learning loss due to the pandemic and academic difficulties.

During the 2022-23 school year, staff redeveloped the school improvement planning process to strategically target improvement in student achievement and provide support at every school. Division-wide expectations were established to ensure consistency in the implementation of the division curricula and pacing, discipline procedures, and attendance expectations.

Economic Outlook

Median Household Income

Median household income in Stafford County in 2021 was estimated at $119,818 *(Census Small Area Income and Poverty Estimates data)*. This compares to the median household income in Virginia of $80,615.

Composite Index

The Commonwealth of Virginia computes an index figure for each locality, known as the Composite Index of Local Ability-to-Pay (Composite Index or Index). The calculation for the Composite Index is very complex, as summarized in *Management's Discussion & Analysis.* The Composite Index determines how much the required local match contribution to state funding for the standards of quality (SOQ) programs, incentive programs, and the lottery-funded programs. The Composite Index decreased from .3470 in the state biennium covering fiscal years 2021 and 2022 to .3411 in the state biennium covering fiscal years 2023 and 2024.

Impact of State Funding

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

MAJOR INITIATIVES AND ACCOMPLISHMENTS

Department of Academic Programs Accomplishments

Accomplishments of the Department of Academic Programs in collaboration with the Offices of School Leadership and Professional Learning for 2022-2023 are highlighted below:

- Secured grants for over $625K to support implementation of Specialty Centers
- Implementing a plan to open three Specialty Centers in 2024-2025 and expand 4-year program pathway offerings for secondary students
- Revision of curriculum K-12 to reflect the state and local expectations (revised standards in mathematics, science, history)
- Redeveloped the school improvement planning process to strategically target improvement in student achievement and supports at every school - shared publicly, quarterly reviews
- Established division expectations to ensure consistency in implementation of the division curricula and pacing, discipline procedures, and attendance expectations
- Revised over 25 instructional policies and regulations to facilitate effective practices and compliance

- Developed infrastructural documents to support student learning for the central staff, school administration, teachers, and students, including improved staffing standards for Special Education (+14%) and ESOL (+31%)
- Provided school administrators with access to attendance, discipline, and instructional achievement data through the QLIK dashboard to inform and monitor school improvement plans
- Revised the Standards-based Grading (SBG) system for Elementary
- Implementing a division multi-tiered system of supports (MTSS) for all students to improve access to student support services
- Provided training for K-3 teachers and implementing training for all K-8 teachers in the science of reading and evidenced-based literacy instruction through the implementation of the Virginia Literacy Act
- Redevelopment of the middle school schedule to include daily instructional time in English Language Arts and Mathematics
- Development of course blueprints for teachers in 39 middle and high school courses
- Providing professional learning and technical support to school administration and school staff, including identified areas of need
- Development of the three-year Writing Plan to address demonstrated needs in student writing skills in grades K-8

Department of Student Services Accomplishments

VDOE Annual Performance Report

The Virginia Department of Education (VDOE) designated Stafford Schools as Meets Requirements (highest rating) for the 2021-2022 reporting year. The VDOE determines this rating based on whether the school division complies with State Performance Indicators. Areas monitored by VDOE include: compliance indicators for suspension and expulsion of students with disabilities, disproportionate representation of racial and ethnic groups in special education, timelines for eligibility, post-secondary goals for transition, correct and timely submission of data, and percentage of students with disabilities participating in statewide assessments and graduation. VDOE reports data on these indicators in August for the previous school year; data for 2022-2023 will be available in August 2024.

Multi-Sensory Reading Training for Staff

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

Project SEARCH/Post Grad Programming

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

Nursing

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

Mental Health Support and Training

We continue to provide mental health support and training for all staff to support the overall well-being of our students. We are in the exploration phase of adopting a new social emotional curriculum for teachers to implement

with their students and we provide building level support for the implementation of those strategies. We are also partnering with community stakeholders to continue supporting the social emotional well-being of all students.

Nutrition Services Accomplishments

The Stafford Schools Nutrition Services department is committed to enhancing student learning by providing high quality and nutritious meals with outstanding customer service. During the 2022-2023 school year, the department achieved success in the following areas:

- Nutrition Services was honored to win the coveted 2023 VSBA Food for Thought Competition for the second year in a row for outstanding efforts in the Healthy School Meals initiative.
- Successfully launched the Community Eligibility Provision (CEP) in 5 elementary schools and 2 HeadStart programs. CEP schools provided breakfast and lunch free of charge to all students.
- Nutrition Services was extremely proud to serve 1,384,531 student breakfasts and 2,629,440 lunches. The department witnessed impressive breakfast and lunch participation increases of 31% and 12.2% respectively compared to pre-Covid school year data.
- The Nutrition department significantly enhanced school menus with the addition of the Virginia Harvest of the Month initiative. School menus featured fresh locally grown produce such as fresh sweet potatoes, kale, Gala apples, and more.

Professional Learning Accomplishments

In Fiscal Year 2023, Stafford Schools continued efforts to provide high quality support to school buildings as they supported student learning recovery post-pandemic. Stafford Schools fulfilled its planned realignment into a single Professional Learning team for both instructional and support staff, integrated with recruitment personnel into a new Department of Recruitment and Professional Learning (DRPL) to provide a continuous focus on sourcing, retaining, and developing talent in and outside the classroom.

Accomplishments:

- Conducted a thorough market review for a new professional learning marketplace, selected the Powerschool Professional Learning platform, and oversaw implementation of the new platform for launch in summer 2023 with heightened integration with other technology platforms, enhanced user interfaces, and expanded access to all employees (not just licensed staff)
- Developed a new Employee Value Proposition for use in recruitment and to ensure alignment of professional learning priorities to what is promised to new employees
- Redesigned Summer Leadership Academy for building and Central Office administrators and school-based teacher leaders as a launch for a year-long professional learning focus on school improvement plans, school culture, and instructional strategy
- Extended the reach of leadership coaching to all new assistant principals through a redesigned onboarding/orientation process and required work with an instructional coach, along with outside professional learning for all assistant principals
- Launched two year redesign of site-based instructional coaching, particularly the roles and responsibilities of school-based specialists such as instructional technology resource teachers and reading specialists, and developing a shared understanding of effective instructional coaching
- Continued refinement of existing professional learning matters, including Prep for Success Week (for new licensed hires), Mentor360 (differentiated mentorship for new licensed hires based on experience, subject area, and site placement), Stafford Substitute Institute (multiday learning for substitute teachers), restorative justice practices at pilot sites, and site-based Equity/Family Advocates

Human Resources Accomplishments

The Department of Human Resources (DHR) continued to focus on strong staffing in licensed, classified, and administrative positions for schools and departments. Licensed positions (including teachers as well as counselors, librarians, psychologists, social workers, and other related health service providers) remain a top priority based on the School Board's adopted budget priorities, which emphasized maintenance of elementary class sizes below state

requirements, robust and diverse courses of study at the middle and high school levels, and added positions to address student social and emotional health. Stafford Schools opened the 2023-24 school year with over 96 percent of budgeted licensed positions filled and retained nearly 90 percent of licensed staff from 2022-23 to 2023-24, our highest rate of retention among licensed staff in a full school year since at least 2017-18.

Accomplishments:

- Expanded partnerships for "Grow Your Own" programs, including one of Virginia's first registered apprenticeship programs for teachers in partnership with the University of Mary Washington
- Securing multiple grants from the Virginia Department of Education to support educator recruitment and retention, including enhanced tuition reimbursement and direct tuition payment for instructional aides and substitute teacher seeking teacher licensure
- Spearheaded design and implementation of enrollment-based staffing standards for grades K-12 to systemize allocation of resources and improve alignment of position control with Department of Finance and Budget
- Organized and facilitating destaffing of over 100 FTEs as part of staffing standard implementation, facilitating reassignment of nearly all affected staff who desired to stay with Stafford Schools through mutual consent transfers and avoiding forced placements.
- Held expanded Health and Wellness Fair with Office of Communications, including over 50 community vendors
- Maintaining a work atmosphere of adherence to labor standards, with zero founded complaints of violations of regulations related to workforce safety protocols, equal employment opportunity, Fair Labor Standards Act, or other labor law, including an audit of FLSA practices by the Department of Labor with no findings requiring corrective action

Office of Technology Accomplishments

During the past year, the Office of Technology has completed several exciting projects, and has much more in the pipeline. The projects listed below, highlight some of the larger projects executed this year and how they meet our strategic goals.

Student and Family Technology Support

The Office of Technology and Communications partnered together to design and execute conferences using the event platform Swoogo. With Swoogo, Stafford Schools was able to automate our events, increase engagement, and maximize efficiency in pursuit of the strategic priority of improving performance. Since its launch in March, Swoogo has been used in the following events: I'm Determined, Admin 360, Prep for Success, Chart Your Future, SISP, Pathways, and VRS Night.

Instructional Support Systems

Since Governor Glenn Youngkin released his executive order on artificial intelligence, the Office of Technology has engaged with communities to develop a comprehensive policy for AI use in the classroom. Beginning in February, the Office of Technology collaborated with the Technology Advisory Committee to investigate GPT and its use in education. In September, a draft policy and regulation for the Use of Generative Artificial Intelligence was presented to the Governance Committee of the School Board with final adoption expected in December, 2023.

Network Infrastructure

In an effort to protect our employees from sophisticated payroll phishing scams, the Office of Technology enabled two factor authentication for all staff. Two factor authentication provides numerous benefits both at the organizational and individual level. These benefits include regulatory compliance, enhanced security, and reduction of fraud. The Office of Technology will continue its vigilance in preventing phishing scams as part of its commitment to ensure that staff are safe in their learning and work environments.

Information Systems

Qlik, our new District Data Visualization Dashboard, helps school and district leadership analyze critical information to make informed decisions. The dashboard provides longitudinal data such as attendance, discipline, climate survey, and student enrollment to our Principals and District Leadership. The Office of Technology will continue to expand

on the system by providing student performance data as well as engage with a wider audience by increasing access. The Office of Technology replaced its legacy system helpdesk with our more robust system, Incident IQ. Incident IQ provides numerous benefits including single sign on integration, a modern, user-friendly interface, and improved reporting and analytics. In the next year, we will expand the HelpDesk to include asset management and enhanced approval workflow to operate more efficiently as a school district.

Technology Intern Program Recognition

The Virginia Talent + Opportunity Partnership (V-TOP) ranked Stafford County Public Schools among its 100 recipients of the 2023 Top Virginia Employers for Interns Awards for the intern program managed by the Office of Technology. The annual award recognizes Virginia employers who provide high-quality internships to students. Stafford Schools was the only school system to be awarded with this distinction. The Office of Technology trains an average of ten students per year for careers in Technology, many going on to work within Stafford Schools.

Financial Information

Stafford Schools continues its sound financial condition as demonstrated by the financial statements and schedules included in this report, operating within the resources available while achieving many of its program goals. Approximately 85% of the current operating costs are related to employee compensation and providing competitive salaries and benefits to attract and retain qualified staff. This remains a top priority for Stafford Schools in the FY 2025 budget development process.

Other Post-Employment Benefits (OPEB) Trust Fund

Stafford Schools established an irrevocable trust to invest funds to cover the OPEB liability for current and future retiree health benefit costs. The fair value of the trust fund investments at June 30, 2023 and 2022 was $39,575,721 and $36,804,983, respectively. The cost value of the trust fund investments at June 30, 2023 and 2022 was $23,822,932 and $23,844,378, respectively.

Internal Controls

The internal control system is designed to provide reasonable, but not absolute, assurance that Stafford Schools' management objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management. The internal control system should reduce to a relatively low level the risk that material errors or fraud may occur. Materiality is determined in relation to the financial statements taken as a whole. The internal control system should ensure that any material errors or fraud that occurs are detected in a timely manner by employees in the normal course of performing their job duties and responsibilities.

Budgetary Controls

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

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

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

Risk Management

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

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

Cash Management

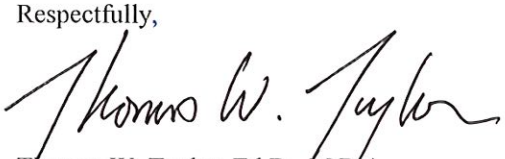
The County is the custodian of all the cash and investments of Stafford Schools, except certain cash on hand, investments held for certain capital projects, and funds held in local student activity accounts. Stafford Schools does not report a year-end cash balance as it is county policy to reclassify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

Acknowledgements

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

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

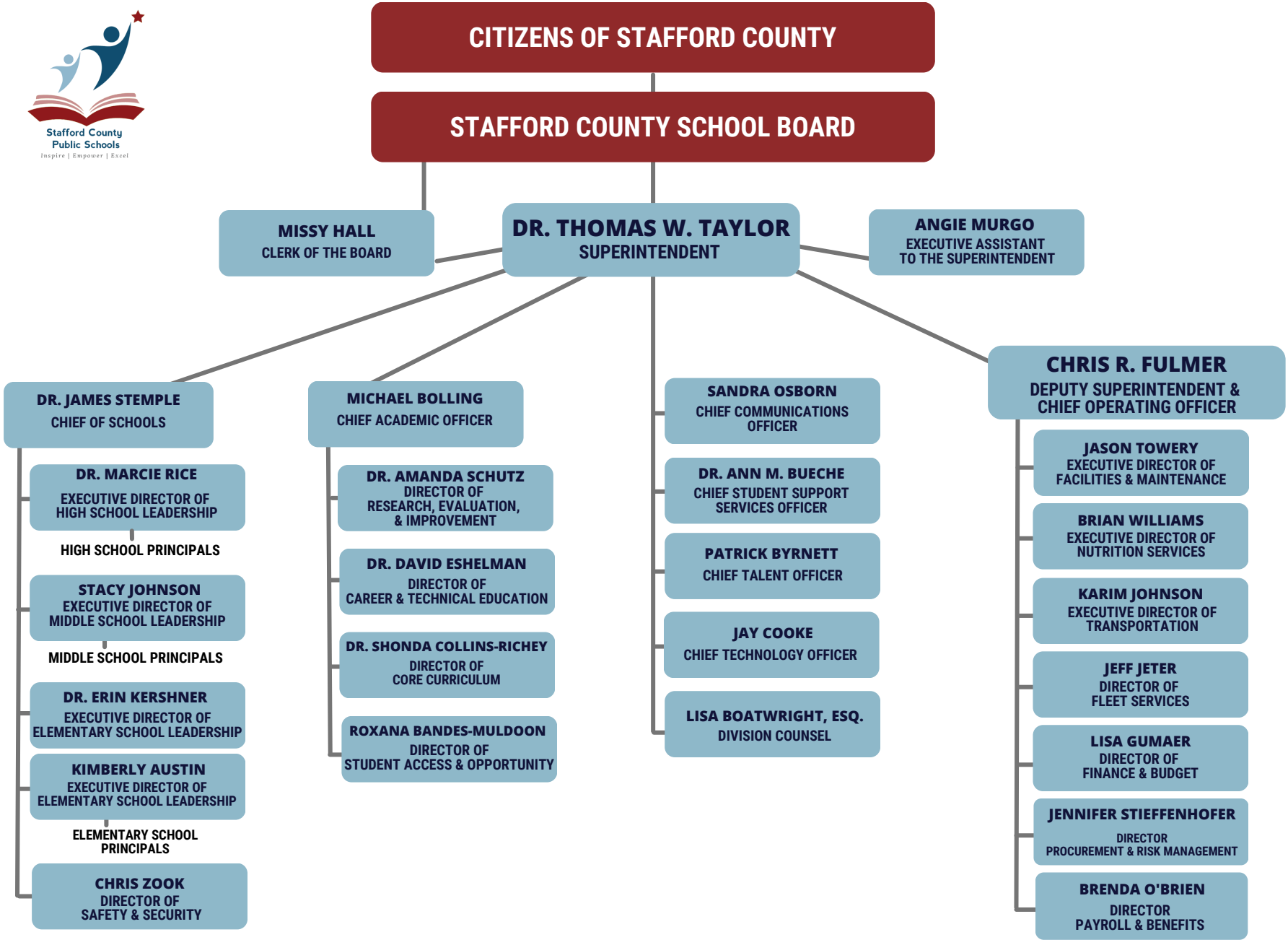
Respectfully,



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



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



INSPIRE. EMPOWER. EXCEL.

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

PBMares SM
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Stafford Schools' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford Schools, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2023 on our consideration of Stafford Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stafford Schools' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stafford Schools' internal control over financial reporting and compliance.

PBMares, LLP

Harrisonburg, Virginia
December 15, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of Stafford County Public Schools (Stafford Schools), we offer readers an overview and analysis of financial activities as of and for the fiscal year ended June 30, 2023. This section of the Annual Comprehensive Financial Report (ACFR) presents Management's Discussion and Analysis (MD&A) of the overall financial performance of Stafford Schools during the fiscal year ended June 30, 2023. Readers are encouraged to consider this information in conjunction with Stafford Schools' transmittal letter, basic financial statements, and notes to the basic financial statements to enhance their understanding and use of the basic financial statements.

FINANCIAL HIGHLIGHTS

Government-Wide Financial Statements

Stafford Schools' total net position on a government-wide basis was $193.1 million at June 30, 2023, as a result of assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources. Total revenues generated in fiscal year 2023 were $566.6 million, which exceeded governmental activities expenses of $430.9 million. This resulted in an increase in total net position of $135.7 million for the current year.

General revenues, which includes funds transferred from the County, totaled $291.5 million and were available to use as needed. Such revenues were sufficient to offset the $155.9 million of program expenses that were in excess of program revenues.

Fund Financial Statements

Stafford Schools' governmental funds reported a combined fund balance of $141.9 million as of June 30, 2023. This represents an increase of $93.7 million from the prior fiscal year. The increase is primarily due to funding provided by the County for the construction of the sixth high school.

Stafford Schools' General Fund (otherwise referred to as the Operating Fund) reported a fund balance of $5.8 million as of June 30, 2023, which is encumbered for future expenditures. This represents a decrease of $5.1 million, or 46.8%, as compared to the June 30, 2022, fund balance of $10.9 million.

The Capital Projects Fund ended fiscal year 2023 with a fund balance of $120.7 million, an increase of $99.3 million over the prior fiscal year. This amount is restricted for construction projects in progress and starting in the near future, including the sixth high school.

OVERVIEW OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT

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

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

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

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

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

OVERVIEW OF THIS ANNUAL COMPREHENSIVE FINANCIAL REPORT (Continued)

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

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

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

THE BASIC FINANCIAL STATEMENTS

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

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

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

THE BASIC FINANCIAL STATEMENTS (Continued)

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

	Government-wide Financial Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire school division	Activities of school system not fiduciary or proprietary, such as Operating Fund, Capital Projects Fund, Food and Nutrition Services Fund, Grants Fund, and Activity Funds	Activities of school system operating similar to private businesses, such as Fleet Services Fund, Health Benefits Fund and Workers' Compensation Fund	Activities of school system with an agent or trustee overseeing resources, such as OPEB Trust Fund and Employee Flexible Spending Custodial Fund
Required financial statements	• Statement of Net Position • Statement of Activities	• Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances	• Statement of Net Position • Statement of Revenues, Expenses, and Changes in Net Position • Statement of Cash Flows	• Statement of Fiduciary Net Position • Statements of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter, no capital assets included	All assets and liabilities, both financial and capital and short-term and long-term	All assets and liabilities, both financial and capital and short-term and long-term
Type of inflow/outflow information	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	Revenues when cash is received during or soon after year-end; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues earned and expenses incurred during year, regardless of when cash is received or paid	All revenues earned and expenses incurred during year, regardless of when cash is received or paid

FINANCIAL ANALYSIS OF STAFFORD SCHOOLS AS A WHOLE

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

Net Position

The following table provides a summary of Stafford Schools' net position as of June 30, 2023 and 2022.

Summary of Net Position
June 30, 2023 and 2022
(In thousands of dollars)

	Governmental Activities			
	2023	2022	Change	% Change
Assets:				
Current assets	$ 77,008	$ 97,370	$ (20,362)	(20.9) %
Noncurrent assets:				
Restricted assets	112,634	17,889	94,745	529.6 %
Net pension asset	-	105	(105)	
Capital assets, net	458,029	453,107	4,922	1.1 %
Right-to-use assets, net	3,427	675	2,752	
Total assets	651,098	569,146	81,952	14.4 %
Deferred outflows of resources:				
Pension deferrals	64,672	65,764	(1,092)	(1.7) %
OPEB deferrals	71,847	78,209	(6,362)	(8.1) %
Total deferred outflows of resources	136,519	143,973	(7,454)	(5.2) %
Liabilities:				
Current liabilities	41,108	58,304	(17,196)	(29.5) %
Noncurrent liabilities	17,836	17,179	657	3.8 %
Net pension liability	195,539	151,708	43,831	28.9 %
Net OPEB liability	125,186	269,969	(144,783)	(53.6) %
Total liabilities	379,669	497,160	(117,491)	(23.6) %
Deferred inflows of resources:				
Pension deferrals	40,000	113,814	(73,814)	(64.9) %
OPEB deferrals	174,842	44,678	130,164	291.3 %
Total deferred inflows of resources	214,842	158,492	56,350	35.6 %
Net position:				
Net investment in capital assets	445,740	439,952	5,788	1.3 %
Restricted	132,109	33,644	98,465	292.7 %
Unrestricted (deficit)	(384,744)	(416,129)	31,385	(7.5) %
Total net position	$ 193,105	$ 57,467	$ 135,638	236.0 %

Stafford Schools' assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $193.1 million as of June 30, 2023. The largest component of net position is net investment in capital assets of $445.7 million. This represents the portion related to capital and right-to-use assets, net of accumulated depreciation and amortization, less any outstanding liabilities of Stafford Schools that were used to acquire the assets. It should be noted that the *Code of Virginia* does not allow school districts to issue general obligation debt. Therefore, the County issues general obligation debt for Stafford Schools, which is reported in the County's financial statements.

FINANCIAL ANALYSIS OF STAFFORD SCHOOLS AS A WHOLE (Continued)

Changes in Net Position

The following table summarizes Stafford Schools' changes in net position for the fiscal years ended June 30, 2023 and 2022.

Summary of Changes in Net Position
For the Fiscal Years Ended June 30, 2023 and 2022
(In thousands of dollars)

	Governmental Activities			
	2023	2022	Change	% Change
Revenues:				
Program revenues				
Charges for services	$ 23,004	$ 15,649	$ 7,355	47.0 %
Operating grants and contributions	134,981	109,092	25,889	23.7 %
Capital grants and contributions	117,099	25,995	91,104	350.5 %
General revenues				
Sales tax	41,096	43,158	(2,062)	(4.8) %
Basic aid	108,325	97,177	11,148	11.5 %
Payments from Stafford County	139,232	135,556	3,676	2.7 %
Investment earnings	2,247	14	2,233	15,950.0 %
Gain on capital asset disposal and other sales	43	68	(25)	(36.8) %
Miscellaneous	546	424	122	28.8 %
Total revenues	566,573	427,133	139,440	32.6 %
Expenses:				
Education:				
Instruction	256,631	247,025	9,606	3.9 %
Administration, attendance and health	55,304	59,584	(4,280)	(7.2) %
Pupil transportation	25,728	23,075	2,653	11.5 %
Operation and maintenance	28,740	27,435	1,305	4.8 %
Food and nutrition services	17,252	17,265	(13)	(0.1) %
Facilities	22,268	22,217	51	0.2 %
Technology	24,791	21,598	3,193	14.8 %
Interest and fiscal charges	221	205	16	7.8 %
Total expenses	430,935	418,404	12,531	3.0 %
Change in net position	135,638	8,729	126,909	1,453.9 %
Net position, beginning	57,467	48,738	8,729	17.9 %
Net position, ending	$ 193,105	$ 57,467	$ 135,638	236.0 %

Revenue increased by $139.4 million, or 32.6% over fiscal year 2022. The operating grants and contributions increase of $25.9 million included: an additional $17.7 million from VDOE related to instruction, an $8.4 million contribution from the Commonwealth of Virginia to Stafford Schools' VRS pension and OPEB plans, $3.9 million related to various federal pandemic relief funds, $1.8 million for the purchase of Chromebooks from the Emergency Connectivity Fund, $1.0 million from the Virginia Department of Health for air purification supplies; offset by a decrease of $11.0 million related to the discontinuation of federal waivers providing free meals for all students. Capital grants and contributions increased because of appropriations from Stafford County for various construction projects, including an additional $97.5 million for a sixth high school, as well as $8.7 million from VDOE.

FINANCIAL ANALYSIS OF STAFFORD SCHOOLS AS A WHOLE (Continued)

Changes in Net Position (Continued)

Program expenses increased by $12.5 million, or 3.0% over fiscal year 2022. Instruction increased due to personnel costs, including $3.3 million paid in bonuses. Administration, attendance and health decreased $4.3 million due to a $9.0 million transfer made to the OPEB Trust Fund in the prior fiscal year, offset by $2.0 million for increased claims processed for health benefits and $1.6 million for personnel funded by various federal pandemic relief funds. Technology expenditures were higher in fiscal year 2023 due to increased equipment purchases, including $1.8 million for the purchase of Chromebooks from the Emergency Connectivity Fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

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

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

Below is a summary of the Stafford Schools operating fund budget for the fiscal year ended June 30, 2023:

Operating Fund Budget Summary
For the fiscal year ended June 30, 2023
(In thousands of dollars)

Operating Activity Category	Operating Budget		Actual	Variance from Final Budget
	Original	Final		Over (Under)
Total revenues	$ 372,925	$ 375,987	$ 374,571	$ (1,416)
Total expenditures	(373,925)	(387,925)	(379,673)	(8,252)
Net change in fund balance	$ (1,000)	$ (11,938)	$ (5,102)	$ (6,836)

CAPITAL AND RIGHT-TO-USE ASSETS

Below is a summary of Stafford Schools' net capital and right-to-use assets as of June 30, 2023 and 2022, respectively. Additional information on capital assets can be found in Note 5 to the financial statements.

Net Capital and Right-to-Use Assets Summary
June 30, 2023 and 2022
(In thousands of dollars)

Category	2023	2022	Change	% Change
Land and land improvements	$ 116,217	$ 109,133	$ 7,084	6.5 %
Construction in progress	18,188	9,238	8,950	96.9 %
Building and building improvements	608,996	603,452	5,544	0.9 %
Water treatment system	1,320	1,320	-	- %
Furniture, fixtures and equipment	19,739	17,274	2,465	14.3 %
Technology infrastructure	4,375	4,357	18	0.4 %
Software	3,964	2,109	1,855	88.0 %
Vehicles	35,660	28,654	7,006	24.5 %
Less: accumulated depreciation and amortization	(347,003)	(321,755)	(25,248)	7.8 %
Total net capital and right-to-use assets	$ 461,456	$ 453,782	$ 7,674	1.7 %

Major capital asset transactions occurring during fiscal year 2023 included the following:

- Land was purchased for an eighteenth elementary school.
- Planning and design continued for a sixth high school.
- Two grass high school stadium fields were converted to artificial turf.
- Nine buses were disposed of, and sixty-one were purchased.

Depreciation and amortization expense for 2023 was $26.4 million.

COMPOSITE INDEX

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

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

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

The Composite Index decreased from 0.3470 in the state biennium covering fiscal years 2021 and 2022 to 0.3411 in the state biennium covering fiscal years 2023 and 2024. The Composite Index in the state biennium covering fiscal years 2025 and 2026 decreased to 0.3312.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Since adopting the fiscal year 2024 budget, some factors have surfaced that may affect Stafford Schools' financial operations:

- On April 18, 2023, the Board of Supervisors adopted and approved fiscal year 2024 County budgets, in resolution R23-75. The County's fiscal year 2024 budget adopted by the Board of Supervisors included a local operating transfer to the school division of $158.0 million.

- Stafford Schools experienced continued growth in the student population for fiscal years 2010 through 2020, which increased the state revenues received by Stafford Schools. The average daily student membership drives the majority of state revenues. The extent of this growth in revenue is mitigated by required increases in expenditures to accommodate the additional students. The 2020-2021 school year saw a drop in enrollment due to the COVID-19 global pandemic. More families chose to homeschool their children, enroll them in private school, or delay kindergarten registration for an additional year. For the 2021-2022 school year, Stafford Schools saw enrollment increase and exceed the levels of 2019-2020. Stafford Schools was one of very few divisions in the state that saw enrollment for the 2021-2022 school year exceed pre-pandemic levels, which is a sign of the growth in Stafford County. Enrollment projections continue to trend upward, with student enrollment estimated to continue to increase. Stafford Schools will have increased expenditures relating to the estimated enrollment increases. These increases will include operational expenditures, staffing requirements, and capital facility requirements.

- Providing competitive salaries continues to put pressure on Stafford Schools' resources as contiguous northern neighboring counties have historically exceeded Stafford Schools' teacher and service employee salaries. To remain competitive with the surrounding localities, Stafford Schools will need to continue to maintain competitive salary levels for all staff, which will require a significant allocation of financial resources for salaries and benefits.

- Stafford Schools continues to experience growing student populations in English for Speakers of Other Languages (ESOL), special education, and children who qualify for free or reduced lunch. These special populations add additional expenses beyond the general educational requirements.

- Since 2020, Stafford Schools has received additional federal revenues related to the COVID-19 global pandemic. As these funds are fully expended, Stafford Schools will need to reduce spending in certain areas to offset the elimination of these revenues. Areas that will potentially be reduced include technology-related purchases to accommodate remote learning and additional staff that were added to accommodate educational changes related to the pandemic.

- After the adoption of a Provisional Budget for fiscal year 2024, the Commonwealth of Virginia finalized their budget in September 2023 and provided additional K-12 education funding. Included in the budget was funding for the state's share of a 2% increase for SOQ positions with an effective date of January 1, 2024. Using these funds, and other increases in state funding, Stafford Schools was able to provide mid-year salary adjustments to staff. The adjustments total approximately $4.8 million in fiscal year 2024.

- Included in the finalized Commonwealth of Virginia budget were one-time funds (nonrecurring) for addressing learning loss, chronic absenteeism, implementation of the Virginia Literacy Act, and per pupil operations costs. The School Board approved plan for the use of the funds included mid-year retention bonuses of $500 for each full-time employee, the purchase of 18 buses to assist with transportation home following after-school tutoring, and additional staff to provide the remediation and tutoring at the elementary and middle school levels.

CONTACTING STAFFORD SCHOOLS MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit A**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 44,507,243
Accounts receivable, net of allowances	27,778,310
Due from Primary Government	3,653,632
Prepaid expenses	139,500
Inventory	929,428
Restricted cash and cash equivalents	112,633,525
Capital assets:	
Land	41,699,737
Land improvements	74,517,063
Construction in progress	18,188,341
Buildings and building improvements	608,246,349
Water treatment system	1,319,841
Furniture, fixtures and equipment	18,203,831
Technology infrastructure	4,375,427
Software	2,109,140
Vehicles	35,660,390
Less: accumulated depreciation and amortization	(346,290,702)
Total capital assets	458,029,417
Right to use assets:	
Buildings	749,944
Furniture, fixtures and equipment	1,534,565
Subscription-based information technology arrangements	1,854,881
Less: accumulated amortization	(712,789)
Total right to use assets	3,426,601
Total assets	651,097,656
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	64,671,799
OPEB deferrals	71,847,239
Total deferred outflows of resources	136,519,038
LIABILITIES	
Current liabilities:	
Accounts payable	8,678,417
Accrued salaries and benefits	21,450,179
Contract retainage	1,015,725
Current portion of accrued insurance claims	7,043,445
Current portion of long-term liabilities	2,404,523
Unearned revenues	515,360
Noncurrent portion of accrued insurance claims	396,051
Noncurrent portion of long-term liabilities	17,440,099
Net pension liability	195,539,234
Net OPEB liability	125,186,196
Total liabilities	379,669,229
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	40,000,483
OPEB deferrals	174,841,960
Total deferred inflows of resources	214,842,443
NET POSITION	
Net investment in capital assets	445,739,747
Restricted for:	
Capital Projects	120,723,073
School Nutrition	11,226,490
Grants	134,132
Endowment	25,659
Unrestricted (deficit)	(384,744,079)
Total net position	$ 193,105,022

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit B**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses), Revenues and Changes in Net Position
Governmental activities:					
Education:					
Instruction	$ 256,630,712	$ 6,922,343	$ 121,539,370	$ -	$ (128,168,999)
Administration, attendance and health	55,304,334	8,324,823	585,367	-	(46,394,144)
Pupil transportation	25,728,090	1,116,695	12,037	-	(24,599,358)
Operation and maintenance	28,739,397	226,673	5,587	-	(28,507,137)
Food and nutrition services	17,252,161	5,655,842	12,502,465	-	906,146
Facilities	22,267,849	381,268	-	117,099,218	95,212,637
Technology	24,791,261	376,719	335,964	-	(24,078,578)
Interest and fiscal charges	220,749	-	-	-	(220,749)
Total governmental activities	$ 430,934,553	$ 23,004,363	$ 134,980,790	$ 117,099,218	(155,850,182)
General revenues:					
Sales tax					41,096,177
Basic aid					108,325,346
Payments from Stafford County					139,231,707
Investment earnings					2,246,854
Gain on capital asset disposals and other sales					42,725
Miscellaneous					545,834
Total general revenues					291,488,643
Change in net position					135,638,461
Net position, beginning - July 1, 2022					57,466,561
Net position, ending - June 30, 2023					$ 193,105,022

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit C**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

		Special Revenue Funds			
	Operating Fund	Capital Projects Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Pooled cash and investments	$ 2,000	$ 11,267,488	$ 187,940	$ 15,061,101	$ 26,518,529
Restricted cash and investments	-	112,607,866	-	25,659	112,633,525
Accounts receivable, net of allowances	756,524	1,074	12,147	242,385	1,012,130
Intergovernmental receivables:					
Federal Government	189,750	-	19,661,363	105,709	19,956,822
Commonwealth of Virginia	6,460,687	-	345,286	279	6,806,252
Due from Primary Government	3,653,632	-	-	-	3,653,632
Due from other funds	18,716,891	-	-	81,852	18,798,743
Inventory	-	-	-	603,891	603,891
Total assets	$ 29,779,484	$ 123,876,428	$ 20,206,736	$ 16,120,876	$ 189,983,524
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	$ 2,927,826	$ 2,139,949	$ 1,201,471	$ 66,515	$ 6,335,761
Accrued salaries and benefits	20,932,499	-	-	501,664	21,434,163
Contract retainage	2,319	1,013,406	-	-	1,015,725
Unearned revenues	-	-	187,940	327,420	515,360
Due to other funds	81,852	-	18,683,193	33,698	18,798,743
Total liabilities	23,944,496	3,153,355	20,072,604	929,297	48,099,752
Fund balance:					
Nonspendable:					
Inventory	-	-	-	603,891	603,891
Total nonspendable	-	-	-	603,891	603,891
Restricted:					
Capital projects	-	120,723,073	-	-	120,723,073
Food and nutrition services	-	-	-	11,226,490	11,226,490
Grants	-	-	134,132	-	134,132
Endowment	-	-	-	25,659	25,659
Total restricted	-	120,723,073	134,132	11,252,149	132,109,354
Assigned:					
Operating	5,834,988	-	-	-	5,834,988
School Activity	-	-	-	3,322,749	3,322,749
Division Wide Activity	-	-	-	12,790	12,790
Total assigned	5,834,988	-	-	3,335,539	9,170,527
Total fund balance	5,834,988	120,723,073	134,132	15,191,579	141,883,772
Total liabilities and fund balance	$ 29,779,484	$ 123,876,428	$ 20,206,736	$ 16,120,876	$ 189,983,524

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit C-1**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2023

Fund balance - total governmental funds			$ 141,883,772
Amounts reported for governmental activities in the Statement of Net Position are different due to:			
Prepaid assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			139,500
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Governmental capital assets	$ 800,408,055		
Less accumulated depreciation and amortization	(343,692,426)		
Net capital assets			456,715,629
Right-to-use assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.			
Right-to-use lease assets	2,284,509		
Right-to-use SBITA assets	1,854,881		
Less accumulated amortization	(712,789)		
Net right-to-use assets			3,426,601
Deferred outflows of resources represent a consumption of net position that applies to a future period and, therefore, are not recognized as expenditures in the governmental funds.			135,634,805
Internal service funds are used by management to charge the costs of goods provided to other departments or funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.			
Assets	19,631,145		
Deferred outflows of resources	884,233		
Liabilities	(12,822,120)		
Deferred inflows of resources	(1,309,320)		
Net position			6,383,938
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Leases payable	(1,687,514)		
SBITA payable	(1,295,688)		
Accrued interest	(26,695)		
Notes payable	(9,130,827)		
Compensated absences	(7,597,989)		
Net pension liability	(193,500,666)		
Net OPEB liability	(124,306,721)		
Total			(337,546,100)
Deferred inflows of resources represent an acquisition of net position that applies to a future period and, therefore, are not recognized as revenue in the governmental funds.			(213,533,123)
Net position of governmental activities			$ 193,105,022

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit D**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

			Special Revenue Funds		
	Operating Fund	Capital Projects Fund	Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Intergovernmental:					
Stafford County	$ 139,231,707	$ 108,378,638	$ 99,344	$ -	$ 247,709,689
Commonwealth of Virginia	225,942,537	8,720,580	887,516	531,150	236,081,783
Federal Government	2,990,466	-	32,677,132	11,762,252	47,429,850
Total intergovernmental revenues	368,164,710	117,099,218	33,663,992	12,293,402	531,221,322
Charges for services:					
Tuition and fees	763,924	-	-	4,985,397	5,749,321
Food sales	-	-	-	5,403,574	5,403,574
Recovered costs	2,803,874	88,658	-	252,268	3,144,800
Miscellaneous	111,196	-	333,407	95,195	539,798
Use of money and property	-	2,043,940	-	1,016	2,044,956
Total revenues	371,843,704	119,231,816	33,997,399	23,030,852	548,103,771
EXPENDITURES					
Current:					
Education:					
Instruction	273,205,902	-	22,832,402	4,766,266	300,804,570
Administration, attendance and health	19,978,689	-	1,585,707	16,697	21,581,093
Pupil transportation	25,058,577	-	581,261	-	25,639,838
Operation and maintenance	27,664,272	-	1,475,708	-	29,139,980
Food and nutrition services	515,635	-	219,733	17,776,807	18,512,175
Facilities	439,249	-	-	-	439,249
Technology	18,881,600	-	6,085,256	135,465	25,102,321
Capital outlay	12,261,218	20,215,981	1,251,489	916,860	34,645,548
Debt service:					
Principal	1,471,934	149,997	66,703	38,935	1,727,569
Interest and fiscal charges	196,307	-	-	-	196,307
Total expenditures	379,673,383	20,365,978	34,098,259	23,651,030	457,788,650
Excess (deficiency) of revenues over (under) expenditures	(7,829,679)	98,865,838	(100,860)	(620,178)	90,315,121
OTHER FINANCING SOURCES					
Leases issued	1,534,565	-	-	-	1,534,565
SBITAs issued	1,192,115	409,541	66,703	186,522	1,854,881
Total other financing sources	2,726,680	409,541	66,703	186,522	3,389,446
Change in fund balance	(5,102,999)	99,275,379	(34,157)	(433,656)	93,704,567
Fund balance, beginning - July 1, 2022	10,937,987	21,447,694	168,289	15,625,235	48,179,205
Fund balance, ending - June 30, 2023	$ 5,834,988	$ 120,723,073	$ 134,132	$ 15,191,579	$ 141,883,772

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit D-1**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2023

Net change in fund balance - total governmental funds		$ 93,704,567
Amounts reported for governmental activities in the Statement of Activities are different due to:		
Governmental funds report prepaid assets as expenditures. However, in the Statement of Activities, these assets are allocated over the benefiting periods.		139,500
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation and amortization expense.		
Expenditures for acquisition of capital assets	$ 30,859,852	
Less: Depreciation and amortization expense	(25,597,371)	
Excess of capital outlay over depreciation and amortization		5,262,481
Expenditures for right-to-use assets	3,389,446	
Less: Amortization expense	(637,795)	
Excess of capital outlay over amortization		2,751,651
The net effect of miscellaneous transactions involving capital assets (i.e. sales, trade-ins, disposals and donations) is to decrease net position.		(188,576)
Debt issuance is revenue in the governmental funds, but increases long term liabilities in the Statement of Net Assets		
Lease issuance	(1,534,565)	
SBITA issuance	(1,854,881)	
		(3,389,446)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces the long-term liabilities in the Statement of Net Position.		
Energy performance financing	643,196	
Lease principal	445,180	
SBITA principal	559,193	
Note payable	80,000	
		1,727,569
Non-employer contributions for defined benefit pension and OPEB plans are recognized as revenue in the Statement of Activities. However, governmental funds do not report revenues that are not available to pay current obligations.		9,510,611
Contributions for defined benefit pension and OPEB plans are recognized as expenditures in the governmental funds when contributions are made. However, in the Statement of Activities, pension expense is recognized based on changes in the long-term net pension and OPEB liabilities.		40,843,637
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Changes in accrued interest	(24,442)	
Changes in accrued compensated absences	138,751	
OPEB expense	1,176,460	
Pension expense	(14,490,068)	
		(13,199,299)
Internal service funds are used by management to charge the costs of vehicle maintenance and employee benefits to individual funds. The net expense is reported with governmental funds.		(1,524,234)
Change in net position of governmental activities		$ 135,638,461

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit E**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Governmental Activities - Internal Service Funds
ASSETS	
Current assets:	
Cash and cash equivalents	$ 17,988,714
Accounts receivable	3,106
Inventory	325,537
Capital assets:	
Land	37,357
Land improvements	1,268,429
Construction in progress	181,145
Buildings and building improvements	1,867,382
Furniture, fixtures and equipment	345,792
Software	79,530
Vehicles	132,429
Less: accumulated depreciation and amortization	(2,598,276)
Total capital assets	1,313,788
Total assets	19,631,145
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	358,832
OPEB deferrals	525,401
Total deferred outflows of resources	884,233
LIABILITIES	
Current liabilities:	
Accounts payable	2,315,961
Accrued salaries and benefits	16,016
Current portion of accrued insurance claims	7,043,445
Current portion of compensated absences	30,529
Noncurrent portion of accrued insurance claims	396,051
Noncurrent portion of compensated absences	102,075
Net pension liability	2,038,568
Net OPEB liability	879,475
Total liabilities	12,822,120
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	172,885
OPEB deferrals	1,136,435
Total deferred inflows of resources	1,309,320
NET POSITION	
Net investment in capital assets	1,313,788
Unrestricted	5,070,150
Total net position	$ 6,383,938

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit F**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	$ 38,700,438
Miscellaneous	33,816
Total operating revenues	38,734,254
Operating expenses:	
Personnel services	2,157,201
Contractual services	36,074,149
Materials and supplies	2,084,690
Utilities	31,087
Telecommunications	5,912
Depreciation and amortization	149,068
Total operating expenses	40,502,107
Operating loss	(1,767,853)
Nonoperating revenues (expenses):	
Interest and investment revenue	201,898
Loss on disposal of capital assets	(2,310)
Non-Employer OPEB Contribution	1,306
Vehicle and other sales	42,725
Total nonoperating revenues, net	243,619
Change in net position	(1,524,234)
Net position, beginning - July 1, 2022	7,908,172
Net position, ending - June 30, 2023	$ 6,383,938

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit G**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

		Governmental Activities - Internal Service Funds
Cash flows from operating activities:		
Receipts from customers	$	38,704,364
Other receipts		33,816
Payments to suppliers		(38,160,613)
Payments to employees		(2,362,395)
Net cash provided by operating activities		(1,784,828)
Cash flows from noncapital financing activities:		
Non-Employer OPEB Contribution		1,306
Net cash provided by noncapital financing activities		1,306
Cash flows from capital and related financing activities:		
Proceeds from vehicle and supply sales		42,725
Net cash provided by capital and related financing activities		42,725
Cash flows from investing activities:		
Interest earned on investments		201,898
Net cash provided by investing activities		201,898
Net decrease in cash and cash equivalents		(1,538,899)
Cash and cash equivalents, beginning - July 1, 2022		19,527,613
Cash and cash equivalents, ending - June 30, 2023	$	17,988,714
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(1,767,853)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation and amortization expense		149,068
Changes in assets and liabilities:		
Decrease in accounts receivable		3,926
Increase in inventory		(10,979)
Decrease in prepaid expenses		41,101
Decrease in net pension asset		7,890
Decrease in deferred outflows of resources		99,450
Decrease in accounts payable and accrued expenses		(175,783)
Decrease in compensated absences		(22,862)
Increase in net pension liability		167,507
Decrease in net OPEB liability		(833,660)
Increase in deferred inflows of resources		557,367
Total adjustments		(16,975)
Net cash used in operating activities	$	(1,784,828)

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit H**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
June 30, 2023

	OPEB Trust Fund	Custodial Fund Employee Flexible Spending Fund
ASSETS		
Cash and cash equivalents	$ -	$ 531,982
Pooled investment funds	39,575,721	-
Total assets	$ 39,575,721	$ 531,982
NET POSITION		
Restricted for OPEB	$ 39,575,721	$ -
Restricted for individuals	-	531,982
Total net position	$ 39,575,721	$ 531,982

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

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit I**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS - TRUST AND CUSTODIAL FUNDS
For the Fiscal Year Ended June 30, 2023

	OPEB Trust Fund	Custodial Fund Employee Flexible Spending Fund
ADDITIONS		
Contributions:		
Contributions from employees	$ -	$ 857,492
Total contributions	-	857,492
Investment earnings:		
Net decrease in fair value of investments	2,805,098	-
Interest, dividends, and other		
Total investment losses	2,805,098	-
Less investment expense	34,360	-
Net investment losses	2,770,738	-
Total (subtractions) additions	2,770,738	857,492
DEDUCTIONS		
Benefits paid to employees	-	695,539
Total deductions	-	695,539
Net increase in fiduciary net position	2,770,738	161,953
Net position, beginning - July 1, 2022	36,804,983	370,029
Net position, ending - June 30, 2023	$ 39,575,721	$ 531,982

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

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

B. FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

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

Major Governmental Funds

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

- **Capital Projects Fund –** accounts for and reports the assets, liabilities, fund balance, revenues and expenditures that are restricted, committed or assigned to Stafford Schools' capital projects, including the acquisition, construction and equipping of new schools and the renovation, improvement and repairing of existing schools.

- **Grants Fund –** accounts for the assets, liabilities, fund balance, revenues and expenditures associated with grants received and used by Stafford Schools to supplement operations.

Non-major Governmental Funds

- **Food and Nutrition Services Fund –** accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the provision of food and nutrition services within Stafford Schools' school cafeterias.

- **School Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with the various activities conducted at the individual school sites in connection with student athletics, classes, clubs, and various fundraising activities and private donations. In addition, each school also has a faculty activity fund. Stafford Schools is liable if any school is unable to meet its obligations with respect to these funds.

- **Division Wide Activity Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with certain activities conducted on a division-wide level, in connection with private donations and sales tax collections. Stafford Schools is liable for any obligation this fund is unable to meet.

- **Endowment Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with endowment programs administered by Stafford Schools.

- **Scholarship Fund** – accounts for the assets, liabilities, fund balance, revenues and expenditures associated with scholarship programs administered by Stafford Schools.

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. FUND ACCOUNTING (Continued)

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

- **Fleet Services Fund** – accounts for the assets, liabilities, net position, deferred outflows and inflows of resources, revenues and expenses associated with the provision of vehicle maintenance services on a cost reimbursement basis to the departments and agencies of the County and Stafford Schools.

- **Health Benefits Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the provision of health benefits to the enrolled employees and retirees of Stafford Schools under a comprehensive health benefits self-insurance program.

- **Workers' Compensation Fund** – accounts for the assets, liabilities, net position, revenues and expenses associated with the administration of the workers' compensation self-insurance program and the provision of workers' compensation benefits to the injured employees of Stafford Schools.

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

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

- **Employee Flexible Spending Fund** – accounts for the assets, liabilities, fiduciary net position and changes in fiduciary net position (additions and deductions) associated with the employee flexible spending program.

C. BASIS OF FINANCIAL STATEMENT PRESENTATION

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. BASIS OF FINANCIAL STATEMENT PRESENTATION (Continued)

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

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

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

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

D. MEASUREMENT FOCUS

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. MEASUREMENT FOCUS (Continued)

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

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

E. BASIS OF ACCOUNTING

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. BASIS OF ACCOUNTING (Continued)

EXPENDITURES/EXPENSES

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

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

F. CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County. In order to maximize investment returns, cash and cash equivalents are maintained in a fully insured or collateralized investment pool administered by the Treasurer's Office of the County. At June 30, 2023, all of the County's deposits were covered by federal depository insurance or collateralized in accordance with the Virginia Security for Public Deposits Act (Act). The Act established a single body of law applicable to the pledge of security as collateral for public funds on deposit in banking institutions so that the procedure for securing public deposits is uniform throughout the Commonwealth. Under the Act, banks holding public deposits must pledge certain levels of collateral and make monthly filings with the State Treasury Board.

RESTRICTED CASH

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

G. DEPOSITS AND INVESTMENTS

Cash resources of the individual funds, excluding cash held with fiscal agents in the Capital Projects Fund and Fiduciary Funds, are combined in accordance with County policy to form a pool of cash and investments to maximize interest earnings. Investments in the pool consist of municipal bonds, corporate notes and bonds, and obligations of the federal government which are recorded at fair value. Income from pooled cash and investments is retained by the County. The fair value of investments is based on quoted market prices and no investments are valued at cost. All investments in external investment pools are reported at fair value or amortized cost.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. PREPAIDS

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

I. INVENTORIES

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

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

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

J. CAPITAL ASSETS

Capital assets are reported in the government-wide financial statements and proprietary fund statements and include property, plant, equipment, and infrastructure assets with a cost of $5,000 or more. Depreciation and amortization is recorded on capital assets in the government-wide statements and proprietary fund statements using the straight-line method. Capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are valued at their acquisition value on the date of the donation. Maintenance, repairs and minor equipment are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation and amortization, if applicable, are eliminated from the respective accounts and any resulting gain or loss is recorded in the results of operations. There are no impaired capital assets at year end.

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

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

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. RIGHT-TO-USE ASSETS

The School Board has recorded right-to-use assets as a result of implementing GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease or SBITA liability plus any lease or SBITA payments make prior to the contract term, less incentives, and plus any ancillary charges necessary to place the right-to-use asset into service. The right-to-use assets are amortized on a straight-line basis over the life of the related contract.

L. LEASES

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

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

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

M. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The School Board adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, on July 1, 2022. There were no beginning adjustments required at implementation.

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

N. ACCRUED LIABILITIES AND LONG-TERM DEBT

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. COMPENSATED ABSENCES

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

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

P. PENSIONS

The Virginia Retirement System (VRS) Teacher Employee Retirement Plan is a multiple employer, cost-sharing plan. The VRS Political Subdivision Retirement Plan is a multi-employer, agent plan. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the VRS Plans and the additions to/deduction from the VRS Plan's net fiduciary position have been determined on the same basis as they were reported by VRS. In addition, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

RETIREE HEALTH INSURANCE
The Stafford Schools' postemployment medical plan (the plan) is a single-employer defined benefit health care plan which provides health insurance to retired employees. The fiduciary net position of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the postemployment benefits, OPEB expense, and information about assets, liabilities and additions to/deductions from the plan fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

GROUP LIFE INSURANCE

The VRS Group Life Insurance (GLI) Program is a multiple employer, cost- sharing plan. It provides coverage to state employees, teachers, and employees of participating political subdivisions. The GLI Program was established pursuant to §51.1-500 et seq. of the *Code of Virginia*, as amended, and which provides the authority under which benefit terms are established or may be amended. The GLI Program is a defined benefit plan that provides a basic GLI benefit for employees of participating employers. For purposes of measuring the net GLI Program OPEB liability, deferred outflows of resources and deferred inflows of resources related to the GLI Program OPEB, and GLI Program OPEB expense, information about the fiduciary net position of the VRS GLI program OPEB and the additions to/deductions from the 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.

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

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

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

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

S. NET POSITION

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. NET POSITION (Continued)

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

In the Statement of Net Position, this scenario presents a dilemma for the County and Stafford Schools. Debt issued on behalf of Stafford Schools is reported along with the County debt as a liability of the Primary Government, thereby reducing the net position of the Primary Government. The corresponding capital assets are reported as assets of Stafford Schools (title holder), the component unit, thereby increasing the net position of Stafford Schools.

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

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

T. ENCUMBRANCES

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

U. USE OF ESTIMATES

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

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

V. STEWARDSHIP, COMPLIANCE, AND ACCOUNTING

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

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

Stafford County Public Schools' Budgets

Governmental Funds:

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

Proprietary Funds – Internal Service Funds:

Fleet Services Fund
Health Benefits Fund
Workers' Compensation Fund

Budgets are adopted on a basis consistent with GAAP. The budget for the proprietary funds serves as a guide and not as legally binding limitations. Although legal restrictions on expenditures are established at the departmental level, effective administrative control over expenditures is maintained through the establishment of more detailed line-item budgets. For the year ended June 30, 2023, there were no expenditures in excess of budgetary appropriations.

The budget is integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, comparing actual revenue and expenditures with budgeted amounts as originally adopted, and as amended by the Board of Supervisors through June 30, 2023. Individual amendments were not material in relation to the original appropriations.

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

W. FUND BALANCES

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

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

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

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

Note 2. DEPOSITS AND INVESTMENTS

DEPOSITS

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

Deposits of the School and Division Wide Activity Funds are made at federally-insured banking institutions generally based on their proximity and convenience to the specific school sites, and are not managed as public funds by the County Treasurer, or in accordance with the Virginia Security for Public Deposits Act. Prior to fiscal year 2021 and the implementation of GASB Statement No. 84 *Fiduciary Activities*, these funds were reported as fiduciary activities and excluded from the cash of the reporting entity. However, the School and Division Wide Activity Funds are now required to be reported as a governmental funds, and included in the reporting entity. The amount of cash managed in this alternative manner totaled $3,369,237 as of June 30, 2023.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

INVESTMENTS

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

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

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

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

Investment Type	Valuation Method		Reported Value
LGIP	Amortized Cost	$	5,307,748
SNAP	Amortized Cost		112,607,866
Total		$	117,915,614

CUSTODIAL CREDIT RISK

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

CREDIT RISK OF DEBT SECURITIES

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

Investment Type		AAAm
LGIP	$	5,307,748
SNAP		112,607,866
Total	$	117,915,614

As of June 30, 2023, all investments were in compliance with the State Statutes administering investments of Public Funds. All investments are rated by Standard & Poor's and/or Moody's. Ratings must comply with the investment policy prior to any purchase.

Note 2. DEPOSITS AND INVESTMENTS (Continued)

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government's investment in a single issuer. In accordance with GAAP, if certain investments in any single issuer represent 5% of total investments, except U.S. government guaranteed obligations, there must be a disclosure for the amount and issuer. At June 30, 2023, the School Board did not have any investments exceeding 5% of the total investment.

INTEREST RATE RISK

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

EXTERNAL INVESTMENT POOLS

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

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

Investment Type	Fair Value	Less than 1 Year
LGIP	$ 5,307,748	$ 5,307,748
SNAP	112,607,866	112,607,866
Total	$ 117,915,614	$ 117,915,614

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

OPEB TRUST FUNDS

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

	Reported Value	Credit Rating
Investment in pooled funds	$ 39,575,721	Not Rated

Note 2. DEPOSITS AND INVESTMENTS (Continued)

The Stafford Schools' OPEB trust fund participates in the Virginia Pooled OPEB Trust. The Trust is an irrevocable trust offered to local governments and authorities and is governed by a Board of Trustees consisting of local officials participating in the Trust. Funds of participating jurisdictions are pooled and are invested in the name of the Virginia Pooled OPEB Trust. The reported value of the pool is measured at amortized cost and can be redeemed on demand for use against qualified OPEB benefit costs. The Board of Trustees of the Virginia Pooled OPEB Trust has adopted an investment policy to achieve a compound annualized total rate of return over a market cycle, including current income and capital appreciation, in excess of 5% after inflation, in a manner consistent with prudent risk-taking. Investment decisions are made by the Board of Trustees. The Board of Trustees establishes investment objectives, risk tolerance, and asset allocation policies in light of the purpose of the Fund, market and economic conditions, and generally prevailing prudent investment practices. In addition, they oversee adherence to the investment policy.

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

Note 3. DUE FROM STAFFORD COUNTY (PRIMARY GOVERNMENT)

The receivable due from Stafford County at June 30, 2023, represents Stafford Schools' ending cash balance, excluding the balance reported as "Pooled cash and investments", which was reclassified and reported at year-end as "Due from Primary Government" in the Operating Fund.

Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT

Significant amounts of intergovernmental receivables due from other governments at June 30, 2023, were as follows:

Intergovernmental Receivables:	Governmental Funds – Operating Fund	Governmental Funds – Grants Fund	Governmental Funds – Food and Nutrition Services Fund	Governmental Funds Total
Commonwealth of Virginia	$ 6,460,687	$ 345,286	$ 279	$ 6,806,252
Federal Government	189,750	19,661,363	105,709	19,956,822
Total	$ 6,650,437	$ 20,006,649	$ 105,988	$ 26,763,074

The receivable from the Commonwealth of Virginia in the Operating Fund is attributed to state sales and use tax due to the school system. The Virginia Retail Sales and Use Tax Act requires one and one-eighth cent out of every five cents collected in state sales tax be distributed to school divisions based on school-age population. The amount due from the Commonwealth of Virginia in the Grants Fund is primarily attributed to the Special Education in Local and Regional Jails program, and also a grant received from the Virginia Department of Criminal Justice Services for digital mapping.

Amounts due from the federal government in the Operating Fund are attributed to the U.S. Department of Defense Junior Reserve Officers' Training Corps (JROTC) reimbursements and Medicaid reimbursements. Amounts due from the federal government in the Food and Nutrition Services Fund are attributed to the National School Breakfast and Lunch Programs and the Summer Food Service Program. The Grants Fund federal receivable primarily consists of reimbursements for Title 1 programs that enhance the instruction for disadvantaged children, Title VI-B programs that support the education of students with disabilities, and Elementary and Secondary School Emergency Relief (ESSER) funds to address impacts related to COVID-19.

Note 4. DUE FROM COMMONWEALTH OF VIRGINIA AND FEDERAL GOVERNMENT (Continued)

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

Note 5. CAPITAL ASSETS

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

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

Note 5. CAPITAL ASSETS (Continued)

Governmental activities capital assets, net of accumulated depreciation at June 30, 2023, are comprised of the following:

	Amount
General capital assets, net	$ 460,142,230
Internal Service Funds capital assets, net	1,313,788
Total capital assets, net	$ 461,456,018

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

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

Note 6. LONG-TERM DEBT

Changes in Long-Term Indebtedness

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

	Amounts Payable at July 1, 2022	Increases	Decreases	Amounts Payable at June 30, 2023	Amounts Due within One Year
Lease liabilities	$ 598,129	$ 1,534,565	$ 445,180	$ 1,687,514	$ 450,806
SBITA liabilities	-	1,854,881	559,193	1,295,688	433,275
Notes payable	9,854,023	-	723,196	9,130,827	736,190
Compensated absences	7,892,206	693,922	855,535	7,730,593	784,252
Net pension liability	151,708,002	162,182,116	118,350,884	195,539,234	-
Net OPEB liability	269,969,015	117,824,590	262,607,409	125,186,196	-
Total	$ 440,021,375	$ 284,090,074	$ 383,541,397	$ 340,570,052	$ 2,404,523

Lease Liabilities

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

The School Board entered into an agreement beginning July 1, 2022, to lease copiers for a term of 60 months. Payment is due monthly at the beginning of each month in the amount of $53,946, of which $27,961 represents maintenance services. The lease liability is measured at a discount rate of .648%. As a result of the lease, the School Board has recorded a right to use asset with a net book value of $1,342,745 on June 30, 2023.

Note 6. LONG-TERM DEBT (Continued)

Lease Liabilities (Continued)

The School Board entered into an agreement beginning January 1, 2022, to lease warehouse space with an expected term of 5 years. Payment is due annually at the beginning of each term in amounts ranging from $115,500 to $129,996. The lease liability is measured at a discount rate of .648%. As a result of the lease, the School Board has recorded a right to use asset with a net book value of $423,590 on June 30, 2023.

The School Board entered into an agreement beginning August 19, 2021, to lease two modular buildings to provide additional classroom space at Rocky Run Elementary School with an expected term of 60 months. Payment is due monthly in the amount of $1,100 per modular building. The lease liability is measured at a discount rate of .648%. As a result of the lease, the School Board has recorded a right to use asset with a net book value of $101,371 on June 30, 2023.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2024	$ 450,806	$ 9,954	$ 460,760
2025	457,410	7,026	464,436
2026	464,167	4,056	468,223
2027	315,131	1,095	316,226
Total future minimum lease payments	$ 1,687,514	$ 22,131	$ 1,709,645

Subscription-Based Information Technology Arrangement Liabilities

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

The future minimum SBITA obligations and the net present value of these minimum SBITA payments as of June 30, 2023, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2024	$ 433,275	$ 29,763	$ 463,038
2025	444,179	19,555	463,734
2026	244,699	9,087	253,786
2027	173,535	3,793	177,328
Total future minimum lease payments	$ 1,295,688	$ 62,198	$ 1,357,886

Note 6. LONG-TERM DEBT (Continued)

Notes Payable

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

Fiscal year ending June 30:	Principal
2024	$ 80,000
2025	80,000
2026	80,000
2027	80,000
Total future payments	$ 320,000

In October 2019, Stafford Schools executed an Energy Performance Contract, including improvements to building envelopes, lighting, and irrigation systems, that will result in energy conservation and operational efficiencies. The cost of implementing these improvements will be paid for from realized energy savings. The project was financed using a Master Equipment Lease/Purchase Agreement and qualifies as capital financing for accounting purposes. The total amount financed was $10,650,651, of which $8,810,827 was outstanding as of June 30, 2023. For the year ended June 30, 2023, interest expense from the Energy Performance capital financing obligation totaled $180,346.

The maturities of future minimum payments and the net present value of the financing obligation related to the Energy Performance Contract as of June 30, 2023, are as follows:

Fiscal year ending June 30:	Principal	Interest	Total
2024	$ 656,190	$ 173,816	$ 830,006
2025	669,445	160,561	830,006
2026	682,969	147,037	830,006
2027	696,765	133,241	830,006
2028	710,841	119,165	830,006
2029-2033	3,775,489	374,543	4,150,032
2034-2035	1,619,128	40,886	1,660,014
Total future minimum lease payments	$ 8,810,827	$ 1,149,249	$ 9,960,076

Assets acquired under capital financing at June 30, 2023, are summarized below:

	Amount
Buildings & building improvements	$ 10,650,651
Accumulated depreciation	(1,077,003)
Total assets, net	$ 9,573,648

Note 7. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

At June 30, 2023, Stafford Schools had contractual commitments for significant construction projects of $9.4 million in the Capital Projects Fund.

Note 8. RELATED PARTIES

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

Note 9. DEBT SERVICE

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

Note 10. RISK MANAGEMENT

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

Stafford Schools is a member of the Virginia Municipal League Programs (VML or Association) for workers' compensation. This program is administered by a servicing contractor, which furnishes claims review and processing. Each Association member jointly and severally agrees to assume, pay and discharge any liability. Stafford Schools pays Virginia Municipal Group contributions and assessments based upon classifications and rates into a designated cash reserve fund out of which expenses of the Association and claims and awards are to be paid. In the event of a loss deficit and depletion of all available excess insurance, the Association may assess all members in the proportion to which the premium of each bears to the total premiums of all members in the year in which such deficit occurs. The total estimated workers' compensation insurance claims payable as of June 30, 2023 was $1,183,496, of which $787,445 was estimated to be current claims payable.

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

Fiscal Year Ended:	June 30, 2023	June 30, 2022
Unpaid claims, beginning of fiscal year	$ 1,305,953	$ 1,027,238
Incurred claims (including IBNR)	572,595	1,432,550
Claims payments	(695,052)	(1,153,835)
Unpaid claims, end of fiscal year	$ 1,183,496	$ 1,305,953

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

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

Note 10. RISK MANAGEMENT (Continued)

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

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

Note 11. LITIGATION AND CONTINGENT LIABILITIES

Stafford Schools is contingently liable with respect to lawsuits and other claims which arise in the ordinary course of its operations. It is the opinion of Stafford Schools' management, based on advice from legal counsel, that any losses incurred as a result of claims existing as of June 30, 2023, will not be material to the financial statements.

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

Note 12. PENSION PLAN

A. PLAN DESCRIPTION

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

All full-time, salaried permanent employees of public school divisions and employees of participating employers are automatically covered by the VRS plans upon employment. These plans are administered by the Virginia Retirement System (the System) along with plans for other employer groups in the Commonwealth of Virginia. Members earn one month of service credit for each month they are employed and for which they and their employer pay contributions to VRS. Members are eligible to purchase prior service, based on specific criteria as defined in the *Code of Virgini*a, as amended. Eligible prior service that may be purchased includes prior public service, active military service, certain periods of leave, and previously refunded service.

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

Plan 1	Plan 2	Hybrid Retirement Plan
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** Same as Plan 1.	**About 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.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		About Hybrid Retirement Plan (Continued) ▪ 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.
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.	**Eligible Members** *Professional Plan* Employees are in Plan 2 if their membership date is from July 1, 2010, to December 31, 2013, and they have not taken a refund. Employees are covered under Plan 2 if they have a membership date prior to July 1, 2010, and they were not vested before January 1, 2013.	**Eligible Members** Employees are in the Hybrid Retirement Plan if their membership date is on or after January 1, 2014. This includes: ▪ School division 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
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.	*Non-Professional Plan* 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.	*Non-Professional Plan* 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
If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	If eligible deferred members returned to work during the election window, they were also eligible to opt into the Hybrid Retirement Plan.	
Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 1 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 1 or ORP.	Members who were eligible for an optional retirement plan (ORP) and had prior service under Plan 2 were not eligible to elect the Hybrid Retirement Plan and remain as Plan 2 or ORP.	Those employees eligible for an optional retirement plan (ORP) must elect the ORP plan or the Hybrid Retirement Plan. If these members have prior service under Plan 1 or Plan 2, they are not eligible to elect the Hybrid Retirement Plan and must select Plan 1 or Plan 2 (as applicable) or ORP.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (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 pre-tax salary reduction. Member contributions are tax-deferred until they are withdrawn as part of a retirement benefit or as a refund. The employer makes a separate actuarially determined contribution to VRS for all covered employees. VRS invests both member and employer contributions to provide funding for the future benefit payment.	**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 Contribution Component:* Under the defined contribution component, service credit is used to determine vesting for the employer contribution portion of the plan.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (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 Contribution 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.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Vesting (Continued) *Defined Contribution Component (Continued):* 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.
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.
Service Retirement Multiplier The retirement multiplier is a factor used in the formula to determine a final retirement benefit. The retirement multiplier for members is 1.70%.	**Service Retirement Multiplier** Same as Plan 1 for service earned, purchased or granted prior to January 1, 2013. The retirement multiplier is 1.65% for service credit earned, purchased, or granted on or after January 1, 2013.	**Service Retirement Multiplier** *Defined Benefit Component:* 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.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
		Service Retirement Multiplier (Continued) *Defined Contribution Component:* Not applicable.
Normal Retirement Age Age 65.	**Normal Retirement Age** Normal Social Security retirement age.	**Normal Retirement Age** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Unreduced Retirement Eligibility Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.	**Earliest Unreduced Retirement Eligibility** Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90.	**Earliest Unreduced Retirement Eligibility** *Defined Benefit Component:* Normal Social Security retirement age with at least five years (60 months) of service credit or when their age and service equals 90. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.
Earliest Reduced Retirement Eligibility Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	**Earliest Reduced Retirement Eligibility** Age 60 with at least five years (60 months) of service credit.	**Earliest Reduced Retirement Eligibility** *Defined Benefit Component:* Age 60 with at least five years (60 months) of service credit. *Defined Contribution Component:* Members are eligible to receive distributions upon leaving employment, subject to restrictions.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (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%. *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. *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.	**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%. *Eligibility:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement** *Defined Benefit Component:* Same as Plan 2. *Defined Contribution Component:* Not applicable. *Eligibility:* Same as Plan 1 and Plan 2.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
Cost-of-Living Adjustment (COLA) in Retirement (Continued) *Exceptions to COLA Effective Dates:* ▪ 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.	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)** *Exceptions to COLA Effective Dates:* Same as Plan 1.	**Cost-of-Living Adjustment (COLA) in Retirement (Continued)** *Exceptions to COLA Effective Dates:* Same as Plan 1 and Plan 2.
Disability Coverage For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.70% on all service, regardless of when it was earned, purchased, or granted.	**Disability Coverage** For members who are eligible to be considered for disability retirement and retire on disability, the retirement multiplier is 1.65% on all service, regardless of when it was earned, purchased, or granted.	**Disability Coverage** Employees of school divisions (including Plan 1 and Plan 2 opt-ins) participate in the Virginia Local Disability Program (VLDP) unless their local governing body provides an employer-paid comparable program for its members. 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.

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Plan 1	Plan 2	Hybrid Retirement Plan
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.

School Board Non-Professional

Employees Covered by Benefit Terms

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

	Number
Inactive members or their beneficiaries currently receiving benefits	206
Inactive members:	
Vested inactive members	45
Non-vested inactive members	149
Inactive members active elsewhere in VRS	59
Total inactive members	253
Active members	275
Total covered employees	734

Note 12. PENSION PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Contributions

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

School Board Non-Professional

The School Board's non-professional contractually required employer contribution rate for the year ended June 30, 2023, was 7.80% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

This rate, when combined with employee contributions, was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School Board for the non-professional plan were $1,115,482 and $797,068 for the years ended June 30, 2023 and 2022, respectively.

School Board Professional

The School Board's professional contractually required contribution rate for the year ended June 30, 2023 was 16.62% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021.

The actuarially determined rate, when combined with employee contributions, was expected to finance the costs of benefits 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 $35,733,373 and $31,976,718 for the years ended June 30, 2023 and 2022, respectively.

In June 2022, the Commonwealth of Virginia made a special contribution of approximately $442.4 million to the VRS Teacher Employee Plan. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

B. NET PENSION LIABILITY

School Board Non-Professional

For the School Board's non-professional plan, the net pension liability is calculated separately for each employer and represents that particular employer's total pension liability determined in accordance with GASB Statement No. 68, less that employer's fiduciary net position. The School Board's non-professional plan, the net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, rolled forward to the measurement date of June 30, 2022.

Note 12. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

School Board Professional

At June 30, 2023, the School Board reported a liability for the professional plan of $193,192,940 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion was 2.02921% as compared to 1.95422% at June 30, 2021.

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, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.35%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates:	15% of deaths are assumed to be service related.
– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95 % of rates for males; 105% of rates for females set forward 2 years.
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
– Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
– Mortality Improvement:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

Note 12. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Actuarial Assumptions – School Board Professional Plan

The total pension liability for the VRS Teacher Retirement Plan was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

Inflation	2.50%
Salary increases, including inflation	3.50% - 5.95%
Investment rate of return	6.75%, net of pension plan investment expenses, including inflation

Mortality Rates:

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

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

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

Note 12. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Note 12. PENSION PLAN (Continued)

B. NET PENSION LIABILITY (Continued)

Discount Rate – School Board Non-Professional Plan

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that System member contributions will be made per the VRS Statutes and the employer contributions will be made in accordance with the VRS funding policy at rates equal to the difference between actuarially determined contribution rates adopted by the VRS Board of Trustees and the member rate. Consistent with the phased-in funding provided by the General Assembly for state and teacher employer contributions, political subdivisions were also provided with an opportunity to use an alternate employer contribution rate. For the year ended June 30, 2023, 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, 2021, actuarial valuations, whichever was greater. From July 1, 2022, 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.

Discount Rate – School Board Professional Plan

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

Net Pension Liability – School Board Professional Plan

The net pension liability is calculated separately for each system and represents that particular system's total pension liability determined in accordance with GASB Statement No. 67, less that system's fiduciary net position. As of June 30, 2022, net pension liability amounts for the VRS Teacher Employee Retirement Plan is as follows:

	Amount
Total Pension Liability	$ 54,732,329,000
Plan Fiduciary Net Position	45,211,731,000
Employers' Net Pension Liability	$ 9,520,598,000
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.61%

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

Note 12. PENSION PLAN (Continued)

C. CHANGES IN THE NET PENSION LIABILITY

School Board Non-Professional

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at June 30, 2021	$ 37,498,747	$ 37,603,864	$ (105,117)
Changes for the Year:			
Service cost	915,926	-	915,926
Interest	2,530,003	-	2,530,003
Difference between expected and actual experience	227,511	-	227,511
Contributions – employer	-	708,351	(708,351)
Contributions – employee	-	582,036	(582,036)
Net investment income	-	(45,825)	45,825
Benefit payments, including refunds of employee contributions	(1,866,303)	(1,866,303)	-
Administrative expense	-	(23,401)	23,401
Other changes	-	868	(868)
Net changes	1,807,137	(644,274)	2,451,411
Balances at June 30, 2022	$ 39,305,884	$ 36,959,590	$ 2,346,294

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional net pension liability (asset)	$7,455,565	$2,346,294	($1,818,947)
School Board's professional net pension liability	$345,057,381	$193,192,940	$69,541,890

Pension Plan Data

Information about the VRS Political Subdivision Retirement Plan (non-professional plan) and the VRS Teacher Retirement Plan (professional plan) is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report* (Annual Report). A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

Note 12. PENSION PLAN (Continued)

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

School Board Non-Professional

For the year ended June 30, 2023, the School Board recognized pension expense of $1,403,708 related to its non-professional plan. At June 30, 2023, 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	$ 565,704	$ -
Changes of assumptions	316,946	-
Net difference between projected and actual earnings on plan investments	-	1,069,696
Employer contributions subsequent to the measurement date	987,451	-
Total	$ 1,870,101	$ 1,069,696

The $987,451 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, 2024.

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
2024	$ 412,645
2025	(386,998)
2026	(725,469)
2027	512,776
	$ (187,046)

School Board Professional

For the year ended June 30, 2023, the School Board recognized pension expense related to the professional plan of $13,186,794. Since there was a change in proportionate share between measurement dates, a portion of the pension expense was related to deferred amounts from changes in proportion and from differences between employer contributions and the proportionate share of employer contributions. Beginning with the June 30, 2022, measurement date, the difference between expected and actual contributions is included with the pension expense calculation.

Note 12. PENSION PLAN (Continued)

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

At June 30, 2023, 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	$ -	$ 13,321,417
Changes of assumptions	18,214,203	-
Net difference between projected and actual earnings on plan investments	-	25,188,314
Changes in proportion and differences between employer contributions and proportionate share of contributions	11,175,955	421,056
Employer contributions subsequent to the measurement date	33,411,540	-
Total	$ 62,801,698	$ 38,930,787

The $33,411,540 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, 2024.

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
2024	$ (3,208,918)
2025	(5,300,667)
2026	(14,084,038)
2027	13,052,994
	$ (9,540,629)

Note 13. OTHER POSTEMPLOYMENT BENEFITS (OPEB) MEDICAL PLAN

A. PLAN DESCRIPTION

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

Provided Benefits

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

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

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

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

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

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

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

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

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

A. PLAN DESCRIPTION (Continued)

Membership

At July 1, 2021, membership consisted of:	
Retirees and beneficiaries currently receiving benefits	632
Active employees	4,013
Total	4,645

Contributions

The School Board establishes employer contribution rates for plan participants as part of the annual budget process. The School Board also determines whether to partially or fully fund the plan during the annual budget process. Funding for these benefits is currently made on a pay-as-you-go basis. Contributions from the School Board to program were $2,631,891 and $2,830,038 for the years ended June 30, 2023 and June 30, 2022, respectively.

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

B. NET OPEB LIABILITY

The School Board's net OPEB liability was measured as of June 30, 2022. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2021, and rolled forward to the measurement date of June 30, 2022.

Actuarial Methods and Assumptions
The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Discount rate 4.05%
- Inflation 2.5%
- Medical Trend Society of Actuaries Long-Run Medical Cost Trend Model baseline assumptions

The Society of Actuaries (SOA) recently published the first public plans mortality study. The study analyzed general employees, public safety and teachers experience separately. The mortality assumption was updated to that recommended by the SOA study for teacher employees and the most recently released mortality improvement (MP2021) scale. Other assumptions were those used by VRS to value the School Board - Professional Pension Plan (see Note 13).

Discount Rate
The discount rate on the measurement date of June 30, 2022, was 4.05%. The estimated future benefit payment stream is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 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 3.69% as of June 30, 2022, was used for the blended discount rate determination.

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

C. INVESTMENT POLICY

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

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

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, 2023, the annual money-weighted rate of return on investments, net of investment expense, was 7.62%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

D. CHANGES IN THE NET OPEB LIABILITY

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2021	$ 265,538,299	$ 31,709,193	$ 233,829,106
Changes for the Year:			
Service cost	18,063,239	-	18,063,239
Interest	5,277,316	-	5,277,316
Changes of benefit terms	(1,787,122)	-	(1,787,122)
Difference between expected and actual experience	(78,391,888)	-	(78,391,888)
Change in assumptions	(81,380,147)	-	(81,380,147)
Contributions – employer	-	11,830,038	(11,830,038)
Net investment income	-	(3,904,210)	3,904,210
Benefit payments	(2,830,038)	(2,830,038)	-
Net changes	(141,048,640)	5,095,790	(146,144,430)
Balances at June 30, 2022	$ 124,489,659	$ 36,804,983	$ 87,684,676
Funded status			29.56%

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

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

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

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

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

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

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

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

For the year ended June 30, 2023, the School Board recognized OPEB expense of $4,592,868. 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	$ 274,972	$ 90,413,373
Changes of assumptions	57,997,305	80,734,952
Net difference between projected and actual earnings on plan investments	2,289,537	-
Employer contributions subsequent to the measurement date	2,631,891	-
Total	$ 63,193,705	$ 171,148,325

The $2,631,891 reported as deferred outflows of resources related to OPEB resulting from employer contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2024. The OPEB plan does not make contributions based on payroll; therefore, a Schedule of Contributions is not required or included.

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

Fiscal year ending June 30:	Amount
2024	$ (14,324,027)
2025	(14,438,050)
2026	(14,630,203)
2027	(10,737,847)
2028	(11,151,430)
Thereafter	(45,304,954)
	$ (110,586,511)

F. ADDITIONAL OPEB MEDICAL PLAN DATA

The following additional disclosures are presented in conformity with the requirements of GAAP, using a Plan measurement date of June 30, 2023. For purposes of these disclosures, the School Board's net OPEB liability was measured as of June 30, 2023. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation performed as of July 1, 2021, and rolled forward to the measurement date of June 30, 2023.

Actuarial Methods and Assumptions
The actuarial methods, assumptions, participant data, and plan provisions are the same as described.

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

F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)

Discount Rate

The discount rate on the measurement date of June 30, 2023, is 4.14%. The new benefit payment stream is discounted based on an index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher for years when the projected benefit payouts are expected to be unfunded and 6.75% for years when the projected benefit payouts are expected to be funded. A long-term expected rate of return on assets of 6.75% and a long-term expected rate of return on internal fund rate of 3.86% as of June 30, 2023, was used in the calculations.

Membership

At July 1, 2021 membership consisted of:	
Retirees and beneficiaries currently receiving benefits	632
Active employees	4,013
Total	4,645

Net OPEB Liability

The components of the net OPEB liability of the School Board as of June 30, 2023, were as follows:

	Amount
Total OPEB Liability	$ 130,687,598
Plan Fiduciary Net Position	(39,575,721)
Net OPEB Liability	$ 91,111,877
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.28%

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2022	$ 124,489,659	$ 36,804,983	$ 87,684,676
Changes for the Year:			
Service cost	6,165,749	-	6,165,749
Interest	4,980,911	-	4,980,911
Difference between expected and actual experience	(376,499)	-	(376,499)
Change in assumptions	(1,940,331)	-	(1,940,331)
Contributions – employer	-	2,631,891	(2,631,891)
Net investment income	-	2,770,738	(2,770,738)
Benefit payments	(2,631,891)	(2,631,891)	-
Net changes	6,197,939	2,770,738	3,427,201
Balances at June 30, 2023	$ 130,687,598	$ 39,575,721	$ 91,111,877

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

F. ADDITIONAL OPEB MEDICAL PLAN DATA (Continued)

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

The following presents the Total and Net OPEB liabilities, using the discount rate of 4.14%, as well as what the Total and Net OPEB liabilities would be if they were calculated using a discount rate that is one percentage point lower (3.14%) or one percentage point higher (5.14%) than the current rate:

	1% Decrease (3.14%)	Discount Rate (4.14%)	1% Increase (5.14%)
Total OPEB Liability	$154,740,180	$130,687,598	$111,616,835
Net OPEB Liability	$115,164,459	$91,111,877	$72,041,114

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

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

	1% Decrease (2.94%)	Medical Trend (3.94%)	1% Increase (4.94%)
Total OPEB Liability	$106,946,656	$130,687,598	$162,262,893
Net OPEB Liability	$67,370,935	$91,111,877	$122,687,172

Note 14. HEALTH INSURANCE CREDIT (HIC) OPEB PLAN

A. PLAN DESCRIPTION

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

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

Eligible Employees

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

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

A. PLAN DESCRIPTION (Continued)

Benefit Amount

School Board Non-Professional

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

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

School Board Professional

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

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

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

Employees Covered by Benefit Terms

School Board Non-Professional

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

	Number
Inactive members or their beneficiaries currently receiving benefits	59
Inactive members:	
Vested inactive members	1
Total inactive members	60
Active members	275
Total covered employees	335

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

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, 2023, was 0.48% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions from the School Board's Non-Professional Plan to the HIC Program were $68,643 and $52,887 for the years ended June 30, 2023, and June 30, 2022, 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, 2023, was 1.21% of covered employee compensation. This rate was based on an actuarially determined rate from an actuarial valuation as of June 30, 2021. The actuarially determined rate was expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Contributions from the School Board's Professional Plan to the HIC Program were $2,601,499 and $2,328,017 for the years ended June 30, 2023, and June 30, 2022, respectively.

In June 2022, the Commonwealth of Virginia made a special contribution of approximately $12 million to the VRS Teacher Health Insurance Credit Program. This special payment was authorized by a budget amendment included in Chapter 1 of the 2022 Appropriation Act, and is classified as a non-employer contribution.

B. NET HIC OPEB LIABILITY

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

At June 30, 2023, the School Board reported a liability for the professional plan of $25,785,441 for its proportionate share of the HIC Program Net OPEB Liability. The Net HIC Program OPEB Liability was measured as of June 30, 2022, 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, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion was 2.06441% as compared to 1.98924% at June 30, 2021.

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Non-Professional Plan

The total HIC OPEB liability for non-professionals was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates:

– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; 95 % of rates for males; 105% of rates for females set forward 2 years.
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 110% of rates for males; 105% of rates for females set forward 3 years.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 95% of rates for males set back 3 years; 90% of rates for females set back 3 years.
– Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally; 110% of rates for males and females set forward 2 years.
– Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

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

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

Actuarial Assumptions – School Board Professional Plan

The total HIC OPEB liability for professionals was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Professional Plan (Continued)

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

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

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

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Long-Term Expected Rate of Return

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

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

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

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

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, 2022, the rate contributed by the School Board for the HIC OPEB plan was 100% of the actuarially determined contribution rate. From July 1, 2022, 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 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

B. NET HIC OPEB LIABILITY (Continued)

Net HIC OPEB Liability - School Board Professional Plan

The net OPEB liability (NOL) for the HIC Program represents the program's total OPEB liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of June 30, 2022, NOL amounts for the HIC Program is as follows:

	Amount
Total HIC OPEB Liability	$ 1,470,891,000
Plan Fiduciary Net Position	221,845,000
Net HIC OPEB Liability	$ 1,249,046,000
Plan Fiduciary Net Position as a Percentage of the Total HIC OPEB Liability	15.08%

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

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, 2021	$ 479,276	$ 340,485	$ 138,791
Changes for the year:			
Service cost	9,280	-	9,280
Interest	31,393	-	31,393
Changes in benefit terms	261,739	-	261,739
Changes in assumptions	40,793	-	40,793
Difference between expected and actual experience	(68,245)	-	(68,245)
Contributions – employer	-	52,887	(52,887)
Net investment income	-	142	(142)
Benefit payments	(46,938)	(46,938)	-
Administrative expense	-	(623)	623
Other changes	-	9,649	(9,649)
Net changes	228,022	15,117	212,905
Balances at June 30, 2022	$ 707,298	$ 355,602	$ 351,696

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
School Board's non-professional HIC OPEB liability	$435,531	$351,696	$280,685
School Board's professional HIC OPEB liability	$29,060,488	$25,785,441	$23,009,267

HIC OPEB Plan Data

Detailed information about the HIC Programs is available in the separately issued VRS 2022 *Annual Comprehensive Financial Report*. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the VRS Chief Financial Officer at P.O. Box 2500, Richmond, Virginia 23218-2500.

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, 2023, the School Board recognized HIC OPEB expense related to its non-professional plan of $245,278. At June 30, 2023, 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	$ 17,585	$ 58,543
Changes of assumptions	41,798	74
Net difference between projected and actual earnings on plan investments	-	7,872
Employer contributions subsequent to the measurement date	68,643	-
Total	$ 128,026	$ 66,489

The $68,643 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, 2024.

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

School Board Non-Professional (Continued)

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

Fiscal year ending June 30:	Amount
2024	$ (1,775)
2025	376
2026	(5,508)
2027	2,338
2028	(2,537)
	$ (7,106)

School Board Professional

For the year ended June 30, 2023, the School Board recognized HIC OPEB expense related to the professional plan of $2,370,181. 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, 2023, the School Board reported deferred outflows of resources and deferred inflows of resources related to its professional plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 1,051,055
Changes of assumptions	753,324	65,848
Changes in proportionate share	1,672,548	129,821
Net difference between projected and actual earnings on plan investments	-	25,881
Employer contributions subsequent to the measurement date	2,601,499	-
Total	$ 5,027,371	$ 1,272,605

The $2,601,499 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, 2024.

Note 14. HEALTH INSURANCE CREDIT OPEB PLAN (Continued)

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

School Board Professional (Continued)

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

Fiscal year ending June 30:	Amount
2024	$ 230,859
2025	217,716
2026	204,334
2027	289,546
2028	136,125
Thereafter	74,687
	$ 1,153,267

Note 15. GROUP LIFE INSURANCE PLAN

A. PLAN DESCRIPTION

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

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

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

Eligible Employees

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

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

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

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

Benefit Amounts

The benefits payable under the GLI Program have several components.

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

Reduction in Benefit Amounts

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

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

For covered members with at least 30 years of service credit, there is a minimum benefit payable under the GLI Program. The minimum benefit was set at $8,000 by statute in 2015. This will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. The minimum benefit adjusted for the COLA was $8,984 as of June 30, 2023.

Contributions

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

In June 2022, the Commonwealth made a special contribution of approximately $30.4 million to the GLI plan. This special payment was authorized by a Budget Amendment included in Chapter 1 of the 2022 Appropriation Act.

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

A. PLAN DESCRIPTION (Continued)

School Board Non-Professional

Contributions to the GLI Program from the School Board for the non-professional plan, which include both the employee and employer components, were $191,833 and $168,771 for the years ended June 30, 2023, and June 30, 2022, respectively.

School Board Professional

Contributions to the GLI Program from the School Board for the professional plan, which include both the employee and employer components, were $2,884,639 and $2,582,184 for the years ended June 30, 2023 and June 30, 2022, respectively.

B. NET GROUP LIFE INSURANCE OPEB LIABILITY

At June 30, 2023, the School Board reported a liability for the non-professional plan of $697,172 and for the professional plan of $10,667,211 for its proportionate share of the Net GLI OPEB Liability. The Net GLI OPEB Liability was measured as of June 30, 2022, and the total GLI OPEB Liability used to calculate the Net GLI OPEB Liability was determined by an actuarial valuation performed as of June 30, 2021, and rolled forward to the measurement date of June 30, 2022. 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, 2022, relative to the total of the actuarially determined employer contributions for all participating employers. At June 30, 2022, the School Board's proportion for the non-professional plan was 0.05790% as compared to 0.04617% at June 30, 2021. At June 30, 2022, the School Board's proportion for the professional plan was 0.88591% as compared to 0.85292% at June 30, 2021.

Actuarial Assumptions – School Board Non-Professional

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates:	
– Pre-retirement:	Pub-2010 Amount Weighted Safety Employee Rates projected generationally; males set forward 2 years; 105% of rates for females set forward 3 years.
– Post-retirement:	Pub-2010 Amount Weighted Safety Healthy Retiree Rates projected generationally; 95% of rates for males set forward 2 years; 95% of rates for females set forward 1 year.
– Post-disablement:	Pub-2010 Amount Weighted General Disabled Rates projected generationally; 110% of rates for males set forward 3 years; 110% of rates for females set forward 2 years.
– Beneficiaries and Survivors:	Pub-2010 Amount Weighted Safety Contingent Annuitant Rates projected generationally.
– Mortality Improvement Scale:	Rates projected generationally with Modified MP-2020 Improvement Scale that is 75% of the MP-2020 rates.

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Non-Professional (Continued)

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

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

Actuarial Assumptions – School Board Professional

The total GLI OPEB Liability was based on an actuarial valuation as of June 30, 2021, using the Entry Age Normal actuarial cost method and the following assumptions, applied to all periods included in the measurement and rolled forward to the measurement date of June 30, 2022.

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

Mortality Rates:

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

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Actuarial Assumptions – School Board Professional (Continued)

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

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

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Long-Term Expected Rate of Return

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

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

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

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

Discount Rate

The discount rate used to measure the total GLI OPEB Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employer contributions will be made in accordance with the VRS funding policy and at rates equal to the actuarially determined contribution rates adopted by the VRS Board of Trustees. Through the fiscal year ended June 30, 2022, the rate contributed by the School Board for the GLI OPEB was subject to the portion of the VRS Board-certified rates that were funded by the Virginia General Assembly which was 100% of the actuarially determined contribution rate. From July 1, 2022 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 15. GROUP LIFE INSURANCE PLAN (Continued)

B. NET GROUP LIFE INSURANCE OPEB LIABILITY (Continued)

Net GLI OPEB Liability

The net OPEB liability (NOL) for the GLI Program represents the program's total OPEB Liability determined in accordance with GASB Statement No. 74, less the associated fiduciary net position. As of the measurement date of June 30, 2022, NOL amounts for the GLI Program are as follows:

	Amount
Total GLI OPEB Liability	$ 3,672,085,000
Plan Fiduciary Net Position	2,467,989,000
Employers' Net GLI OPEB Liability	$ 1,204,096,000
Plan Fiduciary Net Position as a Percentage of the Total GLI OPEB Liability	67.21%

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

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	$1,014,467	$697,172	$440,754
School Board's proportionate share of the professional net GLI OPEB Liability	$15,522,040	$10,667,211	$6,743,844

GLI OPEB Plan Data

Detailed information about the GLI Program's Fiduciary Net Position is available in the separately issued VRS 2022 Annual Report. A copy of the 2022 VRS Annual Report may be downloaded from the VRS website at http://www.varetire.org/Pdf/Publications/2022-annual-report.pdf, or by writing to the System's Chief Financial Officer at P.O. Box 2500, Richmond, VA, 23218-2500.

Note 15. GROUP LIFE INSURANCE PLAN (Continued)

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

School Board Non-Professional

For the year ended June 30, 2023, the School Board recognized GLI OPEB expense related to its non-professional plan of $51,186. Since there was a change in proportionate share between measurement dates, a portion of the GLI OPEB expense was related to deferred amounts from changes in proportion.

At June 30, 2023, 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	$ 55,207	$ 27,969
Changes of assumptions	26,003	67,907
Changes in proportion	153,270	15,722
Net difference between projected and actual earnings on plan investments	-	43,563
Employer contributions subsequent to the measurement date	77,306	-
Total	$ 311,786	$ 155,161

The $77,306 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, 2024.

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

Fiscal year ending June 30:	Amount
2024	$ 16,698
2025	17,031
2026	(6,542)
2027	30,169
2028	21,963
	$ 79,319

School Board Professional

For the year ended June 30, 2023, the School Board recognized GLI OPEB expense related to its professional plan of $560,611. 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 15. GROUP LIFE INSURANCE PLAN (Continued)

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

School Board Professional (Continued)

At June 30, 2023, 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	$ 844,709	$ 427,943
Changes of assumptions	397,870	1,039,029
Changes in proportion	781,306	65,864
Net difference between projected and actual earnings on plan investments	-	666,544
Employer contributions subsequent to the measurement date	1,162,466	-
Total	$ 3,186,351	$ 2,199,380

The $1,162,466 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, 2024.

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

Fiscal year ending June 30:	Amount
2024	$ (3,321)
2025	961
2026	(371,472)
2027	201,635
2028	(3,298)
	$ (175,495)

Note 16. DEFICIT IN NET POSITION

The Fleet Services Funds had a deficit net position balance of $408,914 as of June 30, 2023.

Note 17. PENDING ACCOUNTING STANDARDS OF GOVERNMENTAL ACCOUNTING STANDARDS BOARD

As of June 30, 2023, the GASB had issued statements not yet implemented by Stafford Schools. The statements which might impact Stafford Schools are as follows:

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

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

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

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

Note 18. SUBSEQUENT EVENTS

The School Board has evaluated subsequent events through December 15, 2023, the date on which the financial statements were available to be issued and has determined that the following subsequent event requires disclosure in the financial statements.

Construction Commitment

In September 2023, the School Board awarded a contract to Howard Shockey & Sons, Inc. in the amount of $139,334,000 for the construction of Stafford Schools' sixth high school.

REQUIRED SUPPLEMENTARY INFORMATION

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit J**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Operating Fund
For the Fiscal Year Ended June 30, 2023

	Budget			Variance from
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental:				
Stafford County	$ 141,021,712	$ 141,021,712	$ 139,231,707	$ (1,790,005)
Commonwealth of Virginia	224,377,987	227,995,342	225,942,537	(2,052,805)
Federal Government	2,550,000	2,550,000	2,990,466	440,466
Total intergovernmental revenues	367,949,699	371,567,054	368,164,710	(3,402,344)
Charges for services:				
Tuition and fees	1,185,000	1,185,000	763,924	(421,076)
Recovered costs	3,695,109	3,135,997	2,803,874	(332,123)
Miscellaneous	95,000	99,400	111,196	11,796
Total revenues	372,924,808	375,987,451	371,843,704	(4,143,747)
EXPENDITURES				
Current:				
Education:				
Instruction	280,289,800	276,575,453	273,205,902	(3,369,551)
Administration, attendance and health	20,236,930	23,266,532	19,978,689	(3,287,843)
Pupil transportation	22,663,761	24,284,477	25,058,577	774,100
Operation and maintenance	27,363,594	29,716,549	27,664,272	(2,052,277)
Food and nutrition services	270,940	270,940	515,635	244,695
Facilities	475,520	407,328	439,249	31,921
Technology	19,742,557	21,898,576	18,881,600	(3,016,976)
Capital outlay	1,971,700	10,598,095	12,261,218	1,663,123
Debt service:				
Principal	718,196	718,196	1,471,934	753,738
Interest and fiscal charges	191,810	189,296	196,307	7,011
Total expenditures	373,924,808	387,925,442	379,673,383	(8,252,059)
Deficiency of revenues under expenditures	(1,000,000)	(11,937,991)	(7,829,679)	4,108,312
OTHER FINANCING SOURCES				
Leases issued	-	-	1,534,565	1,534,565
SBITAs issued	-	-	1,192,115	1,192,115
Total other financing sources	-	-	2,726,680	2,726,680
Change in fund balance	$ (1,000,000)	$ (11,937,991)	(5,102,999)	$ 6,834,992
Fund balance, beginning - July 1, 2022			10,937,987	
Fund balance, ending - June 30, 2023			$ 5,834,988	

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit K**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Capital Projects Fund
For the Fiscal Year Ended June 30, 2023

	Budget			Variance from
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental:				
Stafford County	$ 1,445,865	$ 150,272,589	$ 108,378,638	$ (41,893,951)
Commonwealth of Virginia	-	8,720,580	8,720,580	-
Total intergovernmental revenues	1,445,865	158,993,169	117,099,218	(41,893,951)
Charges for services:				
Tuition and fees	110,000	110,000	-	(110,000)
Recovered costs	-	-	88,658	88,658
Use of money and property	-	-	2,043,940	2,043,940
Total revenues	1,555,865	159,103,169	119,231,816	(39,871,353)
EXPENDITURES				
Capital outlay	1,656,331	172,986,452	20,215,981	(152,770,471)
Debt service:				
Principal	-	-	149,997	149,997
Total expenditures	1,656,331	172,986,452	20,365,978	(152,620,474)
Excess (deficiency) of revenues over (under) expenditures	(100,466)	(13,883,283)	98,865,838	112,749,121
OTHER FINANCING SOURCES				
SBITAs issued	-	-	409,541	409,541
Total other financing sources	-	-	409,541	409,541
Change in fund balance	$ (100,466)	$ (13,883,283)	99,275,379	$ 113,158,662
Fund balance, beginning - July 1, 2022			21,447,694	
Fund balance, ending - June 30, 2023			$ 120,723,073	

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit L**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Grants Fund
For the Fiscal Year Ended June 30, 2023

	Budget			Variance from
	Original	Final	Actual	Final Budget
REVENUES				
Intergovernmental:				
Stafford County	$ -	$ -	$ 99,344	$ 99,344
Commonwealth of Virginia	498,723	3,802,267	887,516	(2,914,751)
Federal Government	11,268,518	21,685,893	32,677,132	10,991,239
Total intergovernmental revenues	11,767,241	25,488,160	33,663,992	8,175,832
Miscellaneous	2,786,052	281,420	333,407	51,987
Total revenues	14,553,293	25,769,580	33,997,399	8,227,819
EXPENDITURES				
Current:				
Education:				
Instruction	14,536,309	17,810,759	22,832,402	5,021,643
Administration, attendance and health	-	136,617	1,585,707	1,449,090
Pupil transportation	16,984	21,495	581,261	559,766
Operation and maintenance	-	999,857	1,475,708	475,851
Food and nutrition services	-	-	219,733	219,733
Technology	-	3,212,611	6,085,256	2,872,645
Capital outlay	-	6,192,388	1,251,489	(4,940,899)
Debt service:				
Principal	-	-	66,703	66,703
Total expenditures	14,553,293	28,373,727	34,098,259	5,724,532
Deficiency of revenues under expenditures	-	(2,604,147)	(100,860)	2,503,287
OTHER FINANCING SOURCES				
SBITAs issued	-	-	66,703	66,703
Total other financing sources	-	-	66,703	66,703
Change in fund balance	$ -	$ (2,604,147)	(34,157)	$ 2,569,990
Fund balance, beginning - July 1, 2022			168,289	
Fund balance, ending - June 30, 2023			$ 134,132	

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

	As of June 30,				
	2023	2022	2021	2020	2019
Total Pension Liability					
Service cost	$ 915,926	$ 876,424	$ 827,459	$ 794,341	$ 792,512
Interest	2,530,003	2,196,559	2,023,480	1,976,360	1,942,465
Differences between expected and actual experience	227,511	1,549,661	1,284,546	(295,951)	(743,289)
Changes of assumptions	-	1,151,016	-	861,271	-
Benefit payments, including refunds of employee contributions	(1,866,303)	(1,633,057)	(1,509,641)	(1,674,858)	(1,340,098)
Net change in total pension liability	1,807,137	4,140,603	2,625,844	1,661,163	651,590
Total pension liability - beginning	37,498,747	33,358,144	30,732,300	29,071,137	28,419,547
Total pension liability - ending (a)	$ 39,305,884	$ 37,498,747	$ 33,358,144	$ 30,732,300	$ 29,071,137
Plan Fiduciary Net Position					
Contributions - employer	$ 708,351	$ 542,312	$ 451,488	$ 421,836	$ 509,433
Contributions - employee	582,036	445,936	461,700	422,790	415,354
Net investment income	(45,825)	8,198,530	571,869	1,914,248	2,018,373
Benefit payments, including refunds of employee contributions	(1,866,303)	(1,633,057)	(1,509,641)	(1,674,858)	(1,340,098)
Administrative expense	(23,401)	(20,485)	(19,669)	(19,286)	(17,438)
Other changes	868	772	(678)	(1,202)	(1,803)
Net change in plan fiduciary net position	(644,274)	7,534,008	(44,931)	1,063,528	1,583,821
Plan fiduciary net position - beginning	37,603,864	30,069,856	30,114,787	29,051,259	27,467,438
Plan fiduciary net position - ending (b)	$ 36,959,590	$ 37,603,864	$ 30,069,856	$ 30,114,787	$ 29,051,259
School Board non-professional net pension liability (asset) - ending (a) - (b)	$ 2,346,294	$ (105,117)	$ 3,288,288	$ 617,513	$ 19,878
Plan fiduciary net position as a percentage of the total pension liability	94.03%	100.28%	90.14%	97.99%	99.93%
Employer's covered payroll	$ 12,591,916	$ 9,525,656	$ 9,807,469	$ 8,944,315	$ 8,704,683
School Board's non-professional net pension liability (asset) as a percentage of covered payroll	18.63%	-1.10%	33.53%	6.90%	0.23%

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

a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.
b. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service
d. No change to the disability rates
e. No change to the salary scale
f. No change to the discount rate

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

As of June 30, 2018	2017	2016	2015	
				Total Pension Liability
$ 811,596	$ 853,719	$ 917,801	$ 931,365	Service cost
1,893,932	1,856,844	1,773,289	1,679,630	Interest
(466,649)	(868,215)	(171,518)	-	Differences between expected and actual experience
(230,348)	-	-	-	Changes of assumptions
(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)	Benefit payments, including refunds of employee contributions
718,214	507,625	1,202,444	1,382,098	**Net change in total pension liability**
27,701,333	27,193,708	25,991,264	24,609,166	Total pension liability - beginning
$ 28,419,547	$ 27,701,333	$ 27,193,708	$ 25,991,264	Total pension liability - ending (a)
				Plan Fiduciary Net Position
$ 505,800	$ 687,268	$ 700,475	$ 828,505	Contributions - employer
409,474	406,077	412,685	433,951	Contributions - employee
3,015,642	436,457	1,081,570	3,247,485	Net investment income
(1,290,317)	(1,334,723)	(1,317,128)	(1,228,897)	Benefit payments, including refunds of employee contributions
(17,420)	(15,244)	(14,788)	(17,281)	Administrative expense
(2,684)	(182)	(227)	171	Other changes
2,620,495	179,653	862,587	3,263,934	**Net change in plan fiduciary net position**
24,846,943	24,667,290	23,804,703	20,540,769	Plan fiduciary net position - beginning
$ 27,467,438	$ 24,846,943	$ 24,667,290	$ 23,804,703	Plan fiduciary net position - ending (b)
$ 952,109	$ 2,854,390	$ 2,526,418	$ 2,186,561	School Board non-professional net pension liability (asset) - ending (a) - (b)
96.65%	89.70%	90.71%	91.59%	Plan fiduciary net position as a percentage of the total pension liability
$ 8,450,346	$ 8,163,550	$ 8,451,460	$ 8,577,515	Employer's covered payroll
11.27%	34.97%	29.89%	25.49%	School Board's non-professional net pension liability as a percentage of covered payroll

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

	As of June 30,				
	2023	2022	2021	2020	2019
Employer's proportion of the net pension liability	2.02921%	1.95422%	1.93237%	1.90174%	1.88423%
Employer's proportionate share of the net pension liability	$ 193,192,940	$ 151,708,002	$ 281,210,583	$ 250,279,791	$ 221,585,000
Employer's covered payroll	$ 192,399,026	$ 175,927,006	$ 172,044,450	$ 161,000,993	$ 153,228,530
Employer's proportionate share of the net pension liability as a percentage of its covered payroll	100.41%	86.23%	163.45%	155.45%	144.61%
Plan fiduciary net position as a percentage of the total pension liability	82.61%	85.46%	71.47%	73.51%	74.81%

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

a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020.

b. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 7 to 80 for all

c. Adjusted withdrawal rates to better fit experience at each year age and service through 9 years of service

d. No change to the disability rates

e. No change to the salary scale

f. No change to the discount rate

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

As of June 30,				
2018	2017	2016	2015	
1.91638%	1.88465%	1.87703%	1.96028%	Employer's proportion of the net pension liability
$ 235,676,000	$ 264,117,000	$ 236,250,000	$ 236,893,000	Employer's proportionate share of the net pension liability
$ 148,882,433	$ 143,696,984	$ 139,553,875	$ 143,355,995	Employer's covered payroll
158.30%	183.80%	169.29%	165.25%	Employer's proportionate share of the net pension liability as a percentage of its covered payroll
72.92%	68.28%	70.68%	70.88%	Plan fiduciary net position as a percentage of the total pension liability

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

	Fiscal Year Ended				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contribution (CRC)	$ 1,115,482	$ 797,068	$ 602,974	$ 505,085	$ 460,764
Contributions in relation to the CRC	1,115,482	797,068	602,974	505,085	460,764
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 14,301,038	$ 12,591,916	$ 9,525,656	$ 9,807,469	$ 8,944,315
Contributions as a percentage of covered payroll	7.80%	6.33%	6.33%	5.15%	5.15%

Note to Schedule:

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

Fiscal Year Ended					
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
$ 541,431	$ 525,614	$ 1,099,630	$ 825,400	$ 828,505	Contractually required contribution (CRC)
541,431	525,614	1,099,630	825,400	828,505	Contributions in relation to the CRC
$ -	$ -	$ -	$ -	$ -	Contribution deficiency (excess)
$ 8,704,683	$ 8,450,346	$ 8,163,550	$ 8,451,460	$ 8,577,515	Employer's covered payroll
6.22%	6.22%	13.47%	9.77%	9.66%	Contributions as a percentage of covered payroll

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

	Fiscal Year Ended				
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Contractually required contribution (CRC)	$ 35,733,373	$ 31,976,718	$ 29,239,068	$ 26,976,570	$ 24,354,767
Contributions in relation to the CRC	35,733,373	31,976,718	29,239,068	26,976,570	24,354,767
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 215,004,534	$ 192,399,026	$ 175,927,006	$ 172,044,450	$ 161,000,993
Contributions as a percentage of covered payroll	16.62%	16.62%	16.62%	15.68%	15.13%

Note to Schedule:

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

Fiscal Year Ended					
June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	
$ 24,089,529	$ 21,806,528	$ 20,203,796	$ 20,235,599	$ 16,715,309	Contractually required contribution (CRC)
24,089,529	21,806,528	20,203,796	20,235,599	16,715,309	Contributions in relation to the CRC
$ -	$ -	$ -	$ -	$ -	Contribution deficiency (excess)
$ 153,228,530	$ 148,882,433	$ 143,696,984	$ 139,553,875	$ 143,355,995	Employer's covered payroll
15.72%	14.65%	14.06%	14.50%	11.66%	Contributions as a percentage of covered payroll

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

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020
Total Medical Plan OPEB Liability				
Service cost	$ 6,165,749	$ 18,063,239	$ 14,411,622	$ 10,991,667
Interest	4,980,911	5,277,316	5,562,925	6,224,135
Changes of benefit terms	-	(1,787,122)	-	-
Differences between expected and actual experience	(376,499)	(78,391,888)	(368,444)	(25,542,345)
Changes of assumptions	(1,940,331)	(81,380,147)	30,638,733	36,573,341
Benefit payments	(2,631,891)	(2,830,038)	(2,693,946)	(3,147,826)
Net change in total Medical Plan OPEB liability	6,197,939	(141,048,640)	47,550,890	25,098,972
Total Medical Plan OPEB liability - beginning	124,489,659	265,538,299	217,987,409	192,888,437
Total Medical Plan OPEB liability - ending (a)	$ 130,687,598	$ 124,489,659	$ 265,538,299	$ 217,987,409
Plan Fiduciary Net Position				
Contributions - employer	$ 2,631,891	$ 11,830,038	$ 2,693,946	$ 3,147,826
Net investment income	2,770,738	(3,904,210)	7,307,892	698,418
Benefit payments	(2,631,891)	(2,830,038)	(2,693,946)	(3,147,826)
Net change in plan fiduciary net position	2,770,738	5,095,790	7,307,892	698,418
Plan fiduciary net position - beginning	36,804,983	31,709,193	24,401,301	23,702,883
Plan fiduciary net position - ending (b)	$ 39,575,721	$ 36,804,983	$ 31,709,193	$ 24,401,301
School Board net Medical Plan OPEB liability - ending (a) - (b)	$ 91,111,877	$ 87,684,676	$ 233,829,106	$ 193,586,108
Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability	30.28%	29.56%	11.94%	11.19%
Employer's covered-employee payroll	$ 229,305,572	$ 204,990,942	$ 185,452,662	$ 181,851,919
School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll	39.73%	42.77%	126.09%	106.45%

Notes to Schedule:

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

(2) **Changes of benefit terms:** None.

(3) **Changes of assumptions:**
- a. Discount rate increased to 4.14%
- b. Expected return on assets was lowered from 7.00% to 6.75%

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

As of June 30, 2019	As of June 30, 2018	As of June 30, 2017	
			Total Medical Plan OPEB Liability
$ 9,102,769	$ 8,503,360	$ 9,898,436	Service cost
6,050,643	5,698,104	4,889,280	Interest
-	-	-	Changes of benefit terms
494,952	(3,477,196)	(5,614,431)	Differences between expected and actual experience
17,612,914	(4,390,470)	(19,337,174)	Changes of assumptions
(2,951,708)	(2,658,722)	(1,397,982)	Benefit payments
30,309,570	3,675,076	(11,561,871)	**Net change in total Medical Plan OPEB liability**
162,578,867	158,903,791	170,465,662	Total Medical Plan OPEB liability - beginning
$ 192,888,437	$ 162,578,867	$ 158,903,791	Total Medical Plan OPEB liability - ending (a)
			Plan Fiduciary Net Position
$ 2,951,708	$ 2,658,722	$ 1,397,982	Contributions - employer
1,017,835	1,960,214	2,355,594	Net investment income
(2,951,708)	(2,658,722)	(1,397,982)	Benefit payments
1,017,835	1,960,214	2,355,594	**Net change in plan fiduciary net position**
22,685,048	20,724,834	18,369,240	Plan fiduciary net position - beginning
$ 23,702,883	$ 22,685,048	$ 20,724,834	Plan fiduciary net position - ending (b)
$ 169,185,554	$ 139,893,819	$ 138,178,957	School Board net Medical Plan OPEB liability - ending (a) - (b)
12.29%	13.95%	13.04%	Plan fiduciary net position as a percentage of the total Medical Plan OPEB liability
$ 169,945,308	$ 161,933,213	$ 151,834,911	Employer's covered-employee payroll
99.55%	86.39%	91.01%	School Board's net Medical Plan OPEB liability as a percentage of covered-employee payroll

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

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Annual money-weighted rate of return, net of investment expense	7.62%	-10.65%	30.07%	3.01%	4.67%	9.52%

Note to Schedule:

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

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

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Total HIC OPEB Liability						
Service cost	$ 9,280	$ 11,927	$ 11,137	$ 10,467	$ 10,258	$ 10,954
Interest	31,393	29,033	26,976	26,120	26,440	25,945
Changes of benefit terms	261,739	-	12,387	-	-	-
Changes of assumptions	40,793	7,927	-	10,145	-	(8,780)
Difference between expected and actual experience	(68,245)	16,069	10,585	6,939	(15,854)	-
Benefit payments	(46,938)	(31,603)	(29,614)	(24,731)	(26,099)	(16,000)
Net change in total HIC OPEB liability	228,022	33,353	31,471	28,940	(5,255)	12,119
Total HIC OPEB liability - beginning	479,276	445,923	414,452	385,512	390,767	378,648
Total HIC OPEB liability - ending (a)	$ 707,298	$ 479,276	$ 445,923	$ 414,452	$ 385,512	$ 390,767
Plan Fiduciary Net Position						
Contributions - employer	$ 52,887	$ 23,815	$ 21,577	$ 19,683	$ 19,152	$ 18,590
Net investment income	142	71,910	5,531	17,081	18,142	26,654
Benefit payments	(46,938)	(31,603)	(29,614)	(24,731)	(26,099)	(16,000)
Administrative expense	(623)	(833)	(525)	(370)	(421)	(435)
Other changes	9,649	-	(3)	(20)	(1,340)	1,340
Net change in plan fiduciary net position	15,117	63,289	(3,034)	11,643	9,434	30,149
Plan fiduciary net position - beginning	340,485	277,196	280,230	268,587	259,153	229,004
Plan fiduciary net position - ending (b)	$ 355,602	$ 340,485	$ 277,196	$ 280,230	$ 268,587	$ 259,153
School Board non-professional net HIC OPEB liability - ending (a) - (b)	$ 351,696	$ 138,791	$ 168,727	$ 134,222	$ 116,925	$ 131,614
Plan fiduciary net position as a percentage of the total HIC OPEB liability	50.28%	71.04%	62.16%	67.61%	69.67%	66.32%
Employer's covered payroll	$ 12,591,916	$ 9,525,657	$ 9,807,469	$ 8,946,867	$ 8,704,683	$ 8,450,387
School Board's non-professional net HIC OPEB liability as a percentage of covered payroll	2.79%	1.46%	1.72%	1.50%	1.34%	1.56%

Notes to Schedule:

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

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

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

a. Updated to PUB2010 public sector mortality tables. Increased disability life expectancy. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
b. Adjusted retirement rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
c. Adjusted rates to better fit experience at each age and service decrement through 9 years of service
d. No change to the disability rates
e. No change to the salary scale
f. No change to the discount rate

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

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

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net HIC OPEB liability	2.06441%	1.98924%	1.96246%	1.91992%	1.89482%	1.92437%
Employer's proportionate share of the net HIC OPEB liability	$ 25,785,441	$ 25,533,271	$ 25,600,615	$ 25,134,000	$ 24,058,000	$ 24,413,000
Employer's covered payroll	$ 192,405,991	$ 175,927,006	$ 172,044,450	$ 161,036,564	$ 153,241,128	$ 151,871,436
Employer's proportionate share of the net HIC OPEB liability as a percentage of its covered payroll	13.40%	14.51%	14.88%	15.61%	15.70%	16.07%
Plan fiduciary net position as a percentage of the total HIC OPEB liability	15.08%	13.15%	9.95%	8.97%	8.08%	7.04%

Notes to Schedule:

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

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

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

a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020

b. Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all

c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of service
d. No change to the disability rates
e. No change to the salary scale
f. No change to the discount rate

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



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

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (CRC)	$ 68,643	$ 31,481	$ 23,815	$ 21,576
Contributions in relation to the CRC	68,643	31,481	23,815	21,576
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 14,301,038	$ 12,591,916	$ 9,525,657	$ 9,807,469
Contributions as a percentage of covered payroll	0.48%	0.25%	0.25%	0.22%

Notes to Schedule:

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

Fiscal Year Ended June 30, 2019	June 30, 2018	June 30, 2017	
$ 19,607	$ 19,150	$ 18,590	Contractually required contribution (CRC)
19,607	19,150	18,590	Contributions in relation to the CRC
$ -	$ -	$ -	Contribution deficiency (excess)
$ 8,946,867	$ 8,704,683	$ 8,450,387	Employer's covered payroll
0.22%	0.22%	0.22%	Contributions as a percentage of covered payroll

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

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (CRC)	$ 2,601,499	$ 2,328,017	$ 2,128,770	$ 2,064,460
Contributions in relation to the CRC	2,601,499	2,328,017	2,128,770	2,064,460
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 215,004,534	$ 192,405,991	$ 175,927,006	$ 172,044,450
Contributions as a percentage of covered payroll	1.21%	1.21%	1.21%	1.20%

Notes to Schedule:

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

Exhibit V

Fiscal Year Ended June 30, 2019	June 30, 2018	June 30, 2017	
$ 1,928,014	$ 1,884,866	$ 1,685,773	Contractually required contribution (CRC)
1,928,014	1,884,866	1,685,773	Contributions in relation to the CRC
$ -	$ -	$ -	Contribution deficiency (excess)
$ 161,036,564	$ 153,241,128	$ 151,871,436	Employer's covered payroll
1.20%	1.23%	1.11%	Contributions as a percentage of covered payroll

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

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net GLI OPEB liability	0.05790%	0.04617%	0.04768%	0.04575%	0.04588%	0.04586%
Employer's proportionate share of the net GLI OPEB liability	$ 697,172	$ 537,544	$ 795,701	$ 744,000	$ 696,000	$ 690,000
Employer's covered payroll	$ 12,594,533	$ 9,531,893	$ 9,811,944	$ 8,968,209	$ 8,724,051	$ 8,459,382
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.54%	5.64%	8.11%	8.30%	7.98%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Notes to Schedule:

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

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

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

a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
b. Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of servic
d. No change to the disability rates
e. No change to the salary scale
f. No change to the discount rate

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

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

	As of June 30, 2023	As of June 30, 2022	As of June 30, 2021	As of June 30, 2020	As of June 30, 2019	As of June 30, 2018
Employer's proportion of the net GLI OPEB liability	0.88591%	0.85292%	0.83745%	0.82223%	0.80662%	0.82442%
Employer's proportionate share of the net GLI OPEB liability	$ 10,667,211	$ 9,930,303	$ 13,975,670	$ 13,380,000	$ 12,250,000	$ 12,406,000
Employer's covered payroll	$ 192,707,144	$ 176,095,376	$ 172,350,914	$ 161,184,289	$ 153,377,599	$ 152,067,324
Employer's proportionate share of the net GLI OPEB liability as a percentage of its covered payroll	5.54%	5.64%	8.11%	8.30%	7.99%	8.16%
Plan fiduciary net position as a percentage of the total GLI OPEB liability	67.21%	67.45%	52.64%	52.00%	51.22%	48.86%

Notes to Schedule:

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

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

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

a. Updated to PUB2010 public sector mortality tables. For future mortality improvements, replace load with a modified Mortality Improvement Scale MP-2020
b. Adjusted rates to better fit experience for Plan 1; set separate rates based on experience for Plan 2/Hybrid; changed final retirement age from 75 to 80 for all
c. Adjusted withdrawal rates to better fit experience at each age and service decrement through 9 years of servic
d. No change to the disability rates
e. No change to the salary scale
f. No change to the discount rate

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

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

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (CRC)	$ 77,306	$ 68,012	$ 51,472	$ 51,022
Contributions in relation to the CRC	77,306	68,012	51,472	51,022
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 14,315,591	$ 12,594,533	$ 9,531,893	$ 9,811,944
Contributions as a percentage of covered payroll	0.54%	0.54%	0.54%	0.52%

Notes to Schedule:

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

Fiscal Year Ended June 30, 2019	June 30, 2018	June 30, 2017	
$ 46,635	$ 45,365	$ 43,989	Contractually required contribution (CRC)
46,635	45,365	43,989	Contributions in relation to the CRC
$ -	$ -	$ -	Contribution deficiency (excess)
$ 8,968,209	$ 8,724,051	$ 8,459,382	Employer's covered payroll
0.52%	0.52%	0.52%	Contributions as a percentage of covered payroll

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

	Fiscal Year Ended			
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020
Contractually required contribution (CRC)	$ 1,162,466	$ 1,040,582	$ 950,915	$ 896,225
Contributions in relation to the CRC	1,162,466	1,040,582	950,915	896,225
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
Employer's covered payroll	$ 215,276,609	$ 192,707,144	$ 176,095,376	$ 172,350,914
Contributions as a percentage of covered payroll	0.54%	0.54%	0.54%	0.52%

Notes to Schedule:

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

Fiscal Year Ended June 30, 2019	June 30, 2018	June 30, 2017	
$ 838,158	$ 797,564	$ 790,750	Contractually required contribution (CRC)
838,158	797,564	790,750	Contributions in relation to the CRC
$ -	$ -	$ -	Contribution deficiency (excess)
$ 161,184,289	$ 153,377,599	$ 152,067,324	Employer's covered payroll
0.52%	0.52%	0.52%	Contributions as a percentage of covered payroll

OTHER SUPPLEMENTARY INFORMATION

Exhibit AA

A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2023

	Special Revenue Funds					
	Food and Nutrition Services Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	Total Nonmajor Governmental Funds
ASSETS						
Pooled cash and investments	$ 11,691,864	$ 3,356,447	$ 12,790	$ -	$ -	$ 15,061,101
Restricted cash and investments	-	-	-	25,659	-	25,659
Accounts receivable, net of allowances	242,385	-	-	-	-	242,385
Intergovernmental receivables:						
Federal Government	105,709	-	-	-	-	105,709
Commonwealth of Virginia	279	-	-	-	-	279
Due from other funds	81,852	-	-	-	-	81,852
Inventory	603,891	-	-	-	-	603,891
Total assets	$ 12,725,980	$ 3,356,447	$ 12,790	$ 25,659	$ -	$ 16,120,876
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	$ 66,515	$ -	$ -	$ -	$ -	$ 66,515
Accrued salaries and benefits	501,664	-	-	-	-	501,664
Unearned revenues	327,420	-	-	-	-	327,420
Due to other funds	-	33,698	-	-	-	33,698
Total liabilities	895,599	33,698	-	-	-	929,297
Fund balance:						
Nonspendable:						
Inventory	603,891	-	-	-	-	603,891
Total nonspendable	603,891	-	-	-	-	603,891
Restricted:						
Food and nutrition services	11,226,490	-	-	-	-	11,226,490
Endowment	-	-	-	25,659	-	25,659
Scholarship	-	-	-	-	-	-
Total restricted	11,226,490	-	-	25,659	-	11,252,149
Assigned:						
School Activity	-	3,322,749	-	-	-	3,322,749
Division Wide Activity	-	-	12,790	-	-	12,790
Total assigned	-	3,322,749	12,790	-	-	3,335,539
Total fund balance	11,830,381	3,322,749	12,790	25,659	-	15,191,579
Total liabilities and fund balance	$ 12,725,980	$ 3,356,447	$ 12,790	$ 25,659	$ -	$ 16,120,876

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit AB**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2023

	Special Revenue Funds					
	Food and Nutrition Services Fund	School Activity Fund	Division Wide Activity Fund	Endowment Fund	Scholarship Fund	Total Nonmajor Governmental Funds
REVENUES						
Intergovernmental:						
Commonwealth of Virginia	$ 531,150	$ -	$ -	$ -	$ -	$ 531,150
Federal Government	11,762,252	-	-	-	-	11,762,252
Total intergovernmental revenues	12,293,402	-	-	-	-	12,293,402
Charges for services:						
Tuition and fees	-	4,985,397	-	-	-	4,985,397
Food sales	5,403,574	-	-	-	-	5,403,574
Recovered costs	252,268	-	-	-	-	252,268
Miscellaneous	77,758	-	17,437	-	-	95,195
Use of money and property	-	-	-	1,016	-	1,016
Total revenues	18,027,002	4,985,397	17,437	1,016	-	23,030,852
EXPENDITURES						
Current:						
Education:						
Instruction	-	4,761,594	-	1,000	3,672	4,766,266
Administration, attendance and health	-	-	16,697	-	-	16,697
Food and nutrition services	17,776,807	-	-	-	-	17,776,807
Technology	135,465	-	-	-	-	135,465
Capital outlay	916,860	-	-	-	-	916,860
Debt service:						
Principal	38,935	-	-	-	-	38,935
Total expenditures	18,868,067	4,761,594	16,697	1,000	3,672	23,651,030
Excess (deficiency) of revenues over (under) expenditures	(841,065)	223,803	740	16	(3,672)	(620,178)
OTHER FINANCING SOURCES						
SBITAS issued	186,522	-	-	-	-	186,522
Total other financing sources	186,522	-	-	-	-	186,522
Change in fund balance	(654,543)	223,803	740	16	(3,672)	(433,656)
Fund balance, beginning - July 1, 2022	12,484,924	3,098,946	12,050	25,643	3,672	15,625,235
Fund balance, ending - June 30, 2023	$ 11,830,381	$ 3,322,749	$ 12,790	$ 25,659	$ -	$ 15,191,579

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit AC**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2023

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
ASSETS				
Currrent assets:				
Cash and cash equivalents	$ 1,466,964	$ 14,877,317	$ 1,644,433	$ 17,988,714
Accounts receivable	3,106	-	-	3,106
Inventory	325,537	-	-	325,537
Capital assets:				
Land	37,357	-	-	37,357
Land improvements	1,268,429	-	-	1,268,429
Construction in progress	181,145	-	-	181,145
Buildings and building improvements	1,867,382	-	-	1,867,382
Furniture, fixtures and equipment	345,792	-	-	345,792
Software	79,530	-	-	79,530
Vehicles	132,429	-	-	132,429
Less accumulated depreciation and amortization	(2,598,276)	-	-	(2,598,276)
Total capital assets	1,313,788	-	-	1,313,788
Total assets	3,109,395	14,877,317	1,644,433	19,631,145
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	358,832	-	-	358,832
OPEB deferrals	525,401	-	-	525,401
Total deferred outflows of resources	884,233	-	-	884,233
LIABILITIES				
Currrent liabilities:				
Accounts payable	27,538	2,232,981	55,442	2,315,961
Accrued salaries and benefits	15,037	923	56	16,016
Current portion of accrued insurance claims	-	6,256,000	787,445	7,043,445
Current portion of compensated absences	30,529	-	-	30,529
Noncurrent portion of accrued insurance claims	-	-	396,051	396,051
Noncurrent portion of compensated absences	102,075	-	-	102,075
Net pension liability	2,038,568	-	-	2,038,568
Net OPEB liability	879,475	-	-	879,475
Total liabilities	3,093,222	8,489,904	1,238,994	12,822,120
DEFERRED INFLOWS OF RESOURCES				
Pension deferrals	172,885	-	-	172,885
OPEB deferrals	1,136,435	-	-	1,136,435
Total deferred inflows of resources	1,309,320	-	-	1,309,320
NET POSITION				
Net investment in capital assets	1,313,788	-	-	1,313,788
Unrestricted (deficit)	(1,722,702)	6,387,413	405,439	5,070,150
Total net position (deficit)	$ (408,914)	$ 6,387,413	$ 405,439	$ 6,383,938

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit AD**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
Operating revenues:				
Charges for services	$ 4,564,784	$ 33,088,700	$ 1,046,954	$ 38,700,438
Miscellaneous	5,279	-	28,537	33,816
Total operating revenues	4,570,063	33,088,700	1,075,491	38,734,254
Operating expenses:				
Personnel services	1,735,425	317,852	103,924	2,157,201
Contractual services	79,157	35,422,397	572,595	36,074,149
Materials and supplies	2,084,690	-	-	2,084,690
Utilities	31,087	-	-	31,087
Telecommunications	5,912	-	-	5,912
Depreciation and amortization	149,068	-	-	149,068
Total operating expenses	4,085,339	35,740,249	676,519	40,502,107
Operating (loss) income	484,724	(2,651,549)	398,972	(1,767,853)
Nonoperating revenues (expenses):				
Interest and investment revenue	-	201,898	-	201,898
Loss on disposal of capital assets	(2,310)	-	-	(2,310)
Non-Employer OPEB Contribution	1,306	-	-	1,306
Vehicle and other sales	42,725	-	-	42,725
Total nonoperating revenues, net	41,721	201,898	-	243,619
Change in net position	526,445	(2,449,651)	398,972	(1,524,234)
Net position, beginning - July 1, 2022	(935,359)	8,837,064	6,467	7,908,172
Net position (deficit), ending - June 30, 2023	$ (408,914)	$ 6,387,413	$ 405,439	$ 6,383,938

STAFFORD COUNTY PUBLIC SCHOOLS **Exhibit AE**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
COMBINING STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Fiscal Year Ended June 30, 2023

	Internal Service Funds			
	Fleet Services Fund	Health Benefits Fund	Workers' Compensation Fund	Total Proprietary Funds
Cash flows from operating activities:				
Receipts from customers	$ 4,568,710	$ 33,088,700	$ 1,046,954	$ 38,704,364
Other receipts	5,279	-	28,537	33,816
Payments to suppliers	(2,176,807)	(35,312,495)	(671,311)	(38,160,613)
Payments to employees	(1,918,040)	(332,781)	(111,574)	(2,362,395)
Net cash provided by (used in) operating activities	479,142	(2,556,576)	292,606	(1,784,828)
Cash flows from noncapital financing activities:				
Non-Employer OPEB Contribution	1,306	-	-	1,306
Net cash provided by noncapital financing activities	1,306	-	-	1,306
Cash flows from capital and related financing activities:				
Proceeds from vehicle and other sales	42,725	-	-	42,725
Net cash provided by capital and related financing activities	42,725	-	-	42,725
Cash flows from investing activities:				
Interest earned on investments	-	201,898	-	201,898
Net cash provided by investing activities	-	201,898	-	201,898
Net increase (decrease) in cash and cash equivalents	523,173	(2,354,678)	292,606	(1,538,899)
Cash and cash equivalents, beginning - July 1, 2022	943,791	17,231,995	1,351,827	19,527,613
Cash and cash equivalents, ending - June 30, 2023	$ 1,466,964	$ 14,877,317	$ 1,644,433	$ 17,988,714
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	$ 484,724	$ (2,651,549)	$ 398,972	$ (1,767,853)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation and amortization expense	149,068	-	-	149,068
Changes in assets and liabilities:				
Decrease in accounts receivable	3,926	-	-	3,926
Increase in inventory	(10,979)	-	-	(10,979)
Decrease in prepaid expenses	41,101	-	-	41,101
Decrease in net pension asset	7,890	-	-	7,890
Decrease in deferred outflows of resources	99,450	-	-	99,450
(Decrease) increase in accounts payable and accrued expenses	(164,390)	94,973	(106,366)	(175,783)
Decrease in compensated absences	(22,862)	-	-	(22,862)
Increase in net pension liability	167,507	-	-	167,507
Decrease in net OPEB liability	(833,660)	-	-	(833,660)
Increase in deferred inflows of resources	557,367	-	-	557,367
Total adjustments	(5,582)	94,973	(106,366)	(16,975)
Net cash provided by (used in) operating activities	$ 479,142	$ (2,556,576)	$ 292,606	$ (1,784,828)

STATISTICAL SECTION

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

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

The following information included in this statistical section is unaudited.

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STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
NET POSITION BY COMPONENT
Fiscal Years 2014 - 2023
(Accrual Basis of Accounting)

	June 30,				
	2014	**2015**	**2016**	**2017**	**2018**
NET POSITION					
Net investment in capital assets	$ 402,418,884	$ 433,631,721	$ 438,932,856	$ 446,017,755	$ 448,764,864
Restricted	49,239,175	21,465,238	12,861,062	25,086,466	23,153,543
Unrestricted (deficit)	(21,932,140)	(258,123,522)	(242,911,240)	(254,876,621)	(392,841,614)
Total net position	$ 429,725,919	$ 196,973,437	$ 208,882,678	$ 216,227,600	$ 79,076,793

June 30,					
2019	2020	2021	2022	2023	
					NET POSITION
$ 467,480,838	$ 454,576,954	$ 447,722,989	$ 439,951,509	$ 445,739,747	Net investment in capital assets
12,945,965	24,039,301	13,223,509	33,644,175	132,109,354	Restricted
(394,780,952)	(398,747,755)	(412,208,580)	(416,129,123)	(384,744,079)	Unrestricted (deficit)
$ 85,645,851	$ 79,868,500	$ 48,737,918	$ 57,466,561	$ 193,105,022	**Total net position**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
CHANGES IN NET POSITION BY COMPONENT
Fiscal Years 2014 - 2023
(Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2014	2015	2016	2017	2018
Expenses					
Governmental activities	$ 293,901,842	$ 285,238,534	$ 300,625,771	$ 317,291,665	$ 321,825,800
Program revenues					
Charges for services	18,232,507	18,902,311	18,372,613	18,061,718	18,722,670
Grants and contributions	82,741,613	76,415,692	72,638,754	81,463,016	81,336,350
Total program revenues	100,974,120	95,318,003	91,011,367	99,524,734	100,059,020
Net expenses	(192,927,722)	(189,920,531)	(209,614,404)	(217,766,931)	(221,766,780)
General revenues					
Sales Tax and Basic Aid	102,485,508	107,949,304	109,421,075	112,615,106	112,912,819
Payment from Stafford County	108,414,728	103,735,323	111,658,395	112,072,289	116,440,953
Investment earnings	51,177	42,190	71,599	90,762	339,742
Gain on capital asset disposals and other sales	117,222	133,484	115,058	64,697	24,671
Miscellaneous	244,561	276,331	257,518	269,000	272,184
Total general revenues	211,313,196	212,136,632	221,523,645	225,111,854	229,990,369
Change in net position	$ 18,385,474	$ 22,216,101	$ 11,909,241	$ 7,344,923	$ 8,223,589

For the Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	
					Expenses
$ 327,204,425	$ 361,218,027	$ 406,162,530	$ 418,403,608	$ 430,934,553	Governmental activities
					Program revenues
17,973,053	16,675,763	10,252,601	15,648,441	23,004,363	Charges for services
79,845,624	91,339,965	99,736,903	135,087,424	252,080,008	Grants and contributions
97,818,677	108,015,728	109,989,504	150,735,865	275,084,371	**Total program revenues**
(229,385,748)	(253,202,299)	(296,173,026)	(267,667,743)	(155,850,182)	**Net expenses**
					General revenues
119,280,695	122,343,356	131,551,342	140,334,862	149,421,523	Sales Tax and Basic Aid
116,796,434	124,601,178	129,903,890	135,555,869	139,231,707	Payment from Stafford County
291,944	217,423	14,153	13,441	2,246,854	Investment earnings
28,506	22,223	31,086	67,890	42,725	Gain on capital asset disposals and other sales
280,767	240,768	330,828	424,324	545,834	Miscellaneous
236,678,346	247,424,948	261,831,299	276,396,386	291,488,643	**Total general revenues**
$ 7,292,598	$ (5,777,351)	$ (34,341,727)	$ 8,728,643	$ 135,638,461	**Change in net position**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FUND BALANCES, GOVERNMENTAL FUNDS
Fiscal Years 2014 - 2023
(Modified Accrual Basis of Accounting)

	June 30,				
Operating Fund:	**2014**	**2015**	**2016**	**2017**	**2018**
Nonspendable	$ 659,455	$ 444,506	$ 577,597	$ 569,714	$ 723,540
Committed	2,465,667	3,091,085	-	144,043	211,584
Assigned	-	-	-	-	9,069,955
Unassigned	2,961,531	5,213,871	12,794,590	10,792,575	-
Fund balance - operating fund	6,086,653	8,749,462	13,372,187	11,506,332	10,005,079
All Other Governmental Funds:					
Nonspendable:					
Food and Nutrition Services Fund	297,730	240,566	260,626	282,149	465,648
	297,730	240,566	260,626	282,149	465,648
Restricted:					
Capital Projects Fund	46,626,075	18,204,234	8,997,231	20,065,206	17,237,097
Food and Nutrition Services Fund	2,508,113	3,141,740	3,797,665	4,850,254	5,771,134
Grants Fund	104,987	119,264	66,166	171,006	145,312
Endowment Fund	-	-	-	-	-
Scholarship Fund	-	-	-	-	-
	49,239,175	21,465,238	12,861,062	25,086,466	23,153,543
Committed:					
Capital Projects Fund	(10,966,533)	-	2,985,882	-	6,311,023
	(10,966,533)	-	2,985,882	-	6,311,023
Assigned:					
School Activity Fund	-	-	-	-	-
Division Wide Activity Fund	-	-	-	-	-
	-	-	-	-	-
Fund balance - other governmental funds	38,570,372	21,705,804	16,107,570	25,368,615	29,930,214
Fund balance - total governmental funds	$ 44,657,025	$ 30,455,266	$ 29,479,757	$ 36,874,947	$ 39,935,293

June 30,					
2019	2020	2021	2022	2023	**Operating Fund:**
$ -	$ -	$ -	$ -	$ -	Nonspendable
-	-	-	-	-	Committed
6,701,074	9,311,489	16,774,397	10,937,987	5,834,988	Assigned
-	-	-	-	-	Unassigned
6,701,074	9,311,489	16,774,397	10,937,987	5,834,988	Fund balance - operating fund
					All Other Governmental Funds:
					Nonspendable:
589,964	748,053	464,965	486,047	603,891	Food and Nutrition Services Fund
589,964	748,053	464,965	486,047	603,891	
					Restricted:
5,911,621	17,098,734	6,227,611	21,447,694	120,723,073	Capital Projects Fund
6,916,437	6,830,419	6,757,079	11,998,877	11,226,490	Food and Nutrition Services Fund
117,907	110,148	208,571	168,289	134,132	Grants Fund
-	-	26,576	25,643	25,659	Endowment Fund
-	-	3,672	3,672	-	Scholarship Fund
12,945,965	24,039,301	13,223,509	33,644,175	132,109,354	
					Committed:
-	-	-	-	-	Capital Projects Fund
-	-	-	-	-	
					Assigned:
-	-	2,885,579	3,098,946	3,322,749	School Activity Fund
-	-	11,157	12,050	12,790	Division Wide Activity Fund
-	-	2,896,736	3,110,996	3,335,539	
13,535,929	24,787,354	16,585,210	37,241,218	136,048,784	Fund balance - other governmental funds
$ 20,237,003	$ 34,098,843	$ 33,359,607	$ 48,179,205	$ 141,883,772	Fund balance - total governmental funds

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Fiscal Years 2014 - 2023
(Modified Accrual Basis of Accounting)

	For the Fiscal Year Ended June 30,				
	2014	**2015**	**2016**	**2017**	**2018**
REVENUES:					
Intergovernmental:					
Stafford County	$ 141,522,936	$ 131,198,166	$ 133,899,547	$ 138,999,308	$ 134,942,282
Commonwealth of Virginia	135,588,828	139,495,094	142,268,097	148,896,372	156,289,875
Federal Government	16,530,085	17,407,059	17,550,580	18,254,731	19,457,965
Total intergovernmental revenues	293,641,849	288,100,319	293,718,224	306,150,411	310,690,122
Charges for services:					
Tuition and fees	759,633	867,202	752,941	868,492	783,138
Food sales	6,640,211	6,684,272	6,754,639	6,762,593	6,587,698
Recovered costs	2,059,853	2,082,884	2,374,395	2,514,639	3,880,297
Miscellaneous	286,236	280,754	329,978	454,147	360,930
Use of money and property	46,322	36,892	56,296	54,853	268,578
Total revenues	303,434,104	298,052,323	303,986,473	316,805,135	322,570,763
EXPENDITURES:					
Current:					
Education:					
Instruction	190,904,984	190,794,453	196,107,491	206,214,135	217,564,851
Administration, attendance and health	10,587,435	10,448,126	10,743,059	11,407,604	11,698,247
Pupil transportation	13,591,390	12,923,044	12,463,033	12,810,665	13,874,003
Operation and maintenance	20,731,939	19,888,292	20,578,357	21,543,418	21,944,518
Food and nutrition services	11,517,146	11,724,692	12,077,813	12,047,774	12,204,242
Facilities	111,512	100,323	161,377	163,332	600,213
Technology	15,320,646	15,021,211	16,878,885	15,717,051	15,373,331
Capital outlay	36,172,121	52,277,196	34,604,747	28,145,272	25,278,935
Debt service:					
Principal	407,020	421,339	721,941	743,293	372,323
Interest and fiscal charges	68,147	49,701	68,115	46,703	33,204
Total expenditures	299,412,340	313,648,377	304,404,818	308,839,247	318,943,867
Excess (deficiency) of revenues over (under) expenditures	4,021,764	(15,596,054)	(418,345)	7,965,888	3,626,896
OTHER FINANCING SOURCES (USES):					
Proceeds from notes payable	-	2,125,000	-	-	-
Leases issued	-	-	-	-	-
SBITAs issued	-	-	-	-	-
Transfers from other funds	200,000	1,302,000	318,630	-	-
Transfers to other funds	(978,985)	(2,032,707)	(875,794)	(570,698)	(566,550)
Total other financing sources (uses), net	(778,985)	1,394,293	(557,164)	(570,698)	(566,550)
Change in fund balance	$ 3,242,779	$ (14,201,761)	$ (975,509)	$ 7,395,190	$ 3,060,346

For the Fiscal Year Ended June 30,					
2019	2020	2021	2022	2023	
					REVENUES:
					Intergovernmental:
$ 132,965,915	$ 144,398,390	$ 138,829,835	$ 161,758,361	$ 247,709,689	Stafford County
164,043,554	173,787,902	191,919,975	203,167,391	236,081,783	Commonwealth of Virginia
18,913,284	20,098,207	30,442,325	46,052,403	47,429,850	Federal Government
315,922,753	338,284,499	361,192,135	410,978,155	531,221,322	Total intergovernmental revenues
					Charges for services:
772,915	680,915	2,196,689	4,471,474	5,749,321	Tuition and fees
6,709,453	5,301,519	23,345	48,856	5,403,574	Food sales
3,697,437	2,220,419	2,157,216	2,667,481	3,144,800	Recovered costs
369,834	382,322	481,471	649,301	539,798	Miscellaneous
174,164	136,329	6,393	297	2,044,956	Use of money and property
327,646,556	347,006,003	366,057,249	418,815,564	548,103,771	Total revenues
					EXPENDITURES:
					Current:
					Education:
224,587,714	238,472,922	253,998,730	278,101,627	300,804,570	Instruction
12,242,038	13,508,505	15,033,127	16,985,672	21,581,093	Administration, attendance and health
14,734,707	15,400,249	13,861,311	20,694,214	25,639,838	Pupil transportation
23,032,559	22,633,360	25,926,319	27,298,459	29,139,980	Operation and maintenance
12,391,388	12,148,378	11,416,357	17,939,815	18,512,175	Food and nutrition services
344,084	159,458	372,755	509,041	439,249	Facilities
15,779,881	17,128,328	27,769,612	21,717,597	25,102,321	Technology
42,525,570	23,779,245	24,577,592	20,113,573	34,645,548	Capital outlay
					Debt service:
378,329	384,456	956,875	1,184,361	1,727,569	Principal
26,900	179,913	219,952	201,551	196,307	Interest and fiscal charges
346,043,170	343,794,814	374,132,630	404,745,910	457,788,650	Total expenditures
(18,396,614)	3,211,189	(8,075,381)	14,069,654	90,315,121	Excess (deficiency) of revenues over (under) expenditures
					OTHER FINANCING SOURCES (USES):
-	10,650,651	-	-	-	Proceeds from notes payable
-	-	-	749,944	1,534,565	Leases issued
-	-	-	-	1,854,881	SBITAs issued
-	-	4,125,000	-	-	Transfers from other funds
(578,136)	-	-	-	-	Transfers to other funds
(578,136)	10,650,651	4,125,000	749,944	3,389,446	Total other financing sources (uses), net
$ (18,974,750)	$ 13,861,840	$ (3,950,381)	$ 14,819,598	$ 93,704,567	**Change in fund balance**

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-5**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
GENERAL INFORMATION
June 30, 2023

Stafford County	
Independent county:	September 27, 1664
Form of government:	Traditional Board of Supervisors
Area - square miles:	277 square miles

Stafford County Public Schools

Number of Schools:	
Early childhood centers	2
Elementary schools	17
Middle schools	8
High schools	5
Alternative schools	1
	33

Fall Membership: **(1)**	
Elementary schools	12,983
Middle schools	7,175
High schools	10,412
Total	30,570

Employees:	**FY 2023**
Licensed Instructional	2,341
Other Employees	1,953
	4,294

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

Source: VDOE Fall Membership Build-A-Table



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STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FULL-TIME EQUIVALENT GOVERNMENT EMPLOYEES BY FUNCTION
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Employees:					
Licensed Instructional	2,139	2,116	2,304	2,480	2,403
Other Employees	1,486	1,428	1,449	1,402	1,864
Total	3,625	3,544	3,753	3,882	4,267

Source: Superintendent's Annual Report

Table S-6

Fiscal Year					
2019	**2020**	**2021**	**2022**	**2023**	
					Employees:
2,352	2,337	2,257	2,285	2,341	Licensed Instructional
1,511	1,675	1,741	1,862	1,953	Other Employees
3,863	4,012	3,998	4,147	4,294	Total

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
NUMBER OF SCHOOLS IN THE DIVISION
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	2015	2016	2017	2018
Number of Schools:					
Elementary Schools	17	17	17	17	17
Middle Schools	8	8	8	8	8
High Schools	5	5	5	5	5
Total	30	30	30	30	30

Source: Stafford Schools Website - Our Schools

Table S-7

Fiscal Year					
2019	2020	2021	2022	2023	
					Number of Schools:
17	17	17	17	17	Elementary Schools
8	8	8	8	8	Middle Schools
5	5	5	5	5	High Schools
30	30	30	30	30	Total

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
DIVISION-WIDE ENROLLMENT
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	2015	2016	2017	2018
Student Membership:					
September 30 membership	26,944	27,218	27,510	28,005	28,793
Average daily membership as of March 31	26,901	27,197	27,519	28,017	28,487
End-of-year membership	26,925	27,218	27,474	28,786	28,576
Students enrolled in special education programs	2,392	2,532	2,653	2,964	3,303
English Language Learners	1,183	1,251	1,352	1,380	1,735
Students enrolled in grades K-3	7,532	7,761	7,822	7,916	8,018

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

Table S-8

Fiscal Year					
2019	2020	2021	2022	2023	
					Student Membership:
28,793	29,494	28,898	29,929	30,570	September 30 membership
28,852	29,364	28,700	29,830	31,100	Average daily membership as of March 31
28,869	29,505	28,562	30,201	30,801	End-of-year membership
3,322	3,791	3,890	3,937	4,177	Students enrolled in special education programs
1,734	1,726	1,985	1,115	867	English Language Learners
8,018	8,204	7,644	8,248	8,501	Students enrolled in grades K-3

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
VARIOUS OPERATING INDICATORS
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Operating Statistics:					
Average per pupil expenditures	$ 9,285	$ 8,255	$ 9,514	$ 9,961	$ 9,561
Average classroom teacher salary	$ 52,080	$ 52,716	$ 54,490	$ 56,462	$ 52,618
Composite index **(1)**	0.3305	0.3412	0.3412	0.3445	0.3445

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

Source: Superintendent's Annual Report

Table S-9

Fiscal Year					
2019	2020	2021	2022	2023	
					Operating Statistics:
$ 9,937	$ 10,217	$ 11,024	$ 12,307	$ 12,779	Average per pupil expenditures
$ 55,463	$ 58,385	$ 58,954	$ 62,008	$ 68,689	Average classroom teacher salary
0.3462	0.3462	0.3470	0.3470	0.3411	Composite index **(1)**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
TRANSPORTATION OPERATING INDICATORS
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	2015	2016	2017	2018
Transportation Statistics:					
Average Ridership (Regular)	16,489	17,048	15,664	17,069	17,089
Average Ridership (Special Needs)	561	726	697	732	799
Average Ridership (Head Start)	350	350	300	350	350
Buses Operated Daily (Regular)	138	140	137	139	139
Buses Operated Daily (Special Needs)	71	71	57	67	69
Buses Operated Daily (Head Start)	10	10	10	11	12
Special Trip Assignments	3,926	3,864	3,976	4,217	3,771
Miles Traveled (Regular)	1,421,050	1,465,231	1,686,888	1,649,558	1,473,182
Miles Traveled (Special Needs)	860,773	865,854	1,103,008	1,291,239	1,007,595

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

Source: Department of Transportation Services, Stafford County Public Schools

Table S-10

Fiscal Year					
2019	2020*	2021	2022	2023	
					Transportation Statistics:
17,016	18,087	10,166	22,694	19,362	Average Ridership (Regular)
786	780	804	480	883	Average Ridership (Special Needs)
300	350	271	285	269	Average Ridership (Head Start)
134	142	134	175	163	Buses Operated Daily (Regular)
68	71	48	65	65	Buses Operated Daily (Special Needs)
12	12	12	12	11	Buses Operated Daily (Head Start)
4,210	3,050	777	2,812	3,701	Special Trip Assignments
1,420,849	1,086,813	1,299,520	2,317,560	1,516,916	Miles Traveled (Regular)
986,505	788,190	543,520	1,088,727	852,428	Miles Traveled (Special Needs)

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FOOD AND NUTRITION SERVICES OPERATING INDICATORS
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
School Nutrition Program (SNP) Statistics:					
September 30 Membership	26,944	27,173	27,510	28,005	29,025
Eligible for Free Lunch	6,135	6,439	7,222	8,035	8,376
Percentage	*22.77%*	*23.70%*	*26.25%*	*28.69%*	*28.86%*
Eligible for Reduced Price Lunch	1,552	1,608	1,711	1,617	1,560
Percentage	*5.76%*	*5.92%*	*6.22%*	*5.77%*	*5.37%*
Eligible for Free and Reduced Price Lunch - Total	7,687	8,047	8,933	9,652	9,936
Percentage	*28.53%*	*29.61%*	*32.47%*	*34.47%*	*34.23%*
High School Lunch Prices	$ 2.65	$ 2.75	$ 2.80	$ 2.90	$ 3.00
Middle School Lunch Prices	$ 2.55	$ 2.65	$ 2.70	$ 2.80	$ 2.90
Elementary School Lunch Prices	$ 2.45	$ 2.55	$ 2.60	$ 2.70	$ 2.80

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

Table S-11

Fiscal Year 2019	2020	2021	2022	2023	
					School Nutrition Program (SNP) Statistics:
29,825	29,276	28,898	29,929	31,634	September 30 Membership
8,746	9,494	8,598	11,552	13,254	Eligible for Free Lunch
29.32%	*32.43%*	*29.75%*	*38.60%*	*41.90%*	***Percentage***
1,456	1,470	591	1,081	859	Eligible for Reduced Price Lunch
4.88%	*5.02%*	*2.05%*	*3.61%*	*2.72%*	***Percentage***
10,202	10,964	9,189	12,633	14,113	Eligible for Free and Reduced Price Lunch - Total
34.21%	*37.45%*	*31.80%*	*42.21%*	*44.61%*	***Percentage***
$ 3.10	$ 3.10	$ 3.10	$ 3.10	$ 3.10	High School Lunch Prices
$ 3.00	$ 3.00	$ 3.00	$ 3.00	$ 3.00	Middle School Lunch Prices
$ 2.90	$ 2.90	$ 2.90	$ 2.90	$ 2.90	Elementary School Lunch Prices

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FLEET SERVICES OPERATING INDICATORS
Fiscal Years 2014 - 2023

	Fiscal Year											
	2014	**2015**	**2016**	**2017**			**2018**			**2019**		
Fleet Vehicles Serviced by Fleet Services:				*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*
Stafford County Public Schools Fleet Vehicles:												
Buses:												
Mainstream	223	195	192	195	7.50	12,921	188	7.99	13,045	187	8.52	13,859
Special Needs	68	67	68	66	7.30	17,501	67	7.14	18,635	66	7.50	18,499
Activity Buses	5	5	5	5	5.20	22,085	5	6.20	23,762	5	7.20	21,347
Less: Salvaged **(1)**	(27)	(15)	(20)	(8)			0			0		
Subtotal Buses	269	252	245	258			260			258		
Other School Vehicles:												
Administration	2	2	2	-	-	-	-	-	-	-	-	-
Driver's Education	11	12	13	13	3.61	5,770	12	4.20	5,862	12	3.89	5,847
Fleet Services	6	6	6	6	8.60	4,276	5	5.80	5,035	5	6.60	4,260
Head Start	6	6	6	6	12.33	4,543	7	11.40	1,981	5	10.54	1,634
Maintenance	43	45	45	58	10.00	5,675	59	10.40	6,372	59	10.68	4,688
Food and Nutritional Services	1	1	1	1	12.00	1,743	2	7.00	1,399	2	9.11	1,033
Planning & Construction	4	4	4	4	11.00	6,642	4	12.00	6,491	4	13.28	3,817
Technology	1	1	1	1	7.00	1,993	1	4.00	2,226	1	8.05	2,271
Security	7	7	7	7	10.00	1,576	6	12.10	1,703	7	11.65	1,369
Transportation	8	7	8	8	9.00	1,906	8	9.88	2,127	8	11.31	2,052
Subtotal Other Vehicles	89	91	93	104			104			103		
Total Stafford County Public Schools Fleet Vehicles	358	343	338	362			364			361		
County of Stafford Fleet Vehicles:												
Fire & Rescue	169	172	178	170	11.97	4,950	174	12.42	4,712	186	12.95	3,281
Sheriff	241	221	227	259	5.84	9,847	275	5.66	9,497	262	5.56	7,896
Utilities	117	120	120	134	8.19	10,715	143	8.60	7,940	154	8.80	4,457
Other	139	153	157	139	11.13	N/A	152	-	N/A	163	-	N/A
Total County of Stafford Fleet Vehicles	666	666	682	702			744			765		
Total Fleet Vehicles	1,024	1,009	1,020	1,064			1,108			1,126		
Other Vehicles Serviced by Fleet Services:												
Vocational Foundation Fleet Vehicles	1	1	1	0	0	**N/A**	1	0	**N/A**	1	0	**N/A**
Total Other Vehicles	1	1	1	0			1			1		

(1) *To be sold at auction*
N/A - Not available.

Source: Fleet Services internal records

Fiscal Year												
2020			2021			2022			2023			
Active	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	*Active*	*Average Age*	*Average Mileage*	**Fleet Vehicles Serviced by Fleet Services:**
												Stafford County Public Schools Fleet Vehicles:
												Buses:
195	9.06	10,191	175	8.83	6,773	185	8.28	6,872	212	7.02	12,984	Mainstream
72	8.41	12,748	75	8.34	8,491	81	7.14	7,448	84	7.12	6,007	Special Needs
5	8.46	18,319	5	9.71	7,917	5	10.20	6,931	5	11.20	20,231	Activity Buses
0			0			0			0			Less: Salvaged **(1)**
272			255			271			301			Subtotal Buses
												Other School Vehicles:
-	-	-	-	-	-	-	-	-	-	-	-	Administration
12	4.26	4,137	12	5.93	5,130	14	6.17	3,952	13	5.00	9,752	Driver's Education
5	6.39	4,624	5	7.40	5,096	6	6.50	2,261	6	8.50	5,138	Fleet Services
6	9.76	1,128	5	7.64	4,264	7	8.00	938	7	7.43	1,243	Head Start
53	11.61	5,191	54	10.89	9,023	52	11.35	8,446	47	11.83	8,123	Maintenance
3	1.66	741	3	2.90	3,877	4	1.83	1,082	6	3.83	3,010	Food and Nutritional Services
4	14.32	5,613	3	15.28	8,730	7	7.60	2,330	6	9.67	5,300	Planning & Construction
1	10.15	3,203	1	11.40	3,449	1	12.00	1,966	1	14.00	4,959	Technology
7	12.69	1,092	7	13.94	859	7	14.20	410	7	16.29	872	Security
8	12.36	2,005	8	13.60	2,005	14	8.57	1,354	13	10.08	3,084	Transportation
99			98			112			106			Subtotal Other Vehicles
371			353			383			407			Total Stafford County Public Schools Fleet Vehicles
												County of Stafford Fleet Vehicles:
195	13.35	1,567	147	11.39	1,373	N/A	N/A	N/A	N/A	N/A	N/A	Fire & Rescue (Fleet no longer track Fire & Rescue)
259	5.73	9,526	341	5.73	7,235	302	5.14	384	280	6.17	9,313	Sheriff
151	9.09	4,454	163	9.25	5,255	165		166	107	10.72	5,574	Utilities
153	-	N/A	160	-	N/A	191		189	165	11.41	4,252	Other
758			811			658			552			Total County of Stafford Fleet Vehicles
1,129			1,164			1,041			959			**Total Fleet Vehicles**
												Other Vehicles Serviced by Fleet Services:
1	0	**N/A**	1	0	**N/A**	**N/A**			**N/A**			Vocational Foundation Fleet Vehicles
1			1									**Total Other Vehicles**

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
FLEET SERVICES OPERATING INDICATORS
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	2015	2016	2017	2018
FLEET OPERATIONS					
Work orders completed	5,638	5,254	5,402	5,220	5,475
Invoices processed	4,670	4,593	4,532	4,443	4,266
Parts transactions	90,926	83,703	80,917	87,410	87,209

	Fiscal Year					
	2018		2019		2020	
FLEET FUEL	Schools	County	Schools	County	Schools	County
Gallons Purchased	562,598	503,230	560,577	512,084	438,096	500,696
Cost	$ 1,171,800	$ 971,072	$ 1,203,317	$ 1,017,771	$ 842,992	$ 803,389

	Fiscal Year					
	2018		2019		2020	
FLEET ACQUISITIONS	Replacement	Additional	Replacement	Additional	Replacement	Additional
School Buses - Mainstream	7	-	-	-	14	-
- Special Needs	3	-	7	-	5	-
Other School Vehicles	6	-	-	-	2	-

	Fiscal Year					
	2018		2019		2020	
FLEET SHOPS	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop
Vehicles per Technician by Shop	36	148	26	139	35	154

Source: Fleet Services internal records

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

Table S-12B

Fiscal Year					
2019	2020	2021	2022	2023	
					FLEET OPERATIONS
5,452	4,276	4,492	4,329	3,996	Work orders completed
4,055	3,222	2,804	3,745	3,900	Invoices processed
87,839	71,054	55,966	41,710	51,844	Parts transactions

Fiscal Year						
2021		2022		2023		
Schools	County	Schools	County	Schools	County	**FLEET FUEL**
498,532	304,905	589,067	513,816	668,942	511,260	Gallons Purchased
$ 825,273	$ 547,529	$ 1,800,894	$ 1,471,433	$ 2,214,251	$ 1,487,819	Cost

Fiscal Year						
2021		2022		2023		
Replacement	Additional	Replacement	Additional	Replacement	Additional	**FLEET ACQUISITIONS**
10	2	44	-	37	-	School Buses - Mainstream
20	-	15	-	6	-	- Special Needs
-	-	-	-	14	-	Other School Vehicles

Fiscal Year						
2021		2022		2023		
Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	Heavy Duty Shop	Light Duty Shop	**FLEET SHOPS**
42	186	132	104	202	93	Vehicles per Technician by Shop

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Technology and Information Services
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	**2015**	**2016**	**2017**	**2018**
Technology Statistics:					
Number of Sites Serviced (Schools and Support Offices)	34	34	34	34	35
Computer Statistics:					
Total Desktop Computers	7,270	7,326	7,457	7,449	7,534
Desktop Computers over 5 years old	138	174	5	993	554
Percentage of Desktop Computers over 5 years old	2%	2%	0%	13%	7%
Total MacBooks	3,245	3,135	3,161	2,696	2,246
MacBooks over 5 years old	600	110	465	290	604
Percentage of MacBooks over 5 years old	18%	4%	15%	11%	27%
Total Chromebooks	1,651	3,025	6,955	13,867	14,751
Chromebooks Reaching EOL	0	0	0	65	2,308
Percentage of Chromebooks Reaching EOL	0%	0%	0%	0%	16%
Total Windows Laptops	[redacted]	[redacted]	[redacted]	[redacted]	1,336
Windows Laptops over 5 years old					600
Percentage of Windows Laptops over 5 years old					45%
Connectivity Statistics by Site					
Number of Sites with Wireless LAN connection	34	34	34	34	35
Percentage of Sites with Wireless LAN connection	100%	100%	100%	100%	100%
Number of Sites with Fiber WAN connection	26	27	31	33	34
Percentage of Sites with Fiber WAN connection	76%	79%	91%	97%	97%
Other Technology Statistics:					
Number of Schools equipped with Projection Systems	30	30	30	30	32
Percentage of Schools equipped with Projection Systems	100%	100%	100%	100%	100%

Source: Technology and Information Services Internal Records

Table S-13

Fiscal Year 2019	2020	2021	2022	2023	
					Technology Statistics:
36	36	36	37	37	Number of Sites Serviced (Schools and Support Offices)
					Computer Statistics:
6,668	6,730	5,971	6,109	5,549	Total Desktop Computers
442	4,842	5,191	5,818	5,253	Desktop Computers over 5 years old
7%	72%	87%	95%	95%	Percentage of Desktop Computers over 5 years old
1,534	1,534	412	114	59	Total MacBooks
210	1,474	402	93	6	MacBooks over 5 years old
14%	96%	98%	82%	10%	Percentage of MacBooks over 5 years old
17,206	24,950	44,121	46,603	45,002	Total Chromebooks
1,376	120	2,466	0	23,621	Chromebooks Reaching EOL
8%	0%	6%	0%	52%	Percentage of Chromebooks Reaching EOL
1,215	1,201	1,423	1,443	1,610	Total Windows Laptops
746	789	529	519	302	Windows Laptops over 5 years old
61%	66%	37%	36%	19%	Percentage of Windows Laptops over 5 years old
					Connectivity Statistics by Site
36	36	36	37	37	Number of Sites with Wireless LAN connection
100%	100%	100%	100%	100%	Percentage of Sites with Wireless LAN connection
36	36	36	37	37	Number of Sites with Fiber WAN connection
100%	100%	100%	100%	100%	Percentage of Sites with Fiber WAN connection
					Other Technology Statistics:
33	33	33	33	33	Number of Schools equipped with Projection Systems
100%	100%	100%	100%	100%	Percentage of Schools equipped with Projection Systems

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-14**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Property Data
June 30, 2023

	Year of Construction	Year of Last Renovation	Building - Square Feet	Site - Acreage
High School Data				
Brooke Point HS	1993	2016	281,637	52.82
Colonial Forge HS	1999	2016	269,195	62.90
Mountain View HS	2005	2017	271,439	95.35
North Stafford HS	1981	2003	304,096	88.50
Stafford Senior HS*	2015	-	290,557	124.56
**2304 SF is designated to the Aimee Building/6600 SF is the Automotive Bldg*				
Middle School Data				
Edward Drew MS	1951	1998	98,913*	15.31
**6,032 SF is designated to the Heather Empfield Day School*				
Dixon-Smith MS	2006	-	145,700	48.04
H. H. Poole MS	1995	1998	145,140	36.62
Rodney Thompson MS	2000	-	138,199	44.55
Stafford MS	1991	2007	136,677	37.45
Shirley Heim MS	2008	-	146,770	22.00
T.B. Gayle MS	2002	-	148,221	39.98
A.G. Wright MS and Garrisonville ES (combined campus)	1981	2018	197,115	50.20
Elementary School Data				
Anthony Burns ES	2006	-	88,300	38.57
K. W. Barrett ES	2002	-	87,800	20.51
Conway ES	2005	-	91,940	19.92
Falmouth ES	1967	2012	77,365	41.49
Ferry Farm ES	1957	2021	79,857	18.12
Grafton Village ES	1967	2014	81,384	12.16
Hartwood ES	1963	1993	64,548	29.60
Hampton Oaks ES	1992	1996	84,608	18.76
Margaret Brent ES	2004	-	87,800	22.80
Moncure ES	2019	-	105,900	27.00
Park Ridge ES	1990	1994	81,891	20.00
Rockhill ES	1989	1994	76,438	23.38
Rocky Run ES	2000	-	90,580	20.00
Stafford ES	1968	2013	77,957	15.87
Widewater ES	1988	1995	77,108	22.44
Winding Creek ES	1997	-	85,656	20.89
Other Property				
Alvin York Bandy Administration Building and and Professional Development Center	1998	2000	74,124	9.55
Gari Melchers Complex	1931	1990	156,934	29.87
Pupil Transportation (Included in Fleet Acreage)	2009	-	7,362	-
Fleet Services	1980	-	16,000	21.54
Support Services Building (Included in Fleet Acreage)	1998	-	25,650	-
North Star Early Education Center	2004	2019	39,000	21.15
Land				
Clift Farm Road	-	-	-	172.00
Armstrong Property	-	-	-	151.45

Source: Facility Planning, Design & Construction Internal Records



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STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
Energy Management - Utilities Savings Data
Calendar Years 2013 - 2022

	Calendar Year				
	2013	**2014**	**2015**	**2016**	**2017**
Utilities Summary of All Schools (by Year):					
Thousand British Thermal Units (KBTU)	191,080,280	189,759,963	187,518,601	182,780,846	184,526,886
Square Footage	3,771,182	3,771,182	3,784,663	3,840,542	3,840,542
KBTU/Square Footage	50.67	50.32	49.55	47.59	48.05

Utilities Summary by School Level (in KBTU):	**2022**		
	Actual	**Historical**	**Savings**
Elementary Schools:			
Electric	45,400,301	50,736,733	5,336,432
Gas	16,876,777	20,401,893	3,525,116
Oil	-	1,323,911	1,323,911
Propane	42,422	196,130	153,708
Subtotal	62,319,500	72,658,667	10,339,167
Middle Schools:			
Electric	28,687,083	32,169,238	3,482,155
Gas	11,060,896	10,032,196	(1,028,700)
Oil	1,528,626	3,010,831	1,482,205
Propane	1,104	57,614	56,510
Subtotal	41,277,709	45,269,879	3,992,170
High Schools:			
Electric	41,430,951	48,908,953	7,478,002
Gas	12,084,331	12,661,271	576,940
Oil	4,542,822	6,773,724	2,230,902
Propane	294,594	132,107	(162,487)
Subtotal	58,352,698	68,476,055	10,123,357
Total	161,949,907	186,404,601	24,454,694
Percentage of Savings			13.12%
Dollar Savings			$967,581

Source: Facility Planning, Design & Construction Internal Records

Table S-15

Calendar Year					
2018	2019	2020	2021	2022	
					Utilities Summary of All Schools (by Year):
184,152,617	154,602,113	164,136,091	174,212,162	161,949,907	Thousand British Thermal Units (KBTU)
3,840,542	3,870,344	3,946,658	3,870,560	3,889,507	Square Footage
47.95	39.95	41.58	45.01	41.64	KBTU/Square Footage

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
AVERAGE SAT SCORES
Fiscal Years 2014 - 2023

	Fiscal Year				
	2014	2015	2016	2017	2018
Average SAT Scores:					
Math	511	519	513	521	541
Writing	493	492	486	542	560
Critical Reading	519	522	520	NLG	NLG

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

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

NLG = No Longer Given

Table S-16

Fiscal Year					
2019	**2020***	**2021**	**2022**	**2023**	
					Average SAT Scores:
546	549	542	550	538	Mathematics
564	567	565	529	563	Evidence-Based Reading and Writing
NLG	NLG	NLG	NLG	NLG	Critical Reading

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17A**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2014 - 2023

Grade	Location	2014	2015	2016	2017	2018	2019	2020*	2021	2022	2023
		Reading									
3	Division	70%	76%	75%	74%	73%	70%		59%	66%	62%
	State	69%	75%	76%	75%	72%	71%		61%	68%	66%
4	Division	72%	82%	77%	78%	77%	76%		67%	70%	73%
	State	70%	77%	77%	79%	76%	75%		68%	72%	73%
5	Division	76%	83%	83%	83%	80%	81%		67%	74%	72%
	State	73%	79%	81%	81%	80%	78%		66%	72%	71%
6	Division	76%	78%	80%	83%	83%	78%		68%	66%	68%
	State	73%	76%	77%	78%	80%	77%		69%	70%	71%
7	Division	83%	86%	85%	85%	84%	82%		67%	73%	67%
	State	76%	81%	82%	82%	81%	79%		71%	72%	70%
8	Division	74%	81%	81%	79%	81%	78%		66%	70%	67%
	State	70%	75%	75%	76%	77%	76%		69%	72%	71%
High School	Division	92%	92%	90%	90%	89%	86%		83%	87%	86%
	State	90%	89%	89%	87%	87%	86%		81%	85%	85%
		Writing									
5	Division	74%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	71%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
8	Division	69%	76%	75%	74%	69%	64%		NR	NR	NR
	State	70%	72%	71%	73%	73%	70%		NR	NR	NR
High School	Division	85%	86%	86%	86%	85%	83%		NR	NR	NR
	State	84%	83%	83%	84%	84%	82%		NR	NR	NR

NLG = No longer given
NR = Not Reported (Only federally required subjects were reported this year)

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

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

Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17B**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2014 - 2023

Grade	Location	2014	2015	2016	2017	2018	2019	2020*	2021	2022	2023
						History					
3	Division	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	86%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
4	Division	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	88%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
						History and Social Science (Alternative Assessment)					
5	Division	95%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	86%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
6	Division	90%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
7	Division	96%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	89%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
High School	Division	92%	90%	90%	85%	74%	82%		NR	NR	NR
	State	86%	78%	85%	80%	83%	78%		NR	NR	NR
						Virginia and U.S. History					
High School	Division	90%	91%	90%	90%	88%	79%		NR	NR	NR
	State	87%	87%	86%	86%	84%	68%		NR	NR	NR
						World History I					
High School	Division	91%	89%	89%	90%	85%	81%		NR	NR	NR
	State	85%	85%	84%	85%	82%	80%		NR	NR	NR
						World History II					
High School	Division	92%	91%	90%	90%	87%	85%		NR	NR	NR
	State	86%	87%	86%	87%	84%	82%		NR	NR	NR
						World Geography					
High School	Division	99%	100%	99%	95%	99%	92%		NR	NR	NR
	State	86%	86%	86%	83%	82%	80%		NR	NR	NR
						Virginia Studies					
Content Specific	Division	87%	89%	87%	85%	84%	80%		NR	NR	NR
	State	85%	87%	87%	87%	85%	81%		NR	NR	NR
						U.S. History 1865 to 1877					
Content Specific	Division	79%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
						U.S. History 1877 to present					
Content Specific	Division	84%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	81%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
						Civics and Econonmics					
Content Specific	Division	83%	86%	87%	84%	83%	77%		NR	NR	NR
	State	83%	86%	87%	87%	86%	82%		NR	NR	NR

NLG = No longer given
NR = Not Reported (Only federally required subjects were reported this year)

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

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Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS **Table S-17C**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2014 - 2023

Grade	Location	2014	2015	2016	2017	2018	2019	2020*	2021	2022	2023
						Mathematics					
3	Division	68%	78%	77%	74%	75%	81%		52%	65%	67%
	State	67%	74%	77%	75%	73%	82%		54%	67%	69%
4	Division	84%	85%	83%	81%	79%	85%		53%	63%	69%
	State	80%	84%	83%	81%	79%	83%		56%	66%	70%
5	Division	78%	84%	81%	83%	79%	85%		56%	67%	70%
	State	73%	79%	79%	79%	77%	81%		51%	64%	67%
6	Division	86%	90%	90%	88%	84%	78%		22%	42%	57%
	State	76%	83%	82%	82%	79%	78%		45%	57%	61%
7	Division	75%	79%	81%	79%	78%	86%		42%	51%	55%
	State	65%	72%	72%	71%	69%	78%		45%	55%	59%
8	Division	72%	79%	77%	76%	70%	73%		19%	30%	43%
	State	67%	74%	73%	74%	71%	77%		43%	57%	60%
						Algebra I					
High School	Division	84%	85%	84%	84%	81%	87%		56%	76%	76%
	State	79%	82%	83%	82%	81%	86%		63%	80%	80%
						Geometry					
High School	Division	82%	85%	82%	81%	81%	84%		79%	80%	72%
	State	77%	80%	80%	78%	77%	83%		73%	80%	78%
						Algebra II					
High School	Division	91%	95%	92%	89%	91%	90%		76%	88%	87%
	State	82%	87%	89%	90%	89%	91%		78%	86%	86%

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

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Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOL **Table S-17D**
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
STANDARDS OF LEARNING TEST PASSING RATES
Fiscal Years 2014 - 2023

Grade	Location	2014	2015	2016	2017	2018	2019	2020*	2021	2022	2023
		Science									
3	Division	85%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
	State	83%	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG	NLG
5	Division	75%	82%	81%	79%	78%	77%		44%	58%	62%
	State	73%	79%	81%	79%	79%	79%		50%	61%	66%
8	Division	79%	83%	83%	82%	77%	79%		55%	60%	59%
	State	74%	78%	79%	79%	78%	78%		58%	61%	62%
		Biology									
High School	Division	88%	91%	90%	88%	86%	86%		69%	71%	70%
	State	83%	84%	84%	82%	82%	83%		66%	70%	72%
		Chemistry									
High School	Division	90%	91%	87%	87%	86%	86%		35%	64%	47%
	State	87%	88%	88%	89%	89%	88%		52%	64%	37%
		Earth Science									
High School	Division	88%	87%	87%	86%	83%	83%		62%	69%	70%
	State	83%	83%	84%	82%	81%	81%		67%	73%	67%

NLG = No longer given
NR = Not Reported (Only federally required subjects were reported this year)

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

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

Source: Virginia Department of Education School State Policy Waivers

STAFFORD COUNTY PUBLIC SCHOOLS
A COMPONENT UNIT OF STAFFORD COUNTY, VIRGINIA
SCHOOL ACCREDITATION AND ADEQUATE YEARLY PROGRESS (AYP)
OR FEDERAL ANNUAL MEASURABLE OBJECTIVES (FAMOs)
Fiscal Years 2014 - 2023

	2014	2015	2016	2017	2018
Division-wide Status:					
Schools Fully Accredited	100%	97%	100%	100%	100%
Accreditation Waived					
Schools that Made AYP/AMO	47%	50%	37%	*	*
Division AYP/AMO	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO	*	*
Schools that Made FAMO	47%	50%	37%	*	*
Division FAMO	Did not meet FAMO	Did not meet FAMO	Did not meet FAMO	*	*

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

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

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

Source: Virginia Department of Education School State Policy Waivers

Table S-18

2019	2020**	2021**	2022	2023	
					Division-wide Status:
100%	**	**	100%	100%	Accredited
	100%	100%			Accreditation Waived
*	*	*	*	*	Schools that Made AYP/AMO
*	*	*	*	*	Division AYP/AMO
*	*	*	*	*	Schools that Made FAMO
*	*	*	*	*	Division FAMO

COMPLIANCE

PBMares SM
CPAs and Consultants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *Specifications for Audits of Counties, Cities and Towns*, issued by the Auditor of Public Accounts of the Commonwealth of Virginia, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Stafford Schools' basic financial statements, and have issued our report thereon dated December 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Stafford Schools' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Stafford Schools' internal control. Accordingly, we do not express an opinion on the effectiveness of Stafford Schools' internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility a material misstatement of Stafford Schools' financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Stafford Schools' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Stafford Schools' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Stafford Schools' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 15, 2023

PBMares SM
CPAs and Consultants

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Programs

We have audited Stafford County Public Schools (Stafford Schools), a component unit of Stafford County, Virginia, compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Stafford Schools' major federal programs for the year ended June 30, 2023. Stafford Schools' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, Stafford Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Stafford Schools and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Stafford Schools' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Stafford Schools' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Stafford Schools' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Stafford Schools' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Stafford Schools' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Stafford Schools' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Stafford Schools' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance we considered to be material weaknesses, as defined above. However, material weakness or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

PBMares, LLP

Harrisonburg, Virginia
December 15, 2023

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Subrecipient	2023 Federal Expenditures
Department of Agriculture:				
Direct Payments:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	Not applicable	$ -	$ 1,013,456
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	202020N85034	-	7,350,642
National School Lunch Program COVID19	10.555	202020N85034	-	714,009
Total National School Lunch Program			-	9,078,107
School Breakfast Program	10.553	202020N85034	-	2,588,639
Summer Food Service Program for Children	10.559	202121N10994	-	78,780
Total Child Nutrition Cluster			-	11,745,526
Child and Adult Care Food Program	10.558	202020N10994	-	13,954
Total Child and Adult Care Food Program			-	13,954
Pandemic EBT Administrative Costs	10.649	Not provided	-	5,950
Total Department of Agriculture			-	11,765,430
Department of Defense:				
Direct Payments:				
JROTC	12.000	Not applicable	-	519,205
Total Department of Defense			-	519,205
Department of Labor				
Pass Through Payments From Commonwealth of Virginia:				
WIOA Cluster:				
WIOA Dislocated Worker Formula Grants	17.278	Not provided	-	120,210
Total WIOA Cluster			-	120,210
Total Department of Labor			-	120,210
United States Department of the Treasury				
Pass Through Payments From Commonwealth of Virginia:				
Coronavirus State and Local Fiscal Recovery Funds	21.027	Not applicable	-	3,715,053
Total United States Department of the Treasury			-	3,715,053
Federal Communications Commission				
Direct Payments:				
Emergency Connectivity Fund Program	32.009	Not applicable	-	1,750,000
Total Federal Communications Commission			-	1,750,000
Department of Education:				
Direct Payments:				
Impact Aid	84.041	Not applicable	-	1,266,528

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Federal Grantor/State Pass - Through Grantor/ Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Subrecipient	2023 Federal Expenditures
Pass Through Payments From Commonwealth of Virginia:				
Department of Education:				
Special Education Cluster (IDEA):				
Special Education Grants to States	84.027A	H027A200107	$ -	$ 5,514,389
Special Education Grants to States COVID19	84.027A	H027A200107	-	1,025,176
Special Education Preschool Grants	84.173A	H193A180112	-	127,721
Total Special Education Cluster (IDEA)			-	6,667,286
Title I Grants to Local Educational Agencies	84.010	S010A190046	-	2,865,501
Career and Technical Education - Basic Grants to States	84.048	V048A200046	-	346,367
Education for Homeless Children and Youth	84.196	S196A200048	-	35,000
Education for Homeless Children and Youth COVID19	84.196	S196A200048	-	48,315
Twenty-First Century Community Learning Center	84.287	S287C190047	-	267,301
English Language Acquisition State Grants	84.365	S365A190046	-	287,704
Supporting Effective Instruction State Grants	84.367	S367A180044	-	646,151
Student Support and Academic Enrichment Program	84.424	S424A190048	-	301,369
Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund COVID19	84.425D	S425D200008	-	11,471,655
Total Department of Education			-	24,203,177
Department of Health and Human Services:				
Direct Payments:				
Head Start Cluster:				
Head Start	93.600	Not applicable	-	2,902,794
Head Start COVID19	93.600	Not applicable	-	301,260
Total Head Start Cluster			-	3,204,054
Pass Through Payments From Commonwealth of Virginia:				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Not applicable	-	868,927
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Not applicable	-	79,060
Department of Social Services:				
Medicaid Cluster:				
Medical Assistance Program	93.778	93.778/2012	-	1,170,700
Total Medicaid Cluster			-	1,170,700
Total Department of Health and Human Services			-	5,322,741
Total Expenditures of Federal Awards			$ -	$ 47,395,816

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

Stafford County Public Schools
A Component Unit of Stafford County, Virginia
Notes to Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2023

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of SCPS under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).* Because the Schedule presents only a selected portion of the operations of SCPS, it is not intended to and does not present the financial position, changes in net position, or cash flows of SCPS.

Note 2 - Summary of Significant Accounting Policies

1. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

2. Pass-through entity identifying numbers are presented where available.

3. The School Board has elected not to use the 10 percent de minimus indirect cost as allowed under the Uniform Guidance.

STAFFORD COUNTY PUBLIC SCHOOLS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2023

Section I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Internal control over financial reporting:		
Material weakness(es) identified?	____ Yes	√ No
Significant deficiency(ies) identified?	____ Yes	√ None Reported
Noncompliance material to financial statements noted?	____ Yes	√ No

Federal Awards

Internal control over the major federal programs:		
Material weakness(es) identified?	____ Yes	√ No
Significant deficiency(ies) identified?	____ Yes	√ None Reported

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

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

Identification of major federal programs:

Federal Assisting Listing Number	Name of Federal Program or Cluster
21.027	Coronavirus State and Local Fiscal Recovery Funds COVID-19
32.009	Emergency Connectivity Program
84.425D	Education Stabilization Fund (ESSER) COVID-19

Dollar threshold used to distinguish between type A and type B programs		$ 1,421,874
Auditee qualified as low-risk auditee?	√ Yes	____ No

Section II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

Section III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No matters were reported.

STAFFORD COUNTY PUBLIC SCHOOLS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2023

There were no matters reported during the fiscal year ended June 30, 2022.



The mission of Stafford County Public Schools is to "inspire and empower every student."